



Board of Administration Agenda

REGULAR MEETING
TUESDAY, AUGUST 23, 2022
TIME: 10:00 A.M.
MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's August 23, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public
Information to call-in to listen and or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 161 065 1712

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

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

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

Notice to Paid Representatives

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

Request for Services

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

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

Disclaimer to Participants

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

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD*
- II. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 26, 2022 AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
 - C. RECOGNITION OF SERVICE FOR COMMISSIONER SANDRA LEE
- V. RECEIVE AND FILE ITEMS
 - A. [MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2022](#)
 - B. [FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2022](#)
 - C. [ANNUAL REPORT ON LACERS ORGANIZATION DIVERSITY SURVEY](#)
- VI. COMMITTEE REPORT(S)
 - A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 9, 2022
 - B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 23, 2022
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION](#)
 - B. [GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION](#)
 - C. [2023 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION](#)

- D. [INCOME-RELATED MONTHLY ADJUSTMENT AMOUNTS \(IRMAA\) AND MEDICARE PART B ONLY REIMBURSEMENT CONSIDERATION AND POSSIBLE BOARD ACTION](#)

VIII. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- B. [PRESENTATIONS BY NEPC, LLC; AKSIA CA LLC; AND TOWNSEND HOLDINGS, LLC REGARDING EMERGING MANAGER EFFORTS AND INITIATIVES](#)
- C. [NOTIFICATION OF COMMITMENT OF UP TO \\$60 MILLION IN ADVENT INTERNATIONAL GPE X, L.P.](#)
- D. [NOTIFICATION OF COMMITMENT OF UP TO €36 MILLION \(APPROXIMATELY \\$40 MILLION\) IN HG GENESIS A L.P.](#)
- E. [NOTIFICATION OF COMMITMENT OF UP TO €45.2 MILLION \(APPROXIMATELY \\$50 MILLION\) IN NORDIC CAPITAL FUND XI, L.P.](#)
- F. [NOTIFICATION OF COMMITMENT OF UP TO \\$50 MILLION IN OAK HC/FT PARTNERS V, L.P.](#)
- G. [NOTIFICATION OF COMMITMENT OF UP TO \\$25 MILLION IN BESSEMER VENTURE PARTNERS XII INSTITUTIONAL L.P.](#)
- H. [NOTIFICATION OF COMMITMENT OF UP TO \\$60 MILLION IN TCV XII, L.P.](#)
- I. [NOTIFICATION OF COMMITMENT OF UP TO \\$30 MILLION IN L2 POINT OPPORTUNITIES I, L.P.](#)

IX. OTHER BUSINESS

- X. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 13, 2022 at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XI. ADJOURNMENT

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's July 26, 2022 meeting will be conducted via telephone and/or videoconferencing.

July 26, 2022

10:02 a.m.

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

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Vice President Sohn asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF JUNE 28, 2022 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – There was no report.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Update on Board appointments
 - Member and Staff Safety
 - Kaiser Data Breach
 - Strategic Plan Update
 - Update on LACERS HQ
 - Retirement Service Division updates
 - Health Benefits Administration updates
 - Member Services updates
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- August 9th Board and Benefits Administration Committee Meetings: Presentation of the Final Health Plan Renewal Report
 - August 9th Benefits Administration Committee Meeting: IRMAA Update
 - August 23rd Board and Benefits Administration Committee Meetings: Health Subsidy Report
- C. RECEIPT OF THE CITY'S CONTRIBUTION FOR FISCAL YEAR 2022-23 – Neil M. Guglielmo, General Manager, discussed this item with the Board.
- D. RECOGNITION OF SERVICE FOR KELLY DICKINSON – Neil M. Guglielmo, General Manager, recognized Ms. Dickinson's 35 years of City service and thanked her for her service.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2022 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETINGS ON JULY 12, 2022 AND JULY 14, 2022 – Vice President Sohn stated at the July 12th Meeting, the Committee approved the Semi-Finalists of the Transition Management Services RFP and the Unique Investment Opportunities Policy and listened to a presentation by Granahan Investment Management, Inc.

regarding the management of an Active U.S. Small Cap Growth Equities Portfolio. He also stated at the July 14th Meeting, the Committee conducted the Passive U.S., Non-U.S., and Global Index Strategies Semi-Finalist interviews and approved staff's recommendation for this item.

- B. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 19, 2022 – Vice President Sohn stated the Committee was presented with the PGOLD Vendor Assessment report and approved the findings.

Commissioner Serrano left the Regular Meeting at 10:31 a.m. As this caused a lack of a quorum, Vice President Sohn took Item X-A, a non-action item out of order.

Item X-A taken out of order

X

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.7 billion as of July 25, 2022. Mr. June discussed the following items:

- \$760 million of portfolio value came from the City Contribution
- Unaudited Performance for the Fiscal Year ending June 30, 2022, was -6.8571% on gross of fee basis, and -7.0081% on a net of fee basis
- LACERS Girls Who Invest intern Camille Wright
- Future Agenda items: PRI Action Plan and ESG Risk Framework Updates, Real Estate Notification

Mr. June stated the update on Russia holdings will be discussed later in the Board Agenda.

Commissioner Serrano returned to the Regular Meeting at 10:42 a.m. As this now made a quorum of the Board, Vice President Sohn took Item VII-A next.

VII

- A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION – Commissioner Serrano stated she would like to recuse herself from this item due to the absence of other Commissioners and left the meeting at 10:42 a.m. Vice President Sohn tabled Item VII-A to be presented at a future Board Meeting.

Commissioner Serrano rejoined the Regular Meeting at 10:50 a.m.

Vice President Sohn recessed the Regular Meeting at 10:52 a.m. to convene in Closed Session discussion.

VIII

CLOSED SESSION

- A. **CLOSED SESSION – PURSUANT TO GOVERNMENT CODE §54957(b)(1): GENERAL MANAGER 2021-22 PERFORMANCE EVALUATION REPORT AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO EQT EXETER INDUSTRIAL VALUE FUND VI. L.P. AND POSSIBLE BOARD ACTION**

Vice President Sohn reconvened the Regular Meeting at 11:20 a.m. and announced that Item VIII-A was tabled to be presented at a future Board Meeting.

IX

BOARD/DEPARTMENT ADMINISTRATION

- A. **CONSIDERATION OF 2022 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION – Vice President Sohn tabled this item to be presented at a future Board Meeting.**
- B. **CONSIDERATION OF GENERAL MANAGER'S COST OF LIVING ADJUSTMENT AND POSSIBLE BOARD ACTION – Vice President Sohn tabled this item to be presented at a future Board Meeting.**

X

INVESTMENTS

- B. **PRESENTATION BY AKSIA CA LLC AND DELOITTE & TOUCHE LLP REGARDING PRIVATE EQUITY PORTFOLIO VALUATION PROCESS – David Fann, Vice Chairman, with Aksia CA LLC, and Nate Bomberger, Senior Manager, with Deloitte & Touche LLP, presented and discussed this item with the Board for 30 minutes.**
- C. **FINALIST FIRMS OF THE PASSIVE U.S., NON-U.S., AND GLOBAL INDEX STRATEGIES INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, presented this item to the Board. Commissioner Serrano moved approval of the following Resolutions:**

**CONTRACT AWARD
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the five semi-finalist candidates; and,

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with BlackRock.

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

Company Name: BlackRock Institutional Trust Company, N.A.

Service Provided: Multi Passive Index Portfolio Management

Effective Dates: September 1, 2022 through August 31, 2027

Duration: Five years

Strategies: Equity Index (S&P 500) Fund
Equity Index (S&P 500) Non-Lendable Fund
Russell 1000 Index Fund
Russell 1000 Index Non-Lendable Fund
Russell 1000 Growth Fund
Russell 1000 Growth Non-Lendable Fund
Russell 1000 Value Fund
Russell 1000 Value Non-Lendable Fund
Russell 2000 Index Fund
Russell 2000 Index Non-Lendable Fund
Russell 2000 Growth Fund
Russell 2000 Value Fund
BlackRock MSCI World ex-U.S. IMI Index Fund
BlackRock MSCI World ex-U.S. IMI Index Non-Lendable Fund
EAFE Equity Index Fund
BlackRock MSCI EAFE Equity Index Non-Lendable Fund
EAFE Equity Growth Index Fund
EAFE Equity Value Index Fund
BlackRock MSCI EAFE Small Cap Equity Index Fund
BlackRock MSCI EAFE Small Cap Equity Index Non-Lendable Fund
MSCI Emerging Markets Free Fund
Emerging Markets Index Non-Lendable Fund
Emerging Markets Small Cap Equity Index Fund
Emerging Markets Small Cap Equity Index Non-Lendable Fund
U.S. Debt Index (Bloomberg U.S. Aggregate Bond) Fund

U.S. Debt Index (Bloomberg U.S. Aggregate Bond)
Non-Lendable Fund
Bloomberg U.S. TIPS Index Fund
Bloomberg U.S. TIPS Non-Lendable Fund

**CONTRACT AWARD
RHUMLINE ADVISERS LIMITED PARTNERSHIP
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the five semi-finalist candidates; and,

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with RhumbLine.

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>	RhumbLine Advisers Limited Partnership
<u>Service Provided:</u>	Multi Passive Index Portfolio Management
<u>Effective Dates:</u>	September 1, 2022 through August 31, 2027
<u>Duration:</u>	Five years
<u>Strategies:</u>	S&P 500 Index (SMA) Russell 1000 Index (SMA) Russell 1000 Growth Index (SMA) Russell 1000 Value Index (SMA) Russell Mid Cap Index (SMA) Russell Mid Cap Growth Index (SMA) Russell Mid Cap Value Index (SMA)

S&P 400 Index (SMA)
S&P 400 Growth Index (SMA)
Russell 2000 Index (SMA)
Russell 2000 Growth Index (SMA)
Russell 2000 Value Index (SMA)
MSCI EAFE Index (SMA)
MSCI Emerging Markets Index (SMA)
Core Bond (Bloomberg U.S. Aggregate Bond) Index (SMA)

SMA = Separately Managed Account
NL CIT = Non-lending Commingled Investment Trust
SL CIT = Securities Lending Commingled Investment Trust

**CONTRACT AWARD
STATE STREET GLOBAL ADVISORS TRUST COMPANY
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the five semi-finalist candidates; and,

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with State Street.

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>	State Street Global Advisors Trust Company
<u>Service Provided:</u>	Multi Passive Index Portfolio Management
<u>Effective Dates:</u>	September 1, 2022 through August 31, 2027
<u>Duration:</u>	Five years

Strategies:

S&P 500 Index (SMA/NL CIT/SL CIT)
Russell 1000 Index (SMA/NL CIT/SL CIT)
Russell 1000 Growth Index (SMA/NL CIT/SL CIT)
Russell 1000 Value Index (SMA/NL CIT/SL CIT)
Russell MidCap (SMA)
S&P Mid Cap 400 (SMA/NL CIT/SL CIT)
Russell 2000 Index (SMA/NL CIT/SL CIT)
Russell 2000 Growth (SMA/NL CIT/SL CIT)
Russell 2000 Value (SMA/NL CIT/SL CIT)
MSCI World ex US IMI Index (SMA/NL CIT/SL CIT)
MSCI EAFE Index (SMA/NL CIT/SL CIT)
MSCI EAFE Small Cap Index (SMA/NL CIT/SL CIT)
MSCI Emerging Markets Index (SMA/NL CIT/SL CIT)
MSCI Emerging Markets Small Cap Index (SMA/NL CIT/SL CIT)
BB US Agg Bond Index (SMA/NL CIT/SL CIT)
BB U.S. TIPS Index (SMA/NL CIT/SL CIT)

SMA = Separately Managed Account

NL CIT = Non-lending Commingled Investment Trust

SL CIT = Securities Lending Commingled Investment Trust

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

Item X-E taken out of order.

- E. UNIQUE INVESTMENT OPPORTUNITIES POLICY AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, and James Wang, Investment Officer I, presented and discussed this item with the Board for 20 minutes. After discussion, the Board directed staff to update the policy with the recommended changes and bring it back to the Board for review. No Board action was taken on this item.
- D. RESPONSE TO CITY CONTROLLER REGARDING RUSSIAN ASSET HOLDINGS AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, presented this item to the Board. Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

XI

OTHER BUSINESS – Commissioner Serrano requested education on the Brown Act for the Board.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 9, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XIII

ADJOURNMENT – There being no further business before the Board, Vice President Sohn adjourned the Meeting at 12:15 p.m.

Sung Won Sohn
Vice President

Neil M. Guglielmo
Manager-Secretary

Agenda of: AUG. 23, 2022

Item No: V-A

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

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

BOARD MEMBERS:

Vice President Sung Wohn Sohn

Commissioner Annie Chao

Commissioner Elizabeth Lee

Commissioner Sandra Lee

Commissioner Nilza R. Serrano

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

MEETING: AUGUST 23, 2022
ITEM: V – B

Neil M. Guglielmo

SUBJECT: FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2022

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 is provided within this report, and the attached Business Plan Initiative (BPI) report details the year-end status of six initiatives adopted into the Business Plan for Fiscal Year 2021-22 (FY 22). One sub-initiative under the City Separation Incentive Program is complete, four BPIs from FY22 continue into FY23, while two new BPIs are added: Governance and Knowledge Transfer. Two initiatives are ongoing but will not continue as BPIs as they near fruition.

Business Plan Initiatives	
FY2021-22	FY2022-23
<ul style="list-style-type: none"> • Member Experience – continuing in FY23 • Mobile Workforce • City Separation Incentive Program (CSIP): <ul style="list-style-type: none"> ○ Audit and Evaluation ○ Service Purchase Case Backlog - completed • Diversity, Equity, and Inclusion (DEI) - continuing as Workforce Diversity, Equity, and Inclusion in FY23 • Headquarters Move – continuing in FY23 • Environmental, Social, and Governance (ESG) Investing – continuing in FY23 	<ul style="list-style-type: none"> • Member Experience • Headquarters Move • Environmental, Social, and Governance Investing • Workforce Diversity, Equity, and Inclusion • Governance • Knowledge Transfer

Discussion

LACERS FY22 BPIs and accomplishments, along with introduction of the FY23 BPIs, are all discussed herein.

Business Plan Initiatives and Achievements for Fiscal Year 2021-22

The long-term impact of COVID remains uncertain; however, LACERS continues to embrace the challenge of change as demonstrated through significant progress and success outlined in the FY22 BPIs.

Headquarters/Mobile Workforce

The pandemic shifted our work environment to a virtual space, highlighting the need to strengthen our information security and mobile computing environment. LACERS has successfully collaborated with the City in implementing cybersecurity software, strengthening our Information Technology (IT) infrastructure, and further protecting and advancing the computing and mobile environment at the new Headquarters (HQ). While technology infrastructure progresses, the HQ Project build-out is at nearly 70% completed. LACERS is focused on the remaining tenant improvement work and anticipated migration of staff from LA Times to the new HQ by December 2022.

Separation Incentive Program/Service Purchases

The CSIP initiative closes out, focusing on SIP audit and evaluation and the service purchase case backlogs. In December 2021, the Separation Incentive Program retired the final group, 80 participants from the Port of Los Angeles under the Harbor Separation Incentive Program (HSIP), with a total of 1,785 retired employees under SIP. Evaluation of the SIP process identified areas of improvement while the service purchase case backlog proved successful, resulting in reduced backlog and processing time. However, due to funding and personnel hiring constraints, the SIP audit could not proceed but will commence in FY23 as funding and hiring obstacles have been removed.

Member Experience

While LACERS has resumed limited in-person services, LACERS strives to enhance the Member experience and outreach by offering one-on-one video counseling. In addition to providing a user-friendly website, the launch of the Retirement Application Portal (RAP) in the Summer of 2021 provided Members with on-line options and capabilities for processing retirement applications, with 70% of eligible applicants utilizing the RAP to retire since inception.

Diversity Equity, and Inclusion

Aligning with our strategic goal in recruiting, mentoring, and promoting a high performing workforce, LACERS initiated efforts to implement Diversity, Equity, and Inclusion (DEI) strategies. LACERS partnered with a professor-led graduate student group from Cal State Los Angeles to provide information on these strategies in the workplace. Ongoing goals include DEI training and a designated manager to oversee future initiatives.

Environmental, Social, and Governance

In 2019, LACERS became a signatory of the Principles of Responsible Investment (PRI) and has since been committed to incorporating environmental, social, and governance (ESG) factors into investment decisions and the investment process. Earlier this year, the Board approved LACERS' Responsible

Investment Policy, designed to align with the broader mission and goals of the PRI organization and support the six PRI principles. The ESG initiative continues to make significant strides as we continue advancing the implementation of LACERS ESG Programs.

The year-end report on the six Business Plan Initiatives for FY22 is attached.

Other LACERS Goals Accomplishments

Highlights of other department accomplishments toward LACERS Strategic Goals include:

Outstanding Customer Service

- Produced and posted 50 videos on the LACERS YouTube channel and gained 1,402 subscribers, exceeding goal of 1,300 subscribers.
- Enhanced Member services through use of newly implemented video counseling.
- Launched new webinars for Legal Processing Unit and Disability.
- Resumption of partial limited in-person meetings with Members.
- Launch of the Retirement Application Portal (RAP) providing a convenient, on-line option for Members filing for retirement.

Accurate and Timely Delivery of Benefits

- Reduced processing wait time for all service buyback applications by more than 58%.
- Reduced service buyback case backlog by 19%.
- Processed 685 Service Retirements and 100 Vested Retirements.
- Processed 4 disability retirement and benefits for 850 deaths.
- Completed the Separation Incentive Programs (SIP). Retired a total of 1,785 employees under SIP, including 80 Harbor employees.
- On-time benefit payroll set-up rates for SIP: CSIP 95%; LSIP 94%

Value Health and Wellness Benefits

- Reached 2,071 participants in the Wellness Program, exceeding baseline target by 46%.
- Health Premium Savings Historical Cost Trend: 3-year average Assumed Actuarial Trend Rate (AAMTR) at 6.83% versus LACERS at -0.31%
- In 2022, realized \$8.5 million in negotiated savings from the preliminary renewal rates.
- Completed the transition from Anthem PPO/Medicare Supplement Plan to the Anthem PPO/Medicare Preferred PPO (Medicare Advantage) Plan impacting approximately 4,700 Members with anticipated savings of \$4.5 million in 2022 and expanded benefits available to enrolled plan subscribers.
- Completed transition of the Full Insurance to Self-Funding Program Anthem Blue View Vision, impacting approximately 6,900 members with no change in benefits, resulting in an estimated 4.9% annual cost savings.
- Increased the 2022 Delta Dental PPO Annual Out-of-Pocket maximum from \$2,000 to \$2,500 for In-network and from \$1,250 to \$1,750 for Out-of-network services without increasing the premium.
- Switching the Delta Dental PPO from a fully-insured plan to a self-funded plan in 2019 has resulted in LACERS retaining approximately \$4.6 million in surplus premiums. Prior to 2019 Delta Dental retained all surplus premiums.

- Completed a robust RFP for Health Plan Consulting Services.

Superior Investments

- Hosted two Emerging Investment Manager Symposiums in the Fall of 2021 and Spring of 2022, providing an opportunity for emerging managers to meet with Board and staff to discuss the LACERS Emerging Investment Program.
- Approved multi-year Principles for Responsible Investment (PRI) Action Plan in July 2021 outlining the six PRI principles to be integrated into the LACERS investment program for the current and next fiscal years.
- Board Approved staff recommended revisions to Proxy Voting Policy on April 2022, to address the most current and common ESG issues being raised by shareholders in the 2022 proxy voting season.

Good Governance

- Completed Health Insurance Portability and Accountability Act (HIPAA) audit/review with City Attorney's office that demonstrated LACERS' current policies and procedures comply with the regulatory requirements of HIPAA.
- Completed the City's Management Audit which found that LACERS is generally operating in an efficient and effective manner and highlighted many positive aspects relating to LACERS operations; proposing a total of ten recommendations, a significant improvement over the last two Management Audits.

Organizational Effectiveness, Efficiency, and Resiliency

- Continued to mature LACERS cyber security program to mitigate outside threats.
- Continued construction of LACERS' permanent headquarters facility, a long-term strategic asset of the Plan; construction completion and move in of LACERS staff is estimated for December 2022.
- Launched a Performance Management Office for organization wide initiatives.
- Submitted LACERS' ESG Risk Framework for the PRI Awards 2022 ESG Incorporation Initiative.

High-Performing Workforce

- Hired 5 employees from the Targeted Local Hire Program this year for a total of 23 since program inception and 6 employees from Bridge to Jobs.
- Increased the number of education seminars and engagement sessions held by 23%.
- Scoped and secured LACERS Learning Management System for staff training and advanced education.
- Launched LACERS Diversity, Equity & Inclusion (DEI) Initiative to ensure a fair and equitable workplace.

Business Plan Initiatives for Fiscal Year 2022-23

In the current Fiscal Year 2022-23, six major initiatives were established, and work has started on all initiatives as further described below.

Member Experience

The initiative additionally focuses on identifying which services Members value the most and implementing innovative solutions to further improve those services. LACERS continues to improve the Member experience by enhancing functionality to the Retirement Application Portal for Tier 1 Members.

Headquarters Move

The Headquarters Move initiative continues preparation for staff occupancy. Permitting delays and supply-chain constraints extended the project completion schedule, however LACERS and the Headquarters project team are actively working to ensure a successful transition with an anticipated move date to the new Headquarters by December 2022.

Environmental, Social, and Governance Investing

LACERS continues to evaluate its ESG Program in accordance with its Responsible Investment Policy and the ESG Risk Framework and PRI Action Plan, which are strategic and operational roadmaps based on the six Principles of Responsible Investment. Priorities include reviewing Proxy Voting Activity, addressing specific ESG-related matters, and evaluating ESG Analytical tools for informed decision-making.

Workplace Diversity, Equity, Inclusion

LACERS expands on the DEI initiative to foster employee development, promote equity in opportunity, and strengthen cross-divisional relationships in the workplace. LACERS seeks to implement a new learning management system and launch a new intranet toward this objective.

Governance

To reaffirm LACERS mission, vision, values, and goals are aligned, this initiative will focus on strategic planning and Board Policies Review. In addition, a LACERS and retirement industry-focused Pension Symposium is planned in Winter of 2023 to provide information and transparency for the Board and the public.

Knowledge Transfer

Institutional knowledge is a valuable resource. Benefits Operations are reliant on knowledge workers. In the next five years, many senior and key Benefits Operations Staff will be eligible for retirement. This initiative seeks to implement a succession plan to help new staff develop skills and knowledge in preparing for leadership roles.

A semi-annual report on the progress of these BPIs will be provided in January/February 2023.

Strategic Plan Impact Statement

The BPI Program seeks to enhance the Strategic Plan Goal of greater organizational effectiveness, efficiency, and resiliency.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/CK

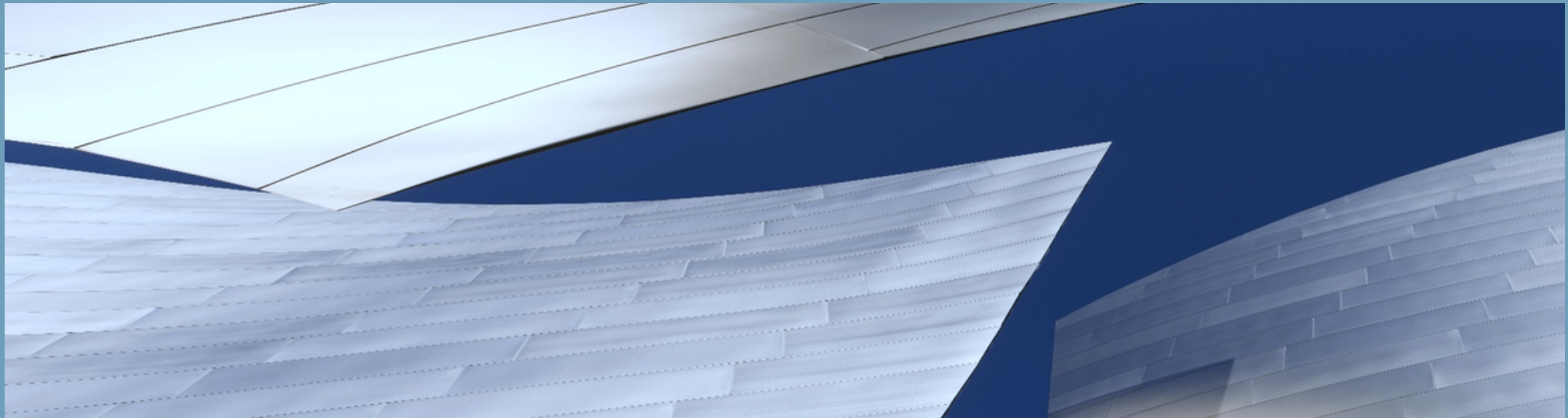
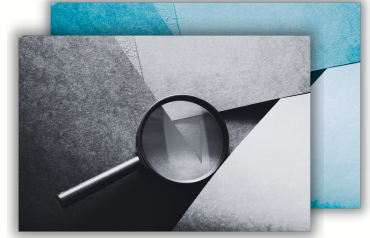
Attachment: Fiscal Year-End Report of Business Plan Initiatives Fiscal Year 2021-22 for the reporting period ending June 30, 2022

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BUSINESS PLAN INITIATIVES

BOARD Meeting: 08/23/22
Item V – B
Attachment 1



FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING
JUNE 30, 2022





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LACERS GOALS

- **OUTSTANDING CUSTOMER SERVICE**
- **ACCURATE AND TIMELY DELIVERY OF MEMBER BENEFITS**
- **IMPROVE VALUE AND MINIMIZE COSTS OF OUR HEALTH AND WELLNESS PROGRAM**
- **OPTIMIZE LONG-TERM RISK ADJUSTED RETURNS THROUGH SUPERIOR INVESTMENTS**
- **GOVERNANCE PRACTICES WHICH AFFIRM TRANSPARENCY, ACCOUNTABILITY, AND FIDUCIARY DUTY**
- **INCREASE ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, AND RESILIENCY**
- **RECRUIT, RETAIN, MENTOR, EMPOWER, AND PROMOTE A HIGH PERFORMING WORKFORCE**

EXECUTIVE SUMMARY DASHBOARD

	COMPLETED
	ON-TRACK
	OFF-TARGET
	NEEDS INTERVENTION



INITIATIVES	GOALS	JUNE STATUS	EXECUTIVE SPONSORS	INITIATIVE LEADS
1 MEMBER EXPERIENCE	Customer Service; Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Dale Wong-Nguyen	Heather Ramirez, Vanessa Lopez, Gabriel Perez, & Nathan Herkelrath
2 MOBILE WORKFORCE	Organizational Effectiveness, Efficiency, & Resiliency		Todd Bouey	Thomas Ma & Jason Leung
3 HEADQUARTERS MOVE	Customer Service; Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Todd Bouey	Isaias Cantú & Horacio Arroyo
4 CITY SEPARATION INCENTIVE PROGRAM	Accurate & Timely Delivery of Benefits; Organizational Effectiveness, Efficiency, & Resiliency		Dale Wong-Nguyen	Ferralyn Sneed, Edeliza Fang, Delia Hernandez, & Lourdes Quintos
5 ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING	Optimize Long-Term Risk Adjusted Returns Through Superior Investments		Rod June	Bryan Fujita & Ellen Chen
6 DIVERSITY, EQUITY, AND INCLUSION	Organizational Effectiveness, Efficiency, & Resiliency; Recruit, Retain, Mentor, & Empower Workforce		Neil Guglielmo	Tiffany Obembe & Eduardo Park

INITIATIVE: **MEMBER EXPERIENCE**
 DIVISION(S)/SECTIONS: **MEMBER SERVICES TEAM**
 STRATEGIC GOAL(S): **CUSTOMER SERVICE, BENEFITS DELIVERY, AND ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, & RESILIENCY**

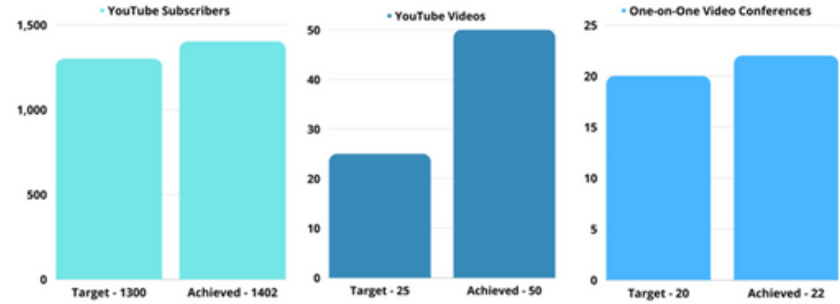
STATUS: **ON-TRACK**
 REPORT MONTH: **June 2022**
 LEAD(S): **HEATHER RAMIREZ, VANESSA LOPEZ, GABRIEL PEREZ, NATHAN HERKELRATH**

INITIATIVE SUMMARY

Increase Member communication channels and web-based service options via:

- Produce and Post Videos
- One-On-One Video Conferencing
- Online Retirement Application Portal (RAP)

KEY INDICATORS



BUDGET

Appropriation:	\$56,000
Expense:	\$41,596
Unspent:	\$14,404

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Cost	Need to secure funding so that the RAP project can go forward	A FYE 23 budget request was approved for RAP phase number 2	On Track
Schedule	Need to secure buy-in from all parties involved to meet deadlines proposed and implement the projects	Meeting for One-On-One video conferencing was held and procedures were written	On Track
Competing Priorities	Other parties may have competing priorities such as health and retirement processing that may cause delays	Continue to convey the importance of these projects during scheduled meetings	On Track

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Secure Funding for RAP Project	Gathering requirements for budget request	Submitted FYE 23 budget request	Received FY23 Budget approval	N/A
Zoom Government Licenses	In process to acquire Zoom for Government Licenses	Acquired Zoom for Government Licenses and assigned them to units	N/A	N/A
One-On-One Video Conferencing Procedures	Pending Zoom for Government Licenses	Three month trial period to test Zoom for Government Licenses	Begin writing procedures	Exceeded goal of 20 conference sessions held with 22 reported
YouTube Subscriber Count to reach 1300	On track	On track with 1,200 subscribers	Reached goal of 1,300 subscribers	Reached 1,402 subscribers.
Member Engagement Team will have uploaded 25 YouTube videos	On track	Reached Goal of 25 uploaded videos	Continued to upload more videos to YouTube	Uploaded a total of 50 videos to YouTube for FY22

July 2021 – June 2022

SUMMARY

MEMBER EXPERIENCE

ACCOMPLISHMENTS

Produced and posted 50 videos on the LACERS YouTube channel, which exceeded the goal of 25 for the fiscal year.

Additionally, we exceeded our subscriber goal of 1,300 and have reached 1,402 YouTube subscribers.

We encourage Members to subscribe via eblasts, paycheck flyers, newsletters, seminars, events, and targeted campaigns, including single topic virtual sessions (Disability Retirement Unit and Legal Processing Unit).

Video conferencing meetings with Members were launched this fiscal year in a continued effort to provide Members with additional ways to access our services. A total of 22 one-on-one video conferencing meetings were reported across the department for the fiscal year, exceeding our goal of 20 in FY22. The Zoom for government licenses were procured in fall 2021 and provided to various units for a three-month test period to try out one-on-one video conferencing options and the teams met in February to discuss. The findings showed that the meetings were positive and helpful to both LACERS staff and Members as the virtual meetings allow a visual component to help communicate information; it's the notion of show and tell. A department-wide video conferencing procedure was approved in June 2022.

The Retirement Application Portal officially launched in Summer 2021 for Active Tier 1 Members. By the end of the fiscal year, approximately 70% of applicants eligible to use the RAP have used it to retire.

Limited funding for phase 2 has been approved for next fiscal year's budget. While waiting for the funding to become available, the team gathered requirements for phase 2.

CHALLENGES & OPPORTUNITIES

The deliverables for this initiative were completed on time.

There was insufficient funding available mid-year to commence the retirement application portal project phase 2 to implement reporting features for the admin console and programming for deferred vested, Tier 1 Enhanced, and Tier 3 Members among other requested functionality.

NEXT STEPS

For fiscal year 2022-23, a budget appropriation was provided for a reduced scope of work for phase 2. Phase 2 will include components to improve functionality for Tier 1 Members. The project is expected to take approximately six months of development and testing and then another six months for training, fixes, and maintenance.

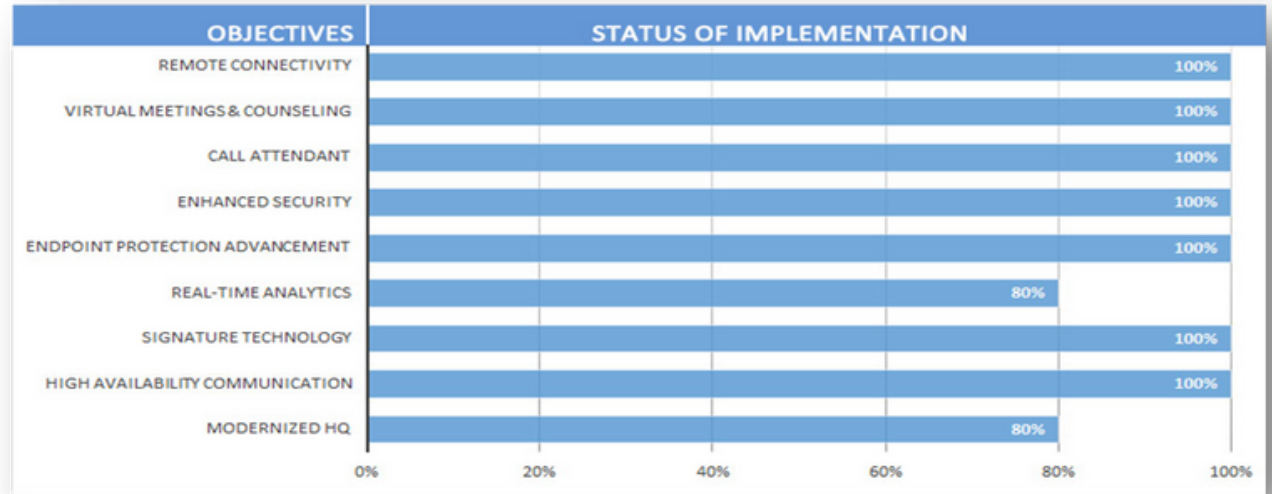
The additional functionality to make the Retirement Application Portal available to Tier 1 deferred vested, Tier 1 Enhanced, and Tier 3 Members will be included in a future budget request.

INITIATIVE SUMMARY

Implement remote work solutions deploying mobile equipment and cloud services to maximize operational productivity without requiring physical in-office presence. For FY22, LACERS shall focus on activities related to endpoint security, real-time analytics, and headquarter modernizations which include key priorities as listed.

- Secured Remote Access to Enterprise Systems
- Cost-Efficiency & Reduction of Physical Footprint
- Productive Counseling & Meeting Conferences
- Real-Time Statistics & Operational Health
- Modernized Building & Mobility
- High Availability of Collaboration & Communication Tools

KEY INDICATORS



BUDGET

Appropriation:	\$918,951
Expense:	\$887,451
Unspent:	\$31,500

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Funding Availability	Costs related to computing equipment and services.	Establish budget, based on vendor proposals.	Green
Cybersecurity	Safeguard measures for remote workers environment.	Policies, procedures, communication, training.	Yellow
Cloud Support	Cloud-based platform and related learning curve.	Provide tech support, and guidance on use.	Green
Network Bandwidth	Connectivity and bandwidth for new infrastructure.	Assess needs, negotiate, and deploy services.	Green
Equipment	Logistics of mobile equipment, software, and services.	Prepare plan, procure early 90-day lead time.	Green
Project & Resources	New projects, aligned with existing resources.	Develop plan, overlay schedule to maximize.	Green
HQ Timeline	Plan, demolition, and construction of mobile facilities.	Establish options to accommodate changes.	Yellow

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Real Time Analytics	Infrastructure	Business Requirements	Contract & SOW	Design
Endpoint Security for Hybrid Workforce	Kickoff & Requirements	Setup & Configure	Deployment	
Headquarter Mobility	Design	Build-Out	Build-Out	Pre-migration

July 2021 – June 2022

SUMMARY

MOBILE WORKFORCE

ACCOMPLISHMENTS

LACERS has accomplished significant milestones as related to “Mobile Workforce” throughout the fiscal year. These achievements expand productivity and further protect the computing environment at the new Headquarters (HQ).

Q3-Q4/FY22 – Carbon Black, Deploy Completion

Early in the fiscal year, LACERS collaborated with LA City on deployment of the cybersecurity endpoint software, Carbon Black. Mainly, the software is purpose-built to protect from malware and ransomware attacks for mobile users. During the month of May 2022, LACERS completed deployment comprised of over four hundred (400+) endpoint computing machines such as laptops, workstations, and virtual desktops.

Q3-Q4/FY22 – Real Time Analytics, Contract

LACERS established contractual services with Insight on March 2022, as related to redesign efforts of the central repository and real time analytics. Primarily, the redesign efforts will provide advance capabilities in accessing dashboards and charts through mobile platforms.

At the later months of the fiscal year, LACERS and Insight held a kick-off meeting in establishing the schedule, resources, inclusive of the communication plan. During the fourth quarter, the achievements include infrastructure assessment, and design verification.

Q3-Q4/FY22 – HQ, Equipment & Connectivity

LACERS received most equipment during the third quarter of the fiscal year. The equipment are essential for build-out of the computing network for mobility infrastructure.

Throughout the fourth quarter, LACERS and vendors completed setup of the computing network within the security room, providing Internet connectivity and point-to-point access between the current and new headquarter, inclusive of LA City services.

Expectations

The milestones achieved this fiscal year met expectations of maximizing use of mobile solutions, while ensuring necessary security. LACERS has deployed leading-edge cybersecurity technology to protect our mobile environment, and has built out solutions to advance our mobility at the new headquarter.

Challenges & Opportunities

Challenges – HQ, Supply Chain Issue – Q3-Q4/FY22

In the first half of the calendar year, LACERS has received over ninety percent (90%) of computing equipment from our technology vendor. Primarily, LACERS procured the equipment early in the fiscal year, to ensure timely delivery. The supply chain continues to face major challenges, in which the vendor has recently announced significant delay for the remaining components.

LACERS and the technology vendor are considering various options to mitigate delays in build-out of the technology infrastructure, as related to the supply chain. The many options include redesign of the network, repurpose equipment, or engage in an equipment loan program.

Challenges – Real Time Analytic, Scope – Q4/FY22

LACERS and contractor have established the scope of work, in redesign of our central repository databases, and build-out of real-time data analytics. The scope is continuous and shall encompass a majority of data and information from our technology platforms.

Strategically, LACERS intends to build-out the framework with our vendor, and develop a template of data connections inclusive of user interfaces. Thereafter, LACERS shall leverage this process to include additional business systems with information such as human resource, payroll, budget, and others.

Opportunities – HQ, High Bandwidth

LACERS build-out of the new HQ with mobility infrastructure is going very well. The technology prepares the department for secured wireless capabilities, alongside high bandwidth cabling. In near term, LACERS would be able to utilize these features, and consolidate equipment and services, while reducing associated costs in maximizing efficiency alongside effectiveness.

July 2021 - June 2022

SUMMARY

MOBILE WORKFORCE

Strategic Goals

For this fiscal year, the “Mobile Workforce” initiative has strengthened our strategic goal, Goal 6 – Organization. The department benefits from technologies that protect our information assets, and modernizing our work offices with mobile capabilities, alongside tools for efficient decision-making process.

Next Steps

LACERS will complete build-out of mobility solutions at the new headquarter, and deploy the real-time analytic system. Thereafter, the department shall continue to maintain and support the mobile technologies, as we transition to the new headquarter.

HQ, Final Phase

LACERS and technology vendor shall complete deployment of mobility infrastructure in near term. Primarily, the scope of work inclusive of design efforts are already completed, and the final work effort is installation-related. The activities are comprised of completing technology infrastructure as related to audio visual, access control, asset tracking, cabling, mass communication, and surveillance.

INITIATIVE SUMMARY

The Headquarters (HQ) Move initiative seeks to relocate LACERS to its new home at 977 N Broadway. With construction underway, the project involves consultants, contractors, and key LACERS representatives that work together to build LACERS' new home for staff and Members.

KEY INDICATORS



BUDGET

Appropriation:	\$21,415,441
Expenses:	\$12,247,728
Unspent:	\$9,167,713

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Increased Costs	Ongoing supply chain constraints which continue to inflate costs	Purchase materials with longer lead times; increased contingency	Some delays
Supply Constraints	Supply chain constraints have created a high demand for materials with long lead times	Work with consultants to secure purchase order earlier and with longer lead-times	Some delays
Permitting Delays	Longer than expected delays on permitting processing with LADBS, LAFD, AQMD, and others	Open lines of communication with City counterparts, anticipate delays in schedules	Major delays
LA Times (LAT) Close Out	Limited GSD operations for Salvaging and Move Request; possible delays with moving, scanning, and close out.	Increased office support, earlier launch of Movers RFP, archiving support from City Clerk	Some delays

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Onboard General Contractor and all discipline sub-contractors	<ul style="list-style-type: none"> GC contract complete Signed initial pre-construction contracts 			
Make-Ready and Early Demolition Complete	<ul style="list-style-type: none"> Begin demolition as-needed for future Tenant Improvements. 	<ul style="list-style-type: none"> Make a 977 a Hard-Hat Construction site Prepare for construction 		
Seismic Strengthening	<ul style="list-style-type: none"> Seismic work initiated on all 5 levels Improvements to elevator shafts begins 	<ul style="list-style-type: none"> Structural columns work 90% complete 	<ul style="list-style-type: none"> Seismic Strengthening Complete 	
Asbestos Remediation Complete	<ul style="list-style-type: none"> Consultant secured 		<ul style="list-style-type: none"> Begin ACM remediation by 2/1/2022 	<ul style="list-style-type: none"> ACM remedied by 5/1/2022
Roof Replacement	<ul style="list-style-type: none"> Bid scope released 	<ul style="list-style-type: none"> Material goods ordered 	<ul style="list-style-type: none"> Material delayed 	<ul style="list-style-type: none"> Material delayed
Complete Tenant Improvement Work	<ul style="list-style-type: none"> Early construction and demolition 	<ul style="list-style-type: none"> Secure Permits (delayed) 	<ul style="list-style-type: none"> First Floor permit delayed 	<ul style="list-style-type: none"> First Floor permit delayed
Building Furnished	<ul style="list-style-type: none"> Furniture contract finalized Design process begins 	<ul style="list-style-type: none"> Furniture order placed 	<ul style="list-style-type: none"> Furniture order processed; pending T.I. completion 	<ul style="list-style-type: none"> Furniture order processed; pending T.I. completion
Move LACERS Staff and Operations	<ul style="list-style-type: none"> Initial walk thru with potential vendor(s) 	<ul style="list-style-type: none"> Released Moving Services RFP 	<ul style="list-style-type: none"> Finalize scope w/ vendor 	<ul style="list-style-type: none"> Finalize vendor contract
FitWel Certification	<ul style="list-style-type: none"> Initiate FitWel process 	<ul style="list-style-type: none"> Meet with FitWel consultants Establish 3-Star criteria 	<ul style="list-style-type: none"> Submit checklist documents for evaluation 	<ul style="list-style-type: none"> Ongoing evaluation, inspection delayed

July 2021 – June 2022

SUMMARY

HEADQUARTERS MOVE – PHASE 3

ACCOMPLISHMENTS

The HQ Move Project made significant progress in the second half of FY21/22 (FY22), including completing the seismic reinforcement, renovation of the exterior façade, and tenant improvement construction. As of June 30, 2022, the HQ Project Build-out was at nearly 70%.

This progress includes structural reinforcement work which entailed making significant improvements to the building's columns, shafts, and ceilings to allow the building to withstand a large 6.8 magnitude earthquake. This improvement is pivotal to ensuring the building has a good strong set of bones to support LACERS' home for decades to come.

The exterior building envelope was also completed during the second half of FY22. LACERS' home has seen significant repairs to the external building curtain wall which previously suffered from leaks, deteriorated caulking, and degraded exterior panels. Now, the building's façade features an improved look with new colors that complement our new neighborhood. As part of our exterior work, LACERS' consultants also completed the asbestos abatement work which complied with all the necessary health and safety requirements for proper removal and disposal. With most of the exterior building enclosure being completed, the scaffolding removal process has now begun and is expected for completion in mid July.

Work on the interior improvements and technology infrastructure continues to progress at a steady pace. The Server Room buildout was largely completed during FY22 with the installation of new server rack equipment and cooling infrastructure. Electrical and data cabling runs were also largely completed with the exception of the Board Room area on the First Floor. The deployment of low-voltage technology was in the early stages with ongoing coordination between our Systems team and technology contractors. Lastly, the lighting control systems on all floors and parking levels have been upgraded to maximize efficiency and supports LACERS' FitWel application.

As of June 30, 2022, plumbing work continued to progress concurrently with the wall framing work on the First Floor. New fan coil HVAC units were also deployed in accordance with the new occupancy loads for each floor.

With most of the tenant improvements scopes completed or well underway, LACERS is transitioning staff efforts to focus on coordinating the move from LA Times to 977 N. Broadway. LACERS is working closely with Cushman & Wakefield (C&W) project management and property manager to engage a relocation vendor to help transfer our existing IT infrastructure, assets, files, and pertinent furniture.

LACERS estimates the migration of staff from LA Times to 977 will be completed by December 2022.

CHALLENGES & OPPORTUNITIES

Even though LACERS made significant progress on several fronts, the HQ Project continued to mitigate delays on several fronts which extended our project completion timeline a minimum of six months.

The biggest challenge that LACERS had to overcome was securing the necessary permits from the Building and Safety (LADBS) and Fire (LAFD) departments. By the end of FY22, LACERS had resolved requirements of these two departments and the permitting process was allowed to continue. However, the project would have to wait additional weeks until permits were finalized before the construction on the 1st Floor Assembly areas could resume.

LACERS also encountered an additional permitting delay, this for a street closure permit with LADOT to operate a crane. Originally submitted in March of 2022, street closure permit application for lifting LACERS' roofing materials, new diesel-powered generator, and diesel fuel tank had not been approved nor the status of the application updated by LADOT. Consequently, the project found itself delayed and prompting LACERS to reach and work closely with LADOT to secure the street closure permit.

Lastly, the HQ Move Project continues to experience noteworthy supply-chain constraints which are not unique to the City of Los Angeles and are being felt across the country. Most recently, certain server room components have been delayed due to supply chain availability. Our Systems team is working closely with our existing consultants on alternatives to ensure a timely server room turnover.

July 2021 - June 2022

SUMMARY

HEADQUARTERS MOVE - PHASE 3

NEXT STEPS

Despite the project challenges, the Tenant Improvement work is slated to be completed by September 2022 with the project close-out in January 2023.

With 70% of the project complete, LACERS is now focused on the remaining tenant improvement scopes which include interior flooring, ceiling, low-voltage technology, security, parking garage restriping and painting, and the 1st Floor Assembly area.

After the Tenant Improvement is complete, LACERS' furniture vendor will proceed with the delivery and installation of private offices and common area furniture. Ongoing work will take place to ensure that the building is secure including the addition of card readers, surveillance cameras, panic buttons, and the installation of security gates.

LACERS currently anticipates moving to 977 N. Broadway in late December of 2022. Upon completing the majority of work migrating operations to 977, LACERS will begin taking the necessary steps to prepare the LA Times facility for surrender and finalize the termination of LACERS' existing lease at LA Times.

INITIATIVE SUMMARY

RSD's Business Plan Initiative – Year 2 will focus on two SIP closeout activities:

- 1) Auditing all SIP cases to determine and ensure member file information is complete and accurate
- 2) Conducting an after-action review of the SIP retirement process, documenting lessons learned and procedural improvements for future incentive program implementations.

KEY INDICATORS

DESCRIPTION		TARGET	ACTUAL July-June	STATUS
#	Audit Category	Per Quarter	Per Quarter	
1.1	Member Case File Reviews	150	0	Deferred
1.2	Member Case File Outstanding Documentation Follow-up	15	0	Deferred
2.1	After-Action Review – Analyze webinar attendance vs webinar sign-up	Three (3) SIP Groups	2	Completed
2.2	After-Action Review - Analyze Members who retired on time vs not on time	Three (3) SIP Groups	3	Completed

BUDGET

Appropriation:	\$242,295
Expenses:	\$113,192
Unspent:	\$129,103

*Includes part-time salaries and OT

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Staffing	Insufficient staff to perform audit.	Reduce caseload, adjust metrics, revise milestones, reassignments, overtime – mitigation measures enacted.	Yellow
Funding	Insufficient funding to acquired staff to perform or assist with project.	Hiring was delayed FYE 2022; however, staff has been hired and will start in July 2022	Orange
Audit extended	Competing priorities delay completing audit tasks.	Deliverables targeted are expected to be extended beyond FYE 2022. Audit is expected to be on track in the FYE 2023.	Orange
External factors	Pandemic or other external factors may affect the audit.	External financial and pandemic related factors have delayed the audit schedule, requiring a revision to audit milestones and deliverable dates. Initial case reviews are expected to begin in Q1.	Orange

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
BPI Project Documents		<ul style="list-style-type: none"> Develop Charter Mid-Year Reporting 		<ul style="list-style-type: none"> Year-End Reporting
Audit of Member Case Files		<ul style="list-style-type: none"> Audit 150 case files Outstanding Member document follow-up (est. 10% of cases) 	<ul style="list-style-type: none"> Audit 150 case files Outstanding Member document follow-up (est. 10% of cases) 	<ul style="list-style-type: none"> Audit 150 case files Outstanding Member document follow-up (est. 10% of cases)
After-Action Analysis			<ul style="list-style-type: none"> CSIP & LSIP webinar and retirement comparison charts Assessment of electronic and virtual resources 	<ul style="list-style-type: none"> Final Audit After-Action Report

July 2021 – June 2022 SUMMARY

CITY SEPARATION INCENTIVE PROGRAM

AUDIT OF SEPARATION INCENTIVE PROGRAMS

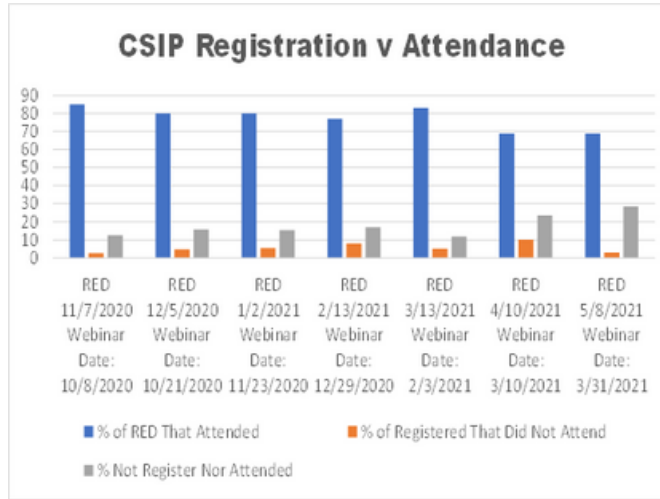
The FY 20/21 Business Plan Initiative (BPI) focused on the development, execution and completion of the Los Angeles World Airports Separation Incentive Program (LSIP) and City Separation Incentive Programs (CSIP). The goals and objectives involved meeting monthly targets related to the retirement process such as retirement package distribution, webinar counseling, health enrollment, and securing needed ancillary resources.

This year RSD's BPI will focus on reviewing and evaluating the general outcome of the SIP retirement process. To assess this outcome, RSD will audit all SIP cases to: (1) determine and ensure member file information is complete and consistent; (2) conduct follow up with those members who were required to provide documentation later due to delays in retrieving information from other agencies; and, (3) determine lessons learned and if procedural improvements are needed. It will also evaluate the effectiveness of the added electronic and virtual platforms used in the SIP retirement process.

ACCOMPLISHMENTS

Review and Compare – Analysis of Webinar Attendance

CSIP

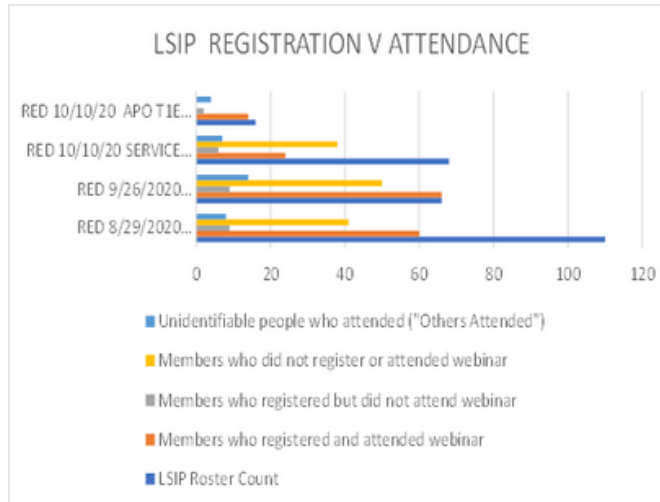


CSIP

The analysis of CSIP webinar participation revealed an average webinar attendance rate of 78% per scheduled retirement effective date. The percentage of CSIP participants who registered to attend but failed to attend a webinar averaged 5.6%. Furthermore, CSIP participants who chose to forgo registering or attending a webinar averaged 18%.

Webinar attendance began strong and remained above 80% for the first five months, then tapered down to 69% for the final two months. Staff noted having to spend more time with members in the latter two groups because of member computer accessibility issues and Spanish speaking members who required additional assistance.

LSIP



LSIP

The attendance rate for LSIP participants was lower than CSIP, averaging 58%. The no show rate for participants who registered was 17% and the rate for those who chose not to attend a webinar at all was 34%. These lower participation rates are more than likely attributable to LAWA's pre-LSIP communication campaign with possible participants. LAWA issued several department-wide memos, conducted a Q & A session and requested information from LACERS on required documents and health coverage (limited) prior to the official launch and filing period in preparation. LAWA also actively worked to aid participants and LACERS in making sure submitted retirement packages were complete.

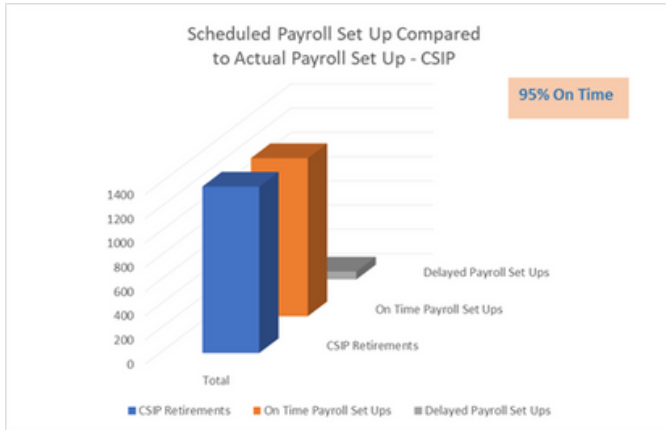
July 2021 - June 2022 SUMMARY

CITY SEPARATION INCENTIVE PROGRAM

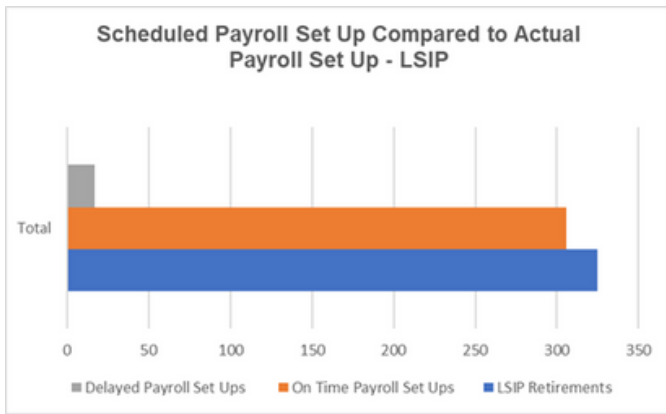
ACCOMPLISHMENTS CONTINUED...

Review and Compare - Analysis of Payroll Set Up

CSIP



LSIP



CSIP & LSIP

Analysis of payroll set-up rates found 95% of CSIP participants were set-up on time and in keeping with RSD's standard target for the first benefit payment following a member's retirement effective date of 30 to 60 days. The set-up rate for the LSIP was 94%, again well within the 30 to 60 days RSD target. The variances were due to members inability to obtain or submit required documents on time.

Lessons Learned and Procedural Improvements

In evaluating SIP processing, one practice that improved efficiency and helped highlight areas impeding the case workflow, was the separating of retirement counseling responsibilities from in-progress case auditing duties. The separation allowed for the counseling team to process non-problem cases quickly and efficiently without having the distraction of spending inordinate amounts of time dealing with Members who had challenges. Having an analyst dedicated to performing a higher-level review, audit and/or to troubleshoot and resolve problem cases proved invaluable. The analyst aided counselors with Members requiring more assistance, generated aging and performance reports, and kept management apprised of any serious issues.

CHALLENGES & OPPORTUNITIES

The FY22 Budget provided 11 full-time positions, 14 part-time positions, and overtime to extend the capacity of the Retirement Service Division and Service Processing Section to complete retirement processing for the Harbor SIP participants, processing of the retirements held in abeyance, and addressing the backlog of service purchases.

In FY22, RSD met its commitments to complete the HSIP and regular retirements; tested and launched the new Retirement Application Portal; and toward the end of the fiscal year, was finally able to fill positions which were held by funding constraints, and lack of established certification lists for Benefit Specialist, Benefits Analysts, and Sr. Benefits Analysts.

Included in the 11 positions approved for FY22 were six (6) six-month limited positions with the primary task to audit 150 SIP cases per quarter. However, the positions were unable to be filled due to the hold on hiring, the lack of certification lists, and the inability to attract candidates for six-month limited positions. Without these resources, the SIP Audits could not commence.

NEXT STEPS

Fortunately, at the onset of FY23, obstacles to hiring were removed. Three full time positions authorized in the budget have been filled and training is process. Auditing of the SIP cases will be completed in FY23, and staff will continue to perform on-going auditing of cases to meet LACERS' goal of accurate delivery of benefits.

INITIATIVE: CITY SEPARATION INCENTIVE PROGRAM (SERVICE PURCHASE BACKLOG)
 DIVISION(S)/SECTIONS: RETIREMENT SERVICES DIVISION &
 HEALTH, WELLNESS AND BUYBACK DIVISION
 STRATEGIC GOAL(S): ACCURATE AND TIMELY DELIVERY OF MEMBER BENEFITS

STATUS: **Completed**
 REPORT MONTH: June 2022
 LEAD(S): Ferralyn Sneed, Edeliza Fang

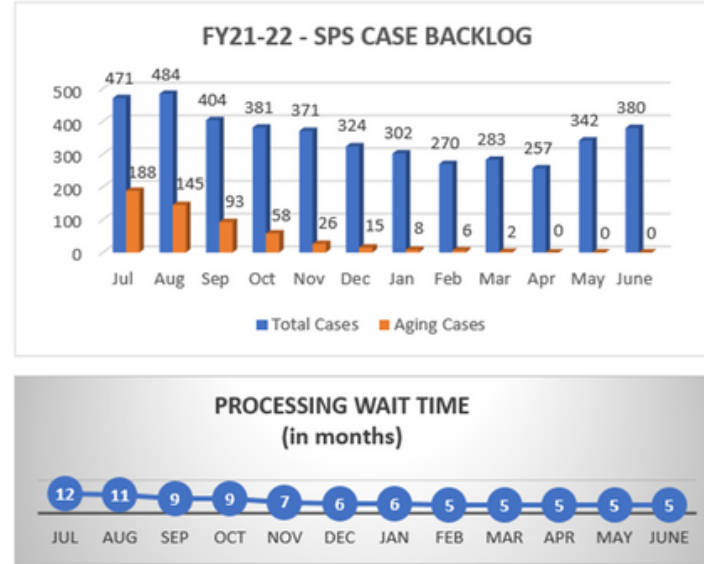
INITIATIVE SUMMARY

This initiative is to address and reduce the case backlog in the Service Processing Section. The backlog consists of service purchase applications, service certifications from DWP, LAFPP and other agencies, and reciprocity requests. These cases were placed on hold in FY21 to focus on SIP work. For FY22, the Board approved additional resources (5 substitute authorities, 3 part-time employees) and use of overtime to manage the backlog.

In July 2021, the total case count was at 471, with 188 of those being aging cases (6 months or more in the queue), and average wait time of 12 months.

At Fiscal Year closing, the total case count was down to 380, with 0 aging cases, and the average wait time was 5 months.

KEY INDICATORS



	TOTAL PENDING CASES	AGING CASES	AVERAGE WAIT TIME
July 2021	471	188	12 months
Aug 2021	484	145	11 months
Sept 2021	404	93	9 months
Oct 2021	381	58	9 months
Nov 2021	371	26	7 months
Dec 2021	324	15	6 months
Jan 2022	302	8	6 months
Feb 2022	270	6	5 months
Mar 2022	283	2	5 months
Apr 2022	257	0	5 months
May 2022	342	0	5 months
Jun 2022	380	0	5 months

BUDGET

Appropriation:	\$147,000
Expense:	\$108,305
Unspent:	\$38,695

Note: This is the budget only for SPS overtime. It does not include salaries of substitute authorities and part-time employees.

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Staffing	The section is not fully staffed since two positions (1 Benefits Analyst and 1 Benefits Specialist) are vacant. Additionally, there are two SPS staff members who are currently eligible for retirement.	Ensuring that remaining positions get immediately filled when they become vacant. Staff continues to work overtime, if necessary. Regular training is conducted so institutional knowledge is shared and passed on. Review and update of procedures and desk manuals are performed to ensure that any changes in processes are captured for staff reference.	Done

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Reduce the number of aging cases (6 months or older) in the queue down to zero.	The number of aging cases as of Sept 2021 is 93.	The number of aging cases as of Dec 2021 is 15.	The number of aging cases as of March 2022 is 2.	The number of aging cases as of June 30, 2022 is 0.
Reduce Member wait time from 12 months to 8 months by the end of the FY.	The wait time average (July thru Sept 2021) is 10.5 months.	The wait time average (Oct thru Dec 2021) is 7 months.	Wait time average (Jan thru Mar 2022) is 5 months.	Wait time average (Apr thru June 2022) is 5 months.

July 2021 – June 2022 SUMMARY

SERVICE PURCHASE BACKLOG

BACKGROUND

This initiative was adopted in FY21-22 to address and reduce the years-long backlog of cases in the Service Processing Section. SPS's outstanding caseload consists of service purchase applications, service certification requests from WPERP, LAFPP, and other agencies, and reciprocity requests. These cases were placed on hold in FY20-21 to focus on work related to the City Separation Incentive Program (CSIP). As part of the FY21-22 budget, the Board approved additional resources (5 substitute authorities, 3 part-time employees) and use of overtime to address the backlog.

In July 2021, SPS's outstanding case count was at 471. Of those cases, 93 were identified to be cases older than 6 months from the time of application ("aging cases"). Additionally, the section's average processing time was 12 months.

The goal of the initiative was to reduce the backlog of cases down to a manageable level as well as eliminate all aging cases and decrease the average processing time from 12 months to 8 months by the end of FY21-22.

RESULTS & ACCOMPLISHMENTS

Number of Cases

In June 2022, SPS's case count was at 380 which represents a 19% reduction from July 2021. The biggest drop was seen in March 2022 with a case count of 257, representing a 45% reduction from the start of the fiscal year.

The following table shows the section's number of incoming cases and completed cases for each month in FY21-22.

MONTH	INCOMING CASES	COMPLETED CASES
July	94	132
August	77	178
September	95	170
October	142	190
November	90	140
December	100	163
January	121	147
February	86	117
March	178	175
April	101	123
May	217	90
June	101	86

Number of Aging Cases

There was also a significant decrease in the number of aging cases managed by the section, from 93 cases in July to 0 cases in June. This represents a 100% reduction.

Average Processing Time

The average time to process a service buyback application also lessened from 12 months to 5 months.

- For City service purchases, the average processing time decreased from 10 months to 5 months.
- For Non-City service purchases, the average processing time decreased from 12 months to 5 months.

Based on the fiscal year-end numbers above, we not only met, but surpassed, our expectations for this initiative. We eliminated the section's backlog of aging cases down to zero by the end of FY21-22. We also shortened the average processing time for new cases from 12 months to 5 months.

OPPORTUNITIES

Starting this initiative during the COVID-19 pandemic had a positive effect on our deliverables. Staff participated in Zoom training sessions which served not only as a way to learn or reinforce knowledge of work processes, but also provided a forum for staff to share challenges they may be experiencing with their assigned cases and receive helpful input from more seasoned staff. As such, workflow slow-downs and stoppages were avoided since issues were identified and addressed quickly.

July 2021 – June 2022

SUMMARY

SERVICE PURCHASE BACKLOG

OPPORTUNITIES CONTINUED....

With the progress made with staff training and the ability to utilize an experienced 120-day consultant/retiree, SPS management staff was able to focus on two important projects: 1) research and analysis related to WPERP Reciprocity and 2) the expedited processing of pending WPERP certification requests.

Additionally, with the section properly resourced and fully staffed as well as with the case log brought down to manageable levels during the latter part of the fiscal year, some staff members were able to assist another section under the Health, Wellness and Buyback Division in a Member-facing capacity. This provided them with the opportunity to be cross trained in the health benefits area, acquiring knowledge and experience needed to promote within the Benefits Analyst series.

LESSONS LEARNED

Adequate number of trained and capable staff is key in maintaining a manageable caseload. In the FY22-23 budget, the Board approved the upgrade of a Benefits Analyst to a Senior Benefits Analyst as well as the regularization of a Benefits Analyst and continuation of one Benefits Specialist substitute authority.

Training of staff also plays a major role in ensuring that cases are processed timely and accurately. Additionally, regular review/update of procedures, desk manuals, and reference materials is necessary for consistent and correct application of processes. Lastly, close monitoring of cases, especially near-aging ones, helps to avoid workflow slowdown as issues can be identified sooner and resolved swiftly.

IMPACT

Training of staff also plays a major role in ensuring that cases are processed timely and accurately. Additionally, regular review/update of procedures, desk manuals, and reference materials is necessary for consistent and correct application of processes. Lastly, close monitoring of cases, especially near-aging ones, helps to avoid workflow slowdown as issues can be identified sooner and resolved swiftly.

NEXT STEPS

In FY22-23, SPS will continue to ensure that the section's staffing is maintained at a constant level by filling positions quickly when they become vacant. SPS will also assess its staffing needs based on the section's overall caseload to determine which, if any, of the additional resources will be continued in FY23-24. Lastly, SPS will continue the following activities: 1) provide regular training to staff, 2) perform close monitoring of cases, and 3) conduct periodic review of processes and procedures, including manuals and training materials.

INITIATIVE SUMMARY

LACERS became a signatory to the Principles for Responsible Investment (PRI) on September 3, 2019. Responsible investing incorporates environmental, social, and governance (ESG) factors into investment decisions and the investment process to better manage risk and generate sustainable, long-term outperformance. The ESG BPI tracks the progress of the implementation of LACERS' ESG Program, pursuant to LACERS' commitment to PRI.

KEY INDICATORS

Key indicators for the ESG BPI are the milestones/deliverables detailed in the section below

BUDGET

Appropriation:	\$18,750
Expense:	\$12,500
Unspent:	\$6,250

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Competing Priorities	Limited staff resources may result in competing priorities and insufficient time to appropriately address critical and essential priorities.	Staff receives essential resources and continued ESG education both externally from credible and reliable academic sources as well as cross training of staff, and relying on and leveraging the expertise of LACERS' ESG Consultant.	On Track
Staff Inexperience	Staff has not received formal ESG training and education.	Staff will seek the expertise of the LACERS' ESG Consultant, pursue formal ESG education, and continue to participate in ESG conferences and networking events.	On Track

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Update the PRI Action Plan	Completed on 7/13/21			
Include ESG questions into Passive Index and Real Estate Consultant RFPs	Completed on 8/24/21			
Review the annual proxy votes	Completed on 9/14/21			
Host inaugural Emerging Manager Symposium		Completed on 10/20/21		
Review LACERS' 2021 PRI Private Transparency Reports		Completed on 11/26/21		
Execute contract with MSCI, Inc. for ESG risk screening tool		Completed on 12/30/21		
Develop ESG Activity Log		Completed on 12/30/21		
Responsible Investment Policy approved			Completed on 1/11/22	
Respond to City Council Motions on divestment from Facebook and Unilever (CF 21-116 and CF 21-1460)			Completed on 1/11/22	
Review annual ESG due diligence questionnaire for public markets			Completed 1/18/22	
Incorporate ESG questions into the forthcoming Transition Manager RFP			Completed 3/1/22	
Joint letter to Meta, Platforms, Inc from LACERS, and Los Angeles Fire and Police Pension (LAFPP)				Completed 4/15/22
Host second Emerging Manager Symposium				Completed 4/20/22
Review the Proxy Voting Policy				Completed 4/26/22
Submit LACERS' ESG Risk Framework for consideration of the PRI Awards				Completed 6/29/22

July 2021 - June 2022

SUMMARY

ENVIRONMENTAL, SOCIAL, AND GOVERNANCE INVESTING

ACCOMPLISHMENTS

The Investment Division has met all of the targeted milestones on time or ahead of schedule. Key accomplishments include:

- Board approved the Responsible Investment (RI) Policy on January 11, 2022.
- LACERS hosted two successful Emerging Manager (EM) Symposiums on October 20, 2021, and April 20, 2022. The inaugural symposium was attended by 212 professionals, with 168 representing EM firms. The April symposium was attended by 319 professionals (50% increase from the inaugural symposium), with 292 representing EM firms (74% increase).
- On April 15, 2022, LACERS and Los Angeles Fire and Police Pension (LAFPP) sent a jointly signed letter of engagement to the Board of Meta Platforms, Inc (Meta) to express concerns regarding alleged negative effects Instagram has on young women and girls and other negative externalities. In addition, LACERS supported a shareholder-led proposal on Meta's proxy ballot regarding this matter ([Proposal 7: Shareholder Proposal Regarding Report on External costs of Misinformation](#)).
- Board approved staff recommended revisions to the Proxy Voting Policy on April 26, 2022, to address the most current and common ESG issues being raised by shareholders in the 2022 proxy voting season.

- Provided the Board with ongoing ESG education via presentations by LACERS staff, NEPC, LLC, and Wellington Management Company LLP at the May 10, 2022, Board meeting.
- On June 29, 2022, submitted LACERS' ESG Risk Framework for the PRI Awards 2022 ESG Incorporation Initiative of the Year award.

CHALLENGES & OPPORTUNITIES

Currently, one Investment staff is dedicated to managing LACERS' ESG Program while also maintaining other investment responsibilities. Staff does not have capacity to engage in every ESG matter, particularly time-sensitive engagement campaigns that may be important to PRI signatories and LACERS stakeholders.

Actions being taken to address this challenge include:

- Board approved additional Investment staff through the Fiscal Year 2022-23 budgeting process.
- Assigning ESG projects to other existing Investment staff to the extent those staff have excess capacity.
- The RI Policy allows for delegation of authority to engage in time-sensitive letter writing campaigns from the Board to the General Manager (GM), Chief Investment Officer (CIO), and the Board President (President) in order to meet campaign deadlines.

- The recently revised Proxy Voting Policy allows for delegation of authority to engage in time-sensitive proxy voting decisions unaddressed by the policy from the Board to the GM, CIO, President, and Governance Committee Chair.

NEXT STEPS

The Investment Division will continue to work on ESG projects including:

- Reviewing and updating the PRI Action Plan and the ESG Risk Framework Action Plan which are currently scheduled for Board consideration at the August 9, 2022, Board meeting.
- Providing the annual report on Proxy Voting Activity, which is scheduled for September 13, 2022, Investment Committee meeting.
- Attending the PRI Annual Conference being held in Barcelona, Spain from November 30 to December 2, 2022.
- Evaluating ESG analytical tools to inform decision-making.
- Addressing specific ESG-related matters such as the investment impact of the Russia-Ukraine crisis as they arise.

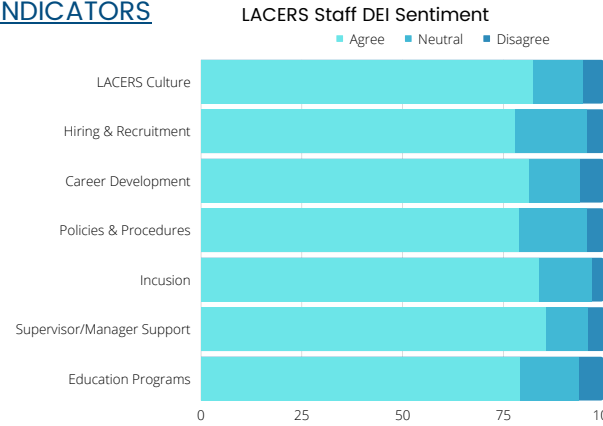
INITIATIVE: **DIVERSITY, EQUITY, AND INCLUSION**
 DIVISION(S)/SECTIONS: **MEMBER SERVICES DIVISION & INVESTMENT DIVISION**
 STRATEGIC GOAL(S): **ORGANIZATIONAL EFFECTIVENESS, EFFICIENCY, & RESILIENCY;
 RECRUIT, RETAIN, MENTOR, & EMPOWER WORKFORCE**

STATUS: **ON-TRACK**
 REPORT MONTH: **June 2022**
 LEAD(S): **TIFFANY OBEMBE/EDUARDO PARK**

INITIATIVE SUMMARY

LACERS is committed to a diverse, equitable, inclusive workplace where everyone has an opportunity to thrive. LACERS has incorporated DEI most notably in our investment policies and programs, and in talent acquisition and retention. There's more that can be done, and we are committed to expanding opportunities to advance DEI in our workplace, in serving our Members, and with our partners. We plan to do this by analyzing the current state of DEI at LACERS and offering staff wide training and resources.

KEY INDICATORS



Staff participation in DEI initial survey:

- 131 fully complete surveys
- 155 highest individual section response received, out of a total of 200 staff members.
- 65% response rate.

Metrics of to be tracked:

- hours of training per course content
- # of participants per course
- employee sentiment over time
- staff participation in DEI initial survey

*Must create baseline, possible semi-annual survey with clear and consistent structure over the course of 2 years

BUDGET

Appropriation:	Requesting: \$309,800 (Includes salary of Sr. PA I @\$134,000 and All-LACERS Fellowship training @ \$165,000, plus Cornell Trainings)
Expense:	\$0
Unspent:	\$0

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
Staffing	Need a dedicated staff member to oversee DEI Initiative	Submit budget request for Sr. PA I position in HR	On Track
Funding	A total of \$369,400 will be needed for new staff position, DEI Cornell training, and all-LACERS Fellowship training	Will need to separate Cornell training and all-LACERS fellowship cohort into multiple fiscal years to spread out costs	On Track

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
Project Charter	Complete			
Initial DEI All-Staff Survey	Complete			
Cal State LA Partnership Contract		Cal State Semester started; students will propose ideas.	Cal state interviews and analysis conducted with LACERS staff.	Partnership completed, 2 research groups provided suggestions and observations about DEI at LACERS.
NDA	Draft Complete	Complete		
HR Position Request for Sr. PA I	Submitted budget request for FY22-23	Selecting topics	In budget process	Approved in budget for FY 22-23
Quarterly Open Forums	On Hold	On Hold	On Hold	On Hold
DEI Cornell Training	Will submit budget request for 3 staff for FY 23-24. The following year will request more for FY23-24, \$3600 per person, 4 courses, at own pace.			Will be proposed for future FY budget cycle.
All-LACERS DEI Fellowship Cohort	Submitted budget request for FY22-23	Pending budget approval		Approved in budget for FY 22-23 (Vikram will lead)
DEI Resources on Intranet	In process	In process	Gathering resources	New HR DEI staff member will coordinate in new FY.

July 2021 – June 2022

SUMMARY

DIVERSITY, EQUITY, AND INCLUSION

ACCOMPLISHMENTS

Over the past several months, the LACERS DEI team and working group have accomplished a handful of our remaining intended milestones. In January 2022, we began our partnership with Cal State Los Angeles where their undergraduate and graduate students conducted focus groups and interviews with LACERS staff in their evaluation of the state of DEI at our organization. Their findings and recommendations were reviewed in May 2022 by Executive staff and discussed with the working group as to how to best incorporate them at LACERS.

The DEI team was able to secure funding during the budget process for a full-time LACERS staff member (Sr. PA) within the Human Resources division to oversee future DEI initiatives. This new staff member will be hired in FY 22-23 and will be tasked with organizing DEI resources and coordinating DEI training for the department.

Additionally, LACERS has also secured funding for the LACERS-wide fellowship cohort for FY 22-23. This training will help further spread awareness of DEI key concepts and tools that can be utilized in our workplace.

CHALLENGES & OPPORTUNITIES

The DEI initiative is still new and there remains lingering apprehension from staff to share their thoughts and opinions on the state of DEI at LACERS. This was seen most recently during the focus groups and interviews that were conducted by the Cal State Los Angeles teams during their evaluation of DEI at LACERS. We view this as an opportunity to grow and LACERS will continue to measure LACERS staff's comfortability with discussing DEI through surveys and their participation in future DEI offerings.

The City of Los Angeles' new partnership with UCLA regarding DEI will offer new opportunities for DEI implementation at LACERS.

NEXT STEPS

The DEI team going forward will be comprised of interested LACERS staff who will volunteer to serve on a new advisory group. The new Sr. PA in HR will lead these meetings and facilitate discussions for the group.

The new DEI advisory group will work to launch quarterly open forums on various DEI topics in the new FY. The topics for these open forums may be linked to the topics covered in the LACERS-wide fellowship cohort, and as such the timing of the forums may coincide with the timings of the trainings.

DEI resources continue to be collected and will be organized and made available to all LACERS staff via the LACERS intranet.

During the next FY, LACERS will look to conduct another LACERS-wide DEI survey to continue to track the department's progress.

APPENDIX A – BUSINESS PLAN INITIATIVE TEMPLATE

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

Shade the cells according to status:

Completed
On-Track
Off-Track
Intervention Needed

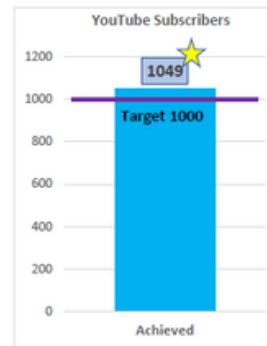
STATUS: ON-TRACK
 REPORT MONTH: [REPORTING MONTH AND YEAR]
 LEAD(S): [FIRST AND LAST NAMES]

INITIATIVE SUMMARY

[Provide 1-2 line description of initiative. Bullet the major components.]

KEY INDICATORS

[Provide quantitative measurements of successful implementation. Graphical representations are encouraged.]



BUDGET

Appropriation:		\$
Expense:		\$
Unspent:		\$

RISKS/MITIGATION

Risks	Description	Mitigation Address	Status
[Staffing]			ON-TRACK
[Technology]			
[Time]			
[Funding]			

MILESTONES/DELIVERABLES

	Q1	Q2	Q3	Q4
[Milestone/Deliverable #1]				
[Milestone/Deliverable #2]				
[Milestone/Deliverable #3]				



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: V – C

SUBJECT: ANNUAL REPORT ON LACERS' ORGANIZATION DIVERSITY SURVEY

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this report regarding the statistical findings of the Organization Diversity Survey (ODS) data collected from investment managers responding to an investment procurement solicitation within the last fiscal year and from private market investment partners.

Executive Summary

LACERS presents the Board with the inaugural Annual Report of the Emerging Investment Manager ODS in accordance with Board Manual Article III – Board Investment Policies, Section 4.0; IX (E) and (F). The information will serve as the first data point the Board can review to further LACERS' research objectives. A supplemental report will be prepared at the end of the year in adherence to the policy's calendar year requirement and included in the Emerging Manager Annual Report.

Discussion

On February 23, 2021, the Governance Committee considered and concurred with the staff's proposed revisions to the LACERS Emerging Investment Manager Policy (Policy) governing the use of the ODS. On May 25, 2021, the LACERS Board voted to amend the LACERS Emerging Investment Manager Policy to codify the use of the ODS.

In collecting the data for this report, LACERS utilized the ODS and the ODS Guidelines as adopted by the Board and set forth in Board Manual Article III – Board Investment Policies, Section 4.0; IX (E). The ODS is attached to this report as Exhibit 1. The surveys were submitted by the firms and secured in a password-protected folder known only to Administration Division staff and access was restricted from individuals who were part of the procurement selection process for each mandate and who might have a perceived conflict of interest. In preparing the statistical data for this report, LACERS protected each firm's response to prevent their information from being disclosed to individuals who were part of the procurement selection process.

For Calendar Year 2021, LACERS received a total of ten surveys from five Investment Procurement Solicitation Respondents and five Private Market Investment Managers that complied with the ODS Guidelines for the following mandates.

Mandate	Count
Investment Procurement Solicitation Respondents	5
Private Market Investment Managers	5 ¹
Total	10

In terms of the data collected from the ten received surveys, the data is illustrated separately by Investment Procurement Solicitation Respondents and Private Market Investment Managers in the graphs represented below. Firms were asked to provide information regarding the ethnic and gender diversity of their employees, executives, and owners. Although five surveys were submitted for each separate mandate, surveys did not always include responses to all ODS categories. The graphs below identify how many of the surveys provided data for each specific ODS category.

The pool of ODS respondents was limited to ten respondents prior to the end of the 2021 calendar year. This could potentially be because the survey was optional and not required of firms participating in investment procurement solicitation. However, as of the preparation of this report, LACERS has received 21 for the next annual report. These were not included in this report because three had been received after the close of the fiscal year and 18 because all the contracts within the specific mandate had not been executed. As we continue to receive surveys from Investment Procurement Solicitation Respondents and Private Market Investment Managers, it is possible that we might have more than 21 by the time LACERS provides the Board with the next ODS report.

Investment Procurement Solicitation Respondents

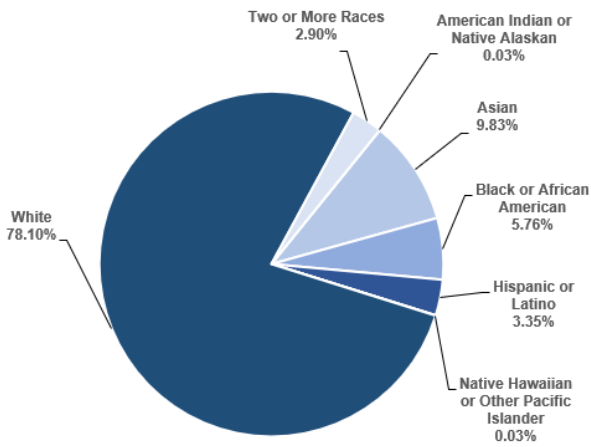
For the Investment Procurement Solicitation Respondents, five firms submitted ODS surveys. The following graphs represent the data collected for the average² ethnic and gender diversity of their employees, executives, owners, and members of their boards.

¹ Two non-ODS survey responses were received for the private equity mandate, but they were excluded from this data as they did not contain the same categories.

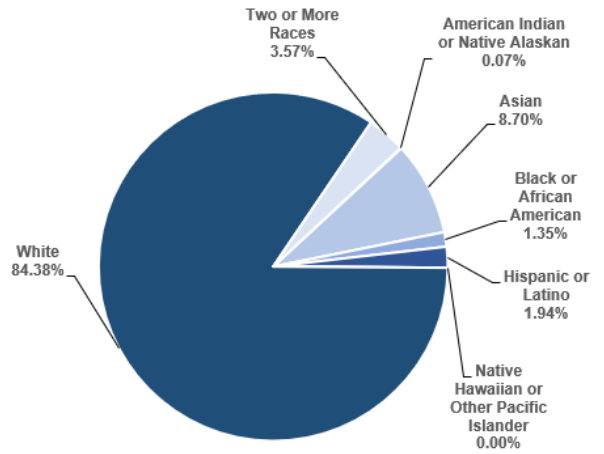
² Average was calculated by calculating each manager's percent of each DEI category (i.e. Ethnicity, Gender). Thereafter, the percents for an individual subcategory were added up and divided by the number of surveys received. For example, LACERS would calculate ethnic composition percentages for Firm A. Thereafter, LACERS added up the percentage of Hispanic/Latino employees for Firms A, B, C, D, and E. The sum of this percentage would then be divided by five as there are five firms that responded (for the purposes of this example). The result would be the average used for the graphs.

Average Ethnic Diversity (5 Surveys)

Employee

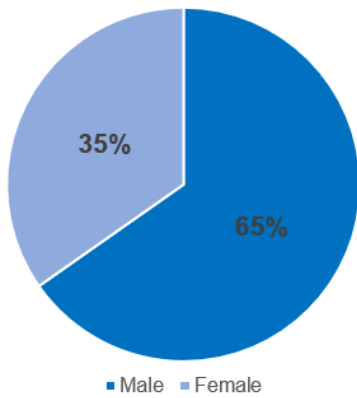


Senior Officials

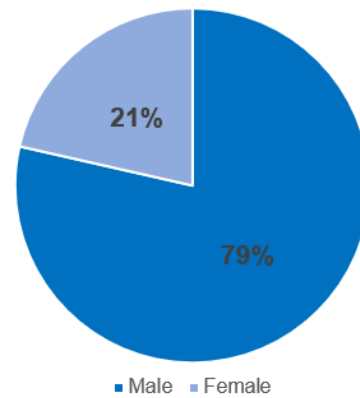


Average Gender Diversity (5 Surveys)

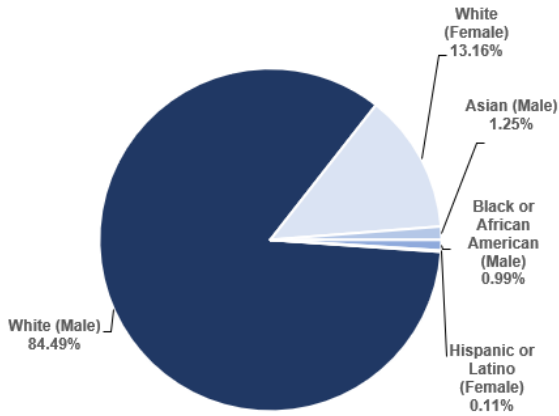
Employee



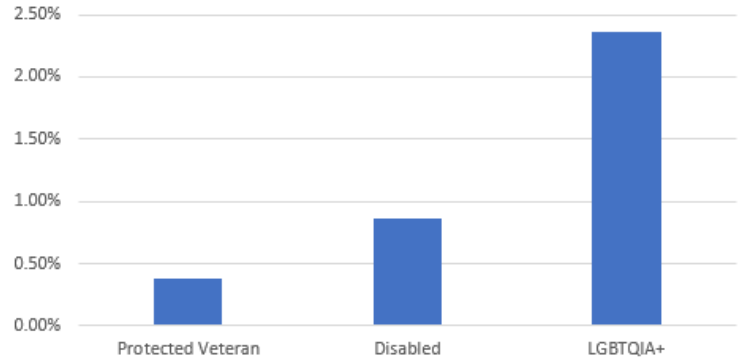
Senior Officials



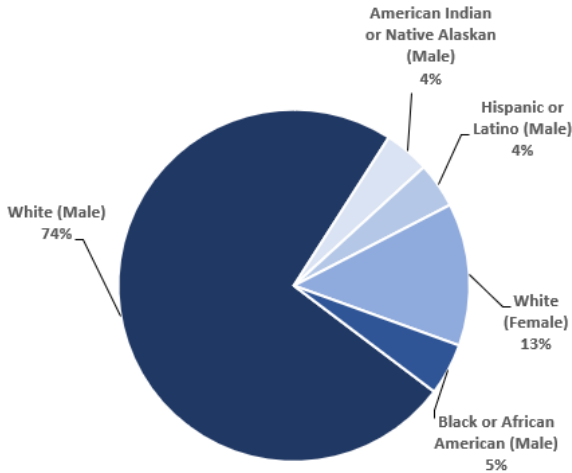
Average Ownership Diversity (4 Surveys)



Average Number of Employees With Veteran/Disability/LGBTQIA+ Status (5 Surveys)



Average Board Member Diversity (3 Surveys)



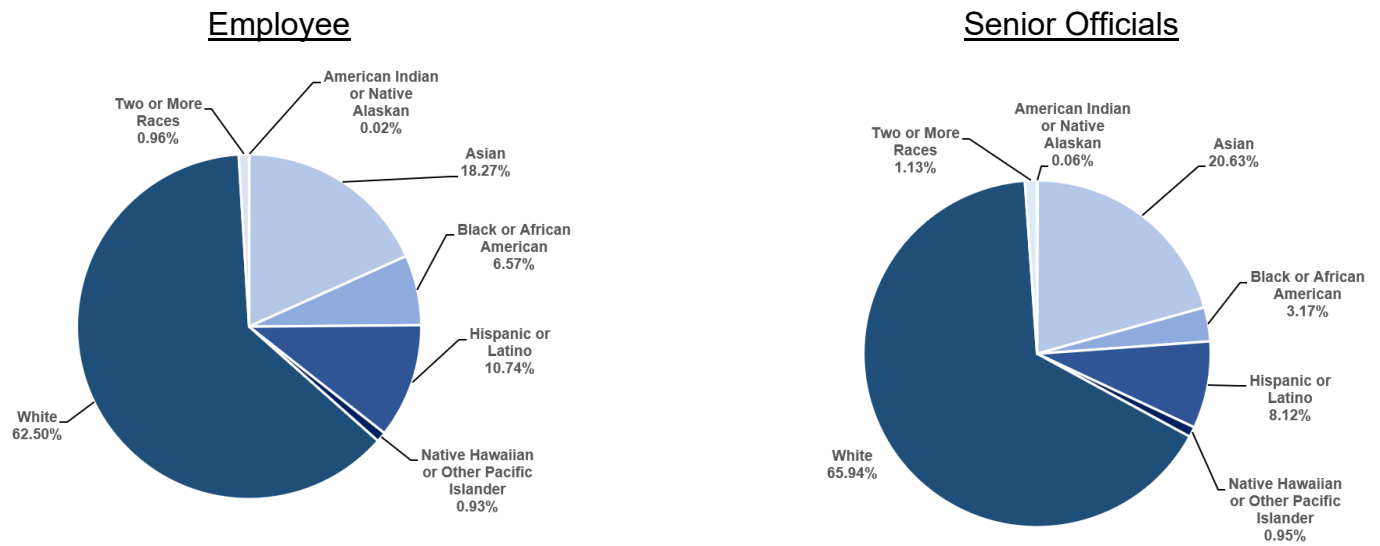
Page 3 of the ODS asked that firms provide information regarding their efforts to recruit and develop underrepresented populations for senior positions in the company. Survey responses suggest that 60% of Real Estate Consultants have recruitment programs that focus on women, racial or ethnic minorities, or other underrepresented populations for senior-level positions. Respondents who did not focus on recruitment for senior-level positions mention that their DEI recruitment was more generalized and not specific to senior-level positions. In terms of having a written Diversity, Equity, and Inclusion (DEI)

Recruiting Program/Strategy, 80% of the respondents had written policies designed to create a pipeline of minority and women professional talent to the firm or promotion of such groups to senior-level positions within the firm.

Private Market Investment Managers

For the Private Market Investment Managers, five firms submitted OSD surveys. The following graphs represent the data collected for the average ethnic and gender diversity of their employees, executives, and owners.

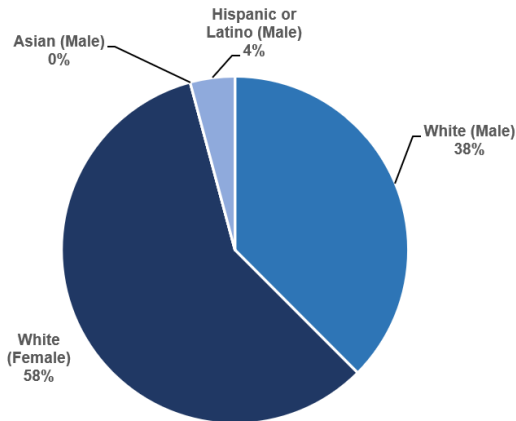
Average Ethnic Diversity (5 Surveys)



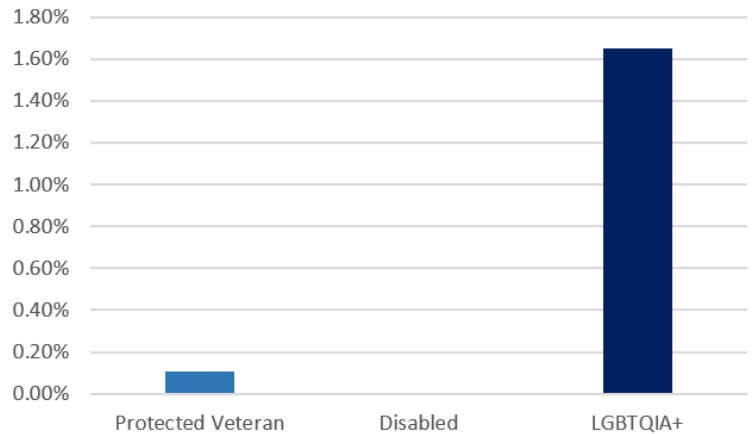
Average Gender Diversity (5 Surveys)



Average Ownership Diversity (3 Surveys)



Average Number of Employees With Veteran/Disability/LGBTQIA+ Status (5 Surveys)



Page 3 of the ODS asked that firms provide information regarding their efforts to recruit and develop underrepresented populations for senior positions in the company. Survey responses suggest that 20% of the Public Equity Managers have recruitment programs that focus on women, racial or ethnic minorities, or other underrepresented populations for senior-level positions. Public Equity Manager respondents who did not focus on recruitment for senior-level positions mention that their DEI recruitment was more generalized and not specific to senior-level positions. In terms of having a written Diversity, Equity, and Inclusion (DEI) Recruiting Program/Strategy, 80% of the respondents had written policies designed to create a pipeline of minority and women professional talent to the firm or promotion of such groups to senior-level positions within the firm.

In terms of the data collected from the surveys for both the Investment Procurement Solicitation Respondents and Private Market Investment Managers specific to written DEI programs, firms generally responded with examples of ways in which the firm was making efforts to adjust their employment and personnel practices to incorporate DEI initiatives. These included practices such as the creation of a DEI board or committee, establishing partnerships with DEI organizations and professional networks, convening forums to identify DEI challenges, and contracting with employment agencies that specialize in DEI-focused recruitment.

The information collected from the ODS Survey serves as a starting point. Over time, the information collected can help inform the Board in their quest to develop and modify policy and create initiatives to better promote DEI within the investment industry.

Strategic Plan Impact Statement

The provision of the Annual Report of the Emerging Investment Manager ODS aligns with the Strategic Plan Goals to optimize long-term risk-adjusted investment returns (Goal IV), to uphold good

governance practices which affirm transparency, accountability, and fiduciary duty (Goal V), and to maximize organizational effectiveness and efficiency (Goal VI).

Prepared By: Isaias Cantú, Chief Management Analyst

NMG/RJ:ic

Attachments: 1. Organization Diversity Guidelines
2. Organization Diversity Survey

ARTICLE III. BOARD INVESTMENT POLICIES

Section 4 EMERGING INVESTMENT MANAGER POLICY

To achieve this end, the Board may direct Staff to conduct research to include (but not limited to) the issuance of surveys and questionnaires, attendance at educational conferences and academically-sponsored events, and participation in discussions with industry experts and peer organizations.

The Board has identified the use of LACERS' Organization Diversity Survey (ODS) as one particular tool that can be useful in the gathering information to further LACERS' research objectives. The ODS is attached to this policy as Exhibit 1. In conducting research using the ODS, LACERS Board and Staff will adhere to the ODS Guidelines set forth below:

1. Request in an investment procurement solicitation that each participating firm complete and submit an ODS prior to the RFP submission deadline; and for private market investments, request on a best efforts basis that each general partner complete and submit an ODS prior to, or within a reasonable period following, LACERS' participation in its fund closing;
2. Direct each firm to return the completed ODS to an email address under the Administrative Services Division (ASD) of LACERS (or other designated division or unit outside the Investment Division);
3. Ensure that each ODS remains in a secured and password-protected folder known only to designated ASD staff and that an appropriate firewall be maintained to control access;
4. Examine collected ODS's once all contracts within a specific mandate have been executed;
5. Authorize the General Manager or designee to assign particular LACERS staff to review ODS's and conduct analyses of collected data once all contracts within a specific mandate have been executed;
6. Limit access to the ODS to particular individuals (Board members, General Manager, Chief Investment Officer, and other such staff as determined by the General Manager) who are part of a mandate's procurement selection process so as to avoid real or perceived conflicts of interest;
7. Protect the identity of each firm's ODS to those individuals named in ODS Guideline #6 and from public disclosure;
8. Report statistical findings of ODS's collected data within the last calendar year as part of the Annual Report of the Emerging Investment Managers reporting requirement under Section F.7 of this Policy or more frequently as directed by the Board or General Manager.

F. Reporting

Staff will report to the Board on the status of Emerging Investment Managers hired and retained on an annual calendar year basis. The annual report will include:

1. Names of Emerging Investment Manager firms hired during the calendar year.
2. Dollar amounts awarded to Emerging Managers.

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

**Los Angeles City Employees' Retirement System
Organization Diversity Survey (ODS)**

The ODS is used for statistical purposes and is separate and apart from the RFP selection process. The surveys are opened and examined by LACERS staff only after the contract(s) is(are) awarded for the mandate. Please refer to the LACERS Emerging Investment Manager Policy, Section E, for more information on the use of the ODS.

Organization Information

Firm Name: _____

Address: _____

Base of Operations (City/State/Country): _____

This completed ODS is connected with the following RFP search (if applicable): _____

Firm AUM in \$000,000: _____

As of Date: _____

Organization Workforce Composition

Total Number of Firm Employees: _____

Number of U.S.-Based Employees: _____

Instructions: Provide employee count under the applicable Race/Ethnicity and Gender (columns) and under the applicable workforce category (rows). Grand total should equal total number of firm employees. For Veteran Status, Disability Status and LGBTQIA+ Status, provide employee count as classifiable under these statuses and under the applicable workforce category.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Exec / Sr Officials & Managers															0	0			
Investment Professionals															0	0			
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Professionals - Operations, Compliance, etc.															0	0			
Professional - Sales / Marketing & Client Services															0	0			
Administrative Support, Office/Clerical															0	0			
Other Non-Professionals															0	0			
SUBTOTAL	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTALS	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	0		0		0		0		0		0		0		0				
	0																		

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

Board of Directors Composition

Number of Directors on the Firm's Board of Directors: _____

Instructions: Provide Board Director count under the applicable Race/Ethnicity and Gender (columns). Grand total should equal total number of Directors on the Board of Directors. For Veteran Status, Disability Status and LGBTQIA+ Status, provide Director count as classifiable under these statuses.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Board Members															0	0			
TOTALS	0		0		0		0		0		0		0		0				

American Indian or Native Alaskan A person having origins in any of the original peoples of North and South America (including Central America), and who maintain tribal affiliation or community attachment.
Asian A person having origins in any of the original peoples of the Far East, Southeast Asia, or the Indian Subcontinent, including, but not limited to, Cambodia, China, India, Japan, Korea, Malaysia, Pakistan, the Philippine Islands, Thailand and Vietnam.
Black or African American A person having origins in any of the black racial groups of Africa.
Hispanic or Latino A person of Cuban, Mexican, Puerto Rican, South or Central American, or other Spanish culture or origin regardless of race.
Native Hawaiian or Other Pacific Islander A person having origins in any of the peoples of Hawaii, Guam, Samoa or other Pacific Islands.
White A person having origins in any of the original peoples of Europe, the Middle East or North Africa.

Firm Ownership

Percentage of Firm Owned by Employees: _____

Instructions: Provide percentage of employee ownership under the applicable Race/Ethnicity and Gender. Grand total should equal percentage of firm owned by employees. For Veteran Status, Disability Status and LGBTQIA+ Status, provide percentage of ownership of employees as classifiable under these statuses.

	American Indian or Native Alaskan		Asian		Black or African American		Hispanic or Latino		Native Hawaiian or Other Pacific Islander		White		Two or More Races		TOTAL		Veteran Status	Disability Status	LGBTQIA+ Status
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female	Protected Veteran	Disabled	LGBTQIA+
Employee Ownership (Percentage)															0.00%	0.00%			
TOTALS	0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%				

Section 4 EMERGING INVESTMENT MANAGER POLICY – EXHIBIT 1

Questionnaire

Is the firm majority-owned by women, racial or ethnic minorities, or other underrepresented groups? Please identify ownership composition in the space below.
Response:

Does the firm focus recruitment of women, racial or ethnic minorities, or other underrepresented populations particularly for senior-level positions? Please discuss successes and/or challenges in the space below.
Response:

Does the firm have a written Diversity and Inclusion Recruiting Program/Strategy? (i.e. outreach, hiring, mentoring and/or scholarship programs designed to create a pipeline of minority and women professional talent to the firm or promotion of such groups to senior-level positions within the firm). If Yes, please list initiatives or actions carried out by the firm under this program/strategy in the space below.
Response:

Please provide any additional explanation to the completion of the ODS and/or the aforementioned questions in the space below.
Response:

Contact Information

Completed by: _____
Position/Title: _____
Phone Number: _____
E-mail Address: _____
Date Completed: _____



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VII - A

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

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve continuing to hold LACERS Board and Committee meetings via teleconference and/or videoconference, under Government Code Sections 54953(e)(1)(B)-(C) and 54953(e)(3)(A) and (B)(i).

Discussion

LACERS is committed to preserving public access and participation in meetings of the Board of Administration. All LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business. The Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions. The COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active: COVID-19 remains a public health concern in Los Angeles, with substantial or high levels of community transmission.

The Board met via teleconference on October 12, 2021, and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees.

Strategic Plan Impact Statement

The Board's action on this item aligns with the LACERS Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: Proposed Resolution

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

PROPOSED RESOLUTION

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial or high levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VII – B

SUBJECT: GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board adopt the proposed General Manager Designee Signature Authority Resolution, effective upon adoption, superseding prior delegations.

Discussion

The General Manager has the authority to administer the affairs of the department as its Chief Administrative Officer inclusive of certification of expenditures pursuant to the Los Angeles City Charter (LACC) Section 509, and authority to execute contracts delegated by the Board. The Board may also delegate authority, under LACC Section 511(a), to the necessary deputies, assistants, and employees of the department and define their duties. In the event that the General Manager is absent or unable to act, assigning signature authority to General Manager Designees would assure that business transactions are addressed promptly and ensure the continuity of services.

Staffing changes necessitate the update of the General Manager Designee Signature Authority. This resolution reflects the following personnel due to job classification or division assignment changes.

Ada Lok, Senior Benefits Analyst I
Glen Malabuyoc, Senior Benefits Analyst I
James Kawashima, Senior Benefits Analyst I

Margaret Drenk, Senior Benefits Analyst II
Maricel Martin, Senior Benefits Analyst I
Tiffany Obembe, Senior Benefits Analyst I

Strategic Plan Impact Statement

The update of the General Manager Designee Signature Authority supports the Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty. Additionally, it corresponds with the Strategic Plan Organizational Goal of maximizing organizational effectiveness and efficiency.

Prepared By: Lisa Li, Management Assistant, Administration Division

NMG/TB:II

Attachment: Signature Authority for General Manager Designees Proposed Resolution

SIGNATURE AUTHORITY
FOR GENERAL MANAGER DESIGNEES

PROPOSED RESOLUTION

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 provide notice to 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 service purchase contracts, certifications of service, and related transactions, and approval of expenditures within the authorized AD budget and Performance Management Office. 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 benefit payments and related transactions; and approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may delegate to the Senior Benefits Analysts I and II in the HWABD the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS. 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 contracts, certifications of service, and related transactions; and delegate to the Senior Benefits Analysts I and II in the Health Benefits Administration the approval of retiree health benefits and related transactions.
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 delegate to the Senior Benefits Analysts I and II in the Retirement Services Division the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.
5. Information Systems Manager – for the approval of expenditures within the authorized Systems Division budget.
6. Chief Investment Officer or Investment Officer III – for the approval of investment transactions required within the scope of the contracts approved by the Board; and approval of expenditures within the authorized Investment Division budget.
7. Member Services Manager – for the approval of expenditures within the authorized Member Services Section 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 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 Manager – comprised of Active Member Accounts (AMA) and the Member Processing Unit (MPU) – for the approval of expenditures within the authorized budget and the Actuarial program budget.
11. Systems Operations Support Manager (SOS) – for the approval of expenditures within the authorized SOS budget.

Endorsed:

Todd Bouey
Assistant General Manager

Endorsed: _____
Dale Wong-Nguyen
Assistant General Manager

Endorsed: _____
Isaias Cantú
Chief Management Analyst of Administration Division

Endorsed: _____
Ferralyn Sneed
Chief Benefits Analyst of Retirement Services Division

Endorsed: _____
Karen Freire
Chief Benefits Analyst of Health, Wellness, and Buyback Division

Endorsed: _____
Rodney June
Chief Investment Officer

Endorsed: _____
Thomas Ma
Information System Manager II

Endorsed: _____
Bryan Fujita
Investment Officer III

Endorsed: _____
Wilkin Ly
Investment Officer III

Endorsed: _____
Melani Rejuso
Departmental Audit Manager

Endorsed: _____
John Koontz
Senior Management Analyst II (Acting)

Endorsed: _____
Margaret Drenk
Senior Benefits Analyst II

Endorsed: _____
Edeliza Fang
Senior Benefits Analyst II

Endorsed: _____
Delia Hernandez
Senior Benefits Analyst II (Acting)

Endorsed: _____
Taneda Larios
Senior Benefits Analyst II

Endorsed: _____
Lin Lin
Senior Personnel Analyst II

Endorsed: _____
Edwin Avanesian
Senior Benefits Analyst II

Endorsed: _____
Lauren McCall
Senior Benefits Analyst II

Endorsed: _____
Charlena Freeman
Senior Personnel Analyst I

Endorsed: _____
Heather Ramirez
Senior Benefits Analyst I

Endorsed: _____
Tiffany Obembe
Senior Benefits Analyst I

Endorsed: _____
Horacio Arroyo
Senior Management Analyst I

Endorsed: _____
Lourdes Quintos
Senior Benefits Analyst I

Endorsed: _____
Ada Lok
Senior Benefits Analyst I

Endorsed: _____
Audrey Dymally
Senior Benefits Analyst I

Endorsed: _____
Maricel Martin
Senior Benefits Analyst I

Endorsed: _____
James Kawashima
Senior Benefits Analyst I

Endorsed: _____
Glen Malabuyoc
Senior Benefits Analyst I



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee
Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 23, 2022
ITEM: VII – C

SUBJECT: 2023 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve the following maximum 2023 subsidy and reimbursement amounts:

1. A maximum medical plan premium subsidy of \$1,962.20 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$1,962.20 per month, for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$494.67 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$43.81 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to adjust the subsidy/reimbursement amounts per month, based on updates of information received after this report, within the parameters established in the Los Angeles Administrative Code.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions.

The 2023 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below. The Board's authority to increase the dollar amounts of the subsidies and reimbursements is limited, based on different factors, including the amount of increase to certain medical plan premiums and LACERS' medical plan premium cost trend compared with the assumed actuarial medical trend rate.

Discussion

At the August 23, 2022 Benefits Administration Committee meeting preceding the Board meeting, staff presented recommendations regarding the proposed 2023 maximum subsidies and reimbursements as described in the attached Committee report (Attachment 1). Should the Committee approve staff's recommendation, this report on the proposed 2023 maximum subsidies and reimbursements will move forward to the Board for approval.

As presented in the Benefits Administration Committee report, the Board, by resolution, sets certain maximum retiree health subsidies and MPRP reimbursement amounts based on the LAAC provisions.

- The 2023 Kaiser two-party non-Medicare plan premium will increase by \$77.70, and the Board has the authority to increase the maximum medical subsidy and MPRP reimbursement for Retired Members under Age 65 or enrolled in Medicare Part B only by the same amount as the increase does not exceed the limitations. Therefore, it is recommended that the maximum subsidy be increased from \$1,884.50 to \$1,962.20 ($\$1,884.50 + \77.70) for both groups.
- The maximum MPRP reimbursement for Members with Medicare Parts A and B enrolled in MPRP will remain the same as there will be no change in the highest cost Medicare Parts A and B plan.
- The maximum monthly dental subsidies reflect those provided for active City employees, which will be \$43.81 for 2023 or a decrease of \$0.79 or 1.8%.

Conclusion

If the Board approves the Committee's recommendations, LACERS total 2023 medical subsidy, dental subsidy, and reimbursement amounts will increase by approximately 2.2%.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor subsidy and reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Strategic Plan Impact Statement

Timely adoption of the maximum medical and dental subsidy and reimbursement amount ensures sufficient time for staff to apply subsidies and reimbursements correctly and to develop Member communications for Members to make informed health plan decisions which support the Strategic Plan Goal of providing outstanding customer service and to deliver accurate and timely Member benefits.

Prepared By: James Kawashima, Senior Benefits Analyst, Health, Wellness and Buyback Division

NMG/DWN/KF/jk

- Attachments:
1. August 23, 2022 Benefits Administration Committee Report
 2. Proposed Resolution



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

MEETING: AUGUST 23, 2022
ITEM: III

SUBJECT: 2023 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee forward a recommendation to the Board to approve the following:

1. A maximum medical plan premium subsidy of \$1,962.20 per month, for Tier 1 Discretionary and Vested Retired Members under Age 65 or enrolled in Medicare Part B only;
2. A maximum reimbursement of \$1,962.20 per month, for Tier 1 Discretionary and Vested Retired members under Age 65 or with Medicare Part B only, enrolled in the Medical Premium Reimbursement Program;
3. A maximum reimbursement of \$494.67 per month, for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, with Medicare Parts A and B, and enrolled in the Medical Premium Reimbursement Program;
4. A maximum dental subsidy of \$43.81 for Tier 1 and Tier 3 Retired Members; and
5. Authorize the General Manager to adjust the subsidy/reimbursement amounts per month, based on updates of information received after this report, within the parameters established in the Los Angeles Administrative Code.

Executive Summary

LACERS provides a variety of health benefits to Retired Members in the form of subsidies and reimbursements. The Los Angeles Administrative Code (LAAC) Section 4.1101 authorizes the Board to administer the health and welfare programs for LACERS Retired Members. On an annual basis, the Board sets the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, while five other subsidies are established by ordinance based on the respective LAAC provisions as shown on the following chart.

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired After July 1, 2011, “Vested”	Tier 1 Retired After July 1, 2011, “Capped”	Tier 3
Retiree Medical Subsidy, Under 65 or Medicare Part B Only - LAAC 4.1111(b), 4.1111(c), 4.1126(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree Medical Subsidy, Medicare Parts A and B – LAAC 4.1111(e), 4.1126(d)	Ordinance	Ordinance	Ordinance	Ordinance
Retiree MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(b), 4.1127(b)	Board Resolution	Board Resolution	Ordinance	Ordinance
Retiree MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(d), 4.1127(d)	Board Resolution	Board Resolution	Ordinance	Board Resolution
Retiree Dental Subsidy – LAAC 4.1114(a), 4.1129(a)	Board Resolution	Board Resolution	Board Resolution	Board Resolution
Survivor Medical Subsidy, Under 65 or Medicare Part B Only – LAAC 4.1115(b)(3), 4.1115(e), 4.1129.1(b)(3)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor Medical Subsidy, Medicare Parts A and B – LAAC 4.1115(c), 4.1129.1(c)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Under 65 or Medicare Part B Only – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance
Survivor MPRP Reimbursement, Medicare Parts A and B – LAAC 4.1112(g), 4.1127(g)	Ordinance	Ordinance	Ordinance	Ordinance

The 2023 recommended maximum retiree health subsidies and MPRP meet the LAAC requirements and are detailed in the discussion below. The Board’s authority to increase the dollar amounts of the subsidies and reimbursements is limited, based on different factors, including the amount of increase to certain medical plan premiums and LACERS’ medical plan premium cost trend compared with the assumed actuarial medical trend rate (see calculation of limit on Attachment 2).

Discussion

LACERS administers two tiers of retirement and health benefits. The maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts differ for each tier:

- Tier 1 benefits are available to City employees who were hired prior to February 21, 2016. For Tier 1 retiree medical benefits, there are three categories of Retired Members:

1. Discretionary – Members retired on or before June 30, 2011;
 2. Vested – Members retired on or after July 1, 2011, and made additional contributions to LACERS; and,
 3. Capped – members retired on or after July 1, 2011, and did not make additional contributions to LACERS.
- Tier 3 retiree health benefits are available to retired City employees who were hired on or after February 21, 2016.

Maximum Medical Plan Premium Subsidies (LAAC 4.1111)

The recommended maximum medical plan premium subsidy amounts are as follows:

- Tier 1 Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only
- Tier 1 Discretionary Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: For Vested Retired Members, increases to the maximum subsidy can be no less than the increase to the Kaiser non-Medicare two-party plan premium. The Board has the option to apply the same subsidy increase to Discretionary Retired Members, pursuant to LAAC Section 4.1111(b).

Recommended Subsidy: For 2023, the Kaiser non-Medicare two-party plan premium will increase by \$77.70, from \$1,800.48 to \$1,878.18, so staff recommends that the maximum subsidy be increased from \$1,884.50 to \$1,962.20 (\$1,884.50 + \$77.70) for both groups.

Medical Premium Reimbursement Program (MPRP) Reimbursements

The MPRP is available to Retired Members and Survivors who live outside of California or within California but outside of a LACERS HMO zip code service area. In order to participate, Members enroll in an individual plan and submit proof of premium payment to LACERS. LACERS reimburses premium costs up to the Member's subsidy amount on a quarterly basis. The recommended maximum MPRP Reimbursement amounts are as follows:

- Tier 1 Discretionary and Vested Retired Members Under Age 65 or Enrolled in Medicare Part B Only

LAAC Authority: The maximum MPRP reimbursement amounts are set similar to the medical subsidies, pursuant to LAAC Section 4.1112 and 4.1127.

Recommended Subsidy: It is recommended that the same maximum be applied toward MPRP reimbursements at \$1,962.20. This will provide Members who are unable to access a LACERS HMO the same amount of subsidy dollars to apply toward non-LACERS medical coverage.

- *Tier 1 Discretionary and Vested Retired Members, and Tier 3 Members, Enrolled in Medicare Parts A and B*

LAAC Authority: Increase to the maximum reimbursement amount may not to exceed the one-party premium of LACERS' highest cost Medicare plan.

Recommended Subsidy: In 2023, the monthly premium for LACERS' highest-cost single-party Medicare Parts A and B medical plan, the Anthem Medicare Advantage Passive PPO plan, will be \$494.67. Staff recommends the maximum reimbursement for MPRP participants enrolled in Medicare Parts A and B be set at \$494.67.

Overall Member Impact

The chart below shows the average medical subsidy paid by LACERS and monthly allowance premium deduction amounts paid by Tier 1 Members in 2022 as compared to the 2023 recommendations. There are currently no Tier 3 Retired Members who are receiving a medical subsidy.

Tier 1 Member Status	Tier 1 2023 Estimated Population	Tier 1 2022 Subsidy \$1,884.50		Tier 1 2023 Subsidy \$1,962.20	
		Avg. Monthly Subsidy	Avg. Monthly Deduction	Avg. Monthly Subsidy	Avg. Monthly Deduction
Non-Medicare Retiree	5,243	\$1,213.33	\$71.06	\$1,265.75	\$103.67
Non-Medicare Survivor	236	\$760.37	\$159.93	\$793.21	\$183.27
Medicare Retiree	9,789	\$484.36	\$39.24	\$484.74	\$39.29
Medicare Survivor	1,567	\$326.99	\$13.88	\$327.36	\$13.91
All Covered Members	16,835	\$700.90	\$48.48	\$717.95	\$58.99

Dental Plan Premium Subsidy (LAAC Section 4.1114 and 4.1129)

The recommended maximum dental plan premium subsidy amount is as follows:

LAAC Authority: The Retired Member maximum dental plan premium subsidy cannot exceed the maximum dental plan premium subsidy for Active Members.

Recommended Subsidy: The maximum dental plan subsidy for Active Members of LACERS for plan year 2023 will slightly decrease to \$43.81 per month. It is recommended that the maximum dental subsidy for Tier 1 and Tier 3 Retired Members be set at \$43.81.

Conclusion

Staff recommends the Committee to forward to the Board the proposed maximum subsidies and reimbursements amounts for 2023 as authorized by the Los Angeles Administrative Code.

Occasionally, premiums and therefore subsidies are subject to change slightly after Board approval due to receipt of updated data. Staff recommends that the Board allow for any minor subsidy and

reimbursement adjustments within the parameters established in the Los Angeles Administrative Code, to be delegated to the General Manager for authorization.

Strategic Plan Impact Statement

Timely adoption of the maximum medical and dental subsidy and reimbursement amount ensures sufficient time for staff to apply subsidies and reimbursements correctly and to develop Member communications for Members to make informed health plan decisions which support the Strategic Plan Goal of providing outstanding customer service and to deliver accurate and timely Member benefits.

Prepared By: James Kawashima, Senior Benefits Analyst, Health, Wellness and Buyback Division

NMG/DWN/KF/jk

- Attachments:
1. Maximum Subsidy and Reimbursement Amounts Established by Ordinance
 2. LACERS Medical Plan Premium Subsidy for Tier 1 Discretionary Retired Members
 3. LACERS Historical Medical Subsidy Costs

Maximum Subsidy and Reimbursement Amounts Established by Ordinance

Although Los Angeles Administrative Code (LAAC) Division 4, Chapter 11, provides the Board the authority to set the maximum retiree health subsidies and the Medical Premium Reimbursement Program (MPRP) reimbursement amounts, there are certain provisions in the LAAC that were established by ordinance that does not require Board action.

- *Maximum Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 Capped Retired Members and their Survivors*

All medical benefit amounts for these Members and their Survivors are capped at 2011 amounts. The medical subsidy that may be used toward premium costs of covering a dependent is also capped.

- *Maximum Medical Plan Premium Subsidies for Tier 1 Discretionary and Vested, and Tier 3 Retired Members, Enrolled in Medicare Parts A and B*

The maximum subsidy is based on the single-party premium of the LACERS plan in which the Retired Member is enrolled.

- *Maximum Medical Plan Premium Subsidy and MPRP Reimbursement Amount for Tier 3 Retired Members Under Age 65 or Enrolled in Medicare Part B Only*

The maximum subsidy and reimbursement amount is based on the Kaiser two-party non-Medicare plan premium.

- *Survivor Medical Plan Premium Subsidies and MPRP Reimbursement Amounts for Tier 1 and Tier 3 Retired Members*

A Survivor's subsidy amount is based on the Retired Member's years of Service Credit.

- *Survivors Under Age 65 or Enrolled in Medicare Part B Only* – The maximum Survivor subsidy is equal to the single-party premium of the lowest-cost non-Medicare plan. The lowest-cost LACERS non-Medicare plan is the Kaiser Permanente HMO.
- *Survivors Enrolled in Medicare Parts A and B* – The maximum subsidy is set to the single-party premium of the LACERS plan in which the Survivor is enrolled.

LACERS MEDICAL PLAN PREMIUM SUBSIDY FOR TIER 1 DISCRETIONARY RETIRED MEMBERS

The LACERS Board has the authority as established by the Los Angeles Administrative Code (LAAC) Section 4.1112(b) to increase the maximum medical plan premium subsidy by the amount of the increase in the Kaiser Permanente HMO (non-Medicare) two-party premium. If the three-year average increase in the subsidy is greater than the three-year average assumed actuarial medical trend rate for the same period, the increase must be approved by City Council. City Council may set the increase at any other amount.

For 2023, the Kaiser Permanente HMO (non-Medicare) two-party premium will increase by \$77.70. The 2023 maximum medical plan premium subsidy increase to \$1,962.20 (\$1,884.50 + \$77.70) does not exceed the LAAC limitation as the three-year average increase of 3.1% is lower than the three-year average assumed actuarial medical trend rate of 7.0%. The table below shows by how much the Board may increase the 2023 maximum subsidy before hitting the cap imposed by the three-year average assumed actuarial medical trend rate.

	<u>Assumed Actuarial Trend Rate*</u>	<u>% Increase</u>	<u>Max. Medical Subsidy Amt. (Cap)</u>
2023	7.50%	15.8%	\$2,182.25**
2022	6.75%	5.2%	\$1,884.50
2021	6.75%	0.0%	\$1,790.80
3-yr Average	7.00%	7.00%	

*The assumed actuarial medical trend rates for coming years may be adjusted during each valuation and may alter the information contained in these tables.

**For the 2023 plan year, the LACERS Board could approve a two-party Kaiser non-Medicare HMO premium increase of up to 15.8% without requiring City Council approval for the associated subsidy increase.

LACERS HISTORICAL TIER 1 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/23/22
Item III
Attachment 3

Year	1999	2000	2001	2002	2003	2004	2005	2006	2007
Maximum Monthly Medical Subsidy	\$508.00	\$702.00	\$702.00	\$751.00	\$872.00	\$883.00	\$883.00	\$928.00	\$983.00
Dollar Increase - Maximum Subsidy		\$194.00	\$0.00	\$49.00	\$121.00	\$11.00	\$0.00	\$45.00	\$55.00
% Increase - Maximum Subsidy		38.2%	0.0%	7.0%	16.1%	1.3%	0.0%	5.1%	5.9%
Kaiser 2-Party	\$409.84	\$604.44	\$631.56	\$679.68	\$800.08	\$813.87	\$870.56	\$915.14	\$982.74
Dollar Increase - Kaiser 2-Party		\$194.60	\$27.12	\$48.12	\$120.40	\$13.79	\$56.69	\$44.58	\$67.60
% Increase - Kaiser 2-Party		47.5%	4.5%	7.6%	17.7%	1.7%	7.0%	5.1%	7.4%
Aggregate Medical Premium Increase				17.0%	16.1%	18.2%	-5.2%	-5.2%	12.5%
% Premium Cost Subsidized	88.9%	91.0%	88.4%	90.8%	93.9%	92.0%	92.4%	92.4%	91.1%

Year	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Monthly Medical Subsidy	\$1,022.00	\$1,120.00	\$1,123.00	\$1,190.00	\$1,190.00	\$1,367.00	\$1,464.00	\$1,580.08	\$1,580.08	\$1,736.88	\$1,790.80	\$1,790.80	\$1,790.80	\$1,790.80	\$1,884.50	\$1,962.20
Dollar Increase - Maximum Subsidy	\$39.00	\$98.00	\$3.00	\$67.00	\$0.00	\$177.00	\$97.00	\$116.08	\$0.00	\$156.80	\$53.92	\$0.00	\$0.00	\$0.00	\$93.70	\$77.70
% Increase - Maximum Subsidy	4.0%	9.6%	0.3%	6.0%	0.0%	14.9%	7.1%	7.9%	0.0%	9.9%	3.1%	0.0%	0.0%	0.0%	5.2%	4.1%
Kaiser 2-Party	\$1,021.54	\$1,119.58	\$1,122.74	\$1,189.22	\$1,187.24	\$1,363.44	\$1,459.66	\$1,575.74	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18
Dollar Increase - Kaiser 2-Party	\$38.80	\$98.04	\$3.16	\$66.48	(\$1.98)	\$176.20	\$96.22	\$116.08	(\$79.68)	\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70
% Increase - Kaiser 2-Party	3.9%	9.6%	0.3%	5.9%	-0.2%	14.8%	7.1%	8.0%	-5.1%	10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%
Aggregate Medical Premium Increase	5.7%	7.1%	4.5%	6.2%	0.2%	7.9%	7.4%	4.8%	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%
% Premium Cost Subsidized	91.6%	92.5%	91.8%	91.3%	90.9%	92.7%	92.5%	94.0%	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%

Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.

LACERS HISTORICAL TIER 3 MEDICAL SUBSIDY COSTS

BAC Meeting: 08/23/22
 Item III
 Attachment 3

Year	2016	2017	2018	2019	2020	2021	2022	2023
Maximum Monthly Medical Subsidy	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18
Dollar Increase - Maximum Subsidy		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70
% Increase - Maximum Subsidy		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%
Kaiser 2-Party	\$1,496.06	\$1,652.86	\$1,706.78	\$1,660.88	\$1,626.28	\$1,681.07	\$1,800.48	\$1,878.18
Dollar Increase - Kaiser 2-Party		\$156.80	\$53.92	(\$45.90)	(\$34.60)	\$54.79	\$119.41	\$77.70
% Increase - Kaiser 2-Party		10.5%	3.3%	-2.7%	-2.1%	3.4%	7.1%	4.3%
Aggregate Medical Premium Increase	-1.9%	6.5%	5.4%	-1.6%	-0.2%	0.7%	-1.5%	0.9%
% Premium Cost Subsidized	94.0%	94.3%	93.7%	94.2%	93.8%	93.4%	93.7%	92.4%

Tier 3 became effective February 21, 2016. Maximum subsidy is Kaiser's premium per Ordinance. Beginning in 2019, LACERS published premiums may have two components, the Carrier premium and a 115 Trust component. This chart only reflects the Carrier premium.

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2023**

PROPOSED RESOLUTION

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

WHEREAS, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 23, 2022, the 2023 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 23, 2022, the Board of Administration approved the 2023 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2023 health benefit subsidies and reimbursements; and authorizes the General Manager to make any necessary subsidy or reimbursement adjustments within the parameters established in the Los Angeles Administrative Code to reflect updated data:

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired On After July 1, 2011 “Vested”	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$1,962.20	\$1,962.20	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$1,962.20	\$1,962.20	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$494.67	\$494.67	\$494.67
Retiree Dental Subsidy	\$43.81	\$43.81	\$43.81

August 23, 2022



REPORT TO BOARD OF ADMINISTRATION

From: Benefits Administration Committee

Michael R. Wilkinson, Chair
Annie Chao
Thuy Huynh

MEETING: AUGUST 23, 2022

ITEM: VII - D

SUBJECT: INCOME-RELATED MONTHLY ADJUSTMENT AMOUNTS (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT CONSIDERATION AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board to approve the following:

1. Authorize a budgetary expenditure and direct LACERS plan actuary, the Segal Company, to conduct an actuarial cost study to explore the Medicare Part B Income-Related Monthly Adjustment Amount (IRMAA) and the Medicare Part B (Medical) reimbursements; and
2. Share this report with the Office of the City Administrative Officer (CAO).

Executive Summary

LACERS consistently receives feedback from Members requesting a change to the LACERS benefit to allow for the medical subsidy to reimburse Members' *Medicare Part B Income-Related Monthly Adjustment Amounts* (IRMAAs), and to reimburse the *Medicare Part B basic premiums* for LACERS Members who started City employment prior to April 1, 1986 and are currently excluded from reimbursement. Due to the increased interest by our Members, and the largest City retiree association, a report to the Benefits Administration Committee (BAC) was submitted on these two issues.

Discussion

At a special meeting held on August 9, 2022, staff presented to the BAC recommendations regarding the Income-Related Monthly Adjustment Amount (IRMAA) and Medicare Part B Only reimbursement as described in the attached Committee report. The Committee discussed the options presented and directed staff to forward the proposed recommendations herein to the Board.

Strategic Plan Impact Statement

The IRMAA and Medicare Part B reimbursement recommendation supports LACERS Strategic Plan Goal to improve value and minimize costs of Members' health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Glen Malabuyoc, Senior Benefits Analyst I, Margaret Drenk, Senior Benefits Analyst II, and Karen Freire, Chief Benefits Analyst.

NMG/DWN/AL

Attachment: 1. August 9, 2022 Benefits Administration Committee Report



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

BOARD Meeting: 08/23/2022
Item: VII-D
ATTACHMENT



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

MEETING: AUGUST 9, 2022
ITEM: V

Neil M. Guglielmo

SUBJECT: INCOME-RELATED MONTHLY ADJUSTMENT AMOUNTS (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT CONSIDERATION AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee provide direction on option(s) to recommend to the Board:

1. Authorize a budgetary expenditure and direct LACERS plan actuary, the Segal Company, to conduct an actuarial cost study to explore the Medicare Part B Income-Related Monthly Adjustment Amount (IRMAA) and the Medicare Part B (Medical) reimbursements; and/or
2. Share this report with the Office of the City Administrative Officer (CAO); and/or
3. Direct staff to explore additional Committee recommendations.

Executive Summary

LACERS consistently receives feedback from Members requesting a change to the LACERS benefit to allow for the medical subsidy to reimburse Members' *Medicare Part B Income-Related Monthly Adjustment Amounts* (IRMAAs), and to reimburse the *Medicare Part B basic premiums* for LACERS Members who started City employment prior to April 1, 1986 and are currently excluded from reimbursement. Due to the increased interest by our Members, and the largest City retiree association, LACERS conducted preliminary research and analysis of these two issues. To enact the requested benefit change, an actuarial cost study must be completed and an ordinance adopted by City Council and Mayor to effectuate the benefit.

This report provides a preliminary analysis of these issues and recommendation for the Committee to provide direction on the commission of the actuarial study and the consideration of the benefit changes. The key findings of the report include:

IRMAAs

- The Medicare Part B premium reimbursement benefit was adopted in the 1980s before IRMAAs were contemplated and introduced in 2007¹.
- In a survey of ten California pension plans, three plans, California Public Employees' Retirement system (CalPERS), Water and Power Employees' Retirement Plan (WPERP), and San Diego County Employees' Retirement System (SDCERS) provide reimbursement of Part B IRMAAs from Members' subsidies, while Los Angeles Fire and Police Pensions (LAFPP) and six other plans do not.
- In a survey of 9,874 LACERS Members to ascertain the cost of their IRMAAs, 3,089 or 32% responded with 791 or 26% of respondents paying IRMAAs.
- Using the percentage distribution of Members from the survey, applied to the 9,874 Members, the estimated additional costs of reimbursing IRMAAs in 2023, adjusted annually based on the current Centers for Medicare and Medicaid (CMS) rates and changes in Members' personal income bracket, are:
 - Medicare Parts A and B – \$17.5 million for Tiers I and II; \$20 million for Tiers I to III; and \$26 million for all tiers (Table 3)

Part B Only

- The 1973 ordinance establishing the Retiree Health Program included providing reimbursement of Medicare Part B reimbursement to Members enrolled in Medicare Parts A (Hospitalization) and B (Medical); however, the ordinance did not address reimbursements for Part B only enrollees.
- There are 1,386 Retired Members with Medicare Part B only. This group will decrease over time.
- Out of three City Pension Systems providing retiree health benefits, only the Department of Water and Power provides Medicare Part B only premium reimbursement.
- The estimated costs of providing Part B Members with reimbursement of basic rates plus IRMAA, to be adjusted annually based on CMS rates, are:
 - Medicare Part B only – \$2.5 million for Tiers I and II; \$2.8 million for Tiers I to III; and \$3.7 million for all tiers (Table 5)

The Los Angeles Administrative Code (LAAC) Section 4.1113 and 4.1128 authorizes LACERS to reimburse the Medicare Part B basic premium to Retired LACERS Members (Members) enrolled in Medicare Parts A and B, enrolled in a LACERS Senior Plan, and receiving LACERS medical subsidy. Any required Medicare premiums that Members must pay, outside of the authority listed in the LAAC, Members are not reimbursed. This includes Members who started employment prior to April 1, 1986, who did not contribute to Medicare Part A, and are also required to enroll in Medicare Part B, but are not reimbursed the basic premium.

Some Members pay additional premium amounts called the Income-Related Monthly Adjustment Amounts (IRMAAs) based on their taxable income and could be based not just on the Member's retirement allowance from LACERS, but also include: the spouse's income/retirement allowance, employment earnings, profit made from a business activity, investment income from properties or investments, capital gains on the sale of property or any related income reported to the Internal

¹ Section 1839 of the Social Security Act (as amended by section 811 of the Medicare Modernization Act) creates an income-related reduction in Part B premium subsidies effective January 2007.

Revenue Service (IRS). For Members to comply with Medicare, they are required to not just pay for the basic Medicare Part B premium, but if required, also the IRMAA. Because the IRMAA is based on the Member’s taxable income, LACERS is unable to determine the number of Members who pay IRMAA. Therefore, LACERS conducted a survey to determine the number of Members impacted by IRMAA, as well as the annual cost for IRMAA reimbursement.

Discussion

IRMAA

LACERS administers medical insurance plans for its early retirees (age 55 – 64) and Medicare-eligible retirees (age 65+). For Medicare-eligible retired Members and their health plan dependents, LACERS offers medical plans that integrate Medicare Part B and Medicare Parts A and B benefits. LACERS refers to these plans as “senior plans.” When a Member or their dependent enrolls in a LACERS senior plan, they also enroll in Medicare Part D (Prescription Drug).

On or after April 1, 1986, the City of Los Angeles (City) and its employees are required to pay into Medicare for employees hired when the requirement for all agencies to pay into Medicare was enacted. For these employees, once they achieved 40 credits with Medicare, they are eligible to receive Medicare Part A at no cost. Employees hired before this date are not eligible for Medicare Part A through their City employment but may be eligible through a spouse or employment outside of the City.

Once a Member or health plan dependent qualifies for Medicare, in order to continue coverage in a LACERS medical plan, the LAAC requires them to enroll in Medicare Part B (Medical), and if eligible to receive it for free, Part A (Hospitalization).

When enrolling in Medicare Part B, Members and their dependents must pay the Part B premium out-of-pocket. The premium cost can change every year and the amount can be different for each person. There is a basic premium that everyone must pay and, depending on income and tax filing status, there may be additional premium costs called Income-Related Monthly Adjustment Amounts (IRMAAs). For 2022, the basic premium is \$170.10 and premiums with IRMAAs range from \$238.10 to \$578.30. The premiums fall into six premium tiers as listed in Table 1.

Table 1. 2022 Medicare Part B Premiums				
Members’ income in 2020 (for what Members pay in premiums in 2022)				
Premium Tier	Filed individual tax return	Filed joint tax return	Filed married & separate tax return	Member Monthly Premium (in 2022)*
I	\$91,000 or less	\$182,000 or less	\$91,000 or less	\$170.10
II	above \$91,000 up to \$114,000	above \$182,000 up to \$228,000	Not applicable	\$238.10
III	above \$114,000 up to \$142,000	above \$228,000 up to \$284,000	Not applicable	\$340.20
IV	above \$142,000 up to \$170,000	above \$284,000 up to \$340,000	Not applicable	\$442.30

V	above \$170,000 and less than \$500,000	above \$340,000 and less than \$750,000	above \$91,000 and less than \$409,000	\$544.30
VI	\$500,000 or above	\$750,000 or above	\$409,000 or above	\$578.30

Note: IRMAAs are calculated based on the highest income of the tax returns filed two years prior.

Medicare's coverage of Part A (Hospitalization) significantly lowers LACERS' cost for premiums for senior plans, which may be the reason that Members enrolled in both Medicare Parts A and B are reimbursed for the monthly Medicare Part B basic premiums. This benefit is only available to the retired Member, not their health plan dependents or survivors.

Cost of IRMAAs

LACERS requires that Members show proof of Medicare enrollment when enrolling in a LACERS senior plan or participating in the Medical Premium Reimbursement Program. Acceptable proof is a copy of their Medicare card or entitlement letter from Social Security. These documents indicate that a Member has been successfully enrolled in Medicare, but does not provide insight into their Medicare Part B premium cost. LACERS has no access to each Member's Medicare Part B premium, which is needed to determine the potential cost of reimbursing Medicare Part B premiums beyond the standard premium. Therefore, in 2021 the Board authorized staff to conduct a survey to determine the Members' out-of-pocket Part B premium costs, including IRMAAs, and to provide the information to the City for consideration in amending the current Part B premium reimbursement benefit.

On November 1, 2021, a Medicare Part B Premium Survey was mailed out to Members receiving a Medicare Part B premium reimbursement to determine Members' actual Part B premium cost.

Survey Methodology

With the assistance of the LACERS health and welfare consultant, Keenan & Associates, staff created a two-question Medicare Part B Premium Survey and distributed by first-class mail to 9,784 Retired Members who are currently receiving a Part B premium reimbursement. To maintain confidentiality, code numbers were used to identify the completed surveys and no personal identifiers were used.

In addition, the self-mailer contained an explanation of the purpose of the survey and instructions for completing the survey by mail or by accessing an online version provided through a link to the LACERS website. Members were asked two questions: 1) are you a retired LACERS Member currently enrolled in Medicare Parts A and B and receiving a Medicare Part B premium reimbursement? 2) what amount best describes your Medicare Part B premium, including any IRMAA costs (do not include Medicare Part D IRMAAs)?

Survey Results

A total of 3,089 completed surveys (2,551 or 82.6% via mail and 538 or 17.4% online) were received, or a 32% response rate, which is considered an acceptable percentage for validity based on the size of the population surveyed. A breakout of the responses is shown in Table 2.

Table 2. Medicare Part B Premium Survey Results

2021 Part B Premium Tier	Member Reported Premium Amounts*	Number of Members Paying Premium Tier	Percentage of Members Paying Premium Tier
I (Basic)	\$148.50	2,298	74.4%
II	\$207.90 to \$279.70	283	9.2%
III	\$297.00 to \$348.00	193	6.2%
IV	\$386.10 to \$462.70	143	4.6%
V and VI**	\$475.20 to \$494.67 and \$504.90 to \$545.90	172	5.6%
Totals		3,089	100.0%

*The bolded amounts in this column are the usual premium for Members within the associated income bracket. Although most Members within the different income brackets pay the usual amount, a few Members reported different premiums. Some Members pay amounts other than those listed for various reasons, such as the “hold harmless provision,” the late Part B enrollment penalty or the Medicare Part D IRMAA (Tiers II to VI). The “hold harmless provision” limits annual Medicare Part B premium increases for certain individuals to an amount that does not decrease their Social Security benefit. This provision comes into effect when the Social Security cost-of-living adjustment is low, and the Medicare Part B premium increase is greater than a person’s Social Security benefit increase.

**Tiers V and VI were combined because the difference between the premium amounts is much less than between the other tiers.

As shown in Table 3, LACERS has identified 9,784 Members who are receiving a Medicare Part B premium reimbursement. Based on the survey responses, it is estimated that about 26% of LACERS Members pay IRMAAs.

Table 3. Estimated 2022 and 2023* Part B Premium Payments**

2022 Part B Premium Tier	Basic/IRMAA Premium Amounts	Estimated Number of Members Paying Premium Amount	% of Members Paying Premium Amount	Total Monthly Basic/IRMAA Payment Estimate (Tier II-VI incremental)	Total Annual Basic/IRMAA Payment Estimate (Tier II-VI incremental)	Running Total of Part B with IRMAA Premium Costs
I (Basic)	\$170.10	7,280	74.4%	\$1,238,328	\$14,859,936	\$14,859,936
II	\$238.10	900	9.2%	\$ 214,290	\$ 2,571,480	\$17,431,416
III						

	\$340.20	606	6.2%	\$ 206,161	\$ 2,473,932	\$19,905,348
IV	\$442.30	450	4.6%	\$ 199,035	\$ 2,388,420	\$22,293,768
V and VI	\$544.30 and \$578.30 (ave. \$561.30)	548	5.6%	\$ 307,592	\$ 3,691,104	\$25,984,872
Totals		9,784	100%	\$2,165,406	\$25,984,872	
Projected Cost of IRMAAs				\$ 927,078	\$11,124,936	

Projecting future costs can be difficult because the number of LACERS Members enrolled in Medicare Parts A and B change continuously, and the Part B premiums and IRMAA income brackets can change annually, as can Members' income or tax filing status. For example, in 2022, the income threshold used to assess IRMAAs changed from \$88,000 to \$91,000 for those filing individual tax returns. Additionally, when IRMAAs are assessed, both Medicare Part B and Medicare Part D premiums are increased by the surcharge.

*** Centers for Medicare and Medicaid (CMS) released a report recently and projected no increase in the 2023 Medicare Part B standard/basic premium.

MEDICARE PART B ONLY

The City began reimbursing Medicare Part B basic premium to retirees who had Medicare Parts A and B in accordance with the ordinance which established the Retiree Health Insurance Program in October 1973. Retired Members with Medicare Part B only are not reimbursed their Part B basic premium as the Los Angeles Administrative Code Section 4.1113 (b) limits the reimbursement to Retired Members with Medicare Parts A and B. The reason that only those who have Medicare Parts A and B have been reimbursed may be that Medicare Part A's hospitalization coverage and capitation payments significantly lowers medical plan premium costs, i.e. the senior plans which require enrollees to have Parts A and B have much lower premiums than non-senior Part B only plans.

As of June 30, 2022, there are 1,386 retired Members with Medicare Part B only enrolled in a LACERS-sponsored medical plan. These retired Members were hired before April 1, 1986, when the requirement for all agencies to pay into Social Security pay the Medicare Part A (Medicare tax) was enacted. At that time, the City decided not to give these employees the option to pay into their Medicare tax; hence, they are not eligible for premium-free Medicare Part A through their City employment. Currently, there are 212 full-time and 6 part-time Active Members hired before this date. Based on LACERS' records, they are not currently eligible for premium-free Medicare Part A through a spouse or employment outside of the City.

The Part B only population is very small and decreasing each year, with reimbursement costs expected to follow this same trend. Using the same percentages as the Medicare Part B IRMAA survey was used, Table 4 shows an estimate of reimbursement costs of Part B basic premium to the Retired Members who have Medicare Part B only.

Table 4. Estimated 2022 Medicare Part B Basic Premium Payments Reimbursement – Retired Members with Medicare Part B only (see Table 1 for the Tiers’ income range)					
2022 Part B Premium Tier	Basic/IRMAA Premium Amounts	Estimated Number of Members Paying Premium Amount	% of Members Paying Premium Amount	Total Monthly Basic Premium Payment Estimate	Total Annual Basic Premium Payment Estimate
I (Basic)	\$170.10	1,031	74.4%	\$175,373	\$2,104,476
II	\$238.10	128	9.2%	\$21,773	\$261,276
III	\$340.20	86	6.2%	\$14,629	\$175,548
IV	\$442.30	64	4.6%	\$10,886	\$130,632
V and VI	\$544.30 and \$578.30	77	5.6%	\$13,098	\$157,176
Totals		1,386	100.0%	\$235,759	\$2,829,108

Table 5 shows a breakout of the reimbursement costs of Part B basic premium and Part B IRMAAs to the Retired Members who have Medicare Part B only.

Table 5. Estimated 2022 Medicare Part B Basic Premium and IRMAA Payments Reimbursement – Retired Members with Medicare Part B only						
2022 Part B Premium Tier	Basic/IRMAA Premium Amounts	Estimated Number of Members Paying Premium Amount	% of Members Paying Premium Amount	Total Monthly Basic/IRMAA Payment Estimate (Tier II-VI incremental)	Total Annual Basic/IRMAA Payment Estimate (Tier II-VI incremental)	Running Total of Part B with IRMAA Premium Costs
I (Basic)	\$170.10	1,031	74.40%	\$175,373	\$2,104,476	\$2,104,476
II	\$238.10	128	9.20%	\$30,477	\$365,724	\$2,470,200
III	\$340.20	86	6.20%	\$29,257	\$351,084	\$2,821,284
IV	\$442.30	64	4.60%	\$28,307	\$339,684	\$3,160,968
V and VI	\$544.30 and \$578.30 (ave. \$561.30)	77	5.60%	\$43,220	\$518,640	\$3,679,608

Totals		1,386	100%	\$306,634	\$3,679,608	
Projected Cost of IRMAAs				\$131,261	\$1,575,132	

Survey of other Retirement Systems

IRMAA

In July 2021, LACERS conducted an informal survey of other California public retirement systems to determine retirements systems that were providing IRMAA reimbursements. Of the 10 agencies that had participated, the Department of Water and Power (WPERP), the San Diego County Employees Retirement System (SDCERA), and the California Public Employees' Retirement System (CalPERS) reimburse their Retired Members their Medicare premiums, including Medicare Part B IRMAAs, with the limitation that the reimbursement cannot exceed each Member's medical subsidy amount.

CalPERS State of CA	KCERA Kern County	LACERA LA County	LAFPP LA Fire Police	OCERS Orange County
Reimburses Part B IRMAA if there is excess subsidy	No plans to reimburse Part B IRMAA	No plans to reimburse Part B IRMAA	No plans to reimburse Part B IRMAA	No plans to reimburse Part B IRMAA
SBCERA San Bernardino	SBCERS Santa Barbara	SDCERA San Diego	SFERS San Francisco	WPERP LA Water Power
No plans to reimburse Part B IRMAA	No plans to reimburse Part B IRMAA	Reimburses Part B IRMAA if there is excess subsidy	No plans to reimburse Part B IRMAA	Reimburses Part B IRMAA if there is excess subsidy

Medicare Part B Only Members

LACERS surveyed LAFPP and WPERP on their reimbursements for Members with Part B Only. The Los Angeles Fire and Police Pension currently does not reimburse basic Medicare Part B premiums for their Part B only members and the Department of Water and Power Health Benefits, which administers health benefits for both their active and retired employees, does reimburse Medicare Part B basic premiums, as well as IRMAA, for their Part B only members.

California, State and Nationwide Public Retirement Systems

LACERS also reached out to the California Association of Public Retirement Systems (CALAPRS), the State Association of County Retirement Systems (SACRS), and National Conference on Public Employee Retirement Systems (NCPERS) and received confirmation that no survey had been conducted on other public retirement systems' approaches in providing Part B IRMAA and/or Part B only reimbursements to retirees. Staff is in the process of creating a short survey so that NCPERS can distribute to their members.

RECOMMENDATION

Los Angeles Administrative Code Section 4.1113 (a) states “Reimbursement shall be limited to the Medicare Part B basic premium (Medical). No reimbursement shall be paid for Medicare Part B costs that exceed the basic premium.”

LACERS requires that Members enroll in Medicare Part B to maintain coverage in a LACERS medical plan. Only Members who are enrolled in Medicare Parts A and B are reimbursed the Part B basic premium. However, LACERS consistently receives feedback from two other groups of Members - those who are enrolled in Medicare Parts A and B and paying Part B IRMAA premium; and those who are enrolled in Medicare Part B only and paying Part B basic and/or Part B IRMAA premiums. Members pay Part B premiums out-of-pocket and, although LACERS subsidizes medical plan premiums based on years of Service Credit with the City, the required out-of-pocket IRMAA and/or Part B only premium expense is not currently subsidized and essentially reduces the value of a Member’s medical subsidy.

IRMAAs did not exist and were not contemplated as part of the benefit when it was adopted. Members who were hired before April 1, 1986 lost their eligibility for premium-free Medicare Part A through their City employment. As changes occur in the health care environment, it is reasonable that we review our benefits program to ensure that we are continuing to provide benefits as they were intended.

The additional annual costs that could be generated if Medicare Part B IRMAA premiums were to be reimbursed cannot be determined by LACERS alone, hence the survey of 9,784 Retired Members was conducted with a 32% response rate providing an estimated number of Retired Members who are currently paying Medicare Part B IRMAA premiums. This same breakdown of respondents’ income tiers was used to estimate the number of Retired Members, out of the 1,386 Retired Members with Medicare Part B only and enrolled in a LACERS-sponsored medical plan, who are paying Part B basic and/or Part B IRMAA premium. Therefore, staff is recommending that LACERS or the CAO, on behalf of the plan sponsor, commission a cost study using actuarial methods to more accurately identify costs of reimbursing the basic Medicare Part B for Part B Only Members and IRMAAs for Members who have surplus subsidy.

Strategic Plan Impact Statement

The IRMAA and Medicare Part B reimbursement recommendation, supports LACERS Strategic Plan Goal to improve value and minimize costs of Members’ health and wellness benefits.

Prepared By: Ada Lok, Senior Benefits Analyst I, Glen Malabuyoc, Senior Benefits Analyst I, Margaret Drenk, Senior Benefits Analyst II, and Karen Freire, Chief Benefits Analyst.

NMG/DW/AL

Attachment: Report to Board of Administration dated June 8, 2021



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: JUNE 8, 2021
ITEM: VI-A

Neil M. Guglielmo

SUBJECT: FEDERAL LEGISLATION IMPACTING RETIREE INCOME AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board authorize staff to:

Communicate to the Mayor and the City Council the Board's recommendation that the City take a position in support of HR 82, Social Security Fairness Act of 2021, and any other bills that would rectify inequities resulting from the Windfall Elimination and Government Pension Offset provisions.

Direct staff, in consultation with City Attorney's Office, to communicate to the City Council regarding the impact of excluding Income-Related Adjustment Amounts in Medicare Part B reimbursements for LACERS members, and to assist Council in considering an ordinance to amend Los Angeles Administrative Code Section 4.1113 to include this reimbursement while continuing to exclude penalties. If the Administrative Code is amended, staff would also prepare proposed changes to LACERS Board Rule HBA 9 for the Board's approval.

Executive Summary

If a Member receives a pension from LACERS and is eligible for Social Security benefits from previous work outside of the City of Los Angeles, Social Security's Windfall Elimination and Government Pension Offset provisions reduce Social Security benefits received by Members. This is not applied universally and can have significant financial implications for Members, especially those with lower income.

Discussion

Background

Recently, staff received a complaint from a retired Member about his Social Security benefit being significantly reduced because he was receiving a pension from LACERS. This is done in compliance with the Social Security Administration's Windfall Elimination Provision (WEP), which has been challenged in the past. The Member inquired if LACERS has taken a position on this provision.

LACERS can not take positions on political or legislative issues, but can alert the City of any issues that might impact retirement benefits. Staff recommends that the Board submit a request to the Mayor's Office and City Council to review and possibly take a position to rectify the inequities resulting from the WEP.

Windfall Elimination and Government Pension Offset Provisions

The WEP allows Social Security to reduce someone's benefit if they receive a pension from an employer that did not pay Social Security taxes. City of Los Angeles employees do not pay Social Security taxes and are subject to this provision. More specifically, the WEP applies to those who:

- Reached age 62 after 1985; or
- Became disabled after 1985; and
- First became eligible for a monthly pension based on working for the City after 1985.

However, this provision does not apply to everyone. Exceptions include:

- Federal workers first hired after December 31, 1983;
- Employees of a non-profit organization who were exempt from Social Security coverage on December 31, 1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983;
- Those whose only pension is for railroad employment;
- Employees whose only work performed without paying Social Security taxes was before 1957;
- People with 30 or more years of substantial earnings under Social Security.

Although LACERS makes many efforts to inform Members of the potential reduction of their Social Security benefits, many are not aware of the WEP until they are close to retirement or when they get their first Social Security benefit. It can be alarming, as they may be relying on their full Social Security benefit, which they have worked for and contributed towards, in order supplement their LACERS benefit. Retirees are predominantly on a reduced fixed income and a reduction in their Social Security benefits can create financial hardship.

Example:

A single person paid into Social Security for 15 years, earning an average annual income of \$50,000 from 1986 to 2000, and then worked for the City from 2001 to 2021, earning an average annual income of \$129,500, and retiring at the age of 67 with a pension of \$4662 (approximately the average LACERS service retirement pension). The Social Security benefit before the WEP reduction would be \$1,911. After applying the WEP reduction (based in part on the LACERS pension amount), the benefit would be reduced by \$537, or 28%, to \$1,374.*

*Estimate based on a Social Security benefit calculator on the AARP website. The Social Security website will only allow someone to estimate their own benefit.

In December 2020, about 1.9 million people (or about 3% of all Social Security beneficiaries) were affected by the WEP. The WEP is not applied universally, but anyone who worked for the City of Los Angeles is likely to experience a reduction of their Social Security benefit. These reductions can be substantial, up to one-half of one's pension, and research has shown that the WEP reduces benefits

disproportionately for lower-earning households (*Social Security: The Windfall Elimination Provision*, Congressional Research Services, February 4, 2021, <https://fas.org/sgp/crs/misc/98-35.pdf>).

The Windfall Elimination Provision only affects the benefit of the retiree. However, an employee's spouse may be eligible to also receive a benefit based on the retiree's work history and earnings and there is another provision called the Government Pension Offset that will reduce the benefit received by a retiree's spouse or surviving spouse who is receiving a government pension from employment where Social Security taxes were not paid.

The spousal benefit was considered a "dependent benefit," intended to provide support to spouses that did not work, which was the norm when the benefit was created in the 1930s. Because today it is more common for both spouses in a household to be working and earning a pension, this provision adjusts a retiree's spouse/survivor benefit by two-thirds of the government pension amount the spouse/survivor is receiving, possibly reducing it to \$0. If the spouse is receiving a Social Security pension, the spousal benefit is reduced by the entire pension amount.

Example:

An active Member is preparing to retire with a LACERS pension of \$5,300. Her spouse worked in the private sector and based on his employment history has earned a pension for himself and a spousal benefit of \$1,500 for his wife, the LACERS Member. However, because his spouse is receiving a pension from LACERS, this spousal benefit will be reduced by two-thirds of her pension amount, or \$3,533. The reduction is greater than the spousal benefit, so she would not receive this benefit.

Legal/Political Action

Over the years, legislation has been introduced to repeal or amend these provisions. There is bipartisan support in eliminating these provisions and last year, President Biden included in his legislative agenda repealing these provisions.

In the 116th Congress, several acts in relation to the WEP/GPO were presented to Congress, but not acted upon. In the current 117th Congress, HR 82 (Social Security Fairness Act of 2021) has been introduced to repeal the WEP and GPO. In 2016 (the most recent estimate available), Social Security Administration's Office of the Chief Actuary (OCACT) projected that repealing both the WEP and the GPO would reduce the long-range actuarial balance (i.e., increase the net long-term cost) of the combined Social Security trust funds by 0.13% of taxable payroll. In 2018, the OCACT estimated that repealing only the WEP would reduce the long-range actuarial balance of the combined trust funds by 0.08% of taxable payroll. Repealing just the GPO would reduce these funds by 0.06% of taxable payroll.

On March 1, 2021, the Supreme Court agreed to hear a case regarding the WEP. In **Babcock v. Saul**, Dkt. No. 20-480, the Court will address the statutory interpretation of the Social Security Act's windfall elimination provision and whether a civil service pension received for federal civilian employment as a "military technician" constitutes a "payment based wholly on service as a member of a uniformed service." The petitioner was formerly employed as a National Guard dual-status technician. When he applied for social security benefits, he was granted Social Security but his benefits were decreased under the Windfall Elimination Provision of the Social Security Act because of his Civil Service

Retirement System pension. The petitioner is arguing that he should qualify for the uniformed-services exception to the WEP. Since this case concerns a narrow issue of statutory interpretation, the Court's ruling will not impact the application of the WEP to LACERS members. The case is currently being briefed and is scheduled to be argued before the Court during the October 2021 term.

Medicare Premium Income-Related Monthly Adjustment Amounts

When Members turn age 65, in order to receive a LACERS medical subsidy, they need to enroll in Medicare and are responsible for paying out-of-pocket the premium cost of Medicare Part B. The Los Angeles Administrative Code (LAAC) allows for Members enrolled in both Medicare Parts A and B to be reimbursed the basic/standard Medicare Part B premium. Originally, the LAAC indicated that the reimbursement would be for the "basic" premium, but the language was updated to reflect "basic/standard" in subsequent technical changes. The term "basic" or "standard" premium is not defined or referenced in the LAAC, although CMS does refer to the Part B premium, not including late enrollment penalties or Income Related Adjustment Amounts (IRMAAs), as "standard." And the Board Rules do indicate that the Part B premium reimbursement will not include IRMAAs.

IRMAAs were introduced in 2007 and are additional premium costs that were added to Medicare Part B premiums based on income reported to the Internal Revenue Service two years earlier and whether you file individually, separately, or jointly. In 2021, IRMAAs are assessed for people with income over \$88,000. The more income one has, the higher the amount of additional premium cost. We regularly receive complaints from Members about these IRMAAs because they increase their medical costs and create the perception that their medical subsidy is devalued. The cost of living varies between states and California is the third most expensive state to live in (<https://worldpopulationreview.com/state-rankings/most-expensive-states-to-live-in>), so although some of our retirees may be considered "high income," their expenses are likely higher than people living in other states. The vast majority of Members enrolled in a LACERS health plan reside in California.

2021 Medicare Part B Premiums

If your yearly income in 2019 (for what you pay in 2021) was			You pay each month (in 2021)
File individual tax return	File joint tax return	File married & separate tax return	
\$88,000 or less	\$176,000 or less	\$88,000 or less	\$148.50
above \$88,000 up to \$111,000	above \$176,000 up to \$222,000	Not applicable	\$207.90
above \$111,000 up to \$138,000	above \$222,000 up to \$276,000	Not applicable	\$297.00
above \$138,000 up to \$165,000	above \$276,000 up to \$330,000	Not applicable	\$386.10
above \$165,000 and less than \$500,000	above \$330,000 and less than \$750,000	above \$88,000 and less than \$412,000	\$475.20
\$500,000 or above	\$750,000 and above	\$412,000 and above	\$504.90

Example:

A 64-year-old retiree with an income of \$115,000, 25 years of Service Credit, and enrolled in the Kaiser HMO plan receives a subsidy amount sufficient to provide full coverage of the \$853 premium. The next year, when eligible for Medicare, this same retiree will enroll in the Kaiser Senior Advantage plan and receive full coverage of the \$262 premium, will have to pay the standard Medicare Part B premium of \$148.50, plus the IRMAA of \$148.50 per month. If the Member has Medicare Part A, the standard premium of \$148.50 will be reimbursed, but not the IRMAA. So, this Member went from having full coverage of premium costs to paying out of pocket \$148.50/month, even though the cost of the plan is now \$591 less. Of course, Members with greater income will pay even more out of pocket, up to \$356/month in IRMAAs.

Based on the attached chart from the 2019 Actuarial Valuation, approximately 2,000 retired Members would be assessed IRMAAs. This is only according to their LACERS pension. Staff has no way of knowing if they have additional income from other sources, what their household income or their tax filing status is.

This benefit was established long before 2007 and did not take into account IRMAAs because they did not exist at the time; it was meant to not reimburse late-enrollment penalty costs. When IRMAAs were introduced, LACERS updated its Board Rules and recommended technical changes based on the original language of reimbursing only the "basic" premium. However, it is possible that the original intent was to exclude reimbursement for penalties but to provide reimbursement of the premium cost, including IRMAAs. Staff researched Council files trying to find the report creating the benefit in order to shed more light on the legislative intent of the Council at the time the benefit was created, however, it could not be located.

Below is the relevant Ad Code Section and Board Rule for reference.

Sec. 4.1113. Medicare Part B Basic Premium Reimbursement Program.

This program is provided to reimburse the cost of the Medicare Part B basic premium to eligible retirees, as hereafter defined.

(a) **Reimbursement.** Reimbursement shall be limited to the Medicare Part B basic/standard premium (Medical Insurance). No reimbursement shall be paid for Medicare Part B costs that exceed the basic/standard premium.

(b) **Eligible Retiree.** In order to participate in the Medicare Part B Basic Premium Reimbursement Program, a retiree must be eligible to receive a medical plan premium subsidy, enrolled in Medicare Parts A and B, and either enrolled in a Medicare supplemental or coordinated plan administered by the Board or be a participant in the Medical Premium Reimbursement Program. Only retired employees may participate in this program.

(c) **Verification of Eligibility for Reimbursement.** Premium reimbursement shall be paid to a retiree who qualifies to participate in this program when sufficient proof of the retiree's Medicare Part A and Part B enrollment, coverage, and premium payment has been made as required by the Board.

(d) **No Dependent Reimbursement.** Premium reimbursement may not be applied toward coverage for dependents of retirees.

SECTION HISTORY

Added by Ord. No. 182,629, Eff. 7-25-13.

Amended by: Ord. No. 184,134, Eff. 1-22-16; Subsec. (a) amended and Subsec. (d) added, Ord. No. 184,853, Eff. 4-6-17.

LACERS Board Rule

HBA 9: The requirements and rules related to Medicare Insurance plan coverage are as follows:

- The medical plan premiums of a LACERS Senior Plan will only include Medicare "basic or standard" premiums covering only those portions of the Medicare premiums that do not include Income-Related Monthly Adjustment Amounts (IRMAAs).
- LACERS will not cover Eligible Primary Subscriber costs or provide reimbursements for any Medicare premium-related IRMAAs.
- Eligible Primary Subscribers and their dependents subject to a Medicare Part D Late Enrollment Penalty, charged by the Centers for Medicare and Medicaid Services (CMS), shall have this penalty amount deducted from an Eligible Primary Subscriber's monthly LACERS allowance or continuance payments to the dependent(s).

(Revised: June 14, 2016)

Conclusion

The WEP and GPO negatively impact the amount of Social Security benefits Members would receive because they have earned a pension solely from their employment with the City of Los Angeles, an employer that does not pay into Social Security. Additionally, not all employees are subject to the WEP; certain federal workers and railroad employees are exempted. City employees being denied entitlement to their full Social Security benefit could have serious fiscal implications for lower wage earners.

When Members enroll in Medicare Parts A and B, LACERS health plan premiums are significantly reduced, yet depending on a Member's taxable income, their cost of enrolling in a LACERS medical plan may actually increase as a result of Medicare Part B IRMAAs.

Staff is recommending that the Board take the above-recommended actions, in coordination with the City Council and the City Attorney, for the best interests of the LACERS membership.

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

NMG/AR:ar

- Attachments:
1. Windfall Elimination Provision Information Sheet
 2. Government Pensions Offset Information Sheet
 3. Retiree Monthly Amounts Chart



Windfall Elimination Provision

Board Meeting of 6/8/2021

Item No.: VI-A

Attachment 1

Your Social Security retirement or disability benefits can be reduced

The Windfall Elimination Provision can affect how we calculate your retirement or disability benefit. If you work for an employer who doesn't withhold Social Security taxes from your salary, such as a government agency or an employer in another country, any retirement or disability pension you get from that work can reduce your Social Security benefits.

When your benefits can be affected

This provision can affect you when you earn a retirement or disability pension from an employer who didn't withhold Social Security taxes **and** you qualify for Social Security retirement or disability benefits from work in other jobs for which you did pay taxes.

The Windfall Elimination Provision can apply if:

- You reached age 62 after 1985; or
- You became disabled after 1985; and
- You first became eligible for a monthly pension based on work where you didn't pay Social Security taxes after 1985. This rule applies even if you're still working.

This provision also affects Social Security benefits for people who performed federal service under the Civil Service Retirement System (CSRS) after 1956. We won't reduce your Social Security benefit amounts if you only performed federal service under a system such as the Federal Employees' Retirement System (FERS). Social Security taxes are withheld for workers under FERS.

How it works

Social Security benefits are intended to replace only some of a worker's pre-retirement earnings.

We base your Social Security benefit on your average monthly earnings adjusted for average wage growth. We separate your average earnings into three amounts and multiply the amounts using three factors to compute your full Primary Insurance Amount (PIA). For example, for a worker who turns 62 in 2021, the first \$996 of average monthly earnings is multiplied by 90 percent; earnings between \$996 and \$6,002 are multiplied by 32 percent; and the balance by 15 percent. The sum of the three amounts equals the PIA, which is then decreased or increased depending

on whether the worker starts benefits before or after full retirement age (FRA). This formula produces the monthly payment amount.

When we apply this formula, the percentage of career average earnings paid to lower-paid workers is greater than higher-paid workers. For example, workers age 62 in 2021, with average earnings of \$3,000 per month could receive a benefit at FRA of \$1,537 (approximately 50 percent) of their pre-retirement earnings increased by applicable cost of living adjustments (COLAs). For a worker with average earnings of \$8,000 per month, the benefit starting at FRA could be \$2,798 (approximately 35 percent) plus COLAs. However, if either of these workers start benefits earlier than their FRA, we'll reduce their monthly benefit.

Why we use a different formula

Before 1983, people whose primary job wasn't covered by Social Security had their Social Security benefits calculated as if they were long-term, low-wage workers. They had the advantage of receiving a Social Security benefit representing a higher percentage of their earnings, plus a pension from a job for which they didn't pay Social Security taxes. Congress passed the Windfall Elimination Provision to remove that advantage.

Under the provision, we reduce the 90 percent factor in our formula and phase it in for workers who reached age 62 or became disabled between 1986 and 1989. For people who reach 62 or became disabled in 1990 or later, we reduce the 90 percent factor to as little as 40 percent.

Some exceptions

The Windfall Elimination Provision doesn't apply if:

- You're a federal worker first hired after December 31, 1983.
- You're an employee of a non-profit organization who was exempt from Social Security coverage on December 31, 1983, unless the non-profit organization waived exemption and did pay Social Security taxes, but then the waiver was terminated prior to December 31, 1983.
- Your only pension is for railroad employment.
- The only work you performed for which you didn't pay Social Security taxes was before 1957.
- You have 30 or more years of substantial earnings under Social Security.

The Windfall Elimination Provision doesn't apply to survivors benefits. We may reduce spouses, widows, or widowers benefits because of another law. For more information, read *Government Pension Offset* (Publication No. 05-10007).

Social Security years of substantial earnings

If you have 30 or more years of substantial earnings, we don't reduce the standard 90 percent factor in our formula. See the first table that lists substantial earnings for each year.

The second table shows the percentage used to reduce the 90 percent factor depending on the number of years of substantial earnings. If you have 21 to 29 years of substantial earnings, we reduce the 90 percent factor to between 45 and 85 percent. To see the maximum amount we could reduce your benefit, visit www.ssa.gov/benefits/retirement/planner/wep.html.

A guarantee

The law protects you if you get a low pension. We won't reduce your Social Security benefit by more than half of your pension for earnings after 1956 on which you didn't pay Social Security taxes.

Contacting Social Security

The most convenient way to do business with us from anywhere, on any device, is to visit www.ssa.gov. There are several things you can do online: apply for benefits; get useful information; find publications; and get answers to frequently asked questions.

When you open a personal *my* Social Security account, you have more capabilities. You can review your *Social Security Statement*, verify your earnings, and get estimates of future benefits. You can also print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, get a replacement SSA-1099/1042S, and request a replacement Social Security card (if you have no changes and your state participates).

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

A member of our staff can answer your call from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience a high rate of busy signals and longer hold times to speak to us. We look forward to serving you.

Year	Substantial earnings	Year	Substantial earnings	Year	Substantial earnings
1937–1954	\$900	1989	\$8,925	2013	\$21,075
1955–1958	\$1,050	1990	\$9,525	2014	\$21,750
1959–1965	\$1,200	1991	\$9,900	2015–2016	\$22,050
1966–1967	\$1,650	1992	\$10,350	2017	\$23,625
1968–1971	\$1,950	1993	\$10,725	2018	\$23,850
1972	\$2,250	1994	\$11,250	2019	\$24,675
1973	\$2,700	1995	\$11,325	2020	\$25,575
1974	\$3,300	1996	\$11,625	2021	\$26,550
1975	\$3,525	1997	\$12,150		
1976	\$3,825	1998	\$12,675		
1977	\$4,125	1999	\$13,425		
1978	\$4,425	2000	\$14,175		
1979	\$4,725	2001	\$14,925		
1980	\$5,100	2002	\$15,750		
1981	\$5,550	2003	\$16,125		
1982	\$6,075	2004	\$16,275		
1983	\$6,675	2005	\$16,725		
1984	\$7,050	2006	\$17,475		
1985	\$7,425	2007	\$18,150		
1986	\$7,875	2008	\$18,975		
1987	\$8,175	2009–2011	\$19,800		
1988	\$8,400	2012	\$20,475		

Years of substantial earnings	Percentage
30 or more	90 percent
29	85 percent
28	80 percent
27	75 percent
26	70 percent
25	65 percent
24	60 percent
23	55 percent
22	50 percent
21	45 percent
20 or less	40 percent



Securing today
and tomorrow

Social Security Administration
Publication No. 05-10045
January 2021 (Recycle prior editions)
Windfall Elimination Provision

Produced and published at U.S. taxpayer expense



Government Pension Offset

Board Meeting of 6/8/2021
Item No.: VI-A
Attachment 2

A law that affects spouses and widows or widowers

If you receive a retirement or disability pension from a federal, state, or local government based on your own work for which you didn't pay Social Security taxes, we may reduce your Social Security spouses or widows or widowers benefits. This fact sheet provides answers to questions you may have about the reduction.

How much will my Social Security benefits be reduced?

We'll reduce your Social Security benefits by two-thirds of your government pension. In other words, if you get a monthly civil service pension of \$600, two-thirds of that, or \$400, must be deducted from your Social Security benefits. For example, if you're eligible for a \$500 spouses, widows, or widowers benefit from Social Security, you'll get \$100 a month from Social Security ($\$500 - \$400 = \$100$). If two-thirds of your government pension is more than your Social Security benefit, your benefit could be reduced to zero.

If you take your government pension annuity in a lump sum, Social Security will calculate the reduction as if you chose to get monthly benefit payments from your government work.

Why will my Social Security benefits be reduced?

Benefits we pay to spouses, widows, and widowers are "dependent" benefits. Set up in the 1930s, these benefits were to compensate spouses who stayed home to raise a family and were financially dependent on the working spouse. It's now common for both spouses to work, each earning their own Social Security retirement benefit. The law requires a person's spouse, widow, or widower benefit to be offset by the dollar amount of their own retirement benefit.

For example, if a woman worked and earned her own \$800 monthly Social Security benefit, but was also due a \$500 spouse's benefit on her husband's record, we couldn't pay that spouse's benefit because her own benefit offsets it. Before enactment of the Government Pension Offset law, if that same woman was a government employee who didn't pay into Social Security and earned an \$800 government pension, there was no offset. We had to pay her a full spouse's benefit and her full government pension.

If this person's government work had been subject to Social Security taxes, we would reduce any spouse, widow, or widower benefit because of their own Social Security retirement benefit. The Government Pension Offset ensures that we calculate the benefits of government employees who don't pay Social Security taxes the same as workers in the private sector who pay Social Security taxes.

When won't my Social Security benefits be reduced?

Generally, we won't reduce your Social Security benefits as a spouse, widow, or widower if you:

- Receive a government pension that's not based on your earnings; or
- Are a federal (including Civil Service Offset), state, or local government employee and your government pension is from a job for which you paid Social Security taxes; and:
 - Your last day of employment (that your pension is based on) is before July 1, 2004; or
 - You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time); or
 - You paid Social Security taxes on your earnings during the last 60 months of government service. (Under certain

conditions, we require fewer than 60 months for people whose last day of employment falls after June 30, 2004, and before March 2, 2009.)

There are other situations for which we won't reduce your Social Security benefits as a spouse, widow, or widower; for example, if you:

- Are a federal employee who switched from the Civil Service Retirement System (CSRS) to the Federal Employees' Retirement System (FERS) after December 31, 1987; and:
 - Your last day of service (that your pension is based on) is before July 1, 2004;
 - You paid Social Security taxes on your earnings for 60 months or more during the period beginning January 1988 and ending with the first month of entitlement to benefits; or
 - You filed for and were entitled to spouses, widows, or widowers benefits before April 1, 2004 (you may work your last day in Social Security covered employment at any time).
- Received, or were eligible to receive, a government pension before December 1982 and meet all the requirements for Social Security spouse's benefits in effect in January 1977; or
- Received, or were eligible to receive, a federal, state, or local government pension before July 1, 1983, and were receiving one-half support from your spouse.

Note: A Civil Service Offset employee is a federal employee, rehired after December 31, 1983, following a break in service of more than 365 days, with five years of prior CSRS coverage.

What about Medicare?

Even if you don't get benefit payments from your spouse's work, you can still get Medicare at age 65 on your spouse's record if you aren't eligible for it on your own record.

Can I still get Social Security benefits from my own work?

The offset applies only to Social Security benefits as a spouse, or widow, or widower. However, we may reduce your own benefits because of another provision. For more information, go online to read *Windfall Elimination Provision* (Publication No. 05-10045).

Contacting Social Security

The most convenient way to contact us anytime, anywhere is to visit www.socialsecurity.gov. There, you can: apply for benefits; open a *my* Social Security account, which you can use to review your *Social Security Statement*, verify your earnings, print a benefit verification letter, change your direct deposit information, request a replacement Medicare card, and get a replacement SSA-1099/1042S; obtain valuable information; find publications; get answers to frequently asked questions; and much more.

If you don't have access to the internet, we offer many automated services by telephone, 24 hours a day, 7 days a week. Call us toll-free at **1-800-772-1213** or at our TTY number, **1-800-325-0778**, if you're deaf or hard of hearing.

If you need to speak to a person, we can answer your calls from 7 a.m. to 7 p.m., Monday through Friday. We ask for your patience during busy periods since you may experience higher than usual rate of busy signals and longer hold times to speak to us. We look forward to serving you.



Securing today
and tomorrow

Social Security Administration
Publication No. 05-10007 | ICN 451453 | Unit of Issue — HD (one hundred)
May 2019 (Recycle prior editions)
Government Pension Offset
Produced and published at U.S. taxpayer expense

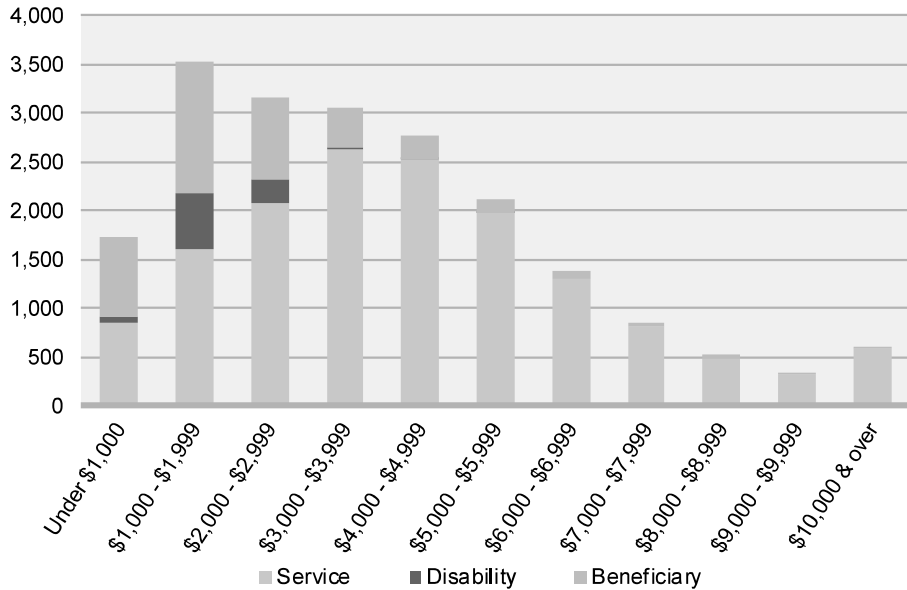
Retired Members and Beneficiaries

As of June 30, 2019, 16,053 retired members and 3,981 beneficiaries were receiving total monthly benefits of \$78,965,717. For comparison, in the previous valuation, there were 15,477 retired members and 3,902 beneficiaries receiving monthly benefits of \$73,339,309.

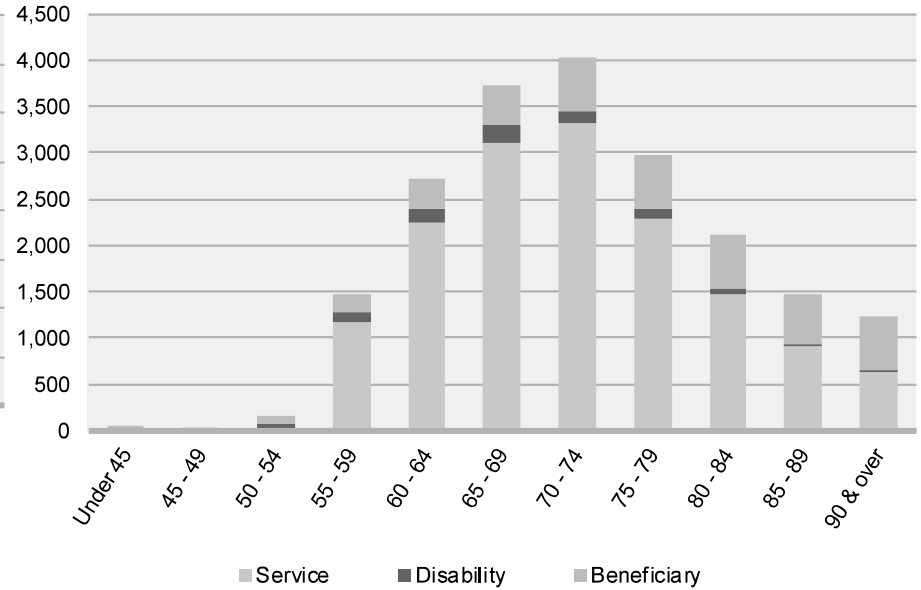
As of June 30, 2019, the average monthly benefit for retired members and beneficiaries is \$3,942, compared to \$3,784 in the previous valuation. The average age for retired members and beneficiaries is 72.5 in the current valuation, compared with 72.5 in the prior valuation.

Distribution of Retired Members and Beneficiaries as of June 30, 2019

RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND MONTHLY AMOUNT



RETIRED MEMBERS AND BENEFICIARIES BY TYPE AND AGE





NEPC EMERGING MANAGER UPDATE

AUGUST 23, 2022



ABOUT NEPC

- Our success as a firm is fueled by our love for this business
- We remain independent to prioritize client interests
- We invest heavily in research and people



337 EMPLOYEES



7 REGIONAL OFFICES



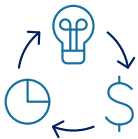
EMPLOYEE-OWNED

44 Partners



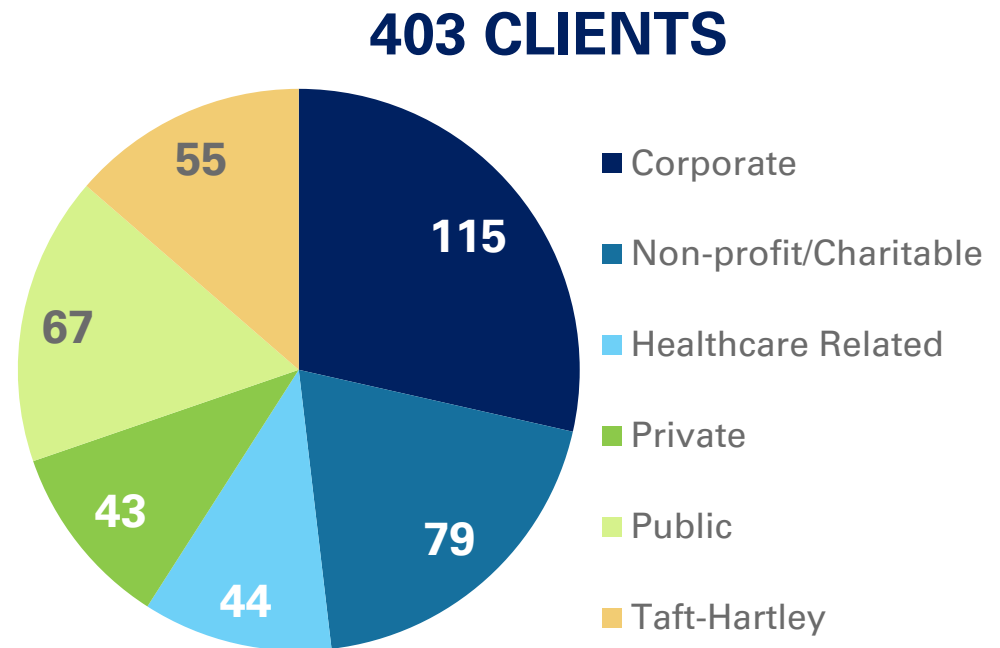
100% OF REVENUE

from advisory consulting and discretionary investment services



7 PRACTICE TEAMS

deliver expertise by client type



\$1.5 TRILLION
Assets Under Advisement

59% of NEPC clients utilize diverse managers representing \$40.7 billion and 188 different strategies as of 12/31/2021.



As of 4/1/2022

HOW NEPC ENGAGES WITH THE EMERGING MANAGER COMMUNITY

DIVERSE-OWNED

A firm that's at least 50% owned by an under-represented group

DIVERSE-LED

A firm that's 33%-to-50%-owned by an under-represented group

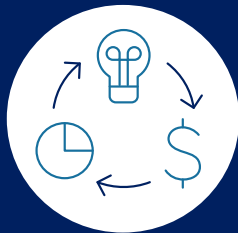
UNDER-REPRESENTED GROUPS

Black/African American	American	Disabled
Latinx	Indian/Alaskan Native	Veteran
Asian/Pacific Islander	Female	LGBTQ+

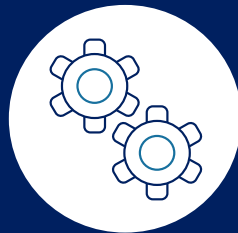
There are several ways in which a diverse manager can get on our radar and within our database

1. Participation in NEPC's annual Equitable Manager Participation Workshop
2. Send firm/strategy information to DiverseManagers@nepc.com
3. Ensure information is updated and accurate in eVestment

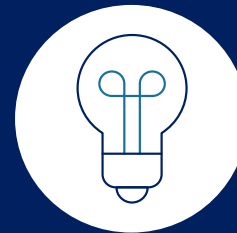
Multiple Pathways to Engage NEPC Clients



Standard NEPC Due Diligence Process
1-Rating or 2-Rating



Discovery Platform or Explorer Program



Turnkey Solution to Use Rated MoMs/FoFs that Focus on Diverse Managers



Client-Directed Search
1-Rating, 2-Rating or 3-Rating

HOW NEPC APPLIES LACERS EMERGING MANAGER POLICY



Pre-RFP

Direct Contact:
NEPC Research Team
LACERS Consulting Team
DiverseManagers@nepc.com



LACERS RFP

NEPC Adheres to LACERS Manager Search and Selection Policy:

- Minimum qualifications and Board-approved criteria
- Score each qualifying proposal to determine semi-finalists
- Work with Staff and Investment Committee to identify finalists

LACERS EVALUATION CRITERIA

QUALITATIVE ASSESSMENT – 70%

Organization/People – 30%
Investment Process – 40%
Risk Management – 30%

QUANTITATIVE ASSESMENT – 20%

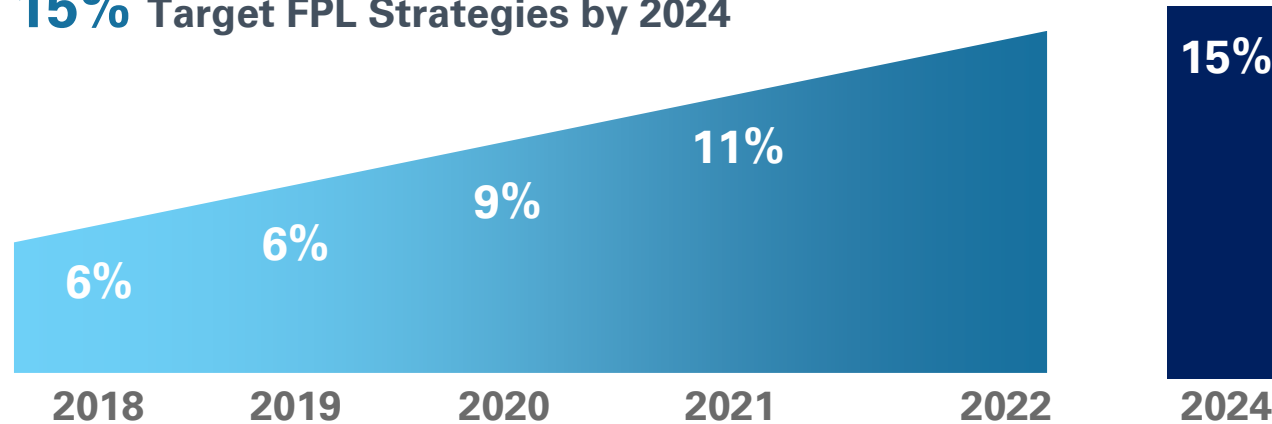
EXPECTED FEES – 10%

NEPC FUTURE INITIATIVES

- NEPC's 2022 Diverse Manager Policy

Public Markets

15% Target FPL Strategies by 2024



- Investment Diversity Advisory Council (IDAC) – National Summit on DEI on September 14, 2022
- NEPC's Proprietary DEI Ratings

Aksia Emerging Manager Update

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("LACERS")

August 23, 2022



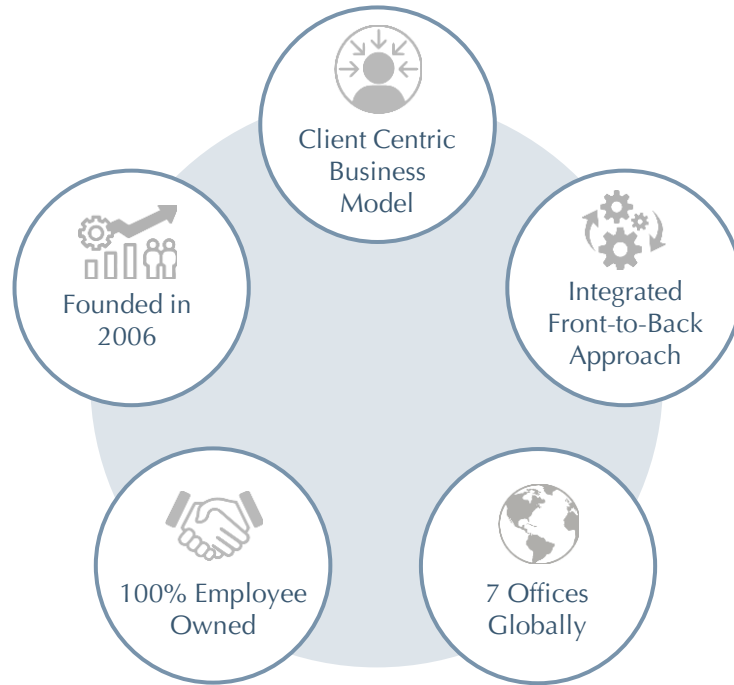
Aksia – At A Glance

Global Alternatives Platform

\$272bn
of AUA¹

100+
Institutional Clients¹

\$18bn
of AUM¹



384
Professionals²

>3,800
Due Diligence Reports³

3.7
Staff to Client Ratio¹

All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia"). ¹As of May 31, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. ²As of June 30, 2022. ³As of March 31, 2022. Due diligence has been performed (IDD, ODD, or Insight Report).

Aksia Emerging and Diverse Manager Overview



Actively Source Opportunities

- Collect key manager diversity statistics from GPs regarding:
 - ownership
 - senior management
 - investment professional representation
- Support other public pension WMBE efforts by attending sourcing conferences including:
 - NYS Emerging & WMBE Conference
 - Texas ERS Emerging Manager Conference
 - Illinois TRS Emerging Manager Forum
 - Texas Teachers EM conference
 - IL SURS Emerging Manager conference



Global Networks Including

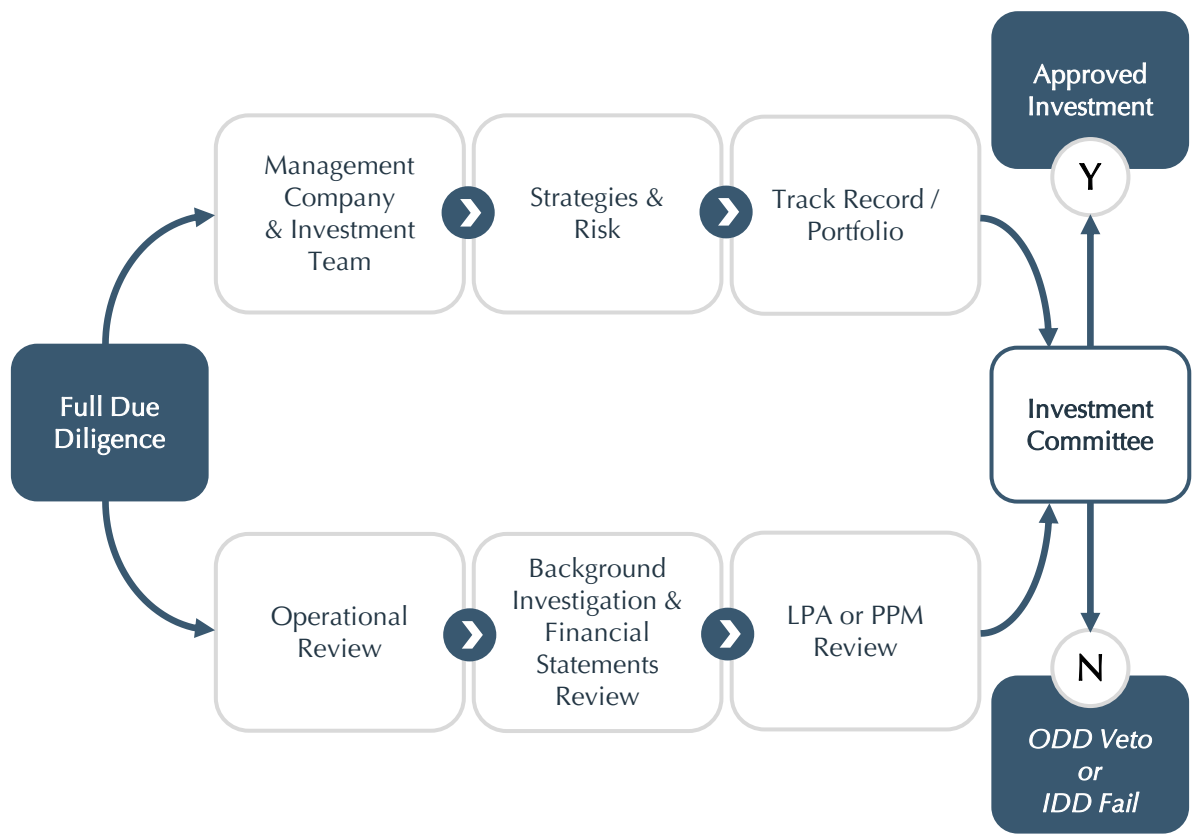
- Sponsor of SEO Alternative Investments Conference
- Signatory to United Nations Supported Principles for Responsible Investment (UN PRI)
- Participate in the Alternative Investments Forum (“AIF”) annual Women Investors’ Forums
- Diverse Managers Session with Institutional Limited Partners Association (ILPA)



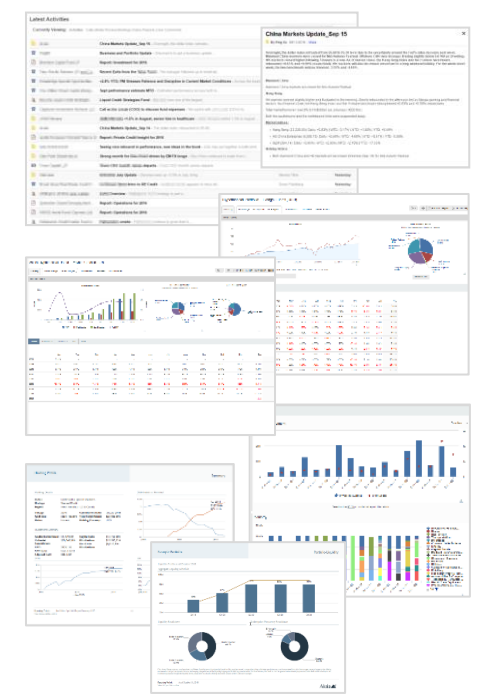
Leadership within Industry

- Hosted annual Aksia PC Emerging / Diverse Manager Forums
- Participated in an LP virtual roundtable focused on managing diverse investment programs
- Board representation on the Robert Toigo Foundation, Association of Asian American Investment Managers (AAAIM) and RFK Compass
- Supporters of National Association of Security Professionals (NASP) and NASP FAST Track Program
- Private Equity Women Investor Network (PE WIN)
- 100 Women in Finance

Investment Research



Post Investment Monitoring¹



- Performance
- Portfolio Risks
- Media Coverage
- Aksia Questionnaires²

Illustration is for a primary fund investment. ¹Subject to manager cooperation. ²Questionnaires are not available for all asset classes.

Engagement with LACERS



Portfolio Advisory Team

- LACERS' staff and advisory team have frequent discussions regarding investments with specific emerging managers
- Inclusion of emerging managers is a consideration during program design, portfolio planning and is a stand-alone strategic initiative
- LACERS has a "no less than 10%" allocation goal to emerging managers; Aksia designates a portion of each year's pacing and pipeline towards meeting LACERS' emerging manager policy goals



Research

- Research teams both source and conduct investment/operational due diligence on emerging managers
- Due diligence is conducted on Aksia sourced managers and at the request of LACERS' staff
- In 2021, Aksia participated in 186 meetings¹ or calls with emerging managers² and attended 16 conferences³ with an emerging manager component and continues to actively source emerging managers to consider for the LACERS private equity portfolio



Initiatives

- Given strong LACERS asset growth over the last year and an increase in the target allocation to private equity, Aksia will look to increase the target number of emerging managers in LACERS portfolio for 2022
- Aim to source more sector focused managers via specialty spin outs, specialty conferences attended, and staff /Aksia research team referrals

¹Includes instances where Aksia attended multiple meetings or calls for a given manager, investment program, or fund within the 2021 calendar year (e.g., if Aksia met with a manager four times in 2021, each of those four meetings is reflected in the total). Note this figure includes private equity ("PE") Emerging Manager fund data only, which may include meetings with managers who since have launched more than 3 funds; these meetings which are included in the count may have discussed funds 1, 2, and/or 3 by managers where at the time of their fund launch met the definition of Emerging Manager ²Defined here as investment programs which are first-time funds ≤\$750mm, second-time funds ≤\$1bn, or third-time funds ≤\$1.25bn. Fund size is based on actual or, if unavailable, target capital raise ³Estimated based on conferences with a PE emerging manager component attended by one or more Aksia professionals.

Ongoing Emerging Manager Initiatives for LACERS PE Portfolio

Over the last three years, LACERS has grown its private equity emerging manager exposure from three managers in 2020 for \$60m to five managers for \$120m year-to-date. The policy commitment is to maintain at least 10% of the portfolio to emerging managers on an annual basis; to which actual annual allocations have been higher.

- For 2022 year-to-date, LACERS has made \$120 million in commitments to five emerging managers in their private equity portfolio, which is approximately 11% of the current planned commitments for the year
- For 2021, LACERS made \$121 million in commitments to six emerging managers in their private equity portfolio, comprising 11.2% of the total commitments for that year
- For 2020, LACERS made \$60 million in commitments to three emerging managers in their private equity portfolio, comprising 11.8% of the total commitments for that year

Aksia Relationship Team



Jeffrey Goldberger
*Managing Director,
Head of U.S. Middle Market Buyouts*
Jeffrey.Goldberger@aksia.com



Trevor Jackson
*Managing Director,
Portfolio Advisory*
Trevor.Jackson@aksia.com



LACERS Emerging Manager Discussion

PROPRIETARY & CONFIDENTIAL
August 2022



Emerging Manager Sourcing Process

Townsend focuses on identifying emerging managers during its sourcing and monitoring process.

- Network and establish new relationships through regular sourcing channels, outreach and conference attendance
- Involvement in real estate and other professional organizations (such as Toigo, NASP, NAST, REEC, NAA, ULI and ICSC)
- Seek new opportunities that align with Townsend’s View of the World
- Uncover experienced niche operating partners interested in raising third-party capital
- Oversight and management of dedicated Emerging Manager programs across the firm
- Maintain active pipeline of Emerging Manager candidates
- Share insights into “Best Practices” from ongoing oversight of over 3,000 client fund positions and continuous due diligence with emerging managers
- Actively vet new owner/operators as potential Emerging Manager candidates

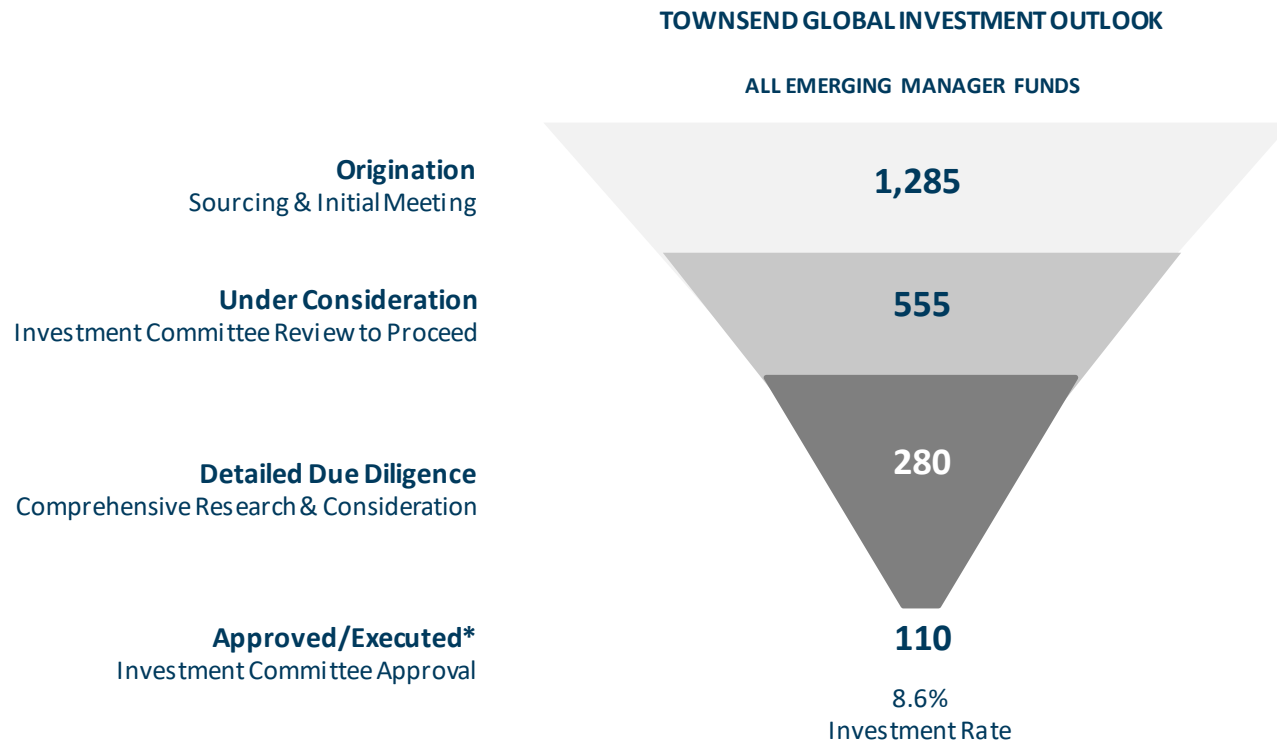
Townsend’s parent company Aon engages in additional emerging manager efforts across asset classes.

- Historical participation and/or speaking engagements include:
 - Teacher Retirement System of Texas and Employees Retirement System of Texas Emerging Manager Conference
 - New America Alliance, An American Latino Business Initiative Events
 - Women in Private Equity Summits
 - Opal Emerging Managers Summits
 - NASP Baltimore and Washington Annual Emerging Manager Forums
 - RG Associates Emerging Manager Consortium Conferences
 - NASP Annual Pension and Financial Services Conferences
 - Global Diversity Summit
 - Women in Investments

Townsend Emerging Manager Execution Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

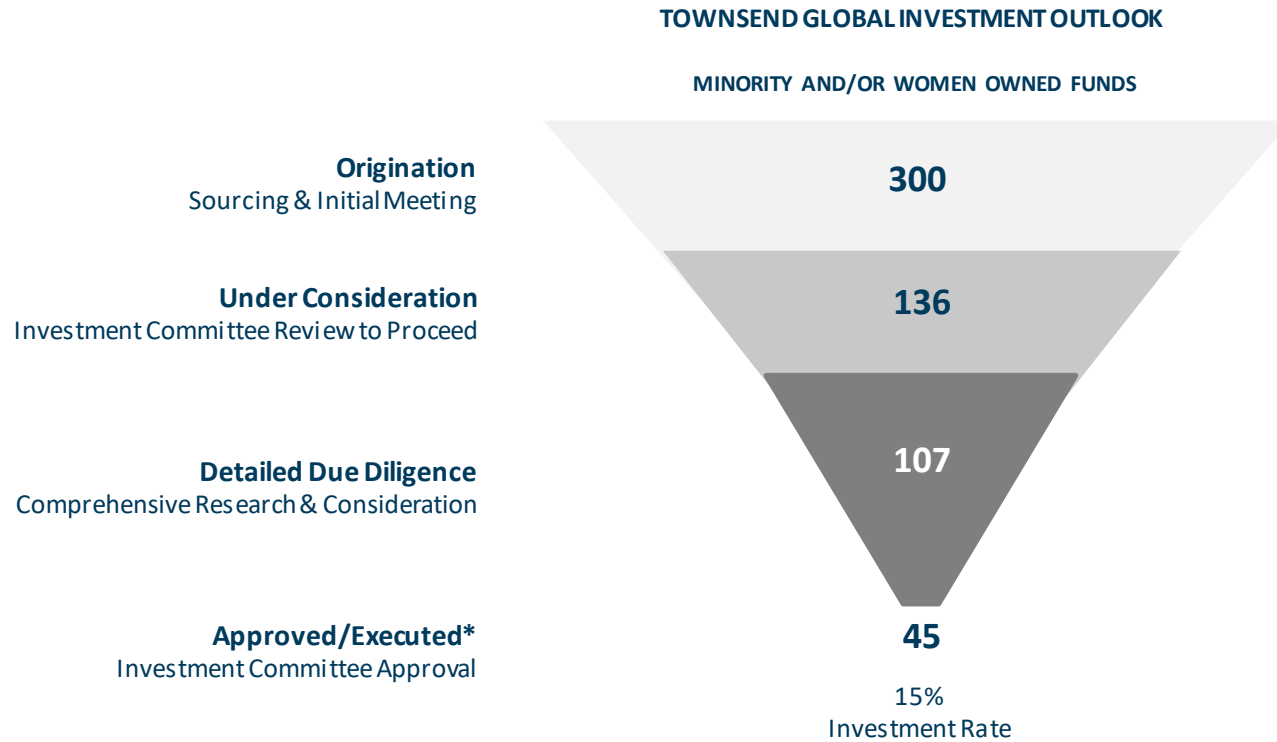
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

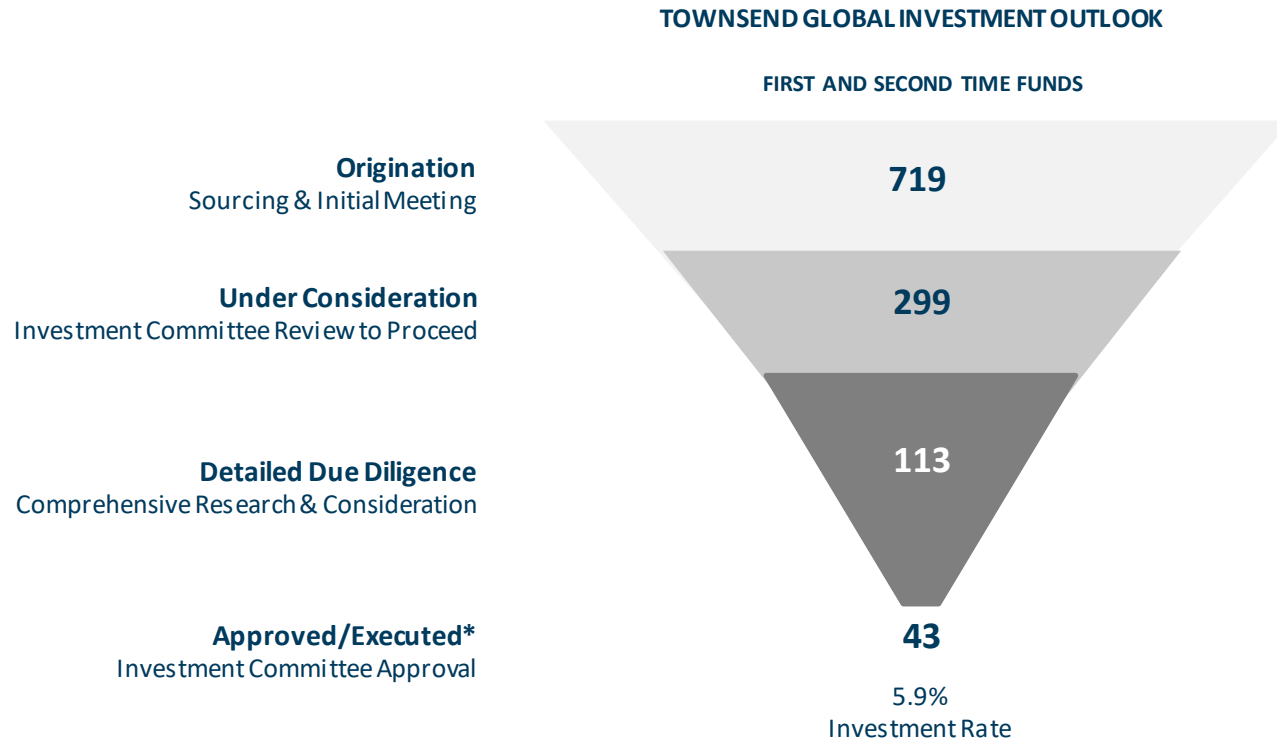
Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Execution Due Diligence Selectivity

DISCIPLINED SELECTION DRIVES VALUE IN FUND AND DIRECT INVESTING

Robust Pipeline | Specialized Deal Access And Sourcing



Townsend Emerging Manager Capabilities

Invested Capital

CLIENT CAPITAL INVESTED OR COMMITTED TO REAL ESTATE/REAL ASSETS SINCE 2004

EMERGING MANAGERS

\$11.2 BILLION

MINORITY AND/OR WOMEN OWNED

\$3.8 BILLION

FIRST OR SECOND TIME FUNDS

\$7.8 BILLION

LACERS Emerging Manager Efforts

Since 2015, LACERS has made sixteen non-core fund commitments recommended by Townsend

- Out of these commitments, **three (~19%)** were to funds sponsored by emerging managers
- **7.2%** of LACERS' real estate portfolio (market value) and **7.5%** (market value & unfunded commitments) is invested with emerging managers as of 3/31/22

Townsend proposes the following actions to help LACERS achieve its “no less than 10%” exposure objective

- Consider funds that invest through ventures with various emerging managers
 - We believe this would increase LACERS' exposure to emerging managers through a diversified, de-risked strategy
- Maintain separate emerging manager pipeline to walk through at least monthly with LACERS Staff
- Continue outreach and conference attendance to spread the word and open the door for new emerging manager relationships
- Engage with and provide feedback to emerging managers that may not be “ready” for LACERS/institutional capital

Disclosures



Disclosures

This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.

This document has been prepared solely for informational purposes and is not to be construed as investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, The Townsend Group makes no representation that it is accurate or complete. Some information contained herein has been obtained from third-party sources that are believed to be reliable. The Townsend Group makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other divisions of The Townsend Group as a result of using different assumptions and criteria. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains “forward-looking statements.” Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Material market or economic conditions may have had an effect on the results portrayed.

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Townsend is a wholly owned, indirect subsidiary of Aon plc.

Disclosures and Definitions

GENERAL DISCLOSURES

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

NON REGULATORY ASSETS UNDER MANAGEMENT

As of December 31, 2021, Townsend had assets under management of approximately \$22.8 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using December 31, 2021 figures where available but may also include September 30, 2021 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

ADVISED ASSETS

As of December 31, 2021, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding \$147.5 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals

TREA STRATEGIES (NON-CORE) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

CORE-PLUS STRATEGIES (CORE) employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

SEPARATE ACCOUNTS includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

Disclosures

TREA STRATEGIES

Townsend's TREA Strategies (Non-Core) employ a global non-core multi strategy approach with 50% or more of the investments invested in non primary fund investments such as co-investments, joint ventures, secondaries and clubs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Global Value-Add Strategy:

Townsend's 2007 vintage TREA Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Townsend's 2008-10-11 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and two commingled funds (HNW and Small Institution Fund (White Label)).

Townsend's 2012 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Strategy, L.P.).

Townsend's 2015 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Strategy II, L.P.).

Townsend's 2018 vintage TREA Program was comprised of one closed end single limited partner vehicle (Asian Pension Fund-of-One) and one commingled fund (Townsend Real Estate Alpha Strategy III, L.P.).

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as $([\text{Since Inception Distributions} + \text{Since Inception Withdrawals} + \text{Net Asset Value}]) / \text{Paid in Capital}$.

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guadlielmo, General Manager

Neil M. Guadlielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - C

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$60 MILLION IN ADVENT INTERNATIONAL GPE X, L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to \$60 million in Advent International GPE X, L.P.

Executive Summary

Advent International GPE X, L.P. will pursue a global sector-focused, operationally intensive, and control-oriented strategy. Targeted sectors include business and financial services, healthcare, industrial, retail, consumer and leisure, and technology.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$60 million in Advent International GPE X, L.P., a buyout strategy managed by Advent International Corporation (the GP or Advent). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Investments 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

Advent was founded in 1984 by Peter Brooke as a spin-out from TA Associates. In 1989, the firm raised \$231 million for its first European buyout fund, which served as the platform for the firm's Global Private Equity (GPE) program. The firm manages over \$75.9 billion in assets and employs over 546 people, including 220 investment professionals located in Boston (headquarters), New York, Palo Alto, London, Paris, Frankfurt, Madrid, Milan, Luxembourg, Hong Kong, Shanghai, Mumbai, Mexico City, São Paulo, and Bogotá.

LACERS has an existing general partner relationship with Advent and previously committed a total of \$175 million to the following Advent-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR^{1,2}
Advent International GPE VI, L.P.	2008	\$20 million	16.7%
Advent International GPE VII, L.P.	2012	\$30 million	14.6%
Advent International GPE VIII, L.P.	2016	\$35 million	24.5%
Advent International GPE IX, L.P.	2019	\$45 million	109.8%
Advent Global Technology, L.P.	2019	\$15 million	N.M.*
Advent Global Technology II, L.P.	2021	\$30 million	N.M.*

*N.M. – Not meaningful

Investment Thesis

The Fund will pursue a global sector-focused, operationally intensive, and control-oriented strategy. Targeted sectors include business and financial services, healthcare, industrial, retail, consumer and leisure, and technology. These firms typically have strong market positions with enterprise values between \$200 million and \$5 billion. The GP assists portfolio companies with growth through pricing optimization, salesforce reorganization, and international expansion. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Advent International GPE X, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Eduardo Park, Investment Officer II, Investment Division

NMG/RJ/BF/WL/EP:rm

Attachments: 1. Aksia Investment Notification
 2. Discretion in a Box

¹ Performance as of December 31, 2021

² Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

Advent International GPE X, L.P.
Investment Notification



www.aksia.com

Advent International GPE X, L.P.

General Partner	Advent International Corporation (the “Firm” or “Advent”)
Fund	Advent International GPE X, L.P. (the “Fund”)
Firm Founded	1984
Strategy	Global Buyouts
Sub-Strategy	Global Buyouts
Geography	Primarily North America and Europe
Team	~220 investment professionals on the GPE platform
Senior Partners	David Mussafer, David McKenna, James Brocklebank, Jan Janshen, Chris Egan, Ranjan Sen, Ronald Ayles, John Maldonado, Bryan Taylor, Jeff Paduch, Shweta Jalan
Office Locations	Boston, New York, Palo Alto, London, Paris, Frankfurt, Madrid, Milan, Luxembourg, Hong Kong, Shanghai, Mumbai, Mexico City, São Paulo, Bogotá
Industries	(i) Industrials; (ii) Retail, Consumer & Leisure; (iii) Healthcare; (iv) Business and Financial Services; and (v) Technology
Target Fund Size	\$23.0 billion
LACERS Investment	\$60.0 million

Investment Highlights

- Advent has a large, experienced, and cohesive senior team that has worked together across various economic cycles.
- The Firm has a consistent investment strategy that has been successfully implemented across many prior funds.
- Advent maintains 15 investment offices globally across 12 different countries; this footprint bolsters the Firm’s ability to source deals, to work closely with management teams, and to grow businesses internationally.
- The Firm has generated strong and consistent returns over time with a low loss ratio.

Advent International GPE X, L.P.

Firm and Background

- Advent was founded by Peter Brooke in 1984.
- The GPE platform is currently led by 11 Managing Partners, 9 of which have a tenure of 16 years or more.
- The Managing Partners are supported by a large investment team that includes 24 Managing Directors, and more than 180 junior- to mid-level investment professionals.
- Advent also maintains dedicated investment platforms for: (i) private investments in Latin America; (ii) technology investments; and (iii) public equities.

Investment Strategy

- The Fund will pursue control-oriented investments of mid- to large-sized businesses, and transactions will take the form of buyouts, growth equity, recapitalizations, and take-privates.
- The Fund will primarily target companies in North America and Europe. Additionally, the Fund is expected to invest up to 25% of capital outside of these core geographies, primarily in India, China, and Latin American countries.
- Targeted businesses typically have an enterprise value of \$200 million to \$5 billion at entry.
- The Fund will seek to make 35 to 40 investments with an average investment size between \$100 million and \$2 billion.
- Fund X will not have any sector allocation targets but will invest across the Firm's five core Fund verticals: (i) Industrials; (ii) Retail, Consumer & Leisure; (iii) Healthcare; (iv) Business and Financial Services; and (v) Technology.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
	<ul style="list-style-type: none"> • Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> • Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> • Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$150 million. • With Staff concurrence, approve investments of up to and including \$150 million. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guadlielmo, General Manager

Neil M. Guadlielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - D

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO €36.0 MILLION (APPROXIMATELY \$40.0 MILLION) IN HG GENESIS 10 A L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to €36.0 million (approximately \$40.0 million) in Hg Genesis 10 A L.P.

Executive Summary

Hg Genesis 10 A L.P. will focus on making middle-market control investments in software and technology-enabled services primarily in northern Europe.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to €36.0 million in Hg Genesis 10 A L.P. (the Fund), a buyout strategy managed by Hg Pooled Management Limited (the Firm or Hg). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

Hg is led by its three senior managing partners, Nic Humphries, Justin von Simson, and Matthew Brockman. Prior to joining Hg, Mr. Humphries was at Barclays Private Equity, Mr. von Simson was at Goldman Sachs, and Mr. Brockman was at Apax Partners. The Firm has more than \$40 billion in assets under management, with the Genesis platform supported by a dedicated team of 50 investment professionals located in London (headquarters), Munich, and New York. Hg's portfolio of software and technology businesses have an aggregate enterprise value of greater than \$100 billion.

LACERS has an existing general partner relationship with Hg and previously committed €17.5 million to Hg Genesis 9 A L.P. (2020 vintage), \$20 million to Hg Saturn 2 A L.P. (2020 vintage), and \$40 million

to Hg Saturn 3 A L.P. (2022 vintage). Meaningful performance data is not yet available for these recent vintage funds.

Investment Thesis

The Fund will target middle-market software and technology-enabled service companies domiciled primarily in northern Europe with enterprise values of between €500 million and €1.5 billion. The Firm has focused on this strategy since 2009, after the promotion of Mr. Humphries to Chief Executive Officer from his prior role as head of technology. Targeted companies provide mission critical software or services using a subscription or repeat revenue model, operate with low customer concentrations, and demonstrate a clear expertise or possess intellectual property. Transactions generally will take the form of leveraged buyouts, division carve-outs, and take-privates. The transactions sizes are anticipated to range from €450 million to €750 million. Hg focuses on value creation through organic revenue growth, typically by augmenting a company's sales force, adding product lines, updating pricing strategies, and upselling customers. Hg also focuses on improving operations by optimizing an organization's processes and implementing new key performance indicators. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Hg Genesis 10 A L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia Investment Notification
 2. Discretion in a Box

Aksia LLC

Hg Genesis 10 A L.P.
Investment Notification



www.aksia.com

Hg Genesis 10 A L.P.

General Partner	• Hg Pooled Management Limited (the “Firm,” “Hg,” or “HgCapital”)
Fund	• Hg Genesis 10 A L.P. (the “Fund” or “Genesis 10”)
Firm Founded	• 2000
Strategy	• European Buyouts
Sub-Strategy	• European Buyouts
Geography	• Primarily Northern Europe
Team	• ~50 professionals on the Genesis platform
Senior Partners	• Nic Humphries (Senior Partner), Justin von Simson, Matthew Brockman (Managing Partners)
Office Locations	• London, Munich, New York (soon to include Paris and potentially San Francisco)
Industries	• Software and technology-enabled services
Target Fund Size	• €5.5 billion
Recommendation	• €36.0 million

Investment Highlights

- Hg has a reputation as one of the first European private equity firms dedicated to investing in software and technology-enabled service businesses.
- The Firm is led by a large and cohesive senior team that has worked together through multiple economic cycles.
- The Firm’s focus on providing mission-critical software and services provides some level of downside protection in turbulent economic times.
- Hg operates multiple platforms targeting various deal sizes, which enables the Firm to fully canvas the European software and technology-enabled services markets.
- Hg has generated strong returns historically with a relatively low loss ratio.

Hg Genesis 10 A L.P.

Firm and Background

- HgCapital began as the private equity arm of Mercury Asset Management in the 1990s and spun-out in 2000. The Firm pursued a generalist strategy until Nic Humphries (TMT sector lead) was promoted to CEO in 2009 and narrowed the investment scope to software and services companies.
- Today, the broader Hg team is still led by Nic Humphries who is supported by two Managing Partners that have an average tenure of over 17 years at the Firm.
- The Firm has three fund platforms that target controlling buyouts of small (Mercury), medium (Genesis), and large (Saturn) software and services companies in the European middle market.
- The Genesis platform is led by Managing Partner Matthew Brockman and Partner Jean-Baptiste Brian who are supported by a dedicated team of ~50 investment professionals that includes 7 Partners, 4 Directors, 7 Principals, 12 Senior Associates, 10 Associates, and 7 Analysts.

Investment Strategy

- The Genesis platform will target controlling buyouts of middle market software and technology-enabled services companies primarily domiciled in Northern Europe, particularly the U.K., the DACH region, the Nordic region, and the Benelux region.
- The portfolio will be comprised of 12 to 14 Northern European middle market companies with enterprise values between €500 million and €1.5 billion.
- Initial equity checks will generally range between €450 million and €750 million, and the General Partner anticipates the average equity investment will be around €600 million.
- Hg typically acts as a lead investor and generally obtains control or a significant minority ownership stake at entry.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
	<ul style="list-style-type: none"> • Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> • Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> • Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$150 million. • With Staff concurrence, approve investments of up to and including \$150 million. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - E

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO €45.2 MILLION (APPROXIMATELY \$50.0 MILLION) IN NORDIC CAPITAL FUND XI, L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to €45.2 million (approximately \$50.0 million) in Nordic Capital Fund XI, L.P.

Executive Summary

Nordic Capital Fund XI, L.P. will focus on buyout investments in Europe.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to €45.2 million in Nordic Capital Fund XI, L.P. (the Fund), a European buyout strategy managed by Nordic Capital, LLC (Nordic Capital or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

Nordic Capital was founded in 1989 by Robert Andreen and Morgan Olsson to pursue buyout investments in Sweden. Today, the firm is led by Managing Partner Kristoffer Melinder with the support of 18 other Partners. Nordic Capital has approximately 180 employees working from 10 offices located in Stockholm (headquarters), Copenhagen, Frankfurt, Helsinki, Jersey, London, Luxembourg, New York, Oslo, and Seoul. Since inception, the firm has invested over €20 billion across 11 funds and in more than 125 companies.

LACERS has an existing general partner relationship with Nordic Capital and previously committed \$14 million to Nordic Capital V, L.P. (2003 vintage), which has a net IRR of 20.8% as of December 31, 2021.

Investment Thesis

Nordic Capital Fund XI, L.P. will pursue an investment strategy similar to the GP's prior funds, targeting control or joint control investments in upper-middle market businesses. While transactions typically take the form of buyouts, corporate carve-outs, and take-privates, Nordic Capital will predominately focus on growth buyouts. The Fund will invest in companies operating in four industries: healthcare, technology and payments, financial services, and industrials and business services. Geographically, the Fund will focus on companies based in Northern Europe, specifically in the Nordics; DACH region (Germany, Austria, and Switzerland), U.K., and Benelux Union (Belgium, Netherlands, and Luxembourg). Approximately 35% to 40% of the Fund is expected to be invested in U.S.-based businesses in the healthcare and technology and payments sectors.

Placement Agent

The GP used Rede Partners LLP as a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Nordic Capital Fund XI, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/CH:rm

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

Aksia LLC

Nordic Capital Fund XI, L.P.
Investment Notification



www.aksia.com

Nordic Capital Fund XI, L.P.

General Partner	Nordic Capital (the “Firm” or “Nordic”)
Fund	Nordic Capital Fund XI, L.P. (the “Fund”)
Firm Founded	1989
Strategy	European Buyouts
Sub-Strategy	European Buyouts
Geography	Northern Europe and U.S.
Team	~70 investment professionals
Senior Partners	Kristoffer Melinder, Robert Furuhjelm, Raj Shah, Fredrik Näslund, Christian Frick, Klas Tikkanen
Office Locations	Stockholm, Copenhagen, Oslo, Helsinki, Frankfurt, London, New York, Luxembourg, Jersey, Seoul
Industries	(i) Healthcare; (ii) Technology & Payments; (iii) Financial Services; and (iv) Industrial & Business Services
Target Fund Size	€8.0 billion
LACERS Investment	€45.2 million

Investment Highlights

- Nordic Capital has an established reputation as one of the first private equity firms operating in the Nordic region of Europe.
- The Firm has a large, experienced, and cohesive senior team that has worked together for an average of 13 years.
- Nordic is a control-oriented investor with a hands-on approach that seeks to generate value through a combination of organic revenue growth, M&A activity, operational improvements, and strategic repositioning.
- The Firm has strong historical performance with a low loss ratio.

Nordic Capital Fund XI, L.P.

Firm and Background

- Nordic Capital was founded by Robert Andreen and Morgan Olsson in 1989.
- Today, Nordic Capital is led by Kristoffer Melinder who is supported by 18 Partners that have an average tenure of 13 years at the Firm.
- The Firm maintains two fund platforms that target controlling buyouts of upper middle market (Flagship funds) and lower middle market (Evolution funds) companies.
- The Flagship funds are led by Kristoffer Melinder who is supported by 15 Partners, 8 Principals, 13 Directors, 15 Investment Managers, and 6 Investment Associates.

Investment Strategy

- The Fund will pursue control-oriented investments of upper middle market businesses primarily based in Northern Europe, specifically the Nordic, DACH, U.K., and Benelux regions.
- Nordic expects Fund XI will deploy between 35-40% of its capital into U.S.-based businesses that operate within the Healthcare and Technology & Payments sectors.
- Nordic is organized around sectors that include Healthcare (~35-40% of invested capital in Fund XI), Tech & Payments (~35-40%), Financial Services (~15%), and Industrials & Business Services (~10%).
- Targeted companies typically have an enterprise value of €300 million to €2.0 billion at entry.
- The Fund will seek to make ~20 investments with an investment size between €200 million and €1.0 billion.
- Transactions will typically take the form of growth buyouts, but Nordic will also pursue carve-outs and take-privates.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



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

MEETING: AUGUST 23, 2022
ITEM: VIII - F

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN OAK HC/FT PARTNERS V, L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to \$50 million in Oak HC/FT Partners V, L.P.

Executive Summary

Oak HC/FT Partners V, L.P. will focus on multi-stage venture capital investments in the healthcare services and financial technology industries.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$50 million in Oak HC/FT Partners V, L.P. (the Fund), a multi-stage venture capital strategy managed by Oak HC/FT (the GP or Oak HC/FT). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

Oak HC/FT was founded in 2014 by Annie Lamont, Andrew Adams, and Tricia Kemp. Prior to forming Oak HC/FT, Ms. Lamont, Mr. Adams, and Ms. Kemp were responsible for leading healthcare and financial technology investment activities at Oak Investment Partners, a multi-stage and multi-sector venture firm. The GP has \$5.3 billion of assets under management, 18 investment professionals, and offices in Greenwich (headquarters), Boston, and San Francisco.

LACERS has an existing general partner relationship with Oak HC/FT and previously committed a total of \$85 million to the following Oak HC/FT-sponsored funds:

Fund	Vintage Year	Commitment Amount	Net IRR^{1,2}
Oak HC/FT Partners (Emerging Manager)	2014	\$10 million	34.4%
Oak HC/FT Partners II (Emerging Manager)	2017	\$10 million	71.6%
Oak HC/FT Partners III	2019	\$25 million	99.6%
Oak HC/FT Partners IV	2021	\$40 million	N.M.*

*N.M. – Not meaningful

Investment Thesis

Oak HC/FT focuses on multi-stage venture capital investments in the healthcare and financial technology sectors. The GP seeks market-leading companies that provide technology-enabled solutions, data and analytics, outsourced services, and alternative drug delivery models. Target firms typically have strong management teams, sound financial metrics, and positive cash flow. The GP will leverage its industry expertise and operating partners to guide the growth of the portfolio companies. The Fund will seek to make 22 to 26 investments with an average deal size between \$10.0 million and \$75 million.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Oak HC/FT Partners V, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Eduardo Park, Investment Officer II, Investment Division

NMG/RJ/BF/WL/EP:rm

Attachments: 1. Aksia Investment Notification
 2. Discretion in a Box

¹ Performance as of December 31, 2021

² Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s).

Aksia LLC

Oak HC/FT Partners V, L.P.
Investment Notification



www.aksia.com

Oak HC/FT Partners V, L.P.

General Partner	Oak HC/FT Management Company, LLC (the “Firm” or “Oak HC/FT”)
Fund	Oak HC/FT Partners V, L.P. (the “Fund”)
Firm Founded	2014
Strategy	Multi-Stage VC
Sub-Strategy	Multi-Stage VC
Geography	Primarily North America
Team	~18 investment professionals
Senior Partners	Annie Lamont, Andrew Adams, and Patricia Kemp, Nancy Brown, Matt Streisfeld
Office Locations	Greenwich, Boston, San Francisco
Industries	(i) Healthcare; (ii) Financial Services Technology
Target Fund Size	\$1.75 billion
LACERS Investment	\$50.0 million

Investment Highlights

- The three Managing Partners, Annie Lamont, Andrew Adams, and Patricia Kemp have over 70 years of combined investing experience in both healthcare and fintech.
- Oak HC/FT has developed a team with unique experience and domain expertise in healthcare and fintech, which are heavily regulated, where a deep understanding of related nuanced dynamics is a prerequisite for success.
- Oak HC/FT has not experienced any senior-level departures since its inception.
- As of December 31, 2021, all of the Firm’s funds ranked in the first or second quartile across net IRR, net TVPI, and DPI compared to the returns of other U.S. venture capital and growth funds of the same vintage.

Oak HC/FT Partners V, L.P.

Firm and Background

- Oak HC/FT was founded by Annie Lamont, Andrew Adams, and Patricia Kemp in 2014.
- The investment team is organized into two sector-focused groups – fintech and healthcare.
- The investment team is comprised of the Managing Partners along with 2 General Partners, 3 Partners, 5 Venture Partners, 1 Technology Partner, 3 Principals, 4 Senior Associates, 2 Associates, and 3 Talent Directors.
- The investment team is further supported by 13 professionals who run the administrative and back-office functions of the Firm.

Investment Strategy

- The Fund will pursue early-stage venture and growth-stage investments across both healthcare and fintech companies, seeking to be the lead or co-lead investor in most of its investments and to syndicate the remaining financing to the investment team's industry contacts.
- The Fund will primarily target companies in the U.S., while opportunistically investing in Europe and Israel.
- Targeted growth-stage businesses typically have \$10.0 million in annual revenues and valuations from \$10.0 million to \$1.0 billion or more. Early-stage opportunities will have pre-money valuations between \$40.0 million and \$150.0 million, with annual revenues typically between \$5.0 million and \$10.0 million.
- The Fund will seek to make 22 to 26 investments with an average investment size between \$10.0 million and \$75.0 million.

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NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
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Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

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LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - G

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN BESSEMER VENTURE PARTNERS XII INSTITUTIONAL L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to \$25 million in Bessemer Venture Partners XII Institutional L.P.

Executive Summary

Bessemer Venture Partners XII Institutional L.P. will focus on early-stage venture capital investments in technology companies.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$25 million in Bessemer Venture Partners XII Institutional L.P. (the Fund), a technology-focused venture capital strategy managed by Bessemer Venture Partners (Bessemer or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

Bessemer Securities Corporation was established in 1911 to manage the fortune of the co-founder of Carnegie Steel. In the 1960s, the firm developed a technology investing practice, which ultimately spun out to Bessemer Venture Partners in 1981. The firm is currently led by 11 managing partners, including David Cowan, Bob Goodman, Jeremy Levine, Byron Deeter, Steve Kraus, Adam Fisher, Alex Ferrara, Kent Bennett, Ethan Kurzweil, Brian Feinstein, and Rob Arditi. Bessemer is headquartered in San Francisco, and has offices in Redwood City, Boston, New York, Westchester, Bangalore, Tel Aviv, and London.

Bessemer is a new general partner relationship for LACERS.

Investment Thesis

The GP focuses on making venture capital investments with a flexible mandate across a variety of geographies, sectors, and stages. Bessemer's thematic investment approach uses "roadmaps" with sector-specific themes and strategies for pursuing investments. The GP believes that this roadmap approach allows them to quickly gain expertise in a sector, giving them insights and credibility into building relationships with founders. The firm's current roadmaps cover cloud computing, vertical software, developer tools, fintech, security and data privacy, healthcare, consumer, digital assets, and aerospace. Bessemer's approach allows for a rapid pivot into new areas as opportunities are identified, and new roadmaps are added over time.

The GP adds value to portfolio companies through a Platform Services team that consists of full-time senior professionals and part-time advisors that provide support to areas such as executive search, public relations, and business development. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or enterprise firms.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in Bessemer Venture Partners XII Institutional L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia Investment Notification
 2. Discretion in a Box

Aksia LLC

Bessemer Venture Partners XII Institutional L.P.
Investment Notification



www.aksia.com

Bessemer Venture Partners XII Institutional L.P.

General Partner	Bessemer Venture Partners (the “Firm”, “BVP”, or “Bessemer”)
Fund	Bessemer Venture Partners XII Institutional L.P. (the “Fund” or “BVP XII”)
Firm Founded	1981
Strategy	Early-Stage VC
Sub-Strategy	Early-Stage VC
Geography	Globally Diversified
Team	~50 investment professionals
Senior Partners	Rob Ardit, David Cowan, Bob Goodman, Jeremy Levine, Byron Deeter, Steve Kraus, Adam Fisher, Alex Ferrara, Kent Bennett, Ethan Kurzweil, Brian Feinstein
Office Locations	New York City, Westchester, San Francisco, Redwood City, Boston, Bangalore, London, Tel Aviv
Industries	Technology
Target Fund Size	\$3.0 billion
LACERS Investment	\$25.0 million

Investment Highlights

- The BVP investment team is led by 11 Managing Partners that have worked together at the Firm since 2009. Three of the Managing Partners have been on the Forbes’ Midas list in recent years.
- Bessemer has a good reputation in the venture space given its tenure, track record, and thought leadership in technology trends.
- Bessemer’s breadth of focus across technology sub-sectors may result in a wider funnel of interesting potential opportunities and allows the Firm focus on breakout technologies, which in turn, can lead to stronger outcomes.
- Across BVP VI through BVP IX, the Firm has generated first and second quartile returns across all metrics.

Bessemer Venture Partners XII Institutional L.P.

Firm and Background

- Bessemer Venture Partners officially spun out of Bessemer Securities Corporation (“BSC”) in 1981. BSC maintains no ownership interest in Bessemer Venture Partners but continues to be the firm’s largest limited partner.
- The investment team is led by 11 Managing Partners who are supported by 9 General Partners, 3 Principal Partners, 2 Forge-dedicated investing Partners, 7 Vice Presidents, 11 Senior Associates, 4 Analysts, and 8 Operating Partners.
- Bessemer gives significant independence and autonomy to its investment Partners to follow their own “roadmaps” or investment theses. The Fund will allocate a budget to each professional inclusive of follow-on reserves to deploy during the fund cycle. In the case that a roadmap is particularly interesting, BVP will make additional capital available to the Partner(s) in charge of the roadmap.
- Currently, 15 of the 24 investment Partners joined the Firm as Analysts or Associates.

Investment Strategy

- The Fund will pursue early-stage venture capital investments across cloud computing, vertical software, developer tools, fintech, deep tech, security and data privacy, healthcare, consumer, digital assets, and aerospace.
- Targeted investments will often be cash-burning and either pre-revenue or generating less than \$50 million in revenue but demonstrating growth of at least 100%.
- Similar to predecessor funds, investments will span across multiple geographies including Europe, Asia and the Middle East.
- The Fund will seek to make 80 to 100 investments with an average investment size between \$200.0 thousand and \$85.0 million.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

THESE MATERIALS ARE NOT INTENDED AS AN OFFER TO SELL, OR THE SOLICITATION OF AN OFFER TO PURCHASE, ANY SECURITY. THIS PRESENTATION HAS BEEN PREPARED SOLELY FOR INFORMATIONAL AND DISCUSSION PURPOSES ONLY. THE INFORMATION HEREIN IS NOT INTENDED TO BE COMPLETE AND THE DESCRIPTION OF THE FUND IN THESE MATERIALS IS QUALIFIED IN ITS ENTIRETY BY THE TERMS AND INFORMATION CONTAINED IN THE FUND'S OFFERING DOCUMENTS, INCLUDING, WITHOUT LIMITATION, THE FUND'S PRIVATE PLACEMENT MEMORANDUM, PARTNERSHIP AGREEMENT AND SUBSCRIPTION AGREEMENT ("GOVERNING DOCUMENTS"). NOTHING HEREIN CONSTITUTES OR SHOULD NOT BE CONSTRUED AS INVESTMENT ADVICE.

THE INFORMATION HEREIN IS NOT INTENDED TO PROVIDE, AND SHOULD NOT BE RELIED UPON FOR, ACCOUNTING, TAX OR LEGAL ADVICE. YOU SHOULD CONSULT YOUR TAX, LEGAL AND/OR ACCOUNTING ADVISERS ABOUT ANY MATTERS DISCUSSED HEREIN.

INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
	<ul style="list-style-type: none"> • Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> • Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> • Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$150 million. • With Staff concurrence, approve investments of up to and including \$150 million. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - H

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$60 MILLION IN TCV XII, L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to \$60 million in TCV XII, L.P.

Executive Summary

TCV XII, L.P. will focus on investing in enterprise and consumer technology companies in North America and Europe.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$60 million in TCV XII, L.P. (the Fund), managed by Technology Crossover Ventures (TCV or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

TCV was founded in 1995 by Jay Hoag and Rick Kimball to invest in high-growth companies within the technology industry. The firm's 12 General Partners and seven Partners manage a team of approximately 50 investment professionals located in offices in Menlo Park (headquarters), New York, and London. TCV has invested more than \$16 billion in over 350 companies, taken 79 companies public through initial public offerings (IPOs), and completed 69 strategic sales. The firm's assets under management currently exceed \$24 billion.

LACERS has an existing general partner relationship with TCV and previously committed a total of \$144.5 million to the following TCV-sponsored funds:

Fund	Vintage Year	Commitment	Net IRR^{1 2}
TCV V, L.P.	2004	\$19.5 million	10.6%
TCV VII, L.P.	2008	\$20 million	23.5%
TCV VIII, L.P.	2014	\$30 million	18.4%
TCV IX, L.P.	2016	\$10 million	28.8%
TCV X, L.P.	2019	\$25 million	75.7%
TCV XI, L.P.	2021	\$40 million	N.M.*

*N.M. – Not meaningful

Investment Thesis

TCV seeks to partner with quality management teams to make growth equity investments in high-growth technology businesses with differentiated products and services. TCV adds value by addressing capital needs of growth stage companies, assisting with strategic direction, and recruiting key executives and advisors. The GP will invest throughout the life cycle of portfolio companies and will target investments between \$50 million and \$400 million. Exit strategies include initial public offerings and sales to financial institutions or strategic partners, such as other private equity firms or large enterprise firms.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in TCV XII, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1. Aksia Investment Notification
 2. Discretion in a Box

¹ Performance as of December 31, 2021

² Performance data (1) does not necessarily accurately reflect the current or expected future performance of the Fund(s) or the fair value of LACERS' interest in the Fund(s), (2) should not be used to compare returns among multiple private equity funds and (3) has not been calculated, reviewed, verified or in any way sanctioned or approved by the general partner(s) or manager(s)

Aksia LLC

TCV XII, L.P.
Investment Notification



www.aksia.com

TCV XII, L.P.

General Partner	TCMI, Inc. (“Technology Crossover Ventures,” the “Firm,” or “TCV”)
Fund	TCV XII, L.P. (the “Fund”)
Firm Founded	1995
Strategy	Growth Equity
Sub-Strategy	Growth Equity
Geography	Primarily North America
Team	~70 investment professionals
Senior Partners	Jay Hoag, Woody Marshall, Amol Helekar, Tim McAdam, John Doran, Muz Ashraf, Gopi Vaddi, Neil Tolaney
Office Locations	Menlo Park, New York City, London
Industries	B2B and B2C Technologies
Target Fund Size	\$5.5 billion
LACERS Investment	\$60.0 million

Investment Highlights

- Technology Crossover Ventures is led by 12 General Partners and seven Partners with over 300 years of aggregate investment experience; furthermore, the General Partners have a tenure with TCV of ~10 years on average.
- TCV focuses on technology investments centered around a micro specialized approach within the enterprise and consumer technology subsectors.
- The Firm develops dedicated teams around each vertical to provides greater depth of coverage into technology subsectors and the ability to develop industry-specific investment theses.
- TCV has strong historical performance with a relatively small loss ratio.

TCV XII, L.P.

Firm and Background

- TCV was founded by Jay Hoag and Rick Kimball in 1995.
- The Firm anticipates the Fund will be managed by a leadership team of 12 General Partners and 7 Partners, who will be supported by 4 Investing Partners and group of over 50 additional investment professionals.
- The 12 General Partners have worked together at TCV for an average of 9.8 years.
- Investment professionals are organized by sub-sectors, with respective teams responsible for developing theses for focus areas, sharing industry insights, and executing and managing investments across these segments.

Investment Strategy

- The Fund will pursue growth-stage investments across B2B and B2C technologies, targeting growth capital, recapitalizations, buy-outs, spin-outs, and/or liquidity for existing shareholders. The Firm may also pursue a “crossover strategy,” in which the Firm will make additional investments at the same time of a company’s IPO, and, to the extent the public market environment provides such opportunity, invest in the open market.
- The Fund will primarily target companies in North America, with a focus on companies in Silicon Valley.
- Target businesses will typically be growing 30%+ annually and have revenues of approximately \$50.0 million.
- The Fund will seek to make 20 to 25 investments with an average investment size between \$50.0 million and \$400.0 million.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
	<ul style="list-style-type: none"> • Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> • Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> • Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$150 million. • With Staff concurrence, approve investments of up to and including \$150 million. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: AUGUST 23, 2022

ITEM: VIII - I

SUBJECT: NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN L2 POINT OPPORTUNITIES I, L.P.

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this notice of the commitment of up to \$30 million in L2 Point Opportunities I, L.P.

Executive Summary

L2 Point Opportunities I, L.P. will focus on providing structured equity investments in growth-stage companies.

Discussion

Consultant Recommendation

Aksia CA LLC (Aksia), LACERS' Private Equity Consultant, recommended a commitment of up to \$30 million in L2 Point Opportunities I, L.P. (the Fund), a structured equity strategy managed by L2 Point Management, LLC (L2 Point or the GP). Fund management and incentive fees are comparable to similar strategies; the GP will invest alongside limited partners, providing alignment of interests. This recommendation is consistent with the Private Equity Program 2022 Strategic Plan adopted by the Board on December 14, 2021.

Background

L2 Point is led by Managing Partner Kerstin Dittmar, who founded the firm in 2019. L2 Point provides capital solutions to growth companies and has offices in New York and San Francisco. Prior to founding L2 Point, Dittmar led the structured equity strategy for Sixth Street Partners and from 2006 to 2010, she worked for Goldman Sachs in the Special Situations Group. Her focus at both firms was global investments in distressed debt, structured credit, and structured equity.

L2 Point is a new general partner relationship for LACERS and meets the criteria as an Emerging Investment Manager pursuant to the LACERS Emerging Investment Manager Policy.

Investment Thesis

The L2 Point strategy will focus on providing structured equity investments in growth-stage companies operating in the technology, healthcare, consumer, and media industries. The strategy aims to provide upside exposure to these companies via equity participation, while limiting downside exposure through structural protections and contractual returns. The GP aims to provide flexible capital solutions that can help fund expansionary growth. Geographically, the Fund will focus on businesses in North America while investing opportunistically in Europe and Australasia.

Placement Agent

The GP did not use a placement agent in connection with LACERS' investment.

Staff Recommendation

Staff concurred with Aksia's recommendation. The commitment has been consummated pursuant to the Discretion in a Box (Roles and Responsibilities) section of the Private Equity Investment Policy; no Board action is required.

Strategic Plan Impact Statement

Investment in L2 Point Opportunities I, L.P. will allow LACERS to maintain exposure to private equity, pursuant to the Private Equity Program 2022 Strategic Plan, and aligns with the Strategic Plan Goal of optimizing long-term risk adjusted investment returns (Goal IV).

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

NMG/RJ/BF/WL/CH:rm

Attachments: 1. Aksia Investment Notification
2. Discretion in a Box

Aksia LLC

L2 POINT OPPORTUNITIES I, L.P.
Investment Notification



www.aksia.com

L2 POINT OPPORTUNITIES I, L.P.

General Partner	L2 Point Management, LLC (“the “Firm,” or “L2”)
Fund	L2 Point Opportunities I, L.P. (the “Fund”)
Firm Founded	2019
Strategy	Mezzanine
Sub-Strategy	Structured Equity
Geography	Primarily North America
Team	~5 Investment Professionals
Senior Partners	Kerstin Dittmar
Office Locations	San Francisco and New York City
Industries	Technology, Healthcare, Consumer, Media
Target Fund Size	\$300.0 million
LACERS Investment	\$30.0 million

Investment Highlights

- Kerstin Dittmar’s prior investment experience at Sixth Street Partners and Goldman Sachs includes distressed debt, structured credit, and structured equity on a global basis.
- L2 is a diverse, emerging manager that has committed to donating 5% of the Fund’s carried interest to charitable causes.
- The Firm’s structured equity strategy aims to provide investors exposure to growth companies, with mitigated downside risk through structural protections and contractual returns, while maintaining meaningful upside potential through equity participation.

L2 POINT OPPORTUNITIES I, L.P.

Firm and Background

- L2 Point was founded in 2019 and is led by Managing Partner Kerstin Dittmar. Prior to founding L2 Point, Dittmar led the structured equity strategy for Sixth Street Partners. In eight years at Sixth Street Partners, Dittmar participated in \$1.5 billion of transactions.
- Prior to joining Sixth Street, Dittmar was with Goldman Sachs in the Special Situations Group from 2006 - 2010.
- The Firm has two active investments that were executed as an independent sponsor that total \$110 million in commitments.
- L2 has committed to donating 5% of the Fund's carried interest to charitable causes.

Investment Strategy

- The Fund will target growth-stage companies seeking flexible financing to fund expansionary growth.
- The Firm ultimately expects the Fund to have 8 – 10 investments with ~\$30 million as an average position size. Investment structures will range from a simple convertible preferred with a preferred return to a highly tailored joint venture.
- Returns are expected to be derived from 30-60% contractual or structural returns, and 40-70% from equity participation.
- The Fund is expected to invest largely in North America, with opportunistic investments in Western European and Australasian markets.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE.

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INTERESTS IN THE FUND HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER ANY STATE OR OTHER SECURITIES LAWS OR THE LAWS OF ANY NON-U.S. JURISDICTION. THE INTERESTS WILL BE OFFERED AND SOLD FOR INVESTMENT ONLY TO QUALIFYING INVESTORS PURSUANT TO THE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE APPLICABLE SECURITIES LAWS OF THE STATES AND OTHER JURISDICTIONS (INCLUDING NON-U.S. JURISDICTIONS) WHERE THE OFFERING WILL BE MADE. THERE WILL BE NO PUBLIC MARKET FOR INTERESTS IN THE FUND, AND THERE IS NO OBLIGATION ON THE PART OF ANY PERSON TO REGISTER THE INTERESTS UNDER THE SECURITIES ACT. INTERESTS IN THE FUND MAY NOT BE TRANSFERRED OR RESOLD EXCEPT AS PERMITTED UNDER THE SECURITIES ACT AND ANY APPLICABLE NON-U.S. SECURITIES LAWS, PURSUANT TO REGISTRATION OR AN EXEMPTION THEREFROM. THE TRANSFERABILITY OF THE INTERESTS WILL BE FURTHER RESTRICTED BY THE TERMS OF THE FUND'S GOVERNING DOCUMENTS. INVESTORS SHOULD BE AWARE THAT THEY MAY BE REQUIRED TO BEAR THE FINANCIAL RISKS OF AN INVESTMENT IN THE FUND FOR AN INDEFINITE PERIOD OF TIME.

NONE OF THE INFORMATION CONTAINED HEREIN WAS PREPARED BY THE FUND OR ANY UNDERLYING PORTFOLIO FUNDS IDENTIFIED HEREIN, IF ANY, THE GENERAL PARTNERS THEREOF OR ANY OF THEIR RESPECTIVE AFFILIATES. BY ACCEPTING THESE MATERIALS, YOU HEREBY ACKNOWLEDGE AND AGREE TO ALL OF THE TERMS AND CONDITIONS IN THESE DISCLOSURES.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	<ul style="list-style-type: none"> Select Private Equity Consultant. Approve asset class funding level. Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges. 	<ul style="list-style-type: none"> In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board. 	<ul style="list-style-type: none"> Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	<ul style="list-style-type: none"> Review quarterly, annual, and other periodic monitoring reports and plans. Review Commitment Notification Reports. 	<ul style="list-style-type: none"> Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. Conduct meetings with existing managers periodically. Attend annual partnership meetings when appropriate. Fund capital calls and manage distributions. Review Private Equity Consultant's recommendations on partnership amendments and consents. Execute partnership amendments and consents. Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). Prepare Commitment Notification Reports for Board. 	<ul style="list-style-type: none"> Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. Recommend amendments and consents to Staff for approval. Provide quarterly, annual, and other periodic monitoring reports and plans.

ARTICLE III. BOARD INVESTMENT POLICIES

Section 5 PRIVATE EQUITY INVESTMENT POLICY

Investment Selection	Role of the Board	Role of Staff	Role of the Private Equity Consultant
	<ul style="list-style-type: none"> • Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than \$150 million prior to investment. • Review and approve direct co-investment opportunities that exceed \$50 million. • Review and approve the sale of any one existing partnership fund on the secondary market exceeding \$50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure. 	<ul style="list-style-type: none"> • Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including \$150 million in partnerships without Board approval. If Staff opposes and Private Equity Consultant disagrees, refer to Board for decision. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments over \$150 million. • In conjunction with Private Equity Consultant, review and concur with direct co-investment opportunities up to and including \$50 million. • In conjunction with Private Equity Consultant, review and concur with the approval of sale of existing partnership funds on the secondary market up to and including \$50 million in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel. 	<ul style="list-style-type: none"> • Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments exceeding \$150 million. • With Staff concurrence, approve investments of up to and including \$150 million. • With Staff concurrence, approve direct co-investment opportunities up to and including \$50 million. • Present to Staff recommendations pertaining to the sale of existing partnership funds on the secondary market exceeding \$50 million in Fair Market Value. Such transactions shall be brought to the Board for review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.