LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Investment Committee Agenda

REGULAR MEETING

TUESDAY, DECEMBER 12, 2023

TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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

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

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:
www.LACERS.org

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

Chair:	Elizabeth Lee
Committee Members:	Annie Chao Gaylord "Rusty" Roten
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counselor:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

Request for Services

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

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

CLICK HERE TO ACCESS BOARD REPORTS

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

II. APPROVAL OF MINUTES FOR THE MEETING OF NOVEMBER 14, 2023 AND POSSIBLE COMMITTEE ACTION

III. CHIEF INVESTMENT OFFICER VERBAL REPORT

IV. PRESENTATION BY NORTHERN TRUST REGARDING SECURITIES LENDING ACTIVITY REPORT FOR THE PERIOD JULY 1, 2022 TO JUNE 30, 2023

V. INVESTMENT MANAGER CONTRACT WITH CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. REITS PORTFOLIO AND POSSIBLE COMMITTEE ACTION

VI. CONTINUED DISCUSSION OF PROPOSED INVESTMENT POLICY REGARDING PRIVATE CREDIT INVESTMENTS AND POSSIBLE COMMITTEE ACTION

VII. PROPOSED INVESTMENT POLICY REGARDING ENFORCEMENT ACTION AND LITIGATION REPORTING AND POSSIBLE COMMITTEE ACTION

VIII. OTHER BUSINESS

IX. NEXT MEETING: The next Regular meeting of the Investment Committee is scheduled for Tuesday, January 9, 2024, at 10:30 a.m., or immediately following the Board Meeting in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

X. ADJOURNMENT

Board of Administration Agenda

SPECIAL MEETING **TUESDAY, DECEMBER 12, 2023** **TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING** **MEETING LOCATION:** LACERS Boardroom 977 N. Broadway Los Angeles, California 90012	President: Annie Chao Vice President: Sung Won Sohn Commissioners: Thuy T. Huynh Elizabeth Lee Gaylord “Rusty” Roten Janna Sidley Michael R. Wilkinson Manager-Secretary: Neil M. Guglielmo Executive Assistant: Ani Ghoukassian Legal Counsel: City Attorney’s Office Public Pensions General Counsel Division

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X. ADJOURNMENT

Agenda of: Dec. 12, 2023

Item No: II

MINUTES OF THE REGULAR MEETING
INVESTMENT COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

November 14, 2023

12:10 p.m.

PRESENT:	Chair	Elizabeth Lee
	Committee Member:	Annie Chao
	Legal Counselor:	Joshua Geller
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Gaylord “Rusty” Roten

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE’S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Lee asked if any persons wished to speak on matters within the Committee’s jurisdiction, to which there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF SEPTEMBER 12, 2023 AND POSSIBLE COMMITTEE ACTION – Committee Member Chao moved approval, and adopted by the following vote: Ayes, Committee Members Chao, and Chair Lee -2; Nays, None.

III

CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, discussed the following item:

- Investment Committee forward calendar.

Item IX taken out of order.

Chair Lee recessed the Regular Meeting at 12:13 p.m. to convene in Closed Session.

IX

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO KAYNE ANDERSON CORE REAL ESTATE, L.P. AND POSSIBLE COMMITTEE ACTION

Chair Lee reconvened the Regular Meeting at 12:20 p.m.

IV

PRESENTATION BY AKSIA LLC OF THE PRIVATE EQUITY PROGRAM 2024 STRATEGIC PLAN AND POSSIBLE COMMITTEE ACTION – Trevor Jackson, Managing Director, and Jeff Goldberger, Managing Director, with Aksia LLC, presented and discussed this item with the Committee for 20 minutes. Committee Member Chao moved approval, and adopted by the following vote: Ayes, Committee Members Chao, and Chair Lee -2; Nays, None.

V

INVESTMENT MANAGER CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION – Ellen Chen, Investment Officer III, and Carolyn Smith, Partner, with NEPC, LLC, presented and discussed this item with the Committee for 20 minutes. Committee Member Chao moved approval, and adopted by the following vote: Ayes, Committee Members Chao, and Chair Lee -2; Nays, None.

Item VIII was taken out of order.

VIII

BROKERAGE ACTIVITY REPORT FOR THE PERIOD JULY 1, 2022, TO JUNE 30, 2023 – This item was received by the Committee and filed.

VI

CONTINUED DISCUSSION OF PROPOSED INVESTMENT POLICY REGARDING PRIVATE CREDIT INVESTMENTS AND POSSIBLE COMMITTEE ACTION – Clark Hoover, Investment Officer I, presented and discussed this item with the Committee for 35 minutes. After discussion, the Committee provided staff with direction and tabled this item for a future meeting.

VII

INVESTMENT PROGRAM GOVERNANCE AND REVIEW PROCESSES AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, presented and discussed this item with the Committee for 45 minutes. After discussion, the Committee provided staff with direction and tabled this item for a future meeting.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular Meeting of the Investment Committee is scheduled for Tuesday, December 12, 2023, at 10:30 a.m. or immediately following the Board Meeting, in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012-1728.

XII

ADJOURNMENT – There being no further business before the Committee, Chair Lee adjourned the meeting at 1:53 p.m.

Elizabeth Lee
Chair

Neil M. Guglielmo
Manager-Secretary

CAPITAL MARKETS SOLUTIONS

Northern Trust Global Securities Lending

Prepared for: Los Angeles City Employees' Retirement System (LACERS)

Reporting Date: July 1st 2022 – June 30th 2023

NORTHERN TRUST

Biography

BIOGRAPHY

Brad Pedersen, CFA is a Vice President at the Northern Trust Company, Chicago, and is the Director of Securities Lending Cash Reinvestment within the Short Duration Fixed Income Team of Northern Trust Asset Management (NTAM). His responsibilities include executing overall strategy for the Short Duration Funds, specifically the Securities Lending cash collateral, as well as oversight for the portfolio management team. Brad also serves on the Securities Lending Collateral Committee, an oversight board for the Securities Lending Product. Brad also has responsibility for the Repurchase Agreement program for Northern Trust Asset Management across all money market portfolios.

Prior to his current role, Brad functioned as a Senior Relationship Manager with both the Large Corporate Client segment, as well as Northern Trust's Investment Manager Liaison Group.

Brad received a B.S. degree in Marketing from Miami University of Ohio. He is a CFA Charter holder and a member of the CFA Society of Chicago.

Brad also attained the Financial Industry Regulatory Authority (FINRA) Series 6 license, the Certified Retirement Services Professional (CRSP) designation from the Institute of Certified Bankers (ICB), the Plan Administrator designation (Levels 1 and 2) from the American Society of Pension Actuaries (ASPA) and the Certified Plan Administrator designation from the National Institute of Pension Administrators (NIPA).

Biography

BIOGRAPHY

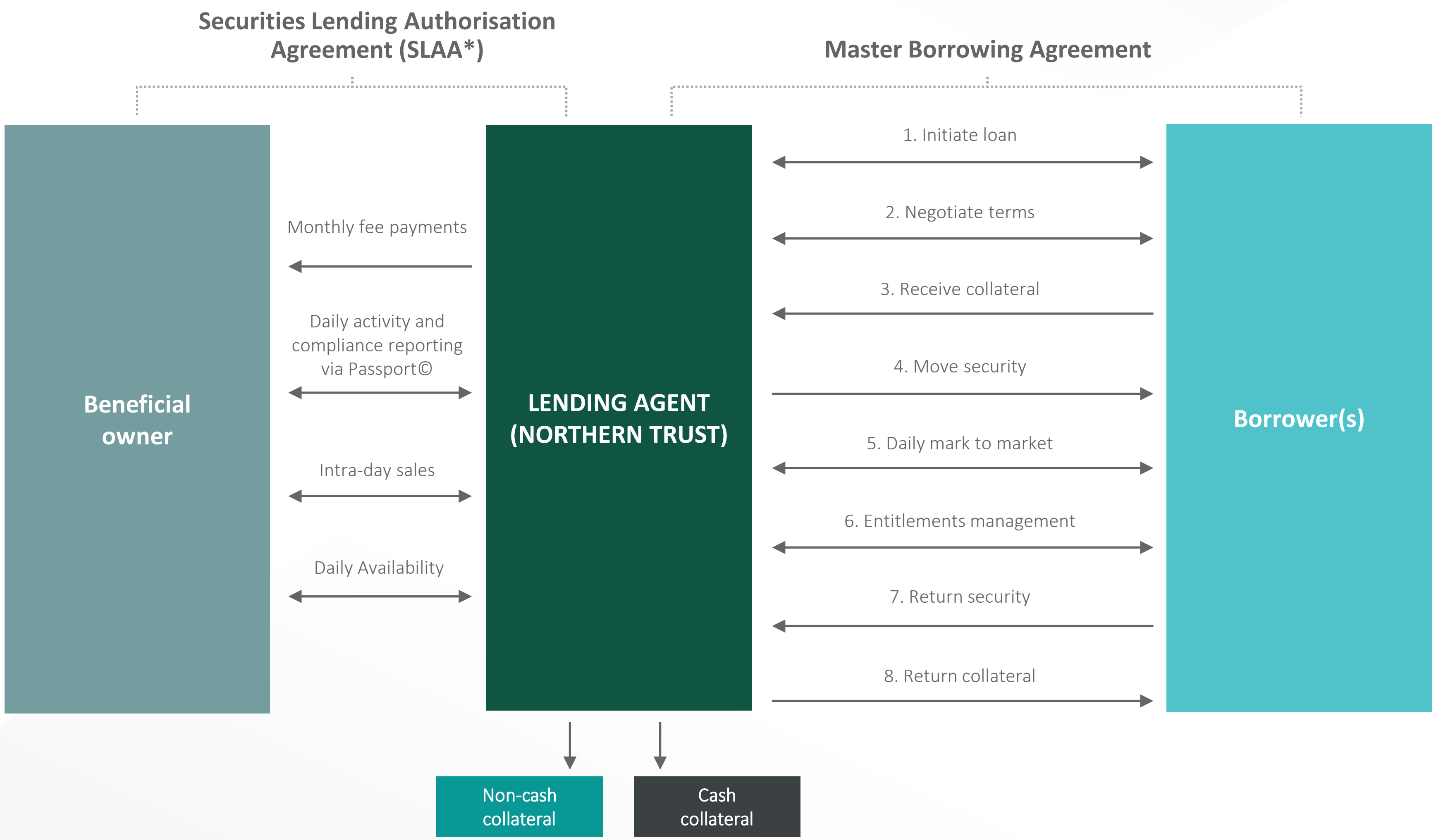
Enayet Mawla joined the Securities Finance organization in November 2022 as Senior Relationship Manager for Canadian clients and US Public Funds. He started in the industry in 2008, spent time at Credit Suisse before finding his place at Northern Trust in January 2013. Prior to Securities Finance, Enayet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

Enayet Mawla

Vice President, Sr Relationship Manager, Securities Finance, Asset Servicing

Securities Lending transaction process

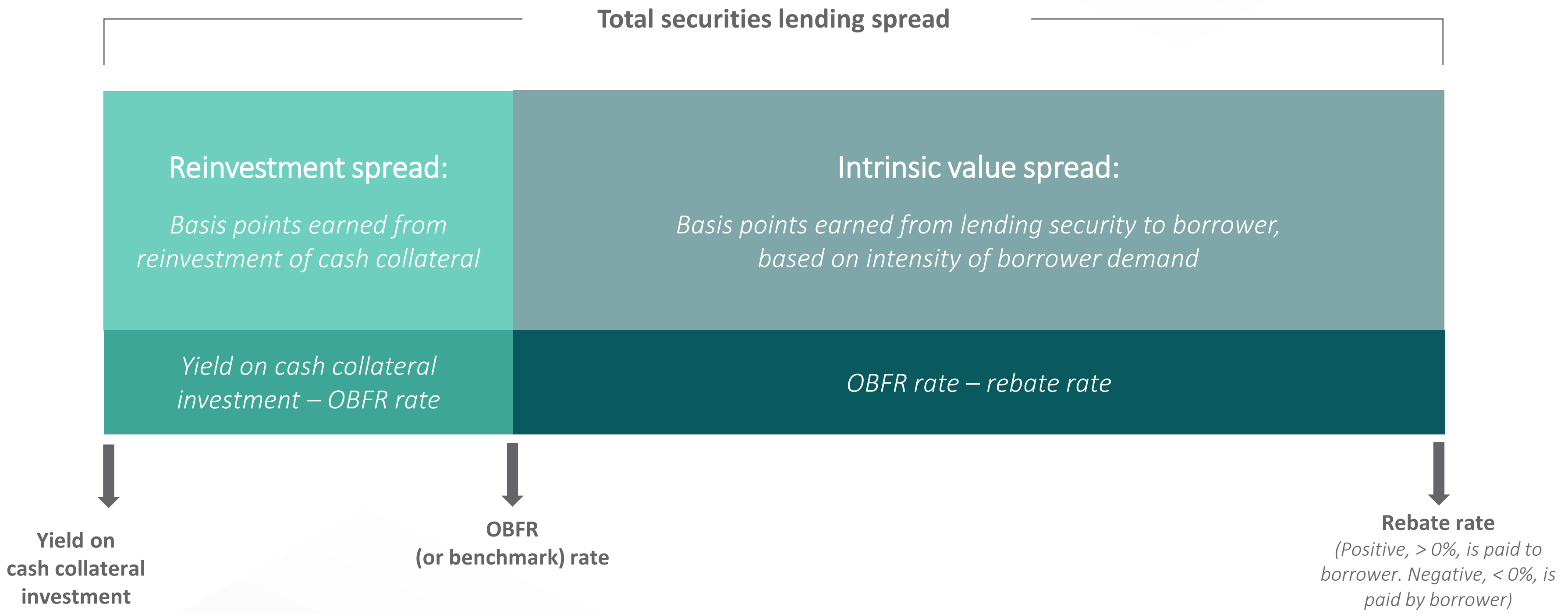
The life cycle of a loan



*Sample agreements available upon request

Securities Lending Income Components

Understanding how securities lending income is generated



Reinvestment spread + Intrinsic value spread = **Total securities lending spread**
Total securities lending spread x Loan volume = **Total gross securities lending income**

How Revenue is Generated

Example: Northern Trust lends $25 million of US Equity

Non-Cash Loan

The $25 million market value loan is for 30 days collateralized by a US Treasury.

1	Receive non-cash collateral valued at **$25,500,000** (102%)	
2	Fee charged to borrower on the value of the loan (20 bps)	$4,167
3	Gross revenue (gross spread 20 bps) credited to client monthly	$4,167
4	Monthly lender's fee (@ 30%)	$1,250
5	**Net client earnings**	$2,917

Cash Loan

The $25 million market value loan is for 30 days collateralized with cash (OBFR at 1.00%).

1	Receive cash collateral valued at **$25,500,000** (102%)	
2	Cash collateral invested in a collateral pool at yield of 1.10%	$23,375
3	Rebate paid to borrower at rate of 0.80%	$(17,000)
4	Gross Revenue (gross spread 30 bps)	$6,375
5	Monthly lender's fee (@ 30%)	$1,913
6	**Net client earnings**	$4,462

Global Securities Lending

Designed to enhance the return of an overall investment program without interfering with the investment strategy.

We strive to extract the highest amount of intrinsic value from each loan, while mitigating risk for the benefit of our clients.

WHO WE ARE

A core business within Northern Trust and an industry leader in terms of size, scale and innovation.

453
CLIENTS FROM 31 COUNTRIES

$1.35T
OF LENDABLE SECURITIES*

$159B
OF LOANS OUTSTANDING*

67
APPROVED BORROWERS AT PARENT LEVEL

WHAT WE DO

- Cash Management
- Risk Management
- Customized participation and collateral selection
- Lend in 35 countries and 51 markets worldwide Equity & Fixed Income markets
- 24-hour trading
  - Supported by our single, multi-currency proprietary platform
  - Locations in Hong Kong, London, Toronto, Sydney and Chicago

WHO WE SERVE

- Corporations
- Endowments and Foundations
- Public Funds
- Mutual Funds
- Insurance
- Government
- Taft Hartley

*Average for September 2023. **CSD Central Security Depository.

Managing Risk

Risk management is instrumental to our program.

Borrower

Borrower defaults and collateral is not sufficient to cover

Mitigating factors:

- Credit review of borrowers
- Over-collateralization /Daily marking
- Indemnification
- Risk analytics

Trade Settlement

Fund sells securities and borrower doesn't return in time for trade to settle

Mitigating factors:

- Timely communication
- Automated reallocations
- Trade settlement protection

Cash Collateral Reinvestment

Cash collateral investment becomes impaired or decreases in value

Mitigating factors:

- Client approved guidelines
- Dedicated team of fixed income research analysis
- Daily automated compliance

Interest Rate

Loan rebate rate exceeds earnings on cash collateral investments

Mitigating factors:

- Weekly gap analysis
- Shared risk
- Stress testing of portfolio

Risk Management Oversight

Risk management begins at the business level supported by senior level independent groups.

Securities Finance Risk Council	Capital Markets Credit Committee	Collateralized Product Risk Committee	Credit & Liquidity Risk Management Committee, Securities Approval Group
• Provides senior management business oversight. Responsible for risk, compliance and control governance activities. • Also monitors loan allocation process, cash collateral NAV, interest rate risk and loan/collateral stress testing.	• Monitors the financial viability of borrowers. • Sets limits for Northern Trust's balance sheet and securities lending program. • Approves limits for counterparty groups, counterparties and specific products.	• Approves all collateral types, margin levels, and credit risk factors. Reviews borrower exposures and risk profiles. • Establishes loan/collateral product limits and undertakes periodic stress testing.	• Approves cash investment credit issuers, counterparties, and instruments • Provides guidance and oversight of investment risk associated with cash reinvestment activity.

Technology

Strong performance achieved through a single, global trading platform

Industry Trade Platform

- Facilitate quick and accurate matching of borrower needs with our supply
- Allow our trading team to focus on higher value trades

Data Providers

- Compare our program against the industry and our clients against their peers
- Provide industry data to improve loan pricing decisions

GLOBAL SECURITIES LENDING (GSL)

Proprietary trading system

Electronic links with custody, depository systems and industry trade platform

Automates the vast majority of loans

Cash Collateral Management

- Aladdin
- Northern Trust Investments Short Duration team manages cash collateral
- Passport® reporting available for cash collateral positions and characteristics

PASSPORT® REPORTING

Earnings
At loan level, security level, asset class, account level, and entity level.

Borrower Exposure
Market Value and collateral value by borrower

Collateralization
Collateralization levels, cash and noncash holdings

Custom Solutions

We work with you to understand your objectives and design customized programs.

Collateral Options

Tailored to your risk level

- Cash: pooled or separately managed
  - Principal preservation, liquidity management, competitive yield
  - Managed by Northern Trust Asset Management
- Non-cash: held in a separate account
  - Examples include: US treasuries and agencies, highly rated OECD debt, equities

Limits

To ensure a focus on intrinsic value lending

- Restricting the total amount that can be lent across the entire fund
- Asset class, country limits, seasonal restrictions, minimum return parameters
- Borrower-specific caps or restricting certain borrowers from your program entirely
- Limits based on the maximum daily traded amount

Securities Lending

CASH COLLATERAL REINVESTMENT

- Inflation rates remain elevated but appear to show signs of slowing – leading the central banks to signal pause and hold, instead of additional hikes
- US interest rates firmly in economically restrictive territory
- Strong employment statistics continue to create an economic backdrop in which wage and price inflation unlikely to decline quickly
- Central banks are weighing the risk of causing a recessionary environment with the risk of losing containment on inflation – and choosing to control inflation above other concerns
- The Fed has hiked 525 basis points since March of 2022,but Federal Funds futures are only indicating a small probability of more hikes in 2023
- Key uncertainty for the short duration markets is how long the Fed will maintain their peak rate.
- The Fed Funds futures market currently indicates a cut in rates around mid-2024, while the Fed is saying they'll keep rates high for a more prolonged period

EQUITY DEMAND

- Global shares gained in June and finished the quarter with some positive momentum. US stocks have led the charge with moderating inflation and enthusiasm over AI boosting technology stocks. Major central banks raised rates again during the month, although the FED as widely expected, elected to hold in June. The MSCI World closed up for the month 5.2% and 6% for the quarter.
- Securities lending volumes, against a backdrop of rising equity valuations, saw some attrition in June. Following seasonal peaks in EMEA, the approaching half-year end reporting period was the catalyst for regulation-driven book management as borrowers looked to reduce their books over the quarter end reporting date.
- Global specials have been small in number but highly crowded creating concentration of SL returns. The upward momentum in equity valuations coupled with macro uncertainty has done little to encourage short side flows with hedge funds remaining cautious. Short themes continue to be focused on interest rate, inflationary pressures and recessionary sensitivities. Consumer discretionary, retail and real estate sectors amongst those attracting demand. Less established companies within the Electric Vehicle sector continue to be a hotbed of demand given the competitiveness of the industry and growing pains to profitability.

FIXED INCOME DEMAND

- United States: FOMC hike by 25bps in July while maintaining a tightening bias given strong economic activity and elevated inflation. Fitch lowers the US sovereign rating from AAA to AA+, with limited reaction or forced sales. Treasury announces increased new bond issuance pressuring lending rebates higher, though positive for FICC sponsored repo spreads. Lastly, strong demand for USTs remains into year-end given the dollar premium in cross-currency activity
- United Kingdom: BoE hiked by a quarter point in August, though paused the following month, ending a series of 14 successive rate increases. Inflation remains stubbornly high at 6.7%, however, the central bank will likely pause further rate hikes given the squeeze on consumers. Robust borrow demand for gilts with many issues in the 5-10 year belly of the curve trading with a specials premium
- Europe: ECB raised 50bps during the quarter with policymakers expecting inflation to fall back to the 2% target if rates remain at these levels. Repo markets were impacted by a surprise announcement by the Bundesbank, breaking ranks with the ECB and reinstating of the 0% ceiling on government deposit renumeration. Subsequently, highly-rated sovereign issuance became increasingly well-sought from a securities finance perspective given collateral scarcity concerns
- Emerging Markets: Sentiment soured during the quarter as renewed dollar strength and 'higher-for-longer' US rates added to the headwinds. Oil prices continued to surge, thus providing a further headwind for policymakers charged with fighting inflation. Demand for EM sovereigns and corporate bonds remains firmly in place, with liquidity challenges maintaining wider lending fees

Investment Profile: LACERS Custom Cash Collateral Fund

June 30, 2023

LACERSCF - LACERS Custom Fund - USD

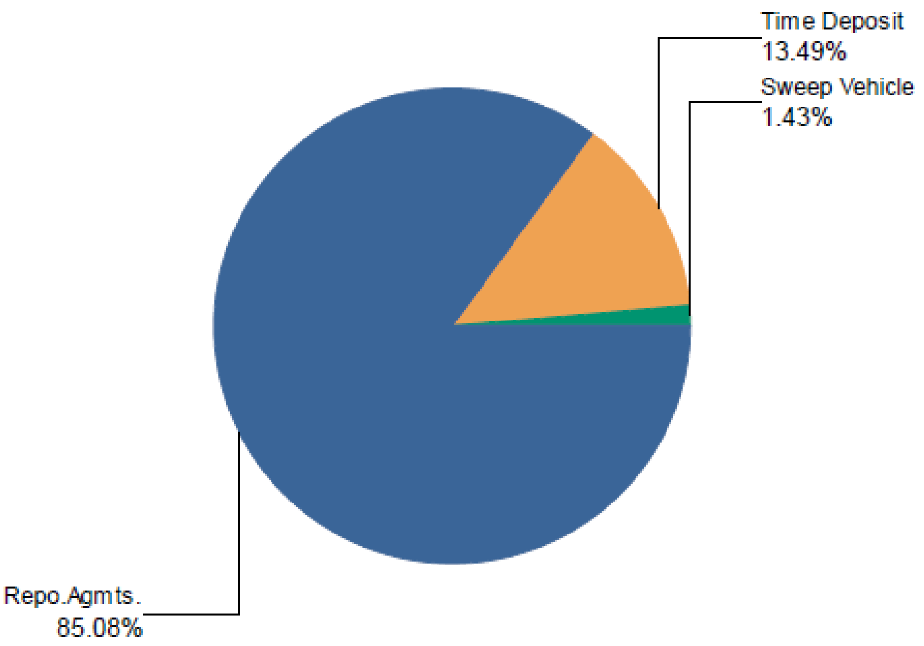
Characteristics	
Total Book Value (in USD)	211,325,505
Weighted Average Maturity (Interest Reset Date)	3 Days
Weighted Average Maturity (Maturity Date)	3 Days
Average Equivalent Quality Rating	A1+
Total Number of Issues	20

Quality Distribution	Percentage
A1+ (SHORT TERM)	85.08%
A1 (SHORT TERM)	13.49%
Cash Equiv (LONG TERM)	1.43%

Maturity Breakdown Distribution	Interest Reset	Maturity Date
Overnight	100.00%	100.00%

Industry/Sector Distribution	Percentage
Banking Ind.	14.92%
Broker/Dealer	85.08%

Cash Collateral Asset Class Breakdown



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Investment Profile: LACERS Custom Cash Collateral Fund

September 30, 2023

LACERSCF - LACERS Custom Fund - USD

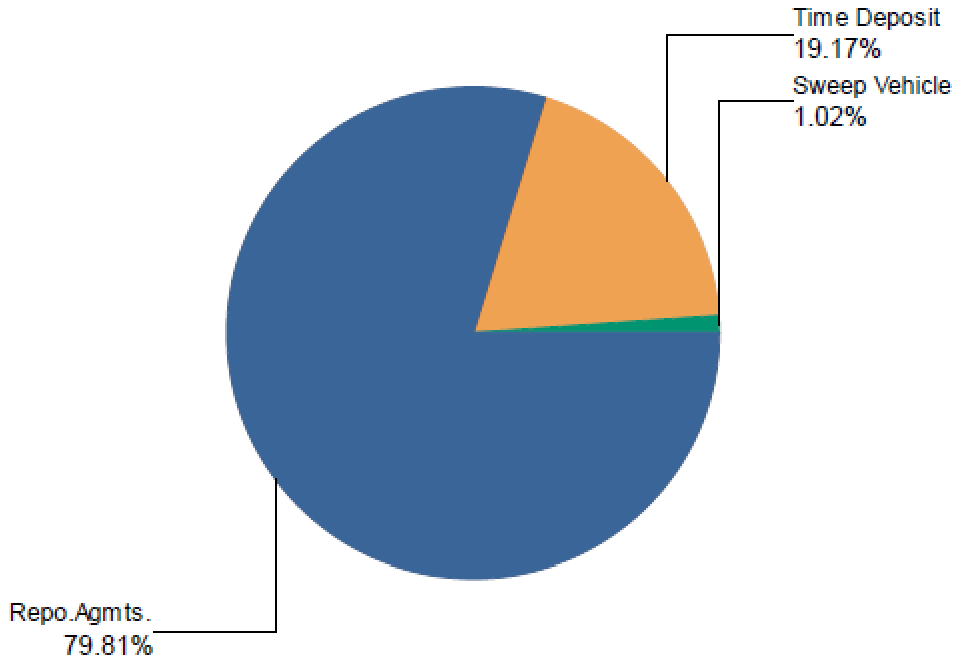
Characteristics	
Total Book Value (in USD)	203,481,018
Weighted Average Maturity (Interest Reset Date)	3 Days
Weighted Average Maturity (Maturity Date)	3 Days
Average Equivalent Quality Rating	A1+
Total Number of Issues	19

Quality Distribution	Percentage
A1+ (SHORT TERM)	88.17%
A1 (SHORT TERM)	10.81%

Maturity Breakdown Distribution	Interest Reset	Maturity Date
Overnight	100.00%	100.00%

Industry/Sector Distribution	Percentage
Banking Ind.	20.19%
Broker/Dealer	79.81%

Cash Collateral Asset Class Breakdown



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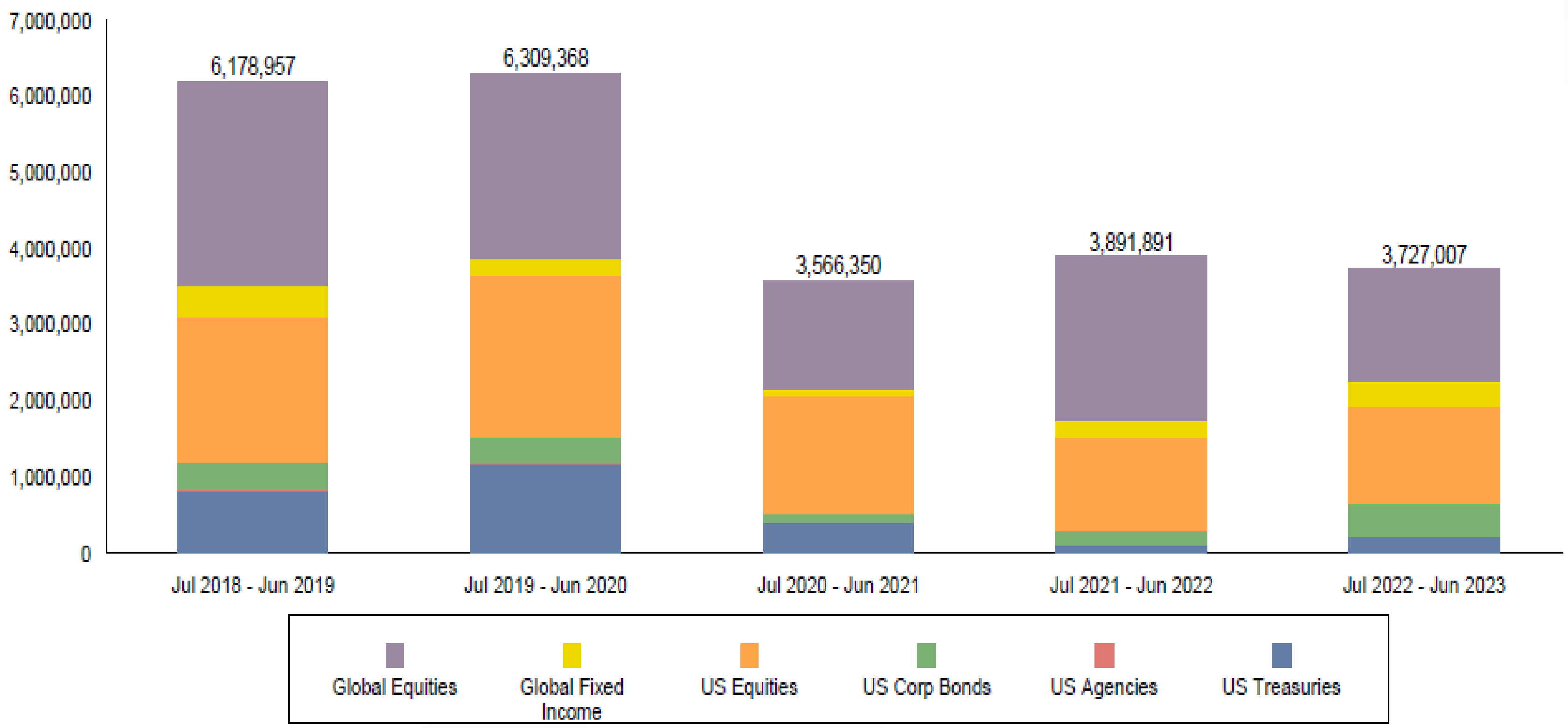
Historical Earnings Summary – 5 Years



$27,843,863

GROSS REVENUE

85/15

FEE SPLIT*

US Treasuries and Agencies, OECD Debt and Equities

COLLATERAL ACCEPTANCE

$23,673,572

NET REVENUE

Lending Limit and Limited Acceptance of Equities Collateral

RESTRICTIONS

*LACERS receiving 85% of the total revenue and Northern Trust receiving 15%

PERFORMANCE SCORECARD: LENDING & INVESTMENT BREAKDOWN

July 1st 2022 – June 30th 2023

	Market Value (USD)		% on	Gross Earnings (USD)			Spread (bps)			Gross BP Return	Net Earnings (USD)		
Security Type	Avg. on Loan	Avg. Available	Loan	Lending	Investment	Total	Lending	Investment	Overall	(bp) *	Lending	Investment	Total
US Treasuries	99,246,216	1,788,883,562	5.5%	271,277	8,688	279,965	27.0	0.9	27.8	1.5	230,604	7,386	237,990
US Agencies	27,778	61,576,695	0.0%	60	-1	59	21.1	-0.2	20.9	0.0	51	-1	50
US Corp Bonds	107,610,530	805,754,039	13.4%	495,047	14,922	509,969	45.4	1.4	46.7	6.2	420,875	12,692	433,567
US Equities	460,278,566	4,483,044,095	10.3%	1,464,383	18,717	1,483,100	31.4	0.4	31.8	3.3	1,245,255	15,932	1,261,187
Global Sovereign	54,219,448	452,894,773	12.0%	212,216	392	212,608	38.6	0.1	38.7	4.6	180,399	333	180,732
Global Agencies	3,145,546	49,911,545	6.3%	14,182	219	14,400	44.5	0.7	45.2	2.8	12,057	186	12,243
Global Corp Bonds	30,457,997	330,967,637	9.2%	168,832	2,141	170,973	54.7	0.7	55.4	5.1	143,525	1,821	145,346
Global Equities	310,801,099	3,793,429,660	8.2%	1,707,874	4,707	1,712,580	54.2	0.1	54.3	4.5	1,451,888	4,004	1,455,892
Total	**1,065,787,179**	**11,766,462,006**	**9.1%**	**4,333,869**	**49,785**	**4,383,654**	**40.1**	**0.5**	**40.6**	**3.7**	**3,684,653**	**42,354**	**3,727,007**

PERFORMANCE SCORECARD: LENDING & INVESTMENT BREAKDOWN

July 1st 2023 – September 30th 2023

	Market Value (USD)		% on	Gross Earnings (USD)			Spread (bps)			Gross BP Return	Net Earnings (USD)		
Security Type	Avg. on Loan	Avg. Available	Loan	Lending	Investment	Total	Lending	Investment	Overall	(bp) *	Lending	Investment	Total
US Treasuries	112,230,028	1,819,329,958	6.2%	44,072	-67	44,005	15.4	0.0	15.3	0.9	37,466	-57	37,409
US Agencies	106,680	65,667,385	0.2%	54	0	54	19.8	0.0	19.8	0.0	46	0	46
US Corp Bonds	110,294,606	863,723,443	12.8%	204,302	-1,933	202,369	72.5	-0.7	71.8	9.2	173,677	-1,643	172,034
US Equities	494,657,965	4,548,009,799	10.9%	441,910	-948	440,963	35.0	-0.1	34.9	3.8	375,739	-806	374,934
Global Sovereign	55,239,979	514,209,471	10.7%	52,414	-1,063	51,352	37.1	-0.8	36.4	3.9	44,555	-903	43,652
Global Agencies	2,617,774	54,298,687	4.8%	5,128	-454	4,674	76.7	-6.8	69.9	3.4	4,360	-386	3,974
Global Corp Bonds	25,514,532	363,238,603	7.0%	34,510	-1,024	33,486	52.9	-1.6	51.4	3.6	29,337	-871	28,466
Global Equities	243,282,411	3,754,594,811	6.5%	319,396	-642	318,755	51.4	-0.1	51.3	3.3	271,529	-546	270,983
Total	**1,043,943,976**	**11,983,072,157**	**8.7%**	**1,101,787**	**-6,130**	**1,095,657**	**41.3**	**-0.2**	**41.1**	**3.6**	**936,709**	**-5,212**	**931,497**

PERFORMANCE SCORECARD: DATE RANGE COMPARISON

July 1st 2022 – June 30th 2023

Security Type	Market Value (USD) Avg. on Loan	Avg. Available	% on Loan	Gross Earnings (USD)	On Loan Spread (bp)	Gross BP Return (bp) *	Net Earnings (USD)
From July, 2022 to June, 2023							
US Treasuries	99,246,216	1,788,883,562	5.5%	279,965	27.8	1.5	237,990
US Agencies	27,778	61,576,695	0.0%	59	20.9	0.0	50
US Corp Bonds	107,610,530	805,754,039	13.4%	509,969	46.7	6.2	433,567
US Equities	460,278,566	4,483,044,095	10.3%	1,483,100	31.8	3.3	1,261,187
Global Fixed Income	87,822,991	833,773,956	10.5%	397,981	44.7	4.7	338,321
Global Equities	310,801,099	3,793,429,660	8.2%	1,712,580	54.3	4.5	1,455,892
Total	**1,065,787,179**	**11,766,462,006**	**9.1%**	**4,383,654**	**40.6**	**3.7**	**3,727,007**
From July, 2021 to June, 2022							
US Treasuries	126,583,093	2,191,082,680	5.8%	139,678	10.9	0.6	118,771
US Agencies	0	57,731,514	0.0%	0	0.0	0.0	0
US Corp Bonds	136,463,178	1,015,030,547	13.4%	231,302	16.7	2.2	196,786
US Equities	499,353,738	5,495,161,713	9.1%	1,438,750	28.4	2.6	1,223,634
Global Fixed Income	91,162,108	981,077,343	9.3%	246,633	26.7	2.5	209,690
Global Equities	296,240,117	4,383,644,375	6.8%	2,520,947	83.9	5.7	2,143,009
Total	**1,149,802,234**	**14,123,728,172**	**8.1%**	**4,577,311**	**39.3**	**3.2**	**3,891,891**
Variance							
US Treasuries	-27,336,878	-402,199,118	-0.2%	140,286	16.9	0.9	119,219
US Agencies	27,778	3,845,181	0.0%	59	20.9	0.0	50
US Corp Bonds	-28,852,648	-209,276,508	-0.1%	278,667	30.0	4.0	236,780
US Equities	-39,075,172	-1,012,117,618	1.2%	44,350	3.4	0.7	37,553
Global Fixed Income	-3,339,117	-147,303,387	1.2%	151,348	18.0	2.2	128,631
Global Equities	14,560,982	-590,214,715	1.4%	-808,367	-29.6	-1.2	-687,117
Total	**-84,015,055**	**-2,357,266,166**	**0.9%**	**-193,657**	**1.3**	**0.5**	**-164,884**

PERFORMANCE SCORECARD: TOP TEN EARNING SECURITIES

TOP 10 SECURITIES AND EARNINGS SUMMARY

From 01 Jul 2022 to 30 Jun 2023

Rank	Security ID	Security Name	Net Earnings	Total Spread
1	BF0YK62	IDORSIA LTD CHF0.05	157,302.77	741.87
2	912796W47	UNITED STATES TREAS BILLS 0.00% DUE 05-1	98,893.37	188.54
3	B1L95G3	AKER BP ASA NOK1	74,380.14	195.67
4	08862E109	BEYOND MEAT INC	53,572.81	4,914.02
5	BMXC0X9	VOLVO CAR AB SER'B'NPV	47,185.20	386.79
6	594972408	MICROSTRATEGY INC CL A NEW CL A NEW	41,121.21	1,423.63
7	039524AB9	ARCHES BUYER INC 6.125% DUE 12-01-2028	39,860.92	439.70
8	92826C839	VISA INC COM CL A STK	34,894.85	14.95
9	7212477	ESSILORLUXOTTICA EUR 0.18	34,457.60	231.79
10	B0C2CQ3	ENGIE COMSTK	30,365.29	210.72
		Total top 10	**612,034.16**	**153.15**
		Total Estimated Earnings From 01 Jul 2022 To 30 Jun 2023	**3,727,006.59**	**39.88**

The top 10 securities represent 16.42% of the total earnings

Important Information

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NORTHERN TRUST

LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: DECEMBER 12, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: V**

SUBJECT: **INVESTMENT MANAGER CONTRACT WITH CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF A U.S. REITS PORTFOLIO AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board a three-year contract renewal with CenterSquare Investment Management LLC for management of an active U.S. REITS (Real Estate Investment Trust Securities) portfolio.

Executive Summary

CenterSquare Investment Management LLC (CenterSquare) has managed an active U.S. REITS portfolio for LACERS since April 2015. LACERS' portfolio was valued at approximately $437 million as of October 31, 2023. CenterSquare's current contract expires on March 31, 2024. Staff and NEPC, LLC (NEPC), LACERS General Fund Consultant, recommend a three-year contract renewal with CenterSquare.

Discussion

Background
The Board hired CenterSquare in January 2015 to manage an active U.S. REITS portfolio benchmarked against the FTSE NAREIT All Equity REITS Index. CenterSquare utilizes proprietary research and analytics to identify mispriced investment opportunities in the public REITS market. These securities provide high current income, liquidity, and real estate sector diversification. The portfolio management team is led by Dean Frankel, Global Head of Real Estate Securities. Mr. Frankel has 26 years of real estate experience, all of which have been at CenterSquare. LACERS' portfolio was valued at approximately $437 million as of October 31, 2023. The current contract expires on March 31, 2024.

Organization
CenterSquare was founded in 1987 and is privately held with the management team owning a 47.6% equity stake and Lovell Minnick Partners, a private equity firm, owning a 49.2% equity stake. Other external partners account for the remaining 3.2%. The firm currently has 96 employees and is headquartered in Plymouth Meeting, Pennsylvania, with offices in London and Singapore. As of the

most recent quarter ending September 30, 2023, CenterSquare managed approximately $12.2 billion of total assets, with $6.3 billion of assets in the U.S. REITS strategy.

Due Diligence
Staff conducts routine due diligence of the manager that includes quarterly portfolio reviews and ad hoc investment discussions. LACERS staff last conducted an onsite meeting at CenterSquare's headquarters on October 17, 2023, that included interviews with key personnel across the organization. Staff concluded that CenterSquare's investment philosophy, strategy, and process have not changed materially since the most recent contract renewal. Staff did note a number of firm-level personnel changes over the course of the contract period though none were deemed to have created any adverse impact on the management of the strategy. In mid-November, CenterSquare informed its clients that President and Chief Investment Strategist Scott Crowe had resigned from the firm. Staff and NEPC are currently assessing the impact of this personnel departure.

Representatives of CenterSquare most recently presented a portfolio review to the Investment Committee on June 13, 2023.

Performance
As of October 31, 2023, CenterSquare outperformed its benchmark over all time periods, except the 3-month period, as presented in the table below.

Annualized Performance as of 10/31/2023 (Net-of-Fees)						
	3-Month	1-Year	3-Year	5-Year	7-Year	Since Inception[1]
CenterSquare	-12.99	-6.72	4.08	4.52	4.56	4.82
FTSE NAREIT All Equity Index	-12.94	-7.89	2.76	2.69	3.34	3.56
% of Excess Return	*-0.05*	*1.17*	*1.32*	*1.83*	*1.22*	*1.26*

[1]Inception date 4/15/15

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

Calendar Year Performance as of 10/31/2023 (Net-of-Fees)									
	1/1/23 - 10/31/23	2022	2021	2020	2019	2018	2017	2016	4/15/15 - 12/31/15
CenterSquare	-7.79	-23.50	42.13	-0.58	29.74	-4.80	9.12	8.35	2.80
FTSE NAREIT All Equity Index	-8.56	-24.95	41.30	-5.12	28.66	-4.04	8.67	8.63	0.58
% of Excess Return	*0.77*	*1.45*	*0.83*	*4.54*	*1.08*	*-0.76*	*0.45*	*-0.28*	*2.22*

CenterSquare is in compliance with the LACERS Manager Monitoring Policy.

Fees
LACERS pays CenterSquare an effective fee of 39 basis points (0.39%), which is approximately $1.7 million annually based on the value of LACERS' assets as of October 31, 2023. The fee ranks in the 13th percentile of fees charged by similar REITS managers in the eVestment database (i.e., 87% of like-managers have higher fees). Since inception, LACERS has paid CenterSquare a total of $8.05 million in investment management fees as of October 31, 2023.

General Fund Consultant Opinion
NEPC concurs with this recommendation.

Strategic Plan Impact Statement

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

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

NMG/RJ/WL/JP:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC

To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: December 12, 2023

Subject: CenterSquare Investment Management, Inc.

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System ('LACERS') renew the investment management contract in place with CenterSquare Investment Management Inc. ('CenterSquare') for a period of 3 years from the date of contract expiry.

Background

CenterSquare has been an active U.S. Real Estate Investment Trust (REIT) manager for LACERS since April 2015. As of September 30, 2023, CenterSquare managed $450.3 million, or 2.1%, of Plan assets. The performance objective is to outperform the FTSE NAREIT All Equity REITs Index, net of fees, annualized over a full market cycle (normally three-to-five years).

CenterSquare was founded in 1987 to provide private real estate investment management services to institutional investors and has been managing U.S. listed real estate securities portfolios since 1995. Since January 2, 2018, CenterSquare has been owned by its employees and private equity firm Lovell Minnick after a buyout from owner BNY Mellon, who bought the firm in 2006. Employees at CenterSquare own 49% of the firm while Lovell Minnick owns the remaining 48% and 3% is owned by external parties. The firm manages approximately $12.15 billion on behalf of over 159 clients with 96 employees located in Pennsylvania, London and Singapore.

The philosophy of the U.S. Real Estate Securities portfolio is based on three principles: first, that attractive relative valuations provide both downside protection and potential for upside growth; second, that REITs are 'hybrid' investments that should be valued on a number of factors, only one of which is a company's underlying real estate value; and third, that REITs are capable of trading at implied real estate valuations which are materially different from the private real estate market. The result is a portfolio that allows CenterSquare to compare valuations across the REIT universe on a like-for-like basis over time, and identify over- and underpriced stocks across sectors, regions, and the investment universe as a whole.

Scott Crowe, President and Chief Investment Strategist, resigned from the firm in early November, 2023. Mr. Crowe's primary role was leading the firm's capital raising efforts (Capital Markets) and coordinating thought leadership. Scott Maguire, Head of Investor Relations, will be taking over Capital Markets, a position he held from 2007-2018. Coordination of thought leadership will move to Uma Moriarity who was promoted to Senior Investment Strategist in 2022. While Scott did not have any day-to-day investment responsibility, his participation on various investment committees will be passed to Rob Holuba, Managing Director, Jeff Reder, Managing Director and Uma Moriarity. NEPC is currently reviewing these recent changes in the firm's leadership, though Mr. Crowe's departure has no direct operational impact on the LACERS portfolio that we know of. NEPC's research team will continue to monitor events at CenterSquare to ensure there are no adverse impacts to the LACERS portfolio.

Performance

Referring to Exhibit 1, as of September 30, 2023, since inception (May 2015) the portfolio has outperformed its index by 1.3%, returning 5.7%, net of fees and the strategy ranked in the 9th percentile in its peer universe. Over the last five years, the portfolio has outperformed its benchmark by 1.7%, returning 4.5% and ranked in the 20th percentile in its peer group. In the last three years, the portfolio outperformed its benchmark by 1.3% and ranked in the 45th percentile while over the last one year the portfolio outperformed its index by 0.4% returning -1.3% and ranked in the 84th percentile.

Referring to Exhibit 2, the portfolio has added value on a cumulative basis against its benchmark since inception. The portfolio has benefitted from relative outperformance in the Healthcare sector which is their largest sector overweight. The firm maintains that valuations in senior housing and skilled nursing names are attractive and the portfolio has benefitted from this exposure in the shorter-run. An overweight to Data Centers also added to cumulative positive relative returns. Alternative Housing continues to generate stable positive returns through Single Family Rental names which are benefiting from a slowdown in housing sales.

Fees

The portfolio has an asset-based fee of 0.39% (39 basis points) annually. This fee ranks in the 13th percentile among its peers in the eVestment US REIT Universe. In other words, 87% of the products included in the peer universe have a higher fee than the LACERS account.

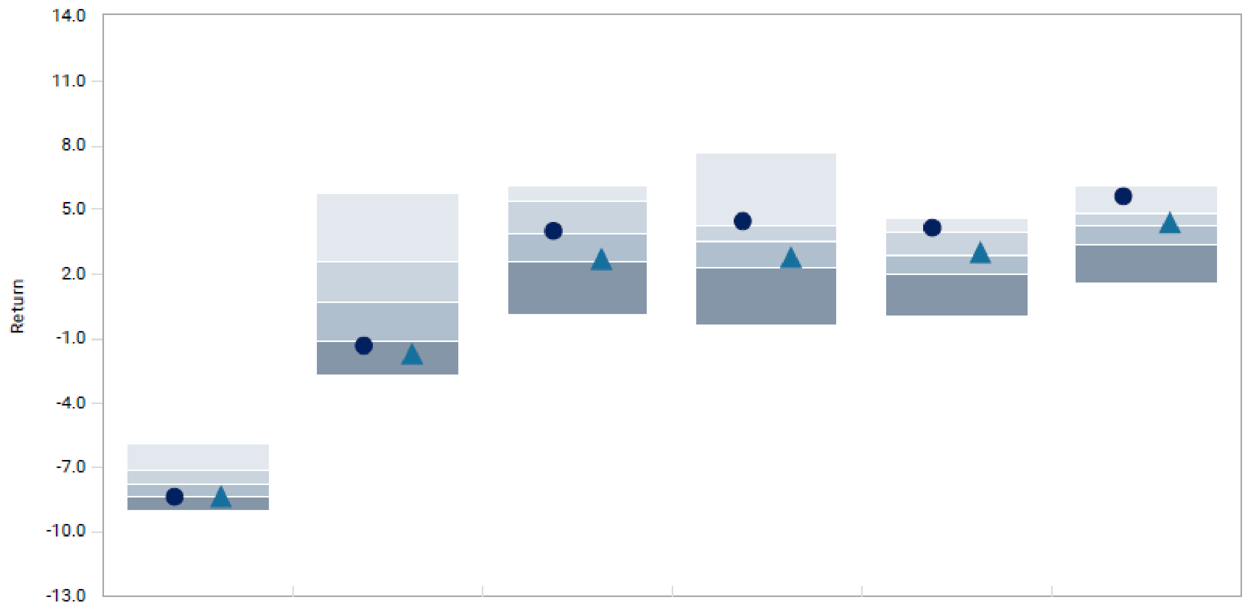
Conclusion

CenterSquare has outperformed the index since May 2015 and has shown consistent outperformance throughout the years. Their risk-aware investment philosophy, strong investment process and stock selection skill are the basis for continued confidence in the portfolio. NEPC recommends a three-year contract renewal from time of contract expiry.

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

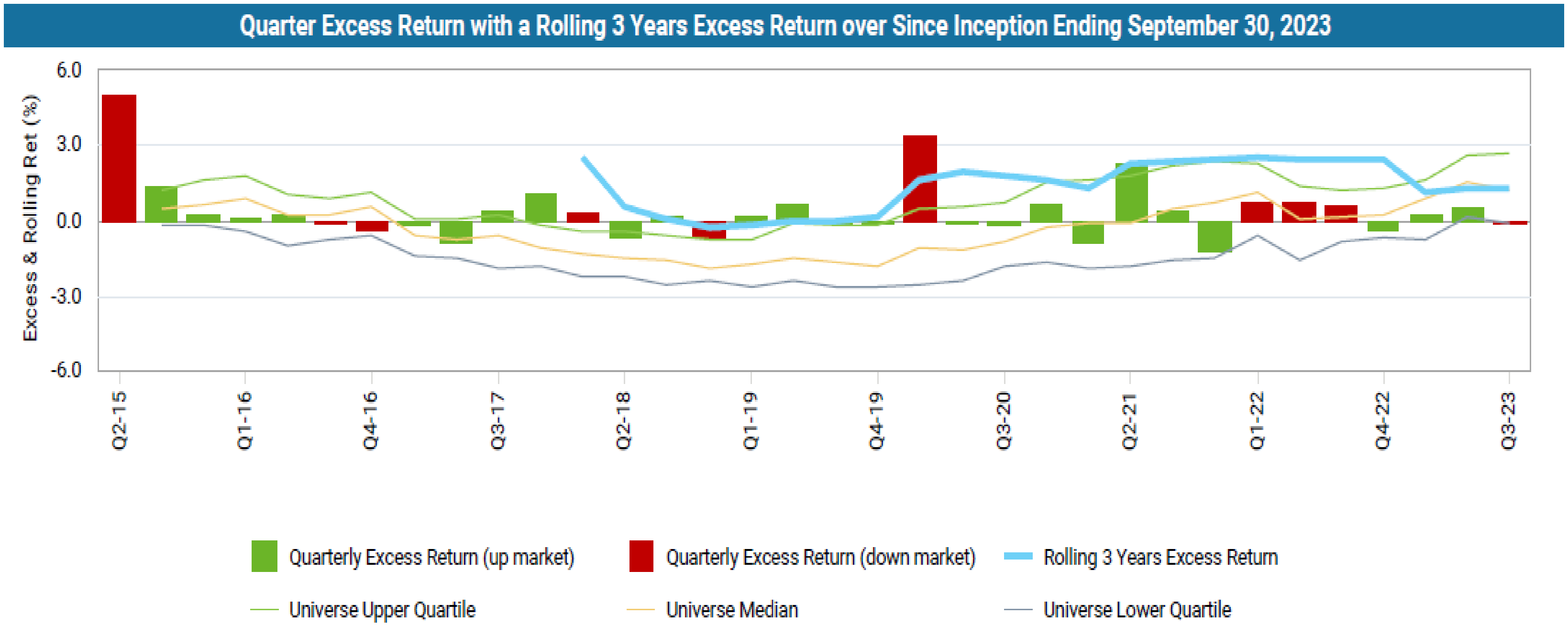
Exhibit 1: Performance Summary Net of Fees as of September 30, 2023

CenterSquare US Real Estate vs. eV US REIT



	3 Mo (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	7 Yrs (%)	Inception (%)
● CenterSquare US Real Estate	-8.3 (75)	-1.3 (84)	4.0 (45)	4.5 (20)	4.2 (15)	5.7 (9)
▲ *FTSE NAREIT All Equity REITs*	*-8.3 (77)*	*-1.7 (86)*	*2.7 (75)*	*2.8 (68)*	*3.0 (46)*	*4.4 (42)*
5th Percentile	-5.9	5.8	6.1	7.7	4.6	6.1
1st Quartile	-7.1	2.6	5.4	4.2	3.9	4.9
Median	-7.7	0.7	3.9	3.5	2.9	4.2
3rd Quartile	-8.3	-1.1	2.6	2.3	2.0	3.4
95th Percentile	-8.9	-2.7	0.2	-0.4	0.1	1.6
Population	61	59	56	54	48	46

Exhibit 2: Excess Return Since Inception Net of Fees as of September 30, 2023



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: DECEMBER 12, 2023**
From: Neil M. Guglielmo, General Manager **ITEM: VI**

SUBJECT: **CONTINUED DISCUSSION OF PROPOSED INVESTMENT POLICY REGARING PRIVATE CREDIT INVESTMENTS AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee review the proposed Private Credit Investment Policy and recommend to the Board the proposed investment policy amendments.

Discussion

The Board approved a new asset allocation on May 11, 2021, that expanded LACERS' exposure to private credit over time to a new target of 5.75% from 3.75%. The expansion of the private credit program, based on attractive expected return assumptions, called for increased exposure into higher yielding strategies such as opportunistic or distressed lending to achieve improved portfolio yield and resilience under a variety of market conditions. To assist with the development of this portfolio, the Board authorized a search for a private credit consultant which concluded with the selection of Aksia LLC (Aksia).

On September 12, 2023, the Committee considered draft policy revisions with a non-discretionary manager selection process, wherein the process for selecting funds would consist of a recommendation by the private credit consultant and staff for approval by the LACERS Board. The Committee was supportive of this policy recommendation, but wished to consider an alternative policy consistent with industry best practices that would provide discretion to staff and the private credit consultant.

On November 14, 2023, the Committee considered a draft policy proposal for the private credit manager selection process to resemble LACERS' existing private equity discretion in-a-box model. The advantages of this approach include a potential for receiving first close discounts, increasing likelihood of receiving the full allocation requested during the commitment process, and improving access to funds that are in high demand with truncated closing deadlines. The Committee asked Staff to return with a revised policy that addressed members' concerns about the investment structures used to make private credit investments and to more clearly articulate the permitted investment amount thresholds and the process by which risks associated with private credit investments are identified and addressed. The Committee also requested additional clarity to distinguish between the types of investment structures permitted under the policy and how individual investment transactions would be memorialized for legal purposes.

The proposed attached policy authorizes Staff, in conjunction with the Private Credit Consultant, to effect investments in amounts *up to and including $150 million*.[1] Any investment exceeding $150 million recommended by the Private Credit Consutlant will require Board approval, regardless of whether or not staff agree or disagree with the consultant recommendation. Aksia has determined that this amount is consistent with industry best practices given: LACERS program size; prudent risk management that limits exposure to individual underlying portfolio companies; and, fund sizes available in the market.

The revised policy also more clearly address risks associated with private credit investments including those connected with the various structures by which to execute the strategy, such as a commingled vehicle, fund-of-one, separately managed account (SMA), etc.

In order to clarify the proposed policy amendments, staff made subsequent changes to the following sections in the investment policy: 1) Credit Opportunities; 2) Emerging Managers; 3) Private Credit; and 4) Private Equity. Upon the Board's adoption of the Private Credit Investment Policy, staff may make additional minor administrative edits to be incorporated in the revised version of the LACERS Investment Policy.

Strategic Plan Impact Statement

The Private Credit Investment Policy assists LACERS in building a diversified private credit portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Development of a detailed policy with key risk guidelines is also consistent with Goal V (uphold good governance which affirm transparency, accountability, and fiduciary duty.)

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

NMG/RJ/WL/EC/CH:rm

Attachments:
1. Proposed Investment Policy Statement Changes (Redlined Version)
2. Proposed Investment Policy Statement Changes (Clean Version)

[1] Any investments of $150,000,000.01 and greater would require Board approval.

(2) No more than 40%, in aggregate, invested in securities of non-U.S. issuers.
(3) No more than 20% of the portfolio invested in loans or bonds that are not first lien secured debt and no more than 10% invested in non-secured debt.
(4) No more than 30% of the portfolio's holdings in loans or bonds with a Moody's issue rating of Caa1 or lower.
(5) No securities shall be purchased on margin or sold short.

Emerging Markets Debt Bonds

(1) The total portfolio's average rating will be BBB/Baa or better by Moody's or Standard & Poor's.

(2) No more than 5% of any single portfolio will be invested in any one issuer, with the exception of U.S. Treasury or Federal Agency issues.

(3) No more than 30%, in aggregate, invested in out of benchmark securities.

(4) No more than 10%, in aggregate, invested in U.S. and non-U.S. developed markets bonds

(5) No securities shall be purchased on margin or sold short.

~~*Direct Lending*~~

~~(1) Portfolio will consist of low-to-middle market (<$75 million EBITDA) senior secured or unitranche direct loans.~~

~~(2) At least 70% of the portfolio will be invested in senior secured loans.~~

~~(3)~~ ~~No more than 10% of the portfolio will be invested in unitranche loans.~~

Private Credit

This portfolio is expected to provide portfolio diversification and additional return to the System's portfolio. Examples of private credit holdings ~~will~~ include but are not limited to direct lending, specialty finance, distressed debt / special situations, mezzanine, real estate credit, and real assets credit. The Private Credit Investment Policy is within Section X of this document.

C. Private Equity

This portfolio is expected to provide portfolio diversification and additional return to the System's public markets portfolio. Examples of private equity holdings will include venture capital, leveraged buyouts, ~~distressed debt,~~ and special situations funds. The Private Equity Investment Policy is within Section ~~X~~XI of this document.

D. Real Assets

The objective of the asset class is to provide one or more of the following contributions over the long term (i.e., market cycle or longer) to the LACERS total investment program:

Section 4 EMERING INVESTMENT MANAGER POLICY

f) Maximum LACERS' Allocation: At the time of hire, funding in the investment strategy shall not exceed 20% of the total strategy AUM at the time of actual funding.

2. Private Market Asset Classes – *Private Equity, Real Assets (not including Real Estate), Credit Opportunities*

a) Institutional Fund: First-, second-, or third-time institutional fund for a General Partner.

b) Maximum Fund Size: A first-time institutional fund for private equity or venture capital may have investor commitments of no more than $750 million, $1 billion for a second-time institutional fund, and $1.25 billion for a third-time institutional fund. A first-time institutional fund for private credit may have investor commitments of no more than $1 billion, $1.5 billion for a second-time institutional fund, and $2.0 billion for a third-time institutional fund.

c) Formation Date: The firm, if formed as a result of an organizational spin-out of at least a majority of the key investment team senior-level professionals, must have been in existence for a minimum of six months based on the entity's legal formation documents; otherwise the firm must have been in existence for a minimum of one year based on the entity's legal formation documents.

d) Track Record: The firm must have a minimum track record of five years. Any firm with a track record of less than five years may utilize track records established at prior firms when performance can be clearly attributed to the emerging firm's key individuals and/or the specific team associated with the strategy being considered.

e) Firm Ownership: No person or entity, other than the principals and/or employees of the firm, shall own more than forty-nine percent (49%) interest of the firm.

f) LP Concentration: No Limited Partner can represent more than 30% of the total Fund's committed capital.*

g) Minimum Fund Size: The Fund shall have a minimum fund size of $100 million in committed capital inclusive of LACERS' pending commitment.* For a venture capital fund strategy, the Fund shall have a minimum fund size of $75 million in committed capital inclusive of LACERS' pending commitment.*

h) Maximum LACERS' Commitment: LACERS' commitment in the strategy being considered shall not exceed 10% of the projected final closing fund size or $30 million, whichever is lower.

**Excludes co-investments or sidecar investment vehicles.*

3. Private Market Asset Class – *Private Real Estate*

a) Institutional Fund: First-, second-, or third-time institutional fund for a given General Partner.

b) Maximum Fund Size: The institutional fund may have investor commitments of no more than $2 billion.

X. PRIVATE CREDIT INVESTMENT POLICY

A. Introduction

This Private Credit Investment Policy ("Private Credit Policy") sets forth guidelines that provide a general framework for selecting, building, and managing LACERS' investments in private credit, including direct lending, specialty finance, distressed debt and special situations (including distressed debt and mezzanine strategies), real estate credit, real assets credit, co-investments, secondary market transactions, and other privately structured investments with the return and risk characteristics of private credit.

B. Investment Objectives

1. Return

On a relative basis, the return objective for the LACERS' private credit portfolio ("Private Credit Portfolio") is 200 bps over the CS Leveraged Loan Total Return Index net of fees, expenses, and carried interest.

Returns are measured over the life of the portfolio and become meaningful for periods past the J-Curve. Performance will be measured using standard industry metrics such as IRR (internal rate of return), TVPI (total value to paid in capital), and MOIC (multiple on invested capital.) Additionally, the IRR performance in the first few years of a partnership's life may be negative due to the J-curve effect.

2. Risk

Private Credit investments are generally illiquid and have a long-term holding period. When invested alongside publicly traded assets, the asset class increases diversification and reduces risk at the System level. Nonetheless, LACERS expects that the Private Credit Consultant will take all appropriate measures to assume risks that are sufficiently compensated by expected return. Staff shall review the Private Credit Consultant's evaluation and assessment of risk in the Annual Private Credit Strategic Plan. Such measures include, but are not limited to, diversification (as detailed in Section X.D.3 below) and due diligence.

C. Scope

The Private Credit Policy establishes the framework for the management of the Private Credit Portfolio. The Private Credit Consultant ~~concurrence, with Staff concurrence,~~ shall propose and seek LACERS' approval of new investments subject to Section F of the Private Credit Policy, monitor and advise on the sale of existing Private Credit investments and provide recommendations and program advice in accordance with the Private Credit Policy. ~~The Private Credit Policy establishes the framework for the management of the Private Credit Portfolio.~~ The Private Credit Consultant will be evaluated annually as consultant for the Private Credit Portfolio based upon the following factors: portfolio performance; quality of analytical and technical work; expertise in the ~~p~~Private Credit asset class; responsiveness to requests from the LACERS Board of Administration ("Board") and LACERS Investment

Staff(“Staff”); availability to attend Board meetings and meetings with Staff with reasonable advance notice; consulting and advising on LACERS’ portfolio, including information on selected Private Credit related topics; identifying and mitigating risks; and proactively informing Staff of new investment opportunities or risks in the marketplace.

The Private Credit Consultant will evaluate and recommend investment transactions pursuant to the roles and responsibilities defined in Section X.F. With a recommendation from the Private Credit Consultant, Staff may effect investments in partnerships and new commitments in managed accounts up to and including $150 million. With Staff concurrence, recommended investments in excess of these amounts must be presented to the Board for approval. Non-U.S. dollar commitments to Private Credit partnerships shall be equal or less than the maximum U.S. dollar-equivalent limits as of the day Staff concurs with the Private Credit Consultant. However, non-U.S. dollar commitments to Private Credit partnerships may exceed the U.S. dollar currency equivalent maximum commitment limits after the date of Staff’s concurrence due to foreign currency exchange rate fluctuations and require no further Board approval.

D. **Investment Guidelines**

1. **Eligible Investments**

LACERS will invest in limited partnership interests of pooled vehicles as well as separate accounts, funds of one (or similar structures together with a limited number of other LPs), special purpose vehicles (SPVs), and other investment structures such as limited liability companies, investment trusts, separate accounts, and other corporate structures (unless otherwise stated in this Policy) covering the broad spectrum of private investments as follows:

a) Private credit partnerships – Investments in direct lending, specialty finance, distressed debt and special situations (including distressed debt and mezzanine strategies), real estate credit, real assets credit, co-investments, secondary market transactions;

b) Direct co-investments – Investments made alongside general partners directly in underlying assets and securities, usually with discounted management fees and carried interest. Co-investments may be structured as securities held directly by LACERS (“direct co-investments”) or as an interest in a vehicle managed by a General Partner that invests in such underlying assets and securities.

Direct co-investments shall be made on the same or better terms as provided to the Limited Partnership that is investing in the same transaction.

Co-investing can increase concentration risk because the company in which the limited partner is investing directly may also be a company held in a private credit or private equity fund in which the limited partner has also invested. Therefore, the Private Credit Consultant will monitor co-investments for concentration risk and recommend adjustments in the private credit portfolio as needed in order to adequately manage such risk.

The Private Credit Consultant will address concentration risk in the Annual Private Credit Strategic Plan.

It may be necessary for LACERS to incur due diligence costs, expenses (including legal counsel), and break-up fees on potential co-investments. The estimated magnitude of these items shall be reasonable and consistent with industry standards.

c) Secondary market purchases – Purchases of private credit related interests inwhich one or more of the original parties sells their ownership stake(s) or interests, as a single interest or a pool of interests. Such interests can take the form of: 1) Limited Partnership Interests; 2) Co-investments; 3) General Partner interests; 4) Separately Managed Accounts; 5) Direct Ownership of Portfolio Companies; or 6) a combination of the above.

It may be necessary for LACERS to incur due diligence costs, expenses (including legal counsel and broker-dealers), and break-up fees on potential secondary transactions. The estimated magnitude of these items shall be reasonable and consistent with industry standards.

d) LACERS will also consider sales of partnership fund interests on the secondary market or to other limited partner(s) or potential buyer(s).

e) Other privately structured investments deemed appropriate within LACERS' risk profile as determined by the Private Credit Consultant. Staff and the Private Credit Consultant shall manage the diversification risks as specified in section X.D.3. for SPVs and other investment structures and address the concentration risks in the Annual Private Credit Strategic Plan. In addition, there will be consideration of the level of ongoing information transparency provided by the manager with the goal of including a market-standard level of information rights.

2. Limitation on Percent of Partnership's Total Commitment

LACERS' commitment to any given partnership shall not exceed 15% of total commitments (by all limited partners and any other investors including the GP, excluding any co-investments) in that partnership. This limitation shall not apply to specially constructed partnerships (such as a fund of one or two); or separately managed accounts (SMAs) where LACERS is the sole limited partner.

3. Diversification

LACERS will seek to appropriately diversify the Private Credit Portfolio in order to manage risk based on the following guidelines:

a) Manager Concentration: New commitments may not cause exposure to any one manager to be more than 30% of the Private Credit target allocation~~-~~.

b) Fund Concentration: New commitments may not cause exposure to any single comingled fund to be more than 15% of the Private Credit target allocation.

c) Co-Investment & Secondaries Concentration: Up to 25% of the Private Credit Portfolio's total exposure (fair market value plus unfunded commitments) may consist of co-investments and secondary opportunities.

d) Vintage Diversification: The Private Credit Consultant with oversight from Staff shall appropriately diversify the Portfolio across vintage years when possible.

e) Geographic Diversification: The Private Credit Consultant with oversight from Staff shall appropriately diversify the Portfolio with respect to geographic distribution.

f) Industry Sector Concentration: The Private Credit Consultant shall monitor Portfolio investments with respectto GICS industry sector exposure with the understanding that industry sector exposure at an investment fund level will be managed at the discretion of the general partner.

In addition to the diversification criteria listed above, LACERS' Board will adopt optimal sub-asset allocation targets, which will be updated pursuant to the Annual Private Credit Strategic Plan ~~AnnualPrivate Credit Strategic Plan~~.

4. **Leverage**

LACERS may consider funds which utilize fund or strategy level leverage. As leverage is a significant risk factor, it must be considered as part of each investment and evaluated on a case-by-case basis.

5. **Illiquidity**

Private credit investments are not designed to meet the short-term liquidity needs of LACERS. The investments in this asset class are illiquid until the general partner, subject to the provisions of the partnership agreement, decides to sell fund investments and distribute proceeds to limited partners.

6. **Distributions**

Staff is responsible for managing the final disposition of distributions from partnerships.

E. **Review of Investment Guidelines**

The Private Credit Consultant and Staff periodically will review the above private credit investment guidelines at least once every three years and recommend changes if necessary.

Section 5 PRIVATE CREDIT INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Strategy/Policy	• Select Private Credit Consultant. • Approve asset class funding level. • Review and approve the Private Credit Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Credit Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Credit Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Credit Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private credit fund investment(s). • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE CREDIT INVESTMENT POLICY

Roles and Responsibilities continued

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in partnerships of *amounts greater than $150 million* prior to investment. • Review and approve the sale of any one existing partnership fund on the secondary market ~~*exceeding*~~*greater than $50 million* in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Credit 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 Credit Consultant, invest *up to and including $150 million* in partnerships without Board approval. ~~If Staff opposes and Private Credit Consultant disagrees, refer to Board for decision.~~ • In conjunction with Private Credit Consultant, make recommendations to Board for approval for investments *greater than* ~~*over*~~ *$150 million.*~~.~~ • In conjunction with Private Credit Consultant, review and concur with approval of sale of existing partnership funds on the secondary market *up to and including $50 million* in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments ~~*exceeding*~~*greater than $150 million.* ~~.~~ • Propose investments of up to and including $150 million for Staff concurrence. • Present recommendations to Staff ~~recommendations~~ pertaining to the sale of existing partnership funds on the secondary market ~~exceeding~~greater than $50 million in Fair Market Value. Such transactions shall be brought to the Boardfor review and approval. • Provide investment analysis reports for each new investment and for sales of partnership fund interest on the secondary market or to other limited partner(s) or potential buyer(s). • Communicate with Staff regarding potential investment opportunities undergoing analysis and due diligence. • Coordinate meetings with general partners at the request of Staff. • Advise on and negotiate investment terms.

Section 6 PRIVATE EQUITY INVESTMENT POLICY

XI. PRIVATE EQUITY INVESTMENT POLICY

A. Introduction

~~A. Introduction~~

This Private Equity Investment Policy ("Private Equity Policy") sets forth guidelines that provide a general framework for selecting, building, and managing LACERS' investments in private equity, including corporate finance/buyout, special situations (including ~~distressed debt~~, distressed turnaround ~~and mezzanine strategies~~), venture capital and growth equity, co-investments, secondary market transactions, and other privately structured investments with the return and risk characteristics of private equity.

B. Investment Objectives

1. Return

On a relative basis, the return objective for the LACERS' private equity portfolio ("Private Equity Portfolio") is to outperform the Cambridge Associates Global Private Equity and Venture Capital Index net of fees, expenses, and carried interest.

Returns are measured over the life of the partnership and become meaningful for periods past the J-Curve. The valuation methodology used by general partners should conform to industry and regulatory standards. Performance will be measured using standard industry metrics such as IRR (internal rate of return), TVPI (total value to paid in capital), and MOIC (multiple on invested capital.) Additionally, the IRR performance in the first few years of a partnership's life may be negative due to the J-curve effect.

2. Risk

Private equity investments are illiquid and have a long-term holding period. When invested alongside publicly traded assets, the asset class increases diversification and reduces risk at the System level. Nonetheless, LACERS expects that the Private Equity Consultant will take all appropriate measures to assume risks that are sufficiently compensated by expected return. Such measures include, but are not limited to, diversification (as detailed in Section ~~X~~XI.D.3 below) and due diligence.

C. Scope

The Private Equity Consultant, with Staff concurrence, shall propose~~select~~ new investments, monitor and advise on the sale of existing private equity investments, and provide recommendations and program advice in accordance with the Private Equity Policy. The Private Equity Policy establishes the framework for the management of the Private Equity Portfolio. The Private Equity Consultant will be evaluated annually as consultant and investment manager for the Private Equity Portfolio based upon the following factors: portfolio performance; quality of analytical and technical work; expertise in the private equity asset class; responsiveness to requests from the LACERS Board of Administration ("Board") and LACERS Investment Staff ("Staff"); availability to attend Board meetings and meetings with Staff with reasonable advance notice; consulting and advising on LACERS' portfolio, including information on selected private equity related topics; identifying and mitigating risks; and proactively informing Staff of new investment opportunities or risks in the marketplace.

The Private Equity Consultant will evaluate and recommend investment transactions pursuant to the roles and responsibilities defined in Section ~~X~~XI.F. With Staff concurrence on a recommendation from the Private Equity Consultant, LACERS may effect investments in partnerships up to and including $150 million. With Staff concurrence, recommended investments in excess of these amounts must be presented to the Board for approval. Non-U.S. dollar commitments to private equity partnerships shall be equal or less than the maximum U.S. dollar-equivalent limits as of the day Staff concurs with the Private Equity Consultant. However, non-U.S. dollar commitments to private equity partnerships may exceed the U.S. dollar currency equivalent maximum commitment limits after the date of Staff's concurrence due to foreign currency exchange rate ~~fluctuations, and~~fluctuations and require no further Board approval.

D. **Investment Guidelines**

1. **Eligible Investments**

LACERS will invest in limited partnership interests of pooled vehicles as well as separate accounts, funds of one (or similar structures together with a limited number of other LPs), special purpose vehicles (SPVs), and other investment structures such as limited liability companies, investment trusts, separate accounts, and other corporate structures (unless otherwise stated in this Policy) covering the broad spectrum of private investments as follows:

a) Private equity partnerships – Investments in corporate finance/buyout, special situations, venture capital and growth equity, secondaries, and co-investment funds. Special situations is a broad investment strategy, which includes ~~mezzanine~~ investments that arise from unique circumstances such as bankruptcies, restructurings, and ~~distressed debt partnerships, fund-of-funds (both direct and secondary), industry-focused, and multi-stage partnerships~~ spin-offs;

b) Direct co-investments – Investments made alongside general partners directly in underlying assets and securities, usually with discounted management fees and carried interest. Co-investments may be structured as securities held directly by LACERS ("direct co-investments") or as an interest in a vehicle managed by a General Partner that invests in such underlying assets and securities.

Direct co-investments shall be made on the same or better terms as provided to the Limited Partnership that is investing in the same transaction.

Co-investing can increase concentration risk because the company in which the limited partner is investing directly may also be a company held in a private equity fund in which the limited partner has also invested. Therefore, the Private Equity Consultant will monitor co-investments for concentration risk and recommend adjustments in the private equity portfolio as needed in order

Section 6 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 6 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than $150 million prior to investment. • Review and approve direct co-investment opportunities ~~that exceed~~greater than $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market ~~exceeding~~ greater than $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $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~~ greater than $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.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments ~~exceeding~~ greater than $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 recommendations to Staff ~~recommendations~~ pertaining to the sale of existing partnership funds on the secondary market ~~exceeding~~ greater than $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.

(2) No more than 40%, in aggregate, invested in securities of non-U.S. issuers.
(3) No more than 20% of the portfolio invested in loans or bonds that are not first lien secured debt and no more than 10% invested in non-secured debt.
(4) No more than 30% of the portfolio's holdings in loans or bonds with a Moody's issue rating of Caa1 or lower.
(5) No securities shall be purchased on margin or sold short.

Emerging Markets Debt Bonds

(1) The total portfolio's average rating will be BBB/Baa or better by Moody's or Standard & Poor's.

(2) No more than 5% of any single portfolio will be invested in any one issuer, with the exception of U.S. Treasury or Federal Agency issues.

(3) No more than 30%, in aggregate, invested in out of benchmark securities.

(4) No more than 10%, in aggregate, invested in U.S. and non-U.S. developed markets bonds

(5) No securities shall be purchased on margin or sold short.

Private Credit

This portfolio is expected to provide portfolio diversification and additional return to the System's portfolio. Examples of private credit holdings include but are not limited to direct lending, specialty finance, distressed debt / special situations, mezzanine, real estate credit, and real assets credit. The Private Credit Investment Policy is within Section X of this document.

C. Private Equity

This portfolio is expected to provide portfolio diversification and additional return to the System's public markets portfolio. Examples of private equity holdings will include venture capital, leveraged buyouts, and special situations funds. The Private Equity Investment Policy is within Section XI of this document.

D. Real Assets

The objective of the asset class is to provide one or more of the following contributions over the long term (i.e., market cycle or longer) to the LACERS total investment program:

f) Maximum LACERS' Allocation: At the time of hire, funding in the investment strategy shall not exceed 20% of the total strategy AUM at the time of actual funding.

2. Private Market Asset Classes – *Private Equity, Real Assets (not including Real Estate), Credit Opportunities*

a) Institutional Fund: First-, second-, or third-time institutional fund for a General Partner.

b) Maximum Fund Size: A first-time institutional fund for private equity or venture capital may have investor commitments of no more than $750 million, $1 billion for a second-time institutional fund, and $1.25 billion for a third-time institutional fund. A first-time institutional fund for private credit may have investor commitments of no more than $1 billion, $1.5 billion for a second-time institutional fund, and $2.0 billion for a third-time institutional fund.

c) Formation Date: The firm, if formed as a result of an organizational spin-out of at least a majority of the key investment team senior-level professionals, must have been in existence for a minimum of six months based on the entity's legal formation documents; otherwise the firm must have been in existence for a minimum of one year based on the entity's legal formation documents.

d) Track Record: The firm must have a minimum track record of five years. Any firm with a track record of less than five years may utilize track records established at prior firms when performance can be clearly attributed to the emerging firm's key individuals and/or the specific team associated with the strategy being considered.

e) Firm Ownership: No person or entity, other than the principals and/or employees of the firm, shall own more than forty-nine percent (49%) interest of the firm.

f) LP Concentration: No Limited Partner can represent more than 30% of the total Fund's committed capital.*

g) Minimum Fund Size: The Fund shall have a minimum fund size of $100 million in committed capital inclusive of LACERS' pending commitment.* For a venture capital fund strategy, the Fund shall have a minimum fund size of $75 million in committed capital inclusive of LACERS' pending commitment.*

h) Maximum LACERS' Commitment: LACERS' commitment in the strategy being considered shall not exceed 10% of the projected final closing fund size or $30 million, whichever is lower.

**Excludes co-investments or sidecar investment vehicles.*

3. Private Market Asset Class – *Private Real Estate*

a) Institutional Fund: First-, second-, or third-time institutional fund for a given General Partner.

b) Maximum Fund Size: The institutional fund may have investor commitments of no more than $2 billion.

Section 5 PRIVATE CREDIT INVESTMENT POLICY

X. PRIVATE CREDIT INVESTMENT POLICY

A. Introduction

This Private Credit Investment Policy ("Private Credit Policy") sets forth guidelines that provide a general framework for selecting, building, and managing LACERS' investments in private credit, including direct lending, specialty finance, distressed debt and special situations (including distressed debt and mezzanine strategies), real estate credit, real assets credit, co-investments, secondary market transactions, and other privately structured investments with the return and risk characteristics of private credit.

B. Investment Objectives

1. Return

On a relative basis, the return objective for the LACERS' private credit portfolio ("Private Credit Portfolio") is 200 bps over the CS Leveraged Loan Total Return Index net of fees, expenses, and carried interest.

Returns are measured over the life of the portfolio and become meaningful for periods past the J-Curve. Performance will be measured using standard industry metrics such as IRR (internal rate of return), TVPI (total value to paid in capital), and MOIC (multiple on invested capital.) Additionally, the IRR performance in the first few years of a partnership's life may be negative due to the J-curve effect.

2. Risk

Private Credit investments are generally illiquid and have a long-term holding period. When invested alongside publicly traded assets, the asset class increases diversification and reduces risk at the System level. Nonetheless, LACERS expects that the Private Credit Consultant will take all appropriate measures to assume risks that are sufficiently compensated by expected return. Staff shall review the Private Credit Consultant's evaluation and assessment of risk in the Annual Private Credit Strategic Plan. Such measures include, but are not limited to, diversification (as detailed in Section X.D.3 below) and due diligence.

C. Scope

The Private Credit Policy establishes the framework for the management of the Private Credit Portfolio. The Private Credit Consultant shall propose and seek LACERS' approval of new investments subject to Section F of the Private Credit Policy, monitor and advise on the sale of existing Private Credit investments and provide recommendations and program advice in accordance with the Private Credit Policy. The Private Credit Consultant will be evaluated annually as consultant for the Private Credit Portfolio based upon the following factors: portfolio performance; quality of analytical and technical work; expertise in the Private Credit asset class; responsiveness to requests from the LACERS Board of Administration ("Board") and LACERS Investment Staff("Staff"); availability to attend Board meetings and meetings with Staff with reasonable advance notice; consulting and advising on LACERS' portfolio, including information on selected Private Credit related topics; identifying and mitigating risks; and proactively informing Staff of new investment opportunities or risks in the marketplace.

The Private Credit Consultant will evaluate and recommend investment transactions pursuant to the roles and responsibilities defined in Section X.F. With a recommendation from the Private Credit Consultant, Staff may effect investments in partnerships and new commitments in managed accounts up to and including $150 million. With Staff concurrence, recommended investments in excess of these amounts must be presented to the Board for approval. Non-U.S. dollar commitments to Private Credit partnerships shall be equal or less than the maximum U.S. dollar-equivalent limits as of the day Staff concurs with the Private Credit Consultant. However, non-U.S. dollar commitments to Private Credit partnerships may exceed the U.S. dollar currency equivalent maximum commitment limits after the date of Staff's concurrence due to foreign currency exchange rate fluctuations and require no further Board approval.

D. **Investment Guidelines**

1. **Eligible Investments**

LACERS will invest in limited partnership interests of pooled vehicles as well as separate accounts, funds of one (or similar structures together with a limited number of other LPs), special purpose vehicles (SPVs), and other investment structures such as limited liability companies, investment trusts, separate accounts, and other corporate structures (unless otherwise stated in this Policy) covering the broad spectrum of private investments as follows:

a) Private credit partnerships – Investments in direct lending, specialty finance, distressed debt and special situations (including distressed debt and mezzanine strategies), real estate credit, real assets credit, co-investments, secondary market transactions;

b) Direct co-investments – Investments made alongside general partners directly in underlying assets and securities, usually with discounted management fees and carried interest. Co-investments may be structured as securities held directly by LACERS ("direct co-investments") or as an interest in a vehicle managed by a General Partner that invests in such underlying assets and securities.

Direct co-investments shall be made on the same or better terms as provided to the Limited Partnership that is investing in the same transaction.

Co-investing can increase concentration risk because the company in which the limited partner is investing directly may also be a company held in a private credit or private equity fund in which the limited partner has also invested. Therefore, the Private Credit Consultant will monitor co-investments for concentration risk and recommend adjustments in the private credit portfolio as needed in order to adequately manage such risk.

The Private Credit Consultant will address concentration risk in the Annual Private Credit Strategic Plan.

It may be necessary for LACERS to incur due diligence costs, expenses (including legal counsel), and break-up fees on potential co-investments. The estimated magnitude of these items shall be reasonable and consistent with industry standards.

c) Secondary market purchases – Purchases of private credit related interests inwhich one or more of the original parties sells their ownership stake(s) or interests, as a single interest or a pool of interests. Such interests can take the form of: 1) Limited Partnership Interests; 2) Co-investments; 3) General Partner interests; 4) Separately Managed Accounts; 5) Direct Ownership of Portfolio Companies; or 6) a combination of the above.

It may be necessary for LACERS to incur due diligence costs, expenses (including legal counsel and broker-dealers), and break-up fees on potential secondary transactions. The estimated magnitude of these items shall be reasonable and consistent with industry standards.

d) LACERS will also consider sales of partnership fund interests on the secondary market or to other limited partner(s) or potential buyer(s).

e) Other privately structured investments deemed appropriate within LACERS' risk profile as determined by the Private Credit Consultant. Staff and the Private Credit Consultant shall manage the diversification risks as specified in section X.D.3. for SPVs and other investment structures and address the concentration risks in the Annual Private Credit Strategic Plan. In addition, there will be consideration of the level of ongoing information transparency provided by the manager with the goal of including a market-standard level of information rights.

2. **Limitation on Percent of Partnership's Total Commitment**

LACERS' commitment to any given partnership shall not exceed 15% of total commitments (by all limited partners and any other investors including the GP, excluding any co-investments) in that partnership. This limitation shall not apply to specially constructed partnerships (such as a fund of one or two); or separately managed accounts (SMAs) where LACERS is the sole limited partner.

3. **Diversification**

LACERS will seek to appropriately diversify the Private Credit Portfolio in order to manage risk based on the following guidelines:

a) Manager Concentration: New commitments may not cause exposure to any one manager to be more than 30% of the Private Credit target allocation.

b) Fund Concentration: New commitments may not cause exposure to any single comingled fund to be more than 15% of the Private Credit target allocation.

c) Co-Investment & Secondaries Concentration: Up to 25% of the Private Credit Portfolio’s total exposure (fair market value plus unfunded commitments) may consist of co-investments and secondary opportunities.

d) Vintage Diversification: The Private Credit Consultant with oversight from Staff shall appropriately diversify the Portfolio across vintage years when possible.

e) Geographic Diversification: The Private Credit Consultant with oversight from Staff shall appropriately diversify the Portfolio with respect to geographic distribution.

f) Industry Sector Concentration: The Private Credit Consultant shall monitor Portfolio investments with respectto GICS industry sector exposure with the understanding that industry sector exposure at an investment fund level will be managed at the discretion of the general partner.

In addition to the diversification criteria listed above, LACERS’ Board will adopt optimal sub-asset allocation targets, which will be updated pursuant to the Annual Private Credit Strategic Plan.

4. **Leverage**

LACERS may consider funds which utilize fund or strategy level leverage. As leverage is a significant risk factor, it must be considered as part of each investment and evaluated on a case-by-case basis.

5. **Illiquidity**

Private credit investments are not designed to meet the short-term liquidity needs of LACERS. The investments in this asset class are illiquid until the general partner, subject to the provisions of the partnership agreement, decides to sell fund investments and distribute proceeds to limited partners.

6. **Distributions**

Staff is responsible for managing the final disposition of distributions from partnerships.

E. **Review of Investment Guidelines**

The Private Credit Consultant and Staff periodically will review the above private credit investment guidelines at least once every three years and recommend changes if necessary.

Section 5 PRIVATE CREDIT INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Strategy/Policy	• Select Private Credit Consultant. • Approve asset class funding level. • Review and approve the Private Credit Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Credit Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Credit Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Credit Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private credit fund investment(s). • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE CREDIT INVESTMENT POLICY

Roles and Responsibilities continued

	Role of the Board	Role of Staff	Role of the Private Credit Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in partnerships of *amounts greater than $150 million* prior to investment. • Review and approve the sale of any one existing partnership fund on the secondary market *greater than $50 million* in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Credit 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 Credit Consultant, invest *up to and including $150 million* in partnerships without Board approval. • In conjunction with Private Credit Consultant, make recommendations to Board for approval for investments *greater than $150 million.* • In conjunction with Private Credit Consultant, review and concur with approval of sale of existing partnership funds on the secondary market *up to and including $50 million* in Fair Market Value. • General Manager or designee with signature authority will execute agreements and other legal or business documents to effectuate the transaction closing. • Ensure review of relevant fund documents by the City Attorney and/or external legal counsel.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments *greater than $150 million.* • Propose investments of up to and including $150 million for Staff concurrence. • Present recommendations to Staff pertaining to the sale of existing partnership funds on the secondary market greater than $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.

XI. PRIVATE EQUITY INVESTMENT POLICY

A. Introduction

This Private Equity Investment Policy ("Private Equity Policy") sets forth guidelines that provide a general framework for selecting, building, and managing LACERS' investments in private equity, including corporate finance/buyout, special situations (including, distressed turnaround), venture capital and growth equity, co-investments, secondary market transactions, and other privately structured investments with the return and risk characteristics of private equity.

B. Investment Objectives

1. Return

On a relative basis, the return objective for the LACERS' private equity portfolio ("Private Equity Portfolio") is to outperform the Cambridge Associates Global Private Equity and Venture Capital Index net of fees, expenses, and carried interest.

Returns are measured over the life of the partnership and become meaningful for periods past the J-Curve. The valuation methodology used by general partners should conform to industry and regulatory standards. Performance will be measured using standard industry metrics such as IRR (internal rate of return), TVPI (total value to paid in capital), and MOIC (multiple on invested capital.) Additionally, the IRR performance in the first few years of a partnership's life may be negative due to the J-curve effect.

2. Risk

Private equity investments are illiquid and have a long-term holding period. When invested alongside publicly traded assets, the asset class increases diversification and reduces risk at the System level. Nonetheless, LACERS expects that the Private Equity Consultant will take all appropriate measures to assume risks that are sufficiently compensated by expected return. Such measures include, but are not limited to, diversification (as detailed in Section XI.D.3 below) and due diligence.

C. Scope

The Private Equity Consultant, with Staff concurrence, shall propose new investments, monitor and advise on the sale of existing private equity investments, and provide recommendations and program advice in accordance with the Private Equity Policy. The Private Equity Policy establishes the framework for the management of the Private Equity Portfolio. The Private Equity Consultant will be evaluated annually as consultant and investment manager for the Private Equity Portfolio based upon the following factors: portfolio performance; quality of analytical and technical work; expertise in the private equity asset class; responsiveness to requests from the LACERS Board of Administration ("Board") and LACERS Investment Staff ("Staff"); availability to attend Board meetings and meetings with Staff with reasonable advance notice; consulting and advising on LACERS' portfolio, including information on selected private equity related topics; identifying and mitigating risks; and proactively informing Staff of new investment opportunities or risks in the marketplace.

The Private Equity Consultant will evaluate and recommend investment transactions pursuant to the roles and responsibilities defined in Section XI.F. With Staff concurrence on a recommendation from the Private Equity Consultant, LACERS may effect investments in partnerships up to and including $150 million. With Staff concurrence, recommended investments in excess of these amounts must be presented to the Board for approval. Non-U.S. dollar commitments to private equity partnerships shall be equal or less than the maximum U.S. dollar-equivalent limits as of the day Staff concurs with the Private Equity Consultant. However, non-U.S. dollar commitments to private equity partnerships may exceed the U.S. dollar currency equivalent maximum commitment limits after the date of Staff's concurrence due to foreign currency exchange rate fluctuations and require no further Board approval.

D. **Investment Guidelines**

1. **Eligible Investments**

LACERS will invest in limited partnership interests of pooled vehicles as well as separate accounts, funds of one (or similar structures together with a limited number of other LPs), special purpose vehicles (SPVs), and other investment structures such as limited liability companies, investment trusts, separate accounts, and other corporate structures (unless otherwise stated in this Policy) covering the broad spectrum of private investments as follows:

a) Private equity partnerships – Investments in corporate finance/buyout, special situations, venture capital and growth equity, secondaries, and co-investment funds. Special situations is a broad investment strategy, which includes investments that arise from unique circumstances such as bankruptcies, restructurings, and spin-offs;

b) Direct co-investments – Investments made alongside general partners directly in underlying assets and securities, usually with discounted management fees and carried interest. Co-investments may be structured as securities held directly by LACERS ("direct co-investments") or as an interest in a vehicle managed by a General Partner that invests in such underlying assets and securities.

Direct co-investments shall be made on the same or better terms as provided to the Limited Partnership that is investing in the same transaction.

Co-investing can increase concentration risk because the company in which the limited partner is investing directly may also be a company held in a private equity fund in which the limited partner has also invested. Therefore, the Private Equity Consultant will monitor co-investments for concentration risk and recommend adjustments in the private equity portfolio as needed in order

Section 6 PRIVATE EQUITY INVESTMENT POLICY

F. Roles and Responsibilities

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Strategy/Policy	• Select Private Equity Consultant. • Approve asset class funding level. • Review and approve the Private Equity Annual Strategic Plan which includes allocation targets and ranges.	• In consultation with Private Equity Consultant and General Fund Consultant, develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.	• Help develop policies, procedures, guidelines, allocation targets, ranges, assumptions for recommendation to the Board.
Investment Management and Monitoring	• Review quarterly, annual, and other periodic monitoring reports and plans. • Review Commitment Notification Reports.	• Review quarterly, annual and other periodic monitoring reports prepared by the Private Equity Consultant. • Conduct meetings with existing managers periodically. • Attend annual partnership meetings when appropriate. • Fund capital calls and manage distributions. • Review Private Equity Consultant's recommendations on partnership amendments and consents. • Execute partnership amendments and consents. • Manage and approve the wind-down and/or dissolve private equity fund investment(s) with private equity consultant's concurrence. • Manage and execute the sale of partnership interest on the secondary market or to other limited partner(s) or potential buyer(s). • Prepare Commitment Notification Reports for Board.	• Maintain regular contact with existing managers in the portfolio to ascertain significant events within the portfolio. • Recommend amendments and consents to Staff for approval. • Provide quarterly, annual, and other periodic monitoring reports and plans.

Section 5 PRIVATE EQUITY INVESTMENT POLICY

	Role of the Board	Role of Staff	Role of the Private Equity Consultant
Investment Selection	• Review investment analysis reports. • Review and approve investments in partnerships of amounts greater than $150 million prior to investment. • Review and approve direct co-investment opportunities greater than $50 million. • Review and approve the sale of any one existing partnership fund on the secondary market greater than $50 million in Fair Market Value. • Review and approve a simultaneous sale of multiple partnership fund interests in a packaged structure.	• Refer investments and forward to Private Equity Consultant for preliminary screening. • Conduct meetings with prospective or existing general partners representing new investment opportunities. • Conduct due diligence with general partners to better ascertain risk and return profile, as determined by the Chief Investment Officer. • In conjunction with Private Equity Consultant, invest up to and including $150 million in partnerships without Board approval. • In conjunction with Private Equity Consultant, make recommendations to Board for approval for investments greater than $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.	• Conduct appropriate analysis and due diligence on investments. • Prepare investment reports for Board consideration on investments greater than $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 recommendations to Staff pertaining to the sale of existing partnership funds on the secondary market greater than $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 INVESTMENT COMMITTEE	**MEETING: DECEMBER 12, 2023**
From: Neil M. Guglielmo, General Manager	**ITEM: VII**

SUBJECT: **ENFORCEMENT ACTION AND LITIGATION REPORTING POLICY AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee consider and provide comments regarding the proposed Enforcement Action and Litigation Reporting Policy.

Discussion

The proposed Enforcement Action and Litigation Reporting Policy (Policy) seeks to establish a process around guidelines, roles and responsibilities, and procedures for disclosing and reporting investment manager and consultant conduct to the Board. Disclosures would include material government enforcement actions, non-routine regulatory proceedings, disciplinary actions, and litigation involving investment managers and consultants contracted with the Board.

The Policy will allow the Board to receive timely reports of investment manager or consultant conduct where the information would be deemed material to the Board in its role as an investor. The Policy balances keeping the Board informed about the professionals and organizations who manage LACERS' investments with the need to conserve the Board's time by screening out irrelevant information or immaterial incidents. Upon the Board's adoption of the Policy, staff may make additional minor administrative edits to be incorporated in the revised version of the LACERS Investment Policy and the Policy will be incorporated into all future Board investment contracts.

Strategic Plan Impact Statement

The Enforcement Action and Litigation Reporting Policy aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV) and to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/WL/JW:rm

Attachment: 1. Proposed Enforcement Action and Litigation Reporting Policy

XVIII – ENFORCEMENT ACTION AND LITIGATION REPORTING POLICY

A. PURPOSE

This policy ensures the Board is timely advised of material government enforcement actions, non-routine regulatory proceedings, disciplinary actions, and litigation involving investment managers and consultants (together referred to in this Policy as "investment contractors") contracted with the Board so that the Board can make prudent decisions regarding the involved investment contractors. The purpose of this policy is to establish guidelines, roles and responsibilities, and procedures for when and how such information should be reported to the Board.

This Policy shall be incorporated into all investment contracts with the Board that incorporate the Board Investment Policies and is intended to clarify reporting duties to strengthen and supplement existing contractual obligations requiring reporting by the investment contractor to the Board.

B. MATERIALITY

1. Information shall be deemed "material" under this Policy (Sections XVIII(B)(1) and XVIII(B)(2)) when there is a substantial likelihood that a reasonable investor (here, the Board) would have considered the information important in evaluating the investment contractor's advisory business or the integrity of its asset management operations, or other factors that might be relevant to the investor's contracting decisions. Factors that may be considered when evaluating materiality include: (1) the proximity of the person(s) involved to the investment contractor's advisory function and the services provided to LACERS; (2) the nature of the conduct and/or infraction that led to the enforcement action and/or litigation; (3) the severity of resulting sanctions or damages, if any; and (4) the likelihood that the conduct has caused harm to LACERS, or could cause such harm if repeated.

2. The General Manager shall be responsible for making materiality determinations under this Policy Section XVIII, in consultation with the City Attorney's Public Pensions General Counsel Division (City Attorney). Examinations by the below-listed regulatory agencies, which are not prompted by specific allegations of wrongdoing and which have not resulted in evidence of material wrongdoing, will generally not be considered material for purposes of this Policy.

C. CHIEF INVESTMENT OFFICER COLLECTION AND REVIEW OF REPORTS REGARDING INVESTMENT MANAGER AND CONSULTANT CONDUCT

For all investment contractors contracted with the Board, the Chief Investment Officer and their designated investment staff member(s) shall collect and review reports and publicly reported information regarding:

1. Securities and Exchange Commission (SEC) enforcement actions;
2. Department of Justice enforcement actions;
3. State attorney general enforcement actions;
4. Other federal, state, local, or foreign agency enforcement actions;
5. Other financial industry disciplinary proceedings, including but not limited to FINRA and other self-regulatory non-governmental entities;
6. Criminal prosecution or investigation; or
7. Civil litigation or arbitration.

Such reports may consist of contractually-required investment contractor notifications, voluntary investment contractor notifications, required regulatory reports and forms submitted by investment contractors, investment consultant notifications, publicly reported information, and/or any other sources that provide such reports. Where investment contractor notifications are required by contract, investment contractors shall notify the Chief Investment Officer and/or their designated investment staff member(s) within three (3) days of the investment contractor having notice of such information, unless otherwise required by law.

D. ELEVATION OF REPORTS FROM THE CHIEF INVESTMENT OFFICER TO THE GENERAL MANAGER

The Chief Investment Officer shall evaluate the reports described in Section XVIII(C) for possible elevation to the General Manager. The Chief Investment Officer shall elevate reports to the General Manager when they contain any of the following attributes:

1. An investment contractor or a principal or employee thereof was charged with, convicted of, or pleaded guilty to a felony;
2. An investment contractor or a principal or employee thereof was charged with, convicted of, or plead guilty to a misdemeanor involving: investments or an investment-related business, or any fraud, false statements or omissions, theft, embezzlement, wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses;

3. An investment contractor or a principal or employee thereof was charged with, or found to have been involved, in a violation of an investment-related statute, regulation, or rule;

4. An investment contractor or a principal or employee thereof was the cause of an investment-related business having its authorization to do business denied, suspended, revoked, or restricted;

5. A self-regulatory organization or commodities exchange: suspended or expelled from membership a principal of an investment contractor or an employee in a managerial position thereof; denied, suspended, revoked or restricted their authorization to do business; barred or suspended them from association with other self-regulatory organization or commodities exchange members; or otherwise restricted their activities;

6. The SEC, Commodity Futures Trading Commission, other federal regulatory agency, state regulatory agency, any foreign financial regulatory authority, self-regulatory organization, or commodities exchange charged or found that an investment contractor or a principal or employee thereof made a material false statement or omission, or was dishonest, unfair, or unethical or in material violation of the contractor's fiduciary or contractual duties to its clients;

7. The investment contractor provided the report as a contractually-required notification to the Board of any regulatory proceeding or material litigation relating to the investment contractor's business to which the investment contractor or any of its owners, principals or employees is a named party; or

8. An investment contractor or a principal or employee thereof was the subject of a civil self-regulatory, or administrative proceeding, or a litigation or arbitration claim alleging damages in excess of $100,000, involving any of the following:

    a) Any investment or an investment-related business or activity;

    b) Fraud, material false statement or omission;

    c) Theft, embezzlement, or other wrongful taking of property;

    d) Bribery, perjury, forgery, counterfeiting, or extortion;

    e) Dishonest, unfair, or unethical practices, or

    f) Breach of fiduciary duty.

The Chief Investment Officer shall confer with the City Attorney for assistance in determining whether reports should be elevated to the General Manager pursuant to Section XVIII(D).

E. GENERAL MANAGER EVALUATION AND REPORTING TO THE BOARD

1. Upon receipt of reports described in Section XVIII(D), the General Manager shall evaluate them for possible reporting to the Board. The General Manager will report investment contractor conduct to the Board when such conduct is deemed to be material under this Policy, and/or because:

   a) The General Manager believes that the conduct creates reputational risk to the Board and/or the Plan through their association with the investment contractor;

   b) There is a substantial likelihood that the conduct may lead to media inquiries or other publicity, such that the Board should have in place a coordinated plan to respond to such inquiries, and/or the General Manager deems it prudent to inform the Board prior to such publicity to ensure the Board receives accurate and complete information;

   or

   c) Upon request of one or more Commissioners.

   As part of the evaluation process, the General Manager shall confer with the City Attorney and specialized outside counsel, as appropriate, and may seek additional information from the Chief Investment Officer.

2. When the General Manager determines that investment contractor conduct is required to be reported to the Board pursuant to Section XVIII(E)(1), the General Manager or their designee, through the Commission Executive Assistant, shall send separate emails to each Commissioner briefly summarizing the conduct and the contractual relationship between the investment contractor and the Plan. Such emails shall copy the Managing Assistant City Attorney, Public Pensions General Counsel Division and refer any follow up questions to the General Manager or the Managing Assistant City Attorney.

3. If the General Manager concludes that, in addition to the emails briefing Commissioners described in Section XVIII(E)(2) of this Policy, Board discussion at a public meeting would be in the best interest of the Plan, or is required to seek the Board's consideration and approval of recommended action(s), the General Manager shall confer with the Board President to schedule the item on the agenda for Board consideration and possible action at an upcoming Board meeting. Upon the request of the General

Manager, the City Attorney, with the assistance of specialized outside counsel, as appropriate, shall provide confidential attorney-client privileged written advice to the Board in connection with the General Manager's report to the Board on the item, including legal advice on the recommended Board action(s) to be taken by the Plan, if any.

4. Commissioners and staff members shall not respond to media inquiries regarding investment contractor conduct. Pursuant to the Board Communications Policy (Section 1.3 of the Board Administrative Policies), the General Manager and/or their designee will act as spokesperson for the Plan should the need arise.

   If necessary, the Board President and the Board Vice President shall review and approve any final press release regarding investment contractor conduct prior to any dissemination and publication.

F. REPORTING REGARDING INVESTMENT CONTRACTOR CANDIDATES

Excepting section XVIII(E), this Policy shall apply to investment contractor candidates who have responded to Requests for Proposals (RFPs) and are eligible to contract with the Board. All investment contractor RFPs shall require applicants to provide reports summarizing any involvement in the previous five (5) years in any of the categories listed in Section XVIII(C).

Where an investment contractor candidate who has provided such a report is an RFP finalist, investment staff shall determine if the report is "material" such that it would need to be reported to the Board under this Policy if the Board awarded the candidate a contract. If investment staff determines that the report is material, staff shall include a brief summary of the report in the Board report presenting the finalist candidate to the Investment Committee and/or the Board. As part of the evaluation and reporting process for RFP finalist candidates, Investment staff shall consult with the City Attorney.