

IN PERSON & VIRTUAL BOARD MEETING

*The Board meeting will be held after the Committee meeting scheduled prior.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Board orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Board meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the board meeting, review the [Public Comment instructions](#).

AGENDA

A REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

9:00 A.M., WEDNESDAY, OCTOBER 11, 2023*

This meeting will be conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953 (b), (f).

Any person may view the meeting in person at LACERA's offices or online at <https://LACERA.com/leadership/board-meetings>

The Board may take action on any item on the agenda, and agenda items may be taken out of order.

Teleconference Location for Trustees and the Public under California Government Code Section 54953(b)

Conrad New York Downtown: 102 North End Ave, New York, NY 10282

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)
 - A. Just Cause
 - B. Action on Emergency Circumstance Requests
 - C. Statement of Persons Present at AB 2449 Teleconference Locations
- IV. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Special Meeting of September 12, 2023
 - B. Approval of the Minutes of the Regular Meeting of September 13, 2023

V. PUBLIC COMMENT

(Members of the public may address the Board orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Board meeting.

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Board. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request form. If you have any questions, you may email PublicComment@lacera.com.)

VI. EXECUTIVE UPDATE

- A. Chief Investment Officer's Report
- B. Member Spotlight
- C. Chief Executive Officer's Report

VII. CONSENT ITEMS

- A. **Amendments to Conflict of Interest Code**
Recommendation as submitted by Jessica C. Rivas, Staff Counsel:
That the Board ratify the amended Conflict of Interest Code.
(Memo dated September 27, 2023)

VIII. NON-CONSENT ITEMS

- A. **Information Technology Manager II, LACERA (Business Solutions): Step Placement Upon Appointment – Ganesh Gopanapalli**
Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board approve the proposed Step Placement to hire for the position of Information Technology Manager II, LACERA: Ganesh Gopanapalli – LS 12 (Step 15, \$196,421.76/annual). (Memo dated September 20, 2023)

VIII. NON- CONSENT ITEMS (Continued)

B. **Split-Dollar Whole Life Insurance Policy for Chief Executive Officer, Santos H. Kreimann**

Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Board approve and ratify staff's purchase a \$300,000 split-dollar whole life insurance policy for Chief Executive Officer, Santos H. Kreimann, with \$200,000 payable to the CEO's beneficiaries and the balance of the policy benefit amount payable to LACERA for premium and cost recovery. (Memo dated September 26, 2023.)

IX. REPORTS

A. **BOI Governance Peer Group Plan Review**

Tim Filla, Managing Principal, Meketa
Aysun Kilic, Managing Principal, Meketa
(Presentation) (Memo dated October 3, 2023)

B. **Strategic Asset Allocation Asset Liability Study**

Jonathan Grabel, Chief Investment Officer
Jude Pérez, Deputy Chief Investment Officer
Tim Filla, Managing Principal, Meketa
Aysun Kilic, Managing Principal, Meketa
(Presentation) (Memo dated October 3, 2023)

C. **Council of Institutional Investors Voting Ballot**

Scott Zdrazil, Principal Investment Officer
(For Information Only) (Memo dated September 13, 2023)

D. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Office
(For Information Only) (Memo dated September 25, 2023)

E. **Legal Projects**

Christine Roseland, Senior Staff Counsel
(For Information Only) (Memo dated October 2, 2023)

F. **2024 STAR COLA Program Award**

Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated September 26, 2023)

IX. REPORTS (Continued)

G. **Monthly Trustee Travel & Education Reports – August 2023**

Ted Granger, Interim Chief Financial Officer

(Public memo dated September 20, 2023)

(Confidential memo dated September 20, 2023 - Includes Pending Travel)

H. **September 2023 Fiduciary Counsel Contract and Billing Report**

Steven P. Rice, Chief Counsel

(For Information Only) (Memo dated September 25, 2023)

(Privileged and Confidential/Attorney-Client Communication/Attorney Work Product)

X. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agenda item at a future meeting.)

XI. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

XII. GOOD OF THE ORDER

(For Information Purposes Only)

XIII. EXECUTIVE SESSION

A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments
(Pursuant to California Government Code Section 54956.81)

1. **Secondary Sale**

(For Information Only) (Memo dated September 20, 2023)

B. Public Employee Performance Evaluation

(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Investment Officer

XIV. ADJOURNMENT

****Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Committee meeting preceding it.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Trustees at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday and will also be posted on lacera.com at the same time, [Board Meetings | LACERA](#).

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF THE SPECIAL MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:30 A.M., TUESDAY, SEPTEMBER 12, 2023

This meeting was conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

TRUSTEES PRESENT

Gina Sanchez, Chair

Herman Santos, Vice Chair

Elizabeth Ginsberg

Jason Green (Joined meeting at 8:51 a.m.)

Onyx Jones

Patrick Jones

David Ryu (Joined meeting at 11:00 a.m.)

TRUSTEES ABSENT

Joseph Kelly, Secretary

David Green

Keith Knox

STAFF ADVISORS AND PARTICIPANTS

Jonathan Grabel, Chief Investment Officer

Santos Kreimann, Chief Executive Officer

Jude Pérez, Deputy Chief Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Steven P. Rice, Chief Counsel

Luis Lugo, Deputy Chief Executive Officer

Ted Granger, Interim Chief Financial Officer

Vache Mahseredjian, Principal Investment Officer

Magdalia Armstrong, Senior Investment Analyst

Krista Powell, Investment Officer

Cindy Rivera, Investment Officer

David Simpson, Investment Officer

Daniel Joye, Investment Officer

Calvin Chang, Senior Investment Analyst

Meketa Investment Group (General Investment Consultants)

Timothy Filla, Managing Principal

Leandro Festino, Managing Principal

Aysun Kilic, Managing Principal

Imran Zahid, Vice President / Senior Investment Analyst

Blackrock

Jean Boivin, Managing Director

Milliman

Nick Collier - Principal, Consulting Actuary

Nossaman, LLP

Ashley K. Dunning, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Sanchez at 8:39 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Trustee Ginsberg led the Trustees and staff in reciting the Pledge of Allegiance.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

No requests were received for (A) Just Cause or (B) Emergency Circumstances.

IV. WELCOME AND OPENING REMARKS

Chair Sanchez and Mr. Grabel made introductory comments.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. THE MACRO ENVIRONMENT

This session was focused on broad themes and geopolitical challenges in today's macro environment, a discussion on new opportunities that have emerged as the environment shifts and the implications for investors.

Magdalia Armstrong, LACERA

Jean Boivin, Blackrock

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

VII. BOARD AND COMMITTEE EVALUATION

This session was an evaluation of LACERA's Board and Committee governance items, roles and responsibilities including a dialogue, facilitated by Meketa, reviewing responses from the Trustee Assessment Survey. A discussion on the current framework and assessing areas of strengths and opportunity.

David Simpson, LACERA
Tim Filla, Meketa
Aysun, Kilic, Meketa
Imran Zahid, Meketa

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

VIII. CAPITAL MARKETS EXPECTATIONS (CMEs)

This session was a review of Meketa's 2023 Capital Markets Expectations, highlighting meaningful changes from the 2021 Strategic Asset Allocation (SAA) review with a focus on broad economic indicators and the potential impact to LACERA's 2024 SAA.

Krista Powell, LACERA
Tim Filla, Meketa
Aysun Kilic, Meketa
Leandro Festino, Meketa

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

IX. ACTUARIAL FUNDING POLICY REVIEW

The panel discussed LACERA's Actuarial Funding Policy, the purpose and key elements of a funding policy, a review of the background and terms of the current policy, key principles and other areas for consideration when updating the policy, and a roadmap for next steps.

IX. ACTUARIAL FUNDING POLICY REVIEW (Continued)

Vache Mahseredjian, LACERA
Daniel Joye, LACERA
Cindy Rivera, LACERA
Calvin Chang, LACERA
Luis Lugo, LACERA
Ted Granger, LACERA
Steven P. Rice, LACERA
Nick Collier, Milliman
Ashley K. Dunning, Nossaman, LLP

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

X. CLOSING REMARKS

Mr. Grabel provided a meeting discussion summary.

XII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 4:20 p.m.

JOSEPH KELLY, SECRETARY

GINA SANCHEZ, CHAIR

MINUTES OF THE REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

8:30 A.M., WEDNESDAY, SEPTEMBER 13, 2023

This meeting was conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953(f).

TRUSTEES PRESENT

Gina Sanchez, Chair

Herman Santos, Vice Chair

Elizabeth Ginsberg

Jason Green

Onyx Jones (Arrived at 9:00 a.m.)

Patrick Jones

David Ryu (Arrived at 9:15 a.m.)

TRUSTEES ABSENT

Joseph Kelly, Secretary

David Green

Keith Knox

STAFF ADVISORS AND PARTICIPANTS

Jonathan Gabel, Chief Investment Officer

Santos Kreimann, Chief Executive Officer

Jude Pérez, Deputy Chief Investment Officer

STAFF ADVISORS AND PARTICIPANTS (Continued)

Steven P. Rice, Chief Counsel

Luis Lugo, Deputy Chief Executive Officer

JJ Popowich Assistant Chief Executive Officer

Ted Granger, Interim Chief Financial Officer

James Rice, Principal Investment Officer

Christopher Wagner, Principal Investment Officer

Magdalia Armstrong, Senior Investment Analyst

John Kim, Investment Officer

Didier Acevedo, Investment Officer

Terra Elijah, Senior Investment Analyst

Mike Romero, Senior Investment Analyst

Quoc Nguyen, Investment Officer

Shelly Tilaye, Senior Investment Analyst

Inga Tadevosyan, Senior Investment Analyst

Soniah Ginoyan, Senior Investment Analyst

Kathryn Ton, Senior Investment Analyst

Meketa Investment Group (General Investment Consultants)

Timothy Filla, Managing Principal

Leandro Festino, Managing Principal

Aysun Kilic, Managing Principal

STAFF ADVISORS AND PARTICIPANTS (Continued)

Albourne Partners (Real Assets ex-Real Estate, Illiquid Credit & Hedge Funds Consultant)

Kristen Jones, Partner

Jennifer Yeung, Senior Portfolio Analyst

Mark White, Partner

StepStone Group LP (Real Estate and Private Equity Consultants)

Jose Fernandez, Partner

Margaret McKnight, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Sanchez at 8:30 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Trustee Santos led the Trustees and staff in reciting the Pledge of Allegiance.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER AB 2449, California Government Code Section 54953(f)

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

No requests were received for (A) Just Cause or (B) Emergency Circumstances.

IV. WELCOME AND OPENING REMARKS

Chair Sanchez and Mr. Grabel made introductory comments.

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. RISK MANAGEMENT IN PRIVATE MARKETS

This session was divided into two sections starting with an introduction to LACERA's multi-dimensional risk management in private markets and presentations by Albourne and StepStone that discuss their respective risk management framework in private markets. The session will then lead into a panel discussion focused on various risk factors across private asset classes.

James Rice, LACERA
Terra Elijah, LACERA
Kristen Jones, Albourne
Jennifer Yeung, Albourne
Mark White, Albourne
Margaret McKnight, Stepstone
Jose Fernandez, Stepstone

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

VII. EVOLUTION OF LACERA'S PORTFOLIO

This session discussed how LACERA's portfolio has evolved over the last 20 years across multiple dimensions of portfolio management, highlighting several significant historical initiatives and outlining future aspirations to further advance the portfolio objectives.

Mike Romero, LACERA
Magdalia Armstrong, LACERA
Quoc Nguyen, LACERA
Shelly Tilaye, LACERA
Inga Tadevosyan, LACERA

Investments staff, consultants and guest speakers provided a presentation and answered questions from the Board. The presentation materials were received and filed.

VIII. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of August 9, 2023

A motion was made by Trustee P. Jones, seconded by Trustee Ryu, to approve the Regular Meeting Minutes of August 9, 2023. The motion passed by the following roll call vote:

Yes: Ginsberg, Santos, J. Green, Ryu, P. Jones, O. Jones, Sanchez

Absent: D. Green, J. Kelly

IX. EXECUTIVE UPDATE

A. Chief Investment Officer's Report

Mr. Grabel provided a brief presentation on the Chief Investment Officer's Report and answered questions from the Board.

B. Member Spotlight

Mr. Popowich recognized LACERA member, Magdalena Lopez.

C. Chief Executive Officer's Report

Mr. Kreimann provided a brief presentation on the Chief Executive Officer's Report and answered questions from the Board.

X. CONSENT ITEMS

A motion was made by Trustee Santos, seconded by Trustee Ryu to approve consent item B-H, excluding items A and F. The motion passed by the following roll call vote:

Yes: Ginsberg, Santos, P. Jones, Sanchez, Ryu, J. Green, O. Jones

Absent: D. Green, J. Kelly

A. **Credit Structure Review**

Recommendation as submitted by Joseph Kelly, Chair, Credit and Risk Mitigation Committee: That the Board approve the initiatives and recommendations within the Credit Structure Review as well as

X. CONSENT ITEMS (Continued)

amendments proposed and advanced by the Credit and Risk Mitigation Committee. The amendments pertain to delegating manager selection authority for this asset category to the CIO, subject to reporting requirements. (Memo dated August 21, 2023)

A motion was made by Trustee Santos, seconded by Trustee Ryu to approve consent item A. The motion passed by the following roll call vote:

Yes: Ginsberg, Santos, P. Jones, Sanchez, Ryu, J. Green

No: O. Jones

Absent: D. Green, J. Kelly

B. **Risk Reduction and Mitigation Structure Review**

Recommendation as submitted by Joseph Kelly, Chair, Credit and Risk Mitigation Committee: Approve the initiatives and recommendations within the Risk Reduction and Mitigation Structure Review advanced by the Credit and Risk Mitigation Committee. (Memo dated September 1, 2023)

C. **Revision of Trustee Education Policy—Preapproved External Educational Conferences**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve the deletion of the following conferences from the list of Approved External Educational Conferences in the Trustee Education Policy: 1. Government Finance Officers Association (GFOA); 2. Milken Institute; and 3. Harvard Law School Labor and Worklife Program. (Memo dated August 21, 2023)

D. **LACERA's Revised Mission, Vision, and Values**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve and adopt LACERA's revised Mission, Vision, and Values. (Memo dated August 24, 2023)

X. CONSENT ITEMS (Continued)

E. **2023 Midwest + West Coast Summit in Chicago, Illinois on October 5, 2023**

Recommendation that the Board approve attendance of Trustees at the 2023 Midwest + West Coast Summit in Chicago, Illinois on October 5, 2023, and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated August 31, 2023) (Placed on the agenda at the request of Trustee, Sanchez)

F. **Revised Joint Organizational Governance Committee Charter**

Revised Joint Organizational Governance Committee Charter Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board review and approve and adopt the revised Joint Organizational Governance Committee Charter. (Memo dated August 29, 2023) (Confidential Attachment dated May 31, 2023)

A motion was made by Trustee Santos, seconded by Trustee J. Green to approve consent item F. The motion passed by the following roll call vote:

Yes: Ginsberg, Santos, P. Jones, O. Jones, Sanchez, Ryu, J. Green

Absent: D. Green, J. Kelly

G. **Staff Assistant Classification and Compensation Study**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve the following proposed classification and compensation changes for implementation: 1) Title change, description revision and salary change for the Disability Retirement Support Specialist I, LACERA classification; and 2) Delete the Disability Retirement Support Specialist II, LACERA classification. (Memo dated August 29, 2023)

H. **Southeast Investors Annual Meeting in Miami, Florida on December 6, 2023**

Recommendation that the Board approve attendance of Trustees at the Southeast Investors Annual Meeting in Miami, Florida on

X. CONSENT ITEMS (Continued)

December 6, 2023, and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated September 7, 2023) (Placed on the agenda at the request of Trustee, Santos)

XI. EXCLUDED FROM CONSENT ITEMS

Item VIII. A. and VIII. F was pulled and further discussed.

XII. REPORTS

A. **LACERA Total Fund Quarterly Performance Book**
Meketa Total Fund Quarterly Performance Book

Jude Pérez Principal Investment Officer
Dale Johnson, Investment Officer
John Kim, Investment Officer
Soniah Ginoyan, Investment Analyst
Kathryn Ton, Investment Analyst
(Memo dated September 1, 2023)

Messrs. Perez, Johnson, Kim, and Mses. Ton and Ginoyan provided a presentation and answered questions from the Board. This item was received and filed.

B. **LACERA OPEB Trust Quarterly Performance Book**
Meketa OPEB Trust Quarterly Performance Book

Jude Pérez, Principal Investment Officer
(For Information Only) (Memo dated September 1, 2023)

This item was received and filed.

C. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Officer
(For Information Only) (Memo dated August 25, 2023)

This item was received and filed.

XII. REPORTS (Continued)

D. **Legal Projects**

Earl Buehner, Senior Staff Counsel
(For Information Only) (Memo dated August 31, 2023)

This item was received and filed.

E. **2024 STAR COLA Program**

Ted Granger, Interim Chief Financial Officer
(For Information Only) (Memo dated August 24, 2023)

This item was received and filed.

F. **Monthly Trustee Travel & Education Reports – July 2023**
Quarterly Trustee Travel & Education Reports – 4th Quarter Fiscal Year 2023

Quarterly Staff Travel Report – 4th Quarter Fiscal Year 2023
(Public memo dated August 24, 2023) (Confidential memo dated August 24, 2023 - Includes Pending Travel)

This item was received and filed.

G. **August 2023 Fiduciary Counsel Contact and Billing Report**

Steven P. Rice, Chief Counsel
(For Information Only) (Privileged and Confidential)
(Attorney-Client Communication/Attorney Work Product)
(Memo dated August 23, 2023)

This item was received and filed.

XIII. ITEMS FOR STAFF REVIEW

There were no items to report.

XIV. ITEMS FOR FUTURE AGENDAS

Trustee Patrick Jones requested to agendize a discussion regarding the hiring process for new positions and salary limits.

XV. GOOD OF THE ORDER
(For information purposes only)

Trustees thanked staff for their work on the BOI Offsite.

XVI. EXECUTIVE SESSION

- A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments (Pursuant to California Government Code Section 54956.81)

1. Innovation Endeavors V, L.P.

Christopher Wagner, Principal Investment Officer
Didier Acevedo, Investment Officer
(Memo dated August 21, 2023)

Messrs. Wagner and Acevedo and Mr. Fernandez of StepStone Group provided a presentation and answered questions from the Board.

Mr. P. Jones made a motion, seconded by Mr. Santos, to approve a commitment of up to \$75 million to Innovation Endeavors V, L.P., which is an early-stage venture capital fund that will invest across a variety of industries, including industrials, life sciences, health care delivery, vertical software, computing infrastructure, and climate. The motion passed by the following roll call vote:

Yes: Ginsberg, Santos, P. Jones, Sanchez, Ryu, J. Green, O. Jones

Absent: D. Green, J. Kelly

- B. Conference with Legal Counsel – Anticipated Litigation
Significant Exposure to Litigation (Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9) and
Initiation of Litigation (Pursuant to Paragraph (4) of Subdivision (d) of Section 54956.9)

Number of Cases: 1

There is nothing to report out at this time. The Board took action, which will be reported at the appropriate time under the Brown Act.

XVI. EXECUTIVE SESSION (Continued)

- C. Conference with Legal Counsel – Existing Litigation
Significant Exposure to Litigation
(Pursuant to Paragraph (1) of Subdivision (d) of California Government
Code Section 54956.9)

Number of Cases: 1

In re Revlon, Inc. Bankruptcy
Aimco CLO 10 Ltd, et al. v. Revlon, Inc., et al. Adversary
Proceeding (LACERA named as a Plaintiff)
U.S. District Court, Southern District of New York,
Case No. 22-01167-DSJ

There is nothing to report out.

XVII. ADJOURNMENT

There being no further business to come before the Board, the meeting was
adjourned at 2:45 p.m.

JOSEPH KELLY, SECRETARY

GINA SANCHEZ, CHAIR



Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer

Board of Investments Meeting
October 11, 2023

Table of Contents



1. Market Environment
2. Portfolio Performance & Risk Updates
3. Portfolio Structural Updates
4. Key Initiatives & Operational Updates
5. Commentary
6. Appendix
 - Quiet Period for Search Respondents



01 Market Environment

Global Market Performance as of September 30, 2023

MSCI ACWI IMI Index (Global Equity Market)*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-4.2	-3.4	-3.4	9.4	20.2	6.9	6.1	7.4

MSCI ACWI IMI Index 1-Year Performance



*Global Equity Policy Benchmark - MSCI ACWI IMI Index

Bloomberg U.S. Aggregate Bond Index**

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-2.5	-3.2	-3.2	-1.2	0.6	-5.2	0.1	1.1

Bloomberg U.S. Aggregate Bond Index 1-Year Performance



**Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

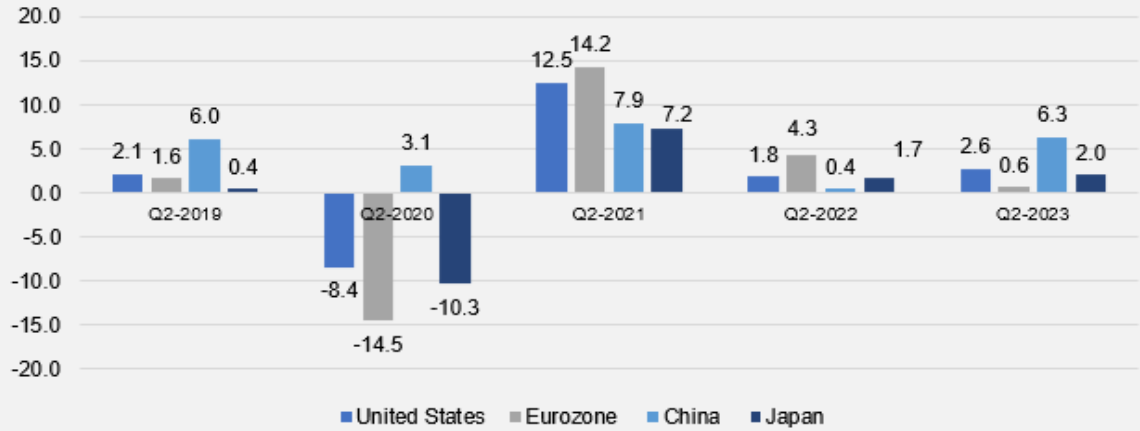
Market	Sub-Category	Index Name	1-Month	3-Month	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Equity	Global All Cap	MSCI ACWI IMI Total Return	-4.2	-3.4	-3.4	9.4	20.2	6.9	6.1	7.4
	U.S. All Cap	Russell 3000 Total Return	-4.8	-3.3	-3.3	12.4	20.5	9.4	9.1	11.3
	U.S. Large Cap	S&P 500 Total Return	-4.8	-3.3	-3.3	13.1	21.6	10.2	9.9	11.9
	U.S. Small Cap	Russell 2000 Total Return	-5.9	-5.1	-5.1	2.5	8.9	7.2	2.4	6.6
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	-3.2	-3.5	-3.5	5.3	20.2	3.8	2.6	3.5
	Emerging Markets	MSCI Emerging Markets Total Return	-2.6	-2.9	-2.9	1.8	11.7	-1.7	0.6	2.1
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	-9.5	-7.4	-7.4	-12.6	3.4	-1.9	1.4	9.1
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	-2.5	-3.2	-3.2	-1.2	0.6	-5.2	0.1	1.1
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	-1.2	0.5	0.5	5.9	10.3	1.8	3.0	4.2
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.9	3.4	3.4	9.9	12.5	5.9	4.3	4.3
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	-1.8	-2.6	-2.6	-0.8	1.2	-2.0	2.1	1.7
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.5	1.4	1.4	3.8	4.7	1.8	1.7	1.1
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	-0.7	4.7	4.7	-3.4	-1.3	16.2	6.1	-0.7
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	0.6	3.1	3.1	-1.9	11.8	20.3	8.4	5.3
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-4.0	-6.9	-6.9	-4.5	4.5	5.8	3.0	4.2
Real Estate	U.S. REITs	MSCI U.S. REIT Index	-6.8	-7.0	-7.0	-1.9	3.2	5.7	2.8	6.0

Source: Bloomberg

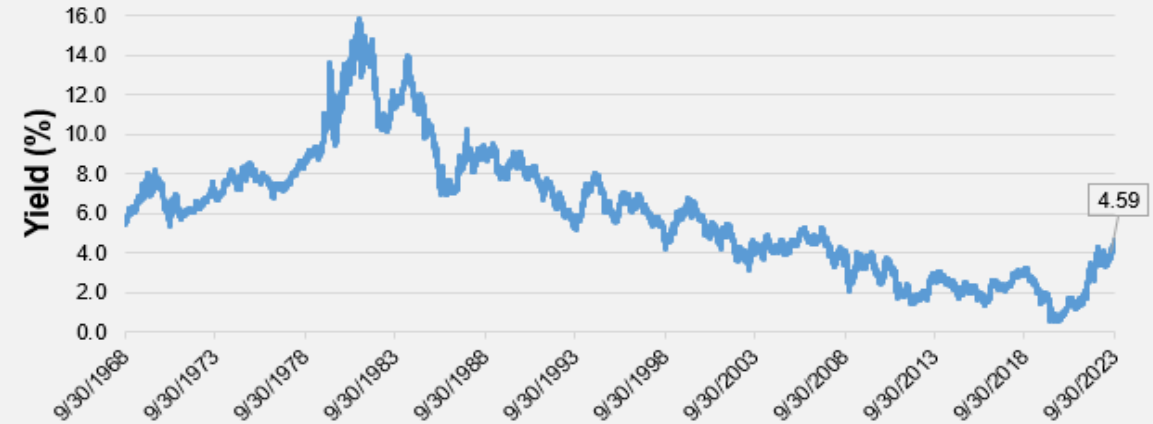
Key Macro Indicators*



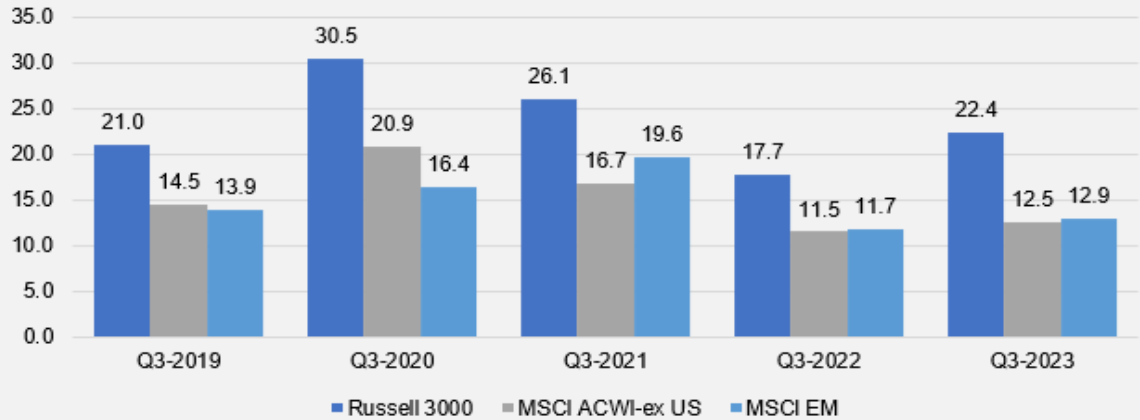
Real GDP Growth YoY (%) - Last Five Years¹



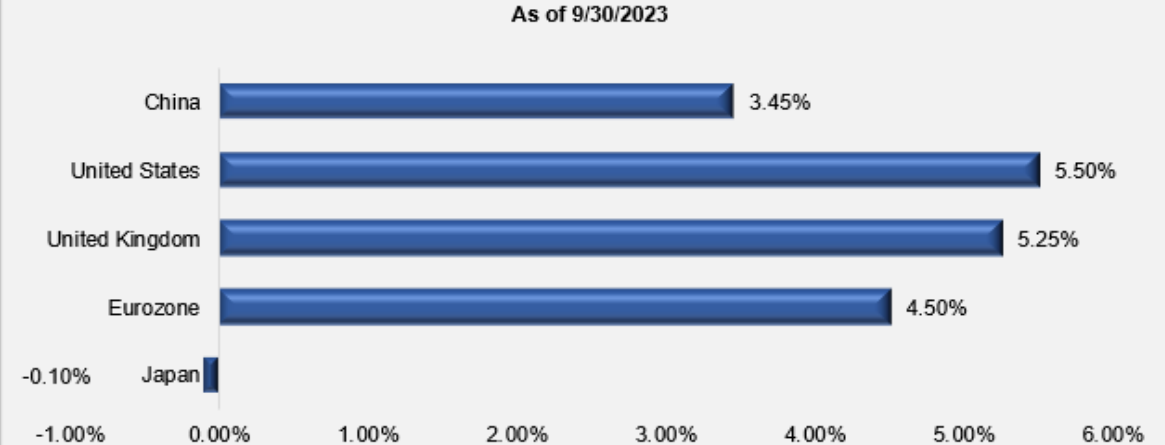
Historical 10-Year Treasury Yield²



Price-to-Earnings - Last Five Years³



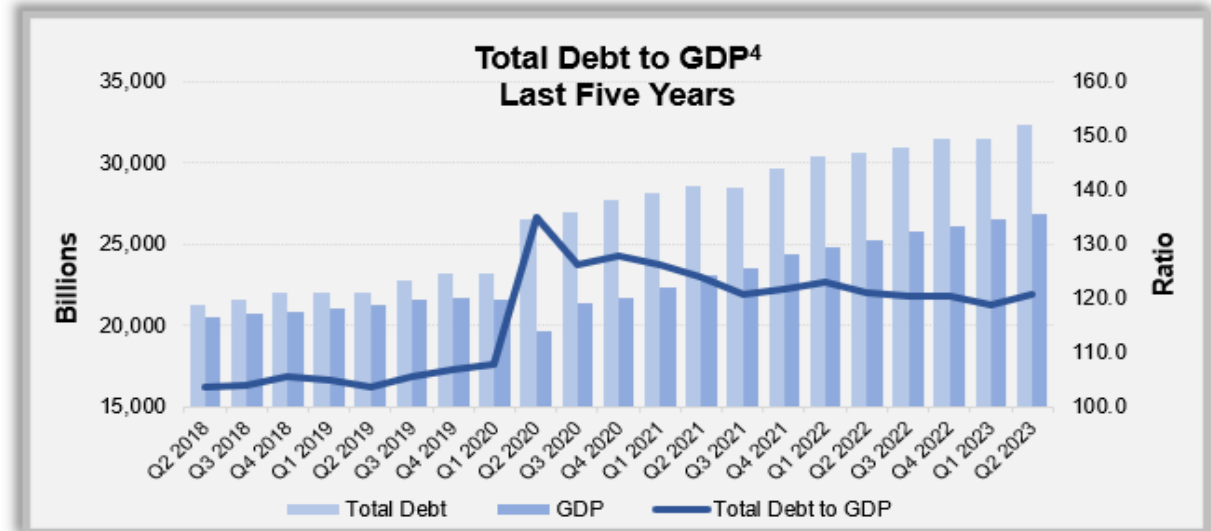
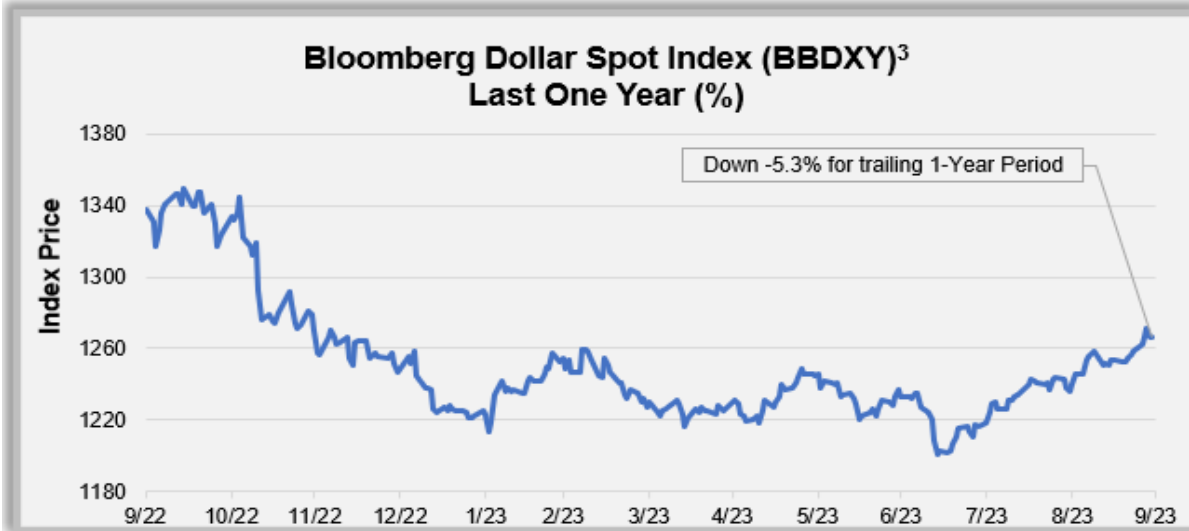
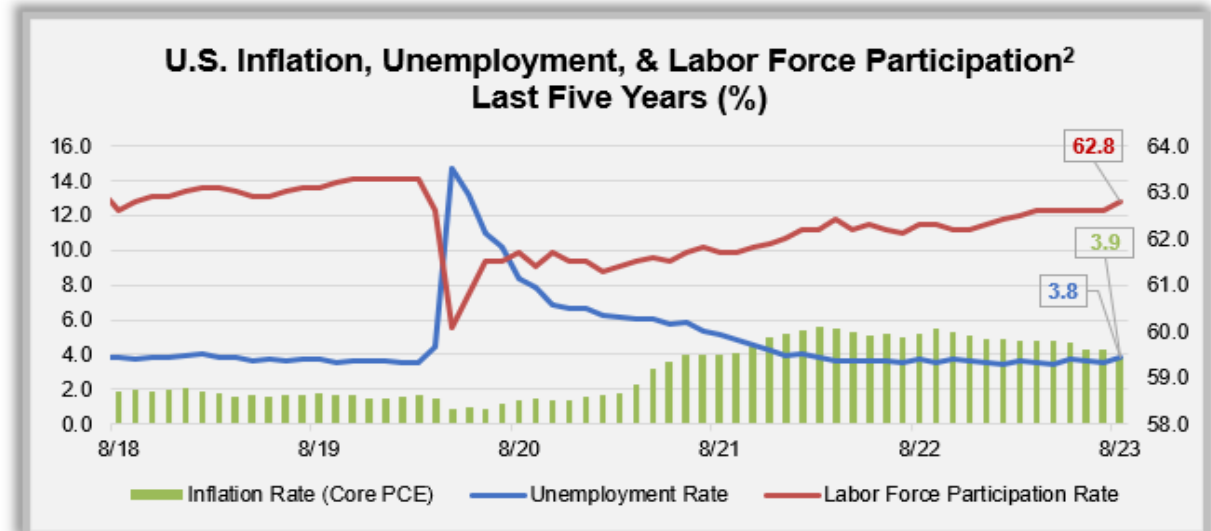
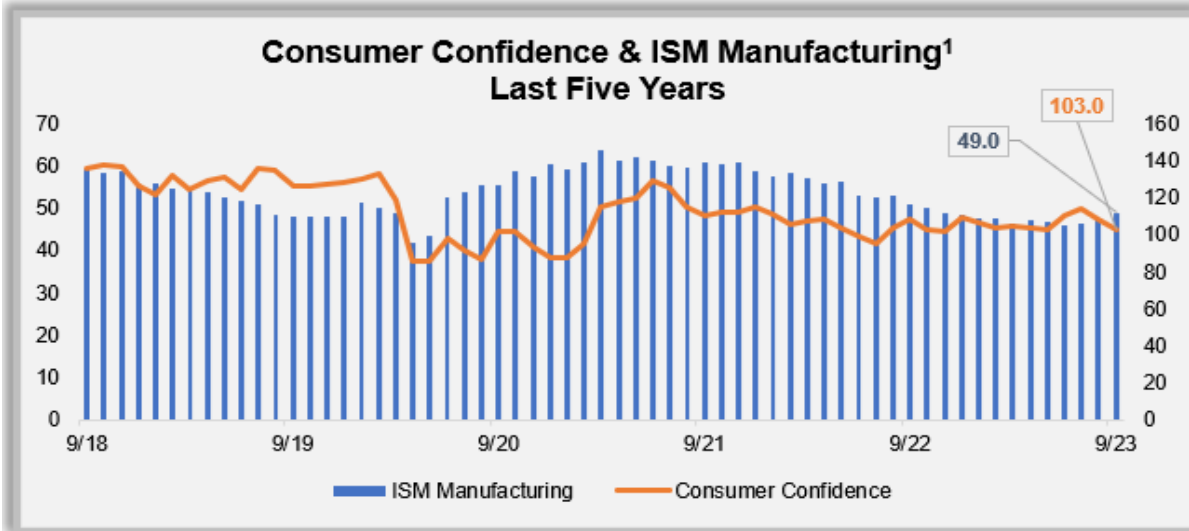
Central Bank Rates⁴



*The information on the "Key Macro Indicators" charts is the best available data as of 9/30/23 and may not reflect the current market and economic environment

Sources: 1. Bloomberg 2. St. Louis Federal Reserve 3. FactSet 4. FactSet

Key Macro Indicators*



*The information on the "Key Macro Indicators" charts is the best available data as of 9/30/23 and may not reflect the current market and economic environment

Sources: 1. Bloomberg 3. Bloomberg
2. Bloomberg 4. Office of Management and Budget; St. Louis Federal Reserve



02 Portfolio Performance & Risk Updates

Market Themes and Notable Items to Watch



Recent Themes

- In September, the Federal Open Market Committee left benchmark interest rates unchanged between 5.25% to 5.50%. Federal Reserve Chair Jerome Powell discussed interest rate levels and the economy at a September 20th press conference:
 - “We’ve covered a lot of ground, and the full effects of our tightening have yet to be felt. Today, we decided to leave our policy interest rate unchanged and to continue to reduce our securities holdings”
- Crude oil prices (West Texas Intermediate WTI) reached above \$93/barrel in September, up 39% from its lowest point in 2023 of \$67/barrel
- The U.S. 10-year Treasury yield ended September at 4.59%, 50 bps higher than at the end of last month, after being 3.88% at the end of 2022, 1.52% at the end of 2021 and 0.93% at the end of 2020
- Global equities (MSCI All Country World Investable Market Index) declined 4.2% in September

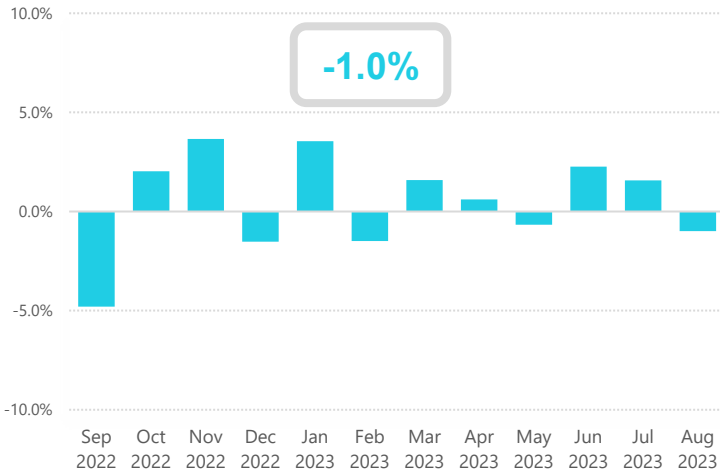
What to Watch

- Interest rates and central bank actions
- Economic data and trends
 - Inflation, supply chains, and labor developments
- Macro conditions and geopolitical risks
- Stewardship and ESG-related developments
 - Financial Stability Board (global body of central bank leaders) initiated a review of systemic financial risks in growing private credit sector
 - California Assembly and Senate pass legislation that, if signed, would require firms with over \$1 billion in revenues and doing business in California to report carbon emissions and climate risks

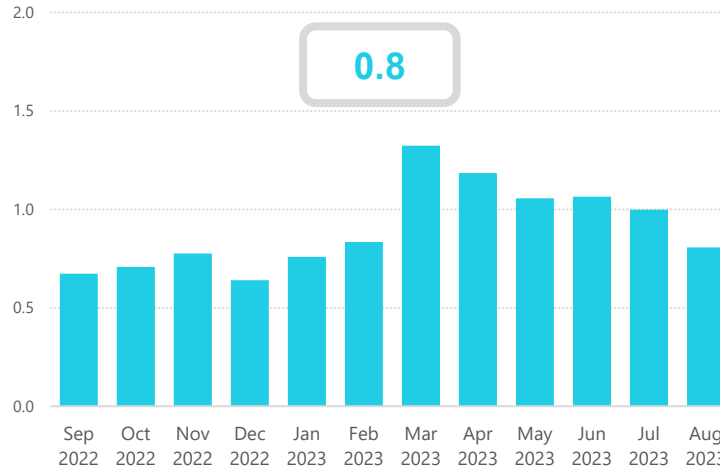
Total Fund Summary as of August 2023



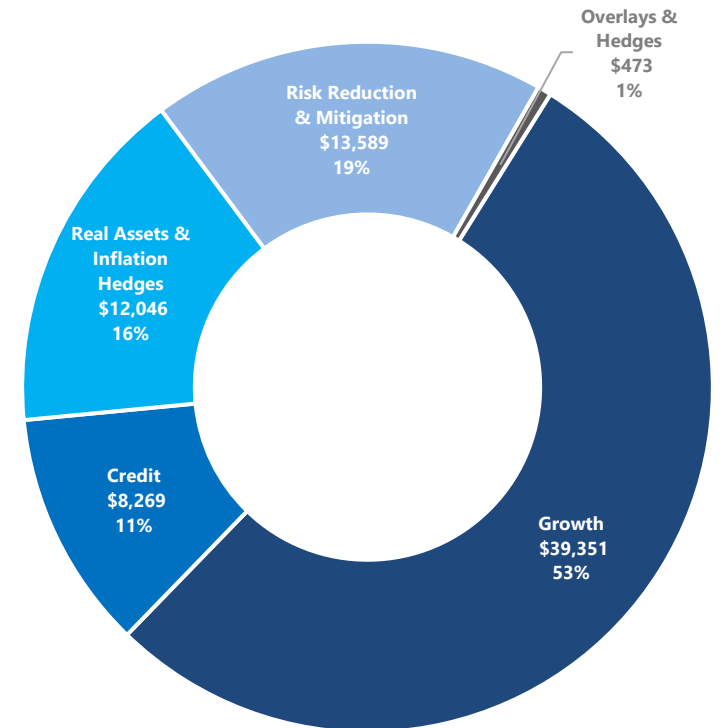
Monthly Return (net)



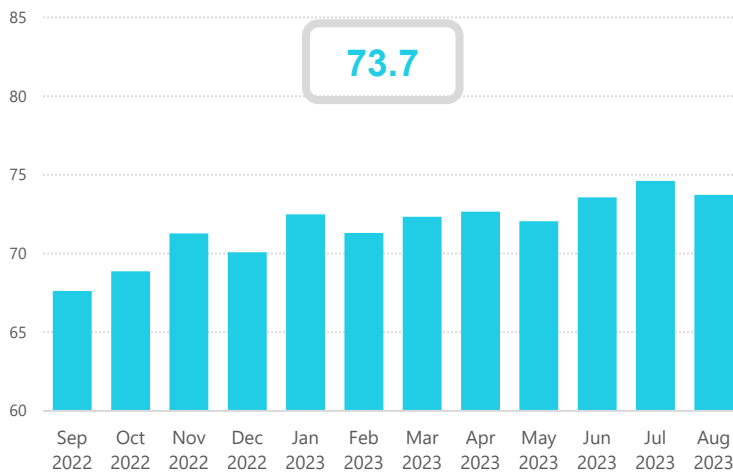
Sharpe Ratio (3-year annualized)



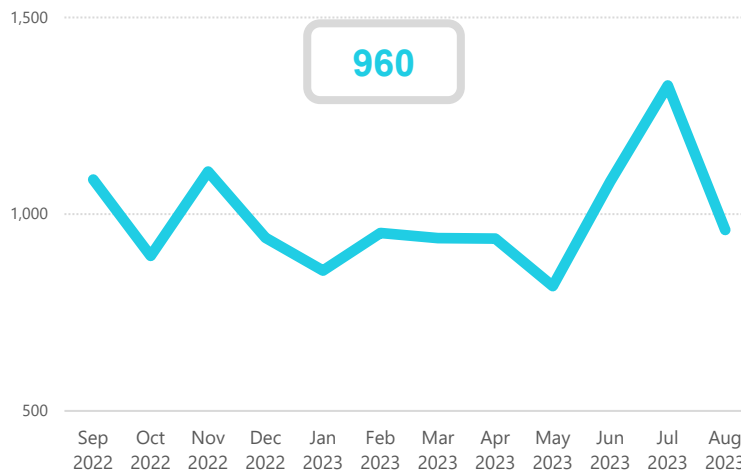
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)

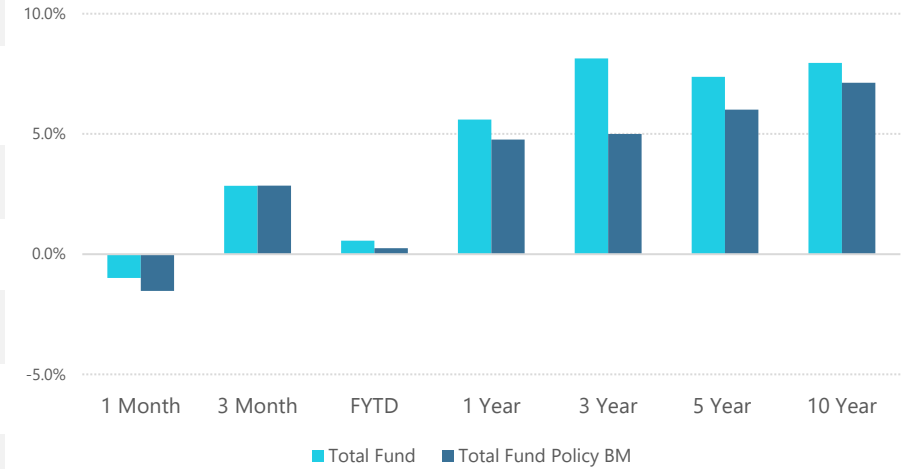


Historical Net Performance as of August 2023



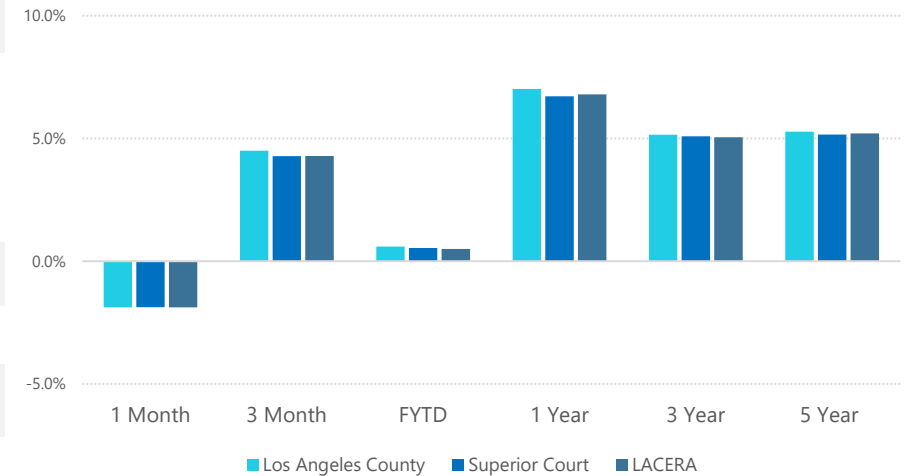
LACERA Pension Fund

	Market Value (\$ millions)	% of Total Fund	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
Total Fund	73,729	100.0%	100.0%	-1.0%	2.8%	0.6%	5.6%	8.1%	7.4%	8.0%
Total Fund Policy BM				-1.5%	2.8%	0.3%	4.8%	5.0%	6.0%	7.1%
7% Annual Hurdle Rate				0.6%	1.7%	1.1%	7.0%	7.0%	7.0%	7.0%
Growth	39,351	53.4%	53.0%	-1.3%	4.8%	1.2%	10.3%	12.5%		
Growth Policy BM				-2.1%	4.8%	0.5%	8.6%	8.5%		
Credit	8,269	11.2%	11.0%	0.9%	3.7%	2.3%	8.7%	6.0%		
Credit Policy BM				1.1%	3.5%	3.0%	8.6%	2.1%		
Real Assets & Inflation Hedges	12,046	16.3%	17.0%	-2.0%	0.2%	-1.1%	-4.2%	8.0%		
Real Assets & Inflation Hedges Policy BM				-2.2%	0.5%	-0.9%	-4.2%	7.5%		
Risk Reduction & Mitigation	13,589	18.4%	19.0%	-0.6%	-1.2%	-1.0%	-0.6%	-2.5%		
Risk Reduction & Mitigation Policy BM				-0.7%	-1.0%	-1.1%	-0.6%	-3.1%		
Overlays & Hedges	473	0.6%		8.1%	16.5%	7.5%	34.6%			



OPEB Master Trust

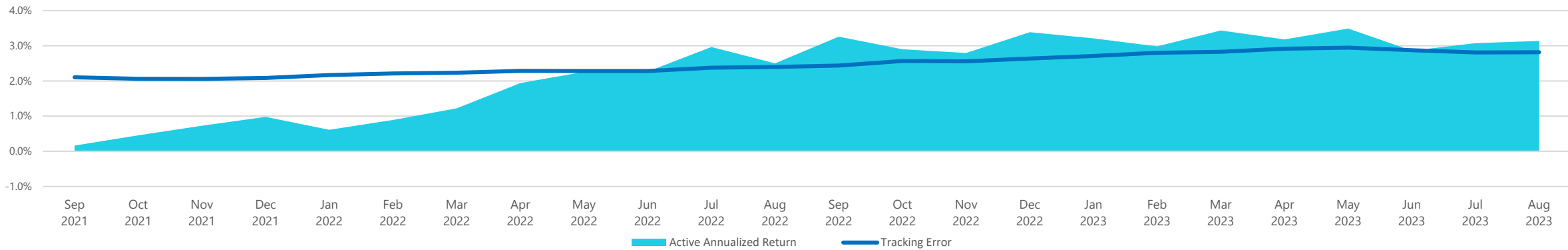
	Market Value (\$ millions)	% of Master Trust	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
OPEB Master Trust	3,110			-1.9%	4.5%	0.6%	7.0%	5.2%	5.3%
Los Angeles County	3,027	97.3%	—	-1.9%	4.5%	0.6%	7.0%	5.2%	5.3%
Superior Court	67	2.2%	—	-1.9%	4.3%	0.5%	6.7%	5.1%	5.2%
LACERA	16	0.5%	—	-1.9%	4.3%	0.5%	6.8%	5.0%	5.2%
LACERA Master OPEB Trust Fund	3,109		100.0%	-1.9%	4.4%	0.6%	6.8%	5.1%	5.3%
OPEB Master Trust Policy Benchmark				-1.6%	3.7%	0.6%	6.5%	4.8%	4.9%
OPEB Growth	1,402	45.1%	45.0%	-2.8%	6.7%	0.8%	13.5%	7.5%	7.3%
OPEB Growth Policy Benchmark				-2.7%	6.5%	0.8%	12.8%	6.9%	6.8%
OPEB Credit	566	18.2%	18.0%	0.0%	3.8%	1.6%	9.1%	2.7%	3.1%
OPEB Credit Policy Benchmark				0.7%	4.1%	2.4%	8.5%	2.6%	3.2%
OPEB Real Assets & Inflation Hedges	619	19.9%	20.0%	-2.0%	4.0%	0.7%	-4.2%	6.8%	3.9%
OPEB RA & IH Policy Benchmark				-1.4%	0.8%	0.4%	-3.6%	6.7%	3.7%
OPEB Risk Reduction & Mitigation	522	16.8%	17.0%	-1.1%	-1.7%	-1.5%	-0.9%	-3.5%	0.7%
OPEB RR & M Policy Benchmark				-1.1%	-1.9%	-1.8%	-2.4%	-4.1%	0.2%



Active and Excess Return as of August 2023



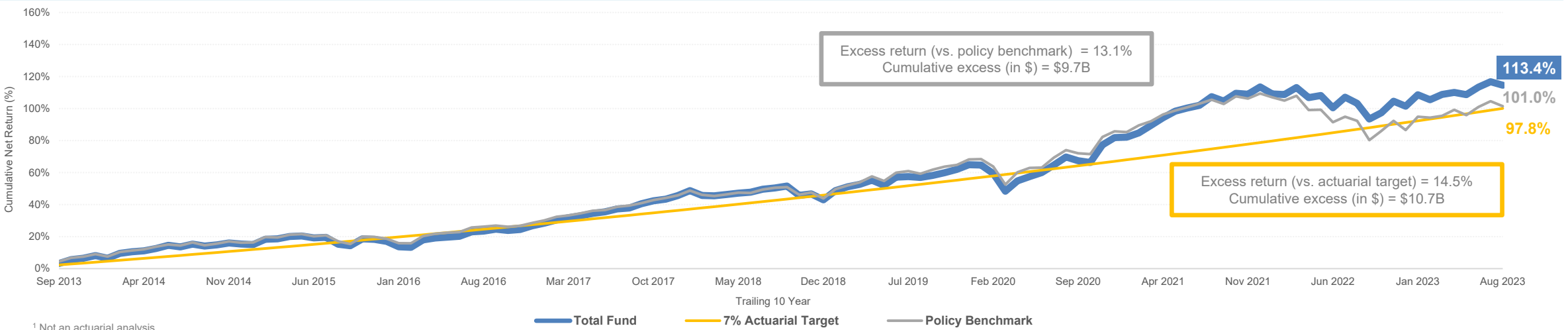
Active Return vs. Tracking Error^{1,2,3}



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Aug 2023	8.1%	5.0%	3.1%	2.8%

¹ Rolling 36 months.
² Active return equals the difference in return between a portfolio and its benchmark.
³ Tracking error (or active risk) measures the volatility of active returns.

Excess Return¹



¹ Not an actuarial analysis.

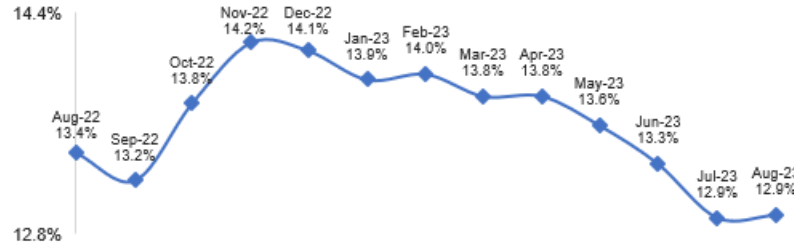
Total Fund Forecast Risk as of August 2023*



TOTAL FUND RISK
12.9%

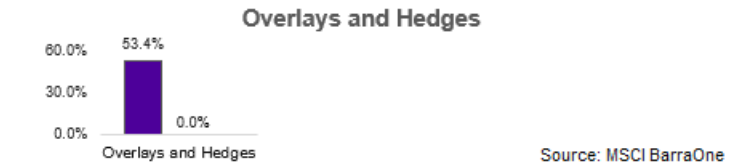
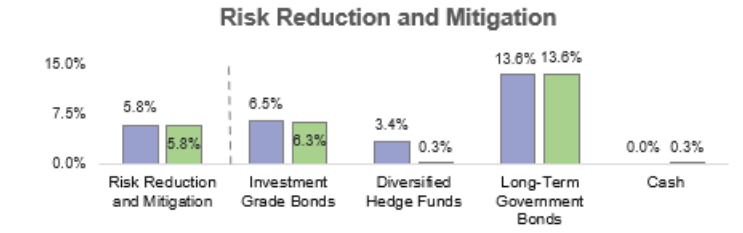
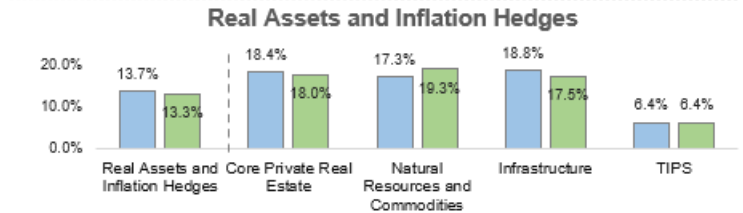
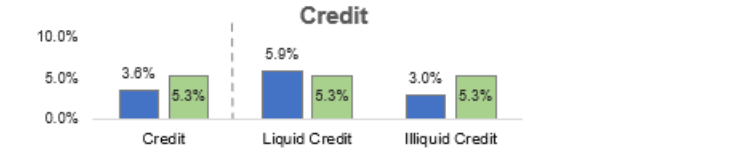
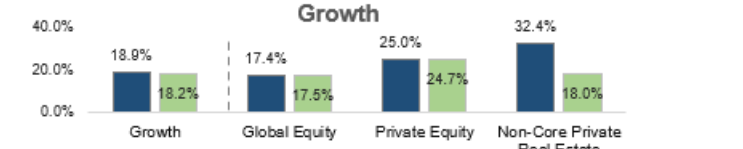
BENCHMARK RISK
12.2%

Forecasted Total Fund Risk Trend

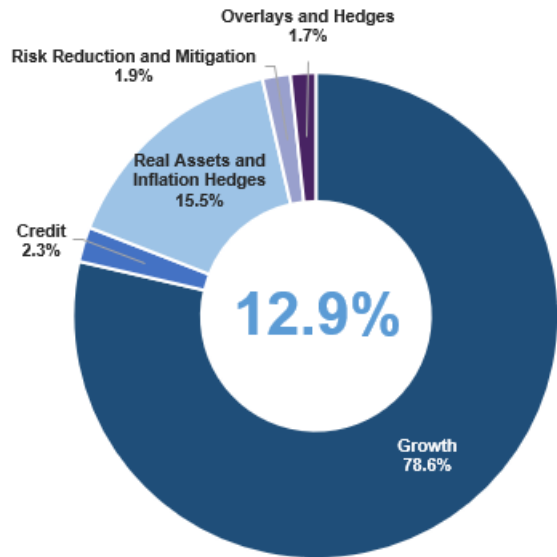


Subcategory Risk¹

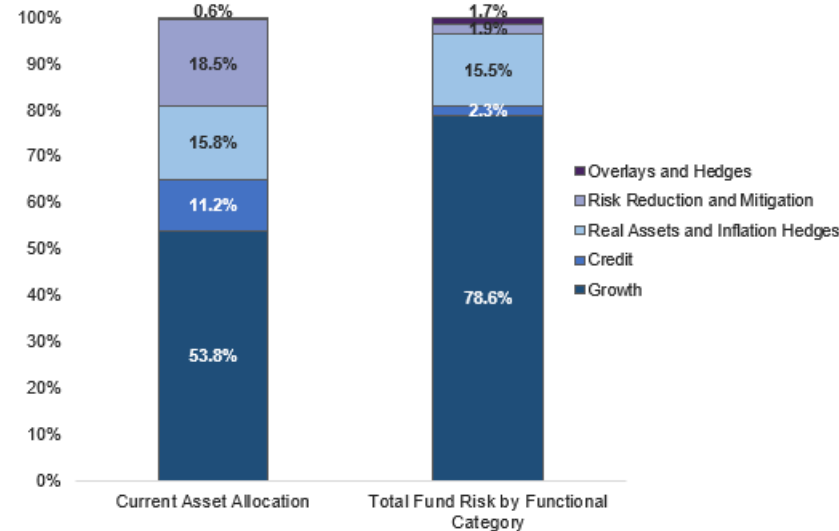
¹ Subcategory risk is on the left bar and benchmark risk is on the right bar.



Functional Category Contributions to Total Fund Risk



Total Fund Asset Allocation Capital-based versus Risk-based



* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Source: MSCI BarraOne

Total Fund Forecast Active Risk as of August 2023*



TOTAL FUND ACTIVE RISK

1.33%

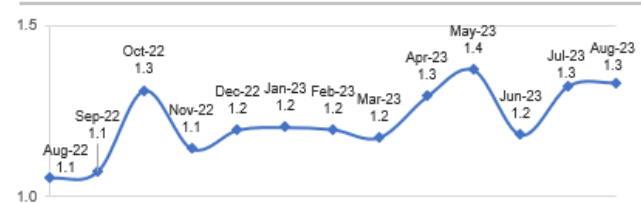
ALLOCATION RISK

0.19%

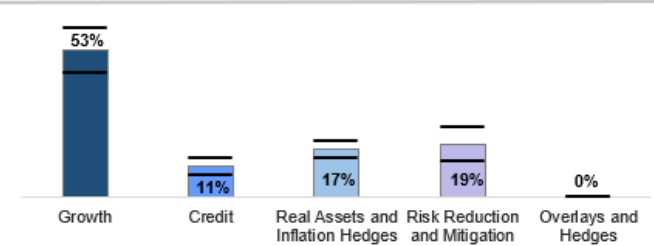
SELECTION RISK

1.14%

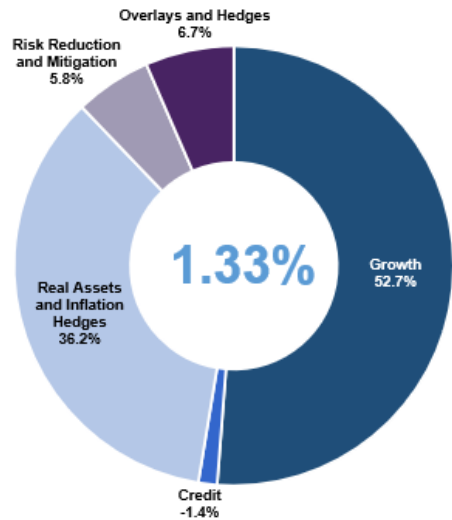
Forecasted Active Risk Trend (%)



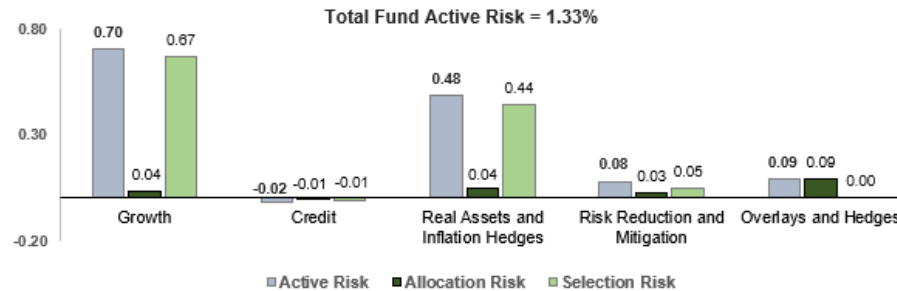
Policy Target Weight for each Functional Category Maximum and Minimum Bands



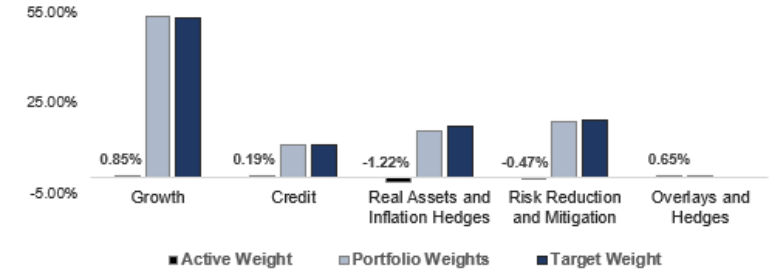
Functional Category Contributions to Active Risk



Active Risk Attribution (%)



Active Weights for each Functional Category



Subcategory Active Risk (%)

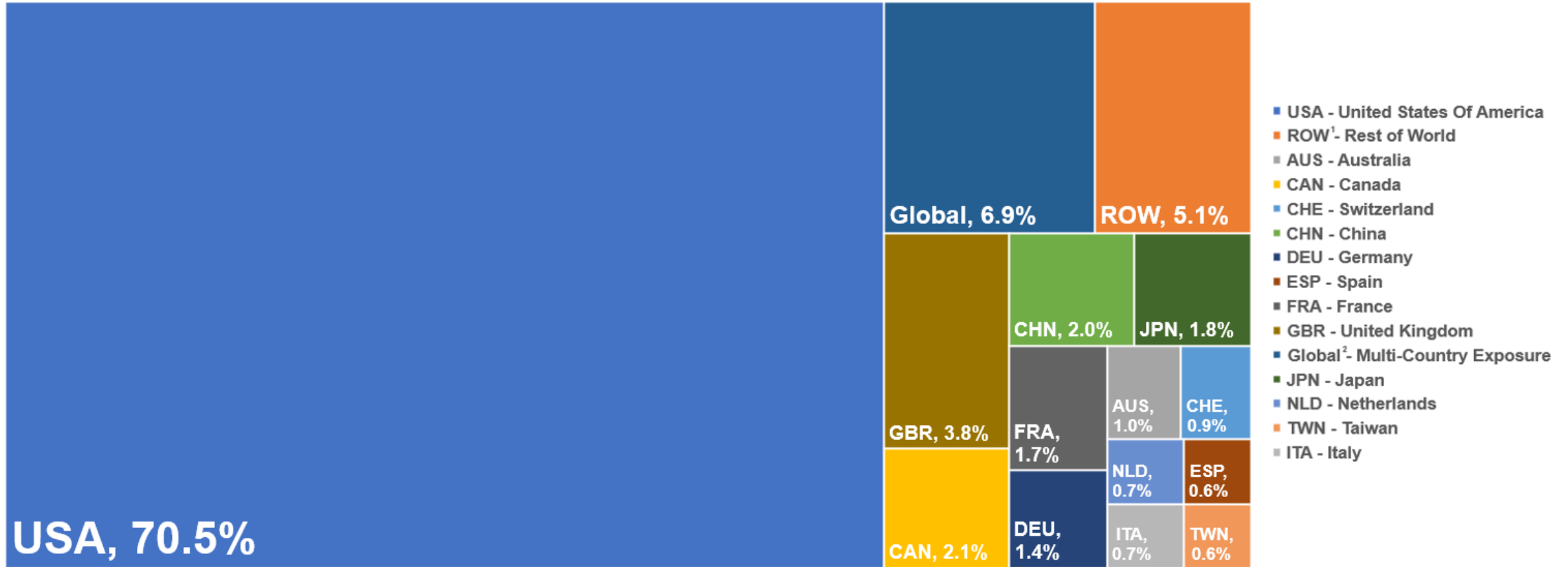
Total Fund	Global			Credit		Real Assets and Inflation Hedges					Risk Reduction and Mitigation				Overlays and Hedges			
1.33	1.42	0.38	3.25	16.01	2.45	0.94	4.23	3.53	4.02	4.62	8.43	0.08	1.11	0.22	3.36	0.03	0.27	53.35
Total Fund	Growth	Global Equity	Private Equity	Non-Core Private Real Estate	Credit	Liquid Credit	Illiquid Credit	Real Assets and Inflation Hedges	Core Private Real Estate	Natural Resources and Commodities	Infrastructure	TIPS	Risk Reduction and Mitigation	Investment Grade Bonds	Diversified Hedge Funds	Long-Term Government Bonds	Cash	Overlays and Hedges

Source: MSCI BarraOne

* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Geographic Exposures by AUM

Total Fund as of August 2023* Ex-Overlays and Hedges



AUM = Assets under management.

Geographic exposure is based on the domicile country of a given security/asset.

* Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.

Real Estate and Private Equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

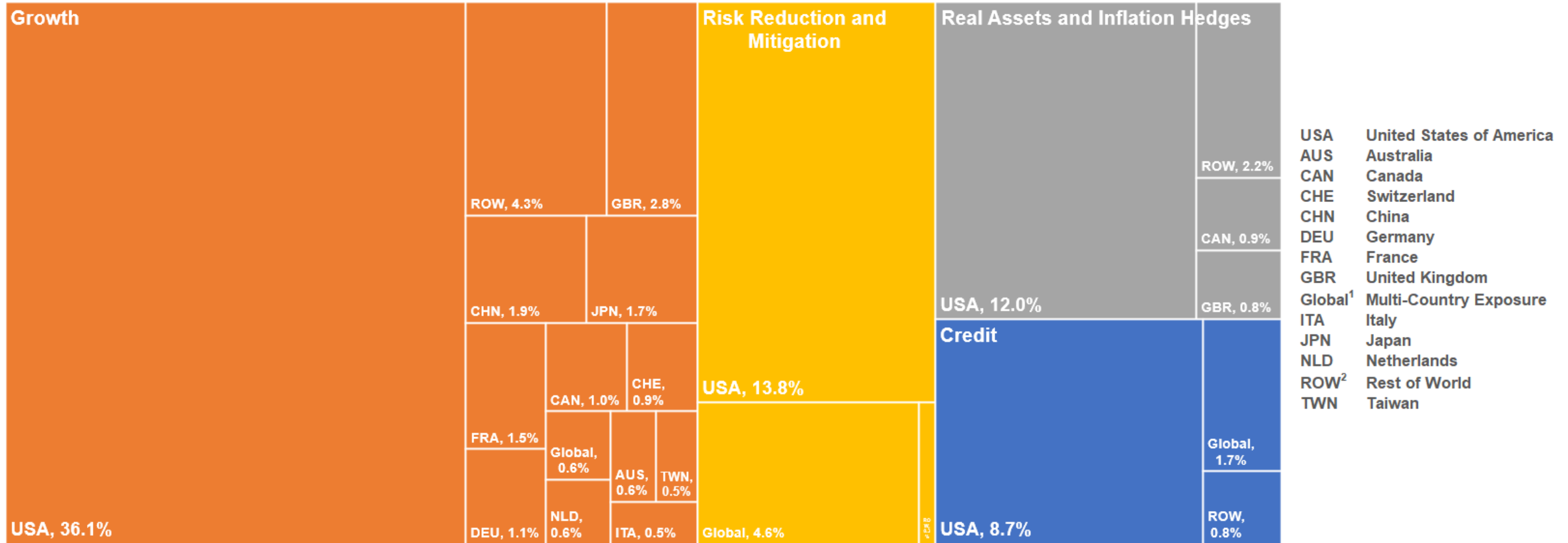
¹ "ROW - Rest of World" is sum of countries with weights below 0.5%.

² Global represents investments made in regions where specific country allocations are not available.

SOURCE: MSCI BarraOne

Geographic Exposures by AUM

Functional Categories as of August 2023* Ex-Overlays and Hedges



AUM = Assets under management.

Geographic exposure is based on the domicile country of a given security/asset.

* Implementation of the MSCI Risk Platform is ongoing; reconciliation and refinement of the data is progressing and subject to change.

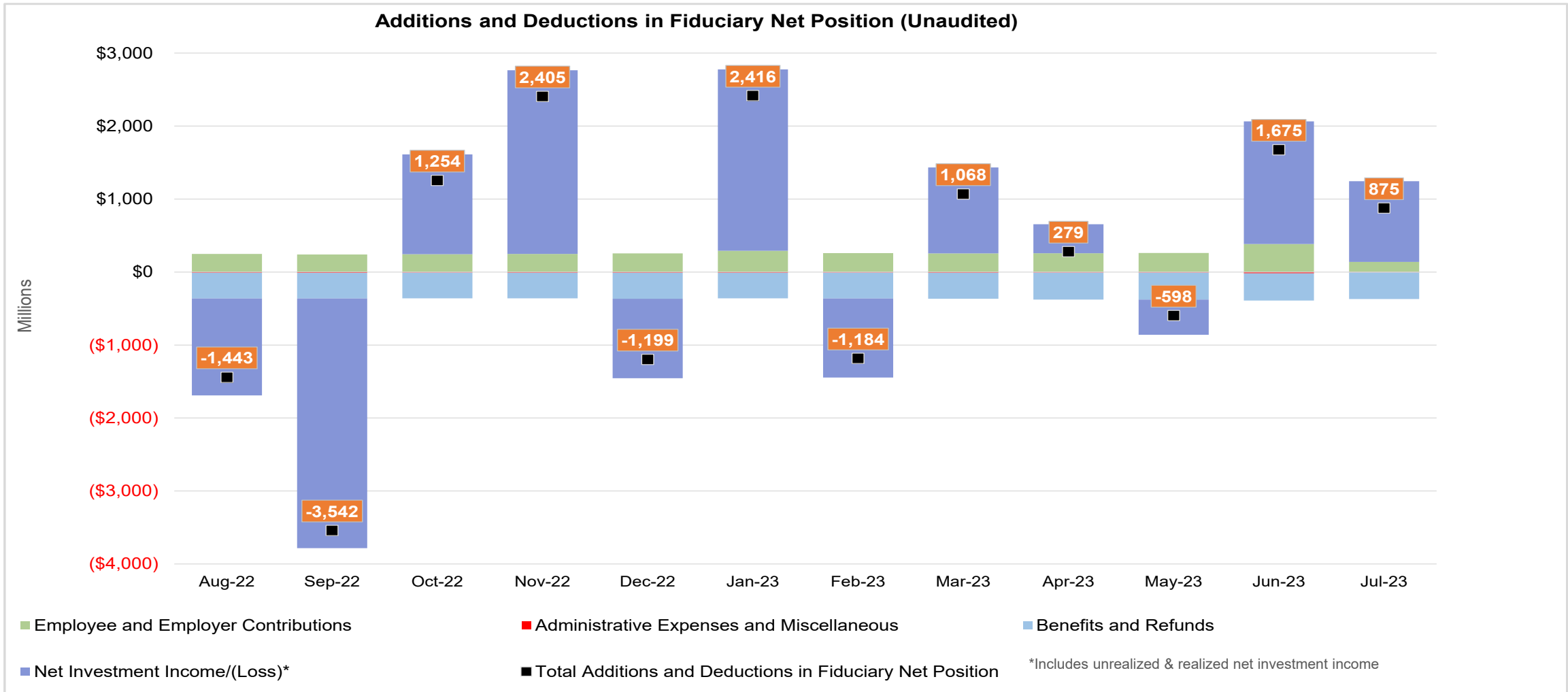
Real Estate and Private Equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

¹ Global represents investments made in regions where specific country allocations are not available.

² "ROW - Rest of World" is sum of countries with weights below 0.5%.

SOURCE: MSCI BarraOne

Change In Fiduciary Net Position



Fiscal Year	Negative Months	Positive Months	Total Net Position Change \$
FY-22	7	5	(\$2.5 billion)
FY-23	5	7	\$3.3 billion
FY-24	1	1	(\$175 million)



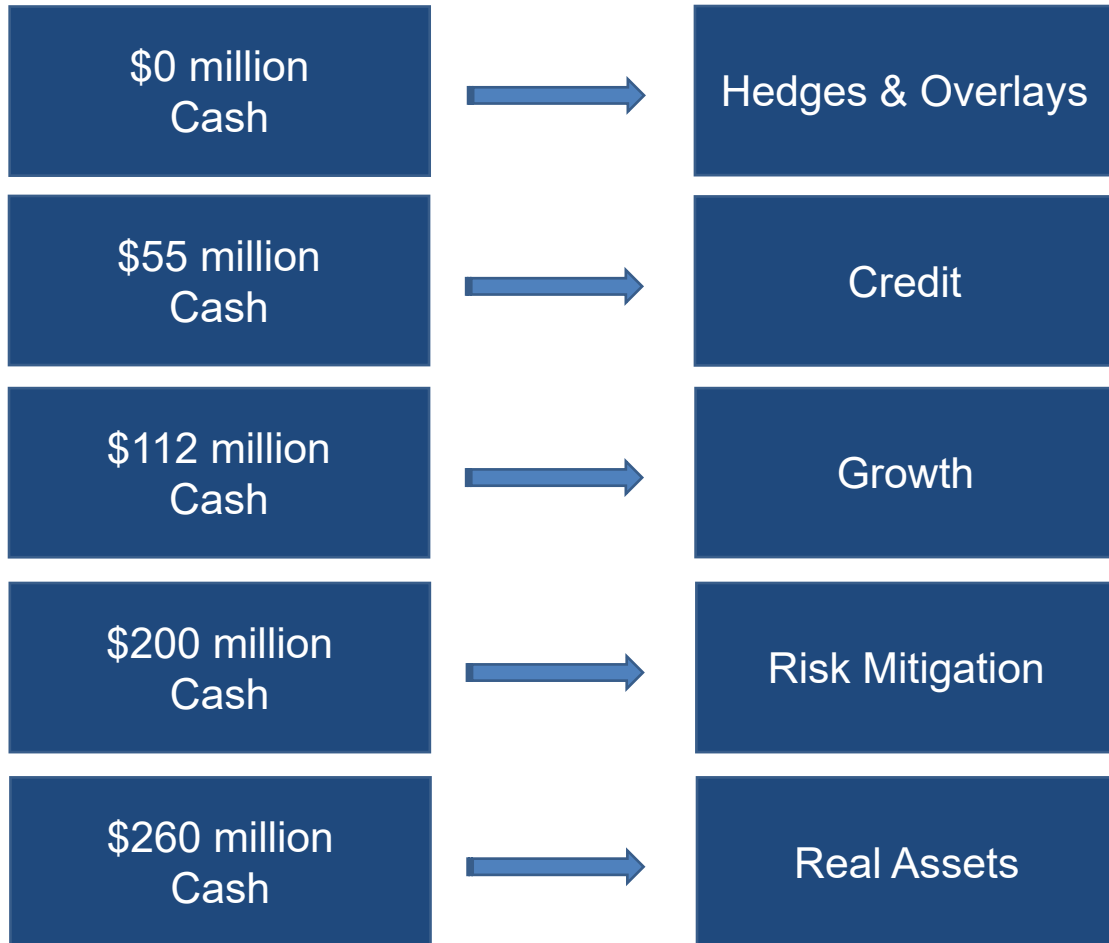
03 Portfolio Structural Updates

Portfolio Structural Updates



Portfolio Movements

Rebalancing Activity



Hedges & Overlays

Monthly Activity

Program	August Return	August Gain/(Loss)	Inception ¹ Gain/(Loss)
Currency Hedge ²	1.2%	(\$0.3 Million)	\$1.4 Billion
Cash/Rebalance Overlay ³	-2.3%	(\$49.3 Million)	\$340.2 Million

¹ Currency and overlay program inception dates are 8/2010 & 7/2019, respectively.

² LACERA's currency hedge program's 1-month return is calculated monthly whereas the monthly gain/loss amount for the same period is the net realized dollar amount at contract settlement over three monthly tranches.

³ LACERA's overlay program's 1-month return includes interest earned on the cash that supports the futures contracts.

Current Search Activity

Status of Active Searches – Subject to Change

Name	RFP Issued	Due Diligence	BOI Review
Real Assets Emerging Manager Program Search	✓	✓	Anticipated Q4 2023
Commercial Real Estate Brokers Search	✓	✓	Anticipated Q4 2023
Private Market Analytics Platform Search	✓	✓	Anticipated Q4 2023



04 Key Initiatives & Operational Updates

Notable Initiatives and Operational Updates



Key Initiative Updates

- The 2024 Strategic Asset Allocation study is underway
- The Investment Division is adhering to the 2023 Work Plan and Strategic Initiatives approved at the January 2023 BOI
- The 2024 Work Plan and Strategic Initiatives are in development
- NewOpportunities@LACERA.com was created to receive solicitations from outside investment firms

Operational Updates

- Annual contract compliance, fee report, and LACERA T.I.D.E. initiatives are in progress

Manager/Consultant Updates

Capital Group – Growth – Michael Cohen, one of the portfolio managers for the LACERA international equity portfolio will transition out of the strategy effective January 2, 2024. His responsibilities will be absorbed by the rest of the four remaining portfolio managers.

Hamilton Lane – Growth & OPEB – Erik Hirsch and Juan Delgado-Moreira have been appointed Co-Chief Executive Officers, effective 1/1/2024. Erik will lead the firm’s strategic direction and manage its operations, while Juan will lead global sales and client service.

Team Searches and Vacancies

- Principal Investment Officer
- 4 – Senior Investment Officer
 - 1 in progress - working with an outside recruiter
 - 1 in development
- 2 – Financial Analyst-III
 - 1 in progress - working with an outside recruiter
- Financial Analyst-II
 - 1 search in progress



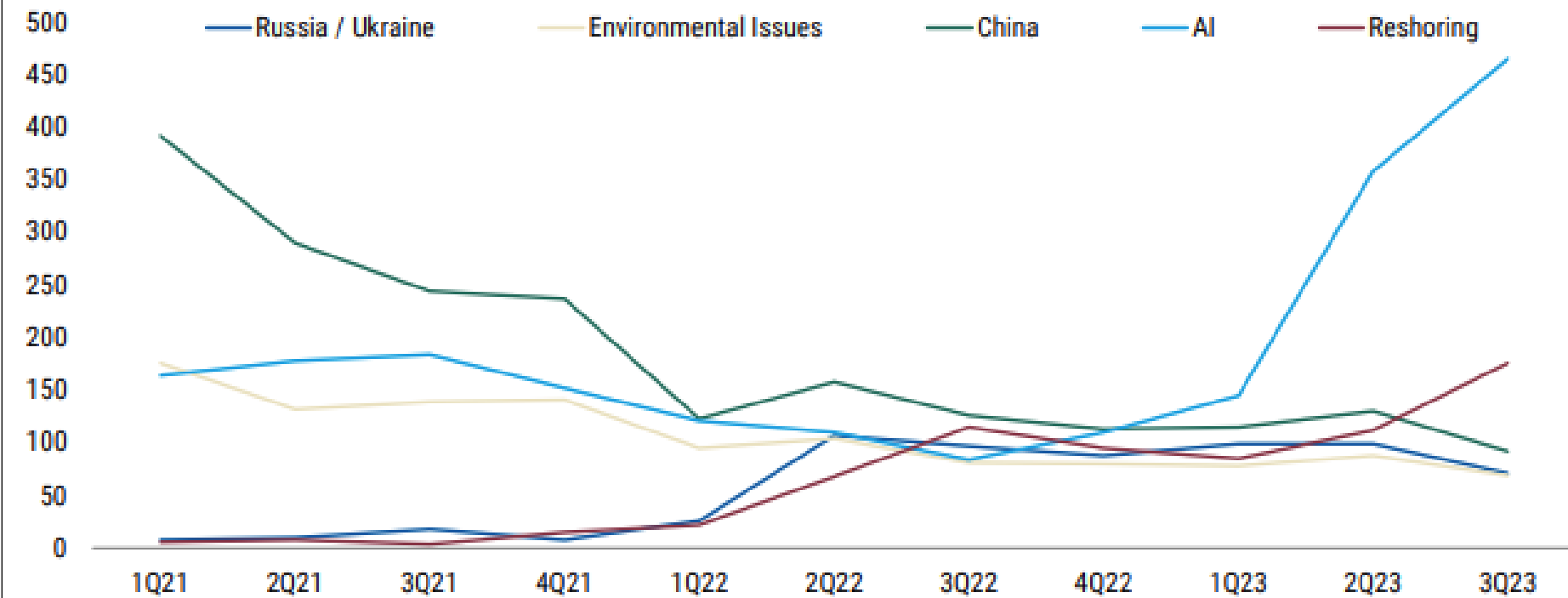
05 **Commentary**

Staff Chart of the Month

Increase of Artificial Intelligence Mentions in IPO Financial Filings



Exhibit 4: Mentions of various topics in company S-1 filings



Source: Bloomberg, Morgan Stanley Research

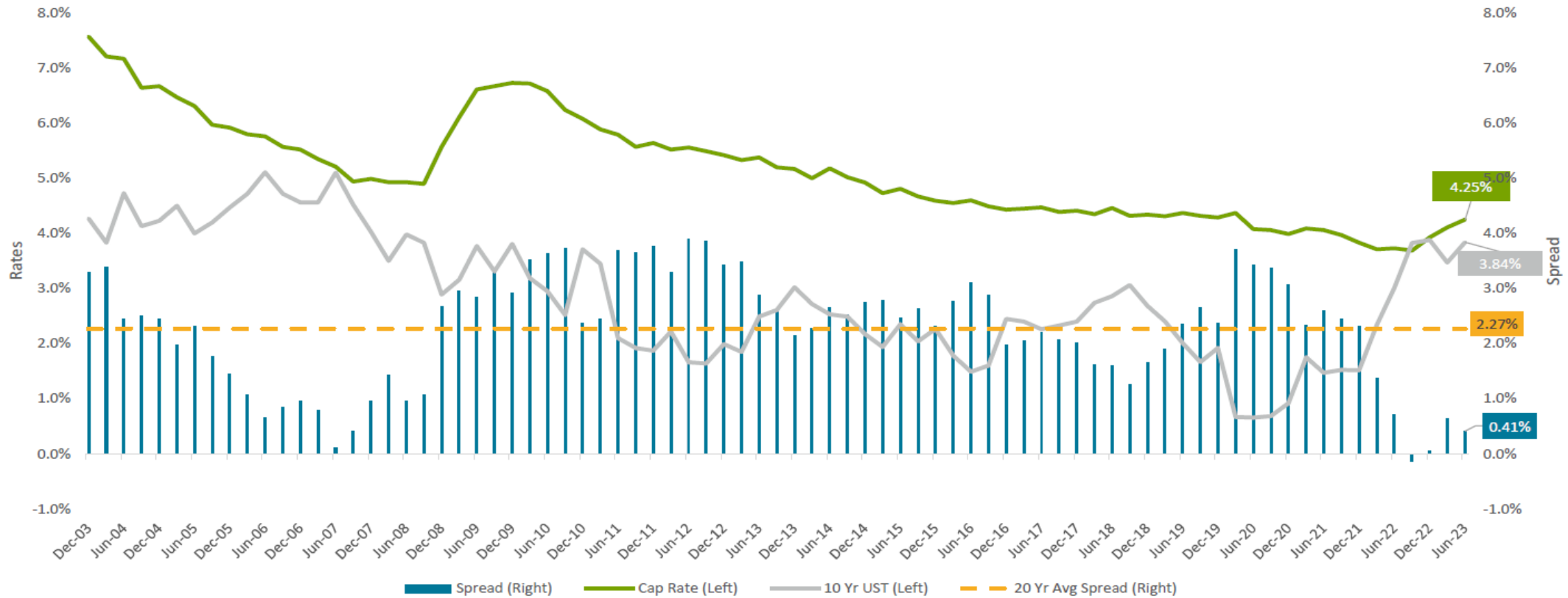
Staff Chart of the Month

US Cap Rate Spreads



US Cap Rate Spreads Compressed Further in 2Q23

NPI CAP RATE & 10 YEAR US TREASURY BOND YIELDS





06 Appendix

Quiet Period for Search Respondents



Real Assets Emerging Manager Program Discretionary Separate Account Manager Search

- ✓ BlackRock Investments, LLC
- ✓ ACRES Capital
- ✓ Aether Investment Partners
- ✓ Cloverlay
- ✓ ORG Portfolio Management
- ✓ Barings
- ✓ Belay Investment Group
- ✓ Encore Enterprises, Inc.
- ✓ Stable
- ✓ Cambridge Associates
- ✓ GCM Grosvenor
- ✓ The Townsend Group
- ✓ Cypress Creek Partners
- ✓ Hamilton Lane Advisors
- ✓ Neuberger Berman Group
- ✓ Wafra Inc.
- ✓ Artemis Real Estate Partners
- ✓ Hawkeye Partners, LP
- ✓ Astarte Capital Partners
- ✓ Bentall Green Oak
- ✓ Clear Sky Advisers
- ✓ Clear Investment Group
- ✓ Poverni Sheikh Group
- ✓ Trilogy
- ✓ Stepstone
- ✓ Oak Street
- ✓ White Deer

Commercial Real Estate Brokers Search

- ✓ CBRE
- ✓ Cushman & Wakefield
- ✓ Eastdil
- ✓ JLL
- ✓ Newmark

Private Market Analytics Platform Search

- ✓ BlackRock
- ✓ Burgiss
- ✓ CEPRES
- ✓ Clearwater
- ✓ Dynamo
- ✓ Hamilton Lane
- ✓ Nasdaq



Recognizing Our Members' Service and Accomplishments

LACERA has nearly 100,000 active members working in dozens of L.A. County departments, many of whom dedicate their working lives to serving the community. Meet one of our long-serving members as she prepares to enjoy her well-earned retirement.



Pre-Retirement Member

Rose Fuller-Laster

Pharmacy Technician, Los Angeles General Medical Center

Years of Service: 33

Planned Retirement: 2025

Service Contributions: Ms. Fuller-Laster loves her job of expertly managing budgets, pharmacy warehousing, and medication delivery. Her dedication to the role is fueled by compassion and the motivation to save lives and support others who rely on her.

Post-Retirement Plans: Fuller-Laster will continue to give back after retiring. She says she will be volunteering at a senior citizens home, where she hopes to spread joy through holiday decorations. Her hero is her mother, a resilient woman who raised seven children while surviving on welfare, inspiring Fuller-Laster's career of service and caring for her community.

MEMBER SPOTLIGHT





September 26, 2023

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Santos H. Kreimann *SHK*
Chief Executive Officer

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – OCTOBER 2023**

The following Chief Executive Officer's Report highlights key operational and administrative activities that have taken place during the past month.

LACERA Management Offsite

We're pleased to announce the resumption of LACERA's management offsite. The management offsite is scheduled on Wednesday, October 18, 2023. The theme of the offsite is "Leading with Shared Vision and Purpose." We will focus on transitioning from strategy to taking a tactical approach in prioritizing our strategic priorities and objectives.

OneMeeting Application New Interface & Upcoming Enhancements

The OneMeeting system will be upgraded to a new user interface effective October 20, 2023. The functionality of the system will remain the same, but the look of the pages will change. Interfaces to the Meeting Viewer/LiveMeeting functions will remain the same, but updates will be released over the course of next year.

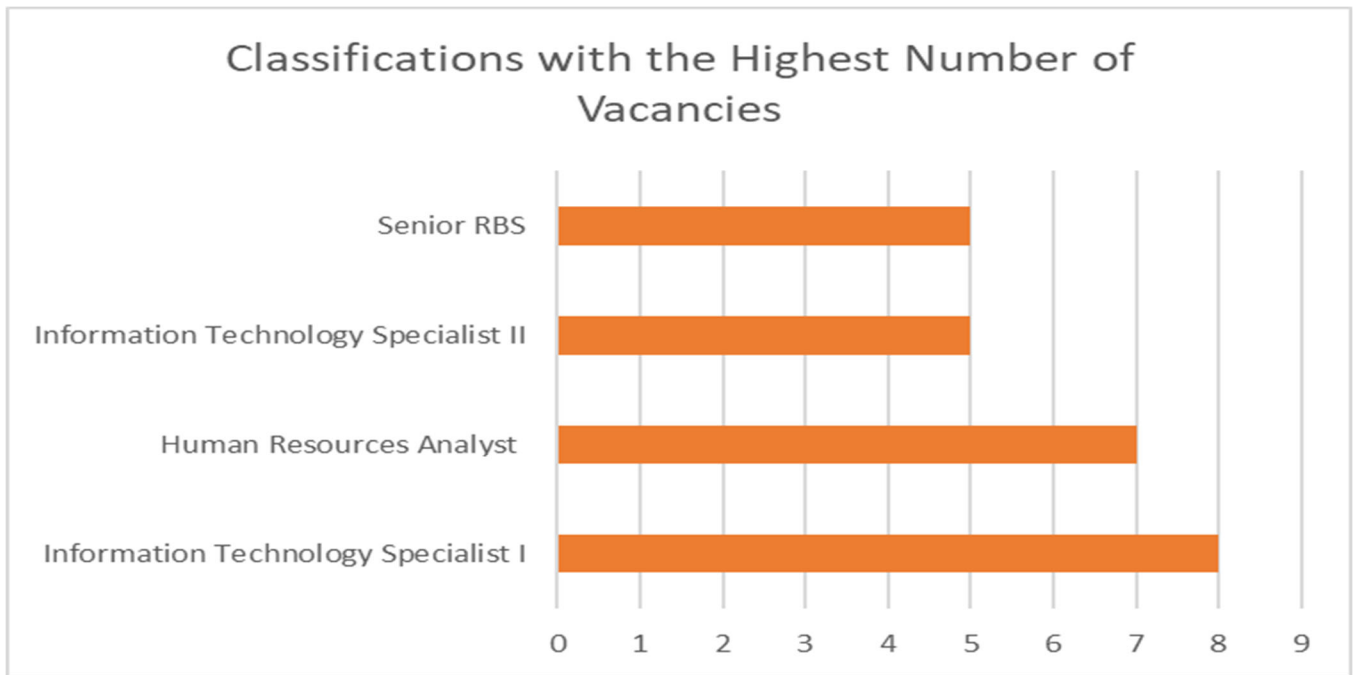
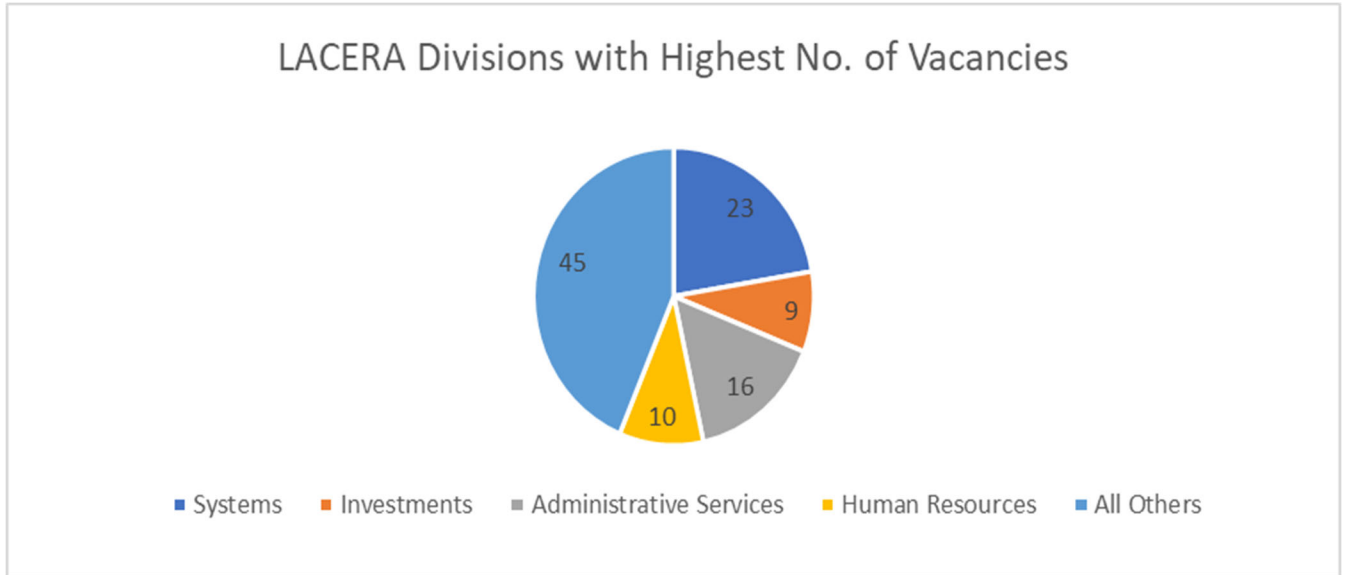
General and Retired Trustee Elections 2023

The 2023 General and Retired trustee elections concluded on Thursday, August 31, 2023. Nicole Mi and Debbie Martin will be joining the Board of Investments and Nancy M. Durazo will be joining the Board of Retirement. Trustee Orientation for each candidate has been scheduled for October. The final results are expected to be ratified by the Board of Supervisors on October 17, 2023. We have provided an election wrap up report in Appendix 1 of the CEO report.

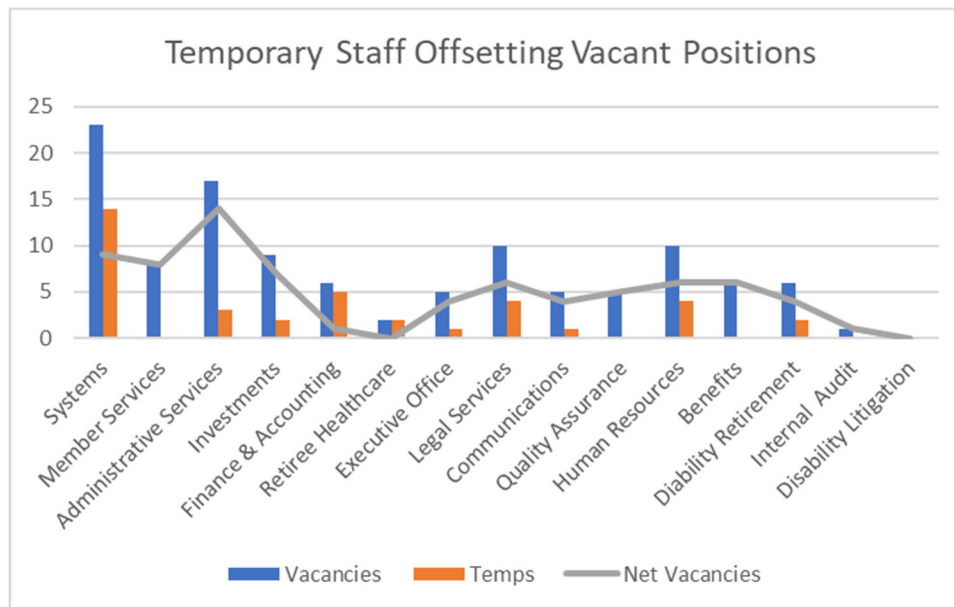
Recruitment Updates

LACERA has 534 budgeted positions, of which 113 are vacant (21% vacancy rate). Additionally, there are 7 over-hired positions (positions that temporary staff members are assigned to but are not permanently budgeted) in the Retirement Benefits Specialist I classification.

The Divisions with the highest number of vacancies, and the classifications with the highest number of vacancies, are shown below.



The chart below highlights temporary hires across divisions to address critical vacancy needs in the short term.



External Recruitments

The Information Technology Manager II (Project Management and Infrastructure) closed, and interviews have been scheduled.

LACERA has contracted with EFL Associates (EFL) to assist with the Senior Investment Officer (Real Estate) and Finance Analyst III (Corporate Governance and Real Estate) recruitments.

The recruitment brochures for the following positions in the Legal Office continue to be open, with interviews being held as qualified candidates are identified:

- Senior Staff Counsel (Investments)
- Staff Counsel (Investments)
- Senior Staff Counsel (Benefits)
- Staff Counsel (Benefits)

Exam rating interviews for the Senior Human Resources Analyst positions were conducted. The promulgation of the Eligible List is pending. Selection interviews will be conducted in October.

Internal Recruitments

The Senior Disability Retirement Specialist bulletin was posted on September 12, 2023, and applications will be accepted through September 26, 2023. Resumes continue to be accepted for 14 Intern positions included in the Fiscal Year 2023-24 Adopted Budget.

Development

The recruitments/assessments for the following classifications are currently in development in partnership with the various hiring divisions:

- Administrative Services Analyst II and III
- Chief Financial Officer

New Lists Promulgated, Hiring and Promotions

An updated Eligible Register for the Accountant position was promulgated.

The Eligible Registers for Division Manager positions in Administrative Services, Benefits, and Member Services were promulgated. Selection interviews are pending.

The Finance Analyst II examination continues to receive applications however, a new Eligible Register was promulgated. Twenty-four (24) candidates were added to the eligible register in September 2023, for a total of sixty (60) reachable candidates.

The offer to the Principal Investment Officer candidate was accepted. The candidate was appointed effective September 1, 2023.

An offer was made for a Senior Human Resources Assistant; the background is pending.

An offer has been made for the Information Technology Manager II position in the Business Solutions Unit.

The Senior Writer examination was closed, testing conducted, and the Eligible Register was promulgated.

Retiree Healthcare

Possible Strike for Thousands of Kaiser Permanente Healthcare Workers

In mid-September, SEIU United Healthcare Workers conveyed that thousands of healthcare workers in California had approved a possible strike if labor and management were unable to reach an agreement by the end of September, when their contract expires. Unions representing Kaiser workers in Washington, Colorado, and Oregon also said the same thing, although their members were still in the process of voting at the time of the report.

More than 85,000 Kaiser healthcare workers have formed a coalition complaining about understaffing. Should a strike occur in October, roughly 40% of the overall Kaiser Permanente workforce would be impacted, making the strike one of the largest healthcare worker strikes in U.S. history. Many Kaiser participants are expected to be impacted with long waiting times for appointments and to receive treatment. Kaiser has said that they are disappointed considering the progress thus far at the bargaining table, but they are confident an agreement will be reached. They dispute the union claims, saying that they were offering wage increases and have been aggressively recruiting to fill vacancies. Bargaining sessions are scheduled to continue.

Staff has spoken with our Kaiser Permanente Account Management about their progress and their plans to mitigate any service impacts should a strike occur. We will continue to closely monitor the situation and will keep the Board informed.

SHK
CEO report October 2023.doc

Attachments

**Appendix 1**

DATE: September 25, 2023

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: JJ Popowich
Assistant Executive Officer, Member Operations Group

SUBJECT: General and Retired Member Elections 2023 Wrap Up Report

The LACERA Trustee active general and retired member election season for the Second, Eighth, and Alternate Retired Members (Trustees) for the Board of Retirement and the Second and Eighth Member (Trustees) of the Board of Investments, concluded on August 31, 2023. Initial results were subsequently announced in mid-September and are reflected below by seat. The next step will be the Board of Supervisors' ratification of the election results, expected to be at the October 17, 2023 meeting.

Preliminary General Members Election:

- Board of Retirement: Second Member:
 - Nancy M. Durazo
- Board of Investments: Second Member:
 - Nicole Mi

Preliminary Retired Members Election:

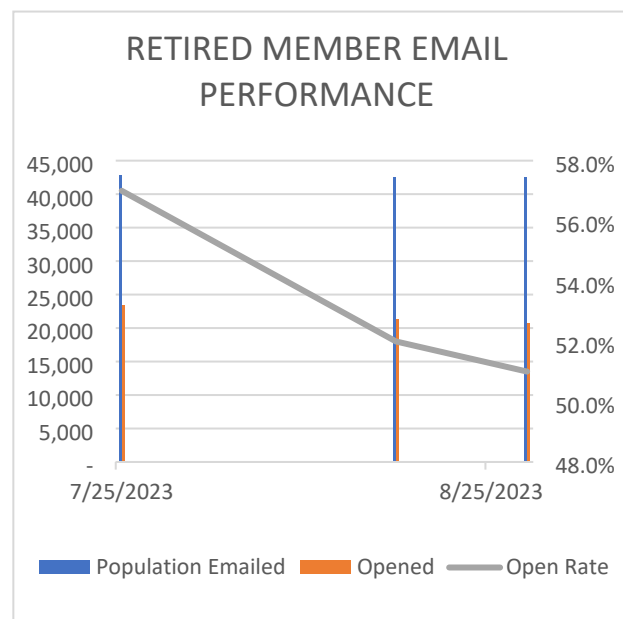
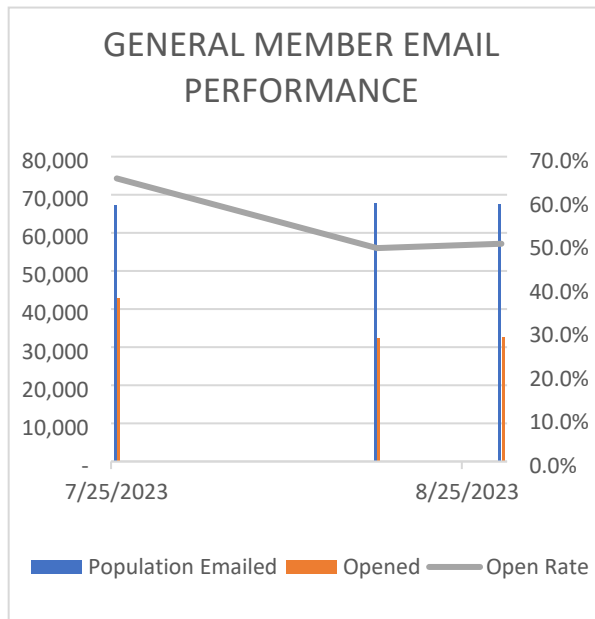
- Board of Retirement: Eighth Member:
 - Leslie W. Robbins*
- Board of Retirement: Alternate Retired Member:
 - James P. "JP" Harris
- Board of Investments: Eighth Member:
 - Debbie Martin

**Trustee Robbins was unopposed and will be returning to the Board of Retirement for the new term beginning January 1, 2024.*

A Collaborative Effort

This year's election was another successful collaboration between the LACERA Elections team and the Executive Office of the Board of Supervisors. The team agreed early on to use every available avenue to reach eligible voters including mail, email, and LACERA.com. LACERA's Election Team continued to provide eye catching election notices and reminders for distribution by both the Executive Office's election vendor and LACERA's Communication team. Additionally, the team agreed early on to send physical ballots to all eligible retired members and to provide them options to vote by returning the ballot, online, or via telephone. General members were able to vote electronically, or by paper ballot upon special request.

Three separate email campaigns were conducted by LACERA for both General and Retired Members (based on LACERA email records). In general, we averaged a 52% open rate across both groups of members with open rates slightly higher for Active General members vs. Retired members:



Overall, these efforts yielded a slight increase in voter turnout for Active General Members over the 2021 election turnout (7.0% vs. 6.7%) and a more significant increase in turnout for retired members over the 2020 election turnout (25% vs. 19.3%).

The charts below provide an overview of turnout over the last five elections:

Active General Members

Year	Total Eligible	Turnout	Percentage of Votes
2017	84,278	6,323	7.5%
2018	85,497	6,301	7.4%
2020	87,184	9,006	10.3%
2021	86,163	5,773	6.7%
2023	83,584	5,882	7.0%

Retired Members

Year	Total Eligible	Turnout	Percentage of Votes
2011	46,689	14,801	31.7%
2014	50,778	13,866	27.3%
2017	53,709	13,630	25.4%
2020	58,544	11,325	19.3%
2023	62,782	15,670	25.0%

The LACERA Election Team looks forward to continuing our collaborative efforts and finding new ways to reach members to increase voter turnout in future elections.



CEO DASHBOARD



October 5, 2023

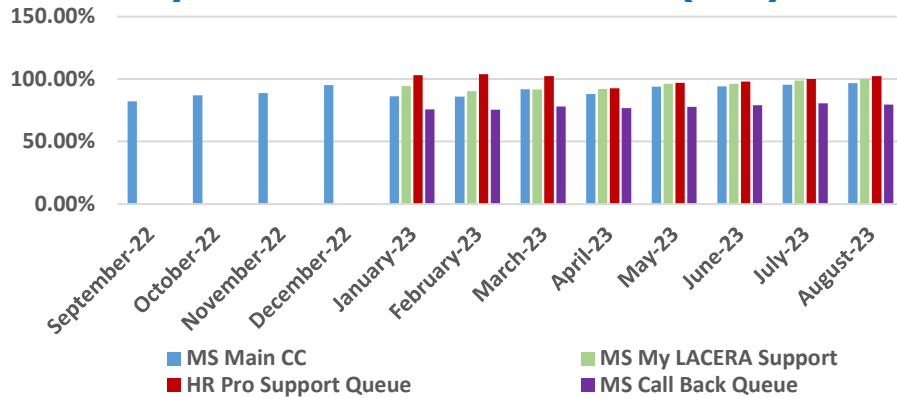


Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

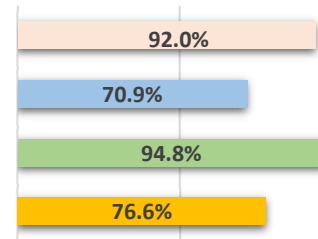
Events / Webinar Attendance Current Mo.: 1,105 Year-to-Date: 1,816	Events / Webinar Current Mo.: 28 Year-to-Date: 43	Webinar Satisfaction 0% Resp. Rate: 0% Change: 0%	Member Service Center Satisfaction 95.68% Resp. Rate: 23.7% Change: 0.79%	MS Main Queue Total Calls Current Mo.: 9,462 3 Month Avg. 8,466				
					Resp. Rate	Change	Resp. Rate	Change
					0%	0%	23.7%	0.79%

Member Service Call Center Queue Key Performance Indicators (KPI)

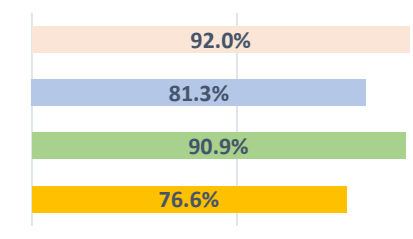


Key Performance Indicator (Components by Queue)

MSCC Main Queue



My LACERA Support Queue



Agent Utilization (Goal: 65%)

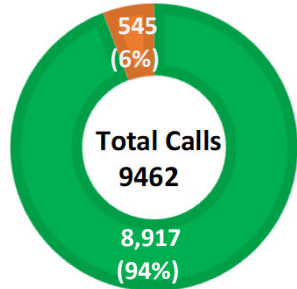
After Call Survey (Goal: 90%)

Grade of Service (Goal: 80% in 60 sec)

Call Monitoring (Goal: 95%)

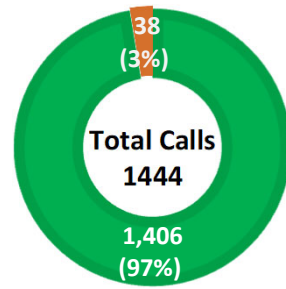
MSCC MAIN QUEUE

■ Calls Answered ■ Calls Abandoned



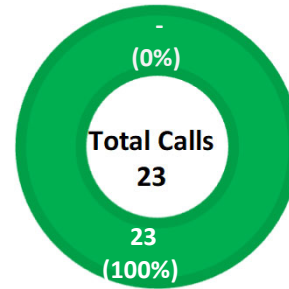
MY LACERA SUPPORT

■ Calls Answered ■ Calls Abandoned



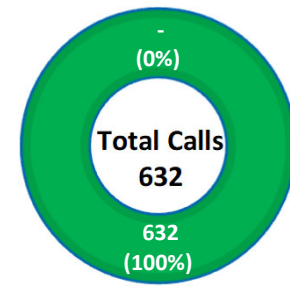
HR PRO SUPPORT

■ Calls Answered ■ Calls Abandoned



MS CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



Queue KPI:	96.70%	Queue KPI:	100.00%	Queue KPI:	102.10%	Queue KPI:	79.48%
Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration
0:02:02	0:16:34	0:00:39	0:11:46	0:00:29	0:16:50	0:06:08	0:12:31

Member Services



Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

TOP REASONS MEMBERS CONTACT MEMBER SERVICES

Member Services Call Center

Member Service Center (Outreach)

1. Retirement Counseling

1. Retirement Counseling

2. My LACERA

2. Retiree Healthcare

3. Workshops/Appointments

3. Power of Attorney

Contact Center Email/Secure Message Performance



Emails:

430



Secure Message

898

Est. Response Time (hours)

4:00:00

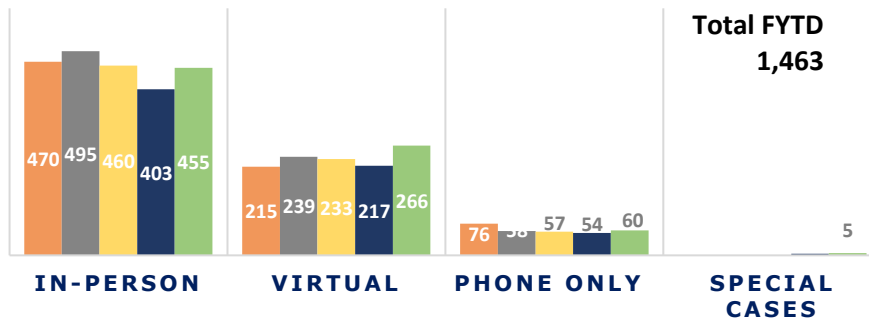
Est. Response Time (hours)

4:00:00

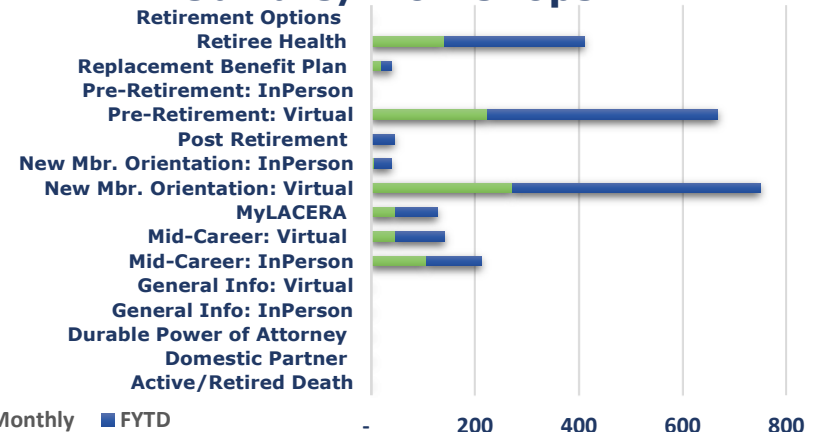
Member Service Center (Outreach)

Member Service Center Appointments

April May June July August



Members Served in Webinars/Workshops



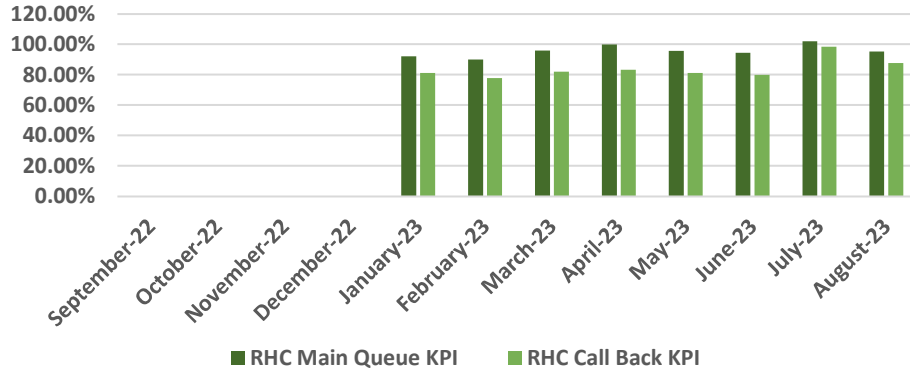
Member Services



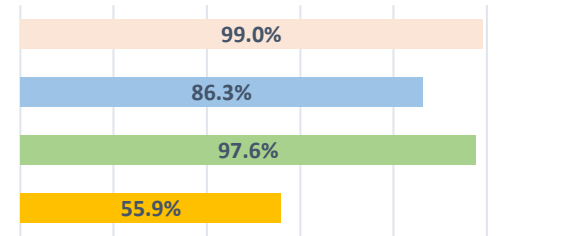
Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

RHC Call Center Queue Key Performance Indicator (KPI)



Key Performance Indicator (Components by Queue) Main RHC Call Center Queue

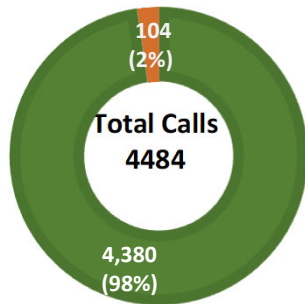


Agent Utilization (Goal: 65%)	Grade of Service (Goal: 80% in 60 sec)
After Call Survey (Goal: 90%)	Call Monitoring (Goal: 95%)

Retiree Healthcare

RHC MAIN QUEUE

■ Calls Answered ■ Calls Abandoned

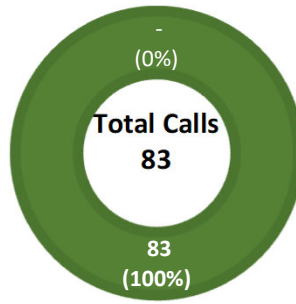


Queue KPI: 95.15%

Avg. Speed of Answer	Average Duration
0:00:42	0:12:32

RHC CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



Queue KPI: 87.52%

Avg. Speed of Answer	Average Duration
0:02:51	0:07:01

TOP RHC CALL TOPICS

1. Medical/Dental Enrollments
2. Medicare Part B
3. General Inquiries

RHC Email/Secure Message Performance



Emails:

311

Est. Response Time (hours)

72:00:00



Secure Message

418

Est. Response Time (hours)

24:00:00



Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

Applications
1,014

■ **1,023** Pending on: 7/31/2023
■ **54** Received
■ **113** Year-to-Date
■ **0** Re-Opened
■ **0** Year-to-Date
■ **53** To Board - Initial
■ **91** Year-to-Date
■ **10** Closed
■ **21** Year-to-Date

In Process
As Of
8/31/2023

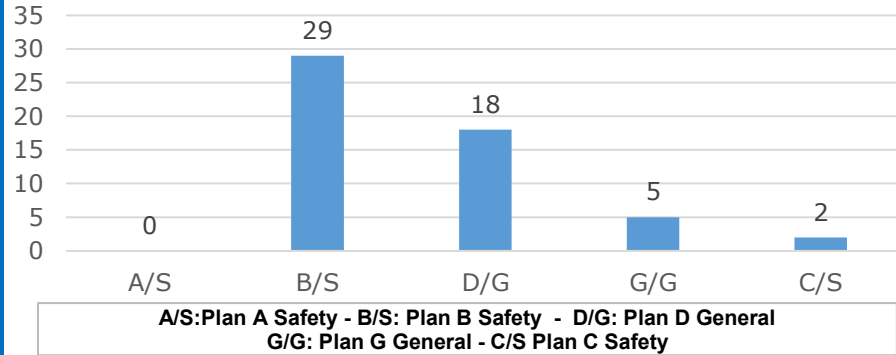
Appeals
65

■ **68** Pending on: 7/31/2023
■ **1** Received
■ **3** Year-to-Date
■ **2** Admin Closed/Rule 32
■ **2** Year-to-Date
■ **2** Referee Recommended
■ **2** Year-to-Date
■ **0** Revised/Reconsidered for Granting
■ **0** Year-to-Date

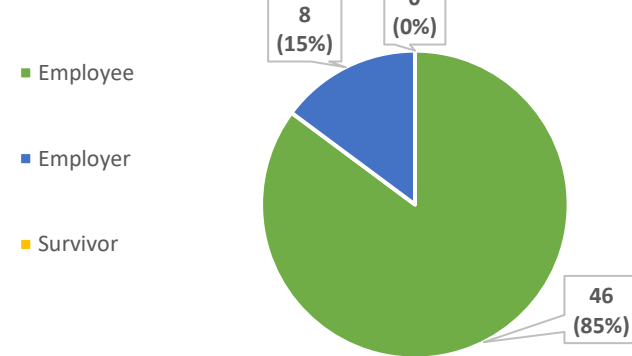
In Process
As Of
8/31/2023

■ Pending: Applications In Process
 ■ Received: New Applications
 ■ Re-Opened: Apps Re-Opened
 ■ To Board: Presented to BOR
 ■ Closed: Incomplete/Withdrawn

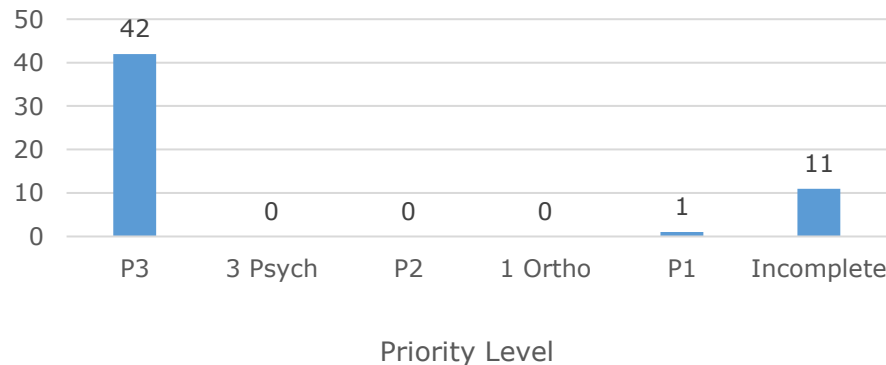
Applications Filed By Plan



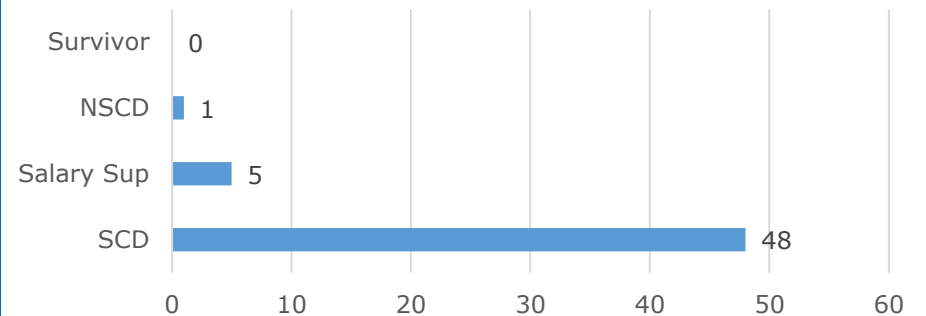
Applications Filed By Source



Applications Filed By Priority Level



Applications Filed By Type



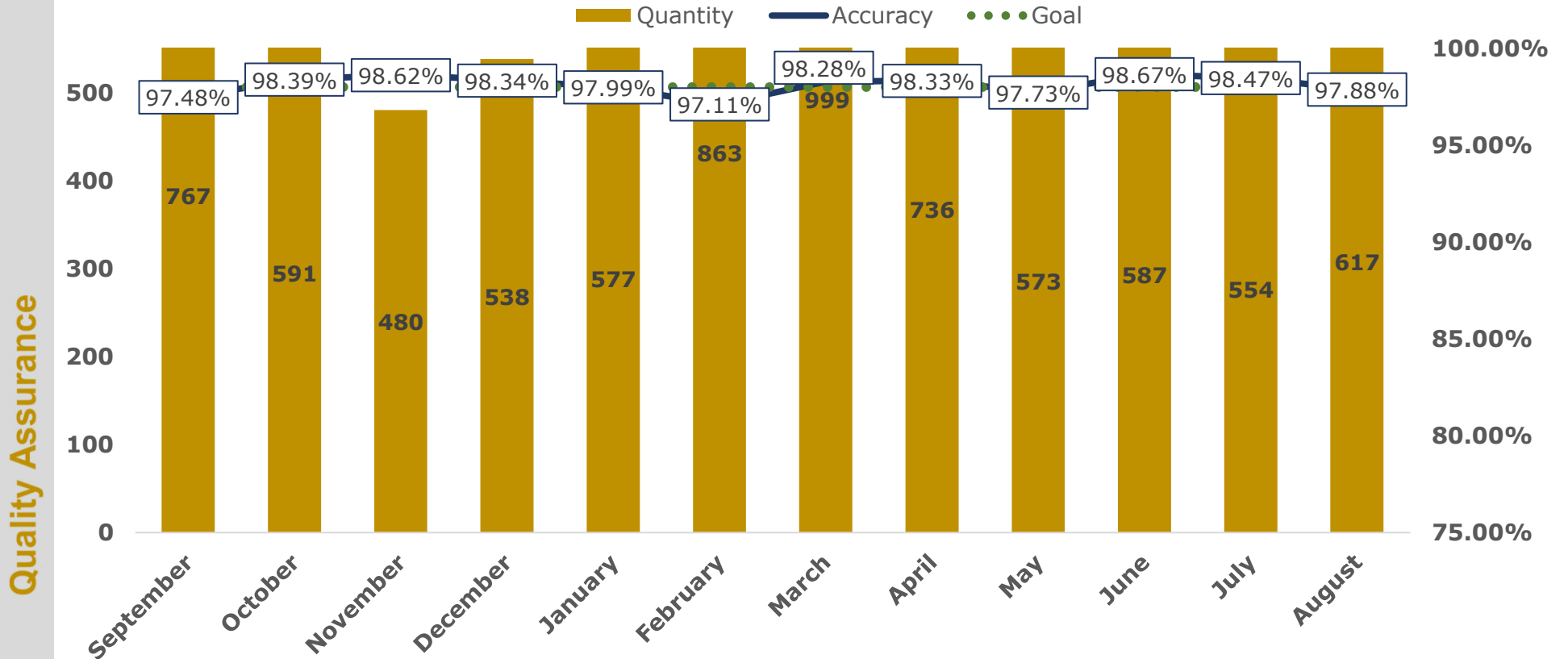
Disability



Striving for Excellence in Quality

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

Audits of Retirement Elections, Payment Contracts, & Data Entry Completed by QA (Goal: 98%)



August 2023

97.88%



Retirement Elections

303 Samples
97.83% Accuracy

Payment Contracts

195 Samples
97.06% Accuracy

Data Entry

119 Samples
98.74% Accuracy

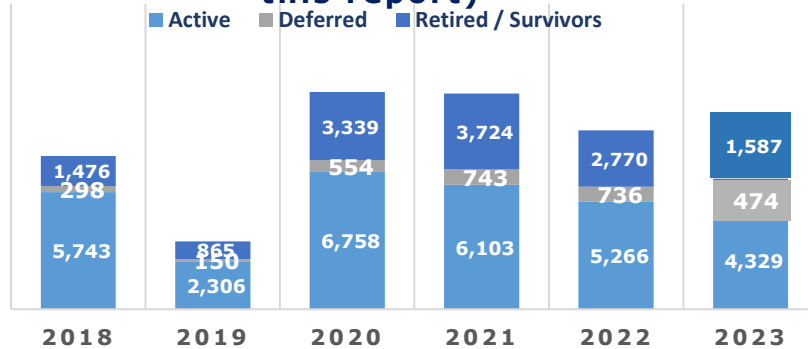


Service On-Line for All

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: August 2023

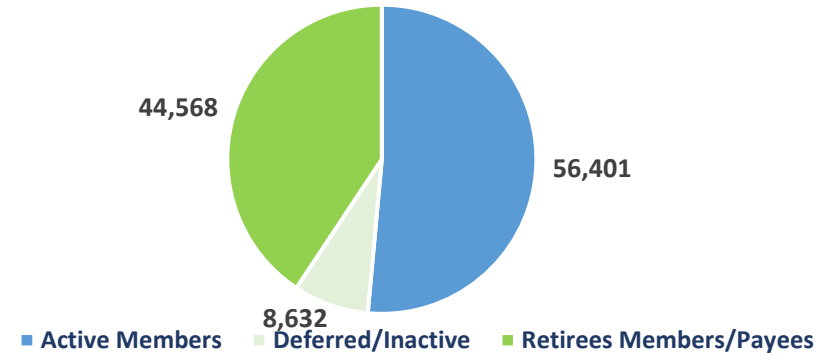
Serving Members Through LACERA.com and MyLACERA

My LACERA Annual Registration (as of the 15th of the month prior to this report)

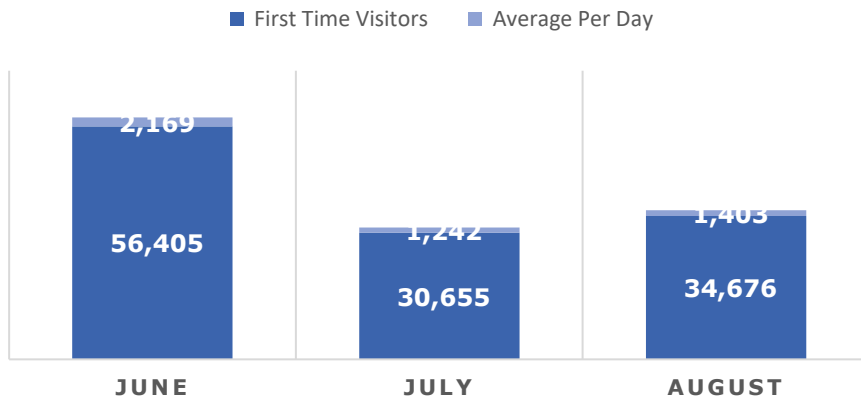


Registered Members / % Total **109,601** **57%**

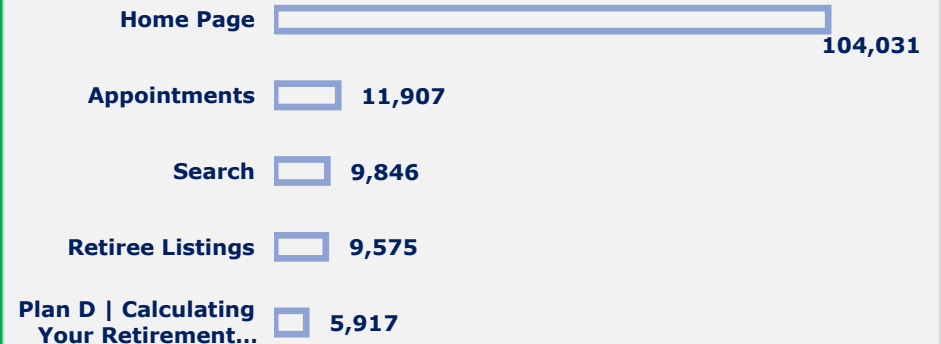
Total Registrations By Member Type



LACERA.com User Traffic



Top Five LACERA.com Page Views



Busiest Day of the Month:

Monday, 8/7/2023

Home Page Tile Views

	Views	% of Change
My LACERA	5,366	15%
Board Meetings	3,811	-24%
Careers	3,123	18%
Pre-Retirement Workshops	2,920	11%
Investments	1,842	7%
Forms & Publications	242	10%

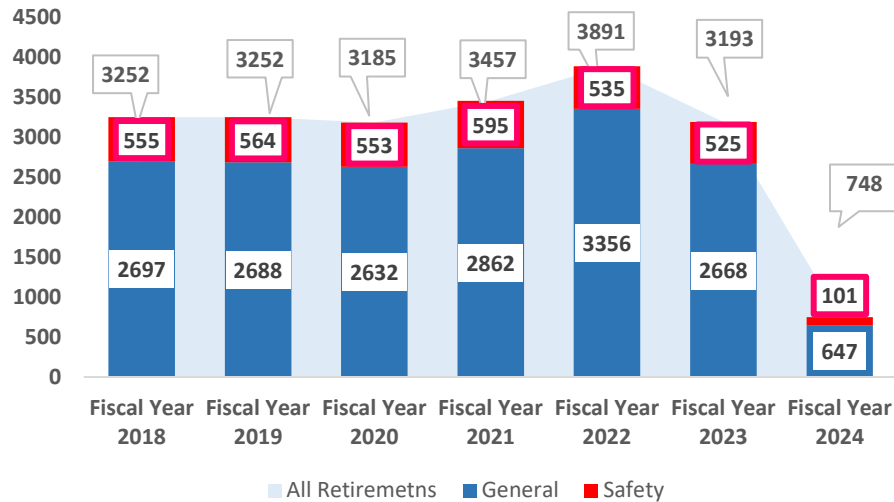


Member Snapshot

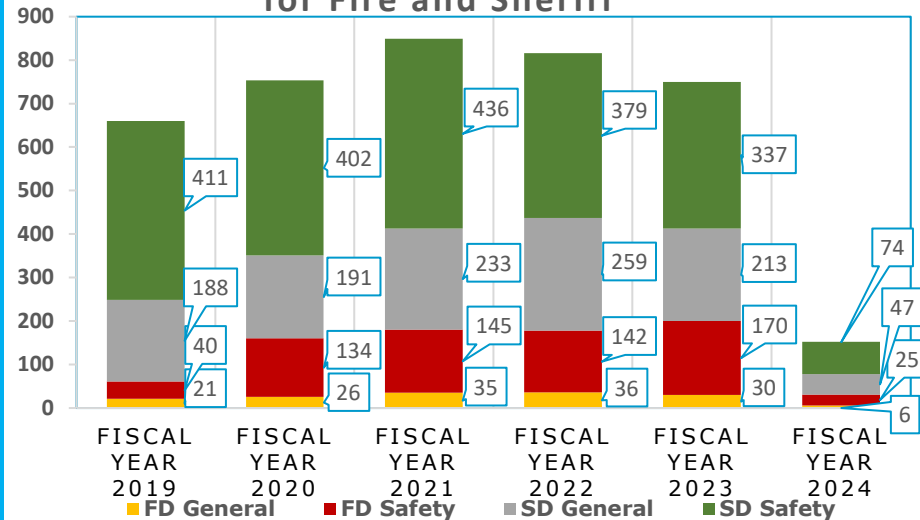
Membership Count as of: September 15, 2023

	PLAN	ACTIVE		INACTIVE		RETIRED				Totals by Plan/Type
		Vested	Non-Vested	Vested	Non-Vested	Service	SCD - Disability	NSCD - Disability	Survivors	
General	PLAN A	47	-	12	32	11,814	943	159	4,034	17,041
	PLAN B	11	-	6	3	566	40	7	73	706
	PLAN C	13	-	5	8	361	38	8	65	498
	PLAN D	33,597	124	4,506	3,295	18,948	2,006	451	2,014	64,941
	PLAN E	12,865	9	2,876	86	15,430	-	-	1,645	32,911
	PLAN G	19,079	18,636	1,675	6,766	259	26	7	23	46,471
	TOTAL GENERAL	65,612	18,769	9,080	10,190	47,378	3,053	632	7,854	162,568
Safety	PLAN A	-	-	2	2	1,819	2,407	26	1,634	5,890
	PLAN B	7,406	74	560	228	3,334	4,604	55	420	16,681
	PLAN C	2,638	2,439	128	527	11	18	-	2	5,763
	TOTAL SAFETY	10,044	2,513	690	757	5,164	7,029	81	2,056	28,334
	TOTAL ALL TYPES	75,656	21,282	9,770	10,947	52,542	10,082	713	9,910	190,902

Total Retirements Compared by Type



General vs. Safety Retirements for Fire and Sheriff





Member Snapshot

Average Monthly Benefit Allowance Distribution 09/22/2023

	General	Safety	Total	%
\$0 to \$3,999	30,031	1,333	31,364	49.6%
\$4,000 to \$7,999	14,768	3,438	18,206	28.8%
\$8,000 to \$11,999	4,362	4,293	8,655	13.7%
\$12,000 to \$15,999	1,243	2,437	3,680	5.8%
\$16,000 to \$19,999	428	547	975	1.5%
\$20,000 to \$23,999	129	154	283	0.4%
\$24,000 to \$27,999	34	51	85	0.1%
> \$28,000	32	8	40	0.1%
Totals	51,027	12,261	63,288	100%

Average Monthly Benefit Amount:

\$ **4,901.00**

Healthcare Program

(Mo. Ending: 08/31/2023)

	Employer	Member
Medical	\$106.7	\$7.5
Dental	\$8.3	\$0.8
Part B	\$15.5	\$0.0
Total	\$130.5	\$8.3

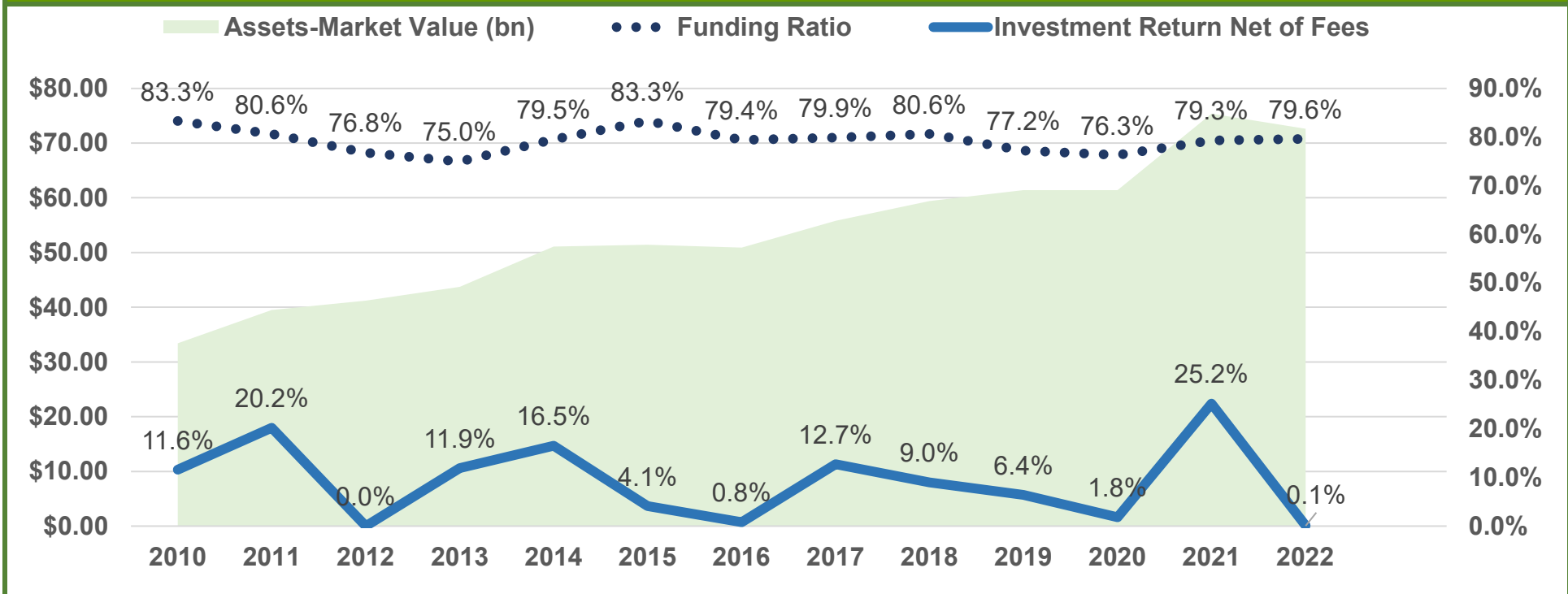
Health Care Enrollments

(Mo. Ending: 08/31/2023)

Medical	55,401
Dental	57,354
Part B	38,185
LTC	489
Total	151,429

KEY FINANCIAL METRICS

Fiscal Year End Financial Update (as of 06/30/2022)





Key Financial Metrics

LACERA

The Los Angeles County Employees Retirement Association
Pension Dollar



10¢
Employee
Contributions

69¢
LACERA
Investment Earnings

21¢
Employer (County)
Contributions

FUNDING METRICS (as of 6/30/22)

Employer NC	11.12%
UAAL	14.72%
Assumed Rate	7.00%
Star Reserve	\$614m
Total Assets	\$70.3b

Contributions (as of 6/30/22)

	Employer	Member
Annual Add	\$2.2b	\$758.6m
% of Payroll	25.84%	8.21%

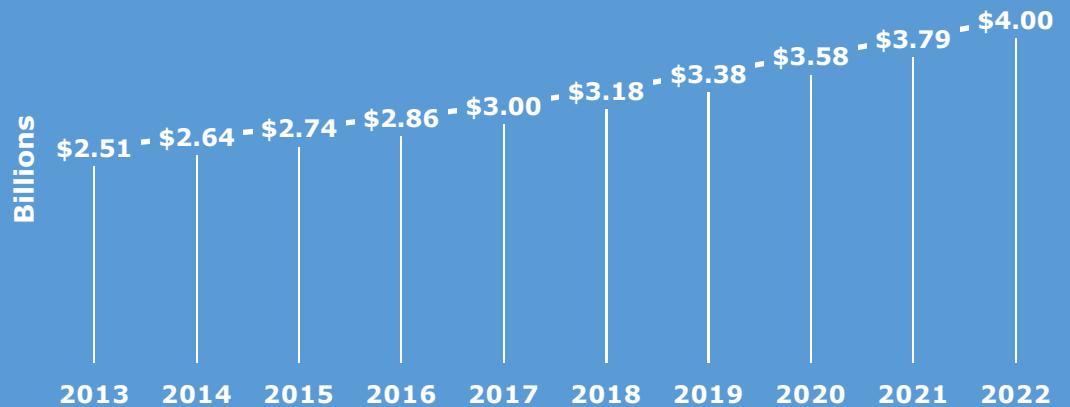
Investment Returns (as of 6/30/22)

	(Net of Fees)	
5 YR:	8.1%	10 YR: 8.6%

Retired Members Payroll (As of 07/31/2023)

Monthly Payroll	\$374.72m
Payroll YTD	\$0.8b
New Retired Payees Added	337
Seamless %	97.33%
New Seamless Payees Added	647
Seamless YTD	96.75%
By Check %	2.00%
By Direct Deposit %	98.00%

RETIREE PAYROLL BY YEAR





**QUIET PERIOD LIST FOR
TRUSTEES AND STAFF**

Last Update 09/26/2023

ADMINISTRATIVE/OPERATIONS

Solicitation Name	Issuing Division	Public Release Date	Solicitation Stage*	Bid Respondents*
RFP: Audit Committee Consultant	Internal Audit	9/06/2023	Soliciting Process	• TBD
RFP: Policy Management Solution	Executive Office	2/3/2023	Contract Development	• Compass 365
RFI: Death Audit and Data Cleansing Services	Benefits	4/14/2023	Bid Review	• PBI
RFP: External SOC Auditor	Internal Audit	3/08/2023	Contract Development	• Eide Bailly LLP • Plante Moran • Moss Adams • Clifton Larsen Allen LLP • RSM US LLP • Eisner Amper LLP • Davis Farr LLP • Lazarus Alliance Inc
RFP: Prepaid Debit Card Services	Benefits	6/15/2022 ISD's Website 08/2022	Contract Development	• Conduent
RFB: Classification and Compensation Study Services	Human Resources	8/24/2024	Solicitation Process	• TBD



INVESTMENTS

Solicitation Name	Public Release Date	Solicitation Stage*	Bid Respondents *
RFP: Commercial Real Estate Brokers	5/10/2023	Vendor Selection	<ul style="list-style-type: none"> • Avison • CBRE Group • Cushman and Wakefield • Eastdil • Higgenbotham • JLL • Newmark
RFP: Real Assets Emerging Manager Program Discretionary Separate Account Manager	1/30/2023	Vendor Selection	<ul style="list-style-type: none"> • ACRES Capital • Aether Investment Partners • ORG Portfolio Management • Barings • Belay Investment Group • Encore Enterprises, Inc. • Stable • Cambridge Associates • GCM Grosvenor • The Townsend Group • Cypress Creek Partners • Hamilton Lane Advisors • Neuberger Berman Group • Wafra Inc. • Artemis Real Estate Partners • Hawkeye Partners, LP • BlackRock • Astarte Capital Partners • Bentall Green Oak • Clear Sky Advisers • Clear Investment Group • Poverni Sheikh Group • Trilogy • Stepstone • Oak Street • White Deer
RFP: Private Market Analytics Platform Search	8/11/2023	Vendor Selection	<ul style="list-style-type: none"> • BlackRock • Burgiss • CEPRES • Clearwater • Dynamo • Hamilton Lane • Nasdaq

*Subject to change

Date	Conference
October, 2023	
1-4	CRCEA (California Retired County Employees Association) Fall Conference Stockton, CA
1-4	IFEBC (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference Boston, MA
5	2023 Midwest + West Coast Summit Chicago, IL
1-6	Prosper Africa U.S. Institutional Investors Delegation Trip and GEBF Thought Leadership Conference Johannesburg and Cape Town, South Africa
8-11	National Association of Corporate Directors (NACD) Summit 2023 Fort Washington, MD
16-20	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
18-20	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Boston, MA
21-22	NCPERS (National Conference on Public Employee Retirement Systems) 2023 Program for Advanced Trustee Studies (PATS) Las Vegas, NV <i>(held prior to the FALL Conference)</i>
22-25	NCPERS (National Conference on Public Employee Retirement Systems) FALL (Financial, Actuarial, Legislative & Legal) Conference Las Vegas, NV
22-24	Pacific Pension Institute (PPI) Executive Seminar-Japan at a Crossroads Tokyo, Japan
25-27	Pacific Pension Institute (PPI) Asia Pacific Roundtable Tokyo, Japan
27	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
November, 2023	
6-7	2023 SuperReturn North America New York, NY
7-9	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY

Date	Conference
7-10	SACRS Fall Conference Rancho Mirage, CA
14-17	2023 SuperInvestor International Zurich, Switzerland
December, 2023	
1	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
6	Southeast Investors Annual Meeting Miami, FL
January, 2024	
22-24	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
29-31	IFEBP (International Foundation of Employment Benefit Plans) Health Benefits Conference & Expo Clearwater, FL
March, 2024	
2-5	CALAPRS (California Association of Public Retirement Systems) General Assembly 2024 Rancho Mirage, CA
4-6	Council of Institutional Investors (CII) Spring Conference Washington D.C.
6-7	IFEBP (International Foundation of Employment Benefit Plans) Investments Institute Rancho Mirage, CA
6-8	Pacific Pension Institute (PPI) Winter Roundtable Napa, CA
12-14	AHIP (America’s Health Insurance Plans) Medicare, Medicaid, Duals and Commercial Markets Forum Baltimore, MD
21-22	PREA (Pension Real Estate Association) Spring Conference Nashville, TN
April, 2024	
4-5	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Rancho Mirage, CA



September 27, 2023

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Jessica C. Rivas,^{JR}
Staff Counsel

FOR: October 5, 2023 Board of Retirement Meeting
October 11, 2023 Board of Investments Meeting

SUBJECT: Amendments to Conflict of Interest Code

Recommendation

That the Board of Retirement and Board of Investments ratify the amended Conflict of Interest Code.

Legal Authority and Discussion

The Political Reform Act (“Act”) requires every local government agency to review its conflict of interest code biennially. A conflict of interest code tells public officials, governmental employees, and consultants what financial interests they must disclose on their Statement of Economic Interests (Form 700).

The Act requires each local government agency to receive approval for any necessary amendments from their code reviewing body. LACERA’s code reviewing body is the County of Los Angeles Board of Supervisors. The County has final editorial authority over the wording of the code. However, the Legal Office worked closely with the Conflict of Interest/Lobbyist Division of the Executive Office of the Board of Supervisors during the current biennial cycle, which began in 2022, to make the following necessary amendments to LACERA’s code:

- Page 1 – Revise the “Place of Filing Statements” and reassign the duties of the Filing Officer to LACERA, eliminating reference to filing with the Executive Office of the Board of Supervisors. This change allows all LACERA filers to file their statements electronically with LACERA through the Granicus eDisclosure website.
- Pages 3 and 5 – Remove a duplicative and unnecessary disclosure category (former (Category 6) from the code relating to consultants and add clarifying language that individuals performing work of a designated position under a contract who may be designated by the Chief Executive Officer as having disclosure requirements as code filers under a designated category in the code.

RE: Amendments to Conflict of Interest Code

September 27, 2023

Page 2

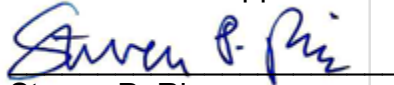
- Page 6 – Add language in the code specifically clarifying that independent contractors, consultants, and any of their employees who manage public investments or perform functions of the Chief Investment Officer are covered in the code as Section 87200 filers.
- Pages 4 and 6 – Add three positions to the code, the Alternate First Member (Chief Deputy, Treasurer and Tax Collector) who serves on both Boards, the Deputy Chief Executive Officer, and Deputy Chief Investment Officer. The Alternate First Member is a Section 87200 filer by virtue of having a position on the Board of Investments. The DCEO is a code filer in designated categories, and the DCIO is a Section 87200 filer since that position manages public investments.
- Pages 4, 5, and 6 – Change the titles of three positions, including the First Member (Treasurer and Tax Collector), Chief Information Technology Officer (LACERA), and Information Security Officer (LACERA). The latter two positions are code filers in designated categories.

A blacklined copy of the proposed code reflecting the above changes is attached for your reference. It was approved by the Board of Supervisors on September 26, 2023, and is now in effect. Staff requests that the LACERA Boards ratify the Code to ensure that it has direct organizational recognition and support, which is important in communicating the Board's endorsement to staff, consultants, and contractors, including investment managers.

Conclusion

Staff recommends that the Board of Retirement and Board of Investments ratify the amended Conflict of Interest Code.

Reviewed and Approved:



Steven P. Rice
Chief Counsel

Attachment

cc: Santos H. Kreimann
Jonathan Grabel
Luis A. Lugo
JJ Popowich
Laura Guglielmo
Carly Ntoya, Ph.D.
Richard Bendall

Conflict of Interest Code
of the

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
(LACERA)**

Incorporation of FPPC Regulation 18730 (2 California Code of Regulations, Section
18730) by Reference

The Political Reform Act (Government Code Section 81000, *et seq.*) requires state and local government agencies to adopt and promulgate conflict of interest codes. The Fair Political Practices Commission has adopted a regulation (2 Cal. Code of Regs. 18730), which contains the terms of a standard conflict of interest code. After public notice and hearing, it may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730, and any amendments to it duly adopted by the Fair Political Practices Commission, are hereby incorporated into the Conflict of Interest Code of this agency by reference. This regulation and the attached Appendices (or Exhibits) designating officials and employees and establishing economic disclosure categories shall constitute the Conflict of Interest Code of the Los Angeles County Employees Retirement Association (LACERA).

Place of Filing of Statements of Economic Interests

All officials and employees required by this Conflict of Interest Code to submit a statement of economic interests shall file their statements with LACERA's Chief Executive Officer; or his or her designee.

~~LACERA shall make and retain a copy of all statements filed by its Board Members, Alternate Board Members, as appropriate, and its Chief Executive Officer and forward the originals of such statements to the Executive Office of the Board of Supervisors of Los Angeles County.~~

LACERA shall retain the originals of statements for all ~~other~~ Designated Positions named in this Conflict of Interest Code and for: ~~Chief Counsel, LACERA; Chief Investment Officer, LACERA; and Principal Investment Officer, LACERA~~ **positions listed under "Officials Who Manage Public Investments"**. All retained statements, original or copied, shall be available for public inspection and reproduction (Gov. Code Section 81008).

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
(LACERA)**

EXHIBIT “A” – DISCLOSURE CATEGORIES

CATEGORY 1

Persons in this category shall disclose all interest in real property within the jurisdiction that would be suitable for housing all or part of LACERA’s operations and all real property within two miles of that property. Real property shall be deemed to be within the jurisdiction if the property or any part of it is located within or not more than two miles outside the boundaries of the County of Los Angeles or within two miles of any land used to conduct LACERA’s operations.

Persons are not required to disclose a residence, such as a home or vacation cabin, used exclusively as a personal residence; however, a residence in which a person rents out a room or for which a person claims a business deduction may be reportable.

CATEGORY 2

Persons in this category shall disclose all investments and business positions in, and all income (including gifts, loans and travel payments) received from, business entities that are the type utilized by LACERA.

CATEGORY 3

Persons in this category shall disclose all business positions and investments in business entities that are the type in which LACERA’s trust funds may be invested (include securities, real estate and business entities), all income (including gifts, loans and travel payments) from such business entities, and all interests in real estate co-owned with or purchased from such business entities.

CATEGORY 4

Persons in this category shall disclose all business positions, investments in, or income (including gifts, loans and travel payments) received from business entities that manufacture, provide or sell services and/or supplies of a type utilized by LACERA and associated with the job assignment of designated positions assigned to this disclosure category.

CATEGORY 5

Persons in this category shall disclose all income (including gifts, loans and travel payments) from, investments in and business positions with any member of LACERA, any agent or employee association representing any such member, and business positions with, investments in or income (including gifts, loans and travel payments) from any entity owned or controlled by any such member or any such member’s spouse or other financial dependent.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

EXHIBIT "A" – DISCLOSURE CATEGORIES (Continued)

CATEGORY 6

~~Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.~~

~~In addition, individuals who, under contract, participate in decisions which affect financial interests by providing information, advice, recommendation or counsel to LACERA which could affect a financial interest shall be required to file Statements of Economic Interests, unless they fall within the Political Reform Act's exceptions to the definition of consultant. The level of disclosure shall be as determined by LACERA's Chief Executive Officer or his or her designee. (See footnote in Exhibit "B" for clarification.)~~

CATEGORY 76 (Renumbered)

Persons in this category shall disclose all income (including gifts, loans and travel payments) received from any LACERA member, or agent of any such LACERA member, with a disability retirement application before the Board of Retirement (during the reporting period) and all business positions with, investments in, or income (including gifts, loans and travel payments) received, from any entity owned or controlled by any such member.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

EXHIBIT "B"

Designated Positions

Disclosure Categories

Board of Retirement:

First Member (County Treasurer and Tax Collector)	1, 2, 5 (Title change)
Alternate First Member (Chief Deputy, Treasurer and Tax Collector)	1, 2, 5 Add
Second Member (Elected General Member)	1, 2, 5
Third Member (Elected General Member)	1, 2, 5
Fourth Member (Appointed by Board of Supervisors)	1, 2, 5
Fifth Member (Appointed by Board of Supervisors)	1, 2, 5
Sixth Member (Appointed by Board of Supervisors)	1, 2, 5
Seventh Member (Elected Safety Member)	1, 2, 5
Eighth Member (Elected Retired Member)	1, 2, 5
Ninth Member (Appointed by Board of Supervisors)	1, 2, 5
Alternate Safety Member (Elected by Safety Members)	1, 2, 5
Alternate Retired Member (Elected by Retired Members)	1, 2, 5

Retirement Administration:

Assistant Executive Officer, LACERA, Unclassified	1, 2, 3, 5
Assistant Executive Officer, LACERA	1, 2, 3, 5
Deputy Chief Executive Officer, LACERA	1, 2, 3, 5 Add
Senior Staff Counsel, LACERA	1, 2, 3, 5
Staff Counsel, LACERA	1, 2, 3, 5
Chief Counsel, LACERA (Disability Litigation Section)	4, 7 6 Renumbered
Senior Staff Counsel, LACERA (Disability Litigation Section)	7 6 Renumbered
Senior Investment Officer, LACERA	1, 2, 3
Finance Analyst III, LACERA	1, 2, 3
Finance Analyst II, LACERA	1, 2, 3
Chief, Internal Audit, LACERA	4, 5
Chief Financial Officer, LACERA	4, 5
Division Manager, LACERA	4, 5
Assistant Chief Financial Officer, LACERA	4, 5
Assistant Division Manager, LACERA	4, 5
Director, Human Resources, LACERA	4
Administrative Services Officer, LACERA	4, 5
Disability Retirement Specialist Supervisor	4, 7 6 Renumbered
Contract Analyst, LACERA	4
Special Assistant, LACERA	4
Creative Coordinator, LACERA	4
Chief, Communications, LACERA	4
Director, Retiree Health, LACERA	4, 5
Principal Internal Auditor, LACERA	4, 5
Chief, Quality Assurance and Metrics, LACERA	4, 5
Section Head, LACERA	4, 5
Information Systems Manager, LACERA	4, 5

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

EXHIBIT “B” (Continued)

<u>Designated Positions</u>	<u>Disclosure Categories</u>
Chief Information Technology Officer, LACERA (was Chief Technology Officer, LACERA)	4 Title Change
Information Security Officer, LACERA (was Chief Information Security Officer, LACERA)	4 Title Change
Assistant Information Systems Manager, LACERA Consultants/New Positions*	4 —6

*Consultants/New Positions are included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in this code, subject to the following limitations:

The Chief Executive Officer or his or her designee may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with disclosure requirements in this section. Such written determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer or his or her designee’s determination is a public record and shall be retained for public inspection in the same manner and location as this conflict-of-interest code. (Gov. Code Section 81008.)

Individuals who perform under contract the duties of any designated position shall be required to file Statements of Economic Interests disclosing reportable interest in the categories assigned to that designated position.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

EXHIBIT "B" (Continued)

Officials Who Manage Public Investments:

The following positions are not covered by the code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only.

Board of Investments:

First Member (County Treasurer and Tax Collector)

Alternate First Member (Chief Deputy, Treasurer and Tax Collector) Add

Second Member (Elected General Member)

Third Member (Elected General Member)

Fourth Member (Elected Safety Member)

Fifth Member (Appointed by Board of Supervisors)

Sixth Member (Appointed by Board of Supervisors)

Seventh Member (Appointed by Board of Supervisors)

Eighth Member (Elected Retired Member)

Ninth Member (Appointed by Board of Supervisors)

LACERA Officials:

Chief Executive Officer, LACERA

Chief Executive Officer, LACERA, Unclassified

Chief Counsel, LACERA

Chief Investment Officer, LACERA, Unclassified

Deputy Chief Investment Officer, LACERA Add

Principal Investment Officer, LACERA, Unclassified

Principal Investment Officer, LACERA

~~Employees of LACERA's independent Contractors and Consultants who perform the same or substantially all the same functions as LACERA's Chief Investment Officer.~~

LACERA's independent contractors, consultants, and any of their employees, who pursuant to a contract with LACERA, manage public investments or perform the same or substantially all the same functions as the Chief Investment Officer.

EFFECTIVE DATE:



September 20, 2023

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Santos H. Kreimann *SHK*
Chief Executive Officer

FOR: October 5, 2023 Board of Retirement Meeting
October 11, 2023 Board of Investments Meeting

SUBJECT: Information Technology Manager II, LACERA (Business Solutions)
Step Placement Upon Appointment – Ganesh Gopanapalli

RECOMMENDATION

That the Boards approve the proposed Step Placement to hire for the position of Information Technology Manager II, LACERA:

- Ganesh Gopanapalli – LS 12 (Step 15, \$196,421.76/annual)

BACKGROUND

On June 12, 2023, LACERA Human Resources (HR) contracted with an executive recruitment firm, WBCP, Inc., to administer three (3) recruitments for Information Technology Manager II, LACERA. The purpose was to fill vacant positions allocated to manage the Business Solutions, Infrastructure, and Project Management Office sections in LACERA's Systems Division. All three positions report directly to Kathy Delino, Chief, Information Technology, LACERA. The salary range for Information Technology Manager II is LS12 (\$135, 700.68 - \$205,394.04/annual).

Business Solutions

The recruitment for Information Technology Manager II, LACERA (Business Solutions) was active from June 30, 2023 – July 27, 2023. WBCP received 164 applications, of which the 24 most qualified candidates were placed on the Eligible Register. Of these, 8 candidates were reachable on the Register and interviewed by a panel of three. Lastly, there were in-person interviews of the top 4 candidates.

The Business Solutions team supports the Workspace Suite of applications, LACERA's legacy mainframe application, Dynamics GP, JBoss Application Server, Sol Case Management, IBM P8 Enterprise Content Management, ServiceNow, SharePoint, and all custom developed web applications. There are 29 positions on the Business Solutions team that include database administrators, system administrators, system architects, production support technicians, business analysts, web designers, and developers. The selected incumbent will fulfill the duties

no longer directly performed by Ms. Delino upon appointment to the position of Chief, Information Technology, LACERA.

For the Business Solutions position, Systems Division requests to hire Ganesh Gopanapalli and offer a starting salary at Step 15 of the salary schedule for Information Technology Manager II, LACERA. The requested starting salary is based on salary negotiations with Mr. Gopanapalli and commensurate with his 18 years of experience managing information technology development and delivery. Mr. Gopanapalli specializes in Agile transformation, which will be very beneficial in his new role. Currently Mr. Gopanapalli is working for UST, a global leader in digital transformation consulting, where he is overhauling the program management and delivery of a data warehouse for a major customer. In addition to UST, Mr. Gopanapalli previously worked as a development and implementation consultant for Cognizant, a Fortune 500 company specializing in generative Artificial Intelligence, and was also previously the Director of IT for Anthem Inc. in Moorpark, CA. Mr. Gopanapalli's experience in the healthcare industry and proven success with Agile application development and delivery would prove to be an asset to the Systems Division and LACERA. Step 15 will provide an annual salary of \$196,421.76 and will appropriately compensate Mr. Gopanapalli for the level of expertise and experience he will bring to LACERA.

PROCEDURE FOR ESTABLISHING CLASSIFICATIONS AND PAY RANGES

The authority to provide Mr. Gopanapalli a starting salary at Step 15 rests jointly with the Board of Retirement and Board of Investments. Such authority is provided under Civil Service Rule 6.127.040 – LACERA Tier 1 and Tier II Management Appraisal and Performance Plan §P. 1. Tier II establishment of step placement upon appointment:

A person appointed to a class or position designated as participating in the Tier II Management Appraisal and Performance Plan shall be paid as follows:

1. Appointment of Persons Not Employed by the county or LACERA. For persons not employed by the county or LACERA and who are appointed to positions participating in the Tier II Management Appraisal and Performance Plan, the retirement administrator may designate any step up to and including step 12 of the Salary range established for the position to which the person is being appointed, provided the retirement administrator makes a written finding based on an analysis of factors to justify hiring above the minimum of the Salary range. Appointment to a salary rate greater than step 12 shall require prior approval of the board of retirement and board of investments jointly.

On September 18, 2023, Mr. Gopanapalli was provided a conditional offer of employment, with starting compensation at Step 15 pending approval by the Boards. Mr. Gopanapalli accepted the offer on September 20, 2023, and is completing his background check and LiveScan. Upon approval of the Step Placement request by the Boards of Retirement and Board of Investments, Human Resources (HR) anticipates a start date for Mr. Gopanapalli of November 1, 2023. If the Boards were to deny the Step Placement request, Human Resources will continue to negotiate starting compensation with Mr. Gopanapalli until an appropriate resolution is met or Systems will consider another candidate.

RE: Information Technology Manager II, LACERA (Business Solutions)

September 20, 2023

Page 3 of 3

RECOMMENDATION

That the Boards approve the proposed Step Placement to hire for the position of Information Technology Manager II, LACERA:

- Ganesh Gopanapalli – LS 12 (Step 15, \$196,421.76/annual)

CN:cc

cc: Santos H. Kreimann

Steven P. Rice

Luis Lugo

Laura Guglielmo

JJ Popowich

Carly Ntoya

Attachments

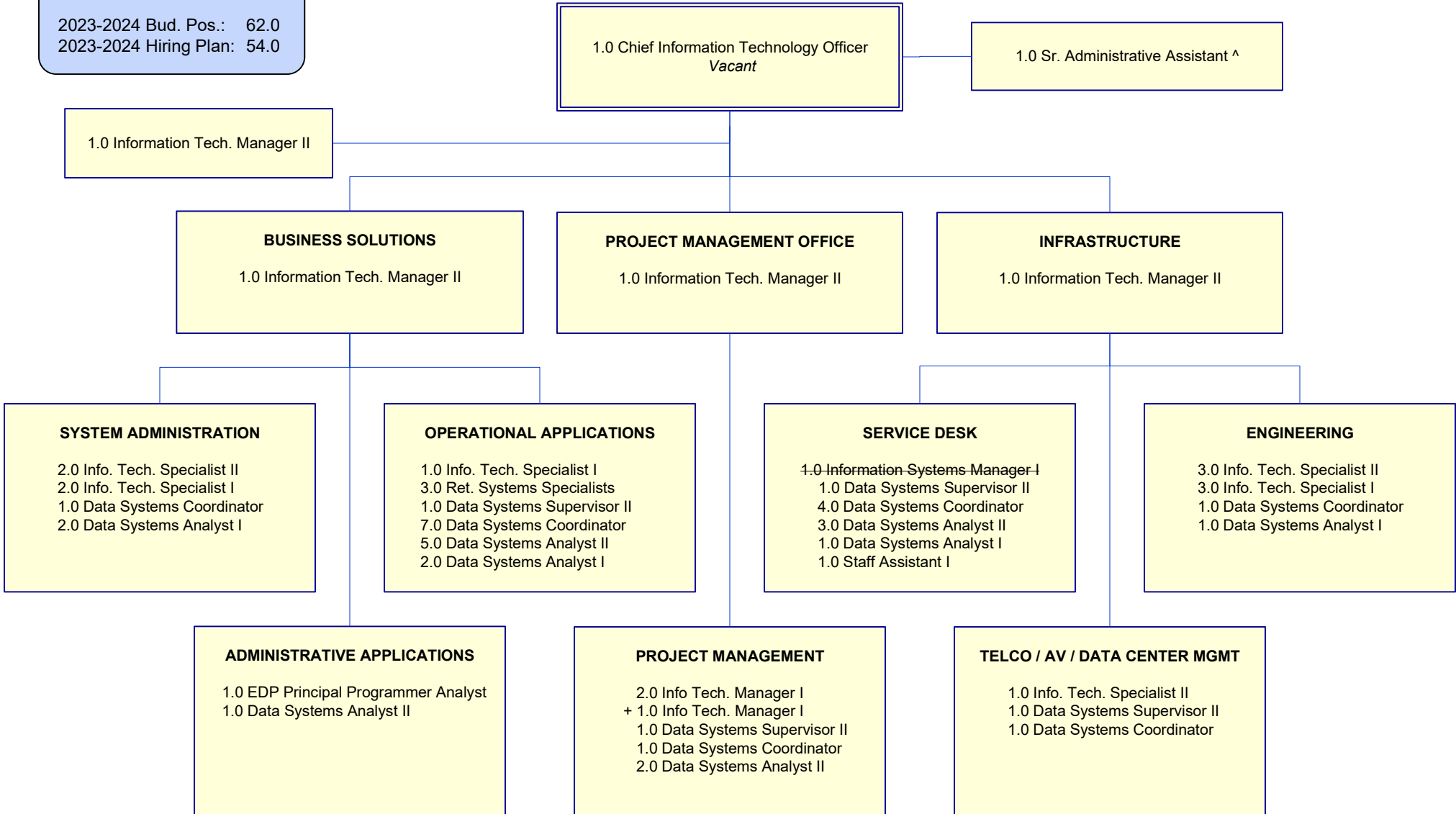
Organizational Chart

SYSTEMS DIVISION

FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 62.0
2022-2023 Hiring Plan: 62.0

2023-2024 Bud. Pos.: 62.0
2023-2024 Hiring Plan: 54.0



+ Added position

– Deleted position

^ Position upgrade from Senior Secretary to Senior Administrative Assistant as a result of classification study (Board of Supervisors approved on October 18, 2022).

September 26, 2023

TO: Each Trustee,
Board of Retirement
Board of Investments

FROM: Steven P. Rice, *SPR*
Chief Counsel

FOR: October 5, 2023 Board of Retirement Meeting
October 11, 2023 Board of Investments Meeting

SUBJECT: Split-Dollar Whole Life Insurance Policy for Chief Executive Officer,
Santos H. Kreimann

Recommendation

That the Board of Retirement and Board of Investments approve and ratify staff's purchase of a \$300,000 split-dollar whole life insurance policy for the Chief Executive Officer, Santos H. Kreimann, with \$200,000 payable to the CEO's beneficiary and the balance of the policy benefit payable to LACERA for premium and cost recovery.

Legal Authority

The LACERA Boards have sole authority to jointly determine, without other review or approval, the salary and benefits of the Chief Executive Officer. Los Angeles County Ordinance 6.127.030.B.1. The County Employees Retirement Law of 1937 (CERL) also recognizes the authority of the LACERA Board with respect to compensation of the retirement administrator, or CEO. Cal. Gov't Code § 31522.2.

Matters of public employee salary and benefits must be acted upon in open session under the Brown Act. Cal. Gov't Code § 54953(c)(1).

Discussion

Section 7 and Exhibit A to the Employment Agreement dated November 16, 2019 between LACERA and Mr. Kreimann state that he will be provided "Split Dollar' Life Insurance – A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan," which for Mr. Kreimann is \$200,000 based on information provided in 2019 and 2020 by the program agent, Brian Bozajian. Such insurance is consistent with County Ordinance 6.127.020.A that LACERA's CEO will be entitled to "the same benefits as a county officer on an item designated as 'L' pursuant to the provisions of subdivision B of Section 6.28.020." County "L" items, at the time of Mr. Kreimann's 2019 employment agreement, received split-dollar insurance.

Notwithstanding the Employment Agreement, the program agent was not able to secure the promised coverage for Mr. Kreimann in 2019 and 2020 due to concerns that arose in the underwriting process.

Therefore, following joint board meetings on June 24, 2020 and September 30, 2020, the Boards, acting with the input of fiduciary counsel, approved Amendment No. 1 dated September 30, 2020 to Mr. Kreimann's Employment Agreement providing, in Section 1, that LACERA will pay a \$200,000 death benefit to his beneficiary. Amendment No. 1 also provides, in Section 2(a), that the right to the LACERA-paid death benefit will terminate at such time as LACERA delivers to the CEO a split-dollar insurance policy in the amount of \$200,000. Section 2(a) of the Amendment No. 1 further provides that Mr. Kreimann would cooperate in LACERA's efforts to obtain insurance, including attending medical exams and providing underwriting information "no less frequently than twice every calendar year."

The original November 16, 2019 Employment Agreement is attached as Attachment 1. The memos for the June 24, 2020 and September 30, 2020 joint board meetings (without duplicative attachments) are attached as Attachments 2 and 3, respectively. The signed September 30, 2020 Amendment No. 1 is attached as Attachment 4.

Since September 2020, Mr. Kreimann consulted with the program agent, Mr. Bozajian, regularly and provided underwriting information. However, Mr. Bozajian was unable to obtain an offer of insurance until the past month, at which time he obtained offers for \$250,000 and \$300,000 universal and whole life policies. Redacted, partial copies of the offers are attached at Attachment 5. Attachment 5 also includes a draft of the Endorsement Agreement for the policy, which will be changed in its final version to reflect that the three-year vesting period has been met since it has been more than three years since Mr. Kreimann began his LACERA employment.

Based on consultation between Mr. Bozajian, Luis Lugo, Chief Counsel, and fiduciary counsel Robert D. Klausner, it was determined that LACERA would recommend to the Boards that they approve the \$300,000 split-dollar whole life policy at an annual premium of \$27,818. Death proceeds of the policy will be split between Mr. Kreimann's beneficiary and LACERA. Mr. Kreimann's beneficiary will be entitled to a \$200,000 death benefit, with the balance payable to LACERA as recovery of premiums paid. This policy will be issued for \$300,000 and will increase over time. See Attachment 5. LACERA will budget for and pay the policy premium annually as an administrative expense. Note that depending on when the death benefit becomes due, there may, in certain years, nevertheless be a shortfall in premium recovery.

In order to bind the policy and avoid additional underwriting that might have been required

because of time between the date of the insurer's offer and the October Board meetings, Mr. Lugo, under his authority and with the endorsement of fiduciary counsel, agreed to pay the first annual premium of \$27,818 pending Board approval. If the Boards' do not grant approval, the premium will be refunded on a pro rata basis for less than three weeks of coverage.

Fiduciary Counsel's Opinion

Mr. Klausner authorized the following statement to be included in this memo as his opinion on this recommendation:

"I have reviewed the CEO's employment agreement, particularly the provisions relating to LACERA's obligation to provide split dollar level life insurance benefit. Based on the CEO's age at the time of the agreement, the benefit payable to the beneficiary would be \$200,000 with the remainder payable to LACERA.

I carefully reviewed the history of the benefit. I met, together with the Deputy CEO and Chief Counsel, with LACERA's insurance advisor. I reviewed with him the various proposals and which of them would most efficiently and cost-effectively enable LACERA to fulfill this compensation obligation to the CEO. I concur with the recommendation of the insurance advisor that binding the \$300,000 whole life product is the optimum path for LACERA. The difference in premiums was de minimis but the larger policy increases LACERA's long term offset of the cost. I am familiar with the insurance company recommendation and its strong financial security.

The insurance advisor recommended that the Deputy CEO authorize the policy and tender the first year's premium. This is advisable to avoid losing the policy, which has proven difficult to obtain, should the Board's not be able to convene prior to the due date of the policy binder. Should the Boards decide not to proceed, LACERA would receive a refund of the premium payment less the daily coverage amount which is less than \$75 per day. Based on the likely date of a joint Board meeting, the risk to LACERA would be approximately \$1000.

Taking the above information into consideration, it is my view that shifting the insurance coverage risk and administration to a secure commercial insurance carrier, in the manner recommended by the insurance advisor, is the best practice and consistent with the Boards' fiduciary duties.

Please forward to the Boards in the manner you deem best."

Re: Split-Dollar Whole Life Insurance Policy for CEO

September 26, 2023

Page 4 of 4

Conclusion

Staff recommends that the Board of Retirement and Board of Investments approve and ratify LACERA's purchase of a \$300,000 split-dollar whole life insurance policy for Chief Executive Officer, Santos H. Kreimann, with \$200,000 payable to the CEO's beneficiary and the balance of the policy benefit payable to LACERA for premium and cost recovery. Mr. Bozajian and Mr. Klausner plan to attend the Board meetings.

Attachments

c: Luis A. Lugo
Carly Ntoya, Ph.D.
Jasmine Bath

ATTACHMENT 1

11/16/2019 Original Employment Agreement

**EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA**

This Agreement (Agreement) is made and entered into as of November 16, 2019, at Pasadena, California, by and between the Los Angeles County Employees Retirement Association (LACERA), by its Board of Retirement and Board of Investments (collectively, Boards), and Santos H. Kreimann (Kreimann).

WHEREAS, the Boards have implemented the provisions of California Government Code Section 31522.2 by appointing a person to act as retirement administrator, which is the senior administrative officer of the organization; and

WHEREAS, the retirement administrator position has been designated in Los Angeles County Code Section 6.127.020 as having the title of Chief Executive Officer, LACERA (CEO); and

WHEREAS, Section 6.127.030.B.1 of the Los Angeles County Code provides that the person appointed as CEO may receive such salary and benefits as determined by written agreement between LACERA, through its Boards, and the CEO; and

WHEREAS, the Boards have determined that Kreimann is qualified to perform the duties and responsibilities of CEO, and have selected Kreimann to serve as CEO according to the terms of this Agreement.

NOW, THEREFORE, LACERA and Kreimann agree, subject to Paragraph 8, as follows:

1. APPOINTMENT. The Boards hereby appoint Kreimann as CEO, subject to the terms and conditions of this Agreement, and Kreimann accepts and agrees to such appointment. Under California Government Code Section 31522.2, the CEO shall be an employee of the County of Los Angeles, reporting to the Boards and with performance of services exclusively for LACERA as described in Paragraph 4.

2. REPRESENTATION. Kreimann represents and warrants that all information regarding qualifications, all applications and resumes, and all additional background information provided, verbally or in writing, to the Boards and their representatives, including Alliance RC and LACERA staff, and all of their respective background check vendors, at any and all times during the course of the recruiting process for the CEO position prior to the execution of this Agreement, were truthful, accurate, and complete and did not omit any facts necessary to have an accurate understanding of Kreimann's background, skills, and experience. This representation is material to the Boards' willingness to enter into this Agreement.

3. TERM. Kreimann's appointment shall commence on November 16, 2019, or such other date as determined by the Boards in their sole discretion (Effective Date). As provided by California Government Code Section 31522.2, the position of CEO is not subject to county civil service or merit system rules, and Kreimann shall be an at-will employee and serve at the pleasure of, and may be dismissed at any time at the will of, the Boards, with or without cause, and with or without any period of notice. Specific

charges, a statement of reasons, or good cause shall not be required as a basis for dismissal. Dismissal by the Boards shall constitute an immediate termination of this Agreement, except those provisions that expressly survive termination. Kreimann expressly waives and disclaims any right to any pre-termination or post-termination notice and hearing, except for the notice provided in Paragraph 11.

4. DESCRIPTION OF SERVICES. Kreimann shall perform all of the duties of CEO, as directed by the Boards from time to time, including but not limited to those described in the Position Information and Examples of Essential Job Functions stated in Exhibit A to this Agreement. As CEO, Kreimann shall be LACERA's senior administrative officer, reporting directly to the Boards, and shall be expected to fulfill the needs of the organization as they may change from time to time and as directed by the Boards based on LACERA's needs and objectives. The CEO position requires maintenance of a full-time work schedule, including presence in LACERA's office each business day, subject to business travel and vacation and other permitted personal use time and reasonable flexibility with respect to the occasional need to work remotely. Kreimann shall notify the Boards in advance if he will be out of Los Angeles County or unavailable for necessary communication during time away from the office. Kreimann is expected to engage in those hours of work that are necessary to fulfill the obligations of the CEO position. The position does not have set hours of work, and the CEO is expected to be available at all times.

Kreimann shall perform all duties hereunder in a manner consistent with the level of competency, ethics and avoidance of actual or potential conflicts of interest, and standard of care normally observed by a person employed as a Chief Executive Officer of a large California public employees' retirement system, taking into account the services required from the CEO and LACERA's working environment and resources.

Kreimann shall not engage in teaching, consulting, speaking, or other non-LACERA work or business for which any form of value is paid, without the express prior written consent of the Boards.

5. LACERA'S COMMITMENTS.

- a. LACERA shall provide Kreimann with the salary and benefits as specified in Paragraphs 6 and 7 of this Agreement, subject to Paragraph 8 and all other provisions of this Agreement.
- b. LACERA shall provide Kreimann with an individual office on LACERA premises, a secretary, and such furniture, fixtures, equipment and supplies, including those described in Exhibit B, to the extent reasonably necessary for the performance of the CEO's duties. Furniture, fixtures, equipment and supplies remain the property of LACERA and shall be promptly returned upon separation under Paragraph 11.
- c. LACERA shall pay for or provide Kreimann reimbursement for all reasonable and lawful actual out-of-pocket business expenses incurred on behalf of

LACERA. LACERA shall provide Kreimann a LACERA credit or debit card to charge reasonable and lawful business expenses.

- d. LACERA shall pay for Kreimann to attend and receive education and training reasonably related to his service as LACERA's CEO, as authorized in advance by the Board Chairs or LACERA policies. LACERA shall pay professional dues and subscriptions on behalf of Kreimann which are reasonably related to the CEO's duties and participation in national, regional, state, and local associations and organizations necessary and desirable for the good of LACERA. LACERA shall pay the reasonable and actual travel and subsistence expenses of the CEO to pursue official and other functions for LACERA, and meetings and occasions to continue the professional development of the CEO, including but not limited to national, regional, state, and local conferences, and governmental groups and committees upon which the CEO serves as a member in accordance with LACERA's Education and Travel Policy, as it may be revised by the Boards from time to time, and provided by budget and/or the preapproval of the Board Chairs.
- e. The Boards set policy, in their sole discretion, for the governance and administration of LACERA and implement their respective policies through the CEO in accordance with the Boards' policies, charters, and rules in effect from time to time.
- f. The Boards may conduct annual goal-setting and annual performance evaluations of Kreimann as CEO pursuant to a schedule, standards, and procedures in their sole discretion, including more frequently than annually, consistent with the duties of the CEO position as provided herein.

6. SALARY. Subject to Paragraph 8, Kreimann shall be compensated at a gross base salary, before taxes and any other required or elective deductions, of \$400,000 gross annually (Starting Salary), paid on a bi-monthly basis by way of direct deposit and subject to usual and customary deductions for taxes, benefits, and insurance and any other deductions required or permitted by law, commencing as of the Effective Date and continuing during the time he serves as CEO, pro-rated on a daily basis. Kreimann may, but is not entitled to, receive salary adjustments from time to time as the Boards determine in their sole discretion in accordance with California Government Code Section 31522.2 and Sections 6.127.020 and 6.127.030 and other provisions of the Los Angeles County Code, as applicable to the CEO position.

7. BENEFITS. Subject to Paragraph 8, Kreimann shall receive the benefits now and hereafter provided for those persons occupying positions designated as "L" items by Section 6.28.020.B of the Los Angeles County Code. Benefits provided as of the Effective Date are listed in Exhibit B. Benefits may be adjusted by the Boards in their discretion consistent with the Los Angeles County Code.

8. BOARD APPROVAL. This Agreement, including but not limited to the salary and benefits as provided in Paragraphs 6 and 7, is subject to approval of the Boards at a

duly noticed and agendized public meeting and, notwithstanding any other provision of this Agreement, is not effective in any respect until such approval is given. If Board approval is not obtained prior to the Effective Date, the Effective Date shall be the first business day after approval of both Boards has been obtained and the Boards have duly executed this Agreement. This Agreement is subject to public disclosure to the extent required by the California Public Records Act, Cal. Gov't Code §§ 6250 et seq.

9. CONFLICTS AND COMPLIANCE. Kreimann shall be required to file a Form 700 Statement of Economic Interests within 30 days of assuming the CEO position, and within 30 days of leaving the CEO position, to comply with California law regarding disclosure of potential conflicts of interest, and at other times as required by LACERA and applicable law. Kreimann shall abide by LACERA's Mission, Vision, and Values, its Code of Ethical Conduct and Conflict of Interest Codes, all other LACERA policies and procedures, and all applicable laws and regulations relating to LACERA's business and operations, including but not limited to LACERA policies and procedures, laws, and regulations regarding ethics and avoidance of conflicts of interest.

10. CONFIDENTIALITY AND PRIVACY. During employment with LACERA, Kreimann will have access to confidential and private LACERA member and other information. Without limiting the generality of Paragraph 9, during and after employment, Kreimann shall abide by all applicable laws and regulations and LACERA policies and procedures concerning the confidentiality and privacy of member information and other LACERA information.

11. SEPARATION.

- a. Administrative Leave. The Boards may place Kreimann on administrative leave when in the best interests of LACERA, as determined by the Boards in their sole discretion. The administrative leave shall be effective as of the date set forth in a written notice delivered to Kreimann. Upon delivery of such notice to Kreimann, Kreimann's duties under this Agreement shall be suspended as of the effective date stated in the notice, but all other provisions of this Agreement shall remain in full force and effect except as inconsistent with this subparagraph. Thereafter, Kreimann's duties under this Agreement shall be performed by the Acting CEO or other designee(s) of the Boards. Kreimann agrees that he shall not perform or attempt to perform any of the duties of CEO, or in any other way interfere with the administration or operation of LACERA, during the period of administrative leave. The administrative leave and the suspension of the duties provided for herein shall terminate on the Boards' delivery to Kreimann of a written notice terminating the leave, which may include termination of employment.
- b. Resignation. Kreimann may resign at any time and agrees to give the Boards at least 60 days advance written notice of the effective date of the resignation, unless the Parties otherwise agree in writing.

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- c. Termination and Removal. Kreimann is an at-will employee serving at the pleasure of the Boards. The Boards may remove Kreimann at any time, with or without cause, by a majority vote of the members of each Board. Notice of termination shall be provided to Kreimann in writing. No period of notice is required, and notice may be effective immediately upon delivery or at a later date, in the Boards' sole discretion. [REDACTED] [Kreimann's Initials]
- d. Transition. Given the at-will nature of the CEO position, an important element of this Agreement pertains to separation. It is in both LACERA's interest and that of Kreimann that any separation of Kreimann is done in a cooperative and businesslike manner. Kreimann shall reasonably cooperate in a transition period, including but not limited to delaying the effective date of separation, training and sharing knowledge with his successor, and leaving electronic and physical files in good condition and readily accessible after separation. Upon or after separation, Kreimann shall not, without LACERA's written consent, retain any LACERA property or the original or any copy of LACERA documents or information in any form or media. All such property or information will be returned to LACERA within five (5) days of the effective date of separation.
- e. Termination for Cause. Kreimann's employment may be terminated immediately by LACERA upon the Boards' determination that Kreimann has engaged in any of the following: (i) fraud, misrepresentation or misconduct; (ii) breach of this Agreement, and/or the policies or procedures of LACERA; (iii) breach of fiduciary duties owed to LACERA; (iv) any conduct which constitutes negligence or recklessness that is materially injurious to LACERA, the Boards, or LACERA members; (v) disloyalty, including, without limitation, fraud, embezzlement, theft or dishonesty; (vi) the misuse or disclosure of confidential information to persons not entitled to receive such information; and (vii) failure to follow a lawful direction from either of the Boards. Cause shall also include the occurrence of Kreimann's conviction of or plea of nolo contendere (i.e., no contest) to: (viii) any felony or a misdemeanor that has been found to involve moral turpitude by any published California appellate decision; or (ix) a misdemeanor violation of the California Political Reform Act (Cal. Gov't Code §§ 87100 et seq.).
- f. Termination without Cause. If LACERA terminates Kreimann without cause, he will be provided a monetary severance payment equal to the sum of six (6) months of base salary and benefits (calculated as 19% of six (6) months of base salary) as of the date of termination. As a non-severable condition precedent of receiving this severance payment, Kreimann shall provide a general release under California Civil Code Section 1542 of any and all claims, known and unknown against LACERA, and its trustees, directors, officers, employees, agents and representatives, to the maximum extent permitted by law.

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g. **Nondisparagement.** Upon separation for any reason, with or without cause, neither Kreimann nor LACERA shall make any statement, orally, in writing, or through any other media, that is reasonably likely to disparage the other or degrade the other's reputation with any person or entity, provided that the parties may document, between each other or in any official proceeding, their position in connection with a separation for cause. The parties may respond to legal process. LACERA may also respond, as legally required or as necessary to protect its interests, in its sole discretion, to Public Records Act requests or other requests for public information. For purposes of this paragraph, "LACERA" means LACERA, and its Boards, trustees, and staff speaking in an official and authorized capacity. LACERA is not responsible under this paragraph for unauthorized statements made by any current or former LACERA trustees or staff.

12. **INTEGRATION.** This Agreement and the attachments to it state all terms of the parties' agreement and is the exclusive statement of the parties' understanding. Except as provided in Paragraph 2, all prior representations, statements, and understandings, express or implied, including but not limited to the Conditional Offer of Employment dated October 21, 2019, are of no force and effect and cannot be used to alter the terms of this Agreement. In the event of any inconsistencies between the terms of this Agreement and the terms of any provision of the County Code, the terms of this Agreement shall control to the maximum extent allowed by law.

13. **CONTROLLING LAW; DISPUTES.** This Agreement and all claims arising from or related to this Agreement or Kreimann's employment as LACERA's CEO shall be subject to the laws of the State of California, without regard to its choice of law provisions. All disputes arising from or related to this Agreement or Kreimann's employment with LACERA that must be subject to resolution in court notwithstanding Paragraph 14 shall be resolved exclusively in California state or federal courts sitting in the County of Los Angeles. The parties agree to the exclusive personal and subject matter jurisdiction of such courts for all disputes. [REDACTED] [Kreimann's Initials]

14. **MANDATORY MEDIATION AND ARBITRATION.** To the maximum extent permitted under applicable law, all claims arising from or related to this Agreement and the attachments to it, the recruitment for employment, the Conditional Offer of Employment, and Kreimann's employment, compensation, or separation as LACERA's CEO, including acts or omissions of the Boards or LACERA's staff or representatives, any and all such claims or disputes between them shall be subject to mandatory pre-filing mediation in the County of Los Angeles before a mutually agreed upon mediator, who absent any other agreement of the parties, shall be a retired California state or federal judicial officer; the costs of the mediation shall be paid by LACERA. If following mediation, the claims of either party are not successfully resolved, any and all such claims and disputes between them, except claims that as a matter of law cannot be subject to arbitration, shall be subject to mandatory binding arbitration in the County of Los Angeles before a single mutually agreed upon arbitrator, who absent any other agreement of both parties, shall be a retired California state or federal judicial officer associated with the Los Angeles region of the Judicial Arbitration and Mediation Service

(JAMS) and administered through JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. The costs of the arbitrator and arbitration service shall be paid by LACERA. The arbitrator's award may be entered in any court having jurisdiction. [Redacted] [Initials of All Parties]

15. SEVERABILITY. If any provision of this Agreement is declared unenforceable or invalid, such provision shall be deemed severed from the Agreement, and the remainder of this Agreement shall remain valid and enforceable and in no way impaired or invalidated, in order to carry out the parties' intent herein the fullest extent possible.

16. WAIVER. Both parties shall be deemed to have participated equally in the drafting of this Agreement, and this Agreement shall be interpreted without regard to California Civil Code Section 1654, which is waived by the parties.

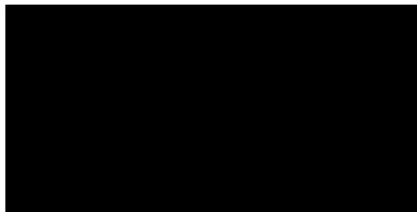
17. ASSIGNMENT. This Agreement and all rights hereunder are personal to Kreimann and may not be assigned or transferred by Kreimann at any time.

18. NOTICE. Any notice required under this Agreement shall be effective immediately upon personal delivery, 24 hours after the date of transmission via email, 48 hours after deposited for overnight delivery service, or 72 hours after deposited by delivery by U.S. First Class mail. The following information shall be used for delivery of notice to the parties, subject to change in writing:

LACERA:

Steven P. Rice
Chief Counsel
Los Angeles County Employees Retirement Association
300 N. Lake Ave, Suite 630
Pasadena, CA 91101
srice@lacera.com
(626) 564-6000, Extension 4340

Kreimann:



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19. ACKNOWLEDGMENT. The parties acknowledge and agree that they have had the opportunity to consult with an attorney of their own choice in the drafting of this Agreement, and sign it without questions or reservations and with full understanding of its terms. [REDACTED] [Kreimann's Initials]

20. SURVIVAL. The parties agree that Paragraphs 9, 10, 11(d), 11(g), 12, 13, 14, 15, 16, 17, 18, and 19 shall survive termination of this Agreement to the fullest extent possible in fact and by law.

IN WITNESS WHEREOF, LACERA's Boards of Retirement and Investments each have authorized and caused this Agreement to be signed by the Chair of each Board, and Kreimann has signed this Agreement as of the Effective Date.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

By: [REDACTED]
Chair of the Board of Retirement
Dated: 11/21/19

By: [REDACTED]
Chair of the Board of Investments
Dated: 11/21/19

[REDACTED]
Santos H. Kreimann
Dated: 4/4/2019

EXHIBIT A
To
EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA

Position Information:

The one position allocable to this class is appointed by LACERA's Board of Retirement and Board of Investments to act as retirement administrator, pursuant to Government Code Section 31522.2. The incumbent of this position is the executive and administrative head of the Retirement Association and has full responsibility for planning, organizing and directing the operations of LACERA, except that the Board of Investments may delegate specific investment authority and responsibility to others. In this role, the incumbent manages the system within the framework established by the State Constitution and State laws, and in compliance with the policies, rules, and regulations adopted by the Board of Retirement and, when applicable, the Board of Investments.

As the advisor to the Boards of Retirement and Investments, the incumbent makes recommendations on all matters pertaining to LACERA; assures Board orders and requests are implemented, cooperates with and acts as liaison between the Boards, the staff, member organizations, employers, government departments and agencies, the Legislature, and the public; and directs the administrative support and secretarial services to the Boards.

As the Chief Executive Officer, the incumbent is responsible for providing the direction for the Retirement Association, including but not limited to: establishing and accomplishing goals; ensuring accurate service to LACERA members; ensuring the best caliber staff are employed to manage LACERA's investments and programs; directing the preparation of the Retirement Association's budget; ensuring the integrity of the Association's and County's policies and practices; and ensuring the accounting, financial and actuarial programs are sound.

Examples of Essential Job Functions:

Administers a comprehensive program of retirement, disability, survivor, and health benefits for retired members.

Plan, prepare for, attend, and participate in Board meetings, offsites, strategic planning sessions, and such other meetings, conferences, and communications with trustees, staff, vendors, and other parties as required.

Directs all activities relating to benefits, investments, accounting, auditing, administrative services, legal services, information systems and services, and human resources.

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Directs the development of and presents recommendations concerning organizational priorities and operations objectives for the consideration and approval of LACERA's governing Boards of Retirement and Investments.

Serves as liaison between LACERA staff and LACERA's governing boards by coordinating the implementation of Board policies.

Directs the development and implementation of LACERA's annual budget, obtaining Board approval, and enforcing appropriate expenditure control.

Directs the monitoring compliance activities of the Retirement Association with respect to applicable federal, state, and County laws and regulations.

Directs the analysis of and development of responses to proposed legislation; formulates strategies to achieve LACERA's legislative goals; and addresses legislative committees and other groups on subjects relating to retirement laws, operations of the system and its programs, and positions taken by the Boards on proposed laws and other issues.

Directs the negotiation of contracts for actuarial services, independent auditing services, consultant services, professional services, or other services that may be necessary for the administration of the system.

Directs the development of the annual financial report covering operations and expenditures of the system for the preceding fiscal year.

Establishes and directs the maintenance of an adequate system of records and accounts following recognized accounting principles and controls.

Oversees and directs the efforts of LACERA's external consultants including actuaries, auditors, attorneys, lobbyists, and investment advisors.

Serves as a corporate officer of LACERA's real estate holding companies.

Represents LACERA in interactions with the Los Angeles County Board of Supervisors, Los Angeles County's Chief Executive Officer, regulatory agencies, other participating employers in LACERA, members of LACERA, the media, and the general public.

EXHIBIT B
To
EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA

PROVIDED BENEFITS:

MegaFlex Benefit Plan - Benefits may be purchased using a monthly benefits allowance of 19% of the employee's monthly salary. If the monthly cost of the benefits selected is less than the monthly allowance, the employee receives the difference as additional taxable wages.

Purchasable monthly benefits include Medical, Dental, Disability, Life and Accidental Death & Dismemberment (AD&D) Insurance, Optional Group Variable Universal Life Insurance, Health & Dependent Care Spending Account, and Dependent Care Spending Accounts.

LACERA Defined Benefit Retirement Plan - Pays a specified monthly lifetime benefit at retirement based on years of service, final average compensation (within any cap on the pensionable portion), age at retirement, and other factors, subject to applicable law, including vesting and eligibility requirements. Contributions into this plan are made by both the employee and employer.

Savings Plan (401k) - Optional tax-deferred income plan. Provides a LACERA match of up to 4% of the employee's salary subject to IRS limits.

Deferred Compensation Plan (457) - Optional tax-deferred income plan. Provides a LACERA match of up to 4% of the employee's salary subject to IRS limits.

Flexible Spending Accounts - Employees may contribute up to \$200 per month tax-free to a Health Care Spending Account and up to \$400 per month tax-free to a Dependent Care Spending Account. Employees may be eligible for up to \$75 per month contribution paid by LACERA to a Dependent Care Spending Account.

"Split Dollar" Life Insurance - A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan.

Holidays - 12 days per year.

Leave - The position does not earn or accrue leave and does not require the use of leave to cover absences from work, including reasonable vacation.

Tuition Reimbursement - Subject to tuition program limitation.

Company Vehicle - An assigned LACERA vehicle is provided, for which LACERA will pay for fuel, maintenance, and insurance. Under State and Federal tax regulations, employees are taxed on the value of this benefit. Alternatively, Kreimann may elect to receive a separately negotiated monthly vehicle allowance.

Technology - Use of a LACERA cellular phone, laptop, and home workstation with internet.

This information is intended to provide a general summary of benefits available. LACERA does not contribute into Social Security. Benefits may be taxable beyond those expressly stated as such.

ATTACHMENT 2
06/24/2020 Joint Board Memo

June 16, 2020

TO: Each Trustee,
Board of Retirement

Each Trustee,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: June 24, 2020 Joint Board of Retirement and Board of Investments Meeting

SUBJECT: Insurance Under CEO's Employment Agreement

RECOMMENDATION

That the Board of Retirement and Board of Investments approve an amendment to the Chief Executive Officer's Employment Agreement to provide that, due to the unavailability in the present market of life insurance as required by the agreement, LACERA will, until such time as insurance can be obtained, pay \$200,000 to the CEO's beneficiaries upon his death while employed by LACERA and for the rest of his life if employed at least three years after his original start date.

BACKGROUND

The Boards are the appointing authority for the CEO. Cal. Gov't Code S 31522.2. In November 2019, the Boards approved hiring Santos H. Kreimann as CEO on the terms stated in the Employment Agreement attached to this memo. The agreement includes a list of benefits that LACERA will provide to the CEO, including "'Split Dollar' Life Insurance - A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan." This is a standard benefit provided to LACERA's CEO's and to County of Los Angeles "L" Item employees.

"Split dollar" life insurance provides a level death benefit to the employee's beneficiaries, which in this case is \$200,000 based on the employee's age under the standard terms of the program. The insurance also pays a benefit to LACERA upon death equal to premiums paid. The insurance remains in effect, and the benefits are payable, for so long as the employee is employed by LACERA. In addition, if the employee stays with the organization at least three years, the policy vests for the rest of their life regardless of whether they remain employed, with LACERA continuing to pay the premiums.

Shortly after the CEO's start date in November 2019, LACERA contacted the broker for the program and requested insurance for the CEO. However, the broker advised in

December 2019 that the insurance was not available from the company that issues the "split-dollar" policies under the County program. LACERA requested the broker to obtain other quotes. LACERA was told, in January 2020, that other coverage was not available. The broker suggested that LACERA try again after 6-12 months. LACERA contacted the broker in June 2020, as well as another independent broker, to obtain quotes. LACERA was advised by both brokers that the insurance was not available. The brokers suggested that LACERA try again in 6-12 months.

Given these facts, it is not at possible at this time to provide the CEO with the insurance provided in his Employment Agreement. A confidential memo providing further information is also provided with this item. Information in the confidential memo should not be discussed in open session. A closed session has been agendized, if needed, to discuss the confidential information.

DISCUSSION

LACERA is presently unable to provide the CEO with life insurance, as provided in the Employment Agreement, for reasons outside of its control. LACERA staff discussed this matter with the Boards' fiduciary counsel. Fiduciary counsel concurs that, until such time as insurance can be obtained, LACERA should provide a comparable death benefit of \$200,000 to the CEO, which would be payable on the same terms as under the "split-dollar" insurance. The death benefit will be payable for so long as the CEO is employed by LACERA, and if he is employed at least three years, for the rest of his life. This resolution was discussed with the CEO, and it is acceptable to him.

The insurance, if it was possible to obtain it, would cost \$7,500-10,000 per year, based on information provided by the broker for the "split-dollar" program, and LACERA would incur the opportunity cost of not having those funds available for investment. Under the proposal where LACERA incurs the responsibility of paying the \$200,000 death benefit itself, LACERA will not pay any premiums and instead will be able to invest these funds for up to the next 20 to 30 years or more of the CEO's expected life, earning a compounded return of 7% per annum based on the current actuarial assumed rate. In later years, these funds likely will have earned more than the death benefit.

CONCLUSION

For these reasons, it is recommended that the Board approve an amendment to the CEO's Employment Agreement providing that LACERA will, until such time as insurance can be obtained, pay \$200,000 to the CEO's beneficiaries upon his death while employed by LACERA and for the rest of his life if employed at least three years after his original start date. Staff will attempt to obtain insurance quotes at least annually.

Re: Insurance Under CEO's Employment Agreement
June 16, 2020
Page 3 of 3

Attachment

c: Santos H. Kreimann
Carly Ntoya

ATTACHMENT 3
09/30/2020 Joint Board Memo

September 23, 2020

TO: Each Trustee,
Board of Retirement

Each Trustee,
Board of Investments

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: September 30, 2020 Joint Board of Retirement and Board of Investments Meeting

SUBJECT: Insurance Under CEO's Employment Agreement

RECOMMENDATION

That the Board of Retirement and Board of Investments approve an amendment to the Chief Executive Officer's Employment Agreement to provide that, due to the unavailability in the present market of life insurance as required by the Agreement, LACERA will, until such time as insurance can be obtained, pay a lump sum \$200,000 benefit to the CEO's beneficiaries upon his death while employed by LACERA and for the rest of his life if employed at least three years after his original start date, provided he is not terminated by LACERA at any time.

BACKGROUND

The Boards are the appointing authority for the CEO. Cal. Gov't Code § 31522.2. In November 2019, the Boards approved hiring Santos H. Kreimann as CEO on the terms stated in the Employment Agreement attached to this memo as Attachment A. The Employment Agreement includes as Exhibit B a list of benefits that LACERA will provide to the CEO, including "'Split Dollar' Life Insurance - A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan." This is a standard benefit that has been provided to LACERA's CEOs since at least the 1990s as "L" Item employees.

"Split-dollar" life insurance provides a lump sum death benefit to the employee's beneficiaries, which in this case is \$200,000 based on the employee's age at the time of employment under the standard terms of the program. The insurance also pays a benefit to LACERA upon death equal to all or part of the premiums paid. The insurance remains in effect, and the benefits are payable, for so long as the employee is employed by LACERA. In addition, if the employee stays with the organization at least three years and is not terminated by LACERA at any time, the policy vests for the rest of their life, with

LACERA paying the premiums. LACERA continues to pay lifetime premiums for eligible past CEOs, and LACERA has done so for many years pursuant to the terms of the program.

Shortly after the CEO's start date in November 2019, LACERA contacted the broker for the program and requested "split-dollar" insurance for the CEO. However, the broker advised in December 2019 that the insurance was not available to the CEO from the company that issues the "split-dollar" policies under the program. LACERA requested the broker obtain other quotes. LACERA was told, in January 2020, that other coverage was not available. The broker suggested that LACERA try again after 6-12 months. LACERA contacted the broker in June 2020, as well as another independent broker, to obtain quotes. LACERA was advised by both brokers that the insurance was not available. The brokers suggested that LACERA continuing trying approximately every 6-12 months.

During the past three months, staff and the CEO have remained in contact with the broker for the "split-dollar" program. However, the insurance is still not available. Inquiry was made about term insurance, but it is also unavailable.

Give these facts, it is not at possible at this time to provide the CEO with the specific insurance the parties agreed to in his Employment Agreement. The Agreement also provides that "[b]enefits may be adjusted by the Boards in their discretion consistent with the Los Angeles County Code." A confidential memo providing further information is also provided with this item. Information in the confidential memo should not be discussed in open session. A closed session has been agendized, if needed, to discuss the confidential information.

DISCUSSION

LACERA is presently unable to provide the CEO with life insurance, as provided in the Employment Agreement, for reasons outside of its control and unknown to LACERA at the time it entered into the Employment Agreement. LACERA staff discussed this matter with the Boards' fiduciary counsel. Fiduciary counsel believes that, while the express terms of the Agreement appear impossible to perform, nevertheless both parties have a good faith obligation to perform the Agreement so that both parties can enjoy the benefits of their bargain as near to its express terms as possible. The Boards have discretion to adjust the benefits so as to be able to perform the material terms of the Agreement. Fiduciary counsel concurs that, until such time as "split-dollar" insurance can be obtained, LACERA alternatively could provide a comparable death benefit of \$200,000 to the CEO, which would be payable on the same terms as under the "split-dollar" insurance. The death benefit would be payable for so long as the CEO is employed by LACERA, and if

he is employed at least three years and is not terminated by LACERA at any time, for the rest of his life.

Split-dollar insurance has two features of value to the parties: It pays a death benefit to the insured employee, and a return of premiums to the employer. The insurance, if it was possible to obtain it, would cost \$7,500-10,000 per year, based on information provided by the broker for the "split-dollar" program, and LACERA would incur the opportunity cost of not having those funds available for investment until the insurer repays LACERA in some future year, likely some 20-30 years from now. Under the alternative proposal where LACERA incurs the responsibility of paying the \$200,000 death benefit itself, LACERA will not have to pay any premiums for those 20-30 years, and instead will be able to invest the amount of those premiums at its assumed rate of return over that period (presently 7% annually, compounded). In later years, these funds likely will have earned more than the death benefit when combined with the premiums saved. Further, the \$200,000 benefit amount will not increase with inflation.

JUNE 24, 2020 JOINT BOARD MEETING

This item was previously agendized for discussion and action at the June 24, 2020 joint board meeting. After discussion, the Boards directed staff to work with fiduciary counsel and return the item at a future meeting. Fiduciary counsel will be present at the September 30 meeting.

The main questions raised at the June 24 meeting included:

- Trustees requested confirmation that the "split-dollar" insurance was a lifetime benefit after the three-year vesting period, subject to the terms of the coverage agreement. Staff confirmed through consultation with the program broker, another review of the policy, and review of accounting records showing the practice with three past LACERA CEOs that the benefit is a lifetime benefit upon vesting, provided the CEO is not terminated by LACERA at any time. LACERA continues through the present time to pay the premiums on "split-dollar" policies held by eligible prior CEOs.
- Trustees requested that the Boards be provided with a proposed amendment to the CEO's Employment Agreement for review. The proposed amendment is attached to this memo as Attachment B, prepared with fiduciary and tax counsel. Consistent with the terms of the program, the amendment provides that insurance will be in place for so long as the CEO remains employed by LACERA, and that LACERA will continue to provide the benefits and pay the premiums for the CEO's lifetime, provided he is not terminated by LACERA at any time.

- Trustees requested confirmation that the lifetime benefit is legal. The program has been in place and has been honored by LACERA since at least the 1990s. It is part of the consideration for the current CEO's acceptance of his employment with LACERA. No authority has been found that provides that post-employment benefits cannot be guaranteed by the employer as part of a person's employment. Post-employment benefits are common in the public sector, including defined benefit pension payments, the right to retiree healthcare, and payment of a healthcare subsidy for post-retirement coverage. This is in fact the very benefit program the County provides to its employees through LACERA. Employment agreements also routinely include severance provisions providing for post-separation payments and benefits. Such benefits are not a gift, but rather they are part of the consideration negotiated by the parties in advance for the service provided as an employee. The courts have consistently held that salary and benefits paid to public employees do not constitute "gifts of public funds." See, e.g., *San Joaquin County Employees' Association, Inc. v. County of San Joaquin* (1974) 39 Cal.App.3d 83, 88 ("[I]n the area of employment, public agencies must compete, and if to so compete they grant benefits to employees for past services, they are not making a gift of public money but are taking self-serving steps to further the governmental agency's self-interest in recruiting the most competent employees in a highly competitive market.").
- Trustees requested confirmation that term insurance was sought as an alternative to the "split-dollar" insurance. Such insurance had been unsuccessfully requested prior to the June 24, 2020 meeting, and has been requested again. Such insurance also is not available for the CEO at the present time. The issue is not the type of insurance product, but rather it is the underlying circumstances, which apply to term insurance as well as "split-dollar" coverage.

CONCLUSION

For these reasons, it is recommended that the Board approve the proposed amendment to the CEO's Employment Agreement attached as Attachment B providing that LACERA will, until such time as insurance can be obtained, pay \$200,000 to the CEO's beneficiaries upon his death while employed by LACERA and for the rest of his life if employed at least three years after his original start date, provided he is not terminated by LACERA at any time. Staff will continue attempt to obtain insurance quotes at least twice annually and will notify the Boards if coverage becomes available.

Attachments

c: Santos H. Kreimann Harvey L. Leiderman
Carly Ntoya

ATTACHMENT 4
09/30/2020 Amendment No. 1

**AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA**

This Amendment No. 1 is made and entered into as of September 30, 2020, at Pasadena, California, by and between the Los Angeles County Employees Retirement Association (LACERA), by its Board of Retirement and Board of Investments (collectively, Boards), and Santos H. Kreimann (Kreimann).

WHEREAS, the parties entered into an Employment Agreement as of November 16, 2019 (Agreement), which stated the terms of Kreimann's employment as Chief Executive Officer, LACERA (CEO). The Employment Agreement was approved by the Boards at a public meeting on November 6, 2019;

WHEREAS, the Agreement provides, in Paragraph 7, that, "Kreimann shall receive the benefits now and hereafter provided for those persons occupying positions designated as "L" items by Section 6.28.020.B of the Los Angeles County Code. Benefits provided as of the Effective Date are listed in Exhibit B. Benefits may be adjusted by the Boards in their discretion consistent with the Los Angeles County Code;"

WHEREAS, Exhibit B to the Agreement provides that Kreimann's benefits shall include, "Split Dollar' Life Insurance - A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan" (Split-Dollar Insurance). Under the terms of the program as provided to "L" items in effect as of the date of the Agreement and based Kreimann's age at the time, the available death benefit was \$200,000, subject to the other terms and conditions of the Split-Dollar Insurance program;

WHEREAS, after Kreimann commenced employment, LACERA attempted diligently to obtain Split-Dollar Insurance as provided in and according to the terms of the Agreement. Split-Dollar Insurance was not available in the market for Kreimann at that time, and it remains unavailable as of the date of this Amendment No. 1;

WHEREAS, for reasons beyond LACERA's control and knowledge at the time it entered into the Agreement, it has become impossible for LACERA to provide Kreimann with the Split-Dollar Insurance benefit; and

WHEREAS, the parties now wish to provide for an alternative benefit in lieu of the Split-Dollar Life Insurance benefit, at least until such benefit again becomes available in the market.

NOW, THEREFORE, LACERA and Kreimann agree as follows:

1. DEATH BENEFIT. Subject to termination of this Amendment No. 1 as provided in Paragraph 2, LACERA shall, within thirty (30) days of receipt of written notice and confirmation of Kreimann's death, pay to Kreimann's beneficiaries as designated in writing by Kreimann and delivered to LACERA in advance of his death, a death benefit in the lump sum of \$200,000. This payment does not affect the rights of Kreimann's

beneficiaries to the other benefits, if any, to which they are eligible and entitled under the terms of LACERA's defined benefit pension program. This payment supersedes and replaces LACERA's obligation to provide Split-Dollar Insurance under the terms of Exhibit B to the Agreement.

2. **TERMINATION.** This Amendment No. 1 shall terminate, and Kreimann and his beneficiaries will have no rights hereunder, upon the earliest of:

- a. LACERA's purchase and delivery to Kreimann of Split-Dollar Insurance under the Agreement subject to the other terms of the Split-Dollar Insurance program as provided to "L" items at the time the insurance is purchased, or term life insurance, other form of life insurance, or other third-party financial product in LACERA's sole and absolute discretion, providing a death benefit to Kreimann's beneficiaries in the amount of \$200,000. Kreimann shall cooperate in LACERA's efforts to acquire such insurance or financial product, including promptly and timely attending all required medical exams and providing all other underwriting information when and as requested by LACERA during the term of this Amendment No. 1, no less frequently than twice every calendar year;
- b. Submission of written notice by Kreimann to LACERA that he declines all right to the benefits of this Amendment No. 1, including Split-Dollar Insurance under the Agreement;
- c. Termination of Kreimann's employment with LACERA prior to November 16, 2022 for any reason other than Kreimann's death or disability; or
- d. Termination of Kreimann's employment by LACERA at any time.

3. **DISCLAIMER.** The death benefit under this Amendment No. 1 shall be subject to applicable federal, state, and local withholding and deductions as may be required under applicable law. It is specifically intended that payments under this Amendment No. 1 shall not be subject to Section 409A of the Internal Revenue Code, and the terms of this Amendment No. 1 and the Agreement shall be interpreted in accordance with such intent. LACERA makes no representations or warranties as to the tax consequences of any insurance, financial product, or payment that may be provided or made under this Amendment No. 1. All taxes and other costs associated with any insurance, financial product, or payment are the responsibility of Kreimann and his beneficiaries. Kreimann and his beneficiaries are advised to seek their own tax, legal, and accounting advice.

[Rest of page intentionally left blank]

4. OTHER TERMS AND CONDITIONS. This Amendment No. 1 is subject to all other terms and conditions of the Agreement, which continue in full force and effect.

IN WITNESS WHEREOF, LACERA's Boards of Retirement and Investments each have authorized and caused this Agreement to be signed by the Chair of each Board, and Kreimann has signed this Agreement as of the date first stated above.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

By: 
Chair of the Board of Retirement

Dated: 10/13/2020

By: 
Chair of the Board of Investments

Dated: 10/13/2020


Santos H. Kreimann

Dated: 10/1/2020

ATTACHMENT 5

Universal and Whole Life Offers

(Note: \$300,000 Whole Life Offer is First)

A Supplemental Illustration Summary

MassMutual Whole Life 100

Prepared for:
Santos Kreimann

Presented by:
Brian Bozajian, CLU
Bozajian & Carter Insurance Services
1001 Sixth Street, Suite 100
Manhattan Beach, CA 90266
Agent License Number: 0663536
Agent Telephone Number: (310) 545-9565

September 7, 2023

The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.

This supplemental life insurance illustration summary is not valid unless accompanied by or preceded by a MassMutual Whole Life 100 Basic Illustration dated September 7, 2023. **Refer to the Basic Illustration for guaranteed elements and other important information.**

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Illustration Summary

The following information is a general summary of the values of the whole life policy being illustrated and reflect non-guaranteed values. You should review the policy's Basic Illustration for greater detail about the product's guarantees, features, and values.

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
1		27,818	27,818	0	0	300,000
2		27,818	55,636	2,946	2,946	304,464
3		27,818	83,454	12,320	9,374	309,165
4		27,818	111,272	22,150	9,830	314,306
5		27,818	139,090	32,463	10,313	319,918
6		27,818	166,908	43,317	10,854	326,013
7		27,818	194,726	54,840	11,524	332,693
8		27,818	222,544	66,990	12,149	339,989
9		27,818	250,362	79,804	12,814	347,924
10		27,818	278,180	93,304	13,500	356,468
11		27,818	305,998	107,741	14,437	366,004
12		27,818	333,816	123,064	15,323	376,384
13		27,818	361,634	139,314	16,250	387,630
14		27,818	389,452	156,541	17,227	399,810
15		27,818	417,270	174,766	18,226	412,933
16		27,818	445,088	193,944	19,177	426,907
17		27,818	472,906	213,880	19,937	441,416
18		27,818	500,724	234,576	20,696	456,442
19		27,818	528,542	256,033	21,457	471,949
20		27,818	556,360	278,259	22,226	487,907
21		12,221	568,581	300,747	22,488	504,350
22		12,221	580,802	323,845	23,098	521,046
23		12,221	593,023	347,560	23,715	538,041
24		12,221	605,244	371,873	24,313	555,377
25		12,221	617,465	396,792	24,919	573,053

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/07/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Illustration Summary

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
26		12,221	629,686	422,269	25,477	591,174
27		12,221	641,907	448,287	26,017	609,804
28		12,221	654,128	474,727	26,440	628,885
29		12,221	666,349	501,554	26,827	648,501
30		12,221	678,570	528,680	27,126	668,629
31		12,221	690,791	556,003	27,323	689,234
32		12,221	703,012	583,648	27,646	710,470
33		12,221	715,233	611,621	27,973	732,298
34		12,221	727,454	640,010	28,388	754,680
35		12,221	739,675	668,990	28,981	777,565
36		12,221	751,896	698,813	29,823	800,901
37		12,221	764,117	729,954	31,141	824,571
38		12,221	776,338	763,109	33,154	848,384
39		12,221	788,559	798,733	35,624	872,182
40		12,221	800,780	838,052	39,318	895,591
41		12,221	813,001	882,765	44,714	917,512
42		12,221	825,222	937,773	55,007	937,773
43		0	825,222	987,573	49,800	987,573
44		0	825,222	1,040,072	52,499	1,040,072
45		0	825,222	1,095,417	55,345	1,095,417
46		0	825,222	1,153,762	58,345	1,153,762
47		0	825,222	1,215,269	61,507	1,215,269
48		0	825,222	1,280,109	64,841	1,280,109
49		0	825,222	1,348,464	68,355	1,348,464
50		0	825,222	1,420,524	72,060	1,420,524
51		0	825,222	1,496,490	75,965	1,496,490
52		0	825,222	1,576,572	80,083	1,576,572
53		0	825,222	1,660,995	84,423	1,660,995
54		0	825,222	1,749,994	88,999	1,749,994
55		0	825,222	1,843,817	93,823	1,843,817

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/07/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Illustration Summary

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
56		0	825,222	1,942,725	98,908	1,942,725
57		0	825,222	2,046,994	104,269	2,046,994
58		0	825,222	2,156,914	109,920	2,156,914
59		0	825,222	2,272,791	115,878	2,272,791
60		0	825,222	2,394,950	122,158	2,394,950
61		0	825,222	2,523,729	128,779	2,523,729
62		0	825,222	2,659,488	135,759	2,659,488
63		0	825,222	2,802,605	143,117	2,802,605

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/07/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

The Benefits of Whole Life Throughout Your Lifetime

A whole life policy may help you address different financial needs during various stages of your life.

At age 62 the Total Death Benefit is \$314,306 and the Total Cash Value is \$22,150.

The death benefit helps protect your family or business and the cash value may be a source of funds to help you address life's opportunities and challenges.

At age 65 the Total Death Benefit is \$332,693 and the Total Cash Value is \$54,840.

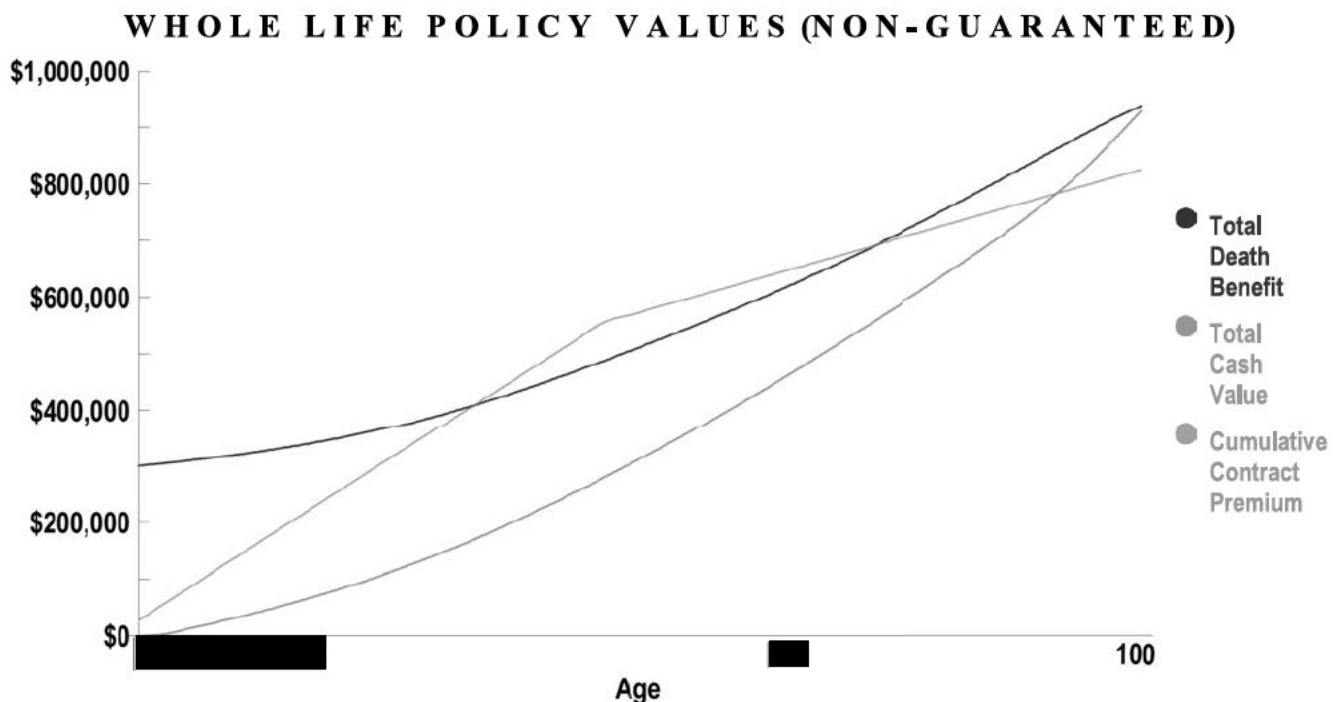
The policy can provide additional financial security for your spouse or family and the cash value may help you supplement your retirement income.²

Alternatively, you have the option to surrender your policy for the Total Cash Value and apply this amount to purchase a life income annuity that would provide \$163 each month.

At age 85 the Total Death Benefit is \$609,804 and the Total Cash Value is \$448,287.

The cash value may help pay medical or other expenses for you or your spouse and the policy death benefit can help ensure a financial legacy for your family.

This graph illustrates the Cumulative Contract Premium and policy benefits through age 100.



The values illustrated in the text and chart above are not guaranteed. They include dividends that are neither estimates nor guarantees, but are based on the 2023 dividend schedule. Dividends in future years may be higher or lower depending on the company's experience. For this reason, we strongly recommend you look at a lower dividend schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/07/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Santos Kreimann

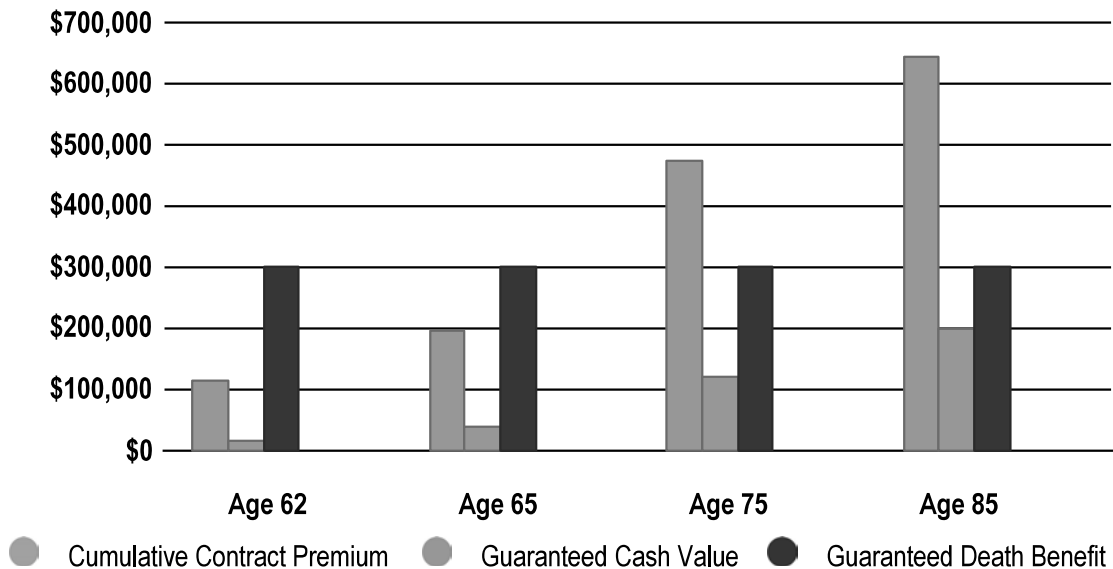
Benefit Summary

Policy Name: Whole Life 100
 Gender/Issue Age/Issue Class: Unisex, [REDACTED] Non-Tobacco, Table Rating [REDACTED]
 Dividend Option: Paid-Up Additions
 Initial Death Benefit: \$300,000
 Initial Annualized Premium: \$27,818.00

Guaranteed Values

The following table and chart summarize the policy's guaranteed premiums, cash value and death benefit. These values assume that no dividends are paid.

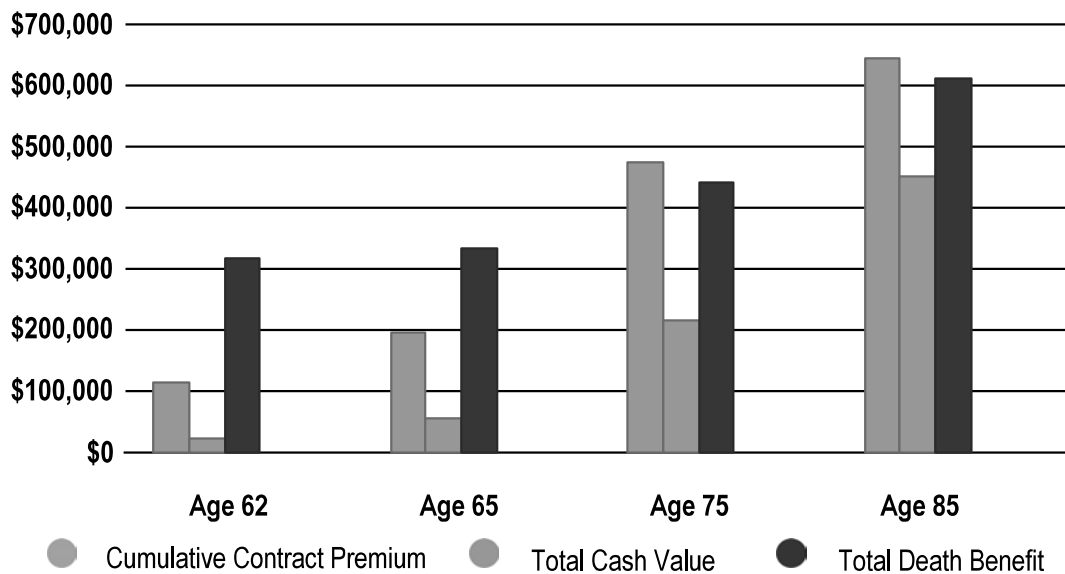
	Age 62	Age 65	Age 75	Age 85
Cumulative Contract Premium	\$111,272	\$194,726	\$472,906	\$641,907
Guaranteed Cash Value	\$15,402	\$38,055	\$120,225	\$198,207
Guaranteed Death Benefit	\$300,000	\$300,000	\$300,000	\$300,000
Guaranteed Paid-Up Insurance	\$32,651	\$74,120	\$181,534	\$245,542



Non-Guaranteed Values

The following table and chart summarize key values at specific ages.

	Age 62	Age 65	Age 75	Age 85
Cumulative Contract Premium	\$111,272	\$194,726	\$472,906	\$641,907
Total Cash Value	\$22,150	\$54,840	\$213,880	\$448,287
Total Death Benefit	\$314,306	\$332,693	\$441,416	\$609,804
Total Paid-Up Insurance	\$46,957	\$106,814	\$322,950	\$555,346



These illustrated amounts are not guaranteed. They include dividends which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. Dividends in future years may be higher or lower depending on the company's actual experience. For this reason, we strongly recommend you look at a lower dividend schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/07/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Numeric Summary and Signature Page

Dividends are not guaranteed and are subject to significant fluctuations over the lifetime of the policy. Changes in dividends will change all Non-Guaranteed values shown in this illustration.

To help you understand how changes in non-guaranteed dividends may affect your future policy values, this Numeric Summary and Signature Page shows how your policy would perform based on each of the following dividend scenarios:

- 1) Guaranteed: The guaranteed policy values, i.e., zero dividends.
- 2) Non-Guaranteed Midpoint: 50% of the company's currently illustrated dividend.
- 3) Non-Guaranteed Current: The company's currently illustrated dividend.

	Contract Premium	Guaranteed Values		Non-Guaranteed Values			
		Total Cash Value	Death Benefit	Midpoint Assumptions		Current Assumptions	
		Total Cash Value	Death Benefit	Total Cash Value	Death Benefit	Total Cash Value	Death Benefit
Year 5	27,818	22,794	300,000	27,568	309,835	32,463	319,918
Year 10	27,818	61,866	300,000	77,083	327,333	93,304	356,468
Year 20	27,818	145,377	300,000	206,911	387,015	278,259	487,907
Age 70	27,818	78,264	300,000	99,791	336,703	123,064	376,384

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to significant fluctuations and could be either higher or lower. The agent has told me they are not guaranteed. I understand that this illustration is not a contract. I also understand that any policy changes reflected in this illustration are not automatic, but must be submitted in writing to the Home Office. The terms of the policy constitute the actual agreement of coverage. I further understand I have the right to request a hypothetical lower schedule illustration to see the potential impact of a lower dividend interest rate on my policy values. I have read and understand the IMPORTANT TAX INFORMATION section in the Narrative Summary.

Owner

Date

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with this illustration.

Agent

Date

Coverage	Face Amount	Current Premiums			
		Annually	Semi-Annually	Quarterly	Monthly
Base Policy Insurance	300,000	21,818.00	11,164.27	5,648.68	1,898.17
Perm Flat Extra		6,000.00	3,070.20	1,553.40	522.00
Total Initial Modal Premium		27,818.00	14,234.47	7,202.08	2,420.17
Total Initial Modal Premium (Annualized)		27,818.00	28,468.94	28,808.32	29,042.04

Tabular Values

Year	Age End Year	Contract Premium	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Non-Guaranteed Values*					
					Annual Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1		27,818	0	300,000	0	0	0	0	300,000	0
2		27,818	960	300,000	1,986	1,986	2,946	4,464	304,464	6,621
3		27,818	8,121	300,000	2,154	4,199	12,320	9,165	309,165	26,888
4		27,818	15,402	300,000	2,425	6,748	22,150	14,306	314,306	46,957
5		27,818	22,794	300,000	2,724	9,669	32,463	19,918	319,918	66,874
6		27,818	30,327	300,000	3,044	12,990	43,317	26,013	326,013	86,747
7		27,818	38,055	300,000	3,430	16,785	54,840	32,693	332,693	106,814
8		27,818	45,888	300,000	3,850	21,102	66,990	39,989	339,989	126,951
9		27,818	53,823	300,000	4,302	25,981	79,804	47,924	347,924	147,206
10		27,818	61,866	300,000	4,757	31,438	93,304	56,468	356,468	167,589
11		27,818	70,017	300,000	5,450	37,724	107,741	66,004	366,004	188,509
12		27,818	78,264	300,000	6,088	44,800	123,064	76,384	376,384	209,824
13		27,818	86,595	300,000	6,766	52,719	139,314	87,630	387,630	231,568
14		27,818	94,980	300,000	7,512	61,561	156,541	99,810	399,810	253,802
15		27,818	103,395	300,000	8,294	71,371	174,766	112,933	412,933	276,537
16		27,818	111,816	300,000	9,043	82,128	193,944	126,907	426,907	299,688
17		27,818	120,225	300,000	9,609	93,655	213,880	141,416	441,416	322,950
18		27,818	128,616	300,000	10,178	105,960	234,576	156,442	456,442	346,334
19		27,818	136,998	300,000	10,735	119,035	256,033	171,949	471,949	369,845
20		27,818	145,377	300,000	11,285	132,882	278,259	187,907	487,907	393,483
21		12,221	153,207	300,000	11,871	147,540	300,747	204,350	504,350	416,547
22		12,221	160,992	300,000	12,301	162,853	323,845	221,046	521,046	439,565
23		12,221	168,708	300,000	12,770	178,852	347,560	238,041	538,041	462,581
24		12,221	176,316	300,000	13,275	195,557	371,873	255,377	555,377	485,626
25		12,221	183,819	300,000	13,787	212,973	396,792	273,053	573,053	508,727
26		12,221	191,130	300,000	14,385	231,139	422,269	291,174	591,174	531,946
27		12,221	198,207	300,000	15,039	250,080	448,287	309,804	609,804	555,346
28		12,221	205,008	300,000	15,649	269,719	474,727	328,885	628,885	578,864
29		12,221	211,479	300,000	16,327	290,075	501,554	348,501	648,501	602,575
30		12,221	217,587	300,000	16,986	311,093	528,680	368,629	668,629	626,457

*This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

Refer to the Narrative Summary for assumptions, explanations and additional information.

Prepared for: Santos Kreimann (Unisex, Non-Tobacco, Table Rating
Presented by: Brian Bozajian, CLU
Prepared on: September 7, 2023

MEC Limit: \$20,342.82
Version: MMD Web2023-09-01(CA)

Tabular Values

Year	Age End Year	Contract Premium	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Non-Guaranteed Values*					
					Annual Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
31		12,221	223,305	300,000	17,612	332,698	556,003	389,234	689,234	650,485
32		12,221	228,645	300,000	18,367	355,003	583,648	410,470	710,470	674,839
33		12,221	233,646	300,000	19,085	377,975	611,621	432,298	732,298	699,523
34		12,221	238,386	300,000	19,771	401,624	640,010	454,680	754,680	724,558
35		12,221	242,988	300,000	20,414	426,002	668,990	477,565	777,565	749,963
36		12,221	247,611	300,000	21,021	451,202	698,813	500,901	800,901	775,786
37		12,221	252,537	300,000	21,542	477,417	729,954	524,571	824,571	802,050
38		12,221	258,168	300,000	21,926	504,941	763,109	548,384	848,384	828,763
39		12,221	264,750	300,000	22,210	533,983	798,733	572,182	872,182	855,871
40		12,221	272,961	300,000	22,210	565,091	838,052	595,591	895,591	883,284
41		12,221	283,983	300,000	21,256	598,782	882,765	617,512	917,512	910,377
42		12,221	300,000	300,000	20,261	637,773	937,773	637,773	937,773	
43		0	300,000	300,000	49,800	687,573	987,573	687,573	987,573	
44		0	300,000	300,000	52,499	740,072	1,040,072	740,072	1,040,072	
45		0	300,000	300,000	55,345	795,417	1,095,417	795,417	1,095,417	
46		0	300,000	300,000	58,345	853,762	1,153,762	853,762	1,153,762	
47		0	300,000	300,000	61,507	915,269	1,215,269	915,269	1,215,269	
48		0	300,000	300,000	64,841	980,109	1,280,109	980,109	1,280,109	
49		0	300,000	300,000	68,355	1,048,464	1,348,464	1,048,464	1,348,464	
50		0	300,000	300,000	72,060	1,120,524	1,420,524	1,120,524	1,420,524	
51		0	300,000	300,000	75,965	1,196,490	1,496,490	1,196,490	1,496,490	
52		0	300,000	300,000	80,083	1,276,572	1,576,572	1,276,572	1,576,572	
53		0	300,000	300,000	84,423	1,360,995	1,660,995	1,360,995	1,660,995	
54		0	300,000	300,000	88,999	1,449,994	1,749,994	1,449,994	1,749,994	
55		0	300,000	300,000	93,823	1,543,817	1,843,817	1,543,817	1,843,817	
56		0	300,000	300,000	98,908	1,642,725	1,942,725	1,642,725	1,942,725	
57		0	300,000	300,000	104,269	1,746,994	2,046,994	1,746,994	2,046,994	
58		0	300,000	300,000	109,920	1,856,914	2,156,914	1,856,914	2,156,914	
59		0	300,000	300,000	115,878	1,972,791	2,272,791	1,972,791	2,272,791	
60		0	300,000	300,000	122,158	2,094,950	2,394,950	2,094,950	2,394,950	
61		0	300,000	300,000	128,779	2,223,729	2,523,729	2,223,729	2,523,729	
62		0	300,000	300,000	135,759	2,359,488	2,659,488	2,359,488	2,659,488	
63		0	300,000	300,000	143,117	2,502,605	2,802,605	2,502,605	2,802,605	

*This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

Refer to the Narrative Summary for assumptions, explanations and additional information.

Prepared for: Santos Kreimann (Unisex, Non-Tobacco, Table Rating)
Presented by: Brian Bozajian, CLU
Prepared on: September 7, 2023

MEC Limit: \$20,342.82
Version: MMD Web2023-09-01(CA)

UL GuardSM

Revised Basic Life Insurance Presentation

Prepared for:

Santos Kreimann

Presented by:

Brian Bozajian, CLU
Bozajian & Carter Insurance Services
1001 Sixth Street, Suite 100
Manhattan Beach, CA 90266
Agent License Number: 0663536
Telephone Number: (310) 545-9565

September 7, 2023

CRN: 266003

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Prepared for: Santos Kreimann

Unisex, ■ Non-Tobacco, Table Rating ■

Policy: UL Guard
Face Amount: \$300,000
Riders: ABR SIR

Planned Premium: \$21,825.57
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
1	■	21,826	4,286	0	300,000
2	■	21,826	8,398	0	300,000
3	■	21,826	12,252	3,981	300,000
4	■	21,826	15,694	7,898	300,000
5	■	21,826	18,574	11,349	300,000
6	■	21,826	20,795	14,045	300,000
7	■	21,826	22,218	15,848	300,000
8	■	21,826	22,733	16,838	300,000
9	■	21,826	22,198	16,684	300,000
10	■	21,826	20,448	15,220	300,000
11	■	21,826	17,263	12,604	300,000
12	■	21,826	12,306	8,123	300,000
13	■	21,826	5,104	1,396	300,000
14	■	21,826	0	0	300,000
15	■	21,826	0	0	300,000
16	■	21,826	0	0	300,000
17	■	21,826	0	0	300,000
18	■	21,826	0	0	300,000
19	■	21,826	0	0	300,000
20	■	21,826	0	0	300,000
21	■	15,676	5,522	5,522	300,000
22	■	15,676	10,090	10,090	300,000
23	■	15,676	13,507	13,507	300,000
24	■	15,676	15,518	15,518	300,000
25	■	15,676	15,912	15,912	300,000
26	■	15,676	14,324	14,324	300,000
27	■	15,676	10,249	10,249	300,000
28	■	15,676	2,889	2,889	300,000
29	■	15,676	0	0	300,000
30	■	15,676	0	0	300,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

Prepared for: Santos Kreimann

Unisex, [REDACTED] Non-Tobacco, Table Rating [REDACTED]

Policy: UL Guard
Face Amount: \$300,000
Riders: ABR SIR

Planned Premium: \$21,825.57
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
31	[REDACTED]	15,676	0	0	300,000
32	[REDACTED]	15,676	0	0	300,000
33	[REDACTED]	15,676	0	0	300,000
34	[REDACTED]	15,676	0	0	300,000
35	[REDACTED]	15,676	0	0	300,000
36	[REDACTED]	15,676	0	0	300,000
37	[REDACTED]	15,676	0	0	300,000
38	[REDACTED]	15,676	0	0	300,000
39	[REDACTED]	15,676	0	0	300,000
40	[REDACTED]	15,676	0	0	300,000
41	[REDACTED]	15,676	0	0	300,000
42	[REDACTED]	15,676	0	0	300,000
43	[REDACTED]	0	0	0	300,000
44	[REDACTED]	0	0	0	300,000
45	[REDACTED]	0	0	0	300,000
46	[REDACTED]	0	0	0	300,000
47	[REDACTED]	0	0	0	300,000
48	[REDACTED]	0	0	0	300,000
49	[REDACTED]	0	0	0	300,000
50	[REDACTED]	0	0	0	300,000
51	[REDACTED]	0	0	0	300,000
52	[REDACTED]	0	0	0	300,000
53	[REDACTED]	0	0	0	300,000
54	[REDACTED]	0	0	0	300,000
55	[REDACTED]	0	0	0	300,000
56	[REDACTED]	0	0	0	300,000
57	[REDACTED]	0	0	0	300,000
58	[REDACTED]	0	0	0	300,000
59	[REDACTED]	0	0	0	300,000
60	[REDACTED]	0	0	0	300,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

Prepared for: Santos Kreimann

Unisex, [REDACTED] Non-Tobacco, Table Rating [REDACTED]

Policy: UL Guard
Face Amount: \$300,000
Riders: ABR SIR

Planned Premium: \$21,825.57
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
61	[REDACTED]	0	0	0	300,000
62	[REDACTED]	0	0	0	300,000
63	[REDACTED]	0	0	0	300,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

A Supplemental Illustration Summary

MassMutual Whole Life 100

Prepared for:
Santos Kreimann

Presented by:
Brian Bozajian, CLU
Bozajian & Carter Insurance Services
1001 Sixth Street, Suite 100
Manhattan Beach, CA 90266
Agent License Number: 0663536
Agent Telephone Number: (310) 545-9565

September 5, 2023

The decision to purchase life insurance should be based on long-term financial goals and the need for a death benefit. Life insurance is not an appropriate vehicle for short-term savings or short-term investment strategies. While the policy allows for loans, you should know that there may be little to no cash value available for loans in the policy's early years.

This supplemental life insurance illustration summary is not valid unless accompanied by or preceded by a MassMutual Whole Life 100 Basic Illustration dated September 5, 2023. **Refer to the Basic Illustration for guaranteed elements and other important information.**

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Illustration Summary

The following information is a general summary of the values of the whole life policy being illustrated and reflect non-guaranteed values. You should review the policy's Basic Illustration for greater detail about the product's guarantees, features, and values.

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
1		23,190	23,190	0	0	250,000
2		23,190	46,380	2,455	2,455	253,720
3		23,190	69,570	10,267	7,812	257,637
4		23,190	92,760	18,459	8,192	261,922
5		23,190	115,950	27,052	8,594	266,598
6		23,190	139,140	36,097	9,045	271,678
7		23,190	162,330	45,700	9,603	277,245
8		23,190	185,520	55,825	10,124	283,324
9		23,190	208,710	66,503	10,678	289,937
10		23,190	231,900	77,753	11,250	297,057
11		23,190	255,090	89,784	12,031	305,003
12		23,190	278,280	102,553	12,769	313,653
13		23,190	301,470	116,095	13,542	323,025
14		23,190	324,660	130,451	14,356	333,175
15		23,190	347,850	145,639	15,188	344,111
16		23,190	371,040	161,620	15,981	355,755
17		23,190	394,230	178,234	16,614	367,846
18		23,190	417,420	195,480	17,246	380,369
19		23,190	440,610	213,361	17,881	393,291
20		23,190	463,800	231,883	18,522	406,589
21		10,193	473,993	250,623	18,740	420,291
22		10,193	484,185	269,871	19,248	434,205
23		10,193	494,378	289,634	19,763	448,368
24		10,193	504,570	309,894	20,261	462,814
25		10,193	514,763	330,660	20,766	477,544

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/05/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Illustration Summary

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
26		10,193	524,955	351,891	21,231	492,645
27		10,193	535,148	373,572	21,681	508,170
28		10,193	545,340	395,606	22,033	524,071
29		10,193	555,533	417,962	22,356	540,418
30		10,193	565,725	440,567	22,605	557,191
31		10,193	575,918	463,336	22,769	574,362
32		10,193	586,110	486,374	23,038	592,059
33		10,193	596,303	509,684	23,311	610,248
34		10,193	606,495	533,341	23,657	628,900
35		10,193	616,688	557,492	24,151	647,971
36		10,193	626,880	582,344	24,852	667,418
37		10,193	637,073	608,295	25,951	687,143
38		10,193	647,265	635,924	27,629	706,986
39		10,193	657,458	665,611	29,687	726,818
40		10,193	667,650	698,376	32,765	746,326
41		10,193	677,843	735,638	37,262	764,593
42		10,193	688,035	781,477	45,839	781,477
43		0	688,035	822,976	41,499	822,976
44		0	688,035	866,724	43,748	866,724
45		0	688,035	912,842	46,119	912,842
46		0	688,035	961,461	48,619	961,461
47		0	688,035	1,012,715	51,254	1,012,715
48		0	688,035	1,066,746	54,032	1,066,746
49		0	688,035	1,123,706	56,960	1,123,706
50		0	688,035	1,183,754	60,047	1,183,754
51		0	688,035	1,247,056	63,302	1,247,056
52		0	688,035	1,313,789	66,733	1,313,789
53		0	688,035	1,384,139	70,350	1,384,139
54		0	688,035	1,458,301	74,163	1,458,301
55		0	688,035	1,536,484	78,182	1,536,484

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/05/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Illustration Summary

Year	Age End Year	Annual Net Outlay	Cumulative Net Outlay	Net Cash Value End Year	Net Annual Cash Value Increase	Net Death Benefit End Year
56		0	688,035	1,618,904	82,420	1,618,904
57		0	688,035	1,705,791	86,887	1,705,791
58		0	688,035	1,797,387	91,596	1,797,387
59		0	688,035	1,893,948	96,561	1,893,948
60		0	688,035	1,995,743	101,794	1,995,743
61		0	688,035	2,103,054	107,312	2,103,054
62		0	688,035	2,216,182	113,128	2,216,182
63		0	688,035	2,335,442	119,260	2,335,442

This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/05/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

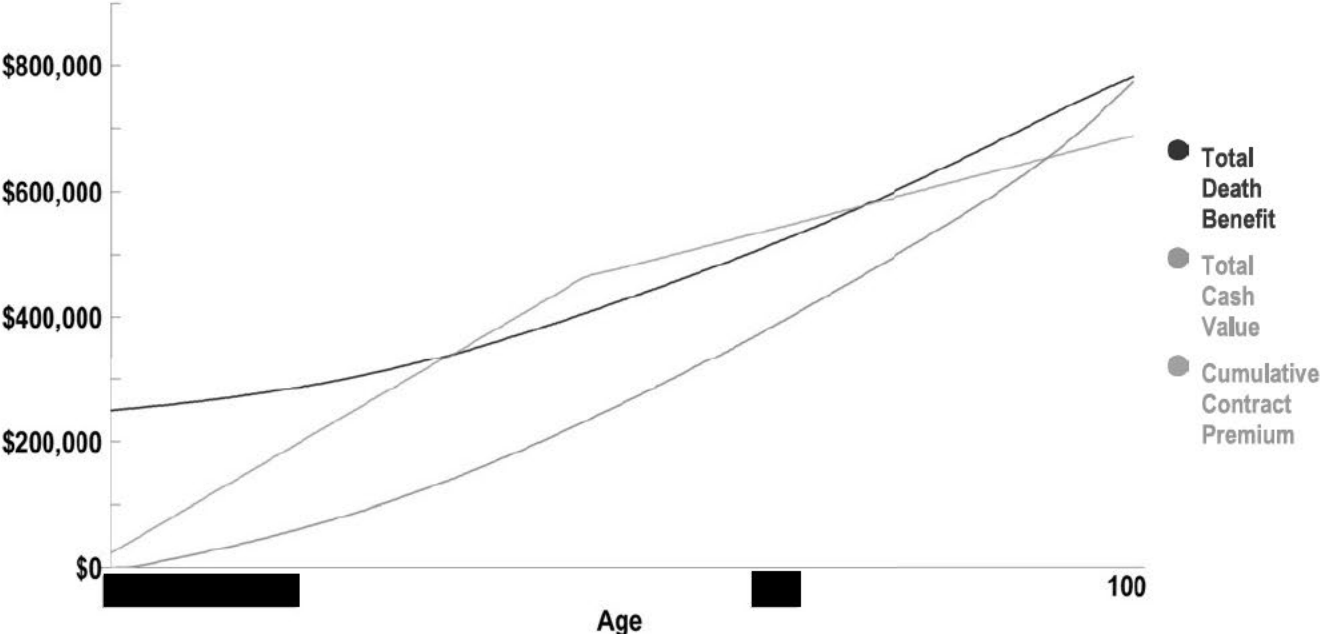
The Benefits of Whole Life Throughout Your Lifetime

A whole life policy may help you address different financial needs during various stages of your life.

- At age 62** the Total Death Benefit is \$261,922 and the Total Cash Value is \$18,459.
The death benefit helps protect your family or business and the cash value may be a source of funds to help you address life's opportunities and challenges.
- At age 65** the Total Death Benefit is \$277,245 and the Total Cash Value is \$45,700.
The policy can provide additional financial security for your spouse or family and the cash value may help you supplement your retirement income.²
Alternatively, you have the option to surrender your policy for the Total Cash Value and apply this amount to purchase a life income annuity that would provide \$136 each month.
- At age 85** the Total Death Benefit is \$508,170 and the Total Cash Value is \$373,572.
The cash value may help pay medical or other expenses for you or your spouse and the policy death benefit can help ensure a financial legacy for your family.

This graph illustrates the Cumulative Contract Premium and policy benefits through age 100.

WHOLE LIFE POLICY VALUES (NON-GUARANTEED)



The values illustrated in the text and chart above are not guaranteed. They include dividends that are neither estimates nor guarantees, but are based on the 2023 dividend schedule. Dividends in future years may be higher or lower depending on the company's experience. For this reason, we strongly recommend you look at a lower dividend schedule illustration available upon request.
This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/05/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Santos Kreimann

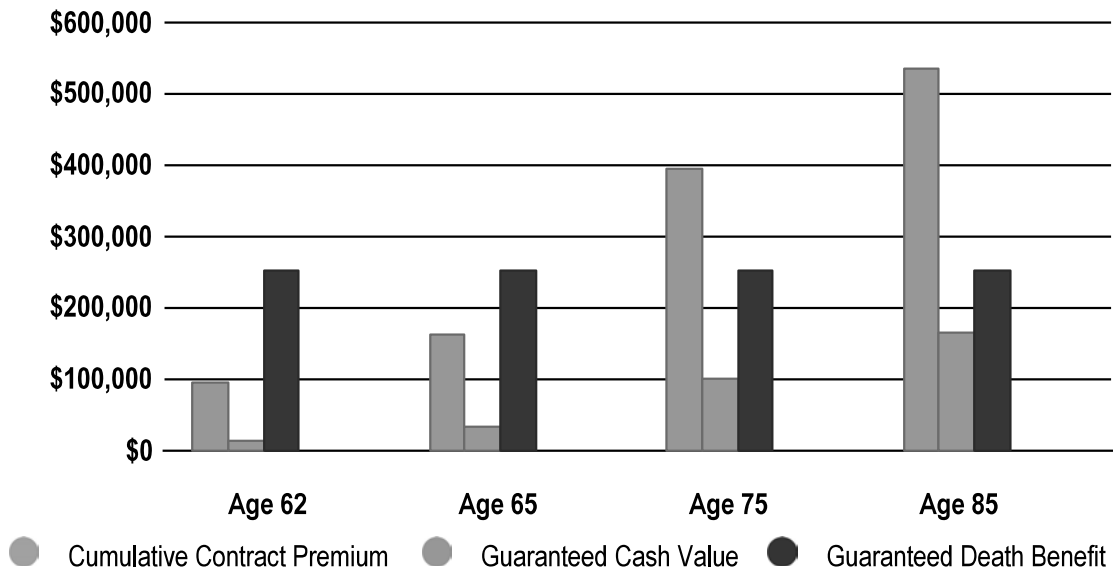
Benefit Summary

Policy Name: Whole Life 100
 Gender/Issue Age/Issue Class: Unisex, [REDACTED] Non-Tobacco, Table Rating [REDACTED]
 Dividend Option: Paid-Up Additions
 Initial Death Benefit: \$250,000
 Initial Annualized Premium: \$23,190.00

Guaranteed Values

The following table and chart summarize the policy's guaranteed premiums, cash value and death benefit. These values assume that no dividends are paid.

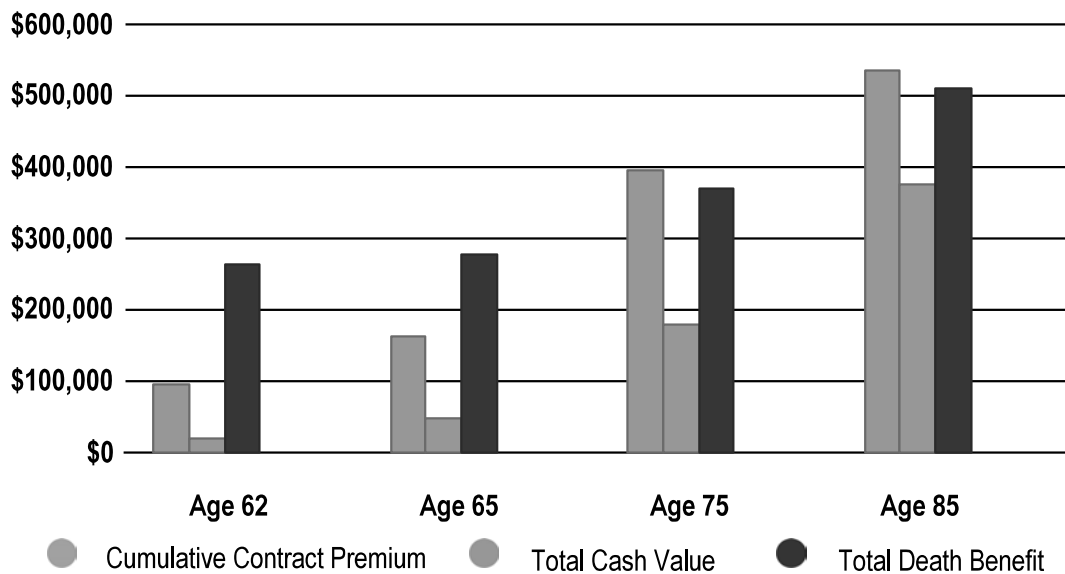
	Age 62	Age 65	Age 75	Age 85
Cumulative Contract Premium	\$92,760	\$162,330	\$394,230	\$535,148
Guaranteed Cash Value	\$12,835	\$31,713	\$100,188	\$165,173
Guaranteed Death Benefit	\$250,000	\$250,000	\$250,000	\$250,000
Guaranteed Paid-Up Insurance	\$27,209	\$61,767	\$151,278	\$204,618



Non-Guaranteed Values

The following table and chart summarize key values at specific ages.

	Age 62	Age 65	Age 75	Age 85
Cumulative Contract Premium	\$92,760	\$162,330	\$394,230	\$535,148
Total Cash Value	\$18,459	\$45,700	\$178,234	\$373,572
Total Death Benefit	\$261,922	\$277,245	\$367,846	\$508,170
Total Paid-Up Insurance	\$39,131	\$89,011	\$269,125	\$462,788



These illustrated amounts are not guaranteed. They include dividends which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. Dividends in future years may be higher or lower depending on the company's actual experience. For this reason, we strongly recommend you look at a lower dividend schedule illustration available upon request.

This illustration is not valid unless accompanied or preceded by a Massachusetts Mutual Life Insurance Company Whole Life 100 Basic Life Insurance Illustration dated 09/05/2023. Refer to the Basic Illustration for guaranteed elements, assumptions, explanations and other important information.

Numeric Summary and Signature Page

Dividends are not guaranteed and are subject to significant fluctuations over the lifetime of the policy. Changes in dividends will change all Non-Guaranteed values shown in this illustration.

To help you understand how changes in non-guaranteed dividends may affect your future policy values, this Numeric Summary and Signature Page shows how your policy would perform based on each of the following dividend scenarios:

- 1) Guaranteed: The guaranteed policy values, i.e., zero dividends.
- 2) Non-Guaranteed Midpoint: 50% of the company's currently illustrated dividend.
- 3) Non-Guaranteed Current: The company's currently illustrated dividend.

	Contract Premium	Guaranteed Values		Non-Guaranteed Values			
		Total Cash Value	Death Benefit	Midpoint Assumptions		Current Assumptions	
		Total Cash Value	Death Benefit	Total Cash Value	Death Benefit	Total Cash Value	Death Benefit
Year 5	23,190	18,995	250,000	22,973	258,196	27,052	266,598
Year 10	23,190	51,555	250,000	64,236	272,777	77,753	297,057
Year 20	23,190	121,148	250,000	172,426	322,513	231,883	406,589
Age 70	23,190	65,220	250,000	83,159	280,586	102,553	313,653

I have received a copy of this illustration and understand that any non-guaranteed elements illustrated are subject to significant fluctuations and could be either higher or lower. The agent has told me they are not guaranteed. I understand that this illustration is not a contract. I also understand that any policy changes reflected in this illustration are not automatic, but must be submitted in writing to the Home Office. The terms of the policy constitute the actual agreement of coverage. I further understand I have the right to request a hypothetical lower schedule illustration to see the potential impact of a lower dividend interest rate on my policy values. I have read and understand the IMPORTANT TAX INFORMATION section in the Narrative Summary.

Owner

Date

I certify that this illustration has been presented to the applicant and that I have explained that any non-guaranteed elements illustrated are subject to change. I have made no statements that are inconsistent with this illustration.

Agent

Date

Coverage	Face Amount	Current Premiums			
		Annually	Semi-Annually	Quarterly	Monthly
Base Policy Insurance	250,000	18,190.00	9,307.83	4,709.39	1,582.53
Perm Flat Extra		5,000.00	2,558.50	1,294.50	435.00
Total Initial Modal Premium		23,190.00	11,866.33	6,003.89	2,017.53
Total Initial Modal Premium (Annualized)		23,190.00	23,732.66	24,015.56	24,210.36

Tabular Values

Year	Age End Year	Contract Premium	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Non-Guaranteed Values*					
					Annual Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
1		23,190	0	250,000	0	0	0	0	250,000	0
2		23,190	800	250,000	1,655	1,655	2,455	3,720	253,720	5,518
3		23,190	6,768	250,000	1,795	3,499	10,267	7,637	257,637	22,407
4		23,190	12,835	250,000	2,021	5,624	18,459	11,922	261,922	39,131
5		23,190	18,995	250,000	2,270	8,057	27,052	16,598	266,598	55,728
6		23,190	25,273	250,000	2,536	10,825	36,097	21,678	271,678	72,289
7		23,190	31,713	250,000	2,858	13,988	45,700	27,245	277,245	89,011
8		23,190	38,240	250,000	3,208	17,585	55,825	33,324	283,324	105,792
9		23,190	44,853	250,000	3,585	21,651	66,503	39,937	289,937	122,672
10		23,190	51,555	250,000	3,964	26,198	77,753	47,057	297,057	139,658
11		23,190	58,348	250,000	4,542	31,436	89,784	55,003	305,003	157,091
12		23,190	65,220	250,000	5,073	37,333	102,553	63,653	313,653	174,853
13		23,190	72,163	250,000	5,638	43,932	116,095	73,025	323,025	192,973
14		23,190	79,150	250,000	6,260	51,301	130,451	83,175	333,175	211,502
15		23,190	86,163	250,000	6,911	59,476	145,639	94,111	344,111	230,448
16		23,190	93,180	250,000	7,536	68,440	161,620	105,755	355,755	249,740
17		23,190	100,188	250,000	8,007	78,046	178,234	117,846	367,846	269,125
18		23,190	107,180	250,000	8,481	88,300	195,480	130,369	380,369	288,612
19		23,190	114,165	250,000	8,946	99,196	213,361	143,291	393,291	308,205
20		23,190	121,148	250,000	9,404	110,735	231,883	156,589	406,589	327,902
21		10,193	127,673	250,000	9,893	122,950	250,623	170,291	420,291	347,123
22		10,193	134,160	250,000	10,251	135,711	269,871	184,205	434,205	366,304
23		10,193	140,590	250,000	10,641	149,044	289,634	198,368	448,368	385,484
24		10,193	146,930	250,000	11,062	162,964	309,894	212,814	462,814	404,688
25		10,193	153,183	250,000	11,489	177,478	330,660	227,544	477,544	423,939
26		10,193	159,275	250,000	11,987	192,616	351,891	242,645	492,645	443,288
27		10,193	165,173	250,000	12,532	208,400	373,572	258,170	508,170	462,788
28		10,193	170,840	250,000	13,041	224,766	395,606	274,071	524,071	482,387
29		10,193	176,233	250,000	13,606	241,729	417,962	290,418	540,418	502,146
30		10,193	181,323	250,000	14,155	259,244	440,567	307,191	557,191	522,048

*This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

Refer to the Narrative Summary for assumptions, explanations and additional information.

Prepared for: Santos Kreimann (Unisex, Non-Tobacco, Table Rating)
Presented by: Brian Bozajian, CLU
Prepared on: September 5, 2023

MEC Limit: \$16,952.35
Version: MMD Web2023-09-01(CA)

Tabular Values

Year	Age End Year	Contract Premium	Guaranteed Cash Value End Year	Guaranteed Death Benefit End Year	Non-Guaranteed Values*					
					Annual Dividend End Year	Cash Value of Additions End Year	Total Cash Value End Year	Paid-Up Additions End Year	Total Death Benefit End Year	Total Paid-Up Insurance End Year
31		10,193	186,088	250,000	14,677	277,248	463,336	324,362	574,362	542,071
32		10,193	190,538	250,000	15,306	295,836	486,374	342,059	592,059	562,366
33		10,193	194,705	250,000	15,904	314,979	509,684	360,248	610,248	582,936
34		10,193	198,655	250,000	16,476	334,686	533,341	378,900	628,900	603,798
35		10,193	202,490	250,000	17,012	355,002	557,492	397,971	647,971	624,969
36		10,193	206,343	250,000	17,518	376,002	582,344	417,418	667,418	646,488
37		10,193	210,448	250,000	17,952	397,848	608,295	437,143	687,143	668,375
38		10,193	215,140	250,000	18,272	420,784	635,924	456,986	706,986	690,636
39		10,193	220,625	250,000	18,508	444,986	665,611	476,818	726,818	713,225
40		10,193	227,468	250,000	18,508	470,909	698,376	496,326	746,326	736,070
41		10,193	236,653	250,000	17,713	498,985	735,638	514,593	764,593	758,647
42		10,193	250,000	250,000	16,884	531,477	781,477	531,477	781,477	
43		0	250,000	250,000	41,499	572,976	822,976	572,976	822,976	
44		0	250,000	250,000	43,748	616,724	866,724	616,724	866,724	
45		0	250,000	250,000	46,119	662,842	912,842	662,842	912,842	
46		0	250,000	250,000	48,619	711,461	961,461	711,461	961,461	
47		0	250,000	250,000	51,254	762,715	1,012,715	762,715	1,012,715	
48		0	250,000	250,000	54,032	816,746	1,066,746	816,746	1,066,746	
49		0	250,000	250,000	56,960	873,706	1,123,706	873,706	1,123,706	
50		0	250,000	250,000	60,047	933,754	1,183,754	933,754	1,183,754	
51		0	250,000	250,000	63,302	997,056	1,247,056	997,056	1,247,056	
52		0	250,000	250,000	66,733	1,063,789	1,313,789	1,063,789	1,313,789	
53		0	250,000	250,000	70,350	1,134,139	1,384,139	1,134,139	1,384,139	
54		0	250,000	250,000	74,163	1,208,301	1,458,301	1,208,301	1,458,301	
55		0	250,000	250,000	78,182	1,286,484	1,536,484	1,286,484	1,536,484	
56		0	250,000	250,000	82,420	1,368,904	1,618,904	1,368,904	1,618,904	
57		0	250,000	250,000	86,887	1,455,791	1,705,791	1,455,791	1,705,791	
58		0	250,000	250,000	91,596	1,547,387	1,797,387	1,547,387	1,797,387	
59		0	250,000	250,000	96,561	1,643,948	1,893,948	1,643,948	1,893,948	
60		0	250,000	250,000	101,794	1,745,743	1,995,743	1,745,743	1,995,743	
61		0	250,000	250,000	107,312	1,853,054	2,103,054	1,853,054	2,103,054	
62		0	250,000	250,000	113,128	1,966,182	2,216,182	1,966,182	2,216,182	
63		0	250,000	250,000	119,260	2,085,442	2,335,442	2,085,442	2,335,442	

*This illustration reflects the dividend option of Paid-Up Additions. Non-guaranteed values include dividends, which are neither estimates nor guarantees, but are based on the 2023 dividend schedule. The dividend schedule is reviewed annually and it is likely that dividends in future years will be lower or higher depending on the company's actual experience. For this reason, we strongly recommend that you look at a hypothetical lower schedule illustration available upon request.

Refer to the Narrative Summary for assumptions, explanations and additional information.

Prepared for: Santos Kreimann (Unisex, Non-Tobacco, Table Rating)
Presented by: Brian Bozajian, CLU
Prepared on: September 5, 2023

MEC Limit: \$16,952.35
Version: MMD Web2023-09-01(CA)

UL GuardSM

Revised Basic Life Insurance Presentation

Prepared for:

Santos Kreimann

Presented by:

Brian Bozajian, CLU
Bozajian & Carter Insurance Services
1001 Sixth Street, Suite 100
Manhattan Beach, CA 90266
Agent License Number: 0663536
Telephone Number: (310) 545-9565

September 7, 2023

CRN: 266003

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LI7467

Prepared for: Santos Kreimann

Unisex, ■ Non-Tobacco, Table Rating ■

Policy: UL Guard
Face Amount: \$250,000
Riders: ABR SIR

Planned Premium: \$18,187.98
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
1	■	18,188	3,547	0	250,000
2	■	18,188	6,948	0	250,000
3	■	18,188	10,132	3,240	250,000
4	■	18,188	12,971	6,474	250,000
5	■	18,188	15,340	9,319	250,000
6	■	18,188	17,158	11,533	250,000
7	■	18,188	18,307	12,999	250,000
8	■	18,188	18,697	13,785	250,000
9	■	18,188	18,208	13,613	250,000
10	■	18,188	16,703	12,345	250,000
11	■	18,188	13,995	10,113	250,000
12	■	18,188	9,804	6,318	250,000
13	■	18,188	3,734	644	250,000
14	■	18,188	0	0	250,000
15	■	18,188	0	0	250,000
16	■	18,188	0	0	250,000
17	■	18,188	0	0	250,000
18	■	18,188	0	0	250,000
19	■	18,188	0	0	250,000
20	■	18,188	0	0	250,000
21	■	13,063	4,577	4,577	250,000
22	■	13,063	8,358	8,358	250,000
23	■	13,063	11,178	11,178	250,000
24	■	13,063	12,825	12,825	250,000
25	■	13,063	13,121	13,121	250,000
26	■	13,063	11,763	11,763	250,000
27	■	13,063	8,327	8,327	250,000
28	■	13,063	2,149	2,149	250,000
29	■	13,063	0	0	250,000
30	■	13,063	0	0	250,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

Prepared for: Santos Kreimann

Unisex, [REDACTED] Non-Tobacco, Table Rating [REDACTED]

Policy: UL Guard
Face Amount: \$250,000
Riders: ABR SIR

Planned Premium: \$18,187.98
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
31	[REDACTED]	13,063	0	0	250,000
32	[REDACTED]	13,063	0	0	250,000
33	[REDACTED]	13,063	0	0	250,000
34	[REDACTED]	13,063	0	0	250,000
35	[REDACTED]	13,063	0	0	250,000
36	[REDACTED]	13,063	0	0	250,000
37	[REDACTED]	13,063	0	0	250,000
38	[REDACTED]	13,063	0	0	250,000
39	[REDACTED]	13,063	0	0	250,000
40	[REDACTED]	13,063	0	0	250,000
41	[REDACTED]	13,063	0	0	250,000
42	[REDACTED]	13,063	0	0	250,000
43	[REDACTED]	0	0	0	250,000
44	[REDACTED]	0	0	0	250,000
45	[REDACTED]	0	0	0	250,000
46	[REDACTED]	0	0	0	250,000
47	[REDACTED]	0	0	0	250,000
48	[REDACTED]	0	0	0	250,000
49	[REDACTED]	0	0	0	250,000
50	[REDACTED]	0	0	0	250,000
51	[REDACTED]	0	0	0	250,000
52	[REDACTED]	0	0	0	250,000
53	[REDACTED]	0	0	0	250,000
54	[REDACTED]	0	0	0	250,000
55	[REDACTED]	0	0	0	250,000
56	[REDACTED]	0	0	0	250,000
57	[REDACTED]	0	0	0	250,000
58	[REDACTED]	0	0	0	250,000
59	[REDACTED]	0	0	0	250,000
60	[REDACTED]	0	0	0	250,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

Prepared for: Santos Kreimann

Unisex, ■ Non-Tobacco, Table Rating ■

Policy: UL Guard
Face Amount: \$250,000
Riders: ABR SIR

Planned Premium: \$18,187.98
Premium Frequency: Annual

Values shown do not reflect loans and/or withdrawals.

Year	Age End Year	Annual Premium Outlay	1.00% Guaranteed Interest Rate		
			Account Value End Year	Net Surrender Value End Year	Death Benefit End Year
61	■	0	0	0	250,000
62	■	0	0	0	250,000
63	■	0	0	0	250,000

See the Guaranteed Death Benefit Safety Test Summary report for specifics on the premium required to be paid to satisfy the Guaranteed Death Benefit Safety Test.

Values in the guaranteed interest rate columns reflect a 1.00% guaranteed interest rate, guaranteed insurance charges and guaranteed premium expense charges.

See attached Footnotes Page for additional assumptions and explanations.

LACERA OF LOS ANGELES

SPLIT DOLLAR INSURANCE ENDORSEMENT AGREEMENT

Insurer: The Massachusetts Mutual Life Insurance Company (the "Insurer")

Policy Number: _____

Insured Employee: Santos Kriemann

The respective rights and duties of Los Angeles County Employees Retirement Association "LACERA") and Insured Employee (the "Insured") in the subject policy shall be as set forth below:

I. DEFINITIONS

"Employee Death Benefit" shall mean \$200,000 payable to the Insured's beneficiary(ies) upon Insured's death, subject to the terms and conditions of this Split Dollar Insurance Endorsement Agreement (the "Agreement"), provided, however, the Employee Death Benefit shall in no event exceed the amount paid by the Insurer under the policy upon the death of the Insured.

"Premium" shall mean the premium(s) paid by the LACERA during the term of this Agreement as required to keep insurance for the Insured in force.

II. POLICY TITLE, OWNERSHIP AND ENDORSEMENT

Title and ownership of the policy shall reside with the LACERA for its use and for the payment of a death benefit to the Insured's beneficiary(ies), subject to the terms and conditions of this Agreement. LACERA alone may, to the extent of its interest, exercise the right to borrow or withdraw on the policy cash values to fund the Premium or for any other reason permitted under this Agreement.

III. BENEFICIARY DESIGNATION RIGHTS

The Insured shall have the right and power to designate a beneficiary or beneficiaries to receive his/her share of the proceeds payable on his/her death as provided in Section V but subject to any right or interest LACERA may have in such proceeds as provided in this Agreement.

IV. PREMIUM PAYMENT

LACERA shall (a) pay an amount equal to the Premium, or (b) use the policy cash value to provide such payment. Premiums shall be paid not later than each premium due date.

V. DIVISION OF DEATH PROCEEDS OF POLICY

The division of proceeds of the policy payable upon the Insured's death shall be as follows:

- A. The Insured's beneficiary(ies) shall be entitled to proceeds equal to the Employee Death Benefit, provided, however, the proceeds payable to such beneficiary(ies) shall in no event exceed the amount payable by the Insurer under the policy upon the death of the Insured.
- B. To the extent available, LACERA shall be entitled to receive out of the death proceeds, payment of any and all Premiums paid by LACERA to keep the policy in force.

VI. TERMINATION OF AGREEMENT

This Agreement shall terminate upon the earliest of:

- A. Submission of written notice, in the form attached as Exhibit A, by the Insured to LACERA that the Insured declines all continued coverage under the policy;
- B. Termination of the Insured's employment with LACERA within thirty-six (36) months of commencing coverage under this Agreement or a prior Agreement providing for similar coverage for any reason other than death or disability of the Insured; or
- C. Termination of the Insured's employment with LACERA at any time if the termination is for cause or for the convenience of LACERA and LACERA elects, in its sole and absolute discretion, to discontinue coverage under this Agreement.

Following such termination, LACERA shall surrender the policy and shall retain all proceeds from the surrender.

VII. AGREEMENT BINDING UPON PARTIES

This Agreement shall bind LACERA and the Insured, their heirs, successors, and personal representatives.

VIII. NAMED ADMINISTRATOR

LACERA shall name from time to time a LACERA officer or other entity to serve as the administrator (the "Named Administrator") until such time as LACERA officer or other entity resigns or is replaced in the sole discretion of LACERA. As of the date of this Agreement, the Named Administrator is the LACERA Department of Human Resources. The Named Administrator shall be responsible for the management, control and administration of the policy and this Agreement as established herein. The Named Administrator may allocate to others certain aspects of the management and operation responsibilities of the policy administration, including the employment of advisors and the delegation of any duties to qualified individuals.

IX. CONTACT INFORMATION

The Named Administrator has designated as its contact, until further notice, Brian V. Bozajian, of Bozajian & Carter Insurance Services, 1001 Sixth Street, Suite 100, Manhattan Beach, CA 90266, telephone (310) 545-9565. The contact information for LACERA is Legal Services Department, Attn.: Steven Rice, 300 N. Lake Avenue, Pasadena, CA 91101, telephone (626) 564-2340. The contact information for the Insured is: [REDACTED]

[REDACTED] 5. The parties shall notify each other of any changes in contact information as they arise.

X. FUNDING

The funding of the insurance arrangement contemplated by this Agreement shall be to maintain the subject policy in force by paying, when due, all premiums required during the term of this Agreement; provided, however, LACERA shall be entitled to suspend payment of premiums each year in which the cash value of the policy is adequate to fund the premiums and maintain the subject policy in force for the amount of the Employee Death Benefit.

XI. AMENDMENT

LACERA in its sole discretion may amend this Agreement at any time and from time to time by a written instrument. If this occurs, LACERA will deliver an amended Agreement to the Insured for execution.

XII. CLAIMS PROCEDURE FOR LIFE INSURANCE POLICY

Claim forms or claim information as to the subject policy can be obtained by contacting the Named Administrator. Claims for any benefits due under the policy may be made in writing by e LACERA, or the Insured's designated beneficiary(ies), as the case may be, to the Named Administrator.

In the event a claim for benefits is wholly or partially denied or disputed, the Insurer shall, within a reasonable period of time after receipt of the claim, notify the Lacera and the Insured's designated beneficiary(ies) of such total or partial denial or dispute listing:

- A. The specific reason or reasons for the denial or dispute;
- B. Specific reference to pertinent provisions of the policy or this Agreement upon which the denial or dispute is based;
- C. If applicable, a description of any additional information necessary for the claimant to correct the claim and an explanation of why such material or information is necessary; and
- D. An explanation of any claims review procedures available under the policy.

Within 60 days of a final denial of a claim by the Insurer, a claimant may request that the claim be reviewed by LACERA, whose decision as to these matters under this Agreement shall be final and conclusive.

XIV. INSURANCE COMPANY NOT A PARTY TO AGREEMENT

The Insurer shall not be deemed a party to this Agreement, but will be provided a duplicate original of this Agreement to maintain in its files. The Insurer's receipt of a copy of this Agreement shall be documented by an acknowledgment in the form attached hereto as Exhibit B.

VI. ACKNOWLEDGMENT OF TAX LIABILITY

The Insured understands and acknowledges that under current tax law LACERA is required to report the value of the supplemental insurance benefits it provides to the Insured as income to

the Insured and must report this income to taxing authorities annually, and that payment of any income tax owed in connection with this income is solely the responsibility of the Insured.

Executed at Los Angeles, this _____ day of _____, _____.

(Witness)

LACERA

By: _____

Printed Name: Steven Rice

Title: Chief Counsel

(Witness)

(Insured)

October 3, 2023

TO: Trustees – Board of Investments

FROM: Jude Pérez 
Deputy Chief Investment Officer

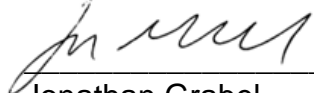
FOR: October 11, 2023 Board of Investments Meeting

SUBJECT: **BOI GOVERNANCE PEER GROUP PLAN REVIEW**

Attached is a presentation from Meketa that will serve as a continuation of the Board of Investments' requested Governance review. Meketa will review the presentation at the October 2023 BOI meeting.

Attachment

Noted and Reviewed:



Jonathan Grabel
Chief Investment Officer

JP:mm

Los Angeles County Employees Retirement Association

October 11, 2023

Peer Group Plan Review

Background

- In this presentation, we highlight investment models and related attributes of other large public pension plans to help the Board of Investments (“BOI”) assess LACERA’s current and potential future investment and operating models related to LACERA’s strategic plan of “Towards Best-In-Class Investor”.
- Through the governance review process, delegation of investment discretion has emerged as a focal point and therefore our review focused primarily on that aspect of plan governance/operations.
- Other areas of interest were the use/role of Committees and Board Education policies and practices. From this survey the approaches we observed were highly variable in those areas. Each of those items would involve a much more nuanced review of peer plans to identify commonalities and/or best practices.
- The analysis shown is based on extensive research into a universe of largest US public pension plans (“LACERA Peers”) and a group of the largest California county and city plans (“CA Peers”). For each plan we reviewed multiple sources of information including Investment Belief Statements, Investment Policy Statements, ACFRs, Governance Manuals, Investment Operations Manuals, etc.
- The BOI requested both a peer review and potential policy recommendations. This presentation provides the peer review and policy excerpts. The policy excerpts may help to develop the policy recommendations for the November BOI meeting.

Introduction

→ LACERA currently uses a hybrid or partial delegation model.

- The BOI delegates investment authority to the CIO in the following areas:
 - Private Equity re-ups with existing managers
 - Co-Investments and secondaries across private markets
 - Credit
 - Overall portfolio management and rebalancing
- The BOI currently retains authority for manager selection in Global Equity, Fixed Income, Hedge Funds and for new managers across private markets.

→ Guidelines (including delegation of authority and related thresholds) for each asset class are developed, reviewed and approved by the BOI during the asset class structure review process.

Objective

- Review peer plans through the lens of LACERA's strategic plan of "Towards Best-In-Class Investor."
- Critical questions in reviewing the materials and preparing for the BOI discussion:
 - How does LACERA compare to each plan/system?
 - In this context where do you see LACERA in 5 or 10 years?
 - What are LACERA's strengths and are they being maximized?
 - Do you see areas for enhancements to LACERA's approach or policies?
- If there are approaches or policies captured in this peer review that resonate, prepare to identify and discuss those.
- Our expectation is for an engaging discussion that can help build a strong consensus for the future evolution of LACERA.

Of Note

- The universe includes most plans identified through the survey. Excluded are plans with a sole fiduciary governance model where the investment responsibility is vested in an elected or appointed state official, (NY State Common Retirement Fund and North Carolina Retirement Systems).
- The five New York City Retirement Plans are also excluded due to the use of separate Boards and the role of the Comptroller as the named fiduciary.
- Since our last peer survey, Michigan has moved from the sole fiduciary model to a Board governance model and delegated authority to the Michigan Bureau of Investments.
- Of the plans included in the peer review there is a split between those using a single Board or dual/separate Investment Board approach. Regardless of the overall governance model, the substance of the underlying policies and procedures is the focus of this review.
- Titles and roles also vary by organization and nothing presented here is intended as commentary regarding LACERA's organizational structure.

National Peer Public Plans ~>100B

Plan Name	Plan Size ¹ (\$B)	Delegation	Notes
CalPERS	~490	Yes	Governance Policy articulates delegation rationale
CalSTRS	~310	Yes	Asset class policies are used to delegate and provide guidelines
Texas Teachers	~200	Yes	IIC responsible for all investments and external managers
Florida SBA	~200	Yes	
SWIB	~140	Yes	IPS represents a delegation of standing authority to SWIB staff
New York State Teachers	~140	Yes	Investment Beliefs
Washington State	~130	Yes	Standalone Delegation of Authority Policy
OPERS	~120	Yes	IPS
New Jersey	~100	Yes	State statute and IPS
VRS	~100	Yes	IPS
Oregon	~100	Partial	Governance review, OIC retains authority except for alternatives
MassPRIM	~100	Yes	Board Governance Manual

→ Eleven of the twelve largest LACERA’s Peers listed above delegate investment authority to staff.

→ OIC has partially delegated investment authority to staff, but the Council approves public market managers. OIC is currently undergoing a governance review with further delegation as a focus.

¹ Source: Pensions & Investments

National Peer Public Plans \$60-\$100B

Plan Name	Plan Size ¹ (\$B)	Delegation	Notes
State of Michigan IB	~90	Yes	IPS
Ohio Teachers	~90	Yes	Investment Beliefs
Minnesota	~90	Partial	A Private Market subcommittee reviews all commitments
UC Retirement	~90	Yes	IPS
PA Schools	~70	Yes	IPS
Maryland	~70	Yes	Investment Policy Manual
Tennessee	~70	Yes	IPS
Illinois Teachers	~60	No	IPS
Colorado PERA	~60	Yes	IPS

- Seven of the nine National Peer Plans with assets below \$100B delegate authority to staff.
- Minnesota utilized a private markets subcommittee to review and approve all commitments.
- Illinois Teachers does not delegate investment authority.

¹ Source: Pensions & Investments

California Peer Public Plans

Plan Name	Plan Size ¹ (\$B)	Delegation	Notes
CalPERS	~490	Yes	Governance Policy articulates delegation rationale
CalSTRS	~310	Yes	Asset class policies are used to delegate and provide guidelines
UC Retirement System	~90	Yes	IPS
SFERS	~40	Partial	Delegation in public markets approved in July
LACERS	~30	No	IPS
LA Fire and Police	~30	No	IPS
OCERS	~20	Yes	IPS

→ 57% of the CA Peer Plans fully delegate investment authority to staff.

→ The three CA Peer Plans which are larger than LACERA all delegate investment authority.

→ One CA Peer Plan recently adopted partial delegation.

¹ Source: Pensions & Investments

California Public Employees' Retirement System ("CalPERS")

CalPERS' Governance Policy regarding delegation:

- A) A delegation is the grant of authority from one person or entity with the power to act, to another person or entity. A delegation of authority does not extinguish the authority of the delegator, nor does it absolve the delegator of responsibility.
- B) While, as a general rule, a trustee or other fiduciary should not delegate to others authority that he or she ought personally to perform, it is appropriate to delegate tasks that the individual cannot reasonably himself or herself perform. The members of the Board, themselves, cannot reasonably perform all acts necessary to operate CalPERS; they must rely upon CalPERS staff and contractors to carry out many activities and functions.
- C) Delegations must be prudent and consistent with the Board's fiduciary responsibilities. The Board must select delegates with care, define delegated authority clearly, monitor the performance of delegates, and take corrective action when appropriate.

California Public Employees' Retirement System ("CalPERS") continued**CalPERS' IPS Appendix 2: Investment Program Related Responsibilities****Investment Committee**

1. Approve adoption and oversee compliance with Investment Policies
2. Review policy recommendations made by staff
3. Approve asset classes, policy targets, ranges and benchmarks
4. Set Total Fund Benchmarks
5. Determine if any contemplated divestment activity is both appropriate and consistent with fiduciary duties
6. Conduct a periodic review of Investment Beliefs

Investment Office Staff

- 35 specific Investment Program Related Responsibilities are assigned/delegated to staff including policy recommendation, investment procedures and guidelines, implementation of and adherence to policies.

California State Teachers Retirement System (“CalSTRS”)

CalSTRS utilizes multiple governance documents including an Investment Policy and Management Plan, and asset class specific policies such as a Global Equity Investment Policy and a Private Equity Investment Policy.

Investment Policy and Management Plan:

The Board delegates to the chief investment officer authority to rebalance the asset allocation across asset classes/strategies when market values of assets fall outside policy ranges and to shift allocations within the ranges.

Separate policies govern each asset class, but authority is delegated to staff in all of them. Examples:

Global Equity Investment Policy:

Within the boundaries and ranges established by this Policy, staff is responsible for the selection, allocation, and oversight of internally and externally managed portfolios.

Private Equity Policy:

The investment, administration, and management of Private Equity assets and strategies are delegated to staff within the boundaries established by these policies and the processes described within the relevant investment guidelines.

Teacher Retirement System of Texas (“TRS”)

TRS delegates investment authority subject to allocation limits defined in an appendix of the IPS.

IPS Excerpts:

The Board establishes investment objectives and policy, obtains expert advice and assistance, and oversees the employment of a qualified and competent investment staff (the “Investment Division”) and Legal and Compliance. The Board also monitors the actions of staff to ensure compliance with its policies.

The Investment Division has fiduciary responsibilities delegated by the Board under applicable law. The Investment Division manages the Fund according to the Board's policies, advises and informs the Executive Director and the Board about investments, and recommends modifications to this Policy. The Investment Division executes all transactions, performs risk-management functions, and prepares investment reports.

The Internal Investment Committee (the “IIC”) reviews, considers, and authorizes proposed investments and external manager engagements as required by this Policy. The permanent IIC membership consists of the CIO and the Chief Risk Officer (the “CRO”). There must be a minimum of five members on the IIC and, in addition to the CIO, at least two members must be Investment Division Senior Managing Directors (“SMDs”).

The CIO will establish procedures and guidelines for the operations of the IIC.

Florida State Board of Administration (“SBA”)

SBA’s Annual Investment Report details fund governance and investment policy:

The SBA is mandated by the Florida Constitution and is governed by a three-member Board of Trustees, comprised of the Governor as Chairman, the Attorney General and the Chief Financial Officer. The Trustees, in concert with legislative directives, have ultimate oversight for the SBA’s overall strategy. The Trustees delegate authority to the Executive Director & Chief Investment Officer to carry out the strategic direction in the day-to-day financial investments and operations of the agency.

→ Of note the Executive Director & Chief Investment Officer is a single title and role.

State of Wisconsin Investment Board (“SWIB”)

Excerpt from SWIB Investment Policy Statement:

This Board of Trustees WRS Investment Policy (“WRS Investment Policy”) is intended to assist in development of a diversified portfolio of investments, tailored to accomplish the purpose of the WRS within acceptable risk parameters.

This WRS Investment Policy represents a delegation of standing authority to SWIB staff within the organization to promote efficient and cost effective operations of the two WRS trust funds. In addition to the WRS funds managed by SWIB staff, external managers are used for certain active and passive investment strategies.

Accordingly, the Trustees hereby delegate to the Executive Director/Chief Investment Officer (“ED/CIO”) and the investment staff of SWIB standing authority to make prudent investments pursuant to this WRS Investment Policy and to sections 15.02(4) and 25.15(2) of the Wisconsin Statutes and section IB 2.02 of the Wisconsin Administrative Code. The ED/CIO shall identify and delegate in writing the individual professional investment staff members who have authority to manage each of the specific asset classes and internal portfolios and who have authority to direct, hire, and terminate external managers.

→ Of note the Executive Director/Chief Investment Officer is a single title and role.

New York State Teachers Retirement System (“NYSTRS”)

NYSTRS Investment Belief regarding governance:

We Believe: A strong governance structure is vital to our success. A strong governance structure includes:

- A common understanding of our fiduciary responsibility and mission.
- A well-defined and documented system of checks and balances, which recognizes the need for organizational agility.
- Clearly delineated roles and responsibilities:
 - It is the responsibility of the Retirement Board to set policy.
 - It is the responsibility of the Executive Director and Chief Investment Officer and staff to implement policy and maintain operations.
- Internal policies and procedures which set forth clear expectations and processes to ensure a culture of integrity, respect, accountability, transparency and compliance.
- Valuing broad and diverse input.

→ Of note the Executive Director and Chief Investment Officer is a single title and role.

New York State Teachers Retirement System (continued)

NYSTRS has an Investment Policy Manual which contains an Investment Policy Statement and other governance documents.

The IPS states:

Pursuant to §136-1.6(c) of Title 11 of the New York Codes, Rules and Regulations (the Regulations of the New York State Department of Financial Services), the Retirement Board, may, consistently with its fiduciary duties, delegate its investment authority to a committee or agent within well-defined guidelines, subject to review by the Retirement Board

The Investment Policy Manual contains a section entitled “Delegation of Investment Authority”

→ Under the System’s Bylaws, the Executive Director and Chief Investment Officer is authorized to “invest the funds of the System committed to the management of System staff in accordance with the directions, policies and procedures established by the Board...” The Executive Director and Chief Investment Officer, as well as such System staff as he may authorize, is responsible to exercise the delegated investment discretion powers to administer the System consistent with the policies and decisions adopted by the Retirement Board, the applicable laws of New York and the policies contained in the Investment Policy Manual.

Washington State Investment Board (“WSIB”)

WSIB’s governance policies include a Delegation of Authority Policy which states:

This policy outlines the delegation of the Washington State Investment Board’s (WSIB) authority to the Chief Executive Officer (CEO), also referred to in statute as Executive Director, for the efficient and effective conduct of Board business and contains the Board’s guidelines should the CEO delegate any of their powers or duties to WSIB staff. This policy also cites the statutory authority for delegation to external investment managers and advisors the authority to purchase or otherwise acquire, sell or otherwise dispose of, or manage investments or investment properties on behalf of the WSIB.

The board may delegate any of its powers and duties to its executive director as deemed necessary for efficient administration and when consistent with the purposes of the board’s enabling legislation.

In exercising their delegated authority, the CEO will provide the Board with the information and reports necessary for the Board to fulfill its fiduciary duty to monitor and review the actions of the WSIB staff.

→ Of note, WSIB’s CEO has more than 20 years of investment management experience. Before her appointment as CEO in January 2022, she served as Chief Investment Officer and previously as Senior Investment Officer heading the organization’s Risk Management and Asset Allocation team.

Ohio Public Employees Retirement System (“OPERS”)

The OPERS IPS contains a roles and responsibilities section:

The Board will determine the manner in which it fulfills its duties and how duties are delegated to other parties that are identified in this section.

Board Responsibility:

1. Asset Allocation

- a) Establishing and modifying the asset allocation Targets and Ranges for the DB Fund
- b) Approving Asset Class Policies
- c) Reviewing this Policy annually

2. Asset Management

- a) Approving OPERS Annual Investment Plan to manage the investments
- b) Determining delegations of authority in connection with investment management
- c) Ensuring adequate supervision of investment managers
- d) Approving all other Investment related Policies

3. Risk Control and Administration

- a) Ensuring that appropriate Investment Policies are in place
- b) Ensuring that adequate risk controls are in place

Ohio Public Employees Retirement System (continued)

- c) Ensuring compliance with all of its Policies and directives
 - d) Ensuring that custody and other ancillary investment functions are performed as described in the Policy
 - e) Reviewing risk reports and taking appropriate actions when necessary
4. Monitoring, Evaluation, and Approval
- a) Establishing performance benchmarks and expectations
 - b) Monitoring the performance of investments
 - c) Evaluating Staff's capability and performance
 - d) Retaining Advisors, actuaries and other consultants, as appropriate
 - e) Reviewing and approving this Policy, and any changes to it
 - f) Reviewing reports related to this Policy

Investment Staff Responsibility:

Staff manages the investments and reports to the Board. The Board expects Staff to take a leadership role in investment management. Recognizing that OPERS operates with a very high standard of care, the Board expects Staff to discharge its fiduciary responsibilities in managing OPERS' investments. All members of Staff are accountable to the CIO. The CIO is responsible for all Staff actions relative to the management of OPERS' investments. In this regard, it is the responsibility of the CIO to satisfy himself/herself that all Policies and directives of the Board are implemented.

New Jersey

The preamble to the Investment Policy states:

The Division of Investment (the “Division”) is responsible for the investment management of the assets of seven public pension systems.

The Division was created in 1950 by the New Jersey Legislature (P.L. 1950, c. 270) to centralize all functions relating to the purchase, sale or exchange of securities for the State’s diverse funds under experienced and professional management. The statute also established the State Investment Council (the “Council”) to formulate investment procedures and policies to be followed by the Director of the Division (“the Director”). The statute vests investment authority in the Director who is appointed by the State Treasurer from candidates nominated by the Council.

Alternative investments are subject to the Alternative Investment Due Diligence Procedures which call for approval by the State Investment Council.

Virginia Retirement System ("VRS")

The VRS Defined Benefit Plan Investment Policy states:

The Board is responsible for establishing broad policy guidelines and benchmarks that will enable the VRS Trust Fund to achieve its investment objective. Board decisions are required in the following areas:

1. Asset Allocation Targets (Policy Risk/Reward Parameters)
2. Allowable Ranges Around the Policy Targets
3. Total Fund and Program Level Benchmarks
4. Active Risk Ranges Relative to Policy

Beyond these broad policy decisions, the Board delegates to the Chief Investment Officer (CIO) all other decisions relating to the investment of VRS assets, subject to the guidelines presented in this document.

Oregon Investment Council ("OIC")

The OIC delegates investment authority regarding alternative investments subject to asset class guidelines, but retains authority for manager selection in most asset classes. The OIC is also currently undergoing a governance review, specifically focused on delegation of authority.

OIC's Statement of Funds Governance:

The Council approved this governance structure after careful consideration of alternative approaches to governing a very large and growing pension fund as well as other significant investment funds within an increasingly complex financial and investment environment.

To ensure that investment funds assets are prudently, profitably, and efficiently managed on a day-to-day basis, the Council has chosen to delegate the investment and management of specified assets to the OST and other qualified professionals who, in turn, are subject to corresponding fiduciary obligations. Such delegation is consistent with ORS 293.726(4)(b), which states that the Council must "act with prudence in deciding whether and how to delegate authority and in the selection and supervision of agents." Council delegates are expected to have the training, expertise, experience, tools and time to cost-effectively implement Council policies.

However, the Council explicitly retains authority for "retaining investment managers within each asset class, excluding alternative investment commitments as well as further delegation which may be provided for in OIC Policy.

Oregon Investment Council ("OIC") continued

Excerpt from the OIC's Statement of Investment and Management Beliefs

The OIC is a policy-setting council that largely delegates investment management activities to the OST and qualified external fiduciaries.

The OIC sets strategic policy which includes, but is not limited to, Asset Allocation, Portfolio Construction, Risk Measurement and Performance Monitoring. THE OIC's purview also includes establishing and defining its philosophy as manifest in this Statement of Investment and Management Beliefs.

The OIC tasks OST staff, external managers, consultants and other service providers with policy implementation.

Massachusetts Pension Reserves Investment Management (“PRIM”)

PRIM’s Board Governance Manual states:

The Board delegates authority to the Executive Director (who is also the Chief Investment Officer), who serves at the discretion of the Trustees and is responsible for the implementation of the investment policy and managing all investment functions, as well as other areas including administration, human resources, and finance. The PRIM staff is responsible for uncovering innovative investment ideas, vetting and recommending investments, and successfully managing these investments.

State of Michigan Investment Board (“MIB”)

The State of Michigan Investment Board’s Investment Policy Statement establishes:

Pursuant to state law and Executive Order 2018- 10 (the “Order”), the Board is the investment fiduciary for each of the systems which comprise the component units of the State of Michigan Retirement System.

The Bureau of Investments (the “BOI”) – an operating bureau within the Michigan Department of Treasury – is delegated the responsibility, pursuant to the Order and this Policy, to invest and manage the assets of the DB Plan on behalf of the Board.

The BOI is alone authorized to invest the DB Plan assets. All such investment of the DB Plan assets shall be in accordance with the fiduciary duties established (i) by Public Act 314, the Order, and other applicable state statutes and (ii) pursuant to this Policy.

School Employees Retirement System of Ohio (“STRS Ohio”)

STRS Ohio Statement of Investment Beliefs:

Good governance is critical for success. STRS Ohio believes strong governance practices lead to strong investment results. Day-to-day management of an investment portfolio requires proper delegation accompanied by effective oversight.

STRS Ohio Statement of Fund Governance:

To ensure STRS Ohio assets are prudently, profitably and efficiently managed on a day-to-day basis, the Board needs to delegate the management and implementation of Board investment policies to qualified managing and operating fiduciaries.

Investment Decision Retained by the Board.

The Board approves the following investment policies: Statement of Investment Objectives and Policy, Proxy Voting, Ohio Investments, Securities Lending, Broker-Dealer Selection Criteria and Procedures, Ohio Qualified Investment Managers and Brokers and Securities Litigation.

Investment Decisions Delegated to Staff:

Buying, selling, managing and monitoring individual securities, real assets and or other investment transactions to achieve the total fund and asset class investment objectives approved by the Board.

Retaining, managing and terminating external investment managers within each asset class as required to achieve the total fund and asset class investment objectives approved by the Board.

Ensuring total fund, asset class and individual manager portfolios complies with established parameter and risk levels

Preparing, negotiating and executing external investment manager mandates, guidelines and fee agreement.

Minnesota State Board of Investment (“MSBI”)

MSBI Investment Beliefs state:

The SBI benefits significantly when roles and levels of authority are clearly defined and followed.

The role of the members of the State Board of Investments (Board) is to establish investment policies that are in compliance with state statute and guide the ongoing management of the funds. The Board delegates implementation of that policy to the Executive Director/CIO, and exercises oversight with respect to the Executive Director/CIO’s implementation activities and the portfolio’s active risk level in the context of the portfolio’s strategic allocation policy. The Board also ensure adequate resources are available to the SBI staff to perform their work;

The Investment Advisory Council (IAC)’s key role is advising the Board and the Executive Director/CIO on general policy matters and methods to enhance the management of the investment portfolio;

The Executive Director/CIO’s key role is implementing SBI investment policies and setting the portfolio’s active risk level in a prudent manner to equal or exceed applicable policy benchmarks.

Of note, the Board retains authority for approving private market commitments.

UC Retirement

Excerpt from the Investment Policy Statement:

Roles and Responsibilities:

Board of Regents:

The Board defines the goals and objectives of UCRP and is responsible for establishing and approving changes to this Policy. The Board of Regents may delegate the implementation of this policy to committees, the Chief Investment Officer and investment advisors.

Chief Investment Officer:

The Chief Investment Officer (“Office of the Chief Investment Officer”, “OCIO”, “UC Investments”) is responsible for implementing the approved investment policies and developing investment processes and procedures for asset allocation, risk management, investment manager selection and termination, monitoring and evaluation, and the identification of management strategies that will improve the investment efficiency of UCRP assets.

Pennsylvania Public School Employees' Retirement System ("PSERS")

PSERS Investment Policy States:

The Board The members of the PSERS Board are vested with and exercise exclusive control and management of the System, including the investment of its assets. The Board appoints staff and retains outside managers, consultants and others as needed to assist it in performing its duties, in accordance with section III of this Policy in which the Board has defined the roles and responsibilities of such parties.

The Board establishes roles and responsibilities for PSERS' investment program.

The Board (Board): Based on recommendations of its Investment Committee, the Board, as ultimate governing fiduciary, establishes investment policies and monitors compliance with its policies and progress made towards stated goals. The Board establishes this Policy, including the Asset Allocation, investment performance benchmarks and risk tolerances it contains. The Board also appoints the Chief Investment Officer (CIO), External Managers, and Investment Consultants. The Board monitors the performance of the implementation function it has assigned for effectiveness and compliance with its policies, may direct the CIO, Asset Allocation Committee (AAC), Allocation Implementation Committee (AIC), or the Investment Office Professionals (IOP) to bring matters before them to the Board for its consideration prior to implementation, and will require reporting of the entities identified in this section sufficient to facilitate its fiduciary requirements.

Chief Investment Officer (CIO): The CIO serves as the senior staff administrator on all investment matters.

Maryland State Retirement

The Investment Policy Manual states:

The Chief Investment Officer is delegated the responsibility for managing and overseeing the investment process, including

- (i) hiring external investment managers to invest the assets of the several systems,
- (ii) developing and implementing internal management strategies
- (iii) creating or selecting and purchasing interests in specific investment vehicles, including limited partnerships, limited liability companies, private equity investments, private real estate investments, and co-investments,
- (iv) ensuring legal review of proposed investments by the Office of the Attorney General and
- (v) monitoring compliance with investment contracts, State law, and both the public market and private market program policies and processes enumerated in this Investment Policy Manual.

Tennessee Consolidated Retirement System (“TCRS”)

The TCRS Investment Policy states:

Investment Authority

General administration and responsibility for the proper operation of the TCRS are vested with the TCRS Board of Trustees, including the authority for investing and reinvesting the assets of the TCRS. The day-to-day administration and operation of the TCRS are primarily delegated to the State Treasurer.

Implementation of the TCRS Investment Policy established by the Board is hereby delegated to the State Treasurer, who shall put such policy into effect. In implementing this Investment Policy, the State Treasurer hereby delegates certain responsibilities to the Chief Investment Officer and Investment Staff, including the power to invest and reinvest the TCRS’s assets in accordance with the criteria established by this Investment Policy.

Teachers' Retirement System of Illinois ("IL TRS")

Definition of roles from the Investment Policy Statement:

Board of Trustees

The Board has the responsibility of establishing and maintaining broad policies and objectives for all aspects of the System's operation. The Board is responsible for prudent investment and expenditure of the System's funds and assets. Specifically with regard to investments, the Board takes action upon recommendations that come from its Investment Committee. The Board also approves actuarial assumptions, certifies contribution rates and determines policies pertaining to the administration of the plans and benefits under its jurisdiction and responsibility.

Investment Committee

The Board establishes the Investment Committee and elects the Chair and Vice-Chair of the Committee ("Chair" and "Vice Chair"). The Committee makes recommendations to the Board on investment actions including, but not limited to, the following topics:

1. All Board approved policies related to the Investment Program including:
 - The Investment Policy, Exhibits and/or Appendices
 - Rebalancing Policy
 - Manager Hiring & Termination Policy
 - Brokerage Policy
 - Proxy Voting Policy
 - Securities Class Action Litigation Policy

Teachers' Retirement System of Illinois (continued)

2. The Asset Allocation Policy and Asset Class Structure/Tactical Plans
3. Performance Benchmarks
4. The Master Trustee/Custodian ("Custodian") Relationship
5. The Securities Lending Program
6. Investment Manager Relationships
7. Consulting Relationships(s)
8. Other Service Providers

Chief Investment Officer

The Chief Investment Officer ("CIO") is appointed by and serves at the pleasure of the Board. The CIO is responsible for planning, organizing, and administering the investment operations of the System under broad policy guidance and direction from the Board.

Public Employees Retirement Association of Colorado (“CO PERA”)

Excerpt from Investment Policy Statement:

Responsibilities of the Investment Committee: The Investment Committee is responsible for assisting the Board in overseeing the PERA Investment Program. Specific responsibilities, as defined in the Governance Manual, include:

- Recommend to the Board Statements of Investment Policy and Philosophy, and review the statements at least biennially
- Recommend to the Board the strategic asset allocation and associated benchmarks
- Review, at least annually, PERA’s compliance with the Statement of Investment Policy
- Review costs of the investment program
- Review total fund, asset class, and investment manager performance and risk

Responsibilities of Staff: The overriding role of the staff is to assist the Board in managing the PERA Investment Program. In this regard, as defined in the Governance Manual, staff is expected to:

- Develop, within policy parameters approved by the Board, investment manager structures for each asset category in which PERA invests
- Negotiate and approve guidelines and contracts for each investment manager
- Execute portfolio rebalancing in accordance with the policies of the Board

San Francisco Employees' Retirement System ("SFERS")

Newly revised Investment Policy Statement excerpt:

The Board delegates to the CEO and CIO the authority to select and terminate investment managers and make investment decision within Board approved asset allocation, investment guidelines and reporting requirements, as outlined in this Investment Policy Statement, Asset Class Guidelines and Manager Selection and Monitoring Policies.

Of note, the CEO & CIO is the title for the role of a single person.

LACERS

IPS Excerpt:

The Board shall be responsible for selecting qualified investment managers, consultants and custodian.

The Board develops and approves policies for the execution of the Board's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the implementation and administration of these decisions.

LA Fire and Police

IPS Excerpt:

The Board shall be responsible for selecting qualified investment managers, consultants and custodian.

The Board develops and approves policies for the execution of the Board's investment program. Only the Board in its sole discretion can delegate its decision-making authority regarding the investment program. Staff will be responsible for the implementation and administration of these decisions.

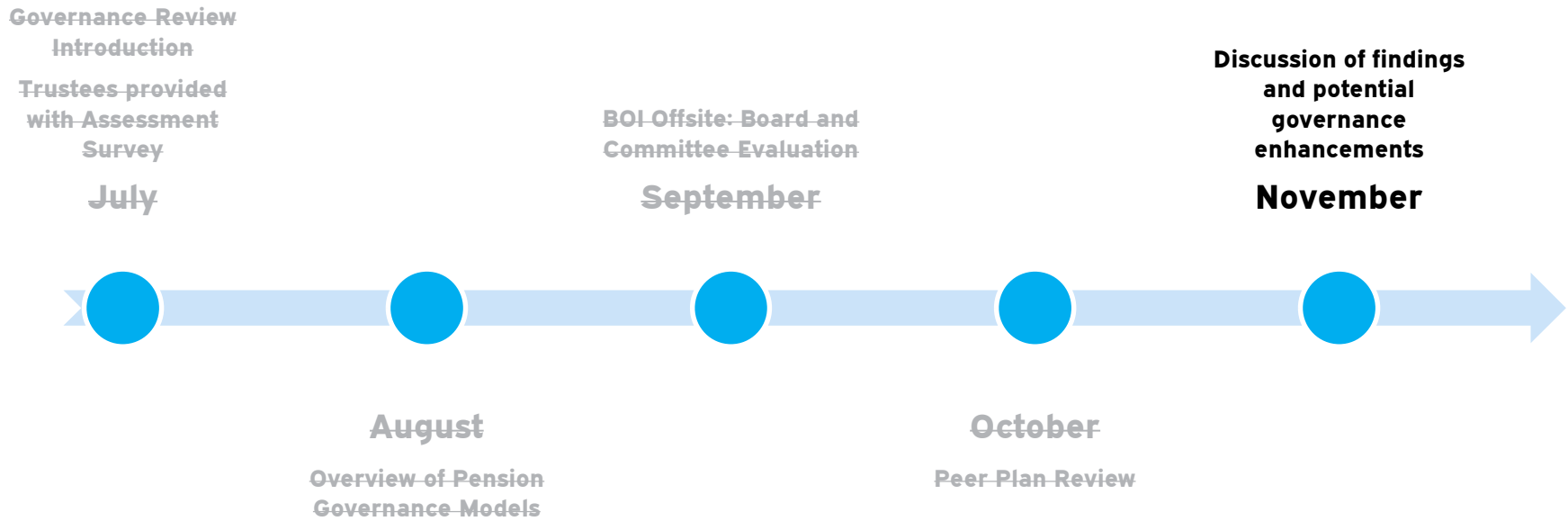
Neither of the plans listed on this page delegate investment authority over manager selection to staff.

OCERS – Orange County Employees Retirement System

Excerpt from the most recent Investment Policy Statement:

Best practices in governance lead to better decision making with more adaptable and dynamic portfolio management. Separating supervision from execution, OCERS' Investment Committee sets asset allocation, monitors risk and maintains oversight over the portfolio. OCERS' investment team and its related investment consultants are the subject matter experts acting under delegated authority to execute the portfolio design, within strict parameters approved by the Investment Committee.

Next Steps: Work Plan Timeline

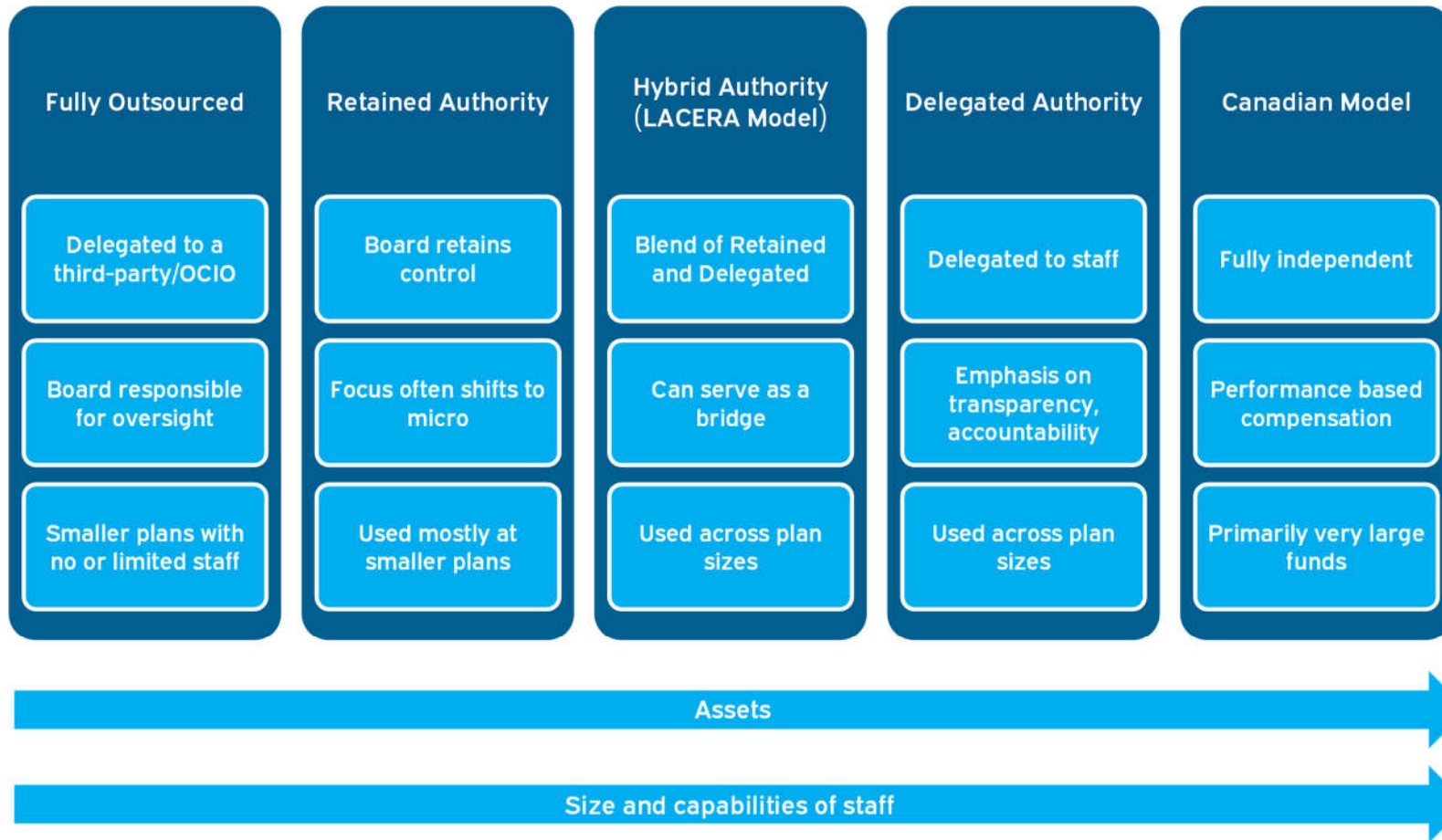


- Meketa will utilize feedback from this session to inform recommendations for the November meeting.
- Meketa will collaborate with staff on drafting policy language if needed.

Summary

- A vast majority (~92%) of LACERA's Peers utilize the delegated authority model.
- The most common practice is to articulate delegation of authority in the Investment Policy Statement.
 - A few of these Plans have included statements regarding delegation of authority in their Investment Beliefs.
 - Also of note, several plans utilize a separate governance policy either for the Board or the system overall.
- For LACERA's CA Peers, there is a mix between use of retained authority, hybrid and delegated investment models.
- The CA Peer Plans larger than LACERA all utilized the delegated authority model.
 - For The CA Peer Plans smaller than LACERA there is a mix between use of retained authority, hybrid and delegated investment models.

Conclusions




→ The peer survey confirms the August discussion regarding public pension plan investment models.

→ As plans increase in assets and size/expertise of staff, delegation of authority is the prevalent practice.

October 3, 2023

TO: Trustees – Board of Investments

FROM: Jonathan Grabel 
Chief Investment Officer

Jude Pérez 
Deputy Chief Investment Officer

FOR: October 11, 2023 Board of Investments Meeting

SUBJECT: STRATEGIC ASSET ALLOCATION ASSET LIABILITY STUDY

One of the Board of Investments ("BOI") core responsibilities is setting LACERA's Strategic Asset Allocation ("SAA"). The SAA is the key driver of long-term risk and return for the Fund, and therefore, is the method to meet LACERA's mission to produce, protect, and provide the promised benefits. SAA studies are performed for the LACERA Pension Plan as well as the OPEB Master Trust.

LACERA's Investment Beliefs state that long-term SAA will be the primary determinant of risk/return and further expresses five key tenants of the SAA:

- 1. It is important that LACERA be forward-looking, as its investment horizon spans decades, if not indefinitely into the future;**
- 2. Asset allocation has a greater effect on return variability than asset class investment structure or manager selection;**
- 3. Asset allocation is a critical source of investment diversification to optimize growth and mitigate risk across the total Fund;**
- 4. Asset allocation must carefully consider plan liabilities, actuarial assumptions, and capital market assumptions; and**
- 5. Rebalancing the portfolio is a key aspect of prudent long-term asset allocation policy.**

Per the Investment Policy Statement ("IPS"), comprehensive asset allocation studies are conducted every three to five years or at the Board's request. The last SAA study was completed and approved in 2021. Per the IPS standard and as highlighted in the 2023 Work Plan, the next SAA review cycle commenced soon after the fiscal year-end.

In the coming months, Meketa and the Investment Team will continue to provide a series of educational topics on various elements of the SAA study, including an overview of changes to return expectations and market dynamics since the last SAA exercise, measuring climate risk and its impact on the total Fund, evaluating capital market expectations, reviewing asset classes and benchmarks, and considering a risk budgeting framework for the Fund. These educational sessions will inform recommendations that will be presented to the Board as part of the SAA study.

The following is a presentation (**ATTACHMENT**) that will introduce core concepts in Asset Liability Management for the purpose of setting the stage for a more detailed discussion on LACERA's objectives and risk tolerance as it pertains to asset allocation in the upcoming months. Meketa will review the presentation at the October 2023 BOI meeting.

Attachment

Asset Liability Study

Los Angeles County Employees
Retirement Association

October 2023



Agenda

- 1. Introduction**
- 2. Key Risks to the Plan**
- 3. Actuarial Background and Strategic Considerations**
- 4. Summary and Next Steps**


Introduction

Introduction


- The Board of Investments (“The Board”) is responsible for establishing investment policy and determining the asset allocation for the Pension Fund.
- LACERA’s Investment Beliefs state that “Long-term strategic asset allocation will be the primary determinant of LACERA’s risk/return outcomes.”
- The primary objective of the strategic asset allocation is to ensure that LACERA’s assets are invested in a manner that is aligned with LACERA’s mission to produce, protect and provide the promised benefits.
- The selection of an asset allocation is equal parts art and science and there is no “one right” strategic asset allocation.
- LACERA has historically utilized a mosaic approach which incorporates multiple tools and types of analysis to select a strategic asset allocation.
- The objective of this presentation is to introduce core concepts in Asset Liability Management so that the Board has context before being asked to fill out a survey regarding LACERA’s objectives and risks.

Key Risks to the Plan


What are the key risks to the pension plan?

01  **Investments**


- Long-term asset appreciation in value
- Asset return volatility

04  **Workforce**


- Constant or growing headcount
- Level of hours worked or wages earned

02  **Inflation**


- Depreciating value of the assets
- Strength of the participant benefits

05  **Cash Inflow**

- Volatility of contribution requirements
- Employer ability to make contributions

03  **Liquidity**

- Ability of assets to pay benefit payments
- Maintain investment policy targets

06  **Longevity**

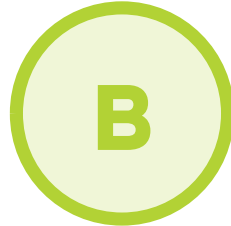
- Participants receiving benefits beyond expectations

How does Meketa evaluate risks in isolation?



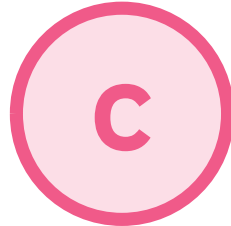
Likelihood

- How likely is a risk to deviate from an assumption?
- Example: Investment Risk - The assets have a very low probability of returning precisely the assumed rate of return every year.



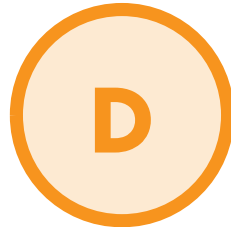
Materiality

- If the risk occurs, how detrimental or beneficial will the result be?
- Example: Longevity Risk - Over the last 5 years, mortality experience has resulted in 0.18% liability gains*.



Quantitative

- Can the outcomes be measured or are the results subject to interpretation?
- Example: Inflation Risk - The appreciation a participant has for the size of the pension benefit varies by person. It cannot be measured precisely.



Impact of Investment Policy

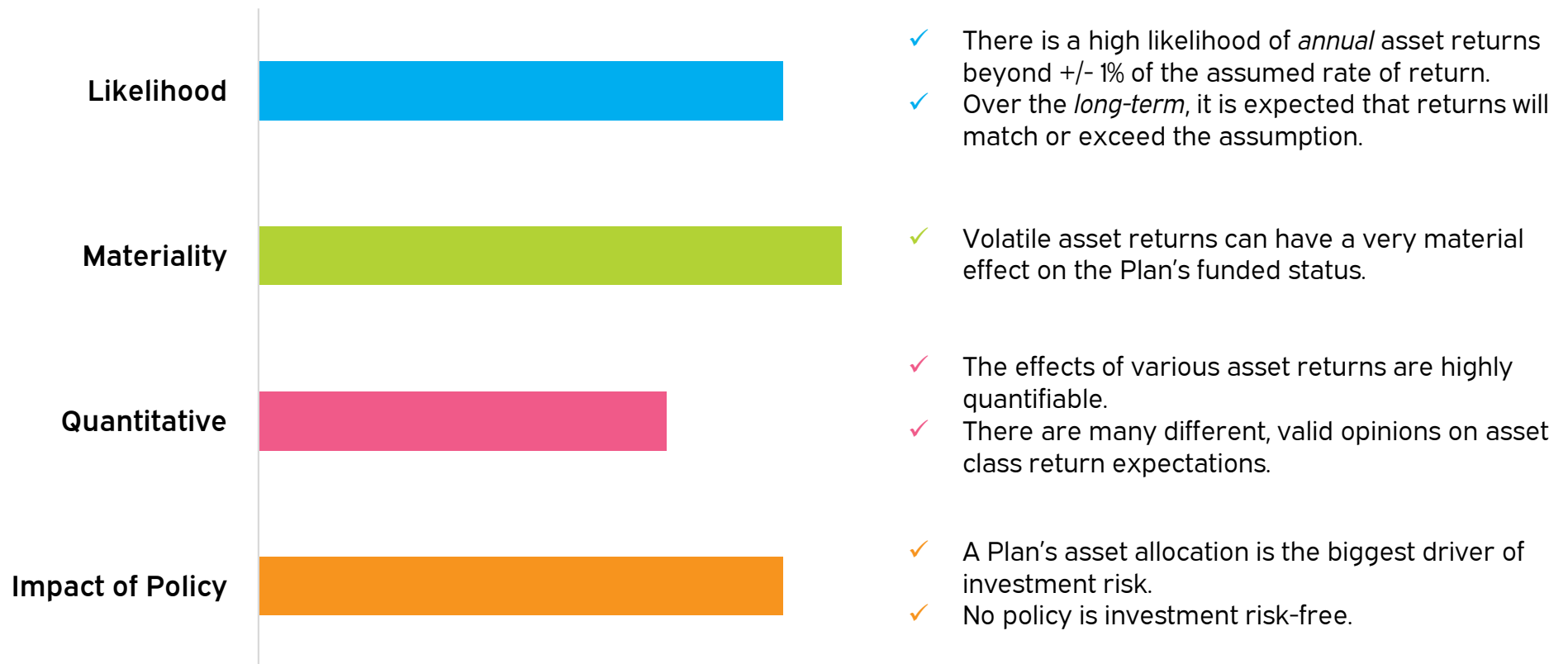
- Can the risk be mitigated with a change to the asset allocation?
- Example: Cash Inflow Risk - Will adjusting the asset allocation affect an employer's ability to make required contributions?

* Actuarial valuation report as of June 30, 2022 provided by Milliman, Exhibit 8b.

Risk Isolation – Investments

01 **Investments**

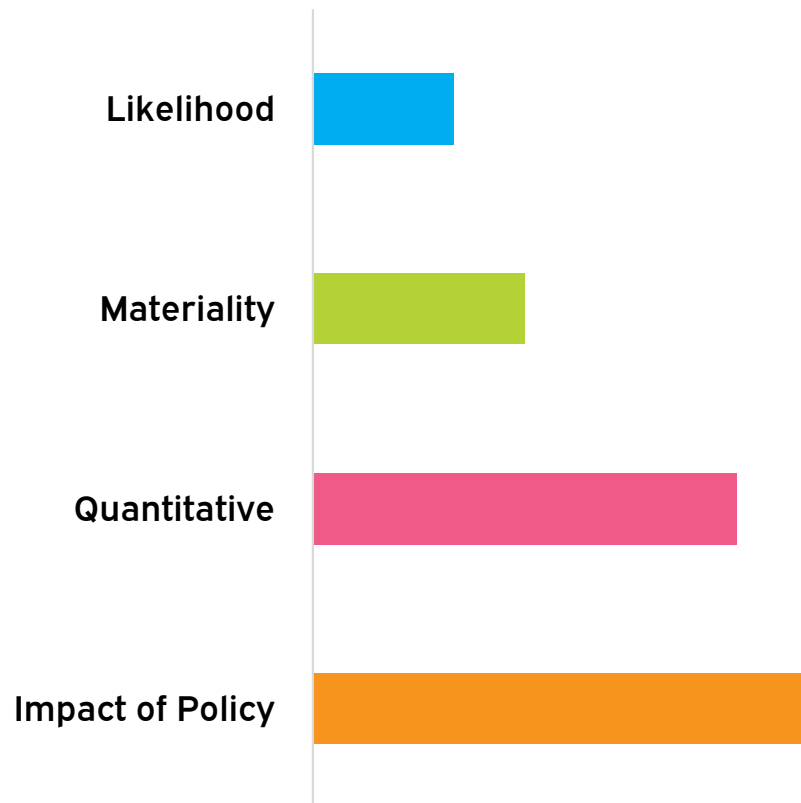
- Long-term asset appreciation in value
- Asset return volatility



Risk Isolation – Inflation

02 **Inflation**

- Depreciating value of the assets
- Strength of the participant benefits



- ✓ There is a low likelihood of *annual* inflation beyond +/- 1% of Meketa's assumption (2.5%).
- ✓ The Plan formula contains benefit escalators tied to inflation.
- ✓ The COLA benefit increases are capped and banked, making it easier to predict annual increases.
- ✓ The value of participant benefits is subjective.
- ✓ Key plan metric sensitivity to inflation changes is highly quantitative.
- ✓ Asset strategies can be created with a goal of providing benefit increases tied to realized inflation.
- ✓ While certain asset classes have shown correlations to inflation, no asset replicates inflation perfectly.

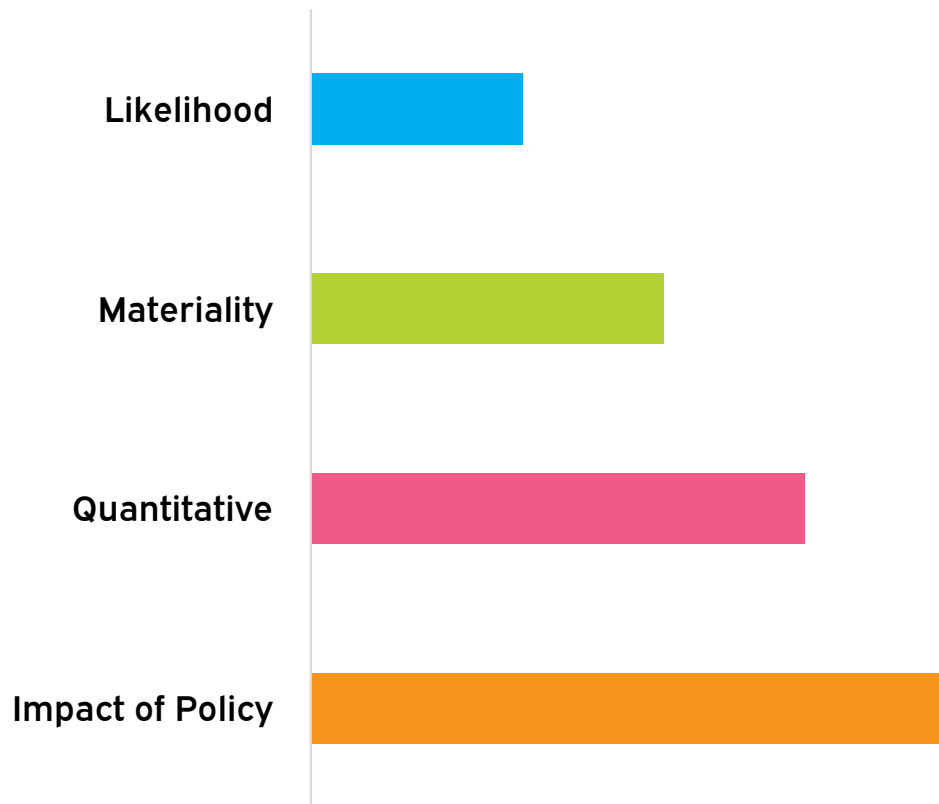
Risk Isolation – Liquidity

03



Liquidity

- Ability of assets to pay benefit payments
- Maintain investment policy targets



- ✓ More than half of LACERA's portfolio is in highly liquid asset classes creating a solid liquidity base.
- ✓ Several areas should be watched closely to ensure solid liquidity levels.
- ✓ In the event of liquidity issues, the Plan can initiate alternative courses of less-than-ideal actions, such as selling liquid assets at a loss.
- ✓ Liquidity can be tricky to measure given most illiquid assets are not valued frequently or consistently.
- ✓ Certain reasonable assumptions can be made to produce a good, quantitative liquidity analysis.
- ✓ Asset allocation is a primary driver of Plan liquidity.
- ✓ Liquidity in stressed markets can be very unpredictable.

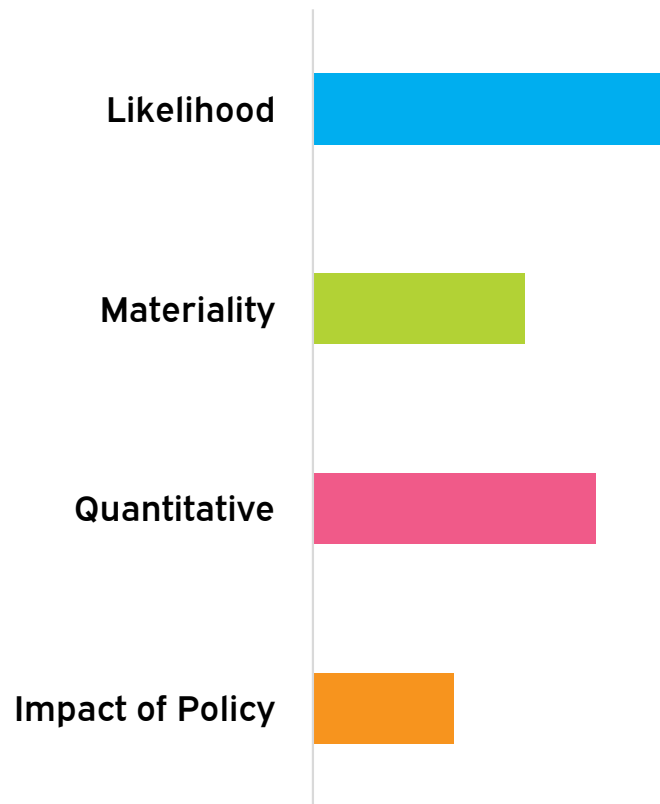
Risk Isolation – Workforce

04



Workforce

- Constant or growing headcount
- Level of hours worked or wages earned



- ✓ Active headcount has been relatively steady over time with ebbs and flows.
- ✓ Large swings in headcount are atypical.
- ✓ Percent of payroll is the primary metric to determine Plan funding.
- ✓ Ultimately the County has control over how much to contribute regardless of headcount or payroll.
- ✓ Prediction of active headcount can be very difficult due to various outside influences.
- ✓ Various deterministic scenarios or other, more creative approaches can aim to quantify this risk.
- ✓ By and large, asset allocation is not viewed as a solution to mitigate workforce risks.
- ✓ Some pension plans have shown a correlation between economies and hiring/payroll.

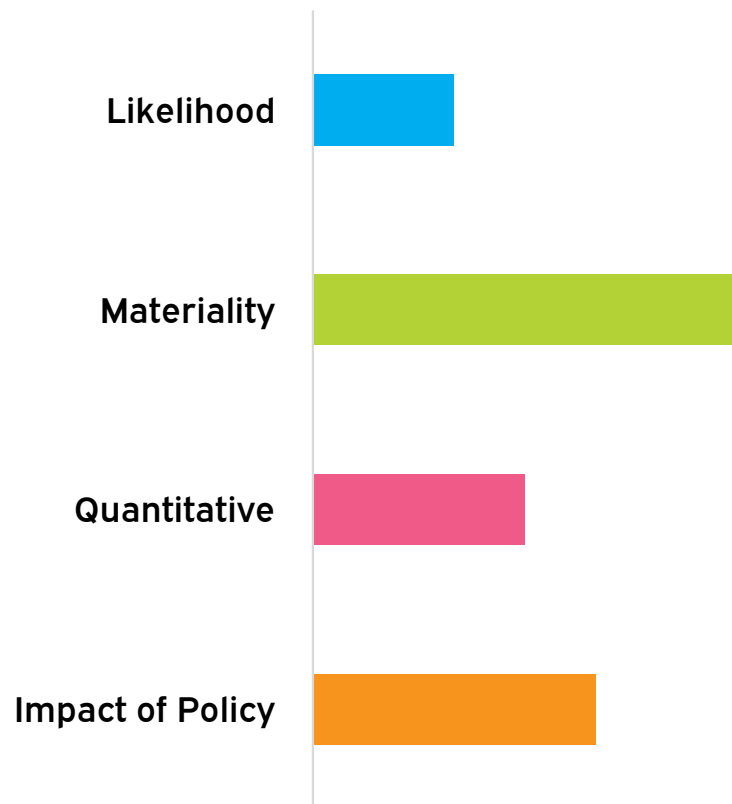
Risk Isolation – Cash Inflow

05



Cash Inflow

- Volatility of contribution requirements
- Employer ability to make contributions

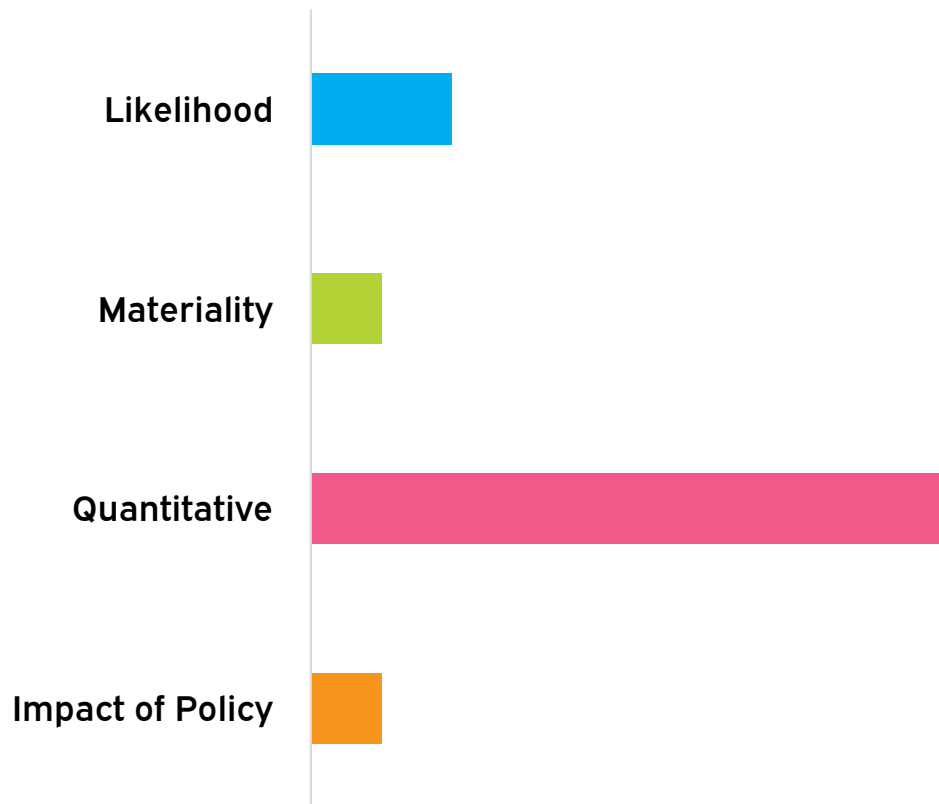


- ✓ Recent history has shown the County making the actuarially recommended contributions.
- ✓ Contribution requirement expectations are expected to increase in the future.
- ✓ The assumption that the employer always makes the recommended contribution leaves downside risk if/when the contribution level isn't met.
- ✓ Falling behind on making contributions has a compounding impact on future results.
- ✓ The probability of the County not making recommended contributions is a risk that is very difficult to quantitatively measure.
- ✓ Asset allocation can be used to mitigate recommended contribution volatility.
- ✓ However, asset allocation has little correlation with the County's ability to make pension contributions.

Risk Isolation – Longevity

06 **Longevity**

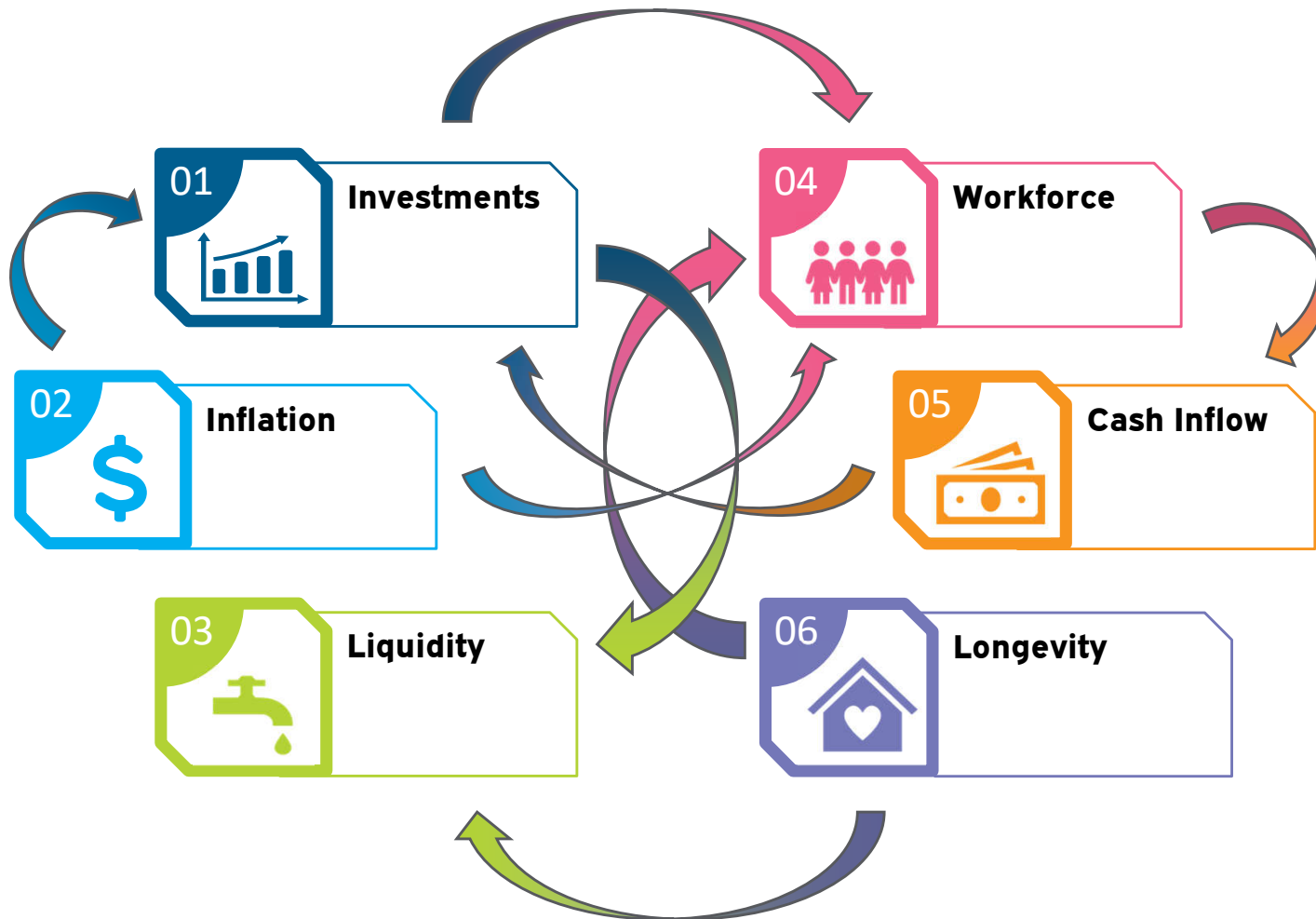
- Participants receiving benefits beyond expectations



- ✓ Sufficient historical data on longevity creates accurate assumptions.
- ✓ Milliman’s history of demographic (gains)/losses and the impact on contribution rates show an average annual change of -0.03%, suggesting demographic assumptions have done a very good job of predicting experience.
- ✓ Analyzing a Plan’s sensitivity to mortality rates is a straightforward exercise.
- ✓ Future mortality improvement is subjective and based on a variety of uncontrollable factors.
- ✓ Asset allocation has little to no correlation to longevity.

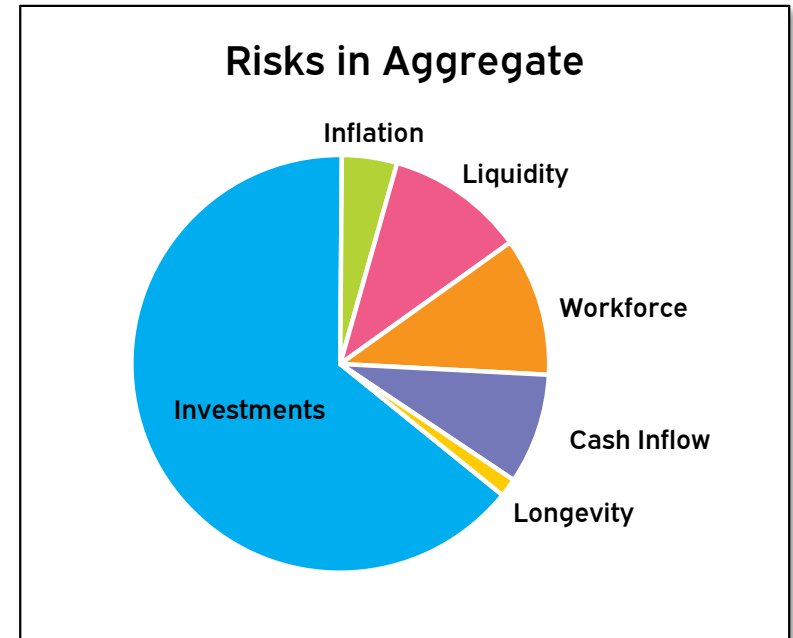
How do you evaluate risks in total (i.e., Enterprise risk)?

The asset-liability study aims to bring together all of the enterprise risks.



Summary of the key risks

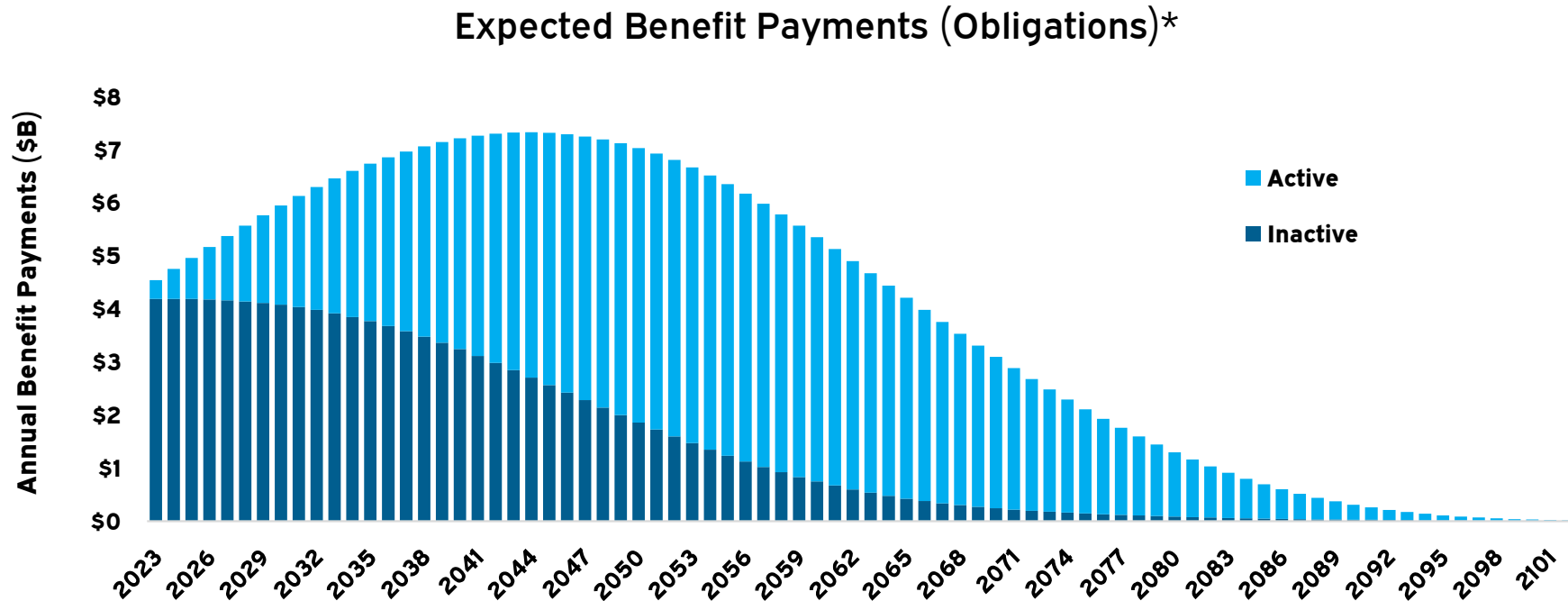
1. **Investments:** Asset return volatility is the biggest risk to the Plan.
2. **Liquidity:** While liquidity doesn't present immediate risks, certain liquidity metrics should be tracked ongoing in a risk report.
3. **Workforce:** The Plan experienced a recent decline in active headcount which puts more onus on the County to increase contributions.
4. **Cash Inflow:** The County has historically contributed the amounts determined by the actuary and will need to continue to budget for increased future expectations.



Recognizing and analyzing these risks is essential in the Strategic Asset Allocation process and in ensuring that LACERA is able to fulfill its mission to produce, protect and provide the promised benefits.

Actuarial Background and Strategic Considerations

How is the liability determined?



- The liability is calculated by discounting the expected benefit payments using the assumed long-term actuarial rate of return (currently 7.0%).
- Benefit payments are determined by the provisions of the plan, generally based on how long participants work and salary earned.
- *Expected* benefit payments are determined by the plan's actuary using many assumptions, such as future mortality and salary increases.

* Expected benefit payments shown were provided by Milliman as of June 30, 2022.

How is the actuarially required contribution determined?

- Every year, a Plan is valued by an actuary and one main output of the analysis is the minimum required contribution (MRC).
- The minimum required contribution represents the amount necessary to maintain the health of the pension plan.
- The minimum required contribution contains two main components: the normal cost and the unfunded amortization.
 - ❑ Normal cost (NC) = the value of the benefits participants are expected to accrue in the upcoming year plus any administrative costs related to ongoing operation of the plan
 - ❑ Unfunded amortization (UA) = when a plan is underfunded, this represents the amount necessary to bring the plan to 100% funded over time.

$$\begin{aligned} & \text{Normal Cost} \\ & + \\ & \text{Unfunded Amortization} \\ & = \\ & \text{Minimum Required Contribution} \end{aligned}$$

What pension strategies should be considered?

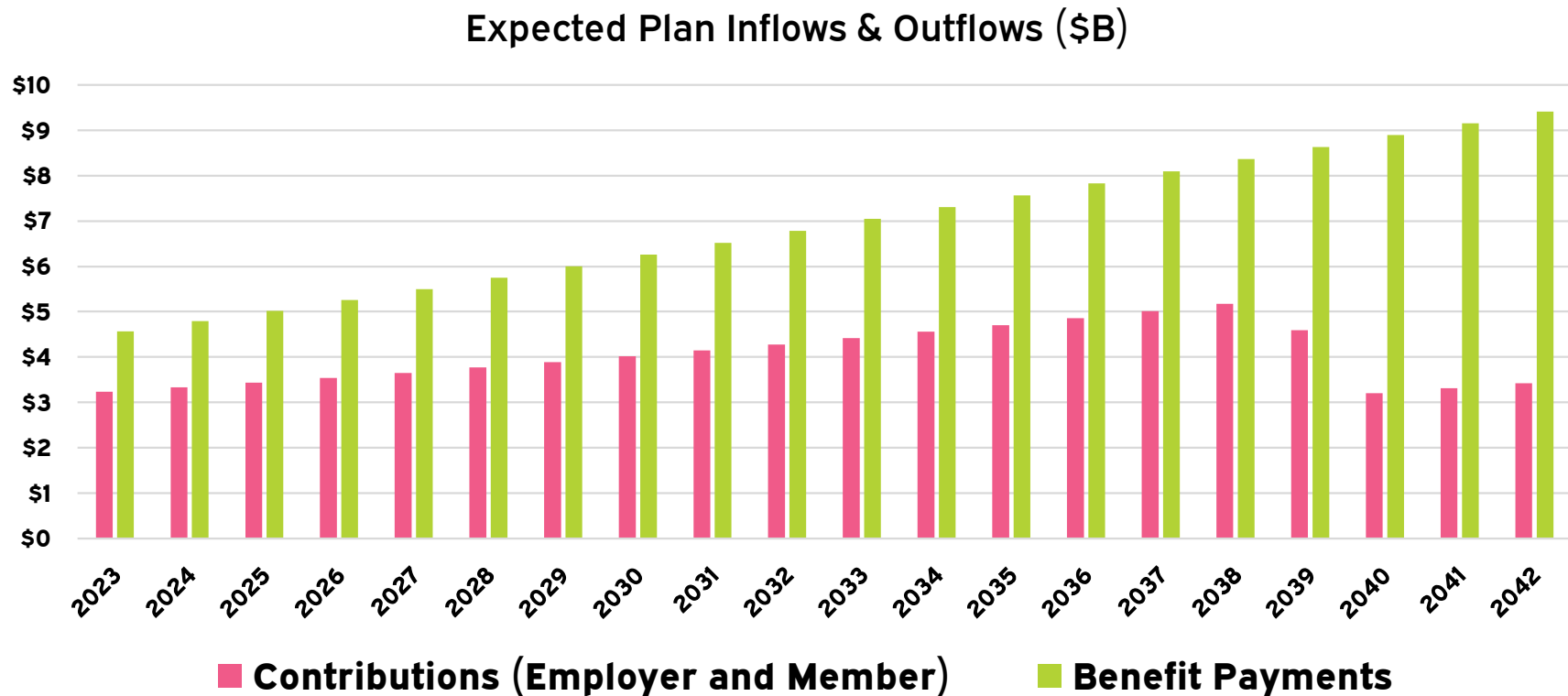
→ Below are high-level pension strategies that can help a Plan add certainty to desired outcomes.

Strategy	Action	Desired Outcome
De-link Assumptions	De-link the expected return on asset assumption and the liability discount rate	Plan has a higher probability of achieving the return necessary to fund the plan on schedule
Dynamic Asset Allocation	As the plan's funded status improves, the investment policy defines how the asset allocation targets should change	Over time the asset allocation shifts from a "growth" orientation into a funded status "protection" posture

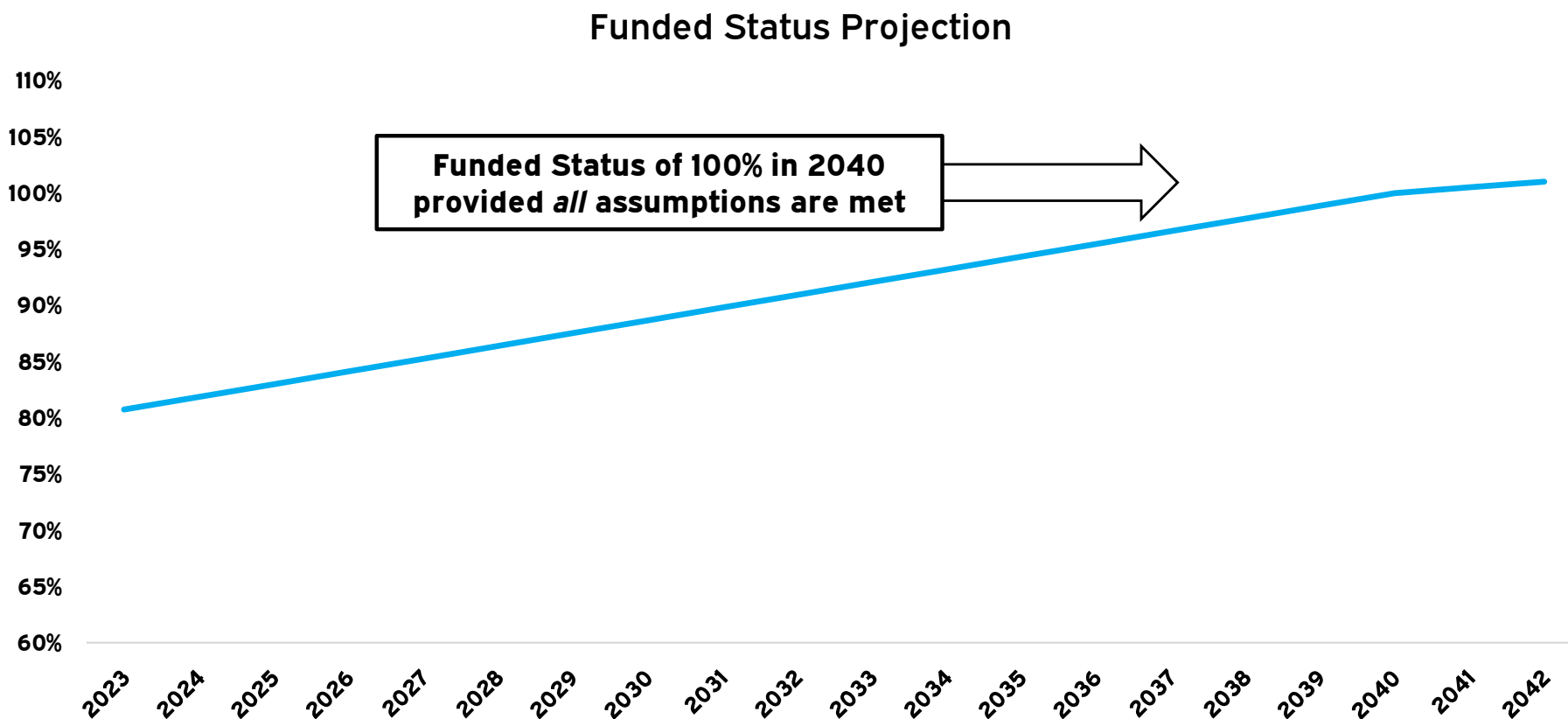
→ The above strategies can be implemented in isolation or in tandem depending on the plan's pension goals.

What are the key obligations over the next few decades?

- At the most basic level, the pension plan must pay immediate benefit payment obligations and fund the plan to meet future benefit payment obligations.
- The following example shows the relationship between incoming funds (contributions) and outgoing funds (benefit payments) from the trust.



Why is it important to further analyze cash flow projections?



- The only guarantee is that all assumptions will NOT be met.
- It is very important to measure obligations when assumptions are not met, so stakeholders can gain an appreciation for the risks being taken.

Summary of assumptions for the asset-liability study

TF0

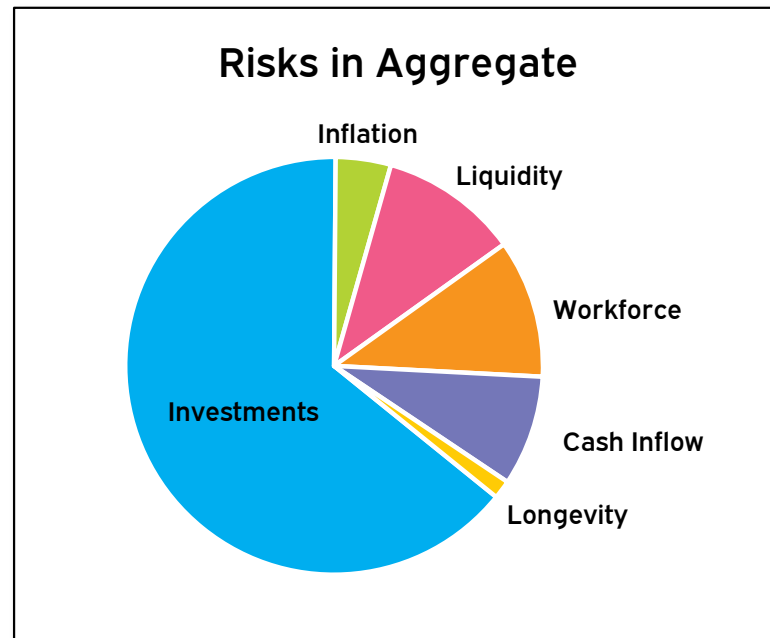
- Capital Market Assumptions: Meketa 2023 Capital Market Expectations – 10 & 20-year assumptions
- Assets: Market value of assets as of June 2023
- Asset Rebalancing: annual
- Liabilities and normal cost: The liabilities, normal cost, expected benefit payments and projected payroll used in this study are based on cash flows received from Milliman's valuation as of June 30, 2022. All liability projections assume a 7.0% long-term rate of return unless the dynamic capital market expectation suggest a discount rate of lower than 7.0%. In that event, the discount rate is set equal to the capital market expectation. The liabilities and normal cost are adjusted assuming a duration of 13.2 and 22, respectively.
- Funding policy: Assumes minimum required contributions are made in full until the Plan becomes over 100% funded. At that point, contributions will equal the normal cost plus administrative expenses..
- Plan Provisions and Additional Assumptions: Additional details regarding provisions and assumptions are documented in the June 30, 2022 actuarial valuation report issued by Milliman.

Summary and Next Steps

Summary and Next Steps

Summary

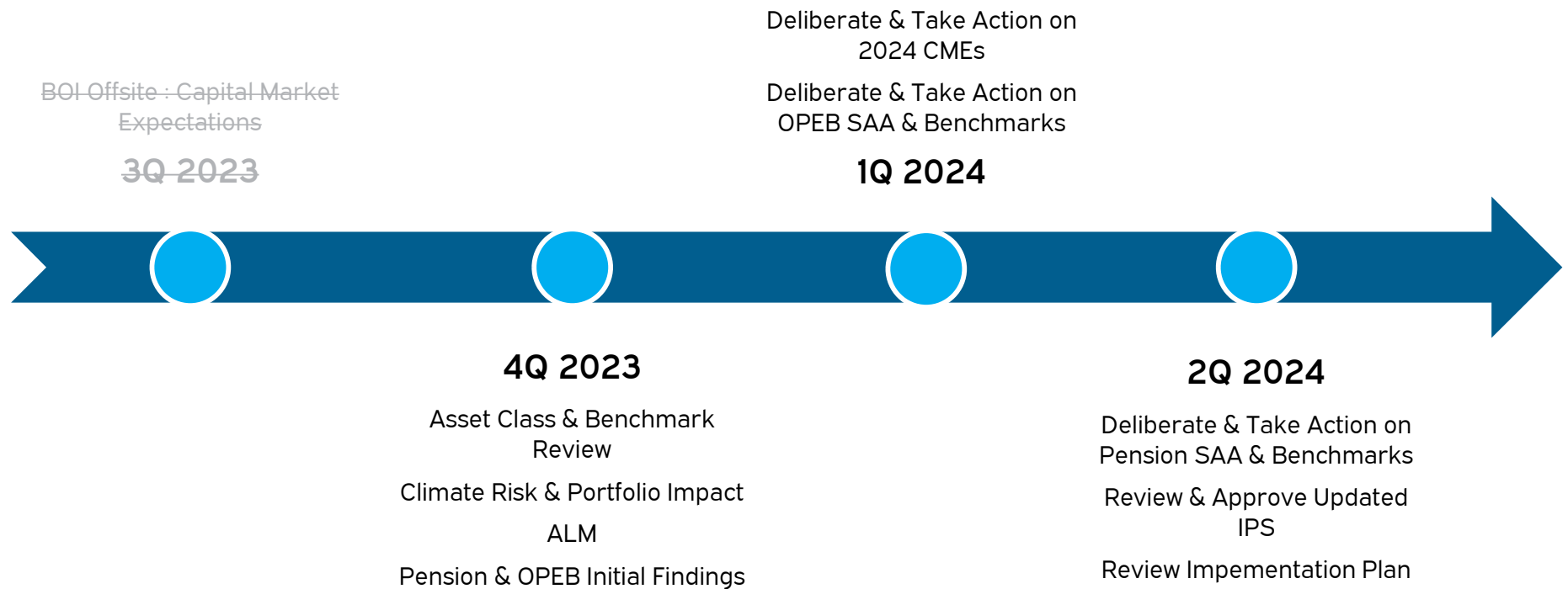
- Risk can come in many forms for a defined benefit pension plan.
- Thoughtful consideration of each of these risk is essential in the Strategic Asset Allocation Review process.
- Throughout the Strategic Asset Allocation process, Meketa will be relying on feedback from the Board and collaborating with LACERA staff to develop asset allocation policy recommendations.



Summary and Next Steps

Next Steps

- Following this presentation, the BOI will be asked to complete a brief survey to solicit input regarding key considerations and risks.
- The results of the survey will be used to prioritize objectives and shape asset allocation recommendations.



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FOR INFORMATION ONLY

September 13, 2023

TO: Trustees – Board of Investments

FROM: Scott Zdrazil 
Principal Investment Officer

FOR: October 11, 2023, Board of Investments Meeting

SUBJECT: **COUNCIL OF INSTITUTIONAL INVESTORS VOTING BALLOT**

Please find below LACERA's ballot for the September 11, 2022, business meeting of the Council of Institutional Investors (CII), of which LACERA is a member. CII asset owner members voted on two ballot items at the meeting:

1. Approval of CII's 2024 annual budget. LACERA reviewed and approved this item in line with LACERA's Corporate Governance and Stewardship Principles.
2. Amend CII's policy of good corporate governance practices to encourage public companies to publish anticipated proxy voting items and materials in advance of record dates. Any investor with shares on loan must recall shares in advance of the record date in order to vote their shares. LACERA reviewed and supported this item in line with LACERA's Corporate Governance and Stewardship Principles to be able to review items and, in cases where share are on loan, determine if recalling shares to vote would be in LACERA's economic interests. Currently about 14% of companies publish proxy items in advance of their record dates.

**Online Ballot: Ballot Cast**

Thank you for casting your ballot. Your votes have been recorded successfully. You have now completed the online ballot.

**Voting Receipt**

Thank you Los Angeles County Employees Retirement Association. Your receipt was also emailed to szdrazil@lacera.com. You cast the following August 17, 2023 5:55 pm EDT:

Ballot Item 1 - Approve 2024 Budget

For

Ballot Item 2 - Approve amendment to Corporate Governance Policies on timing of proxy statements

For

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online voting made simple

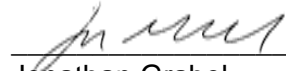
Trustees - Board of Investments

September 13, 2023

Page 2 of 2

Staff submitted LACERA's vote in advance of the vote deadline, consistent with *Corporate Governance and Stewardship Principles* guidance and in consultation with the Corporate Governance Committee Chair. Both items were approved by CII voting members.

Noted and Reviewed:




Jonathan Grabel
Chief Investment Officer

FOR INFORMATION ONLY

September 25, 2023

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Barry W. Lew 
Legislative Affairs Officer

FOR: October 5, 2023 Board of Retirement Meeting
October 11, 2023 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring. Bills on which LACERA has adopted a position are highlighted in yellow.

Reviewed and Approved:



Steven P. Rice, Chief Counsel

Attachments

LACERA Legislative Report Index
LACERA Legislative Report

cc: Santos H. Kreimann
Luis Lugo
JJ Popowich
Laura Guglielmo
Steven P. Rice
Jon Gabel
Scott Zdrazil
Tony Roda, Williams & Jensen
Naomi Padron, MKP Government Relations

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AB 739	Lackey (R).....	Public Retirement Systems: Defined Benefit Plans.....	1
AB 1246	Nguyen (D).....	Public Employees' Retirement System Optional Settlement.....	1
SB 300	Seyarto (R).....	Public Employees Retirement: Fiscal Impact: Information.....	1
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SB 548	Niello (R).....	Public Employees Retirement: County and Trial Court.....	2
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SB 252	Gonzalez (D).....	Public Retirement Systems: Fossil Fuels: Divestment.....	3
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AB 621	Irwin (D).....	Workers' Compensation: Special Death Benefit.....	5
AB 699	Weber A (D).....	Workers' Compensation: Presumed Injuries.....	5
AB 1107	Mathis (R).....	Workers' Compensation: Presumptive Injuries.....	6
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LACERA Legislative Report
2023-24 Legislative Session
Status as of September 25, 2023

PUBLIC RETIREMENT

CA AB 738	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Lackey [R] State Actuarial Advisory Panel: Reports 02/13/2023 Pending - Carryover Relates to existing law under which the State Actuarial Advisory Panel is required to report to the Legislature on or before February 1 of each year. Changes the deadline for that report to January 31 of each year. STATUS: 02/23/2023	To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 739	AUTHOR: TITLE: INTRODUCED: DISPOSITION: SUMMARY:	Lackey [R] Public Retirement Systems: Defined Benefit Plans 02/13/2023 Pending - Carryover Revises the conditions for suspending contributions to a public retirement system defined benefit plan to increase the threshold percentage amount of plan funding to more than 130%. STATUS: 02/23/2023	To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 1246	AUTHOR: TITLE: INTRODUCED: LAST AMEND: DISPOSITION: SUMMARY:	Nguyen [D] Public Employees' Retirement System Optional Settlement 02/16/2023 09/01/2023 Pending - Carryover Provides that existing law permits a member of the Public Employees' Retirement System to elect from among several other optional settlements for the purpose of structuring their retirement allowance. Permits a member who elected to receive a specified optional settlement at retirement, if the member's former spouse was named as beneficiary and a legal judgment awards only a portion of the interest in the retirement system to the member, to elect to add their new spouse as the beneficiary. STATUS: 09/11/2023	In SENATE. From Special Consent Calendar. To Inactive File.
CA SB 300	AUTHOR: TITLE: INTRODUCED: LAST AMEND: DISPOSITION: SUMMARY:	Seyarto [R] Public Employees Retirement: Fiscal Impact: Information 02/02/2023 05/03/2023 Pending - Carryover Requires the Legislative Analyst to prepare a pension fiscal impact analysis on any measure introduced on or after specified date that is referred to the Senate Labor, Public Employment and Retirement Committee, or any successor	

committee, as specified, and that requires a public retirement system to take prescribed action, including the divestiture of an existing investment.

STATUS:

05/18/2023 In SENATE Committee on APPROPRIATIONS: Held in committee.

CA SB 432

AUTHOR: Cortese [D]
TITLE: Teachers' Retirement
INTRODUCED: 02/13/2023
LAST AMEND: 08/24/2023
DISPOSITION: Enacted
SUMMARY:

Provides that existing law requires the State Teachers' Retirement System to recover an amount overpaid under the Teachers' Retirement Law or the State Teachers' Retirement System Cash Balance Benefit Program, to correct the benefit, annuity, or refund, and the corrected allowance or annuity benefit payable. Applies this provision to the recovery of an overpayment from a member, participant, former member, former participant, or beneficiary. Appropriates funds.

STATUS:

09/22/2023 Signed by GOVERNOR.

09/22/2023 Chaptered by Secretary of State. Chapter No. 2023-215

CA SB 548

AUTHOR: Niello [R]
TITLE: Public Employees Retirement: County and Trial Court
INTRODUCED: 02/15/2023
LAST AMEND: 09/06/2023
DISPOSITION: To Governor
SUMMARY:

Authorizes a county and the trial court located within the county to elect to separate their joint Public Employees' Retirement System contract into individual contracts, if the county and the trial court make that election jointly and voluntarily. Makes the separation of a joint contract irrevocable and would make a county and trial court ineligible to reestablish a joint contract. Prohibits the separation from being a cause for modification of employee retirement benefits.

STATUS:

09/20/2023 *****To GOVERNOR.

CA SB 660

AUTHOR: Alvarado-Gil [D]
TITLE: Public Employees' Retirement Systems
INTRODUCED: 02/16/2023
LAST AMEND: 03/21/2023
DISPOSITION: Pending - Carryover
SUMMARY:

Establishes the California Public Retirement System Agency Cost and Liability Panel, located in the Controller's office. Assigns responsibilities to the panel related to retirement benefit costs, including determining how costs and unfunded liability are apportioned to a public agency when a member changes employers within the same public retirement system or when a member concurrently retires with a specified number or more retirement systems that have entered into reciprocity agreements.

STATUS:

05/18/2023

In SENATE Committee on APPROPRIATIONS: Held in committee.

PUBLIC INVESTMENT

CA SB 252

AUTHOR: Gonzalez [D]
TITLE: Public Retirement Systems: Fossil Fuels: Divestment
INTRODUCED: 01/30/2023
LAST AMEND: 05/18/2023
DISPOSITION: Pending - Carryover
SUMMARY:

Prohibits the boards of the Public Employees' Retirement System and the State Teachers' Retirement System from making new investments or renewing existing investments of public employee retirement funds in a fossil fuel company. Requires the boards to liquidate investments in a fossil fuel company on or before specified date. Suspends, temporarily, the liquidation provision upon a good faith determination by the board that certain conditions materially impact normal market mechanisms for pricing assets.

STATUS:

06/08/2023 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.

Comment:

The bill will not move forward during the 2023 legislative year and will carry over into the 2024 legislative year.

PUBLIC EMPLOYMENT

CA SB 765

AUTHOR: Portantino [D]
TITLE: Teachers: Retired Teachers: Compensation Limitation
INTRODUCED: 02/17/2023
LAST AMEND: 08/17/2023
DISPOSITION: To Governor
SUMMARY:

Relates to the Teachers' Retirement Law, which establishes the State Teachers' Retirement System and creates the Defined Benefit Program of the State Teachers' Retirement Plan. Provides that existing law limits the postretirement compensation of a retired member of the program to a specified amount. Modifies that calculation so the limitation of postretirement compensation is an amount calculated by STRS in a specified manner.

STATUS:

09/13/2023 *****To GOVERNOR.

CA SB 885

AUTHOR: Labor, Public Employment & Retirement Cmt
TITLE: Public Employees' Retirement
INTRODUCED: 03/14/2023
LAST AMEND: 06/06/2023
DISPOSITION: Enacted
SUMMARY:

Provides that the Judges' Retirement Law prescribes retirement benefits for judges. Provides that existing law requires, if a benefit is payable on account of the judge's death, and the beneficiary is the judge's spouse, that distributions commence on or before the later of December 31 of the calendar year immediately following the calendar year in which the judge dies or December 31 of the calendar year in which the judge would have attained 72 years of age. Changes the age for required distributions.

STATUS:
09/01/2023 Signed by GOVERNOR.
09/01/2023 Chaptered by Secretary of State. Chapter No. 2023-159

DISABILITY RETIREMENT

CA AB 1020 **AUTHOR:** Grayson [D]
TITLE: County Employees Retirement Law 1937: Disability
INTRODUCED: 02/15/2023
LAST AMEND: 07/11/2023
DISPOSITION: To Governor
SUMMARY:
Requires the presumption that the member's heart trouble arose out of and in the course of employment to be extended following termination of service for a prescribed length of time not to exceed specified number of months.
STATUS:
09/15/2023 *****To GOVERNOR.
Comment:
Provided technical amendments to author and sponsor through SACRS Legislative Committee.
BOR_Position: Neutral 06/07/2023
IBLC_Recommendation: Neutral 05/03/2023
Staff_Recommendation: Neutral

CA SB 327 **AUTHOR:** Laird [D]
TITLE: State Teachers' Retirement: Disability Allowances
INTRODUCED: 02/07/2023
LAST AMEND: 05/02/2023
DISPOSITION: To Governor
SUMMARY:
Provides that existing law authorizes a member of the State Teachers' Retirement System who is eligible and applies for a disability allowance or retirement to apply to receive a service retirement pending the determination of their application for disability. Prohibits the service retirement date of a member who submits an application for retirement from being earlier than a specified number of days prior to when the application for service retirement is received by the system. Appropriates funds.
STATUS:
09/11/2023 *****To GOVERNOR.

WORKERS COMPENSATION

CA AB 489 **AUTHOR:** Calderon [D]
TITLE: Workers' Compensation: Disability Payments
INTRODUCED: 02/07/2023
DISPOSITION: Enacted
SUMMARY:
Establishes a workers' compensation system, administered by the Administrative Director of the Division of Workers' Compensation, to compensate an employee for injuries sustained in the course of the employee's employment; governs temporary and permanent disability indemnity payments; allows an employer to commence a program under which disability indemnity payments are deposited in a prepaid card account for employees.
STATUS:
07/13/2023 Signed by GOVERNOR.

	07/13/2023	Chaptered by Secretary of State. Chapter No. 2023-063
CA AB 597	AUTHOR:	Rodriguez [D]
	TITLE:	Workers' Compensation: First Responders: Stress
	INTRODUCED:	02/09/2023
	LAST AMEND:	02/23/2023
	DISPOSITION:	Pending - Carryover
	SUMMARY:	Provides that for certain State and local firefighting personnel and peace officers, the term injury includes post-traumatic stress that develops or manifests during a period in which the injured person is in the service. Requires the compensation awarded pursuant to this provision to include full hospital, surgical, medical treatment, disability indemnity, and death benefits. Makes this applicable to emergency medical technicians and paramedics for injuries on and after certain date.
	STATUS:	
	02/23/2023	From ASSEMBLY Committee on INSURANCE with author's amendments.
	02/23/2023	In ASSEMBLY. Read second time and amended. Re-referred to Committee on INSURANCE.
CA AB 621	AUTHOR:	Irwin [D]
	TITLE:	Workers' Compensation: Special Death Benefit
	INTRODUCED:	02/09/2023
	LAST AMEND:	09/08/2023
	DISPOSITION:	To Governor
	SUMMARY:	Relates to existing law which provides that no benefits, except reasonable expenses of burial not exceeding a specified amount, shall be awarded under the workers' compensation laws on account of the death of an employee who is an active member of the Public Employees' Retirement System, unless under certain circumstances. Expands that exemption to include State safety members, peace officers, and firefighters for the Department of Forestry and Fire Protection who are members of Bargaining Unit 8.
	STATUS:	
	09/20/2023	*****To GOVERNOR.
CA AB 699	AUTHOR:	Weber A [D]
	TITLE:	Workers' Compensation: Presumed Injuries
	INTRODUCED:	02/13/2023
	LAST AMEND:	09/06/2023
	DISPOSITION:	To Governor
	SUMMARY:	Relates to workers' compensation. Provides that existing law creates a rebuttable presumption that certain injuries sustained in the course of employment of a specified member of law enforcement or a certain first responder arose out of and in the course of employment. Expands presumptions for, among others, hernia, pneumonia, heart trouble, cancer, tuberculosis, and meningitis-related illnesses and injuries to a lifeguard employed in the Boating Safety Unit by the City of San Diego Fire-Rescue Department.
	STATUS:	
	09/19/2023	*****To GOVERNOR.

CA AB 1107 **AUTHOR:** Mathis [R]
TITLE: Workers' Compensation: Presumptive Injuries
INTRODUCED: 02/15/2023
DISPOSITION: Pending - Carryover
SUMMARY:
Makes a workers' compensation system provision applicable to additional members and employees of the Department of Corrections and Rehabilitation, including members of the Office of Correctional Safety or the Office of Internal Affairs.
STATUS:
03/02/2023 To ASSEMBLY Committee on INSURANCE.

CA AB 1145 **AUTHOR:** Maienschein [D]
TITLE: Workers' Compensation
INTRODUCED: 02/16/2023
DISPOSITION: To Governor
SUMMARY:
Provides that existing law provides that, in the case of certain State and local firefighting personnel and peace officers, the term injury includes post-traumatic stress disorder. Provides that, only until certain date, that in the case of certain State nurses, psychiatric technicians, and various medical and social services specialists, the term injury includes post-traumatic stress that develops or manifests itself during a period in which the injured person is in the service of the department or unit.
STATUS:
09/15/2023 *****To GOVERNOR.

CA AB 1156 **AUTHOR:** Bonta M [D]
TITLE: Workers' Compensation: Hospital Employees
INTRODUCED: 02/16/2023
DISPOSITION: Pending - Carryover
SUMMARY:
Defines injury, for a hospital employee who provides direct patient care in an acute care hospital, to include infectious diseases, cancer, musculoskeletal injuries, post-traumatic stress disorder, and respiratory diseases. Includes the 2019 novel coronavirus disease (COVID-19) from SARS-CoV-2 and its variants, among other conditions, in the definitions of infectious and respiratory diseases.
STATUS:
03/02/2023 To ASSEMBLY Committee on INSURANCE.

CA SB 391 **AUTHOR:** Blakespear [D]
TITLE: Workers' Compensation: Skin Cancer
INTRODUCED: 02/09/2023
LAST AMEND: 09/07/2023
DISPOSITION: To Governor
SUMMARY:
Relates to workers compensation. Relates to existing law which provides, among other things, that skin cancer developing in active lifeguards is presumed to arise out of and in the course of employment, unless the presumption is rebutted. Expands the scope of those provisions to certain peace officers of the Department of Fish and Wildlife and the Department of Parks and Recreation.
STATUS:

09/20/2023 *****To GOVERNOR.

CA SB 623

AUTHOR: Laird [D]
TITLE: Workers Compensation: Post-Traumatic Stress Disorder
INTRODUCED: 02/15/2023
LAST AMEND: 09/07/2023
DISPOSITION: To Governor
SUMMARY:

Relates to workers compensation. Relates to existing law which provides that, for certain State and local firefighting personnel and peace officers, the term injury includes post-traumatic stress that develops or manifests during a period in which the injured person is in the service of the department or unit and creates a disputable presumption that the injury arises out of the course of employment. Requires the Commission on Health and Safety and Workers Compensation to submit certain reports.

STATUS:

09/20/2023 *****To GOVERNOR.

BROWN ACT

CA AB 557

AUTHOR: Hart [D]
TITLE: Open Meetings: Local Agencies: Teleconferences
INTRODUCED: 02/08/2023
LAST AMEND: 09/01/2023
DISPOSITION: To Governor
SUMMARY:

Authorizes the legislative body of a local agency to use teleconferencing without complying with specified teleconferencing requirements in specified circumstances when a declared state of emergency is in effect. Provides that those circumstances are that, among other things, State or local officials have imposed or recommended measures to promote social distancing. Revises the authority of a legislative body to hold a teleconference meeting under certain abbreviated teleconferencing procedures.

STATUS:

09/15/2023 *****To GOVERNOR.

CA AB 817

AUTHOR: Pacheco [D]
TITLE: Open Meetings: Teleconferencing: Subsidiary Body
INTRODUCED: 02/13/2023
LAST AMEND: 03/16/2023
DISPOSITION: Pending - Carryover
SUMMARY:

Relates to the Ralph Brown Act. Authorizes a subsidiary body to use alternative teleconferencing provisions similar to the emergency provisions indefinitely and without regard to a state of emergency.

STATUS:

03/16/2023 To ASSEMBLY Committee on LOCAL GOVERNMENT.
03/16/2023 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.
03/16/2023 In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

CA AB 1379

AUTHOR: Papan [D]
TITLE: Open Meetings: Local Agencies: Teleconferences

INTRODUCED: 02/17/2023
LAST AMEND: 03/23/2023
DISPOSITION: Pending - Carryover
SUMMARY:

Relates to teleconferencing. Requires a legislative body electing to use teleconferencing to post agendas at a singular designated physical meeting location, as defined, rather than at all teleconference locations.

STATUS:

03/23/2023 To ASSEMBLY Committee on LOCAL GOVERNMENT.
03/23/2023 From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.
03/23/2023 In ASSEMBLY. Read second time and amended.
Re-referred to Committee on LOCAL GOVERNMENT.

CA SB 411

AUTHOR: Portantino [D]
TITLE: Open Meetings: Teleconferences: Neighborhood Councils
INTRODUCED: 02/09/2023
LAST AMEND: 08/14/2023
DISPOSITION: To Governor
SUMMARY:

Authorizes an eligible legislative body to use alternate teleconferencing provisions related to notice, agenda, and public participation if the city council has adopted an authorizing resolution and 2/3 of the legislative body votes to use the alternate teleconferencing provisions. Requires that, at least once per year, at least a quorum of the members of the legislative body participate in person from a singular physical location that is open to the public and within the boundaries of the legislative body.

STATUS:

09/11/2023 *****To GOVERNOR.

CA SB 537

AUTHOR: Becker [D]
TITLE: Open Meetings: Multijurisdictional
INTRODUCED: 02/14/2023
LAST AMEND: 09/05/2023
DISPOSITION: Pending - Carryover
SUMMARY:

Relates to the Ralph M. Brown Act. Expand the circumstances of just cause to apply to the situation in which an immunocompromised child, parent, grandparent, or other specified relative requires the member to participate remotely. Requires the legislative body to provide a record of attendance of the members of the legislative body, the number of community members in attendance in the teleconference meeting, and the number of public comments on its internet website after a teleconference meeting.

STATUS:

09/14/2023 In ASSEMBLY. To Inactive File.

PUBLIC RECORDS ACT

CA AB 1637

AUTHOR: Irwin [D]
TITLE: Local Government: Internet Websites and Email Addresses
INTRODUCED: 02/12/2023
LAST AMEND: 06/29/2023
DISPOSITION: To Governor
SUMMARY:

Provides that the California Public Records Act requires a local agency to make public records available for inspection and allows a local agency to comply by posting the record on its internet website and directing a member of the public to the internet website. Requires, no later than specified date, a local agency that maintains an internet website for use by the public to ensure that the internet website utilizes a .gov top-level domain or a .ca.gov second-level domain.

STATUS:

09/21/2023 *****To GOVERNOR.

SOCIAL SECURITY

CA SJR 1	<p>AUTHOR: Cortese [D] TITLE: Social Security Act: Repeal of Benefit Reductions INTRODUCED: 12/05/2022 LAST AMEND: 04/12/2023 DISPOSITION: Adopted SUMMARY: Requests the Congress of the United States to enact, and the President to sign, legislation that would repeal the Government Pension Offset and the Windfall Elimination Provision from the Social Security Act. STATUS: 06/02/2023 Chaptered by Secretary of State. 06/02/2023 Resolution Chapter No. 2023-084</p>
US HR 82	<p>SPONSOR: Graves [R] TITLE: Pension Offset and Windfall Elimination Repeal INTRODUCED: 01/09/2023 DISPOSITION: Pending SUMMARY: Amends title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. STATUS: 01/09/2023 INTRODUCED. 01/09/2023 To HOUSE Committee on WAYS AND MEANS.</p>
US HR 4260	<p>SPONSOR: Neal [D] TITLE: Equitable Social Security Formula INTRODUCED: 06/21/2023 DISPOSITION: Pending SUMMARY: Amends specified title of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision. STATUS: 06/21/2023 INTRODUCED. 06/21/2023 To HOUSE Committee on WAYS AND MEANS.</p>
US HR 5342	<p>SPONSOR: Arrington [R] TITLE: Windfall Elimination Provision Replacement INTRODUCED: 09/05/2023 DISPOSITION: Pending SUMMARY: Amends title II of the Social Security Act to replace the windfall elimination</p>

provision with a formula equalizing benefits for certain individuals with noncovered employment.

STATUS:

09/05/2023 INTRODUCED.
09/05/2023 To HOUSE Committee on WAYS AND MEANS.

US S 597

SPONSOR:

Brown S [D]

TITLE:

Government Pension Offset Repeal

INTRODUCED:

03/01/2023

DISPOSITION:

Pending

SUMMARY:

Amends title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions.

STATUS:

03/01/2023 INTRODUCED.
03/01/2023 In SENATE. Read second time.
03/01/2023 To SENATE Committee on FINANCE.

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FOR INFORMATION ONLY

October 2, 2023

TO: Trustees,
Board of Investments

FROM: Christine Roseland *CR*
Senior Staff Counsel

FOR: October 11, 2023 Board of Investments Meeting

SUBJECT: **Legal Projects**

Attached is the monthly report on the status of Board-directed investment-related projects handled by the Legal Division as of October 11, 2023.

Attachment

c: Santos H. Kreimann
Luis A. Lugo
Jonathan Grabel
Esmeralda Del Bosque
Vache Mahseredjian
Jude Perez
Jim Rice
Christopher Wagner
Scott Zdrzil
Steven Rice
John Harrington
Lisa Garcia



LACERA Legal Division
Board of Investments Projects
Monthly Status Report - Pending as of October 2, 2023



	Project/ Investment	Description	Amount	Board Approval Date	Completion Status	% Complete	Notes
EQUITIES	Leading Edge Investment Advisors (LEIA)	Investment Management Agreement for Global Equity Emerging Manager Program	\$500,000,000	October 12, 2022	In Progress	90%	Legal negotiations in process.
	New Alpha Asset Management (New Alpha)	Investment Management Agreement for Global Equity Emerging Manager Program	\$500,000,000	October 12, 2022	In Progress	90%	Legal negotiations in process.
OPEB	BlackRock Institutional Trust Company, N.A.	Investment Management Agreement Amendment for Public Markets Passive Investment Management Services	\$2,000,000,000	June 14, 2023	In Progress	40%	Legal negotiations in process.
PRIVATE EQUITY	Innovation Endeavors V, L.P.	Subscription	\$65,000,000	September 13, 2023	Completed	100%	Completed.
PORTFOLIO ANALYTICS	State Street Bank and Trust Co.	Global Custody and Commercial Banking Services Agreement for LACERA's Pension Plan and OPEB Master Trust	\$72,000,000,000	August 10, 2022	In Progress	80%	Legal negotiations in process.
REAL ASSETS	TIAA-CREF Global Agriculture II LLC	Secondary Purchase	\$46,400,000	May 10, 2023	In Progress	80%	Legal negotiations in process.



September 26, 2023

TO: Each Trustee,
Board of Retirement

FROM: Ted Granger *TG*
Interim Chief Financial Officer

FOR: October 5, 2023 Board of Retirement Meeting

SUBJECT: **2024 STAR COLA PROGRAM AWARD**

RECOMMENDATION

- (1) That the Board of Retirement decide whether or not to award a STAR COLA for Program Year 2024, and
- (2) If awarded, determine whether the STAR COLA benefits will be on an ad-hoc basis at a cost of \$277,000 for a one-year addition to retirement allowances, as determined by LACERA's consulting actuary, Milliman, to restore eligible retirees to an 80% benefit level effective for calendar year 2024, or
- (3) If awarded, determine whether the STAR COLA benefits will be on a permanent basis at a cost of \$2,913,000 for a lifetime addition to retirement allowances, as determined by LACERA's consulting actuary, Milliman, to restore eligible retirees to an 80% benefit level effective January 1, 2024.

EXECUTIVE SUMMARY

September 2023

The Board of Retirement completed part one of a two-part process required for the Supplemental Targeted Adjustment for Retirees (STAR) cost-of-living adjustment (COLA) (STAR COLA Program or STAR Program). At its regularly scheduled meeting on September 6, 2023, the Board of Retirement made public the cost of awarding 2024 STAR Program benefits on an ad-hoc basis and on a permanent basis as determined by LACERA's consulting actuary, Milliman. At that time, the Board of Retirement instructed staff to place this item on the October 5, 2023 Board of Retirement meeting agenda so the Board can determine whether to award a 2024 STAR COLA and if the 2024 STAR COLA will be applied on an ad-hoc or permanent basis. The annual cost of the ad-hoc benefit is \$277,000 for a one-year period, while the permanent benefit cost is \$2,913,000 for a lifetime benefit.

The staff memo, and all Board materials, provided to the Board of Retirement for its September 6, 2023 meeting, is attached as Appendix I. We summarized and edited information from this "2024 STAR COLA Program Cost" memo dated August 24, 2023, below.

October 2023

At the October 5, 2023 regular meeting of the Board of Retirement, staff is recommending that the Board complete the second and final step in this process: determine whether or not to award a STAR COLA for Program Year 2024; and if awarded, determine whether STAR COLA benefits will be on an ad-hoc or permanent basis. Should the Board decide to award the 2024 STAR COLA, benefits will become effective with the January 2024 retirement benefits payment.

Overview

LACERA members in General Plans B, C, and D and Safety Plan B who retired on or before March 31, 1991 (and survivors of members who retired during that period) are eligible effective January 1, 2024, for a retirement benefit increase under the STAR COLA Program. For this group of 356 retirees and survivors¹, their COLA Accumulation accounts (also referred to as the COLA Bank accounts) exceed the 20% threshold by 2.9%. The COLA Bank balance of 22.9% is in excess of the 20% required allowing the Board of Retirement to authorize STAR COLA Program benefits. This means the value of their original pension benefit decreased below 80% of its original purchasing power over time due to cumulative actual inflation exceeding cumulative statutory COLA and permanently awarded STAR COLA amounts.

Members participating in PEPRA Plans General G and Safety C, and Legacy Plan A (General and Safety) are not currently eligible for STAR COLA Program benefits given their COLA Accumulation account balances; those members in non-contributory Plan E are not eligible for STAR COLA Program benefits.

These additional retiree benefits are paid by LACERA from the STAR Reserve account held by LACERA with a current balance of \$611.5 million as of June 30, 2023. The STAR Reserve is not included in valuation assets by the actuary and maintains sufficient balances to fund the 2024 STAR Program benefits. These potential cost increases represent less than 0.01% of the Future Annual Costs as defined in California Government Code Section 7507.

The Board of Retirement most recently awarded a STAR COLA for Program Year 2023 and made that award on a permanent basis. Before STAR COLA Program Year 2023, the Board of Retirement last awarded the STAR COLA for Program Year 2009. Between Program Year 2009 and 2022, COLA Accumulation accounts increased in some years but had not exceeded the 20% threshold amount, so STAR COLA benefits were not available for retirees during that period.

Actuary's Report

The Government Code requires that LACERA's consulting actuary, Milliman, provide an analysis which includes the cost of funding the STAR COLA Program award. Milliman's

¹ Estimated number of members impacted based on the June 30, 2022 Valuation and valuation assumptions. Actual number of members receiving the STAR COLA award will be determined at the time the award is made on January 1, 2024.

report, which is included in Appendix I, provides a detailed analysis of the STAR COLA and should be referred to in conjunction with this memo. LACERA staff memos are intended to provide a summary of the STAR COLA Program.

LEGAL ANALYSIS

Government Code Section 31874.3 allows LACERA to provide ad-hoc or permanent STAR Program benefits that, according to the terms of the Program, protect the purchasing power of retirement benefits. The Board of Retirement is not required to approve STAR benefits, even when the required loss of purchasing power has occurred; the decision is at the discretion of the Board.

Pursuant to Government Code Section 7507, a local agency such as LACERA's Board of Retirement, when considering changes in retirement benefits, such as providing ad-hoc or permanent STAR Program benefits, and before such changes are authorized, must engage an enrolled actuary to provide a statement of actuarial impact upon future annual costs and any additional accrued liability. Section 7507 also requires that a decision to provide either ad-hoc or permanent STAR Program benefits in 2024 can be made only if the future annual cost of the benefit, as determined by an enrolled actuary, is disclosed at a public meeting at least two weeks prior to the adoption of the benefit increase. Further, Government Code Section 31874.3(c) provides that, before the Board of Retirement approves permanent STAR benefits, the cost of the benefits must be determined by a qualified actuary and the Board shall, with the actuary's advice, provide for full funding of the benefits. The required actuarial cost analysis is presented in this memo and in the prior staff memo dated August 24, 2023, attached as Appendix I. *In compliance with the Government Code, on September 6, 2023, your Board made public at its regularly scheduled meeting the cost of these additional 2024 STAR Program benefits at an 80% benefit level; including the cost of both an ad-hoc award and a permanent award.*

Public Notice Requirement

Government Code Sections 7507 and 31874.3 require the Board of Retirement to secure the services of an enrolled actuary to provide a statement of the actuarial impact upon the future annual plan costs. Section 7507 also requires that the actuarial cost information be presented at a public meeting at least two weeks prior to authorizing a benefit increase. The Board of Retirement made public the costs of awarding additional benefits through the STAR COLA Program for 2024 at their meeting on September 6, 2023.

This "2024 STAR COLA Program Award" memo, included on the Board of Retirement's agenda for the October 5, 2023 regular meeting, is a recommendation that the Board of Retirement consider the STAR COLA additional retirement allowances, twenty-nine days after the actuarial cost information disclosure on September 6, 2023, which satisfies the minimum time requirement to authorize a benefit increase.

LACERA's consulting actuary, Milliman, has calculated the cost information in their letter dated August 22, 2023, included in Appendix I, to satisfy this requirement. On page 1,

Re: 2024 STAR COLA Program Award

September 26, 2023

Page 4 of 4

Milliman states that these potential cost increases represent less than 0.01% of the Future Annual Costs as defined in California Government Code Section 7507.

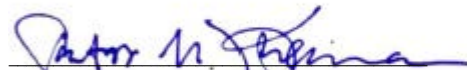
Conclusion

The Board of Retirement most recently awarded the STAR COLA on a permanent basis for last year, Program Year 2023, which was the first time since 2009. STAR Program benefits are paid on a calendar year basis. Prior to that, LACERA retirees were not eligible for STAR COLA Program benefits.

Recent increases to the Consumer Price Index (CPI) have caused some COLA Accumulation accounts to exceed the 20% threshold by 2.9%. These members have experienced a decline in purchasing power of their monthly retirement allowance which permits the Board of Retirement to authorize a STAR COLA award beginning with the January 2024 benefits payment. The Board of Retirement has the option of granting the STAR benefit on a year-to-year basis using the ad-hoc methodology or by choosing the permanent option which makes the additional benefit a perpetual part of the members' retirement benefit.

It is therefore recommended that the Board of Retirement decide whether or not to award a STAR COLA for Program Year 2024. If awarded, determine whether the STAR COLA benefits will be on an ad-hoc basis at a cost of \$277,000 for a one-year addition to retirement allowances, as determined by LACERA's consulting actuary, Milliman, to restore eligible retirees to an 80% benefit level for calendar year 2024. Or, if awarded, determine whether the STAR COLA benefits will be on a permanent basis at a cost of \$2,913,000 for a lifetime addition to retirement allowances, as determined by LACERA's consulting actuary, Milliman, to restore eligible retirees to an 80% benefit level effective January 1, 2024. The amount of either award will be funded from the STAR COLA Reserve account, which is sufficient to support either award.

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

09/26/2023

Date

Attachments

SK:TG
2024 STAR COLA Program.Award.BOR Memo_final_OCT.doc

c: Board of Investments, LACERA

Luis A. Lugo

Jonathan Grabel

JJ Popowich

Steven P. Rice

Laura Guglielmo

Appendix I

August 24, 2023

TO: Each Trustee,
Board of Retirement

FROM: Ted Granger *TG*
Interim Chief Financial Officer

FOR: September 6, 2023 Board of Retirement Meeting

SUBJECT: **2024 STAR COLA PROGRAM COST**

RECOMMENDATION

- (1) That the Board of Retirement make public at its meeting on September 6, 2023, the cost of the ad-hoc and permanent STAR COLA Program in 2024 at an 80% benefit level. The projected cost for the ad-hoc STAR COLA award is \$277,000, while the cost for awarding a permanent STAR COLA is \$2,913,000 as determined by LACERA's consulting actuary, Milliman; and
- (2) Direct staff to place this item on the Board of Retirement's October agenda to decide at that time whether or not to award a STAR COLA for Program Year 2024, and if awarded, determine whether the STAR COLA benefits will be ad-hoc or permanent.

EXECUTIVE SUMMARY

Overview

LACERA members in General Plans B, C, and D and Safety Plan B who retired on or before March 31, 1991 (and survivors of members who retired during that period) are eligible effective January 1, 2024 for a retirement benefit increase under the Supplemental Targeted Adjustment for Retirees (STAR) cost-of-living adjustment (COLA) Program (STAR COLA Program or STAR Program). For this eligible group of 356 retirees and survivors¹, their COLA Accumulation accounts (also referred to as the COLA Bank accounts) exceed the 20% threshold required if the Board of Retirement is to authorize STAR COLA Program benefits. This means the value of their original pension benefit decreased below 80% of its original purchasing power over time due to actual inflation exceeding the statutory COLA.

The Board of Retirement may adopt STAR Program benefits on an ad-hoc or permanent basis to become effective January 1, 2024. Members participating in PEPRA Plans General G and Safety C, and Legacy Plan A are not currently eligible for STAR COLA

¹ Estimated number of members impacted based on the June 30, 2022 Valuation and valuation assumptions. Actual number of members receiving the STAR COLA award will be determined at the time the award is made on January 1, 2024.

Program benefits; those members in non-contributory Plan E are not eligible for STAR COLA Program benefits.

These additional retiree benefits are paid by LACERA from the STAR Reserve account held by LACERA. The STAR Reserve is not included in valuation assets by the actuary and maintains sufficient balances to fund the 2024 STAR Program benefits. These potential cost increases represent less than 0.01% of the Future Annual Costs as defined in California Government Code Section 7507.

The Board of Retirement most recently awarded a STAR COLA for Program Year 2023 and made that award on a permanent basis. Before STAR COLA Program Year 2023, the Board of Retirement last awarded the STAR COLA for Program Year 2009. Between Program Year 2009 and 2022, COLA Accumulation accounts increased in some years but had not exceeded the 20% threshold amount, so STAR COLA benefits were not available for retirees during that period.

In February 2023, the Board of Retirement approved the annual statutory 2023 COLA (April 1st COLA). Subsequently, staff reviewed the COLA Accumulation account balances and determined that for Program Year 2024, there is STAR Program award eligibility for qualifying retirees.

Milliman's Report

The Government Code requires that LACERA's consulting actuary, Milliman, provide an analysis which includes the cost of funding the STAR COLA Program award. Milliman's report, which is included as Attachment I, provides a detailed analysis of the STAR COLA and should be referred to in conjunction with this memo. This memo, prepared by LACERA staff, is meant to provide an overview of the STAR COLA Program history and a recommendation for Board of Retirement action.

LEGAL ANALYSIS

As discussed in detail later in this memo, Government Code Section 31874.3 allows LACERA to provide ad-hoc or permanent STAR Program benefits that, according to the terms of the Program, protect the purchasing power of retirement benefits. The Board of Retirement is not required to approve STAR benefits, even when the required loss of purchasing power has occurred; the decision is at the discretion of the Board.

Pursuant to Government Code Section 7507, a local agency such as LACERA's Board of Retirement, when considering changes in retirement benefits, such as providing ad-hoc or permanent STAR Program benefits, and before such changes are authorized, must engage an enrolled actuary to provide a statement of actuarial impact upon future annual costs and any additional accrued liability. Section 7507 also requires that a decision to provide either ad-hoc or permanent STAR Program benefits in 2024 can be made only if the future annual cost of the benefit, as determined by an enrolled actuary, is disclosed at a public meeting at least two weeks prior to the adoption of the benefit increase. Further,

Government Code Section 31874.3(c) provides that, before the Board of Retirement approves permanent STAR benefits, the cost of the benefits must be determined by a qualified actuary and the Board shall, with the actuary's advice, provide for full funding of the benefits. The required actuarial cost analysis is presented in this memo.

DISCUSSION

COLA

Sections 31870 and 31870.1 of the Government Code provide for a maximum annual COLA to be applied to retirement allowances, optional death allowances, or annual death allowances payable to or on account of any member. COLA maximum increases are 3.0% for Plan A retirees and survivors; 2.0% for Legacy Plans B, C, and D and PEPRAs C and G; and up to 2.0% for certain Plan E retirees and survivors². These Government Code sections also provide for an accumulation of the annual percentage difference between the consumer price index (CPI) for the Los Angeles-Long Beach-Anaheim area and the maximum cost-of-living increase allowed for each retirement Plan. The accumulated percentage carryover is known as the COLA Accumulation or COLA Bank.

COLA Accumulation

The CPI percentage change from January through December for the prior calendar year is compared to the maximum allowable cost-of-living percentage increase payable to retired LACERA members under Sections 31870 and 31870.1. In years where the change in CPI is greater than the maximum COLA increase, the difference between these two percentages is accumulated annually for each retiree based upon retirement date. In years where the change in CPI is less than the maximum COLA increase, the actual COLA awarded may be increased above the CPI amount, up to the maximum COLA increase, with a corresponding reduction in the COLA Bank account. The accumulation of differences from each year reflects how much purchasing power has been lost from a retiree's original retirement benefit. By law, the Board of Retirement may provide STAR COLA Program increases once the COLA Bank accounts have exceeded a 20% balance. Attachment III illustrates how additions and deductions are made to the COLA Accumulation balances.

STAR COLA Program

The Board of Retirement initiated the STAR COLA Program in 1990 to restore members' purchasing power that had been eroded by inflation in excess of the protection provided by the statutory COLA. Retirees and survivors in Legacy Plans A, B, C, D and PEPRAs C and G are eligible for STAR COLA Program benefits should their COLA Accumulation accounts exceed a 20% balance. Non-contributory members in Plan E are not eligible for STAR COLA Program benefits.

² Effective June 4, 2002, Plan E members and their survivors were eligible for COLA. The portion of the COLA percentage received by each Plan E member is a ratio of the member's service credit earned on and after June 4, 2002 to total service credit.

STAR COLA Program Awards

Beginning in 1990 and through 2000, the STAR Program existed as an ad-hoc benefit designed to provide contributory plan members protection against rising inflation beyond the protection provided by the statutory COLA, and successfully restored LACERA retiree purchasing power to the then maximum allowable 75% level.

On September 4, 2000, the California Governor signed into law a provision, Section 31874.3 of the Government Code, allowing the Board of Retirement to raise the purchasing power protection to a maximum of 80% and allowed the ability to make permanent the STAR COLA Program benefits using excess earnings³. This change provided the Board of Retirement with the flexibility to continue the STAR Program as an ad-hoc benefit or the opportunity to make permanent the STAR COLA benefits using excess earnings. Now and in future years, the Board of Retirement will be required to adopt ad-hoc benefits on an annual basis if the Board wishes to continue the benefits while the permanent approach will require no further Board action.

Purchasing Power Example Calculation

The retirement benefit has decreased below 80% of its original purchasing power when the COLA Accumulation accounts exceed the 20% threshold. For example, a 22.9% COLA Accumulation balance means that the member has 77.1% of the purchasing power compared to when the member retired (e.g., $100.0\% - 22.9\% = 77.1\%$). When the member's purchasing power falls below 80.0%, the Board can award a STAR COLA to restore the purchasing power to an 80.0% level (e.g., $77.1\% + 2.9\% = 80.0\%$).

STAR COLA History

On October 9, 2008, the Board of Retirement made permanent the 2009 STAR COLA benefits at an 80% level as authorized in CERL and had already made STAR Program benefits permanent for prior years.

Minimal increases in the CPI percentage for STAR Program Years 2010 through 2022 caused COLA Accumulation accounts to remain below the 20% threshold for providing STAR Program benefits. As such, no STAR COLA benefits were provided from 2010 through 2022. During these years, the Board of Retirement approved annual statutory COLAs below or at the retirement plan maximums, providing some protection against diminished purchasing power.

Recently, CPI increases for STAR Program Years 2019 through 2021 exceeded the maximum allowable statutory COLA for some plans, causing increases in the COLA Accumulation accounts, however, the ending COLA Accumulation account balances remained at less than 20% until Program Years 2023 and 2024.

³ Excess Earnings are actual cash earnings from the investment portfolio earned during the previous year that remain unspent after paying for costs to administer the system, costs to invest the portfolio, paying interest to the member and employer accounts, and satisfying the 1% contingency reserve requirement in Government Code Sections 31592 and 31592.2.

The chart below summarizes the STAR COLA history. Please note that not all retirees in all plans received a STAR COLA award each year; STAR COLA is only awarded to retirees where the COLA Accumulation account exceeds a 20% balance. Since its inception, the Board of Retirement has granted and funded STAR Program awards as they became available.

STAR COLA Awards				
Program Year	Eligibility for STAR	BOR Award	Permanent	Maximum Level
1990-2000	Yes	Yes	Yes*	75%
2001-2004	Yes	Yes	Yes	80%
2005	No	N/A	N/A	80%
2006-2009	Yes	Yes	Yes	80%
2010-2022	No	N/A	N/A	80%
2023	Yes	Yes	Yes	80%
2024	Yes	TBD	TBD	80%

* Beginning in 2001, STAR COLA awards became permanent prospectively.

Program Year 2024

The 2022 CPI increase exceeded the maximum allowable COLA, causing some retiree COLA Accumulation account balances to exceed 20% after the April 2023 statutory COLA award. This results in a potential STAR COLA for STAR Program Year 2024. Attachment II identifies the Accumulation balances for retiree groups who have experienced diminished purchasing power making them eligible for the STAR COLA award. Only members in General Plans B, C and D and Safety Plan B who retired from 1977 to March 31, 1991 are eligible for STAR Program benefits. Currently, no other retired members or survivors are eligible as their COLA Accumulation account balances do not exceed 20%.

Since the Board previously granted STAR Program benefits on a permanent basis, all retirees and their eligible survivors currently receiving STAR Program benefits continue receiving those benefits without further action.

STAR COLA Method: Ad-Hoc or Permanent

Government Code provisions allow the Board of Retirement to award additional benefits to address the inflation experienced by retirees using one of the following approaches:

Ad-Hoc STAR COLA

Provide an ad-hoc 2024 STAR Program benefit for those contributory plan members whose purchasing power has fallen below 80% due to inflation, thus providing a temporary benefit for the 2024 calendar year. Ad-hoc benefits are awarded on a calendar year basis. Staff will prepare memo and the Board of Retirement must approve these benefits annually if these benefits are to be paid in future years. Ad-hoc

STAR Program benefits are not included in the calculation of future statutory COLA awards.

Permanent STAR COLA

Make permanent the 2024 STAR Program for those contributory plan members whose purchasing power has fallen below 80% due to inflation. While this protects those retirees and survivors who have already lost 20% of their purchasing power, it also ensures that the STAR benefit is part of the member's retirement allowance and is payable for life. The permanent STAR Program benefit becomes part of the base allowance upon which future annual statutory COLA increases are calculated. Permanent benefits do not require Board of Retirement approval in subsequent years.

2024 STAR COLA Program Cost Analysis

LACERA's consulting actuary, Milliman, provided their letter dated August 22, 2023, which is included as Attachment I. Milliman's letter provides cost and technical information for LACERA's STAR COLA and should be read in conjunction with this memo. Attachments to Milliman's letter include costs for the 2024 Program Year and projections in anticipation of *future* STAR COLA awards that have not yet occurred. The table below provides the cost for Program Year 2024 as calculated by Milliman using both the ad-hoc and the permanent benefit approaches.

STAR COLA Program Cost

	2024 Annual Cost	Lifetime Cost
Ad-hoc Benefit: STAR Program at 80%	\$277,000	
Permanent Benefit: STAR Program at 80%		\$2,913,000

Should the Board of Retirement decide to approve the permanent STAR COLA Program award, it will provide the greatest possible cost-of-living benefit to members. The permanent STAR Program is more valuable to the affected members than the ad-hoc STAR Program since the permanent approach provides an everlasting benefit (as long as member or survivor is alive) and is also included in the base allowance used to calculate the statutory annual COLA benefit in future years.

Meaning of 'Permanent STAR Program'

California Government Code Section 31874.3(c) allows the Board of Retirement to make permanent the STAR COLA benefit for the eligible retirees and survivors. In other words, making permanent the STAR Program makes a member's cost-of-living accumulation that exceeds 20% a lasting part of the member's benefit. The value of the permanent STAR COLA to be provided, as calculated by the actuary, cannot exceed the value of excess earnings accumulated in the STAR Reserve because the benefits must be prefunded under the statute. The current value of the STAR Reserve is sufficient to pay for either the ad-hoc or permanent 2024 STAR COLA Program.

All current 356 retirees and survivors eligible to participate in the 2024 STAR Program will have their 2024 STAR Program benefit added to their base allowance and their COLA Accumulation balance will be reduced to 20%. Except for 2005 and 2010 through 2022, when no members were eligible for a STAR benefit, the Board of Retirement made permanent the 2001 through 2009 STAR Programs. STAR Program benefits for 2001 through 2004, 2006 through 2009, and 2023 were permanently added to the participant's base allowance and the respective COLA Accumulations were set to 20%.

Future increases in the CPI that exceed COLA plan maximums and cause the member's COLA Accumulation to exceed 20%, will require Board action to make permanent such future increases and be contingent upon the availability of the STAR Program Reserve to fund the benefit increase. At this time, the Board of Retirement may only make permanent the current level of benefits payable to eligible 2024 STAR Program participants. Staff will present potential *future* STAR Program awards to the Board of Retirement which will require Board action in *future* years.

Funding the 2024 Program

The STAR Program's funding is derived from excess earnings as determined by LACERA's Board of Investments. During the period 1994 through 1998, the Retirement System Funding Agreement required the Board of Investments to allocate all excess earnings using a 75%-25% allocation formula between the Employer Reserve and the STAR Reserve, respectively. Under this agreement the STAR Program received significant funding and has a balance of approximately \$611.5 million for the fiscal period ended June 30, 2023. The STAR Program Reserve balance is sufficient to fund the \$2.9 million needed to make permanent the 2024 STAR Program at the 80% benefit level for all future periods. Should the Board award a permanent STAR COLA, the amount will be transferred to the Employer Reserve to pay STAR COLA Program benefits leaving a balance of approximately \$608.6 million in the STAR Reserve.

If the Board approves an ad-hoc STAR Program award at a cost of \$0.277 million, the STAR Reserve balance is sufficient to fund this benefit for 2024.

Beginning in 1990 when the Funding Policy first established the STAR Reserve, excess earnings were used to increase the STAR Reserve balance, while over time STAR COLA awards caused decreases in the STAR Reserve. The Funding Policy prescribes the semi-annual interest credit process where realized earnings are measured for the six-month period, and interest credits are applied to the Employee and Employer Reserves. Per the Funding Policy, the STAR Reserve is not eligible to receive an interest credit allocation.

Pension fund reserves is an accounting concept that shows how the fund's net position can be divided among various categories including employees, employers, and other classifications designated for specific use. LACERA assets, including balances in the STAR Reserve and the Employer and Employee Reserves, are part of LACERA's investment portfolio which produces investment income. The STAR Reserve balance was \$154 million in 1990, increased to \$1.023 billion in 1999 due to excess earning

contributions, and from that time, has been reduced by STAR COLA benefits to a balance of \$611.5 million as of June 30, 2023. LACERA's pension fund net position in 1990 was \$9.4 billion and is \$74.6 billion as of June 30, 2023. During that period of over 30 years, LACERA's investment portfolio contained STAR COLA assets contributing to LACERA's investment earnings and growing the fund's net position. Increases in LACERA's assets reduce employer contribution rates.

Public Notice Requirement

Government Code Sections 7507 and 31874.3 require the Board of Retirement to secure the services of an enrolled actuary to provide a statement of the actuarial impact upon the future annual plan costs. Section 7507 also requires that the actuarial cost information be presented at a public meeting at least two weeks prior to authorizing a benefit increase. The letter from LACERA's consulting actuary, Milliman, has been prepared and included as Attachment I to satisfy this requirement. On page 1, Milliman's letter states that these potential cost increases represent less than 0.01% of the Future Annual Costs as defined in California Government Code Section 7507.

Conclusion

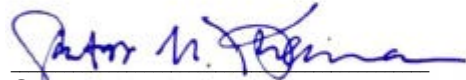
The recent CPI increases have caused some COLA Accumulation accounts to exceed the 20% threshold. These members have experienced a decline in purchasing power of their monthly retirement allowance which permits the Board of Retirement to authorize a STAR COLA award beginning January 1, 2024 for eligible retirees. The Board of Retirement has the option of granting the STAR benefit on a year-to-year basis using the ad-hoc methodology or by choosing the permanent option which makes the additional benefit a perpetual part of the members' retirement benefit.

It is therefore recommended, that the Board of Retirement make public at its meeting on September 6, 2023 the cost of the ad-hoc and permanent STAR COLA Program in 2024 at an 80% benefit level. The projected cost for the ad-hoc STAR COLA Program is \$277,000, while the cost for the 2024 permanent STAR COLA Program is \$2,913,000 as determined by Milliman, LACERA's consulting actuary. In addition, the Board of Retirement should direct staff to place this item on the Board of Retirement's October agenda to decide at that time whether or not to award a STAR COLA for Program Year 2024, and if awarded, determine that the STAR COLA benefits will be ad-hoc or permanent.

Attachments

- I. Milliman's STAR COLA 2024 letter dated August 22, 2023
- II. STAR COLA Accumulation Chart as of January 1, 2024
- III. COLA Accumulation Account Calculation Illustration

REVIEWED AND APPROVED:



Santos H. Kreimann
Chief Executive Officer

08/24/2023

Date

SK:TG
2024 STAR COLA.BOR Memo_8.24.23_final.doc

c: Board of Investments, LACERA

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August 22, 2023

Board of Retirement
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA 91101-4199

Re: STAR COLA for 2024

Dear Trustees of the Board:

As requested, we have valued the Supplemental Target Adjustment for Retirees (STAR) COLA program as of January 1, 2024. As of April 2023, Accumulation Accounts are greater than 20% (the threshold for providing STAR benefits) for retirees in General Plans B, C, and D and Safety Plan B who retired on or before March 31, 1991. These retirees are therefore eligible for a STAR COLA in 2024, upon Board of Retirement (Board) approval.

The values shown in the following table assume that the Board approves the STAR COLA for 2024 only, on an ad-hoc or a permanent basis, and do not reflect any additional STAR benefits that may be granted in the future. The STAR COLA will be an amount sufficient to restore retirement benefits to 80% of their original purchasing power for those retirees whose benefits currently have less than 80% of their original purchasing power. (80% of the original purchasing power is determined as an Accumulation Account value equaling 20%.) These potential cost increases represent less than 0.01% of the Future Annual Costs as defined in California Government Code Section 7507.

STAR COLA (effective January 1, 2024)	2024 Payment / Transfer from STAR Reserve
Ad Hoc Increase Payment	\$ 277,000
Permanent Increase Transfer	\$ 2,913,000

The ad hoc STAR COLA, as defined in Subsection 31874.3(b), is a temporary benefit provided for one year only and is not part of the member's retirement allowance. Future statutory COLA increases would not apply to this benefit because it is not part of the member's retirement allowance. To continue the ad hoc STAR COLA payments for any future year the Board must approve it on an annual basis.

Making the STAR COLA permanent under Subsection 31874.3(c) means that it becomes a permanent component of the member's retirement allowance and cannot be revoked in the future. Once a STAR COLA has been made permanent, it continues for the life of the member (and the beneficiary, if applicable). As any permanent STAR COLA increases become part of the member's retirement allowance, these payments are eligible for future statutory COLA increases.

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

Under Subsection 31874.3(c), the Board can only make a STAR COLA increase permanent up to the amount determined at the time the action is approved. Therefore, the projected future STAR COLA increases effective January 1, 2024 and later, as shown in the exhibit at the end of this letter, are for informational purposes only and cannot be made permanent at this time.

In the attachment to this letter, we have provided 10-year projections of estimated STAR COLA increases and transfers under the ad hoc and permanent increase options. These attachments also show the estimated number of retirees and survivors projected to be eligible for a STAR COLA benefit in each future year.

STAR COLA and the Accumulation Account

Under the STAR COLA, each retiree and beneficiary in Legacy Plans A, B, C, and-D and PEPRA Plans C and G whose benefit has lost more than 20% of its value is eligible to receive, upon Board approval, an increased benefit payment effective January 1 of the following year. Retirees and beneficiaries in Legacy Plan E are not eligible for the STAR COLA.

The loss of value is measured by the Accumulation Account which is calculated each year by LACERA staff by adjusting the prior year’s Accumulation Account by the difference between the actual COLA granted and the prior year’s inflation as measured by the Los Angeles-Long Beach-Anaheim, CA Consumer Price Index – All Urban Consumers.

For December 2021 to December 2022, the increase in CPI was 4.9%. Since the increase in CPI is greater than the maximum statutory COLA of 3.0% for Plan A and 2.0% for all other plans, all retirees had an increase in their Accumulation Account in 2023. The following table shows the groups of STAR COLA eligible retirees that have an Accumulation Account balance greater than 20% after application of the 2022 CPI increase and payment of the 2023 statutory COLA, as well as the STAR COLA they are eligible for if it is approved by the Board. There are no retirees of Legacy Plans A or PEPRA Plans C and G that are eligible for a STAR COLA at this time.

Retirement Dates (Legacy Plans B, C, and D)	Accumulation Account	2024 STAR COLA
On or before March 31, 1991	22.9%	2.9%

As an example of how the STAR COLA works, consider a General Plan D member who retired in March of 1991. As of April 2022 this member had an Accumulation Account of 20.5%. This member received a STAR COLA of 0.5% in January of 2023 which reduced their Accumulation Account to 20.0% (because the 2023 STAR COLA was adopted as a permanent addition by the Board of Retirement). In addition, they received the statutory 2.0% COLA in April of 2023. Since the statutory COLA given was less than the CPI of 4.9%, the difference of 2.9% is added to their Accumulation Account, resulting in a new value of 22.9% as of April 2023. Since this member’s benefit has lost more than 20% of its original value (i.e., the Accumulation Account is greater than 20.0%), they are eligible for a STAR COLA benefit in 2024. Accordingly, if a STAR COLA is adopted effective January 1, 2024, this member will receive a STAR COLA increase equal to 2.9% of their current retirement allowance.

This work product was prepared solely for LACERA for the purposes described herein and may not be appropriate to use for other purposes. Milliman does not intend to benefit and assumes no duty or liability to other parties who receive this work. Milliman recommends that third parties be aided by their own actuary or other qualified professional when reviewing the Milliman work product.

The member's Accumulation Account will remain at 22.9% unless a permanent STAR COLA is approved, in which case it is adjusted back to 20.0% to reflect the permanent increase in the member's retirement allowance.

Funding

If the permanent STAR COLA is approved under Subsection 31874.3(c), it is required to be prefunded to provide for the increase in future benefit payments. The present value of the 2024 permanent STAR COLA increase is \$2,913,000. Therefore, under the permanent increase scenario, this amount would be transferred from the STAR Reserve to the Employer Reserve. After adoption of the 2023 STAR COLA as a permanent increase, to members' retirement allowances, the STAR Reserve is approximately \$611.5 million; therefore, the current STAR Reserve has a sufficient balance to facilitate this transfer.

The ad-hoc 2024 STAR COLA increase is estimated to cost \$277,000. If this option is approved, we anticipate this amount will be paid from the STAR Reserve.

Since the STAR Reserve is not included in the Valuation Assets, the adoption of the 2024 STAR COLA will not cause a change in either the employer contribution rate or the funded ratio, provided that the specified amount is transferred from the STAR Reserve to the Employer Reserve, consistent with whether the Board of Retirement adopts the ad-hoc or permanent STAR COLA approach.

Projections

We have also attached projections for future STAR COLA increases assuming continued application of the program. These projections are for informational purposes only. For these projections, we have assumed the continued approval of the STAR COLA program by the Board each year at the 80% level, under the following two scenarios:

- 2.75% annual increases in the CPI (the valuation assumption) for 2023 and all future years, and
- 4.9% annual increase in the CPI in 2023, followed by annual CPI increases of 2.75%. This scenario reflects that actual inflation has materially exceeded the assumption in the first half of 2023. The 4.9% is equal to the prior year's inflation and provides an estimate of the potential impact of higher-than-assumed inflation on future STAR COLA benefits, although the actual 2023 inflation is likely to be different.

The attachments show both the expected annual benefits under the ad hoc approach and the estimated transfer amounts to fund the STAR COLA each year under the permanent approach. The projected benefit payments paid to members each year under the permanent approach is not shown but would be slightly higher than the ad hoc increases, due to the future statutory COLA increases being applied to the STAR COLA payment under the permanent approach. The transfer amounts are expected to be made from the STAR Reserve to the Employer Reserve as of the December 31 prior to the calendar year of the STAR COLA increase. These attachments also show the estimated number of retirees and survivors projected to be eligible

for a STAR COLA benefit in each future year. The projected number of eligible retirees and survivors is the same under the ad hoc or permanent approach.

Data, assumptions, and methods

The COLA Accumulation Accounts are as of April 1, 2023 and any 2024 STAR COLA increases are assumed to be effective as of January 1, 2024. We have assumed that no interest will be credited to the STAR Reserve consistent with LACERA's interest crediting procedures.

Certification

Except as noted elsewhere in this report, all data, methods and assumptions are the same as described and used in the June 30, 2022 actuarial valuation report. In preparing this report, we relied, without audit, on information (some oral and some in writing) supplied by LACERA's staff. This information includes, but is not limited to, statutory provisions, employee data, and financial information. In our examination of these data, we have found them to be reasonably consistent and comparable with data used for other purposes. Since the valuation results are dependent on the integrity of the data supplied, the results can be expected to differ if the underlying data is incomplete or missing. It should be noted that if any data or other information is inaccurate or incomplete, our calculations may need to be revised.

Actuarial computations presented in this report are for purposes of estimating expected benefit payments and funding amounts under the LACERA STAR COLA program. These calculations have been made on a basis consistent with our understanding of that program. Determinations for purposes other than described may be significantly different from the results contained in this report. Accordingly, additional determinations may be needed for other purposes. These results were developed using models intended for actuarial valuations that use standard actuarial techniques.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the Plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

The calculations included in this report are subject to the same risk factors as discussed in the June 30, 2022 actuarial valuation and in the Risk Assessment report based on the June 30, 2022 actuarial valuation. Please refer to those reports for a detailed descriptions of the primary risks to LACERA.

Milliman's work is prepared solely for the internal business use of LACERA. To the extent that Milliman's work is not subject to disclosure under applicable public records laws, Milliman's work may not be provided to third parties without Milliman's prior written consent. Milliman does not intend to benefit or create a legal duty to any third-party recipient of its work product. Milliman's

consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

- (a) LACERA may provide a copy of Milliman's work, in its entirety, to LACERA's professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman's work for any purpose other than to benefit LACERA.
- (b) LACERA may provide a copy of Milliman's work, in its entirety, to other governmental entities, as required by law.

No third-party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman's advice is not intended to be a substitute for qualified legal, investment, or accounting counsel.

The signing actuaries are independent of the plan sponsors. We are not aware of any relationship that would impair the objectivity of our work.

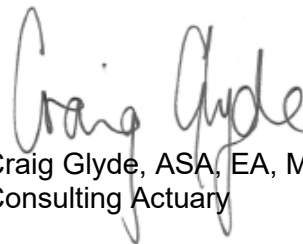
On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this report is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices which are consistent with the principles prescribed by the Actuarial Standards Board and the Code of Professional Conduct and Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States, published by the American Academy of Actuaries. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.

If you have any further questions regarding this report, please let us know.

Sincerely,

A handwritten signature in black ink, appearing to read "Nick Collier".

Nick Collier, ASA, EA, MAAA
Consulting Actuary

A handwritten signature in black ink, appearing to read "Craig Glyde".

Craig Glyde, ASA, EA, MAAA
Consulting Actuary

NC/CG/va

Attachments

cc: Ted Granger
Claro Lanting
Ervin Wu

LACERA
10-year projection of STAR COLA Benefits
STAR COLA approved each year
to restore benefit to 80% of original value
 (Actual 2023 CPI increase is 2.75%)

Calendar Year	CPI	Count of Eligible Retirees & Survivors	Ad-hoc Increase	Permanent Increase Transfers
2023	2.75%			
2024	2.75%	356	\$ 277,000	\$ 2,913,000
2025	2.75%	340	346,000	756,000
2026	2.75%	409	421,000	823,000
2027	2.75%	2,093	754,000	3,549,000
2028	2.75%	2,005	1,287,000	5,630,000
2029	2.75%	1,916	1,806,000	5,505,000
2030	2.75%	2,453	2,479,000	6,979,000
2031	2.75%	2,339	3,157,000	7,045,000
2032	2.75%	3,057	3,960,000	8,194,000
2033	2.75%	2,903	4,857,000	9,059,000

1. Estimate based on June 30, 2022 valuation
2. Actual results will vary

LACERA
10-year projection of STAR COLA Benefits
STAR COLA approved each year
to restore benefit to 80% of original value
(Actual 2023 CPI increase is 4.90%)

Calendar Year	CPI	Count of Eligible Retirees & Survivors	Ad-hoc Increase	Permanent Increase Transfers
2023	4.90%			
2024	2.75%	356	\$ 277,000	\$ 2,913,000
2025	2.75%	2,273	1,262,000	10,386,000
2026	2.75%	2,184	1,809,000	5,891,000
2027	2.75%	2,801	2,496,000	7,263,000
2028	2.75%	2,686	3,223,000	7,648,000
2029	2.75%	3,514	4,051,000	8,600,000
2030	2.75%	3,361	5,031,000	10,006,000
2031	2.75%	3,209	5,971,000	9,716,000
2032	2.75%	3,602	6,907,000	9,756,000
2033	2.75%	3,423	7,945,000	10,728,000

1. Estimate based on June 30, 2022 valuation
2. Actual results will vary

STAR COLA Accumulation Chart
Percentages as of January 1, 2024

Retirement Date			General Plans B, C, D and Safety Plan B		
			COLA % Accumulation April 1, 2023	STAR Benefit Adjustment 2024	COLA % Accumulation January 1, 2024
Before 4/1/77			-	-	-
4/1/1977	-	3/31/1978	22.9	(2.9)	20.0
4/1/1978	-	3/31/1979	22.9	(2.9)	20.0
4/1/1979	-	3/31/1980	22.9	(2.9)	20.0
4/1/1980	-	3/31/1981	22.9	(2.9)	20.0
4/1/1981	-	3/31/1982	22.9	(2.9)	20.0
4/1/1982	-	3/31/1983	22.9	(2.9)	20.0
4/1/1983	-	3/31/1984	22.9	(2.9)	20.0
4/1/1984	-	3/31/1985	22.9	(2.9)	20.0
4/1/1985	-	3/31/1986	22.9	(2.9)	20.0
4/1/1986	-	3/31/1987	22.9	(2.9)	20.0
4/1/1987	-	3/31/1988	22.9	(2.9)	20.0
4/1/1988	-	3/31/1989	22.9	(2.9)	20.0
4/1/1989	-	3/31/1990	22.9	(2.9)	20.0
4/1/1990	-	3/31/1991	22.9	(2.9)	20.0
4/1/1991	-	3/31/1992	18.8	*	18.8
4/1/1992	-	3/31/1993	18.2	*	18.2
4/1/1993	-	3/31/1994	18.2	*	18.2
4/1/1994	-	3/31/1995	18.2	*	18.2
4/1/1995	-	3/31/1996	18.2	*	18.2
4/1/1996	-	3/31/1997	18.2	*	18.2
4/1/1997	-	3/31/1998	18.2	*	18.2
4/1/1998	-	3/31/1999	18.2	*	18.2
4/1/1999	-	3/31/2000	18.2	*	18.2
4/1/2000	-	3/31/2001	17.9	*	17.9
4/1/2001	-	3/31/2002	16.2	*	16.2
4/1/2002	-	3/31/2003	16.1	*	16.1
4/1/2003	-	3/31/2004	14.4	*	14.4
4/1/2004	-	3/31/2005	14.4	*	14.4
4/1/2005	-	3/31/2006	12.0	*	12.0
4/1/2006	-	3/31/2007	10.8	*	10.8
4/1/2007	-	3/31/2008	10.8	*	10.8
4/1/2008	-	3/31/2009	10.8	*	10.8
4/1/2009	-	3/31/2010	10.8	*	10.8
4/1/2010	-	3/31/2011	10.8	*	10.8
4/1/2011	-	3/31/2012	10.8	*	10.8
4/1/2012	-	3/31/2013	10.8	*	10.8
4/1/2013	-	3/31/2014	10.8	*	10.8
4/1/2014	-	3/31/2015	10.8	*	10.8
4/1/2015	-	3/31/2016	10.8	*	10.8
4/1/2016	-	3/31/2017	10.8	*	10.8
4/1/2017	-	3/31/2018	10.8	*	10.8
4/1/2018	-	3/31/2019	9.2	*	9.2
4/1/2019	-	3/31/2020	8.0	*	8.0
4/1/2020	-	3/31/2021	7.5	*	7.5
4/1/2021	-	3/31/2022	7.5	*	7.5
4/1/2022	-	3/31/2023	2.9	*	2.9

* Not eligible for STAR COLA increase in 2024.

Note: Plan E members are not eligible for the STAR COLA Program benefits.

STAR COLA Program Calculation Illustration

The illustration below is intended to show an example of how the annual CPI increase impacts the COLA Bank account resulting in the ability to award a STAR COLA.

Section 1 is the scenario where the CPI change is 4.9% while the Plan D maximum allowable COLA is 2.0%. The COLA award is applied with rounding (to the nearest 0.5%) at 5.0% for the April 1st COLA, while the Plan D COLA statutory maximum limits the final COLA amount to 2.0%.

In *Section 2* below, the original CPI is used to determine the amount that is applied to the COLA Bank account. For this example, the COLA Bank receives a 2.9% increase by deducting the maximum 2.0% COLA award from the original CPI of 4.9%.

The COLA Bank account is reviewed and updated in *Section 3*. The beginning balance of the COLA Bank is 23.1% and is first reduced by 3.1% for the 2023 STAR COLA awarded permanently last year. After deducting the annual maximum 2.0% COLA award from the original CPI of 4.9%, the remaining 2.9% amount of the CPI increases the COLA Bank, resulting in a 22.9% COLA Bank balance. When the COLA Bank account exceeds 20%, a STAR COLA award can be considered by the Board of Retirement.

Below in *Section 4* of the illustration, the COLA Bank balance of 22.9% is reviewed and the excess above the 20% balance is determined to be 2.9%. In this example, the 2.9% calculated is the possible STAR COLA award. Once the Board of Retirement approves the STAR COLA award, the COLA Bank account balance is reduced by 2.9% to 20% (if the STAR COLA is awarded on a permanent basis). In future years, any additional amounts added to the Accumulation account which cause it to exceed the 20% level, make this COLA Bank account eligible for another STAR COLA award.

Section 5 below shows the impact on the COLA Bank balance if the STAR COLA award is granted by the Board of Retirement on an ad-hoc basis. In this example, COLA Bank account will remain at 22.9%. For the next STAR Program year, this COLA Bank account will be eligible for a STAR COLA award and any additional amounts, due to increases in the CPI, will be added to the COLA Bank balance.

**COLA Accumulation (Bank) Account Illustration
STAR COLA Award Application**

<i>SECTION 1</i>	2022 CPI	2023 COLA Award Rounding	2023 COLA Award Plan Maximum
Plan D	4.9%	5.0%	2.0%
<i>SECTION 2</i>	2022 CPI	2023 COLA Award Plan Maximum	COLA Bank Increase
	4.9%	-2.0%	+2.9%
<i>SECTION 3</i>	COLA Bank Begin Balance	2023 STAR COLA Award (Permanent)	COLA Bank Increase
	23.1%	-3.1%	+2.9%
<i>SECTION 4</i>	COLA Bank Balance	2024 STAR COLA Award (Permanent)	COLA Bank End Balance*
	22.9%	-2.9%	20.0%
<i>SECTION 5</i>	COLA Bank Balance	2024 STAR COLA Award (Ad-Hoc)	COLA Bank End Balance**
	22.9%	0.0%	22.9%

*This reduction in the COLA Bank balance will occur if the STAR COLA is awarded on a permanent basis.

** No reduction in the COLA Bank balance will occur if the STAR COLA is awarded on an ad-hoc basis.



2024 STAR COLA Program

September 6, 2023

Board of Retirement Meeting

Discussion Topics



Key Concepts

- **STAR COLA Award Method:**
 - Ad-Hoc
 - Permanent
- **STAR COLA Example**
 - **General Plan D Member Award**
- **STAR Program Funding**
 - History
 - 2024 Funding

STAR COLA

Retirement Payments

Cost of Living

COLA Accumulation

▶ STAR COLA

The Supplemental Targeted Adjustment for Retirees (STAR) is a cost-of-living adjustment (COLA) program designed to ease the effects of inflation for retirees and eligible survivors whose allowance has lost more than 20 percent of its purchasing power since retirement. The STAR COLA program is available for contributory plan retirees and their beneficiaries only; Plan E retirees are not eligible.



01 STAR COLA Method

Ad-Hoc or Permanent

STAR COLA Method



Government Code¹ provisions allow the Board of Retirement to award additional benefits to address the inflation experienced by retirees using one of the following approaches:

Ad-Hoc STAR COLA

- Temporary benefit for the current calendar year
- Not included in the calculation of future statutory April 1st COLA awards
- COLA Accumulation account balance not reduced, remains at current level and future amounts are added
- Subject to Board of Retirement approval each year in future years
- Benefits paid from STAR COLA Reserve

Permanent STAR COLA

- Permanent benefit for the calendar year and future years
- STAR Benefit increases base allowance and is included in the calculation of future statutory April 1st COLA awards
- COLA Accumulation account balance is reduced to 20% level
- Board of Retirement does not need to approve these benefits in future years
- Benefits funded by one-time transfer from STAR Reserve and paid from Employer Reserves

¹ Per Government Code Sections 31874.3 and 7507.



02 STAR COLA Example

Plan D Member Award

STAR COLA Example



STEP

1

General Plan D Member
Retired in March 1990

STEP

2

April 1, 2022 Accumulation Account
Balance of 23.1%

STEP

3

January 1, 2023 STAR Benefit Adjustment (Permanent)
Accumulation Balance reduced from 23.1% to 20.0%

STAR COLA Example



STEP

4

April 1, 2023, Statutory COLA for Plan D Members
CPI was 4.9% and Statutory COLA was 2.0%

STEP

5

Accumulation Account increased by 2.9%
Difference between CPI of 4.9% and Statutory COLA of 2.0%

STEP

6

Accumulation Account balance
 $23.1\% \text{ (APR 2022)} - 3.1\% \text{ (2023 STAR COLA)} + 2.9\% \text{ (April 2023)} = 22.9\%$

STAR COLA Example



STEP

7

Accumulation Account Balance: 22.9% > 20.0%
Eligible for STAR COLA benefit in 2024

STEP

8

STAR COLA Award (upon BOR Approval)
Increase benefit 2.9%, effective January 1, 2024
Ad-Hoc Award – Paid for 2024 Only, Permanent Award – Paid for Lifetime

STEP

9

Accumulation Account Balance
Ad-Hoc Award – Remain at 22.9%, Permanent Award – Reduce to 20.0%



03 STAR Program Funding

History and 2024 Funding

STAR Program Funding



History

Excess Earnings

- **1994 County issued Pension Obligation Bonds**
- **LACERA's funded ratio exceeded 100% in subsequent years**
- **1994 Retirement System Funding Policy required the Board of Investments to allocate all excess earnings:**
 - **75% to Employer Reserves (County Contribution Credit Reserve)**
 - **25% to STAR Reserve**

STAR Reserve

- **Highest balance in 1999 due to excess earnings contributions: \$1.023 billion**
- **STAR benefits paid from STAR COLA Reserve for the 1990-2009 and 2023 Program Years**
- **Current balance as of June 30, 2023: \$611.5 million**

2024 STAR COLA Awards

- **Ad-Hoc STAR Program cost: \$0.277 million**
- **Permanent STAR Program cost: \$2.913 million**

STAR Program Funding



2024 Funding

STAR Reserve

- **STAR COLA Program cost paid from STAR Reserve**
 - Permanent award: amount transferred from STAR Reserve to the Employer Reserves
 - Ad-Hoc award: benefits paid from STAR Reserve
- **STAR Reserve:**
 - Balance not included in Valuation Assets
 - STAR COLA benefits not yet approved are not included in liabilities¹
- **STAR COLA Award:**
 - Reduces STAR Reserve Balance
 - No change to unfunded liability

¹ The valuation liabilities do not account for STAR COLAs that may be granted in the future. STAR COLA benefits previously approved by the BOR are included in liabilities, offset by STAR Reserve asset transfers.

STAR Reserve Balance (Dollars in Millions)	
2022 Ending Balance	\$ 614.0
2023 STAR Award (Permanent)	(2.5)
2023 Ending Balance	\$ 611.5
2024 STAR Award (Permanent) ²	\$ 2.913
2024 STAR Award (Ad-hoc) ²	\$ 0.277

² Per Government Code Section 7507, costs must be calculated by an actuary and disclosed to the public prior to a decision to adopt the benefit increase.

Thank You!



2024 STAR COLA

—
Questions?

**FOR INFORMATION ONLY**

September 20, 2023

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Ted Granger 
Interim Chief Financial Officer

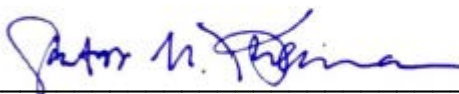
FOR: October 5, 2023 Board of Retirement Meeting
October 11, 2023 Board of Investments Meeting

SUBJECT : MONTHLY TRUSTEE TRAVEL & EDUCATION REPORT – AUGUST 2023

Attached for your review is the Trustee Travel & Education Report. This report includes all events (i.e., attended and canceled) from the beginning of the fiscal year through August 2023.

Trustees attend monthly Board and Committee meetings at LACERA's office which are considered administrative meetings per the Trustee Travel Policy. In order to streamline report volume and information, these regular meetings are excluded from the monthly travel reports but are included in the quarterly travel expenditure reports.

Staff travel and education reports are provided to the Chief Executive Officer monthly and to the Boards quarterly.

REVIEWED AND APPROVED:

Santos H. Kreimann
Chief Executive Officer

TG/EW/SC/se

Attachments

c: L. Lugo
J. Popowich
L. Guglielmo
J. Grabel
S. Rice
R. Van Nortrick



**TRUSTEE TRAVEL AND EDUCATION REPORT
FOR FISCAL YEAR 2023 - 2024
AUGUST 2023**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
Alan Bernstein			
B	- Edu - NACD DE&I Deep Dive: A Road Map for Becoming an Inclusion-Focused Board - Laguna Beach CA	08/22/2023 - 08/23/2023	Attended
Vivian Gray			
B	- Admin - SACRS Board of Directors and Committee Meeting - San Mateo CA	08/07/2023 - 08/08/2023	Attended
	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
James Harris			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
Patrick Jones			
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
Keith Knox			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
Les Robbins			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
Gina Sanchez			
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
Herman Santos			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended

Category Legend:

A - Pre-Approved/Board Approved

B - Educational Conferences and Administrative Meetings in CA where total cost is no more than \$2,000 per Trustee Travel Policy; Section III.A

C - Second of two conferences and/or meetings counted as one conference per Trustee Education Policy Section IV.C.2 and Trustee Travel

Policy Section IV.

V - Virtual Event

X - Canceled events for which expenses have been incurred.

Z - Trip was Canceled - Balance of \$0.00



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**



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