

# 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](mailto: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, NOVEMBER 8, 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)  
Omni Rancho Las Palmas Resort & Spa - 41000 Bob Hope Drive  
Rancho Mirage, CA 92270*

- 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 Regular Meeting of October 11, 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](mailto:PublicComment@lacera.com).)

VI. EXECUTIVE UPDATE

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

VII. NON-CONSENT ITEMS

A. **Actuarial Consulting and Actuarial Auditing Services Request for Proposal**

Recommendation as submitted by Jude Pérez, Deputy Chief Investment Officer, Ted Granger, Interim Chief Financial Officer, Richard P. Bendall, Chief Audit Executive, Kristina Sun, Senior Internal Auditor and Kathryn Ton, Senior Investment Analyst: That the Board approve the proposed search criteria for an actuarial consulting and actuarial auditing services Request for Proposal.

(Presentation) (Memo dated October 24, 2023)

VII. NON-CONSENT ITEMS (Continued)

**B. Board Approval of Appointment to a Special Step Placement for the CEO's Proposed Appointee for Senior Staff Counsel, LACERA (Benefits) – Jean J. Kim**

Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board approve the appointment to a Special Step Placement for the Chief Executive Officer's proposed appointee for the position of Senior Staff Counsel, LACERA (Benefits) – Jean J. Kim LS 16 (Step 18, \$274,297.32/annual).  
(Memo dated October 25, 2023)

VIII. REPORTS

**A. Governance Review and Delegated Authority Framework**

Jonathan Grabel, Chief Investment Officer  
Jude Pérez, Deputy Chief Investment Officer  
Scott Zdrazil, Principal Investment Officer  
Tim Filla, Managing Partner, Meketa Investment Group  
Cheryl Lu, Investment Officer  
Quoc Nguyen, Investment Officer  
Cindy Rivera, Investment Officer  
(Presentation) (Memo dated October 31, 2023)

**B. Climate-Aware Strategic Asset Allocation**

Scott Zdrazil, Principal Investment Officer  
Dale Johnson, Investment Officer  
Tim Filla, Managing Principal, Meketa Investment Group  
Zach Stevens, Senior Vice President, Meketa Investment Group  
(Presentation) (Memo dated October 27, 2023)

**C. Responsible Contractor Policy Annual Report**

Scott Zdrazil, Principal Investment Officer  
James Rice, Principal Investment Officer  
Mike Romero, Senior Investment Analyst  
(Presentation) (Memo dated October 20, 2023)

VIII. REPORTS (Continued)

D. **PEPRA Impact**

Santos H. Kreimann, Chief Executive Officer  
Ted Granger, Interim Chief Financial Officer  
Nick Collier, Consulting Actuary, Milliman  
Craig Glyde, Consulting Actuary, Milliman  
(For Information Only) (Memo dated October 23, 2023)

E. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Office  
(For Information Only) (Memo dated October 18, 2023)

F. **Legal Projects**

Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated October 30, 2023)

G. **Tier I Merit Salary Adjustment and Tier II Step Advancement**

Santos H. Kreimann, Chief Executive Officer  
(For Information Only) (Memo dated October 25, 2023)

H. **Semi-Annual Interest Crediting for Reserves as of June 30, 2023 (AUDITED)**

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

I. **Monthly Trustee Travel & Education Reports – September 2023**

Ted Granger, Interim Chief Financial Officer  
(Public memo dated October 19, 2023)  
(Confidential memo dated October 19, 2023 - Includes Pending Travel)

J. **October 2023 Fiduciary Counsel Contract and Billing Report**

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

IX. 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.)

X. 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.)

XI. GOOD OF THE ORDER

(For Information Purposes Only)

XII. 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. **Real Assets Emerging Manager Program**

James Rice, Principal Investment Officer  
Pushpam Jain, Investment Officer  
Cindy Rivera, Investment Officer  
Mel Tsao, Senior Investment Analyst  
Inga Tadevosyan, Investment Analyst  
(Presentation) (Memo dated October 20, 2023)

2. **Real Estate Portfolio**

James Rice, Principal Investment Officer  
Amit Aggarwal, Investment Officer  
Mike Romero, Senior Investment Analyst  
(For Information Only) (Memo dated October 24, 2023)

B. Potential Threats to Public Services or Facilities  
(Pursuant to Subdivision (a) of California Government Code Section 54957) (Confidential Memo dated October 31, 2023)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Assistant Executive Officers JJ Popowich and Laura Guglielmo, Information Security Officer Chaitanya Errande, Chief, Information Technology Kathy Delino, and Other LACERA Staff.

XII. EXECUTIVE SESSION (Continued)

- C. Public Employee Performance Evaluation  
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Counsel

XIII. 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](http://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](mailto:PublicComment@lacera.com), but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF 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 was conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953 (b), (f).*

*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*

TRUSTEES PRESENT

Gina Sanchez, Chair

Herman Santos, Vice Chair (Teleconference under Section 54953(b))

Joseph Kelly, Secretary

David Green

Onyx Jones

Patrick Jones

Keith Knox

David Ryu

TRUSTEES ABSENT

Jason Green



STAFF, ADVISORS, PARTICIPANTS:

Jonathan Grabel, Chief Investment Officer

Santos Kreimann, Chief Executive Officer

Jude Perez, Deputy Chief Investment Officer

Steven P. Rice, Chief Counsel

Luis Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officer

Christopher Wagner, Principal Investment Officer

Derek Kong, Investment Officer

Jessica C. Rivas, Staff Counsel

Meketa Investment Group (General Investment Consultants)

Timothy Filla, Managing Principal

Aysun Kilic, Managing Principal

Bozajian & Carter Insurance Services

Brian V. Bozajian, Insurance Advisor

I. CALL TO ORDER

The meeting was called to order by Chair Sanchez at 9:16 a.m. in the Board Room of Gateway Plaza

II. PLEDGE OF ALLEGIANCE

Trustee Kelly 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

There was nothing to report. No trustees participated under Section 54953(f).

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

A motion was made by Trustee Knox, seconded by Trustee Kelly, to approve the minutes of the Board of Investments meetings of September 12, 2023 and September 13, 2023. The motion passed by the following roll call vote:

**Yes:** Knox, O. Jones, Santos, P. Jones, D. Green, Ryu, Kelly, Sanchez

**No:** None

**Absent:** J. Green

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. 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, Rose Fuller-Laster.

VI. EXECUTIVE UPDATE (Continued)

C. Chief Executive Officer's Report

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

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)

A motion was made by Trustee Kelly, seconded by Trustee Knox, to ratify the amended Conflict of Interest Code. The motion passed by the following roll call vote:

**Yes:** Knox, O. Jones, Santos, P. Jones, D. Green, Ryu, Kelly, Sanchez

**No:** None

**Absent:** J. Green

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)

A motion was made by Trustee P. Jones, seconded by Trustee Knox, to approve staff's recommendation. The motion passed by the following roll call vote:

VIII. NON-CONSENT ITEMS (Continued)

**Yes:** Knox, O. Jones, Santos, P. Jones, D. Green, Ryu, Kelly, Sanchez

**No:** None

**Absent:** J. Green

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.)

CEO, Santos Kreimann recused himself from agenda Item VIII. B.

A motion was made by Trustee Santos, seconded by Trustee D. Green, to approve staff's recommendation. The motion passed by the following roll call vote:

**Yes:** Knox, O. Jones, Santos, P. Jones, D. Green, Ryu, Sanchez

**No:** Kelly

**Absent:** J. Green

IX. REPORTS

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

Tim Filla, Managing Principal, Meketa Investment Group  
(Presentation) (Memo dated October 3, 2023)

Mr. Filla of Meketa Investment Group provided a presentation and answered questions from the Board. This item was received and filed.

IX. REPORTS (Continued)

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

Jonathan Grabel, Chief Investment Officer

Jude Pérez, Deputy Chief Investment Officer

Tim Filla, Managing Principal, Meketa Investment Group

Aysun Kilic, Managing Principal, Meketa Investment Group  
(Presentation) (Memo dated October 3, 2023)

Mr. Filla and Ms. Kilic of Meketa Investment Group provided a presentation and answered questions from the Board. This item was received and filed.

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

Scott Zdrazil, Principal Investment Officer

(For Information Only) (Memo dated September 13, 2023)

This item was received and filed.

D. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Office

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

This item was received and filed.

E. **Legal Projects**

Christine Roseland, Senior Staff Counsel

(For Information Only) (Memo dated October 2, 2023)

This item was received and filed.

F. **2024 STAR COLA Program Award**

Ted Granger, Interim Chief Financial Officer

(For Information Only) (Memo dated September 26, 2023)

This item was received and filed.

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)

This item was received and filed.

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)

This item was received and filed.

X. ITEMS FOR STAFF REVIEW

Trustee Kelly requested that the method of election voting results be provided to the Board.

XI. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

XII. GOOD OF THE ORDER  
(For Information Purposes Only)

There was nothing to report.

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)

There was nothing to report.

XIII. EXECUTIVE SESSION (Continued)

- B. Public Employee Performance Evaluation  
(Pursuant to Paragraph (1) of Subdivision (b) of California Government Code Section 54957)

Title: Chief Investment Officer

There was nothing to report.

XIV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned in memory of U.S. Senator, Dianne Feinstein at 12:47 p.m.

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JOSEPH KELLY, SECRETARY

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GINA SANCHEZ, CHAIR



# Chief Investment Officer Monthly Report

**Jonathan Grabel – Chief Investment Officer**

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Board of Investments Meeting

November 8, 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
  - Quarterly Compliance Monitor



# 01 Market Environment

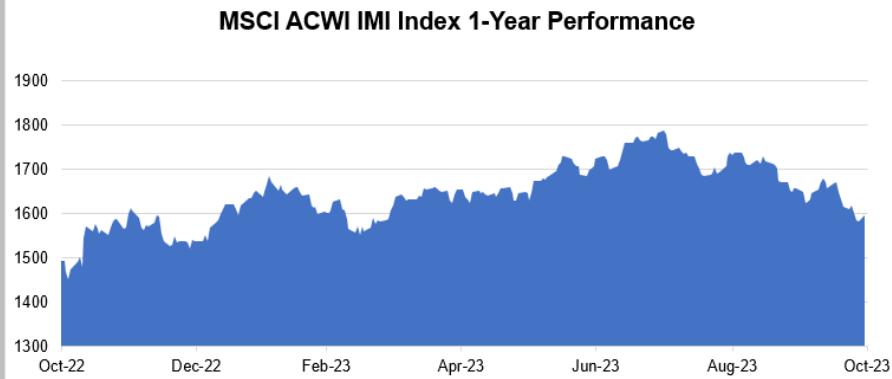
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# Global Market Performance as of October 31, 2023



## MSCI ACWI IMI Index (Global Equity Market)\*

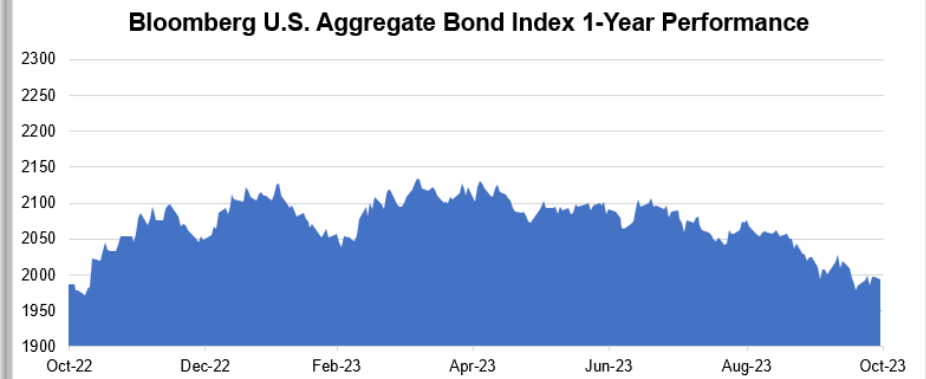
Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
-3.3	-10.1	-6.6	5.7	9.4	6.5	7.1	6.6



\*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
-1.6	-4.7	-4.8	-2.8	0.4	-5.6	-0.1	0.9



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

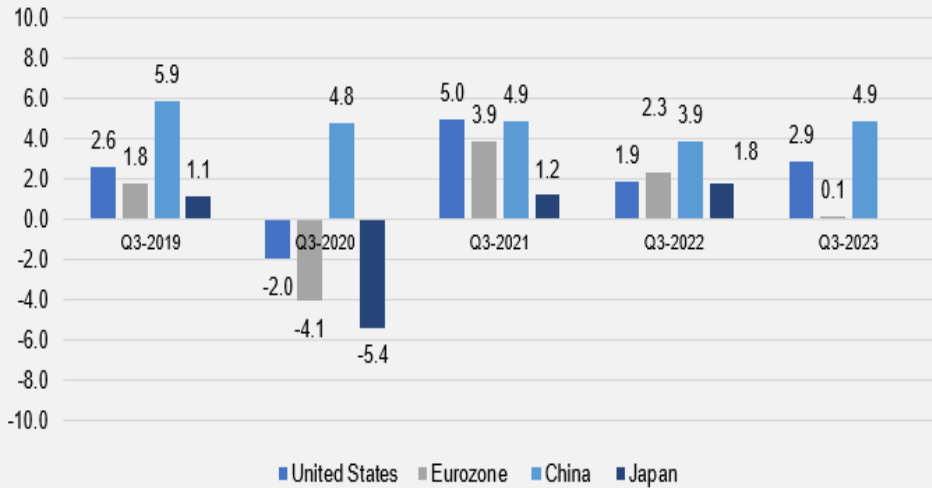
Market	Sub-Category	Index Name	1-Month	3-Month	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Equity	Global All Cap	MSCI ACWI IMI Total Return	-3.3	-10.1	-6.6	5.7	9.4	6.5	7.1	6.6
	U.S. All Cap	Russell 3000 Total Return	-2.7	-9.1	-5.8	9.4	8.4	9.2	10.2	10.5
	U.S. Large Cap	S&P 500 Total Return	-2.1	-8.3	-5.3	10.7	10.1	10.4	11.0	11.2
	U.S. Small Cap	Russell 2000 Total Return	-6.8	-16.7	-11.6	-4.5	-8.6	3.9	3.3	5.6
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	-4.3	-11.4	-7.7	0.7	11.6	3.0	3.5	2.7
	Emerging Markets	MSCI Emerging Markets Total Return	-3.9	-12.2	-6.7	-2.1	10.8	-3.7	1.6	1.2
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	-4.5	-16.0	-11.5	-16.5	-14.0	-1.3	3.2	8.2
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	-1.6	-4.7	-4.8	-2.8	0.4	-5.6	-0.1	0.9
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	-1.2	-2.1	-0.7	4.6	6.2	1.2	3.0	3.9
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	-4.9	-14.3	-16.2	-13.1	-8.5	-16.3	-3.2	0.1
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	0.0	2.1	3.4	9.9	11.6	5.9	4.3	4.3
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	-0.7	-3.4	-3.3	-1.5	-0.7	-2.0	2.3	1.6
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.5	1.4	1.9	4.3	4.9	1.9	1.8	1.2
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	0.3	-1.2	5.0	-3.2	-3.0	15.8	6.6	-0.6
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	-5.2	-8.6	-2.3	-7.1	-3.3	19.2	8.9	4.3
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	-1.1	-9.2	-8.0	-5.5	-1.7	5.9	3.5	3.7
Real Estate	U.S. REITs	MSCI U.S. REIT Index	-4.4	-13.6	-11.1	-6.2	-5.9	5.1	2.5	5.0

Source: Bloomberg

# Key Macro Indicators\*



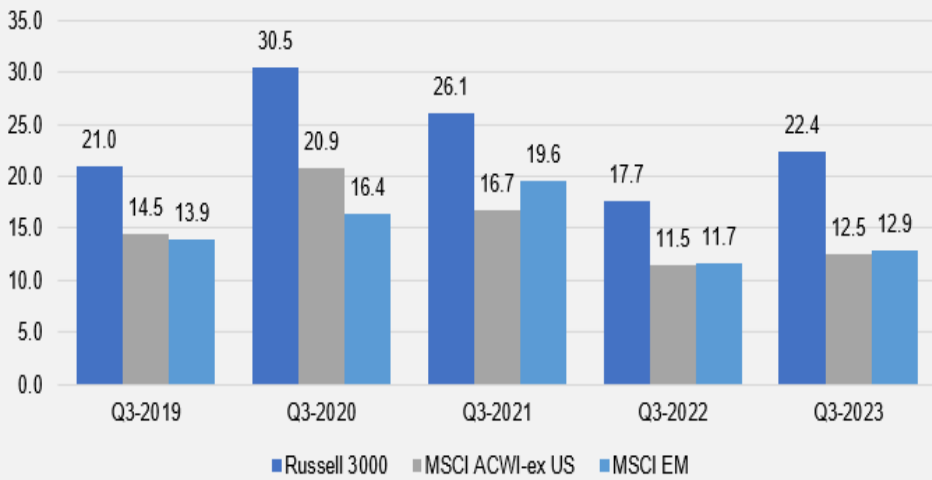
### Real GDP Growth YoY (%) - Last Five Years<sup>1</sup>



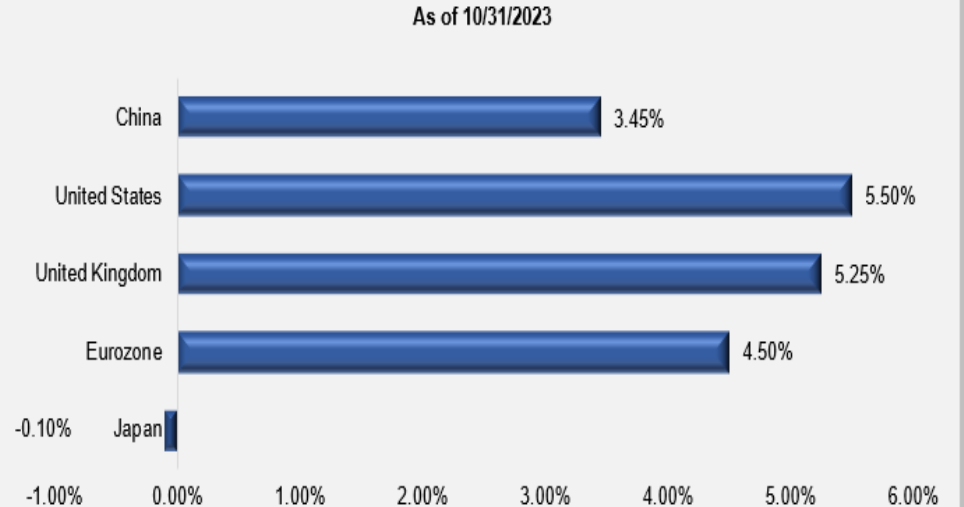
### Historical 10-Year Treasury Yield<sup>2</sup>



### Price-to-Earnings - Last Five Years<sup>3</sup>



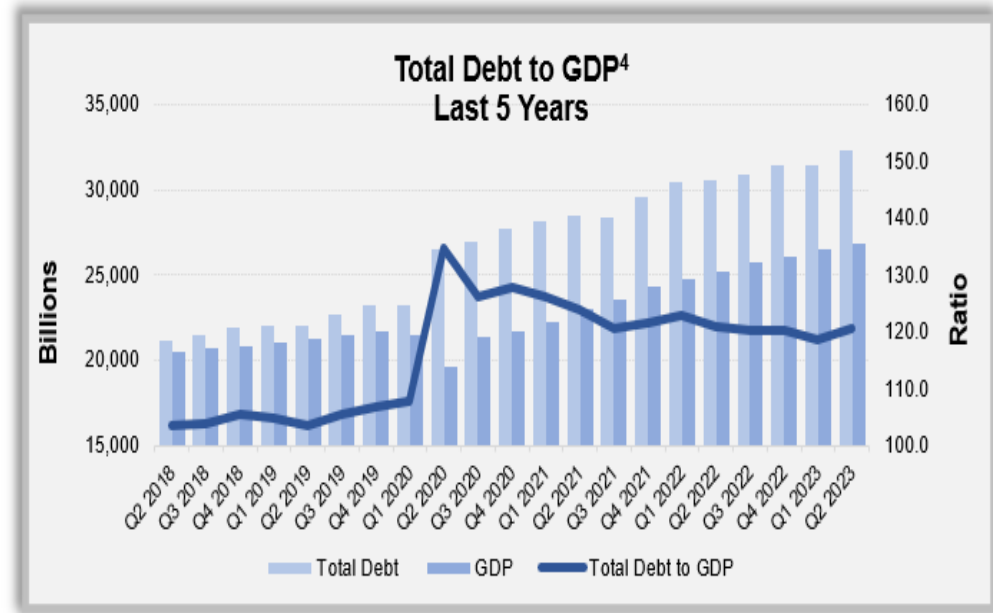
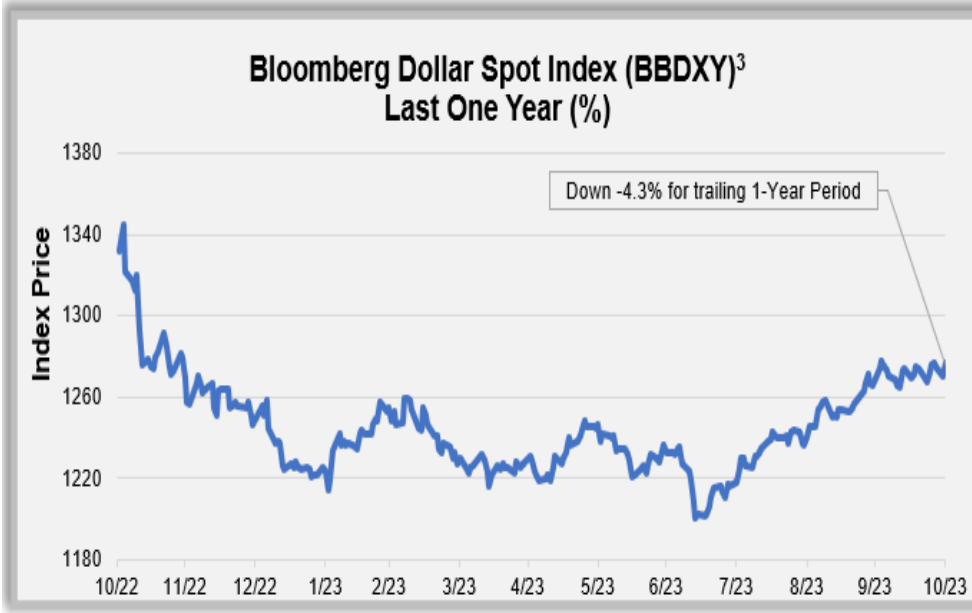
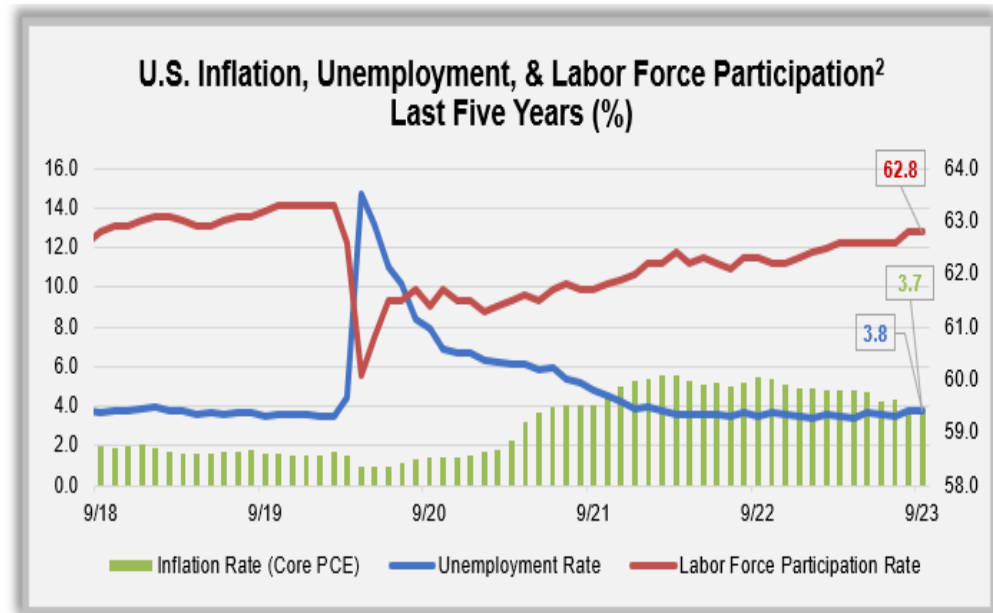
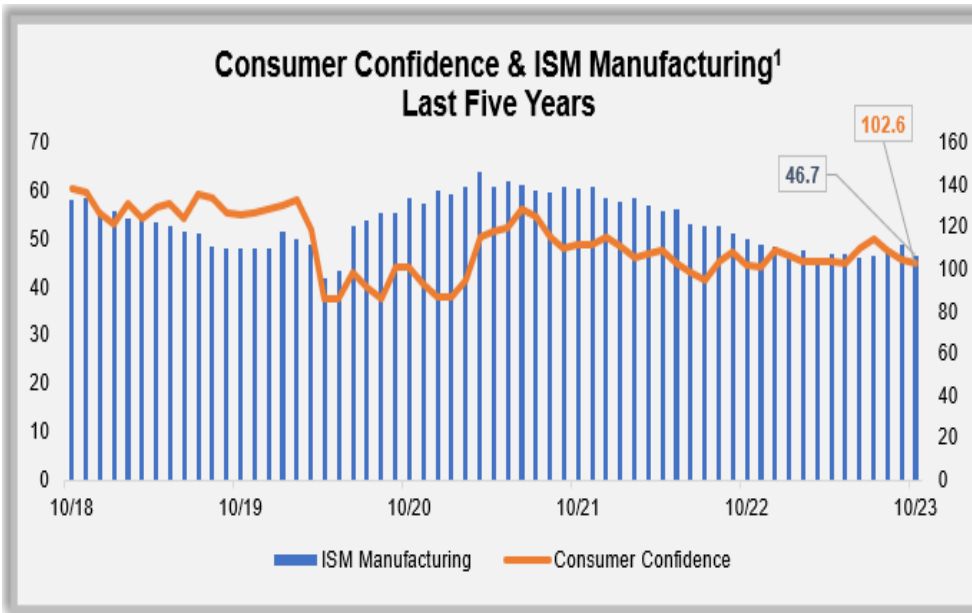
### Central Bank Rates<sup>4</sup>



\*The information on the "Key Macro Indicators" charts is the best available data as of 10/31/23 and may not reflect the current market and economic environment

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

# Key Macro Indicators\*



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

\*The information on the "Key Macro Indicators" charts is the best available data as of 10/31/23 and may not reflect the current market and economic environment



# 02 Portfolio Performance & Risk Updates

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# Market Themes and Notable Items to Watch



## Recent Themes

- On November 1<sup>st</sup>, the U.S. Federal Reserve (“Fed”) unanimously elected to leave interest rates steady at a 22-year high of 5.25 to 5.5%
- Statements from the Fed maintained that inflation is still “elevated” and included an assessment of economic growth that “economic activity expanded at a strong pace in the third quarter”
- In mid-October, Fed Chair Jerome Powell said, “Inflation is still too high, and a few months of good data are only the beginning of what it will take to build confidence that inflation is moving down sustainably toward our goal”
- The U.S. 10-year Treasury yield ended October at 4.88%, higher than at the end of last month and 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 3.3% in October

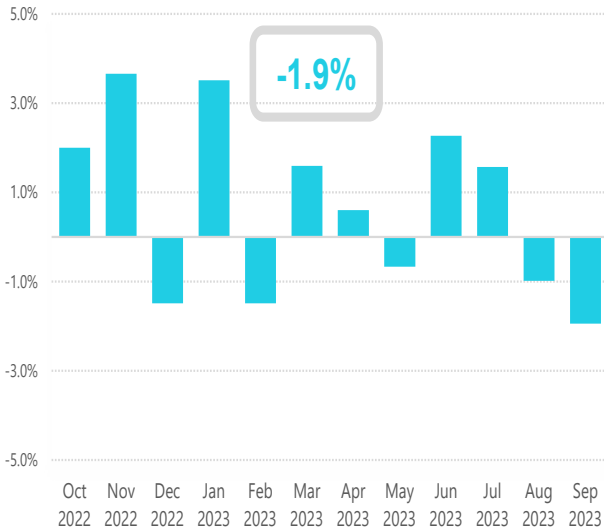
## What to Watch

- 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
  - U.S. Securities and Exchange Commission adopted new rules in October to increase reporting from securities lenders and short selling
  - California governor signed a new law that requires firms with over \$1 billion in revenues and doing business in California to report carbon emissions and climate risks, impacting a large number of companies prospectively subject to anticipated Securities and Exchange Commission disclosure rules

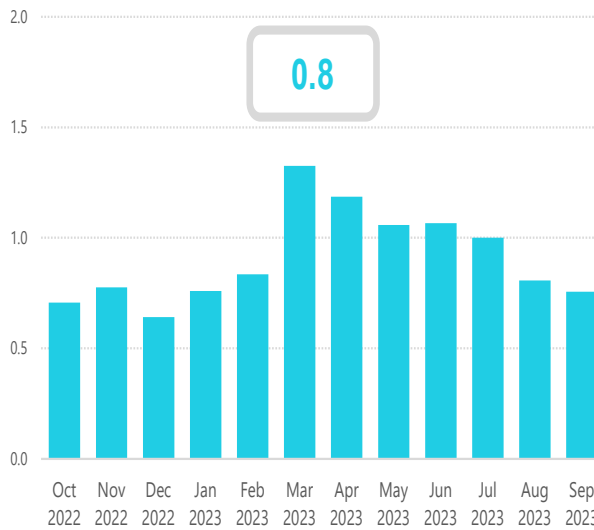
# Total Fund Summary as of September 2023



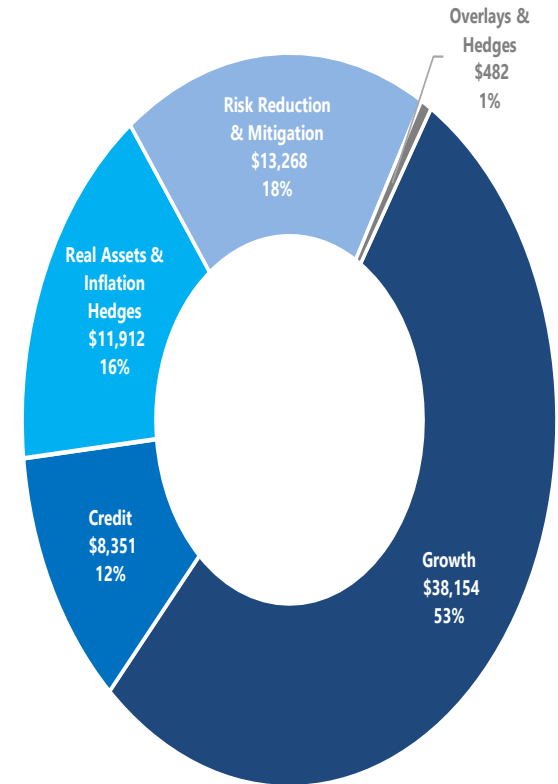
### Monthly Return (net)



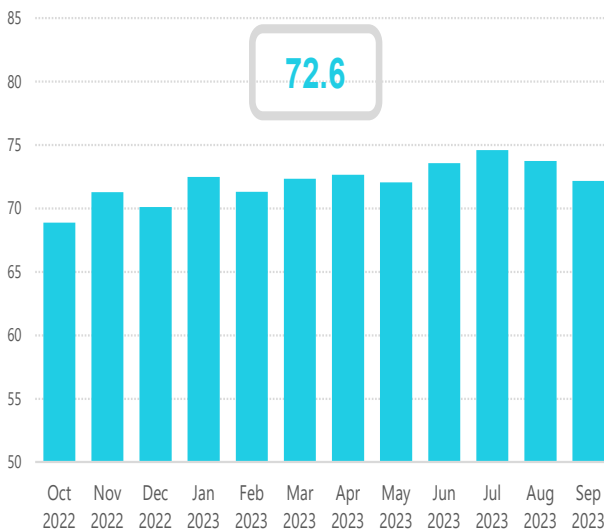
### Sharpe Ratio (3-year annualized)



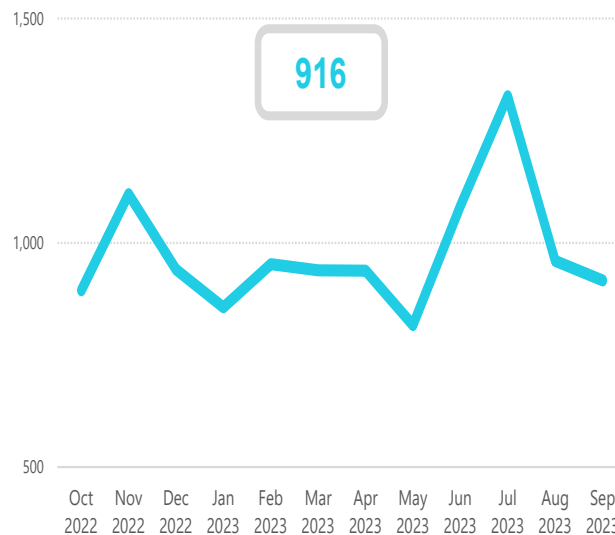
### Asset Allocation (\$ millions)



### Total Market Value (\$ billions)



### Cash (\$ millions)



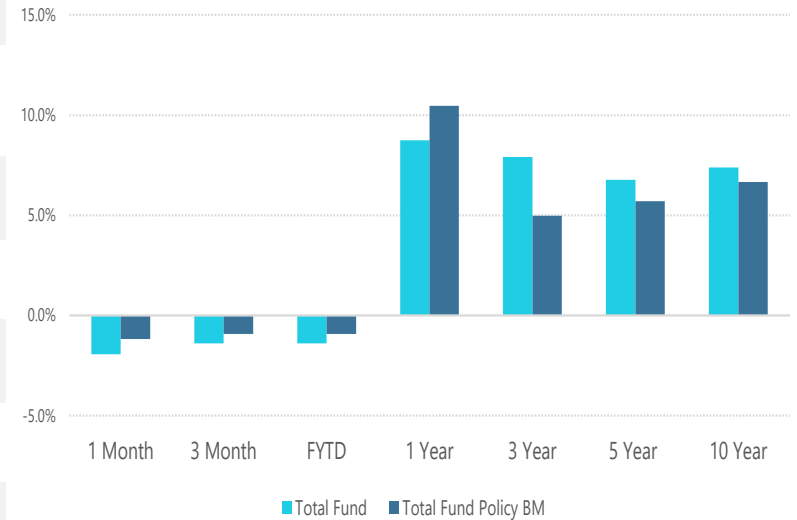


# Historical Net Performance as of September 2023



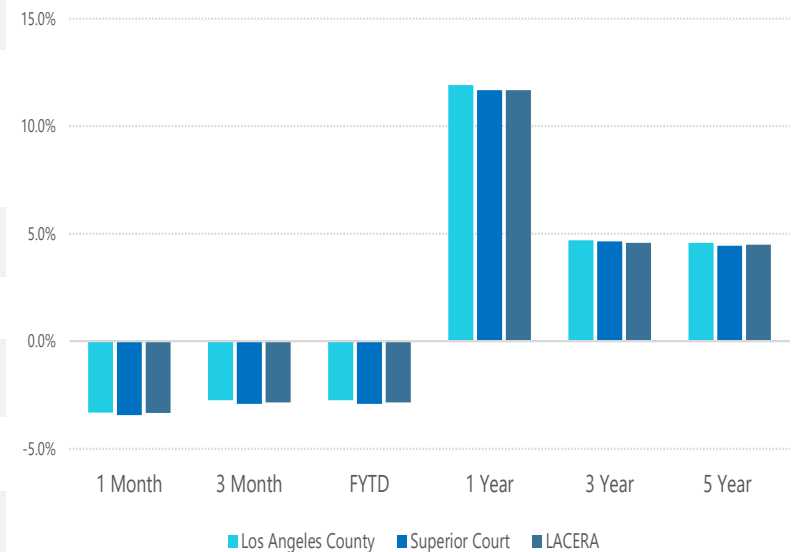
## LACERA Pension Fund

	Market Value (\$ millions)	% of Total Fund	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year	10 Year
<b>Total Fund</b>	<b>72,167</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-1.9%</b>	<b>-1.4%</b>	<b>-1.4%</b>	<b>8.7%</b>	<b>7.9%</b>	<b>6.8%</b>	<b>7.4%</b>
Total Fund Policy BM				-1.2%	-0.9%	-0.9%	10.5%	5.0%	5.7%	6.7%
7% Annual Hurdle Rate				0.6%	1.7%	1.7%	7.0%	7.0%	7.0%	7.0%
<b>Growth</b>	<b>38,154</b>	<b>52.9%</b>	<b>53.0%</b>	<b>-2.7%</b>	<b>-1.6%</b>	<b>-1.6%</b>	<b>14.0%</b>	<b>12.2%</b>		
Growth Policy BM				-0.7%	-0.2%	-0.2%	17.8%	8.9%		
<b>Credit</b>	<b>8,351</b>	<b>11.6%</b>	<b>11.0%</b>	<b>0.7%</b>	<b>3.1%</b>	<b>3.1%</b>	<b>11.6%</b>	<b>6.1%</b>		
Credit Policy BM				0.0%	3.0%	3.0%	10.2%	2.3%		
<b>Real Assets &amp; Inflation Hedges</b>	<b>11,912</b>	<b>16.5%</b>	<b>17.0%</b>	<b>-1.2%</b>	<b>-2.3%</b>	<b>-2.3%</b>	<b>-0.1%</b>	<b>8.4%</b>		
Real Assets & Inflation Hedges Policy BM				-1.9%	-2.8%	-2.8%	-0.3%	7.5%		
<b>Risk Reduction &amp; Mitigation</b>	<b>13,268</b>	<b>18.4%</b>	<b>19.0%</b>	<b>-2.3%</b>	<b>-3.2%</b>	<b>-3.2%</b>	<b>0.3%</b>	<b>-3.3%</b>		
Risk Reduction & Mitigation Policy BM				-2.6%	-3.7%	-3.7%	0.3%	-4.0%		
<b>Overlays &amp; Hedges</b>	<b>482</b>	<b>0.7%</b>		<b>5.1%</b>	<b>13.0%</b>	<b>13.0%</b>	<b>50.9%</b>			



## OPEB Master Trust<sup>1</sup>

	Market Value (\$ millions)	% of Master Trust	Final Target	1 Month	3 Month	FYTD	1 Year	3 Year	5 Year
<b>OPEB Master Trust</b>	<b>3,130</b>			<b>-3.3%</b>	<b>-2.7%</b>	<b>-2.7%</b>	<b>11.9%</b>	<b>4.7%</b>	<b>4.6%</b>
OPEB Master Trust Policy Benchmark				-2.5%	-2.0%	-2.0%	11.0%	4.7%	4.4%
Los Angeles County	3,050	97.4%	—	-3.3%	-2.7%	-2.7%	11.9%	4.7%	4.6%
Superior Court	65	2.1%	—	-3.4%	-2.9%	-2.9%	11.7%	4.6%	4.4%
LACERA	16	0.5%	—	-3.3%	-2.8%	-2.8%	11.7%	4.6%	4.5%
<b>OPEB Growth</b>	<b>1,399</b>	<b>44.7%</b>	<b>45.0%</b>	<b>-4.1%</b>	<b>-3.3%</b>	<b>-3.3%</b>	<b>20.4%</b>	<b>7.1%</b>	<b>6.3%</b>
OPEB Growth Policy Benchmark				-3.1%	-2.3%	-2.3%	20.9%	6.9%	6.1%
<b>OPEB Credit</b>	<b>575</b>	<b>18.4%</b>	<b>18.0%</b>	<b>-0.8%</b>	<b>0.8%</b>	<b>0.8%</b>	<b>11.8%</b>	<b>2.6%</b>	<b>2.7%</b>
OPEB Credit Policy Benchmark				-0.2%	2.2%	2.2%	11.6%	2.7%	3.0%
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>620</b>	<b>19.8%</b>	<b>20.0%</b>	<b>-4.2%</b>	<b>-3.5%</b>	<b>-3.5%</b>	<b>1.9%</b>	<b>6.1%</b>	<b>3.3%</b>
OPEB RA & IH Policy Benchmark				-2.6%	-2.2%	-2.2%	-2.2%	6.5%	3.5%
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>536</b>	<b>17.1%</b>	<b>17.0%</b>	<b>-3.6%</b>	<b>-5.0%</b>	<b>-5.0%</b>	<b>-1.0%</b>	<b>-4.6%</b>	<b>0.0%</b>
OPEB RR & M Policy Benchmark				-3.6%	-5.3%	-5.3%	-1.7%	-5.2%	-0.4%
OPEB HL PM Cash	0	0.0%							

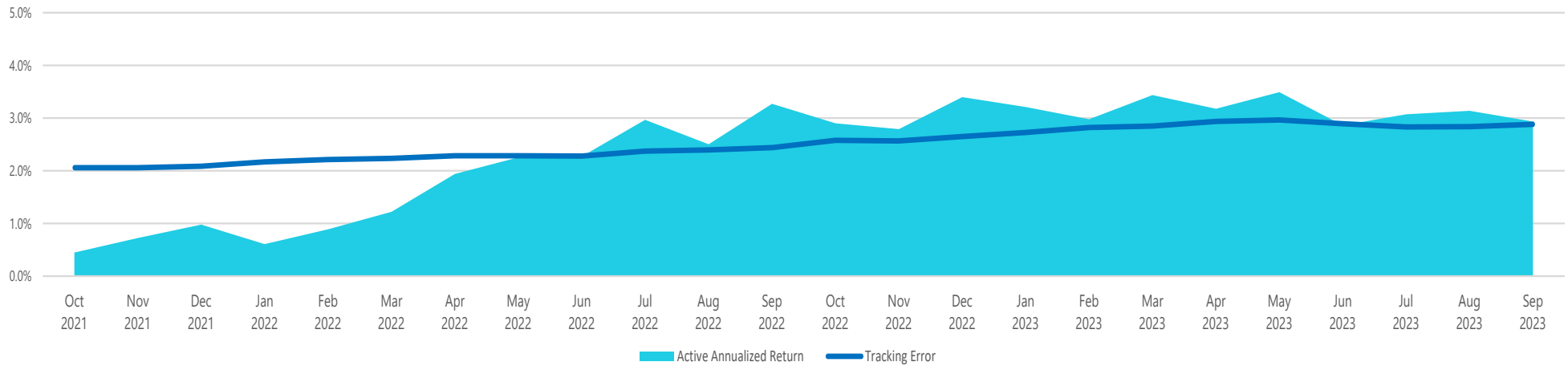


<sup>1</sup> OPEB Master Trust total market value includes participant level cash.

# Active and Excess Return as of September 2023



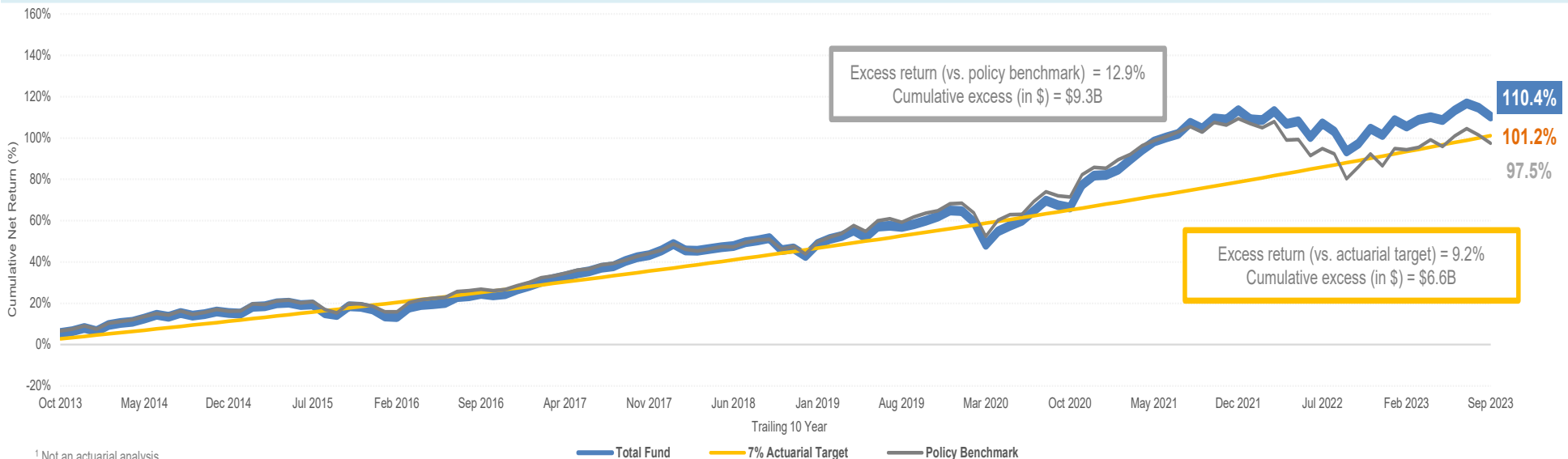
## Active Return vs. Tracking Error<sup>1,2,3</sup>



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Sep 2023	7.9%	5.0%	2.9%	2.9%

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

## Excess Return<sup>1</sup>



<sup>1</sup> Not an actuarial analysis.

# Total Fund Forecast Risk as of September 2023\*



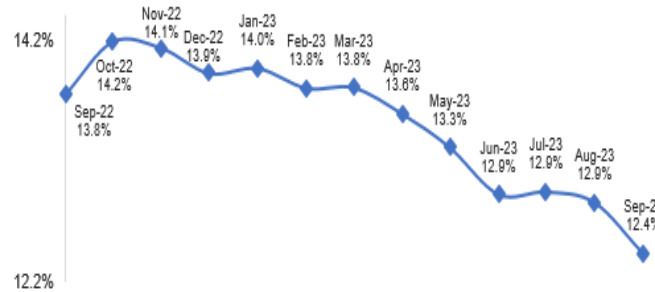
**TOTAL FUND RISK**

**12.4%**

**BENCHMARK RISK**

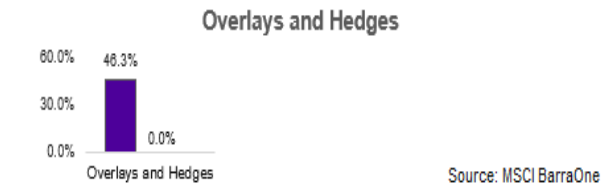
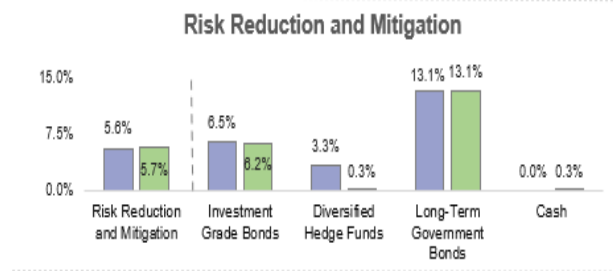
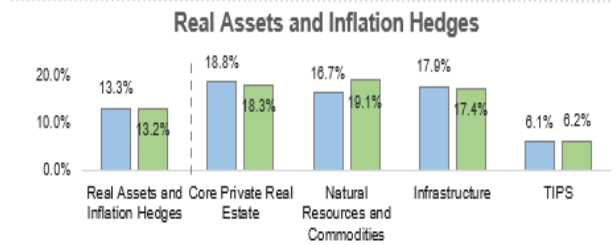
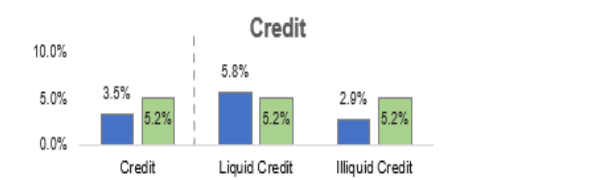
**12.0%**

## Forecasted Total Fund Risk Trend

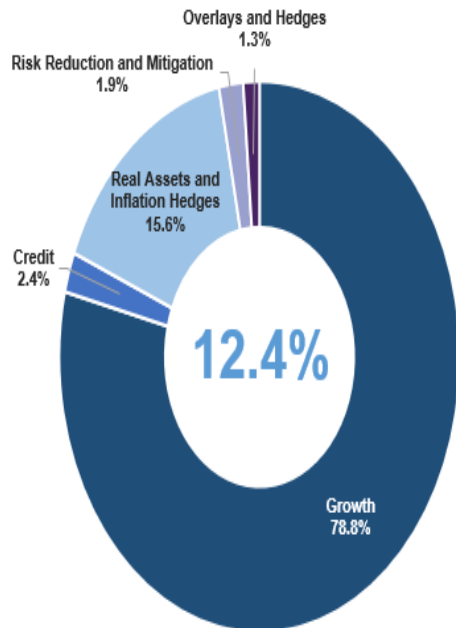


## Subcategory Risk<sup>1</sup>

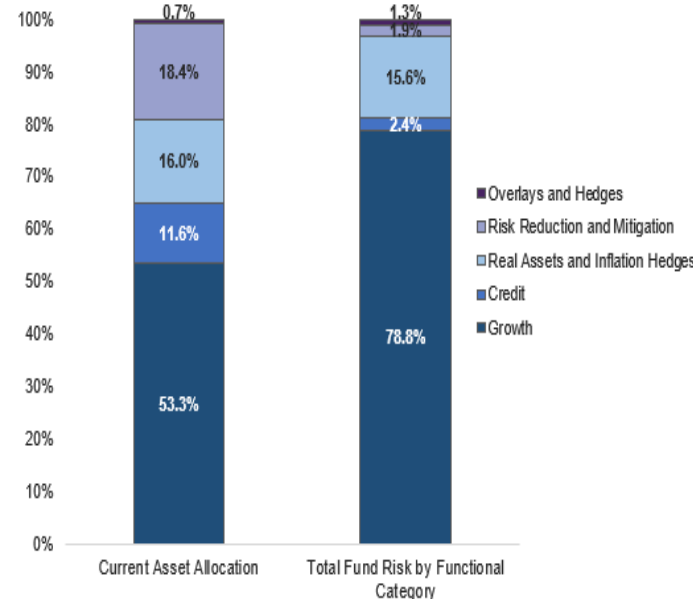
<sup>1</sup> Subcategory risk is on the left bar and benchmark risk is on the right bar.



## Functional Category Contributions to Total Fund Risk



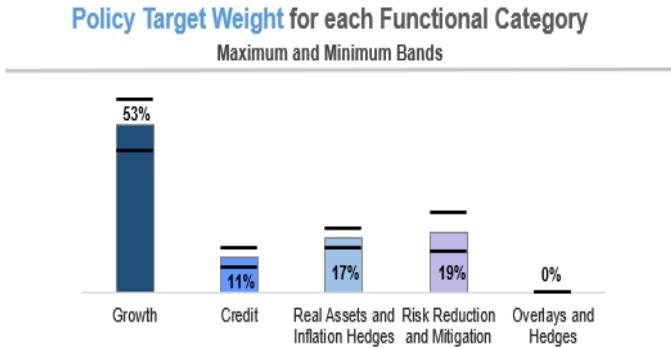
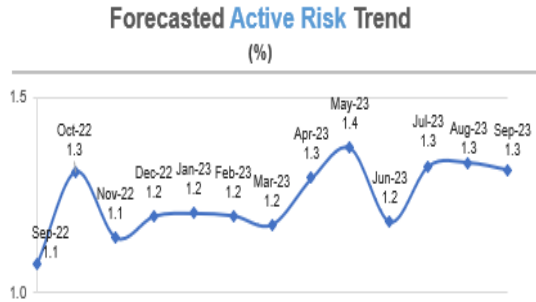
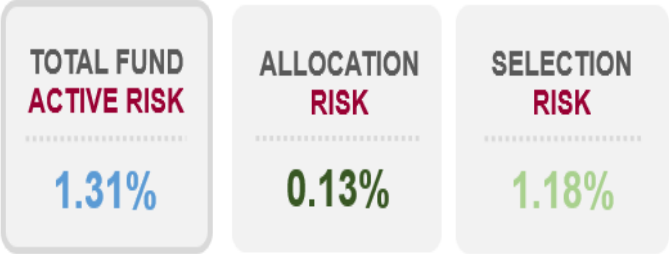
## Total Fund Asset Allocation Capital-based versus Risk-based



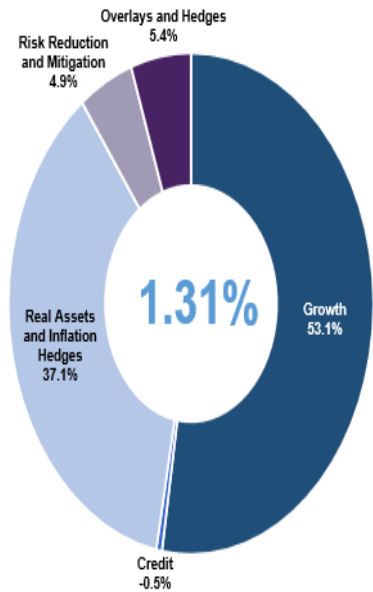
\* Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.

Source: MSCI BarraOne

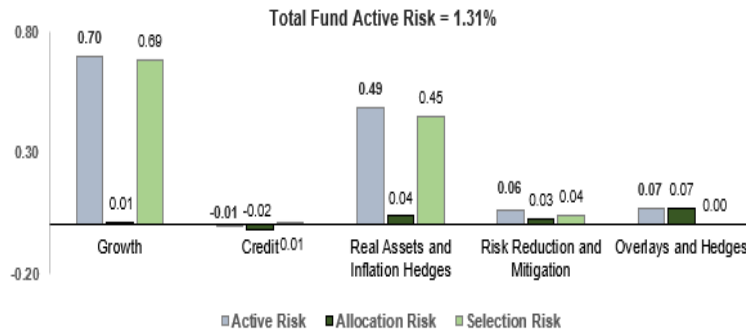
# Total Fund Forecast Active Risk as of September 2023\*



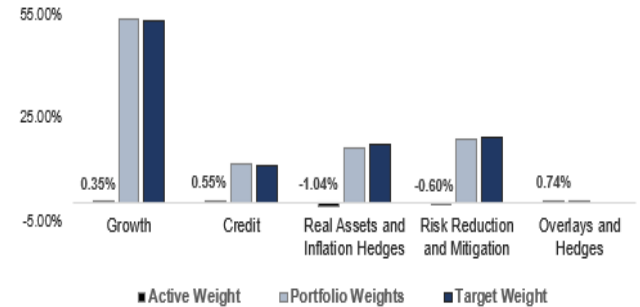
## Functional Category Contributions to Active Risk



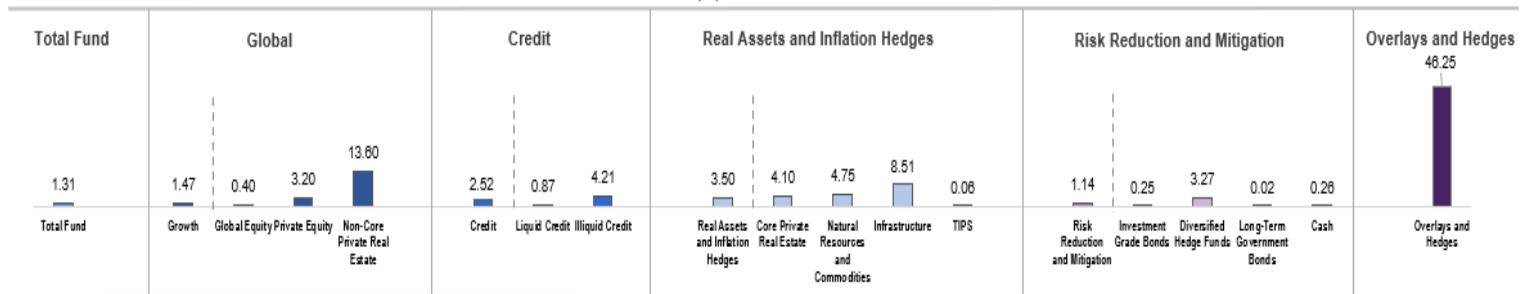
## Active Risk Attribution (%)



## Active Weights for each Functional Category



## Subcategory Active Risk (%)

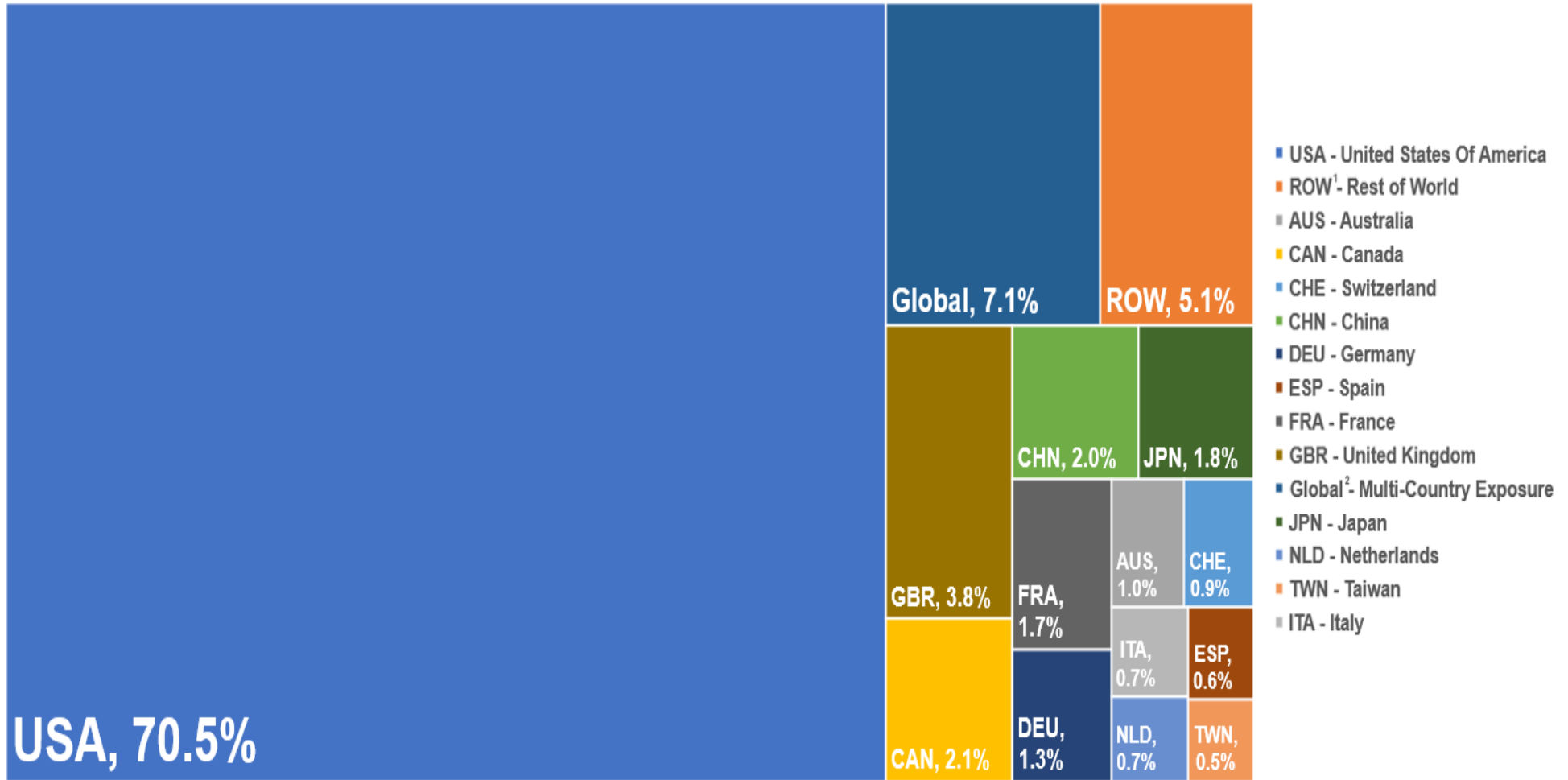


Source: MSCI BarraOne

\* 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 September 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.

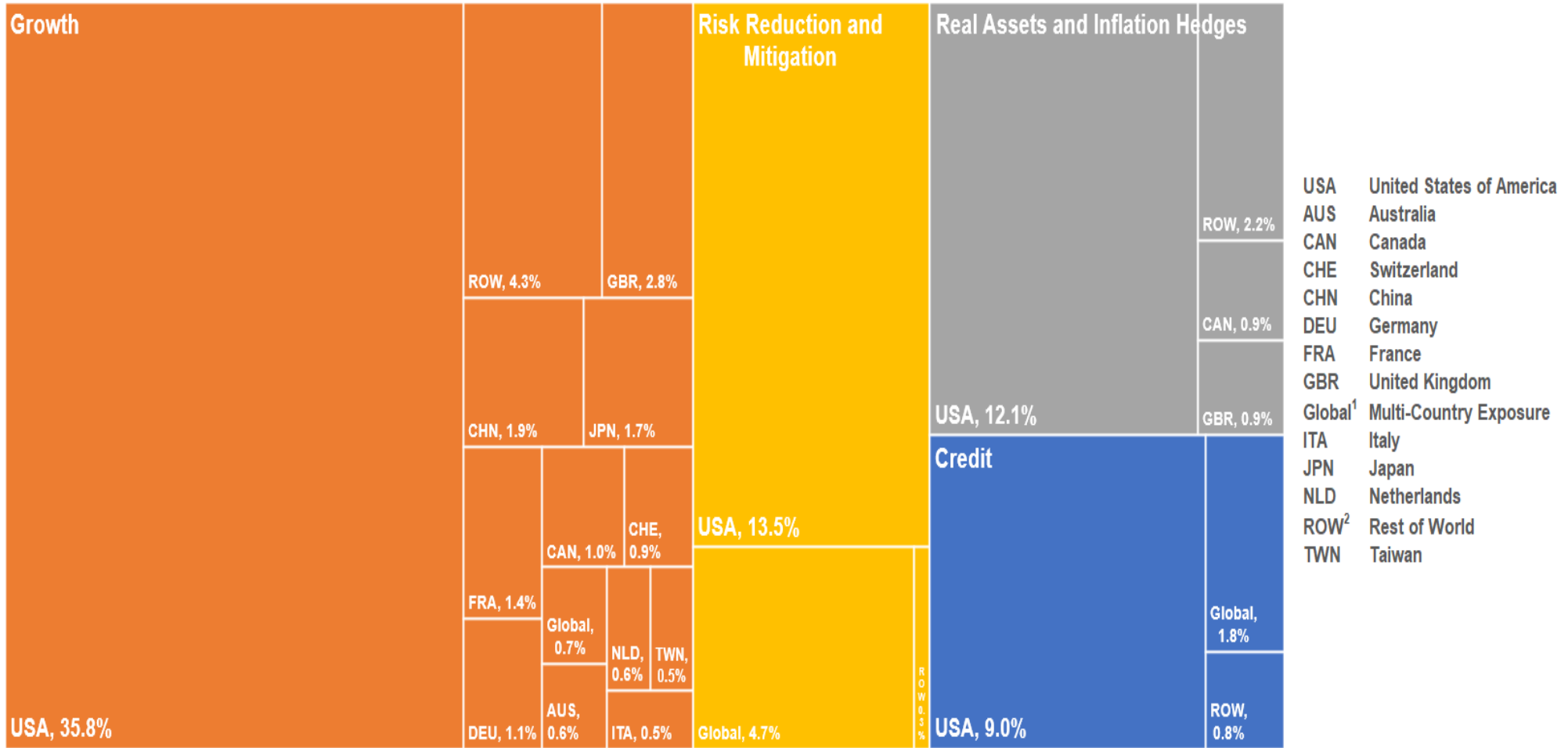
<sup>1</sup> "ROW - Rest of World" is sum of countries with weights below 0.5%.

<sup>2</sup> Global represents investments made in regions where specific country allocations are not available.

SOURCE: MSCI BarraOne

# Geographic Exposures by AUM

## Functional Categories as of September 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.

<sup>1</sup> Global represents investments made in regions where specific country allocations are not available.

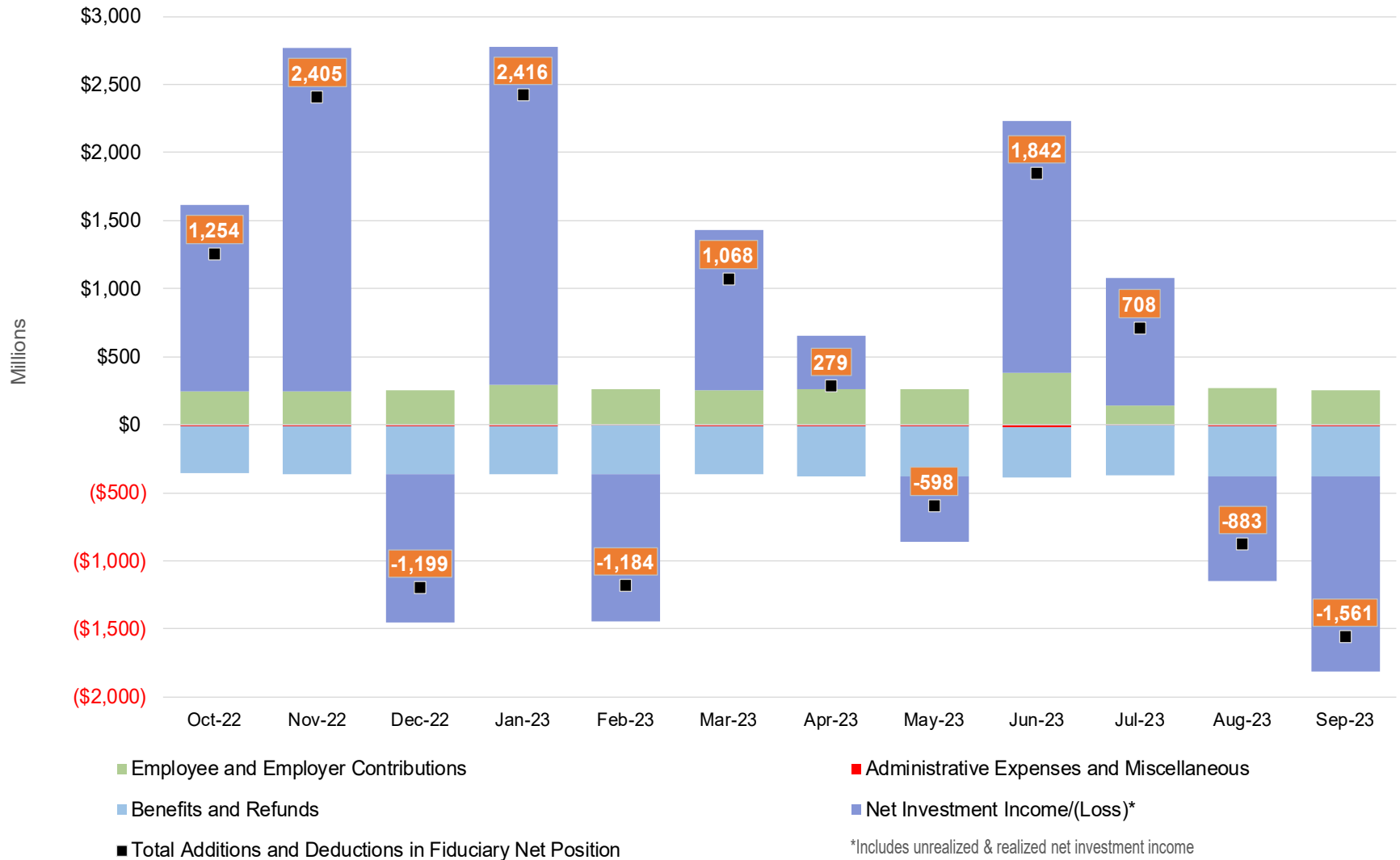
<sup>2</sup> "ROW - Rest of World" is sum of countries with weights below 0.5%.

SOURCE: MSCI BarraOne

# Change In Fiduciary Net Position



**Additions and Deductions in Fiduciary Net Position (Unaudited)**



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	2	1	(\$1.7 billion)



# 03 Portfolio Structural Updates

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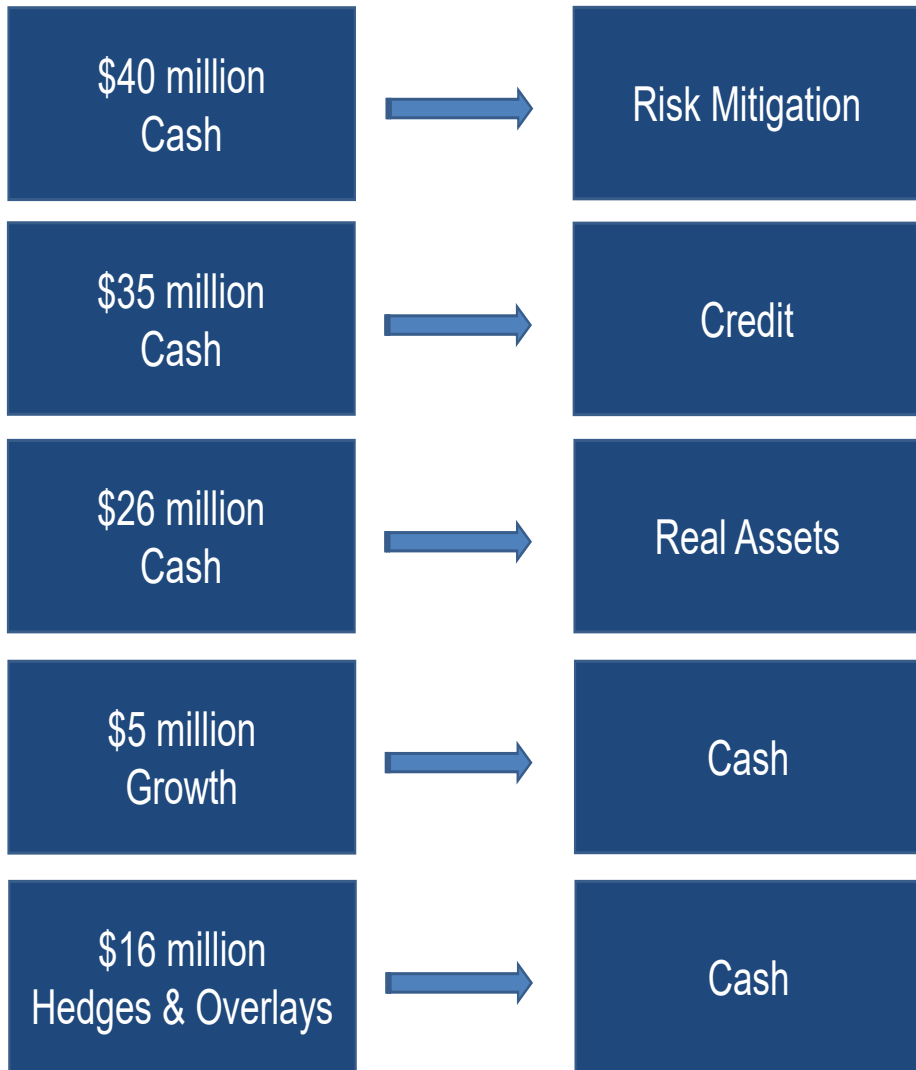


# Portfolio Structural Updates



## Portfolio Movements

### Rebalancing Activity



## Hedges & Overlays

### Monthly Activity

Program	September Return	September Gain/(Loss)	Inception <sup>1</sup> Gain/(Loss)
Currency Hedge <sup>2</sup>	1.1%	\$16.2 Million	\$1.4 Billion
Cash/Rebalance Overlay <sup>3</sup>	-2.2%	(\$54.7 Million)	\$285.5 Million

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

<sup>2</sup> 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.

<sup>3</sup> 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	✓	✓	November 2023 BOI
Commercial Real Estate Brokers Search	✓	✓	November 2023 BOI
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

## Operational Updates

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

## Manager/Consultant Updates

Acadian – Growth – Recently hired four new senior investment professionals within the global equity research and portfolio management teams. Two of the new hires joined the global equity research team and the other two joined the portfolio management team.

State Street – Total Fund – Lou Maiuri, President, Chief Operating Officer, and Head of Investment Services will be retiring from the company in early 2024. CEO Ronald O’Hanley will assume the role of President and Head of Investment Services.

## 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
  - 1 in development
- Financial Analyst-II
  - 1 search in progress



# 05 Commentary

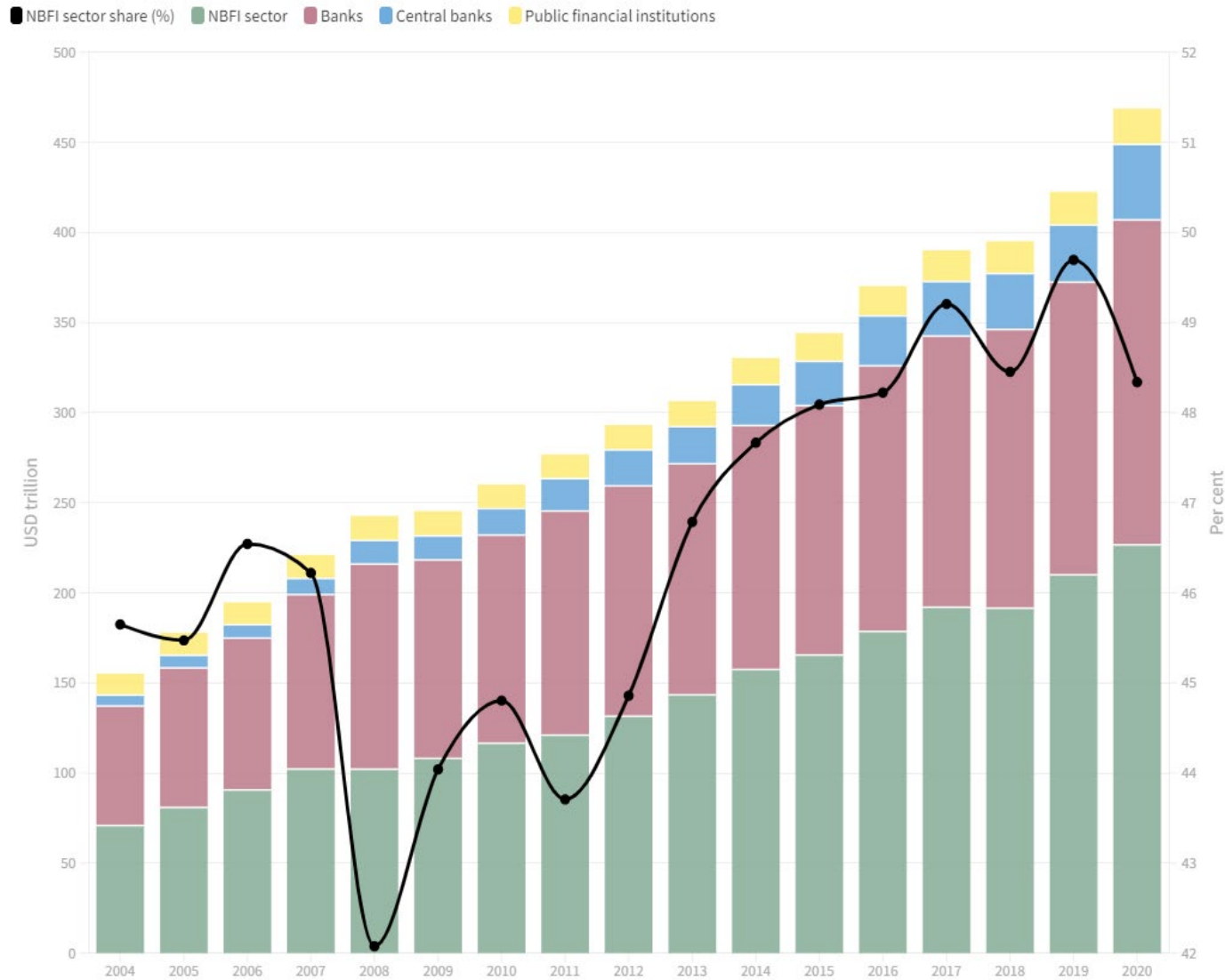
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# Staff Chart of the Month

## Increase of Private Credit Among Total Global Financial Assets



Total global financial assets



\* "NBF" = Non-Bank Financial Intermediaries

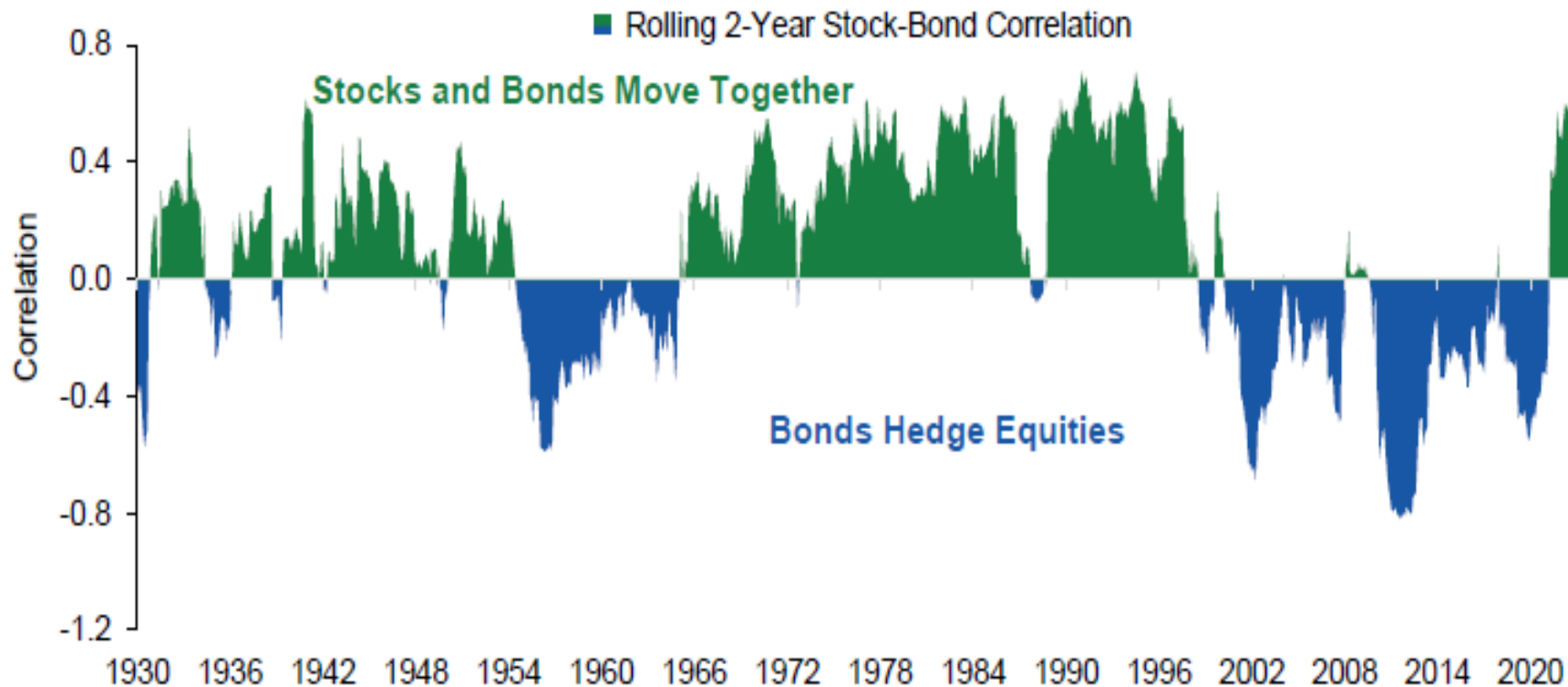
# Staff Chart of the Month

## Shifting Stock & Bond Correlations



### Shifting Stock Bond Correlations

*For decades, allocators assumed negative correlation between stocks and bonds. 2022 was a reminder that negative correlations are not guaranteed and are typically positive when the Fed is fighting inflation.*



Source: Bloomberg and Morningstar. Data as of 06/30/2023. Rolling two-year stock-bond correlation represented by Ibbotson Associates SBBI Long-Term Government Bond Index and S&P 500® Index. **Past performance is not a reliable indicator or guarantee of future results.**



# 06 Appendix

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# 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

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

## Private Market Analytics Platform Search

---

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



# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

9

**GROWTH**

**Total # of Advisory**

### GROWTH

#### Global Equity

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

# of Sudan/Iran Holdings Held by Managers

✓

9

9 issuers held, totaling \$36.2 mm in market value

#### Private Equity - Growth<sup>2</sup>

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy

✓

Guideline Compliance by Geographic Location

✓

Investment Exposure Limit

✓

#### Non-Core Private Real Estate<sup>2</sup>

(See Real Assets & Inflation Hedges - Core Private Real Estate section)

2

**CREDIT**

**Total # of Advisory**

### CREDIT

#### Liquid Credit, Illiquid Credit<sup>2</sup>

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

Emerging Manager Program

✓

# of Sudan/Iran Holdings Held by Managers

✓

2

2 issuers held, totaling \$2.9 mm in market value

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

4

### REAL ASSETS & INFLATION HEDGES

Total # of Advisory

#### REAL ASSETS & INFLATION HEDGES<sup>4</sup>

##### Core Private Real Estate<sup>2</sup>

Asset Allocation Policy Compliance

✓

Guideline Compliance by Strategy (Core/Non-Core)

✓

1

Non-Core Private Real Estate was 0.5% below the target policy range. Actual allocations may fall outside of the range as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Manager

✓

2

One Core manager was 2% above the 35% manager concentration limit. One Growth manager was 10% above the 20% manager concentration limit. Actual allocations may fall outside of the defined limits as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Property Type\*

✓

Guideline Compliance by Geographic Location\*

✓

1

Allocation to the Western region surpassed the +/- 10% variance of ODCE by 14%. Actual allocations may fall outside of the defined limits as the portfolio makes its Board-approved strategic transition.

Guideline Compliance by Leverage

✓

##### Natural Resources & Commodities<sup>3</sup>

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

##### Infrastructure

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

##### TIPS

Asset Allocation Policy Compliance

✓

Investment Guideline Compliance

✓

# of Sudan/Iran Holdings Held by Managers

✓

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## LACERA PENSION FUND

4

### RISK REDUCTION & MITIGATION

Total # of Advisory

#### RISK REDUCTION & MITIGATION

##### Investment Grade Bonds

Quarterly Review Status	# of Advisory	Notes
✓		
✓		
✓		
✓	4	4 issuers held, totaling \$2.4 mm in market value

##### Diversified Hedge Funds<sup>2</sup>

Asset Allocation Policy Compliance	✓	
Portfolio Level Compliance	✓	
Direct Portfolio Manager Guideline Compliance	✓	
Emerging Manager Program	✓	

##### Long-term Government Bonds

Asset Allocation Policy Compliance	✓	
Investment Guideline Compliance	✓	
# of Sudan/Iran Holdings Held by Managers	✓	

##### Cash

Asset Allocation Policy Compliance	✓	
Investment Guideline Compliance	✓	
# of Sudan/Iran Holdings Held by Managers	✓	

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## INVESTMENT OPERATIONS

6			
INVESTMENT OPERATIONS			
Total # of Advisory			
	Quarterly Review Status	# Advisory	Notes
<b>Securities Lending</b>			
Investment Guideline Compliance	✓		
\$ Value on Loan	✓	1	State Street \$3,724.2 mm
\$ Value of Cash/Non-Cash Collaterals	✓	1	State Street \$4,124.0 mm
Total Income - Calendar YTD	✓	1	State Street \$10.6 mm
<b>Total Fund Overlays and Hedges</b>			
Investment Guideline Compliance	✓		
<b>Proxy Voting</b>			
Number of Meetings Voted	✓	1	686 meetings voted
<b>Tax Reclaims</b>			
Total Paid Reclaims - Calendar YTD	✓	1	\$6.8 mm
Total Pending Reclaims	✓	1	\$30.6 mm
<b>Fee Validation</b>			
Fee Reconciliation Project	✓		
Annual Fee Report - AB 2833 (section 7514.7)	✓		
<b>Investment Manager Meetings<sup>5</sup></b>			
Manager Meeting Requests	✓		

# Compliance Monitor

This report highlights operational and compliance metrics monitored by the Investment Division<sup>1</sup>  
As of September 2023

## OPEB MASTER TRUST

FUNCTIONAL ASSET CATEGORIES	Quarterly Review Status	# Advisory	Notes
<b>Growth, Credit, Inflation Hedges, Risk Reduction &amp; Mitigation</b>			
Asset Allocation Policy Compliance	✓	2	Liquid Credit and Commodities were 0.4% above the target policy range. The overweight is temporary as we allocate to Private Markets.
Investment Guideline Compliance	✓		
# of Sudan/Iran Holdings Held by Managers	✓		

<sup>1</sup> This list is not exhaustive as various compliance processes are completed throughout the year. Each quarter, different items may appear on the compliance monitor.

<sup>2</sup> Represents the comprehensive Private Equity (3-month lag), Real Estate (3-month lag), Illiquid Credit (1- and 3-month lags), and Hedge Funds (1-month lag) programs across the total plan.

<sup>3</sup> Investment guideline compliance based on public market exposure.

<sup>4</sup> Reflects the most recent data available.

<sup>5</sup> Advisory noted if the CEO or a Board member recommends staff to meet with a specific manager three or more times in a year. The purpose of notifying the activity is to promote transparency and governance best practices designed to preserve the integrity of the decision-making process.

\* Data as of 3/31/2023



# 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 he prepares to enjoy his well-earned retirement.



## Retiring Member

# Tyrone Brown

**Park Supervisor; County Parks and Recreation Department**

**Years of Service: 43**

**Retirement Date: November 2023**

**Notable Contributions and Service:** Mr. Brown began his County career journey as a lifeguard, teaching essential swimming and safety skills to countless children and fostering a safer community atmosphere. Later, he stepped up to park supervisor, overseeing numerous parks and a variety of community programs, from sports leagues to senior activities.

**Sources of Career Pride:** Having his daughter follow in his footsteps as a County lifeguard, and the sense of unity inspired by hosting community events and programs.

**Heroes:** His swim coaches, who taught him invaluable lessons in support, education, and service, shaping his approach to life and work.

**Retirement Plans:** Brown plans to stay active through community involvement, volunteering, and focusing on his health with daily swims. He also looks forward to enjoying more live concerts and quality time with his family.

**MEMBER SPOTLIGHT**





October 24, 2023

TO: Each Trustee,  
Board of Retirement  
Board of Investments

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

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – NOVEMBER 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 are pleased to announce the resumption of LACERA's management offsite, which was held at the Descanso Gardens on Wednesday, October 18, 2023. The theme of the offsite was "Leading with Shared Vision and Purpose." The discussion focused on transitioning from strategy to execution as we move to implement the vision approved by the Board of Retirement. We examined and prioritized each strategic priority and objective in order to build a roadmap over the next five years. Our next step is to begin developing work plans for each strategic objective. The discussion was energizing and productive, with concrete progress made and follow-up meetings to be scheduled by individual work groups assigned to develop detailed action plans

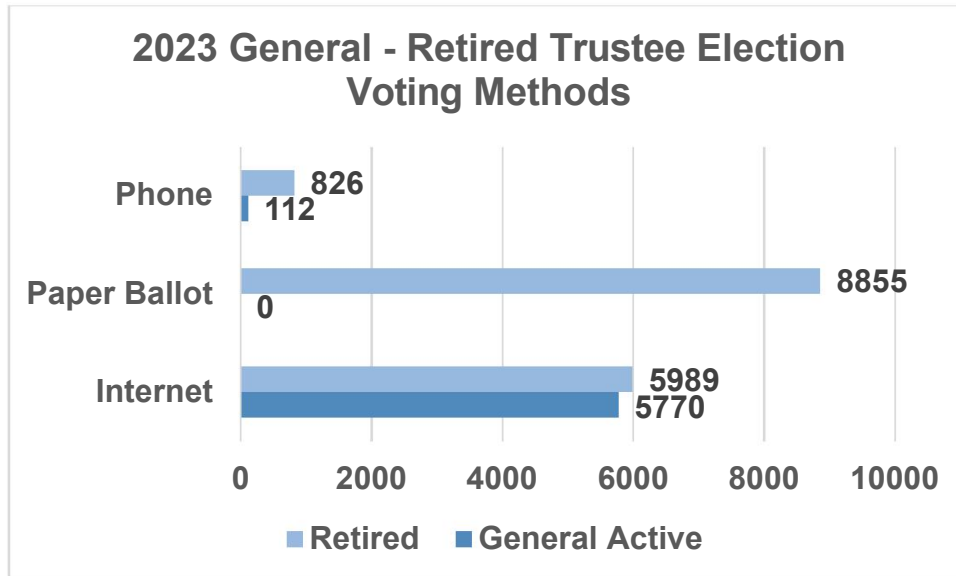
### **OneMeeting Application New Interface & Upcoming Enhancements**

The OneMeeting system has been upgraded to a new user interface effective October 20, 2023. The functionality of the system remains the same, but the look of the pages has changed. 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**

During the October Board of Investments meeting a request was made for a breakdown of the voting method chosen by members in the 2023 General and Retired trustee elections. The following chart provides an overview of voting methods by member category:

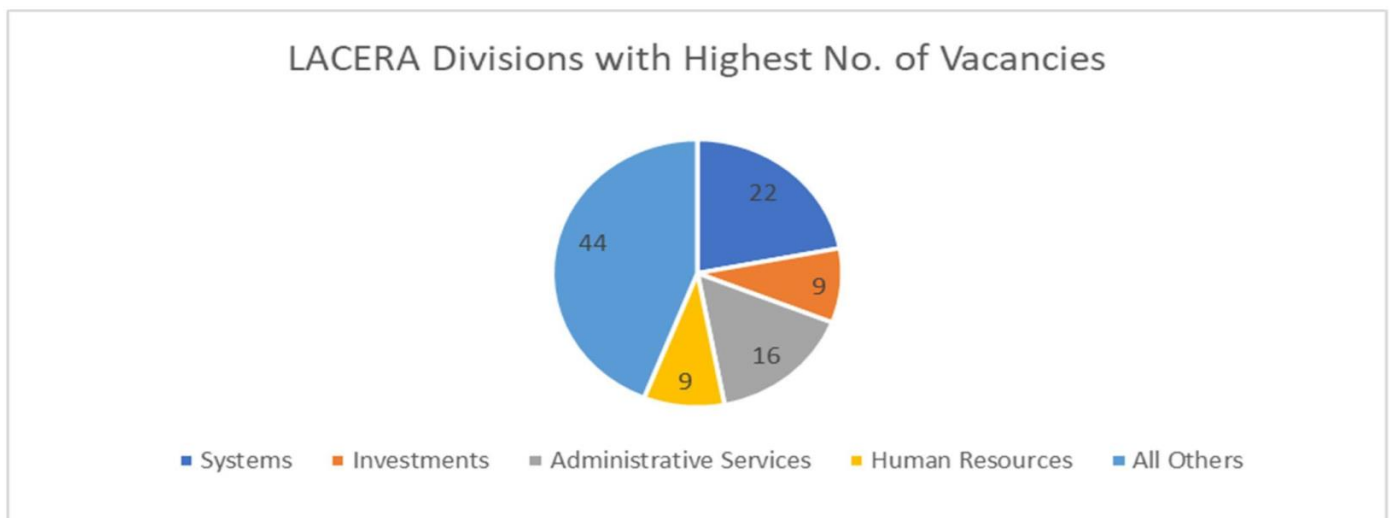


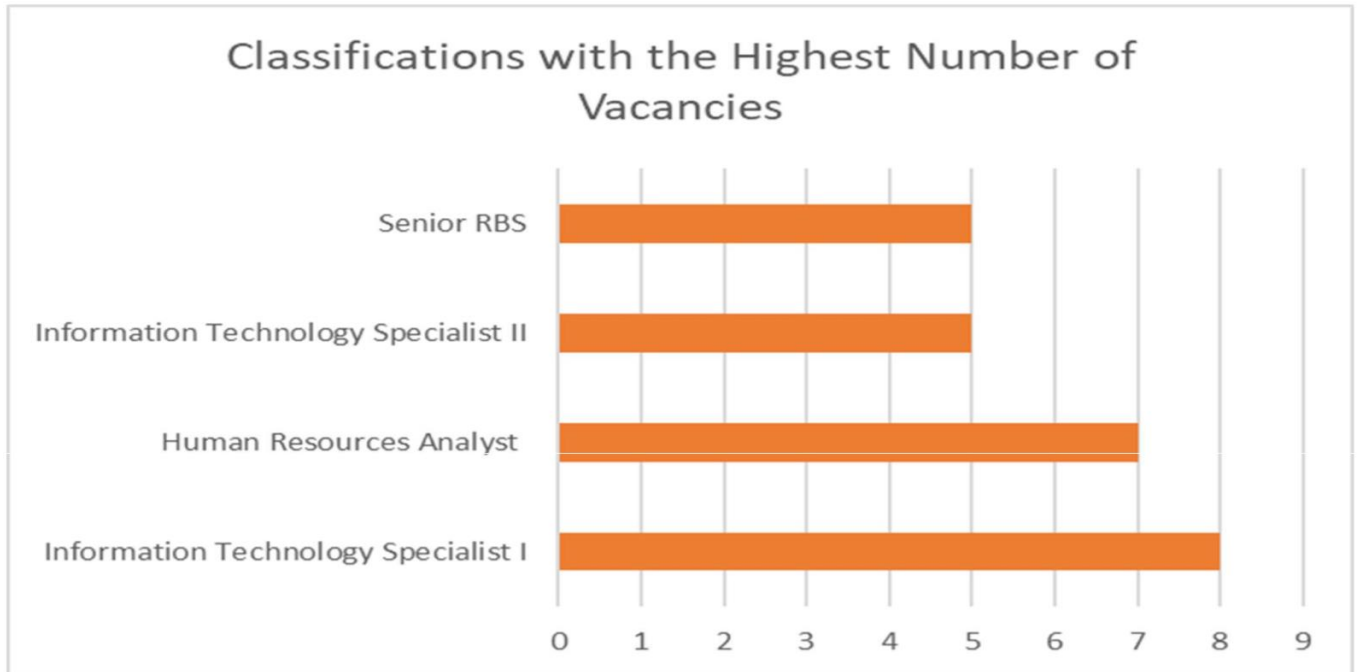


### Recruitment Updates

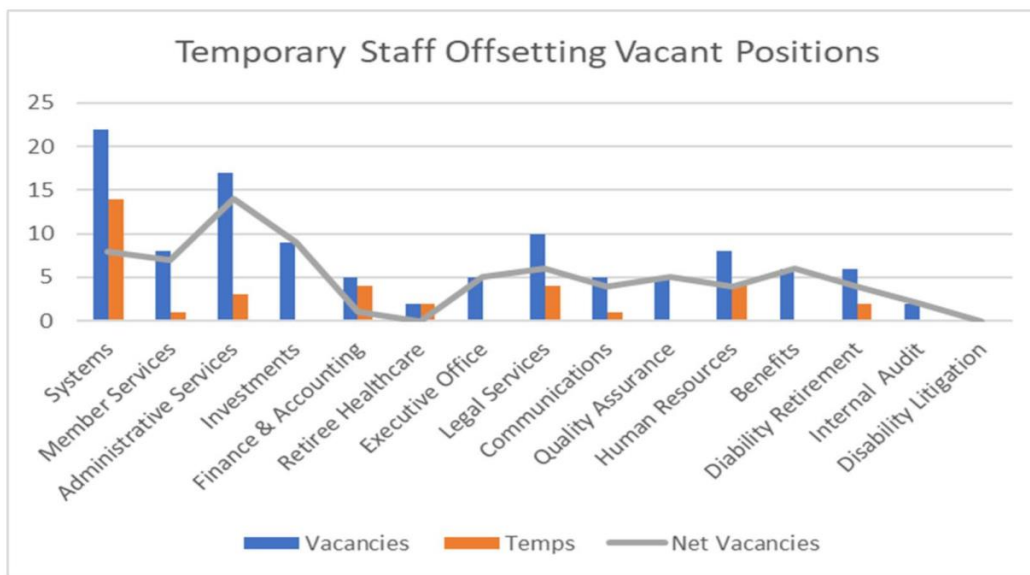
LACERA has 534 budgeted positions, of which 115 are vacant (21% vacancy rate). Additionally, there are 7 over-hired positions (positions that temporary staff members are assigned to but are not permanently budgeted) in the Retirement Benefits Specialist I classification.

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 Senior Investment Officer (Real Estate) and Finance Analyst III (Corporate Governance and Real Estate) recruitments have been posted with the assistance of EFL Associates.

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)
- Staff Counsel (Benefits)

The Senior Human Resources Analyst Eligible List was promulgated. Selection interviews are currently in process.

#### *Internal Recruitments*

The Retirement Benefits Specialist I – (Temporary) Trainee examination was open for a week before being closed. We received four hundred and thirty-two (432) applications; the examination assessments are pending.

The Senior Disability Retirement Specialist bulletin closed on September 26, 2023. Examination assessments are in process.

Resumes continue to be accepted for 14 Intern positions included in the Fiscal Year 2023-24 Adopted Budget.

#### *In 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*

The Eligible Registers for Division Manager positions in Administrative Services, Benefits, and Member Services were promulgated. Selection interviews are in process. A Department Promotional Eligible Register was created.

The Finance Analyst II examination continues to receive applications however, a new Eligible Register was promulgated. Eighteen (18) candidates were added to the eligible register in October 2023, for a total of seventy-two (72) reachable candidates.

The Information Technology Manager II (Project Management and Infrastructure) interviews have been conducted. Offers are pending for both positions. These positions report directly to the Chief, Information Technology. One position will oversee the Project Management Office, the group responsible for developing and implementing new technology projects approved by the Information Technology Coordination Council. The other position will oversee the Infrastructure Team, responsible for data center operations, network engineering, telecommunications and help desk operations.

A Senior Human Resources Assistant was hired effective October 16, 2023 and will be assisting staff in leave management and personnel operations.

The Eligible Register for the Senior Staff Counsel (Benefits) was promulgated. An offer is pending.

An offer was made for the Information Technology Manager II position in the Business Solutions Unit; the background is completed, and the candidate is expected to start in November 2023.

### **Retiree Healthcare**

#### *Kaiser Permanente Tentative Agreement*

On October 13, 2023, Kaiser and the Coalition of Kaiser Permanente Unions struck a tentative agreement averting a second strike scheduled for November 1, 2023. The tentative deal, which will be ratified soon, provides assurance and peace of mind to nearly 26,000 LACERA retirees who have chosen Kaiser as their health plan provider.

#### *2024 Medicare Part B Premium Announced*

On October 12, 2023, the Center for Medicare & Medicaid Services (CMS) released the 2024 Medicare premiums and deductibles that will take effect on January 1, 2024. The standard Part B premium will increase from \$164.90 to \$174.70 per month, an increase of \$9.80 or nearly 6%. Staff reached out to both Segal and the plan sponsor, L.A. County, to begin the annual Board of Supervisors (BOS) approval process. Staff will promptly inform Trustees when this item will be placed on the BOS agenda for approval.

Discussions continue with the County regarding the Lifetime Maximum Benefit issue.



# CEO DASHBOARD



November 1, 2023

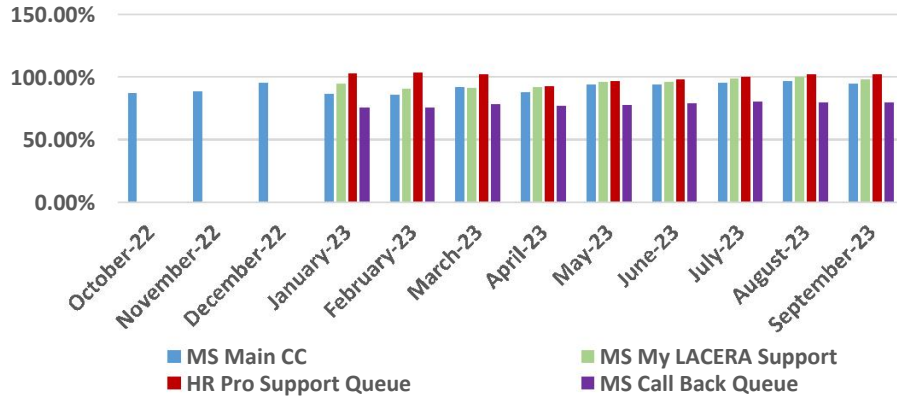


# Striving for Excellence

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

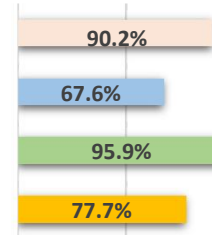
<b>Events / Webinar Attendance</b> Current Mo.: <b>1,545</b> Year-to-Date: 3,361	<b>Events / Webinar</b> Current Mo.: <b>24</b> Year-to-Date: 67	<b>Webinar Satisfaction</b> <b>0%</b>	<b>Member Service Center Satisfaction</b> <b>96.21%</b>	<b>MS Main Queue Total Calls</b> <b>8,078</b> Current Mo. 8,436 3 Month Avg. 8,436				
					Resp. Rate	Change	Resp. Rate	Change
					0%	0%	26.4%	0.53%

## Member Service Call Center Queue Key Performance Indicators (KPI)

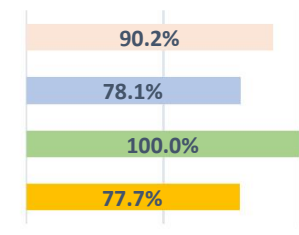


## Key Performance Indicator (Components by Queue)

### 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%)

Member Services

MSCC MAIN QUEUE		MY LACERA SUPPORT		HR PRO SUPPORT		MS CALL BACK QUEUE	
■ Calls Answered ■ Calls Abandoned		■ Calls Answered ■ Calls Abandoned		■ Calls Answered ■ Calls Abandoned		■ Calls Answered ■ Calls Abandoned	
<p>Total Calls: 8078 Answered: 7,576 (94%) Abandoned: 502 (6%)</p>		<p>Total Calls: 1201 Answered: 1,160 (97%) Abandoned: 41 (3%)</p>		<p>Total Calls: 21 Answered: 21 (100%) Abandoned: 0 (0%)</p>		<p>Total Calls: 629 Answered: 627 (100%) Abandoned: 2 (0%)</p>	
Queue KPI:	94.50%	Queue KPI:	98.20%	Queue KPI:	102.10%	Queue KPI:	79.38%
Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration
0:02:18	0:16:20	0:00:44	0:11:27	0:00:26	0:10:09	0:04:05	0:12:11



# Striving for Excellence

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

457



Secure Message

790

Est. Response Time (hours)

4:00:00

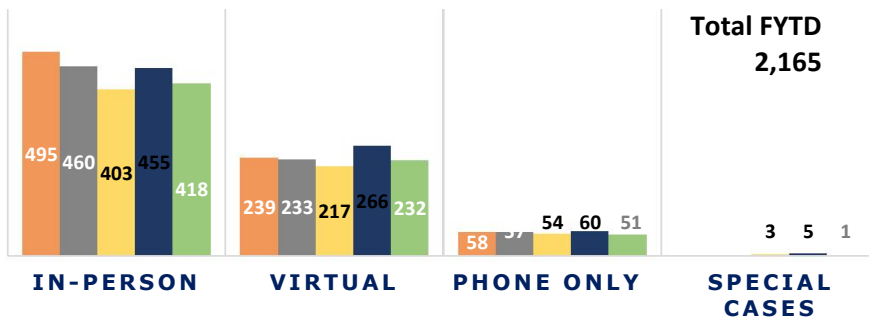
Est. Response Time (hours)

4:00:00

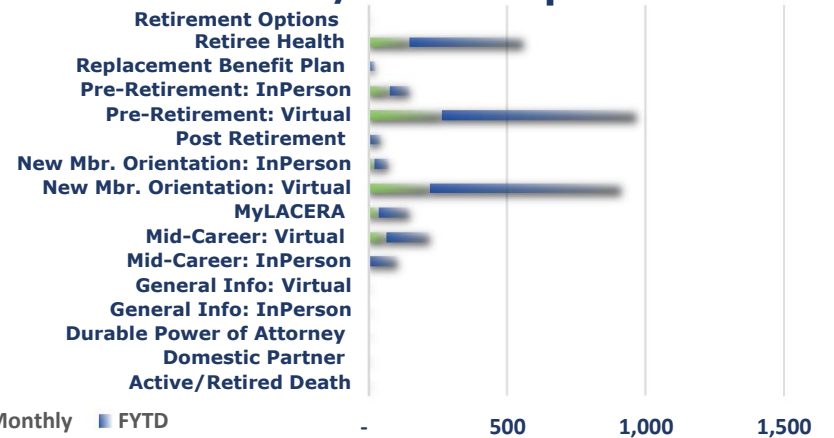
## Member Service Center (Outreach)

### Member Service Center Appointments

May June July August September



### Members Served in Webinars/Workshops



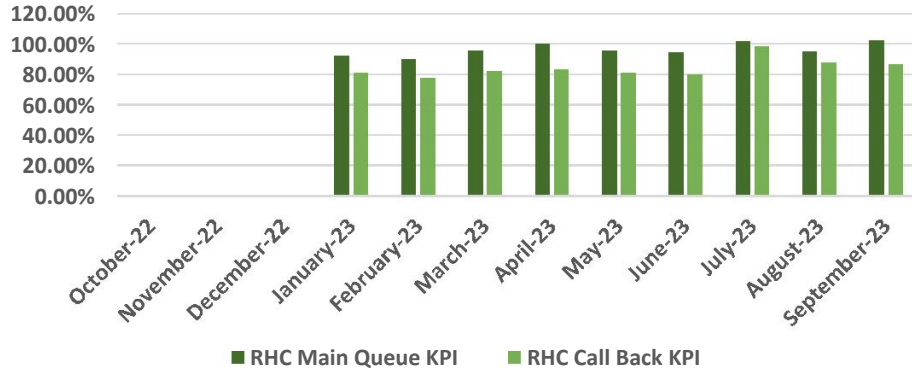
Member Services



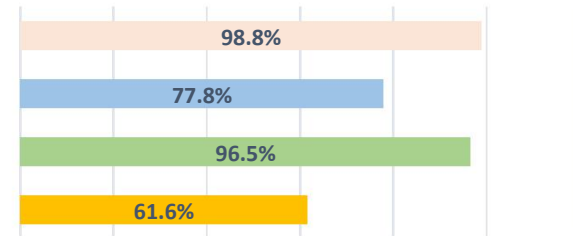
# Striving for Excellence

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

## RHC Call Center Queue Key Performance Indicator (KPI)



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

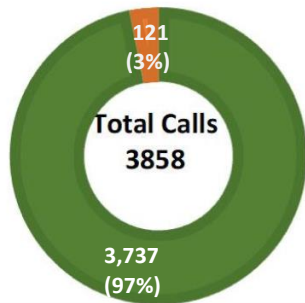


Agent Utilization (Goal:65%)	Grade of Service (Goal: 80% in 60 sec)
After Call Survey (Goal: 90%)	Call Monitoring (Goal: 95%)

Retiree Healthcare

### RHC MAIN QUEUE

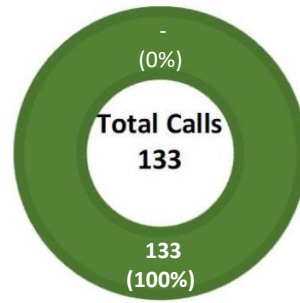
■ Calls Answered ■ Calls Abandoned



Queue KPI:	102.20%
Avg. Speed of Answer	Average Duration
0:01:17	0:12:23

### RHC CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



Queue KPI:	86.40%
Avg. Speed of Answer	Average Duration
0:02:42	0:09:22

### TOP RHC CALL TOPICS

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

### RHC Email/Secure Message Performance



Emails:

269

Est. Response Time (hours)

72:00:00



Secure Message

390

Est. Response Time (hours)

24:00:00





# Striving for Excellence

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

**In Process**  
As Of  
8/31/2023

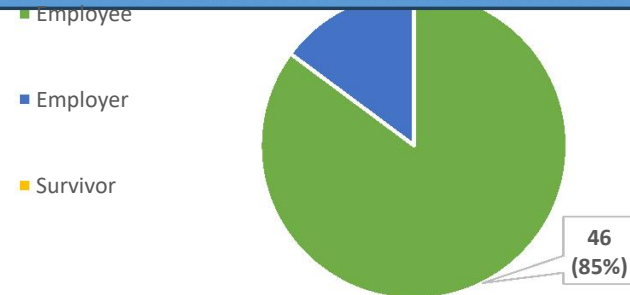
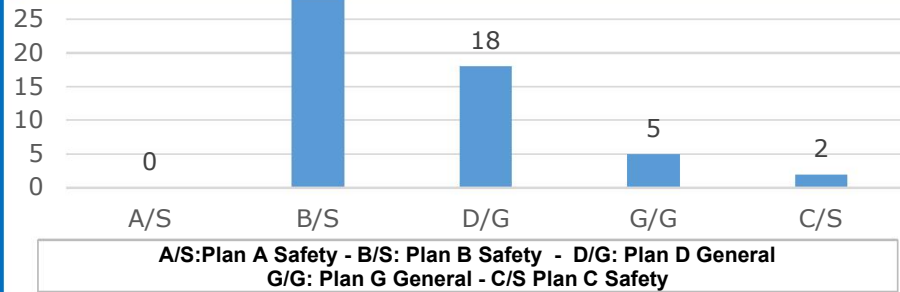
**Appeals**  
65

■	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	

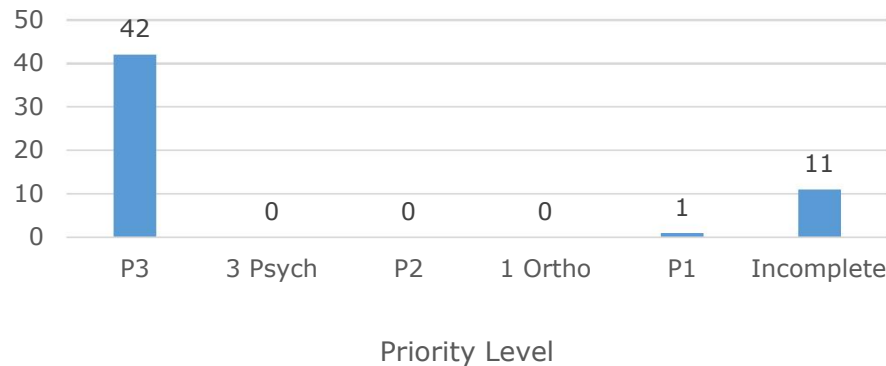
**In Process**  
As Of  
8/31/2023

Disability Statistics Unavailable Due to Case Management Implementation. Statistics will be updated on the CEO Dashboard issued in December.

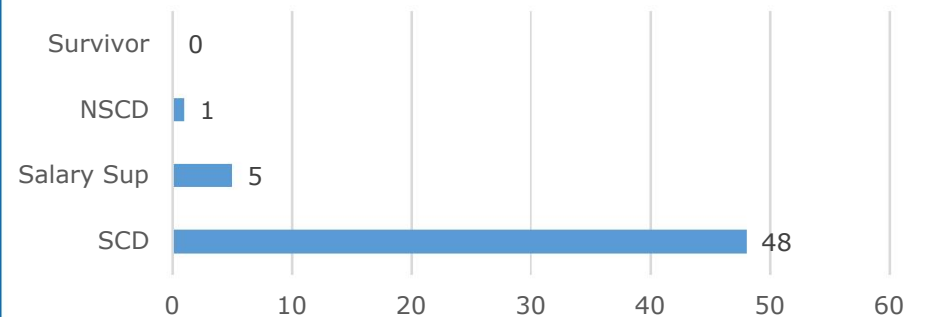
Disability



### Applications Filed By Priority Level



### Applications Filed By Type

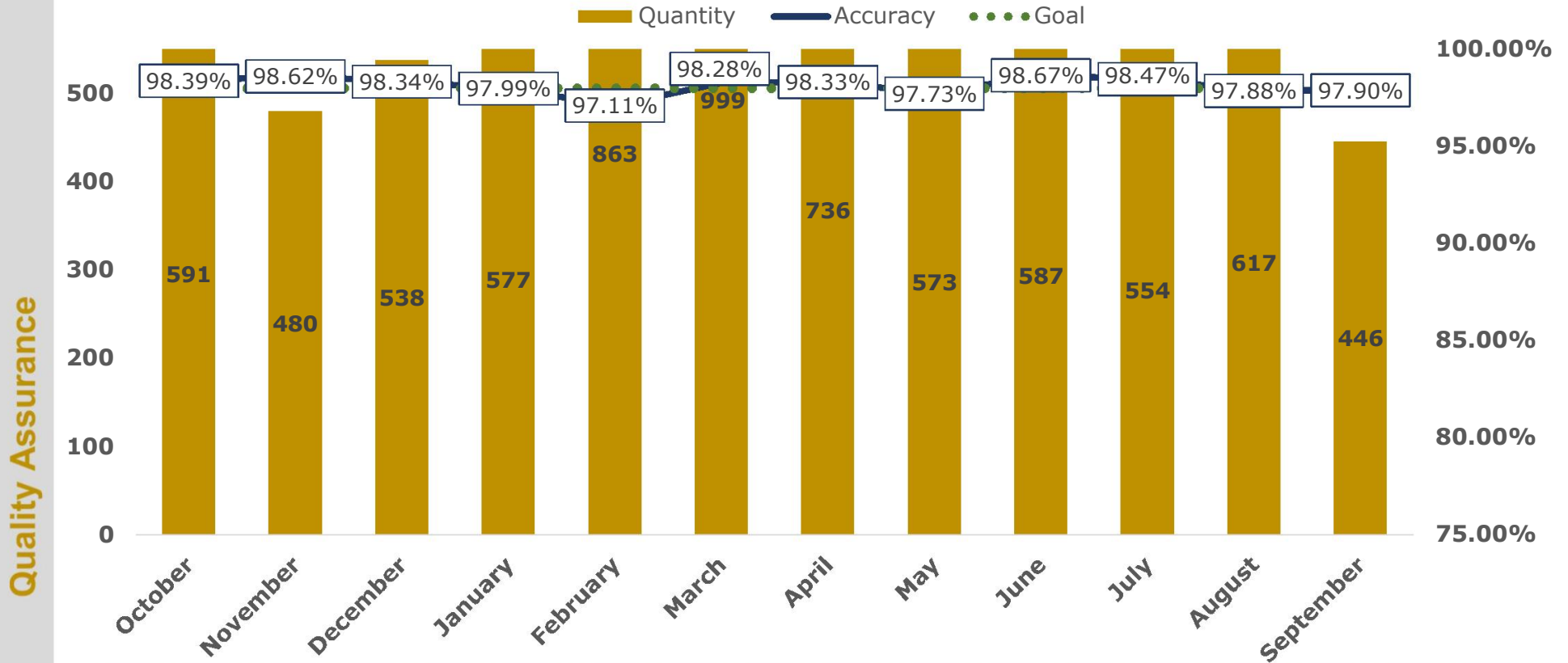




# Striving for Excellence in Quality

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

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



**September**

**97.90%**



### Retirement Elections

**182** Samples  
**97.96%** Accuracy

### Payment Contracts

**144** Samples  
**97.16%** Accuracy

### Data Entry

**120** Samples  
**98.58%** Accuracy

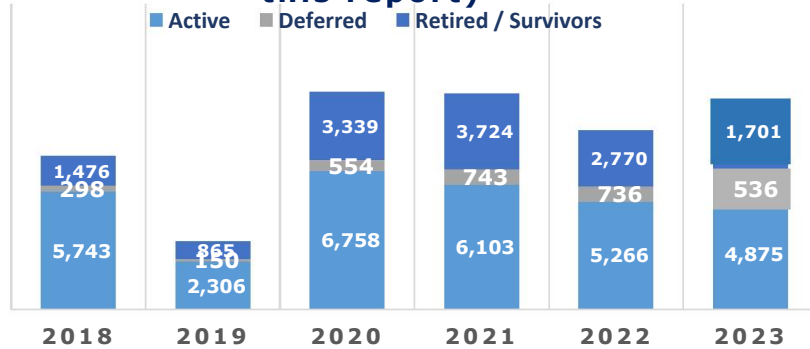


# Service On-Line for All

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

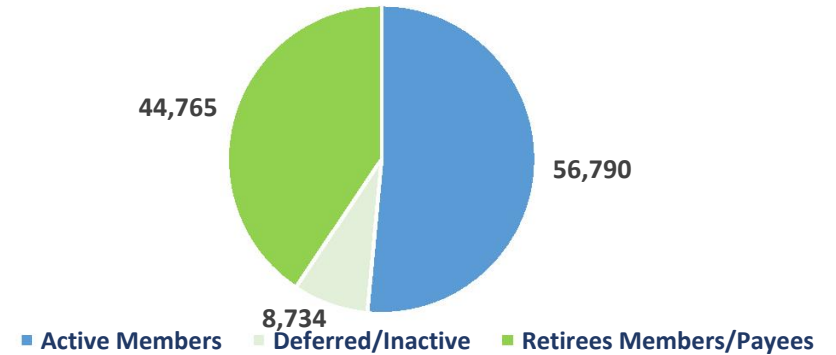
Serving Members Through LACERA.com and MyLACERA

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

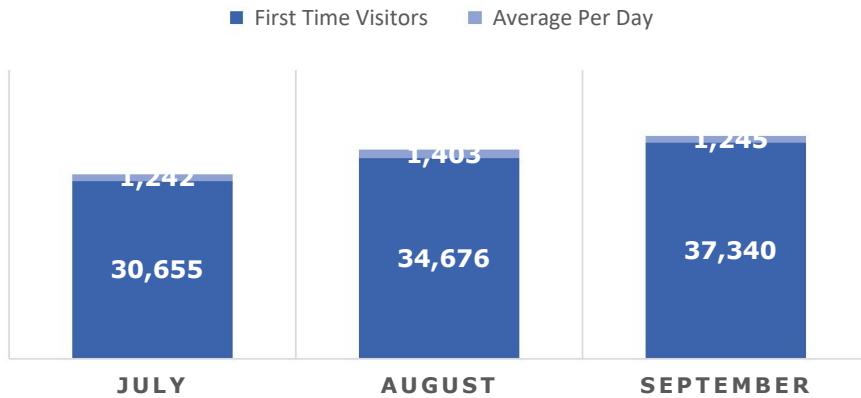


Registered Members / % Total **110,289** **58%**

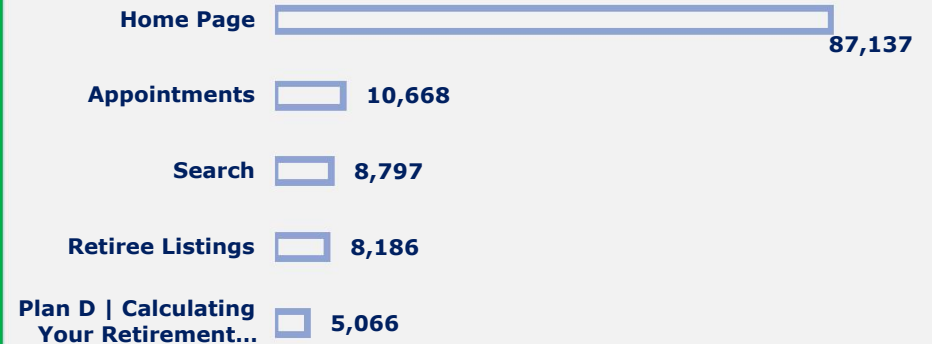
## Total Registrations By Member Type



## LACERA.com User Traffic



## Top Five LACERA.com Page Views



### Busiest Day of the Month:

Wednesday, 9/6/2023

### Home Page Tile Views

	Views	% of Change
My LACERA	5,628	-5%
Board Meetings	3,164	17%
Careers	3,514	-13%
Pre-Retirement Workshops	2,843	3%
Investments	2,205	0%
Forms & Publications	192	21%

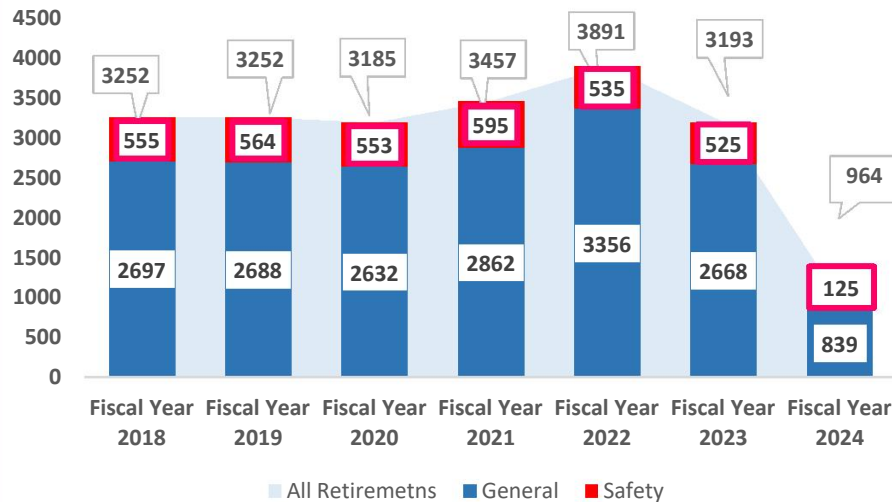


# Member Snapshot

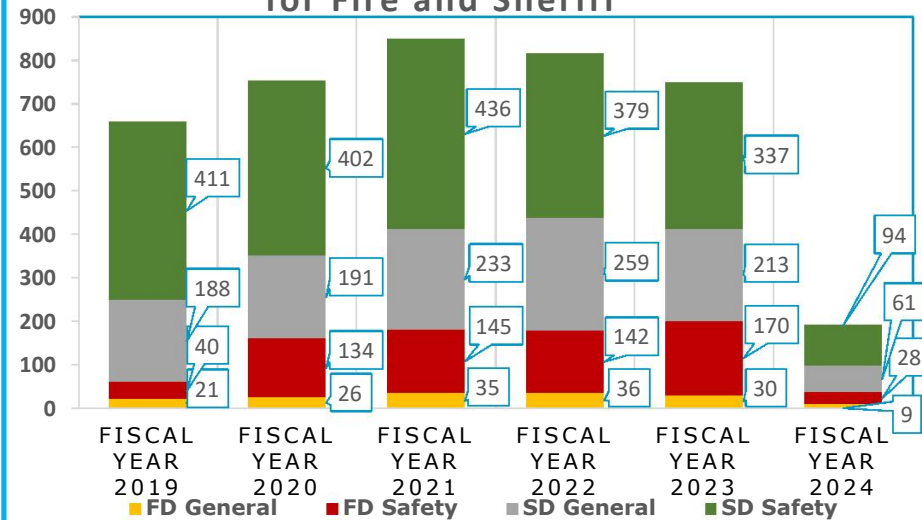
Membership Count as of: October 26, 2023

PLAN	ACTIVE		INACTIVE		RETIRED				Totals by Plan/Type
	Vested	Non-Vested	Vested	Non-Vested	Service	SCD - Disability	NSCD - Disability	Survivors	
<b>General</b> PLAN A	45	-	10	32	11,713	931	158	4,018	16,907
PLAN B	11	-	5	3	564	39	7	73	702
PLAN C	13	-	5	8	359	38	8	65	496
PLAN D	33,477	122	4,392	3,289	19,035	2,017	451	2,020	64,803
PLAN E	12,792	9	2,847	86	15,437	-	-	1,655	32,826
PLAN G	19,335	19,065	1,698	6,818	263	27	7	24	47,237
<b>TOTAL GENERAL</b>	<b>65,673</b>	<b>19,196</b>	<b>8,957</b>	<b>10,236</b>	<b>47,371</b>	<b>3,052</b>	<b>631</b>	<b>7,855</b>	<b>162,971</b>
<b>Safety</b> PLAN A	-	-	2	2	1,808	2,384	26	1,634	5,856
PLAN B	7,381	74	544	227	3,325	4,632	55	424	16,662
PLAN C	2,640	2,500	136	530	11	18	-	3	5,838
<b>TOTAL SAFETY</b>	<b>10,021</b>	<b>2,574</b>	<b>682</b>	<b>759</b>	<b>5,144</b>	<b>7,034</b>	<b>81</b>	<b>2,061</b>	<b>28,356</b>
<b>TOTAL ALL TYPES</b>	<b>75,694</b>	<b>21,770</b>	<b>9,639</b>	<b>10,995</b>	<b>52,515</b>	<b>10,086</b>	<b>712</b>	<b>9,916</b>	<b>191,327</b>

Total Retirements Compared by Type



General vs. Safety Retirements for Fire and Sheriff





# Member Snapshot

## Average Monthly Benefit Allowance Distribution 10/24/2023

	General	Safety	Total	%
<b>\$0 to \$3,999</b>	30,043	1,339	31,382	49.5%
<b>\$4,000 to \$7,999</b>	14,803	3,433	18,236	28.8%
<b>\$8,000 to \$11,999</b>	4,371	4,285	8,656	13.7%
<b>\$12,000 to \$15,999</b>	1,245	2,445	3,690	5.8%
<b>\$16,000 to \$19,999</b>	428	547	975	1.5%
<b>\$20,000 to \$23,999</b>	129	154	283	0.4%
<b>\$24,000 to \$27,999</b>	34	51	85	0.1%
<b>&gt; \$28,000</b>	32	8	40	0.1%
<b>Totals</b>	51,085	12,262	63,347	100%

## Average Monthly Benefit Amount:

\$ **4,875.00**

### Healthcare Program

(Mo. Ending: 09/30/2023)

	Employer	Member
Medical	\$160.1	\$11.3
Dental	\$12.4	\$1.2
Part B	\$23.2	\$0.0
<b>Total</b>	<b>\$195.7</b>	<b>\$12.5</b>

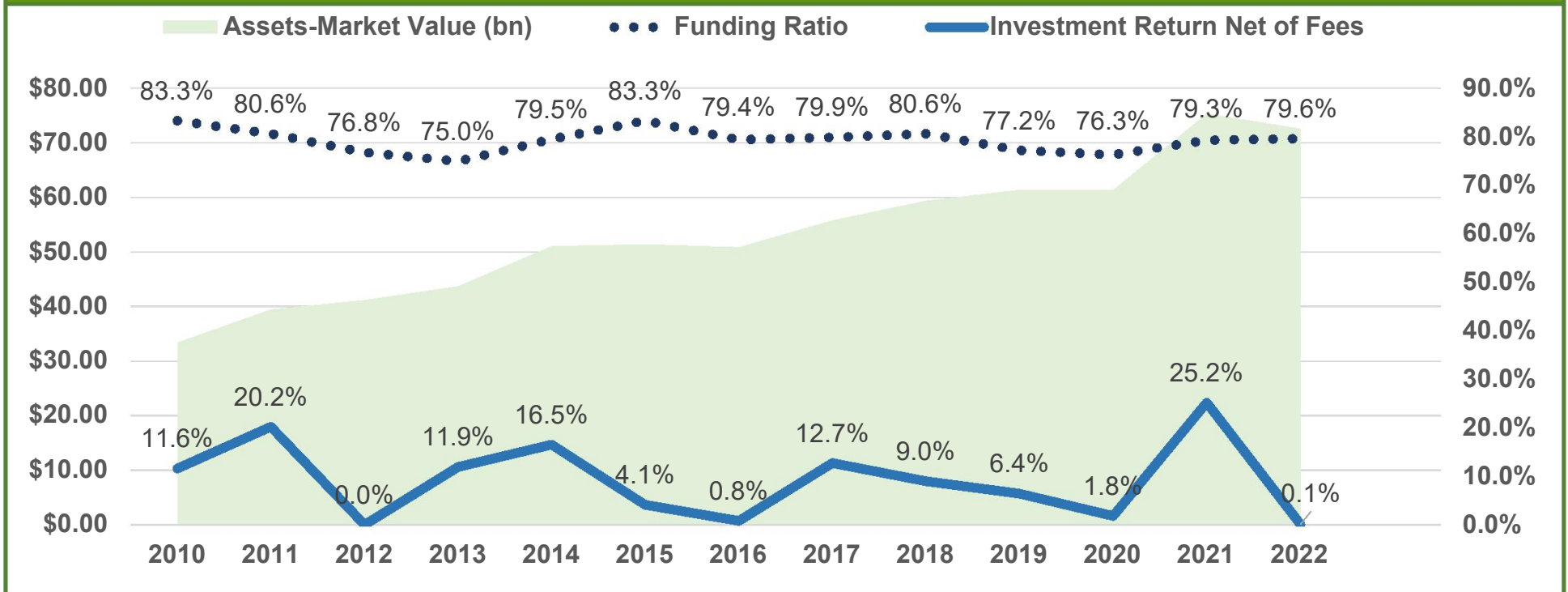
### Health Care Enrollments

(Mo. Ending: 09/30/2023)

Medical	55,490
Dental	57,452
Part B	38,264
LTC	487
<b>Total</b>	<b>151,693</b>

## 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 09/30/2023)

Monthly Payroll	\$371.72m
Payroll YTD	\$1.1b
New Retired Payees Added	285
Seamless %	96.84%
New Seamless Payees Added	932
Seamless YTD	96.78%
By Check %	2.00%
By Direct Deposit %	98.00%

### RETIREE PAYROLL BY YEAR





**ADMINISTRATIVE/OPERATIONS**

<b>Solicitation Name</b>	<b>Issuing Division</b>	<b>Public Release Date</b>	<b>Solicitation Stage*</b>	<b>Bid Respondents*</b>
<b>RFP: Audit Committee Consultant</b>	Internal Audit	9/06/2023	Soliciting Process	<ul style="list-style-type: none"> <li>• Audit and Risk Management Services</li> <li>• Mitchell Titus</li> <li>• <u>Williams Adley</u></li> </ul>
<b>RFP: Policy Management Solution</b>	Executive Office	2/3/2023	Vendor Selection	<ul style="list-style-type: none"> <li>• Compass 365</li> <li>• AuditBoard</li> <li>• <u>LogicGate</u></li> </ul>
<b>RFI: Death Audit and Data Cleansing Services</b>	Benefits	4/14/2023	Bid Review	<ul style="list-style-type: none"> <li>• PBI</li> </ul>
<b>RFP: External SOC Auditor</b>	Internal Audit	3/08/2023	Contract Execution	<ul style="list-style-type: none"> <li>• Moss Adams</li> </ul>
<b>RFP: Prepaid Debit Card Services</b>	Benefits	6/15/2022 ISD's Website 08/2022	Contract Execution	<ul style="list-style-type: none"> <li>• Conduent</li> </ul>
<b>RFB: Classification and Compensation Study Services</b>	Human Resources	8/24/2023	Solicitation Process	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

\*Subject to change



## INVESTMENTS

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

\*Subject to change



Date	Conference
<b>November, 2023</b>	
6-7	2023 SuperReturn North America New York, NY
7-9	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY
7-10	SACRS Fall Conference Rancho Mirage, CA
14-17	2023 SuperInvestor International Zurich, Switzerland
<b>December, 2023</b>	
1	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
6	Southeast Investors Annual Meeting Miami, FL
<b>January, 2024</b>	
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
<b>March, 2024</b>	
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

Date	Conference
21-22	PREA (Pension Real Estate Association) Spring Conference Nashville, TN
<b>April, 2024</b> 4-5	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Rancho Mirage, CA
15-19	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
<b>May, 2024</b> 6-7	IFEBP (International Foundation of Employment Benefit Plans) Washington Legislative Update Washington D.C.



# CEO DASHBOARD



November 1, 2023

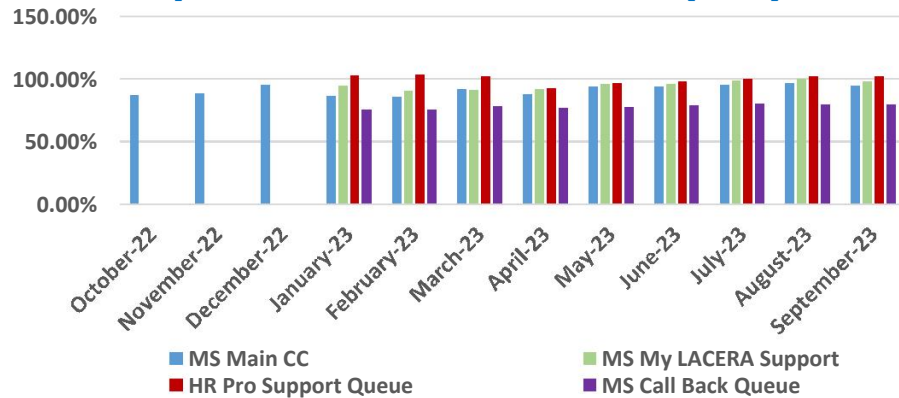


# Striving for Excellence

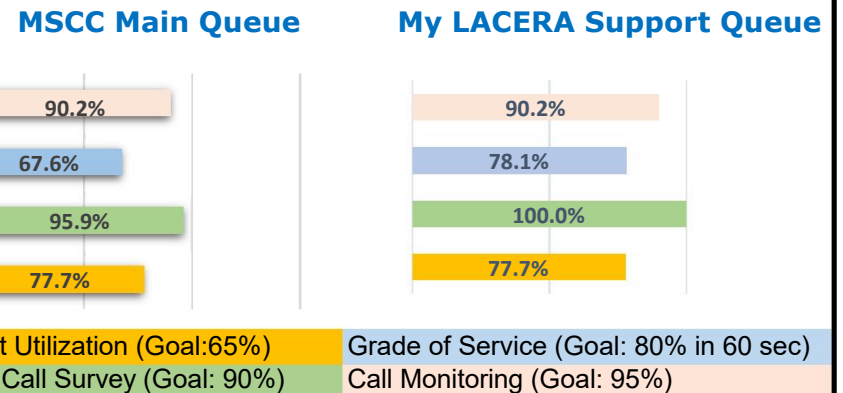
Service Metrics Reported on a Fiscal Year Basis (July 1) Through: September 2023

<b>Events / Webinar Attendance</b> Current Mo.: <b>1,545</b> Year-to-Date: 3,361	<b>Events / Webinar</b> Current Mo.: <b>24</b> Year-to-Date: 67	<b>Webinar Satisfaction</b> <b>0%</b>	<b>Member Service Center Satisfaction</b> <b>96.21%</b>	<b>MS Main Queue Total Calls</b> Current Mo. <b>8,078</b> 3 Month Avg. 8,436				
					Resp. Rate	Change	Resp. Rate	Change
					0%	0%	26.4%	0.53%

## Member Service Call Center Queue Key Performance Indicators (KPI)



## Key Performance Indicator (Components by Queue)



Member Services

MSSC MAIN QUEUE		MY LACERA SUPPORT		HR PRO SUPPORT		MS CALL BACK QUEUE	
Queue KPI:		Queue KPI:		Queue KPI:		Queue KPI:	
	94.50%		98.20%		102.10%		79.38%
<b>Avg. Speed of Answer</b>	<b>Average Duration</b>	<b>Avg. Speed of Answer</b>	<b>Average Duration</b>	<b>Avg. Speed of Answer</b>	<b>Average Duration</b>	<b>Avg. Speed of Answer</b>	<b>Average Duration</b>
0:02:18	0:16:20	0:00:44	0:11:27	0:00:26	0:10:09	0:04:05	0:12:11



# Striving for Excellence

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

457



Secure Message

790

Est. Response Time (hours)

4:00:00

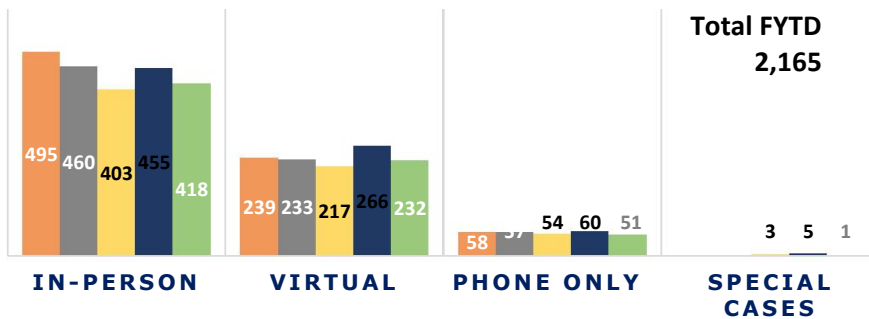
Est. Response Time (hours)

4:00:00

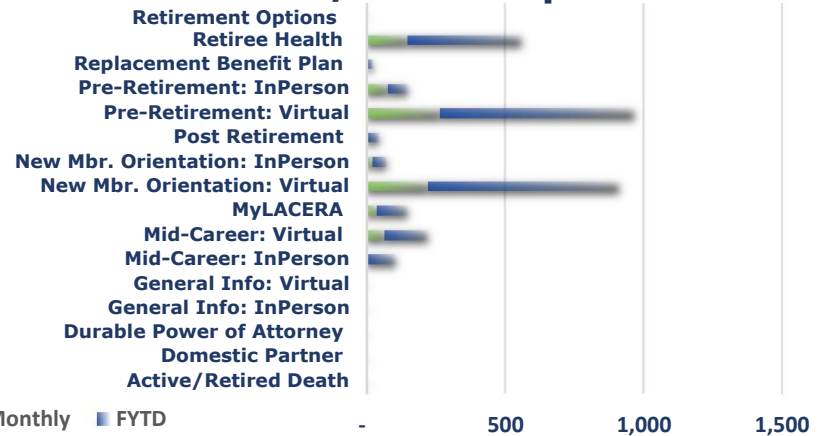
## Member Service Center (Outreach)

### Member Service Center Appointments

May June July August September



### Members Served in Webinars/Workshops



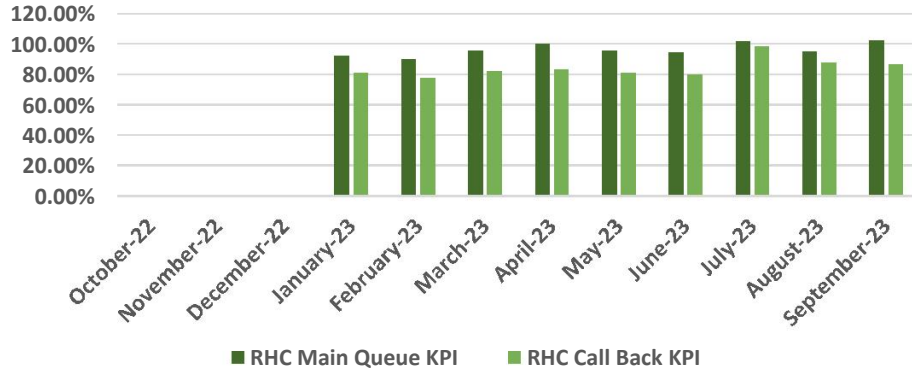
Member Services



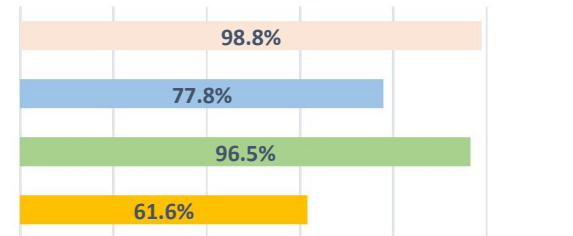
# Striving for Excellence

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

## RHC Call Center Queue Key Performance Indicator (KPI)



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

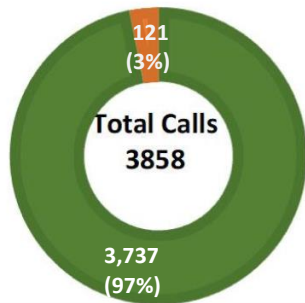


Agent Utilization (Goal:65%)	Grade of Service (Goal: 80% in 60 sec)
After Call Survey (Goal: 90%)	Call Monitoring (Goal: 95%)

Retiree Healthcare

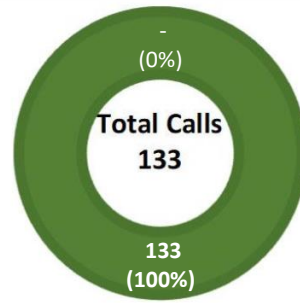
### RHC MAIN QUEUE

■ Calls Answered ■ Calls Abandoned



### RHC CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



### TOP RHC CALL TOPICS

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

Queue KPI:	102.20%
Avg. Speed of Answer	Average Duration
0:01:17	0:12:23

Queue KPI:	86.40%
Avg. Speed of Answer	Average Duration
0:02:42	0:09:22

### RHC Email/Secure Message Performance



Emails:

269

Est. Response Time (hours)

72:00:00



Secure Message

390

Est. Response Time (hours)

24:00:00



# Striving for Excellence

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

## 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

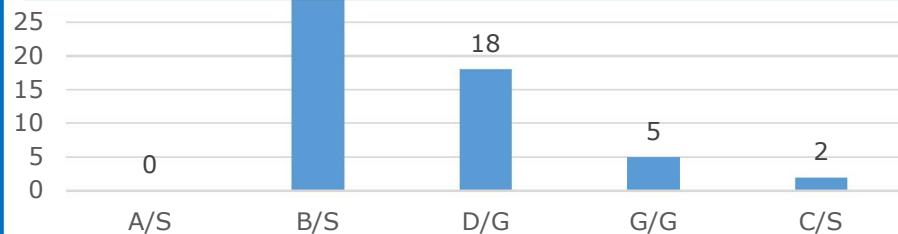
## In Process

As Of

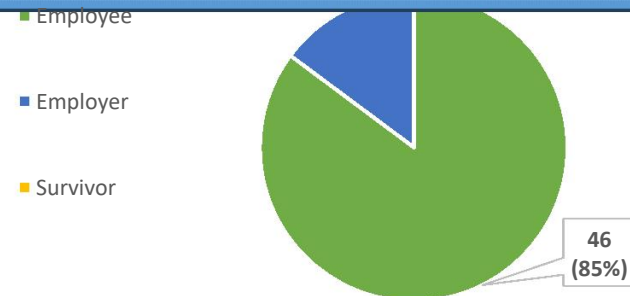
8/31/2023

Disability Statistics Unavailable Due to Case Management Implementation. Statistics will be updated on the CEO Dashboard issued in December.

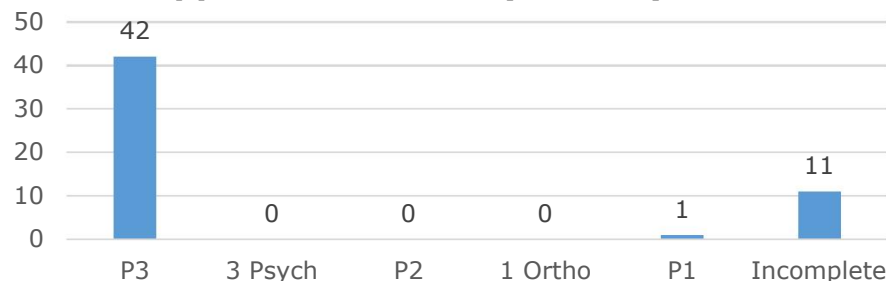
Disability



A/S: Plan A Safety - B/S: Plan B Safety - D/G: Plan D General  
G/G: Plan G General - C/S Plan C Safety

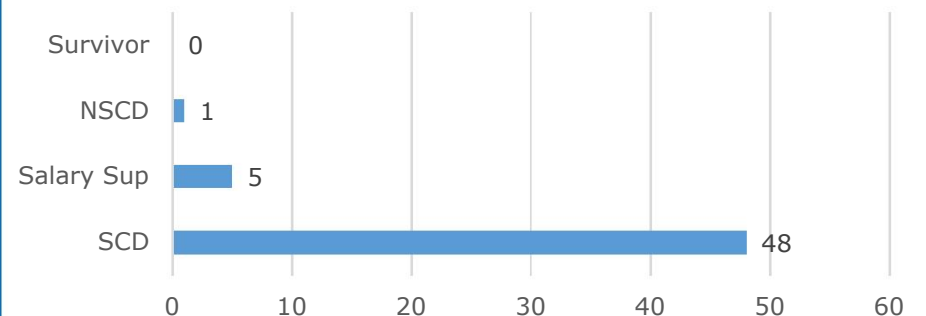


## Applications Filed By Priority Level



Priority Level

## Applications Filed By Type

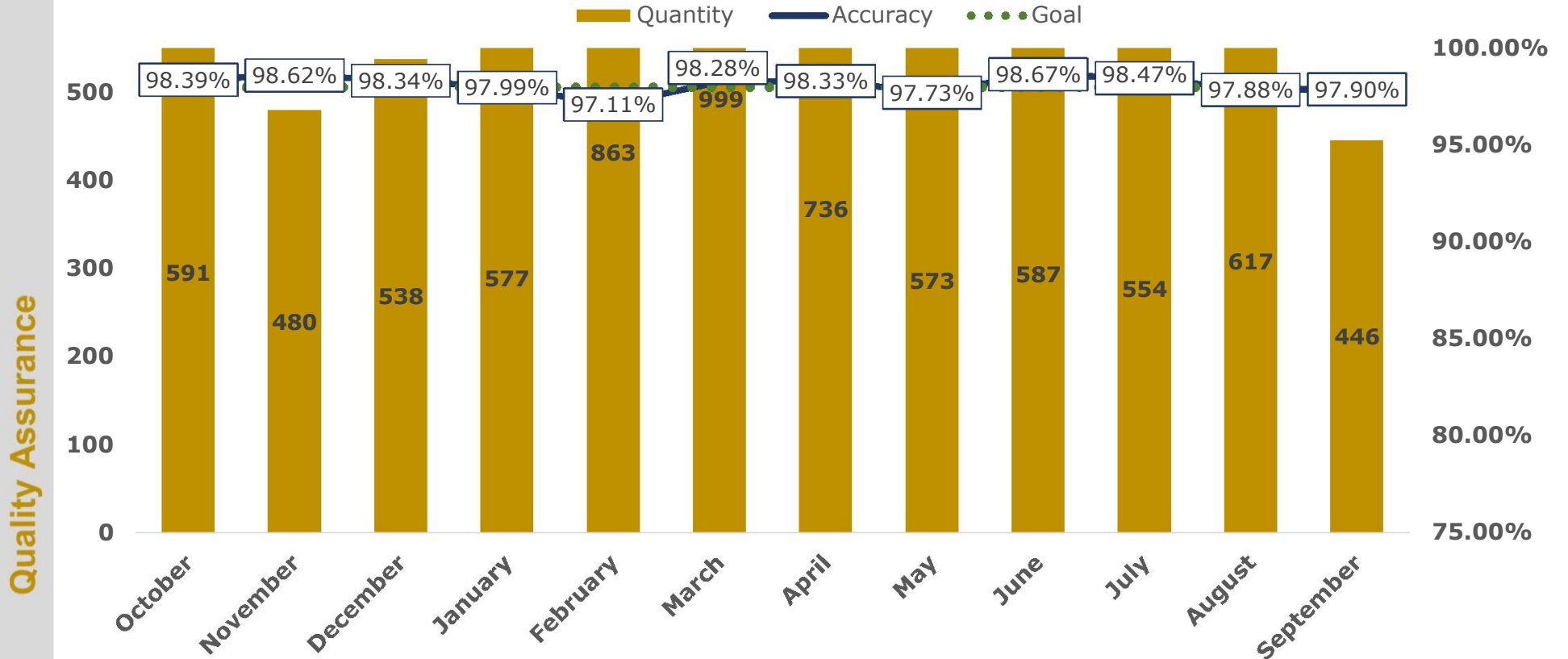




# Striving for Excellence in Quality

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

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



**September**

**97.90%**



### Retirement Elections

**182** Samples  
**97.96%** Accuracy

### Payment Contracts

**144** Samples  
**97.16%** Accuracy

### Data Entry

**120** Samples  
**98.58%** Accuracy



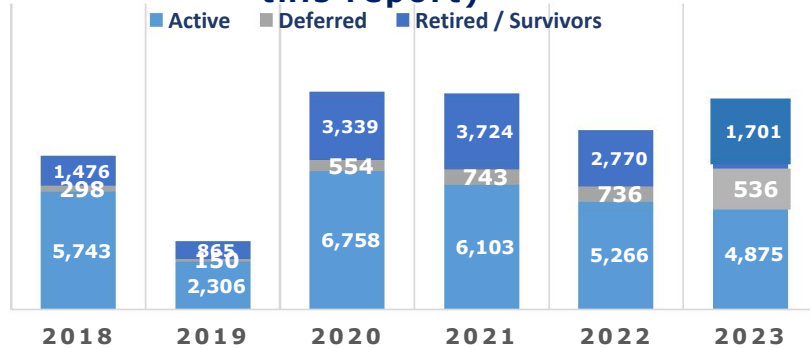


# Service On-Line for All

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

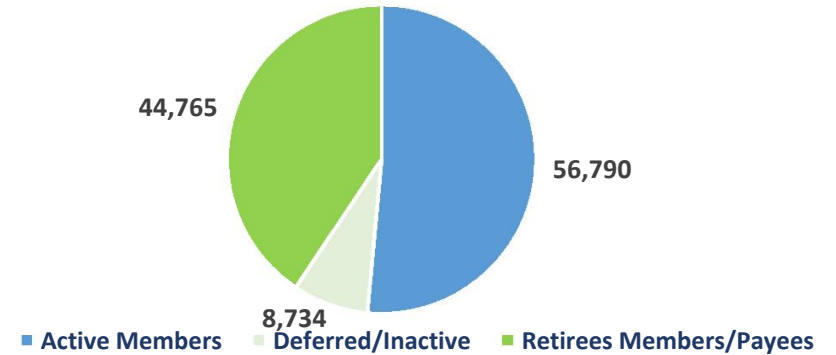
Serving Members Through LACERA.com and MyLACERA

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

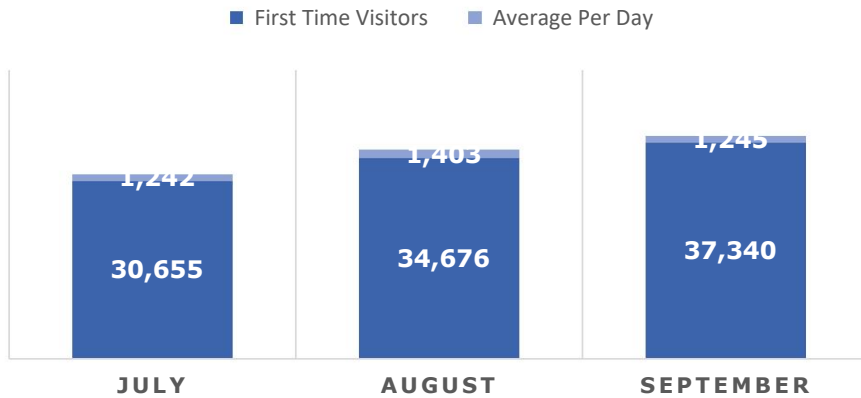


Registered Members / % Total **110,289** **58%**

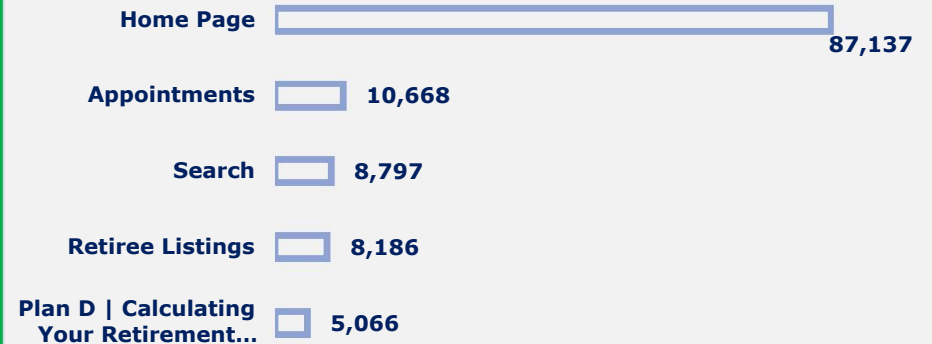
## Total Registrations By Member Type



## LACERA.com User Traffic



## Top Five LACERA.com Page Views



### Busiest Day of the Month:

Wednesday, 9/6/2023

### Home Page Tile Views

	Views	% of Change
My LACERA	5,628	-5%
Board Meetings	3,164	17%
Careers	3,514	-13%
Pre-Retirement Workshops	2,843	3%
Investments	2,205	0%
Forms & Publications	192	21%

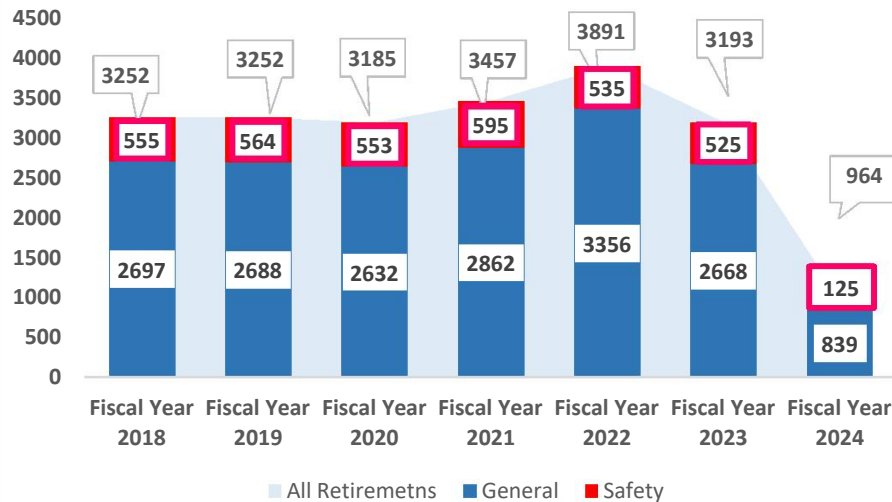


# Member Snapshot

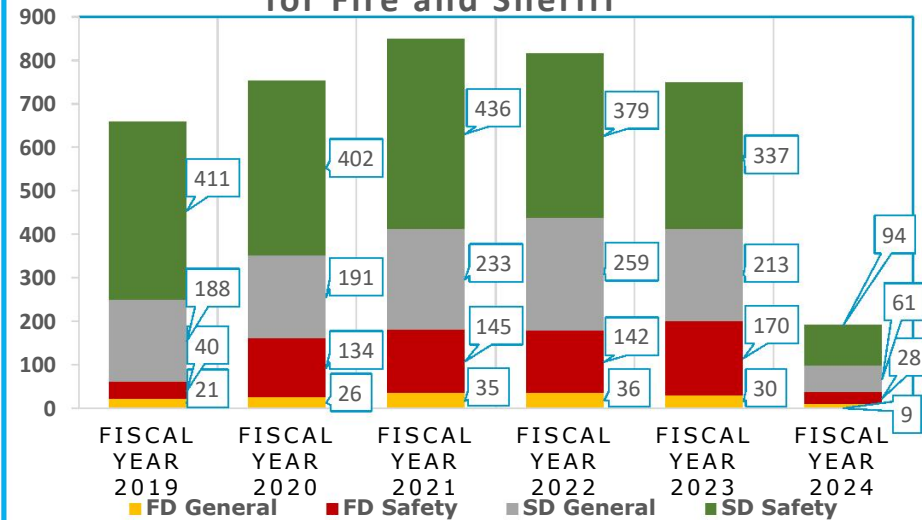
Membership Count as of: October 26, 2023

PLAN	ACTIVE		INACTIVE		RETIRED				Totals by Plan/Type
	Vested	Non-Vested	Vested	Non-Vested	Service	SCD - Disability	NSCD - Disability	Survivors	
<b>General</b> PLAN A	45	-	10	32	11,713	931	158	4,018	16,907
PLAN B	11	-	5	3	564	39	7	73	702
PLAN C	13	-	5	8	359	38	8	65	496
PLAN D	33,477	122	4,392	3,289	19,035	2,017	451	2,020	64,803
PLAN E	12,792	9	2,847	86	15,437	-	-	1,655	32,826
PLAN G	19,335	19,065	1,698	6,818	263	27	7	24	47,237
<b>TOTAL GENERAL</b>	<b>65,673</b>	<b>19,196</b>	<b>8,957</b>	<b>10,236</b>	<b>47,371</b>	<b>3,052</b>	<b>631</b>	<b>7,855</b>	<b>162,971</b>
<b>Safety</b> PLAN A	-	-	2	2	1,808	2,384	26	1,634	5,856
PLAN B	7,381	74	544	227	3,325	4,632	55	424	16,662
PLAN C	2,640	2,500	136	530	11	18	-	3	5,838
<b>TOTAL SAFETY</b>	<b>10,021</b>	<b>2,574</b>	<b>682</b>	<b>759</b>	<b>5,144</b>	<b>7,034</b>	<b>81</b>	<b>2,061</b>	<b>28,356</b>
<b>TOTAL ALL TYPES</b>	<b>75,694</b>	<b>21,770</b>	<b>9,639</b>	<b>10,995</b>	<b>52,515</b>	<b>10,086</b>	<b>712</b>	<b>9,916</b>	<b>191,327</b>

Total Retirements Compared by Type



General vs. Safety Retirements for Fire and Sheriff





# Member Snapshot

## Average Monthly Benefit Allowance Distribution 10/24/2023

	General	Safety	Total	%
\$0 to \$3,999	30,043	1,339	31,382	49.5%
\$4,000 to \$7,999	14,803	3,433	18,236	28.8%
\$8,000 to \$11,999	4,371	4,285	8,656	13.7%
\$12,000 to \$15,999	1,245	2,445	3,690	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%
<b>Totals</b>	<b>51,085</b>	<b>12,262</b>	<b>63,347</b>	<b>100%</b>

## Average Monthly Benefit Amount:

\$ **4,875.00**

### Healthcare Program

(Mo. Ending: 09/30/2023)

	Employer	Member
Medical	\$160.1	\$11.3
Dental	\$12.4	\$1.2
Part B	\$23.2	\$0.0
<b>Total</b>	<b>\$195.7</b>	<b>\$12.5</b>

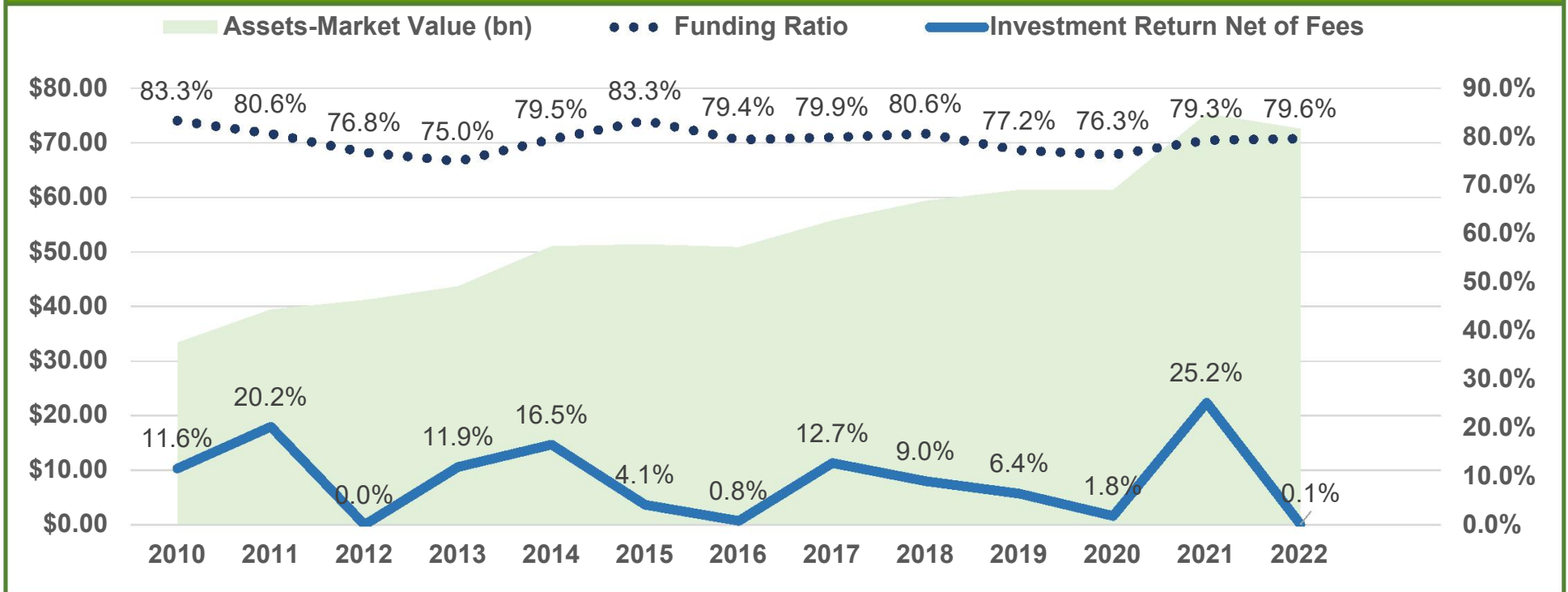
### Health Care Enrollments

(Mo. Ending: 09/30/2023)

Medical	55,490
Dental	57,452
Part B	38,264
LTC	487
<b>Total</b>	<b>151,693</b>

## 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 09/30/2023)

Monthly Payroll	\$371.72m
Payroll YTD	\$1.1b
New Retired Payees Added	285
Seamless %	96.84%
New Seamless Payees Added	932
Seamless YTD	96.78%
By Check %	2.00%
By Direct Deposit %	98.00%

### RETIREE PAYROLL BY YEAR





**ADMINISTRATIVE/OPERATIONS**

<b>Solicitation Name</b>	<b>Issuing Division</b>	<b>Public Release Date</b>	<b>Solicitation Stage*</b>	<b>Bid Respondents*</b>
<b>RFP: Audit Committee Consultant</b>	Internal Audit	9/06/2023	Soliciting Process	<ul style="list-style-type: none"> <li>• Audit and Risk Management Services</li> <li>• Mitchell Titus</li> <li>• Williams Adley</li> </ul>
<b>RFP: Policy Management Solution</b>	Executive Office	2/3/2023	Vendor Selection	<ul style="list-style-type: none"> <li>• Compass 365</li> <li>• AuditBoard</li> <li>• LogicGate</li> </ul>
<b>RFI: Death Audit and Data Cleansing Services</b>	Benefits	4/14/2023	Bid Review	<ul style="list-style-type: none"> <li>• PBI</li> </ul>
<b>RFP: External SOC Auditor</b>	Internal Audit	3/08/2023	Contract Execution	<ul style="list-style-type: none"> <li>• Moss Adams</li> </ul>
<b>RFP: Prepaid Debit Card Services</b>	Benefits	6/15/2022 ISD's Website 08/2022	Contract Execution	<ul style="list-style-type: none"> <li>• Conduent</li> </ul>
<b>RFB: Classification and Compensation Study Services</b>	Human Resources	8/24/2023	Solicitation Process	<ul style="list-style-type: none"> <li>• TBD</li> </ul>

\*Subject to change



## INVESTMENTS

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

\*Subject to change

Date	Conference
<b>November, 2023</b>	
6-7	2023 SuperReturn North America New York, NY
7-9	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY
7-10	SACRS Fall Conference Rancho Mirage, CA
14-17	2023 SuperInvestor International Zurich, Switzerland
<b>December, 2023</b>	
1	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
6	Southeast Investors Annual Meeting Miami, FL
<b>January, 2024</b>	
22-24	NCPERS (National Conference on Public Employee Retirement Systems) Legislative Conference Washington D.C.
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Date	Conference
21-22	PREA (Pension Real Estate Association) Spring Conference Nashville, TN
<b>April, 2024</b>	
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15-19	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
<b>May, 2024</b>	
6-7	IFEBP (International Foundation of Employment Benefit Plans) Washington Legislative Update Washington D.C.



October 23, 2023

TO: Trustees – Board of Investments

FROM: Jude Pérez *JP*  
Deputy Chief Investment Officer

Ted Granger *TG*  
Interim Chief Financial Officer

Richard P. Bendall *RPB*  
Chief Audit Executive

Kristina Sun *KS*  
Senior Internal Auditor

Kathryn Ton *KT*  
Senior Investment Analyst

FOR: November 8, 2023, Board of Investments Meeting

SUBJECT: **ACTUARIAL CONSULTING AND ACTUARIAL AUDITING SERVICES  
REQUEST FOR PROPOSAL – SEARCH CRITERIA**

### RECOMMENDATION

Approve the proposed search criteria for an actuarial consulting and actuarial auditing services Request for Proposal (“RFP”).

### BACKGROUND

LACERA is organized and exists under the County Employees Retirement Law of 1937 (CERL) and administers a Retirement Plan and Other Post-Employment Benefits (OPEB) Program pursuant to an agreement with Los Angeles County established in 1982, for Los Angeles County and special districts, the plan sponsors. LACERA policies, and in compliance with CERL, requires that an annual actuarial valuation, triennial investigation of experience (experience study), and GASB disclosure reports be performed regularly for the Retirement Plan and OPEB Program. LACERA periodically reviews and bids out its actuarial work to ensure that the Retirement Plan and OPEB Program continue to receive high-quality actuarial work. The last search for actuarial consulting and auditing services was conducted in 2017.

LACERA considers the actuarial independence of firms bidding for different consulting and auditing roles. For example, Milliman, LACERA’s current actuarial consultant, may not serve as the auditing actuary for either the Retirement Plan or OPEB Program. Segal, LACERA’s current retiree healthcare consultant, may not serve as the auditing actuary for the OPEB Program. The current consulting actuary for Los Angeles County, Cheiron, may not serve in any capacity for LACERA. It is not advisable for an actuary to serve a consulting role for one fund and an auditing role for the other, and this too will further limit the options for all proposing firms. Milliman and Segal may participate in the RFP subject to limits on the scope of work that may be recommended or awarded to them by the Board

of Investments. Other qualified firms are welcome and encouraged to submit a proposal in response to the RFP.

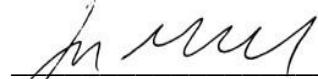
LACERA's current actuarial service agreements are set to expire with the completion of the fiscal year-end 2023 actuarial valuation projects. These projects are not within the scope of this RFP. As part of the normal course of business, LACERA's current actuarial consultant and actuarial auditor, Milliman and Cavanaugh Macdonald respectively, will perform their existing contractual work extending beyond June 30, 2023.

The proposed search is for a five-year (5) contract, with the option to extend for two (2) additional one-year terms in accordance with LACERA's Policy for Purchasing Goods and Services. The search will be to select one qualified firm to perform actuarial consulting services and a separate firm to perform actuarial auditing services for LACERA's Retirement Plan and OPEB Program.

The attached deck (**ATTACHMENT 1**) provides further details on the proposed actuarial consulting and actuarial auditing services RFP.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



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Luis Lugo  
Deputy Chief Executive Officer



# Actuarial Consulting and Actuarial Auditing Services - Request for Proposal

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Board of Investments Meeting  
November 8, 2023

# Recommendation and Background



## Recommendation

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- Approve the proposed search criteria for an actuarial consulting and actuarial auditing services Request for Proposal (“RFP”).

## Background

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- LACERA’s fundamental financial objective and mission is to produce, protect, and provide the promised benefits to its members. This search aligns with LACERA’s strategic plan for fiscal durability by exercising care in managing resources to ensure the long-term soundness of LACERA’s retirement benefits plan (Retirement Plan) and Los Angeles County’s Other Post-Employment Benefits program (OPEB Program). A periodic review and rebid is performed for LACERA’s actuarial contracts to ensure that the Retirement Plan and OPEB Program continue to receive high-quality actuarial work.
- The search is for a five-year (5) contract, with the option to extend for two additional one-year terms in accordance with LACERA’s Policy for Purchasing Goods and Services. LACERA’s actuarial service agreements are set to expire with the completion of the fiscal year-end 2023 actuarial valuation projects.
- The proposed search would be to select one qualified firm to perform actuarial consulting services and a separate firm to perform actuarial auditing services for LACERA’s Retirement Plan and OPEB Program.
- Based on the opinion of the Chief Legal Counsel and outside fiduciary counsel, LACERA’s current actuarial consultant and retiree healthcare consultant, Milliman and Segal, respectively, are limited in their participation in this RFP. Los Angeles County’s current actuarial consultant, Cheiron, may not serve LACERA in any capacity.

# Scope of Services Overview



## Actuarial Consulting Services

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- The actuarial consulting services fall into two categories:
  1. Preparation of the required annual actuarial valuation, triennial investigation of experience (experience study), and regulatory Governmental Accounting Standards Board (GASB) disclosure services for the Retirement Plan and OPEB Program.
  2. Consultation with Staff and Trustees regarding benefits, regulations, and administration of the Retirement Plan and OPEB Program, including interaction with the Fund's auditor, administrator, and legal counsel on these and other matters.

## Actuarial Auditing Services

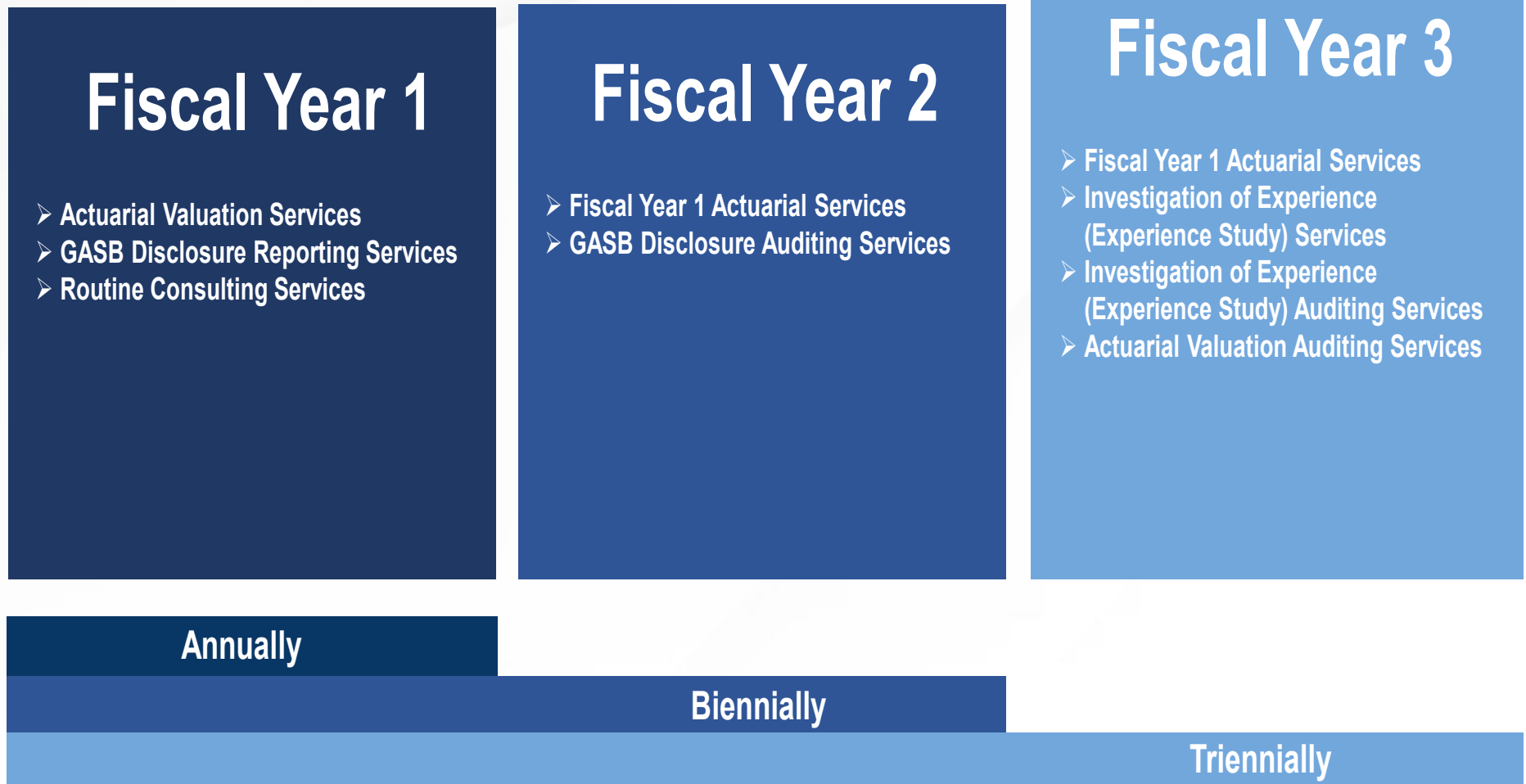
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- The actuarial auditing services include:
  1. Performing audits with respect to the annual actuarial valuation, triennial investigation of experience, and regulatory GASB disclosure reports for the Retirement Plan and OPEB Program.

# Actuarial Services Reporting Cycle



## Retirement Plan and OPEB Program



Note: Fiscal Year refers to the valuation work related to the fiscal year end date. For example, Fiscal Year 2024 refers to the June 30, 2024 valuation work. The timing of the actuarial work performed by the Consultant and the Auditor varies depending on the reporting requirements and the projects' timeline schedule.

# Actuarial Consulting Scope of Services



## 1. Actuarial Valuation Services

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- Calculate the Retirement Plan's funded status and required employer and employee contribution rates.
- Complete an actuarial valuation every year for the Retirement Plan as of June 30<sup>th</sup> and OPEB Program as of July 1st.
- Make recommendations to the Boards and document results of the actuarial valuation in a written report.

## 2. Investigation of Experience (Experience Study) Services

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- Review the economic and demographic assumptions used in the actuarial valuations.
- Perform an experience study every three years for the Retirement Plan and OPEB Program. The studies could be performed earlier if requested by the Boards.
- Make recommendations to the Boards and document results of the experience study in a written report.

# Actuarial Consulting Scope of Services



## 3. GASB Disclosure Reporting Services

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- Complete the annual GASB disclosure reports required for the Retirement Plan and OPEB Program for financial statement reporting.
- Document the results in a written report for the plan administrator and plan sponsors.

## 4. Routine Consulting Services

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- Provide ongoing actuarial consultation and advisory services on any technical, policy, or plan administration related to the Retirement Plan or OPEB Program during the course of operations.
- Develop and provide various actuarial factors and tables required for the operation of LACERA and routine calculations of certain retirement benefits.
- Proactively evaluate and provide LACERA with timely information on new developments, trends, or changes in the actuarial standards and in the retirement industry.
- Make recommendations to the Boards and document the results in a written report.



# Actuarial Auditing Scope of Services



## 1. Actuarial Valuation Auditing Services

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- Conduct an audit of the actuarial valuation prepared by the Consultant.
- Make recommendations to the Consultant and/or to the Boards regarding the work completed by the Consultant.

## 2. Investigation of Experience (Experience Study) Auditing Services

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- Conduct an actuarial audit of the experience study prepared by the Consultant.
- Make recommendations to the Consultant and/or to the Boards regarding the work completed by the Consultant.

## 3. GASB Disclosure Auditing Services

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- Conduct audits of separate GASB disclosure reports for the Retirement Plan and OPEB Program.

# Proposed Minimum Qualifications



In order to be eligible, respondents must meet the following Minimum Qualifications (“MQs”):

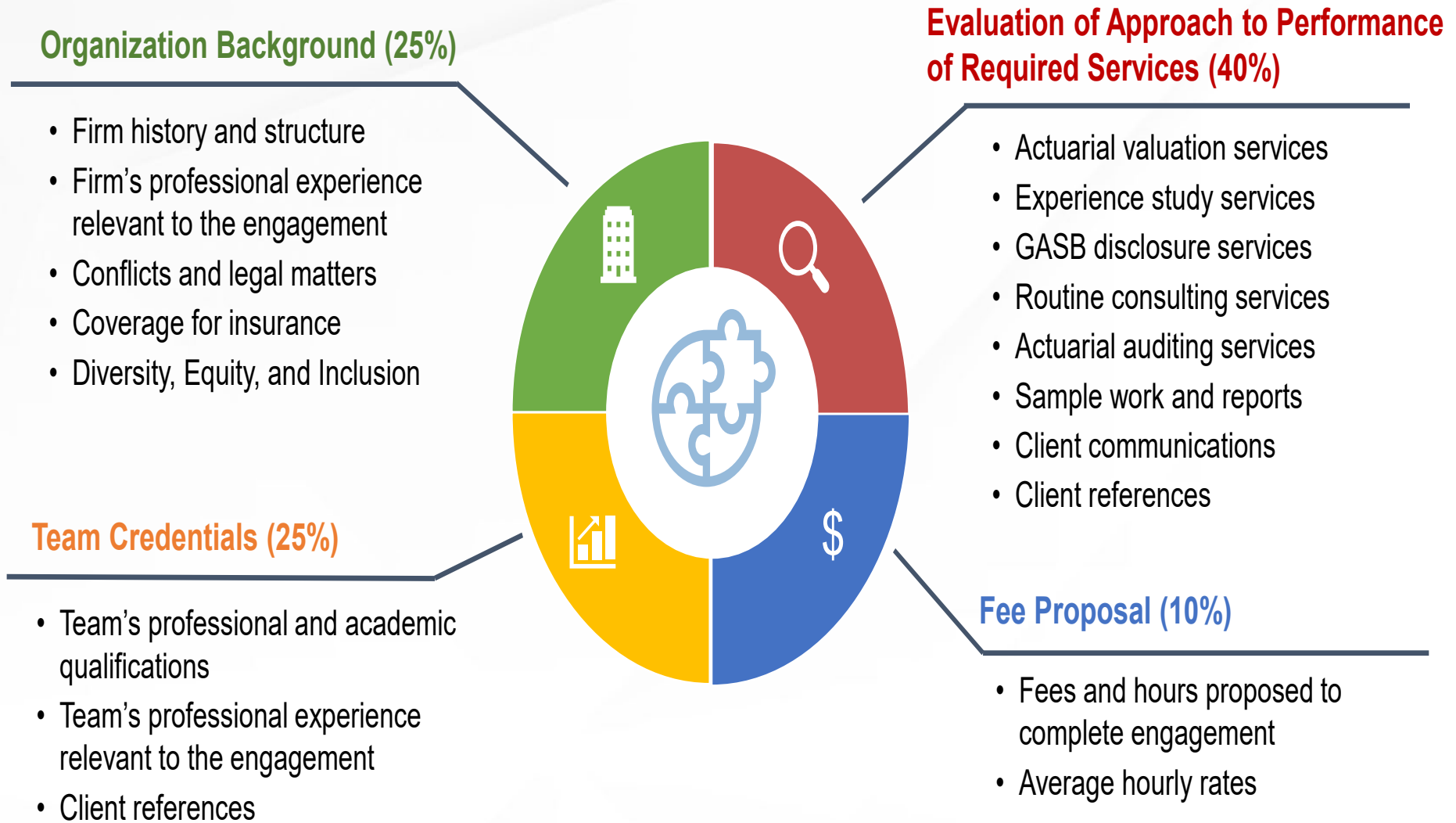
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1. The Firm must be a professional actuarial services firm providing actuarial valuations, experience analyses, actuarial audits, and pension consulting services to public pension plans with Other Post-Employment Benefit (OPEB) Programs, or similar entities which are approximately the size and complexity of LACERA within the last five (5) years as of the filing date.
2. The Lead Actuarial Project Manager must have a minimum of five (5) years of experience as an actuary providing pension and consulting services experience analysis, valuation assignments, and actuarial audit assignments for public pension plans with OPEB Programs.
3. The Lead Actuarial Project Manager must be either an Associate of the Society of Actuaries or a Fellow of the Society of Actuaries.

# Proposed Evaluation Criteria



Firms that have met the stated MQs will be subject to further evaluations on the following criteria:



# Evaluation Process



Proposed **Evaluation Team** includes multiple division stakeholders within LACERA.



Evaluation Team will conduct the RFP process in **two phases**:

Phase I: Evaluation of written responses & Phase II: Candidate interviews



Final scores, evaluation review, and recommendation will be provided to the BOI (“BOI”).



The **RFP selection** will be made by LACERA’s Board of Investments.

# RFP Search Timeline



# Conclusion



## Recommendation

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- Approve the proposed search criteria for an actuarial consulting and actuarial auditing services RFP.



October 25, 2023

**TO:** Each Trustee,  
Board of Retirement  
Board of Investments

**FROM:** Santos H. Kreimann <sup>SHK</sup>  
Chief Executive Officer

**FOR:** November 1, 2023 Board of Retirement Meeting  
November 8, 2023 Board of Investments Meeting

**SUBJECT:** Board Approval of Appointment to a Special Step Placement for the CEO's Proposed Appointee for Senior Staff Counsel, LACERA (Benefits) – Jean J. Kim

## **RECOMMENDATION**

That the Board of Retirement and the Board of Investments approve the appointment to a Special Step Placement for the Chief Executive Officer's proposed appointee for the position of Senior Staff Counsel, LACERA (Benefits), as follows:

- Jean J. Kim – LS 16 (Step 18, \$274,297.32/annual)

## **BACKGROUND**

On April 14, 2023, LACERA Human Resources (HR) contracted with national legal recruiting firm, Major, Lindsey, & Africa (MLA) to administer highly specialized attorney recruitments for the Legal Division, which included the Senior Staff Counsel (Benefits), among other needed positions. The authority for purchase of such services, at an estimated cost of \$309,000, was given by action of the Board of Retirement at its February 1, 2023 meeting. The recruitment included up to six hard-to-fill positions within the Benefits and Investment Sections of the Legal Division. The fee to MLA for the appointment proposed in this memo will be within the approved authority.

MLA was selected following an RFQ process based on their reach, reputation and history of results based on references within the legal community, standing in the legal industry, and focus in their recruiting on all measures of talent, fit, and background relevant to overall success in attorney placements. LACERA's team from MLA is led by the firm's Managing Partner and National Law Firm Diversity Practice Leader and includes a Managing Director and an Associate Director, all of whom are backed up by a team of recruiters and other staff needed to conduct a national search.

The recruitment for Senior Staff Counsel (Benefits) was necessary because of the retirement of a respected 30-year incumbent at the end of August 2023. The recruiting process began prior to the prior incumbent's retirement as part of an intentional

succession planning effort by the Executive and Legal Offices. The salary range for the position is LS16 (\$181,224.00 - \$274,297.32/annual).

### **POSITION DUTIES, RECRUITMENT PROCESS, AND SELECTION OF JEAN J. KIM**

The recruitment for Senior Staff Counsel (Benefits) was active from May 4, 2023 to October 4, 2023. MLA identified and considered two hundred plus (200+) candidates. Of the two hundred (200) identified, it was determined that twenty-five (25) were potential fits and were vetted. MLA submitted fifteen (15) to Chief Counsel and the prior incumbent for review and consideration. Five (5) were ultimately interviewed and participated in several rounds, including meeting with Chief Counsel, the prior incumbent, other attorneys in the Legal Office, and members of the Executive Office. An open and competitive exam was posted. The current Eligible Register following the exam has four (4) reachable candidates, including Jean J. Kim.

The Senior Staff Counsel (Benefits) position reports directly to Chief Counsel, LACERA and oversees the Benefits Section of the Legal Office, which includes two Staff Counsels (one vacant), two Legal Analysts, and a Senior Legal Secretary. The position's placement in the Legal Office's structure is shown in the attached Organizational Chart.

The work of the Benefits Section includes researching and answering questions and provision legal opinions regarding benefit issues under the County Employees Retirement Law of 1937 (CERL), the Public Employees' Pension Reform Act of 2013 (PEPRA), and other applicable law, regulations, and policies, analyzing pensionability issues with respect to new and existing pay items, evaluating large volumes of Domestic Relations Orders, and performing all other legal work required by the Boards, the Executive Office, the Member Operations Group, and all other LACERA divisions and staff in connection with benefit issues. This work requires the ability to communicate effectively with the Boards in meetings and with trustees one on one, work with Executive Management and other staff, and develop good relations with the County CEO's Office, labor, members, and other outside groups. The position requires excellent research, analytical and written, and oral communication skills, and a high degree of responsiveness and leadership. The position performs decision-making, advisory, and training roles at various times. The position requires mastery of CERL and PEPRA.

For the Senior Staff Counsel (Benefits) position, based on the selection process described above, the Legal Division requests to hire, and the CEO intends to appoint, Ms. Kim and offer a starting salary at Step 18 of the salary schedule for Senior Staff Counsel, LACERA, subject to the Boards approval of salary. The requested starting salary is based on salary negotiations with Ms. Kim and commensurate with her 15 years of experience advising privately held and public companies and multi-employer plans and trusts on employee benefits related matters arising under ERISA, the Internal Revenue Code, ACA, HIPAA, COBRA and other federal and state laws affecting executive compensation and benefit plans, including retirement plans (e.g., 401(k) plans and 403(b) plans) and health and welfare plans. She has experience in providing advice, addressing compliance



issues, plan design and preparation of plan documents, tax qualification and administration, QDROs, and Department of Labor investigations, among other areas. Her employment background includes private law firms in Los Angeles and New York and a national accounting firm.

Ms. Kim has a B.A. in English from Brown University, a J.D. from UCLA Law School, and an LL.M. in taxation from the New York University School of Law. She is admitted to the bar in California and New York. Ms. Kim's great knowledge and experience, as well as her positive personal attributes and presence and her interpersonal skills, provide the promise of solid leadership for the future for the Benefits Section of the Legal Office and a sophisticated resource for the Boards, Executive Office, and staff.

Ms. Kim was interviewed by Chief Counsel, other attorneys in the Legal Office, the Chief Executive Officer, Deputy Chief Executive Officer, and Assistant Executive Officer over the Member Operations Group. She also had discussions with the prior incumbent. She met the entire staff of the Benefits Section of the Legal Office. She provided writing samples, including memos and presentations.

Given Ms. Kim's high level of experience and her current employment with a private law firm where she receives a salary in excess of the amount being requested, and discussions and negotiations with Ms. Kim and MLA, the requested salary is appropriate and necessary to secure her employment by LACERA. While Ms. Kim does not have experience with CERL and PEPRA, her experience with ERISA, the Internal Revenue Code, ACA, HIPAA, COBRA, and other complex federal and state laws provides staff with confidence that she will learn and master CERL and PEPRA quickly from her own work in reading these laws and in her day-to-day work experience at LACERA. Ms. Kim will also be provided training from internal staff and fiduciary counsel, as well as outside training at SACRS, NAPPA, CALAPRS, and other organizations. Beyond Ms. Kim's ability to absorb CERL and PEPRA, her experience with the other laws listed, many of which are relevant to LACERA, will strengthen and enhance the Legal Office's services by providing additional and expanded expertise.

## **PROCEDURE FOR ESTABLISHING CLASSIFICATIONS AND PAY RANGES**

The Chief Executive Officer is the appointing authority for the Senior Staff Counsel, LACERA (Benefits) as a MAPP, Tier II position. County of Los Angeles Salary Ordinance 6.127.040 B 1. However, the authority to provide Ms. Kim a starting salary at Step 18 rests jointly with the Board of Retirement and Board of Investments. Such authority is provided under Salary Ordinance 6.127.040 – *LACERA Tier 1 and Tier II Management Appraisal and Performance Plan*, Section P. *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:

Re: Approval of Appointment to Special Step Placement for Senior Staff Counsel,  
LACERA (Benefits) – Jean J. Kim  
October 25, 2023  
Page 4 of 4

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.*** (Emphasis added.)

On October 19, 2023, Ms. Kim was provided with a conditional offer of employment, with starting compensation at Step 18 pending approval of salary by the Boards as well as reference and background checks. Ms. Kim accepted the conditional offer on October 23, 2023, and staff will complete her background check, Live Scan, and references. Upon approval of the Special Step Placement request by the Board of Retirement and Board of Investments, Human Resources (HR) will determine a start date for Ms. Kim, which is expected to be in December 2023 or January 2024.

## **RECOMMENDATION**

That the Board of Retirement and the Board of Investments approve the appointment to a Special Step Placement for the Chief Executive Officer's proposed appointee for the position of Senior Staff Counsel, LACERA (Benefits), as follows:

- Jean J. Kim – LS 16 (Step 18, \$274,297.32/annual)

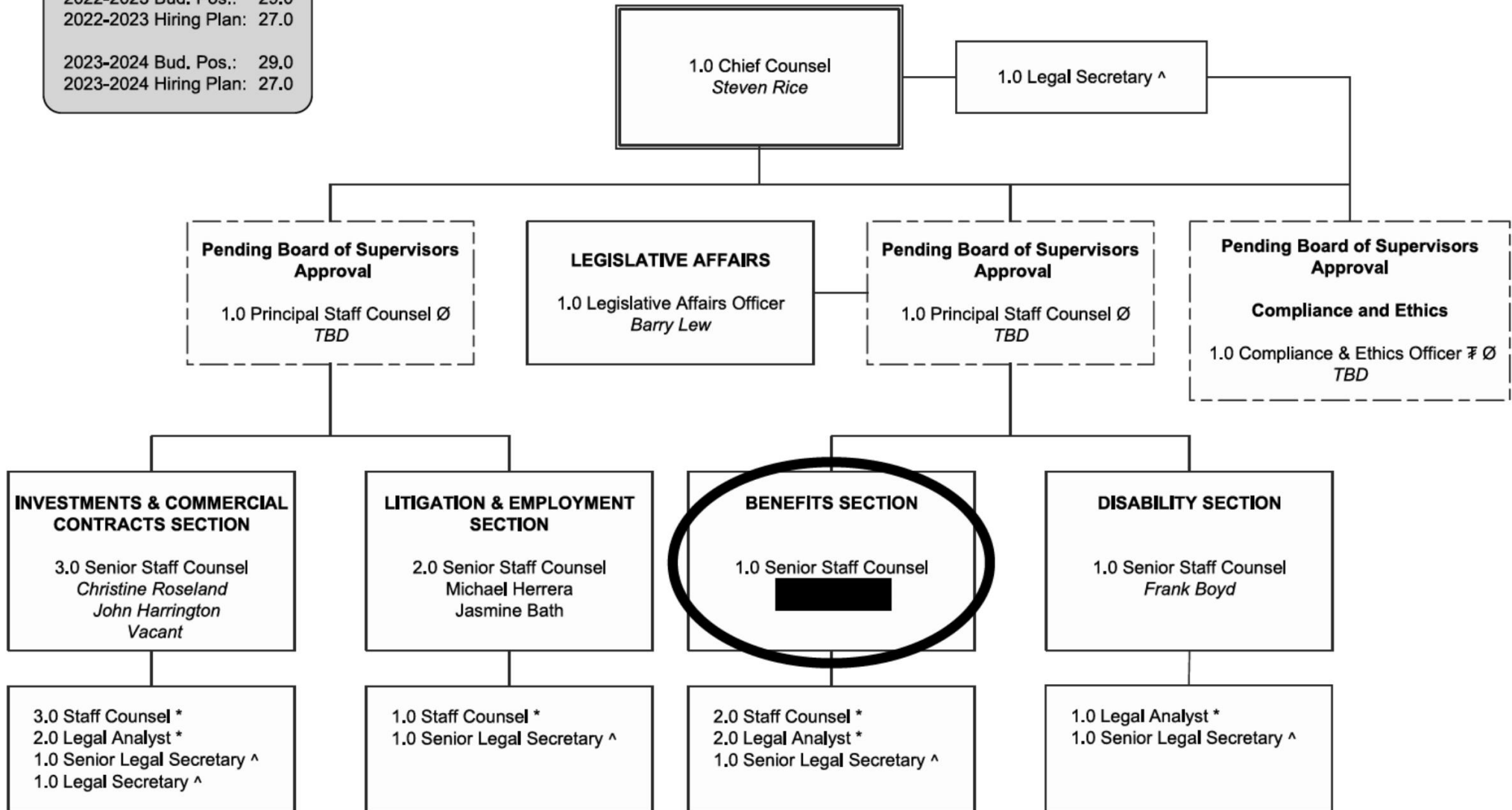
Attachment – Organizational Chart

cc: Luis Lugo  
Steven P. Rice  
Laura Guglielmo  
JJ Popowich  
Carly Ntoya, Ph.D.

# LEGAL SERVICES

## FISCAL YEAR 2023-2024

2022-2023 Bud. Pos.: 29.0  
 2022-2023 Hiring Plan: 27.0  
 2023-2024 Bud. Pos.: 29.0  
 2023-2024 Hiring Plan: 27.0



\* Classification study for the position requested

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

Ø Not yet approved by Board of Supervisors (1.0 Principal Staff Counsel in Investments & Litigation Team, 1.0 Principal Staff Counsel in Benefits & Disability Team, and 1.0 Compliance and Ethics Officer in Legal Services)

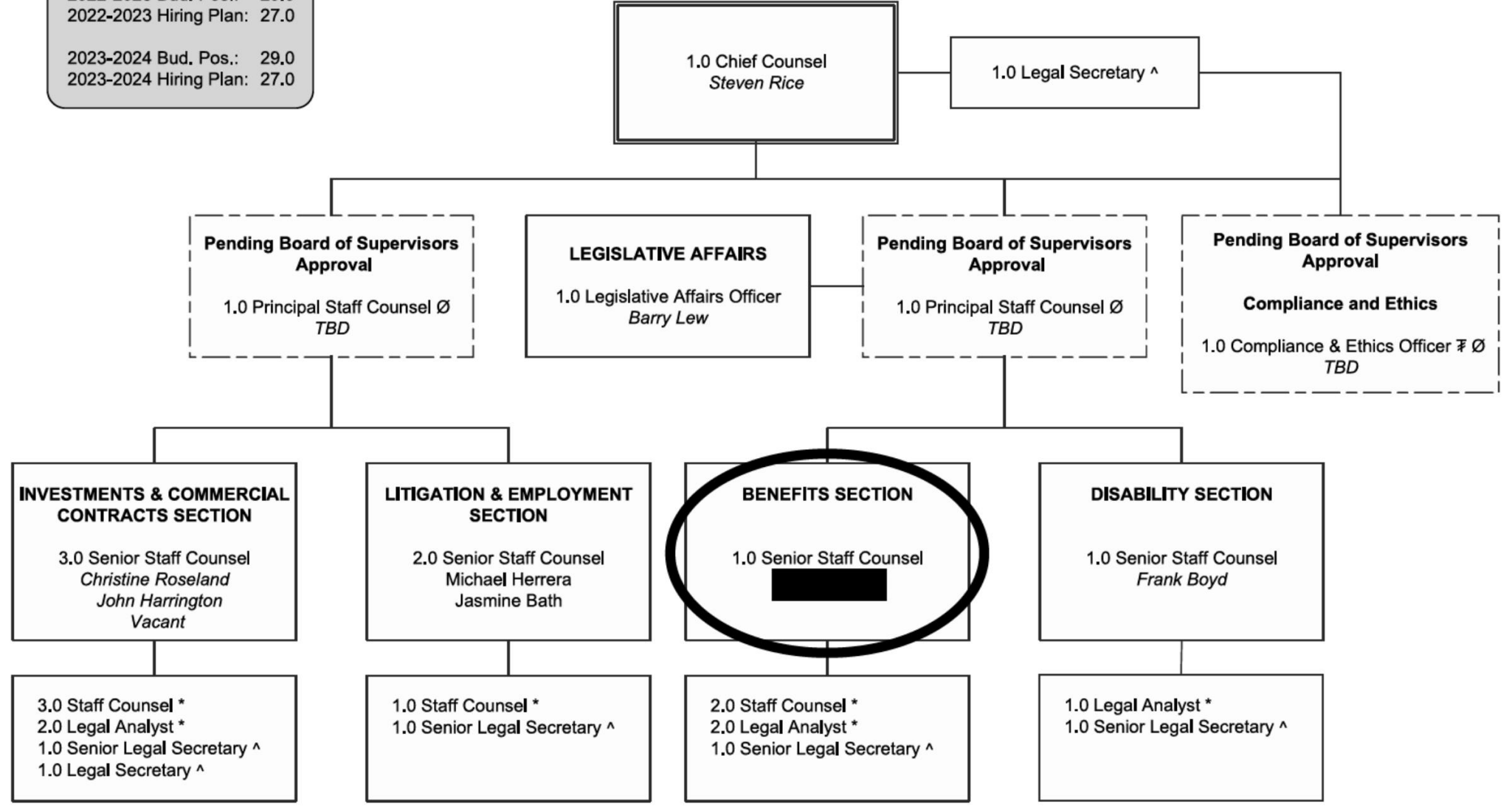
ƒ Title change from Director of Compliance to Compliance and Ethics Officer

# LEGAL SERVICES

## FISCAL YEAR 2023-2024

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2023-2024 Bud. Pos.: 29.0  
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 ƒ Title change from Director of Compliance to Compliance and Ethics Officer

October 31, 2023

TO: Trustees – Board of Investments

FROM: Jonathan Grabel   
Chief Investment Officer

Tim Filla, Meketa Investment Group  
Managing Principal

Jude Pérez   
Deputy Chief Investment Officer

Cheryl Lu   
Investment Officer

Scott Zdrazil   
Principal Investment Officer

Quoc Nguyen   
Investment Officer

Cindy Rivera   
Investment Officer

FOR: November 8, 2023, Board of Investments Meeting

SUBJECT: **Governance Review and Delegated Authority Framework**

The Board of Investments (Board) initiated a process to conduct a governance review with its investment consultant, Meketa Investment Group, in early 2023. The governance review has included discussion of prospectively revising LACERA's delegated authorities in its investment program. The review has included a Trustee survey, Board self-evaluation conducted at the Board's September 2023 off-site, overview of public pension governance models, and peer reviews conducted by Meketa Investment Group discussed at the October 2023 meeting.

As a follow-up to the Board's October 2023 meeting, Meketa Investment Group and staff have prepared a draft delegated authority framework for Trustee's consideration, as presented in the attached materials. The draft delegated authority was developed by Meketa Investment Group, in conjunction with a cross-functional internal team from the Investment Division, and with the input of the Chief Counsel and the Board's fiduciary counsel, Ashley Dunn, of Nossaman LLP. Fiduciary counsel will participate and be available for questions at the November 8<sup>th</sup> meeting.

Attachments include:

Attachment 1: Discussion presentation, outlining the guiding principles and structure of the draft delegated authority framework.

Attachment 2: A redlined Investment Policy Statement, including a draft new investment belief and text changes to Board and staff roles that, if adopted, would enact the draft delegated authority framework. The redline also incorporates text from LACERA's Powers Defined and Powers Reserved policies to consolidate and harmonize governing policies, if adopted.

Each Trustee – Board of Investments

October 31, 2023

Page 2 of 2

Attachment 3: Copies of the current investment guidelines governing each asset class, as defined in LACERA's Board-approved Structure Reviews for each asset class.

Attachment 4: Copies of LACERA Powers Defined and Powers Reserved policies.

Attachment 5: Mapping of where roles defined in LACERA's Powers Reserved Policy are found in other LACERA policies, legal authorities, or are proposed to be incorporated into the redlined Investment Policy Statement.

Attachments



# Proposed Delegated Authority Framework

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2023 Board of Investments

November 8, 2023



1. Review of Fiduciary Duties Guiding Deliberation of Delegation
2. Objectives and Guiding Principles that Guided the Draft Delegated Authority Framework
  - Recap of Key Objectives in Refreshing Delegated Authorities, from Recent Board Discussions
  - Guiding Principles that the Draft Delegated Authority Framework Aims to Achieve
3. Proposed Revised Investment Belief
4. Proposed Delegated Authority Framework
  - Summary of existing investment parameters in LACERA asset category Structure Reviews
  - Summary of draft redline modifications to the Investment Policy Statement
5. Next Steps



# Governance Review Background and Timeline

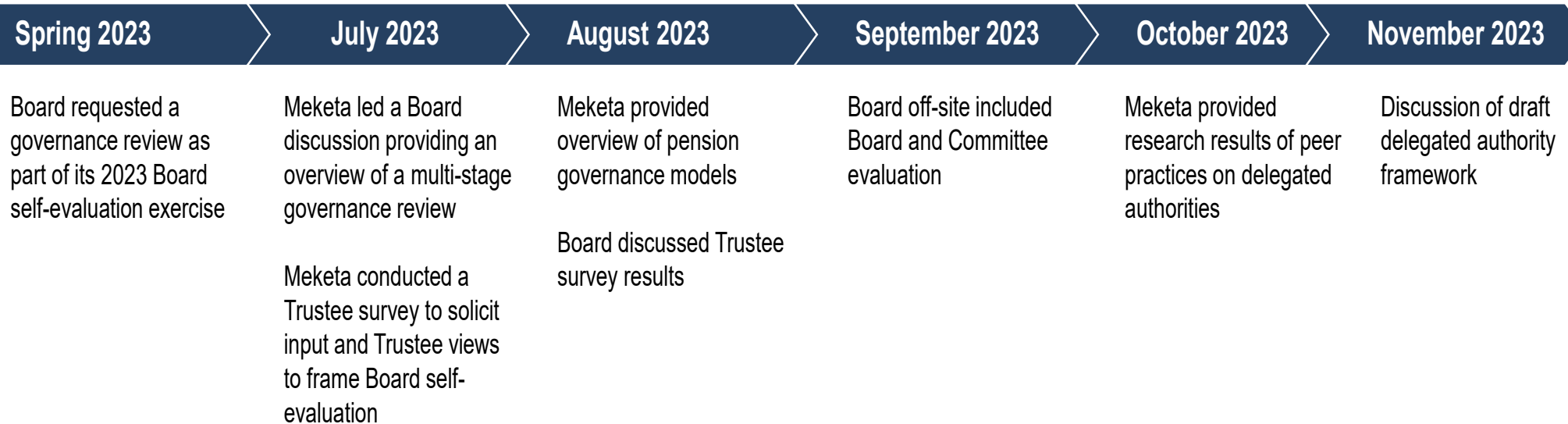


The Board requested a governance review in Spring of 2023

Meketa has led a multi-stage process to solicit Trustee input with an aim of ensuring that LACERA's governance model reflects the evolution of LACERA and positions the Fund for success as the Fund grows

The governance review is part of LACERA's Strategic Plan to move from "Allocator to Best-in-Class Investor" by, in part, ensuring our investment processes are "fit for purpose"

## Governance Review Timeline



# Fiduciary Framework Regarding Delegation



The California Constitution, the County Employees Retirement Law of 1937 (CERL), and trust law provide legal parameters to guide the Board's discussion of determining whether, when, how, and to whom to delegate any of its plenary authority consistent with its fiduciary responsibilities:

## 1. Duty of Care: The Board must act with prudence

"The members of the retirement board of a public pension or retirement system **shall discharge their duties with respect to the system with the care, skill, prudence, and diligence** under circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."

California Constitution, Section 17(c)

## 2. Prudent Delegation: The Board may delegate certain responsibilities, including the authority to invest, when prudent in the informed opinion of the Board

"...**the Board may in its discretion, invest, or delegate the authority to invest, the assets of the fund** through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction **when prudent in the informed opinion of the board.**"

CERL, Section 31595; see also Rest. 3d Trusts

## 3. Oversight: The Board has the affirmative responsibility to request and receive information to enable prudent oversight

"The board of investments shall be responsible for all investments of the retirement system."

CERL, Section 31520.2(b)

To position the Board to exercise prudence with respect to delegations, the Board must ensure any delegation of its authority has appropriate checks and balances and enables the Board to fulfill its duty to request, receive, review and comment upon information to exercise its responsibility to conduct oversight of the investment program.

# Recap of Objectives in Considering Framework



Recent guided discussions between Trustees and Meketa have identified and discussed several key objectives as Trustees deliberate re-calibrating “when” and “how” to delegate authority

## 1. Ensure Robust Alignment with Fiduciary Duty

- Fiduciary duty includes determining whether and when to delegate authorities to skilled professionals and consultants as part of prudent Fund administration

## 2. Emphasize Strong “Best-in-Class” Governance to Further LACERA’s Strategic Plan from “Allocator to Best-in-Class Investor”

- Optimize both the Board’s roles and the role of staff to collectively achieve LACERA’s mission and investment objectives
- Reinforce the Board of Investments as a policy-setting body with clear oversight
- Optimize Board time on critical matters
- Cognizant of trendline among peers regarding delegation

## 3. Maximize Efficiencies

- Enhance time for Board to focus on setting policy, overseeing risks, and monitoring investment performance
- Ensure LACERA authorities enable timely execution of market opportunities within established policy, asset allocation, and structure review investment guidelines

## 4. Position LACERA for Future Durable Growth and Success

- “Fit for purpose” decision-making structure to facilitate stable and durable growth as LACERA increases fund size and complexity

## 5. Optimize Talent Management

- Consider where alignment with peers on delegated authority may impact LACERA’s success on talent attraction, competition, and engagement

## 6. Capitalize on LACERA’s Recent Evolution and Track Record of Delegation

- LACERA has recently expanded a range of delegated authority (i.e., private market co-investments and fund re-ups, secondary sales executions, proxy voting and corporate governance initiatives, credit functional asset category, OPEB manager selections)

# Guiding Principles in Developing Framework



In drafting a delegated authority framework, Meketa and staff aimed to align the framework with the following guiding principles:

## 1. Clarity in Objectives, Roles, Parameters, and Controls

- Position delegation framework to anticipate what can be anticipated (asset manager hiring, termination)
- Remain dynamic for any unforeseen decisions that must be efficiently made (i.e., market or manager disruptions, as well as opportunities)
- Optimize decision-making structure

## 2. Checks-and-Balances

- Ensure roles and responsibilities empower the Board to exercise its fiduciary duties
- Maintain internal committee structures that incorporate diverse experiences and viewpoints to enhance decisions
- Strong investment consultant roles to advise Board on policies, asset allocation, and portfolio monitoring, as well as reviewing and concurring on manager selection

## 3. Clear and Harmonized Policies

- Avoid unnecessary policy proliferation
- Ensure Trustees, staff, and stakeholders can reference clear policy guidance
- Maintain the Investment Policy Statement as the main, authoritative document guiding the investment program

## 4. Effective Board Oversight

- Ensure Board is in position to exercise fiduciary duty to monitor fund, including policy implementation, fund and manager performance, risk and compliance

## 5. Durable, Forward-Looking, and Dynamic

- Aim for a stable framework that will stand the test of time
- Anticipate what can be practically anticipated while positioning the Fund to be dynamic as it increases in size

# Proposed Revised Investment Belief



At the October 2023 Board meeting, Trustees highlighted in the Meketa peer review that some peers reference delegation in their investment beliefs

Trustees discussed considering an additional Investment Belief to be incorporated into the beliefs that frame LACERA's Investment Policy Statement

The draft investment belief below is included in the redlined Investment Policy Statement (Attachment 2) on page 4 for Trustee consideration



## **Draft Investment Belief addressing Governance**

“Strong governance is critical for LACERA to achieve its investment objectives.

Strategic direction-setting by the Board, prudent delegation of day-to-day portfolio management, and effective organizational controls and oversight are important components of strong governance.”

# Draft Delegated Authority Framework



## 1. Investment Policy Statement

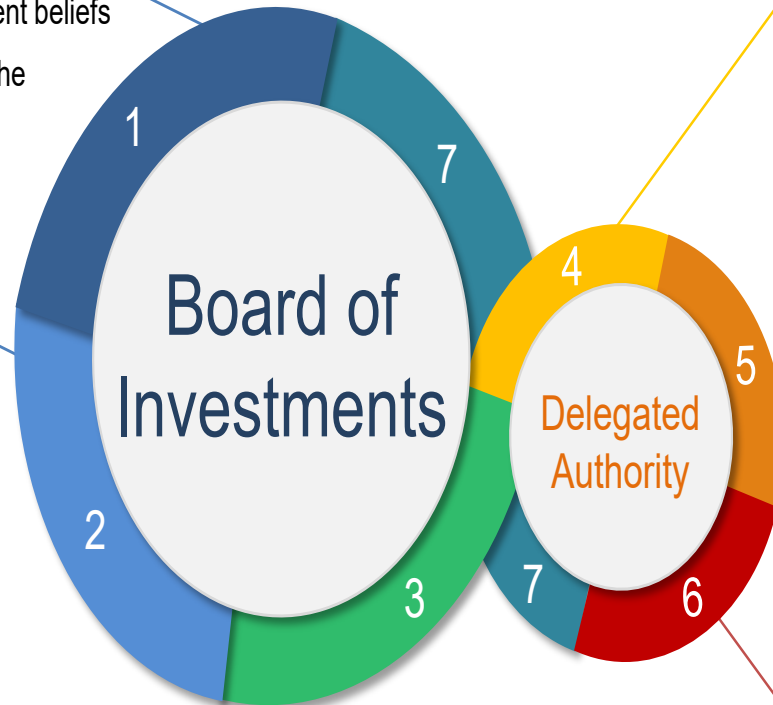
- BOI approves IPS, including investment beliefs
- IPS defines the framework by which the BOI manages the assets of LACERA

## 2. Strategic Asset Allocation

- BOI approves SAA every three to five years or as needed
- Includes investment allocations and benchmark targets with defined asset categories

## 3. Asset Class Structure Reviews

- BOI approves investment guidelines for each functional asset category every two years or as needed
- Includes investment allocations, benchmark targets and investment guidelines for each asset category



## 4. Staff-Led Sourcing and Due Diligence

- Staff conducts due diligence and analysis on manager selection, rebalancing and terminations consistent with Board-approved Structure Review guidelines
- External consultants conduct independent due diligence for all manager selections

## 5. Internal Committee Approval and Consultant Concurrence

- Internal committee processes must adhere to well-defined and documented governance procedures
- Affirmative approval of internal committee is required for manager selection and termination of existing managers
- Concurrence from external consultant must be obtained for manager selection and termination

## 6. CIO Approval

- CIO may only approve investment-related actions that comply with the policies, SAA and guidelines approved by BOI
- Prior internal committee approval is required before CIO can approve new investments and terminations

## 7. Continuous Board Oversight and Monitoring

- CIO-authorized investments promptly reported to BOI
- CIO-sourced investment opportunities require BOI review and approval
- Quarterly compliance monitor with delegation reports to BOI
- Quarterly and annual performance reporting and manager scorecards
- BOI oversight of programmatic topics such as fee reporting & T.I.D.E. updates
- Annual CIO performance review

# Summary of Structure Review Provisions



Under the draft delegation authority framework, the same Board-approved Structure Review investment guidelines would apply

The Board reviews and approves investment guidelines for each asset class in LACERA's Structure Review

Structure Reviews establish parameters that currently guide staff and investment consultants in sourcing and evaluating prospective mandates

## **Structure Review guidelines typically address:**

- ✓ Subcategory target allocation ranges (i.e., active vs. passive global equity; private equity buyout vs. venture)
- ✓ Geographic market target allocation ranges (i.e., U.S. vs non-U.S. vs emerging market)
- ✓ Permissible investment size/range
- ✓ Target/permissible tracking error
- ✓ Manager diversification and parameters on asset concentration within a single asset manager
- ✓ Leverage restrictions\*
- ✓ Fund concentration
- ✓ Active risk
- ✓ Capital deployment pacing parameters
- ✓ Prohibited investment types (i.e., private equity hostile takeovers and privatization of public sector jobs)
- ✓ Economic substitution provisions (i.e., Board-approved tobacco, Sudan, Iran restrictions)

\* Limitations on total Fund leverage are outlined in the Board-approved Investment Policy Statement

# Key Current Thematic Board Reporting



The Board currently reviews reporting on fund performance and implementation of investment policies in critical areas

This reporting solicits Trustee feedback and aims to position the Board to exercise its fiduciary duties for Fund oversight



Chief Investment Officer Report  
(monthly)



Asset Manager Fee Analysis  
(annual)



Performance Reporting  
(annual and quarterly)



Investment Consultant Performance Reviews  
(annual)



Risk Reporting  
(quarterly)



LACERA Towards Inclusion Diversity and Equity (TIDE)  
(annual)



Compliance Reporting  
(quarterly)



Proxy Voting Results and Trendlines  
(annual)



Manager Scorecards  
(annual and quarterly)



Corporate Governance and Stewardship Update  
(annual)



# Summary of Draft IPS Modifications



Draft Investment Policy Statement (IPS) redlines (**Attachment 2**) are intended to:

- Maintain the Investment Policy Statement and Board Charter as LACERA's core policies guiding investment administration
- Optimize Board and staff roles by explicitly defining the Board's role in policy setting and oversight
- Further harmonize LACERA policies by integrating Powers Reserved and Powers Defined into the IPS's "Roles and Responsibilities" section
- Draft changes also incorporate explicit Board roles that are not in current LACERA policies but defined in California Constitution and CERL

## Summary of Redlines in IPS Board Roles

## Summary of Redlines in IPS CIO/Staff Roles

	Transferred from Powers Defined and Reserved Policies	Defined in Law but Not Explicit in Current Policies
Conduct asset/liability study	X	
Approve County and member contributions	X	
Approve Fund's expected rate of return	X	
Approve Investment Policy Statement	X	
Approve Strategic Asset Allocation	X	
Approve Structure Reviews		X
Approved investment consultants	X	
Reviews, monitors, and questions administration of the portfolio	X	
Performs functions defined in BOI Charter	X	

	Transferred from IPS Appendix B Delegated Authorities	Draft New Role
Conducts manager searches in line with Board-approved Procurement Policy	X	
Approve asset manager selection and termination with consultant concurrence		X
Approve co-investments and secondaries within Board-approved structure review guidelines	X	
Approve investment contracts with Legal review	X	
Approve rebalancing consistent with IPS/SAA	X	
Approve limiting or freezing manager trading	X	
Approve time-sensitive actions with CEO and Board Chair concurrence, when necessary for the Fund's best interests; with Board reporting	X	
Follow Board-approved Crisis Response Plan in the event the CIO is incapacitated	X	

# Q&A on Delegated Authority Framework Controls



The draft delegated authority framework tries to contemplate a range of “checks-and-balances” to mitigate unintended consequences

See below for some Q & A’s to illustrate several key controls

1. Could a CIO exert undue influence to direct an investment to a favored asset manager?	The draft framework includes several measures intended to mitigate: <ul style="list-style-type: none"><li>• CIO-sourced investment opportunities need Board approval</li><li>• Every investment must comply with the Board-approved strategic asset allocation, asset category structure reviews investment guidelines, and Procurement Policy</li><li>• Internal committees must approve each investment mandate or manager termination</li><li>• The Board’s investment consultants must independently evaluate and concur with each investment mandate approval or termination (with certain exceptions previously approved by the Board)</li><li>• The Board would receive a full report of each approved new investment mandate</li><li>• The Board is selected by and accountable to the Board. CIO performance is formally reviewed annually by the Board.</li></ul>
2. Could a CIO invest in a new, innovative asset category not approved in the IPS or asset allocation?	No. Any unapproved asset category would need to be brought to the Board for consideration.
3. Could the Framework tilt LACERA’s investment exposures to heightened geopolitical risks?	No. The Board approves asset allocation benchmarks which set permissible geographic exposures and establishes geographic exposure ranges in asset category structure reviews. LACERA is also bound by Office of Foreign Assets Control (OFAC) restrictions.
4. What guardrails are there on manager concentration?	Board-approved structure reviews have limitations on asset concentration for managers in the asset class.
5. Could the Board revise a delegated authority in the future?	Yes. The delegated authority framework with its checks-and-balances is intended to be durable. However, the IPS can be reviewed and revised at any time at the Board’s discretion. The draft redlined IPS includes a new Section V stating that the IPS is typically reviewed after every Strategic Asset Allocation exercise and “at the Board’s discretion.”

# Considers LACERA Strategic Initiatives



Proposed delegated authority framework aligns with Board approved strategic initiatives and is consistent with LACERA's journey from "Allocator to Best-in-Class Investor"

## LACERA's Strategic Initiatives

Optimize  
Investment  
Model



Strengthen  
Influence on Fees  
and Cost of Capital



Maximize  
Stewardship and  
Ownership Rights



LACERA  
T.I.D.E.



Enhance  
Operational  
Effectiveness



## Benefits that align with the Board's established strategic initiatives

- Elevating Board resources to focus on policy setting and guideline establishment can strengthen long-term strategic goals
- Allows for costs, fees, and terms to be actively monitored and negotiated timelier, further aligning with LACERA's Investment Beliefs
- Allows LACERA to continue exercising effective ownership rights over investments, ensuring the Fund's financial interests are protected and maximized
- Elevates the role of LACERA T.I.D.E by facilitating strategic programmatic reviews and updates with the Board
- Provides for nimble and more efficient execution of Board-approved work plans and strategic asset allocation targets



1. Incorporate any Trustee feedback in prospective recommendation for Board consideration to:
  - Adopt revised Investment Policy Statement (including any revised investment belief, roles, and responsibilities)
  - Incorporate key provisions of the Board Powers Defined and Reserved into the IPS
  
2. Prepare any requisite modifications to other key governing policies for Trustee consideration, if the draft delegated authority framework is approved
  - Board of Investments Charter
  - Procurement Policy for Investment-Related Services
  - OPEB Investment Policy Statement
  
3. Revise Structure Review Guidelines for Consistent, Harmonized Provisions and Formatting

Red font = proposed new text or deletions

Green font = content transferred from the Powers Reserved and Powers Defined Policies

Purple font = Content transferred from IPS and IPS Appendix B



**DRAFT REDLINE**

# **Investment Policy Statement**

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Restated November 8, 2018

Revised December 11, 2019

Revised August 11, 2021

Revised December 14, 2022

[Note that, if adopted, this document will be formatted for consistency.]



**L/CERA**

Red font = proposed new text or deletions

Green font = content transferred from the Powers Reserved and Powers Defined Policies

Purple font = Content transferred from IPS and IPS Appendix B

# Contents

<b>About LACERA</b>	<b>1</b>
<b>Statement of Purpose</b>	<b>2</b>
<b>Legal Authority</b>	<b>3</b>
Fiduciary Duty .....	3
Ethics and Code of Conflicts.....	3
Process.....	3
<b>Investment Policy</b>	
<b>I. Investment Policy and Strategy.....</b>	<b>4</b>
Objectives of Investment Program.....	4
Investment Beliefs.....	4
Strategic Asset Allocation.....	6
Overview of Strategic Asset Allocation .....	6
Performance Objectives.....	9
Rebalancing .....	9
Responsible Stewardship and Beneficial Ownership Rights .....	9
Integration of Environmental, Social, and Governance (ESG) Factors.....	9
Diversity, Equity, and Inclusion .....	9
<b>II. Investment Process .....</b>	<b>10</b>
Structure Review .....	10
Investment Management.....	10
Liquidity Management and Other Investment Functions .....	10
<b>III. Risk Management.....</b>	<b>12</b>
Philosophy and Objectives .....	12
Approach .....	12
<b>IV. Roles and Responsibilities .....</b>	<b>13</b>
Board of Investments .....	13
Staff .....	13
Third Party Service Providers .....	14
<b><u>V. Policy Review.....</u></b>	<b><u>15</u></b>

## Appendix

<b>A. Investment Tables</b> .....	16
Approved Asset Allocation .....	16
Benchmark Table .....	17
<b>B. Chief Investment Officer Delegated Authorities</b> .....	18

## List of Attachments

20

Corporate Governance and Stewardship Principles  
Responsible Contractor Policy  
Emerging Manager Policy  
Placement Agent Policy  
Private Equity Privatization Policy  
Procurement Policy for Investment-Related Services

# About LACERA

The Los Angeles County Employees Retirement Association (“LACERA”) administers a defined benefit retirement plan (the “Fund”) and other post-employment benefits (“OPEB” or the “Trust”) for employees of Los Angeles County and certain other districts.

The Los Angeles County Board of Supervisors established LACERA by ordinance in 1937. LACERA has operated since 1938, and today, serves over 170,000 active and retired members.

LACERA’s mission is to “produce, protect, and provide the promised benefits.” LACERA aims to fulfill its mission through prudent investment and conservation of plan assets, in accordance with its Investment Beliefs and in consideration of actuarial analysis.

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## LACERA MISSION STATEMENT

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**We Produce, Protect, and Provide the Promised Benefits**

LACERA’s Board of Investments (the “Board”) is responsible for establishing LACERA’s investment policy and objectives, as well as exercising oversight of the investment management for both the Fund and the Trust.



# Statement of Purpose

LACERA's Investment Policy Statement (the "IPS") defines the framework by which LACERA manages the assets of the Fund in order to fulfill its mission. The document provides the primary guidance for LACERA's investment activities by outlining the philosophy and structure of LACERA's investment program, describing the general process by which assets are managed, and defining the key roles and responsibilities in LACERA's investment program.

# Legal Authority

The California Constitution and LACERA's governing statutes create a legal framework within which this IPS must be interpreted and implemented by the Board in approaching its decisions. The Board is independent and has sole and exclusive legal responsibility over investment of the Fund's assets.

## A. Fiduciary Duty

The Board and its members are fiduciaries, making decisions for the benefit of the Fund as a whole without other concerns or outside influence. All Board members, whether they are elected, appointed, or ex officio, have the same fiduciary duty under the law. This fiduciary duty has two components:

- *Duty of Loyalty.* Under the duty of loyalty, Board members have the sole and exclusive responsibility to administer the Fund to ensure prompt delivery of benefits to members and their beneficiaries. In making every decision, the Board must act according to a three-pronged legal formula that balances the interests of the Fund's stakeholders: (1) solely in the interest of providing benefits to members and beneficiaries, (2) to minimize employer contributions, and (3) to defray the expenses of administering the Fund. The Board's duty to members and their beneficiaries takes precedence over any other duty.
- *Duty of Prudence.* Board members must discharge their duties with the care, skill, prudence, and diligence that a prudent fiduciary familiar with the matters and the circumstances of each particular decision would use in the conduct of a similar enterprise with like aims. The Board must diversify fund investments so as to minimize risk of loss and maximize the rate of return, unless under the circumstances it is clearly prudent not to do so. The Board may invest or delegate the authority to invest Fund assets through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

In order to exercise its fiduciary duties, the Board has the responsibility to stay informed and affirmatively conduct oversight of LACERA's investment program, including receiving, reviewing, and engaging on investment performance and compliance information and reports.

## B. Ethics and Code of Conflicts

The Board and LACERA staff must refrain from personal activity that could conflict with the proper management of the investment program, or that could impair their ability to make decisions in compliance with fiduciary duty. Further details are defined in LACERA's Code of Ethical Conduct, Conflict of Interest Code, the Political Reform Act, Fair Political Practices Commission regulations, and other applicable law.

## C. Process

Because the Board is a governing body of a public agency, the Board and its members must conduct business according to the State of California Ralph M. Brown Act, which provides that Board meetings, deliberations, and actions must be public unless subject to a specific closed session exception. The Board may go into closed session to discuss the purchase and sale of particular, specific investments under the Brown Act.

# Investment Policy

## I. Investment Philosophy and Strategy

### A. Objectives of the Investment Program

LACERA follows a carefully planned and executed strategic investment program in order to:

- i. **Produce** the promised benefits for LACERA members and beneficiaries by achieving the Fund's assumed rate of return on a total return basis over the long-term, consistent with LACERA's mission;
- ii. **Protect** the promised benefits on behalf of LACERA members and beneficiaries by mitigating investment risks through Fund diversification and other means, consistent with LACERA's mission; and
- iii. **Provide** the promised benefits for LACERA members and beneficiaries, in part by ensuring adequate liquidity, consistent with LACERA's mission

### B. Investment Beliefs

The Board has adopted the following investment beliefs ("Investment Beliefs") to describe its core beliefs and underlying assumptions about how capital markets operate. Collectively, the Investment Beliefs provide a framework to guide LACERA's investment decisions in a manner consistent with the Fund's nature as an institutional investor with a long-term investment horizon in order to achieve the Fund's objectives defined above.

#### i. Strategic Asset Allocation

Long-term strategic asset allocation will be the primary determinant of LACERA's risk/return outcomes.

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

#### ii. Market Dynamics

Capital market efficiencies inform LACERA's strategic asset allocation and portfolio construction.

- a. The efficiency of financial markets may vary by market segment, geographic region, geopolitical regimes, and across public versus private markets.
- b. Market transparency, the regulatory environment, behavioral finance factors, and investment time horizons may influence and shape market efficiency.

- c. LACERA's investment processes should be adequately nimble to prudently capture attractive investment opportunities.

### iii. Return

Risk and return are expected to be positively correlated over long-term periods. Returns can be enhanced through active strategies, illiquid investments, and leverage; however, such strategies need to be balanced with LACERA's risk tolerances, portfolio objectives, and liquidity needs.

- a. Active strategies will be used when they are expected to add value net-of-fees while adjusting for risk.
- b. The total capital allocated to illiquid strategies must be kept at a prudent level.
- c. Liquid assets serve a critical role to fund benefit payments and rebalance the portfolio.

### iv. Risk

Risk is a broad term used to capture the concept of uncertainty. No single metric adequately conveys risk. LACERA will evaluate risk holistically, incorporating quantitative measures and qualitative assessments in managing its portfolio. Monitoring and managing risk is a key focus for LACERA. Risk that is not expected to be rewarded over the long-term, or mitigated through diversification, will be minimized.

Risks confronted by LACERA include, but are not limited to:

- a. Investment Risks (macroeconomic, volatility, leverage, illiquidity, geography, currency, political, credit, environmental, social, and governance); and
- b. Operational Risks (valuation, counterparty, benchmarking, business continuity, talent management, cybersecurity, reputational, fraud, regulatory, and conflicts of interest).

### v. Governance

Strong governance is critical for LACERA to achieve its investment objectives.

Strategic direction-setting by the Board, prudent delegation of day-to-day portfolio management, and effective organizational controls and oversight are important components of strong governance.

### v.vi. Stewardship

LACERA recognizes that environmental, social, and corporate governance factors (ESG) may present financial risks and opportunities for the Fund. LACERA seeks to identify, evaluate, and manage financially relevant ESG factors in its investment process—including portfolio construction, investment due diligence, and stewardship strategies—to safeguard and enhance Fund performance.

### vi.vii. Terms

Investment outcomes are determined by risk, returns, and costs. All three must be managed, and each mandate should be structured with the best possible terms available across the total Fund to enhance future outcomes.

- a. The breadth of LACERA's presence in financial markets is an asset to influence terms and fees.
- b. Consideration of net-of-fees returns is an integral part of a successful long-term investment strategy.
- c. Costs, fees, and terms should be actively monitored and negotiated to the greatest extent possible.

### vii.viii. Productivity

People and resources matter. Constructive talent management, efficient operations and procedures, and a commitment to ongoing education and improvement are essential to optimizing LACERA's investment performance.

- a. Human Capital: Trustees and staff are vital to executing LACERA's investment program. LACERA must cultivate a talented and collaborative workforce that is inclusive of diverse perspectives and backgrounds and demonstrates a steadfast commitment to high ethical conduct.
- b. Education: In an increasingly complex and dynamic investment universe, continued education on investment concepts and investment strategies within that universe is fundamental for long-term success.
- c. Operations: Strong operational processes and sufficient resources can maximize efficiency, mitigate risks, and optimize investment performance.

### C. Strategic Asset Allocation

LACERA fundamentally believes long-term strategic asset allocation will be the primary determinant of risk/ return outcomes, and therefore establishes a strategic asset allocation to meet its mission and investment objectives.

LACERA's strategic asset allocation categorizes capital outlays into five groups, defined by the function each allocation is intended to serve in the portfolio: (1) Growth, (2) Credit, (3) Real Assets and Inflation Hedges, (4) Risk Reduction and Mitigation, and (5) Overlays and Hedges. The functional categories include various asset classes that represent the risk/return characteristics of each area.

LACERA expects the five functional categories to diversify the Fund and optimize upside growth while mitigating downside risk .The asset allocation determines what proportion of the Fund is allocated to each functional category and underlying asset class, including target weights and allowable ranges as a percentage of the Fund.

In order to determine its strategic asset allocation, LACERA conducts a comprehensive asset allocation study every three to five years, or at the Board's request .The asset allocation study considers a number of factors, such as:

- A projection of actuarial assets, liabilities, benefits payments, contributions, and the actuarial rate of return for the Fund, as well as its current and projected funded status.
- Historical results and expected long-term capital market risk, return, and correlation forecasts.
- An assessment of future economic conditions, including inflation and interest rate levels.
- Various risk/return scenarios.
- The Fund's liquidity requirements.

LACERA's approved asset allocation and benchmarks are detailed in the tables of the Appendix.

### D. Overview of Strategic Asset Allocation

LACERA groups asset classes into the following functional categories:

#### i. Growth

- a. Role in the portfolio: The role of assets in this category is to be the primary driver of long-term total returns for the Fund.
- b. Asset Classes: Global Equity, Private Equity, and Non-Core Private Real Estate.
- c. Investment Approach: Growth assets generally represent equity or equity-like interests in current and future income streams. Growth assets include public and private market strategies that include both liquid and illiquid investments. LACERA utilizes passive strategies in relatively efficient segments of

the market for global equity. LACERA employs active strategies in relatively less efficient market segments of global equities, as well as in private equity and non-core private real estate.

- d. Risk Factors: Growth assets are primarily equity ownership positions that tend to perform well in times of positive economic growth. They are highly sensitive to economic conditions and are subject to potential loss in value based on a number of factors. For example, growth assets may be sensitive to inflation and generally perform poorly in times of high and unexpected inflation. To a lesser extent, growth assets may be sensitive to interest rates due to the use of leverage in certain strategies as well as the relationship between interest rates and the discount rates used to price securities.

## ii. Credit

- a. Role in the portfolio: LACERA expects assets categorized as Credit to produce current income and moderate long-term total returns. Credit has more moderate levels of risk than assets categorized as Growth, and, accordingly, provides incremental diversification to the total Fund.
- b. Asset Classes: Liquid Credit (High Yield, Bank Loans, Emerging Market Debt), and Illiquid Credit.
- c. Investment Approach: Credit assets are generally fixed claims on assets or income streams of an issuer (e.g., government, corporation, asset-backed securities). The category is composed of certain fixed income, hedge funds, real estate, and private debt investments. Investment strategies within this category may have a specific mandate or be multi-strategy. The investment strategies may be liquid, illiquid, or a combination of both, depending on the nature and terms of the specific investment vehicle. LACERA employs active strategies across all asset classes within the Credit category but may employ passive strategies in certain segments that are relatively more efficient.
- d. Risk Factors: The primary risk for owners of Credit assets is the failure of the borrower to make timely payments of interest and principal. There are three elements of credit risk: the risk of default, the risk of a credit downgrade, and spread risk, which is the risk that investors may demand greater compensation for bearing the first two types of risk. Bonds with credit risk offer a yield premium over government bonds to compensate investors for the additional risk. Bonds with greater credit risk (i.e., bonds with lower credit ratings) are typically less liquid than higher quality bonds.

## iii. Real Assets and Inflation Hedges

- a. Role in the portfolio: LACERA expects assets in this category to provide income as well as a hedge against inflation, while diversifying the Fund due to the assumed low correlation of returns between these assets and other asset classes.
- b. Asset classes: Core Private Real Estate, Natural Resources & Commodities, Infrastructure, and Treasury Inflation-Protected Securities ("TIPS").
- c. Investment Approach: Real Assets generally include physical assets, such as real estate and infrastructure, or securities whose value is derived from a physical asset, such as commodities or natural resources. Assets in this category may be invested in both public and private investments and may be liquid or illiquid, as well as passively or actively managed.
- d. Risk Factors: Real Assets and Inflation Hedges are sensitive to inflation. The primary risk for owners of real assets/inflation hedges is that they fail to provide a hedge against long-term changes in inflation. A secondary risk is loss of principal. The value of real estate and natural resources assets may fall, particularly during an economic downturn, but also due to idiosyncratic aspects of each asset. Diversification may offset asset-specific risk. Foreign assets are also subject to currency movements against the U.S. dollar. TIPS are exposed to liquidity risk, as they tend to be less liquid than nominally U.S. Treasuries, particularly during a market environment in which there is a flight to safety.

#### iv. Risk Reduction and Mitigation

- a. Role in the portfolio: LACERA expects assets in this category to provide moderate amounts of current income by generating a modest level of return while also reducing total Fund risks, in part by preserving capital in the event of a downturn in equity markets. LACERA anticipates that assets in this category will have a low level of volatility and a low correlation to Growth assets, thereby providing downside protection. In the event of a market correction, these assets could also provide a source of liquidity for benefit payments.
- b. Asset classes: Investment Grade Bonds, Diversified Hedge Fund Portfolio, Long-Term Government Bonds, and Cash.
- c. Investment Approach: The category is composed of investment grade bonds, diversified hedge funds, long-term government bonds, and cash. Cash is the least volatile asset class, as well as the most liquid; the flexibility it provides during periods of market decline helps to mitigate risk. Investment grade bonds comprise a mix of U.S. Treasuries, corporate debt, and other bonds of high quality, typically rated “BBB” or above by rating agencies. High quality bonds would be expected to protect the total Fund by retaining or increasing their value during a market correction. Diversified hedge funds comprise a variety of hedged investments, such as relative value, arbitrage, and long/short strategies within a diversified portfolio. They would be expected to produce returns at or above high-grade bond portfolios, with equal or lower volatility, and be largely uncorrelated with other portfolio assets.
- d. Risk Factors: The primary risk factor for Risk Reduction and Mitigation Assets is that they will fail to provide the anticipated level of protection during market downturns. Assets in this category are also subject to additional risks. For example, investment grade bonds are sensitive to fluctuations in interest rates and have some risk of default. Cash can include short-term instruments and vehicles where there is a low probability of loss of principal.

#### v. Overlays and Hedges

- a. Role in the portfolio: The category consists of overlays and hedges as a distinct functional category LACERA expects exposures in this group to assist in adhering to total Fund policy allocation targets, meeting asset class-specific objectives, and managing portfolio risk.
- b. Asset classes: Total Fund and all BOI approved asset classes may be utilized or subject to overlays and hedging strategies.
- c. Investment Approach: The category is composed of derivatives and synthetic replication investment vehicles that emulate LACERA’s physical assets, holdings, foreign currency, or market exposures via overlay and hedging programs. The separation of these mandates into one category allows for increased ability to monitor exposures across the total Fund and enhances the ability to evaluate performance, attribution, portfolio impacts, and risk drivers across individual asset categories and the total Fund.
- d. Risk Factors: The primary risk factors for Overlays and Hedges are exposure mismatch and benchmarking. Best efforts will be made to replicate LACERA’s underlying exposures and risk; however, there may be instances when the vehicles used will not mirror a given asset, causing an exposure mismatch. Another consideration is benchmarking. Benchmarking overlay and hedging programs is challenging as positions are often resized more frequently than underlying physical exposures, and mandates may be used to achieve multiple objectives or be a temporary portfolio construction tool.

## **E. Performance Objectives**

The Fund's long-term performance objective is to generate risk-adjusted returns that meet or exceed its defined actuarial target as well as its policy benchmark, net-of-fees, over the Fund's designated investment time horizon. LACERA's policy benchmarks at the total Fund level, the functional category level, and the asset class level can be found in the Appendix.

## **F. Rebalancing**

LACERA considers rebalancing the Fund a key aspect of prudent long-term portfolio management. LACERA rebalances the Fund's portfolio in accordance with established guidelines and procedures to adhere to its approved strategic asset allocation, consistent with the Fund's stated Investment Beliefs. The approved ranges for each functional asset category and underlying asset class are defined in the Appendix.

## **G. Responsible Stewardship and Beneficial Ownership Rights**

In pursuing its investment program, and as part of mitigating risks associated with LACERA's investments, LACERA seeks to manage its investments in a manner that promotes and safeguards the economic interests of LACERA and its members, consistent with LACERA's mission. LACERA prudently exercises its rights as an investor to support policies and practices at companies in which LACERA invests, as well as public policies governing financial markets, that are consistent with LACERA's economic interests. In doing so, LACERA aims to promote sustainable, long-term value on behalf of its members and enhance LACERA's ability to fulfill its mission. LACERA has therefore adopted Corporate Governance and Stewardship Principles (see Attachments). Beneficial ownership rights pertaining to LACERA's investments, including, but not limited to proxy voting, are managed in accordance with LACERA's Corporate Governance and Stewardship Principles.

## **H. Integration of Environmental, Social, and Governance (ESG) Factors**

LACERA recognizes that environmental, social, and governance factors may influence the risk-return profile and financial performance of investments. Financially material ESG factors may vary by industry, geographic exposure, business strategy, investment time horizon, and other variables. LACERA endeavors to identify, assess, and manage relevant ESG factors in its market research, portfolio construction, and throughout its investment process in furtherance of its mission and fiduciary duties. Careful consideration of ESG factors throughout LACERA's investment process aims to generate sustainable investment returns. LACERA assesses and monitors all investment partners on their capacity and skill in evaluating ESG risks and opportunities in a compelling manner to enhance LACERA's risk-adjusted returns.

## **I. Diversity, Equity, and Inclusion**

LACERA values diversity, equity, and inclusion, and believes that effectively accessing and managing diverse talent leads to improved outcomes. LACERA considers diversity broadly, inclusive of—but not limited to—professional backgrounds, age, experience, race, sexual orientation, gender, gender identity, disability status, military service, ethnicity, national origin, and culture. LACERA expects external asset managers and other third party providers to respect and reflect LACERA's value of diversity, equity, and inclusion. LACERA's ongoing monitoring of third party service providers incorporates an assessment of vendors' commitment to, adherence with, and track record of accessing and retaining diverse workforces in an inclusive and equitable manner.



## II. Investment Process

The following sections articulate the general parameters and processes by which LACERA executes its investment strategy, in accordance with its fiduciary duties, ~~in adherence to established policies and procedures.~~

### A. Structure Review

After an asset allocation study apportions capital across categories, LACERA conducts a Sstructure Rreview to address how to implement each asset category. A Sstructure Rreview establishes the framework for each asset category by addressing its role and expected risk profile within a total Fund context. The Sstructure Rreview evaluates the objectives, portfolio composition, related strategic initiatives, and how the portfolio may evolve in the near to medium term. These reviews are presented to the Board for its approval no less frequently than the comprehensive asset allocation study conducted for the total Fund, or at the Board's request. To assist the Board and staff in carrying out their duties, Structure Reviews provide guidelines, including but not limited to Board-approved benchmarks, subcategory target allocation ranges, geographic market target allocation ranges, and any pertinent parameters on asset manager diversification relevant to the asset category.

### B. Investment Management

#### i. Investment Agreements

~~Board-a~~Approved investment recommendations are subject to negotiation and execution of an agreement that, in the judgment of LACERA's Chief Investment Officer and Chief Counsel, includes all terms necessary to provide adequate protection for LACERA's interests under the circumstances of the transaction, including but not limited to an appropriate standard of care on the part of the investment manager.

#### ii. Selection and Monitoring

LACERA may utilize internal resources or externally managed portfolios implemented by asset management firms and service providers to effectuate LACERA's investment program. In determining whether to use internal or external resources to implement a specific investment mandate, strategy, or investment-related service, LACERA takes into consideration numerous factors, including, but not limited to, return expectations, associated risks, compliance requirements, and expenses related to the specific strategy or service.

LACERA has adopted formal procedures to guide the selection, appointment, and monitoring of external managers and service providers. LACERA expects any external party that manages Fund assets on behalf of LACERA to serve as a fiduciary.

#### iii. Costs

LACERA considers the costs and expenses related to executing its investment program to be a crucial component of its fiduciary duty and an important element in determining its strategic asset allocation. In all aspects and functions of its investment program, LACERA seeks to actively identify, assess, and monitor expenses. LACERA expects that the economic terms and conditions by which any external party is compensated for investment-related services should promote an alignment of interests between LACERA and the external party in fulfilling LACERA's mission and investment objectives. Accordingly, LACERA diligently attends to and negotiates the economic terms of investment services rendered to the Fund.

## C. **Liquidity Management and Other Investment Functions**

The following sections provide the general guiding principles and parameters for certain components of LACERA's investment process, including liquidity management, the use of derivative instruments, securities lending, and certain prohibited transactions.

### i. **Liquidity and Cash Management**

Effective cash management is integral to LACERA's investment process. LACERA strives to maintain appropriate levels of liquidity—i.e., the ability to convert investments into cash—in order to meet immediate or short-term obligations and liabilities, such as funding member benefits, meeting capital calls, and rebalancing the portfolio per the strategic asset allocation. LACERA manages liquidity by monitoring the Fund's aggregate liquidity and liquidity risk exposures.

### ii. **Derivatives Management**

LACERA may employ derivative instruments to hedge or gain exposure to certain investments. A derivative is a financial instrument that derives its value from an underlying asset which represents direct ownership of a security or a direct obligation of an issuer. Derivatives may be exchange-traded or traded over the counter (OTC). LACERA expects that any use of derivatives by external managers must adhere to LACERA's policies and investment guidelines.

### iii. **Securities Lending**

LACERA may lend designated securities to provide the Fund with additional income generation and offset administrative expenses. LACERA lends eligible securities (both U.S. and Non-U.S. equities and bonds) to approved and qualified borrowers, subject to the terms and conditions specified in LACERA's contract agreements. Any securities lending activity is expected to be transparent to LACERA's external investment managers and should not impede or otherwise impair the investment management process.

### iv. **Prohibited Transactions**

LACERA prohibits the following transactions unless stated otherwise in the investment management agreement:

- "Prohibited transactions" as defined under the Employee Retirement Income Security Act of 1974 (ERISA)
- Transactions that involve a broker acting as a "principal," where such broker is also the investment manager (or an entity related to the investment manager) who is making the transaction
- Any or all applicable investment activities forbidden by the United States Securities and Exchange Commission or other applicable governing bodies
- Any acts or omissions that violate state and local laws regarding conflicts of interest and disclosures

LACERA does not lever the Fund's investment portfolio as a whole. However, leverage is implicit in many investment strategies. LACERA expects that any use of leverage by external managers must adhere to LACERA's established policies and investment guidelines.

## III. Risk Management

LACERA manages risk by establishing and adhering to investment guidelines, pursuing multiple approaches to diversification (such as asset class, geography, liquidity profile, currency, and degree of active management), and conducting regular measurement and analytical exercises. LACERA assumes certain risks to achieve sufficient returns to meet the Fund's financial obligations and investment objectives. Investment risks pertain to the prospect of a permanent loss of capital or of not meeting objectives within the designated timeframe. LACERA seeks to mitigate the impact of a drawdown to the Fund in order to accomplish its investment objectives, reduce volatility, and avoid increased contributions to the Fund from the plan sponsor or employees.

### A. Philosophy and Objectives

LACERA considers risk multi-faceted and, therefore, views risk from multiple perspectives. Risk may vary and evolve over time, across sectors or geographic exposures, and depends on the nature and terms of the investment vehicle that LACERA deploys to implement the Fund's investment strategies. Risk may be systematic (i.e. present across the market) or unsystematic (i.e., specific to a particular investment strategy). A risk may pertain to and potentially impact the total Fund, a functional asset category, or individual underlying asset classes.

LACERA seeks to diligently identify, assess, and monitor relevant investment risks throughout the investment process, from determining its strategic asset allocation to ongoing evaluation and monitoring of the Fund's performance. This helps to ensure that risks assumed by the Fund are intentional and adequately compensated.

### B. Approach

LACERA's strategic asset allocation attempts to position the Fund to capture growth while mitigating large drawdowns. LACERA's investment strategy is designed to take intentional risk, called active risk, in order to achieve commensurate investment results. LACERA may define expectations for active return earned per unit of active risk taken for various investment strategies and portfolios.

LACERA seeks to identify and acknowledge the sources and types of risk inherent in each investment strategy. However, LACERA also recognizes that even sophisticated risk measurement techniques may not detect certain risks, including extreme events, in advance. Accordingly, risk models may only provide limited predictive qualities. LACERA endeavors to test and challenge investment strategies and assumptions prior to a capital outlay as well as for ongoing monitoring.

LACERA measures investment risk using multiple metrics on both an absolute and relative basis at all relevant levels (i.e., total Fund, functional asset categories, and underlying asset classes). LACERA also strives to employ stress testing, scenario analyses, and broader financial and economic analyses to understand current and potential risks related to its investment strategy and decisions. LACERA selects appropriate benchmarks to assess and determine whether investment risks taken by the Fund are appropriate in order to achieve expected investment returns.

LACERA may establish a risk budget to set active risk targets for each functional asset category and underlying asset classes. LACERA aims to minimize unintended risk caused by asset allocation drift or other factors.

## IV. Roles and Responsibilities

LACERA has established the following roles and responsibilities to implement its investment program. The duties explained below apply to the Board, staff, and various external parties who collectively oversee and administer the functions necessary for LACERA to accomplish its investment objectives.

The overview outlined below is further complemented by the following documents: ~~(Board of Investments Charter, Board of Investments Powers Reserved Defined, Board of Investments Powers Reserved and Delegated Authorities, and the Board of Investments Regulations (previously referred to as "Bylaws"), and the Board's Funding Policy, among other policies adopted by the Board.~~

### A. Board of Investments

#### i. Board

The Board is vested by the California Constitution and the County Employees Retirement Law (CERL) with the authority and fiduciary responsibility for LACERA's investment program. The exclusive fiduciary responsibility of the Board is to ensure prudent investment and management of the Fund so as to provide for the timely payment of benefits to members and their beneficiaries, minimize employer contributions, and defray the reasonable cost of administration, with the duty to members being paramount. It is the responsibility of the Board to ensure that LACERA employees administer Fund investments at reasonable cost, while preserving the quality of investments.

The Board has the duty to ensure that the portfolio's investments are diversified so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly not prudent to do so. The Board has the sole and exclusive power to provide for actuarial services in order to ensure the competency of system assets, which in turn informs the Board's exercise of its responsibility for investment of assets. In determining the Fund's strategic asset allocation and investment guidelines, the Board may permit the investment of fund assets in any form or type of investment deemed prudent.

In fulfillment of its plenary authority and fiduciary duties, the Board performs the following roles:

- Undertakes an informed investigation and evaluation of the Fund's financial obligations by conducting periodic asset/liability studies and actuarial analysis and approves LACERA's Funding Policy.
- Upon investigation, valuation, and recommendation of a qualified actuary, the Board recommends to the Board of Supervisors the rates of interest, rates of contributions of members, and in county and district appropriations as are necessary in advance of each fiscal year.
- Approves the Fund's expected rate of return.
- Approves LACERA's Investment Policy Statement, including establishing the Investment Beliefs that frame it, to guide implementation of LACERA's investment program.
- Approves a strategic asset allocation for the Fund, including but not limited to investment allocations, and benchmark targets within defined asset categories.
- Approves Structure Reviews for each defined asset category of LACERA's strategic asset allocation, including but not limited to establishing investment allocations within defined investible categories, target allocations and ranges, benchmarks by which to measure and monitor performance, and other portfolio guidelines.
- Actively reviews, monitors, and questions the investment and administration of the portfolio, requests such information as may be necessary to perform its responsibilities, and responds to issues relative to the portfolio and its administration as may arise from time to time.
- Performs additional administrative functions, as defined in the Board of Investments Charter and Board policies and direction and as necessary to perform its responsibilities under this policy.

The Board is vested under CERL with the authority to delegate certain responsibilities, including the authority to invest, when prudent in the informed opinion of the Board. The Board exercises oversight of all aspects of the investment program.

- The Board selects, approves, and reviews investment consultants, actuaries, and fiduciary counsel (consistent with LACERA's Policy on Fiduciary Counsel) to provide research, analysis, and recommendations to assist the Board in making prudent and informed decisions in line with its fiduciary duties.
- The Board delegates to the Chief Investment Officer ("CIO") the authority to select, fund, and terminate asset managers consistent with fulfilling the provisions and guidelines as approved by the Board and defined in this IPS, the strategic asset allocation, Asset Class Structure Reviews, and other Board-approved policies.

The Board has the affirmative responsibility to oversees the management of the Fund in compliance with all aspects of this IPS and other Board policies and directives and all applicable federal and state laws and regulations concerning the administration of a government pension plan. The Board has the duty to stay informed, including requesting, receiving, and reviewing information and to monitor and make inquiries based on that information to assist in its responsibility to conduct oversight of the investment program. To that end, the Board receives and has the duty to receive and review annual and quarterly reports of Fund performance (including asset categories and asset managers), as well as investment risks and compliance to prudently inform the Board's oversight. The Board may request staff and investment consultants to inform and make recommendations on any matters pertinent to LACERA's investment operations. The Board may also delegate specific authorities to the Chief Investment Officer ("CIO"), as further outlined in the Appendix.

## ii. Committees

To assist the Board in carrying out its duties, the Board may establish one or more committees ("Committee"). A Committee makes recommendations to the Board on investment actions related to its area of focus. A Committee may request staff and investment consultants to inform and make recommendations to it on matters pertinent to LACERA's investment program.

## B. Staff

LACERA staff implement Board-approved policies in adherence to fiduciary duties, LACERA's Code of Ethical Conduct and the LACERA Conflict of Interest Code. Staff are charged with the responsibility to provide the Board with information to assist Trustees in exercising their roles and responsibilities and fulfill their fiduciary duties.

### i. Chief Executive Officer

The Board and LACERA'S Board of Retirement jointly appoint the Chief Executive Officer ("CEO"). The CEO is responsible for planning, organizing, and administering the operations of LACERA under policy guidance and direction from the Board and the Board of Retirement. The CEO exercises administrative oversight of the CIO, excluding investment decisions delegated to the CIO. The Board provides input to the CEO in the CEO's oversight of the CIO.

### ii. Chief Investment Officer and Investment Staff

~~The CIO and staff assist the Board in performing its fiduciary duty. The internal investment staff reports to the CIO, who in turn reports to the CEO, with the input of the Board. The CIO, with the assistance of staff, has the responsibility and authority to assist the Board in establishing investment and administrative policies. The CIO and staff are responsible for implementing the policies and programs established by the Board. The CIO has primary responsibility for the implementation of the Board's investment decisions.~~

The CIO and investment staff manage the portfolio according to the Board's policies, advise and inform the Board about investments, assist with development and review of investment policies and procedures, oversee operational aspects of the Fund, report on the progress of the Fund in meeting its investment objectives, and monitor and report to the Board on the performance of the Fund relative to the appropriate benchmarks. The Board has delegated specific investment authority and responsibility directly to the CIO: ~~as described in the Appendix.~~

- Conduct searches for external asset managers in line with LACERA's Board-approved Procurement Policy to provide investment services.
- Approve the selection and termination of external asset managers, with the concurrence of relevant Board-approved investment consultants for the asset class, to implement Board-approved strategic asset allocation and asset category Structure Review investment guidelines. The CIO also has authority to approve temporary variances from asset-level program and investment manager guidelines.
- Approve co-investments, secondary transactions, re-ups, and advisory board seats in adherence to Board-approved strategic asset allocations and asset category Structure Review investment guidelines.
- Approve, or delegate authority to sign, all investment related contracts and agreements necessary to implement Board-approved strategic asset allocations and Structure Reviews, in line with the Board-approved Procurement Policy and that in the judgment of the CIO and Chief Counsel, provide adequate protection for LACERA's interests, including an appropriate standard of care on the part of each manager.
- Authorize the formation, dissolution of, and designate officers for the Title Holding Companies of real estate portfolio holdings.
- Approve rebalancing the Fund in order to raise cash for benefit payments, adjust investment exposures, or pay operational expenses while adhering to investment policy targets outlined within Board-approved strategic asset allocations and asset category Structure Review investment guidelines.
- Approve actions as outlined in the Board-approved Procurement Policy.
- Approve limiting or freezing manager trading activity. Such actions are reported to the Board as reasonably practical and no later than the next scheduled meeting of the Board.
- Approve actions not otherwise specifically delegated, in concurrence with the CEO and the Chair of the Board, when deemed necessary in the best interest of the Fund and when there is not enough time to take the action to the full Board. Such actions are reported as reasonably practical to the full Board, and no later than the next scheduled meeting of the Board.

The CIO is authorized and directed to interact with and communicate directly with the Board regarding all investment-related matters. The internal investment staff reports to the CIO, who in turn reports to the CEO, with input of the Board. The CEO does not have any authority over any and all investment decisions that are delegated to the CIO.

LACERA's Board-approved Crisis Plan provides guidance in the event that the CIO is not available to implement delegated authorities.

### iii. Chief Counsel and Legal Staff

The Office of Chief Counsel and legal staff (Legal Counsel) are primarily responsible for legal issues concerning the investment program and advise the Board, CEO, CIO, and staff on investment-related legal matters. Legal Counsel advises the Board in performing its fiduciary responsibility. In addition to reliance upon internal resources for such matters and on fiduciary counsel, the Chief Counsel or designee within the

Legal Office may retain other external legal counsel, when deemed necessary and appropriate, to advise staff, negotiate and prepare contracts on investment-related matters and individual transactions, and provide other investment legal advice to protect LACERA's interests, including its status as a tax-exempt government plan.

### C. Third Party Service Providers

LACERA may engage external service providers, as described below, to implement its investment program. All service providers, unless otherwise not applicable, are expected to serve as fiduciaries to the Fund in fulfilling their contracted services. Third party service providers must refrain from gift-giving or other efforts that may jeopardize the impartiality, or appearance thereof, of LACERA's Board and staff.

#### i. Investment Consultants

An investment consultant works for the Board in the oversight and implementation of investment objectives. In meeting the Board's objectives, investment consultants may work with staff and investment managers. The Board's general investment consultant provides advice and recommendations to the Board or Committee regarding LACERA's strategic objectives, risks, oversight, and implementation of investment objectives. Investment consultants, both general and specialized, provide advice and recommendations regarding strategic asset allocation, portfolio implementation, and oversight of the Fund to the Board, CIO, and staff. Investment consultants provide analysis, advice, and recommendations to staff on asset manager selection and monitoring. Investment consultants report to the Board or the Committee, as directed, and serve as an independent resource accountable to the Board. Investment consultants have a fiduciary duty to LACERA and must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s.

#### ii. Custodian Bank

The Custodian Bank ("Bank") serves as a fiduciary in the safekeeping of Fund assets. The Bank is responsible for maintaining the Fund's official accounting book of record, including the ongoing pricing and valuation of all assets, collection of income generated by those assets, any corporate action notification, and performance calculation. The Bank cooperates with and provides assistance to staff and investment managers in the reconciliation process. LACERA may opt to designate other duties to the Bank as stipulated in the professional services agreement. LACERA's investment office works with LACERA's accounting division to manage the custodial relationship.

#### iii. Investment Managers

Investment managers ~~are selected by the Board and~~, subject to the terms and conditions of this IPS and applicable laws and regulations, serve LACERA through contracts that specify investment guidelines, administrative requirements, responsibilities, investment fees, and performance expectations for management of each mandate. Investment managers provide reporting to LACERA on the performance of specific investment mandates in adherence to established guidelines and agreements. Staff and consultants synthesize investment managers' performance for presentation to the Board in accordance with established performance monitoring and oversight procedures. Investment managers should accept a fiduciary duty to LACERA, must report economic interests and conflicts in accordance with California law and LACERA policy, including the Code of Ethical Conduct and filing of Form 700s, and enforce their own diversity, ethics, and sexual harassment policies.

#### iv. Other Third Party Service Providers

Additional third-party service providers may be retained, subject to the terms and conditions of LACERA's established policies and procedures, in order to perform other duties to assist in the administration of the Fund.

Red font = proposed new text or deletions

Green font = content transferred from the Powers Reserved and Powers Defined Policies

Purple font = Content transferred from IPS and IPS Appendix B

## V. Policy Review

The Board reviews the Investment Policy Statement upon approval of any new strategic asset allocation, or at the discretion of the Board.



# Appendix

## A. Investment Tables

Table 1: Approved Asset Allocation

Asset Class	Target Allocation (%)	Allocation Range +/- (%)	Target Allocation (½ Step) 10/1/2021
<b>Growth</b>	<b>53</b>	<b>+/-8</b>	<b>51</b>
Global Equity	32	+/-7	34
Private Equity	17	+3/-5	14
Non-Core Private Real Estate	4	+/-2	3
<b>Credit</b>	<b>11</b>	<b>+/-3</b>	<b>11</b>
Liquid Credit	4	+/-3	6
Illiquid Credit	7	+/-3	5
<b>Real Assets and Inflation Hedges</b>	<b>17</b>	<b>+/-3</b>	<b>17</b>
Core Real Estate	6	+/-3	6
Natural Resources & Commodities	3	+/-2	4
Infrastructure	5	+1/-3	4
TIPS	3	+/-3	3
<b>Risk Reduction and Mitigation</b>	<b>19</b>	<b>+/-6</b>	<b>21</b>
Investment Grade Bonds	7	+/-6	13
Diversified Hedge Funds	6	+2/-4	5
Long-term Government Bonds	5	+/-5	2
Cash	1	+2/-1	1
<b>Overlays and Hedges</b>	<b>0</b>		<b>0</b>
Cash Overlay	0		0
Currency Hedge	0		0
<b>TOTAL FUND</b>	<b>100.0</b>		<b>100.0</b>

Table 2: Benchmark Table

Asset Class	Benchmark
<b>Growth</b>	<b>Custom Blend</b>
Global Equity	MSCI ACWI IMI Net
Private Equity	MSCI ACWI IMI + 200 bps (3-Month lagged)
Non-Core Real Estate	NFI ODCE + 225 bps (3-Month lagged)
<b>Credit</b>	<b>Custom Blend</b>
Liquid Credit	40% BBg Barc U.S. Corporate High Yield; 40% Credit Suisse Leveraged Loans; 10% JP Morgan EMBI GD; 5% JP Morgan GBI-EM GD; 5% JP Morgan CEMBI BD
Illiquid Credit	Custom Liquid Credit Benchmark + 150 bps (1-Month lagged)
<b>Real Assets and Inflation Hedges</b>	<b>Custom Blend</b>
Core Real Estate	NFI ODCE (3-Month lagged)
Natural Resources & Commodities	33% Bloomberg Commodity; 66% S&P Global Natural Resources TR
Infrastructure	Dow Jones Brookfield Global Composite Infrastructure TR
TIPS	BBg Barc U.S. TIPS
<b>Risk Reduction and Mitigation</b>	<b>Custom Blend</b>
Investment Grade Bonds	BBg Barc U.S. Aggregate TR
Diversified Hedge Funds	FTSE 3-Month US Treasury Bill + 250 bps (1-Month lagged)
Long-term Government Bonds	BBg Barc U.S. Long Treasury Bond
Cash	FTSE 3-Month U.S. Treasury Bill
<b>Overlays and Hedges</b>	<b>N/A</b>
Cash Overlay	—
Currency Hedge	—
<b>TOTAL FUND</b>	<b>Custom Blended Policy Benchmark</b>

**B. Chief Investment Officer Delegated Authorities**

The Board has delegated to the CIO the following authorities in accordance with Board-approved asset class specific program parameters. CIO actions will be reported to Trustees consistent with the reporting provisions below, or in a timely manner

**Total Fund**

<p><b>General Authorities</b></p>	<p>Authority to limit or freeze manager trading activity pending discussion and action by the Board. Such actions shall be reported as an informational item as reasonably practicable to the Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to take actions not otherwise specifically delegated, in concurrence with the CEO and the Chair of the Board, when deemed necessary in the best interest of the Fund and when there is not enough time to take the action to the full Board. Such actions shall be reported as an informational item as soon as reasonably practicable to the full Board, and no later than the next scheduled meeting of the Board.</p> <p>Authority to rebalance the Fund in order to raise cash for benefit payments, adjust investment exposures, or pay operational expenses while adhering to investment policy targets. Rebalancing may include increasing or decreasing all Board-approved mandates.</p> <p>Authority to take actions as specified in LACERA's Procurement Policy.</p>
<p><b>Approval of Variances</b></p>	<p>Authority to approve temporary variances from asset level program and investment manager guidelines.</p>
<p><b>Contract Authorities</b></p>	<p>Authority to sign, or delegate authority to sign, all investment-related contracts and agreements necessary to implement Board-approved action. Thereafter, during the original term, authority to sign all amendments and modifications with respect to such contracts and agreements and make all decisions with respect to their day-to-day operation and implementation where the investment mandate remains substantially unchanged. Upon expiration of a contract or agreement for Board-approved mandates, an extension or modification may only be made with Board approval or as outlined in LACERA's Procurement Policy.</p> <p>Authority to approve reductions to investment manager fee schedules and service provider costs.</p> <p>Authority to negotiate and execute investment agreements that, in the judgment of the CIO and Chief Counsel, provide adequate protection for LACERA's interests, including an appropriate standard of care on the part of each manager.</p>

Red font = proposed new text or deletions

Green font = content transferred from the Powers Reserved Policy

Purple font = Content transferred from IPS and IPS Appendix B

### Asset Class Specific

<b>Private Equity</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Private-Equity portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Estate</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real-Estate portfolio.</p> <p>Authority to authorize the formation, dissolution of, and designate officers for Title Holding Companies.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Real Assets (ex-Real Estate)</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Real-Assets portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Credit</b>	<p>Authority to approve the purchase or sale of any existing fund investment within the Credit portfolio.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p>
<b>Hedge Funds (Including Equity)</b>	<p>Authority to approve the purchase or sale of any existing fund investment.</p> <p>Authority to approve co-investments, secondary transactions, re-ups, and advisory board seats.</p> <p>Authority to terminate a hedge fund manager.</p>

In the event the CIO is not available, and time is of the essence in making a decision, LACERA will follow the Board-approved Crisis Response Plan. The Board will receive written notification of all such actions.

# List of Attachments

Corporate Governance and Stewardship Principles  
Responsible Contractor Policy  
Emerging Manager Policy  
Placement Agent Policy  
Private Equity Privatization Policy  
Procurement Policy for Investment-Related Service

## Current Investment Guidelines By Asset Class

### Private Equity (Structure Review approved 12/14/2022)

Limit	Minimum	Maximum	Notes
Investment Size	\$5 million	10% of LACERA's MV plus undrawn commitments	
Single Partnership		50% of total commitments from all LPs	Does not apply to separate accounts
General Partner		10% of LACERA's MV plus undrawn commitments	Applies to aggregate across multiple funds

	Parameter	Target Allocation Ranges <sup>1</sup>
Sub-Asset Class	Buyouts	50-85%
	Venture Capital/Growth Equity	15-30%
	Co-Inv/FoF/Sec <sup>3</sup>	10-30%
Geography	Non-United States	20-45%
	Emerging Markets	0-15%

<sup>1</sup> LACERA allows staff and the PEA(s) some latitude outside of the ranges. In the short term, LACERA does not wish to have staff, or its PEA(s), constrained by the designated ranges; i.e., fulfilling target allocations will not drive the investment recommendation process. LACERA will invest consistently over time to gain the proper exposures.

<sup>2</sup> Reports shall include information on general market environment and expected opportunities, portfolio composition, performance summary, and recent activity.

<sup>3</sup> Staff and PEA propose extending range for Co-Investment/FoF/Secondaries from 10-25% to 10-30%.

	Co-Investment Parameters	Secondary Purchase Parameters
Sourcing	<ul style="list-style-type: none"> <li>Co-investments offered by Board-approved managers so long as the manager is currently managing capital on behalf of LACERA<sup>1</sup>; or</li> <li>Co-investments alongside a Board-approved discretionary PE manager, PE consultant, or their approved managers</li> </ul>	<ul style="list-style-type: none"> <li>A private equity fund in which LACERA is an existing investor; or</li> <li>A private equity fund or vehicle that is managed by a manager of the same institutional quality as those LACERA has previously committed to</li> </ul>
Investment Size	\$130 million maximum	\$130 million maximum <sup>2</sup>
Geography	Global with non-U.S. investments subject to: <ul style="list-style-type: none"> <li>Maximum \$130 million investment size</li> <li>Total PE portfolio international exposure target allocation range of 20-45% applies (includes primary funds, co-investments and secondaries)</li> </ul>	
Deal Types	Buyout and growth capital <sup>3</sup> transactions only	
Annual Capital Deployment	Up to 30% of annual private equity target allocation	
Annual Capital Confirmation	Third party confirms LACERA's due diligence was satisfactorily followed	Third party secondary advisor confirms valuation
Investment Limitations		<ul style="list-style-type: none"> <li>10% of LACERA's PE portfolio market value plus unfunded commitments at the time of purchase</li> </ul>

<sup>1</sup> Includes funds approved by the CIO through LACERA's private equity fund re-up procedure.

<sup>2</sup> Excludes amounts rolled over from primary funds in conjunction with a continuation vehicle secondary transaction.

<sup>3</sup> Growth capital includes high growth pre-EBITDA companies with a liquidity event expected in the next two years.

Secondary Sale Guidelines	
<b>Secondary Disposition Guidelines</b>	<ul style="list-style-type: none"> <li>• All sales must provide strategic, tactical, and/or economic benefits that assist LACERA in meeting its investment goals</li> <li>• The program will consider selling undesired holdings that include both mature secondaries and hybrid secondaries               <ul style="list-style-type: none"> <li>○ Sell determinations will fall under the following criteria:                   <ul style="list-style-type: none"> <li>▪ <i>Poor Performing</i>: Poor performing assets that have little to no potential to materially improve the future performance of the private equity program</li> <li>▪ <i>Tail Ends</i>: Mature assets that have provided a significant portion of their potential performance, whether attractive or poor, and the remainder of the assets have little to no potential to materially improve the future performance of the private equity program. These assets will typically have little value remaining in the capital account and/or few holdings remaining in the fund</li> <li>▪ <i>Non-strategic</i>: Assets that have an investment focus that is no longer a strategic part of LACERA's investment objectives and there is little to no potential to materially improve the future performance of the private equity program</li> <li>▪ <i>Strategic</i>: Assets that can help improve the overall purchase prices and returns associated with the secondary sale</li> </ul> </li> </ul> </li> <li>• The secondary sale program will opportunistically consider the sale of single limited partnership interests and portions of partnership interests as well as portfolios of multiple limited partnership interests. Portfolio sales will be considered when the aggregated benefit to the private equity program is more attractive than individual dispositions</li> </ul>

Prohibited Investment Type	Description	Notes
<b>Hostile Takeovers</b>	LACERA avoids investment strategies that primarily involve hostile takeovers, defined as acquisitions opposed by the board of directors of the target company	
<b>Privatization</b>	<p>LACERA does not aim to promote privatization of public jobs through its private equity investment program. It is highly unlikely that LACERA would invest in private equity investments that are dependent on privatization strategies.</p> <p>When performing due diligence prior to making the initial investment in a domestic partnership, staff and/or PEA, as applicable, will use reasonable efforts to ascertain the following:</p> <ol style="list-style-type: none"> <li>1. Whether the partnership's current investment strategy includes the privatization of jobs held by LACERA members, and</li> <li>2. Whether the previous partnerships operated by the general partners, if any, have invested in companies dependent upon privatization of jobs held by LACERA members</li> </ol>	Staff and/or PEA will seek guidance from the Board before investing in a domestic partnership if the due diligence establishes privatization

	Report <sup>1</sup>	Responsible Parties	Audience	Frequency
1	Portfolio Performance	Staff and Private Equity Advisor ("PEA")	Board	Annually
2	Status of Co-Investments and Secondaries	Staff	Board	Annually
3	Portfolio Performance and Investment Analysis	Custodian Bank and General Partners	Staff	Quarterly

<sup>1</sup> Reports shall include information on general market environment and expected opportunities, portfolio composition, performance summary, and recent activity.

<b>CIO Delegated Authority<sup>1</sup></b>	
<b>CIO Authority for Follow-on Funds</b>	<p>The CIO is authorized to approve capital commitments in follow-on funds up to \$250 million per fund or up to a 25% fund ownership increase compared to LACERA's ownership percentage in the predecessor fund, provided:</p> <ol style="list-style-type: none"> <li>i. LACERA's prior investments in each predecessor fund greater than three years old (based on the fund's inception or commencement of operations date) exceeds the benchmark net IRR and net MOIC median returns for the fund's sub-asset class strategy, and</li> <li>ii. There have been no material changes in the investment strategy or key persons, and</li> <li>iii. LACERA's private equity consultant concurs with the investment</li> </ol> <p>The Board will receive written notification of all such actions from staff</p>
<b>CIO Authority for Secondary Sales</b>	<ul style="list-style-type: none"> <li>• The CIO is authorized to approve the secondary sale of limited partnership interests that fall within LACERA's disposition guidelines</li> <li>• The CIO is authorized to approve the disposition of limited partnership interests with aggregate NAV (determined at the time of disposition) of up to \$500 million per year</li> </ul>
<b>CIO Authority for Secondary Purchases</b>	<p>The CIO has the authority to approve secondary investments in vehicles or funds which are consistent with the criteria set forth in these guidelines, and at valuations deemed attractive by staff and Board-approved secondary advisor</p>
<b>CIO Authority for Co-Investments</b>	<p>The CIO has the authority to approve co-investments in accordance with the co-investment program investment guidelines</p>

<sup>1</sup> CIO Delegated Authority consolidates language from other sections of the Structure Review into one section.



## Global Equity (Structure Review approved 12/14/2022)

	Target
Performance	Meet or exceed the MSCI ACWI IMI Index
Tracking Error	1.0% - 2.5% over 7-year

	Target Allocation	Target Allocation Range
Passive (Index)	60%	40 – 80%
Factor-based	15%	0 – 30%
Active	25%	10 – 40%
Emerging Managers		0 – 10% <sup>1</sup>

<sup>1</sup>Board approved increasing EMP target allocation range from 0-5% to 0-10% at October 2022 BOI meeting.

Market	Parameter	Target Allocation Range Relative to Benchmark
Capitalization	Large	+/- 5%
	Mid	+/- 5%
	Small	+/- 5%
Region	United States	+/- 5%
	Developed ex U.S.	+/- 5%
	Emerging	+/- 5%

	Description
Cash Overlay	If market capitalization or regions deviate +/- 1% relative to benchmark, the Cash Overlay program may be used to rebalance market exposures back to target. Rebalancing will not be used for tactical allocation or market timing
Currency Hedge Program <sup>1</sup>	50% passive currency hedge (to U.S. Dollar) on the Non-U.S. developed markets foreign currency exposure in accordance with weights of the MSCI World-ex US IMI Index

<sup>1</sup>The currency hedge program was transferred to the new "Overlays and Hedges" functional category as per 2021 Strategic Asset Allocation.

Restricted Investment Type	Description
Tobacco	Investment managers should refrain from purchasing tobacco securities when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security
Sudan	Investment managers should refrain from purchasing securities where the company has been identified as doing business in Sudan or with the government of Sudan, when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security
Iran	Investment managers should refrain from purchasing securities where the company has been identified as doing business in Iran's energy sector or with the government of Iran, when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

## Real Estate (Structure Review approved 1/12/2022)

	Core Real Estate	Non-Core Real Estate
Asset Allocation	6% (+/-3%)	4% (+/-2%)
Property Type	Within a +/- 15% variance of ODCE Apartment, Industrial, Office  Within a +/- 15% variance of ODCE Retail and Other	Apartment 10% - 45% Industrial 10% - 40% Office 10% - 40% Retail 10% - 25% Other 0% - 20%
U.S. Geographic	U.S. 85% - 100% Within a +/- 10% variance of ODCE	U.S. 35% - 60%
Non-U.S. Geographic	Europe 0% - 10% Asia 0% - 10% Emerging Markets 0% - 5%	Europe 15% - 45% Asia 5% - 35% Other Emerging Markets 0% - 15%
Leverage	50% Portfolio Limit	Value-Add 65% Limit Opportunistic 80% Limit
Manager Diversification	35% Limit	20% Limit
Fund Concentration	30% Limit	30% Limit
Active Risk (Tracking Error)	Long-term Target: Less than 1%	

Note: The Core and Non-Core Real Estate tables above depict the targets and ranges for the various portfolio segments over the long-term. From time to time, the actual allocation of the portfolio may fall outside the recommended ranges.

	Description
CIO Authority for Follow-on Funds	<p>The CIO is authorized to approve capital commitments in follow-on funds up to \$250 million per fund or up to a 25% fund ownership increase compared to LACERA's ownership percentage in the predecessor fund, provided:</p> <ul style="list-style-type: none"> <li>iv. LACERA's prior investments in each predecessor fund greater than three years old (based on the fund's inception or commencement of operations date) exceeds the benchmark net IRR and net MOIC median returns for the fund's sub-asset class strategy, and</li> <li>v. There have been no material changes in the investment strategy or key persons, and</li> <li>vi. LACERA's real estate consultant concurs with the investment</li> </ul> <p>The Board will receive written notification of all such actions from staff</p>

## Real Assets (Structure Review approved 2/9/2022)

Infrastructure Risk Sub-Category	Private Allocation Range
Core/Core+	50 – 75%
Non-Core	25 – 50%

Infrastructure Sector Private Allocation Range	Energy	Telecom	Transport	Social
Core/Core+	35 – 65%	10 – 40%	5 – 25%	0 – 20%
Non-Core	35 – 65%	10 – 40%	5 – 25%	0 – 20%

Infrastructure Private Geographical Exposure	US & Canada	Europe	Asia Pacific Developed	Rest of World
Proposed Allocation Range	25 – 75%	25 – 75%	5 – 25%	0 – 20%

Natural Resources	Private Allocation Range
Energy	0 – 60%
Metals Mining	0 – 60%
Agriculture/Timber	0 – 60%

### Private Investment Diversification Guidelines

Manager Diversification	Total General Partner less than 30% of Infra or Natural Resources MV plus undrawn commitments
Fund Concentration	LACERA no more than 40% of Total LP commitments for each Fund
Minimum Commitment Size	\$10 million

	Description
CIO Authority for Follow-on Funds	<p>The CIO is authorized to approve capital commitments in follow-on funds up to \$250 million per fund or up to a 25% fund ownership increase compared to LACERA's ownership percentage in the predecessor fund, provided:</p> <ol style="list-style-type: none"> <li>LACERA's prior investments in each predecessor fund greater than three years old (based on the fund's inception or commencement of operations date) exceeds the benchmark net IRR and net MOIC median returns for the fund's sub-asset class strategy, and</li> <li>There have been no material changes in the investment strategy or key persons, and</li> <li>LACERA's real assets consultant concurs with the investment</li> </ol> <p>The Board will receive written notification of all such actions from staff</p>

	Co-Investment Parameters	Secondary Purchase Parameters
Sourcing	<ul style="list-style-type: none"> <li>Co-investments by Board-approved real asset GPs currently managing capital on behalf of LACERA</li> </ul>	<ul style="list-style-type: none"> <li>A fund managed by a GP in which LACERA is an existing real assets investor</li> </ul>
Investment Size	Up to \$50 million	
Geography	USA, Canada, Europe, UK, Australia, and NZ	Global with Majority of Assets in developed markets
Deal Types	<ul style="list-style-type: none"> <li>Infrastructure</li> <li>Natural Resources</li> </ul>	<ul style="list-style-type: none"> <li>Infrastructure and Natural Resources</li> <li>Fund must be at least 70% deployed, committed or reserved</li> <li>Fund must have been managed by current team for at least 3 years</li> </ul>
Deal Exposure	LACERA's ownership of co-investment asset or Fund not to exceed 1/3 of total under GP (combining co-invest & fund exposure)	
Annual Capital Deployment	\$250 million maximum cumulatively across co-investments and secondaries <sup>1</sup>	
Annual Capital Confirmation	Third party (Albourne) confirms LACERA's due diligence was satisfactorily followed	Third party advisor confirms valuation
Monitoring Policy	<ul style="list-style-type: none"> <li>Prompt notification to Board in writing of CIO-approved co-investments or secondaries</li> <li>Updated to BOI annually on capital deployed via co-investments &amp; secondaries</li> </ul>	

<sup>1</sup> This amount was initially \$100 million in the recommendation proposed to the Real Assets Committee. The Committee made a motion and approved an increase in this amount to \$250 million.

## Credit (Structure Review approved 9/13/2023)

Liquid Credit	
Return Objective	Meet or exceed the return of the aggregate Board approved benchmark
Benchmark	40% Bloomberg US Corporate High Yield Index 40% Credit Suisse Leveraged Loan Index 20% of a custom blend of emerging market debt indices (50% J.P. Morgan EMBI GD, 25% J.P. Morgan CEMBIBD, 25% J.P. Morgan CBI-EM GD)
Risk Target	Target tracking error of 2% over 5 years
Sectors	Benchmark weight +/- 10%
Geography	Maximum of 40% non-U.S. exposure
Currency	Maximum of 7.5% non-U.S. dollar exposure
Credit Quality	Benchmark weight +/- 10%
Leverage	None
Allocation Targets and Ranges	High yield: 40% target +/- 10% Bank loans: 40% target +/- 10% Emerging market debt: 20% target +/- 10%

Illiquid Credit	
Return Objective	Greater than liquid credit markets; more than compensating for incremental risk
Benchmark	LACERA's Custom Liquid Credit Benchmark plus 1.5% per year
U.S. Exposure	Minimum of 50% invested in the U.S. market
Geographic Exposure	Maximum of 15% invested in non-developed markets
Currency Exposure	Minimum of 90% invested in assets that are denominated in or hedged to the U.S. dollar
Manager Count	~10 direct portfolio and ~10 emerging manager portfolio
Emerging Manager Program	Evergreen separate account emerging manager program 15% target allocation with a 10-20% range (of the Illiquid Credit portfolio)
Co-investments	Permitted for managers in good standing; not to exceed 20% of a manager's mandate or 3% of the credit portfolio with LACERA maintaining a portfolio fit veto
Contingent Capital	Permitted for managers in good standing with LACERA maintaining a portfolio fit veto

## Illiquid Credit Emerging Manager Program (EMP)

<b>Program Framework</b>	Evergreen separate account emerging manager program
<b>Allocation Target and Range</b>	15% target with a 10-20% range (of the Illiquid Credit portfolio)
<b>Emerging Manager Definition</b>	<p>An emerging illiquid credit manager meets the three following criteria at initial investment:</p> <ul style="list-style-type: none"><li>• Organization/team has less than \$1 billion of assets under management;</li><li>• Organization/team has managed external capital in an institutional vehicle for less than 5 years; and</li><li>• Organization/team is at least 66% owned by managing principals and employees</li></ul>
<b>Graduation Description</b>	Graduation entails re-categorizing an investment from LACERA's emerging manager program to LACERA's primary portfolio that may adjust the size of the investment
<b>Graduation Target Timeframe</b>	3 – 12 years after an initial investment or within 2 years of a subject closed-end fund coming to the end of its life noting that this guideline is a target and a goal
<b>Graduation Authority</b>	Graduation would require approval like any new non-EMP investment as articulated in the IPS
<b>Redemption Description</b>	Redemption entails redeeming from an open-ended investment in lieu of holding it or a graduation event; closed end fund vehicles may have a natural wind-down process that is not initiated by a fund investor
<b>Redemption Guideline</b>	Absent graduation intentions for an open-ended investment, a redemption event should commence no later than 12 years after an initial investment noting that nuanced circumstances may delay the redemption

## Bonds (Structure Review approved 9/13/2023)

Investment Grade Bonds	Current	Proposed / Recommended
Investment Objective	Meet or exceed return of the benchmark net of fees	Closely achieve the total return and risk exposures of the investment grade bond market and benchmark
Benchmark	Bloomberg Barclays U.S. Aggregate Bond Index	Bloomberg Barclays U.S. Aggregate Bond Index
Sectors	Only sectors in the benchmark	[remove category, captured in Eligible Investments]
Geography	Only countries represented in the benchmark	[remove category, captured in Eligible Investments]
Currency	U.S. Dollar denominated	[remove category, captured in Eligible Investments]
Quality	Only bonds rated investment grade	[remove category, captured in Eligible Investments]
Aggregate Duration	n/a	Benchmark duration +/- 0.3 years
Eligible Investments	n/a	Investments consistent with the benchmark, which contains investment grade, U.S. dollar denominated, fixed rate taxable bonds. Index Sectors include U.S. Treasuries, government-related and corporate securities, agency Mortgage-backed securities, asset-backed securities, and commercial mortgage-backed securities. Also eligible are exchange-traded funds benchmarked to the index, U.S. Treasury bond futures, and money market instruments
Prohibited Investments	n/a	Bonds from sectors not included in the index and purchasing securities on margin
Leverage	n/a	Not permitted

### Long-Term Government Bonds

Investment Objective	Closely achieve the total return and risk exposures of the long duration treasury market and benchmark
Benchmark	Bloomberg Long U.S. Treasury Bond Index
Aggregate Duration	Benchmark duration +/- 0.3 years
Eligible Investments	Investments consistent with the benchmark such as: U.S. Treasury securities, U.S. Treasury futures, U.S. Treasury bond exchange traded funds, money market securities and instruments, cash, and cash equivalents
Prohibited Investments	Purchasing securities on margin and uncovered short sales
Leverage	Not permitted

## Hedge Funds (Structure Review approved 9/13/2023)

Hedge Funds	
<b>Return Objective &amp; Benchmark</b>	Cash +2.5%; with risk mitigation objectives as guided by the IPS and structure review
<b>Risk Target</b>	2-7% standard deviation of program monthly returns on a 3-year trailing basis
<b>Market Sensitivity</b>	MSCI ACWI equity beta less than 0.2 for monthly returns on a 3-year trailing basis
<b>Geographic Exposure</b>	Maximum of 30% invested in non-developed markets
<b>Liquidity</b>	100% of capital within 5 years; at least 50% within 3 years
<b>Side Pockets</b>	Allowed with the reasonable expectation that no side pocket would last beyond 5 years
<b>Leverage</b>	10x when aggregating individual funds
<b>Manager Count</b>	Approximately 10 for each the direct portfolio and the emerging manager portfolio
<b>Transparency</b>	Position-level or risk-exposure data is required from managers
<b>Partnership Size Limits</b>	Less than 35% of a commingled fund structure; does not apply to managers defined as emerging

Hedge Funds Emerging Manager Program (EMP)	
<b>Program Framework</b>	Evergreen separate account emerging manager program
<b>Allocation Target and Range</b>	15% target with a 10-20% range (of the Hedge Funds portfolio)
<b>Emerging Manager Definition</b>	An emerging hedge fund manager meets the three following criteria at initial investment: <ul style="list-style-type: none"> <li>• Organization/team has less than \$500 million of assets under management;</li> <li>• Organization/team has managed external capital in an institutional vehicle for less than 3 years; and</li> <li>• Organization/team is at least 66% owned by managing principals and employees</li> </ul>
<b>Graduation Description</b>	Graduation entails re-categorizing an investment from LACERA's emerging manager program to LACERA's primary portfolio that may adjust the size of the investment
<b>Graduation Target Timeframe</b>	3 – 7 years after an initial investment noting that this guideline is a target and a goal
<b>Graduation Authority</b>	Graduation would require approval like any new non-EMP investment as articulated in the IPS
<b>Redemption Description</b>	Redemption entails redeeming from an investment in lieu of holding it or a graduation event
<b>Redemption Guideline</b>	Absent graduation intentions for a particular investment, a redemption event should commence no later than 7 years after an initial investment noting that nuanced circumstances may delay the redemption



LOS ANGELES COUNTY  
EMPLOYEES RETIREMENT  
ASSOCIATION  
LACERA

Board of Investments  
Powers Reserved and Delegated Authorities

Adopted by the Board of Investments on October 12, 2016

v7

# LACERA

## Powers Reserved and Delegated Authorities

### Overview

In May 2016, the Board agreed to the Powers Reserved for the Board. The Board has assigned certain authorities to the CEO. This document, aligns these authorities to the Powers Reserved.

### Level of Involvement

Given its overall responsibility and accountability, the BOI has determined the level of its involvement in the exercise of various powers / authorities. The following framework uses three levels of involvement which reflect largely the degree of involvement:

Power	Description
<b>Conduct</b>	The Board itself performs the tasks described. This is the highest level of involvement. The Board or its Committees (standing or ad hoc) is actively involved in doing the work, e.g., writing the requirements, conducting due diligence, selecting and interviewing finalists, making the recommendation to the full Board for Approval.
<b>Approve or Set</b>	The Board retains final decision authority on prudently delegated activities to approve or set policies and limits, e.g., Asset Allocation. Once approved, the Board must then Oversee to ensure that actual practice reflects policy.
<b>Oversee</b>	The Board has a minimum legal duty to monitor and question. The Board reserves the power to oversee that prudently delegated authorities are properly exercised, appropriate policies and controls are in place and delegates (CEO/staff) are held accountable for performance. Oversee does not constitute close supervision and day to day management.

# LACERA

## Powers Reserved and Delegated Authorities

### LEGEND

The following table has been developed based on input from the Board of Investments (BOI). Powers Reserved that are joint with the Board of Retirement (BOR) have not been discussed with the Board of Retirement and were not part of the scope of this review.

**A** = Approves final decision based upon recommendations from CEO and others.

**O** = Oversees, monitors and questions activities in delegated authorities.

**C** = Conducts activity and has the authority to make decisions within certain parameters.

**R** = Makes recommendations to the body with authority for approval.

Note: CIO authorities indicated are delegated from the CEO; the CEO retains responsibility

# LACERA

## Powers Reserved and Delegated Authorities

#	Powers Reserved for Board	Board	Committee	CEO	CIO	Others
	<b>Governance and Strategy</b>					
1	Approve powers reserved for the Board of Investments	A		R		
2	Approve Board charter	A		R		
3	Approve Board committee structure, roles and charters	A	R	R		
4	Approve Board delegations to staff	A		R		
5	Approve Board development policy and education programs	A		R		
6	Approve Board governance principles and policies	A		R		
7	Conduct Board self-assessment of its effectiveness	C				
8	Oversee strategic planning process	O		C	C	
9	Oversee the effectiveness of Board of Investments strategic plans	O		C	C	
10	Oversee Board stakeholder engagement program	O		C		
11	Oversee Board business planning process and business plans	O		C	C	
	<b>Investments</b>					
12	Approve investment policy statement	A	O		R	R: General
13	Approve investment beliefs	A			R	R: General
14	Approve investment allocations and benchmark targets	A			R	R: General
15	Approve expected rate of return (asset/liability study)	A			R	R: General
16	Approve actuarial assumptions (discount rate)	A				C: Actuarial
17	Approve actuarial policies	A				C: Actuarial
18	Approve investment risk appetite and strategy (e.g., Hedge funds/ risk parity)	A	O		R	R
19	Approve the Investment organization structure (budget)	A		R		
20	Approve Investment organization performance metrics	A	O		R	R: General
21	Approve investment related legislative policy	A		R		
22	Conduct selection of investment consultants and advisors	C				
23	Oversee overall investment organization performance	O		C		
24	Oversee effectiveness of investment risk management	O			C	
25	Oversee liquidity plans	O			C	
26	Oversee investment performance	O			C	C
27	Oversee due diligence (investment and operational)	O			C	C: Various
28	Approve selection of investment managers or funds	A			R	R: Various
29	Oversee private asset valuations	O			C	C
30	Oversee investment operations and cost effectiveness	O			C	
31	Oversee actuarial valuations and employer rate setting	O				C: Actuarial
32	Oversee pension soundness	O				C: Actuarial

## LACERA Powers Reserved and Delegated Authorities

Reassurance, Risk and Compliance						
33	Oversee internal audits	O				C: Internal Audit
34	Oversee actuarial audits	O				C: Internal Audit
35	Oversee title holding audits	O				C: Internal Audit
36	Oversee investment-related enterprise-wide risk framework and management	O			C	
37	Oversee investment controls and compliance (checks and balances)	O			C	
Administration						
38	Approve staff classification and compensation	A		R		
39	Approve litigation and settlements related to investments	A		R		
40	Approve budget process and budgets	A		R		
41	Conduct hiring, evaluation, compensation, firing of the CEO	C				
42	Oversee human resource policies for investment operations (excluding compensation)	O		C		
43	Oversee accounting policies for investment activities	O			C	
44	Oversee the CEO's effectiveness in hiring/firing and management of performance for senior Investment executives	O		C	R	
45	Oversee investment management succession planning	O		C	C	
46	Oversee disclosures of investment fees and expenses	O			C	
47	Oversee information technology plans and budgets / cyber security for Investments	O		C		
48	Oversee business continuity plans for Investment operations	O			C	

Approved by the Board of Investments October 12, 2016

Note: Reference September 14, 2016 Board of Investment memorandum for detail regarding Power #28 Approve Selection of Investment Managers or Funds . Excerpt on following pages.

# LACERA

## Powers Reserved and Delegated Authorities

### **Power Reserved #28 - Board Approves the Manager and Fund Selection.**

This is the current power reserved by the Board for all asset classes. In general, the Board has delegated the tasks of developing solicitation materials, identifying investment opportunities, due diligence, and contract execution. The Board retains the power to approve certain milestones during the process including selecting the investment manager or fund based upon the established written record or finalist interviews. It is important to highlight the Board's use of its consultants as additional experts in reviewing the written record and conducting finalist interviews.

Key: A = Approves, C = Conducts, O = Oversees, R = Recommends

#### Investment Manager Selection Process Summary

	Investment Manager Selection Task	Board	Committee	CIO	Staff	Consultant
1	Approve RFP	A	R	O	C	R
2	Due Diligence			O	C	C
3	Manager Selection	A		R	R	R
4	Investment Execution			O	C	
5	Investment Monitoring	O	O	O	C	C
6	Termination	A		R	R	R

#### Investment Manager Selection Process Detail

	Investment Manager Selection Task	Board	Committee	CIO	Staff	Consultant
1	Determine Manager Type			O	C	R
2	Determine Allocation			O	C	R
3	Determine MQ, Evaluation Criteria, SOW			O	C	R
4	Recommendation to issue RFP		C	R	R	R
5	Approval to issue RFP	A	R	R	R	R
6	Issue RFP				C	
7	Score RFP Submissions				C	
8	Document RFP Score Results				C	
9	Eliminate Less Qualified Firms			O	C	R
10	Interview More Qualified Firms In-House				C	C
11	Score In-House Interview Results				C	
12	Document In-House Interview Score Results				C	
13	Eliminate Less Qualified Firms			O	C	R
14	Interview More Qualified Firms On-Site				C	C
15	Score On-Site Interview Results				C	
16	Document On-Site Interview Score Results				C	
17	Finalist Firms Recommendation			O	C	C
18	Finalist Firms Interview	C		R	R	R
19	Manager Selection	A		R	R	R
20	Contract Execution			A	C	
21	Manager Funding			O	C	
22	Performance Monitoring	O	O	O	C	C
23	Manager Operational Relationship			O	C	
24	Maintain Watch List	O	O	O	C	R
25	Termination	A	R	R	R	R
26	Transition Management			O	C	R

# LACERA

## Powers Reserved and Delegated Authorities

Key: A = Approves, C = Conducts, O = Oversees, R = Recommends

### Investment Fund Selection Process Summary

	Investment Fund Selection Task	Board	Committee	CIO	Staff	Consultant
1	Deal Sourcing				C	C
2	Due Diligence				C	C
3	Investment Fund Approval	A		R	R	R
4	Investment Execution			O	C	
5	Investment Monitoring	O	O	O	C	C

### Investment Fund Selection Process Summary

	Investment Fund Selection Task	Board	Committee	CIO	Staff	Consultant
1	Deal Sourcing				C	C
2	Deal Flow Evaluation				C	C
3	Document Evaluation				C	C
4	Eliminate Less Desirable Deals				C	R
5	Preliminary Due Diligence				C	C
6	Manager Meeting				C	C
7	Document Due Diligence				C	C
8	Eliminate Less Desirable Manager				C	R
9	Manager On-Site Due Diligence				C	C
10	Investment Memorandum				C	C
11	Investment Memorandum Review			C		
12	Investment Fund Approval	A			R	R
13	Contract Execution			A	C	
14	Performance Monitoring	O	O	O	C	C
15	Annual Partnership Meeting				C	
16	Advisory Board Participation				C	

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# LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION LACERA

**Board of Investments  
Powers Reserved Defined**

Adopted by Board of Investments on May 10, 2016  
Amended by the Board of Investments on October 12, 2016

v9



**LACERA**  
Powers Reserved for the Board of Investments

**Contents**

Introduction.....	2
The Meaning of Governance .....	2
What is a Power Reserved? .....	2
Role of Committees .....	2
Prudent Delegation .....	3
Level of Involvement .....	3
Categories of Authorities .....	4
Powers Reserved for the Board of Investments .....	5
Governance and Strategy .....	5
Investment .....	6
Reassurance, Risk and Compliance .....	8
Administration .....	9

# LACERA

## Powers Reserved for the Board of Investments

### Introduction

#### The Meaning of Governance

Overall responsibility and accountability for LACERA's investments and organizational performance rests with the Trustees of the Board of Investments (Board). Since Governance is fundamentally about decision-making, it raises some fundamental questions:

- What are the key decisions?
- Who gets to make them?
- Using what criteria?
- What are the priorities?
- What is the highest and best use of limited Board time?
- Where should Trustees focus given their limited time?

#### What is a Power Reserved?

Within the framework of its governing legislation, a Power Reserved is a decision authority, other action or responsibility which a Board chooses to retain solely for itself. The Board will reserve for itself a number of powers or decision authorities. In certain cases, these powers are shared with the Board of Retirement, for example:

- the appointment of the CEO;
- classification and compensation of personnel; and
- adoption of LACERA's annual budget.

#### Role of Committees

In many organizations, the bulk of the work of the Board is assigned to Committees (standing or ad hoc) and supported by staff and consultants. Work is assigned to Committees but authorities are generally not delegated. Committees are intended to do the work and make recommendations to the full Board for its Approval.

# LACERA

## Powers Reserved for the Board of Investments

### Prudent Delegation

The Board may prudently delegate authorities to the CEO (and thereby the staff) and consultants if it establishes a robust process for selection, instruction, reporting, monitoring, questioning and evaluation of their qualifications, goals and results. Under the fiduciary standard applicable to LACERA, practices of similar prudent Trustees provide relevant guidance and many delegate to committees, staff, advisors and managers.

By prudently delegating, instructing and monitoring delegates that have more time and access to expertise, the Board can improve its effectiveness. In the absence of full-time, expert attention to Investments, it may be prudent for Trustees to delegate regardless of their individual level of expertise.

### Level of Involvement

Given its overall responsibility and accountability, the Board has determined the level of its involvement in the exercise of various powers / authorities. The following framework uses three levels of involvement:

Power	Description
<b>Conduct</b>	The Board itself performs the tasks described. This is the highest level of involvement. The Board or its Committees (standing or ad hoc) is actively involved in doing the work, e.g., writing the requirements, conducting due diligence, selecting and interviewing finalists, making the recommendation to the full Board for Approval.
<b>Approve or Set</b>	The Board retains final decision authority on prudently delegated activities to approve or set policies and limits, e.g., Asset Allocation. Once approved, the Board must then Oversee to ensure that actual practice reflects policy.
<b>Oversee</b>	The Board has a minimum legal duty to monitor and question. The Board reserves the power to oversee that prudently delegated authorities are properly exercised, appropriate policies and controls are in place and delegates (CEO/staff) are held accountable for performance. Oversee does not constitute close supervision and day to day management

# LACERA

## Powers Reserved for the Board of Investments

The Board reserves the power to change its level of involvement based on changing circumstances. There are a number of important policy areas that the Board will want to approve and then prudently delegate and oversee.

### Categories of Authorities

There are 48 specific authorities organized into four categories of decisions:

1. Governance and Strategy
2. Investment
3. Reassurance, Risk and Compliance
4. Administration

Category of Authority	Definition
<b>Governance and Strategy</b>	key decision-making powers, including powers reserved for the Board; Board, Committee and organizational structures; officer role descriptions; policies and strategic direction-setting; implementation of strategy; planning for achieving goals; and providing the people and tools necessary to execute plan including delegations of authority and engagement of stakeholders
<b>Investment</b>	investment policies and actuarial matters, including determination of pension obligations and liabilities and pension soundness; investment beliefs; Investment Policy Statement; roles and responsibilities of the Board, consultants, and staff in connection with the purchase, sale, and monitoring of investments; expectations as to frequency and general content of investment reporting; policy statement re: goals and objectives and the selection and processing of investments to achieve expected returns on assets with acceptable levels of risk; oversight of investment performance, operations and risk
<b>Reassurance, Risk and Compliance</b>	independent reasonable reassurance (e.g., internal / external audit, counsel, and third parties such as consultants) that management's reports are reliable, due diligence is robust and risk mitigation, compliance and control processes are performing as expected
<b>Administration of the investment operations</b>	Human Resources policies and activities related to overseeing the investment operations in conjunction and coordination with the Board of Retirement for the hiring, evaluation and compensation of staff to ensure an appropriately skilled and resourced organization; Finance and Accounting policies and processes of recording and reporting on financial and business operations; Information Technology includes computers, networks and software designed to process and protect private and business critical data and produce timely information and insight for decision-making; and decisions to commence or settle legal disputes

# LACERA

## Powers Reserved for the Board of Investments

### Powers Reserved for the Board of Investments

The following list of Powers Reserved takes into account the unique legislative framework of the Board using a set of leading practices and input from Funston Advisory Services, Meketa Consultants and the CEO, followed by a survey of Trustees and individual interviews.

#	Powers Reserved for Board	Definition
<b>Governance and Strategy</b>		
1	Approve powers reserved for the Board of Investments	the decision authorities and activities reserved exclusively for the Board
2	Approve Board charter	the purpose, roles, responsibilities, and processes of the Board (individually and collectively) and management in setting the direction, the management and control of the organization, role of officers (chair, vice-chair, secretary)
3	Approve Board committee structure, roles and charters	standing and ad hoc committees and their purpose/mission, authority and responsibilities, qualifications and composition; term and method of appointment; method of electing or appointing chair and vice chair; core processes; how and when meetings will be held; what constitutes a quorum; and how meeting minutes will be written and approved; qualifications and expectations as to time, participation and preparation
4	Approve Board delegations to staff	establishes a superior-subordinate relationship; defines assignment of day-to-day duties and management of the organization; granting of decision-making authority; responsibility and accountability
5	Approve Board development policy and education programs	establishes means to determine qualifying programs, sets policy for the type, location and budget of education for the Trustees to ensure compliance with regulations and maintaining the skill and knowledge necessary to continuously improve the effectiveness and efficiency of each trustee and the Board as a whole
6	Approve Board governance principles and policies	the framework for the governance of the organization, including principles and policies such as: leadership; setting of Board agendas; access to senior management; bylaws; strategic planning process; standards of conduct, including respectful relations with other Trustees and staff and compliance with conflict of interest laws and regulations; placement agent policy; SEC compliance policy; referral of investment opportunities, management selection and vendor contacts; fiduciary review policy

## LACERA

### Powers Reserved for the Board of Investments

#	Powers Reserved for Board	Definition
7	Conduct Board self-assessment of its effectiveness	conduct a self-assessment of the effectiveness of the Board in relation to factors such as strategy and implementation, fiduciary and co-fiduciary duties, ethics and conflicts of interest, risk and crisis management, decision-making discipline and Board dynamics <i>Trustee Commentary: The process and timing of self-assessment still needs to be determined, e.g., use of a third party facilitator, whether or not to have 360° feedback, public disclosures policy, inventory of skills matched to policy issues and continuing education.</i>
8	Oversee strategic planning process	a long-term view of the investment-related changes required to successfully adapt to the ecosystem; the resources required; the authority and accountability to make needed changes; and, provide input to the strategic planning process
9	Oversee the effectiveness of the Board of Investments strategic plans	the effectiveness of the organization in achieving its strategic objectives
10	Oversee stakeholder engagement program	the approach for engaging stakeholders who affect or are affected by the Investment program. Design and execution should be the responsibility of the CEO
11	Oversee business planning process and business plans	a formal statement of investment-related operational business goals, reasons they are attainable, and plans for reaching them; it may also contain background information about the organization or team attempting to reach those goals
<b>Investment</b>		
12	Approve investment policy statement	the Investment Policy Statement is a comprehensive document which typically contains: 1. statement of investment goal(s), purpose, or mission; 2. identification of investment decision maker(s); 3. statement on investment performance measurement (benchmarking); 4. statement on managing risks of individual securities; 5. statement on managing risk of overall portfolio; 6. money manager guidelines; 7. guidelines for other investment professionals; 8. legal standards; 9. investment cost management; and 10. transacting or brokering trades
13	Approve investment beliefs	investment beliefs provide direction for the investment organization, investment policies and actions of investment personnel by acting as a guide for the management and administration of the assets in a consistent manner that reflects the views of the Board; the statements can also address investment organization, investment process, financial markets, sustainability and governance, and other types of investment beliefs

# LACERA

## Powers Reserved for the Board of Investments

#	Powers Reserved for Board	Definition
14	Approve investment allocations and benchmark targets	the implementation of an investment strategy that attempts to balance risk versus reward by adjusting the percentage of each asset in an investment portfolio according to the investor's risk tolerance, goals and investment time frame
15	Approve expected rate of return	the long-term rate of return expected to be achieved by the investment portfolio
16	Approve actuarial assumptions	the planning assumptions used by the actuary to calculate projected future liabilities of the defined benefit plan, including economic assumptions (e.g., discount rate, inflation rate, salary scale) and demographics assumptions (e.g., withdrawals and terminations, mortality, retirement, disability)
17	Approve actuarial policies	policies which determine: 1. the actuarial cost method used to allocate benefits to each year; 2. the asset smoothing method to reduce the effect of short-term market volatility; and 3. the amortization policy which determines the length of time to extinguish any unfunded liability or surplus
18	Approve investment risk appetite and strategy	the amount of risk the investment organization is allowed to take and the means to ensure it remains within those limits
19	Approve the Investment organization structure through the budget process	the organizational hierarchy and structure to facilitate the effectiveness and efficiency of the investment organization to fulfill its function
20	Approve Investment organization performance metrics	the metrics to be used to gauge performance of the Investment organization
21	Approve investment related legislative policy	the approach for responding to legislative initiatives which distinguishes between advocacy, position-taking, and information for decision-making
22	Conduct selection of investment consultants and advisors	conduct the search and selection process for hiring the general investment consultant and specialty investment consultants to the Board, and manage and monitor the relationship

## LACERA

### Powers Reserved for the Board of Investments

#	Powers Reserved for Board	Definition
23	Oversee overall investment organization performance	actual performance and outcomes of the investment organization compared to expected performance, including achievement of strategic goals, cost management vs. budget, development of organizational capabilities, reputation with stakeholders, etc.
24	Oversee effectiveness of investment risk management	the process of monitoring to ensure risk limits are not exceeded, surprises are avoided, variability remains within control
25	Oversee liquidity plans	part of the near-term finance planning with the task of the exact medium-term, short-term, and daily coordination between in- and out-payments
26	Oversee investment performance	actual Fund performance compared to expected performance, including net-of fees returns compared to selected benchmarks and expected returns over varying time frames
27	Oversee due diligence (investment and operational)	oversee the due diligence (investment and operational) processes to select investment managers and funds that offer the best fit with the investment beliefs and objectives for the Fund
28	Approve selection of investment managers or funds	the actual selection of investment managers and funds that offer the best fit with the investment beliefs and objectives for the fund
29	Oversee private asset valuation	the process for periodically determining the valuation of individual investments; can involve reconciling different valuations provided by the custodian, general partners or other third parties
30	Oversee investment operations and cost effectiveness	the range of activities involved in selecting and monitoring investments, negotiating investment-related fees, and maintaining cost effective Fund infrastructure
31	Oversee actuarial valuations and employer rate setting	determining the contributions estimated to be necessary for funding the plan's benefits and providing information about the plan's current funded status
32	Oversee pension soundness	whether planned contributions plus expected investment income are sufficient to meet projected benefits plus expenses at a point in time



# LACERA

## Powers Reserved for the Board of Investments

#	Powers Reserved for Board	Definition
<b>Reassurance, Risk and Compliance</b>		
33	Oversee internal audits	independent reassurance provided by internal auditors on the reliability of management's assurances about performance and risk (related to investment operations) in collaboration with Audit Committee
34	Oversee actuarial audits	tool for monitoring the quality of actuarial services performed on behalf of the pension plan. An actuarial audit involves engaging the services of an outside actuary (reviewing actuary) to scrutinize the work of the plan's consulting actuary
35	Oversee title holding audits	tool for monitoring the quality and reliability of reports of title holding assets
36	Oversee investment-related enterprise-wide risk framework and management	a comprehensive process for identifying, assessing, controlling and monitoring investment-related risk; includes operational risk (the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events), legal risk, strategic risk, reputational risk, liquidity risk, etc.
37	Oversee investment controls and compliance	monitoring the quality of asset management accounts, processes and systems with the aim of ensuring compliance with policies and regulations, including conformity in fulfilling investment policy requirements, such as restricted securities, concentration limits, basket clause and other defined limitations
<b>Administration of the Investment Operations</b>		
38	Approve staff classification and compensation	the policy which describes the classification and amount of money and benefits to be paid to attract and retain qualified personnel (shared with Board of Retirement)
39	Approve litigation and settlements related to investments	decisions to commence and settle litigation, and resolution of other investment-related legal disputes
40	Approve budget process and budgets	the process for developing an annual budget for the organization, including both operational and capital needs, and obtaining approval (shared with Board of Retirement)

## LACERA

### Powers Reserved for the Board of Investments

#	Powers Reserved for Board	Definition
41	Conduct hiring, evaluation, compensation, firing of the CEO	the process of hiring, compensating, evaluating, terminating and ensuring appropriate succession planning for the CEO (shared with Board of Retirement)
42	Oversee human resource policies (excluding compensation)	formal rules and guidelines to hire, train, assess, reward and retain members of the workforce should be determined by the CEO who has authority to run operations. The Board will oversee their effectiveness
43	Oversee accounting policies for investment activities	the policies affecting the systematic and comprehensive recording of financial transactions and the process of summarizing, analyzing and reporting these transactions that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB)
44	Oversee the CEO's effectiveness in hiring/firing and management of performance for senior Investment executives	the process of hiring, compensating, evaluating, terminating and ensuring appropriate succession planning for senior Investment executives
45	Oversee investment management succession planning	process for developing internal people with the potential to fill key business leadership positions in the organization; succession planning increases the availability of experienced and capable employees that are prepared to assume these roles as they become available
46	Oversee disclosures of investment fees and expenses	the process of disclosing management, performance, carried interest, partnership fees, and other fees paid to external investment managers to manage investments on behalf of the Fund
47	Oversee information technology plans and budgets / cyber security for Investments	the system or systems used to gather, store and retrieve information for decision-making and ensure its safe keeping
48	Oversee business continuity plans for Investment operations	plans and procedures to ensure the continuity of operations in the event of a natural or man-made disaster or other business interruption

Mapping Exercise - Powers Reserved and Delegated Authorities Policy		
#	Description	Existing policy or legal authority that references the respective Board of Investments' powers reserved role
<b>Governance and Strategy</b>		
1	Approve powers reserved for the Board of Investments	BOI Charter Sections 6 and 8
2	Approve Board charter	BOI Charter Section 8
3	Approve Board committee structure, roles and charters	BOI Charter Sections 4 and 7; Bylaws Sections 1.4 and 2.8; IPS Section 4.A.ii
4	Approve Board delegations to staff	BOI Charter Section 2; IPS Legal Authority and IPS Section IV
5	Approve Board development policy and education programs	IPS Page 13; Government Code Section 31522.8 of CERL
6	Approve Board governance principles and policies	Corporate Governance and Stewardship Principles Page 3
7	Conduct Board self-assessment of its effectiveness	BOI Charter Section 4.5
8	Oversee strategic planning process	BOI Charter Section 1 and 4.4
9	Oversee the effectiveness of Board of Investments strategic plans	IPS Page 13; BOI Charter Section 4.4
10	Oversee Board stakeholder engagement program	IPS Pages 1 and 13; BOI Charter Section 4.9
11	Oversee Board business planning process and business plans	IPS Pages 1 and 13; BOI Charter Section 4.2
<b>Investment</b>		
12	Approve investment policy statement	Government Code Sections 31520.2, 31594, and 31595 of CERL; IPS Pages 1 and 13; BOI Charter Section 1
13	Approve investment beliefs	Government Code Sections 31520.2, 31594, and 31595 of CERL; IPS Pages 1, 4, and 13; BOI Charter Section 1
14	Approve investment allocations and benchmark targets	Government Code Sections 31520.2, 31594, and 31595 of CERL; IPS Pages 1 and 13; BOI Charter Section 1
15	Approve expected rate of return (asset/liability study)	California Constitution, Article XVI, Section 17; Government Code Sections 31520.2, 31594, and CERL code 31595
16	Approve actuarial assumptions (discount rate)	California Constitution, Article XVI, Section 17(a); LACERA Funding Policy
17	Approve actuarial policies	California Constitution, Article XVI, Section 17(a); LACERA Funding Policy
18	Approve investment risk appetite and strategy (e.g., Hedge funds/ risk parity)	Government Code Sections 31520.2, 31594, and 31595 of CERL; IPS Pages 1, 10, and 13; BOI Charter Section 1
19	Approve the Investment organization structure (budget)	BOI Charter Section 1; JOGC Charter Section 7.1
20	Approve Investment organization performance metrics	Government Code Sections 31520.2, 31594, and 31595 of CERL; IPS Pages 1 and 13
21	Approve investment related legislative policy	Corporate Governance and Stewardship Principles pg 26
22	Conduct selection of investment consultants and advisors	IPS Page 14; CERL, Section 31520.2(b)
23	Oversee overall investment organization performance	IPS Pages 1 and 13
24	Oversee effectiveness of investment risk management	IPS Pages 1 and 13
25	Oversee liquidity plans	IPS Pages 1 and 13
26	Oversee investment performance	IPS Pages 1, 13, and 14
27	Oversee due diligence (investment and operational)	IPS Pages 1 and 13
28	Approve selection of investment managers or funds	IPS Pages 1, 13, and 15
29	Oversee private asset valuations	IPS Pages 1 and 13
30	Oversee investment operations and cost effectiveness	IPS Pages 1 and 13
31	Oversee actuarial valuations and employer rate setting	JOGC Charter Section 1
32	Oversee pension soundness	IPS Pages 1 and 13
<b>Reassurance, Risk and Compliance</b>		
33	Oversee internal audits	Audit Committee Charter Section VII.A
34	Oversee actuarial audits	The California Constitution, Article XVI, Section 17(a)
35	Oversee title holding audits	IPS Pages 1 and 13
36	Oversee investment-related enterprise-wide risk framework and management	IPS Pages 1 and 13
37	Oversee investment controls and compliance (checks and balances)	IPS Pages 1 and 13
<b>Administration</b>		
38	Approve staff classification and compensation	BOI Charter Section 1; JOGC Charter Section 7.1
39	Approve litigation and settlements related to investments	IPS Page 14; JOGC Charter Section 5
40	Approve budget process and budgets	BOI Charter Section 1; JOGC Charter Section 7.1
41	Conduct hiring, evaluation, compensation, firing of the CEO	BOI Charter Section 1; JOGC Charter Section 1
42	Oversee human resource policies for investment operations (excluding compensation)	IPS Pages 1 and 13
43	Oversee accounting policies for investment activities	Audit Committee Charter Section VII.C
44	Oversee the CEO's effectiveness in hiring/firing and management of performance for senior Investment executives	Chief Investment Officer Reporting and Performance Evaluation Policy
45	Oversee investment management succession planning	IPS Pages 1 and 13
46	Oversee disclosures of investment fees and expense	IPS Pages 1 and 13
47	Oversee information technology plans and budgets / cyber security for Investments	Audit Committee Charter Section VII.E
48	Oversee business continuity plans for Investment operations	IPS Pages 1 and 13

October 27, 2023

TO: Trustees – Board of Investments

FROM: Jude Pérez *JP*  
Deputy Chief Investment Officer  
Scott Zdrzil *SZ*  
Principal Investment Officer

FOR: November 8, 2023, Board of Investments Meeting

SUBJECT: **CLIMATE-AWARE STRATEGIC ASSET ALLOCATION**

LACERA initiated its Strategic Asset Allocation (“SAA”) study at the July 12, 2023, Board of Investments meeting and presented a guide for a series of educational topics which started with the October 11, 2023, Board of Investments meeting on various elements of the SAA study.

The following is a presentation (**ATTACHMENT**) on the second of those topics and discusses how LACERA is measuring investment risks and opportunities related to the energy transition and climate change, and their prospective impact on the Total Fund. This exercise updates a similar presentation provided to Trustees in 2020 in advance of the Board’s 2021 strategic asset allocation deliberation. LACERA staff will present the current climate-related profile of the Total Fund and Meketa will discuss climate-related scenario analysis that will stress-test forthcoming capital market assumptions to be incorporated into the SAA study.

Attachment

## Climate-Aware Strategic Asset Allocation

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Board of Investments

November 8, 2023

Scott Zdrazil, Principal Investment Officer

Dale Johnson, Investment Officer

Tim Filla, Managing Principal, Meketa Investment Group

Zach Stevens, Senior Vice President, Meketa Investment Group

# Objective and Discussion Outline



## Objective

1. Provide the Board with an update on LACERA's current measured climate risk exposures
2. Discuss climate risk modeling that Meketa will update to inform Trustees' deliberation of a strategic asset allocation

## Discussion Outline

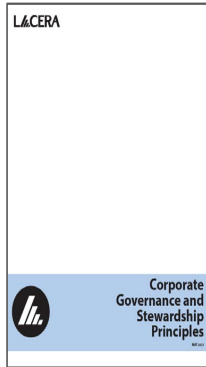
1. Background on LACERA's policy guidance and climate-related portfolio analytics
2. Analysis of investment risks and opportunities related to energy transition and climate change
  - Carbon intensity of current portfolio
  - Scenario analyses of current portfolio
  - Emerging energy transition exposures in current portfolio
  - Meketa scenario analyses and stress testing for strategic asset allocation modeling
3. Next steps

# Executive Summary of Key Takeaways



1. Data analytics indicate the energy transition and climate change can impact LACERA's portfolio performance
2. Current portfolio risk exposures are concentrated in several portfolios and a relatively small number of companies
3. LACERA is gaining energy transition exposures both by intentional portfolio positioning and as portfolio companies transition their business strategies
4. Portfolio positioning matters with wider upside energy transition opportunities present in certain asset classes (infrastructure, natural resources, private equity) and greater risk and volatility in select asset classes
5. Climate data provides an additional lens of analysis for Trustees to evaluate as the Board deliberates its upcoming strategic asset allocation

# Background on LACERA Policy Guidance and Strategies



LACERA recognizes that climate change and the energy transition present **both financial risks and opportunities** to individual portfolio holdings and to the broader economy in which LACERA invests.

[Corporate Governance and Stewardship Principles](#), §V(B)3, p.24

LACERA pursues a multi-pronged approach to “put principles into practice” in line with LACERA’s mission to “produce, protect, and provide the promised benefits to our members”



## Policy Advocacy

Support global policy action to achieve Paris Agreement goals and mitigate financial risks



## Proxy Voting

Support risk disclosure and mitigation so investors can price risks



## Engagement

Encourage the most carbon-intensive portfolio holdings to disclose and mitigate climate risks



## Investment Due Diligence

Assess each investment mandate on how the asset manager identifies and manages relevant climate risks



## Portfolio Analytics

Identify and measure financial risks and opportunities to inform investment decisions



## Transparency

Communicate approach to energy transition and climate risks; i.e., annual [stewardship report](#)



# Analytics for a Climate-Aware Strategic Asset Allocation



## What is “climate-aware investing?”

- Analytical framework by which LACERA uses available data analytics to identify and assess financial risks and opportunities related to climate change and the energy transition to inform investment decisions to help produce and protect returns
- Includes assessing strategic asset allocation (SAA) options, asset class structure reviews, and asset managers’ portfolios

## Why does LACERA evaluate climate-related risks as part of its strategic asset allocation modelling?

- SAA typically use “mean-variance optimization” (MVO) modeling, which relies on past performance to predict future outcomes
- MVO presents challenges of taking into account forward-looking, exogenous tail risks (i.e., pandemics, geopolitical risks)
- Incorporating climate analyses can provide Trustees with an additional lens to consider
- LACERA first worked with Meketa in 2000 to develop modeling to help inform the Board’s 2021 strategic asset allocation
- LACERA aims to incorporate accessible data as data tools expand and amidst changes in technology, climate policies, and markets

## How does LACERA assess climate-related financial impacts?

Today’s report presents three analytical lenses to assess climate-related exposures and financial impacts:



### Carbon Intensity (Footprint)

- Measures emissions generated by current portfolio holdings
- Bottom-up analysis
- Building block to identify concentrated exposures for further analysis
- Can compare companies and portfolios to identified benchmarks



### Bottom-Up Scenario Analysis

- Current portfolio holdings
- Assess prospective financial impacts under various policy and climate change scenarios
- Forward-looking analysis



### Top-Down Scenario Analysis

- Stress tests asset class expected return rates (capital market assumptions) underlying SAA
- Assess prospective financial impacts under various policy and climate change scenarios
- Forward-looking analysis

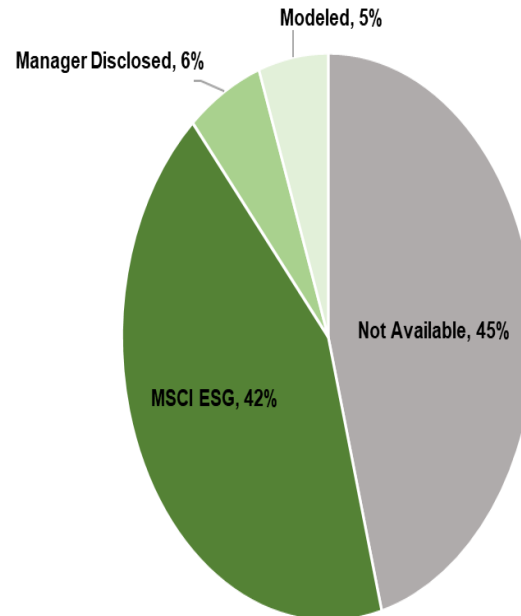
# Current Climate Data Coverage and Cautions



## Limited Data Coverage Impacts Analysis of Current Portfolio

LACERA currently has data coverage for 54% of the portfolio

- 42% provided by data provider, MSCI, which covers public companies (i.e., global equity, some fixed income, real assets equity portfolios)
- 6% directly reported by asset managers (with LACERA's participation in GRESB\* or directly reported from some private equity firms)
- 5% modeled by LACERA using financial data (revenues, enterprise value, industry) reported from asset managers



LACERA does not have visibility into climate exposures for 45% of the portfolio, as measurable data is not yet available

- LACERA may be able to expand data coverage by an additional 32% of the portfolio, assisted by more asset managers reporting directly or through GRESB, as well as the current Board-approved RFP for private asset class portfolio analytics providers
- 14% of portfolio does not have measurable climate exposures due to the nature of the investments (TIPS, hedge funds, U.S. Treasuries)

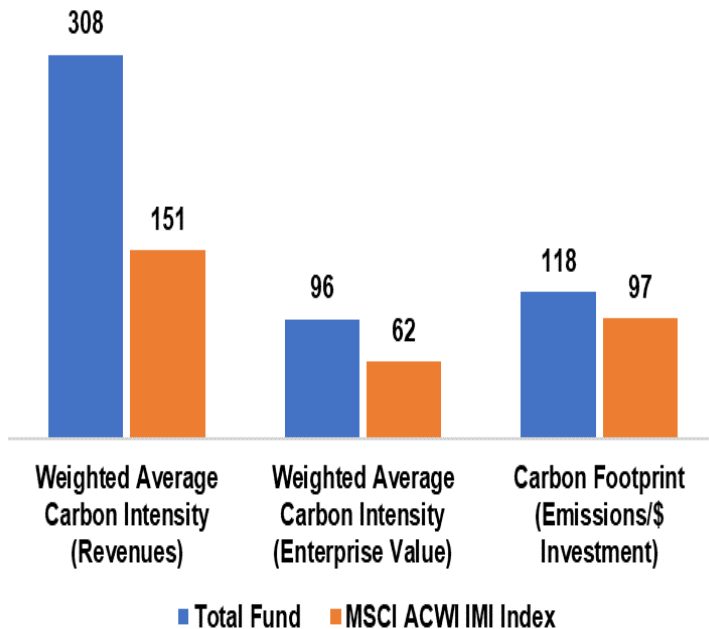
\*Global Real Estate Sustainability Benchmark, which LACERA started participating in in 2020 and formally affiliated to in 2022

# LACERA's Measurable Carbon Intensity Above Benchmark



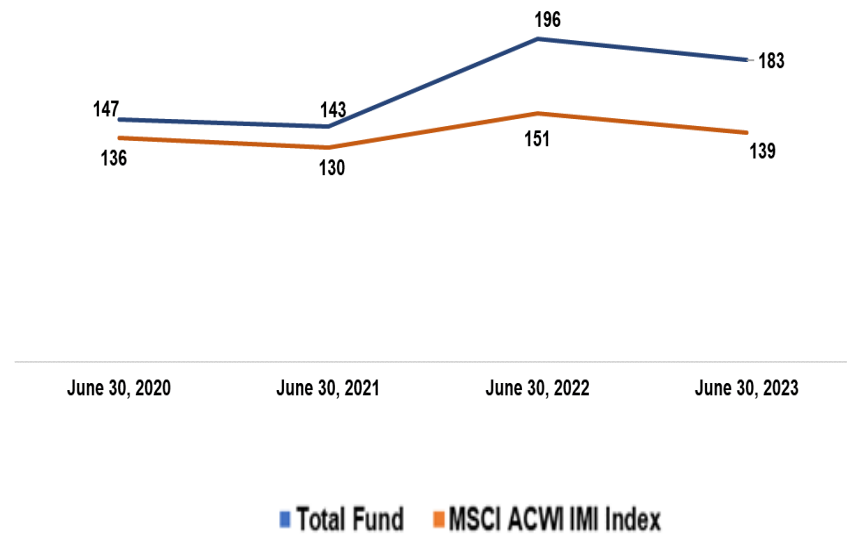
Measurable LACERA carbon intensity remains higher than a broad public equity benchmark\* across various carbon metrics

### LACERA Measured Carbon Intensity Compared to Global MSCI Index



### Trendline of LACERA's Measurable Carbon Intensity Compared to Global MSCI Index

(Weighted Average Carbon Intensity by Revenues)



Source: LACERA analysis using MSCI data

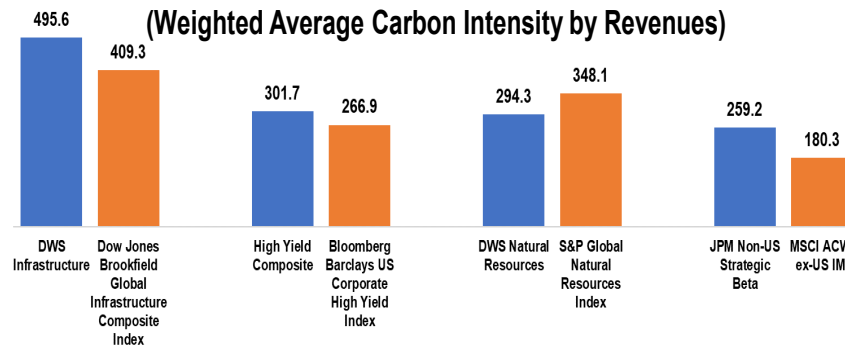
MSCI ACWI IMI Index is the MSCI All Countries World Index Investible Markets Index and is used as a representation of a large global index; data is not available for LACERA's total fund benchmark

# Key Concentrations of Measured Carbon Intensity



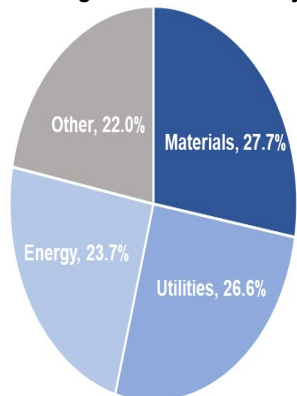
LACERA's carbon intensity is more heavily concentrated in three areas of LACERA's portfolio:  
Real assets completion (equity) portfolios, high yield, and some non-US equity accounts

## Carbon Intensity of Select Portfolios Compared to Accessible Relevant Benchmarks



## LACERA's Carbon Intensity Concentrated in Three Sectors

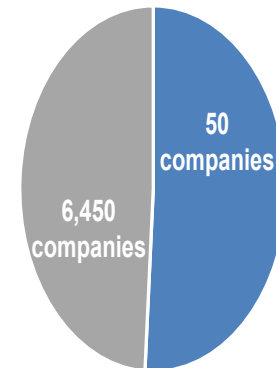
(Weighted Average Carbon Intensity by Revenues)



Materials, Utilities, and Energy account for 78% of LACERA's carbon intensity (scope 1 and 2 emissions)

## LACERA's Carbon Intensity Concentrated in Top 50 Most Carbon Intensive Companies

(Weighted Average Carbon Intensity by Revenues)



50 companies (out of over 6,900 holdings) account for 51% of LACERA's carbon intensity (scope 1 and 2 emissions)

Source: LACERA analysis using MSCI data

# Scenario Analysis: Modeling Financial Impacts



Climate Value at Risk (CVaR) measures the prospective financial impact on LACERA's current portfolio of three factors



- Data modeling is from MSCI, using the Network for Greening the Financial System (NGFS)<sup>1</sup> inputs under a 2 degree increase in global temperature by 2050 and moderate weather-related impacts
- Modeling only covers publicly-listed companies in LACERA's portfolio, limiting portfolio coverage to about 41% of Fund value
- Physical risks are primary contributors to potential loss of financial value
- Climate adaptation at portfolio companies and any changes to LACERA's portfolio holdings can change the modeled CVaR estimates

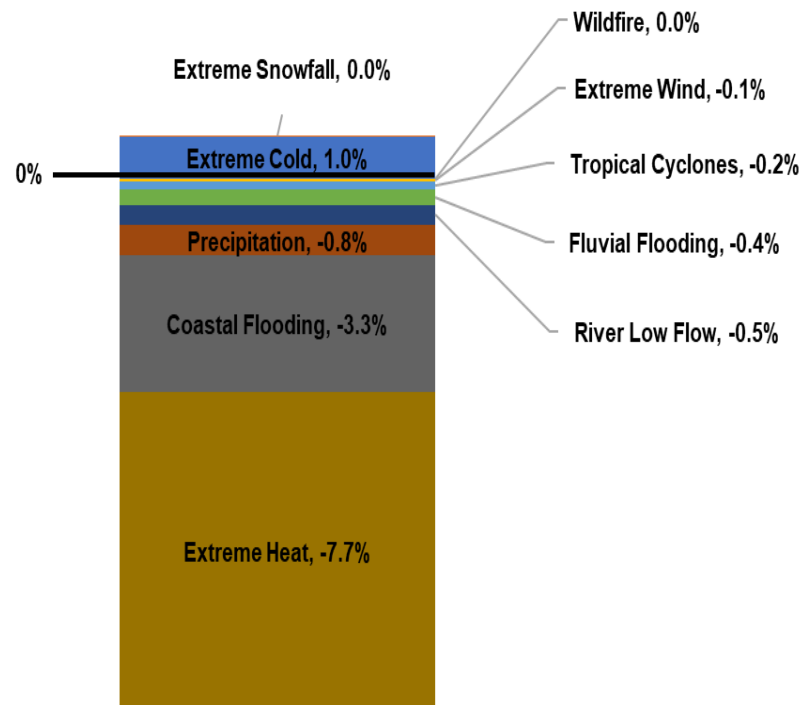
<sup>1</sup> <https://www.ngfs.net/en>

Source: LACERA analysis using MSCI data

# Extreme Heat and Coastal Flooding Drive Physical Impacts



## Breakdown of Modeled Financial Impact of Ten Physical Risks



-11.1% Aggregate Modeled Impact of Ten Physical Risk Factors

- Of the ten factors evaluated, **extreme heat** and **coastal flooding** and to some extent **precipitation** have notable impacts on financial value
- Modeling does not currently indicate much financial impact from some factors (**cyclones**, **wildfire**, **wind**, **fluvial flooding**, **river low flow**)
- Notably, **extreme cold** reflects a potential positive impact on financial value (e.g., data centers benefit from natural cooling)
- Note that values aggregate to -11.9%; however, interaction effect among factors reduces overall impact
- LACERA continues to monitor the development of data and modeling to estimate factors, such as wildfires and cyclones

Source: LACERA analysis using MSCI data

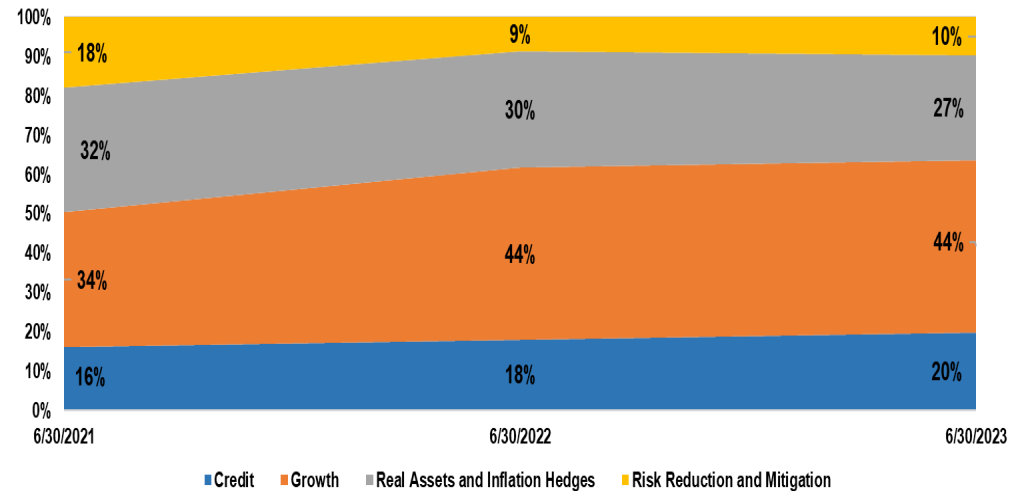
# Portfolio Evolution Highlights Shifts in Exposure



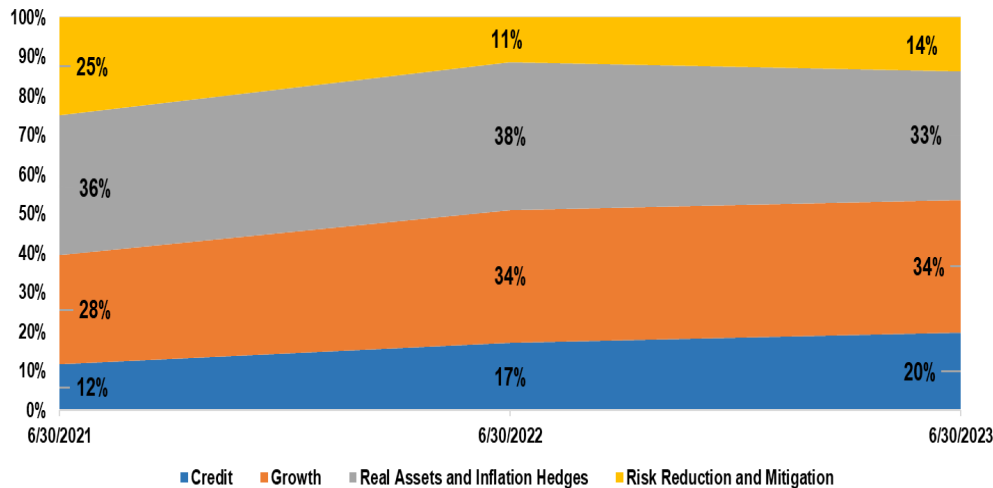
Structural changes to LACERA's portfolio impact LACERA's Climate Value at Risk and carbon emissions exposures

- implementing asset allocation
- manager transitions
- public versus private investments

Functional Asset Class Contribution to Total Fund Climate Value at Risk Over Time



Functional Asset Class Contribution to Total Fund Weighted Average Carbon Intensity Over Time



- Termination of core-plus bond managers and reallocation of assets to bond index fund reduced exposure in risk reduction and mitigation
- Real assets equity completion portfolios with high emissions intensity have been supplemented with private renewable investments but capital contributions yet to have meaningful impact
- Reduction of active managers in global equity and reallocation to beta index strategy contributed to increase in emissions intensity of growth
- Analysis limited by limited data in private asset classes

Source: LACERA analysis using MSCI data

# Emerging Insights on Energy Transition Exposures



Data analytics are helping to identify and evaluate emerging exposures to energy transition opportunities



LACERA has committed over \$3 billion to infrastructure and natural resources private funds with anticipated energy transition exposures

- Include renewables and mineral inputs (i.e., copper, lithium, nickel)
- Recent fund commitments anticipated to lower the carbon intensity of Real Assets portfolio, currently concentrated in public equity completion portfolios
- Board-approved Real Assets Structure Review avoids long-dated private fund investment exposures to carbon intensive sectors, such as coal, oil, and gas



About \$10 billion (15%) of LACERA portfolio holdings in have some revenue generated from energy transition opportunities



Some portfolio companies are transitioning business strategies to seize new energy transition opportunities

- Of the top 25 most carbon intensive companies in the MSCI ACWI IMI Index (accounting for ~32% of index carbon intensity), 19 companies have some revenue benefiting from the energy transition and 12 have greater than 5% of revenue from energy-transition related opportunities
- Of the top 25 most carbon intensive companies in the LACERA portfolio (accounting for ~38% of portfolio carbon intensity), 17 companies have some revenue benefiting from the energy transition and 5 have greater than 5% of revenue from energy-transition related opportunities
- Of LACERA's top 25 most carbon intensive holdings, 10 are being engaged by the Climate Action 100+ initiative (to which LACERA is affiliated) to encourage reducing carbon intensity and mitigate climate-related financial risks

Source: LACERA analysis using MSCI data

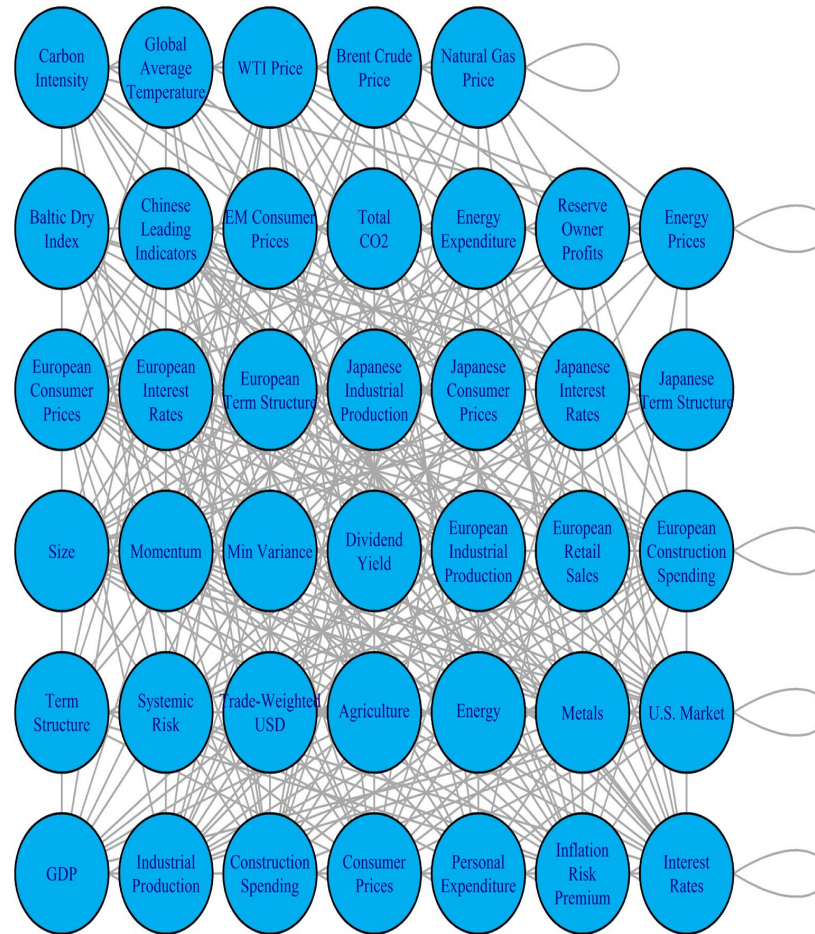




## Meketa Approach

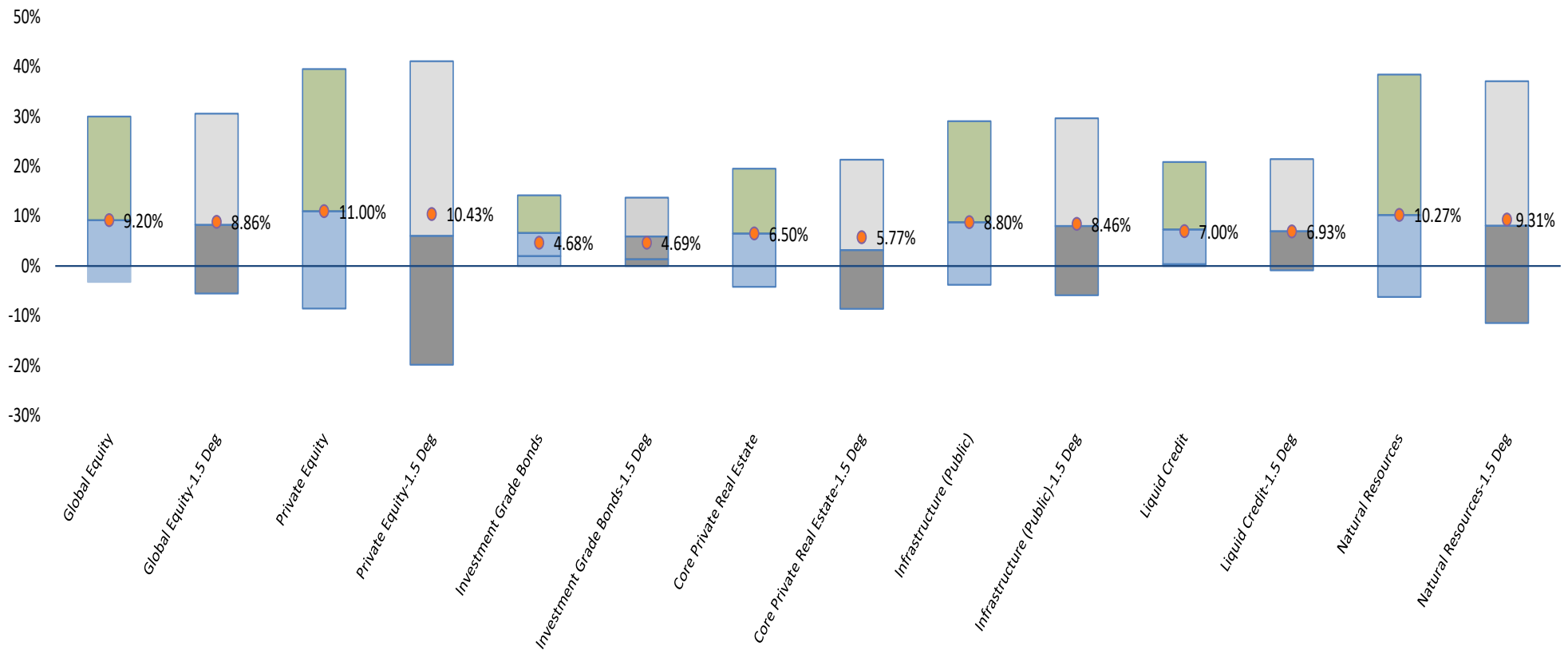
- Our clients are often seeking to mitigate risks across their entire investment portfolio over 20- to 30-year time periods. As a result, we use a top-down approach to give allocators a “big picture” estimation of potential impacts. This offers a healthy dose of uncertainty and allows us to investigate a broader range of potential outcomes.
- We present four scenarios in which the way the world could look:
- 1.5°C Global Mean Temperature: Simulations where the global mean temperature is constrained to a 1.5°C or lower rise above the preindustrial baseline. Staying within this level of temperature rise is consistent with relatively aggressive climate change mitigation efforts.
  - 3.0°C Global Mean Temperature: Simulations where the global mean temperature is consistent with a 3.0°C temperature rise by 2100. Staying within this level of temperature rise is consistent with moderate climate change mitigation efforts.
  - 3% Carbon Reduction: Simulations where electricity production experiences an annualized 3% reduction in carbon intensity.
  - \$100 Carbon Tax Policy: Simulations with rises in oil and natural gas prices consistent with the carbon taxation of \$100/tCO<sub>2</sub> where fossil fuel reserve owners do not have increasing profits, implemented over the course of the next decade.

# How Does the Meketa Model Work?



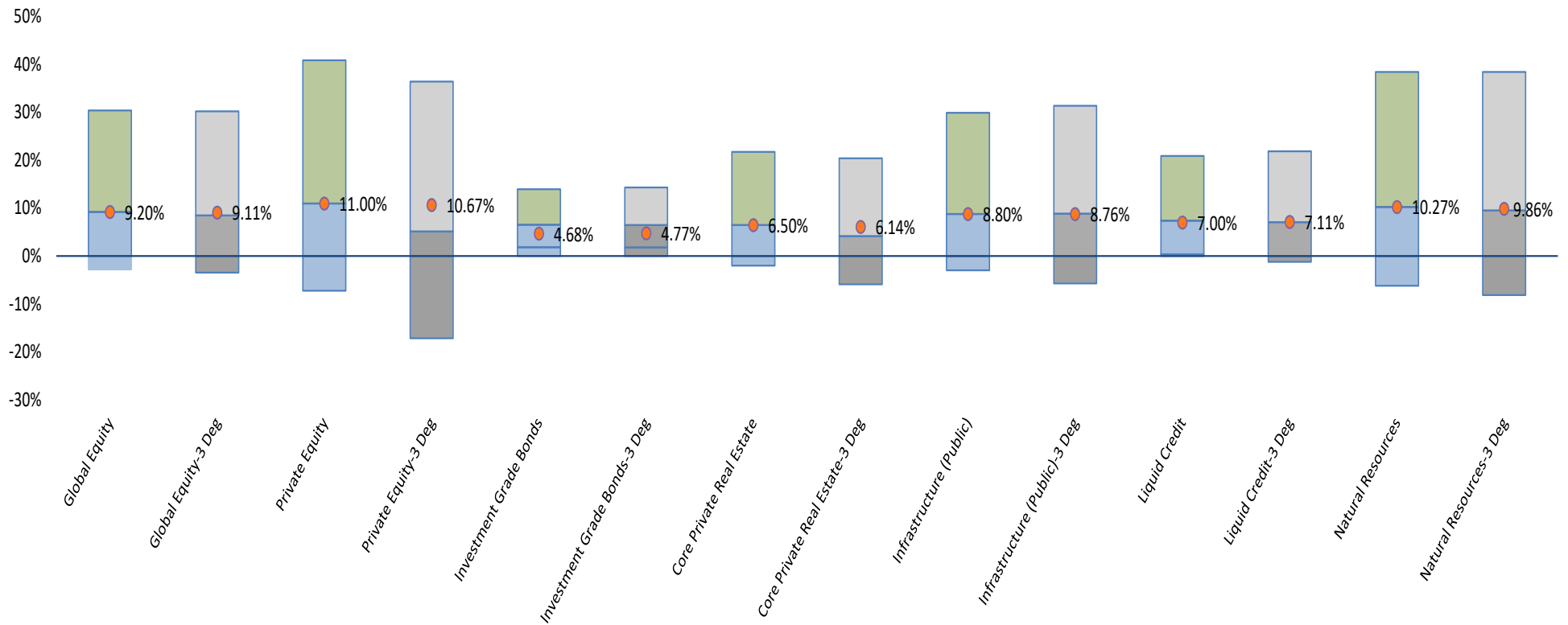
We take historical factor definitions and their past behaviors to generate direct and indirect relationships among factors. We then use these relationships to generate “simulations” that forecast these factors into the future.

- Each simulation can be thought of as a way the world *could* look in the future.
- We then review the simulations with characteristics that fit the various scenarios we are analyzing.



- On average all assets, apart from IGBs, are challenged in this environment.
- Natural Resources and Core Private RE see the greatest impact their average return.
- Investment Grade Bonds return remains largely flat with minimal growth in its volatility of returns.

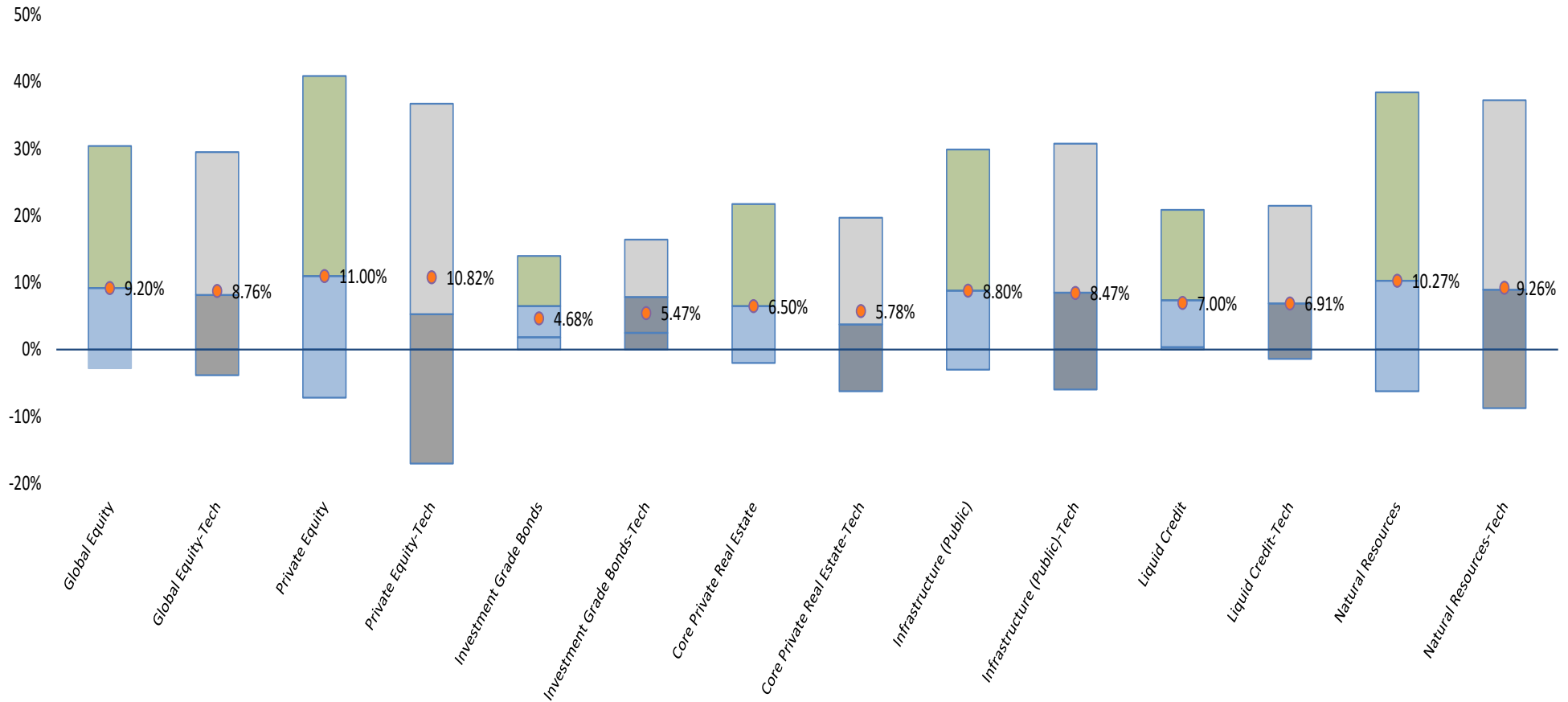
# Physical Risk Scenario: 3.0°C



→ Natural Resources, Core Private RE, and Private Equity see the largest negative impact to their average return. Natural Resources develops a more significant negative skew.

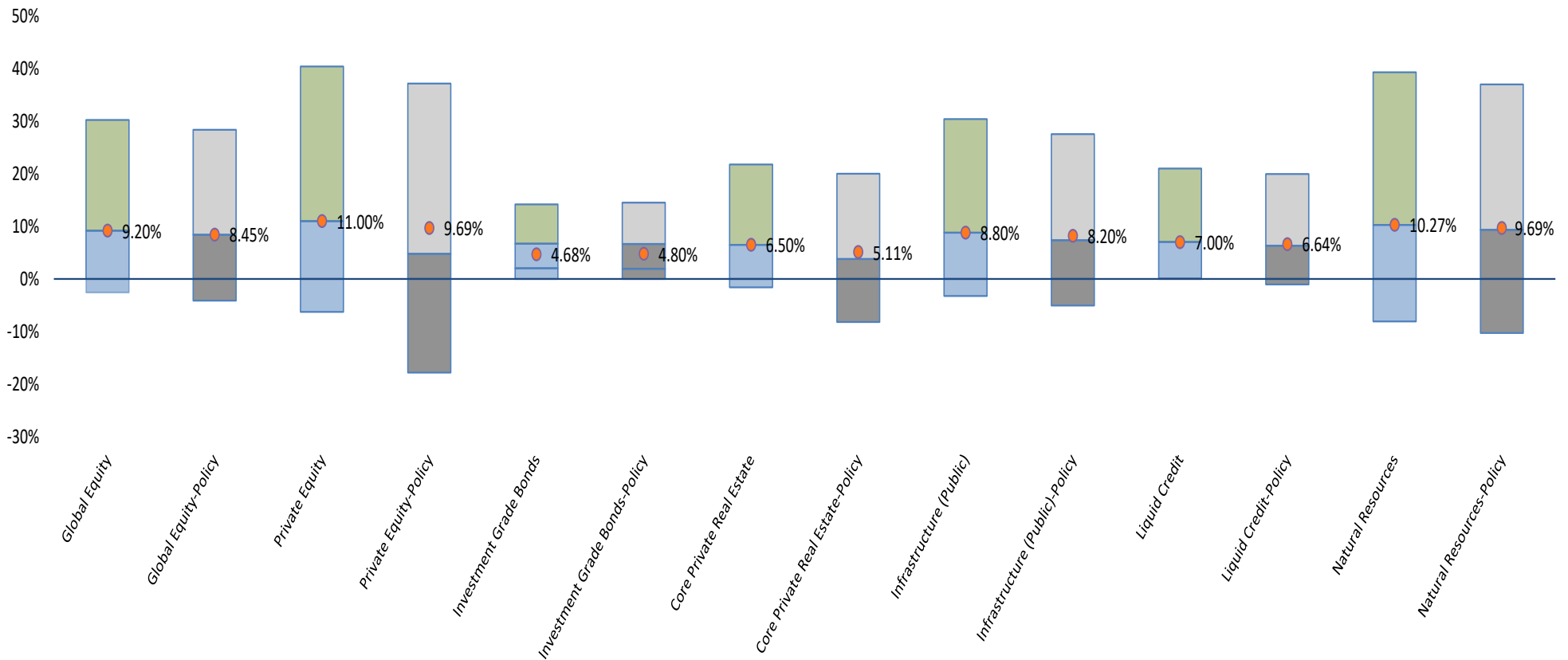
→ Investment Grade Bonds and Liquid Credit have slight positive returns and relatively small expansion in their return volatility and little downside risk.

# Technology Opportunities Scenario



- Equity-sensitive returns trend lower than baseline with significant downward tails. Private Equity leans towards a positive skew in the tails.
- Interest rate sensitive assets fare well under, with IGBs seeing significant average upside and a largely flat outcome for Liquid Credit.
- Natural Resources, due to its energy exposure, is significantly challenged.

# Policy Risk Scenario: Carbon Tax



- The carbon tax scenario shows the most substantial declines across assets. Equity returns trend lower than baseline with Private Equity having the largest gap to make up.
- Real estate returns are significantly lower than baseline, Infrastructure is moderately lower than baseline.
- Natural Resources perform poorly against the baseline and take on significant downside risk.



- The Network for Greening Financial Systems(“NGFS”) is an international organization made up of 121 financial supervisory authorities and central banks, focused on developing best practices for the environmental and climate risk management in the financial sector.
  - They provide six scenarios ranging from orderly net zero transitions to hot house scenarios.
- Meketa’s approach to NGFS modeling is similar to its traditional, differing in only one respect:
  - Instead of generating ways the world **could** look, we assume certain variables **will** look like the NGFS’ forecasts and generate simulations based on those assumptions.
  - Suitable variables have both a forecast and historical data (so we can measure historical relationships)
- We hold 11 variables constant in our NGFS scenarios.
  - Financial: World GDP, Coal / Gas / Oil Prices and Consumptions, Total Energy Consumption and Non-Carbon Energy Consumption
  - Physical: Flood Costs, Tropical Storm Costs

	Scenario Name	Temp Target	Description
Orderly	Net Zero 2050	1.4°C	Immediate and smooth climate policies implemented, gradually becoming more stringent to limit warming to 1.5 degrees C. Subdued physical and transition risk.
	Below 2°C	1.6°C	Gradual increase of more stringent climate policies leading to 67% chance of limiting warming to below 2 degrees C. Subdued physical and transition risk.
Disorderly	Divergent Net Zero	1.4°C	Achieves net zero around 2050 with high cost driven by fractured policies across sectors.. Minimal physical risk and high transition risk.
	Delayed Transition	1.6°C	Assumes annual emissions do not decrease until 2030 and then move to rapid decline strict policies. Minimal physical risk and high transition risk.
“Hot House”	Nationally Determined Contribution	2.6°C	All pledged climate and emission targets by countries are achieved. Moderately high physical risk and low transition risk
	Current Policies	3.0°C+	Currently implemented climate and emission policies are preserved. High physical risk and low transition risk.



## Scenario Impact on Average 20-Year Expected Return Versus Baseline

	Baseline 20-Yr CME	Meketa: 1.5°	Meketa: 3°	Meketa: Technology Scenario	Meketa: Policy Scenario	NGFS: Below 2°	NGFS: Current Policies	NGFS: Delayed Transition	NGFS: Divergent Net Zero	NGFS: Nationally Determined Contributions	NGFS: Net Zero 2050
Global Equity	9.20%	-0.34%	-0.09%	-0.44%	-0.75%	-0.32%	1.16%	0.37%	-0.93%	0.01%	-0.30%
Private Equity	11.00%	-0.57%	-0.33%	-0.18%	-1.31%	-0.36%	1.36%	0.47%	-1.06%	0.02%	-0.33%
Investment Grade Bonds	4.68%	0.01%	0.09%	0.79%	0.12%	0.07%	0.37%	0.22%	0.18%	0.16%	0.14%
Core Private Real Estate	6.50%	-0.73%	-0.36%	-0.72%	-1.39%	-0.08%	-0.10%	-0.13%	-0.73%	-0.24%	-0.42%
Infrastructure Public	8.80%	-0.34%	-0.04%	-0.33%	-0.60%	-0.08%	-1.24%	-0.75%	-1.52%	-0.70%	-1.03%
Liquid Credit	7.00%	-0.07%	0.12%	-0.08%	-0.36%	-0.46%	-0.16%	-0.59%	-0.65%	-0.39%	-0.77%
Natural Resources	10.27%	-0.96%	-0.41%	-1.01%	-0.58%	-0.20%	-0.30%	-0.77%	-1.10%	-0.93%	-0.63%

→ Across most scenarios and asset classes, returns versus baseline tend to be negative due to transition costs and/or impacts of climate change.

- Investment grade bonds are a notable exception, increasing moderately.
- Equities tend to have their strongest performance in scenarios where transition costs are pushed off to the future (e.g., “Current Policies”, “Delayed Transition”, “Nationally Determined Contributions”)






- 1. Conduct climate scenario analysis of strategic asset allocation options that Meketa will present to the Board to inform Trustees' deliberation of SAA options**
  
- 2. Continue expanding data coverage**
  - Actively encourage real assets and real estate managers to participate in GRESB
  - Encourage private equity managers to directly report climate data
  - Procure private markets data analytics provider, per current Board-approved RFP
  
- 3. Continue using data analytics to inform LACERA's investment process and monitoring at multiple levels**
  - Strategic asset allocation and total fund evaluation
  - Asset category Structure Reviews and subcategory allocations
  - Due diligence and monitoring of individual mandate portfolios and external asset managers



October 20, 2023

TO: Trustees – Board of Investments

FROM: Scott Zdrzil   
Principal Investment Officer

James Rice   
Principal Investment Officer

Mike Romero   
Senior Investment Analyst

FOR: November 8, 2023, Board of Investments Meeting

SUBJECT: **Responsible Contractor Policy Annual Report**

### **SUMMARY**

Attached is a presentation from staff that will provide an update and review of LACERA's revised Responsible Contractor Policy (RCP) implementation.

### **BACKGROUND**

On July 13, 2022, the Board of Investments approved a revised Responsible Contractor Policy that was initially adopted in 2002 with an objective to guide LACERA's real assets investment managers when selecting contractors.

Staff conducted a review to assess investment managers' track records of adhering to responsible contracting practices, consistent with LACERA's RCP policy provisions.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



Attachment

# Responsible Contractor Policy (RCP) Annual Report

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Board of Investments Meeting  
November 8, 2023

# Table of Contents

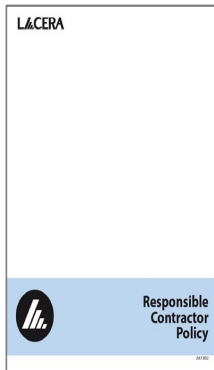


<b>Section</b>	<b>Slide</b>
Report Objective and Background on LACERA's RCP	3
Key Provisions	4
Policy Application	5
Separately-Managed Accounts Investments	6
Commingled Fund Investments	8
Observations and Takeaways	10
Next Steps	11

# Discussion Objective and Background on LACERA's RCP

**Objective:** Provide update and review of LACERA's Responsible Contractor Policy (RCP) implementation

**Purpose of the RCP:** Optimize financial performance and risk mitigation in LACERA's real estate and real assets portfolio by expecting asset managers to select high-quality construction and operations contractors with a track record of legal compliance, stability, and fair wages and benefits who can deliver dependable, safe, and effective services



"LACERA expects investment managers to ensure effective practices and internal controls are in place to select responsible contractors based upon their demonstrated ability to provide high quality services as evidenced by experience, skill, reputation, responsiveness, fees, dependability, record of compliance with applicable laws, regulations and statutes, and payment of fair compensation and benefits to employees."

"By promoting responsible contracting, LACERA seeks to prudently optimize financial performance while mitigating investment risks—including, but not limited to, compliance, legal, operational, and reputational liabilities—that may be presented when business entities fail to meet responsible contracting standards."

LACERA [Responsible Contractor Policy](#), Page 1

## Policy History and Recent Restatement: LACERA refreshed and expanded its RCP in 2022

2002

LACERA first adopted an RCP applicable to real estate separate accounts

2022

LACERA refreshed and restated the RCP to:

- Expand to all real assets
- Incorporate commingled funds
- Harmonize with LACERA Investment Policy Statement and Corporate Governance and Stewardship Principles

Today

First update on implementation of restated RCP

# Key Provisions of LACERA's RCP



LACERA's RCP defines a responsible contractor as a firm that has the appropriate experience, skill, reputation, employee relations, responsiveness, fees, and dependability to perform the required work and provides fair compensation and benefits.

LACERA's RCP specifically articulates five key provisions in responsible contracting:

- ✓ **Fair Wages and Benefits** – Encourage fair wages and benefits, such as health and pension benefits, taking into account local market conditions and wage practices
- ✓ **Legal Compliance** – All contractors should demonstrate a compelling track record of compliance with all applicable federal, state and local laws, regulations, and ordinances
- ✓ **Diversity, Equity and Inclusion** – LACERA expects investment managers to ensure equal opportunity and non-discrimination in contracting provisions for construction and operation services
- ✓ **Competitive Bidding** – Investment managers should ensure that all requests for proposals and invitations to bid applicable contracts are made through a competitive bidding and selection process
- ✓ **Freedom of Association/Neutrality** – LACERA encourages investment managers, property managers, and contractors to maintain a position of neutrality where there is a legitimate attempt by a labor organization to organize workers employed in contracted construction, maintenance, operation and services



## Required at Separately-Managed Accounts\* (50% or greater owned)

- Where LACERA owns more than a 50 percent equity position either directly or indirectly in the investment fund, LACERA **requires** the investment manager to use their best efforts to comply with the terms and provisions defined in LACERA's RCP.
- Investment managers required to apply the LACERA RCP to all contracts valued at \$100,000 or more.

## Strongly Encouraged at Commingled Fund Investments\*\*

- Where LACERA does not have greater than 50 percent equity ownership and/or control of an investment fund, LACERA **strongly encourages** the investment managers to have provisions and practices in place that reflect the key terms of LACERA's RCP.

\*Defined as "Controlled Investments" in the RCP

\*\*Defined as "Non-Controlled Investments" in the RCP

# Separately Managed Account Investments



## Evaluation Process



## Staff Assessment

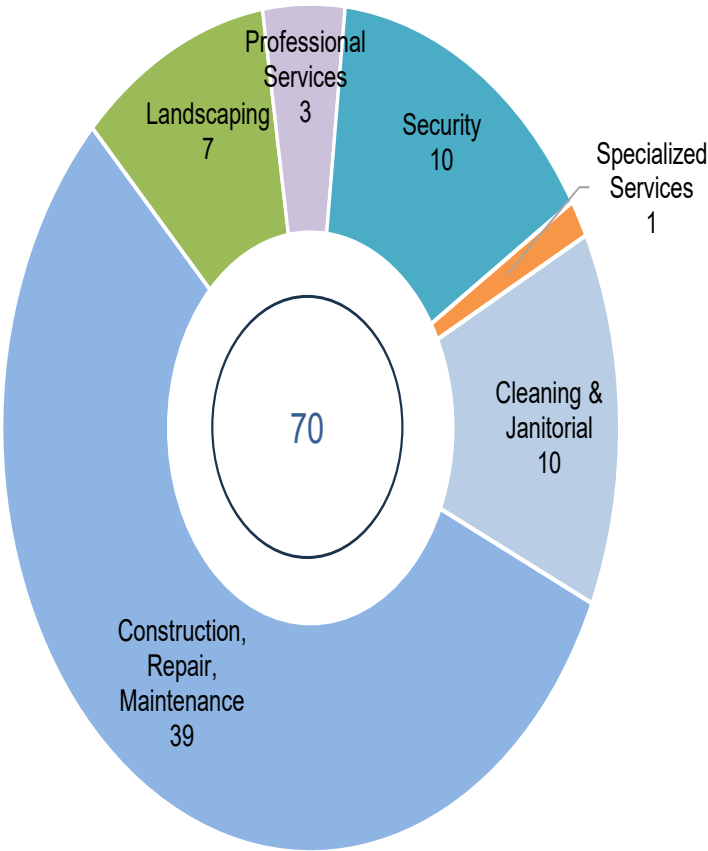
- 1 All five separate account managers reported in aggregate 100% compliance for the period from July 1, 2022 to June 30, 2023.
- 2 The five managers have provisions to implement LACERA's Responsible Contractor Policy to promote fair and open business practices as well as fair and equal procurement opportunities for all qualified competitive suppliers and vendors.
- 3 The five managers certified they and their contractors complied with the RCP policy to the best of their knowledge.
- 4 \$24.5 million paid to 70 contractors with service agreements over \$100K.
- 5 No formal complaints were filed during the reported period.



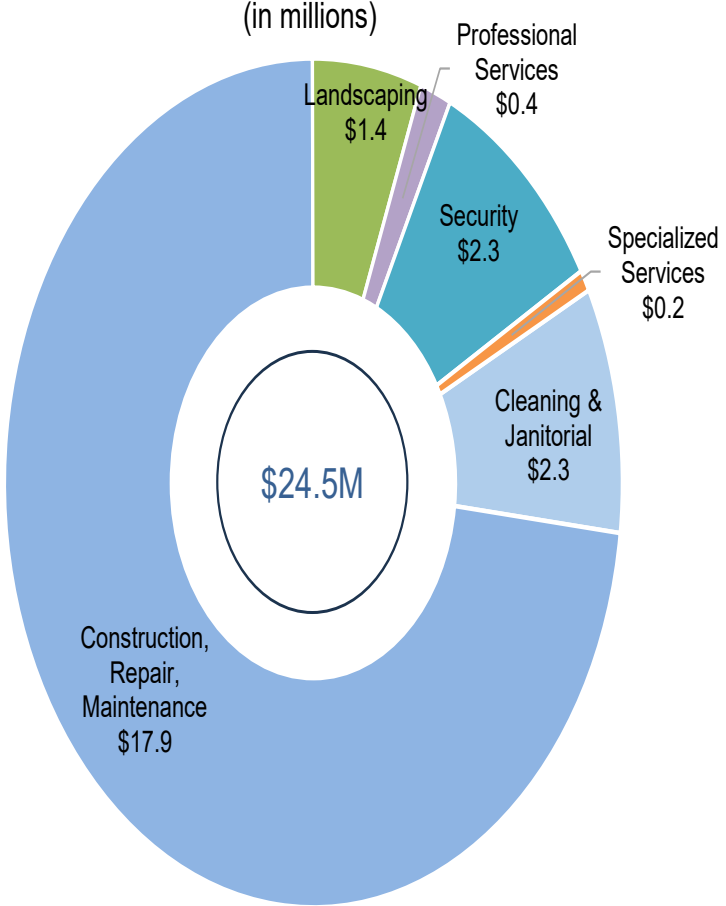
# Separately Managed Account Investments



Number of Contracts



Total Contract Amount



- A total of 70 contracts were completed in various services for controlled investments
- A total of \$24.5 million was paid to the 70 contractors

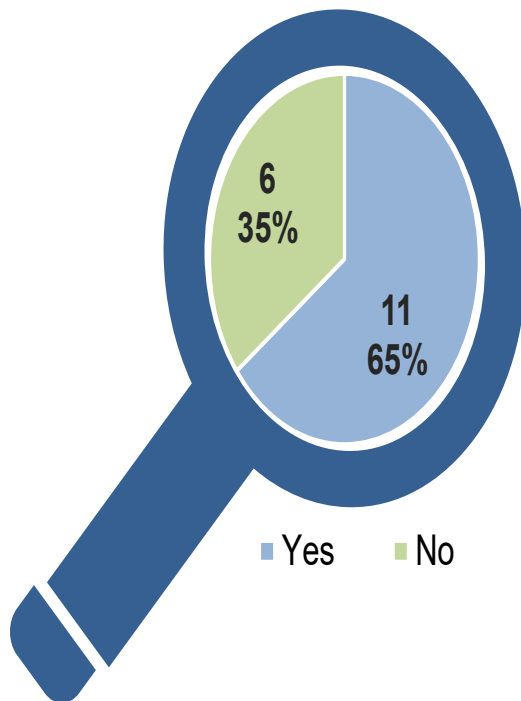
# Commingled Fund Investments



## Evaluation Process



## General Partners with RCP



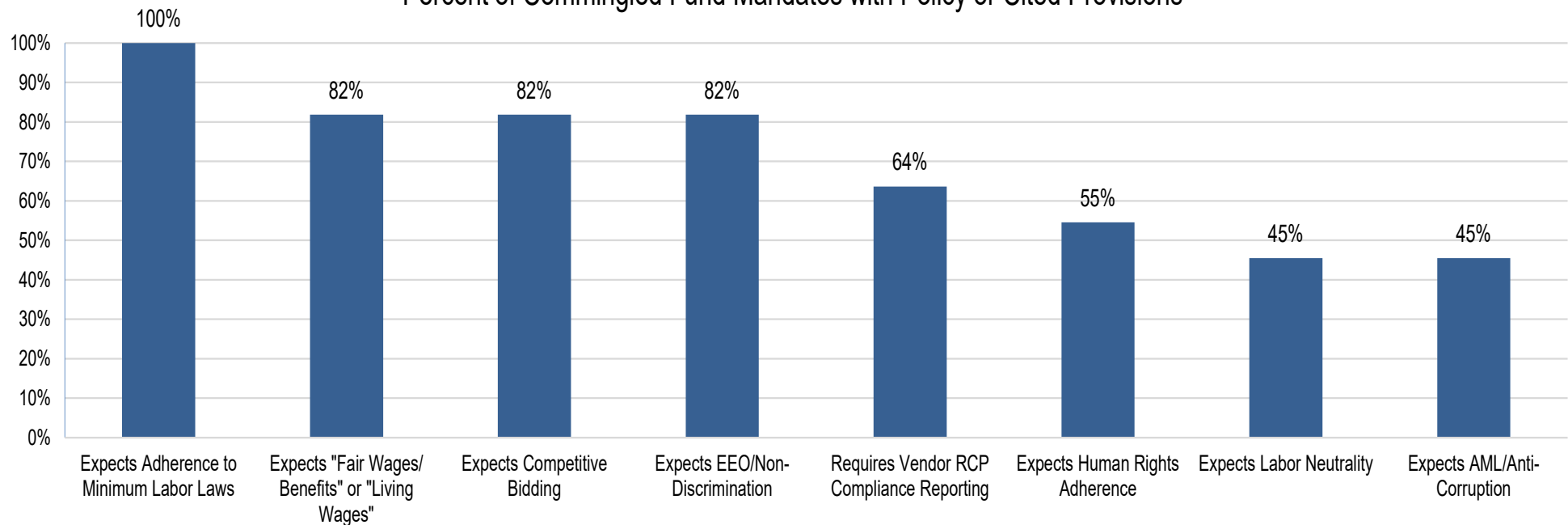
- Notably, eleven out of seventeen commingled fund managers (65%) have voluntarily adopted Responsible Contractor Policies that apply to LACERA's commingled funds
- This reflects more asset managers adopting their own RCPs in recent years
- LACERA encouraged all managers without RCPs to consider adopting and reporting to LPS on their implementation
  - LACERA will continue dialogue through Limited Partner Advisory Council (LPAC) participation and manager monitoring

# Commingled Fund Investments



- Eleven commingled fund managers have provisions similar to LACERA's policy.
- Comprehensive review of the eleven RCPs to monitor alignment with LACERA. Results are summarized below.

Percent of Commingled Fund Mandates with Policy or Cited Provisions

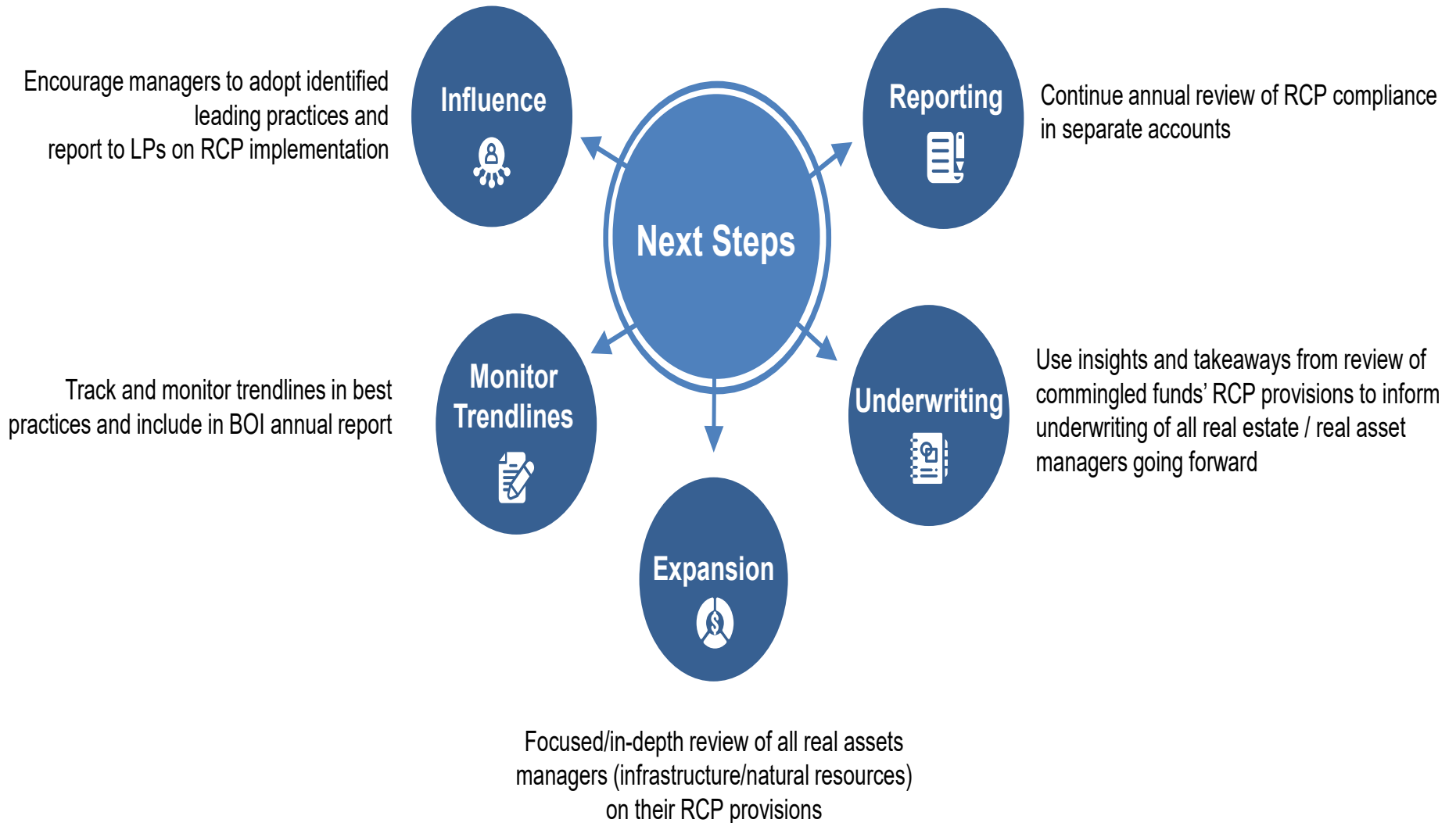


# Observations and Takeaways



- 100% RCP compliance at separate account managers
  
- Wide voluntary adoption of RCP policies/terms at commingled funds (about 2/3) implies that RCPs are increasingly standard practice among asset managers
  - Includes non-U.S. managers in Europe and Asia
  - Some policy names differ from RCP (e.g., some non-U.S. firms have supplier codes of conduct instead)
  
- LACERA is assessing managers' RCP provisions in underwriting, since policies and practices vary
  - Widespread expectation for contractors to have legal compliance
  - Some provisions (fair/living wages) and neutrality less commonly cited
  - Neutrality often addressed as freedom of association at non-U.S. funds
  - Implementation varies significantly (best practice includes reporting and 3<sup>rd</sup> party checks)
  
- LACERA encouraging all commingled fund managers to adopt RCPs and report on their implementation to LPs
  - To date, commingled fund managers have not typically provided transparency on RCP implementation

# Next Steps





October 23, 2023

TO: Each Trustee,  
Board of Retirement

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

Ted Granger *TG*  
Interim Chief Financial Officer

FOR: November 1, 2023 Board of Retirement Meeting

SUBJECT: **PEPRA IMPACT PRESENTATION**

### **Overview**

At the June 2023 Board of Investments (BOI) meeting, Milliman presented the 2023 Risk Assessment report prepared in accordance with Actuarial Standards of Practice (ASOP) No. 51. The report included information regarding the consulting actuary's risk assessment analysis and provided a forum for the Board to discuss and evaluate these actuarial concepts outside of a routine actuarial report presentation.

During the 2023 Risk Assessment report presentation, there were questions from Trustees regarding the impact of the 2013 Public Employees' Pension Reform Act (PEPRA) on LACERA's actuarial assumptions such as membership growth, future retirement benefits, and employer contribution rates. LACERA requested that Milliman prepare a presentation to address these projections.

Milliman prepared the attached presentation based on their June 30, 2022 Actuarial Valuation of Retirement Benefits report and provides an analysis of some PEPRA impacts from an actuarial perspective. Milliman will review the active membership growth trends and compare retirement benefits under PEPRA – including a comparison with other similar plans. Following a general overview of employer hiring and retention risks, Milliman will address how these risks impact LACERA in terms of employer contribution rates and funded status. Their analysis will conclude with how PEPRA might influence the actuarial assumptions and pension valuation results.

This analysis should provide the Board with an additional perspective on PEPRA's current and future impact on active membership, payroll growth, plan contributions, and retirement benefits. Please consider that although PEPRA's benefit structure could affect hiring and retention risks, there are likely many factors involved that may involve Los Angeles County's own distinct experience and perspective.

LACERA's consulting actuaries, Nick Collier and Craig Glyde with Milliman, will be available at the November 1, 2023 Board of Retirement meeting to present their analysis

PEPRA Impact Presentation

October 23, 2023

Page 2 of 2

and answer any questions from the Board. Management encourages active Board discussion of the information contained in the presentation.

Attachment

A. Milliman's November 1, 2023 Presentation Slides

SHK:tg

BOR Memo - 2023 PEPRA Impact Presentation - Final

c: Board of Investments

Luis A. Lugo

Laura Guglielmo

JJ Popowich

Jonathan Grabel

Steven P. Rice

Richard Bendall

# LACERA

## PEPRA – valuation and other impacts

Nick Collier, Craig Glyde

NOVEMBER 1, 2023



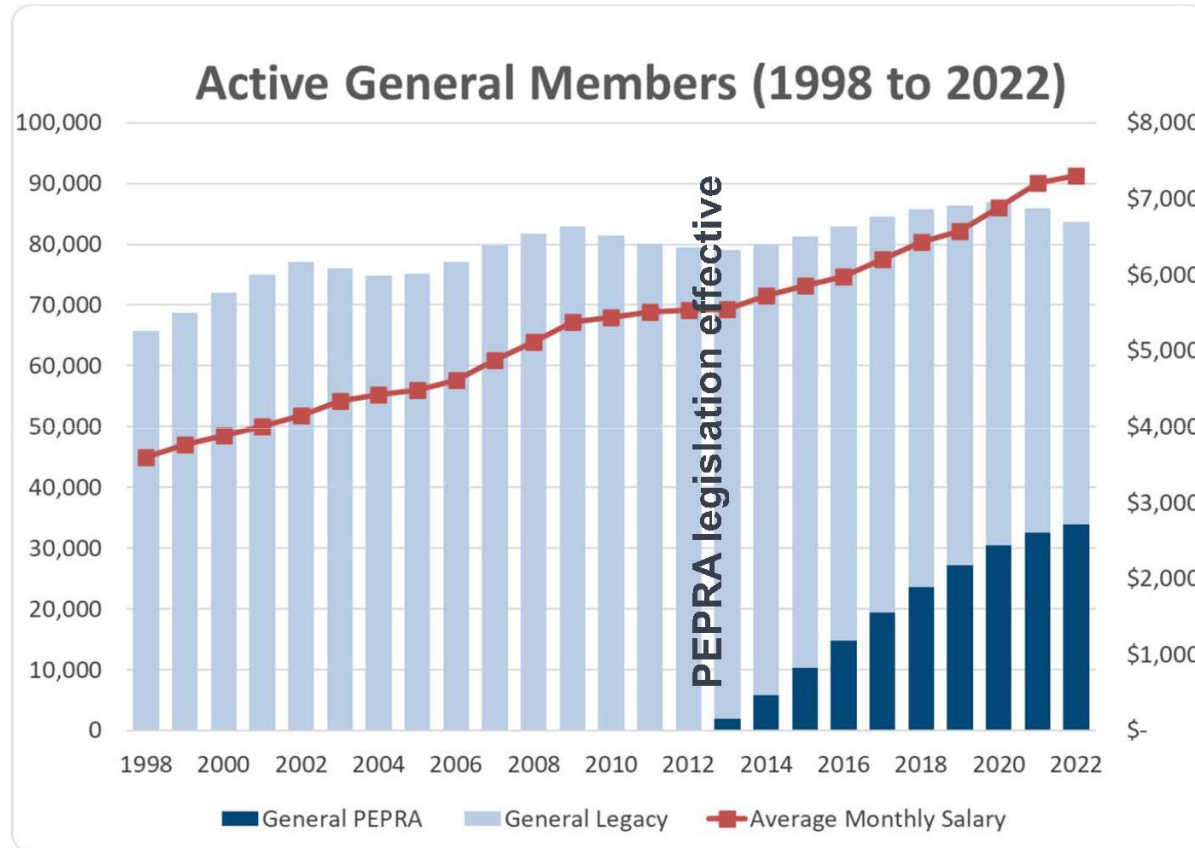
# Introduction

- Follow up from June 14, 2023 Board of Investments meeting
- Items to address:
  - PEPRA specific valuation items, and valuation assumptions being made for PEPRA
  - Compare retirement benefits under PEPRA with Legacy plans
  - Risks to LACERA if participating employers cannot fill positions
    - Impact on employer contribution rates of lower payroll growth
    - Impact to funded status of LACERA of lower payroll growth

# Overview

- Membership Statistics
- Benefit Comparisons
  - General D v. General G (new hire)
    - \$50K entry salary & \$100K entry salary
  - Safety B v Safety C (new hire)
    - \$72K entry salary & \$90K entry salary
  - Also includes comparison with LACERS and LAFPP
- Hiring / retention risks for employers
- Risks to LACERA
  - Employer Contributions Projections (Stable v. Declining population)
- How PEPRA is handled in the valuation
  - Compensation limit
  - Assumptions

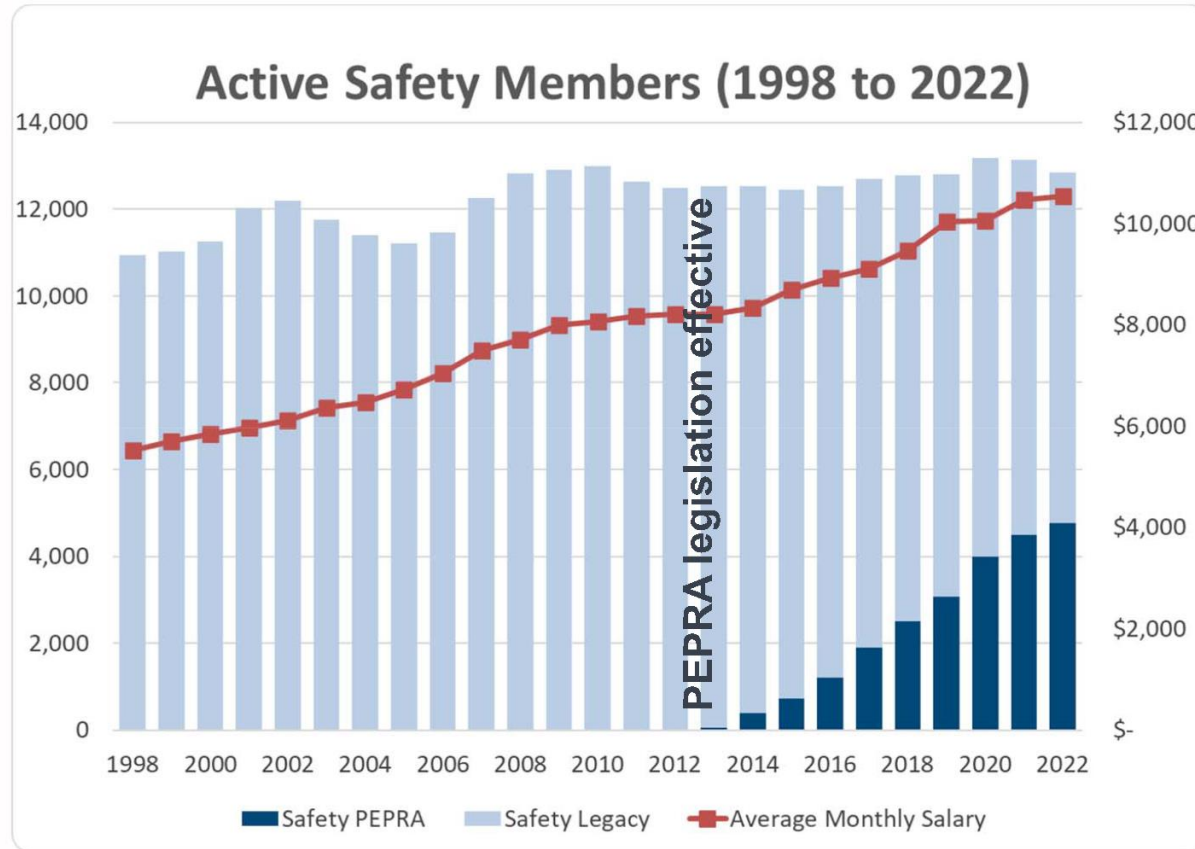
# Active Membership - General



	1998	2022
Average Age	44.7	47.6
Average Service	12.9	14.7
Average Monthly Salary	\$3,594	\$7,304

- Since 1998:
  - Active membership has grown, on average, 1.0% per year
  - Average salary has increased 3.0% per year
- Active population has continued to grow since PEPRA implementation in 2013
  - About 40% of current actives

# Active Membership - Safety

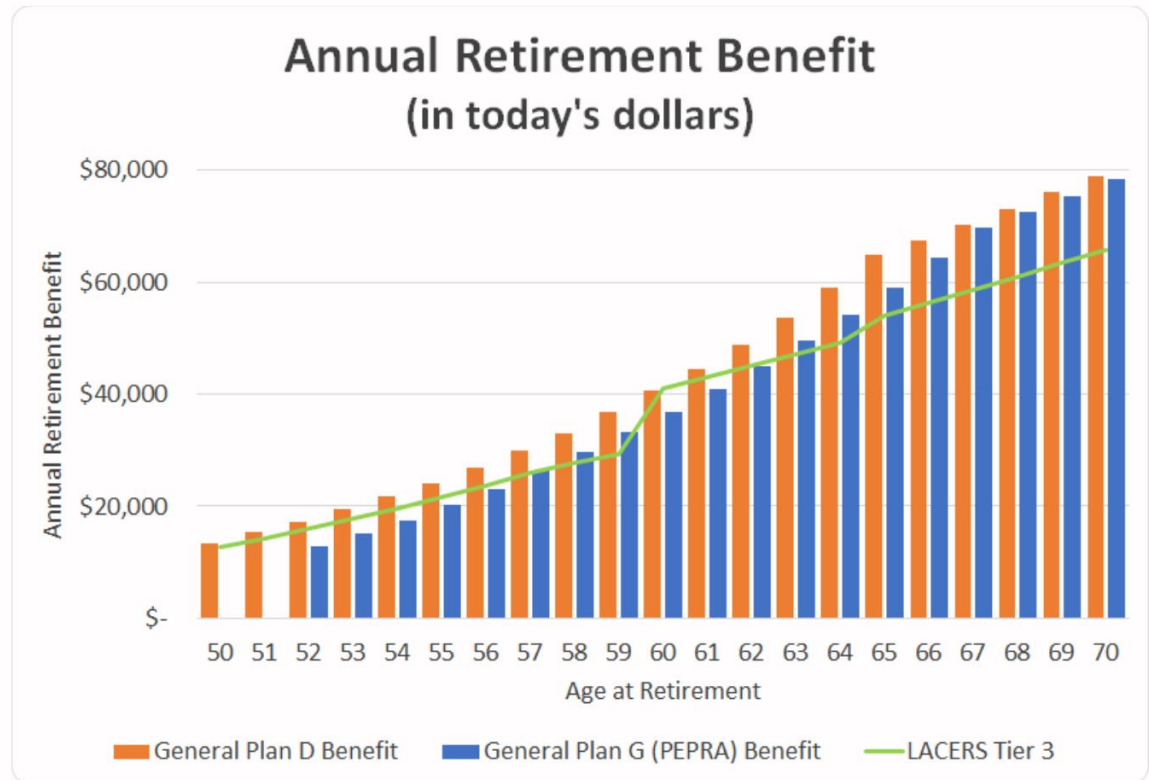


	1998	2022
Average Age	39.9	41.6
Average Service	13.8	14.3
Average Monthly Salary	\$5,519	\$10,551

- Since 1998:
  - Active membership has grown, on average, 0.7% per year
  - Average salary has increased 2.7% per year
- Active population has continued to grow since PEPRA implementation in 2013
  - About 37% of current actives

## Benefit Comparison – New Hire (\$50,000 annual salary) General Plan D v General Plan G v LACERS Tier 3

- Hired at age 35 with \$50,000 annual salary
  - Salary increases as assumed in the valuation
  - Not projected to hit PEPRAs comp limit
- Annual benefit up to 6% higher as a percentage of salary at retirement under General Plan D until age 67
  - 19% higher in absolute terms at age 55
  - 8-10% higher in absolute terms at ages 60-65
- Member contribution rate higher under General G
  - 0.43% of pay higher, in FYB 2023, for this member
- Impact will be greater for high earners

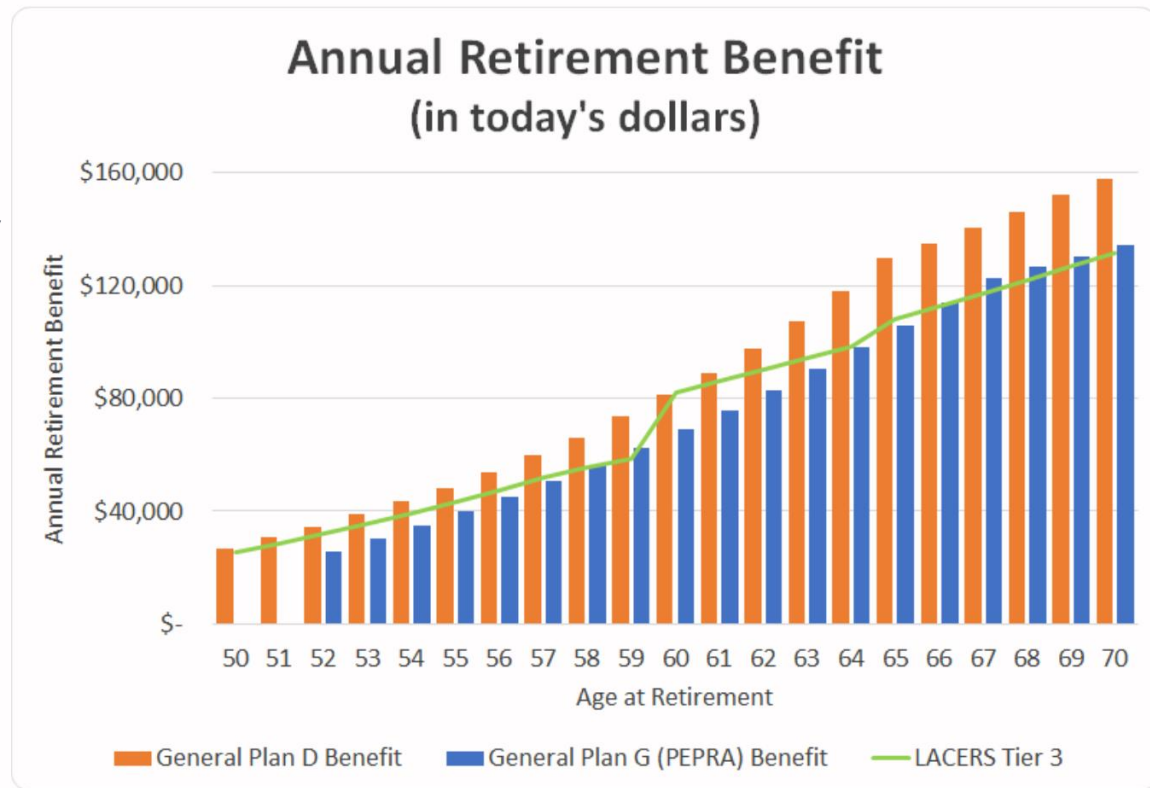


*Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary. Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.*

# Benefit Comparison – New Hire (\$100,000 annual salary)

## General Plan D v General Plan G v LACERS Tier 3

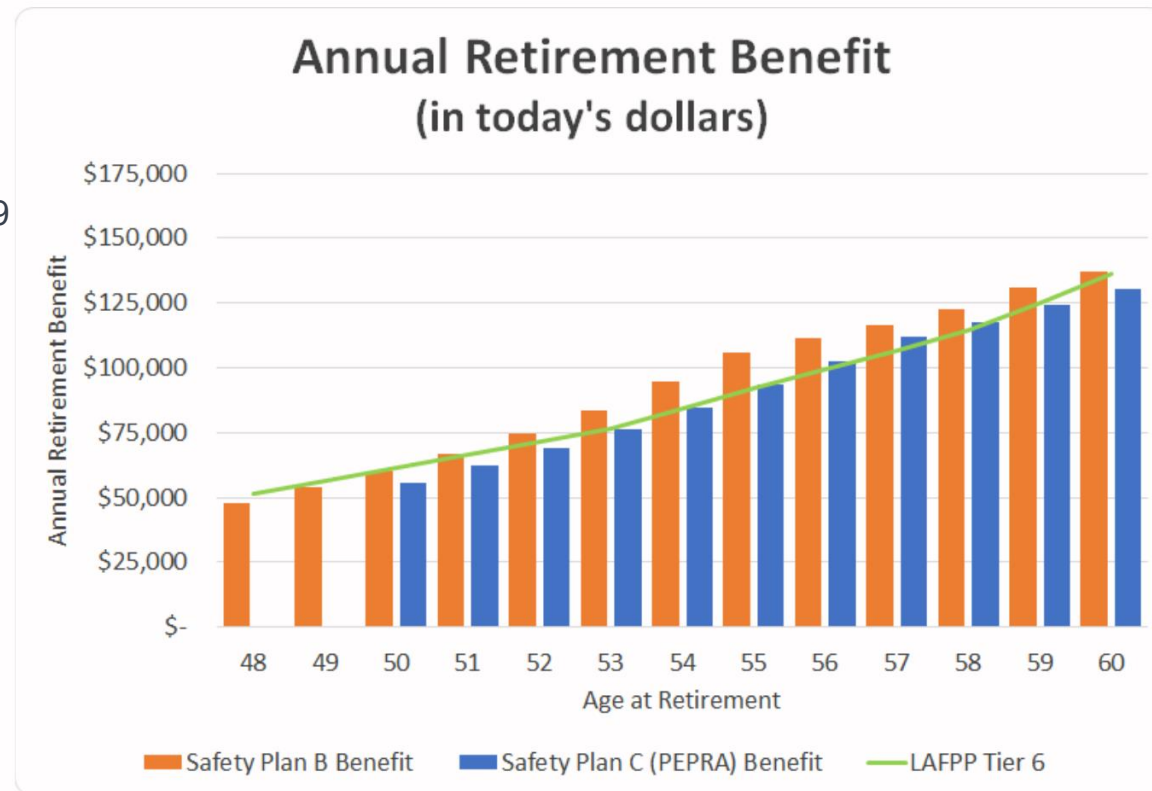
- Hired at age 35 with \$100,000 annual salary
  - Salary increases as assumed in the valuation
  - Projected to hit the PEPRA comp limit at age 52
- Annual benefit approximately 5%-12% higher as a percentage of salary at retirement under General Plan D until age 70
  - 21% higher in absolute terms at age 55
  - 15-22% higher in absolute terms at ages 60-70
- Member contribution rate higher under General G
  - 0.43% of pay higher, in FYB 2023, for this member
- Impact is greater for high earners



Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary. Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.

## Benefit Comparison – New Hire (\$72,000 annual salary) Safety Plan B v Safety Plan C v LAFPP Tier 6

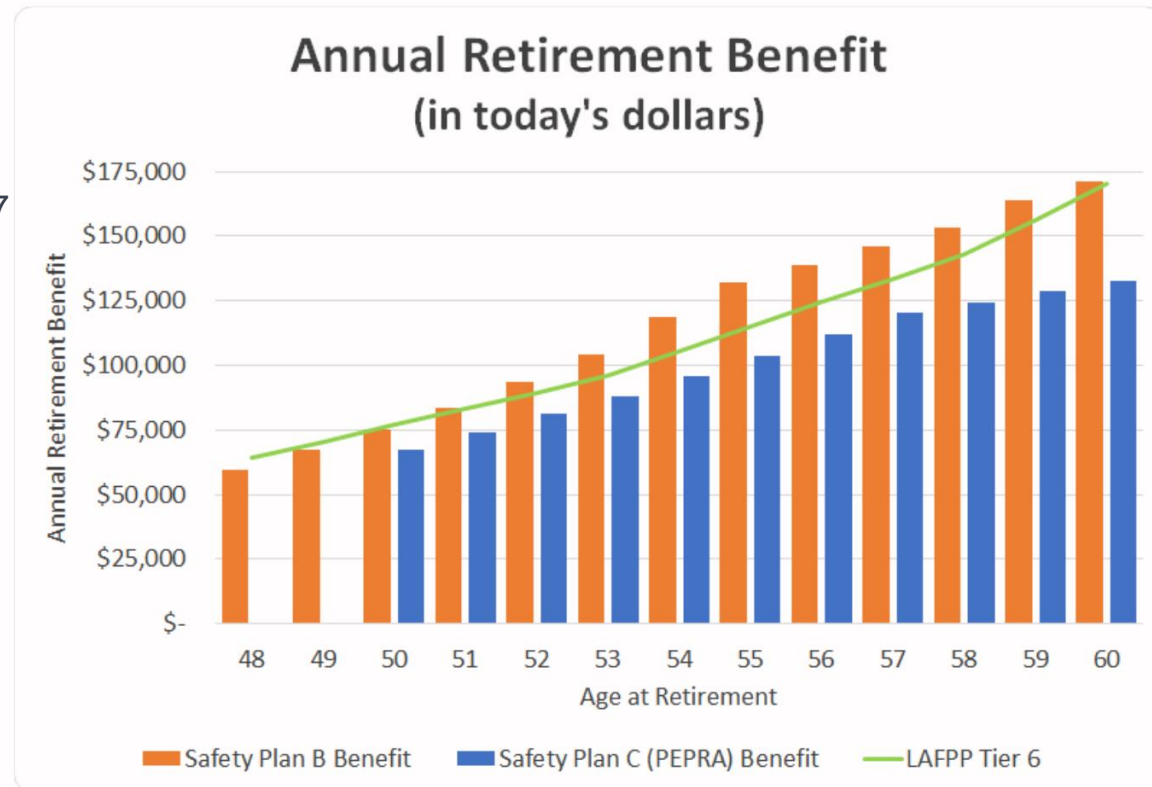
- Hired at age 28 with \$72,000 annual salary
  - Salary increases as assumed in the valuation
  - 3% non-pensionable under PEPRA
  - Projected to hit the PEPRA comp limit at age 59
- Annual benefit approximately 3%-7% higher as a percentage of salary at retirement under Safety Plan B
  - 8% higher in absolute terms at age 50
  - 13% higher in absolute terms at age 55
  - 5% higher in absolute terms at age 60
- Member contribution rate higher under Safety C
  - 1.18% of pay higher in FYB 23 for this member
- LAFPP Tier 6 generally at least as generous as PEPRA for career employees



Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary. Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.

## Benefit Comparison – New Hire (\$90,000 annual salary) Safety Plan B v Safety Plan C v LAFPP Tier 6

- Hired at age 28 with \$90,000 annual salary
  - Salary increases as assumed in the valuation
  - 3% non-pensionable under PEPRA
  - Projected to hit the PEPRA comp limit at age 47
- Annual benefit approximately 4%-18% higher as a percentage of salary at retirement under Safety Plan B
  - 11% higher in absolute terms at age 50
  - 28% higher in absolute terms at age 55
  - 29% higher in absolute terms at ages 60
- Member contribution rate higher under Safety C
  - 1.18% of pay higher in FYB 23 for this member
- Impact is greater for high earners
- LAFPP Tier 6 generally better than PEPRA for career employees



*Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary. Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.*



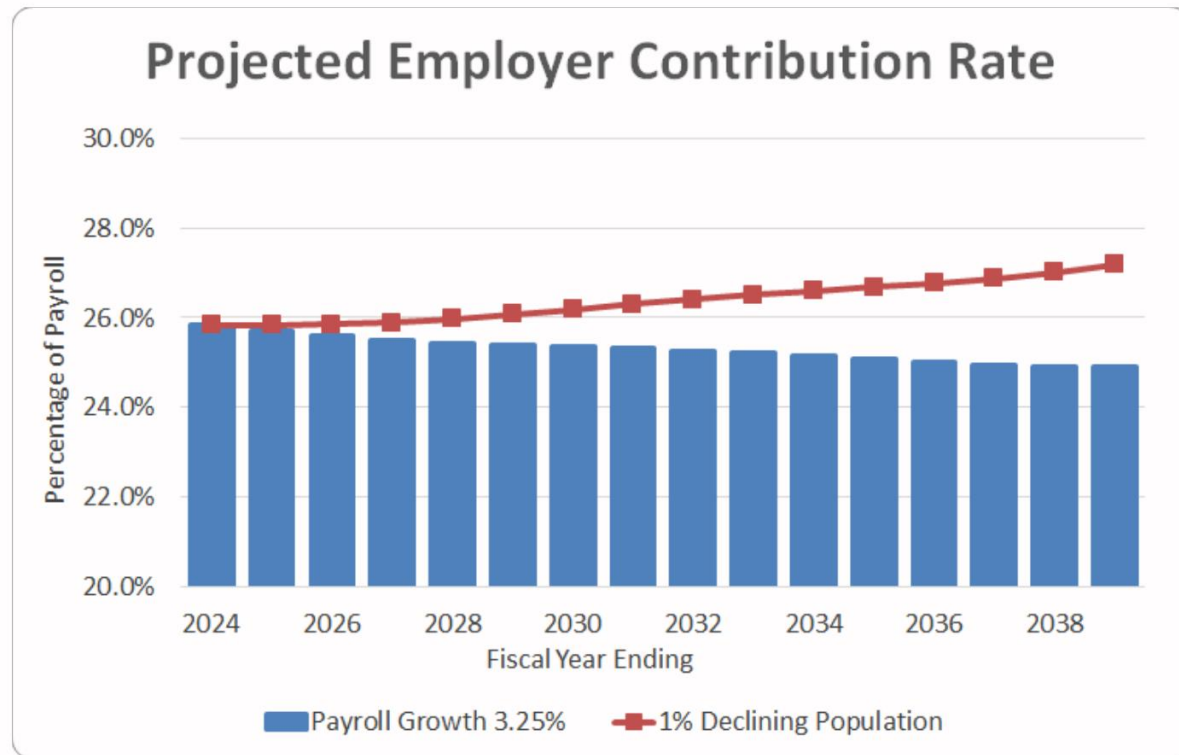
## Hiring / Retention Risks for Employers

- In recent years there has been:
  - Shortage of employees looking for work
  - Faster pace of terminations / retirement than previously typical
- LA County and employers are better positioned to comment on their specific experience in the current environment
- Potential reasons employers may be experiencing difficulty with hiring and retention
  - Competitive factors
    - Tangible and intangibles, including total compensation package, of which retirement benefits is one component
    - For certain individuals interested in public service, a charter city that is not subject to PEPRA may be more attractive
  - Smaller qualified / interested candidate pool
    - Employees left the workforce / relocated / chose a different career path
- Generally, in a tight labor market, employers need to enhance their total attractiveness and compensation package – pensions / retirement benefits are one component

# Risks to LACERA – Declining Population

## Employer Contribution Rates

- Primary payroll risk to LACERA is growth less than assumed in the valuation
- This could be the result of one or a combination of:
  - A decline in active population due to slower hiring / faster turnover
  - Compensation increases to current employees lower than assumed
- Valuation assumes payroll growth of 3.25%
- 1% annual declining population is approximately equivalent to a 2.25% payroll growth
- Higher contribution rate on a smaller payroll base



\* Assumes all other valuation assumptions are met

# Risks to LACERA – Declining Population

## Funded Ratio / UAAL / Dollar Contributions

- Same scenario as shown on prior slide
- In declining scenario:
  - Funded Ratio basically unchanged
  - Lower AAL and AVA
  - Lower cumulative contributions since 2022
  - Higher contribution rates as a percentage of pay

Stable Population; 3.25% Payroll Growth						
FYE	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	Funded Ratio (AVA / AAL)	Cumulative Contributions	
2022	\$ 86,320	\$ 68,712	\$ 17,608	80%		
2032	\$ 123,119	\$ 111,040	\$ 12,079	90%	\$	35,909
2042	\$ 169,325	\$ 170,168	\$ (843)	100%	\$	80,947

Declining Population; 1% decline per year						
FYE	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	Funded Ratio (AVA / AAL)	Cumulative Contributions	
2022	\$ 86,320	\$ 68,712	\$ 17,608	80%		
2032	\$ 121,580	\$ 109,362	\$ 12,218	90%	\$	34,910
2042	\$ 161,036	\$ 161,610	\$ (574)	100%	\$	75,966

\* All dollar amounts in millions of dollars

\*\* See Glossary for definitions of AAL, AVA and UAAL

## Valuation implications specific to PEPRA

- PEPRA plans
  - As of June 30, 2022 -> 40% of active employees are PEPRA members
  - Generally provide lower benefits than contributory Legacy plans (similarly situated members)
  - More onerous age /service eligibility requirements than Legacy plans
  - Will likely lead to different member behavior regarding when to retire / leave employment
  - Need to consider this when determining demographic assumptions
- Retirement assumption
  - Very low, but increasing, numbers of PEPRA plan retirements to date
  - To date, we've used judgment to recommend different retirement rates for PEPRA plans
- Termination, or leaving service prior to retirement eligibility, assumption
  - Now have a decent volume of data for PEPRA members
  - Over time, experience has higher volume of PEPRA data, and this is reflected in the assumption

# Valuation implications specific to PEPRA

- Compensation Limits
  - 2023 PEPRA compensation limit for non-social security participants is \$175,250
    - Included in valuation calculations
  - 2023 IRC 410(a)(17) compensation limit is \$330,000 (applicable to most Legacy plan members)
    - Not explicitly reflected in valuation calculations until member retires
    - Members with benefits in excess of IRS 415 maximum benefit limits receive benefits from Excess Benefits Plan
- CPI-U assumption
  - Law states that PEPRA compensation limit increases at CPI-U
  - Assumption for CPI-U is often used indirectly, but is directly used in this case (2.75% per year)
  - Relationship with payroll growth is relevant since over time pensionable payroll will be limited by CPI-U
  - Covered payroll, upon which contribution rates are applied, reflects pensionable payroll
  - Over time, payroll growth will trend towards CPI-U (assuming CPI-U is lower)

# Questions



# Glossary

# Glossary

- **Actuarial Accrued Liability (AAL):** The portion of the Actuarial Present Value of Projected Benefits (and expenses), as determined under a particular Actuarial Cost Method that is not provided for by future Normal Costs.
- **Actuarial Cost Method:** A procedure for allocating the Actuarial Present Value of Projected Benefits to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.
- **Actuarial Present Value:** The discounted value of an amount or series of amounts payable at various times, determined as of a given date by the application of a particular set of assumption with regard to future events and observations.
- **Actuarial Present Value of Projected Benefits:** The Actuarial Present Value of benefits that are expected to be paid in the future.
- **Actuarial Value of Assets:** The value of pension plan investments and other property, used by the actuary for the purpose of an actuarial valuation.



## Glossary (continued)

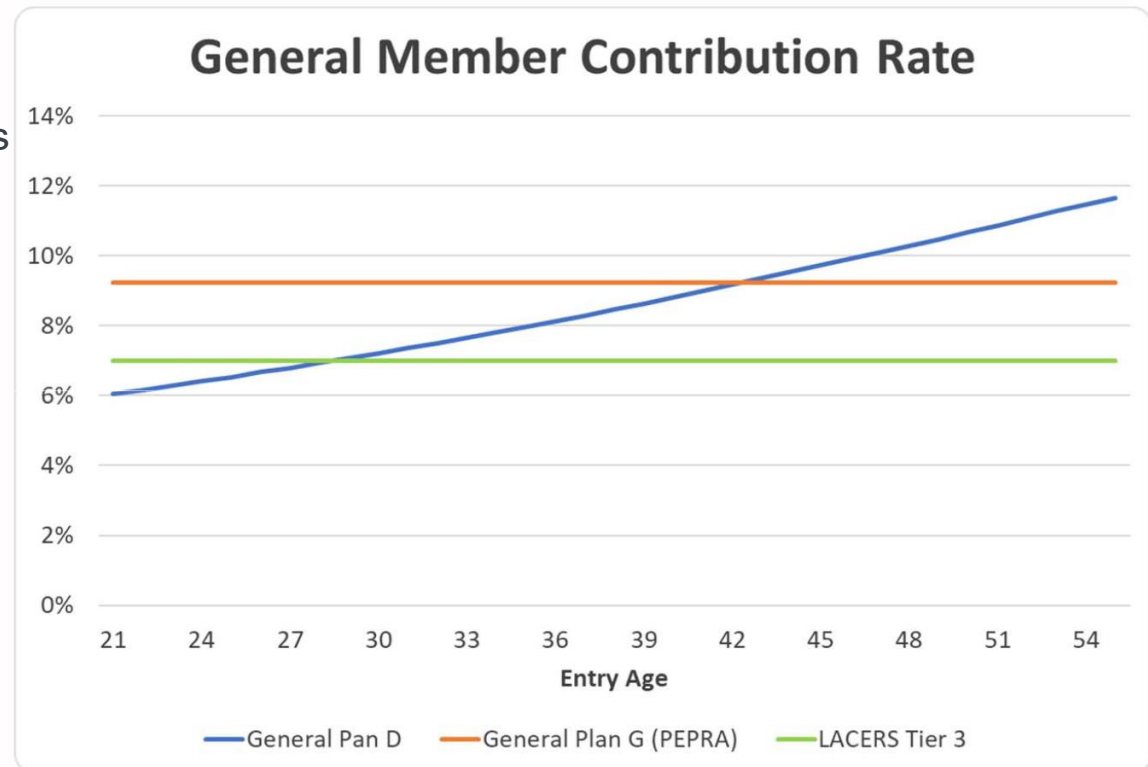
- **Normal Cost:** The portion of the Actuarial Present Value of Projected Benefits that is allocated to a valuation year by the Actuarial Cost Method.
- **PEPRA:** The California Public Employees' Pension Reform Act (PEPRA) of 2013 specifies benefit provisions for LACERA General Plan G and Safety Plan C. It also governs certain provisions of other LACERA plans and places additional restrictions on employer contribution rates to be paid.
- **Unfunded Actuarial Accrued Liability (UAAL):** The excess, if any, of the Actuarial Accrued Liability over the Actuarial Value of Assets.

# Appendix

# General Member Contribution Rate

## General Plan D v General Plan G v LACERS Tier 3

- General Plan G (PEPRA) members contribute at a higher rate than they would have under Legacy Plan D at most entry ages
  - Most General members entry LACERA prior to age 40
- General Plan G (PEPRA) member rate is higher than LACERS Tier 3
  - Both plans have fixed rates that are not entry-age dependent

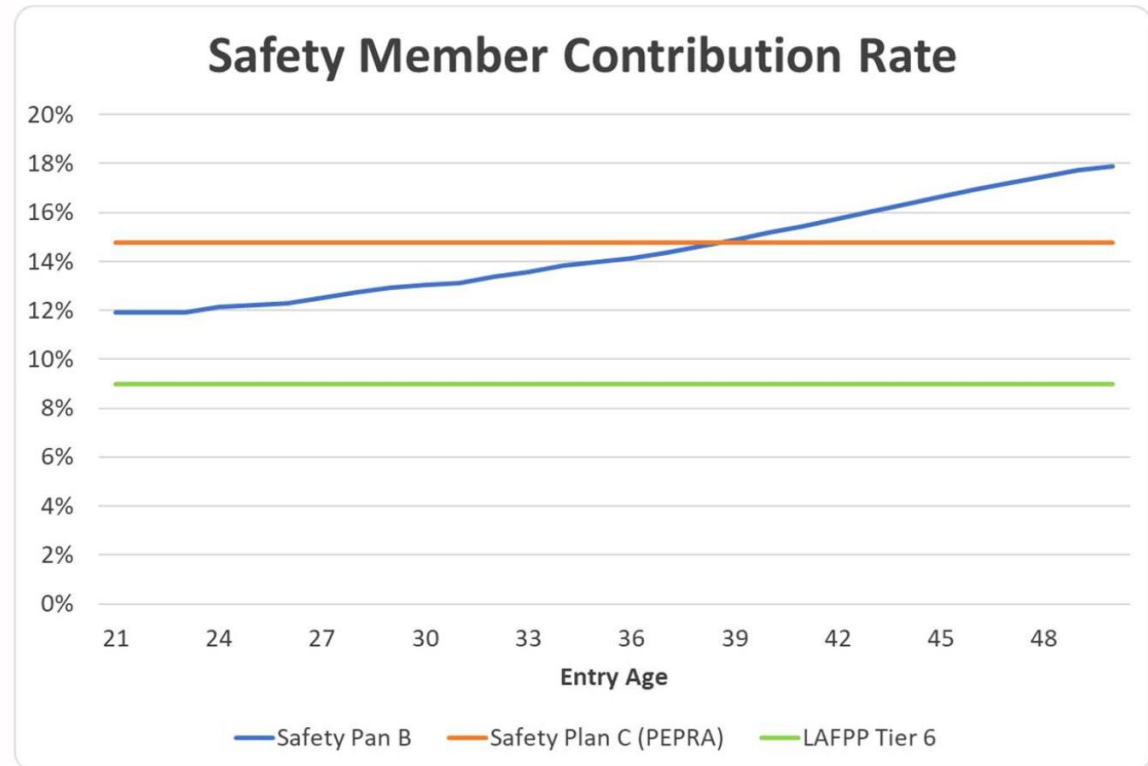


*LACERS Tier 3 rate shown does not include additional 4% of pay contributions for retiree healthcare benefit.*

# Safety Member Contribution Rate

## Safety Plan B v General Plan C v LAFPP Tier 6

- Safety Plan C (PEPRA) members contribute at a higher rate than they would have under Legacy Safety Plan B at most entry ages
  - Most Safety members entry LACERA prior to age 30
- Safety Plan C (PEPRA) member rate is higher than LAFPP Tier 6
  - Both plans have fixed rates that are not entry-age dependent



*LAFPP Tier 6 rate shown does not include additional 2% of pay contributions for retiree healthcare benefit.*

# LACERA

## PEPRA – valuation and other impacts

Nick Collier, Craig Glyde

NOVEMBER 1, 2023

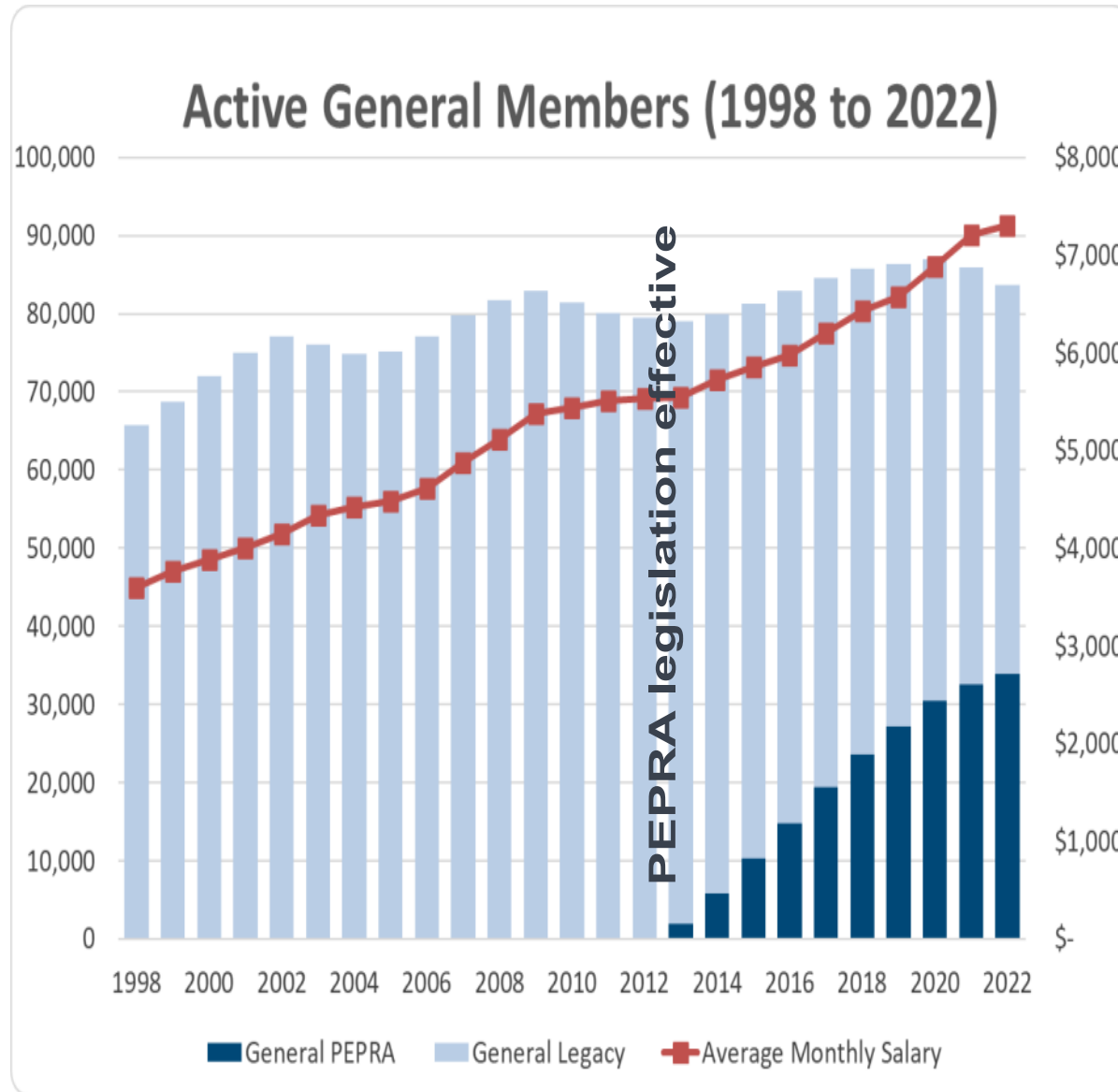
# Introduction

- Follow up from June 14, 2023 Board of Investments meeting
- Items to address:
  - PEPRA specific valuation items, and valuation assumptions being made for PEPRA
  - Compare retirement benefits under PEPRA with Legacy plans
  - Risks to LACERA if participating employers cannot fill positions
    - Impact on employer contribution rates of lower payroll growth
    - Impact to funded status of LACERA of lower payroll growth

# Overview

- Membership Statistics
- Benefit Comparisons
  - General D v. General G (new hire)
    - \$50K entry salary & \$100K entry salary
  - Safety B v Safety C (new hire)
    - \$72K entry salary & \$90K entry salary
  - Also includes comparison with LACERS and LAFPP
- Hiring / retention risks for employers
- Risks to LACERA
  - Employer Contributions Projections (Stable v. Declining population)
- How PEPRA is handled in the valuation
  - Compensation limit
  - Assumptions

# Active Membership - General

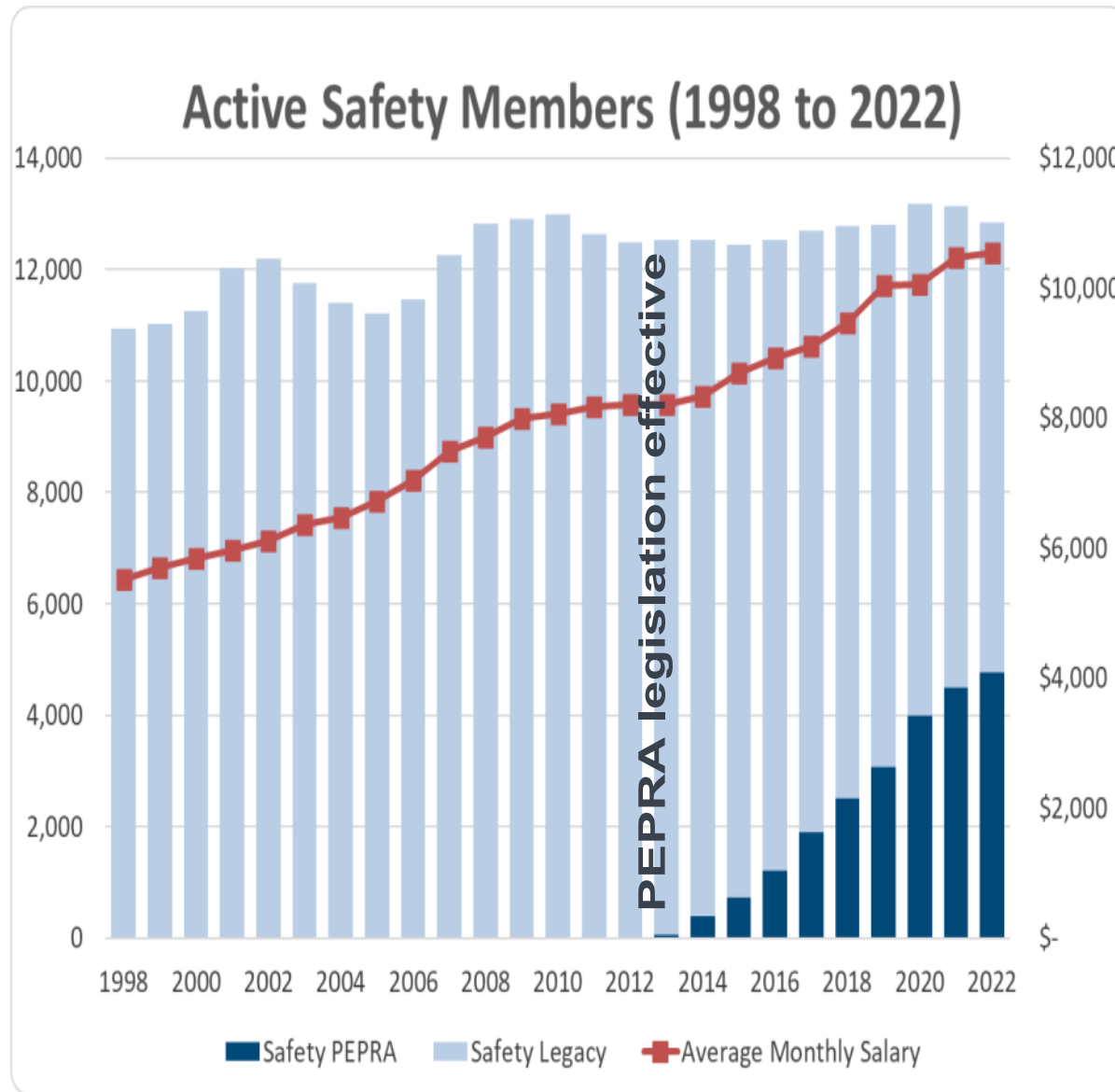


	1998	2022
Average Age	44.7	47.6
Average Service	12.9	14.7
Average Monthly Salary	\$3,594	\$7,304

- Since 1998:
  - Active membership has grown, on average, 1.0% per year
  - Average salary has increased 3.0% per year
- Active population has continued to grow since PEPRA implementation in 2013
  - About 40% of current actives



# Active Membership - Safety



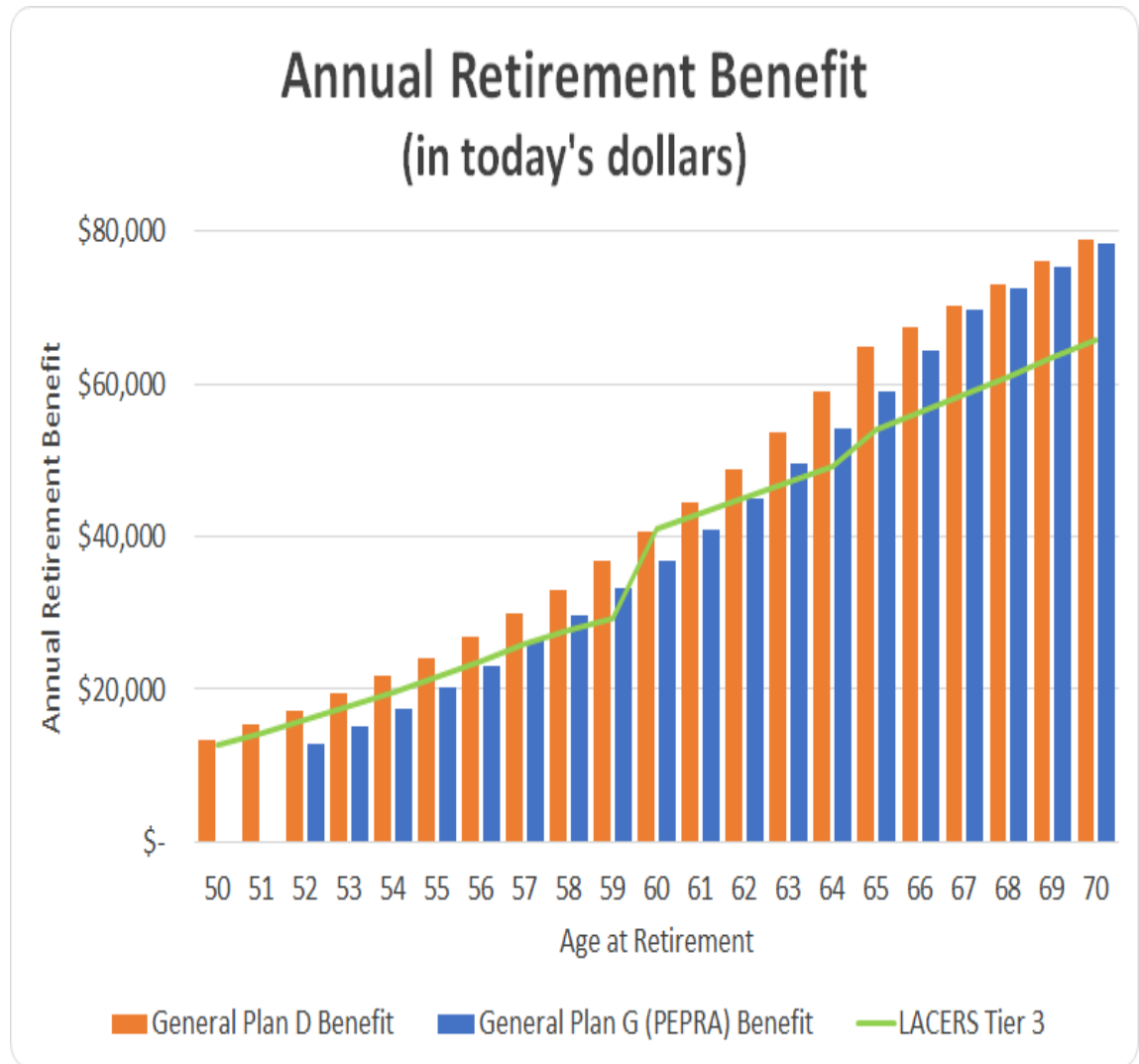
	1998	2022
Average Age	39.9	41.6
Average Service	13.8	14.3
Average Monthly Salary	\$5,519	\$10,551

- Since 1998:
  - Active membership has grown, on average, 0.7% per year
  - Average salary has increased 2.7% per year
- Active population has continued to grow since PEPPRA implementation in 2013
  - About 37% of current actives

# Benefit Comparison – New Hire (\$50,000 annual salary)

## General Plan D v General Plan G v LACERS Tier 3

- Hired at age 35 with \$50,000 annual salary
  - Salary increases as assumed in the valuation
  - Not projected to hit PEPRA comp limit
- Annual benefit up to 6% higher as a percentage of salary at retirement under General Plan D until age 67
  - 19% higher in absolute terms at age 55
  - 8-10% higher in absolute terms at ages 60-65
- Member contribution rate higher under General G
  - 0.43% of pay higher, in FYB 2023, for this member
- Impact will be greater for high earners

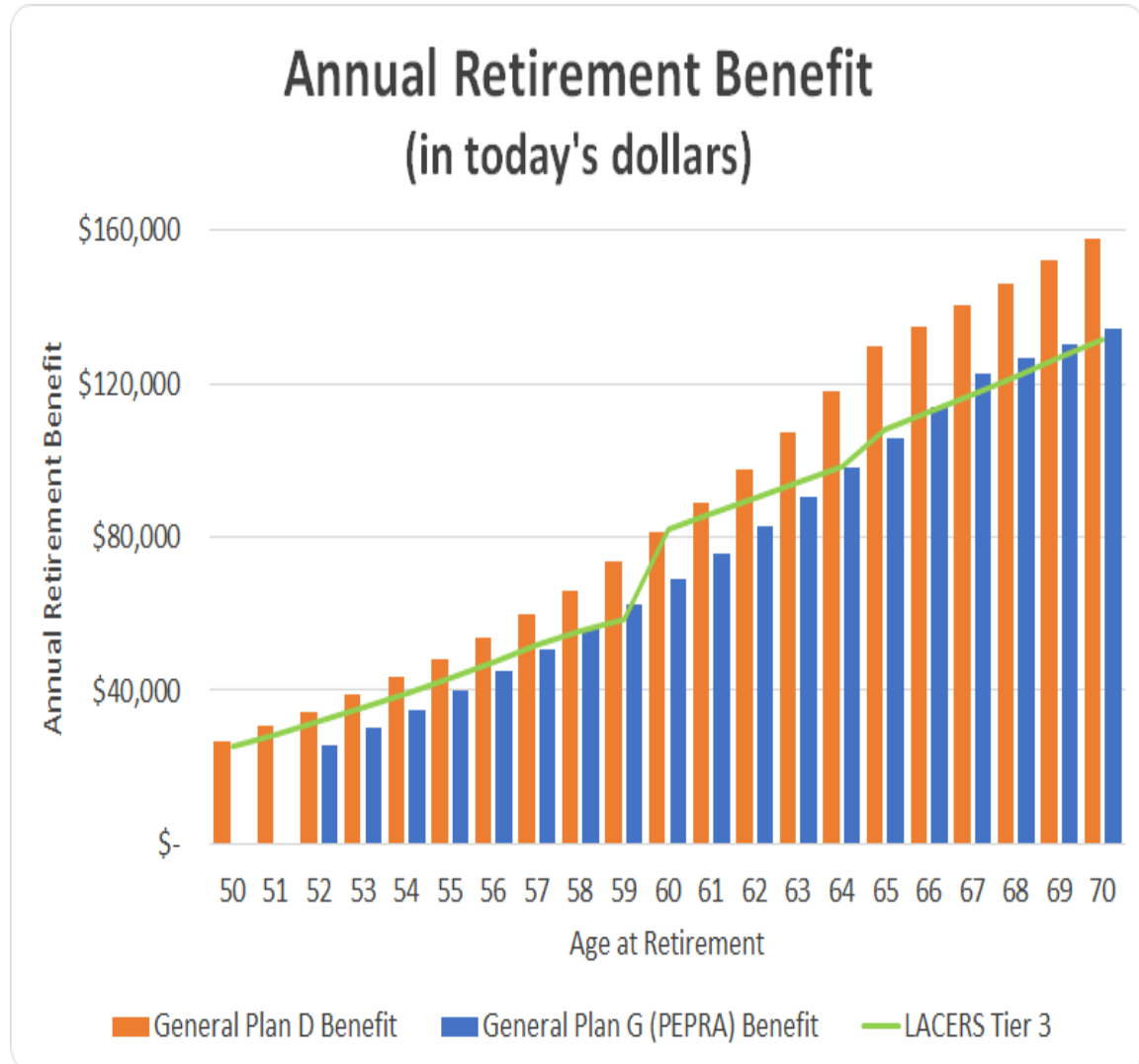


*Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary.  
Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.*

# Benefit Comparison – New Hire (\$100,000 annual salary)

## General Plan D v General Plan G v LACERS Tier 3

- Hired at age 35 with \$100,000 annual salary
  - Salary increases as assumed in the valuation
  - Projected to hit the PEPRA comp limit at age 52
- Annual benefit approximately 5%-12% higher as a percentage of salary at retirement under General Plan D until age 70
  - 21% higher in absolute terms at age 55
  - 15-22% higher in absolute terms at ages 60-70
- Member contribution rate higher under General G
  - 0.43% of pay higher, in FYB 2023, for this member
- Impact is greater for high earners

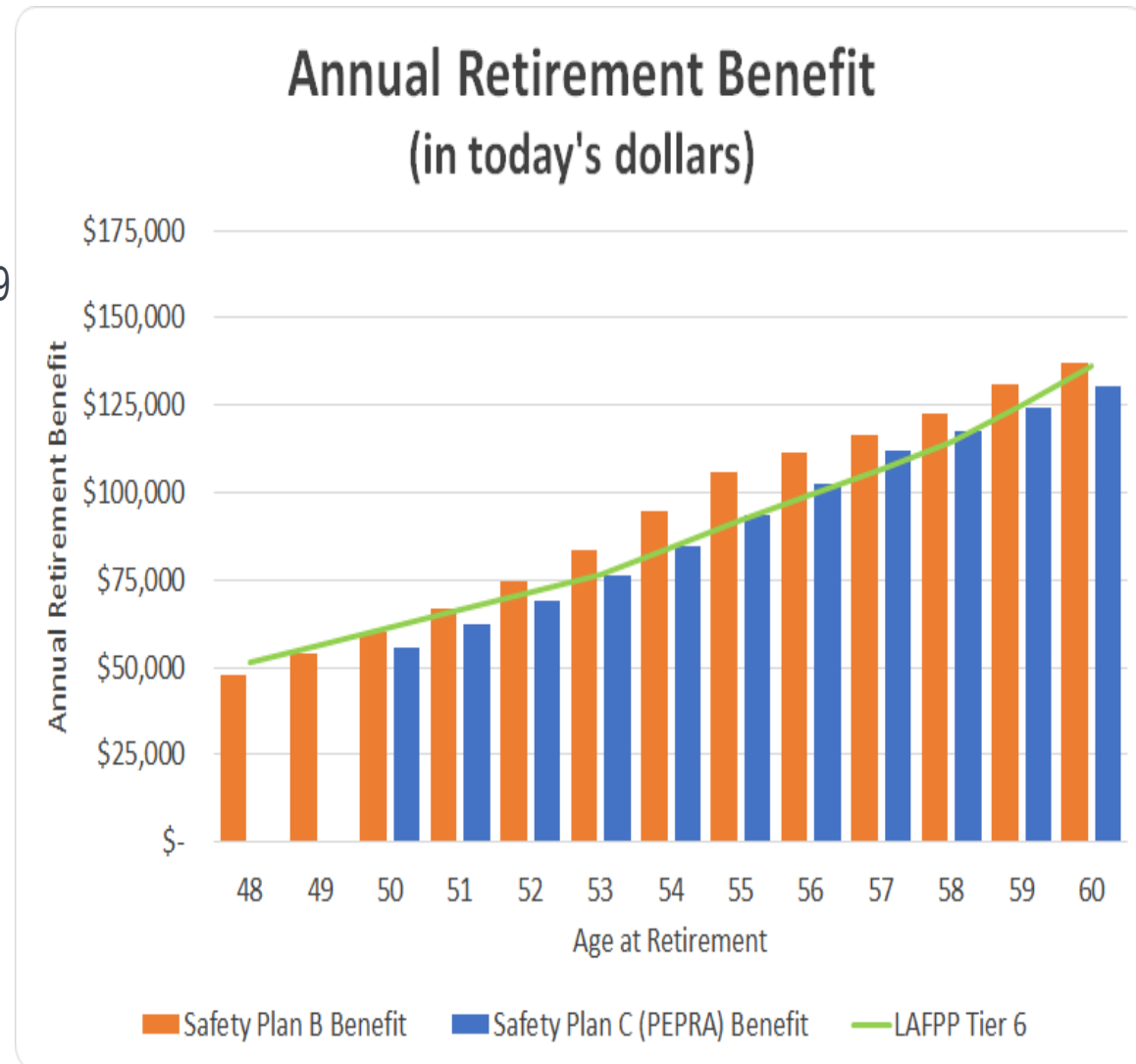


Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary.  
Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.

# Benefit Comparison – New Hire (\$72,000 annual salary)

## Safety Plan B v Safety Plan C v LAFPP Tier 6

- Hired at age 28 with \$72,000 annual salary
  - Salary increases as assumed in the valuation
  - 3% non-pensionable under PEPRA
  - Projected to hit the PEPRA comp limit at age 59
- Annual benefit approximately 3%-7% higher as a percentage of salary at retirement under Safety Plan B
  - 8% higher in absolute terms at age 50
  - 13% higher in absolute terms at age 55
  - 5% higher in absolute terms at age 60
- Member contribution rate higher under Safety C
  - 1.18% of pay higher in FYB 23 for this member
- LAFPP Tier 6 generally at least as generous as PEPRA for career employees



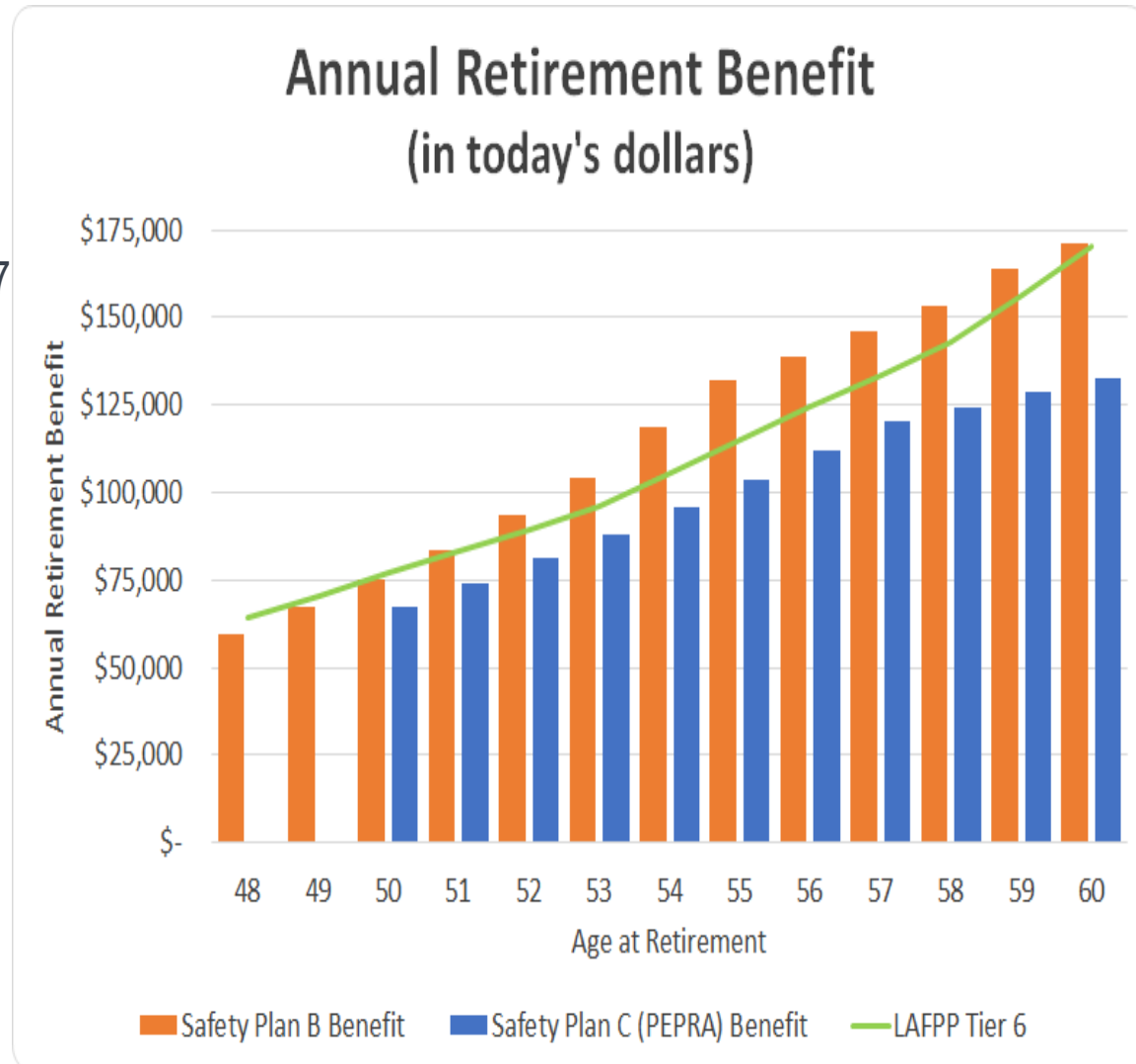
Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary.

Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.

# Benefit Comparison – New Hire (\$90,000 annual salary)

## Safety Plan B v Safety Plan C v LAFPP Tier 6

- Hired at age 28 with \$90,000 annual salary
  - Salary increases as assumed in the valuation
  - 3% non-pensionable under PEPRA
  - Projected to hit the PEPRA comp limit at age 47
- Annual benefit approximately 4%-18% higher as a percentage of salary at retirement under Safety Plan B
  - 11% higher in absolute terms at age 50
  - 28% higher in absolute terms at age 55
  - 29% higher in absolute terms at ages 60
- Member contribution rate higher under Safety C
  - 1.18% of pay higher in FYB 23 for this member
- Impact is greater for high earners
- LAFPP Tier 6 generally better than PEPRA for career employees



Results are for illustrative purposes only. Actual retirement benefits are based on individual circumstances and will vary.  
Annual inflation assumption of 2.75% is used to adjust benefit amounts into today's dollars.

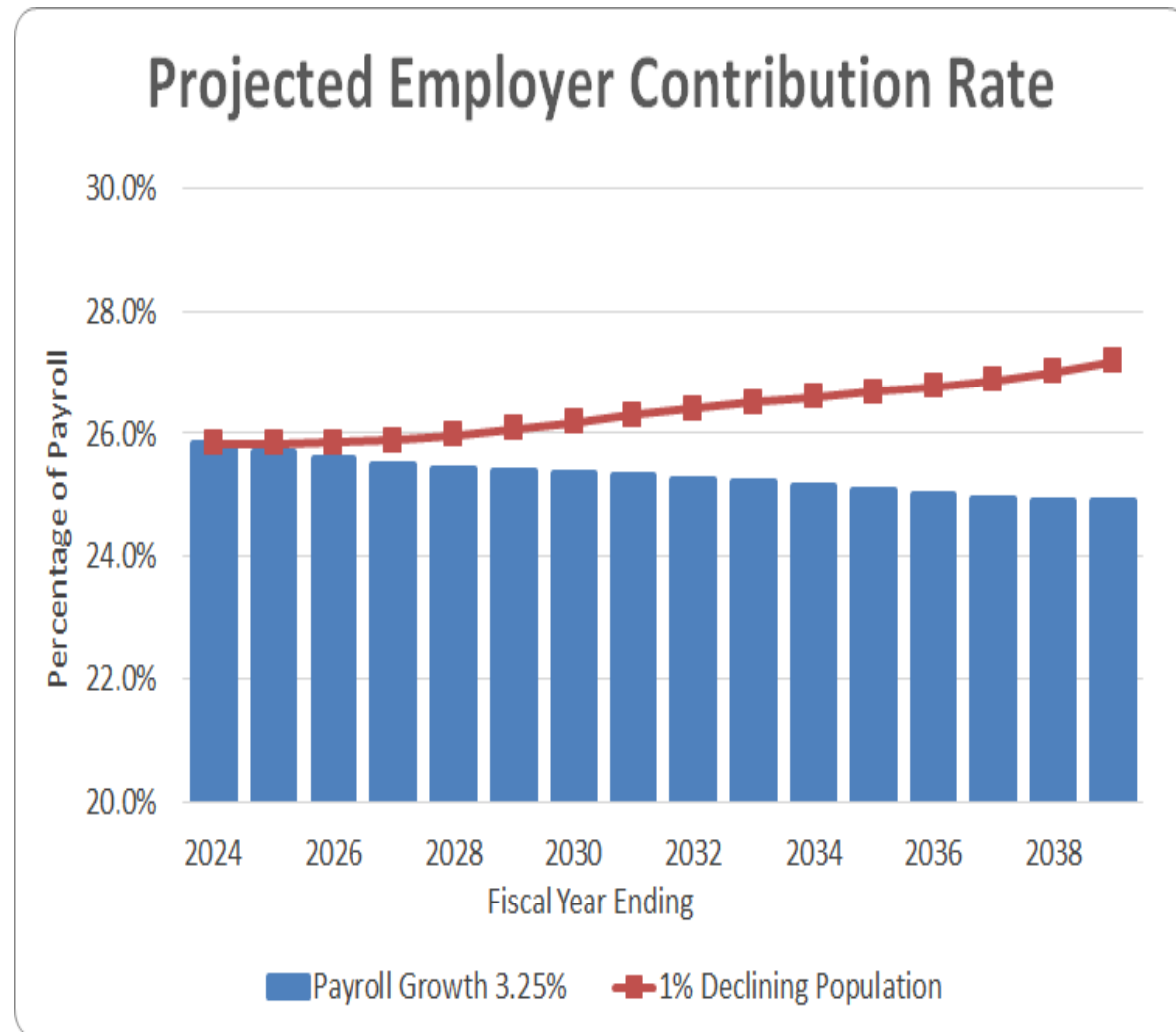
# Hiring / Retention Risks for Employers

- In recent years there has been:
  - Shortage of employees looking for work
  - Faster pace of terminations / retirement than previously typical
- LA County and employers are better positioned to comment on their specific experience in the current environment
- Potential reasons employers may be experiencing difficulty with hiring and retention
  - Competitive factors
    - Tangible and intangibles, including total compensation package, of which retirement benefits is one component
    - For certain individuals interested in public service, a charter city that is not subject to PEPRRA may be more attractive
  - Smaller qualified / interested candidate pool
    - Employees left the workforce / relocated / chose a different career path
- Generally, in a tight labor market, employers need to enhance their total attractiveness and compensation package – pensions / retirement benefits are one component

# Risks to LACERA – Declining Population

## Employer Contribution Rates

- Primary payroll risk to LACERA is growth less than assumed in the valuation
- This could be the result of one or a combination of:
  - A decline in active population due to slower hiring / faster turnover
  - Compensation increases to current employees lower than assumed
- Valuation assumes payroll growth of 3.25%
- 1% annual declining population is approximately equivalent to a 2.25% payroll growth
- Higher contribution rate on a smaller payroll base



\* Assumes all other valuation assumptions are met

# Risks to LACERA – Declining Population

## Funded Ratio / UAAL / Dollar Contributions

- Same scenario as shown on prior slide
- In declining scenario:
  - Funded Ratio basically unchanged
  - Lower AAL and AVA
  - Lower cumulative contributions since 2022
  - Higher contribution rates as a percentage of pay

Stable Population; 3.25% Payroll Growth						
FYE	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	Funded Ratio (AVA / AAL)	Cumulative Contributions	
2022	\$ 86,320	\$ 68,712	\$ 17,608	80%		
2032	\$ 123,119	\$ 111,040	\$ 12,079	90%	\$	35,909
2042	\$ 169,325	\$ 170,168	\$ (843)	100%	\$	80,947

Declining Population; 1% decline per year						
FYE	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL = AAL - AVA)	Funded Ratio (AVA / AAL)	Cumulative Contributions	
2022	\$ 86,320	\$ 68,712	\$ 17,608	80%		
2032	\$ 121,580	\$ 109,362	\$ 12,218	90%	\$	34,910
2042	\$ 161,036	\$ 161,610	\$ (574)	100%	\$	75,966

\* All dollar amounts in millions of dollars

\*\* See Glossary for definitions of AAL, AVA and UAAL



# Valuation implications specific to PEPRA

- PEPRA plans
  - As of June 30, 2022 -> 40% of active employees are PEPRA members
  - Generally provide lower benefits than contributory Legacy plans (similarly situated members)
  - More onerous age /service eligibility requirements than Legacy plans
  - Will likely lead to different member behavior regarding when to retire / leave employment
  - Need to consider this when determining demographic assumptions
- Retirement assumption
  - Very low, but increasing, numbers of PEPRA plan retirements to date
  - To date, we've used judgment to recommend different retirement rates for PEPRA plans
- Termination, or leaving service prior to retirement eligibility, assumption
  - Now have a decent volume of data for PEPRA members
  - Over time, experience has higher volume of PEPRA data, and this is reflected in the assumption

# Valuation implications specific to PEPRA

- Compensation Limits
  - 2023 PEPRA compensation limit for non-social security participants is \$175,250
    - Included in valuation calculations
  - 2023 IRC 410(a)(17) compensation limit is \$330,000 (applicable to most Legacy plan members)
    - Not explicitly reflected in valuation calculations until member retires
    - Members with benefits in excess of IRS 415 maximum benefit limits receive benefits from Excess Benefits Plan
- CPI-U assumption
  - Law states that PEPRA compensation limit increases at CPI-U
  - Assumption for CPI-U is often used indirectly, but is directly used in this case (2.75% per year)
  - Relationship with payroll growth is relevant since over time pensionable payroll will be limited by CPI-U
  - Covered payroll, upon which contribution rates are applied, reflects pensionable payroll
  - Over time, payroll growth will trend towards CPI-U (assuming CPI-U is lower)

# Questions



# Glossary

# Glossary

- **Actuarial Accrued Liability (AAL):** The portion of the Actuarial Present Value of Projected Benefits (and expenses), as determined under a particular Actuarial Cost Method that is not provided for by future Normal Costs.
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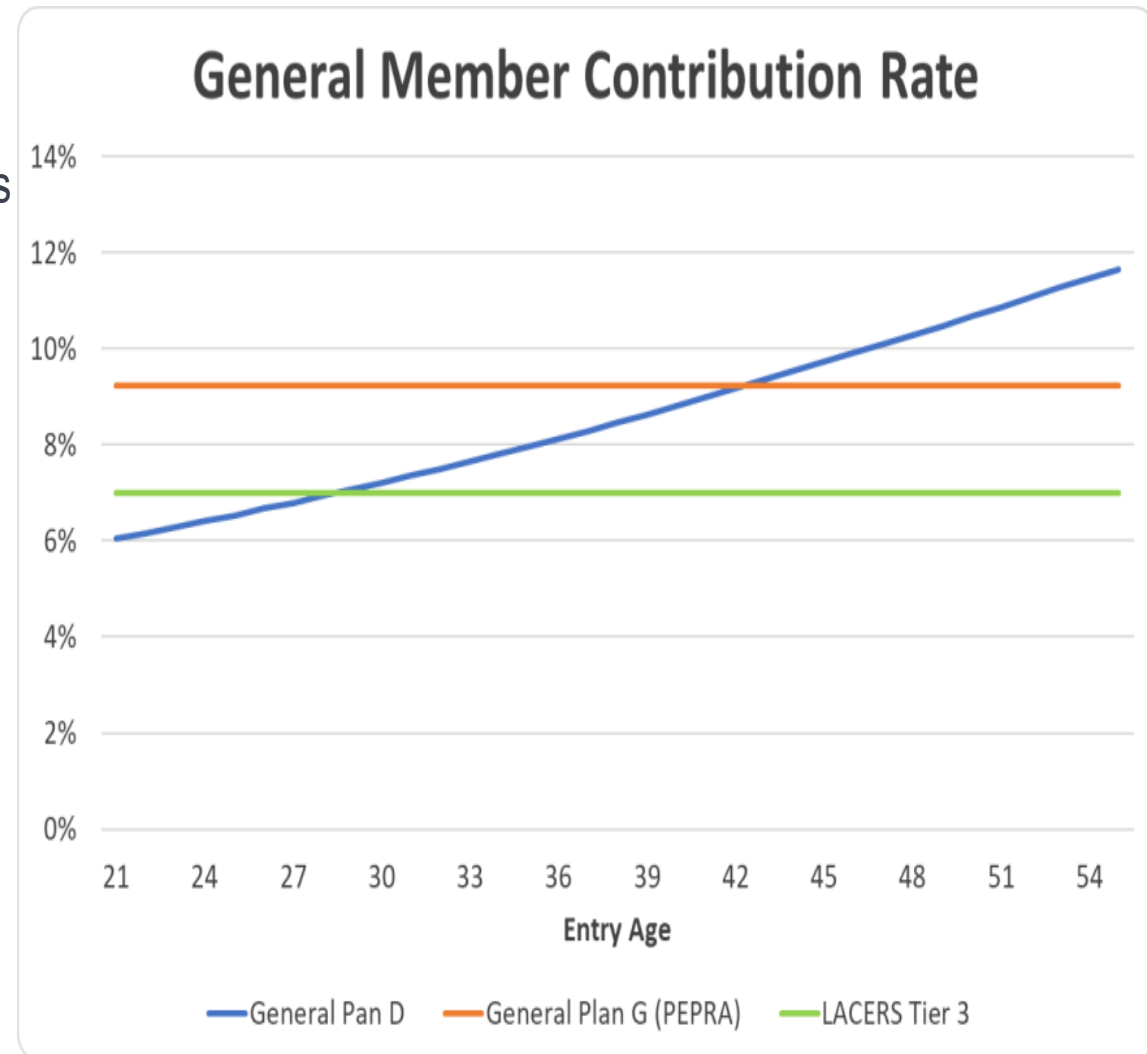
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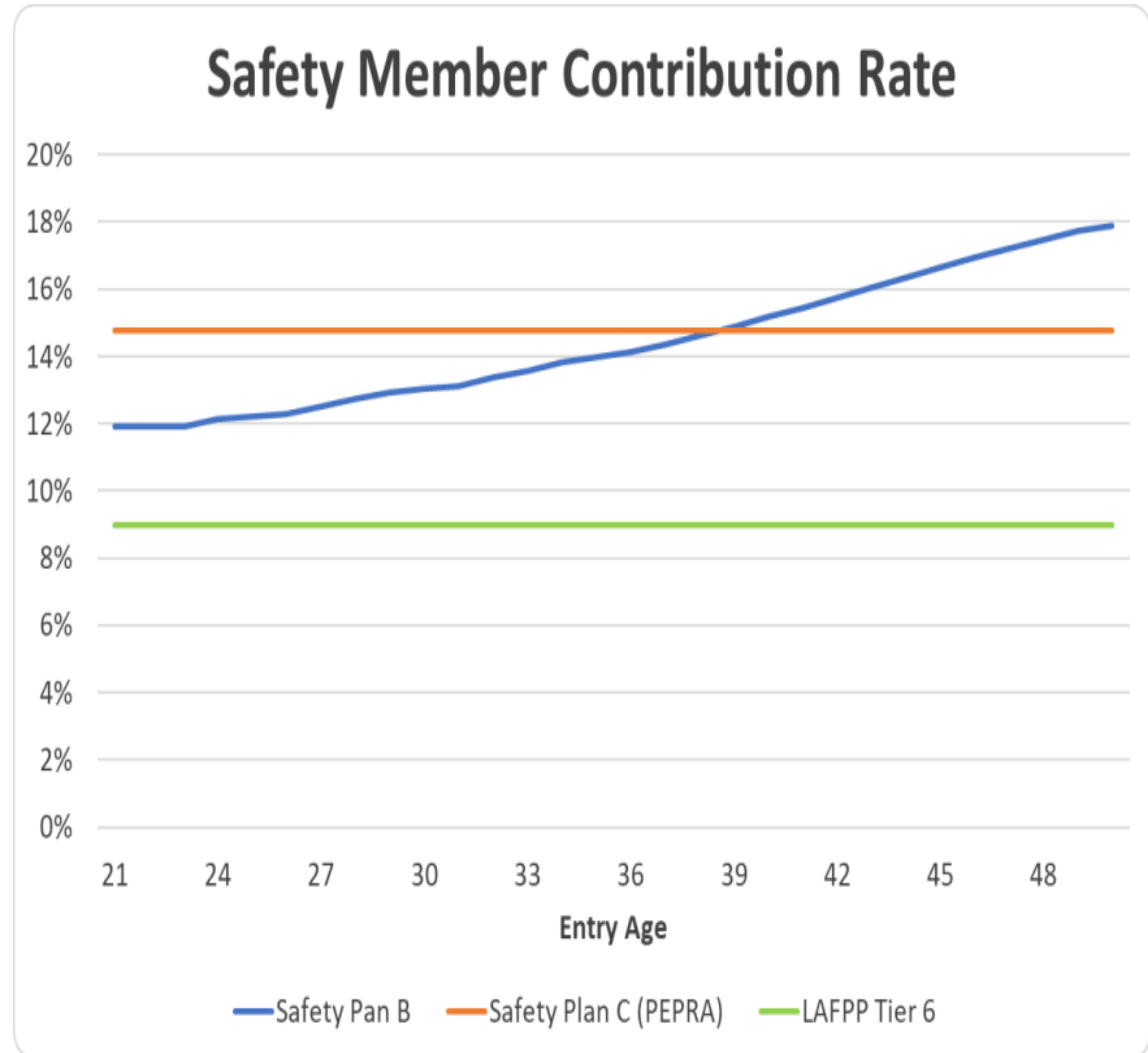
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*LAFPP Tier 6 rate shown does not include additional 2% of pay contributions for retiree healthcare benefit.*

**FOR INFORMATION ONLY**

October 18, 2023

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: November 1, 2023 Board of Retirement Meeting  
November 8, 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:**



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**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

<b>PUBLIC RETIREMENT</b>	<b>AUTHOR</b>	<b>TITLE</b>	<b>PAGE</b>
AB 148	Budget Cmt.....	State Employment: State Bargaining Units: Agreements.....	1
AB 738	Lackey (R).....	State Actuarial Advisory Panel: Reports.....	1
AB 739	Lackey (R).....	Public Retirement Systems: Defined Benefit Plans.....	1
AB 1246	Nguyen (D).....	Public Employees' Retirement System Optional Settlement.....	1
SB 148	Budget and Fiscal Review Cmt.....	State Employment: State Bargaining Units.....	2
SB 300	Seyarto (R).....	Public Employees Retirement: Fiscal Impact: Information.....	2
SB 432	Cortese (D).....	Teachers' Retirement.....	2
SB 548	Niello (R).....	Public Employees Retirement: County and Trial Court.....	3
SB 660	Alvarado-Gil (D).....	Public Employees' Retirement Systems.....	3
<b>PUBLIC INVESTMENT</b>			
SB 252	Gonzalez (D).....	Public Retirement Systems: Fossil Fuels: Divestment.....	3
<b>PUBLIC EMPLOYMENT</b>			
SB 765	Portantino (D).....	Teachers: Retired Teachers: Compensation Limitation.....	4
SB 885	Labor, Public Employment & Retirement Cmt.....	Public Employees' Retirement.....	4
<b>DISABILITY RETIREMENT</b>			
AB 1020	Grayson (D).....	County Employees Retirement Law 1937: Disability.....	4
SB 327	Laird (D).....	State Teachers' Retirement: Disability Allowances.....	5
<b>WORKERS COMPENSATION</b>			
AB 489	Calderon (D).....	Workers' Compensation: Disability Payments.....	5
AB 597	Rodriguez (D).....	Workers' Compensation: First Responders: Stress.....	5
AB 621	Irwin (D).....	Workers' Compensation: Special Death Benefit.....	6
AB 699	Weber A (D).....	Workers' Compensation: Presumed Injuries.....	6
AB 1107	Mathis (R).....	Workers' Compensation: Presumptive Injuries.....	6
AB 1145	Maienschein (D).....	Workers' Compensation.....	6
AB 1156	Bonta M (D).....	Workers' Compensation: Hospital Employees.....	7
SB 391	Blakespear (D).....	Workers' Compensation: Skin Cancer.....	7
SB 623	Laird (D).....	Workers Compensation: Post-Traumatic Stress Disorder.....	7
<b>BROWN ACT</b>			
AB 557	Hart (D).....	Open Meetings: Local Agencies: Teleconferences.....	8
AB 817	Pacheco (D).....	Open Meetings: Teleconferencing: Subsidiary Body.....	8
AB 1379	Papan (D).....	Open Meetings: Local Agencies: Teleconferences.....	8
SB 411	Portantino (D).....	Open Meetings: Teleconferences: Neighborhood Councils.....	9
SB 537	Becker (D).....	Open Meetings: Multijurisdictional.....	9
<b>PUBLIC RECORDS ACT</b>			
AB 1637	Irwin (D).....	Local Government: Internet Websites and Email Addresses.....	9
<b>SOCIAL SECURITY</b>			
SJR 1	Cortese (D).....	Social Security Act: Repeal of Benefit Reductions.....	10
HR 82	Graves (R).....	Pension Offset and Windfall Elimination Repeal.....	10
HR 4260	Neal (D).....	Equitable Social Security Formula.....	10
HR 5342	Arrington (R).....	Windfall Elimination Provision Replacement.....	10
S 597	Brown S (D).....	Government Pension Offset Repeal.....	10
<b>HEALTHCARE</b>			
HR 957	Spanberger (D).....	Internal Revenue Code Retirement Plan Exclusion.....	11

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**PUBLIC RETIREMENT**

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CA AB 148	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Budget Cmt State Employment: State Bargaining Units: Agreements 01/09/2023 08/28/2023 Pending - Carryover Provides that existing law provides that a provision of a memorandum of understanding reached between the State employer and a recognized employee organization representing State civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act. Approves provisions of agreements entered into by the State employer and State Bargaining Units 1, 3, 4, 5, 11, 12, 13, 14, 15, 17, 19, 20, and 21. Appropriates funds.
	<b>STATUS:</b>	09/13/2023 Re-referred to SENATE Committee on BUDGET AND FISCAL REVIEW.
	<b>Comment:</b>	Amends 7522.34 relating to pensionable compensation for state employees.
CA AB 738	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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.
	<b>STATUS:</b>	02/23/2023 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 739	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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%.
	<b>STATUS:</b>	02/23/2023 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 1246	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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 148

**AUTHOR:** Budget and Fiscal Review Cmt  
**TITLE:** State Employment: State Bargaining Units  
**INTRODUCED:** 01/18/2023  
**LAST AMEND:** 09/05/2023  
**DISPOSITION:** Enacted  
**SUMMARY:**

Authorizes the state employer or those specified bargaining units to reopen negotiations if funds for these provisions are not specifically appropriated by the Legislature. Revises the normal contribution rate for state miscellaneous and industrial members who are represented by State Bargaining Unit to compensation in excess of specified amount per month paid to a member whose service has been included in the federal system.

**STATUS:**

09/13/2023 Signed by GOVERNOR.

09/13/2023 Chaptered by Secretary of State. Chapter No. 2023-197

**Comment:**

Amends 7522.34 relating to pensionable compensation for state employees.

CA SB 300

**AUTHOR:** Seyarto [R]  
**TITLE:** Public Employees Retirement: Fiscal Impact: Information  
**INTRODUCED:** 02/02/2023  
**LAST AMEND:** 05/03/2023  
**DISPOSITION:** Pending - Carryover  
**SUMMARY:**

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:**

Enacted

**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:**

10/04/2023

Signed by GOVERNOR.

10/04/2023

Chaptered by Secretary of State. Chapter No. 2023-307

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.

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**PUBLIC INVESTMENT**

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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.

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**PUBLIC EMPLOYMENT**

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CA SB 765	<b>AUTHOR:</b>	Portantino [D]
	<b>TITLE:</b>	Teachers: Retired Teachers: Compensation Limitation
	<b>INTRODUCED:</b>	02/17/2023
	<b>LAST AMEND:</b>	08/17/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/13/2023	Signed by GOVERNOR.
	10/13/2023	Chaptered by Secretary of State. Chapter No. 2023-885
CA SB 885	<b>AUTHOR:</b>	Labor, Public Employment & Retirement Cmt
	<b>TITLE:</b>	Public Employees' Retirement
	<b>INTRODUCED:</b>	03/14/2023
	<b>LAST AMEND:</b>	06/06/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	09/01/2023	Signed by GOVERNOR.
	09/01/2023	Chaptered by Secretary of State. Chapter No. 2023-159

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**DISABILITY RETIREMENT**

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CA AB 1020	<b>AUTHOR:</b>	Grayson [D]
	<b>TITLE:</b>	County Employees Retirement Law 1937: Disability
	<b>INTRODUCED:</b>	02/15/2023
	<b>LAST AMEND:</b>	07/11/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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:**

10/08/2023 Signed by GOVERNOR.  
10/08/2023 Chaptered by Secretary of State. Chapter No. 2023-554  
**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:** Enacted  
**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:**  
10/10/2023 Chaptered by Secretary of State. Chapter No. 2023-708

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**WORKERS COMPENSATION**

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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:** Enacted  
**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:**

10/08/2023 Chaptered by Secretary of State. Chapter No. 2023-448

CA AB 699

**AUTHOR:** Weber A [D]  
**TITLE:** Workers' Compensation: Presumed Injuries  
**INTRODUCED:** 02/13/2023  
**LAST AMEND:** 09/06/2023  
**DISPOSITION:** Vetoed  
**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:**

10/08/2023 Vetoed by 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:** Vetoed  
**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:**

10/08/2023 Vetoed by 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:** Vetoed  
**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:**

10/08/2023 Vetoed by GOVERNOR.

CA SB 623

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

10/08/2023

Signed by GOVERNOR.

10/08/2023

Chaptered by Secretary of State. Chapter No. 2023-621

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**BROWN ACT**

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CA AB 557

**AUTHOR:**

Hart [D]

**TITLE:**

Open Meetings: Local Agencies: Teleconferences

**INTRODUCED:**

02/08/2023

**LAST AMEND:**

09/01/2023

**DISPOSITION:**

Enacted

**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:**

10/08/2023

Signed by GOVERNOR.

10/08/2023

Chaptered by Secretary of State. Chapter No. 2023-534

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	<b>AUTHOR:</b>	Portantino [D]
	<b>TITLE:</b>	Open Meetings: Teleconferences: Neighborhood Councils
	<b>INTRODUCED:</b>	02/09/2023
	<b>LAST AMEND:</b>	08/14/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/08/2023	Signed by GOVERNOR.
	10/08/2023	Chaptered by Secretary of State. Chapter No. 2023-605
CA SB 537	<b>AUTHOR:</b>	Becker [D]
	<b>TITLE:</b>	Open Meetings: Multijurisdictional
	<b>INTRODUCED:</b>	02/14/2023
	<b>LAST AMEND:</b>	09/05/2023
	<b>DISPOSITION:</b>	Pending - Carryover
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	09/14/2023	In ASSEMBLY. To Inactive File.

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**PUBLIC RECORDS ACT**

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CA AB 1637	<b>AUTHOR:</b>	Irwin [D]
	<b>TITLE:</b>	Local Government: Internet Websites and Email Addresses
	<b>INTRODUCED:</b>	02/12/2023
	<b>LAST AMEND:</b>	06/29/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/08/2023	Signed by GOVERNOR.
	10/08/2023	Chaptered by Secretary of State. Chapter No. 2023-586

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**SOCIAL SECURITY**

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CA SJR 1	<b>AUTHOR:</b> Cortese [D] <b>TITLE:</b> Social Security Act: Repeal of Benefit Reductions <b>INTRODUCED:</b> 12/05/2022 <b>LAST AMEND:</b> 04/12/2023 <b>DISPOSITION:</b> Adopted <b>SUMMARY:</b> 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. <b>STATUS:</b> 06/02/2023 Chaptered by Secretary of State. 06/02/2023 Resolution Chapter No. 2023-084
US HR 82	<b>SPONSOR:</b> Graves [R] <b>TITLE:</b> Pension Offset and Windfall Elimination Repeal <b>INTRODUCED:</b> 01/09/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> Amends title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. <b>STATUS:</b> 01/09/2023 INTRODUCED. 01/09/2023 To HOUSE Committee on WAYS AND MEANS. <b>IBLC_Recommendation:</b> Support 10/05/2023 <b>Staff_Recommendation:</b> Support
US HR 4260	<b>SPONSOR:</b> Neal [D] <b>TITLE:</b> Equitable Social Security Formula <b>INTRODUCED:</b> 06/21/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> 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. <b>STATUS:</b> 06/21/2023 INTRODUCED. 06/21/2023 To HOUSE Committee on WAYS AND MEANS.
US HR 5342	<b>SPONSOR:</b> Arrington [R] <b>TITLE:</b> Windfall Elimination Provision Replacement <b>INTRODUCED:</b> 09/05/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> Amends title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment. <b>STATUS:</b> 09/05/2023 INTRODUCED. 09/05/2023 To HOUSE Committee on WAYS AND MEANS.
US S 597	<b>SPONSOR:</b> 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.  
**IBLC\_Recommendation:** Support 10/05/2023  
**Staff\_Recommendation:** Support

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**HEALTHCARE**

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US HR 957

**SPONSOR:** Spanberger [D]  
**TITLE:** Internal Revenue Code Retirement Plan Exclusion  
**INTRODUCED:** 02/09/2023  
**DISPOSITION:** Pending

**SUMMARY:**

Amends the Internal Revenue Code of 1986 to increase the amount excluded from gross income by reason of distributions from governmental retirement plans for health and long-term care insurance for public safety officers.

**STATUS:**

02/09/2023 INTRODUCED.  
02/09/2023 To HOUSE Committee on WAYS AND MEANS.

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<b>PUBLIC RETIREMENT</b>	<b>AUTHOR</b>	<b>TITLE</b>	<b>PAGE</b>
AB 148	Budget Cmt.....	State Employment: State Bargaining Units: Agreements.....	1
AB 738	Lackey (R).....	State Actuarial Advisory Panel: Reports.....	1
AB 739	Lackey (R).....	Public Retirement Systems: Defined Benefit Plans.....	1
AB 1246	Nguyen (D).....	Public Employees' Retirement System Optional Settlement.....	1
SB 148	Budget and Fiscal Review Cmt.....	State Employment: State Bargaining Units.....	2
SB 300	Seyarto (R).....	Public Employees Retirement: Fiscal Impact: Information.....	2
SB 432	Cortese (D).....	Teachers' Retirement.....	2
SB 548	Niello (R).....	Public Employees Retirement: County and Trial Court.....	3
SB 660	Alvarado-Gil (D).....	Public Employees' Retirement Systems.....	3
<b>PUBLIC INVESTMENT</b>			
SB 252	Gonzalez (D).....	Public Retirement Systems: Fossil Fuels: Divestment.....	3
<b>PUBLIC EMPLOYMENT</b>			
SB 765	Portantino (D).....	Teachers: Retired Teachers: Compensation Limitation.....	4
SB 885	Labor, Public Employment & Retirement Cmt.....	Public Employees' Retirement.....	4
<b>DISABILITY RETIREMENT</b>			
AB 1020	Grayson (D).....	County Employees Retirement Law 1937: Disability.....	4
SB 327	Laird (D).....	State Teachers' Retirement: Disability Allowances.....	5
<b>WORKERS COMPENSATION</b>			
AB 489	Calderon (D).....	Workers' Compensation: Disability Payments.....	5
AB 597	Rodriguez (D).....	Workers' Compensation: First Responders: Stress.....	5
AB 621	Irwin (D).....	Workers' Compensation: Special Death Benefit.....	6
AB 699	Weber A (D).....	Workers' Compensation: Presumed Injuries.....	6
AB 1107	Mathis (R).....	Workers' Compensation: Presumptive Injuries.....	6
AB 1145	Maienschein (D).....	Workers' Compensation.....	6
AB 1156	Bonta M (D).....	Workers' Compensation: Hospital Employees.....	7
SB 391	Blakespear (D).....	Workers' Compensation: Skin Cancer.....	7
SB 623	Laird (D).....	Workers Compensation: Post-Traumatic Stress Disorder.....	7
<b>BROWN ACT</b>			
AB 557	Hart (D).....	Open Meetings: Local Agencies: Teleconferences.....	8
AB 817	Pacheco (D).....	Open Meetings: Teleconferencing: Subsidiary Body.....	8
AB 1379	Papan (D).....	Open Meetings: Local Agencies: Teleconferences.....	8
SB 411	Portantino (D).....	Open Meetings: Teleconferences: Neighborhood Councils.....	9
SB 537	Becker (D).....	Open Meetings: Multijurisdictional.....	9
<b>PUBLIC RECORDS ACT</b>			
AB 1637	Irwin (D).....	Local Government: Internet Websites and Email Addresses.....	9
<b>SOCIAL SECURITY</b>			
SJR 1	Cortese (D).....	Social Security Act: Repeal of Benefit Reductions.....	10
HR 82	Graves (R).....	Pension Offset and Windfall Elimination Repeal.....	10
HR 4260	Neal (D).....	Equitable Social Security Formula.....	10
HR 5342	Arrington (R).....	Windfall Elimination Provision Replacement.....	10
S 597	Brown S (D).....	Government Pension Offset Repeal.....	10
<b>HEALTHCARE</b>			
HR 957	Spanberger (D).....	Internal Revenue Code Retirement Plan Exclusion.....	11

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**PUBLIC RETIREMENT**

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CA AB 148	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	Budget Cmt State Employment: State Bargaining Units: Agreements 01/09/2023 08/28/2023 Pending - Carryover Provides that existing law provides that a provision of a memorandum of understanding reached between the State employer and a recognized employee organization representing State civil service employees that requires the expenditure of funds does not become effective unless approved by the Legislature in the annual Budget Act. Approves provisions of agreements entered into by the State employer and State Bargaining Units 1, 3, 4, 5, 11, 12, 13, 14, 15, 17, 19, 20, and 21. Appropriates funds.
	<b>STATUS:</b>	09/13/2023 Re-referred to SENATE Committee on BUDGET AND FISCAL REVIEW.
	<b>Comment:</b>	Amends 7522.34 relating to pensionable compensation for state employees.
CA AB 738	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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.
	<b>STATUS:</b>	02/23/2023 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 739	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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%.
	<b>STATUS:</b>	02/23/2023 To ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT.
CA AB 1246	<b>AUTHOR:</b> <b>TITLE:</b> <b>INTRODUCED:</b> <b>LAST AMEND:</b> <b>DISPOSITION:</b> <b>SUMMARY:</b>	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 148

**AUTHOR:** Budget and Fiscal Review Cmt  
**TITLE:** State Employment: State Bargaining Units  
**INTRODUCED:** 01/18/2023  
**LAST AMEND:** 09/05/2023  
**DISPOSITION:** Enacted  
**SUMMARY:**

Authorizes the state employer or those specified bargaining units to reopen negotiations if funds for these provisions are not specifically appropriated by the Legislature. Revises the normal contribution rate for state miscellaneous and industrial members who are represented by State Bargaining Unit to compensation in excess of specified amount per month paid to a member whose service has been included in the federal system.

**STATUS:**

09/13/2023 Signed by GOVERNOR.

09/13/2023 Chaptered by Secretary of State. Chapter No. 2023-197

**Comment:**

Amends 7522.34 relating to pensionable compensation for state employees.

CA SB 300

**AUTHOR:** Seyarto [R]  
**TITLE:** Public Employees Retirement: Fiscal Impact: Information  
**INTRODUCED:** 02/02/2023  
**LAST AMEND:** 05/03/2023  
**DISPOSITION:** Pending - Carryover  
**SUMMARY:**

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

Chapered 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:**

Enacted

**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:**

10/04/2023

Signed by GOVERNOR.

10/04/2023

Chapered by Secretary of State. Chapter No. 2023-307

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.

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**PUBLIC INVESTMENT**

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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.

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**PUBLIC EMPLOYMENT**

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CA SB 765	<b>AUTHOR:</b>	Portantino [D]
	<b>TITLE:</b>	Teachers: Retired Teachers: Compensation Limitation
	<b>INTRODUCED:</b>	02/17/2023
	<b>LAST AMEND:</b>	08/17/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/13/2023	Signed by GOVERNOR.
	10/13/2023	Chaptered by Secretary of State. Chapter No. 2023-885
CA SB 885	<b>AUTHOR:</b>	Labor, Public Employment & Retirement Cmt
	<b>TITLE:</b>	Public Employees' Retirement
	<b>INTRODUCED:</b>	03/14/2023
	<b>LAST AMEND:</b>	06/06/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	09/01/2023	Signed by GOVERNOR.
	09/01/2023	Chaptered by Secretary of State. Chapter No. 2023-159

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**DISABILITY RETIREMENT**

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CA AB 1020	<b>AUTHOR:</b>	Grayson [D]
	<b>TITLE:</b>	County Employees Retirement Law 1937: Disability
	<b>INTRODUCED:</b>	02/15/2023
	<b>LAST AMEND:</b>	07/11/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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:**

10/08/2023 Signed by GOVERNOR.  
10/08/2023 Chaptered by Secretary of State. Chapter No. 2023-554  
**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:** Enacted  
**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:**  
10/10/2023 Chaptered by Secretary of State. Chapter No. 2023-708

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**WORKERS COMPENSATION**

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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:** Enacted  
**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:**

10/08/2023 Chaptered by Secretary of State. Chapter No. 2023-448

CA AB 699

**AUTHOR:** Weber A [D]  
**TITLE:** Workers' Compensation: Presumed Injuries  
**INTRODUCED:** 02/13/2023  
**LAST AMEND:** 09/06/2023  
**DISPOSITION:** Vetoed  
**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:**

10/08/2023 Vetoed by 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:** Vetoed  
**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:**

10/08/2023 Vetoed by 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:** Vetoed  
**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:**

10/08/2023 Vetoed by GOVERNOR.

CA SB 623

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

10/08/2023

Signed by GOVERNOR.

10/08/2023

Chaptered by Secretary of State. Chapter No. 2023-621

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**BROWN ACT**

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CA AB 557

**AUTHOR:**

Hart [D]

**TITLE:**

Open Meetings: Local Agencies: Teleconferences

**INTRODUCED:**

02/08/2023

**LAST AMEND:**

09/01/2023

**DISPOSITION:**

Enacted

**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:**

10/08/2023

Signed by GOVERNOR.

10/08/2023

Chaptered by Secretary of State. Chapter No. 2023-534

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	<b>AUTHOR:</b>	Portantino [D]
	<b>TITLE:</b>	Open Meetings: Teleconferences: Neighborhood Councils
	<b>INTRODUCED:</b>	02/09/2023
	<b>LAST AMEND:</b>	08/14/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/08/2023	Signed by GOVERNOR.
	10/08/2023	Chaptered by Secretary of State. Chapter No. 2023-605
CA SB 537	<b>AUTHOR:</b>	Becker [D]
	<b>TITLE:</b>	Open Meetings: Multijurisdictional
	<b>INTRODUCED:</b>	02/14/2023
	<b>LAST AMEND:</b>	09/05/2023
	<b>DISPOSITION:</b>	Pending - Carryover
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	09/14/2023	In ASSEMBLY. To Inactive File.

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**PUBLIC RECORDS ACT**

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CA AB 1637	<b>AUTHOR:</b>	Irwin [D]
	<b>TITLE:</b>	Local Government: Internet Websites and Email Addresses
	<b>INTRODUCED:</b>	02/12/2023
	<b>LAST AMEND:</b>	06/29/2023
	<b>DISPOSITION:</b>	Enacted
	<b>SUMMARY:</b>	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.
	<b>STATUS:</b>	
	10/08/2023	Signed by GOVERNOR.
	10/08/2023	Chaptered by Secretary of State. Chapter No. 2023-586



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**SOCIAL SECURITY**

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CA SJR 1	<b>AUTHOR:</b> Cortese [D] <b>TITLE:</b> Social Security Act: Repeal of Benefit Reductions <b>INTRODUCED:</b> 12/05/2022 <b>LAST AMEND:</b> 04/12/2023 <b>DISPOSITION:</b> Adopted <b>SUMMARY:</b> 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. <b>STATUS:</b> 06/02/2023 Chaptered by Secretary of State. 06/02/2023 Resolution Chapter No. 2023-084
US HR 82	<b>SPONSOR:</b> Graves [R] <b>TITLE:</b> Pension Offset and Windfall Elimination Repeal <b>INTRODUCED:</b> 01/09/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> Amends title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. <b>STATUS:</b> 01/09/2023 INTRODUCED. 01/09/2023 To HOUSE Committee on WAYS AND MEANS. <b>IBLC_Recommendation:</b> Support 10/05/2023 <b>Staff_Recommendation:</b> Support
US HR 4260	<b>SPONSOR:</b> Neal [D] <b>TITLE:</b> Equitable Social Security Formula <b>INTRODUCED:</b> 06/21/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> 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. <b>STATUS:</b> 06/21/2023 INTRODUCED. 06/21/2023 To HOUSE Committee on WAYS AND MEANS.
US HR 5342	<b>SPONSOR:</b> Arrington [R] <b>TITLE:</b> Windfall Elimination Provision Replacement <b>INTRODUCED:</b> 09/05/2023 <b>DISPOSITION:</b> Pending <b>SUMMARY:</b> Amends title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment. <b>STATUS:</b> 09/05/2023 INTRODUCED. 09/05/2023 To HOUSE Committee on WAYS AND MEANS.
US S 597	<b>SPONSOR:</b> 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.  
**IBLC\_Recommendation:** Support 10/05/2023  
**Staff\_Recommendation:** Support

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**HEALTHCARE**

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US HR 957

**SPONSOR:** Spanberger [D]  
**TITLE:** Internal Revenue Code Retirement Plan Exclusion  
**INTRODUCED:** 02/09/2023  
**DISPOSITION:** Pending

**SUMMARY:**

Amends the Internal Revenue Code of 1986 to increase the amount excluded from gross income by reason of distributions from governmental retirement plans for health and long-term care insurance for public safety officers.

**STATUS:**

02/09/2023 INTRODUCED.  
02/09/2023 To HOUSE Committee on WAYS AND MEANS.

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**FOR INFORMATION ONLY**

October 30, 2023

TO: Trustees,  
Board of Investments

FROM: Christine Roseland *CR*  
Senior Staff Counsel

FOR: November 8, 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 November 8, 2023.

Attachment

c: Santos H. Kreimann  
Luis A. Lugo  
Jonathan Gabel  
Esmeralda Del Bosque  
Vache Mahseredjian  
Jude Perez  
Jim Rice  
Christopher Wagner  
Scott Zdrazil  
Steven Rice  
John Harrington  
Lisa Garcia



**LACERA Legal Division**  
**Board of Investments Projects**  
**Monthly Status Report - Pending as of November 1, 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	80%	Legal negotiations in process.
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	Completed	100%	Completed.

**FOR INFORMATION ONLY**

October 25, 2023

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Santos H. Kreimann <sup>SHK</sup>  
Chief Executive Officer

FOR: Board of Retirement Meeting on November 1, 2023  
Board of Investments Meeting on November 8, 2023

**SUBJECT: Tier I Merit Salary Adjustment and Tier II Step Advancement**

This memo is to notify the Board Trustees that merit increases for LACERA's eligible Tier I Management Appraisal and Performance Plan (MAPP) participants have been approved. Staff members rated as 3-Meeting Expectations (1%), 4-Exceeding Expectations (3.0%), and 5-Far Exceeding Expectations (5%) have been approved. These merit salary adjustments will be effective retroactively to October 1, 2023 and are in addition to the 3% cost of living adjustment (COLA) previously approved by the Board of Retirement and Board of Investments. The COLA will be processed effective January 1, 2024. LACERA's CEO is authorized to award Tier I Merit Adjustments up to 5% in his role as staff's appointing authority under Los Angeles County Ordinance Sections 6.127.040 B(1), (9), E, and O to those eligible staff who received evaluations of at least "Met Expectations."

Eligible Tier II MAPP managers rated as 3-Meeting Expectations, 4-Exceeding Expectations and 5-Far Exceeding Expectations will receive an annual step increase ranging from 1.5% if the employee is on or above Step 12 of the salary schedule, or 3% for participants that are below Step 12 of the salary schedule. The Tier II MAPP salary adjustments will also be effective retroactively to October 1, 2023. The CEO is authorized to award Tier II Step Advancements up to Step 12 under County Ordinance Sections 6.127.040 B(1), (10), E, and R to those eligible staff who received evaluations of at least "Met Expectations" and for Step 13 and above to those eligible staff who received evaluations of at least "Exceeded Expectations."

The total annual cost of the anticipated Tier I and Tier II merit adjustments are estimated to total \$350,000. Sufficient budgetary resources are available in the FY 2023-2024

October 25, 2023

Page 2

LACERA operating budget to absorb these salary and associated employee benefit increases.

These increases are intended to recognize the hard work of our managers and staff in meeting our mission and continuing to provide exceptional customer service to our members during these extraordinary times.

c: Executive Team

**FOR INFORMATION ONLY**

October 24, 2023

TO: Trustees,  
Board of Investments

FROM: Ted Granger   
Interim Chief Financial Officer

FOR: November 8, 2023 – Board of Investments Meeting

SUBJECT: **Semi-Annual Interest Crediting for Reserves as of June 30, 2023 (AUDITED)**

Pursuant to the County Employees Retirement Law of 1937, California Government Code Section 31591, regular interest shall be credited semi-annually on June 30 and December 31 to all eligible member contributions in the retirement fund, which have been on deposit six months immediately prior to such date at an interest rate determined by the Board.

The Retirement Benefit Funding Policy requires that LACERA conduct an experience and assumption study every three years and perform annual valuations of the retirement benefits plan. Milliman, LACERA's consulting actuary, prepares the valuation to confirm the existing actuarial assumptions and methods, and calculate the employer and employee contribution rates for the beginning of the upcoming fiscal year.

**Interest Credit Application – Fiscal Year 2022-2023**Rate

Plan sponsors and LACERA require ample time to prepare for annual changes to employer and employee contribution rates and interest crediting rates, so the interest crediting target rate effective July 1 of a given fiscal year is based on the actuarial valuation from one year prior. For the fiscal year 2022-2023, the interest crediting rate is based upon the investment return assumption from the June 30, 2021 actuarial valuation. Therefore, the semi-annual interest crediting target rate applicable June 30, 2023 is 3.50% (i.e., one-half of the 7.00% annual investment return assumption used in the 2021 valuation).

Looking back, the Board approved a reduction in the investment return assumption from 7.25% to 7.00% in January 2020 based on the 2019 Experience Study. This new rate was originally implemented effective July 1, 2020 with the Board's adoption of the June 30, 2019 actuarial valuation and has not changed since then.

Realized Earnings

The Retirement Benefit Funding Policy stipulates that interest credits are allocated to Reserve accounts in the same priority order as the allocation of actuarial assets, to the extent there are Realized Earnings available in the six-month period to perform such an allocation. Interest crediting application to Reserve accounts for the six-month period stops once all Realized Earnings have been allocated.

As of June 30, 2023, all available Realized Earnings were applied to Priority 1, the Member Reserve, which is equivalent to an interest credit rate of 3.29%. Thus, there were no additional earnings available to apply to other Priorities.

Semi-Annual Interest Crediting for Reserves as of June 30, 2023 (AUDITED)

October 24, 2023

Page 2 of 2

The table below depicts the actual interest credit allocations for the six-month period ended June 30, 2023.

<b>Priority Order</b>	<b>Reserve Account</b>	<b>Interest Credit Rate Applied</b>
1	Member	3.29%
2	Advanced Employer Contributions	N/A
3	Employer	0.0%

**Next Cycle**

For Fiscal Year 2023-2024, the Board of Investments approved the plan's actuarial assumptions based on Milliman's 2022 Investigation of Experience Study report at the December 2022 meeting, reconfirming the 7.00% investment return assumption. Milliman applied this assumption in preparing the June 30, 2022 Actuarial Valuation report. The interest credit target amount will remain at 3.50% for the upcoming interest crediting cycles until the Board changes this assumption. The next experience study is scheduled for June 30, 2025.

**REVIEWED AND APPROVED:**



Santos H. Kreimann  
Chief Executive Officer

SHK:tg:mh

c: Board of Retirement, LACERA  
Fesia Davenport, CEO, Los Angeles County



**FOR INFORMATION ONLY**

October 19, 2023

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Ted Granger   
Interim Chief Financial Officer

FOR: November 1, 2023 Board of Retirement Meeting  
November 8, 2023 Board of Investments Meeting

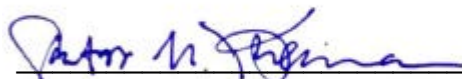
**SUBJECT: MONTHLY TRUSTEE TRAVEL & EDUCATION REPORT – SEPTEMBER 2023**

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 September 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**  
**SEPTEMBER 2023**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Alan Bernstein</b>			
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
<b>Vivian Gray</b>			
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
<b>Jason Green</b>			
B	- Edu - CII 2023 Fall Conference   Next Frontier in Governance - Long Beach CA	09/11/2023 - 09/13/2023	Attended
<b>James Harris</b>			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
<b>Patrick Jones</b>			
A	1 Edu - 2023 Investment Diversity Advisory Council (IDAC) Global Summit - Chicago IL	09/19/2023 - 09/20/2023	Attended
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
<b>Keith Knox</b>			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
<b>Les Robbins</b>			
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
<b>Gina Sanchez</b>			
A	1 Edu - 2023 Investment Diversity Advisory Council (IDAC) Global Summit - Chicago IL	09/19/2023 - 09/20/2023	Attended
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
<b>Herman Santos</b>			
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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