



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, AUGUST 27, 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:	Janna Sidley
Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

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

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

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- III. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2024](#)
 - B. [LEGISLATIVE UPDATE FOR AUGUST 2024](#)
 - C. [FISCAL YEAR END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2024](#)
- IV. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 23, 2024 AND POSSIBLE BOARD ACTION](#)
- V. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 13, 2024
- VI. DIVISION SPOTLIGHT
 - A. [SURVIVOR BENEFITS UNIT](#)
- VII. CLOSED SESSION
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2023-24 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**
 - B. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**
 - C. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS**

ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)

VIII. BOARD/DEPARTMENT ADMINISTRATION

- A. [CONSIDERATION OF 2024 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION](#)
- B. [CONSIDERATION OF GENERAL MANAGER'S COST OF LIVING ADJUSTMENT AND POSSIBLE BOARD ACTION](#)
- C. [DISCUSSION ON BOARD GOVERNANCE POLICY REGARDING TEMPORARY PRESIDING OFFICERS FOR BOARD MEETINGS AND POSSIBLE BOARD ACTION](#)
- D. [CONTRACT EXTENSION WITH TRUVIEW BSI, LLC FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION](#)
- E. [CONTRACT EXTENSION WITH FRASCO, LLC FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION](#)

IX. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT
- B. [PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION](#)
- C. [FINALIST FIRM OF THE MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING SERVICES SEARCH, CONTRACT AUTHORIZATION AND POSSIBLE BOARD ACTION](#)
- D. [APPROVAL OF 1-YEAR CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE ACTION](#)
- E. [PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION](#)

X. OTHER BUSINESS

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

XII. ADJOURNMENT

Agenda of: AUG. 27, 2024

Item No: III-A

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



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: August 27, 2024

ITEM: III – B

SUBJECT: LEGISLATIVE UPDATE FOR AUGUST 2024

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

The United States Congress reconvened on January 3, 2024 to commence the 118th Congressional session, and the California State Legislature reconvened on January 3, 2024 to commence the second year of the 2023-24 legislative session. This report provides updates on current legislation that may be of interest to the Board. The updated Legislative Watch List is also attached. The current Watch List includes five State, five Federal, and eleven City Council proposals.

On August 8, 2023, the Board authorized staff to communicate to the Mayor and the City Council the Board’s recommendation that the City take a position in support of bills that would rectify inequities resulting from the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO). LACERS proposed the Public Servants Protection and Fairness Act of 2023 (H.R. 4260), Social Security Fairness Act (S. 597), and Social Security Fairness Act of 2023 (H.R. 82) to the Chief Legislative Analyst (CLA) Office for inclusion in the 2023-24 Federal Legislative Program. City Council approved the inclusion and support for the repeal of WEP and GPO.

At this time, it is not recommended for the Board to take a position on any other specific proposed legislation.

Discussion

The following are identified bills/proposals of interest.

S. 4697 – Healthcare Cybersecurity Act of 2024

This bill was introduced on July 11, 2024, and seeks to enhance the cybersecurity of the Healthcare and Public Health Sector. The bill would direct the U.S. Department of Health and Human Services

(HHS) and Cybersecurity and Infrastructure Security Agency (CISA) to coordinate resources and develop strategies to improve cybersecurity in the Healthcare and Public Health Sector.

Key Impacts on LACERS: LACERS provides retirement and healthcare benefits to our Members and values the safeguarding of Member information. The increase in healthcare cyberattacks significantly impacts healthcare operations and delays services to our members. If passed, this bill will improve overall cybersecurity in the healthcare sector.

A.B. 2561 – Local Public Employees: Vacant Positions

This bill would require each public agency with high vacancy rates for more than 180 days, at the request of the recognized employee organization, to promptly meet and confer with the representative of the recognized employee organization within 21 days about substantive strategies to fill vacancies and to hold a public hearing within 90 days about high vacancy rates and specified related matters. By imposing new duties on local public agencies, the bill would impose a state-mandated local program.

Key Impacts on LACERS: If this bill is passed, it would require public agencies to develop, publish, and implement a plan to fill vacant positions when the vacancy rate for budgeted, permanent, full-time equivalent positions reaches 15% or more for one bargaining unit in a six-month period.

A.B. 2302 – Open Meetings: Local Agencies: Teleconferences

This bill seeks to amend the teleconferencing provisions stated in the Ralph M. Brown Act. It was passed by the Assembly on May 9, 2024, and is currently in the Senate. The Ralph M. Brown Act, requires, with specified exceptions, that all meetings of a legislative body, as defined, of a local agency be open and public and that all persons be permitted to attend and participate. This bill would revise the limit for members of the legislative body to participate in teleconferences to a certain number of meetings per year, based on how frequently the legislative body regularly meets. It would also define a meeting as any number of meetings that start on the same calendar day.

Key Impacts on LACERS: LACERS Board of Administration regularly meets twice per month. Under the new provision, any Commissioner may teleconference no more than five meetings per year.

A.B. 2715 – Ralph M. Brown Act: Closed Sessions

This bill seeks to amend the Ralph M. Brown Act. It was passed by the Assembly on May 16, 2024, and is currently in the Senate. The Ralph M. Brown Act, generally requires that all meetings of a legislative body of a local agency be open and public and that all persons be permitted to attend and participate. Existing law authorizes the legislative body of a local agency to hold closed sessions pursuant to the Ralph M. Brown Act (Brown Act) on matters pertaining to a threat to cybersecurity. This bill would additionally authorize a legislative body to hold a closed session with other law enforcement or security personnel and to hold a closed session on a threat to critical infrastructure controls or critical infrastructure information, as defined, relating cybersecurity.

Key Impacts on LACERS: If this bill is amended, it will allow LACERS to discuss any general or non-specific cybersecurity matters in a closed session and ensure confidential or sensitive information is

protected and not potentially disclosed. The Public Pensions General Counsel and LACERS will continue to monitor.

OTHER BILLS/CITY PROPOSALS ADDED TO THE WATCHLIST

H.R. 5342 – Equal Treatment of Public Servants Act of 2023

This bill proposes to address the Windfall Elimination Provision (WEP) by establishing a new funding formula for determining benefit amounts under the WEP. The WEP reduces Social Security retirement and disability benefits for those who receive pensions for certain non-covered employment.

C.F. 23 - 0002-S117 – Los Angeles City Employees Retirement System (LACERS) / 2023-24 Federal Legislative Proposals

City Council approved the Chief Legislative Analyst (CLA) resolution to include in the City's 2023-24 Federal Legislative Program support or sponsorship of legislation related to the repeal of the Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) and/or to provide an alternative benefits formula for employment not covered by Social Security.

C.F. 24 - 0357 – Retired City Employees / Multiple Pensions / Charter Compliance

City Council approved, as amended, a motion to request: 1) that the City Attorney be requested to report on the legality of retired City employees receiving a retirement while continuing to work for a City Department, including what defines a "retirement benefit" for a public pension system, and what are the requirements to approve a change to retirement benefits or plan administration from LACERS; 2) that the LACERS and Water and Power Employees' Retirement Plan be requested to report to Council on the number of retired City employees receiving a retirement while continuing to work for a City Department without a separation from service, provide cost studies for each of the pension plans, and detail the process that was followed in agendaing and authorizing through Board action for this change in benefits or plan administration.

C.F. 24 - 1100-S10 – Peace Officer Membership Transfer / Los Angeles City Employees Retirement System (LACERS) / Los Angeles Fire and Police Pension Plan (LAFPP) Tier 6 / Ballot Resolutions / Election Ordinance / Charter Amendment / November 5, 2024 Ballot

Ordinance no. 188306 published, effective date of July 11, 2024, calls for a Special Election to be held Tuesday, November 5, 2024, for the purpose of submitting to the qualified voters of the City of Los Angeles a Charter amendment regarding the transfer of membership of peace officers actively employed on January 12, 2025 by the City's Police, Airport, Harbor, and Recreation and Parks Departments from the Los Angeles City Employees' Retirement System to Tier 6 of the Los Angeles Fire and Police Pension Plan (Tier 6), and consolidating this Special Election with the City's General Municipal Election and the State General Election to be held on the same date. If approved by the voters, the City would cover all costs associated with the transfer and provide reimbursement to LAFPP

for any refunds to Tier 6 Members for out-of-pocket costs paid to transfer to Tier 6 under prior Charter amendments.

INFORMATIONAL

The following bill or council file proposals passed and will be removed from the future Legislative Watch List.

- A.B.-1637 - Local government: internet websites and email addresses
- S.B.-411 - Open meetings: teleconferences: neighborhood councils

The following Council Files have expired and will be removed from the future Legislative Watch List.

- 22-0088 - Facebook / Unilever / City Pension Fund Systems / Divestment
- 21-0565 - Part-Time Employees / Pro-Rated Benefits / Economic Assessment
- 21-1116 - Facebook and Affiliated Companies / Photo-Sharing Program / Body Image / Mental Health Crisis / City Pension Funds Divestment
- 21-0551-S1 - Local Business Contracting / Job Creation / Sales Tax Revenue / Local Investment / Procurement Process
- 19-1577 - Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

NMG/TB/EA/LL/CK

Attachment: 1) LACERS Legislative Watch List August 2024

LACERS LEGISLATIVE WATCH LIST
August 2024

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
STATEWIDE LEGISLATION							
AB-1637	Jacqui Irwin	<p>Local government: internet websites and email addresses - This bill, no later than January 1, 2029, would require a local agency, as defined, that maintains an internet website for use by the public to ensure that the internet website utilizes a “.gov” top-level domain or a “.ca.gov” second-level domain and would require a local agency that maintains an internet website that is noncompliant with that requirement to redirect that internet website to a domain name that does utilize a “.gov” or “.ca.gov” domain. This bill, no later than January 1, 2029, would also require a local agency that maintains public email addresses to ensure that each email address provided to its employees utilizes a “.gov” domain name or a “.ca.gov” domain name. By adding to the duties of local officials, the bill would impose a state-mandated local program.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd Cmt 2nd 3rd Pass Chp</p> <p>Assembly: 1st Cmt 2nd Cmt 2nd 3rd Pass Pass</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	02/17/2023	<p><u>09/13/23</u> Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 60. Noes 12)</p> <p><u>05/31/2023</u> Read third time. Passed. Ordered to the Senate. (Ayes 56. Noes 4)</p> <p><u>05/01/2023</u> Re-referred to Com. on APPR.</p> <p><u>04/27/2023</u> Read second time and amended.</p> <p><u>03/16/2023</u> Referred to Coms. on L. GOV. and P. & C.P.</p> <p><u>02/17/2023</u></p>	<p><u>09/12/23</u> Read third time. Passed. Ordered to the Assembly. (Ayes 24. Noes 8)</p> <p><u>07/10/23</u> Referred to APPR suspense file.</p> <p><u>06/29/2023</u> Read second time and amended. Re-referred to Com. On APPR.</p> <p><u>06/01/2023</u> Read first time. To Com. On RLS. For assignment.</p>		<p><u>10/08/23</u> Approved by the Governor. Chaptered by Secretary of State - Chapter 586, Statutes of 2023.</p>

**LACERS LEGISLATIVE WATCH LIST
August 2024**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
				Read first time. To print.			
SB-411	Anthony Portantino	<p>Open meetings: teleconferences: neighborhood councils - The California Constitution requires local agencies, for the purpose of ensuring public access to the meetings of public bodies and the writings of public officials and agencies, to comply with a statutory enactment that amends or enacts laws relating to public records or open meetings and contains findings demonstrating that the enactment furthers the constitutional requirements relating to this purpose. This bill would make legislative findings to that effect. This bill would make legislative findings and declarations as to the necessity of a special statute for the neighborhood councils of the City of Los Angeles. This bill would declare that it is to take effect immediately as an urgency statute.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd Cmt 2nd 3rd Pass Pass Chp</p> <p>Assembly: 1st Cmt 2nd 3rd Pass</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	02/09/2023	<p><u>07/13/2023</u> Read third time. Urgency clause adopted. Passed. (Ayes 59. Noes 12) Ordered to the Senate.</p> <p><u>07/13/2023</u> From committee: Do pass as amended. (Ayes 7. Noes 0.)</p> <p><u>05/26/2023</u> Referred to Com. On L. GOV.</p>	<p><u>05/15/2023</u> Assembly amendments concurred in. (Ayes 32. Noes 6) Ordered to engrossing and enrolling.</p> <p><u>05/15/2023</u> Read third time. Urgency clause adopted. Passed. Ordered to the Assembly.</p> <p><u>05/04/2023</u> Read second time. Ordered to third reading.</p> <p><u>04/24/2023</u> Read second time and amended. Re-referred to Com. on JUD.</p> <p><u>04/20/2023</u> From committee: Do pass as amended and re-</p>		<p><u>10/08/2023</u> Approved by the Governor. Chaptered by Secretary of State. Chapter 605, Statutes of 2023.</p>

LACERS LEGISLATIVE WATCH LIST
August 2024

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
					refer to Com. on JUD. (Ayes 6. Noes 2.) <u>02/22/2023</u> Referred to Coms. on GOV. & F. and JUD. <u>02/09/2023</u> Introduced. Read first time. To Com. on RLS. for assignment. To print.		
AB-2561	Tina McKinnor	<p>Local Public Employees: Vacant Positions - This bill would require each public agency with high vacancy rates for more than 180 days, at the request of the recognized employee organization, to promptly meet and confer with the representative of the recognized employee organization within 21 days about substantive strategies to fill vacancies and to hold a public hearing within 90 days about high vacancy rates and specified related matters. By imposing new duties on local public agencies, the bill would impose a state-mandated local program.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd Cmt</p> <p>Assembly 1st Cmt 2nd 3rd Pass</p> <p>Impact: Require public agencies to develop, publish, and implement a plan to fill vacant positions when vacancy rates reach 15% or more for one bargaining unit in a six-month period.</p>	02/14/2024	<p><u>05/20/2024</u> Read third time. Passed. Ordered to the Senate. (Ayes 51. Noes 5.)</p> <p><u>05/20/2024</u> Read second time. Ordered to third reading.</p> <p><u>05/16/2024</u> From committee: Do pass. (Ayes 11. Noes 2.)</p> <p><u>03/11/2024</u></p>	<p><u>07/03/2024</u> Read second time and amended. Re-referred to Com. on APPR.</p> <p><u>07/03/2024</u> From committee: Amend, and do pass as amended and re-refer to Com. on APPR.</p> <p><u>06/05/2024</u> Referred to Com. on L., P.E. & R.</p> <p><u>05/23/2024</u></p>		

**LACERS LEGISLATIVE WATCH LIST
August 2024**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
				From committee: Do pass and re-refer to Com. on APPR. (Ayes 5. Noes 1.) <u>03/11/2024</u> Referred to Com. on P.E. & R. <u>02/14/2024</u> Read first time. To print.	In Senate. Read first time. To Com. on RLS. for assignment.		
AB-2302	Dawn Addis	<p>Open meetings: local agencies: teleconferences - This bill would revise those limits, instead prohibiting such participation for more than a specified number of meetings per year, based on how frequently the legislative body regularly meets. The bill, for the purpose of counting meetings attended by teleconference, would define a "meeting" as any number of meetings of the legislative body of a local agency that begin on the same calendar day.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd 3rd</p> <p>Assembly 1st Cmt 2nd 3rd Pass</p> <p>Impact: Under the new provision, any Commissioner may teleconference no more than five meetings per year.</p>	02/12/2024	<u>05/09/2024</u> Read third time. Passed. Ordered to the Senate. (Ayes 63. Noes 0.) <u>04/15/2024</u> Read second time. Ordered to third reading. <u>04/11/2024</u> From committee: Do pass. (Ayes 9. Noes 0.) <u>02/26/2024</u> Referred to Com. on L. GOV.	<u>06/06/2024</u> Read second time. Ordered to third reading. <u>06/05/2024</u> From committee: Do pass. (Ayes 7. Noes 0.) <u>05/22/2024</u> Referred to Com. on L. GOV. <u>05/09/2024</u> In Senate. Read first time. To Com. on RLS. for assignment.		

**LACERS LEGISLATIVE WATCH LIST
August 2024**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
				<u>02/12/2024</u> Read first time. To print.			
AB-2715	Tasha Boerner Horvath	<p>Ralph M. Brown Act: closed sessions - This bill would additionally authorize a legislative body to hold a closed session with other law enforcement or security personnel and to hold a closed session on a threat to critical infrastructure controls or critical infrastructure information, as defined, relating to cybersecurity.</p> <p>Status bar:</p> <p>Senate: 1st Cmt 2nd 3rd</p> <p>Assembly 1st Cmt 2nd 3rd Pass</p> <p>Impact: The Public Pensions General Counsel and LACERS will continue to monitor.</p>	02/14/2024	<u>05/16/2024</u> Read third time. Passed. Ordered to the Senate. (Ayes 69. Noes 0.) <u>05/02/2024</u> Read second time. Ordered to third reading. <u>05/01/2024</u> From committee: Do pass. (Ayes 8. Noes 0.) <u>03/04/2024</u> Referred to Com. on L. GOV.	<u>06/27/2024</u> Read second time. Ordered to third reading. <u>06/26/2024</u> From committee: Do pass. (Ayes 11. Noes 0.) <u>06/05/2024</u> From committee: Do pass and re-refer to Com. on JUD. (Ayes 7. Noes 0.) Re-referred to Com. on JUD. <u>05/29/2024</u>		

**LACERS LEGISLATIVE WATCH LIST
August 2024**

**BOARD Meeting: 08/27/24
Item III-B
Attachment 1**

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
				<u>02/12/2024</u> Read first time. To print.	Referred to Coms. on L. GOV. and JUD.		
					<u>05/16/2024</u> In Senate. Read first time. To Com. on RLS. for assignment.		
FEDERAL LEGISLATION							
EMPLOYER COMPLIANCE/REPORTING ISSUES							
		N/A					
INVESTMENT ISSUES							
		N/A					
CYBERSECURITY ISSUES							
S.4697	Rosen, Jacky	Healthcare Cybersecurity Act of 2024 - The bill would direct the U.S. Department of Health and Human Services (HHS) and Cybersecurity and Infrastructure Security Agency (CISA) to coordinate resources and develop strategies to improve cybersecurity in the Healthcare and Public Health Sector.	07/11/2024		<u>07/31/2024</u> Committee on Homeland Security and Governmental Affairs. Ordered to be reported with an amendment in the nature of a substitute favorably.		
		Status bar: <div style="border: 1px solid black; padding: 2px; margin-top: 5px;"> Introduced > Passed Senate > Passed House > To President > Became Law </div> Impact: Public Pensions General Counsel and LACERS will continue to monitor.					

LACERS LEGISLATIVE WATCH LIST
August 2024

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
					07/11/2024 Read twice and referred to the Committee on Homeland Security and Governmental Affairs.		
SOCIAL SECURITY ISSUES							
HR 82	Graves, Garret	<p>Social Security Fairness Act of 2023 - This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government. The bill eliminates the government pension offset, which in various instances reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. The bill also eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2023.</p> <p>Status bar:</p> <p> Introduced Passed House Passed Senate To President Became Law </p> <p>Impact: Public Pensions General Counsel and LACERS will continue to monitor.</p>	01/09/2023			01/09/2023 Introduced in House. Referred to the House Committee on Ways and Means.	
S.597	Brown, Sherrod	<p>Social Security Fairness Act - This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government. The bill eliminates the government pension offset, which in various instances reduces Social Security benefits for spouses, widows, and widowers who also receive government pensions of their own. The bill also eliminates the windfall elimination provision, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2023.</p> <p>Status bar:</p>	3/01/2023		03/01/2023 Introduced in Senate		

LACERS LEGISLATIVE WATCH LIST
August 2024

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
		<p>Introduced > Passed Senate > Passed House > To President > Became Law</p> <p>Impact: Public Pensions General Counsel and LACERS will continue to monitor.</p>					
HR 4260	Neal, Richard	<p>Public Servants Protection and Fairness Act of 2023 - To amend Title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision.</p> <p>Status bar:</p> <p>Introduced > Passed House > Passed Senate > To President > Became Law</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	6/21/2023			<p><u>06/21/2023</u> Introduced in House</p>	
HR 5342	Jodey C. Arrington	<p>Equal Treatment of Public Servants Act of 2023 - This bill phases in a new funding formula for determining benefit amounts under the windfall elimination provision (WEP). The WEP reduces Social Security retirement and disability benefits for those who receive pensions for certain non-covered employment. The new formula adjusts an individual's total lifetime earnings based on the proportion of those earnings subject to Social Security payroll taxes. It applies to individuals who (1) become eligible for Social Security benefits after 2067, and (2) have earnings from non-covered service performed in a year after 1977. Beneficiaries who become eligible for benefits between 2025 and 2067 receive the higher of their benefit calculated under the existing WEP or the new formula. In addition, certain beneficiaries currently impacted by the WEP receive an additional payment.</p> <p>Status bar:</p> <p>Introduced > Passed House > Passed Senate > To President > Became Law</p> <p>Impact: Public Pensions General Council and LACERS will continue to monitor.</p>	9/05/2023			<p><u>09/05/2023</u> Referred to the House Committee on Ways and Means.</p> <p><u>09/05/2023</u> Introduced in House</p>	

MEDICAL/HEALTH ISSUES

LACERS LEGISLATIVE WATCH LIST
August 2024

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
		N/A					

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
CITY OF LOS ANGELES					
21-0295	Rodriguez	<p>Los Angeles City Employees' Retirement System (LACERS) / Los Angeles Fire and Police Pensions (LAFPP) / Personnel Department / City Labor Partners / Health Savings Accounts (HSA)</p> <p>Motion: Request the City Administrative Officer (CAO) with the assistance of the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products, which would create reduced premiums to enable long term health care for members in retirement.</p>	03/16/2021	<p>Pending CAO Report back.</p> <p>05/11/2021 – LACERS report back to CAO. See LACERS Board report on 5/11/2021 here.</p> <p>04/14/2021 – Council Adopted item forthwith.</p>	04/14/2021
20-1606	Blumenfield-Bonin – et al.	<p>City Healthcare Costs Reduction / Current Employees and Retirees</p> <p>Motion: Request in consultation with the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners, be directed to report to the Executive Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees, consistent with existing legal requirements, City commitments and considerations of equity.</p>	12/15/2020	<p>Pending CAO Report back.</p> <p>04/27/2021 – LACERS report back to CAO. See LACERS Board report on 4/27/2021 here.</p> <p>03/03/2021 – Council adopted/action final of Personnel and Budget and Finance Committees' Report relative to reducing City Healthcare costs for current employees and retirees.</p> <p>02/22/2021 – Budget and Finance Committee approved items. Report back pending. LACERS will work with the relevant departments and groups to report back.</p>	03/03/2021

LACERS LEGISLATIVE WATCH LIST
August 2024

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
19-1577	Blumenfield-Bonin – et al.	<p>Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List</p> <p>Motion: Request that the Board of the Los Angeles City Employees' Retirement System (LACERS), with the assistance of the City Administrative Officer (CAO), report in six months with the following:</p> <ol style="list-style-type: none"> Recommendations on the feasibility for the LACERS Board to adopt a similar Climate Transition Risk Framework to San Francisco Employees' Retirement System to identify investments in fossil fuel companies that pose an environmental and financial risk. Options to create a climate-change watch list that will report the riskiest investments in fossil fuel companies and develop a strategy to engage with the respective companies to reduce their oil and gas reserves and increase their efforts to move towards renewables and address climate change. A plan to divest from uncooperative fossil fuel companies and appropriately reinvest capital. A watch list to identify other LACERS investments such as in tobacco and firearm companies that contradict the City Council official positions and goal to provide a healthy and secure future for Angelenos. 	12/11/2019	<p>Council File Expired</p> <p>04/28/2023 – File expired per Council policy, Council file No. 05-0553.</p> <p>01/13/2023 – Council rereferred item to Budget, Finance and Innovation Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>04/29/2021 – LACERS 04/28/2021 Report document referred to Budget and Finance Committee. See report here.</p> <p>04/28/2021 – Report Document submitted by LACERS relative to investments in fossil fuel companies that pose an environmental and financial risk.</p>	12/2/2020
21-0551-S1	Koretz Martinez	<p>Local Business Contracting / Job Creation / Sales Tax Revenue / Local Investment / Procurement Process</p> <p>Motion: Controller to report on its letter to the Mayor and City Council, dated May 20,2021, which recommended a series of measures to increase contracting with local businesses, create jobs, and boost sales tax revenue to pay for additional city services.</p>	06/15/2021	<p>Council File Expired</p> <p>08/04/2023 –File expired per City Clerk policy, Council file No. 05-0553.</p> <p>01/13/2023 –Council rereferred item to Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>08/04/2021 – Personnel, Audits and Animal Welfare approved as amended.</p> <p>06/15/2021 – Motion referred to Personnel, Audits, and Animal Welfare Committee</p>	

LACERS LEGISLATIVE WATCH LIST
August 2024

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
21-1116	Buscaino Cedillo Koretz Martinez Rodriguez	<p>Facebook and Affiliated Companies / Photo-Sharing Program / Body Image / Mental Health Crisis / City Pension Funds Divestment</p> <p>Motion: The City's three pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment of any of the City's funds which may be currently invested in Facebook and its affiliated companies.</p>	10/05/2021	<p>Council File Expired</p> <p>10/05/2023 –File expired per Council policy, Council file No. 05-0553.</p> <p>01/13/2023 –Council rereferred item to Budget, Finance and Innovation Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>01/11/2022 – LACERS and LAFPP joint letter response to City Council Action. See Board Report on 1/11/2022 here.</p> <p>10/05/2021 – Motion referred to Budget & Finance Committee</p>	
21-0565	Koretz Lee Buscaino	<p>Part-Time Employees / Pro-Rated Benefits / Economic Assessment</p> <p>Motion: City Council instruct the Personnel Department with the assistance of the City Administrative Officer to report on the steps necessary to provide prorated benefits to all part-time employees of the City of Los Angeles as well as an economic assessment of providing these benefits.</p>	05/25/21	<p>Council File Expired</p> <p>01/29/2024 –File expired per City Clerk policy, Council file No. 05-0553.</p> <p>01/13/2023 –Council rereferred item to Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>02/03/2022 – Personnel, Audits, and Animal Welfare Committee transmitted Council File to Budget and Finance Committee.</p> <p>02/02/2022 – Personnel, Audits, and Animal Welfare Committee approved as amended.</p> <p>01/25/2022 – Personnel Department report relative to part-time employee benefits referred to Budget and Finance Committee, Personnel, Audits, and Animal Welfare Committee.</p>	

LACERS LEGISLATIVE WATCH LIST
August 2024

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
22-0088	City Employees' Retirement System Department of Fire and Police Pensions	<p>Facebook / Unilever / City Pension Fund Systems / Divestment</p> <p>Motion: The three City pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment from Facebook. The three City pension fund systems and the Office of Finance also be directed to divest from Unilever.</p>	01/21/2022	<p>Council File Expired</p> <p>01/22/2024 –File expired per City Clerk policy, Council file No. 05-0553.</p> <p>01/13/2023 – Council rereferred item to Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee, pursuant to Council Action of January 13, 2023, Council File No. 23-2000.</p> <p>01/24/2022 – City Employees Retirement System; Department of Fire and Police Pensions document(s) referred to Budget and Finance Committee; Personnel, Audits, and Animal Welfare Committee.</p> <p>01/21/2022 – Joint Report from Department of Fire and Police Pensions and Los Angeles City Employees Retirement System, dated January 21, 2022, relative to divestment from Facebook and Unilever. See Report here.</p>	

LACERS LEGISLATIVE WATCH LIST
August 2024

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
23-0418	City Employees' Retirement System	<p>Discretionary Cost-of-Living Adjustment (COLA) / Retired Members and Beneficiaries / Los Angeles City Employees' Retirement System</p> <p>Los Angeles City Employees Retirement System report, dated May 15, 2024, relative to the recommendation for the City Council to grant a discretionary cost-of living-adjustment (COLA) increase to eligible retired LACERS' Members and their beneficiaries.</p>	04/14/2023	<p>Pending in Committee.</p> <p>05/17/2024 – LACERS 05/16/2024 Report referred to Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee. See Report here.</p> <p>04/14/2023 – LACERS 04/14/2023 Report referred to Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee. See Report here.</p>	
23-0002-S117	Chief Legislative Analyst	<p>Los Angeles City Employees Retirement System (LACERS) / 2023-24 Federal Legislative Proposals</p> <p>Chief Legislative Analyst report 24-01-0050, dated March 22, 2024, relative to recommendations for legislative positions for the 2023-24 Federal Legislative Program, submitted by Los Angeles City Employees' Retirement System.</p>	03/22/2024	<p>05/29/2024 – Council adopted item, subject to reconsideration, pursuant to Council Rule 51.</p> <p>05/17/2024 – Rules, Elections and Intergovernmental Relations Committee approved as amended.</p> <p>03/27/2024 – Chief Legislative Analyst document(s) referred to Rules, Elections and Intergovernmental Relations Committee.</p>	<p><u>06/05/2024</u></p> <p>Council Action Final</p>

LACERS LEGISLATIVE WATCH LIST
August 2024

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
24-0357	Lee	<p>Retired City Employees / Multiple Pensions / Charter Compliance</p> <p>Motion: It's critical to have a complete understanding of how allowing retired City employees to receive multiple pensions complies with Charter and the impact this practice will have on the City's overall financial health.</p> <p>a. City Attorney be requested to report to Council on the legality of retired City employees receiving a retirement while continuing to work for a City Department, including what defines a "retirement benefit" for a public pension system, and what are the requirements to approve a change to retirement benefits or plan administration from LACERS.</p> <p>b. LACERS and Water and Power Employees' Retirement Plan be requested to report to Council on the number of retired City employees receiving a retirement while continuing to work for a City Department without a separation from service, provide cost studies for each of the pension plans, and detail the process that was followed in agendizing and authorizing through Board action for this change in benefits or plan administration.</p>	03/22/2024	<p>08/9/2024 – LACERS 08/08/2024 Report referred Budget, Finance and Innovation Committee; Personnel, Audits, and Hiring Committee. See Report here.</p> <p>06/12/2024 – Report from Department of Water and Power, dated, May 30, 2024, relative to LACERS in-service distribution of retirement benefits referred to Personnel, Audits, and Hiring Committee.</p> <p>04/19/2024 – Council adopted item, as amended, forthwith.</p> <p>04/02/2024 – Personnel, Audits, and Hiring Committee approved item(s).</p> <p>03/22/2024 – Motion referred to Personnel, Audits, and Hiring Committee.</p>	
24-1100-S10	City Attorney	<p>Peace Officer Membership Transfer / Los Angeles City Employees Retirement System (LACERS) / Los Angeles Fire and Police Pension Plan (LAFPP) Tier 6 / Ballot Resolutions / Election Ordinance / Charter Amendment / November 5, 2024 Ballot</p> <p>City Attorney report R24-0323, dated June 20, 2024, relative to a draft Charter amendment regarding the transfer of membership of peace officers currently employed by the City's Police, Airport, Harbor, and Recreation and Parks Departments, from the Los Angeles City Employees' Retirement System to Tier 6 of the Los Angeles Fire and Police Pension Plan; and draft ballot Resolutions and draft election Ordinance.</p>	06/20/2024	<p>08/01/2024 – Rules, Elections and Intergovernmental Relations Committee scheduled item for committee meeting on August 6, 2024.</p> <p>07/09/2024 – Ordinance posted/published. Ordinance effective date: July 11, 2024.</p> <p>06/25/2024 – Council adopted item forthwith.</p> <p>06/20/2024 – City Attorney document(s) referred to Ad Hoc Committee on City Governance Reform</p>	07/08/2024 Council Action Final



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

MEETING: AUGUST 27, 2024
ITEM: III - C

SUBJECT: FISCAL YEAR END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JULY 30, 2024

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report.

Executive Summary

The LACERS Strategic Plan is achieved through various Board sponsored initiatives that move the organization toward established strategic goals. Highlights of the annual achievements under each goal are provided within this report and the attached Business Plan Initiative (BPI) report details the year-end status of five initiatives adopted into the Business Plan for Fiscal Year 2023-24 (FY24). Three BPIs from FY24 will continue into Fiscal Year 2024-25 (FY25), two initiatives are ongoing but will not continue as BPIs while two new BPIs will be added: Business Continuity Plan and Central Data Repository Modernization.

Business Plan Initiatives	
FY24	FY25
<ul style="list-style-type: none"> • Governance – continuing in FY25 • Language Access Plan – continuing in FY25 • Workforce, Diversity, Equity, and Inclusion – *ongoing • Environmental, Social, Governance Investing– *ongoing • City Human Resources and Payroll System Implementation – continuing in FY25 	<ul style="list-style-type: none"> • Governance • Language Access Plan • City Human Resources and Payroll (HRP) System Implementation • Central Data Repository (CDR) Modernization • Business Continuity Plan (BCP)

**Ongoing but not continuing as a BPI in FY25*

Discussion

LACERS FY24 BPIs and accomplishments, along with introduction of the FY25 BPIs, are all discussed herein.

Business Plan Initiatives and Achievements for FY24

LACERS has demonstrated continuing progress and successes as outlined in the FY24 BPI dashboards and summarized below.

Governance

LACERS adopted a new Strategic Plan on June 25, 2024, with revamped mission and vision statements to serve as the organization's roadmap for the coming years. E-blasts and newsletters have already been sent out to encourage Members to review the plan and familiarize themselves with LACERS' future direction. LACERS has also begun showcasing elements of the new Strategic Plan around the office using internal media and more discussions are being made on how to further incorporate the Strategic Plan into LACERS headquarters. The Triennial Board Policy review is close to finalizing the assessment of all existing Board Administrative policies. However, the extra time allocated to address updates to the Board Education and Travel policy along with other unplanned governance items had led to delays in the original proposed schedule. After all existing policies have been reviewed, discussions on new policies will begin this fiscal year, along with further refinements to the Board Education and Travel Policy.

Language Access Plan

Prompted by Executive Directive 32 – Strengthening Language Access in the City of Los Angeles, LACERS created the multi-phase Language Access Plan initiative to expand Members' access to information. FY24 realized the beginning phases of the LAP implementation with 20 forms having been translated and incorporating a language access notice to the Board Agenda for translation/interpretation services during Board meetings. Additionally, a three-year contract with a translation, interpretation, and transcription vendor has been finalized to continue to translate documents and expand language access services to threshold populations. The initial batches of translated forms are anticipated to be available to the public by Fall 2024.

Workforce Diversity, Equity, and Inclusion

In FY24, Executive and Senior Managers completed an 8-week training focused on improving interdepartmental communication and enhancing the employee experience. As a result of the training, a Senior Leader Committee was established to take part in executive decision-making, budgeting, and project prioritization for the organization. Since the launch of the Senior Leader cohort in FY24, LACERS has introduced a new Executive Committee model, established an office-wide project management approach, and is preparing to initiate projects across divisions aimed at improving internal efficiency. Phase 2 of the curriculum will begin in FY25 for the next level of leadership staff. All materials from the curriculum will be gathered and used to create e-learning modules in the Learning Management System. Enhancements will also be made progressively to the Project

Management Office and Senior Leadership Committee model to increase staff engagement and provide more opportunities for everyone.

Environmental, Social, Governance Investing (ESG)

LACERS is committed to enhancing the long-term risk adjusted returns of the investment portfolio through the implementation of an ESG program that incorporates risk factors into manager selections, develop exposure reporting, and expand network of like-minded organizations, which is consistent with the Board and staff's fiduciary responsibilities. In FY24, LACERS has hosted a Spring 2024 Emerging Manager Symposium to provide additional information to potential Investment Managers and completed a Principles for Responsible Investment report. Despite the cost and availability issues, the Investments Team is continuing to explore various vendors for the development of an ESG database and enhance reporting updates on fossil fuel exposure and PRI discussions to stay ahead of potential ESG issues. Additionally, a schedule has been developed for an annual review of Responsible Investing policies and procedures to remain up to date on operations.

City Human Resources and Payroll (HRP) System Implementation

Over the past fiscal year, LACERS has worked diligently with other City departments to ensure the successful implementation of the HRP project. Great progress was made on parallel testing with achieving a 97.5% gross salary acceptance rate, and LACERS was able to successfully deploy two critical integration files, INT046 and INT123, which handles inbound Member information and outbound deductions and service contracts. In preparation for the HRP launch, LACERS also actively participated in dress rehearsal activities and online training to ensure that all staff had the necessary security access to enter and approve time entries. However, parallel testing only comprised of two pay periods from a prior year. Therefore, when the HRP project went live in June 2024, LACERS had to resolve many new exceptions during the initial production run. Also due to time constraints, only the base requirements of the integration files were developed, so the full capabilities of the integration files have not yet been realized. Additionally, data conversion issues continue to persist in post-production, thus causing many exceptions to be reported. LACERS will continue to collaborate with other departments to resolve any persisting issues. In the FY25 budget process, the Board did add additional resources for external consulting services and for a dedicated test environment for about a three-month period. The resources have been onboarded and work is just beginning on establishing a test environment. Preliminarily, given the time being spent on issue resolution in lieu of integration improvements, the timeline for resolving issues is likely longer than three months, but staff will continue to report regularly to the Board and advise on any necessary adjustments to timeline and resources.

The year-end report on the six Business Plan Initiatives for FY24 is attached.

Other LACERS Goals Accomplishments

Highlights of other recent department accomplishments toward LACERS Strategic Goals include:

Outstanding Customer Service

- Successfully advertised and implemented an appointment-based system for Members to speak with Counselors in person.
- Transitioned Member-facing staff to Amazon Connect for better Member call quality control.

- Completed the Retirement Application Portal (RAP) Scanning Project and transferred 846 case files to OnBase.
- Member outreach to non-office worker employees in June 2023 and pop-up events in January 2024. To date, 26 sites and 517 members (18 Pop-up and 8 Non-Desk) have been visited with more scheduled.

Accurate and Timely Delivery of Benefits

- Supported City's development of Charter Amendment for the November ballot to transfer LACERS Sworn Members to Los Angeles Fire and Police Pensions Tier 6.

Value Health and Wellness Benefits

- Conducted Medical Plans Request for Proposal resulting in a negotiated premium savings of \$2.8 million.
- Anthem Medicare Supplement added as a plan option in response to our Members' needs.
- LACERS Health Plan Is 104% funded as of June 30, 2023.

Superior Investments

- Revised the Proxy Voting Policy to address the most current and common ESG issues.
- Achieved an unaudited total performance return of 8.7% net of investment fees for Fiscal Year Ending June 30, 2024.

Good Governance

- Established a Governance Consulting bench of contractors.
- Completed new Strategic Plan, to be launched in FY25.
- Continued review and update of the Board Manual.

Organizational Effectiveness, Efficiency, and Resiliency

- Finalized all permits and closed the initial Tenant Improvement Project for LACERS Headquarters building.
- Maximized operational effectiveness by redesigning the Backup & Recovery Infrastructure to replace the existing legacy backup system housed within the data center.
- Successfully completed HRP Integrations and went live in June 2024.
- Network penetration testing incorporated in order to routinely test and secure LACERS data and systems.
- Implementation of LACERS Data Unit website improved transparency, enhanced collaboration, and increased efficiency by creating a centralized website for LACERS' business intelligence.
- Installed ten electric vehicle charging stations in LACERS Headquarters parking garage for use by staff.

High-Performing Workforce

- Hired 10 employees from the Targeted Local Hire Program, 8 employees from Bridge to Job Program, and 2 employees from the Pathways Program in FY24.
- LACERS Division Chief recognized for exceptional leadership and impact on communication strategies and tools by the National Conference on Public Employee Retirement Systems.

Business Plan Initiatives for FY25

In the current fiscal year (FY25), five major initiatives are established, and work has started on each as further described below.

Governance

This a continuing initiative from FY24 to carry on the Triennial Board Policy Review. A revamped Strategic Plan was finalized and adopted in FY24, so FY25 will be dedicated to the development of new Board Policies as recommended in the most recent Management Audit report and execution against the new Strategic Plan.

Business Continuity Plan (BCP)

To reinforce LACERS' rapid response to significant disruption of operations after an unexpected event or disaster, the BCP initiative will launch a series of tabletop exercises to increase employee preparedness and awareness of their roles and responsibilities. LACERS aims to secure a tabletop consultant in FY25 for the development of exercises for various scenarios.

Central Data Repository Modernization

The Central Data Repository initiative aims to provide a modern and centralized platform to store data that can be managed and accessed by authorized users. A portal with a robust infrastructure has already been developed. In FY25, LACERS will be working with the HRP team to develop report connectivity and establish a data flow process for systematically processing and refreshing data, thus reducing manual intervention.

Language Access Plan

LACERS continues to bridge the language gap between benefit plan materials and English Language Learners. With the securement of a translation, interpretation, and transcription vendor, LACERS will be able to more effectively and efficiently translate benefit plan materials into Spanish. The Planning for Retirement seminar materials are slated to be reviewed next in FY25.

City Human Resources and Payroll (HRP) System Implementation

Continuing from FY24, LACERS remains committed to bringing awareness and transparency to the HRP project, with emphasis on integration files and post-production activities to ensure that the platform is properly equipped with the necessary business processes to enable LACERS to fulfill its responsibility of delivering timely and accurate Member benefits.

A semi-annual report on the progress of these BPIs will be provided in January/February 2025.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/EA/LL/CK

Attachment: Fiscal Year-End Report of Business Plan Initiatives for the period ending June 30, 2024



BOARD Meeting: 08/27/24
Item: III-C
Attachment

FY2024

BUSINESS PLAN INITIATIVES

***FISCAL YEAR-END REPORT OF
BUSINESS PLAN INITIATIVES FOR
THE PERIOD ENDING JUNE 30, 2024***



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- 02 EXECUTIVE SUMMARY DASHBOARD**
- 03 BUSINESS PLAN INITIATIVE DASHBOARDS**
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 - 04 LANGUAGE ACCESS PLAN**
 - 05 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING**
 - 06 WORKFORCE, DIVERSITY, EQUITY, AND INCLUSION**
 - 07 CITY HRP SYSTEM IMPLEMENTATION**
- 09 APPENDIX A - BUSINESS PLAN INITIATIVE TEMPLATE**

LACERS GOALS

Customer Service

Provide outstanding customer service

Benefits Delivery

Deliver accurate and timely Member benefits

Health and Wellness

Improve value and minimize costs of Members' health and wellness benefits

Investment

Optimize long-term risk adjusted returns through superior investments

Governance

Uphold good governance practices which affirm transparency, accountability, and fiduciary duty

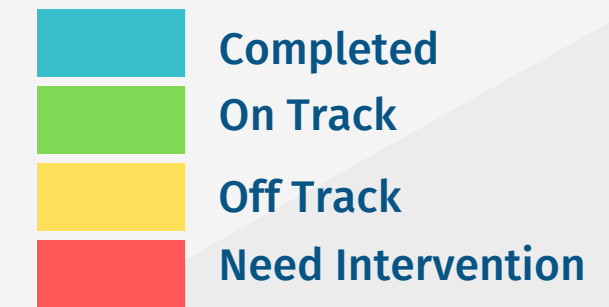
Organization

Increase organization effectiveness, efficiency, and resiliency

Workforce

Recruit, retain, mentor, empower, and promote a high-performing workforce

EXECUTIVE SUMMARY DASHBOARD



INITIATIVES	GOALS	STATUS	EXECUTIVE SPONSORS	INITIATIVE LEADS
1. Governance	Governance	■	Todd Bouey	Edwin Avanesian & John Koontz
2. Language Access Plan	Customer Service, Benefits Delivery, Governance, & Organization	■	Dale Wong-Nguyen	Tiffany Obembe, Gabriel J. Perez, & Heather Ramirez
3. Environmental, Social, and Governance Investing	Governance & Investment	■	Rod June	James Wang
4. Workforce Diversity, Equity, and Inclusion	Organization & Workforce	■	Neil Guglielmo	Vikram Jadhav
5. City HRP System Implementation	Organization	■	Todd Bouey	Andy Chiu

INITIATIVE: GOVERNANCE
DIVISION(S)/SECTION: ADMINISTRATION
STRATEGIC GOAL(S): GOVERNANCE

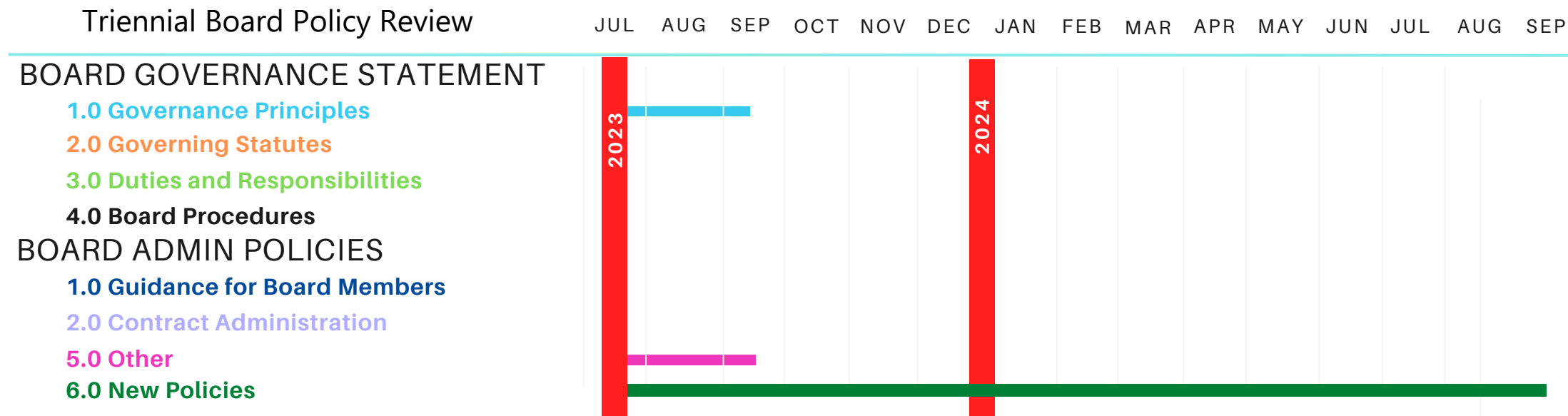
STATUS: **ON TRACK**
REPORT MONTHS: JULY 2023 – JUNE 2024
LEAD(S): EDWIN AVANESSIAN, JOHN KOONTZ
TEAM: CHHINTANA KURIMOTO, LISA LI

BUDGET
 Appropriation: \$150,000
 Expense: \$150,000
 Unspent: \$0



INITIATIVE PURPOSE: SET THE COURSE FOR RISK MANAGEMENT AND STRATEGIC VISION FOR THE NEXT 3 TO 5 YEARS.

KEY METRICS



PROGRESS

- Consultants collaborated with Staff to finalize and present LACERS Strategic Plan. The Board approved and adopted on June 25, 2024.
- While seeking to complete the review of all existing Board Governance and Administrative Policies by the end of FY24, additional time was needed to address concerns with the Board Education and Travel Policy and other unplanned governance items, pushing the schedule back approximately 6 months.

CHALLENGES

- Revisions of the Strategic Plan to align with the Board’s intent led to minor delays but ultimately adopted by fiscal year end.
- Once the review of all existing Board policies has been completed, forward progress may further slow as we move into the development of new policies never adopted by LACERS before. These are the policies which were recommended in a recent management audit report.

NEXT STEPS

- Update LACERS media: newsletter, website, and Member e-blast, to showcase new Strategic Plan.
- Begin staff discussions on the development and implementation of new policies for the Board’s consideration.

MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Strategic Plan	TOS issued to Consultants for Strategic Planning	Engagement with Consultants		New Strategic Plan Goes Live
Triennial Board Policy Review	Complete the Review of all Existing Board Governance Statement Provisions		Complete the Review of all Existing Board Administrative Policies	

INITIATIVE: LANGUAGE ACCESS PLAN

DIVISION(S)/SECTION: COMMUNICATIONS & STAKEHOLDER RELATIONS

STRATEGIC GOAL(S): CUSTOMER SERVICE, BENEFITS DELIVERY, GOVERNANCE & ORGANIZATION

STATUS: ON TRACK

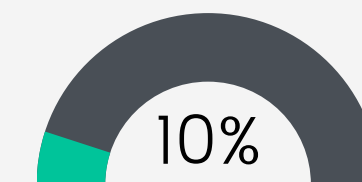
REPORT MONTHS: JULY 2023-JUNE 2024

LEAD(S): LISSETH GRANDE, AMELIA HERRERA-ROBLES

TEAM: LISSETH GRANDE, AMELIA HERRERA-ROBLES, CARLOS JOVEL JR., TANEDA LARIOS

BUDGET

Appropriation: \$40,000
Expense: \$3,275
Unspent: \$36,725



INITIATIVE PURPOSE: CREATE A LACERS LANGUAGE ACCESS PLAN (LAP) THAT GOVERNS THE PROCESS FOR PROVIDING MULTILINGUAL SERVICES TO OUR THRESHOLD POPULATIONS. THIS WILL RESOLVE ACCESS ISSUES TO INFORMATION AND FURTHER OUR COMMITMENT TO SERVING ALL PERSONS WITHIN OUR DIVERSE POPULATION.

KEY METRICS



Spanish Language Bilingual Staff -Premium Levels 1 & 2 have been identified and confirmed

- The three-year contract with Languages4You was approved for \$75,000.
- 20 forms/documents have been translated into Spanish.
- The Planning for Retirement for T1 & T3 presentation (133 slides) have been translated into Spanish.

Translation of LACERS Documents to Spanish

PROGRESS

- 20 forms have been translated and are in the review stage and batch three is being translated into Spanish.
- Staff training presentation has been developed and was delivered to Spanish Bilingual Bonus staff.
- Tracking board has been improved to gather the data needed for the LAP annual report.
- Staff have been trained on the review of translation documents.
- The language access notice has been added to the Board Agenda and external forms.

CHALLENGES

- Two rounds of review consisting of 20+ pages of comments and suggestions from Community Investment For Families Department (CIFD) to comply with the implementation factors without regard for the difference in our audience type from the general public.
- ITA's translation equipment was inoperable initially when needed for LACERS' Board meeting.
- Competing department priorities diverted staff resources from this project.

NEXT STEPS

- The Planning for Retirement presentation (133 slides) and the glossary of terms review will be completed by 08-31-2024.
- Finalize the list of documents to be sent to Languages4You for written translation (e.g. HBG & SPDs).
- Implement the LAP waiver for Members who choose to use their own translator.
- Finalize the first two batches of Spanish forms and make them available to the public by fall of 2024.
- Complete the translation of Batch 3 (15 forms) translation and submit them for feedback by October 2024.

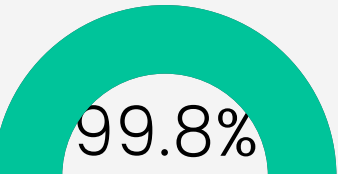
MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
LAP 1st Draft Revision	✓			
LAP Liaison- Benefits Analyst Recruitment and Training; Translation of Forms (5) to Spanish		✓		
Second batch (13) forms were translated to Spanish and currently under final review.			✓	
Contract with Languages4You was approved by the Board. Spanish Planning for Retirement Seminar for Tier 1 and Tier 3 was developed. Revised language incorporated on agendas, print materials, and website providing notice of the availability of interpretation services in Spanish.				✓

INITIATIVE: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING
DIVISION(S)/SECTION: INVESTMENTS
STRATEGIC GOAL(S): GOVERNANCE & INVESTMENT

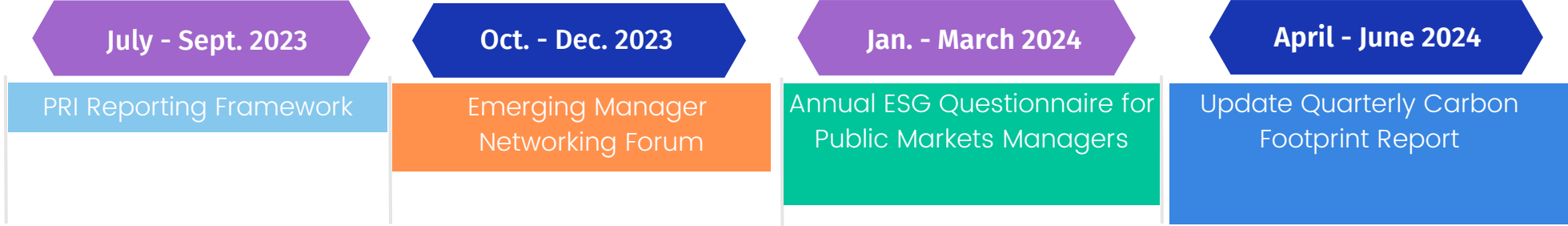
STATUS: **ON TRACK**
REPORT MONTHS: JULY 2023 – JUNE 2024
LEAD(S): JAMES WANG
TEAM: CLARK HOOVER, JEREMIAH PARAS

BUDGET
 Appropriation: \$18,750
 Expense: \$18,705
 Unspent: \$45



INITIATIVE PURPOSE: ENHANCE THE LONG-TERM RISK ADJUSTED RETURNS OF THE LACERS INVESTMENT PORTFOLIO THROUGH THE IMPLEMENTATION OF A ROBUST ESG PROGRAM GUIDED BY A COMPREHENSIVE RESPONSIBLE INVESTMENT POLICY, AN ESG RISK FRAMEWORK, THE PRINCIPLES FOR RESPONSIBLE INVESTMENT, AND DIRECTIONS OF THE BOARD.

KEY METRICS



MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Emerging Manager Symposium				Event Complete
Evaluation of additional third-party ESG analytical tools and resources	Ongoing	Ongoing	Ongoing	Ongoing
Development of analysis and metrics reporting from MSCI ESG Manager	Ongoing	Ongoing	Ongoing	Ongoing
Review of PRI and ESG Risk Framework Action Plans and delegation of subtasks	Complete			
Review PRI Assessment and Transparency Report			Complete	
Review of Emerging Investment Manager Policy (to incorporate graduation/transition classification)			Complete	
Update of Annual ESG Questionnaire for public markets managers		Complete		
PRI Reporting				Complete
Review and amend the Responsible Investing Policy				Ongoing
Review and amend the Proxy Voting Policy				Complete

PROGRESS

- LACERS presented its Spring 2024 Emerging Manager (EM) Symposium on April, 2024 which focuses on providing Investment Managers additional information about LACERS’ EM Program.
- The Investments Team has also reviewed the PRI Assessment and Transparency Report and has submitted the annual PRI report.

CHALLENGES

- Cost and availability issues. Staff is exploring various vendors for the development of LACERS ESG database and reporting functionalities.
- Keeping up with new guidelines established by industry organizations and staying ahead of potential ESG issues.

NEXT STEPS


- The Investments Team will continue to identify and improve reporting updates, which includes fossil fuel exposure and PRI discussions.
- Additionally, a schedule has been developed to review and amend policies for better management.

INITIATIVE: WORKFORCE DEI
DIVISION(S)/SECTION: EXECUTIVE / HUMAN RESOURCES
STRATEGIC GOAL(S): ORGANIZATION & WORKFORCE

STATUS: **ON TRACK**
REPORT MONTHS: JULY 2023 – JUNE 2024
LEAD(S): VIKRAM JADHAV
TEAM: LIN LIN

BUDGET

Appropriation:	\$65,000
Expense:	\$65,000
Unspent:	\$0



INITIATIVE PURPOSE: ALIGN ORGANIZATION AND STAFF ON PERFORMANCE NEEDS AND SUPPORT REQUIREMENTS TO ENABLE PROFESSIONAL GROWTH.

KEY METRICS

2023 Senior Leaders Roadmap

1	2	3	4	5	6	7
August	September	October	November	December	January	April
<ul style="list-style-type: none"> Phase 1 Kickoff First Session - Empowering Others 	<ul style="list-style-type: none"> Practicum 1 Second Session: Navigating Change 	<ul style="list-style-type: none"> Practicum 2 Third Session: Amplifying Communication 	<ul style="list-style-type: none"> Practicum 3 Fourth Session: Enhancing Collaboration 	<ul style="list-style-type: none"> Phase 1 completion Final Session 	<ul style="list-style-type: none"> Senior Leader Committee Meeting Model Kick-off 	<ul style="list-style-type: none"> Secured two-year contract extension for Phases 2 and 3

PROGRESS

- Successfully completed Phase 1 of program. Milestones included:
 - DiSC Profiles of Senior Management.
 - Completion of all sessions and modules by Senior Management.
 - Presentation of group projects on Employee Engagement initiatives by Senior Management to Executive team.
- Successfully launched Senior Leader Committee and internal consulting model
- Scheduled monthly Senior Leader Committee meetings
- Secured two-year contract extension and budget of \$119,000 for Phase 2 and Phase 3 services
- Completed project kick-off for Phase 2

MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Sessions	3 sessions completed	Remaining Sessions Completed		
Contract				Secured two-year contract extension

NEXT STEPS


- Phase 2 kickoff scheduled for September 2024
- Finalize Phase 2 cohort
- Begin internal messaging

INITIATIVE: CITY HRP SYSTEMS IMPLEMENTATION
DIVISION(S)/SECTION: ADMIN / DATA UNIT
STRATEGIC GOAL(S): ORGANIZATION EFFECTIVENESS, EFFICIENCY, AND RESILIENCY

STATUS: **OFF TRACK**
REPORT MONTHS: JULY 2023 – JUNE 2024
LEAD(S): ANDY CHIU
TEAM: LAUREN MCCALL, JASON LEUNG, THOMAS MA

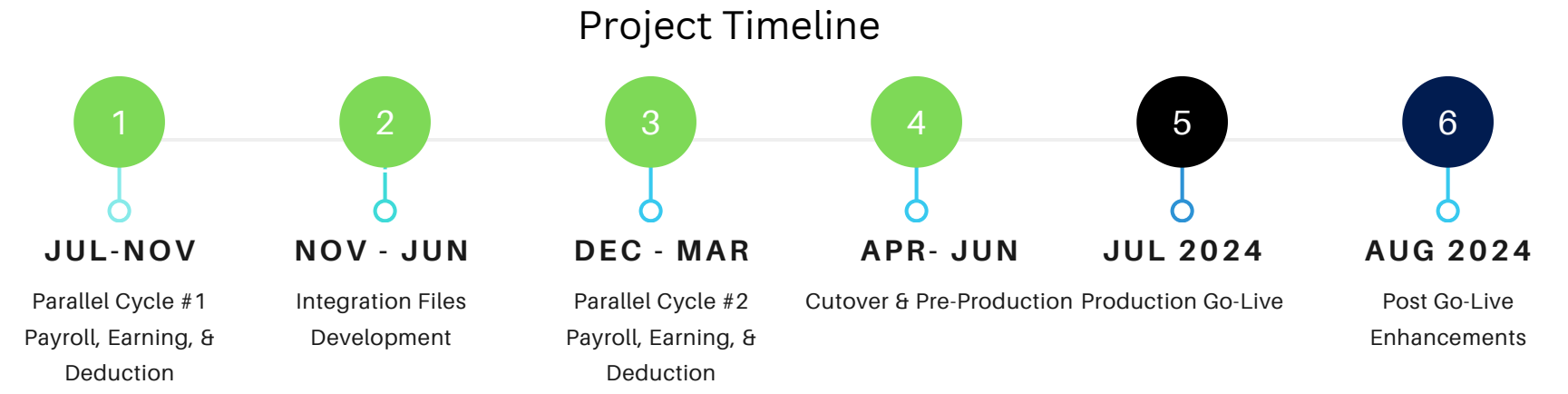
BUDGET

Appropriation: \$120,000
Expense: \$120,000
Unspent: \$0
*\$175k spent on PAS development to date

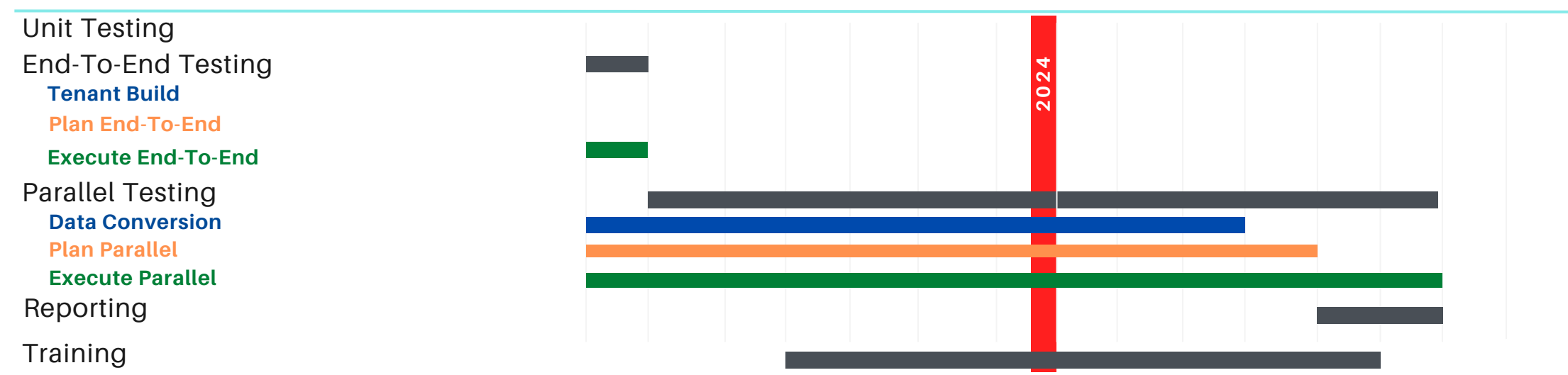


INITIATIVE PURPOSE: GO-LIVE OF THE HUMAN RESOURCE PLANNING (HRP) PLATFORM WITH DEPLOYMENT OF PAYROLL FUNCTIONALITIES, INTEGRATED WITH THE PENSION SOFTWARE.

KEY METRICS



Phase 2 Deliverables



PROGRESS

- Parallel Cycle #2.** Completion of parallel cycle #2, while reaching 97.5% gross salary acceptance by March 2024.
- Integration Files.** Successful deployment of two critical integration files, INTO46 & INT123, with plans for enhancements thereafter.
- Post-Live Preparation.** Preparation for post production enhancements, establishing statement of work for dedicated resources.

CHALLENGES

- Limited Development.** Shared resources for development of the integration files, limiting base requirements for cutover, and post enhancements.
- Limited Payroll Testing.** Payroll testing was mostly comprised of two pay periods from prior year, PP26 & PP1. The gap of 1 year resulted in handling new exceptions at the initial trial pre-cutover.
- Data Conversion.** While not critical for cutover, there are residual data conversion activities relating to balances such as sick time, vacations, and others.

MILESTONES

	FY24 1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	FY25 1st Quarter
Parallel Cycle #1	Deduction Testing				
Parallel Cycle #2		Gross Salary Testing	Deduction Testing		
Deployment				Cutover & Pre-Production	Production Go-Live
Training		Pre-Training	Online Training	Staff Training	Onsite Support
Integration Files		Guidebook	INT046, INT093, INT123	Deployment	Enhancements

NEXT STEPS

- Business Support.** Dedicated resource assisting with business support to lead post cutover collaboration, priorities, plans, onsite support, and training.
- Redesign Integration.** Redesign of the INTO46 to utilize payroll components for accuracy with pensionable records, and handling retros.
- Tenant Setup.** Dedicated tenant for testing and further development of integration files, utilized by the developers assisting the department.

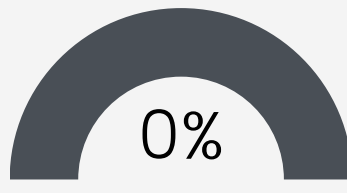
INITIATIVE: [NAME OF BUSINESS PLAN INITIATIVE]
DIVISION(S)/SECTION: [DIVISION NAME/SECTION UNIT]
STRATEGIC GOAL(S): [ASSOCIATED STRATEGIC GOAL AREAS]

COMPLETED
 ON TRACK
 OFF TRACK
 INTERVENTION NEEDED

STATUS: **ON TRACK**
REPORT MONTHS: [REPORTING MONTHS AND YEAR]
LEAD(S): [FIRST AND LAST NAMES]
TEAM: [FIRST AND LAST NAMES]

BUDGET

Appropriation:	\$40,000
Expense:	\$0
Unspent:	\$40,000



PURPOSE: [BRIEF DESCRIPTION]
STRATEGIC GOALS: [ASSOCIATED STRATEGIC GOAL AREAS]

CHALLENGES

- [Part of narrative. What challenges have been encountered during the reporting months? Consider the operational or business impact and recommendation of a solution or action.]

KEY METRICS

[Provide measurements of successful implementation]

PROGRESS

- [Part of narrative. What has been done so far during the reporting months?]

MILESTONES

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
[Milestone #1]				
[Milestone #2]				
[Milestone #3]				
[Milestone #4]				

NEXT STEPS

- [Part of narrative. What are the next steps in advancing the BPI?]

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

July 23, 2024

10:03 a.m.

PRESENT:	President:	Annie Chao
	Commissioners:	Thuy Huynh Janna Sidley Michael R. Wilkinson
TELEPHONICALLY:	Vice President:	Sung Won Sohn
	Commissioner:	Elizabeth Lee
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
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 – Vice President Sohn asked if any persons wanted to make a general public comment to which there were no public comment cards received.

II

ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2024-25 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised the nominations for Board President were being considered. Commissioner Sidley nominated President Chao. Mr. Guglielmo called for the vote on the nomination of Commissioner Chao as President: Ayes, Commissioners Chao, Huynh, Lee, Sidley, Sohn, and Wilkinson -6; Nays, None. Commissioner Chao did receive the majority vote and was elected as Board President for FY 2024-25.

Mr. Guglielmo next advised the nominations for Board Vice President were being considered. Commissioner Chao nominated Commissioner Sohn as Vice President and Commissioner Huynh

nominated Commissioner Sidley as Vice President. Mr. Guglielmo called for the vote on the nomination of Commissioner Sohn as Vice President: Ayes, Commissioners Chao and Sohn -2; Nays, Commissioners Huynh, Lee, Sidley, and Wilkinson -4. Commissioner Sohn did not receive the majority vote. Mr. Guglielmo next called for the vote on the nomination of Commissioner Sidley as Vice President: Ayes, Commissioners Huynh, Lee, Sidley, and Wilkinson -4; Nays, Commissioners Chao and Sohn -2. Commissioner Sidley did receive the majority vote and was elected as Board Vice President for FY 2024-25.

Vice President Sohn disconnected from the meeting at 10:10 a.m.
Commissioner Lee disconnected from the meeting at 10:12 a.m.

III

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Security Enhancements at 977
 - Workday Status Update
 - Benefit Operations Update
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Board Meeting on August 13, 2024, and Benefits Administration Committee: 2025 Health Plan Premiums and Medical and Dental Subsidies.
- C. RECEIPT OF THE CITY'S CONTRIBUTION FOR FISCAL YEAR 2023-24 – Neil M. Guglielmo, General Manager discussed this item with the Board.

IV

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2024 – This report was received by the Board and filed.
- B. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON WESTERN ECONOMIC ASSOCIATION INTERNATIONAL (WEAI) ANNUAL CONFERENCE; JUNE 29 – JULY 3, 2024; SEATTLE, WA – This report was received by the Board and filed.

V

Commissioner Wilkinson moved approval of Consent Agenda Items V-A and V-B, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Wilkinson, and President Chao -4. Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JUNE 25, 2024 AND POSSIBLE BOARD ACTION
- B. GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION

**SIGNATURE AUTHORITY
FOR GENERAL MANAGER DESIGNEES**

RESOLUTION 240723-A

WHEREAS, the Board may delegate authority to the necessary deputies, assistants, and employees of the department and define their duties under Los Angeles City Charter (LACC) Section 511(a); and,

WHEREAS, the General Manager is authorized under LACC Section 509 to administer the affairs of the department as its Chief Administrative Officer; and,

WHEREAS, the General Manager determines it is in the best interest of the department to ensure department business is transacted expeditiously on occasions when they are absent or unable to act through the assignment of signature authorities over specific areas of expertise;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the signature authority resolution for the General Manager designees. If practicable, designees shall seek verbal concurrence from the General Manager. Authority is assigned to the position, rather than the individual. This resolution shall be endorsed by the designees, and should there be a change in personnel, a new endorsement certificate may be made and kept on file in the Board office; filed with any other necessary office of City government; or any agencies involved in processing LACERS' investment transactions and custodial responsibilities for the securities of LACERS. The proposed resolution will supersede any previously adopted resolutions related to General Manager Designee signature authority and is effective upon adoption.

1. Assistant General Manager(s) – for the approval of contracts in compliance with the contracting limitations established in the LACC; approval of expenditures; and approval of benefit payments and related transactions;
2. Chief Management Analyst of Administration Division (AD) – for the approval of contracts in compliance with the contracting limitations established in the LACC; for the approval of expenditures within the authorized AD budget, Performance Management Office budget, and the Actuarial program budget. The Chief Management Analyst may delegate to the Senior Management Analysts I and II in the Administrative Services Office the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting

Employee of LACERS.

3. Chief Benefits Analyst of Health, Wellness, and Buyback Division (HWABD) – for the approval of retiree health and buyback-related benefits within the limits of Board Rule GMA-1; and approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the HWABD the approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the Service Purchase Section the approval and execution of service purchase transactions including agreements with Members and certifications of service; and delegate to the Senior Benefits Analysts I and II in the Health Benefits Administration the signature authority for transactions related to the payment of approved retiree health benefits.
4. Chief Benefits Analyst of Retirement Services Division (RSD) – for the approval of benefit payments and related transactions; and approval of expenditures within the authorized RSD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the RSD the approval of expenditures within the authorized RSD budget.
5. Chief Benefits Analyst of Communications and Stakeholder Relations Division (CSRD) – for the approval of expenditures within the authorized CSRD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II and Public Information Director in the CSRD the approval of expenditures within the established CSRD budget.
6. Information Systems Manager – for the approval of expenditures within the authorized Systems Division budget.
7. Chief Investment Officer or Investment Officer III – for (1) the approval of investment transactions required within the scope of the contracts approved by the Board, (2) execution of any instrument or document required to effectuate a contract or investment transaction approved by the Board, (3) approval of any other action required to effectuate a contract approved by the Board, (4) approval of any power of attorney, non-disclosure agreement, tax return, tax reclamation form, or similar document or instrument related to an investment transaction approved or under consideration by the Board or Investment staff pursuant to authority delegated by the Board, and (5) approval of expenditures within the authorized Investment Budget.
8. Personnel Director or Senior Personnel Analyst II – for the approval of expenditures within the authorized Human Resources budget. The Personnel Director or Senior Personnel Analyst II may delegate to the Senior Personnel Analyst I or Senior Management Analyst I in Human Resources Unit the approval of expenditures within the established Human Resources budget.
9. Departmental Audit Manager – for the approval of expenditures within the authorized Internal Audit budget.
10. Member Stewardship Section (MSS) Manager or Senior Benefits Analyst II – comprised of Active Member Accounts (AMA), Active Settlement Unit, and Account Settlement Unit (ASU) – for the approval of expenditures within the authorized budget. The MSS Manager or Senior Benefits Analyst II may further delegate to the Senior Benefits Analysts I the approval of expenditures

within the established MSS budget.

11. Systems Operations Support Manager (SOS) or Senior Benefits Analyst II – for the approval of expenditures within the authorized SOS budget. The SOS Manager or Senior Benefits Analyst II may delegate to the Senior Benefits Analyst I in the SOS section the approval of expenditures within the established SOS budget.

- Endorsed: _____ Todd Bouey
Executive Officer
- Endorsed: _____ Dale Wong-Nguyen
Assistant General Manager
- Endorsed: _____ Edwin Avanesian
Chief Management Analyst for Administration Division
- Endorsed: _____ Horacio Arroyo
Senior Management Analyst II for Administration Division
- Endorsed: _____ Rodney June
Chief Investment Officer
- Endorsed: _____ Wilkin Ly
Investment Officer III
- Endorsed: _____ Ellen Chen
Investment Officer III
- Endorsed: _____ Karen Freire
Chief Benefits Analyst for Health, Wellness, and Buyback
- Endorsed: _____ James Kawashima
Senior Benefits Analyst II for Health, Wellness, and Buyback
- Endorsed: _____ Margaret Drenk
Senior Benefits Analyst II for Health, Wellness, and Buyback
- Endorsed: _____ Ada Lok
Senior Benefits Analyst I for Health, Wellness, and Buyback
- Endorsed: _____ Glen Malabuyoc
Senior Benefits Analyst I for Health, Wellness, and Buyback
- Endorsed: _____ Lourdes Quintos
Senior Benefits Analyst I for Health, Wellness, and Buyback

Endorsed: _____ Maricel Martin
Senior Benefits Analyst I for Health, Wellness, and Buyback

Endorsed: _____ Taneda Larios
Chief Benefits Analyst for Communications and Stakeholder Relations

Endorsed: _____ Heather Ramirez
Senior Benefits Analyst II for Communications and Stakeholder Relations

Endorsed: _____ Tiffany Obembe
Senior Benefits Analyst I for Communications and Stakeholder Relations

Endorsed: _____ Amelia Herrera-Robles
Public Information Director I for Communications and Stakeholder Relations

Endorsed: _____ Lin Lin
Personnel Director I for Human Resources

Endorsed: _____ Kevin Hirose
Senior Personnel Analyst II for Human Resources

Endorsed: _____ Dianne Sunico
Senior Personnel Analyst II for Human Resources

Endorsed: _____ Marcel Nguyen
Senior Management Analyst I for Human Resources

Endorsed: _____ Ferralyn Sneed
Chief Benefits Analyst for Retirement Services

Endorsed: _____ Isaias Cantú
Chief Benefits Analyst for Retirement Services

Endorsed: _____ Audrey Dymally
Senior Benefits Analyst II for Retirement Services

Endorsed: _____ Brittany Cotton
Senior Benefits Analyst I for Retirement Services

Endorsed: _____ Melani Rejuso
Departmental Audit Manager

Endorsed: _____ Thomas Ma
Information System Manager II

Endorsed: _____ Lauren McCall

Senior Benefits Analyst II for Systems Operations Support

Endorsed: _____ Brian Cha
Senior Benefits Analyst I for Systems Operations Support

Endorsed: _____ Sevan Simonian
Senior Benefits Analyst I for Member Stewardship Section

VI

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$24.301 billion as of July 22, 2024; and Volatility Index at 15.02. Rod June discussed the following items:
- **INDUSTRY**
LACERS holds an equity position in CrowdStrike through the SP500 Index Fund valued at \$6.4 million.
Staff reports no adverse issues or problems either directly or indirectly regarding its investment manager, vendors, or bank custodian but will continue to monitor the situation.
 - **POLICY**
Investments Policy enhancements; scheduled for IC and Board in the Fall 2024.
 - **OPERATIONAL**
City Contribution was received and funds have been invested accordingly to an allocation plan.
 - **FUTURE AGENDA ITEMS**
Continued discussion of the asset allocation study.
- B. CONTRACT WITH TOWNSEND HOLDINGS LLC, REPLACEMENT OF KEY PERSON AND POSSIBLE BOARD ACTION – Jessica Chumak, Investment Officer I, and Dan Stenger, Real Estate Consultant, with Townsend Holdings LLC, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Wilkinson, and President Chao -4; Nays, None.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. RESPONSE TO COUNCIL MOTION 24-0357 RELATING TO CITY EMPLOYEES RECEIVING MULTIPLE PENSIONS AND POSSIBLE BOARD ACTION – Neil Guglielmo, General Manager, Dale Nguyen, Assistant General Manager, and Ferralyn Sneed, Chief Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Sidley moved approval with additional language, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Wilkinson, and President Chao -4; Nays, None.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 13, 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 10:49 a.m.

Annie Chao
President

Neil M. Guglielmo
Manager-Secretary

Board Meeting: 08/27/24

Item: VI-A



Retirement Services Division Survivor Benefits Unit (SBU)

Presented by
Ursula Ruiz

August 27, 2024



Staffing

Senior Benefits Analyst I – Estella Priebe (Senior Supervisor)

Benefits Analyst – Ursula Ruiz (Supervisor)

Benefits Specialist – Adrienne Hobbs (Counselor)

Benefits Specialist – Rachelle Ramiento (Counselor)

Benefits Specialist – Jamie Roberts (Counselor)

Benefits Specialist – Evelyn Sanchez (Counselor)

Senior Administrative Clerk – Giovanni Gonzalez

Accounting Clerk Trainee – Jessica Vigil

Core Functions & Responsibilities Supervising Staff



Estella Priebe

Senior Benefits Analyst I

- Plans and directs the work of Survivor Benefits Unit staff engaged in the administration of survivor benefits.
- Performs the higher-level administrative work related to the workload and business processes of the Survivor Benefits Unit, as well as formulating and implementing policies and procedures, including management controls by recommending methods for creating efficiencies.
- Reviews the work generated by the unit supervisor and staff and assists with the development and implementation of the departmental Strategic Plan initiatives related to the Retirement Services Division.



Ursula Ruiz

Benefits Analyst, Supervisor

- Reviews and advises staff on case complexity
- Conducts Death Audit verifications
- Prepares the Monthly Statistical Report and Approved Benefits Payment list
- Conducts and reviews the Annual Family Death Benefit Plan (FDBP) Audit
- Researches and gives direction based on plan provisions
- Assist with complex case issues and address members' or beneficiaries' concerns

Core Functions & Responsibilities Counselors



Adrienne Hobbs



Rachelle Ramiento



Jamie Roberts



Evelyn Sanchez

- **Counsel members and beneficiaries on survivor benefits**
- **Conducts survivorship counseling for terminal members**
- **Processes continuances, survivorship, and lump sum benefit payments**
- **Identifies possible fraud**

Core Functions & Responsibilities

Clerical Support



Giovanni Gonzalez

Senior Administrative Clerk

- Reviews/approves beneficiary forms for completeness and accuracy
- Logs all incoming mail to ensure important forms and vital records are processed timely
- Mails benefit packages to beneficiaries



Jessica Vigil

Accounting Clerk

- Calculates survivor benefits
- Calculates Final Average Monthly Compensation (FAMC) for Deceased Active Members
- Sets up Continuances, Survivorships, Limited Pensions, Family Death Benefit claims, and Lump Sum claims in the Pension Administration System (PAS)

Survivor Benefits

- **Active Death – Civilian**
- **Active Death – Sworn**
- **Retired Death – Civilian**
- **Retired Death - Sworn**



Survivor Benefits Active Death (Civilian)

- Survivorships for Spouses, Domestic Partners, or Optional Retirement Allowance - 5 years or more of City Service (Lifetime Benefit)
- Disability Retirement Survivorship – Duty-related death/less than 5 years of City Service (Lifetime Benefit)
- Limited Pension* – Requires at least 1 year of City Service
- Refund of Accumulated Contributions*
- Family Death Benefit Plan

* Not payable if a lifetime benefit is selected.



Survivor Benefits Active Death (Sworn)

- Survivorships for Spouse or Domestic Partners – Service or Nonservice-Connected (Lifetime Benefit)
- Basic Death Benefit* – Requires at least 1 year of City Service
- Refund of Contributions*
- Additional Allowance** – Minor or dependent children or dependent parents

*Not payable if a survivorship benefit is elected.

**Minor children are normally paid to age 18, and dependent parents are paid only if there is no eligible survivor.



Survivor Benefits Retired Death (Civilian)

- Continuance to Spouse or Domestic Partner
- Non-spousal Continuance* – Ineligible spouse, child, or dependent parent
- Refund of Unused Contributions
- Accrued Allowance
- Funeral Allowance

*Actuarial reduction applied.



Survivor Benefits Retired Death (Sworn)

- Continuance to Spouse or Domestic Partner
- Additional Allowance for minor/dependent children*
- Refund of Unused Contributions
- Accrued Allowance
- Funeral Allowance

*Dependent parents if no eligible spouse or children.

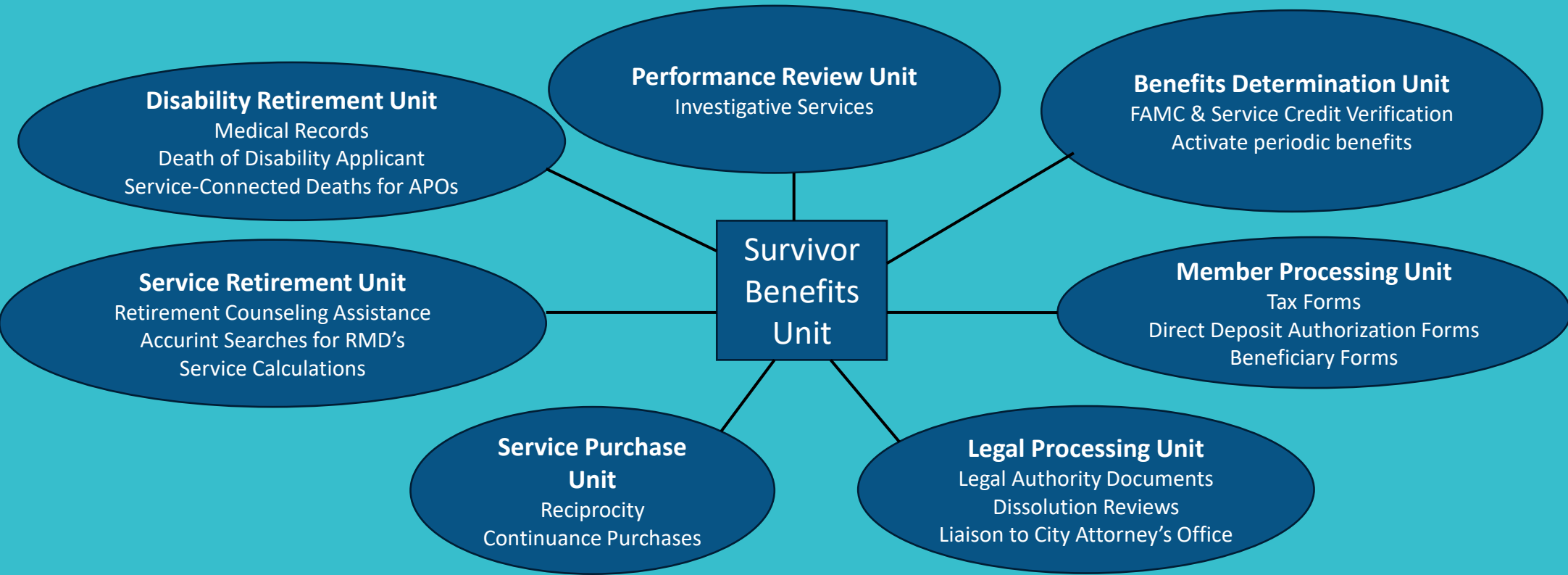
Annual Workload

	FY 19/20	FY 20/21	FY 21/22	FY 22/23	FY 23/24
Deaths Reported	824	1,050	850	876	714
Monthly Average	69	88	71	73	60
Completed Cases*	541	861	665	500	429
Closed Cases**	422	825	627	540	449
Lump Sum Benefits Paid	788	1,373	1,199	1,601	1,360
COVID 19 Related Deaths	N/A	N/A	172	189	0

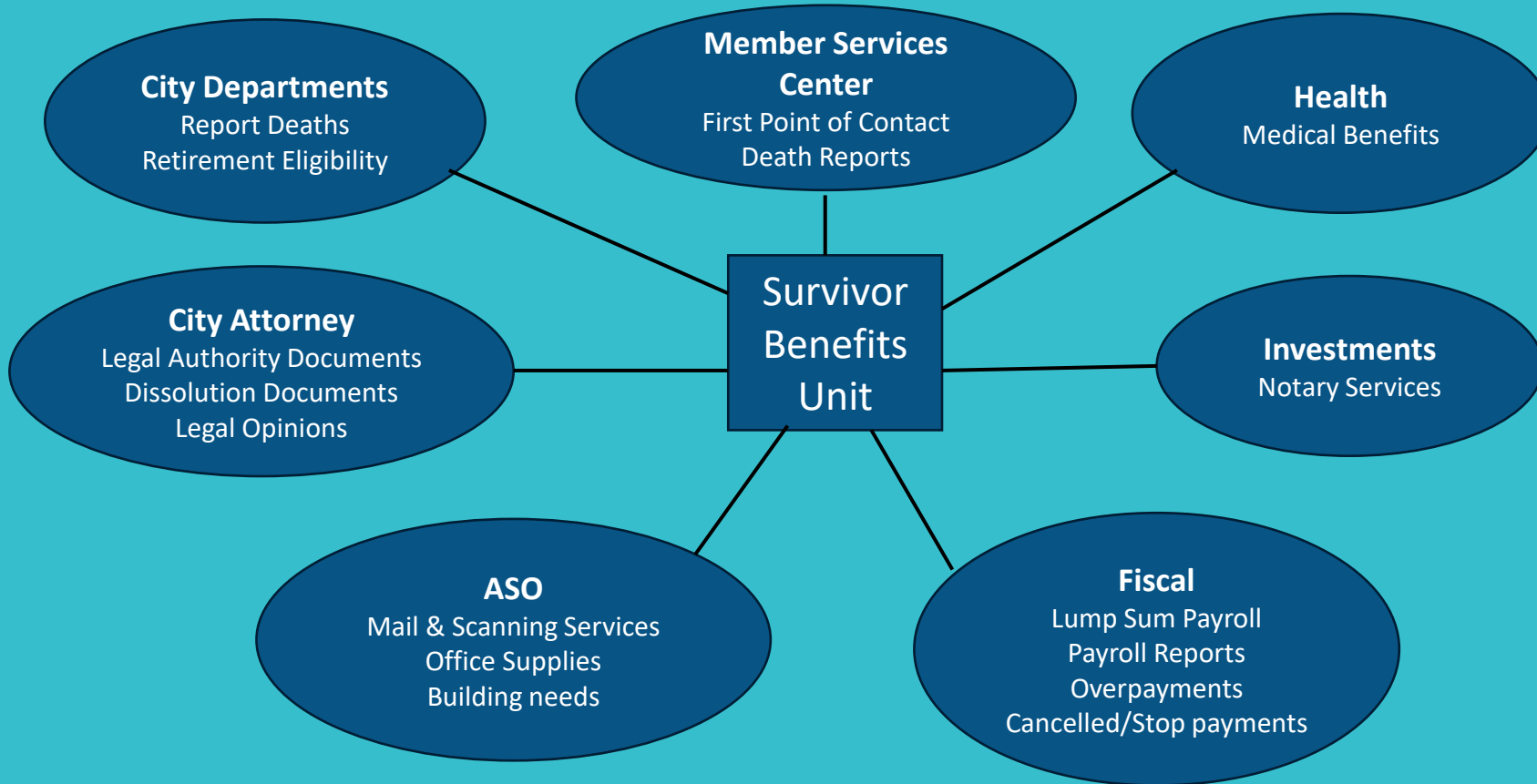
Note: One death, on average, generates four benefit claims, which are considered separate cases.

*Completed Cases: Claim forms have been mailed **Closed Cases: All claim forms have been returned and benefits paid

Interconnectedness: RSD Unit Partners



Interconnectedness: Other Partners





Questions?



REPORT TO BOARD OF ADMINISTRATION

MEETING: AUGUST 27, 2024

From: Lin Lin, Personnel Director I *Lin Lin*
and Kevin Hirose, Senior Personnel Analyst II *Kevin Hirose*

ITEM: VIII - A

SUBJECT: CONSIDERATION OF 2024 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve a Merit Salary adjustment between 0 to 5%, effective July 1, 2024, based on the FY 23-24 performance evaluation of the General Manager.

Executive Summary

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

Discussion

Based on the performance evaluation discussed during closed session, the Board may set or adjust the GM's salary within the guidelines established by the City Council, with any salary increase being effective as of July 1, 2024. The GM salary range is set by City Ordinance with compensation between M-7 through M-13. Each M range identifies specific classifications entitled to compensation within the range. The GM – LACERS (Class Code 9150) is set at the M-9 salary range level.

At its October 24, 2023 meeting, the Board adopted Resolution 231024-A authorizing a 5% merit pay salary increase effective July 1, 2023. In addition to the merit pay salary increase, the Board directed staff to request that the Mayor and City Council designate the GM – LACERS salary range to M-11, effective July 1, 2023. The Board President's request was submitted to the Mayor and City Council President on November 22, 2023. To date, LACERS has not received a response regarding the Board's request to increase the salary range of the GM – LACERS classification.

In addition, at its August 9, 2022 meeting, the Board adopted Resolution 220809-A authorizing a 5% merit pay salary increase, effective July 1, 2022. Through Board adopted Resolution 220809-B, cost-of-living adjustments of 2.75% effective January 19, 2020, 2% effective June 19, 2022, 2% effective January 29, 2023, and 1.5% effective June 18, 2023, and a non-pensionable biweekly bonus of 3% of the employee's regular base rate of pay were also approved. The 3% biweekly bonus was effective July 3, 2022 and ended on July 1, 2023.

The combined Board-adopted increases exceeded the maximum permitted for the M-9 salary range. The Board may consider directing staff to send a follow-up request to the Mayor and City Council to set the salary range for the GM – LACERS at M-11 retroactive to July 1, 2023.

Please refer to Attachments B-I and B-II for the salary ranges for General Managers.

Prepared By: Lin Lin, Personnel Director I
Kevin Hirose, Senior Personnel Analyst II

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Attachments:

1. City Council report from the City Administrative Officer, including Attachment B-I Salaries Ranges for General Managers
2. Attachment B-II Salaries for General Managers
3. Proposed Resolution Salary Compensation for General Manager
4. General Manager Merit Pay Salary Increase memo to the City Administrative Officer
5. FY 2022-23 LACERS GM Merit Salary Pay Increase letter to Mayor and Council President

CITY OF LOS ANGELES
INTER-DEPARTMENTAL CORRESPONDENCE

Board Meeting: 8/27/24
Item: VIII - A
Attachment 1

Date: June 27, 2024

To: The City Council

From: Matthew W. Szabo, City Administrative Officer



Subject: **FISCAL YEARS 2023-24 THROUGH 2028-29 SALARY ADJUSTMENTS FOR NON-REPRESENTED EMPLOYEES AND UPDATED POSITION AND MOU LISTINGS – ORDINANCE AMENDING LOS ANGELES ADMINISTRATIVE CODE SECTION 4.61**

RECOMMENDATIONS

The City Administrative Officer (CAO) recommends the following actions by the City Council and Mayor:

1. That the City Council, subject to the approval of the Mayor, adopt the attached ordinance, approved as to form and legality by the City Attorney, amending Section 4.61 of the Los Angeles Administrative Code to update Schedule "A" to reflect class title changes and bargaining unit accretions, and to implement salary adjustments for non-represented employees and General Managers as listed in Attachments A-I, A-II, B-I, and B-II, effective June 30, 2024 through July 1, 2028, and to update the list of Memoranda of Understanding; and
2. That the City Council authorize the Controller and the CAO to correct any clerical or technical errors in the above ordinance.

SUMMARY

In accordance with City Council instructions on April 17, 2024 (Council File No. 24-0427), the attached ordinance, approved as to form and legality by the City Attorney, amends Los Angeles Administrative Code Section 4.61 to reflect salary adjustments for certain non-represented classifications and class title changes, bargaining unit accretions, and an updated list of Memoranda of Understanding to add the newly created Educational Presenters Unit (MOU No. 66). The salary adjustments are shown in the table below. The same increases are implemented for General Manager positions and their assigned biweekly minimum and maximum salary ranges (M Salary Ranges).

In accordance with City Charter Section 508(f), the salaries of the Chief of Police and the General Managers of the Fire and Police Pension System, the Los Angeles City Employees Retirement System, and the Proprietary Departments shall be adjusted by the appointing commissions within salary guidelines established by the City Council through this report and attached ordinance (see also Attachments B-I and B-II).

Proposed Base Wage Adjustments for Non-Represented Classifications (Fiscal Years 2023-24 - 2028-29)	
Effective Date	Percent Increase
June 30, 2024	4%
December 29, 2024	2%
June 29, 2025	4%
December 28, 2025	2%
June 28, 2026	4%
December 27, 2026	2%
June 27, 2027	2%
December 26, 2027	2%
July 1, 2028	0%

FISCAL IMPACT

The estimated direct costs to the General Fund of the above base wage adjustments for certain non-represented and General Manager positions are as follows:

General Fund Impact of Proposed Base Wage Adjustments for Non-Represented Classifications (in millions)		
Fiscal Year	Annual Cost	Cumulative Cost
2024-25	\$ 5.02	\$ 5.02
2025-26	\$ 6.37	\$ 11.39
2026-27	\$ 6.75	\$ 18.14
2027-28	\$ 4.76	\$ 22.90
2028-29	\$ 1.21	\$ 24.11
Total	\$ 24.11	\$ 81.56

ATTACHMENT B-I

SALARY RANGES FOR GENERAL MANAGERS
LOS ANGELES ADMINISTRATIVE CODE SECTION 4.61

The salary ranges for General Manager positions reflect increases of 4% effective June 30, 2024; 2% effective December 29, 2024; 4% effective June 29, 2025; 2% effective December 28, 2025; 4% effective June 28, 2026; 2% effective December 27, 2026; 2% effective June 27, 2027, 2% effective December 26, 2027; and 0% effective July 1, 2028. The Mayor or appropriate Board/Commission, pursuant to Charter Section 508, shall set or adjust the amount of compensation for General Managers within “M” ranges established by ordinance.

Salary Range M-13

General Manager Airports, Code 0161
 General Manager and Chief Engineer Water and Power, Code 9998
 General Manager Harbor Department, Code 9289

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$17,334.40	\$29,925.60	\$452,427	\$781,058
12/29/2024	\$17,680.80	\$30,524.00	\$461,468	\$796,676
6/29/2025	\$18,388.00	\$31,744.80	\$479,926	\$828,539
12/28/2025	\$18,756.00	\$32,380.00	\$489,531	\$845,118
6/28/2026	\$19,506.40	\$33,675.20	\$509,117	\$878,922
12/27/2026	\$19,896.80	\$34,348.80	\$519,306	\$896,503
6/27/2027	\$20,294.40	\$35,036.00	\$529,683	\$914,439
12/26/2027 & 7/1/2028	\$20,700.00	\$35,736.80	\$540,270	\$932,730

Salary Range M-12

Chief Legislative Analyst, Code 9296
 Chief of Police, Code 9359
 City Administrative Officer, Code 0010
 Fire Chief, Code 9339

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$10,965.60	\$19,444.80	\$286,202	\$507,509
12/29/2024	\$11,184.80	\$19,833.60	\$291,923	\$517,656
6/29/2025	\$11,632.00	\$20,627.20	\$303,595	\$538,369
12/28/2025	\$11,864.80	\$21,040.00	\$309,671	\$549,144
6/28/2026	\$12,339.20	\$21,881.60	\$322,053	\$571,109
12/27/2026	\$12,585.60	\$22,319.20	\$328,484	\$582,531
6/27/2027	\$12,837.60	\$22,765.60	\$335,061	\$594,182
12/26/2027 & 7/1/2028	\$13,094.40	\$23,220.80	\$341,763	\$606,062

Salary Range M-11

City Engineer, Code 9497
Director Bureau of Sanitation, Code 7236
Director of Finance, Code 9650
General Manager General Services Department, Code 9254
General Manager Information Technology Agency, Code 9380
General Manager Personnel Department, Code 9295

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$9,732.00	\$17,254.40	\$254,005	\$450,339
12/29/2024	\$9,926.40	\$17,599.20	\$259,079	\$459,339
6/29/2025	\$10,323.20	\$18,303.20	\$269,435	\$477,713
12/28/2025	\$10,529.60	\$18,669.60	\$274,822	\$487,276
6/28/2026	\$10,950.40	\$19,416.00	\$285,805	\$506,757
12/27/2026	\$11,169.60	\$19,804.00	\$291,526	\$516,884
6/27/2027	\$11,392.80	\$20,200.00	\$297,352	\$527,220
12/26/2027 & 7/1/2028	\$11,620.80	\$20,604.00	\$303,302	\$537,764

Salary Range M-10

City Clerk, Code 9255
City Librarian, Code 9235
Director of Planning, Code 9445
Executive Director, Convention Center, Code 9695
General Manager Department of Transportation, Code 9256
General Manager Los Angeles Housing Department, Code 9270
General Manager Recreation and Parks, Code 9243
General Manager Zoo Department, Code 9500
Inspector of Public Works, Code 0202
Superintendent of Building, Code 9205

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$8,651.20	\$15,344.00	\$225,796	\$400,478
12/29/2024	\$8,824.00	\$15,651.20	\$230,306	\$408,496
6/29/2025	\$9,176.80	\$16,277.60	\$239,514	\$424,845
12/28/2025	\$9,360.00	\$16,603.20	\$244,296	\$433,343
6/28/2026	\$9,734.40	\$17,267.20	\$254,067	\$450,673
12/27/2026	\$9,928.80	\$17,612.80	\$259,141	\$459,694
6/27/2027	\$10,127.20	\$17,964.80	\$264,319	\$468,881
12/26/2027 & 7/1/2028	\$10,329.60	\$18,324.00	\$269,602	\$478,256

Salary Range M-9

Director Bureau of Street Lighting, Code 9265
Director Bureau of Street Services, Code 4159
Executive Director, Civil, Human Rights and Equity Department, Code 9423
General Manager Animal Services, Code 9245
General Manager Community Development, Code 9250
General Manager - LACERS, Code 9150
General Manager - LAFPP, Code 9267

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$7,720.80	\$13,685.60	\$201,512	\$357,194
12/29/2024	\$7,875.20	\$13,959.20	\$205,542	\$364,335
6/29/2025	\$8,190.40	\$14,517.60	\$213,769	\$378,909
12/28/2025	\$8,354.40	\$14,808.00	\$218,049	\$386,488
6/28/2026	\$8,688.80	\$15,400.00	\$226,777	\$401,940
12/27/2026	\$8,862.40	\$15,708.00	\$231,308	\$409,978
6/27/2027	\$9,040.00	\$16,022.40	\$235,944	\$418,184
12/26/2027 & 7/1/2028	\$9,220.80	\$16,343.20	\$240,662	\$426,557

Salary Range M-8

General Manager Community Investment for Families Department, Code 9277
General Manager Department of Environmental Affairs, Code 9430
General Manager Department of Neighborhood Empowerment, Code 9222
General Manager Economic and Workforce Development Department, Code 9806
Treasurer, Code 9645

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$6,907.20	\$12,248.80	\$180,277	\$319,693
12/29/2024	\$7,045.60	\$12,493.60	\$183,890	\$326,082
6/29/2025	\$7,327.20	\$12,993.60	\$191,239	\$339,132
12/28/2025	\$7,473.60	\$13,253.60	\$195,060	\$345,918
6/28/2026	\$7,772.80	\$13,784.00	\$202,870	\$359,762
12/27/2026	\$7,928.00	\$14,060.00	\$206,920	\$366,966
6/27/2027	\$8,086.40	\$14,341.60	\$211,055	\$374,315
12/26/2027 & 7/1/2028	\$8,248.00	\$14,628.80	\$215,272	\$381,811

Salary Range M-7

Executive Director Cannabis Department, Code 9429
Executive Director, Department on Disability, Code 9720
Executive Director, Youth Development Department, Code 9226
General Manager Cultural Affairs, Code 9696
General Manager Department of Aging, Code 9218
General Manager El Pueblo Historical Monument, Code 9700
General Manager Emergency Management Department, Code 9272

EFFECTIVE DATE	MINIMUM BIWEEKLY	MAXIMUM BIWEEKLY	MINIMUM ANNUAL	MAXIMUM ANNUAL
6/30/2024	\$6,203.20	\$11,000.80	\$161,903	\$287,120
12/29/2024	\$6,327.20	\$11,220.80	\$165,139	\$292,862
6/29/2025	\$6,580.00	\$11,669.60	\$171,738	\$304,576
12/28/2025	\$6,712.00	\$11,903.20	\$175,183	\$310,673
6/28/2026	\$6,980.80	\$12,379.20	\$182,198	\$323,097
12/27/2026	\$7,120.80	\$12,626.40	\$185,852	\$329,549
6/27/2027	\$7,263.20	\$12,879.20	\$189,569	\$336,147
12/26/2027 & 7/1/2028	\$7,408.80	\$13,136.80	\$193,369	\$342,870

**ATTACHMENT B-II
SALARIES FOR GENERAL MANAGERS
LOS ANGELES ADMINISTRATIVE CODE SECTION 4.61**

REVISED

The salaries for General Manager positions reflect salary increases of 4% effective June 30, 2024; 2% effective December 29, 2024; 4% effective June 29, 2025; 2% effective December 28, 2025; 4% effective June 28, 2026; 2% effective December 27, 2026; 2% effective June 27, 2027; 2% effective December 26, 2027; and 0% effective July 1, 2028. The Mayor or appropriate Board/Commission, pursuant to Charter Section 508, shall set or adjust the amount of compensation for General Managers within "M" ranges established by ordinance.

CLASS CODE	CLASSIFICATION	RANGE	CURRENT BIWEEKLY SALARY	BIWEEKLY SALARY EFFECTIVE 6/30/2024	BIWEEKLY SALARY EFFECTIVE 12/29/2024	BIWEEKLY SALARY EFFECTIVE 6/29/2025	BIWEEKLY SALARY EFFECTIVE 12/28/2025	BIWEEKLY SALARY EFFECTIVE 6/28/2026	BIWEEKLY SALARY EFFECTIVE 12/27/2026	BIWEEKLY SALARY EFFECTIVE 6/27/2027	BIWEEKLY SALARY EFFECTIVE 12/26/2027 and 7/1/2028
0161	General Manager Airports	M-13	\$21,648.00	*	*	*	*	*	*	*	*
9998	General Manager and Chief Engineer Water and Power	M-13	\$28,736.00	*	*	*	*	*	*	*	*
9289	General Manager Harbor Department	M-13	\$16,996.00	*	*	*	*	*	*	*	*
9296	Chief Legislative Analyst	M-12	\$18,696.00	\$19,444.00	\$19,832.80	\$20,626.40	\$21,039.20	\$21,880.80	\$22,318.40	\$22,764.80	\$23,220.00
9359	Chief of Police	M-12	\$15,048.80	*	*	*	*	*	*	*	*
0010	City Administrative Officer	M-12	\$14,795.20	\$15,387.20	\$15,695.20	\$16,323.20	\$16,649.60	\$17,315.20	\$17,661.60	\$18,015.20	\$18,375.20
9339	Fire Chief	M-12	\$16,047.20	\$16,688.80	\$17,022.40	\$17,703.20	\$18,057.60	\$18,780.00	\$19,156.00	\$19,539.20	\$19,929.60
9497	City Engineer	M-11	\$14,013.60	\$14,574.40	\$14,865.60	\$15,460.00	\$15,769.60	\$16,400.00	\$16,728.00	\$17,062.40	\$17,404.00
7236	Director Bureau of Sanitation	M-11	\$14,013.60	\$14,574.40	\$14,865.60	\$15,460.00	\$15,769.60	\$16,400.00	\$16,728.00	\$17,062.40	\$17,404.00
9650	Director of Finance	M-11	\$12,985.60	\$13,504.80	\$13,775.20	\$14,326.40	\$14,612.80	\$15,197.60	\$15,501.60	\$15,812.00	\$16,128.00
9254	General Manager General Services Department	M-11	\$12,985.60	\$13,504.80	\$13,775.20	\$14,326.40	\$14,612.80	\$15,197.60	\$15,501.60	\$15,812.00	\$16,128.00
9380	General Manager Info Technology Agency	M-11	\$12,985.60	\$13,504.80	\$13,775.20	\$14,326.40	\$14,612.80	\$15,197.60	\$15,501.60	\$15,812.00	\$16,128.00

CLASS CODE	CLASSIFICATION	RANGE	CURRENT	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY	BIWEEKLY
			BIWEEKLY SALARY	SALARY EFFECTIVE 6/30/2024	SALARY EFFECTIVE 12/29/2024	SALARY EFFECTIVE 6/29/2025	SALARY EFFECTIVE 12/28/2025	SALARY EFFECTIVE 6/28/2026	SALARY EFFECTIVE 12/27/2026	SALARY EFFECTIVE 6/27/2027	SALARY EFFECTIVE 12/26/2027 and 7/1/2028	
9295	General Manager Personnel Department	M-11	\$12,985.60	\$13,504.80	\$13,775.20	\$14,326.40	\$14,612.80	\$15,197.60	\$15,501.60	\$15,812.00	\$16,128.00	
9255	City Clerk	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9235	City Librarian	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9445	Director of Planning	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9695	Executive Director, Convention Center	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9256	General Manager Department of Transportation	M-10	\$11,315.20	\$11,768.00	\$12,003.20	\$12,483.20	\$12,732.80	\$13,242.40	\$13,507.20	\$13,777.60	\$14,052.80	
9270	General Manager Los Angeles Housing Dept	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9243	General Manager Recreation and Parks	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9500	General Manager Zoo Department	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
0202	Inspector of Public Works	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9205	Superintendent of Building	M-10	\$12,064.80	\$12,547.20	\$12,798.40	\$13,310.40	\$13,576.80	\$14,120.00	\$14,402.40	\$14,690.40	\$14,984.00	
9265	Director Bureau of Street Lighting	M-9	\$11,268.80	\$11,719.20	\$11,953.60	\$12,432.00	\$12,680.80	\$13,188.00	\$13,452.00	\$13,720.80	\$13,995.20	
4159	Director Bureau of Street Services	M-9	\$11,268.80	\$11,719.20	\$11,953.60	\$12,432.00	\$12,680.80	\$13,188.00	\$13,452.00	\$13,720.80	\$13,995.20	
9423	Executive Director, Civil, Human Rights & Equity	M-9	\$11,268.80	\$11,719.20	\$11,953.60	\$12,432.00	\$12,680.80	\$13,188.00	\$13,452.00	\$13,720.80	\$13,995.20	
9245	General Manager Animal Services	M-9	\$10,048.00	\$10,449.60	\$10,658.40	\$11,084.80	\$11,306.40	\$11,758.40	\$11,993.60	\$12,233.60	\$12,478.40	
9250	General Manager Community Development	M-9	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	

CLASS CODE	CLASSIFICATION	RANGE	CURRENT BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY	BIWEEKLY SALARY
				EFFECTIVE 6/30/2024	EFFECTIVE 12/29/2024	EFFECTIVE 6/29/2025	EFFECTIVE 12/28/2025	EFFECTIVE 6/28/2026	EFFECTIVE 12/27/2026	EFFECTIVE 6/27/2027	BIWEEKLY SALARY EFFECTIVE 12/26/2027 and 7/1/2028
9150	General Manager - LACERS	M-9	\$13,159.20	*	*	*	*	*	*	*	*
9267	General Manager - LAFPP	M-9	\$11,513.60	*	*	*	*	*	*	*	*
9277	General Manager Community Investment for Families Dept.	M-8	\$10,289.60	\$10,700.80	\$10,915.20	\$11,352.00	\$11,579.20	\$12,042.40	\$12,283.20	\$12,528.80	\$12,779.20
9430	General Manager Dept of Environmental Affairs	M-8	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT
9222	General Manager Department of Neighborhood Empowerment	M-8	\$8,156.80	\$8,483.20	\$8,652.80	\$8,999.20	\$9,179.20	\$9,546.40	\$9,737.60	\$9,932.00	\$10,130.40
9806	General Manager Economic & Workforce Development Dept.	M-8	\$10,289.60	\$10,700.80	\$10,915.20	\$11,352.00	\$11,579.20	\$12,042.40	\$12,283.20	\$12,528.80	\$12,779.20
9645	Treasurer	M-8	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT	VACANT
9429	Executive Director Cannabis Department	M-7	\$8,483.20	\$8,822.40	\$8,999.20	\$9,359.20	\$9,546.40	\$9,928.00	\$10,126.40	\$10,328.80	\$10,535.20
9720	Executive Director, Department on Disability	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40
9226	Executive Director, Youth Development Dept	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40
9696	General Manager Cultural Affairs	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40
9218	General Manager Department of Aging	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40
9700	General Manager El Pueblo Historical Monument	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40
9272	General Manager Emergency Mgmt Dept	M-7	\$9,219.20	\$9,588.00	\$9,780.00	\$10,171.20	\$10,374.40	\$10,789.60	\$11,005.60	\$11,225.60	\$11,450.40

SALARY COMPENSATION FOR
GENERAL MANAGER
NEIL M. GUGLIELMO

PROPOSED RESOLUTION

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

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

BE IT RESOLVED, that the Board of Administration approves a yearly salary at X% higher than the current salary for Neil M. Guglielmo, General Manager, to be effective on July 1, 2024, pursuant to Charter Section 1108(c).

August 27, 2024



INTER-DEPARTMENTAL MEMO
.....

Date: November 29, 2023

To: Paul A. Girard, Employee Relations Chief
Employee Relations Division/Office of the City Administrative Officer

From: Lin Lin, Personnel Director | *LL*
Human Resources Unit/Los Angeles City Employees' Retirement System

SUBJECT: GENERAL MANAGER MERIT PAY SALARY INCREASE

Transmitted herewith is the November 22, 2023 correspondence from the Board of Administration President, Annie Chao to the Mayor and Council President regarding the merit pay increase for LACERS' General Manager, Neil M. Guglielmo. The 5% increase is to be effective July 1, 2023 (for the 2022 – 2023 rating period).

In addition to setting the merit increase, the Board instructed staff to request that the Mayor and City Council to consider raising the LACERS GM compensation from the M-9 to M-11 range commensurate with compensation for similarly situated departments and to make the change effective July 1, 2023. By doing so, this and previously approved GM Merit pay increases may be realized.

The Board resolution is included for your review.

Please advise the Controller's Office as appropriate for salary implementation in the PaySR system and Workday. Our staff will prepare the adjustments in PaySr and Workday once confirmation is received from your office.

If additional information is required, please contact me at (213) 817-4918.
Thank you.

Enclosure

C: Neil M. Guglielmo, General Manager



November 22, 2023

ELECTRONIC MAIL

The Honorable Karen Bass
Mayor, City of Los Angeles
200 North Spring Street
City Hall

Honorable Paul Krekorian
Council President, City of Los Angeles
City Hall

FISCAL YEAR 2022 – 2023 LACERS GM MERIT SALARY PAY INCREASE

Dear Mayor and Council President:

Pursuant to Section 508(f) of the City Charter, the Los Angeles City Employees' Retirement System (LACERS) hereby submits the evaluation for the General Manager-LACERS for your information. The Board of Administration performed the evaluation and discussed the merit pay increase of the General Manager at its October 24, 2023 meeting. As a result, the General Manager's evaluation and merit pay increase has been set within the Council approved range effective July 1, 2023.

The Board conducted the annual evaluation required by the Charter and considered a merit pay increase in accordance with Council guidelines. This review references the General Manager's accomplishments for the Fiscal Year 2022 – 2023. Criteria established by the Board in the process included strategic planning, leadership, communications, and management and administration.

All objectives for the Fiscal Year 2022 – 2023 were attained. Therefore, the Board sets the salary at 5% above the current rate based on the attainment of goals and ongoing improvements in Member services. The Board's salary determination is a 5% pay increase for the General Manager, Neil M. Guglielmo, to be effective July 1, 2023.

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

Annie Chao, *President*
Sung Won Sohn, *Vice President*
Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Janna Sidley
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

In addition to setting the merit increase, the Board instructed staff to request that Mayor and City Council to consider raising the LACERS GM compensation from the M-9 to M-11 range commensurate with compensation for similarly situated departments and to make the change effective July 1, 2023. By doing so, this, and previously approved GM merit pay increases may be realized. Your support and favorable consideration are greatly appreciated.

Respectfully submitted,



Annie Chao, President
Board of Administration

AC:ll

Attachment

**SALARY COMPENSATION FOR
GENERAL MANAGER
NEIL M. GUGLIELMO**

Commissioner Sidley moved approval of the following Resolution:

RESOLUTION 231024-A

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

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

BE IT RESOLVED, that the Board of Administration approves a yearly salary at 5% higher than the current salary for Neil M. Guglielmo, General Manager, to be effective on July 1, 2023, pursuant to Charter Section 1108(c).

In addition, BE IT RESOLVED, that the Board of Administration directs staff to request the Mayor and City Council designate the LACERS General Manager's salary range be set at M-11.

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

I hereby certify that the foregoing is a true and correct copy of a Resolution duly adopted by the Board of Administration, Los Angeles City Employees' Retirement System, at a Regular Meeting held on October 24, 2023.



Annie Chao
President
LACERS Board of Administration



REPORT TO BOARD OF ADMINISTRATION

MEETING: AUGUST 27, 2024

From: Lin Lin, Personnel Director I *[Signature]*
and Kevin Hirose, Senior Personnel Analyst II *[Signature]*

ITEM: VIII - B

SUBJECT: CONSIDERATION OF GENERAL MANAGER'S COST OF LIVING ADJUSTMENT AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve cost of living adjustments of: 4% effective June 30, 2024, 2% effective December 29, 2024, 4% effective June 29, 2025, 2% effective December 28, 2025, 4% effective June 28, 2026, 2% effective December 27, 2026, 2% effective June 27, 2027, 2% effective December 26, 2027, and 0% effective July 1, 2028.

Executive Summary

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

Discussion

On July 2, 2024, the Los Angeles City Council adopted, which was subsequently approved by the Mayor on July 9, 2024, City Ordinance 188307 (Council File 24-0777) amending Los Angeles Administrative Code Section 4.61 to update Schedule A classifications and salary adjustments for certain non-represented classes in Fiscal Years 2023-24 through 2028-29. The GM salary range is set by City Ordinance with compensation between M-7 through M-13. Each M range identifies specific classifications entitled to compensation within the range. The GM – LACERS (Class Code 9150) is set at the M-9 salary range level.

At its October 24, 2023 meeting, the Board adopted Resolution 231024-A authorizing a 5% merit pay salary increase effective July 1, 2023. In addition to the merit pay salary increase, the Board directed staff to request that the Mayor and City Council designate the GM – LACERS salary range to M-11, effective July 1, 2023. The Board President's request was submitted to the Mayor and City Council President on November 22, 2023. To date, LACERS has not received a response regarding the Board's request to increase the salary range of the GM – LACERS classification.

In addition, at its August 9, 2022 meeting, the Board adopted Resolution 220809-A authorizing a 5% merit pay salary increase, effective July 1, 2022. Through Board adopted Resolution 220809-B,

cost of living adjustments of 2.75% effective January 19, 2020, 2% effective June 19, 2022, 2% effective January 29, 2023, and 1.5% effective June 18, 2023, and a non-pensionable biweekly bonus of 3% of the employee's regular base rate of pay were also approved. The 3% biweekly bonus was effective July 3, 2022 and ended on July 1, 2023.

The combined Board-adopted increases exceeded the maximum permitted for the M-9 salary range. The Board may consider directing staff to send a follow-up request to the Mayor and City Council to set the salary range for the GM – LACERS at M-11 retroactive to July 1, 2023.

Prepared By: Lin Lin, Departmental Personnel Director I
Kevin Hirose, Senior Personnel Analyst II

LL

Attachment: Proposed Resolution Salary Compensation for General Manager

SALARY COMPENSATION FOR
GENERAL MANAGER
NEIL M. GUGLIELMO

PROPOSED RESOLUTION

APPROVAL OF COST OF LIVING INCREASE FOR LACERS' GENERAL MANAGER EFFECTIVE JUNE 30, 2024, DECEMBER 29, 2024, JUNE 29, 2025, DECEMBER 28, 2025, JUNE 28, 2026, DECEMBER 27, 2026, JUNE 27, 2027, DECEMBER 26, 2027 AND JULY 1, 2028.

WHEREAS, the Los Angeles City Council adopted City Ordinance 188307 (Council File 24-0777) amending Los Angeles Administrative Code Section 4.61 to update Schedule A classifications and salary adjustments for certain non-represented classes in Fiscal Years 2023-24 through 2028-29, which includes the General Manager Los Angeles City Employees' Retirement System; and

WHEREAS, these actions provided for the following cost of living adjustments: 4% effective June 30, 2024, 2% effective December 29, 2024, 4% effective June 29, 2025, 2% effective December 28, 2025, 4% effective June 28, 2026, 2% effective December 27, 2026, 2% effective June 27, 2027, 2% effective December 26, 2027, and 0% effective July 1, 2028; and

WHEREAS, Los Angeles City Charter Section 508(f) requires that the amount of compensation for the General Manager be adjusted by the appointing commission within guidelines established by the City Council; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration approves cost of living adjustments of 4% effective June 30, 2024, 2% effective December 29, 2024, 4% effective June 29, 2025, 2% effective December 28, 2025, 4% effective June 28, 2026, 2% effective December 27, 2026, 2% effective June 27, 2027, 2% effective December 26, 2027, and 0% effective July 1, 2028, for the General Manager Los Angeles City Employees' Retirement System.

AUGUST 27, 2024



REPORT TO BOARD OF ADMINISTRATION

From: Governance Committee

Janna Sidley, Chair
Sung Won Sohn
Michael R. Wilkinson

MEETING: AUGUST 27, 2024

ITEM: VIII - C

SUBJECT: DISCUSSION ON BOARD GOVERNANCE POLICY REGARDING TEMPORARY PRESIDING OFFICERS FOR BOARD MEETINGS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

1. That the Board consider the discussion and recommendations issued by the Governance Committee (Committee) at its May 28, 2024 meeting pertaining to the appointment of temporary presiding officers to preside over Board Meetings in the absence of both the Board President and Vice-President;
2. That the Board determine the option best suited for LACERS moving forward; and,
3. Direct staff to return to the Committee with proposed amendments to the Board Governance Manual to implement those changes for final consideration and approval.

Executive Summary

The current procedure for appointing a temporary presiding officer in the absence of both the Board President and Vice-President may not always adhere to the 72-hour advance notice requirement under the Brown Act. To address this potential issue, staff recommend amending the policy to clearly establish an order of succession for Board Members to preside over meetings when necessary.

Discussion

The current process for appointing a temporary presiding officer as outlined in the Board Governance Manual involves a nomination from Board Members present at the meeting. However, this action item typically requires placement on the meeting agenda, posing challenges when the President and Vice-President are unable to attend and notice cannot be provided in advance.

Article I, Section 4.1 paragraph C of the Board Governance Manual currently states:

C. Board Meeting Presiding Officer

Board meetings shall be convened and presided over by the President of the Board. In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the absence of both the President and Vice President, the General Manager/Manager-Secretary will open the meeting and call for nominations of a President Pro Tempore from the members present to serve for the duration of the meeting. Should the last presiding officer need to leave an open meeting, they shall designate a succeeding officer. For Committee meetings, the Committee Chair shall convene and preside over the meeting. In the Chair's absence, they shall designate a succeeding officer by notifying the Commission Executive Assistant or the General Manager in advance of the meeting at which they will be absent. If the Chair needs to leave before a Committee meeting ends, they shall designate a succeeding officer.

At the Governance Committee's May 28, 2024 meeting, staff proposed three options (along with considerations for discussion) in lieu of the policy referenced above for appointing a temporary presiding officer that would ensure continuity and compliance with the Brown Act. The options proposed by staff are as follows:

Option 1: Designation based on Seniority/Tenure

- The temporary presiding officer would be designated based on seniority within the Board.
- This option acknowledges experience and familiarity with Board procedures.
- However, Board Member tenure would need to be transparently documented for implementation.

Option 2: Designation based on Committee Chair Hierarchy

- The temporary presiding officer would be selected based on a hierarchy of Committee Chairs, for example: (1) Investments Committee Chair, (2) Governance Committee Chair, (3) Benefits Committee Chair, and (4) Audit Committee Chair.
- This option ensures that individuals with experience leading committees assume responsibility and those Chairs are clearly and transparently documented.
- However, this approach may limit the pool of candidates if Committee Chairs are unavailable or unable to attend.

Option 3: Designation based on Last Name, First Name Alphabetical Order

- The temporary presiding officer would be selected based on alphabetical order of last names.
- This option is straightforward, impartial, and easily applied.
- However, this method lacks consideration for qualifications or experience relevant to presiding over meetings.

During the discussion, Committee Members proposed two additional options for consideration. Those options are as follows:

Option 4: Include a Standing Agenda Item for This Purpose on All Future Board Agendas

- This standing agenda item would only be acted upon under the condition when both the Board President and Vice-President are absent and unavailable to preside.
- This option would preserve the intent of the current policy.
- However, the vote could potentially end with no majority and therefore yield no temporary presiding officer to continue the meeting.

Option 5: Each Board President Appoints a “Leader in Waiting” to Preside in these Instances

- New Board Presidents, upon their election, would designate a “leader in waiting” that could act as the temporary presiding officer if both the Board President and Vice-President were absent and unable to preside over a meeting.
- This option avoids the calling of an election and potential for no majority.
- However, if the pre-appointed “leader in waiting” is also absent, the Board would be left without anyone to preside over it.

After discussing these five options, the Committee’s action was to recommend to the Board both options #2 and #4 equally weighted, and options #1, #3, and #5 with a lesser weight.

This item is now being brought before the Board for discussion and consideration. Upon the Board’s direction, staff will draft the necessary policy amendments and bring them back for final approval and adoption.

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: Horacio Arroyo, Senior Management Analyst II

NMG/TB/EA:jk

Attachment: Governance Committee Report from May 28, 2024



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

MEETING: MAY 28, 2024
ITEM: III

Neil M. Guglielmo

SUBJECT: DISCUSSION ON BOARD GOVERNANCE POLICY REGARDING TEMPORARY PRESIDING OFFICERS FOR BOARD MEETINGS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Governance Committee (Committee):

1. Discuss and consider various options for appointing a temporary presiding officer to preside over Board Meetings in the absence of both the Board President and Vice-President; and
2. Direct staff to return to the Committee with proposed new language for the Board Governance Manual to implement those changes.

Executive Summary

The current procedure for appointing a temporary presiding officer in the absence of both the Board President and Vice-President may not always adhere to the 72-hour advance notice requirement under the Brown Act. To address this issue, staff recommend amending the policy to establish an order of succession for the Board Members to preside over meetings when necessary.

Discussion

The current Board Governance Manual outlines the process for appointing a temporary presiding officer which involves a nomination from Board Members present at the meeting. However, this action item typically requires placement on the meeting agenda, posing challenges when the President and Vice-President are unable to attend and notice cannot be provided in advance.

Article I, Section 4.1 paragraph C of the Board Governance Manual currently states:

C. Board Meeting Presiding Officer

Board meetings shall be convened and presided over by the President of the Board. In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the

absence of both the President and Vice President, the General Manager/Manager-Secretary will open the meeting and call for nominations of a President Pro Tempore from the members present to serve for the duration of the meeting. Should the last presiding officer need to leave an open meeting, they shall designate a succeeding officer. For Committee meetings, the Committee Chair shall convene and preside over the meeting. In the Chair's absence, they shall designate a succeeding officer by notifying the Commission Executive Assistant or the General Manager in advance of the meeting at which they will be absent. If the Chair needs to leave before a Committee meeting ends, they shall designate a succeeding officer.

To ensure continuity and compliance with the Brown Act, staff propose the following three options for appointing a temporary presiding officer in lieu of the above, along with some possible considerations for discussion:

Option 1: Designation based on Seniority/Tenure

- The temporary presiding officer would be designated based on seniority within the Board.
- This option acknowledges experience and familiarity with Board procedures.
- However, Board Member tenure would need to be transparently documented for effectuation.

Option 2: Designation based on Committee Chair Hierarchy

- The temporary presiding officer would be selected based on a hierarchy of Committee Chairs, for example: (1) Investments Committee Chair, (2) Governance Committee Chair, (3) Benefits Committee Chair, and (4) Audit Committee Chair.
- This option ensures that individuals with experience leading committees assume responsibility and those Chairs are clearly and transparently documented.
- However, it may limit the pool of candidates if Committee Chairs are unavailable or unable to attend.

Option 3: Designation based on Last Name, First Name Alphabetical Order

- The temporary presiding officer would be selected based on alphabetical order of last names.
- This option is straightforward, impartial, and easily applied.
- However, it lacks consideration for qualifications or experience relevant to presiding over meetings.

Following the discussion and direction on this matter, staff will return with proposed new language to the Board Governance Manual for this Committee's consideration and approval before submitting the policy changes to the Board for final adoption.

Strategic Plan Impact Statement

The 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



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 27, 2024

ITEM: VIII – D

SUBJECT: CONTRACT EXTENSION WITH TRUVIEW BSI, LLC FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a one-year extension to Contract 4241 with TruView BSI, LLC., for the period beginning October 1, 2024, and ending September 30, 2025, and increasing the contract amount \$30,000, for a total contract term of four years, and total contract amount not-to-exceed \$120,000; and,
2. Authorize the General Manager to negotiate and execute the one-year contract amendment with TruView BSI, LLC., subject to the approval of the City Attorney as to form.

Executive Summary

Since 2013, LACERS has utilized the services of investigative firms to complement security measures aimed at safeguarding the administration of retirement benefits. Unlike in-house staff, professional investigative services firms have the resources, trained staff, and appropriate expertise to locate benefit recipients, conduct in-person Alive and Well checks, and assist in fraud investigations.

Discussion

LACERS has contracted with TruView BSI, LLC (TruView) since October 1, 2018, as part of LACERS Contract 4241. The original contract was for three years through September 30, 2021. TruView was awarded a second contract as a result of the 2021 RFP for Investigative Services. A total of \$14,499.24 of the approved \$90,000 contract has been expended under this current contract from October 1, 2021 to September 30, 2024.

Currently, in the three-year contract period beginning October 1, 2021, and ending September 30, 2024, expenditures for investigative services were \$340. This is down significantly from the prior three-year contract period from 2018 to 2021 when the contract expenditure was tracked at \$14,499.24. The reduced utilization reflects internal reorganization impacted by completing priorities and the COVID-19 pandemic. Moving forward, LACERS intends to bring the full scope of services offered as part of the investigative services contract to bear earlier in the investigative process. LACERS will increase our

utilization of investigative services as part of procedural triggers based on Member case and application processing benchmarks.

Extending the contract will allow staff to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, social media searches, and other related services. The investigative services contract conforms to the Benefit Delivery Goal of ensuring accurate and timely delivery of member benefits. Such services ensure that the monthly retirement benefits LACERS provides are going to the intended recipient.

Under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901.

Funding for the investigative services is budgeted in the Fiscal Year (FY) 2025-2026 budget.

Prepared By: Isaias Cantú, Chief Benefits Analyst and Gloria Marchena, Benefits Specialist, PRU

NMG/DWN/IC:gm

Attachments: Proposed Resolution

CONTRACT EXTENSION WITH TRUVIEW BSI, LLC FOR INVESTIGATIVE SERVICES
PROPOSED RESOLUTION

WHEREAS, LACERS has a three-year contract from October 1, 2021, to September 30, 2024, with TruView BSI, LLC. for investigative services to aid in the administration of retirement benefits as part of LACERS proactive risk management strategy;

WHEREAS, LACERS Contract 4241 expires September 30, 2024, and it is LACERS' desire to retain TruView BSI, LLC. to continue to provide investigative services;

WHEREAS, LACERS staff requests an extension to the TruView BSI, LLC. contract to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, and social media searches and other related services as part of LACERS' proactive risk management strategy;

WHEREAS, under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901; and,

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves the proposed Contract Amendment No. 1 with TruView BSI, LLC. and authorizes the General Manager to execute the necessary documents, within the following terms, and subject to City Attorney review:

COMPANY NAME:	TruView BSI, LLC.
SERVICES PROVIDED:	Investigative Services
TERM DATES:	October 1, 2024, to September 30, 2025
TOTAL EXPENDITURE AUTHORITY:	\$120,000 (\$30,000 per year of the contract)



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 12, 2024

ITEM: VIII – E

SUBJECT: CONTRACT EXTENSION WITH FRASCO, LLC FOR INVESTIGATIVE SERVICES, AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a one-year extension to Contract 4236 with Frasco, Inc. for the period beginning October 1, 2024, and ending September 30, 2025, and increasing the contract amount \$30,000, for a total contract term of four years, and total contract amount not-to-exceed \$120,000; and,
2. Authorize the General Manager to negotiate and execute the one-year contract amendment with Frasco, LLC subject to the approval of the City Attorney as to form.

Executive Summary

Since 2013, LACERS has utilized the services of investigative firms to complement security measures aimed at safeguarding the administration of retirement benefits. Unlike in-house staff, professional investigative services firms have the resources, trained staff, and appropriate expertise to locate benefit recipients, conduct in-person Alive and Well checks, and assist in fraud investigations.

Discussion

LACERS has contracted with Frasco, Inc. (Frasco) for investigative services since September 1, 2014, as part of LACERS Contracts 4145, 4185, and 4236. Contract 4145 was for one year from September 1, 2014, to August 31, 2015, and was extended twice thereafter. The first extension was for a two-year period from September 1, 2015, to August 31, 2017. A second extension was later approved by the Board for a one-year term from September 1, 2017 to August 31, 2018. In 2018, as a result of LACERS' 2018 Request for Proposal (RFP) for Investigative Services, the LACERS Board approved Contract 4185 with Frasco from October 1, 2018, to September 30, 2021. In 2021, Frasco was awarded one of two contracts that resulted from the 2021 RFP for Investigative Services. A total of \$93,815 utilizing the services under these three contracts.

Currently, in the three-year contract period beginning October 1, 2021, and ending September 30, 2024, expenditures for investigative services were \$3,616. This is down significantly from the total of \$90,199 for the two previous contracts. The reduced utilization reflects internal reorganization impacted

by completing priorities and the COVID-19 pandemic. Moving forward, LACERS intends to bring the full scope of services offered as part of this contract to bear earlier in the investigative process. LACERS will increase our utilization of investigative services as part of procedural triggers based on Member case and application processing benchmarks.

Extending the contract will allow staff to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, social media searches, and other related services. The investigative services contract conforms to the Benefit delivery goal of ensuring accurate and timely delivery of member benefits. Such services ensure that the monthly retirement benefits LACERS provides go to the intended recipient.

Under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901.

Funding for the investigative services is budgeted in the Fiscal Year (FY) 2025-2026 budget.

Prepared By: Isaias Cantu, Chief Benefits Analyst; LaTia Grady, Benefits Specialist PRU

NMG/DWN/IC:lg

Attachments: Proposed Resolution

CONTRACT EXTENSION WITH FRASCO, INC. TO PROVIDE INVESTIGATIVE SERVICES
PROPOSED RESOLUTION

WHEREAS, LACERS has a three-year contract from October 1, 2021, to September 30, 2024, with Frasco, Inc. for investigative services to aid in the administration of retirement benefits as part of LACERS proactive risk management strategy;

WHEREAS, LACERS Contract 4236 expires September 30, 2024, and it is LACERS' desire to retain Frasco, Inc. to continue to provide investigative services;

WHEREAS, LACERS staff requests an extension to the Frasco, Inc. contract to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, and social media searches and other related services as part of LACERS' proactive risk management strategy;

WHEREAS, under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901; and,

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approved the proposed Contract Amendment No. 1 with Frasco, Inc. and authorizes the General Manager to execute the necessary documents, within the following terms, and subject to City Attorney review:

COMPANY NAME:	Frasco, Inc.
SERVICE PROVIDED:	Investigative Services
TERM:	October 1, 2024, to September 30, 2025
TOTAL EXPENDITURE AUTHORITY:	\$120,000 (\$30,000 per year of the contract)



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 27, 2024

ITEM: IX - B

SUBJECT: PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Board review the Asset-Liability Study related to various asset allocation mixes as presented by NEPC, LLC, engage in appropriate discussion and deliberation, and approve an Asset Allocation Policy mix.

Discussion

On February 13, 2024, the Board heard a presentation from Carolyn Smith and Kevin Novak of NEPC, LLC (NEPC), LACERS' General Consultant, regarding information contained in an Asset Allocation presentation, which was developed by NEPC with input from staff. This presentation provided an overview of the asset liability framework, key market themes, and the current macroeconomic backdrop.

On March 12, 2024, the Board continued their discussion with staff and NEPC to consider current capital market assumptions, comparison of specific asset allocation mixes in light of plan liabilities, and asset class characteristics and behaviors. Additionally, on April 9, 2024, and May 14, 2024, the Board received presentations from NEPC on infrastructure investments in terms of their risk and return profile, diversification benefits, and implementation considerations. Infrastructure is being considered by the Board for possible inclusion in the Asset Allocation Policy.

As part of the continued discussion, NEPC has ran updated projections using deterministic and stochastic models, and will discuss the asset-liability study, which will assist in the decision-making process to determine an appropriate Asset Allocation Policy mix. The presentation of these models was scheduled for the Board meeting of August 13, 2024, but was held over to a future Board meeting when a more complete quorum of the Board is present to consider the asset-liability study.

Prepared By: Wilkin Ly, CAIA, Deputy Chief Investment Officer, Investment Division

NMG/RJ/WL/EC:rm

Attachment: 1. Asset-Liability Study Presentation by NEPC

ASSET-LIABILITY STUDY

LOS ANGELES CITY EMPLOYEES'
RETIREMENT SYSTEM

AUGUST 27, 2024



LACERS ASSET-LIABILITY STUDY

- Background
- Executive Summary
- Current Policy
- Alternative Portfolios
- Next Steps
- Appendix
 - Health Plan
 - Assumptions & Definitions

BACKGROUND



PURPOSE OF ASSET-LIABILITY STUDY

- **Review the current/projected financial status of the plan over long-term horizon**
- **Determine appropriateness of current asset allocation with consideration of:**
 - Expected progress of liabilities and cash flows/liquidity needs
 - Path of funded status
- **Test sensitivity of plan (Assets and Liabilities) to various range of outcomes**
 - Market performance across range of economic environments
 - Contribution volatility
 - Range of liquidity environments
- **Consider appropriate asset mixes and expected return on assets**
 - Assess return target against tradeoff of volatility/range of outcomes
 - Analyze inclusion/exclusion of various asset classes/strategies

BALANCING THE PENSION EQUATION

- All the complexities of pension plans boil down to the classic equation:

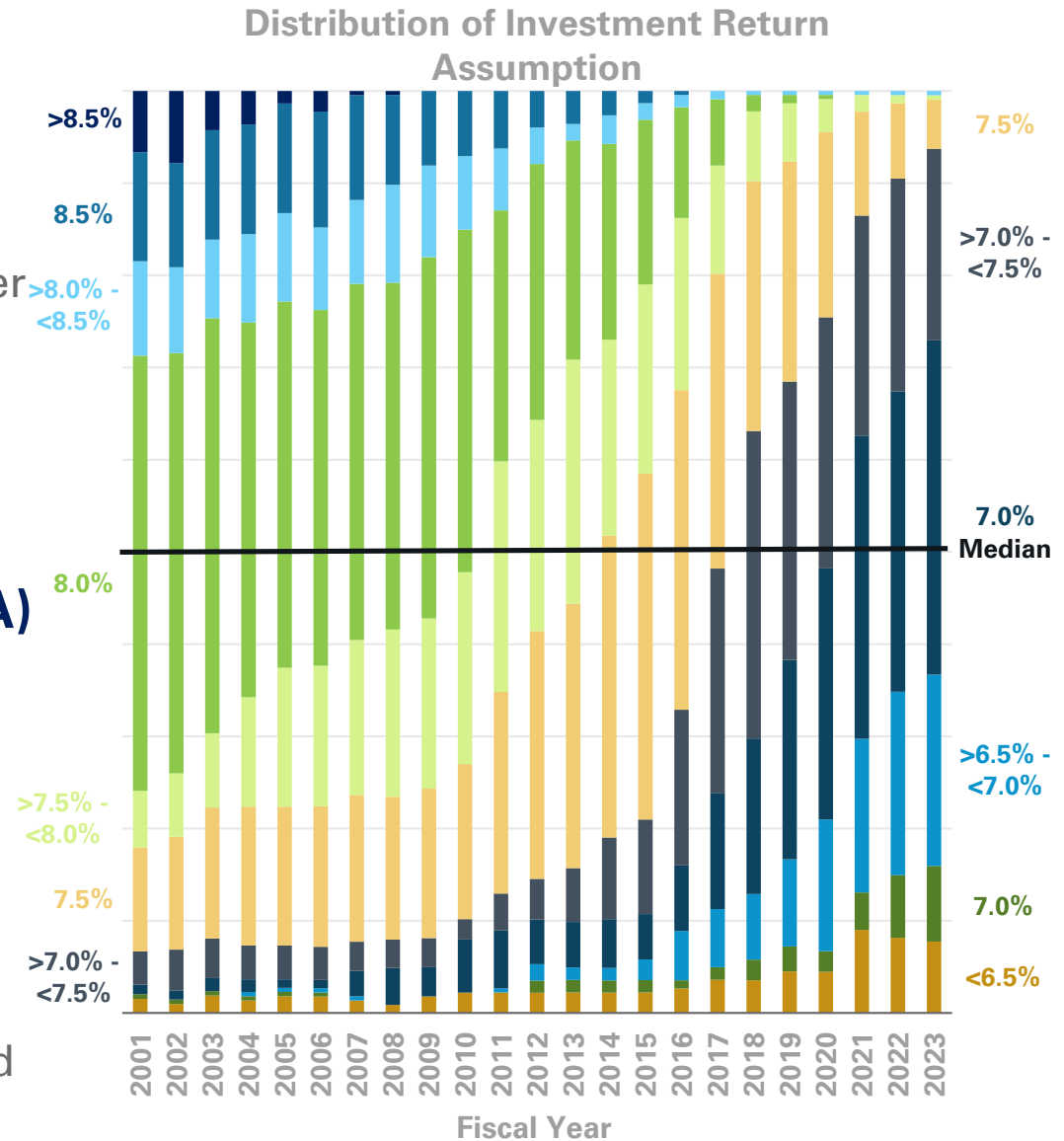
$$B + E = C + I$$

- Benefits (B), Expenses (E), Contributions (C), and Investment Earnings (I)

Plan Factor	Flexibility/Constraint
(B + E) Benefits & Expenses	<p>Lower "C" and/or "I" can be offset with an equivalent reduction in outflows:</p> <ul style="list-style-type: none"> Vested benefits generally cannot be reduced Non-vested benefits can be reduced, but challenging on many levels
(C) Contributions	<p>LACERS contribution model offers adequate flexibility to balance equation:</p> <ul style="list-style-type: none"> Dynamic contribution rates based on asset and liability performance Layered amortizations of annual gains/loss designed to fully fund the plan within 15 years Recommended contribution obligations are assumed to be made each year
(I) Investment Return	<p>Investment pool can be restructured to maintain target return</p> <ul style="list-style-type: none"> Increase risk and/or portfolio efficiency Expected return (and risk level) could be scaled down over time as funded status improves allowing for maintenance of long-term plan stability

EXPECTED RETURN

- **Expected return and liability discount rate are closely linked for public pension plans**
 - Going-concern of government entities has historically provided comfort in public plans taking longer term approach
 - Expected returns are forward-looking
- **Historical market environment has led to downward trend in expected return on assets (EROA) for public pensions**
 - Median 2024 EROA = 7.0%
- **Low expected returns put pressure on assumptions and outcomes but...**
 - Market re-pricing and higher inflation may push return expectations higher looking forward



Source: NASRA Public Plan Database consisting of 229 pension plans covering 95% of public pension membership and assets nationwide; data as of July 2024



LACERS VS. PEER AVERAGE ALLOCATION

	Current Policy	Average Public Fund*
Cash	1.00%	2.90%
Total Cash	1.00%	2.90%
US Equity	21.00%	27.00%
Non-US Equity	18.00%	16.70%
Emerging Market Equity	8.00%	2.30%
Private Equity	16.00%	12.90%
Total Equity	63.00%	58.90%
US Fixed Income	18.25%	17.00%
Private Debt	5.75%	5.00%
Total Fixed Income	24.00%	22.00%
Public Real Assets	5.00%	1.50%
Real Estate	7.00%	7.00%
Private Real Assets	0.00%	2.00%
Total Real Assets	12.00%	10.50%
Hedge Fund	0%	5.70%
Total Multi Asset	0%	5.70%
Expected Return 10 yrs	6.72%	6.15%
Expected Return 30 yrs	7.86%	7.40%
Standard Dev	15.32%	13.77%
Sharpe Ratio (10 years)	0.18	0.16
Sharpe Ratio (30 years)	0.29	0.29

- LACERS portfolio is well diversified and incorporates a higher equity allocation than the average public fund
- Due to the higher allocation to equities, both public and private, LACERS' expected return and risk is higher than the average public fund

* Average public fund allocation is estimated using multiple sources, including peer universe allocation, NEPC average client asset allocation, as well as making multiple assumptions about asset/sub-asset classifications. Asset class definitions and categorizations differ across each plan's asset allocation.



EXECUTIVE SUMMARY



EXECUTIVE SUMMARY

KEY OBSERVATIONS

- **LACERS' current funded status is 73.1% (Actuarial Basis) and is projected to move towards full funding**
 - Funded status has held fairly steady over the past five years
 - A funded status of 85% is projected in ten years

- **Employer contributions are expected to range between 30-32% of payroll for the next ten years**
 - Reflects the 15-year amortization period adopted by the Board to pay off the actuarial unfunded liability

- **Employer contributions decline significantly in 2037 due to the expectation of reaching full funding for the Pension Plan**

- **The Plan's net cash flow is expected to hover between negative 2-3% for the next 10 years**
 - Net cash flow is projected to increase to -3.8% when the Pension Plan reaches full funding

EXECUTIVE SUMMARY

KEY OBSERVATIONS (CONTINUED)

- **The Current Policy allocation is well-diversified and is expected to produce an average return of 7.9% over the next 30 years, slightly higher than the target of 7.0% expected return on assets**
 - Due to current market conditions, the 10-year return faces more headwinds with an expected return of 6.7%

- **Market environment has shifted significantly**
 - Economic resiliency in the U.S. despite higher interest rates and above target inflation
 - From low rates/low growth/low expected returns...
 - To higher inflation, higher growth, and tightening monetary policy

- **NEPC is recommending incremental changes to the current policy mix**
 - Reduce exposure to Non-US Equity
 - Increase Real Asset exposure

EXECUTIVE SUMMARY

RECOMMENDATION

- **Incremental changes to Current Policy should lead to modest reduction in portfolio volatility**
 - Reduce non-US equity exposure to dampen volatility and become more in line with opportunity set and peers
 - Increase real assets portfolio to reflect inflationary market environment
 - Continue to take advantage of the opportunities in private markets to capitalize on relative value opportunities and diversification benefit

- **Based on current projections, these changes are expected to achieve:**
 - A similar return expectation when compared to the Current Portfolio over a 10-year and 30-year horizon
 - Reduced volatility as measured by standard deviation
 - Funded status expectation of 100% by 2036

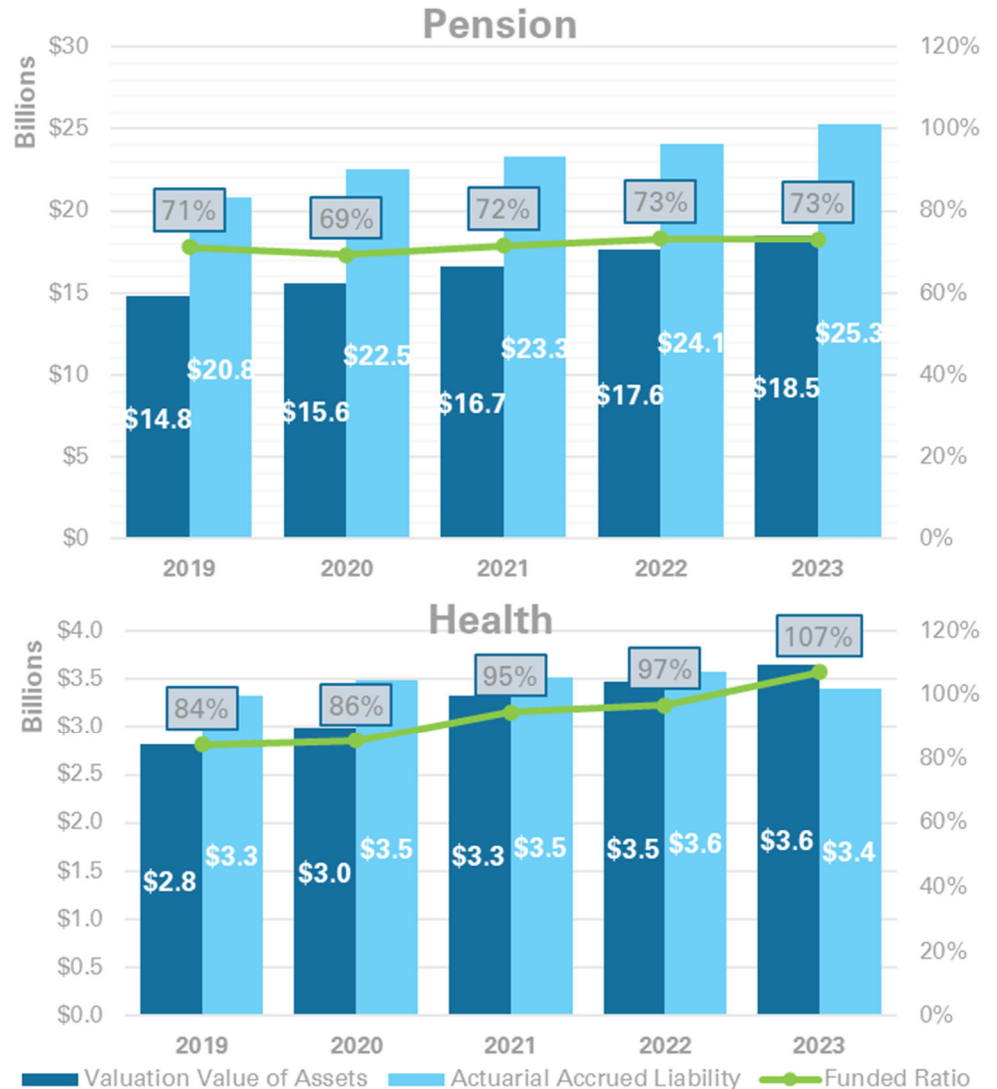
CURRENT POLICY



ASSET-LIABILITY PROFILE

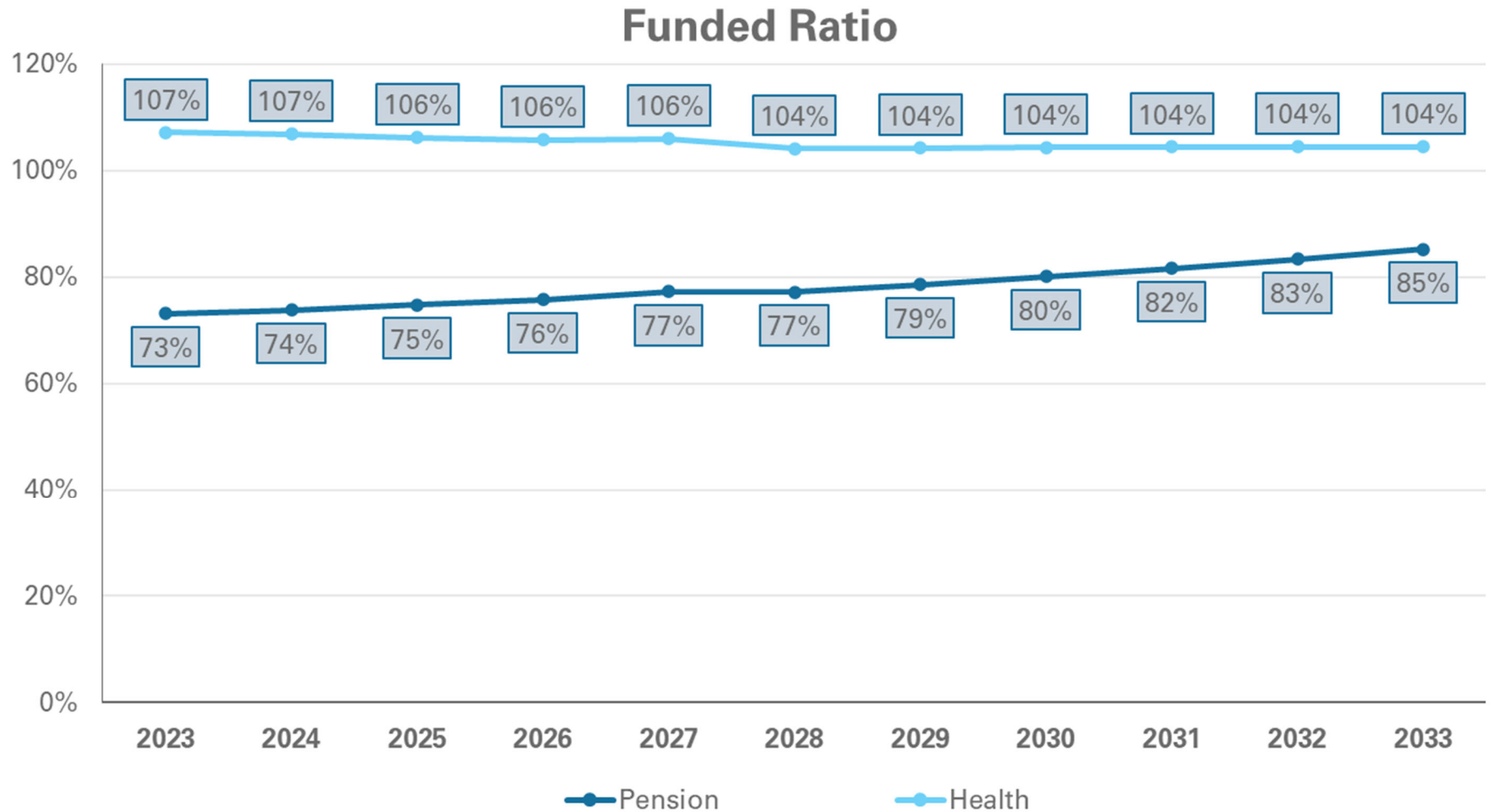
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

- Pension funded status has been stagnant over the last 5 years while Health has improved to above 100%
- Due to the Pension's size and underfunded status, contribution flow into the system is expected to be healthy
- With healthy contribution flow expected for the foreseeable future, allocating to private markets may be best use of capital for additive returns
- Current Policy allocation is expected to achieve the investment return assumption set by the Board
 - 7.00% investment return assumption
 - 10-yr expected return of 6.7%
 - 30-yr expected return of 7.9%



10-YEAR FUNDED RATIO PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

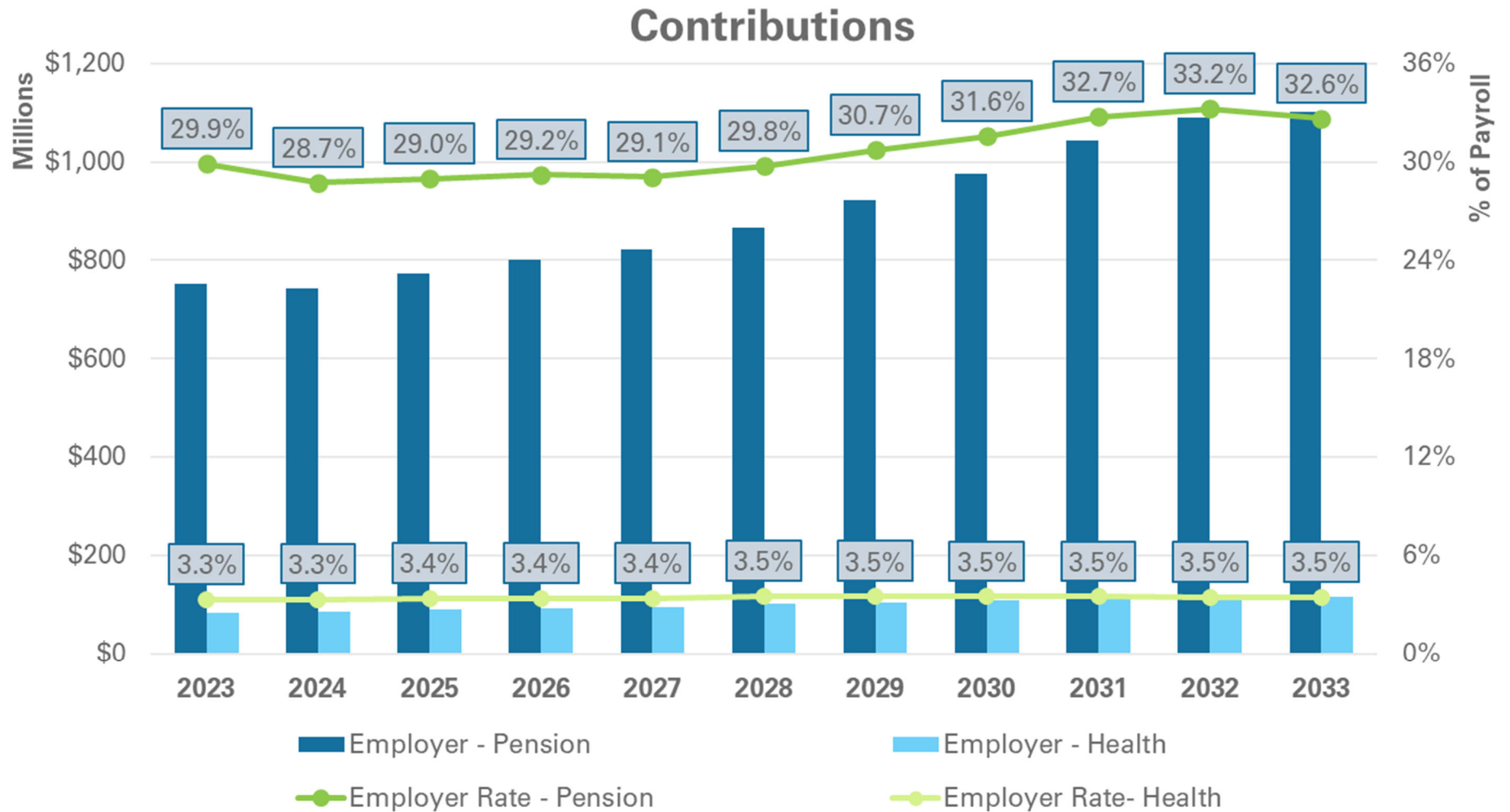


Notes: As of June 30; reflects Current Policy 10-year expected return of 6.7% per annum



10-YEAR CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

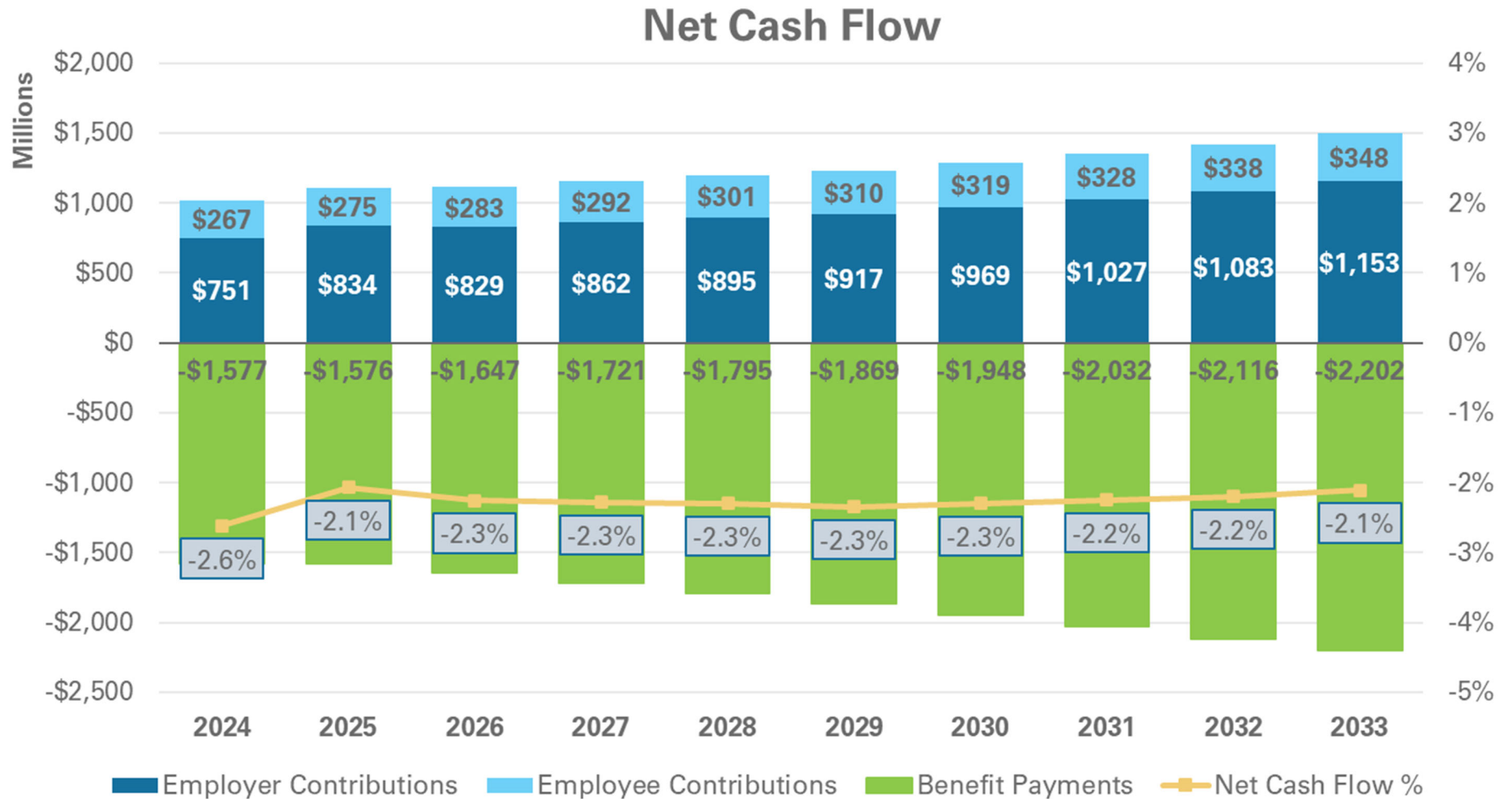


Notes: Determined as of June 30 and payable in FY+2; reflects Current Policy 10-year expected return of 6.7% per annum; employee contribution rate for pension is assumed to remain level at 10.6% of payroll



10-YEAR NET CASH FLOW PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

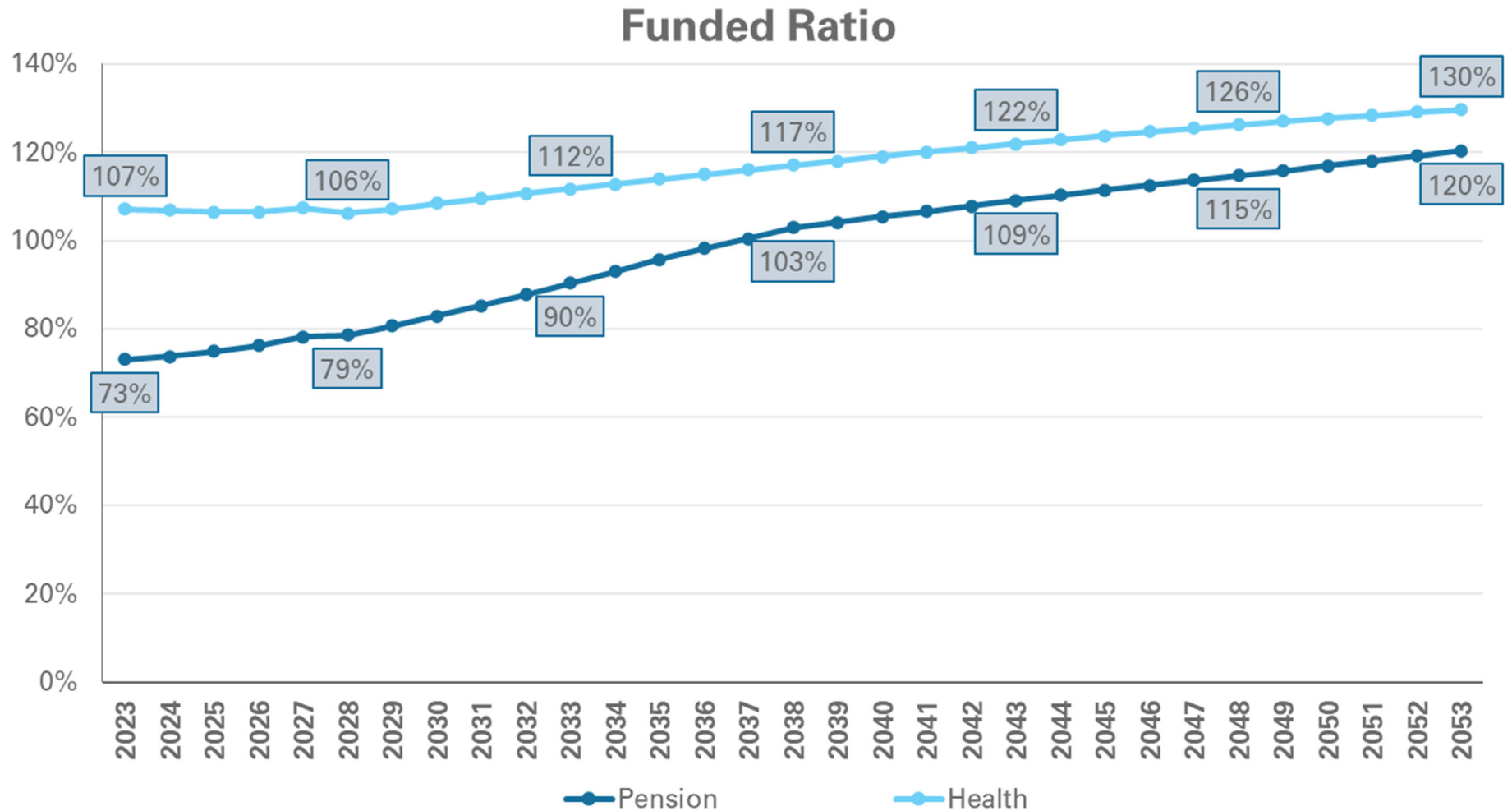


Notes: For the year ending June 30; reflects Current Policy 10-year expected return of 6.7% per annum; cashflows reflects aggregate pension and health amounts



30-YEAR FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

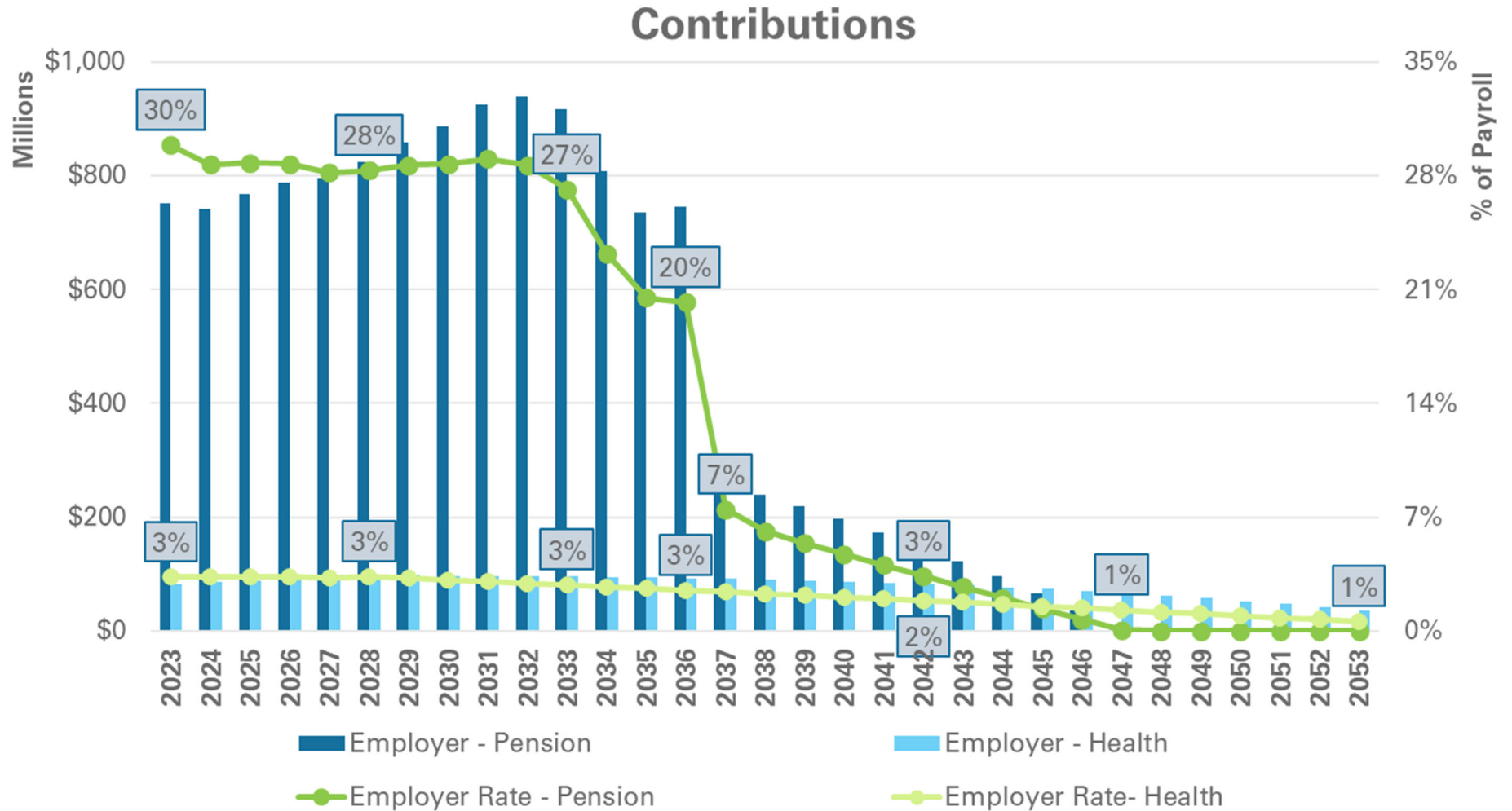


Notes: As of June 30; reflects Current Policy 30-year expected return of 7.9% per annum



30-YEAR CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

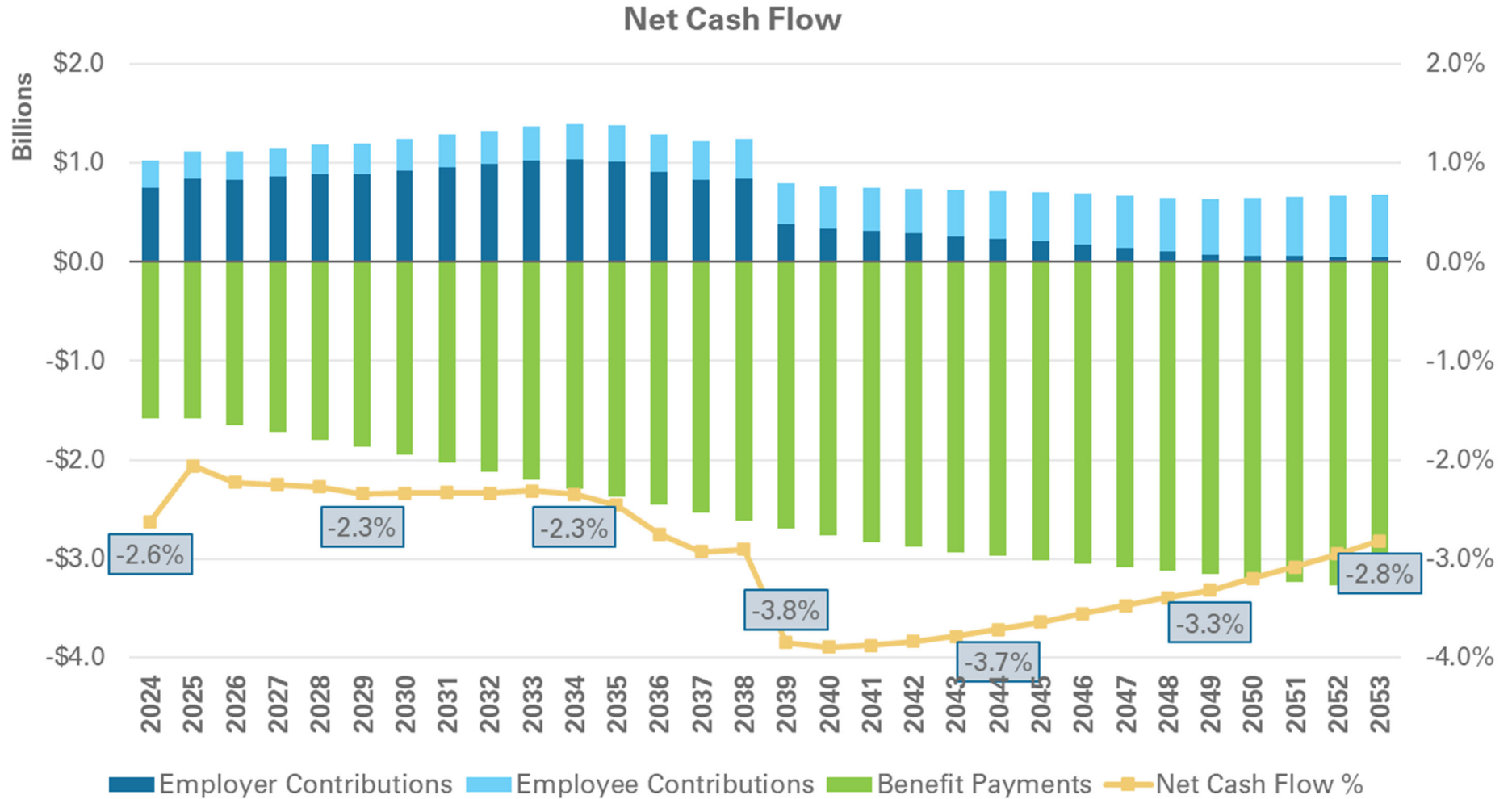


Notes: Determined as of June 30 and payable in FY+2; reflects Current Policy 30-year expected return of 7.9% per annum; employee contribution rate for pension is assumed to remain level at 10.6% of payroll



30-YEAR NET CASH FLOW PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



Notes: For the year ending June 30; reflects Current Policy 30-year expected return of 7.9% per annum; cashflows reflects aggregate pension and health amounts



ALTERNATIVE PORTFOLIOS



CONSIDERATIONS FOR LACERS

- **Reconfigure the equity allocation to be more in line with the global opportunity set**
 - Reduce non-US exposure

- **Increase Real Assets Exposure**
 - Include Public Infrastructure and a basket of Public Real Assets
 - Consideration given to the ease and cost of gaining exposure

- **Modest restructure of public Fixed Income**
 - Increase High Yield exposure, reduce Emerging Market Debt
 - Add a new Long-Term Treasury portfolio for Asset Mix E
 - Allocation provides additional liquidity and offers modest crisis protection to counterbalance increased private markets exposure

ALTERNATIVE ALLOCATIONS

	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total Cash	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
US Large-Cap Equity	15.0%	15.0%	15.0%	15.0%	16.0%	15.0%
US Small/Mid-Cap Equity	6.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Non-US Developed Equity	15.0%	10.0%	9.0%	8.0%	7.0%	7.0%
Non-US Developed Small-Cap Equity	3.0%	3.0%	3.0%	3.0%	2.0%	2.0%
Emerging Market Equity	6.7%	4.7%	4.7%	4.7%	4.0%	4.0%
Emerging Market Small-Cap Equity	1.3%	1.3%	1.3%	1.3%	1.0%	1.0%
Global Equity	0.0%	8.0%	5.0%	5.0%	0.0%	0.0%
Private Equity	16.0%	16.0%	16.0%	16.0%	16.0%	16.0%
Total Equity	63.0%	63.0%	59.0%	58.0%	51.0%	50.0%
US Aggregate Bond	11.3%	11.3%	10.3%	10.3%	9.3%	9.3%
US High Yield Corporate Bond	1.5%	1.5%	1.5%	2.0%	2.5%	2.5%
US Leveraged Loan	1.5%	1.5%	1.5%	2.0%	2.5%	2.5%
Emerging Market External Debt	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%
Emerging Market Local Currency Debt	2.0%	2.0%	2.0%	1.5%	1.5%	1.5%
Private Debt	5.8%	5.8%	5.8%	5.8%	5.8%	5.8%
US Treasury (10-30 Yr)	0.0%	0.0%	0.0%	0.0%	0.0%	3.0%
Total Fixed Income	24.0%	24.0%	23.0%	23.0%	23.0%	26.0%
US TIPS	3.6%	3.6%	3.6%	3.6%	5.0%	3.6%
Public Real Assets (Multi-Asset)	0.0%	0.0%	0.0%	5.0%	5.0%	5.0%
REIT	1.4%	1.4%	1.4%	1.4%	2.0%	1.4%
Public Infrastructure	0.0%	0.0%	5.0%	0.0%	5.0%	0.0%
Real Estate - Core	4.2%	4.2%	4.2%	4.8%	4.8%	4.8%
Real Estate - Non-Core	2.8%	2.8%	2.8%	3.2%	3.2%	3.2%
Private Infrastructure	0.0%	0.0%	0.0%	0.0%	0.0%	5.0%
Total Real Assets	12.0%	12.0%	17.0%	18.0%	25.0%	23.0%
Expected Return 10 yrs	6.72%	6.66%	6.77%	6.75%	6.81%	6.80%
Expected Return 30 yrs	7.86%	7.83%	7.88%	7.85%	7.84%	7.81%
Standard Dev	15.32%	15.17%	15.06%	14.83%	14.26%	13.73%
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	0.32

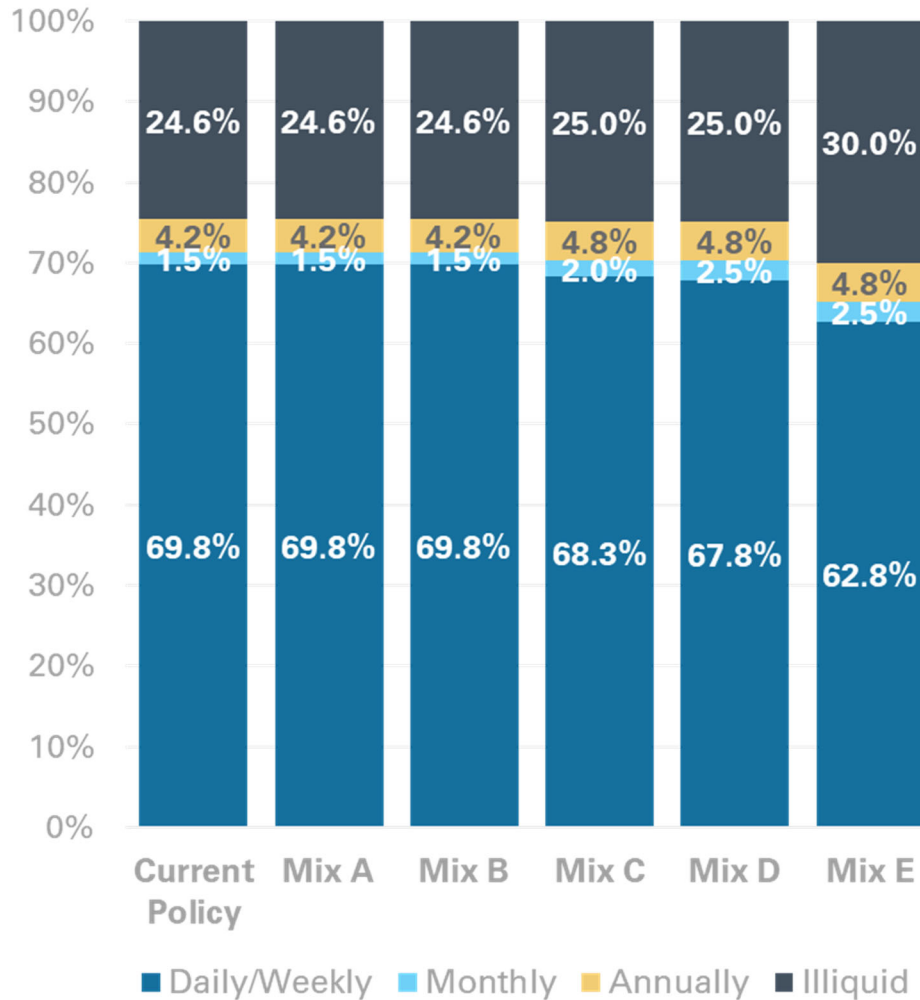
- **Mix A – Reweight public equity to be more in line with the global opportunity set and peers**
- **Mix B – Reweight public equity and add public infrastructure**
- **Mix C – Reweight public equity, increase high yield, reduce emerging market debt, and add public real assets**
- **Mix D – Reweight public equity, shift to high yield from emerging market debt, significant increase 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**

Notes: Allocations may not appear to sum to 100% due to rounding; Shading in the allocation table indicates change relative to Current Policy: green = increase to asset class and red = decrease to asset class; Shading for expected return, standard deviation and Sharpe ratio indicates whether the alternative allocation is expected to produce a better result than the current policy (i.e., light green is better and light orange is worse); based on NEPC's 12/31/2023 capital market assumptions



LIQUIDITY PROFILE

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



- **Net cash flow is expected to average negative 2.3% over next 10 years which is typical for a mature retirement system**
 - Public funds typically average net cash flow ranges between negative 2% and negative 4%

- **Funding policy will trigger contribution increases if needed, providing a backstop to plan liquidity**

- **NEPC believes the plan can handle the additional illiquid allocation in Mix E with no material impact to the plan's ability to meet its obligations**

SCENARIO ANALYSIS: REGIME DEFINITIONS

- **NEPC scenario analysis highlights the impact of shifting economic and market regimes on the portfolio and potential asset allocation mixes**
 - Asset returns are informed by changes in real growth, inflation, and credit spreads experienced across market regimes
 - Scenario returns are sensitive to current market pricing

Expansion

A high growth—low inflation regime with declining interest rates and declining inflation. Equity valuations expand, earnings growth above expectations, and tightening credit spreads,

Stagflation

A low growth—high inflation regime with rising interest rates and rising inflation. Equity valuations contract, negative real earnings growth, and widening credit spreads

Depression

A negative growth—deflation regime with negative interest rates and deflation. All-time low equity valuations, negative earnings growth, and all-time high credit spreads

Recession

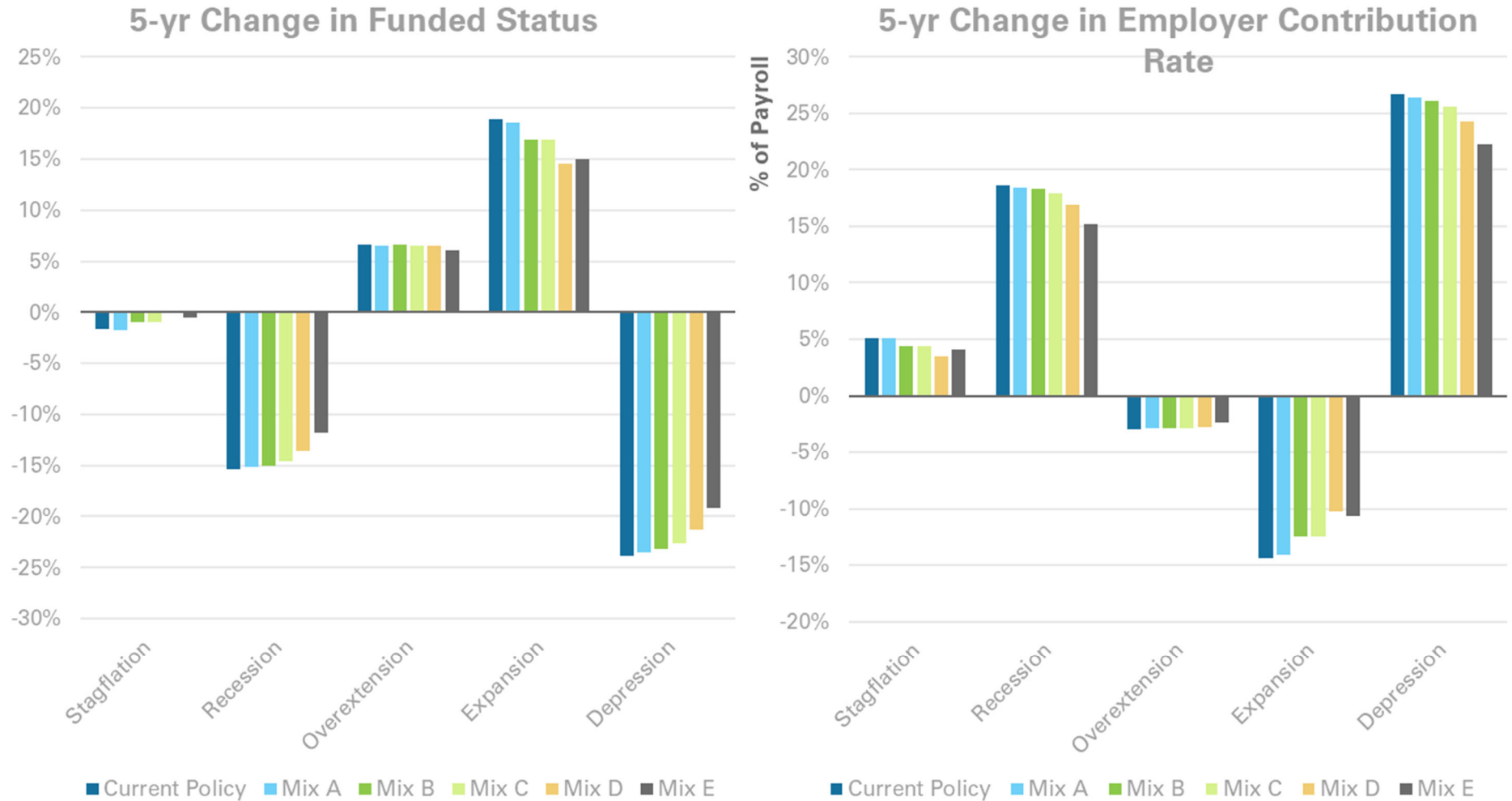
A low growth—low inflation regime with declining interest rates and declining inflation. Equity valuations contract, earnings growth below expectations, and widening credit spreads

Overextension

A high growth—high inflation regime with rising interest rates and rising inflation. Equity valuations contract, negative real earnings growth, and tightening credit spreads

ECONOMIC SCENARIOS – PENSION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

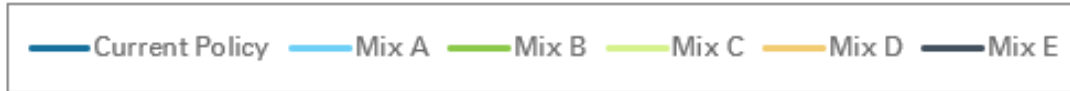
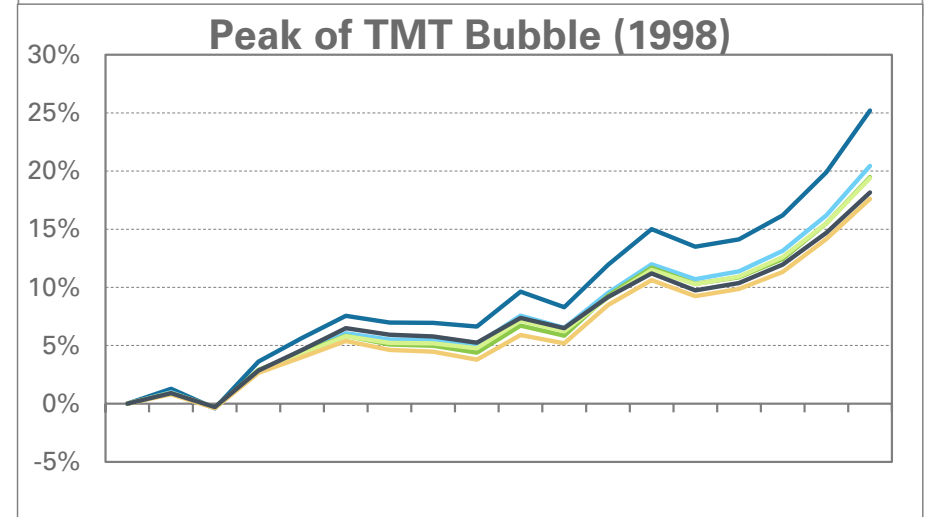
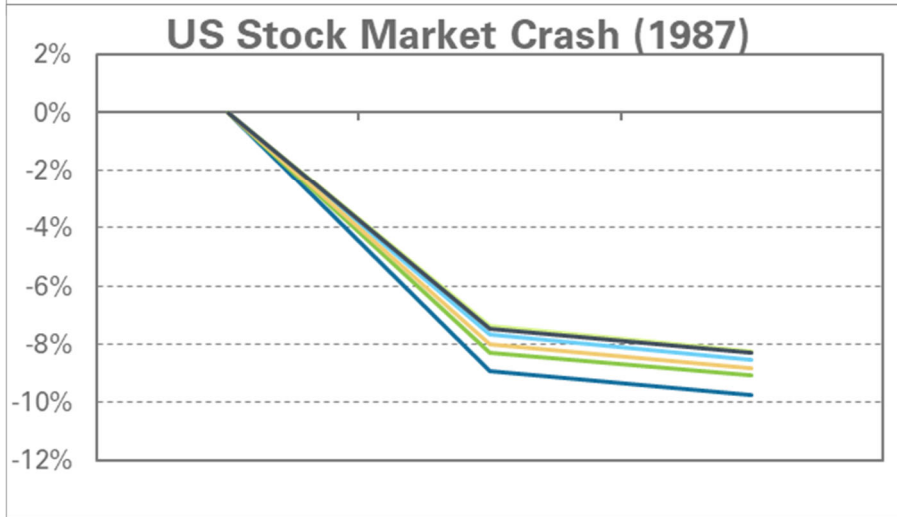
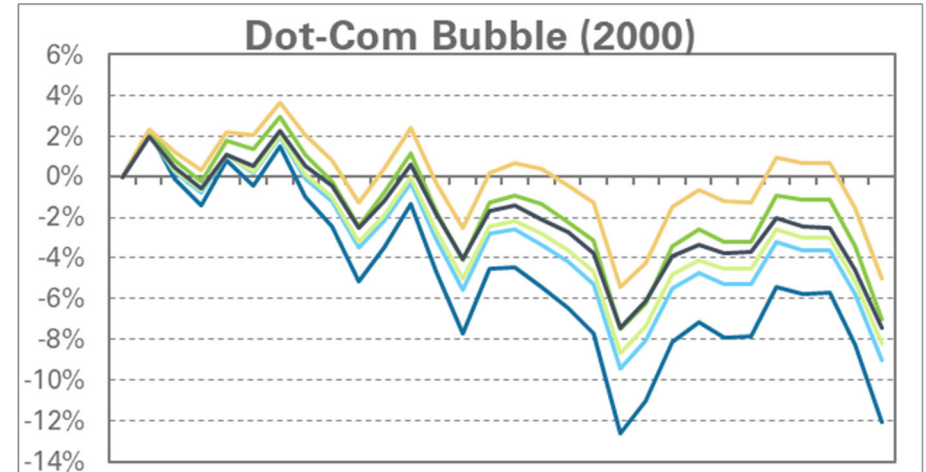
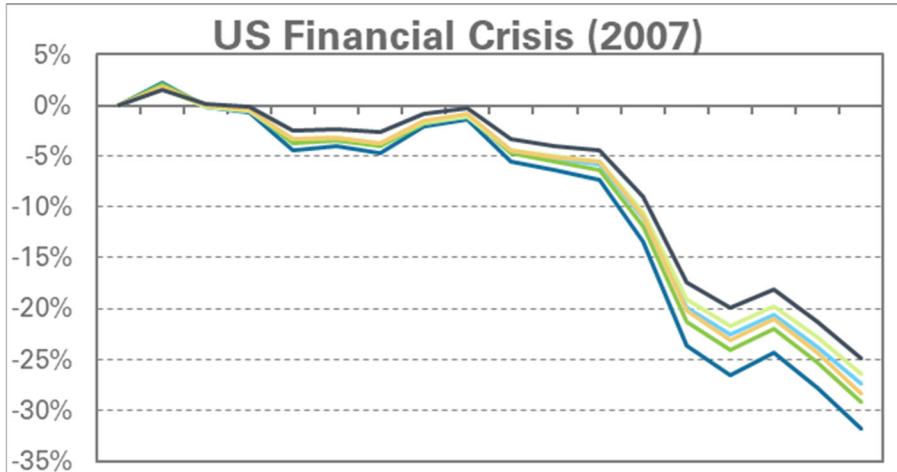


Notes: Change in funded status based on 73.1%; change in contribution rate based on 29.9%



HISTORICAL SCENARIOS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

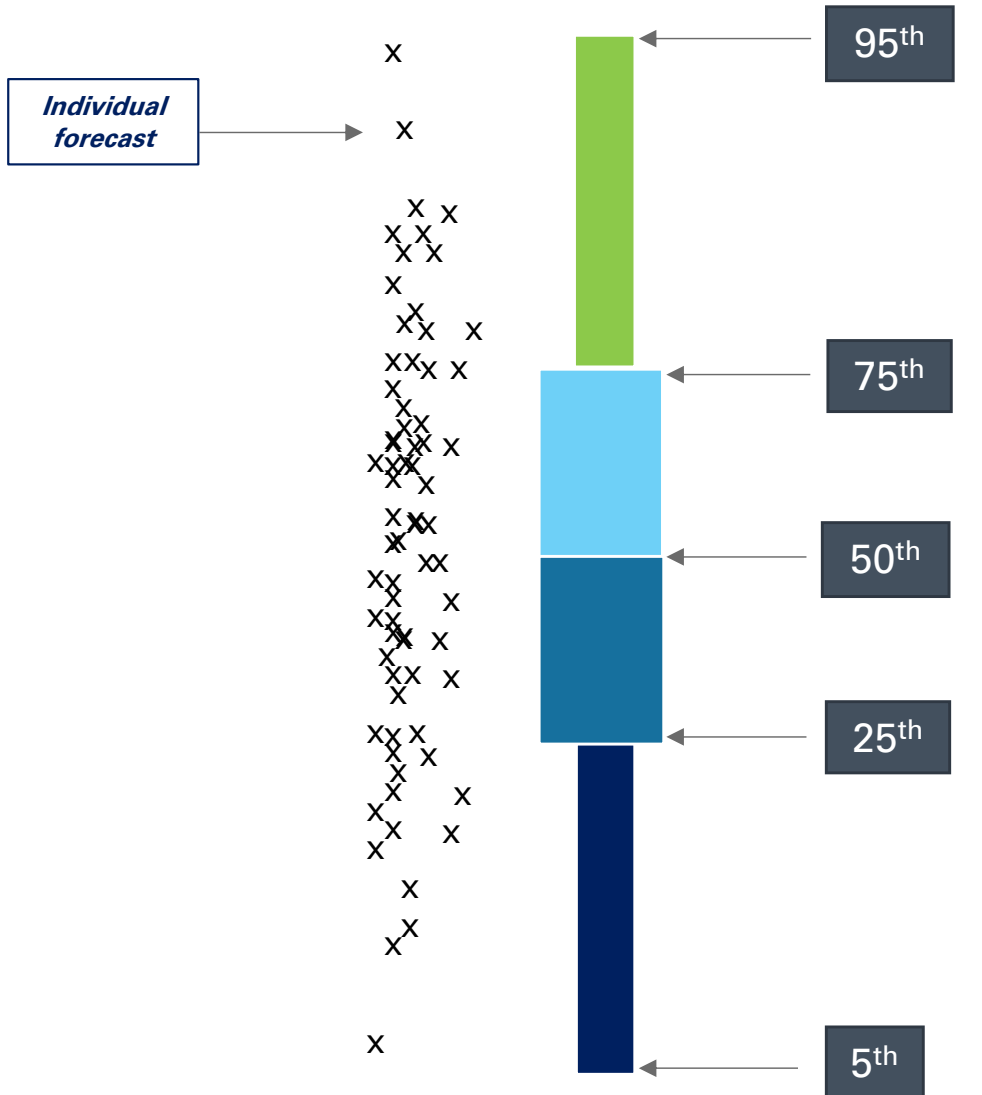


Notes: Quoted year represents beginning of scenario; based on monthly return intervals



INTERPRETING STOCHASTIC RESULTS

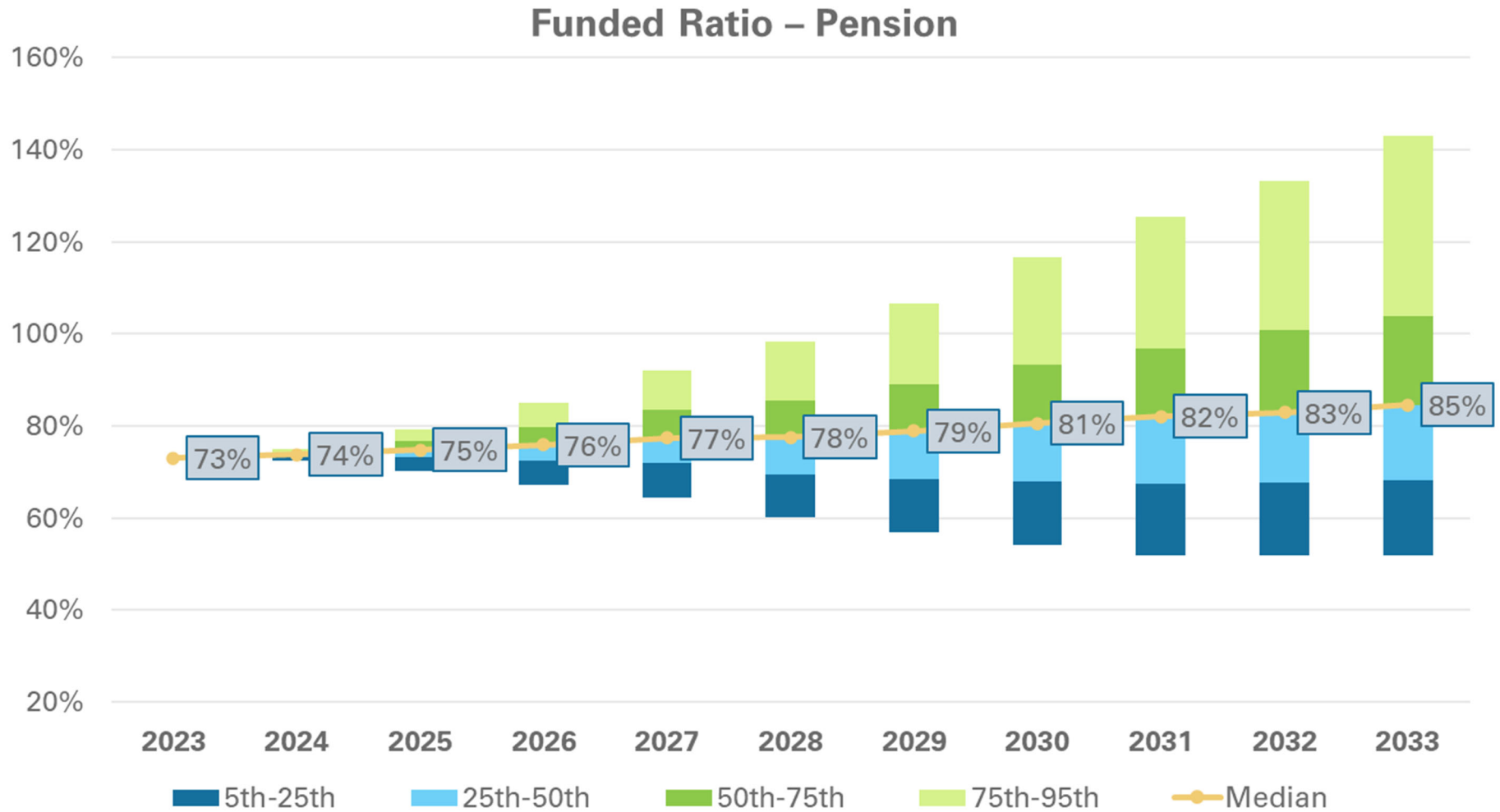
Model ranks 10,000 forecasts each year



- **95th percentile**
 - Exceeds 95% of all forecasts
 - Overly optimistic outcome
- **75th percentile**
 - Exceeds 75% of all forecasts
 - Optimistic outcome
- **50th percentile**
 - Exceeds 50% of all forecasts
 - Median outcome
- **25th percentile**
 - Exceeds 25% of all forecasts
 - Pessimistic outcome
- **5th percentile**
 - Exceeds 5% of all forecasts
 - Overly pessimistic outcome

10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

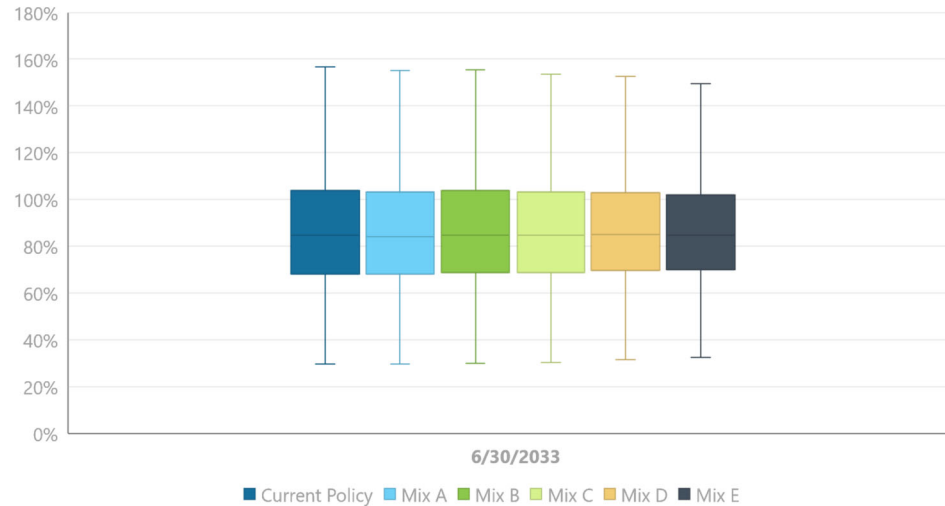


Notes: As of June 30; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

Funded Ratio – Pension



Funded Status	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Funded Ratio	103.9%	103.2%	103.7%	103.3%	102.8%	102.0%
50th Percentile 2033 Funded Ratio	84.6%	84.2%	84.8%	84.7%	84.9%	84.8%
25th Percentile 2033 Funded Ratio	68.3%	68.1%	68.7%	68.8%	69.6%	70.0%
Funded Ratio Volatility	2.3%	2.3%	2.3%	2.3%	2.2%	2.1%

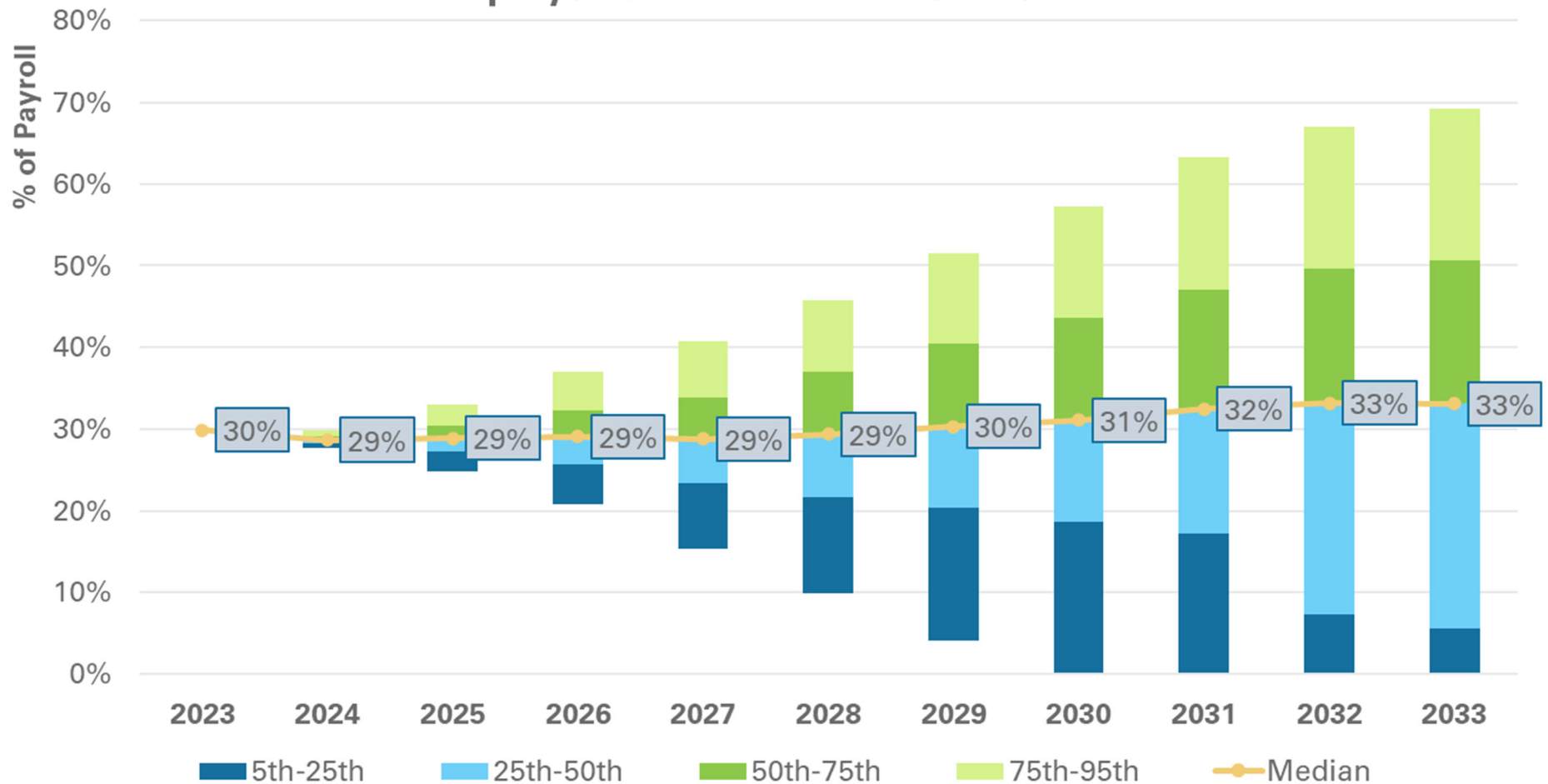
Notes: Reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Employer Contribution Rate – Pension

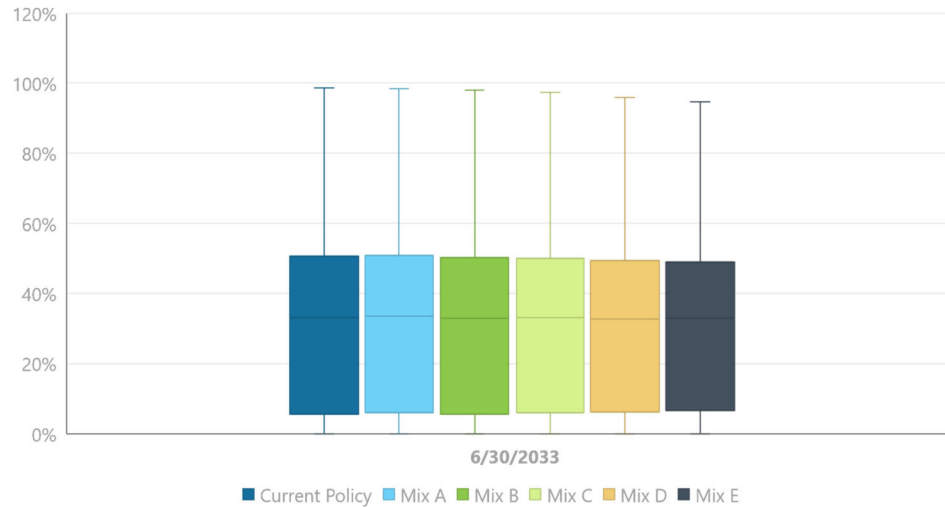


Notes: Determined as of June 30 and payable in FY+2; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility;



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

Employer Contribution Rate – Pension



Contributions	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Employer Contribution Rate	50.6%	50.8%	50.2%	50.1%	49.3%	48.9%
50th Percentile 2033 Employer Contribution Rate	33.1%	33.5%	32.9%	33.0%	32.7%	32.9%
25th Percentile 2033 Employer Contribution Rate	5.5%	5.9%	5.7%	5.9%	6.2%	6.7%
Contribution Rate Volatility	2.4%	2.4%	2.4%	2.3%	2.3%	2.2%

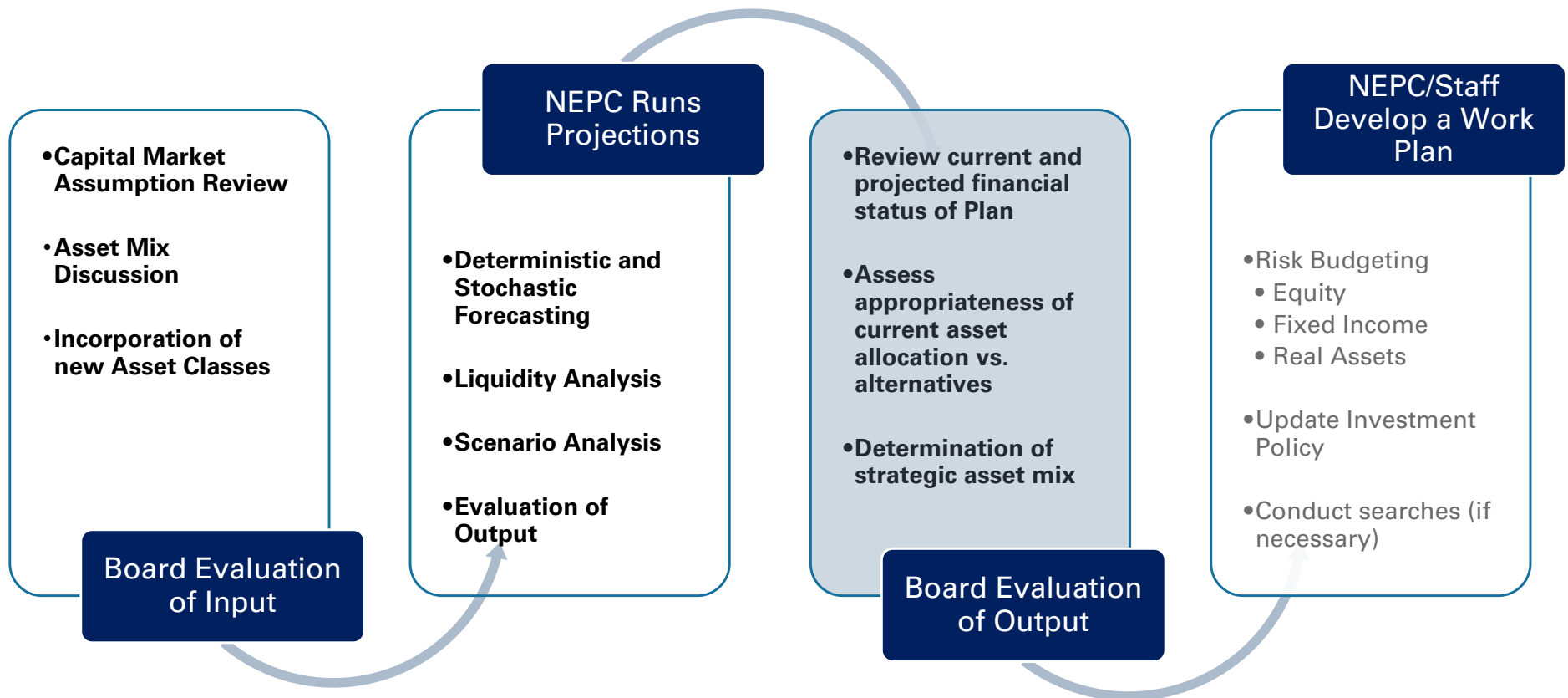
Notes: Payable in FY+2; reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



NEXT STEPS



NEXT STEPS



APPENDIX

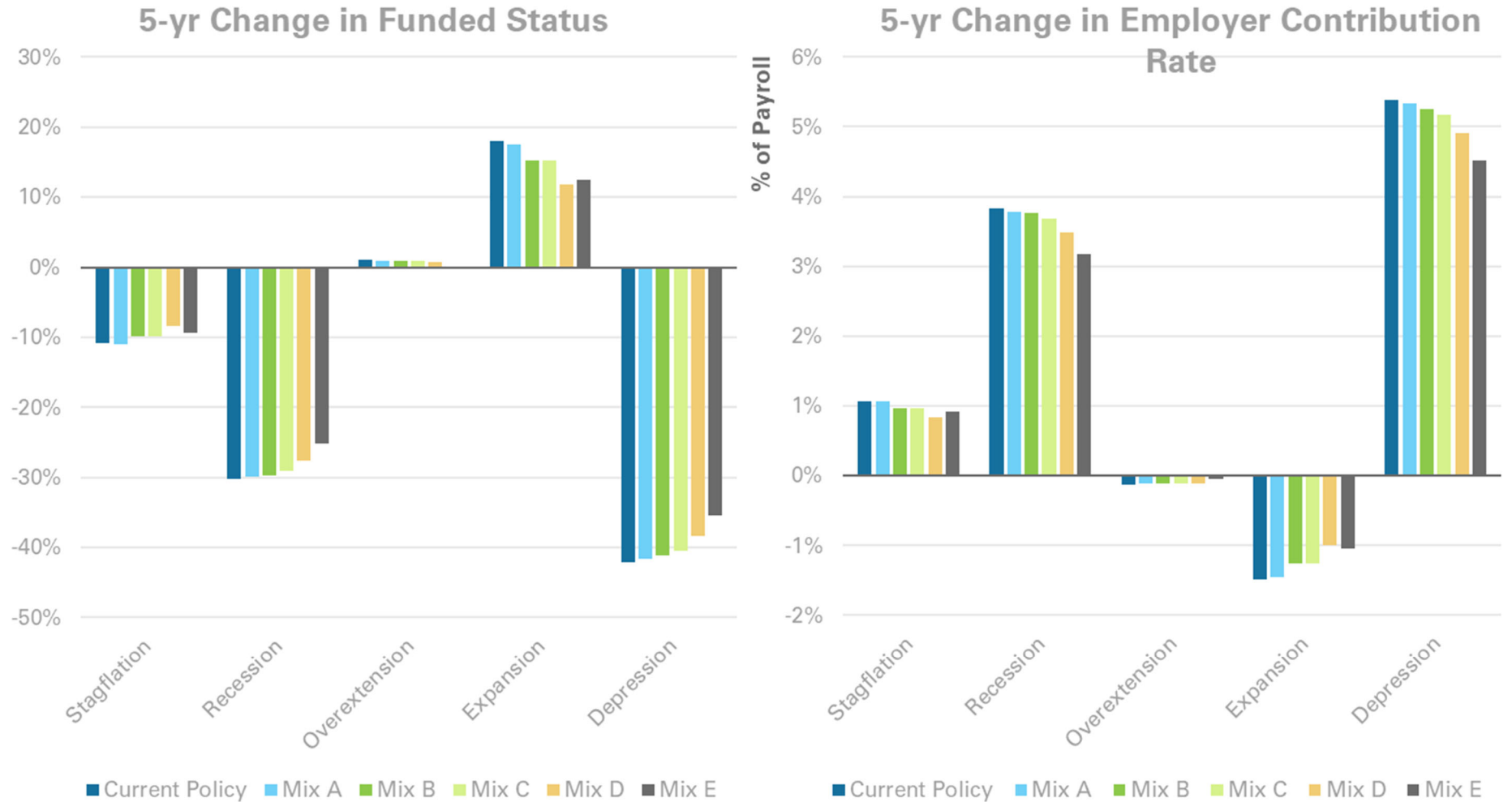


HEALTH PLAN STOCHASTIC MODELING



ECONOMIC SCENARIOS – HEALTH

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM



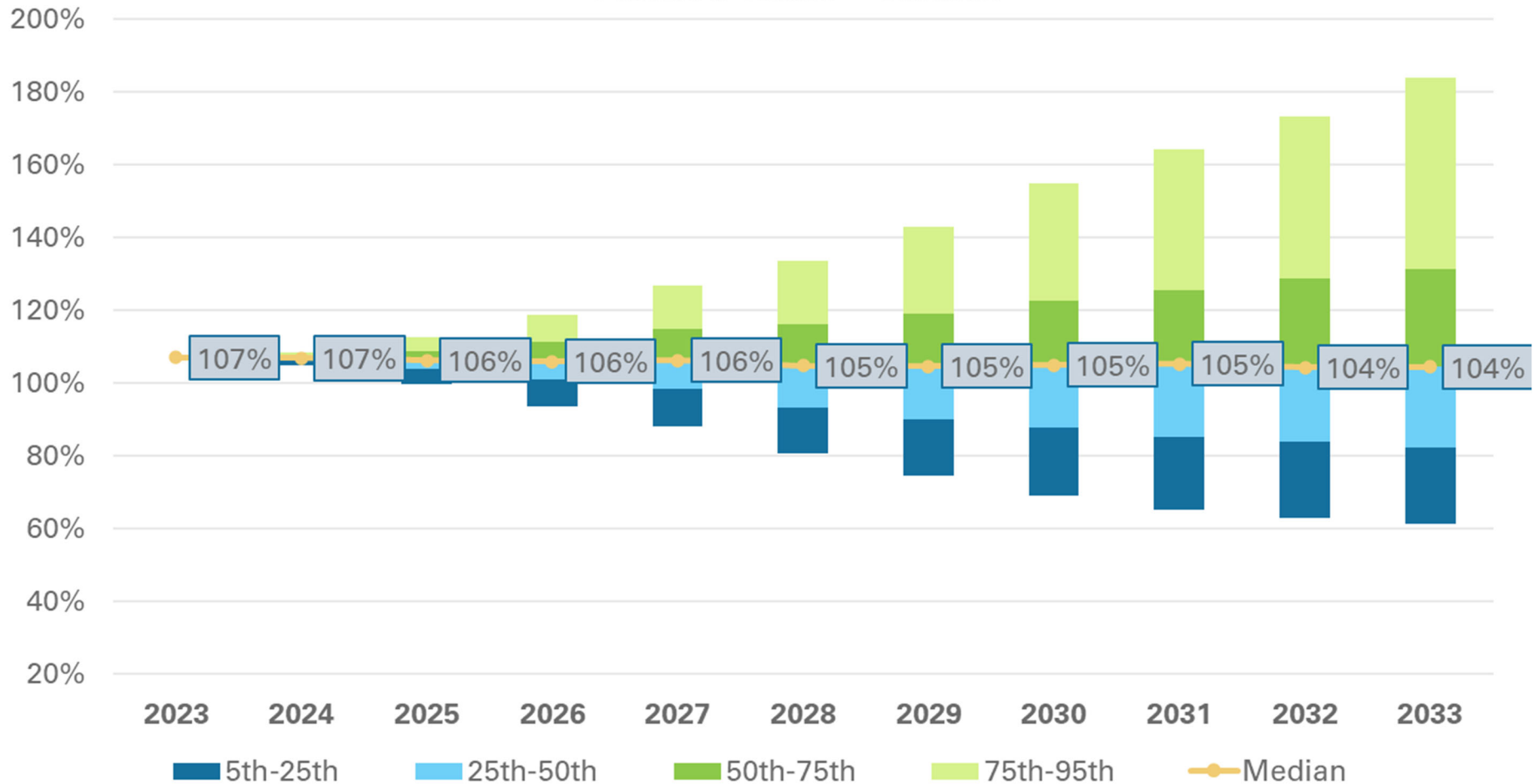
Notes: Change in funded status based on 107.1%; change in contribution rate based on 3.3%



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

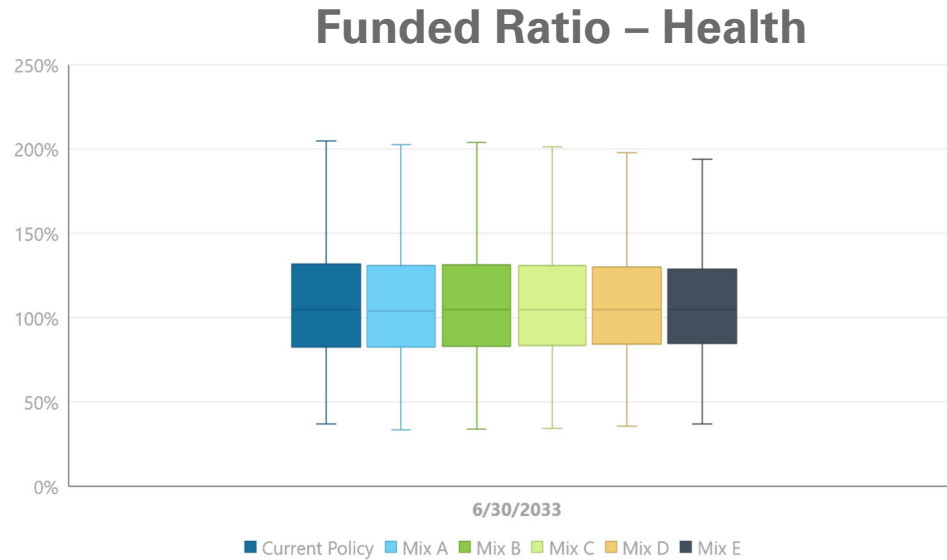
Funded Ratio – Health



Notes: As of June 30; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility



10-YEAR STOCHASTIC FUNDED STATUS PROJECTION



Funded Status	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Funded Ratio	131.4%	130.6%	131.2%	130.5%	129.7%	128.4%
50th Percentile 2033 Funded Ratio	104.5%	103.9%	104.6%	104.5%	104.8%	104.6%
25th Percentile 2033 Funded Ratio	82.3%	82.2%	82.9%	83.2%	84.1%	84.6%
Funded Ratio Volatility	3.1%	3.0%	3.0%	3.0%	2.9%	2.8%

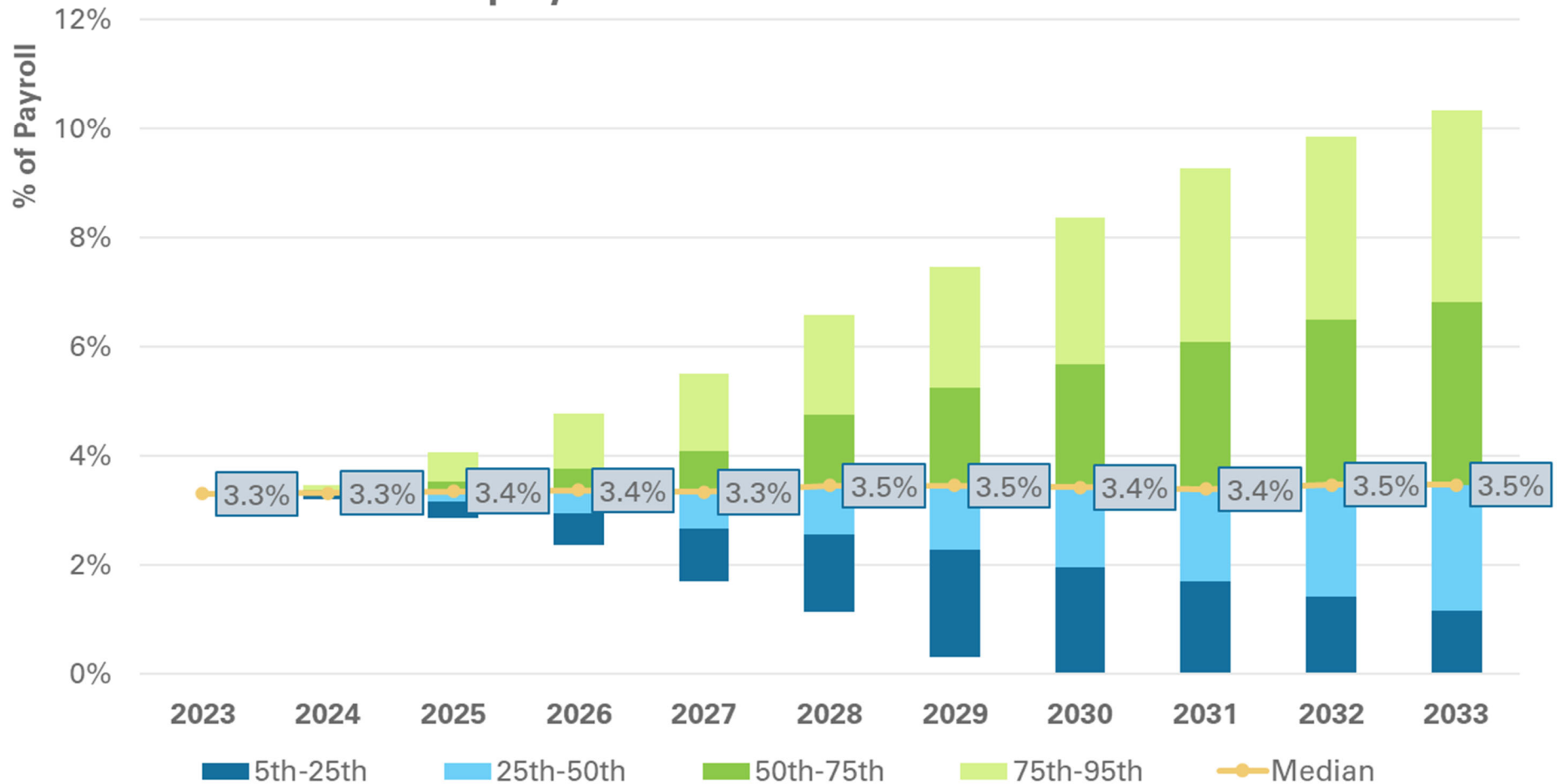
Notes: Reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

Employer Contribution Rate – Health

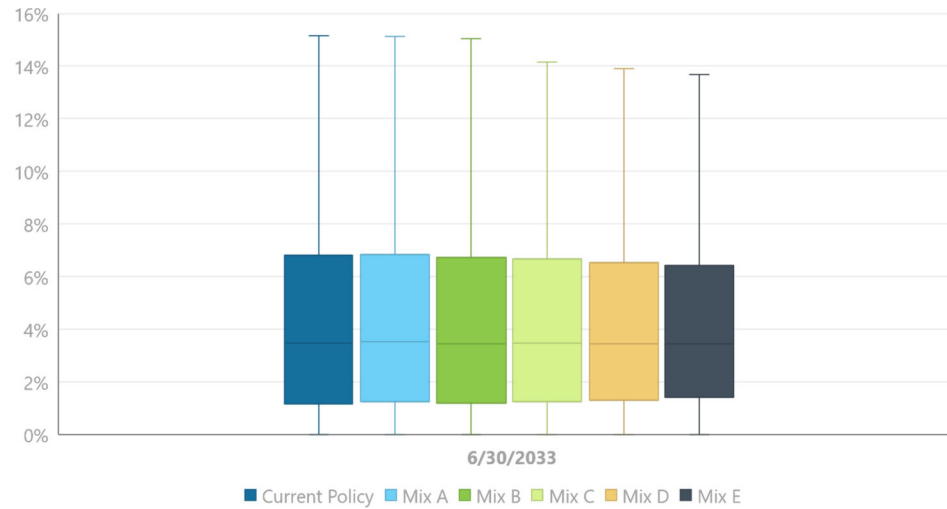


Notes: Determined as of June 30 and payable in FY+2; reflects 2000 simulated return paths based on Current Policy 10-year mean arithmetic return of 7.7% with 15.3% volatility;



10-YEAR STOCHASTIC CONTRIBUTION PROJECTION

Employer Contribution Rate – Health



Contributions	Current Policy	Mix A	Mix B	Mix C	Mix D	Mix E
75th Percentile 2033 Employer Contribution Rate	6.8%	6.8%	6.7%	6.7%	6.5%	6.4%
50th Percentile 2033 Employer Contribution Rate	3.5%	3.5%	3.4%	3.5%	3.4%	3.5%
25th Percentile 2033 Employer Contribution Rate	1.2%	1.2%	1.2%	1.2%	1.3%	1.4%
Contribution Rate Volatility	0.3%	0.3%	0.3%	0.3%	0.3%	0.3%

Notes: Payable in FY+2; reflects 2000 simulated return paths based on 10-year mean arithmetic return and volatility for each mix



ASSUMPTIONS AND DEFINITIONS



ASSUMPTIONS AND METHODS

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

- **Deterministic and stochastic return projections are based on NEPC's 12/31/2023 capital market assumptions**
 - Reflects 4.5% for the period July 1, 2023 thru December 31, 2023
 - NEPC's 10-year & 30-year return assumptions thereafter

- **Asset-liability projections follow a roll-forward methodology based on the June 30, 2023 Actuarial Valuation Reports for Pension and Health provided by Segal**
 - Benefit payment projections provided by Segal
 - Pension and Health liabilities were modeled individually and assets were modelled in aggregate
 - Other than those described herein, all assumptions remain unchanged from the valuation
 - No experience gains or losses are assumed other than those attributed to investment experience

- **Contributions based on stated funded policy**
 - Normal cost plus amortization of unfunded liability
 - Amortization of unfunded liability based on 15-year layered level percent of pay amortizations of annual gains/losses
 - Prior amortizations layers considered fully amortized if surplus exists
 - Surplus amortized over 30 years
 - Employer normal cost contribution allowed to be reduced by surplus amortization

12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
MACRO	Inflation	2.6%	2.6%	—
	Cash	3.9%	3.4%	0.6%
	US Leverage Cost	4.1%	3.6%	0.7%
	Non-US Cash	2.2%	2.5%	0.6%
EQUITY	US Large-Cap Equity	4.4%	6.7%	17.2%
	US Small/Mid-Cap Equity	6.0%	7.4%	21.0%
	Non-US Developed Equity	4.6%	6.4%	19.7%
	Non-US Developed Equity (USD Hedge)	4.8%	6.6%	17.7%
	Non-US Developed Small-Cap Equity	6.4%	7.5%	24.2%
	Emerging Market Equity	8.6%	9.2%	28.1%
	Emerging Market Small-Cap Equity	7.9%	9.1%	31.4%
	<i>Global Equity*</i>	<i>5.4%</i>	<i>7.3%</i>	<i>18.2%</i>
	Hedge Fund – Equity	5.5%	6.0%	11.0%
	Private Equity – Buyout	7.4%	8.8%	20.0%
	Private Equity – Growth	8.7%	9.7%	31.5%
	Private Equity – Venture	9.8%	10.6%	46.5%
	Private Equity – Secondary	6.9%	8.2%	20.4%
	Non-US Private Equity	10.3%	10.8%	32.0%
	<i>Private Equity*</i>	<i>9.0%</i>	<i>10.1%</i>	<i>25.9%</i>
China Equity	9.9%	9.5%	30.6%	

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US TIPS	4.6%	4.7%	6.0%
	US Treasury Bond	4.2%	4.3%	5.4%
	US Corporate Bond	5.3%	5.9%	7.7%
	US Mortgage-Backed Securities	4.4%	4.6%	6.5%
	<i>US Aggregate Bond*</i>	4.6%	4.9%	5.8%
	US High Yield Corporate Bond	6.1%	7.1%	11.2%
	US Leveraged Loan	7.2%	6.6%	9.1%
	Emerging Market External Debt	7.1%	7.3%	12.3%
	Emerging Market Local Currency Debt	6.1%	5.5%	12.7%
	Non-US Government Bond	2.4%	2.9%	9.5%
	Non-US Government Bond (USD Hedge)	2.6%	3.2%	4.1%
	<i>Global Government Bond*</i>	3.0%	3.4%	7.7%
	<i>Global Government Bond (USD Hedge)*</i>	3.1%	3.5%	4.2%
	Non-US Inflation-Linked Bond (USD Hedge)	3.2%	3.3%	6.7%
	<i>Global Multi-Sector Fixed Income*</i>	5.7%	6.1%	8.1%
	<i>Absolute Return Fixed Income*</i>	5.6%	5.8%	5.9%
	US Municipal Bond	3.5%	3.8%	6.0%
	US Municipal Bond (1-10 Year)	2.9%	3.5%	4.5%
	US High Yield Municipal Bond	4.5%	4.9%	12.0%
	Hedge Fund - Credit	6.6%	7.0%	9.9%
	Private Debt - Credit Opportunities	7.8%	8.4%	14.5%
	Private Debt – Distressed	8.6%	9.3%	14.4%
	Private Debt - Direct Lending	8.1%	8.9%	11.0%
<i>Private Debt*</i>	8.3%	9.0%	11.8%	

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
CREDIT	US Short-Term TIPS (1-3 Year)	4.7%	4.4%	3.3%
	US Short-Term Treasury Bond (1-3 Year)	4.4%	4.2%	2.3%
	US Short-Term Corporate Bond (1-3 Year)	5.4%	5.2%	2.8%
	US Short-Term High Yield Corporate Bond (1-3 Year)	5.5%	5.6%	8.2%
	US Intermediate-Term TIPS (3-10 Year)	4.6%	4.7%	6.0%
	US Intermediate-Term Treasury Bond (3-10 Year)	4.2%	4.4%	5.9%
	US Intermediate-Term Corporate Bond (3-10 Year)	5.6%	6.0%	7.1%
	US Long-Term Treasury Bond (10-30 Year)	4.5%	4.8%	12.4%
	US Long-Term TIPS (10-30 Year)	3.7%	4.3%	11.8%
	US Long-Term Corporate Bond (10-30 Year)	4.7%	6.0%	11.9%
	20+ Year US Treasury STRIPS	3.3%	4.2%	20.7%
	<i>US Long-Term Government/Credit*</i>	4.3%	5.2%	11.0%
	US Corporate Bond - AAA	4.4%	5.1%	6.8%
	US Corporate Bond – AA	4.6%	5.1%	6.6%
	US Corporate Bond – A	5.1%	5.5%	7.6%
	US Corporate Bond – BBB	5.6%	6.1%	8.4%
	US Corporate Bond – BB	6.8%	7.7%	9.7%
	US Corporate Bond – B	6.3%	7.1%	11.6%
	US Corporate Bond - CCC/Below	1.4%	1.9%	20.3%
	US Securitized Bond	5.2%	5.4%	8.0%
	US Collateralized Loan Obligation	5.5%	4.9%	7.7%
	US High Yield Securitized Bond	8.7%	8.3%	11.2%
	US High Yield Collateralized Loan Obligation	7.8%	7.3%	10.4%
	US Taxable Municipal Bond	5.3%	6.0%	7.5%
	10 Year US Treasury Bond	4.2%	4.8%	7.5%
	10 Year Non-US Government Bond (USD Hedge)	2.1%	2.8%	5.0%

*Calculated as a blend of other asset classes



12/31/2023 CAPITAL MARKET ASSUMPTIONS

	Asset Class	10-Year Return	30-Year Return	Standard Deviation
REAL ASSETS	Commodity Futures	4.6%	3.9%	18.5%
	Midstream Energy	5.5%	6.6%	28.2%
	<i>Public Real Assets (Multi-Asset)*</i>	<i>6.1%</i>	<i>6.4%</i>	<i>14.2%</i>
	US REIT	6.0%	7.3%	21.8%
	Global Infrastructure Equity	6.6%	7.0%	19.4%
	Global Natural Resources Equity	6.2%	7.1%	23.3%
	Gold	4.9%	4.8%	16.4%
	Core Real Estate	5.4%	6.1%	15.0%
	Non-Core Real Estate	7.1%	7.8%	24.3%
	Private Debt - Real Estate	6.3%	6.6%	11.9%
	Private Real Assets - Natural Resources	8.2%	8.7%	32.3%
	Private Real Assets – Infrastructure	6.8%	7.1%	12.4%
MULTI-ASSET	Hedge Fund – Macro	5.4%	5.8%	9.4%
	<i>Hedge Fund*</i>	<i>6.1%</i>	<i>6.5%</i>	<i>8.6%</i>
	<i>60% S&P 500 & 40% US Aggregate Bond*</i>	<i>4.8%</i>	<i>6.3%</i>	<i>10.9%</i>
	<i>60% MSCI ACWI & 40% US Aggregate Bond*</i>	<i>5.4%</i>	<i>6.6%</i>	<i>11.5%</i>

*Calculated as a blend of other asset classes



PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap

Growth: 50% U.S. Small/Mid Cap, 50% U.S. Microcap

Early-Stage Venture: 25% U.S. Small/Mid Cap, 75% U.S. Microcap

Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap

Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE CREDIT

Direct Lending: 100% Bank Loans

Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans

Credit Opportunities: 34% U.S. SMID Cap, 33% U.S. High Yield, 33% Bank Loans

Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity

Infra/Land: 30% Commodities, 70% Public Infrastructure

Private Real Estate Debt: 50% CMBS, 50% Real Estate – Core



NEPC DISCLOSURES

Past performance is no guarantee of future results.

NEPC, LLC is an investment consulting firm. We provide asset-liability studies for certain clients but we do not provide actuarial services. Any projections of funded ratio or contributions contained in this report should not be used for budgeting purposes. We recommend contacting the plan's actuary to obtain budgeting estimates.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

The projection of liabilities in this report uses standard actuarial projection methods and does not rely on actual participant data. Asset and liability information was received from the plan's actuary, and other projection assumptions are stated in the report.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

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REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Annie Chao
Gaylord "Rusty" Roten

MEETING: AUGUST 27, 2024
ITEM: IX - C

SUBJECT: FINALIST FIRM OF THE MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING SERVICES SEARCH, CONTRACT AUTHORIZATION, AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Award contracts for five-year terms to 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.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

On August 13, 2024, the Committee interviewed and approved Northern Trust to proceed as the finalist for the Master Trust/Custodial Services and Securities Lending search. The Committee recommends that the Board award five-year contracts to Northern Trust.

Discussion

The Board-approved request for proposal for the Master Trust/Custodial Services and Securities Lending search opened on September 11, 2023, and closed on November 28, 2023. Proposals were received from two firms, Northern Trust and State Street Corporation. Following review, both firms met the minimum qualifications and were evaluated by staff; both firms were recommended to proceed as semi-finalists. Staff conducted further due diligence on each semi-finalist and advanced Northern Trust as the sole qualified semi-finalist for interview by the Investment Committee.

On August 13, 2024, Northern Trust delivered a presentation before the Committee, highlighting its service infrastructure and capabilities. The Committee interviewed Northern Trust on a number of relevant topics including current trends in the custody marketplace, the firm's vision and culture, cybersecurity and technology, artificial intelligence, and risk management. The Committee also tasked staff to look into possible modifications to the securities lending program, with the goal of maximizing revenue without introducing undue risk into the program. Lastly, the Committee noted the importance of managing plan costs and that it had hoped that Northern Trust was extending the best fee terms possible to LACERS.

Following the interview and discussion with staff, the Committee concurred with staff's recommendation to advance Northern Trust as a finalist to the Board for consideration of five-year contract awards. Representatives of Northern Trust will be present at the Board meeting of August 27, 2024, should the Board desire to hear from the firm.

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

NMG/RJ/WL/JP:rm

Attachments: 1. Investment Committee Recommendation Report dated August 13, 2024
 2. Proposed Resolution



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

MEETING: AUGUST 13, 2024
ITEM: IV

**SUBJECT: MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING SEARCH
SEMI-FINALIST INTERVIEW AND POSSIBLE COMMITTEE ACTION**

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee:

1. Interview The Northern Trust Company (Northern Trust) as the sole qualifying semi-finalist under the Master Trust/Custodial Services and Securities Lending Request for Proposal search process.
2. Recommend Northern Trust as a finalist to the Board for contract award.

Executive Summary

The Board-approved request for proposal (RFP) for the Master Trust/Custodial Services and Securities Lending search opened on September 11, 2023, and closed on November 28, 2023. Proposals were received from two firms, The Northern Trust Company (Northern Trust) and State Street Corporation (State Street). Following review, both firms met the minimum qualifications and were evaluated by staff; both firms were recommended to proceed as semi-finalists. Staff conducted further due diligence on each semi-finalist and has advanced Northern Trust as the sole qualified semi-finalist for interview by the Investment Committee.

Discussion

Consistent with LACERS' contracting practices, staff requested that the Board initiate a competitive bidding process to reassess the marketplace for custodial and securities lending services. The Board approved the request on August 22, 2023, and the resulting search opened on September 11, 2023, and closed on November 28, 2023.

LACERS received two proposals; both offered custodial and securities lending services. The two proposals were from Northern Trust (incumbent custodian) and State Street. Both proposals were determined to have met the minimum qualifications set forth in the RFP documents. Staff assessed the candidates based on LACERS' organizational needs, with the Fiscal, Investment, and Systems divisions of LACERS collaborating in the evaluation process. Both proposals demonstrated the

respective firms' organizational strength and breadth of services provided. On February 13, 2024, the Committee considered staff's evaluation of the proposals and advanced both firms to proceed as semi-finalists for staff to conduct further due diligence.

Staff's due diligence consisted of on-site meetings at the semi-finalists' offices, teleconferences, and reference checks. Staff confirmed the organizational resources, service infrastructure, and capabilities of each firm as described in the proposals and follow-on materials, and has determined both semi-finalists to be qualified to provide master trust/custodial services and securities lending program management services that meet LACERS requirements. Based on the evaluation of its findings, staff believes that Northern Trust, notwithstanding its incumbency, is better matched to fulfill LACERS custodial service needs, as outlined in the following key points:

- Northern Trust has a larger share of public funds as its clients with an internal team of operational specialists that reflects Northern Trust's prioritized commitment to addressing critical and time-sensitive issues of public fund clients such as LACERS.
- Staff has identified that Northern Trust's proposed service model better complements LACERS' current resources, thus allowing the optimal delivery of service and access to key senior and operational managers to elevate LACERS as a significant and highly-valued client.
- Staff identified robust internal controls and risk management practices to ensure compliance with LACERS' unique set of policies, guidelines, and practices.

Based on the aforementioned factors and other information contained in their proposal and confirmed during due diligence, staff therefore recommends Northern Trust to advance as the sole finalist in the search.

As the finalist candidate, Northern Trust has been requested to deliver a presentation covering its service capabilities, its proposed offerings, and its future initiatives. In accordance with the RFP process, staff requests the Investment Committee to interview the candidate to better understand relevant topics including current trends in the custody marketplace, the firm's vision and culture, cybersecurity and technology, artificial intelligence, internal controls and risk management, and fees. Based on a survey of other peer plans' fee structures, staff finds Northern Trust's proposed fee structure to be market-competitive. However, further examination and questioning by the Investment Committee regarding additional competitiveness around services and fees would be appropriate.

Upon Investment Committee interview and concurrence with the staff recommendation, the proposed finalist will be moved forward to the Board for consideration and a possible award of contract. The Board will be provided the opportunity to meet and interview the finalist team, which is consistent with the process approved by the Board on August 22, 2023.

Strategic Plan Impact Statement

The RFP for master trust/custodial services and securities lending program management assists the fund with optimizing long-term risk adjusted investment returns (Goal IV). Implementing a competitive bidding process by issuing an RFP is aligned with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

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

NMG/RJ/WL/EC/JP:rm

- Attachments:
1. Qualified Semi-finalist Information Matrix
 2. Presentation by The Northern Trust Company



**MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING SEARCH
 QUALIFYING SEMI-FINALIST OVERVIEW MATRIX**

Firm Name	The Northern Trust Company
Assets Under Custody (Assets Under Administration)	\$12.8 trillion (\$16.5 trillion)*
Ownership Structure	Publicly Traded
Headquarters	Chicago, IL
Year Founded	1889
Number of Firm Employees	~23,000*
Number of Clients Globally	2,800*
Number of U.S.-based Clients	1,832*
Number of Public Clients (U.S.-based)	351 (200)*
Services Covered	Master Custody Services Securities Lending Services Compliance Analyst Enhanced Services Risk Services Integrated Disbursement Service Private Monitor Analytical Services Fair Value Reporting Tools
Proposed Relationship Contacts	Brad Blackwell, Client Executive and Division Manager-Public Funds Fausto Ponce, Client Service Manager Shane Crea, Performance Consultant Enayet Mawla, Securities Lending Relationship Manager
Proposed Fee	<p>Fixed Fees Custody Flat Fee: \$0 Fund Analytics Enhanced Reporting: \$20,000 Fair Value Reporting Tool: \$3,000</p> <p>Variable Fees Integrated Disbursements: Estimated at \$228,000 for each calendar year (based on current level of service) Short Term Investment Fund (STIF): 7 basis points on average daily balance Securities Lending Split: 80%(LACERS)/20% (Northern Trust) for first \$5 million gross earnings each year, 90%/10% thereafter</p> <p>Subject to (1) the reinstatement of securities lending guidelines on individual security duration restrictions, (2) the removal of a hard number lending limit and (3) the non-introduction of any further restrictions meant to reduce securities lending revenue.</p>

*As of 3/31/2024



Los Angeles City Employees' Retirement System – Semi-finalist Presentation

August 13, 2024

Agenda

Topic

Overview of Northern Trust

Presenter Biographies

Northern's Growth Plan, Organizational Structure & Practices for Retaining Talented Staff

Overview of Current Trends in the Custody Marketplace

Northern Trust Distinguishing Factors

Client Service

Securities Lending and Cash Management

Custodian Safekeeping and Securities Processing

Accounting and Performance Measurement

Integrated Disbursements

Technology

Internal Controls and Risk Management Processes

Northern Trust Overview

A Focused Business Model

Asset servicing, administration, investment, banking and fiduciary trust solutions for sophisticated institutional and individual investors worldwide



OUR CLIENTS

Asset Servicing

- Pensions
- Sovereign entities
- Fund managers
- Insurance companies
- Not-for-profits

Asset Management

- Alternative managers
- Fiduciary managers
- Investment managers

Wealth Management

- Families
- Family offices
- Individuals
- Private businesses
- Trusts

\$16.6T

UNDER CUSTODY / ADMINISTRATION

\$13.0T

UNDER CUSTODY

\$1.5T

UNDER MANAGEMENT

26

GLOBAL LOCATIONS

Asset Servicing Overview

2,700+

CLIENTS

53

CLIENT COUNTRIES

\$12.0T

ASSETS UNDER CUSTODY

\$1.1T

ASSETS UNDER MANAGEMENT

MARKET-LEADING SOLUTIONS:

Global Custody

- Asset servicing
- Alternative assets
- Audited accounting
- Tax reclamation

Fund Services

- Cross-border pooling
- Fund administration
- Retirement solutions
- Trustee & depository

Data Solutions

- Compliance analytics
- Middle office solutions
- Performance and risk
- Regulatory solutions

Capital Markets

- Brokerage and execution
- Foreign exchange
- Securities lending
- Transition management

Banking Services

- Credit facilities
- Cash funds
- Cash management
- Treasury management

DIFFERENTIATED BY OUR:



Service



Expertise



Integrity



Technology



Focus



Solutions

Presenter Biographies



MELANIE PICKETT

Head of Asset Owners, Americas

Melanie joined Northern Trust in January 2017, charged with creating a new line of business centered on meeting the portfolio management and technology needs of complex asset allocators across the globe.

After starting Front Office Solutions, her responsibilities now span the entirety of the Asset Owner segment in the Americas, directing the firm's strategy, growth and delivery of all firmwide products & services for asset owners and allocators in the Americas region.

Before Northern Trust, Melanie was Managing Director & COO of Emory Investment Management, one of the top 20 endowment investment programs in the U.S. Prior to Emory, Melanie played a key leadership role in driving the Operations & Technology strategy for Morgan Stanley Private Wealth Management.

Melanie's background provides a unique perspective on asset owners because she understands what it's like to face the same opportunities & challenges our clients face.

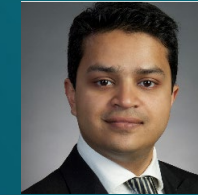


BRAD BLACKWELL

Division Manager, Public Funds

Brad is the Division Manager of the Public Fund, Taft-Hartley, and Supranational segments within Asset Servicing, Americas. Brad has been with Northern Trust for 18 years and has spent most of his career focused on serving large and complex asset owners across segments and regions. In his current role, Brad manages a team of client executives who deliver Northern Trust's Whole Office portfolio of solutions to Public Fund, Taft-Hartley and Supranational clients. His team is responsible for client satisfaction and serve as our clients' liaison with Northern Trust. As the senior oversight for these segments, Brad is both a strategic leader for client servicing professionals and a point of escalation for any client issues.

Prior to joining the Public Fund, Taft Hartley and Supranational team, he was on the Capital Markets Risk and Resiliency team and responsible for first line risk management globally across the Securities Lending, Foreign Exchange, and Brokerage businesses.



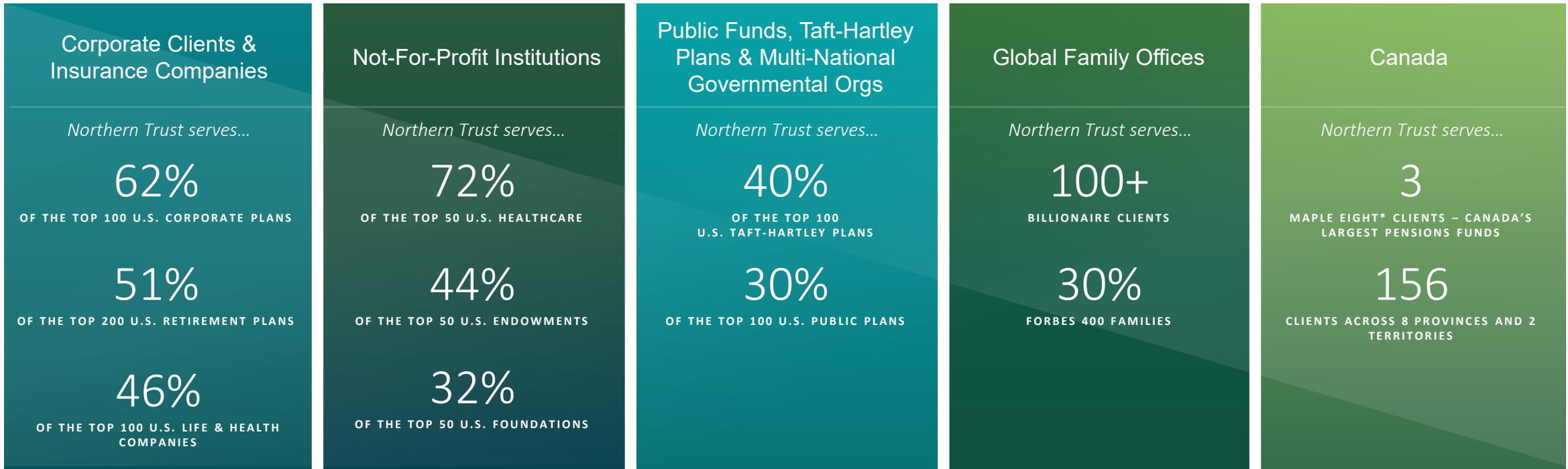
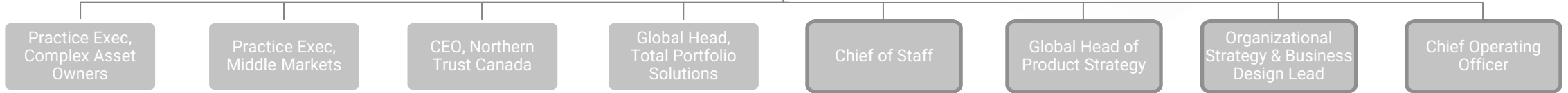
ENAYET MAWLA

Senior Relationship Manager, Securities Lending

Enayet Mawla joined the Securities Finance organization in November 2022 as Senior Relationship Manager for Canadian clients and US Public Funds. He started in the industry in 2008, spent time at Credit Suisse before finding his place at Northern Trust in January 2013. Prior to Securities Finance, Enayet spent 7 years within Global Fund Services business, first within Middle Office Outsourcing and then as Custody Services Relationship Manager. In these role, Enayet was focused on promoting service level and partnership with asset managers, while improving operational efficiency in order to deliver a better client experience. Enayet joined NT in 2013 within the Derivatives Client Services focusing on service levels for key institutional relationships

Asset Owners Americas (AOA)

Head of Asset Owner Americas



*Maple 8 is a term used to reference Canada's 8 largest pension funds

Note: Statistics indicate the percentage of clients (not assets) we service in each sector; US asset owner statistics include asset servicing, asset mgmt, credit and banking. Figures updated in Q4 2023 based on most recently published lists. Sources: Pensions & Investments, S&P's Money Market Directory

AOA Strategic Focus

Empowering the missions of our clients.

Our vision is to be the market-leading partner of choice in the asset owner segment through innovative technology, unparalleled service, impeccable operational outcomes, and unyielding integrity and alignment to our clients.



PEOPLE

We surround everything we do with service, integrity, and expertise.



CLIENT EXPERIENCE

We put clients at the center of our mission and vision.



TECH & INNOVATION

We evolve alongside our clients as forward-looking leaders who are uniquely invested in the asset owner space.



RESILIENCY

We are making significant investments in our tech infrastructure and overall risk and control environment.



Northern Trust enables our partners through 4 core talent practices:

- **Selection:** Identifying skills and characteristics to make partners successful at the onset
- **Training:** Intentional training – we can't rely on everyone to come in with experience & relationships
- **Job Design:** Supplementing human capital with organizational capital to help simplify responsibilities
- **Performance Management:** Continuous monitoring; consistent standards; recognize and reward

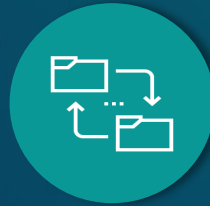
Market Dynamics & Trends

While growing at a steady pace, asset owners are facing multiple asset servicing challenges with increasing portfolio complexity, changes in technology, and the continued regulatory demands in terms of reporting and servicing



Changes in Asset Allocation

- Transition to total fund management or more data-driven investing
- Continued growth in alternative investment allocations
- ESG-and SRI lens for endowments & foundations
- Digital assets and market infrastructure changes: expected move from passive to active exposure



Move from Defined Benefits to Defined Contribution

- Pension Risk Transfer: transitioning from custody to benefit payments and asset management revenues
- Growth in State Savings / Retirement plans – DC like structures
- Record keeper alignment drives custody decisions
- Anticipating operational complexity will increase with inclusion of alternative investments and tokenized assets



Right-Sizing between Insourcing & Outsourcing

- More Chief Investment Officers and internal management teams
- Cost pressures drive insourcing, including trading and asset management
- Shift to OCIOs / Fiduciary Managers for smaller asset owners to gain scope and scale
- Demand for software tools to track and analyse portfolios across all asset classes

Why Asset Owners Americas?

Strength in Numbers

We are committed to supporting some of the world's most complex asset owners and allocators with 1,800+ clients across corporations, not-for-profits, public funds, insurance companies, and OCIOs. Because of our client base, we understand your unique challenges and opportunities. Our values-driven teams evolve to meet your needs and growing complexities, surrounding everything they do with service, integrity, and expertise.



Unwavering Commitment to the Space

We are uniquely committed to the asset owner space –investing and innovating for our clients in a way that mirrors their missions and their values.



Global Reach with a Boutique Touch

Our unique size allows us to provide a high-touch client experience with access to our leadership team and executives.



Client-Centric Partnership at Our Core

A commitment to service, integrity and expertise with a client-centric approach. At the heart of each of our core values are our Northern Trust employees – whom we call "partners".



We Own Operations

Operations is our business, and we retain control of how we invest. IT and Ops are an elevator ride away from each other allowing for close collaboration and agile development.



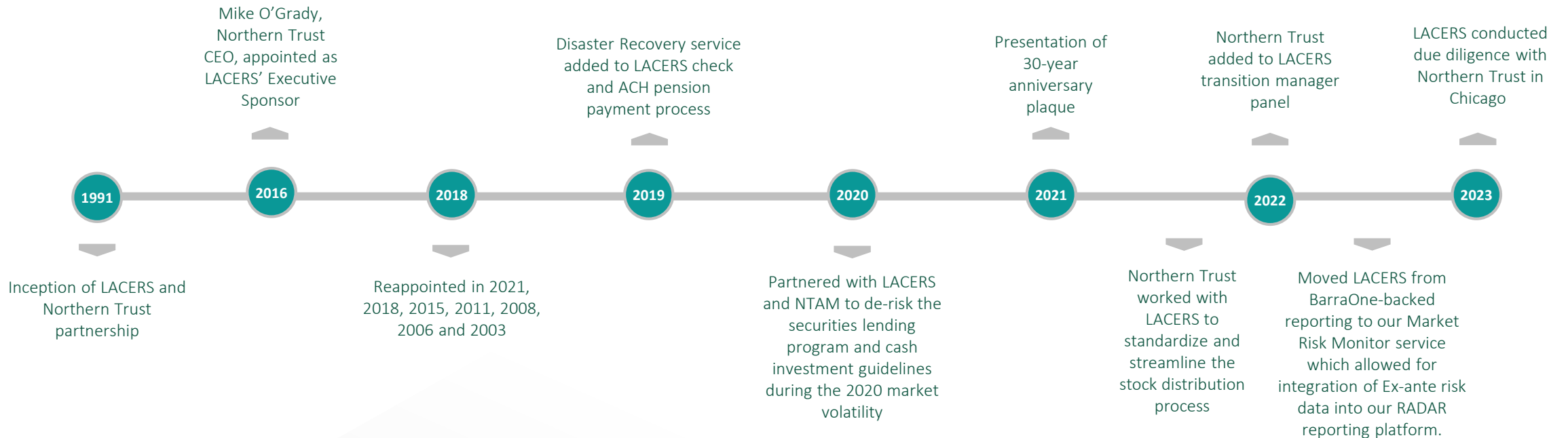
Strong Culture & Heritage Evolves Through Innovation

Our 133-year heritage is undiluted by mergers and strengthened by strategic acquisitions and partnerships within the fin-tech ecosystem.

Client Service Model

STRONGER TOGETHER – A 33 YEAR PARTNERSHIP

Our Commitment to LACERS



Client Servicing Team Approach

Executive Leadership



Mike O'Grady
 Chairman & Chief Executive Officer



Melanie Pickett
 Head of Asset Owners, Americas

Segment Leadership



Chris Dvorak
 Practice Executive

Relationship Management



Brad Blackwell
 Division Manager,
 Public Funds & Taft-Hartley



Fausto Ponce
 Client Service Manager,
 Public Funds & Taft Hartley

Servicing Team

Shane Crea
 Consultant,
 Performance and Compliance

Jim Lesiak
 Consultant,
 Risk

Fran Wawrzyniak
 Consultant,
 Treasury Management

Enayet Mawla
 Relationship Manager,
 Securities Lending

Danielle Kilpatrick
 Consultant,
 Alternative Asset Services

Core Custody Functions

- Asset Pricing & Coding
- Cash Management
- Income Processing
- Corporate & Class Actions
- Proxy Services
- Trade Settlement
- Tax Reclamation
- Foreign Exchange
- Derivatives
- Business Continuity & Disaster Recovery

Delivering an Exceptional Client Experience

Differentiated through outstanding client engagement, across all businesses.

RELATIONSHIP MANAGEMENT

- Equal focus on strategic partnering and day to day service delivery
- Access to asset class and industry specialists
- Executive engagement and accountability

CLIENT GOVERNANCE

- Process, tools and best practice for consistent service delivery
- Benchmark reporting and client Key Performance Indicators
- Supporting governance, regulatory and transparency obligations



THOUGHT LEADERSHIP

- Direct access to industry experts
- Client advisory groups and peer to peer knowledge sharing
- Client events, seminars and whitepapers

ADVANCED TECHNOLOGY

- A single portal for all information and interrogation across your portfolio, Northern Trust Passport®
- Interactive dashboards: 100% customizable, incredible insight
- Access to data faster, in more flexible formats, in your own data environment

A-Suite – A Destination For Global Allocators

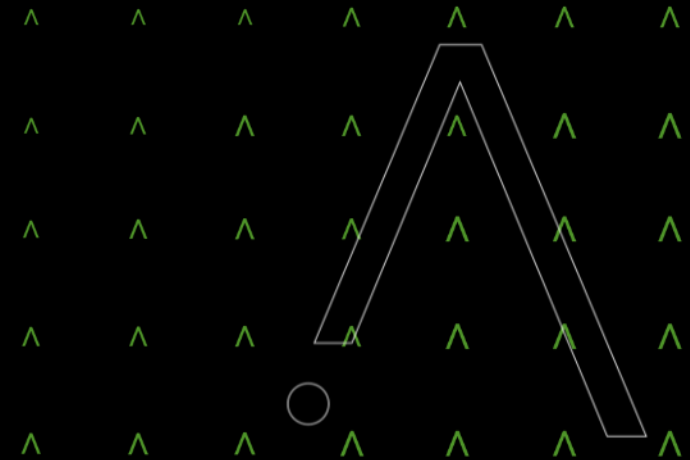
A-Suite serves as the community in which asset owners can learn, collaborate, and move the needle on issues that matter most to them. As a member of A-Suite, you have access to exclusive content, research, networking and more.



A CONTENT HUB | A DESTINATION | A COMMUNITY | MORE COMING SOON!



A DESTINATION FOR
ASSET ALLOCATORS



Securities Lending

Northern Trust's Securities Lending Program (USD)

Northern Trust has been a global industry leader in securities lending for almost 40 years. Our size, scale and technological innovation generates material value for our clients.

\$157B

ON LOAN WITH
10.61% UTILISATION



\$165B

COLLATERAL HELD
23% CASH AND 77% NON-CASH COLLATERAL



35

LENDING MARKETS
INCLUDING CSDS



432

PARTICIPATING CLIENTS FROM
31 COUNTRIES



67

APPROVED UNIVERSAL BANKS
AND BROKER DEALERS



Aa2 / AA- / AA

TOP TIER CREDIT RATINGS



\$1.55tn

OF LENDABLE ASSETS



A single global platform,
with an integrated forecast engine
to enhance returns and a robust risk
management with independent risk
committees

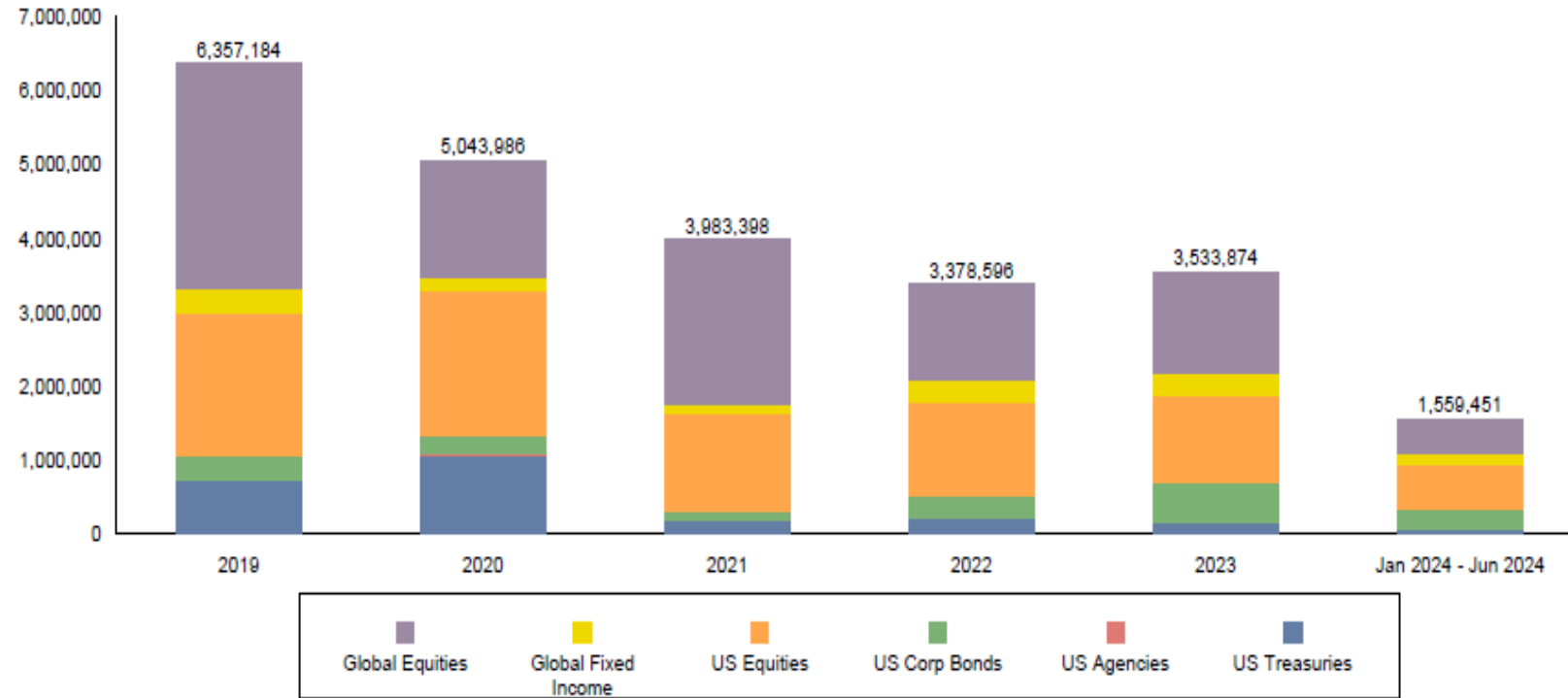
Top Ten Parent Borrowers (by Loan Volume):

BNP Paribas	Societe Generale	Royal Bank of Canada	Bank of America corporation	J.P. Morgan Chase
Barclays Plc	Citigroup Inc	UBS AG	Credit Agricole S.A.	HSBC Holdings PLC

Summary of Lending Program

Employees' Retirement System of the City of Los Angeles

Net Revenue



Notes:

- Employees' Retirement System of the City of Los Angeles (LACER) is receiving 85% of the total revenue and Northern Trust receiving 15%
- LACER receives compliance certification of cash collateral monthly.
- Cash collateral guidelines were adjusted to be more conservative (as compared to previous in-place guidelines) in March 2020
- Borrower restrictions in place for select borrowers
- Credit limit of \$1,219,267,845 set March 30, 2020.

** Equity collateral is only acceptable for equity trades

\$28.06M

GROSS REVENUE

\$23.87M

NET REVENUE

USD Cash in SMA;
 US Treasuries and
 Agencies, OECD
 Debt,
 Specific Equity
 Indices**

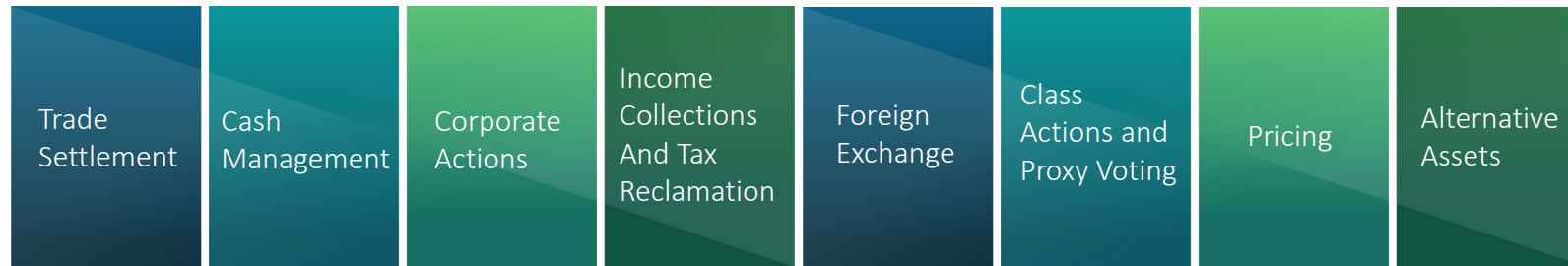
COLLATERAL ACCEPTANCE

Custodian Safekeeping and Securities Processing

Asset Servicing Custody Group

Communication Link to Strong Performance

As part of our premier global custody services, Northern Trust has established teams dedicated to maintaining close relationships with the investment manager community. Your custody service team provides daily oversight and coordination of all aspects of custody operations at Northern Trust. This team serves as a central point of contact for operational inquiries, facilitating communication and simplifying information flow between various partner groups, including:



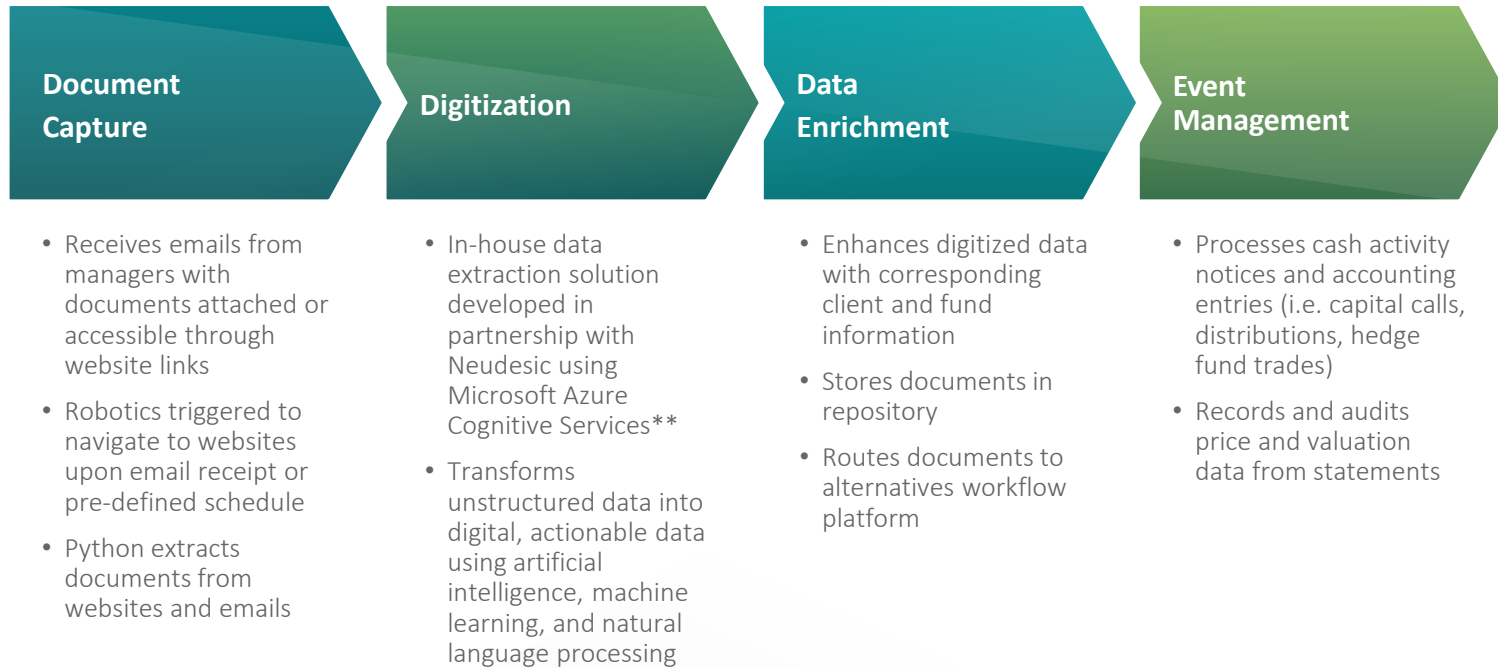
The Northern Trust custody servicing model pairs your needs with the best expertise available, aligning you with professionals who take the time to understand your specific investment strategy.

Your service team, comprised of people familiar with your organization, the industry, trade settlements, and all other operational processes, provides:

- Customized support to meet your unique needs based upon the knowledge of both your accounts and strategies
- Qualified backups in a team-based structure, ensuring each relationship receives prompt and courteous service
- Team managers who serve as resources for complicated issues and are available for escalation of your problems or queries
- “Pass the book” approach to servicing for our global clients with team members having access to the same systems and technology platforms for data retrieval across the globe.

How Alternatives is Leveraging Digitalization

Integrating proprietary, cloud-based technology with a streamlined operational model.*



Enhanced onboarding and event management of investment activity

Increased data transparency and accessibility

Faster delivery of investment administration services and reporting

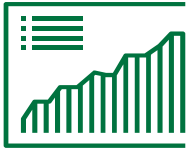
*Delivery of functionality will be phased incrementally

**Services include Custom Text Based Classification, Forms Recognizer, Language Understanding (LUIS) and will evolve over time

Accounting and Performance Measurement

Accounting & Reporting: State & Local Governmental Client Support

Operational excellence and flawless execution enhances the client journey. Process Optimization with a focus on automation drives times savings and data accuracy.



Accounting & Reporting

- Controlled Daily and Monthly data review with focus on accuracy
 - Deadlines driven by client requirements
 - Proactive Manager Reconciliation
- Plan Accounting – Plan Allocation
 - Plan Accounting Application
- Alternative Asset Processing – Standard Suite of Reports
- Derivatives Processing – Standard Suite of Reports
- Extensive Suite of Portfolio Statements with Report Writer Capabilities
- Full Trial Balance Reporting
- General Ledger Interface



Year-end Reporting Assistance

- Participate in annual audit planning meetings
- Assist clients on audit inquiries
- Assist clients on GASB disclosures and Northern Trust’s related tools
 - Client Business Solutions
 - Fair Value Tables and Leveling assistance
 - Rollforward Reconciliation
- GASB Support Coordination



GASB Reporting & Disclosure Tools

- **GASB 28** - Northern Trust suite of Securities Lending reports
- **GASB 40** - Northern Trust suite of Risk reports
- **GASB 53** - Northern Trust suite of Derivatives reports
- **GASB 67** – “Money Weighted Rate of Return” analysis (Northern Trust IRAS solution)/Statement of Changes in Fiduciary Net Assets
- **GASB 72** - Comprehensive Fair Value tool kit

Performance, Risk & Analytical Services

Northern Trust helps you meet the demands for greater governance and insight into your investments. We draw on our innovative technology, long-standing expertise, and consultative approach to support your total portfolio.



PERFORMANCE & EX-POST RISK MEASUREMENT

- Daily & monthly performance analytics across your total portfolio
- Rates of Return, asset allocation analysis, ex-post risk metrics
- Sophisticated attribution models
- Peer Universe Comparisons
- And more...



COMPLIANCE MONITORING

- Post-trade guideline monitoring and exposure analysis tool
- Expansive guideline range including credit rating, maturity, sector and country allocation and prohibited securities
- Breach management and workflow tools
- And more...



EX-ANTE RISK ANALYSIS

- Ex-ante risk analysis including factor risk models, Value-at-Risk simulation, and stress testing
- Multiple risk measures including asset liability modeling
- Numerous Scenario Analyses based on historical events and market movement
- And more...



PRIVATE EQUITY ANALYTICS

- PE performance tracking & fund analysis, including metrics like (IRR, TVPI, etc.)
- Private equity company holdings analysis; geographic, sector, and industry exposures
- Private Equity universe reporting metrics and benchmarking capabilities
- And more...



DATA DELIVERY SOLUTIONS

- Performance, Risk, and Compliance RADAR Dashboards
- Excel Integration via Data Direct
- Full suite of published reporting
- APIs and data feeds for seamless data delivery
- And more...

Disbursement Services

Northern Trust and LACERS

A long-standing partnership and provider of Treasury Management Services since 1999.

CURRENT CONFIGURATION:



Integrated Disbursement Processing for 2 accounts and payment types:

Monthly Retiree Benefit Payments

- ACH payment processing and Advice fulfillment for 22,600 members monthly
- Check print and fulfillment for 850 members monthly
- Monthly insert processing
- Special sort of checks to be sent c/o LACERS

Extraordinary Payments

Check print and fulfillment

Disaster Recovery Services



Tax Payment Account

Electronic debits from tax authorities



Health & Benefit Account

ACH Payment Processing

Where We are Investing



Treasury Passport

- Increased ease of use with a roll-out of modernized user interface
- Redesigned Information Reporting and search feature
- Phased roll out



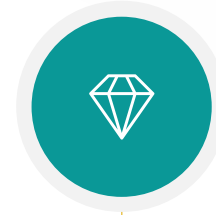
Receivables Management

- Enhancements to lockbox platform
- Integration of multiple payment channels for seamless reporting and payment posting



Payments

- Same-day origination and receipt of ACH payments
- Account Verification Services
- ISO20022



APIs

- Banking and payment API development
- Northern Trust API store



Cyber Security




- Multi-factor authentication
- Numerous investments to maintain compliance with FFIEC standards

Technology

Focus of our asset owner investments in 2024

Go beyond the traditional role of custodian and be a trusted asset servicing partner

STRATEGIC PILLARS:

 <p>Market differentiation</p> <ul style="list-style-type: none"> • Client Service Evolution • Total Portfolio Solutions • A-Suite 	 <p>Capabilities Expansion</p> <ul style="list-style-type: none"> • General Partner Due Diligence Support • OCIO support model • Additional partnerships with innovative fintech's 	 <p>Alternative Investment Support</p> <ul style="list-style-type: none"> • Alternative digitization • New private market partnership • Enhanced support for direct investments
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FOUNDATION ENABLERS:

Our digital modernization and technology strategy

Data Strategy & Governance	Cloud Strategy and Capability	Platform Modernization
Digital Ways of Working	Risk, Legal & Compliance	Cyber Strategy

Highlight of Our Capital Plan

Continue automation and digital efforts to enhance client experience with our core asset servicing capabilities

Complete execution of our multi-year Alternative Evolution Program to enhance processing timeliness and accuracy

Enhance our defined contribution capabilities, including new rebalancing client portal

Modernize our valuations and reporting functions for enhanced quality, flexibility, timeliness and accessibility

We're On a Journey

Sustained investment over the last several years has laid the groundwork for a new way of operating.

BUILDING THE FOUNDATION

Investments to date pave the way for our future state architecture:

Consistent, quality data | Interoperability with partners and third parties | Architectural scalability and efficiency | Adaptive, purpose-driven delivery

MARKET INTEGRATION

We've extended our network of industry relationships:

- Order Management System (OMS) Integrations
- Investment process tools
- Allocation analytics
- ESG solutions
- Distribution support

APP MODERNIZATION

We've supported the seamless modernization of core functions:

- Income processing
- Derivatives
- US Domestic Custody
- Cash systems

DELIVERY AND UX

We've expanded our delivery channels (with more to come):

- API store launch
- Passport enhancements
- Data Direct 2.0
- Data sharing capability
- Mobile wire approvals

NEW DATA PARADIGM

We've introduced new tools to improve data practices:

- First production product in public cloud (Front Office Solutions)
- Event-driven data streaming
- MVP for "mesh" methodology
- Snowflake integration

Internal Controls / Risk Management

Asset Owners Americas Risk and Control

Focus

- Lead Business Unit Risk and Control Activities
- Governance Oversight & Partnerships
- Provide Input for Process Improvement & Transformation



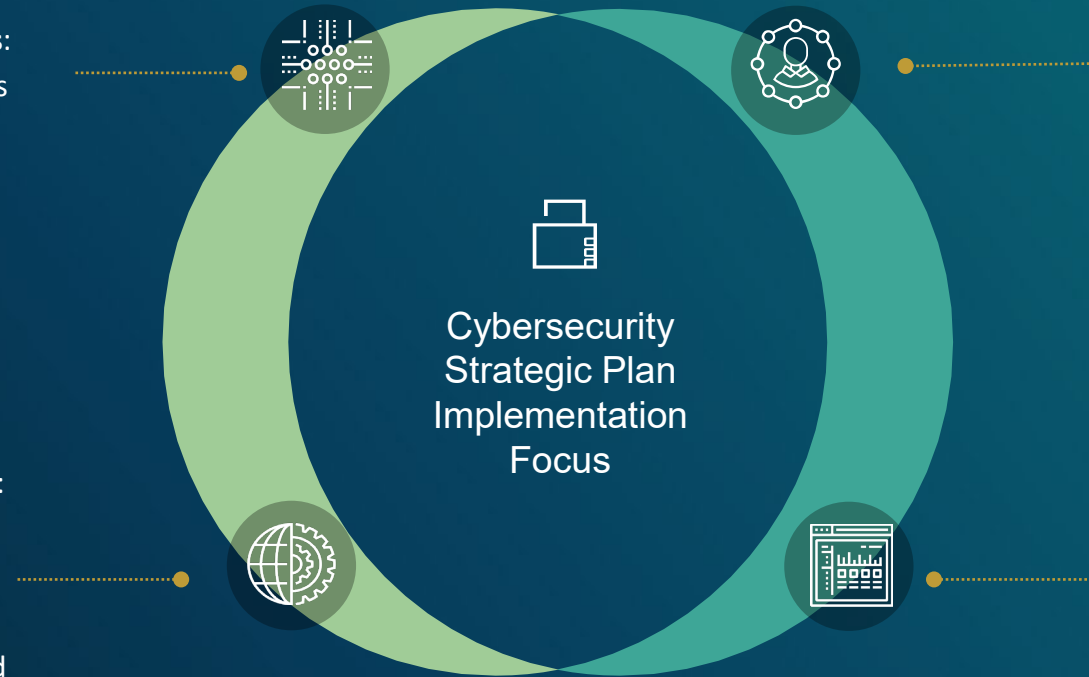
Design Principles for Northern Trust's Cybersecurity Strategic Plan

Focus on Enterprise Systemic Improvements:

While there are current initiatives in-progress across cybersecurity, the strategy must focus on systemic improvements to ensure an effective multifaceted Strategic Plan that will balance new initiatives with on-going operations.

Focus on Emerging Cyber Threat Protection:

The cyber threat landscape is continually changing, and the cybersecurity strategy must be tailored to be adaptive to ensure that emerging threats and risks are mitigated appropriately.



Focus on Consistent Implementation across Northern Trust:

The cybersecurity strategy must be implemented to reach across enterprise silos to ensure that it is implemented consistently across the entire Northern Trust technology environment and its technology supply chain.

Focus on Enterprise-wide Security Ownership:

The cybersecurity strategy must focus on creating awareness and education across Northern Trust to enable enterprise-wide ownership and responsibility for Northern Trust's cybersecurity posture.

Why Northern Trust?

Why Northern Trust?

We're unique...



Product Leadership & Innovation

We are a diversified, world-class asset servicer offering comprehensive product capabilities.



Service Model

We approach every client as a fiduciary aligned with their best interests, free of conflict.



Client Standards

Our client-centric approach is committed to providing service, expertise and integrity.



Business Focus

We are highly focused, client-centric and lead in the industry markets we serve.



Financial Strength & Stability

Market opinion assigns us a P/E premium up to twice our peers, especially reassuring during difficult economic times.



Strong Culture & Heritage

Our 130+ year heritage is undiluted by mergers and strengthened by strategic acquisitions

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NORTHERN
TRUST

CONTRACT AWARD
THE NORTHERN TRUST COMPANY
MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING

PROPOSED RESOLUTION

WHEREAS, on August 22, 2023, the Board authorized the Master Trust/Custodial Services and Securities Lending Request for Proposal (RFP) search to reassess the marketplace for custodial and securities lending services; and,

WHEREAS, on February 13, 2024, the Investment Committee considered staff's evaluation report of the RFP respondents, including the two proposed semi-finalist candidates: The Northern Trust Company (Northern Trust) and State Street Corporation; and,

WHEREAS, staff subsequently conducted further due diligence on the semi-finalist candidates and deemed both firms capable of providing master trust/custodial services and securities lending program management services that meet LACERS requirements; and,

WHEREAS, staff, on the basis of the evaluation of its due diligence findings, found that Northern Trust is better matched to fulfill LACERS' custodial service needs, and recommended Northern Trust to advance as the sole finalist in the search; and,

WHEREAS, on August 13, 2024, the Investment Committee interviewed Northern Trust and advanced Northern Trust as the finalist for consideration by the Board for five-year contract awards; and,

WHEREAS, on August 27, 2024, the Board approved the Investment Committee's recommendation to rehire Northern Trust as LACERS' custodian and securities lending program manager.

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>	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>	February 1, 2025 through January 31, 2030
<u>Duration:</u>	Five years

August 27, 2024



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Annie Chao
Gaylord "Rusty" Roten

MEETING: AUGUST 27, 2024
ITEM: IX - D

SUBJECT: APPROVAL OF 1-YEAR CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a one-year contract extension with Axiom Investors, LLC for management of an active non-U.S. emerging markets growth equities portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Executive Summary

On August 13, 2024, the Committee considered a staff recommendation to extend the contract with Axiom Investors, LLC for a period of one year. Upon discussing the firm, performance of the strategy, and alternatives to extending the contract, the Committee concurred with the staff recommendation.

Discussion

On August 13, 2024, the Committee considered the attached staff report (Attachment 1) recommending a one-year contract extension with Axiom Investors, LLC (Axiom). The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search and authorized a three-year contract on July 23, 2013. The initial contract became effective on January 1, 2014; the current contract extension expires on December 31, 2024.

As of June 30, 2024, LACERS' portfolio was valued at \$323 million. From April 17, 2019, to September 30, 2022, Axiom was placed on "On Watch" status for organizational changes and a strategy benchmark change. The firm was removed from the watch list upon determination by staff and

LACERS' General Consultant, NEPC, LLC (NEPC), that Axiom had appropriately addressed all issues as of September 30, 2022. However, Axiom was placed back on "On Watch" status for performance effective April 11, 2023, based on Axiom's performance as of December 31, 2022. The "On Watch" status was further extended on April 16, 2024, based on their performance as of December 31, 2023.

Staff acknowledges Axiom's underperformance relative to the strategy. However, the manager has demonstrated improvement in the recent 1-year timeframe by outperforming the benchmark by 273 basis points as of June 30, 2024. The Committee inquired about alternative actions such as moving the assets over to passive management. Staff explained that moving the assets to a passive emerging markets growth strategy could be an option, however considering the timing of the 2024 Asset Allocation study and the high transitional cost of an emerging markets strategy, staff and NEPC recommend a one-year contract extension instead and will continue to monitor the organization and performance of the strategy in accordance with the LACERS Manager Monitoring Policy.

Prepared By: James Wang, CFA, CAIA, Investment Officer I, Investment Division

NMG/RJ/WL/JW:rm

Attachments: 1. Investment Committee Recommendation Report dated August 13, 2024
 2. Proposed Resolution



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

MEETING: AUGUST 13, 2024
ITEM: V

Neil M. Guglielmo

SUBJECT: INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board a one-year contract extension with Axiom Investors, LLC for management of an active non-U.S. emerging markets growth equities portfolio.

Executive Summary

Axiom Investors, LLC (Axiom) has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014. LACERS' portfolio is currently valued at \$323 million as of June 30, 2024. Axiom is currently on watch status since April 2023 for underperformance. Considering the timing of the 2024 Asset Allocation study and the high transition cost of an Emerging Markets strategy, staff and NEPC recommend a one-year contract extension and will continue to monitor the organization and performance of the strategy in accordance with the LACERS Manager Monitoring Policy (Policy).

Discussion

Background

Axiom has managed an active non-U.S. emerging markets growth equities portfolio for LACERS since April 2014 and is benchmarked against the MSCI EM Index. Axiom uses a fundamental research-based investment strategy that focuses on companies exhibiting key growth drivers, such as company-specific improvements and favorable macroeconomic and political factors. Such drivers tend to be indicators of positive company financial and stock price performance. The 13-person investment team is led by four Co-lead Portfolio Managers: Andrew Jacobson, Chief Executive Officer, and Chief Investment Officer (37 years of experience); Donald Elefson, CFA (42 years of experience); Jose Morales, CFA (36 years of experience); and Young Kim (26 years of experience).

The Board hired Axiom through the 2013 Active Emerging Market Growth Equities manager search process and authorized a three-year contract on July 23, 2013; the contract became effective on January 1, 2014. Axiom was awarded a three-year contract renewal on September 27, 2016, and one-year extensions on July 23, 2019; July 28, 2020; October 26, 2021; November 22, 2022; and on November 28, 2023. The current contract expires on December 31, 2024.

Organization

Axiom is 100% employee-owned, with 60 employees, and is headquartered in Greenwich, Connecticut. As of June 30, 2024, Axiom managed over \$23.7 billion in total assets with \$7.7 billion in the emerging markets growth equities strategy.

Due Diligence

Staff conducts routine due diligence of the manager that includes quarterly portfolio reviews and ad hoc investment discussions. LACERS staff and NEPC last conducted an onsite meeting at Axiom's headquarters on October 18, 2023, that included interviews with key personnel across the organization. Staff notes that Axiom's investment philosophy, strategy, and process have not changed materially since the most recent contract extension. In addition, NEPC's research team has also held several meetings with Axiom, both in person and via video, over the past year, and continues to rate Axiom a 1-rated manager (NEPC's highest rating) for emerging markets.

Axiom was initially placed on "On Watch" status for performance on April 17, 2019. After conducting a thorough review of Axiom's underperformance relative to its benchmark in place at the time, the MSCI EM Growth Index, staff and NEPC determined that the MSCI EM Growth Index had become increasingly concentrated in a few stocks since inception of LACERS' account and that the benchmark was no longer an effective measure by which to compare Axiom's strategy. As of June 30, 2020, Axiom no longer triggered watch status due to performance. However, on July 28, 2020, the Board approved a change of Axiom's benchmark from the MSCI EM Growth Index to the more diversified MSCI EM Index with the condition that Axiom remain on watch through August 1, 2021, to monitor Axiom for consistency with its stated strategy. The benchmark change became effective on August 1, 2020.

Subsequently, two material organizational changes at Axiom led to further extensions of Axiom's watch status. First, on September 29, 2020, Axiom announced that Chris Lively would be stepping down from his role as co-lead portfolio manager of the emerging markets growth equities strategy for personal reasons, triggering an extension of Axiom's existing watch status to October 1, 2021. Andrew Jacobson, Axiom's founder, CEO and CIO, and the original architect of the strategy, replaced Mr. Lively as co-lead of the strategy alongside Donald Elefson and Jose Morales. In addition, Axiom hired Young Kim in March 2021 as a fourth co-lead portfolio manager to expand the team's capabilities.

Second, on August 18, 2021, Axiom announced that Kurt Polk, Axiom's President, would be leaving the firm at the end of the year for personal reasons, triggering a further extension of Axiom's existing watch status to October 1, 2022. The firm has no plans to fill the President position. Axiom's existing management committee has assumed Mr. Polk's responsibilities and currently consists of the following members: Edward Azimi, Chief Operating Officer; Lindsay Chamberlain, Managing Director of Client Partnerships; Jonathan Ellis, Director of Research and Portfolio Manager; Andrew Jacobson, CEO and CIO; and Denise Zambardi, Senior Vice President and Chief Compliance Officer and Controller. Further, Axiom has hired additional support personnel for the management committee members.

After closely monitoring and conducting routine due diligence on Axiom's organizational changes and the strategy's benchmark change over the last few years, staff and NEPC are satisfied that Axiom has appropriately addressed these matters. The changes have not resulted in any changes to Axiom's

stated investment philosophy and strategy, nor have they had a material adverse impact to the management of the investment strategy and LACERS assets.

Performance

Axiom has underperformed in the 3-Year, 5-Year, 10-Year, and Since Inception time periods compared to the Axiom Blended Benchmark as presented in the following table. However, recent performance of the 3-Month and 1-Year performance has outperformed its benchmark.

Annualized Performance as of 6/30/24 (Net-of-Fees)						
	3-Month	1-Year	3-Year	5-Year	10-Year	Since Inception
Axiom	5.58	15.28	-9.46	2.63	2.81	3.29
Axiom Blended Benchmark*	5.00	12.55	-5.07	6.21	5.02	5.32
<i>% of Excess Return</i>	<i>0.58</i>	<i>2.73</i>	<i>-4.39</i>	<i>-3.58</i>	<i>-2.21</i>	<i>-2.03</i>

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

While Axiom has underperformed from 3-Year and longer periods, recent 1-Year performance has shown that the manager’s investment thesis may be unfolding in a positive direction. Both staff and NEPC believe that the underperformance over the past is not indicative of a broader structural issue with their investment philosophy.

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

Calendar Year Performance as of 12/31/23 (Net-of-Fees)									
	2023	2022	2021	2020	2019	2018	2017	2016	2015
Axiom	5.67	-31.17	-4.28	32.46	24.70	-17.64	40.56	8.40	-12.44
Axiom Blended Benchmark*	9.83	-20.09	-2.54	32.02	25.10	-18.26	46.80	7.59	-11.34
<i>% of Excess Return</i>	<i>-4.16</i>	<i>-11.08</i>	<i>-1.74</i>	<i>0.44</i>	<i>-0.40</i>	<i>0.62</i>	<i>-6.24</i>	<i>0.81</i>	<i>-1.10</i>

*Axiom Blended Benchmark incorporates MSCI EM Growth Index returns prior to August 1, 2020 and MSCI EM Index returns from August 1, 2020 to present.

Staff recognizes that Axiom’s strategy has underperformed and had placed Axiom “On Watch” as of April 11, 2023. Despite continued disappointing performance, the watch period was extended on April 16, 2024, due to the pending asset allocation changes around several asset classes (including discussion of reducing public market non-US equity exposure) and the potential cost efficiencies of conducting such an asset transition project under a comprehensive asset class restructuring approach following a possible Board decision on its asset allocation policy in Q3 2024. Staff and NEPC will

continue to closely monitor Axiom's performance in accordance with investment managers on watch and take appropriate action pursuant to Policy, as necessary.

Fees

LACERS pays Axiom an effective fee of 56 basis points (0.56%), which is approximately \$1.8 million annually based on the value of LACERS' assets as of June 30, 2024. This fee ranks in the 22nd percentile among its peers in the eVestment All Emerging Markets Equity Universe (i.e., Axiom's fee is lower than 78% of peers).

General Fund Consultant Opinion

NEPC concurs with these recommendations.

Strategic Plan Impact Statement

A contract extension with Axiom will allow the fund to maintain a diversified exposure to the non-U.S. equities emerging markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared by: James Wang, CFA, CAIA, Investment Officer I, Investment Division

NMG/RJ/WL/EC/JW:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System

From: NEPC, LLC

Date: August 13, 2024

Subject: Axiom Investors – Contract Extension

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) extend their contract with Axiom for a period of one year from the date of contract expiry. NEPC has held several meetings with Axiom, both in person and via video, over the past year. NEPC continues to support a 1-rating for the firm and the emerging market equity product. NEPC's rating of 1 represents the highest rating. NEPC believes the team is very capable and committed to implementing their growth philosophy.

Background

LACERS hired Axiom on April 11, 2014 to provide the Plan with public equity exposure to emerging markets. The portfolio's strategy is benchmarked against the MSCI Emerging Markets Index and has a performance inception date of May 1, 2014. As of May 31, 2024, Axiom managed \$306.7 million, or 1.3% of Plan assets in a separately managed account. The performance objective is to outperform the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years).

The firm has been on and off "Watch" status for various reasons over the past few years. Axiom is currently on Watch for performance reasons. In late 2021, Axiom's President retired and the firm elected to not replace him. His duties were spread across the members of the firm's Executive Committee. The team added Young Kim to the portfolio management team of the Emerging Markets strategy. Young Kim came to the firm from Columbia Threadneedle where he was a co-portfolio manager. In 2020, one of the portfolio managers left the firm due to medical reasons and he was replaced by the Chief Investment Officer, Andrew Jacobson. Mr. Jacobson was the original architect of the strategy. All of these actions triggered a Watch status.

With the passage of time, the team has remained stable. NEPC feels confident that the team will be able to manage the strategy in accordance with Axiom's investment philosophy and portfolio guidelines. Because of this confidence in the team, NEPC Research recommended upgrading the status of the Axiom Emerging Markets strategy from "Watch" to "No Action".

Starting in August of 2020, the benchmark was changed from the MSCI Emerging Markets Growth index to the broader MSCI Emerging Markets index. The benchmark change request was granted given the growing level of concentration in the growth index. The change to the benchmark did not result in a change to the portfolio's style or investment strategy.

The current structure of LACERS' total emerging market equity exposure includes an anchor index portfolio, coupled with two style-specific active portfolios including Axiom (growth) and DFA (value). The emerging markets allocation is rounded out with an active small cap growth portfolio. Emerging markets is an asset class where we see the majority of active managers outperforming the MSCI

Emerging Markets index over longer periods of time. We are supportive of maintaining the current structure.

Firm Overview

Axiom is an independent, employee-owned investment management firm based in Greenwich, CT with a 25+ year history of managing global, international, and emerging market equity portfolios and was founded in 1988 by Andres Jacobson. Firm assets under management (AUM) as of March 31, 2024, were \$22.8 billion. The Emerging Markets Equity strategy's AUM is \$5.0 billion as of March 31, 2024. This is down from the strategy's peak AUM of \$8.88 billion that occurred in June of 2021.

Most of the decline in AUM has come from the negative performance of the strategy with product assets down 31% from the high AUM of June 2021. The strategy has seen poor relative performance versus the MSCI EM index. Despite this under-performance, the firm has experienced cash flows into the strategy in 2021, 2022, and 2023. This is quite surprising as many other growth managers in the emerging markets equity space have experienced outflows from their strategies. Axiom attributes the inflows and steadiness of assets to the type of clients that are invested in the strategy. Axiom prefers institutional clients since they believe this client type is more understanding of the vicissitudes of relative performance which Axiom's strategies can sometimes experience. Axiom seeks investors who are willing to be with them for long periods of time and they try to avoid retail investors.

The Axiom Emerging Markets team is currently co-led by Andrew Jacobson and three co-Portfolio Managers. Don Elefson and Jose Gerardo Morales have been on the team overseeing the strategy since 2012 and 2017 respectively. Young Kim joined the emerging markets team as co-Portfolio manager in early 2021. Andrew Yoon departed from the firm at the end of 2023 after only joining the firm in 2021. While Andrew Yoon was not a named portfolio manager on the Emerging Markets Equity strategy he was a portfolio manager on the Emerging Markets World strategy. The strategy is supported by Axiom's team of Global Research Analysts, Portfolio Research Analysts, and Research Associates.

The Axiom investment philosophy employs an active, fundamental, bottom-up, growth-oriented investment discipline across all strategies firm-wide. Axiom does not begin the research process with screening databases. This approach tends to be more backward looking, assumptions need to be made on future growth and valuation metrics and they believe there is an inordinate amount of forecast error associated with these assumptions. In order to reduce forecast error and better understand how enterprises currently operate and will perform going forward, Axiom's investment team conducts detailed fundamental stock analysis to identify companies whose current operational metrics are materially pacing ahead of market expectations, where these operational improvements are not yet reflected by the market and where these improvements will lead to earnings upgrades and share price appreciation. The investment team monitors these operational metrics against consensus expectations in real time and Axiom seeks to provide 200 - 400 basis points of outperformance over a full market cycle by investing in dynamic growth opportunities.

Performance

Referring to Exhibit 1, as of March 31, 2024, since inception (May 1, 2014) the portfolio has trailed the blended benchmark. Over the past year ending March 31, 2024, the portfolio has underperformed the benchmark by 130 basis points and ranked in the 71st percentile of its peer group.



Referring to Exhibit 2, the portfolio has exhibited many calendar years of strong performance versus peers and its benchmark. However, performance in 2021, 2022, and 2023 trailed peers and the benchmark. This time period has been particularly unkind to growth stocks. After three years of underperformance, the strategy is off to a promising start in 2024. Year-to-date as of March 31, 2024, the strategy is outperforming the benchmark by 410 basis points and ranked in the 8th percentile of its peers. New holdings in the portfolio have done well so far in 2024.

The team does not believe the underperformance over the last three calendar years is a sign of a larger structure issue with their investment philosophy. The team believes that growth will continue to lead value into the future. This is in part because they believe that growth will become more scarce. This is based on a few factors: demographics, debt, de-globalization, and disruption from information technology. Andrew has described the years from 1926-2006 as a time when value mostly outperformed growth. Each of the four D's were advantageous to growth stocks. Growing populations favored cyclical stocks that would rise with the growth of the populations. Debt provided extra capital to leverage the growth. Globalization kept prices low and increased trade. Disruption in information technology allowed people to reduce costs. All four of these phenomenon will likely reverse according to Axiom.

Fees

The portfolio has an asset-based fee of 0.56% annually. This fee ranks in the 22nd percentile among its peers in the eVestment All Emerging Markets Equity universe. In other words, 78% of the products included in the peer universe have a higher fee than the LACERS Account.

Conclusion

NEPC believes the investment team is extremely capable and exhibits their deep commitment to implementing the team's growth investment philosophy. Despite the recent underperformance of the strategy, the team remains committed to their investment philosophy and they believe the most recent market environment is one where their investment philosophy would underperform. They believe their strategy will have difficulty in environments where there are drastic rotations out of growth stocks into value stocks. This type of environment tends to favor cyclical stocks that have less sustainable earnings growth than the Axiom team is looking for in companies. Finally, the strategy will have difficulty in markets driven by extreme policy intervention which has historically discounted typical earnings drivers and caused rotations into distressed stocks.

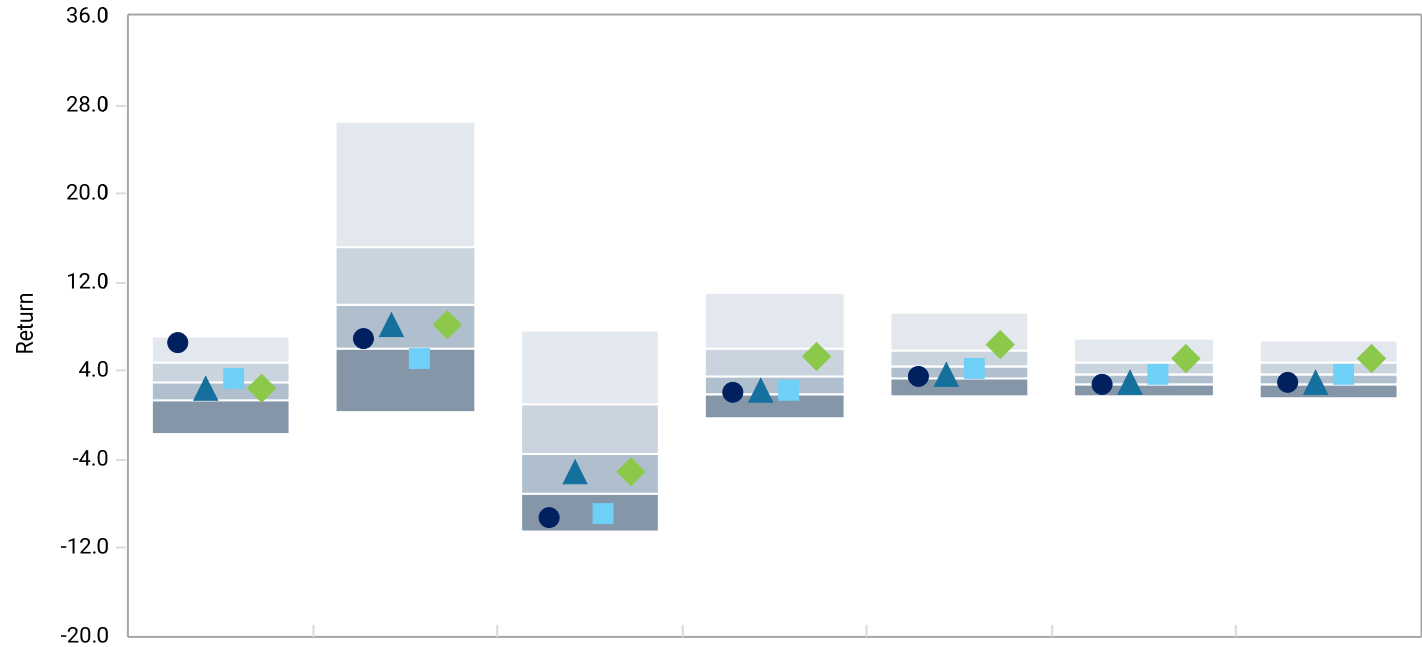
The following tables provide specific performance information, net of fees referenced above.



Los Angeles City Employees' Retirement System

AXIOM EMERGING MARKETS

Axiom Emerging Markets vs. eV Emg Mkts Equity

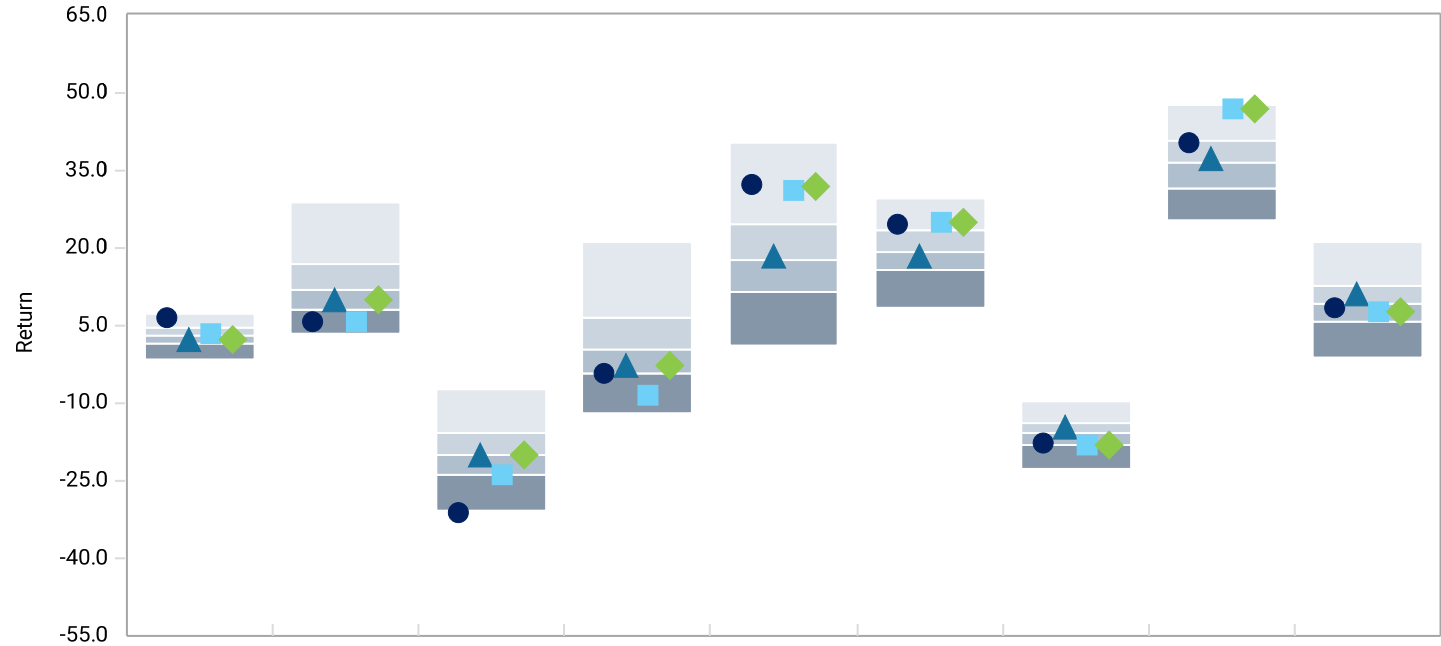


	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	10 Yrs (%)	Inception (%)
● Axiom Emerging Markets	6.5 (8)	6.9 (71)	-9.2 (91)	2.0 (75)	3.5 (74)	2.8 (77)	3.0 (71)
▲ MSCI Emerging Markets (Net)	2.4 (57)	8.2 (62)	-5.1 (60)	2.2 (73)	3.7 (68)	2.9 (74)	2.9 (74)
■ MSCI Emerging Markets Growth (Net)	3.4 (44)	5.2 (80)	-8.9 (89)	2.2 (73)	4.2 (56)	3.6 (54)	3.7 (52)
◆ Axiom Custom Blended BM	2.4 (57)	8.2 (62)	-5.1 (60)	5.2 (31)	6.3 (21)	5.1 (18)	5.2 (18)
5th Percentile	7.2	26.6	7.6	11.1	9.2	6.9	6.8
1st Quartile	4.7	15.3	0.9	6.1	5.9	4.7	4.7
Median	3.0	9.9	-3.5	3.6	4.4	3.7	3.7
3rd Quartile	1.4	6.0	-7.0	1.9	3.4	2.9	2.9
95th Percentile	-1.6	0.3	-10.5	-0.2	1.6	1.7	1.6
Population	455	443	399	358	314	259	259

Los Angeles City Employees' Retirement System

AXIOM EMERGING MARKETS

Axiom Emerging Markets vs. eV Emg Mkts Equity



	YTD (%)	2023	2022	2021	2020	2019	2018	2017	2016
● Axiom Emerging Markets	6.5 (8)	5.7 (91)	-31.2 (96)	-4.3 (76)	32.5 (12)	24.7 (19)	-17.6 (69)	40.6 (26)	8.4 (55)
▲ MSCI Emerging Markets (Net)	2.4 (57)	9.8 (63)	-20.1 (50)	-2.5 (67)	18.3 (47)	18.4 (57)	-14.6 (33)	37.3 (42)	11.2 (35)
■ MSCI Emerging Markets Growth (Net)	3.4 (44)	5.8 (90)	-24.0 (76)	-8.4 (89)	31.3 (13)	25.1 (19)	-18.3 (76)	46.8 (7)	7.6 (62)
◆ Axiom Custom Blended BM	2.4 (57)	9.8 (63)	-20.1 (50)	-2.5 (67)	32.0 (13)	25.1 (19)	-18.3 (76)	46.8 (7)	7.6 (62)
5th Percentile	7.2	28.8	-7.3	21.1	40.3	29.8	-9.8	47.8	21.0
1st Quartile	4.7	16.9	-15.8	6.7	24.7	23.6	-13.7	40.7	12.8
Median	3.0	12.0	-20.1	0.5	17.8	19.4	-15.8	36.4	9.2
3rd Quartile	1.4	8.3	-23.9	-4.3	11.6	15.9	-18.3	31.4	5.7
95th Percentile	-1.6	3.6	-30.8	-11.9	1.0	8.6	-22.8	25.3	-1.2
Population	455	451	471	478	475	482	457	444	433

CONTRACT EXTENSION
AXIOM INVESTORS, LLC
ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current one-year contract extension with Axiom Investors, LLC (Axiom) for active non-U.S. emerging markets growth equities portfolio management expires on December 31, 2024; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom's performance with its stated growth strategy relative to its benchmark; and,

WHEREAS, on August 27, 2024 the Board approved the Investment Committee's recommendation to approve a one-year contract extension.

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>	Axiom Investors, LLC
<u>Service Provided:</u>	Active Non-U.S. Emerging Markets Growth Equities Portfolio Management
<u>Effective Dates:</u>	January 1, 2025 through December 31, 2025
<u>Duration:</u>	One year
<u>Benchmark:</u>	MSCI Emerging Markets Index
<u>Allocation as of June 30, 2024:</u>	\$323 million

August 27, 2024



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 27, 2024

ITEM: IX - E

SUBJECT: PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Board adopt the updated Principles for Responsible Investment (PRI) Action Plan and the updated ESG Risk Framework.

Executive Summary

As a signatory of the PRI, LACERS has committed to incorporate environmental, social, and governance (ESG) factors into investment decisions and the investment process. An annual review of the PRI Action Plan (PRI Plan) and ESG Risk Framework Action Plan demonstrates LACERS' support of and commitment to ESG and the six Principles for Responsible Investment.

Discussion

On April 9, 2019, the Board of Administration approved becoming a signatory of the PRI; LACERS officially became a PRI signatory on September 3, 2019.

Responsible investing incorporates ESG factors into investment decisions and the investment process to better manage risks and generate sustainable, long-term outperformance. As a signatory, LACERS has agreed to consider ESG factors by abiding by the PRI. The six PRI are:

- **Principle One:** We will incorporate ESG issues into investment analysis and decision-making processes.
- **Principle Two:** We will be active owners and incorporate ESG issues into our ownership policies and practices.
- **Principle Three:** We will seek appropriate disclosure on ESG issues by the entities in which we invest.
- **Principle Four:** We will promote acceptance and implementation of the Principles within the investment industry.

- **Principle Five:** We will work together to enhance our effectiveness in implementing the Principles.
- **Principle Six:** We will each report on our activities and progress towards implementing the Principles.

As a signatory, LACERS is expected to meet several minimum responsibilities, including:

1. Adopting a responsible investment policy that covers at least 50% of assets under management;
2. Assigning staff to implement the responsible investment policy;
3. Having the backing of senior-level management;
4. Developing accountability mechanisms;
5. Completing the PRI annual report; and,
6. Submitting an annual signatory fee.

To ensure that LACERS continues to progress and continually develop its responsible investment program, staff developed an operational PRI Plan that was initially adopted by the Board on November 19, 2019, and reviewed by the Board on July 13, 2021, August 9, 2022, and August 22, 2023. The PRI Plan outlines several administrative, operational, and policy initiatives that LACERS may pursue over the next two years. The PRI Plan is also color-coded to designate specific initiatives and recurring activities that are: 1) policy considerations; 2) operational; 3) research questions or discussions; and 4) collaborative or promotional. The Plan is not an exhaustive list of ESG initiatives that LACERS could pursue, but a feasible set of initiatives that will allow LACERS to maintain a commitment to PRI.

On April 27, 2021, Board approved the LACERS ESG Risk Framework (Framework) as a response to the Los Angeles City Council's approved motion (C.F. 19-1577) requesting the Board to provide a report addressing certain climate risks. The Framework includes a Framework Action Plan (Framework Plan), an operational plan similar to the PRI Plan, that highlights administrative, operational, and policy initiatives that LACERS may pursue over the next two years to ensure that staff continues to address ESG risks.

The PRI Plan and Framework Plan are updated annually near fiscal year end to reflect progress against specific objectives, disclosure of new ESG information and issues, and changes in Board priorities. The updated PRI Plan (Attachment 1) and updated Framework Plan (Attachment 2) reflect a continuation of the existing plans. The Framework has been updated to reflect updated fossil fuel exposure.

During Fiscal Year 2023-2024, LACERS accomplished the following key responsibilities:

1. Hosted the fourth Emerging Manager (EM) Symposium on April 1, 2024;
2. Continued to monitor engagement efforts with portfolio companies;
3. Enhanced efforts to promote LACERS' ESG Program, including participating on nine ESG panels at conferences;
4. Attended 36 ESG related conferences, and spent 260 hours working on ESG related projects; and
5. Continued to develop analytics and metrics from MSCI's ESG Manager software to evaluate the carbon footprint of the LACERS investment portfolio.

At the presentation of the PRI Action Plan and ESG Risk Framework on August 22, 2023, the Board requested that staff explore and consider a broader set of risk factors that could be integrated into these plans. Based on that request, staff plans to develop additional ESG risk factors for Board review in the second quarter of the Fiscal Year 2024-2025 to align with the scheduled review of LACERS Responsible Investment Policy. In addition, staff will continue to work on Fiscal Year 2024-2025 key responsibilities and initiatives outlined in both document plans, and then return to the Board with an updated PRI Plan and updated Framework Plan in the first quarter of Fiscal Year 2025-2026.

Prepared By: Ellen Chen, Director of Private Markets and ESG Risk Officer, Investment Officer III,
Investment Division
Daniel Becerra, Investment Officer I, Investment Division

NMG/RJ/WL/EC/DB:rm

Attachments: 1. PRI Action Plan as of August 27, 2024
 2. ESG Risk Framework and Action Plan as of August 27, 2024

PRI Action Plan - August 27, 2024

Color Guide:

Green = Policy Consideration Blue = Operational Orange = Research Question/Discussion Purple = Collaboration, Promotion

PRI Action Plan	FY 2024-25				FY2025-26			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Administrative Priorities	PRI Action Plan Status and ESG Risk Framework Action Plan Update to Board		Revise Action Plans as Needed		PRI Action Plan Status and ESG Risk Framework Action Plan Update to Board		Revise Action Plans as Needed	
	Evaluate Climate Transition Impact and Present Options to Board							
	Streamline PRI Tracking and Reporting System							
	Attend PRI Conference				Attend PRI Conference			
Principle One:	<i>We will incorporate ESG issues into investment analysis and decision-making processes</i>							
Update Investment Policy	Review and Revise RI Policy as Needed							
Manager Selection Processes	Work With Consultant to Determine How to Evaluate Effectiveness of ESG Strategies and Fiscal Impact							
	Explore ESG Criteria for Future Manager and Fund Evaluation							
	Implement ESG Questions during Search Process, Due Diligence of Prospective and Incumbent Managers							
ESG / Impact Fund Investment	Discuss Integration of ESG and Responsible Investment Policy with Asset Allocation and Risk Budgeting Framework							
	Research Active & Passive ESG Investment Strategies for Possible Inclusion in Asset Allocation							
Principle Two:	<i>We will be active owners and incorporate ESG issues into our ownership policies and procedures</i>							
Proxy Voting Guidelines	Provide Annual Proxy Voting Report to Board	Evaluate Proxy Voting Guidelines and Amend Policy to align with Responsible Investment Policy			Provide Annual Proxy Voting Report to Board			
Corporate Engagement	Engage in Shareholder Advocacy and Collaborate on Specific Shareholder Issues and Proposals							
	Partner with ESG-Related Organizations and Actively Contribute and Participate Within Those Organizations							
	Engagement on ESG Issues and Assess Exposure Risks Based on Board Priorities and Responsible Investment Policy							
Principle Three:	<i>We will seek appropriate disclosure on ESG issues by the entities in which we invest</i>							
Streamline ESG evaluation of investments	Track and Monitor ESG Exposure							
Track ESG data of Private Market Investments	Request Investment Managers to Report ESG Activity on a Periodic Basis							
	Encourage GPs to Adopt ESG Decision-Making Framework							
	Explore Options for Understanding ESG Impacts of Current and Future Private Market Exposures							
	Consider ESG Disclosure in Side Letter Agreements							
Principles Four & Five:	<i>We will promote acceptance and implementation of the Principles within the investment industry & We will work together to enhance our effectiveness in implementing the Principles</i>							
Participate in ESG/RI Trade Associations	Attend PRI, ESG, RI Workshops and Events							
Participate in governance and policy discussions	Participate in ESG-Focused Advocacy Organizations and Explore Leadership Roles							
	Educate Peer Plans, Local Officials, and Members About LACERS RI Policy							
	Collaborate with Partner ESG Organizations on Evolving ESG Issues and Policies							
Principle Six:	<i>We will report on our activities and progress towards implementing the Principles</i>							
Annual PRI Reporting	Complete PRI Report	Prepare for PRI Reporting			Complete PRI Report	Prepare for PRI Reporting		
Create accountability measures for ESG reporting	Monitor Tracking of PRI-Aligned ESG Efforts							
	Research and Implement Best Practices for ESG Data Management and Validation							

ESG RISK FRAMEWORK

As an evolving responsible investor, the Los Angeles City Employees' Retirement System (LACERS), recognizes that environmental, social, and governance (ESG) risk factors can impact portfolio performance. LACERS' ESG Risk Framework is designed as a comprehensive, integrated approach to considering and addressing ESG risk factors within the LACERS Investment Program with an emphasis on guidance and implementation activities and initiatives at the operational level.

The Framework presents a methodical process and step-based approach around five key priority points:

1. Investment Policy and ESG Governance
2. Integration of the Principles for Responsible Investment (PRI)
3. ESG Risk Exposures
4. ESG-Focused Investing
5. ESG Risk Framework Action Plan

Priority 1 – Investment Policy and ESG Governance¹

The Framework shall be designed and implemented according to LACERS' Investment Policy.

I. LACERS Investment Policy

The Investment Policy guides the investment management of plan assets. It is a living document that is regularly reviewed and updated to address emerging risks, new market opportunities, and changes to laws and regulations. The Investment Policy includes several focused sub-policies that address specific investment considerations. The sub-policies named below are most closely linked to LACERS' ESG Risk Framework.

A. Responsible Investment (RI) Policy

The RI policy is LACERS' master policy framework that addresses ESG issues that are consistent with the Board's fiduciary standards and the overarching Investment Policy. The primary purpose of this policy is to outline various forms of ESG risk and to identify strategic paths and actions that can add long-term value to LACERS investments.

B. Proxy Voting Policy

The Proxy Voting Policy provides LACERS' position and rationale for shareholder votes regarding ESG issues. As good corporate governance practices are widely

¹ Detailed information regarding the policies mentioned in Priority 1 can be found in the LACERS Investment Policy located at the following link: https://www.lacers.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639

believed to increase shareholder value, public retirement systems across the country are becoming more active in encouraging good corporate governance practices among companies in which they own stock. If the Proxy Voting Policy is silent on an issue, LACERS defers to the recommendation of the System's proxy voting agent and relies on the agent's research expertise.

C. Emerging Investment Manager Policy

The objective of the Emerging Investment Manager Policy is to identify investment firms with the potential to add value to the LACERS investment portfolio that would otherwise not be identified by the standard LACERS investment manager search process. While these managers may not have as fully formalized ESG processes, LACERS' investment with such managers along with appropriate oversight of the portfolio will assist in formalizing and improving risk management for all key risks, including ESG risk factors.

Priority 2 – Integration of Principles for Responsible Investment (PRI)

LACERS became a PRI signatory on September 3, 2019, making a commitment to incorporate ESG risk factors into its decision-making process. LACERS has a duty to act in the best long-term interests of its plan beneficiaries. To ensure that LACERS continues to progress and further evolve its ESG program, an inaugural operational PRI Action Plan (Plan) was reviewed and approved by the Board on November 12, 2019 and is revised and approved annually. The Plan outlines administrative, operational, policy considerations, research initiatives, and collaborations that support the six PRI principles over a rolling two-year forward calendar.

Implementation of ESG under the PRI structure does not end with LACERS alone; LACERS is taking a multi-faceted approach to responsible investment through coordination with its investment partners. Many of LACERS' investment managers and investment consultants are also PRI signatories; these managers are also actively working to improve their identification and management of ESG risks in order to enhance portfolio returns. By leveraging its relationships with firms that are PRI signatories, LACERS is able to magnify its ESG impact more efficiently and effectively across a wider portion of its Investment Program.

Priority 3 – ESG Risk Exposures

LACERS' Investment Program is managed according to industry best-practices, which is articulated in its Investment Policy. LACERS believes that considering and managing ESG risk factors is consistent with its fiduciary duties. Exposures to certain industry

sectors or portions of industry sectors may expose LACERS to risk factors that are inadequately valued or misaligned with LACERS current policies.

LACERS has identified a number of risk exposures through its RI Policy and Proxy Voting Policy that can be segregated along E, S, and G categories (see expanded versions of these policies at https://www.lacers.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639).

Environmental Risk Factors: include quality of air and water, climate change, and land protections.

Social Risk Factors: include human rights, civil liberties, respect for political rights, discrimination, and workers’ rights.

Governance Risk Factors: include (but not limited to) boards, audit, compensation, shareholder rights and takeover defenses, capital structure, corporate restructuring, social and environmental issues.

LACERS reviews its Proxy Voting Policy on a biennial basis to ensure that its voting positions are aligned with the goals and objectives of its RI Policy.

I. Responsibilities of Managing ESG Risk Factors

ESG risk factors must be managed continually and professionally in order to realize appropriate risk mitigation in an effective and resource-efficient manner. The following table provides for a delegation of responsibilities to support ESG risk factor management.

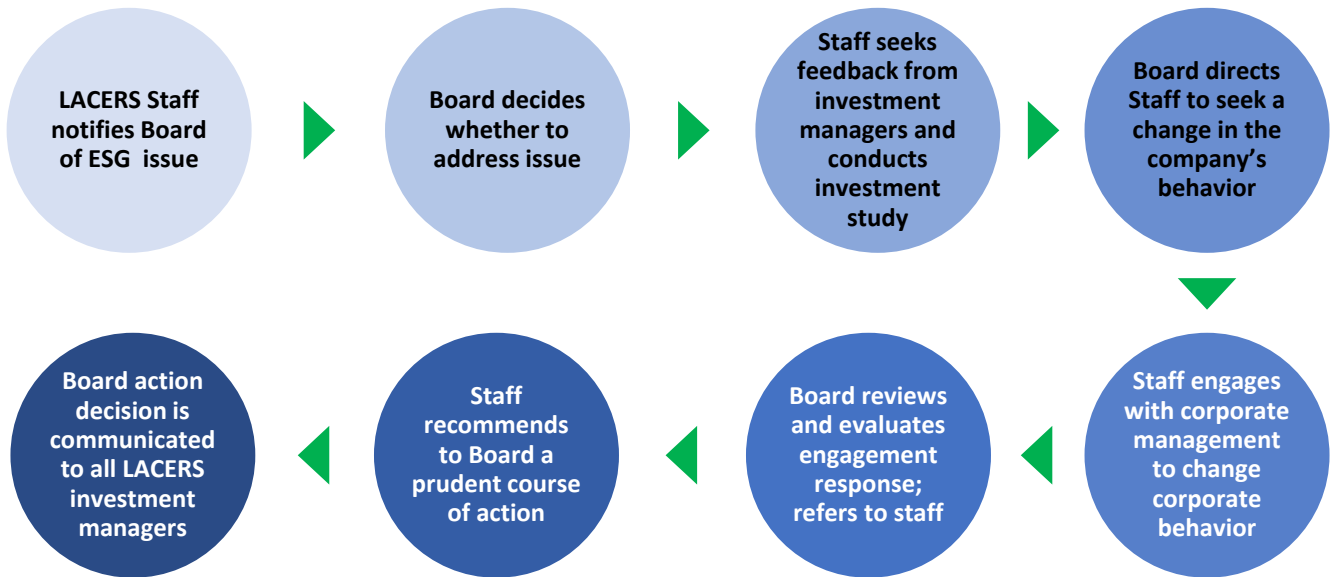
Board	Staff	Consultant	Bank Custodian
<p>Develop appropriate policies to ensure that ESG risk factors and investment opportunities are appropriately considered as part of the LACERS’ investment processes</p> <p>Review ESG status reports and provide further direction to staff</p> <p>Consider staff-recommended actions to address ESG risk factors that cannot be mitigated through existing delegated authority</p>	<p>Integrate ESG risk factors within current policy frameworks</p> <p>Communicate with investment consultants and investment managers regarding compliance with Responsible Investment Policy and PRI Action Plan</p> <p>Consider use of watch lists to assist with identification of high-level risk factor companies</p>	<p>Provide ESG education to the Board and staff</p> <p>Furnish research reports, customized reports, and other tools to understand current trends in ESG</p> <p>Provide methodology to rank external investment managers during a procurement solicitation</p>	<p>Place rules and parameters in place to capture and flag risky assets held in the Fund’s portfolio</p> <p>Help implement a watch list and security identification for risky assets</p> <p>Provide options on reports available for ESG related alerts</p>

II. ESG Risk Mitigation Process

Some ESG risk factors can be addressed and mitigated using a variety of policy, management, and Framework tools. Other ESG risk factors may require Board

intervention and guidance, especially in situations regarding heightened levels of corporate engagement or other issues that are not addressable by existing delegated authority. The diagram below summarizes an eight step process.

Summarized Process for Identifying and Mitigating ESG Risks²



III. Previous Divestment and Engagement Actions

LACERS has previously engaged with companies and investment managers that have been identified as being misaligned with LACERS' Investment Policy according to the aforementioned ESG risk mitigation process. Engagement activities with companies and other misaligned organizations have primarily been realized through a combination of heightened communication with companies, collaboration with like-minded investors, or presentations to the Board.

IV. Climate Transition

LACERS recognizes that a structured and methodical approach to climate transition is an important acknowledgment to a significant risk factor that could impact long-term risk-adjusted performance returns and financial sustainability. LACERS will evaluate its climate transition decisions upon five non-mutually exclusive actions:

A. Engagement – This action focuses on specific actions requested by LACERS of individual companies related to their governance; or advocating specific actions with government agencies to develop appropriate regulatory policies that support climate transition initiatives or positions.

² A detailed description of the process can be found on pages 91-93 of the LACERS Investment Policy. https://www.lacERS.org/sites/main/files/file-attachments/iii_investment_policy_statement.pdf?1671043639

B. Collaboration – This action leverages the collective knowledge, experiences, clout, and asset base of like-minded investors to effectuate climate transition with specific companies or groups of similar companies. This path may be used in conjunction with engagement efforts to create a multi-pronged front of like-minded shareholders with a common climate transition cause and desired outcome.

C. Research – This action distinguishes facts from unproven beliefs, to answer questions related to the impact of ESG risk factors and climate transition, and integrates such facts and findings into discussions and deliberations that help facilitate Board investment decisions.

D. Strategic Asset Transition Initiatives - This action identifies specific investment strategies, mandates, or programs that facilitate LACERS' ability to effectuate change in its investment portfolio through asset transition based primarily on economic considerations, which may include tilts away from certain investment exposures, adding attractive opportunities that support ESG investment objectives, and/or exclusion of certain asset types from future investment.

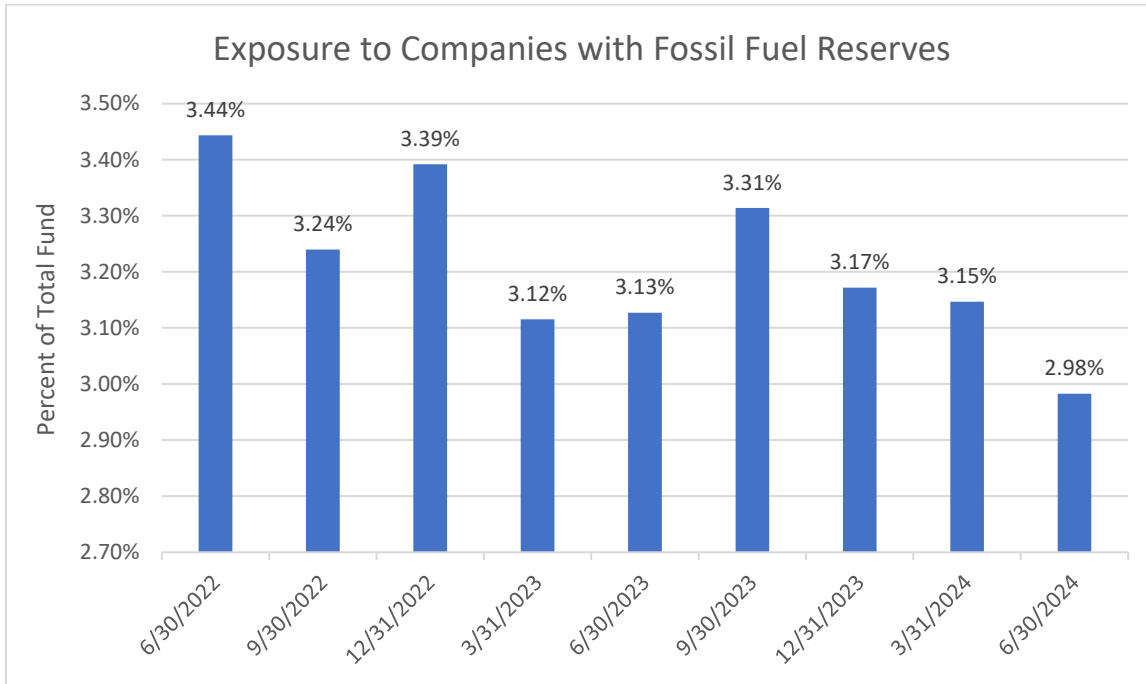
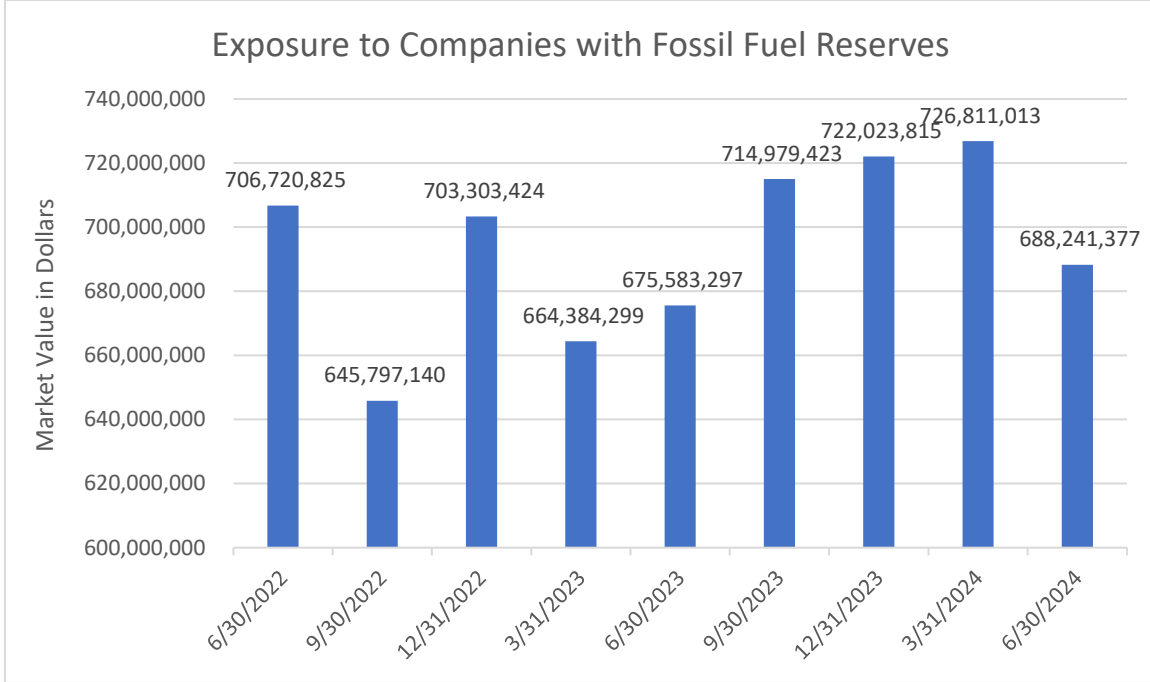
E. Responsible Investment Oversight and Periodic Reporting – Oversight and reporting keep the Board and staff apprised of progress and challenges facing the implementation and ongoing management of LACERS' ESG integration and responsible investing actions including corporate engagement and climate transition.

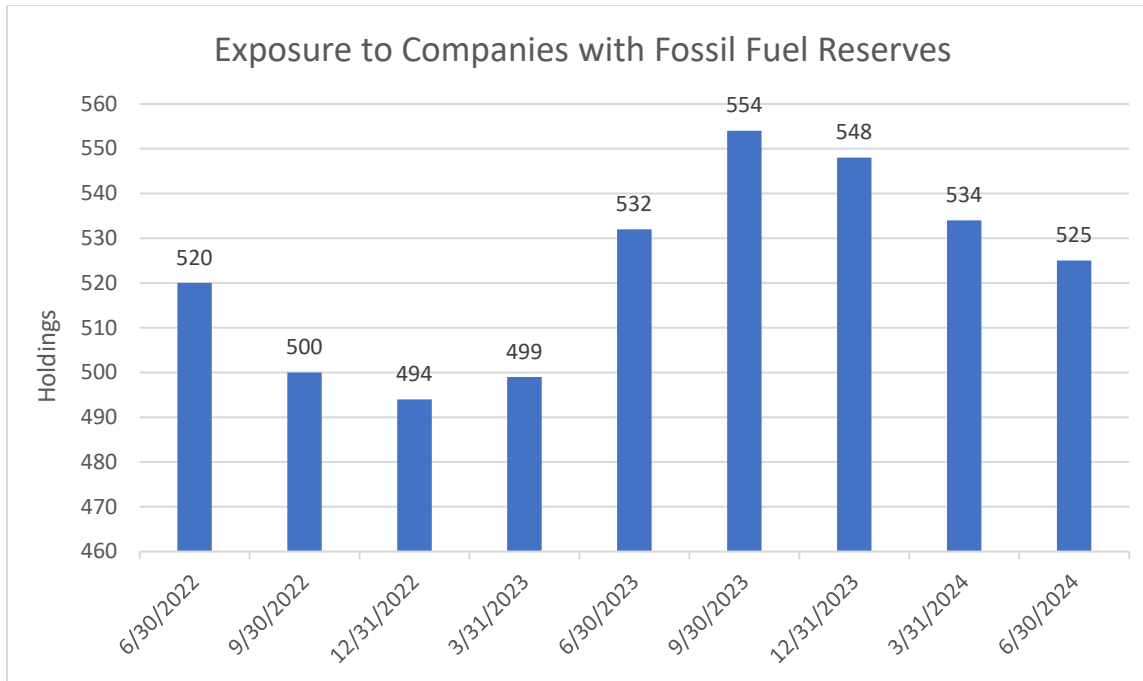
V. Fossil Fuel Exposure

LACERS recognizes that fossil fuel is a weakening segment of the energy industry whose growth prospects are in decline. LACERS believes that its limited holdings of fossil fuel companies (defined as companies with fossil fuel reserves) would be an appropriate starting point for corporate engagement as outlined in the aforementioned Climate Transition section.

A. LACERS Exposure and Historical Performance

As of June 30, 2024, the LACERS investment portfolio held 525 publicly traded companies that have fossil fuel reserves; these holdings represented approximately \$688.2 million (\$347.5 million in active funds and \$340.7 million in passive funds) in total market value, or approximately 2.98% (1.50% in active funds and 1.48% in passive funds) of the total investment portfolio.





B. Fossil Fuel Exposure Assessment

Staff, working with LACERS' investment consultant, will routinely assess on a quarterly basis the LACERS investment portfolio for holdings of publicly traded companies that have fossil fuel reserves, evaluate the financial risks stemming from such investments, and then engage with such companies that pose the greatest risk to LACERS investment portfolio. LACERS will also discuss with its actively-managed investment managers what plans are in place to transition fossil fuel holdings within the LACERS portfolio. Depending on the proposed actions of these investment managers, LACERS will determine an appropriate course of action based on its fiduciary responsibilities and provision of the Responsible Investment Policy.

Priority 4 – ESG-Focused Investing

LACERS believes that any consideration of a climate-based asset transition is in fact a two sided transaction – a replacement of one asset or set of assets traded for another asset or set of assets. LACERS may find it economically desirable to increase its ESG exposure to either offset questionable holdings or non ESG-related assets with one or more ESG-sensitive investment mandates or approaches, as described below.

I. Active Approaches to ESG

A key component of sustainable investing is active engagement with investee companies with the aim of encouraging and persuading companies to improve their ESG practices in order to provide better outcomes for all stakeholders. Additionally, active investment

management permits the investor to establish various criteria to include (but not limited to) the number of holdings, style preferences, weightings, and capitalization parameters.

In active sustainable fixed-income investing the argument is broadly the same. While debt investors do not own shares in companies, they often provide the primary or only source of capital to a company in the private sector, and even for certain countries. This gives active fixed income investors a better chance of effecting positive change.

II. Passive Approaches to ESG

Passive investment management is a rules-based approach that seeks to replicate the risk-return characteristics of a market index such as the S&P 500 and does not involve discretionary investment decisions. Staff recommends that full-replication passive strategies be exempt from security name exclusion due to portfolio management complexity and cost factors.

III. ESG-Focused Strategies

ESG-focused strategies refer to any investment strategy that makes ESG considerations an important factor when deciding whether or not to invest. LACERS, together with its investment consultants, will consider the appropriateness of such strategies through an economic risk lens and the financial impact on the LACERS Investment Program. Examples of such strategies may include portfolios that certify to standards such as sustainability, climate-focused, or ESG.

IV. Green Technology

LACERS has the ability to back venture capital managers who seek to place capital in carbon-reduction technologies, renewable energy, and other sustainability investment endeavors.

V. Emerging Investment Manager Program

Emerging investment managers refer to investment managers who have formed new investment management firms. Such managers are expected to meet the same rigorous investment criteria and standards such as a verifiable history of generating outsized performance, experienced senior investment team, proven and repeatable investment process, etc. LACERS will take into account other risk factors such as smaller staffing sizes, limited transaction sourcing, number of portfolio realizations, and access to capital raising networks.

Priority 5 - ESG Risk Framework Action Plan

LACERS has initiated several actions over the past several decades that reflect sensitivity towards ESG concerns and issues. In 2019, LACERS became an official signatory to the PRI. As a result of that signatory status, LACERS has developed investment manager selection questionnaires and due diligence checklists to more fully engage with prospective investment managers and those currently under contract.

In 2021, LACERS appointed an ESG Risk Officer to spearhead ESG priorities and to ensure a coordinated implementation of ESG risk factors among LACERS investment staff, investment managers, bank custodian, and other support vendors. This undertaking requires a carefully constructed plan to navigate a myriad of significant and material initiatives and practices to help achieve full implementation of ESG. LACERS will rely on its Framework to guide and facilitate the implementation and management of ESG within its Investment Program. The ESG Risk Framework Action Plans are presented on the following pages.

LACERS Fiscal Year 2024-25 ESG Risk Framework Action Plan

Board-Level Priorities	Staff-Level Priorities		
	Policy and Programs	Operational	ESG Collaboration
<p>Review and approve as needed the LACERS Responsible Investment Policy</p> <p>Review and approve proposed changes to ESG Risk Framework Action Plan</p> <p>Review and approve modifications to the Proxy Voting Policy</p> <p>Support partnership with organizations and entities that are aligned with LACERS beliefs regarding responsible investment, sustainability, and ESG risk factors</p> <p>Consider engagements with companies to effectuate company-level climate transition using LACERS' influence and clout as a multi-billion dollar asset owner</p> <p>Support greater transparency and reporting around ESG corporate reporting</p> <p>Support greater corporate reporting transparency on ESG risk factors</p> <p>Support greater corporate board diversity</p>	<p>Review LACERS Responsible Investment Policy and include updates; present to Board for review and approval</p> <p>Review ESG Risk Framework Action Plan and include updates; present to Board for review and approval</p> <p>Review Proxy Voting Policy; propose modifications for Committee and Board review and approval</p> <p>Update PRI Action Plan</p>	<p>Incorporate ESG Risk Factors into the investment manager selection process including RFP questionnaires, scoring of proposals, due diligence, and monitoring</p> <p>Develop specific Responsible Investment Statements for each asset class and Responsible Investment Guidelines for each LACERS investment manager, as appropriate</p> <p>Work towards determining the effectiveness of ESG-focused investing to include (but not limited to) index strategies ex-fossil fuels and actively-managed investment strategies that pursue renewable energy sources and/or reduce reliance on thermal coal and thermal coal-related businesses</p> <p>Explore third-party watch lists of companies that are deemed by the Board to be misaligned with LACERS Responsible Investment Policy or other Board directives including exposure to thermal coal</p> <p>Track and monitor exposure to investment holdings that may be misaligned with LACERS Responsible Investment Policy</p> <p>Request investment managers to report ESG activity as provided in LACERS Responsible Investment Policy and PRI reporting requirements; encourage private markets general partners to adopt ESG decision-making frameworks</p> <p>Monitor shareholder and governance issues</p> <p>Track proxy votes</p>	<p>Collaborate with partner ESG organizations including PRI and Kroner Center for Financial Research at the University of California at San Diego</p> <p>Actively participate in ESG industry events</p> <p>Engage in shareholder advocacy and collaborate on specific shareholder issues and proposals as needed</p> <p>Collaborate with members of the Los Angeles Diversity & Inclusion Roundtable</p>

LACERS Fiscal Year 2025-26 ESG Risk Framework Action Plan

Board-Level Priorities	Staff-Level Priorities		
	Policy and Programs	Operational	ESG Collaboration
<p>Review and approve updates to LACERS ESG Risk Framework</p> <p>Review and approve proposed changes to LACERS Responsible Investment Policy</p> <p>Continue to support and seek new partnership with organizations and entities that are aligned with LACERS beliefs regarding responsible investment, sustainability, and ESG risk factors</p> <p>Continue to engage with companies to effectuate company-level climate transition</p> <p>Advocate for continued support of ESG investment factors and transparency around corporate ESG reporting</p>	<p>Provide ESG Risk Framework and PRI Action Plan progress reports to the Board</p> <p>Revise ESG Action Plan based on ESG Consultant and staff recommendations</p> <p>Review LACERS Responsible Investment Policy; recommend possible changes</p> <p>Consider the appropriateness of ESG-focused investing to include (but not limited to) index strategies ex-fossil fuels and actively-managed investment strategies that pursue renewable energy sources and/or reduced reliance on thermal coal and thermal coal-related businesses</p> <p>Consider including climate transition provisions in LACERS Responsible Investment Policy</p> <p>Consider the application of Diversity, Equity & Inclusion factors in the LACERS Investment Program</p>	<p>Continue to track and monitor exposure to investment holdings that may be misaligned with LACERS Responsible Investment Policy</p> <p>Continue to request investment managers to report ESG activity as provided in LACERS Responsible Investment Policy and PRI reporting requirements</p> <p>Collect and monitor ESG reports issued by LACERS active private equity and real estate managers and for any new partnerships going forward</p> <p>Ensure ESG risk factors are considered in the investment philosophy and process for LACERS' actively managed investment mandates</p> <p>Continue to explore impact investment strategies including, but not limited to ESG-focused index strategies and actively-managed investment strategies that pursue renewable energy sources and/or reduce reliance on coal and coal-related businesses</p> <p>Work with consultant to determine how to evaluate effectiveness of ESG strategies and fiscal impact</p> <p>Continue to track proxy votes</p> <p>Explore measurement approaches to determine ESG impact on the investment portfolio</p>	<p>Continue to collaborate with partner organizations including PRI and Kroner Center for Financial Research at the University of California at San Diego</p> <p>Continue to actively participate in ESG industry events</p> <p>Continue to engage with other PRI signatories and like-minded organizations that support ESG issues</p> <p>Collaborate with members of the Los Angeles Diversity & Inclusion Roundtable</p>