

# IN PERSON & VIRTUAL BOARD MEETING



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.

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## 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, JANUARY 10, 2024

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

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Appointed trustees to the Board of Investments are Patrick Jones, David Ryu, and Mike Gatto. The retired trustee is Debbie Martin. The active general and safety member elected trustees are Herman Santos, Jason E. Green, and Nicole Mi. The ex-officio member is Keith Knox, and the alternate ex-officio is Elizabeth B. Ginsberg.

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE

### III. RATIFICATION OF OFFICERS

#### A. **Board of Investments Board Officers – 2024 Calendar Year**

Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer: That the Board ratify its slate of board officers who will serve their term in the 2024 calendar year under the Board's Board Officer Rotation Policy: Patrick Jones as Chair, Keith Knox as Vice Chair, and Herman Santos as Secretary.

(Memo dated December 26, 2023)

### IV. ELECTIONS OF COMMITTEE MEMBERS

Election of Trustees to Joint Organizational Governance Committee (1 Trustee) and Audit Committee (3 Trustees)

### V. 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

### VI. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of December 13, 2023

### VII. PUBLIC COMMENT

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VIII. EXECUTIVE UPDATE

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

IX. CONSENT ITEM

A. **Real Assets Structure Review**

Recommendation as submitted by Patrick Jones, Chair, Real Assets Committee: That the Board approve the Real Assets Structure Review (Attachment A) including initiatives, guidelines, and recommendations throughout the document as well as those summarized on slides 34-38. (Memo dated January 2, 2024)

X. NON-CONSENT ITEM

A. **Towards Best-In-Class Investor: 2024 Strategic Initiatives and Work Plan**

Recommendation as submitted by Jonathan Grabel, Chief Investment Officer: That the Board approve the 2024 Strategic Initiatives and Work Plan. (Memo dated December 20, 2023)

XI. REPORTS

A. **Strategic Asset Allocation Benchmark Review**

Jonathan Grabel, Chief Investment Officer  
Jude Pérez, Deputy Chief Investment Officer  
Tim Filla, Principal - Meketa Investment Group  
(Presentation) (Memo dated January 2, 2024)

B. **Trade Cost Analysis Education**

Esmeralda V. del Bosque, Principal Investment Officer  
Ron Senkandwa, Investment Officer  
Adrian Gonzalez, Senior Investment Analyst  
Vinod Pakianathan, Managing Director, Zeno AN Solutions  
(Presentation) (Memo dated December 28, 2023)



XI. REPORTS (Continued)

- C. **Principles For Responsible Investment Signatory Ballot**  
Scott Zdrazil, Principal Investment Officer  
(For Information Only) (Memo dated December 8, 2023)
- D. **Update regarding Council of Institutional Investors Nomination**  
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K. **Board of Retirement Board Officers – 2024 Calendar Year**  
Santos H. Kreimann, Chief Executive Officer  
(For Information Only) (Memo dated December 17, 2023)

L. **2023 Audit Committee Annual Report**  
Onyx Jones, 2023 Audit Committee Chair  
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M. **FPPC Formal Advice Letter**  
Steven P. Rice, Chief Counsel  
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N. **Monthly Trustee Travel & Education Reports - November 2023**  
Ted Granger, Interim Chief Financial Officer  
(Public memo dated December 21, 2023) (Confidential memo dated December 21, 2023 – Including Pending Travel)

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XIII. 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.)

XIV. GOOD OF THE ORDER

(For Information Purposes Only)

XV. 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**  
(Presentation) (Memo dated December 24, 2023)
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Christopher J. Wagner, Principal Investment Officer  
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December 26, 2023

TO: Each Trustee  
Board of Investments

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

FOR: January 10, 2024 Board of Investments Meeting

SUBJECT: **Board of Investments Board Officers: 2024 Calendar Year**

## **RECOMMENDATION**

That the Board of Investments ratify its slate of board officers who will serve their term in the 2024 calendar year under the Board's Board Officer Rotation Policy: Patrick Jones as Chair, Keith Knox as Vice Chair, and Herman Santos as Secretary.

## **LEGAL AUTHORITY**

The Board of Investments (BOI) Regulations provide that each January the BOI shall elect from its members a Chair, Vice Chair, and Secretary to serve for a term of one year or until his or her successor is duly elected and qualified.

The [BOI Board Officer Rotation Policy](#) provides that the process of selecting board officers will be a seniority-based system. At the first regular meeting in January, the BOI shall hold a vote to ratify the slate of board officers determined by the Executive Board Assistant.

## **DISCUSSION**

The BOI Board Officer Rotation Policy provides that with reasonable and sufficient time before the first regular meeting in January, the Executive Board Assistant shall verify the seniority of each trustee on the seniority list for each board officer position who would be in office during the calendar year commencing in January and ascertain in order of seniority which trustee opts to serve as a board officer for the upcoming year.

According to the Executive Board Assistant, the following trustees opted to serve as BOI Chair, Vice Chair, and Secretary for the 2024 calendar year.

Chair: Patrick Jones  
Vice Chair: Keith Knox  
Secretary: Herman Santos

**IT IS THEREFORE RECOMMENDED THAT THE BOARD** ratify its slate of board officers who will serve their term in the 2024 calendar year.

Board Officers: 2024 Calendar Year  
Board of Retirement  
December 26, 2023  
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cc: Board of Retirement  
Steven P. Rice

Luis Lugo  
Jon Grabel

JJ Popowich

Laura Guglielmo

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, DECEMBER 13, 2023

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

TRUSTEES PRESENT

Gina Sanchez, Chair

Herman Santos, Vice Chair

Joseph Kelly, Secretary

David Green

Jason Green (Teleconference Due to Just Cause under Section 54953 (f))  
(Joined the meeting at 9:18 a.m.)

Onyx Jones

Patrick Jones

Keith Knox

David Ryu (Joined the meeting at 9:06 a.m.)

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

STAFF, ADVISORS, PARTICIPANTS (Continued)

Laura Guglielmo, Assistant Executive Officer

James Rice, Principal Investment Officer

Scott Zdrazil, Principal Investment Officer

Esmeralda del Bosque, Principal Investment Officer

Vache Mahseredjian, Principal Investment Officer

Chaitanya Errande, Information Security Officer

Ted Granger, Interim Chief Financial Officer

Dale Johnson, Investment Officer

Christine Roseland, Senior Staff Counsel

Jessica Rivas, Staff Counsel

Carly Ntoya, Director, Human /resources

John Kim, Investment Officer

Kathryn Ton, Senior Investment Analyst

Cheryl Lu, Investment Officer

Quoc Nguyen, Investment Officer

Amit Aggarwal, Investment Officer

Ronald Senkandwa, Investment Officer

Calvin Chang, Senior Investment Analyst



STAFF, ADVISORS, PARTICIPANTS (Continued)

Meketa Investment Group (General Investment Consultants)  
Timothy Filla, Managing Principal  
Aysun Kilic, Managing Principal

Albourne (Illiquid Credit, Real Assets and Hedge Funds Consultants)  
Mark White, Partner  
Jennifer Yeung, Senior Portfolio Analyst

StepStone Group LP (Real Assets Consultants)  
Tom Hester, Partner

Milliman (Consulting Actuaries)  
Nick Collier, Principal  
Craig Glyde, Principal

I. CALL TO ORDER

The meeting was called to order by Chair Sanchez at 9:01 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Trustee Knox 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

A physical quorum was present at the noticed meeting location. There was one request received from Trustee J. Green to attend by teleconference for Just Cause (A) contagious illness. Trustee Green confirmed that there were no individuals 18 years or older present at the teleconference location. No requests were received for Emergency Circumstances (B).

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of November 8, 2023

A motion was made by Trustee Santos, seconded by Trustee D. Green, to approve the minutes of the Board of Investments meetings of November 8, 2023. The motion passed by following roll call vote:

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

Absent: Ryu, J. Green

V. PUBLIC COMMENT (Mr. Ryu joined the meeting at 9:06 a.m.)

Messrs. Rodriguez, Marmol, Nichols and Fein, from Unite Here Local 11 addressed the Board regarding an investment in Areas by PAI Europe VII.

VI. EXECUTIVE UPDATE (Mr. J. Green joined the meeting at 9:18 a.m.)

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, Olga Fruge.

C. Chief Executive Officer's Report

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

VII. CONSENT ITEMS

A. **Revised Trustee Education and Travel Policies**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve the revised Trustee Education and Travel Policies.

(Memo dated November 17, 2023)

VII. CONSENT ITEMS (Continued)

**B. Document Processing Center Classification and Compensation Study**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve the proposed classification and compensation changes be approved for implementation, including prompt incorporation of the changes into the County Salary Ordinance: Title change, description revision and salary change for the Document Processing Coordinator, LACERA classification, and Title change, description revision and salary change for the Document Processing Assistant, LACERA classification. (Memo dated November 17, 2023)

**D. 2024 Infrastructure Investor Global Summit in Berlin, Germany March 18 - 21, 2024**

Recommendation that the Board approve attendance of Trustees at the 2024 Infrastructure Investor Global Summit in Berlin, Germany on March 18 - 21, 2024, and approve reimbursement of all travel costs incurred in accordance with LACERA's Trustee Education and Trustee Travel Policies. (Memo dated December 1, 2023)

A motion was made by Trustee Santos, seconded by Trustee D. Green, to approve Consent Items A-B and D. The motion passed by the following roll call vote:

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

No: None

VIII. EXCLUDED FROM CONSENT ITEM

**C. Chief Executive Officer Salary Designation Authority Upon Appointment of External Candidates**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board approve amendments to the LACERA portion of the Los Angeles County Salary Ordinance, Sections 6.127.040 M 1 for Tier I and 6.127.040 P 1 for Tier II, to permit LACERA's Chief Executive Officer (CEO) to designate a Salary upon appointment of persons not employed by the County or

VIII. EXCLUDED FROM CONSENT ITEM (Continued)

LACERA to positions at any rate or step within the applicable Salary range, provided that for Tier I, as is currently provided for Tier II, the CEO makes a written finding based on factors to justify hiring above the minimum Salary range and with periodic reporting to the Boards, and further recommend implementation of the amendments.  
(Memo dated November 17, 2023)

A motion was made by Trustee Santos, seconded by Trustee Kelly, to approve Consent Item C. The motion passed by the following roll call vote:

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

No: None

IX. NON-CONSENT ITEMS

A. **Revised Board of Investments Charter**

Recommendation as submitted by Jonathan Grabel, Chief Investment Officer, Steven P. Rice, Chief Counsel and Scott Zdrzil, Principal Investment Officer: That the Board approve a revised Board of Investments Charter. (Memo dated November 30, 2023)

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

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

No: None

B. **Hedge Funds, Credit, and Real Assets Consultant(s)– Request for Proposal, Minimum Qualifications, And Scope of Work**

Recommendation as submitted by the Hedge Funds, Credit, and Real Assets Consultant(s) Search Evaluation Team: That the Board approve the proposed hedge funds, credit, and real assets consultant(s) search Minimum Qualifications, Evaluation Criteria, and Scope of Work. (Memo dated November 16, 2023)

IX. NON-CONSENT ITEMS (Continued)

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

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

No: None

C. **OPEB Trust Investment Policy Statement: Delegated Authority Revisions**

Recommendation as submitted by Jonathan Gabel, Chief Investment Officer, Jude Pérez, Deputy Chief Investment Officer, Esmeralda del Bosque, Principal Investment Officer, Tim Filla, Managing Principal of Meketa Investment Group: That the Board approve the redlined OPEB Trust Investment Policy Statement. (Memo dated November 29, 2023)

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

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

No: None

D. **2023 Actuarial Valuation of Retirement Benefits**

Recommendation as submitted by Santos H. Kreimann, Chief Executive Officer and Ted Granger, Interim Chief Financial Officer: That the Board 1) Accept the June 30, 2023 Actuarial Valuation of Retirement Benefits as submitted by the Plan's consulting actuary, Milliman, and 2) Adopt recommended employer contribution rates (all plan tiers) and employee contribution rates (PEPRA plans - General Plan G and Safety Plan C), and 3) Delegate authority to the Chief Executive Officer to communicate the results of the 2023 Actuarial Valuation of Retirement Benefits to the Board of Supervisors on or before May 15, 2024, with a recommendation to implement the



IX. NON-CONSENT ITEMS (Continued)

employer and employee rates no later than September 29, 2024.  
(Memo dated November 30, 2023)

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

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

No: None

E. **Information Systems Acceptable Use and Mobile Device Policies for Trustees**

Recommendation as submitted by Herman B. Santos, Chair, Joint Organizational Governance Committee: That the Board the Acceptable Use Bring Your Own Device (BYOD) Policy.  
(Memo dated November 17, 2023) (Supplemental Memo dated December 6, 2023) (Confidential Attachment - Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

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

Yes: Knox, Santos, D. Green, Ryu, Sanchez, J. Green

No: P. Jones, O. Jones, Kelly

F. **Chief Executive Officer Compensation**

Recommendation as submitted by Shawn Kehoe, Chair, Board of Retirement and Gina Sanchez, Chair, Board of Investments: That the Board discuss salary adjustments for the Chief Executive Officer, Santos H. Kreimann, effective October 1, 2023; and discuss a 3% cost of living adjustment (COLA) for the Chief Executive Officer, Santos H. Kreimann, effective January 1, 2024. (Memo dated December 1, 2023)

This item was tabled, without objection, to open session following Executive Session Agenda Item XIV.C. Before the vote on the item

IX. NON-CONSENT ITEMS (Continued)

was taken, the statement of the proposed salary adjustments for the Chief Executive Officer was read by Director, Human Resources Carly Ntoya, Ph.D. as required by California Government Code Section 54953(c)(3).

On a motion by Trustee Santos, seconded by Trustee J. Jones, to approve a merit adjustment of 5% or \$2,018 per month effective October 1, 2023 and a cost of living adjustment of 3% or \$1,271 per month effective January 1, 2024 for a total adjusted salary of \$43,664 per month. The motion passed by following roll call vote:

Yes: D. Green, Santos, Sanchez, P. Jones, Knox

Absent: Ryu, J. Green, O. Jones, Kelly

X. REPORTS

A. **Annual Update and Review of LACERA Towards Inclusion, Diversity, And Equity (LACERA T.I.D.E.)**

Jonathan Grabel, Chief Investment Officer  
(Presentation) (Memo dated December 1, 2023)

Messrs. Grabel, Zdrzil, Johnson, Senkandwa, Chang and Ms. Lu provided a presentation and answered questions from the Board. This item was received and filed.

B. **Strategic Asset Allocation Review**

Jonathan Grabel, Chief Investment Officer  
Jude Pérez, Deputy Chief Investment Officer  
Tim Filla, Managing Principal, Meketa  
Aysun Kilic, Managing Principal, Meketa  
Jonathan Camp, Managing Principal, Meketa  
(Presentation) (Memo dated December 4, 2023)

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

X. REPORTS (Continued)

C. **Total Fund Investment Cost Report – Fiscal Year 2023**

John Kim, Investment Officer

Kathryn Ton, Senior Investment Analyst

(Presentation) (Memo dated December 1, 2023)

Mr. Kim and Ms. Ton provided a presentation and answered questions from the Board. This item was received and filed.

D. **Presentation on FPPC Form 700 e-Filing for Trustees**

Jessica Rivas, Staff Counsel

(Presentation) (Memo dated November 28, 2023)

Ms. Rivas provided a presentation and answered questions from the Board. This item was received and filed.

E. **Board of Retirement and Board of Investments 2024 Meeting Calendar**

Santos H. Kreimann, Chief Executive Officer

(Memo dated November 28, 2023)

The Board reviewed and discussed the meeting dates. This item was received and filed.

F. **Private Market Analytics Platform Search – Update**

Esmeralda del Bosque, Principal Investment Officer

John Kim, Investment Officer

Kathryn Ton, Sr. Investment Analyst

Soniah Ginoyan, Sr. Investment Analyst

(For Information Only) (Memo dated November 27, 2023)

This item was received and filed.

G. **LACERA Total Quarterly Performance Book**

Esmeralda del Bosque, Principal Investment Officer

(For Information Only) (Memo dated December 1, 2023)

This item was received and filed.

X. REPORTS (Continued)

- H. **OPEB Trust Quarterly Performance Book**  
Esmeralda del Bosque, Principal Investment Officer  
(For Information Only) (Memo dated December 1, 2023)

This item was received and filed.

- I. **Investment Policy Statement**  
Jonathan Grabel, Chief Investment Officer  
Scott Zdrazil, Principal Investment Officer  
(For Information Only) (Memo dated December 1, 2023)

This item was received and filed.

- J. **Fiscal Year 2023-24 Mid-Year Budget Adjustments**  
Laura Guglielmo, Assistant Executive Officer  
(For Information Only) (Memo dated November 16, 2023)

This item was received and filed.

- K. **Fiscal Year 2022-23 Final Budget Control Report**  
Laura Guglielmo, Assistant Executive Officer  
(For Information Only) (Memo dated November 17, 2023)

This item was received and filed.

- L. **FPPC Formal Advice Letter**  
Steven P. Rice, Chief Counsel  
(For Information Only) (Memo dated December 6, 2023)

This item was received and filed.

- M. **Legal Projects**  
Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated December 5, 2023)

This item was received and filed.

X. REPORTS (Continued)

N. **Monthly Trustee Travel & Education Reports – October 2023  
Fiscal Year 2023-24 1st Quarter Trustee Travel & Education  
Expenditure Reports**

Ted Granger, Interim Chief Financial Officer

Fiscal Year 2023-24 1st Quarter Staff Travel Report

(Public memo dated November 21, 2023)

(Confidential memo dated November 21, 2023 - Includes Pending  
Travel)

This item was received and filed.

O. **Fiduciary Counsel Self-Assessment**

Steven P. Rice, Chief Counsel

(For Information Only) (Memo dated November 28, 2023) (Privileged  
and Confidential Attorney-Client Communication/Attorney Work  
Product)

This item was received and filed.

P. **November 2023 Fiduciary Counsel Contact and Billing Report**

Steven P. Rice, Chief Counsel

(For Information Only) (Memo dated November 28, 2023) (Privileged  
and Confidential/Attorney-Client Communication/Attorney Work  
Product)

This item was received and filed.

XI. ITEMS FOR STAFF REVIEW

There were no items to report.

XII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

XIII. GOOD OF THE ORDER

(For Information Purposes Only)

Trustees and staff thanked Trustees David Green, Joseph Kelly, Gina Sanchez and Onyx Jones for their service on the Board of Investments.

#### XIV. 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. **One Item**

James Rice, Principal Investment Officer

Amit Aggarwal, Investment Officer

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

The Board received an information only memo that, in December 2023, under Board-approved criteria for the Chief Investment Officer's exercise of authority, the Chief Investment Officer approved a commitment of up to \$180 million to Angelo, Gordon Europe Realty Fund IV, LP. This investment is a non-core real estate commitment, with target markets of the United Kingdom, Western Europe, and the Nordics and target sectors including apartments, industrial, hotel, retail, and office.

2. **Securities Lending Update**

Vache Mahseredjian, Principal Investment Officer

(For Information Only) (Memo dated November 30, 2023)

There is nothing to report.

- B. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957)

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

There is nothing to report.

XIV. EXECUTIVE SESSION (Continued)

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

Title: Chief Executive Officer

There is nothing to report.

XV. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:54 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

January 10, 2024



# Table of Contents



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



# 01 Market Environment

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# Global Market Performance as of December 31, 2023



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

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
5.2	11.1	7.4	21.6	21.6	5.5	11.5	7.8

### MSCI ACWI IMI Index 1-Year Performance

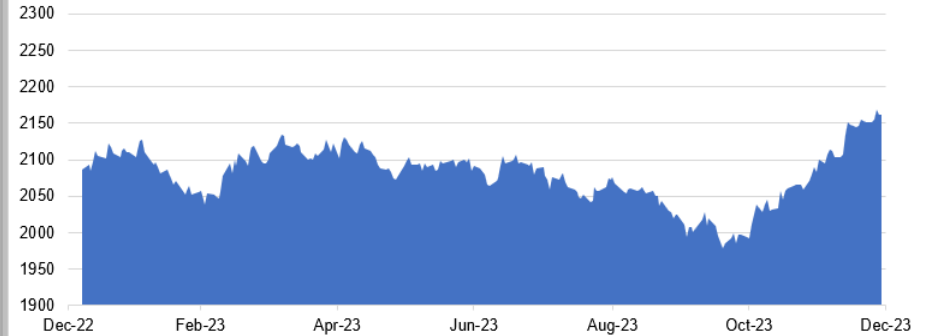


\*Global Equity Policy Benchmark - MSCI ACWI IMI Index

## Bloomberg U.S. Aggregate Bond Index\*\*

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
3.8	6.8	3.4	5.5	5.5	-3.3	1.1	1.8

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



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

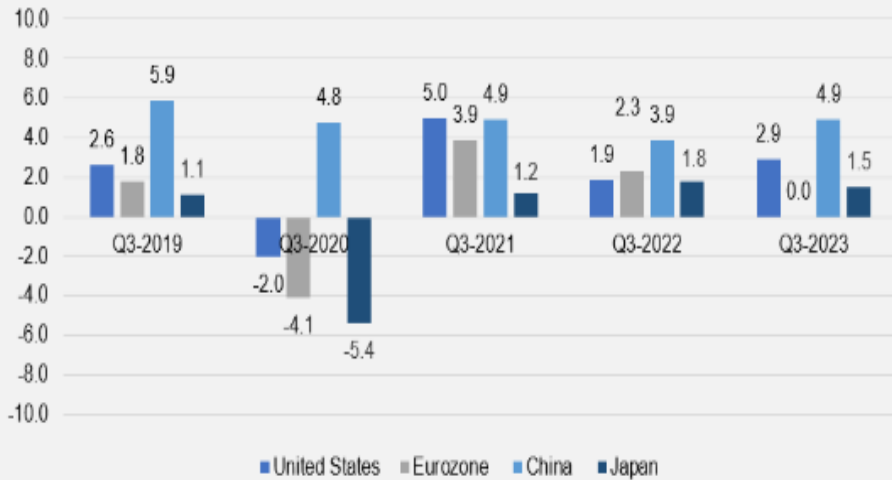
Market	Sub-Category	Index Name	1-Month	3-Month	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
Reference Portfolio	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	4.7	9.4	5.8	15.2	15.2	1.9	7.3	5.4
Equity	Global All Cap	MSCI ACWI IMI Total Return	5.2	11.1	7.4	21.6	21.6	5.5	11.5	7.8
	U.S. All Cap	Russell 3000 Total Return	5.3	12.1	8.4	26.0	26.0	8.5	15.2	11.5
	U.S. Large Cap	S&P 500 Total Return	4.5	11.7	8.0	26.3	26.3	10.0	15.7	12.0
	U.S. Small Cap	Russell 2000 Total Return	12.2	14.0	8.2	16.9	16.9	2.2	10.0	7.2
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	5.2	9.8	6.0	15.6	15.6	1.5	7.2	4.0
	Emerging Markets	MSCI Emerging Markets Total Return	3.9	7.9	4.7	9.8	9.8	-5.1	3.7	2.7
Private Equity	Private Equity Buyout	Thomson Reuters PE Buyout Index	7.0	19.4	10.6	4.4	4.4	-2.3	10.0	10.1
Fixed Income	U.S. Investment Grade Bonds	Bloomberg U.S. Aggregate Index	3.8	6.8	3.4	5.5	5.5	-3.3	1.1	1.8
	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	3.7	7.2	7.7	13.4	13.4	2.0	5.4	4.6
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	8.6	12.7	-0.6	3.1	3.1	-11.4	-1.2	2.3
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	1.6	2.9	6.3	13.0	13.0	5.6	5.6	4.4
	U.S. Treasury Inflation Protected Securities	Bloomberg U.S. Treasury TIPS Total Return Index	2.7	4.7	2.0	3.9	3.9	-1.0	3.2	2.4
	U.S. 3 Month Treasury Bill	FTSE 3 Month Treasury Bill	0.5	1.4	2.8	5.3	5.3	2.2	1.9	1.3
Commodity	Commodity Prices Index	Bloomberg Commodity Index Total Return	-2.7	-4.6	-0.1	-7.9	-7.9	10.8	7.2	-1.1
	Natural Resources	S&P Global LargeMidCap Commodity & Resources Index	3.7	1.0	4.1	-1.0	-1.0	13.2	11.6	4.9
Infrastructure	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	2.5	11.2	3.5	6.2	6.2	6.7	6.8	4.7
Real Estate	U.S. REITs	MSCI U.S. REIT Index	9.9	16.0	7.9	13.7	13.7	7.1	7.4	7.6

Source: Bloomberg

# Key Macro Indicators\*



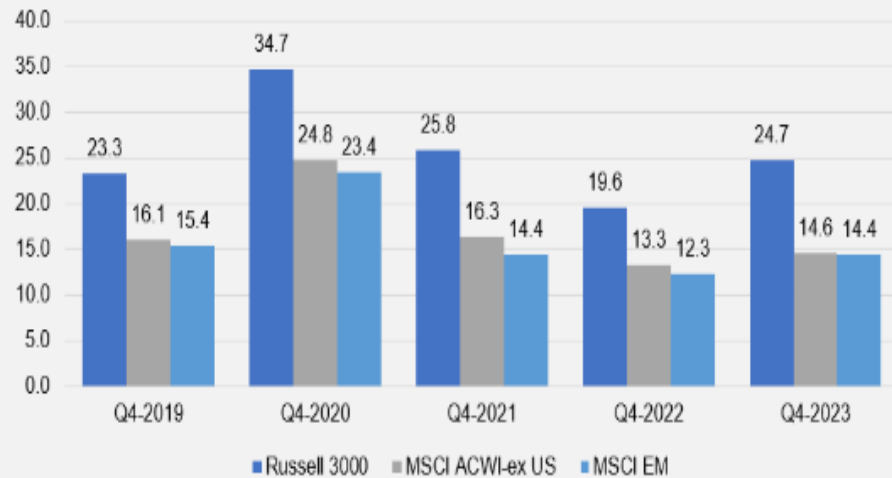
### Real GDP Growth YoY (%) - Last Five Years<sup>1</sup>



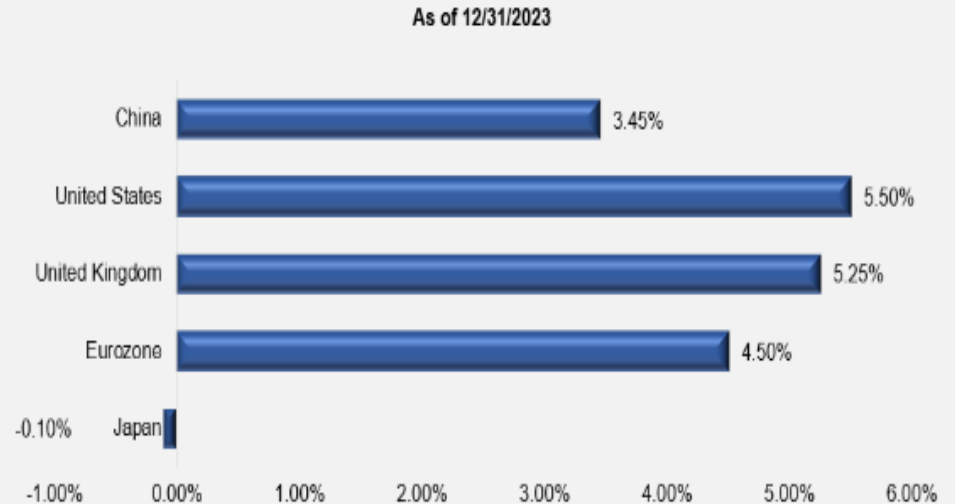
### Historical 10-Year Treasury Yield<sup>2</sup>



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



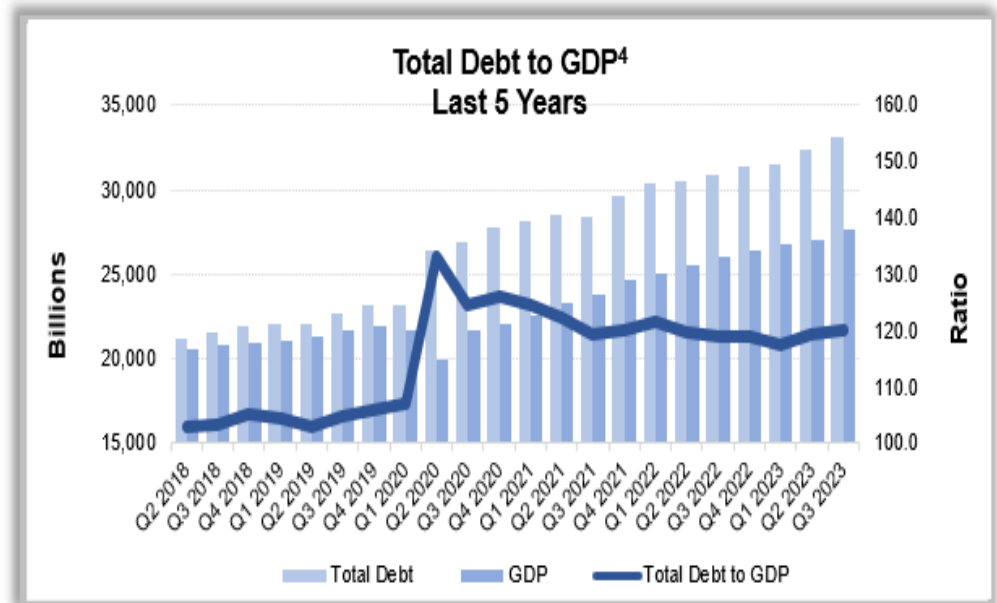
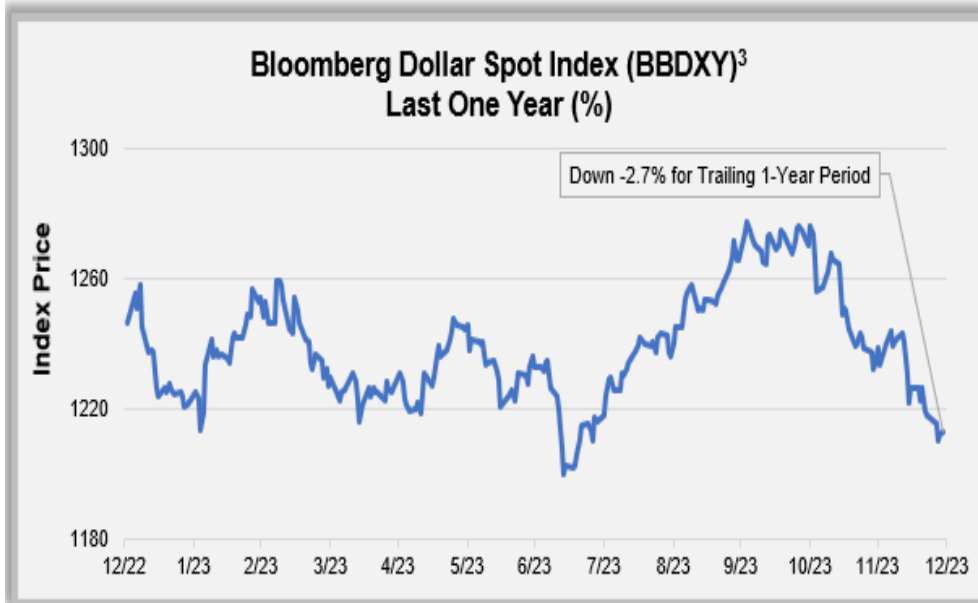
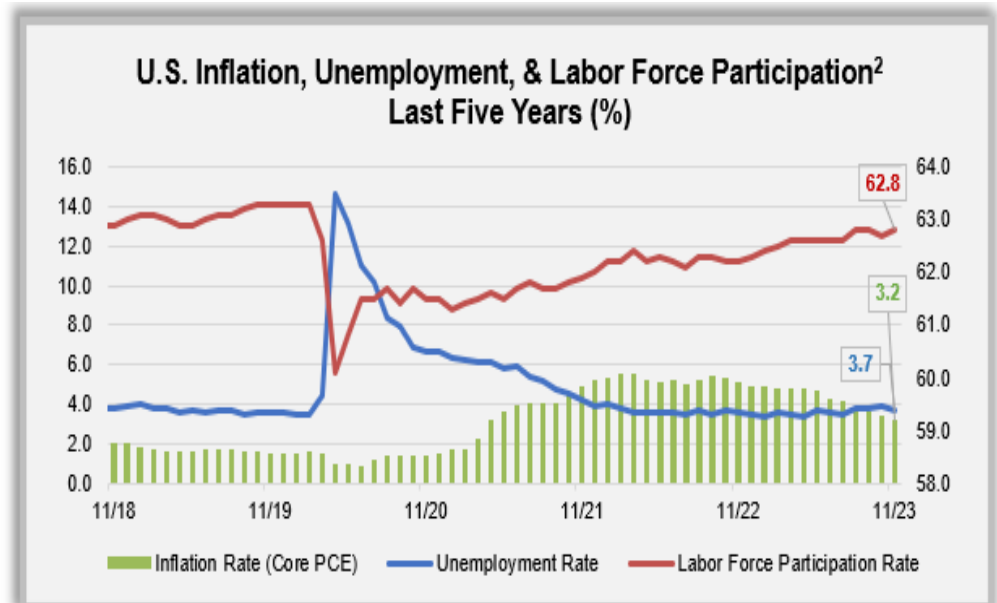
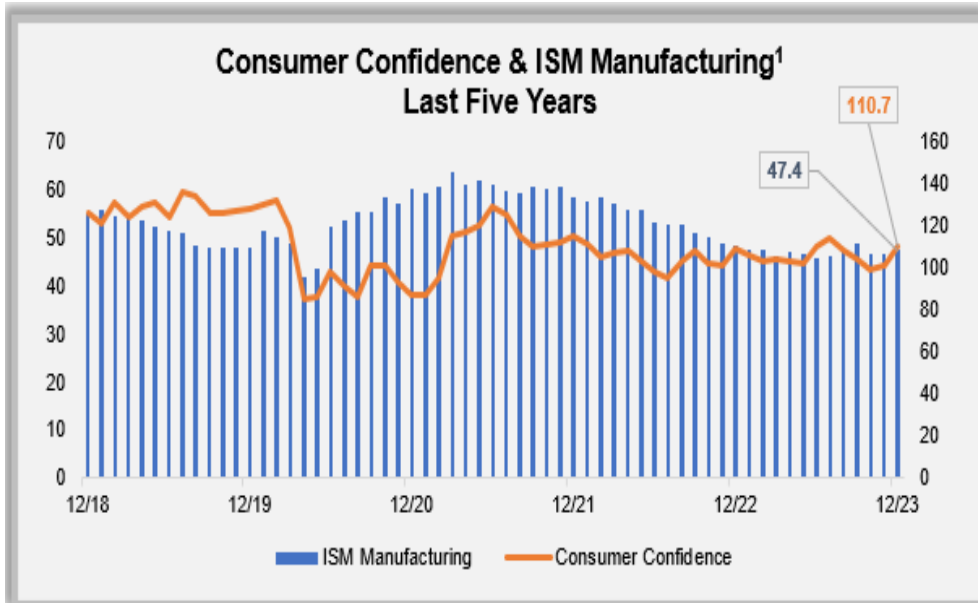
### Central Bank Rates<sup>4</sup>



\*The information on the "Key Macro Indicators" charts is the best available data as of 12/31/23 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 12/31/23 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

- At the December Federal Open Markets Committee (“FOMC”) meeting, policy makers unanimously voted to hold interest rates steady at a 22-year high of 5.25% to 5.5%
  - Federal Reserve Chair Jerome Powell indicated that the FOMC is willing to cut rates in 2024 even without an economic recession and further said that progress has been made to slow inflation
- The U.S. 10-year Treasury yield ended December at 3.88% after being 3.88% at the end of 2022, 1.52% at the end of 2021 and 0.93% at the end of 2020
  - Two months prior, at the end of October, the 10-year Treasury yield was 4.88% or a full 1% higher
- Global equities (MSCI All Country World Investable Market Index) returned 5.2% in December and gained 21.6% in the calendar year of 2023

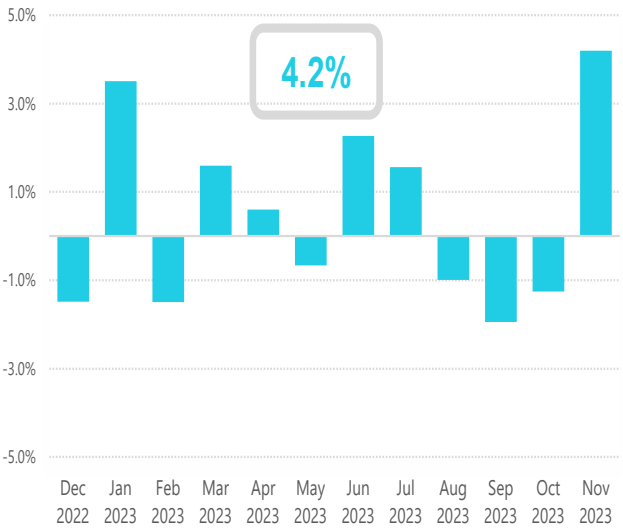
## What to Watch

- 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
  - Fifth Circuit Court of Appeals vacated SEC rule requiring public companies to disclose more details of share buyback activity and rationales
  - Corporate boards and investors cite similar governance challenges for corporate board oversight in recent surveys, including geopolitics, technological disruption and cybersecurity, talent management/ labor shortages, supply chain disruption, climate change/energy transition, and regulatory shifts

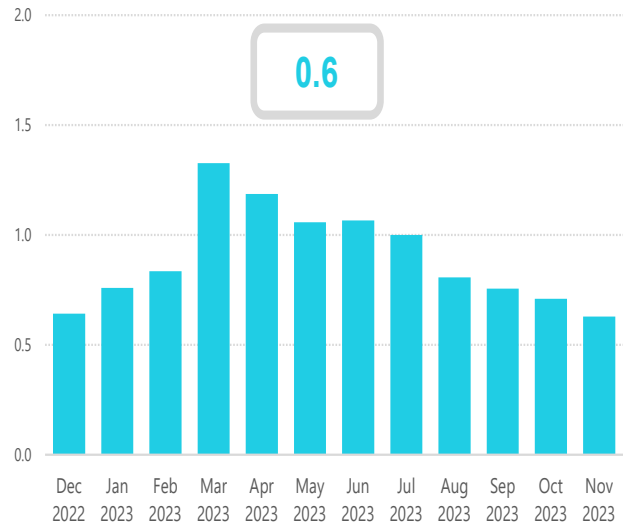
# Total Fund Summary as of November 2023



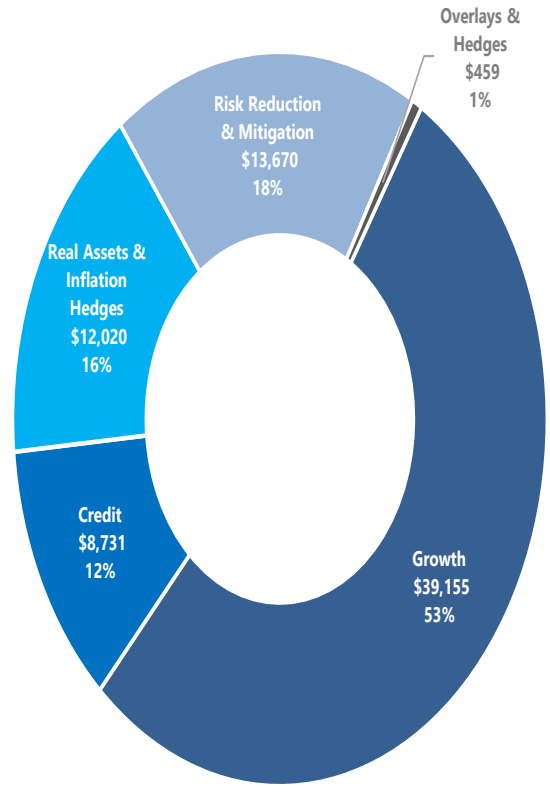
Monthly Return (net)



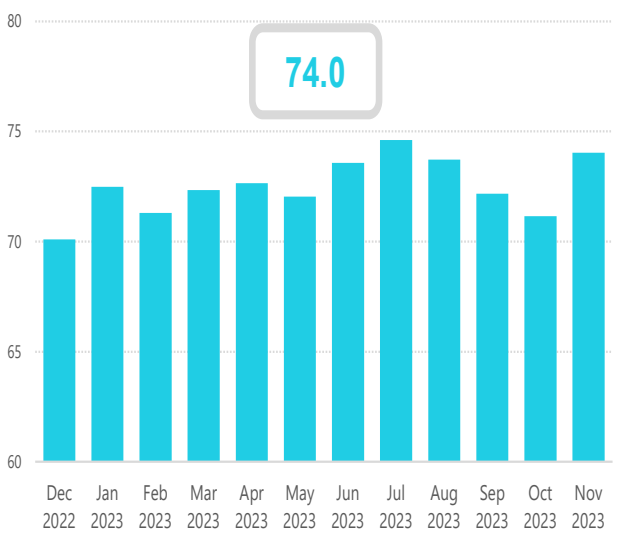
Sharpe Ratio (3-year annualized)



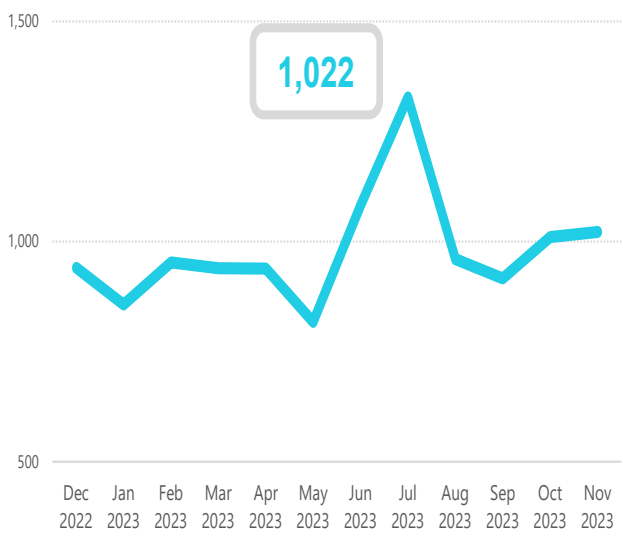
Asset Allocation (\$ millions)



Total Market Value (\$ billions)



Cash (\$ millions)



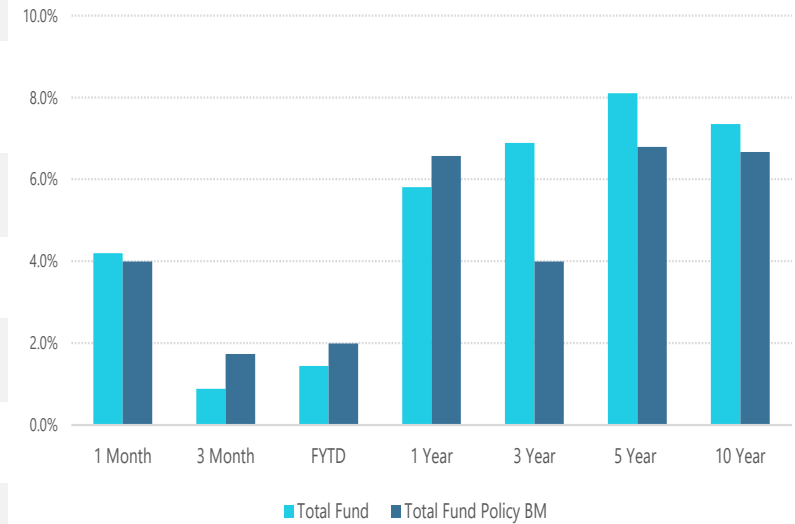


# Historical Net Performance as of November 2023



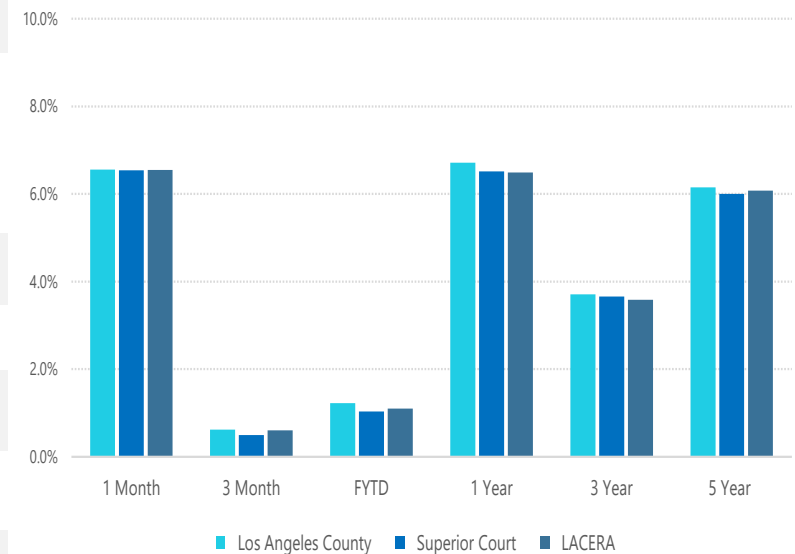
## LACERA Pension Fund

	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>74,034</b>	<b>100.0%</b>	<b>100.0%</b>	<b>4.2%</b>	<b>0.9%</b>	<b>1.4%</b>	<b>5.8%</b>	<b>6.9%</b>	<b>8.1%</b>	<b>7.4%</b>
Total Fund Policy BM				4.0%	1.7%	2.0%	6.6%	4.0%	6.8%	6.7%
7% Annual Hurdle Rate				0.6%	1.7%	2.9%	7.0%	7.0%	7.0%	7.0%
<b>Growth</b>	<b>39,155</b>	<b>52.9%</b>	<b>53.0%</b>	<b>5.9%</b>	<b>0.9%</b>	<b>2.1%</b>	<b>9.0%</b>	<b>10.2%</b>		
Growth Policy BM				4.7%	3.2%	3.7%	11.4%	6.7%		
<b>Credit</b>	<b>8,731</b>	<b>11.8%</b>	<b>11.0%</b>	<b>1.3%</b>	<b>3.1%</b>	<b>5.5%</b>	<b>12.1%</b>	<b>5.8%</b>		
Credit Policy BM				0.8%	0.3%	3.3%	10.5%	1.5%		
<b>Real Assets &amp; Inflation Hedges</b>	<b>12,020</b>	<b>16.2%</b>	<b>17.0%</b>	<b>1.7%</b>	<b>0.0%</b>	<b>-1.1%</b>	<b>-3.7%</b>	<b>7.6%</b>		
Real Assets & Inflation Hedges Policy BM				3.5%	0.2%	-0.7%	-4.9%	6.9%		
<b>Risk Reduction &amp; Mitigation</b>	<b>13,670</b>	<b>18.5%</b>	<b>19.0%</b>	<b>3.6%</b>	<b>0.0%</b>	<b>-1.0%</b>	<b>1.4%</b>	<b>-2.8%</b>		
Risk Reduction & Mitigation Policy BM				4.3%	-0.1%	-1.2%	1.4%	-3.3%		
<b>Overlays &amp; Hedges</b>	<b>459</b>	<b>0.6%</b>		<b>4.5%</b>	<b>10.5%</b>	<b>18.7%</b>	<b>30.5%</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	10 Year
<b>OPEB Master Trust</b>	<b>3,257</b>			<b>6.6%</b>	<b>0.6%</b>	<b>1.2%</b>	<b>6.7%</b>	<b>3.7%</b>	<b>6.1%</b>	<b>6.6%</b>
OPEB Master Trust Policy Benchmark				5.5%	0.9%	1.4%	6.3%	3.5%	5.8%	5.6%
Los Angeles County	3,173	97.4%	—	6.6%	0.6%	1.2%	6.7%	3.7%	6.2%	6.1%
Superior Court	68	2.1%	—	6.5%	0.5%	1.0%	6.5%	3.7%	6.0%	—
LACERA	16	0.5%	—	6.5%	0.6%	1.1%	6.5%	3.6%	6.1%	6.1%
<b>OPEB Growth</b>	<b>1,478</b>	<b>45.4%</b>	<b>45.0%</b>	<b>9.2%</b>	<b>1.3%</b>	<b>2.1%</b>	<b>11.3%</b>	<b>5.6%</b>	<b>9.0%</b>	
OPEB Growth Policy Benchmark				7.9%	2.0%	2.8%	11.9%	5.3%	8.7%	
<b>OPEB Credit</b>	<b>589</b>	<b>18.1%</b>	<b>18.0%</b>	<b>2.7%</b>	<b>1.7%</b>	<b>3.3%</b>	<b>10.2%</b>	<b>2.2%</b>	<b>3.5%</b>	
OPEB Credit Policy Benchmark				2.1%	1.4%	3.8%	10.1%	2.0%	3.5%	
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>637</b>	<b>19.6%</b>	<b>20.0%</b>	<b>5.3%</b>	<b>-1.4%</b>	<b>-0.7%</b>	<b>-2.2%</b>	<b>5.1%</b>	<b>3.8%</b>	
OPEB RA & IH Policy Benchmark				3.1%	-0.8%	-0.5%	-4.6%	5.2%	3.8%	
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>552</b>	<b>17.0%</b>	<b>17.0%</b>	<b>5.3%</b>	<b>-0.7%</b>	<b>-2.2%</b>	<b>-0.1%</b>	<b>-3.8%</b>	<b>0.6%</b>	
OPEB RR & M Policy Benchmark				5.4%	-0.7%	-2.5%	-0.6%	-4.4%	0.2%	
OPEB HL PM Cash	0	0.0%								

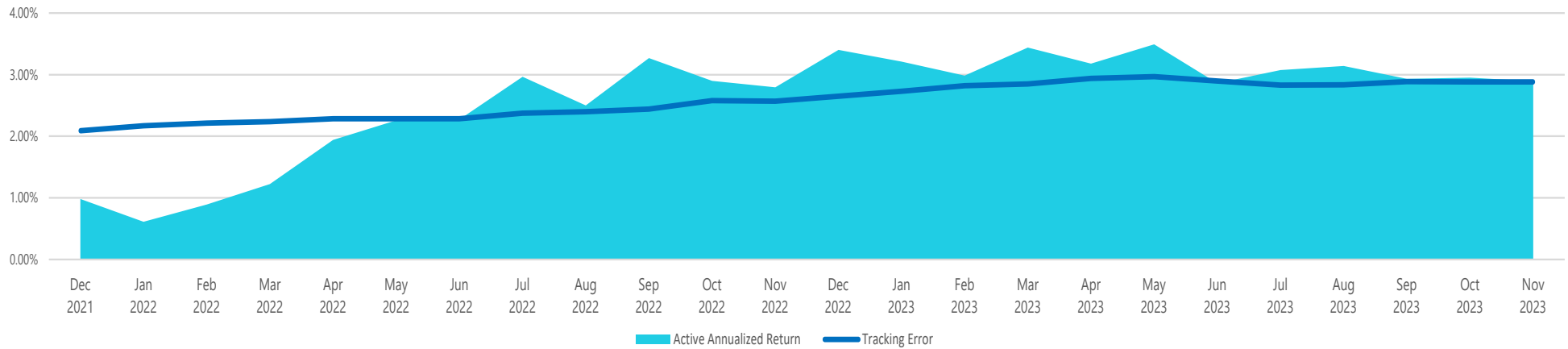


<sup>1</sup> OPEB Master Trust total market value includes participant level cash.

# Active and Excess Return as of November 2023



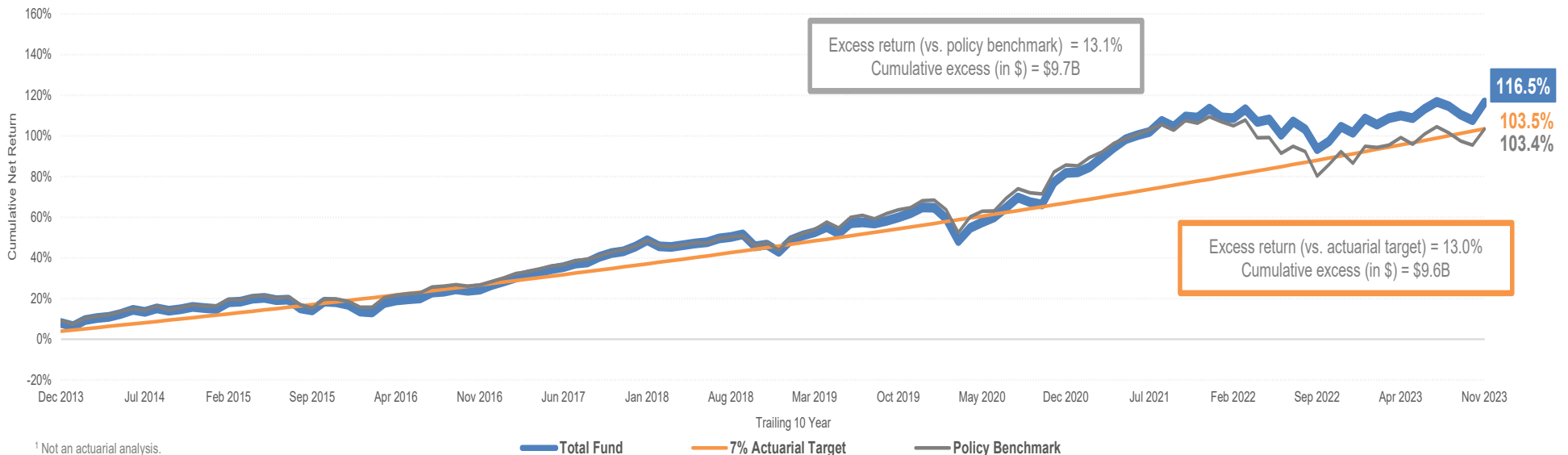
## Active Return vs. Tracking Error<sup>1,2,3</sup>



Period Ending	Annualized Return	Annualized Benchmark Return	Annualized Active Return	Tracking Error
Nov 2023	6.9%	4.0%	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 Volatility as of November 2023\*



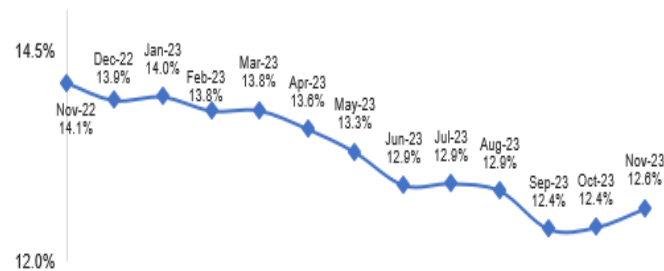
**TOTAL FUND VOLATILITY**

**12.6%**

**BENCHMARK VOLATILITY**

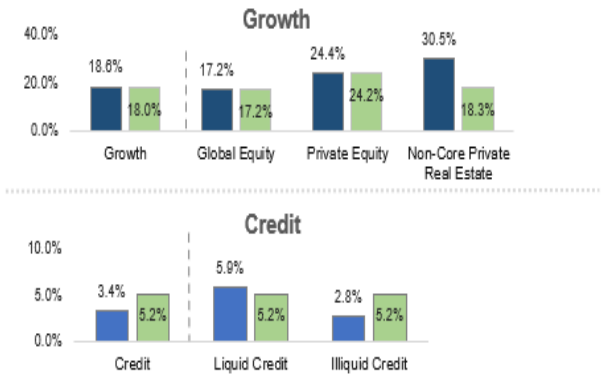
**12.1%**

## Forecasted Total Fund Volatility Trend

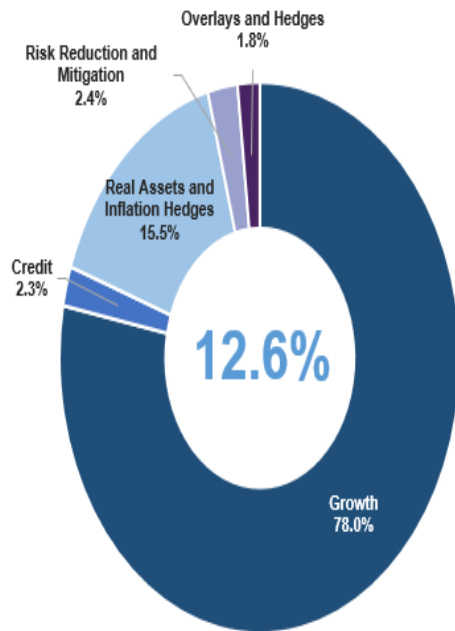


## Subcategory Volatility

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

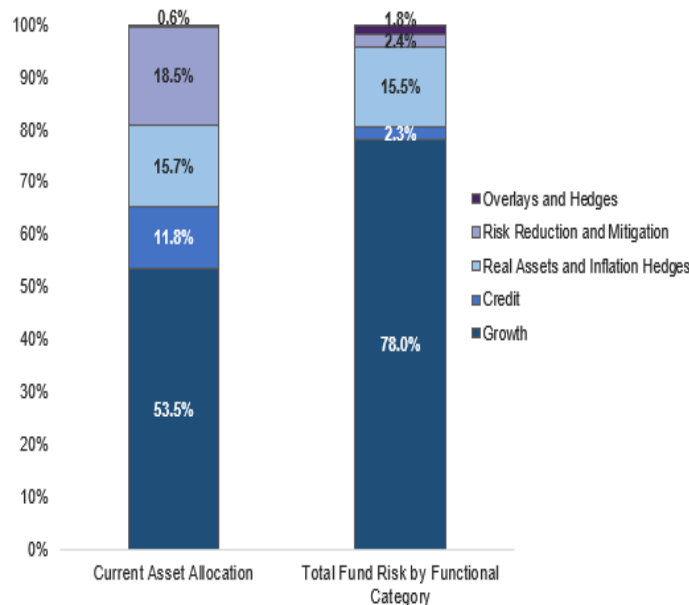


## Functional Category Contributions to Total Fund Volatility



## Total Fund Asset Allocation

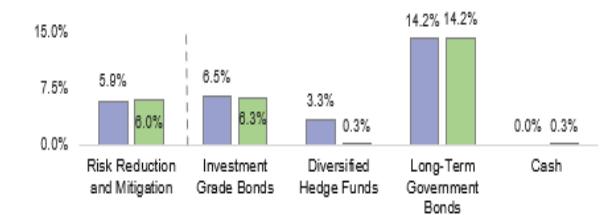
Capital-based versus Risk-based



## Real Assets and Inflation Hedges



## Risk Reduction and Mitigation



## Overlays and Hedges



Source: MSCI BarraOne

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

# Total Fund Forecast Tracking Error as of November 2023\*

**TOTAL FUND TRACKING ERROR**

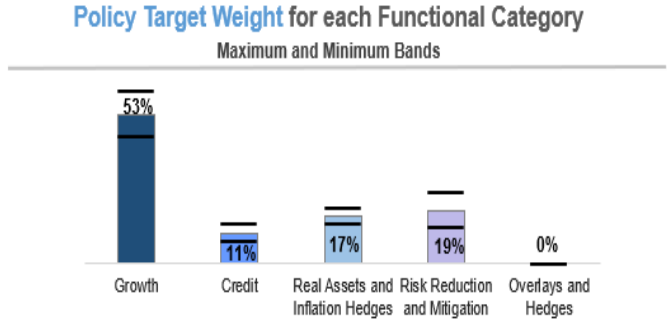
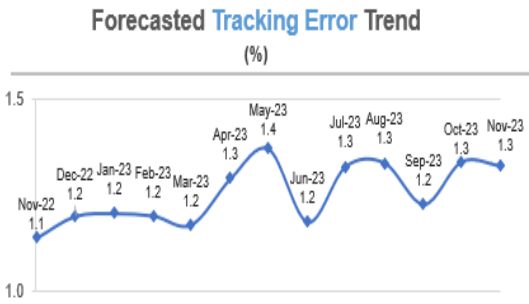
**1.33%**

**ALLOCATION RISK**

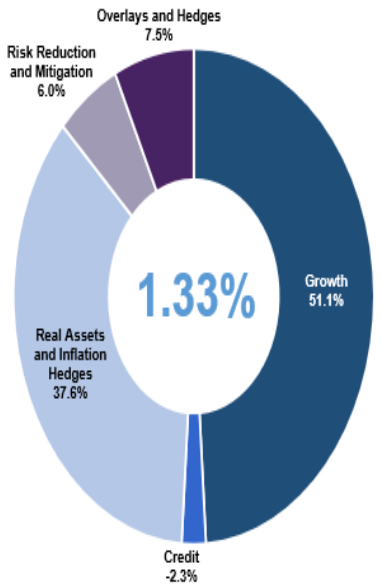
**0.17%**

**SELECTION RISK**

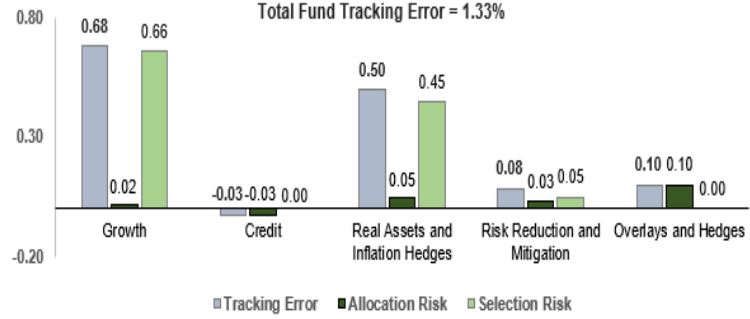
**1.16%**



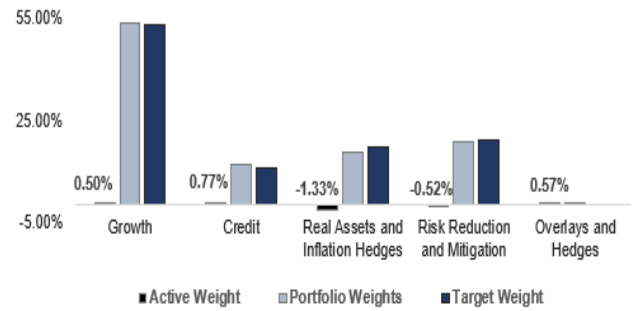
### Functional Category Contributions to Tracking Error



### Tracking Error Attribution (%)



### Active Weights for each Functional Category



### Subcategory Tracking Error (%)

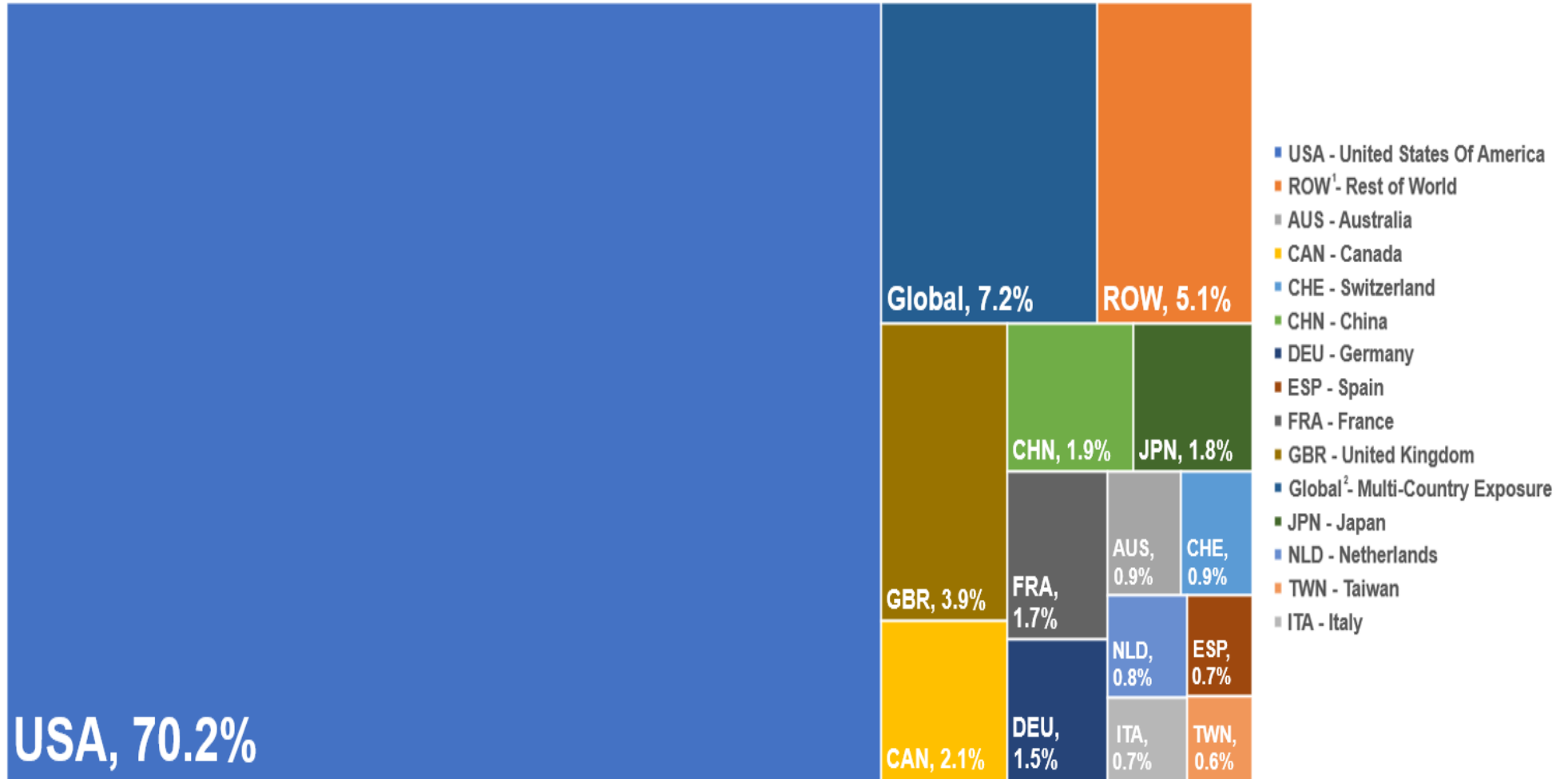
Functional Category	Subcategory	Tracking Error (%)
Global	Total Fund	1.33
	Growth	1.45
	Global Equity	0.39
	Private Equity	3.12
	Non-Core Private Real Estate	14.15
Credit	Total Fund	2.60
	Liquid Credit	0.94
	Illiquid Credit	4.17
Real Assets and Inflation Hedges	Total Fund	3.64
	Real Assets and Inflation Hedges	4.21
	Core Private Real Estate	4.57
	Natural Resources and Commodities	8.51
	TIPS	0.07
Risk Reduction and Mitigation	Total Fund	1.12
	Risk Reduction and Mitigation	0.22
	Investment Grade Bonds	3.27
	Diversified Hedge Funds	0.03
	Long-Term Government Bonds	0.25
Overlays and Hedges	Total Fund	68.25

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 November 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.

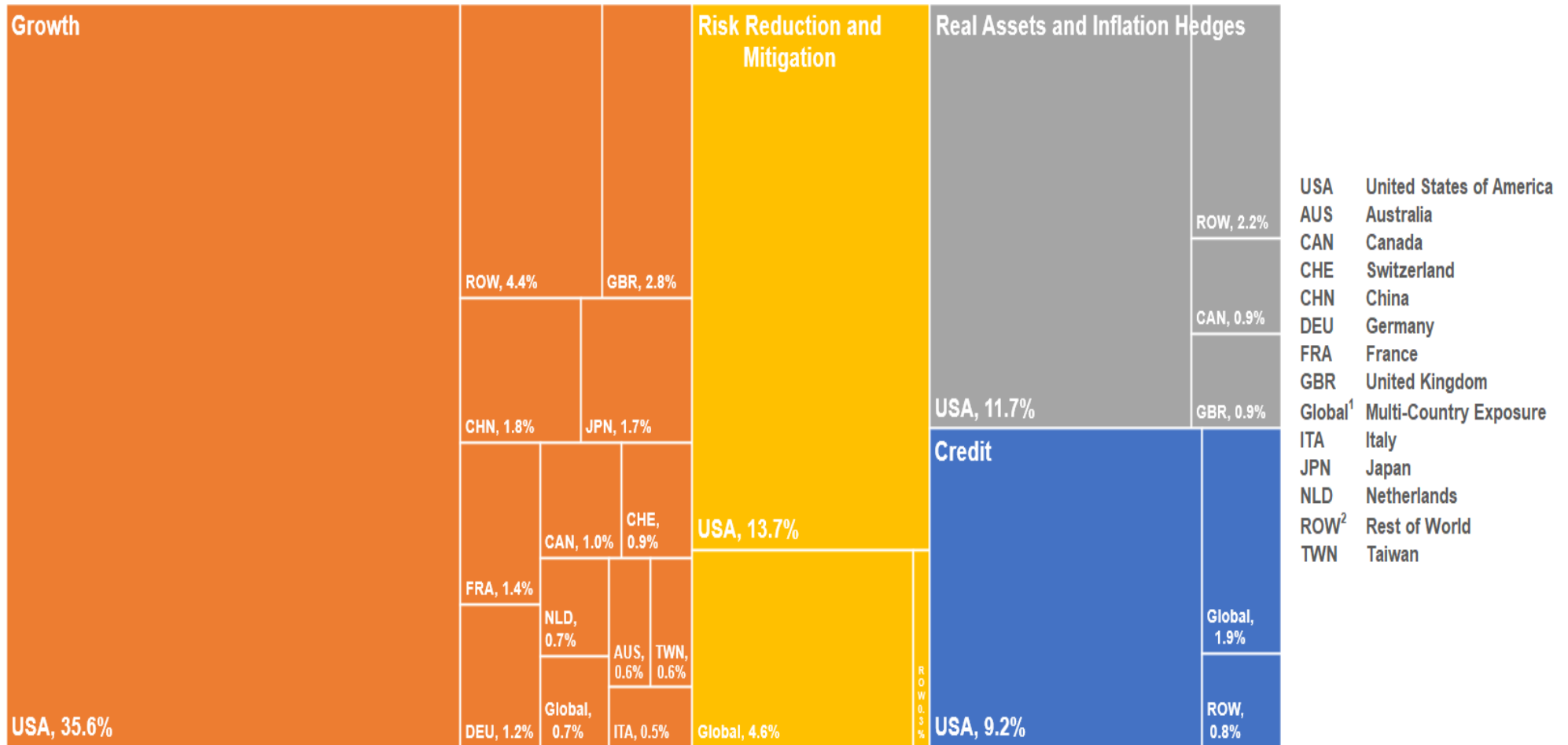
<sup>1</sup> "ROW - Rest of World" is sum of countries with weights below 0.5%.

<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 November 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.

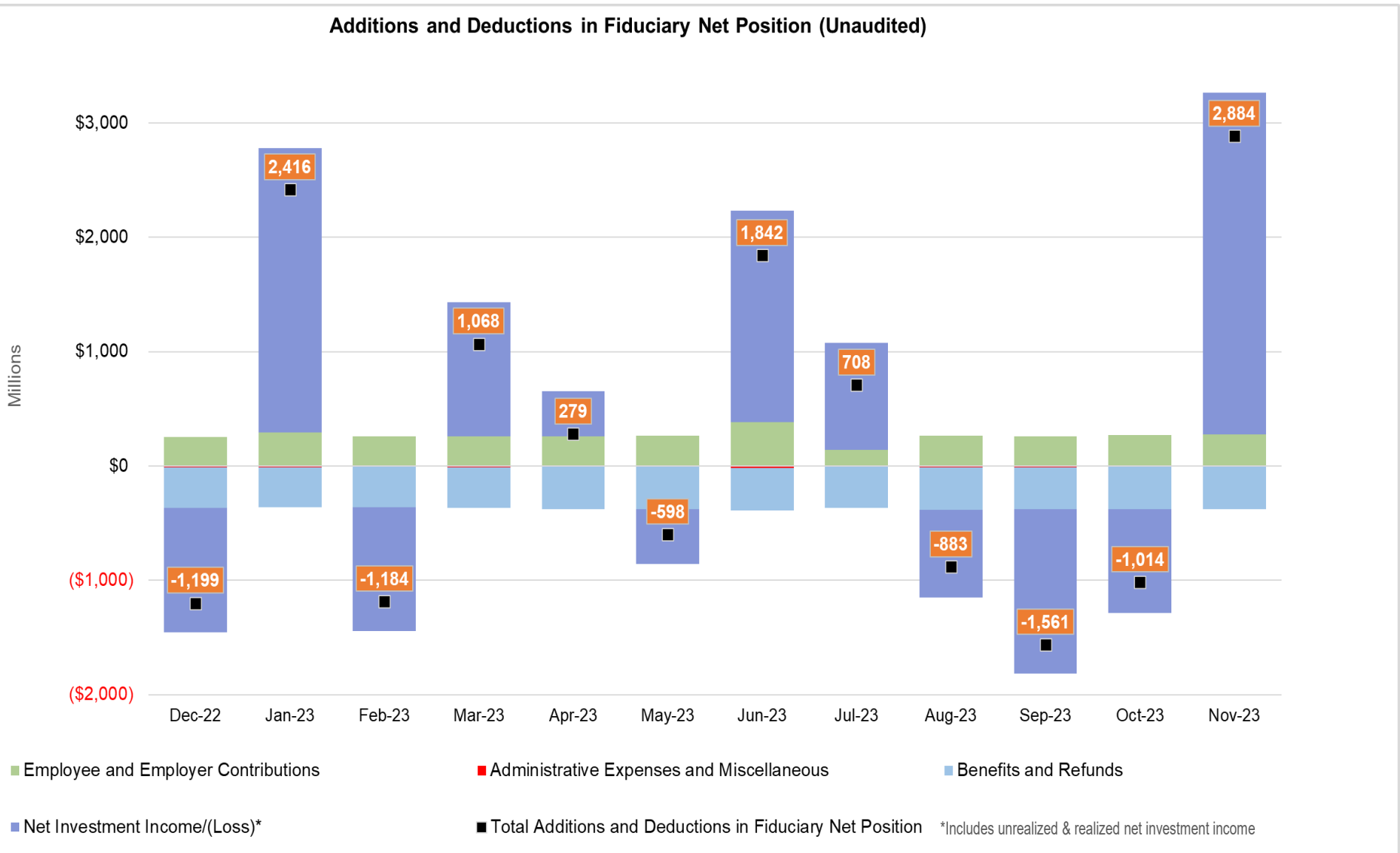
<sup>2</sup> "ROW - Rest of World" is sum of countries with weights below 0.5%.

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	3	2	\$0.1 billion



# 03 Portfolio Structural Updates

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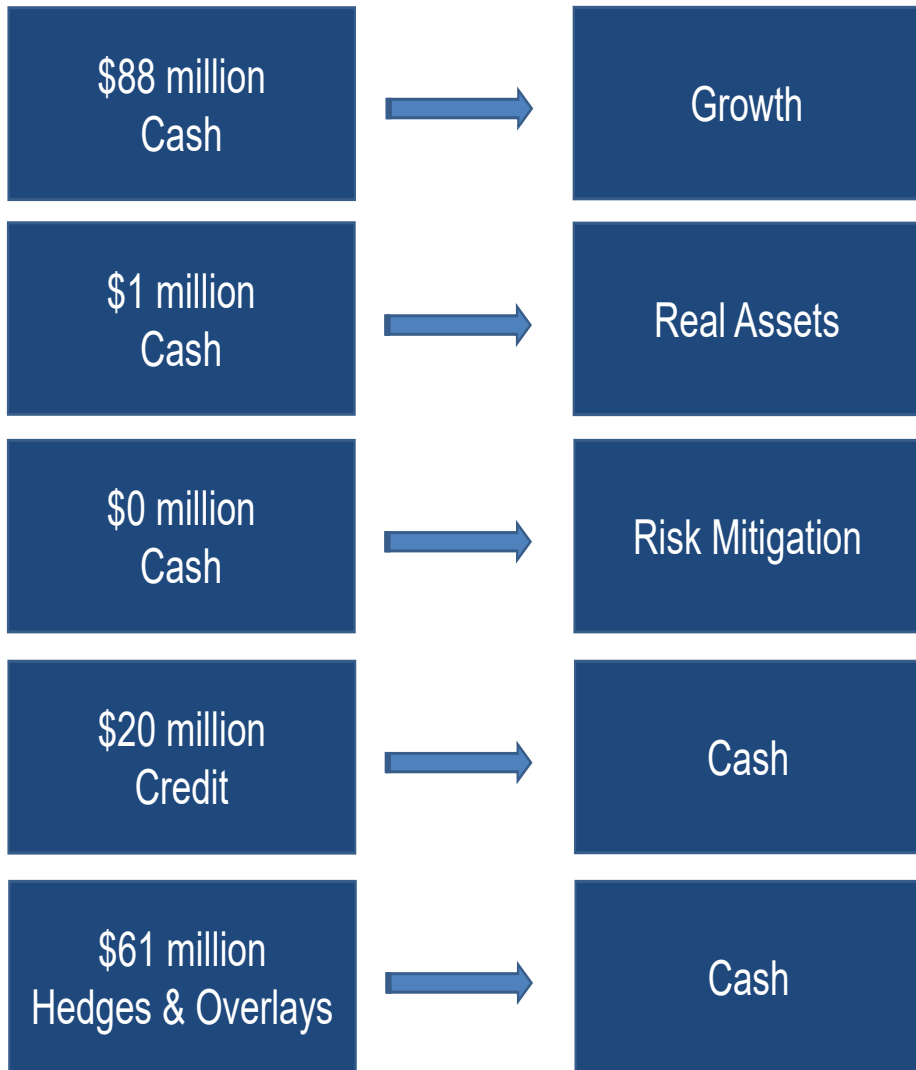


# Portfolio Structural Updates



## Portfolio Movements

### Rebalancing Activity



## Hedges & Overlays

### Monthly Activity

Program	November Return	November Gain/(Loss)	Inception <sup>1</sup> Gain/(Loss)
Currency Hedge <sup>2</sup>	-1.6%	\$60.9 Million	\$1.5 Billion
Cash/Rebalance Overlay <sup>3</sup>	4.5%	\$121.4 Million	\$373.2 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	Selection/Review
Real Assets Emerging Manager Program Search	✓	✓	TBD
Hedge Funds, Credit, & Real Assets Consultant Search	✓		TBD



# 04 Key Initiatives & Operational Updates

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# Notable Initiatives and Operational Updates



## Key Initiative Updates

---

- The 2024 Strategic Asset Allocation study is underway
- The 2024 Work Plan and Strategic Initiatives will be presented at the January 2024 BOI
- Board education library under development

## Operational Updates

---

- Annual contract compliance is in progress

## Manager/Consultant Updates

---

Acadian – Global Equities – Acadian’s Executive Committee appointed Kelly Young Chief Executive Officer in December 2023. Ms. Young assumes the role from Ross Dowd, who left the firm in December and had served as CEO since 2018.

## Team Searches and Vacancies

---

- Principal Investment Officer
- 4 – Senior Investment Officer
  - 2 in progress
- 2 – Financial Analyst-III
  - 2 in progress
- Financial Analyst-II
  - 1 in progress



# 05 Commentary

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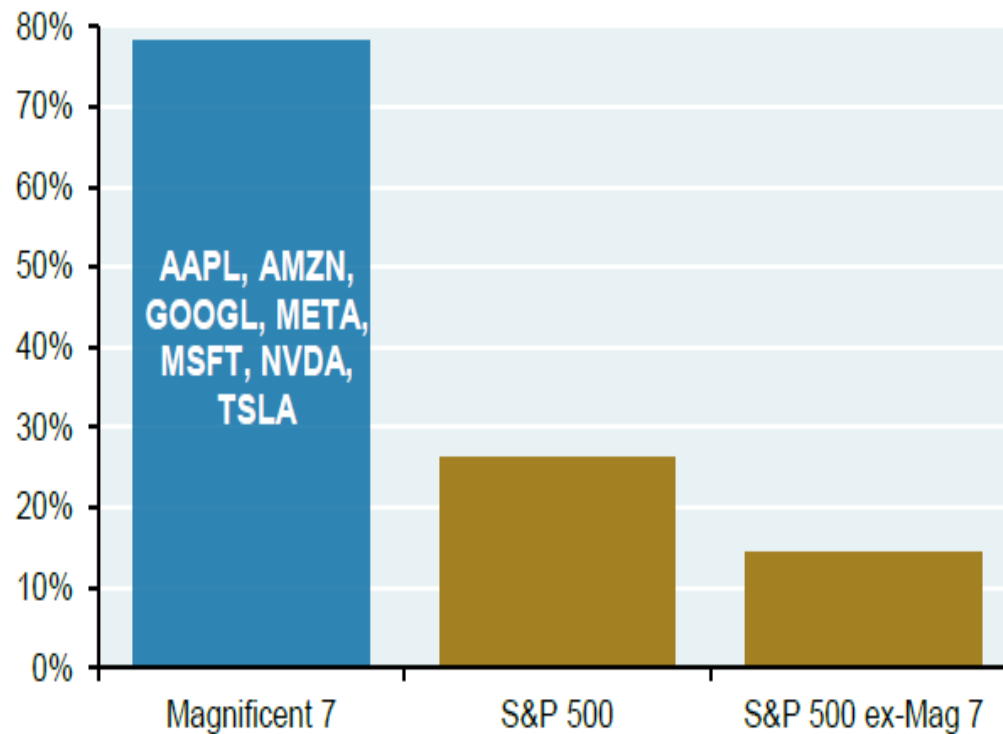
# Staff Chart of the Month

## Magnificent 7 Stocks led U.S. Markets in 2023



### Magnificent 7 stocks led S&P 500 in 2023

Percent, YTD return



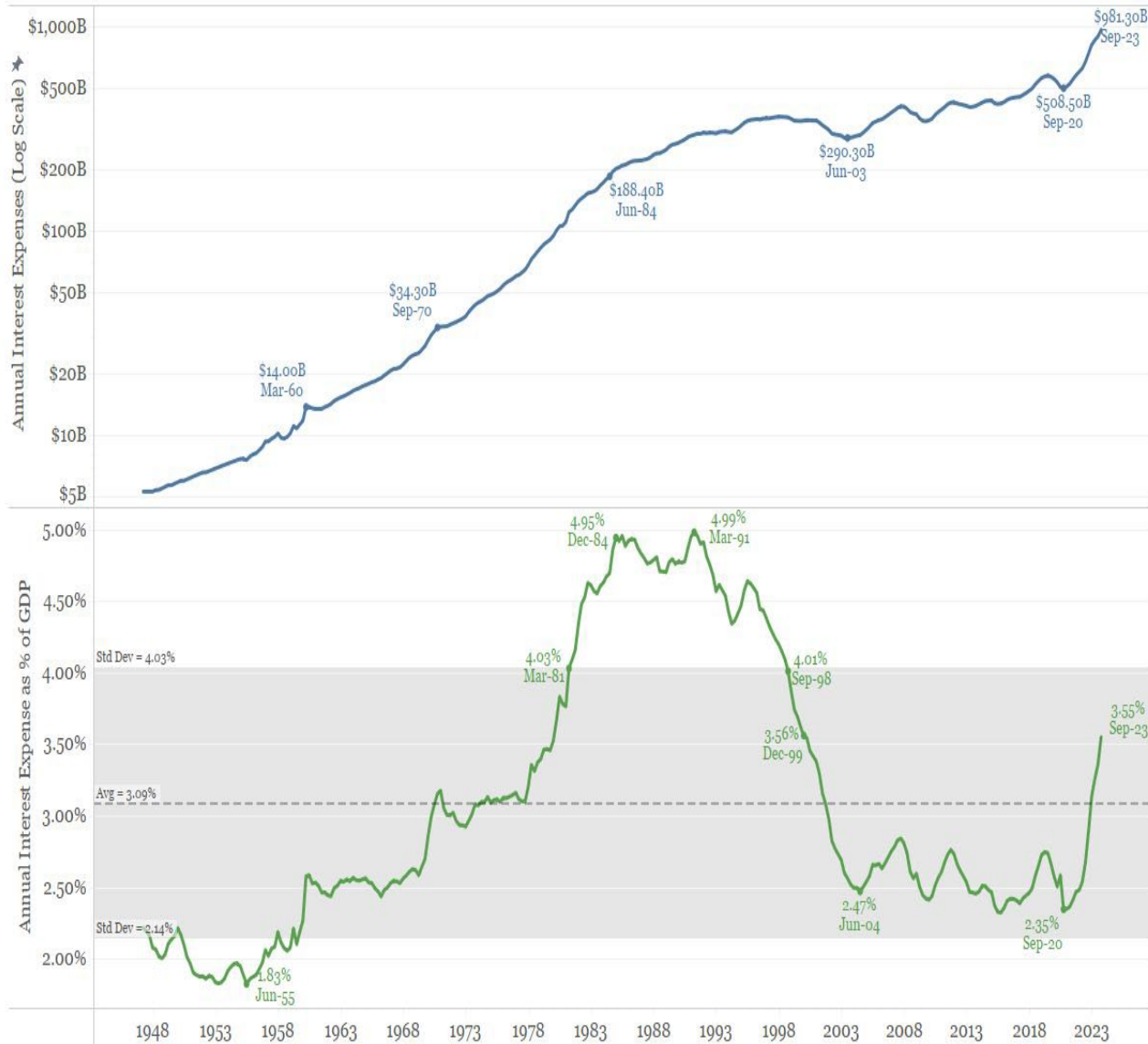
Source: Bloomberg, JPMAM, December 27, 2023

# Staff Chart of the Month

## U.S. Treasury Annual Debt Payments Over Time



How Much Interest Does the U.S. Treasury Pay on Its Debt in a Year?  
Nominal Dollars and as Percentage of GDP



Source: U.S. Treasury, BEA

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[www.biancoresearch.com](http://www.biancoresearch.com)



# 06 Appendix

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# Quiet Period for Search Respondents



## Real Assets Emerging Manager Program Discretionary Separate Account Manager Search

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





# Recognizing Our Members' Service and Accomplishments

LACERA has over 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, who has recently closed the chapter on a fulfilling career and is enjoying her well-earned retirement.



# Retired Member Gloria D'Orazi

**Traffic Secretary**

**Sheriff's Department, La Crescenta**

**Years of Service: 25**

**Notable Contributions and Service:** Ms. D'Orazi embarked on her journey as a patrol secretary, eventually transitioning into the role of traffic secretary. In this capacity, she meticulously processed parking and traffic reports while also lending her skills to assist with patrol reports.

**Source of Career Pride:** D'Orazi joined the Sheriff's Department in 1998. She marks her proudest accomplishment as achieving her 25-year service milestone, which she celebrated before her retirement in October 2023.

**Retirement Plans:** D'Orazi is excited to embrace a slower pace of life, with plans to catch up on much-needed rest, focus on her health, and spend quality time with her beloved pets—three dogs and two cats. She also looks forward to indulging in her favorite hobbies, sewing, reading, and unwinding with Netflix, relishing in the simple joys of life post-retirement.

**MEMBER SPOTLIGHT**





December 26, 2023

TO: Each Trustee,  
Board of Retirement  
Board of Investments

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

SUBJECT: **CHIEF EXECUTIVE OFFICER'S REPORT – JANUARY 2024**

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

### **Strategic Plan (Action Planning)**

The Board of Retirement (BOR) approved Strategic Plan is progressing well as our staff actively initiates Action Planning teams for the outlined strategic objectives. Work plans are currently taking shape with assigned Team Leads leading the efforts. Quarterly updates on strategic planning activities will be provided to the Operations Oversight Committee (OOC) beginning April 2024.

### **Board of Retirement Offsite**

The BOR Offsite will be held at the end of February 2024. Day one of the offsite will focus on LACERA's strategic planning efforts and other educational topics. Day two will focus on the Retiree Healthcare Program and other educational topics. We will be working closely with the BOR leadership to finalize the offsite agenda.

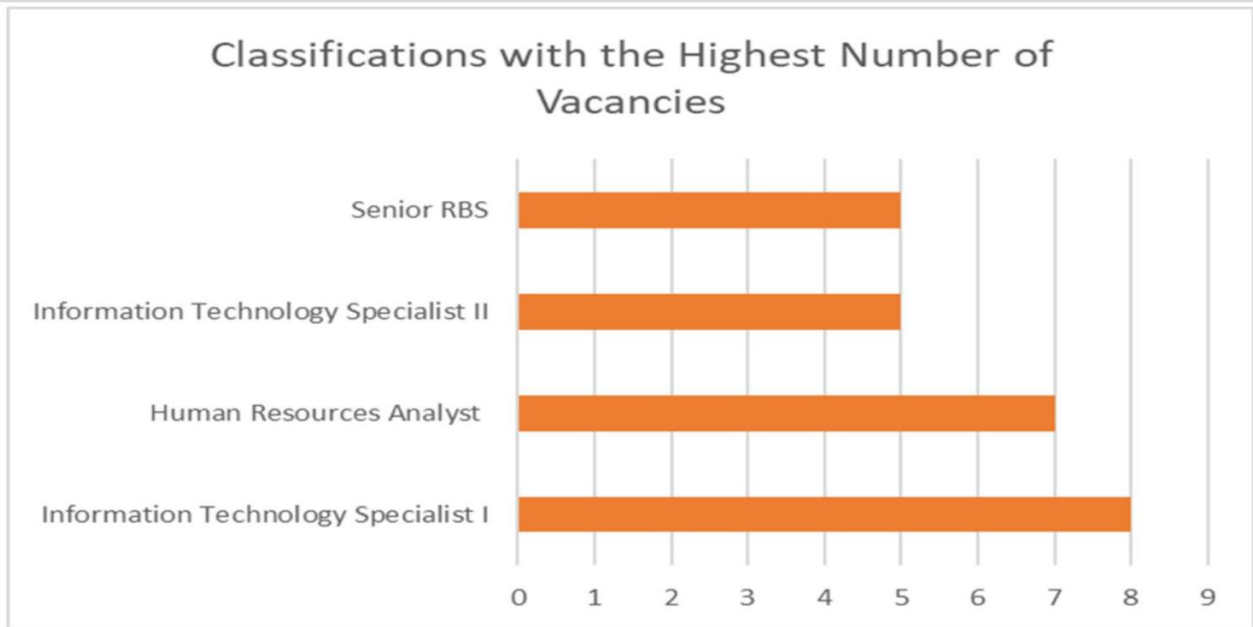
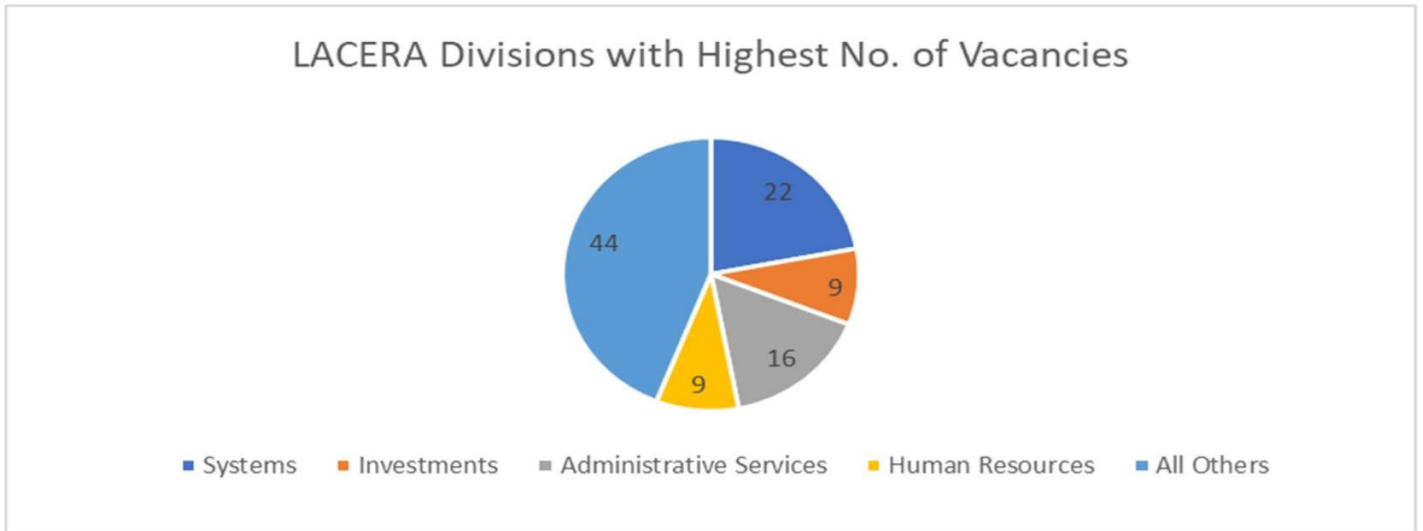
### **Welcome New Trustees**

The Board of Supervisors approved the appointments of Mr. David Ryu and Mr. Wayne Moore to the Board of Retirement (BOR), and Mr. Patrick Jones, and Mr. Michael Gatto to the Board of Investments (BOI). Their terms will be effective January 1, 2024, through December 31, 2026. The BOI appointment to replace Trustee Onyx Jones is expected to be considered by the Board of Supervisors (BOS) on Tuesday, January 9, 2024. We plan to work with the Executive Office of the Board of Supervisors to swear in the newly appointed trustee in time for the BOI meeting, to be held the following day. We are pleased to welcome the above-mentioned appointed Trustees, as well as newly elected Trustees, Ms. Nancy Durazo (BOR), Ms. Debbie Martin (BOI), and Ms. Nicole Mi (BOI) to their first Board meeting in January 2024. Trustee Les Robbins and Alternate Trustee JP Harris were also re-elected to serve on the BOR through December 31, 2026.

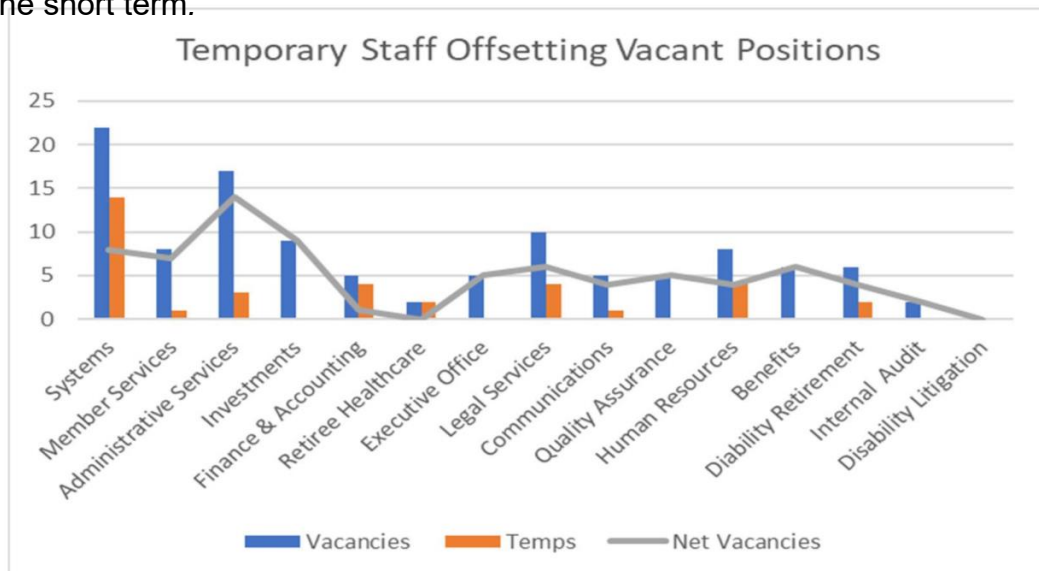
### **Recruitment Updates**

LACERA has 534 budgeted positions, of which 116 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) 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. Selection interviews are being held as qualified candidates are identified for all three (3) positions, with job bulletins expected to be opened soon to create eligible lists from which offers may be made:

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

### *Internal Recruitments*

The Chief Financial Officer recruitment was opened and closed. It is anticipated that the assessment and selection will be completed in January.

Applications for the Senior Investment Officer (Global Equities) and the Finance Analyst III (Real Estate) remain open and applications continue to be accepted until the needs of the office are filled.

The Retirement Benefits Specialist I – (Temporary) Trainee examination assessments are nearing completion with 137 candidates moving on to the final assessment.

Resumes continue to be accepted for the 14 Intern positions included in the Fiscal Year 2023-24 Adopted Budget. Resumes have been sent to the Divisions for consideration for assignments beginning in the new year, as well as May/June. Interviews are currently being scheduled and conducted by the various Division Managers.

### *In Development*

The recruitments/assessments for the following classification(s) continue to be in development:

- Administrative Services Analyst I, II and III

### *New Lists Promulgated, Hiring and Promotions*

An appointment to the Senior Disability Retirement Specialist is pending.

The Finance Analyst II examination closed, selection interviews are continuing, with a possible offer pending.

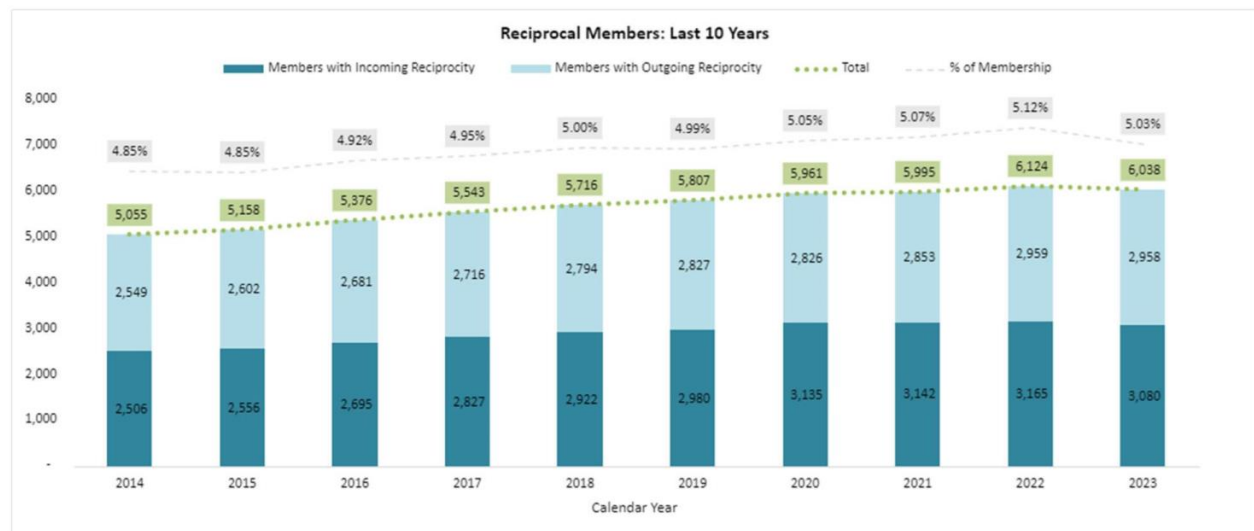
Two (2) candidates have been selected for the Senior Human Resources Analyst position with appointments effective January 16, 2024. Three (3) candidates have been selected for the Human Resources Analyst positions. Backgrounds are in process for one candidate. One (1) candidate has been selected for Senior Human Resources Assistant.

The Senior Staff Counsel (Benefits) background has been completed, with an appointment date of January 16, 2024.

### **Reciprocal Membership Over the Years**

At the November 2023 Board of Retirement meeting the Trustees requested an overview of LACERA Membership over the last 10 years. Reciprocity is a process whereby public servants in California can link service across two or more participating government organizations that allows them to preserve their age of entry (important for Legacy members) across multiple systems, use the combined service credit to meet retirement eligibility requirements, and allows them to use the highest final average compensation between the systems to calculate their benefits. The chart below provides an overview of the last ten years.

We generally look at members with reciprocity from two perspectives. Those that establish it as incoming new members (meaning they are joining LACERA after having served in another eligible organization) and those that establish reciprocity after leaving LACERA and going to another eligible organization. Over the last ten years, there has been a slight increase in the number of members who are reciprocal but, generally, reciprocal membership has hovered around 5% of our overall membership.



### **Retiree Healthcare**

#### *2024 Medicare Part B Reimbursement Verification Update*

The 2024 Medicare Part B updates for both LACERA plans and Local 1014 Firefighters were completed December 13, 2023.

Approximately 26,500 subscriber records for members who were eligible and receiving reimbursement for their Part B premium were updated.

The standard reimbursement amounts were updated as follows:

1 party- from \$164.90 to **\$174.70**

2 party- from \$329.80 to **\$349.40**

December 26, 2023

Page 5

Of the 26,500 records updated, 25,261 were LACERA retirees and approximately 1,239 were Local 1014 retirees.

We are pleased to report that the new automated process has resulted in a reduction in the verifications requiring manual intervention, thus greatly improving our ability to timely complete Medicare Part B verifications.

SHK  
CEO report January 2024.doc

Attachments



# CEO DASHBOARD



January 3, 2024



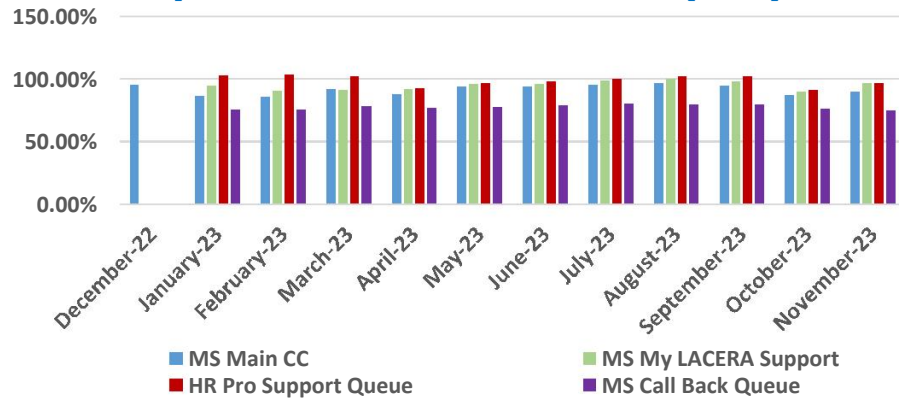


# Striving for Excellence

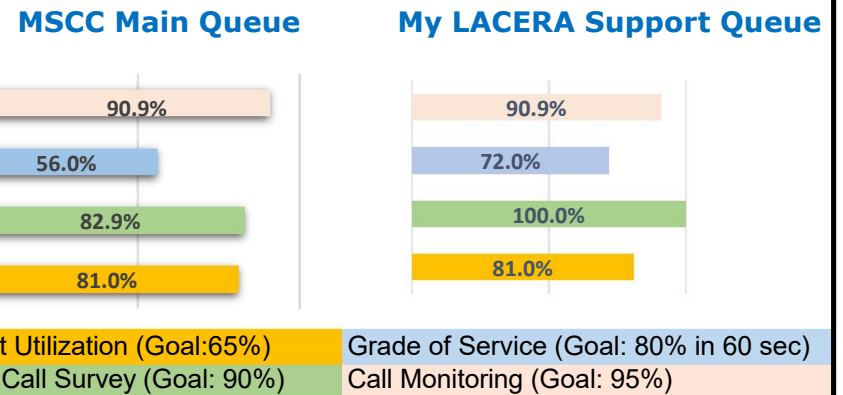
Service Metrics Reported on a Fiscal Year Basis (July 1) Through: **November 2023**

<b>Events / Webinar Attendance</b> Current Mo.: <b>740</b> Year-to-Date: 5,728	<b>Events / Webinar</b> Current Mo.: <b>13</b> Year-to-Date: 106	<b>Webinar Satisfaction</b> <b>0%</b>	<b>Member Service Center Satisfaction</b> <b>92.70%</b>	<b>MS Main Queue Total Calls</b> Current Mo. <b>7,160</b> 3 Month Avg. 7,971				
					Resp. Rate	Change	Resp. Rate	Change
					0%	0%	23.6%	-3.40%

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



## Key Performance Indicator (Components by Queue)



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
Queue KPI:	89.80%	Queue KPI:	96.80%	Queue KPI:	96.60%	Queue KPI:	75.10%
Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration
0:05:03	0:16:25	0:00:54	0:11:53	0:00:32	0:12:25	0:18:35	0:14:27



# Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: November 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. Death

3. Power of Attorney

## Contact Center Email/Secure Message Performance



Emails:

337



Secure Message

766

Est. Response Time (hours)

4:00:00

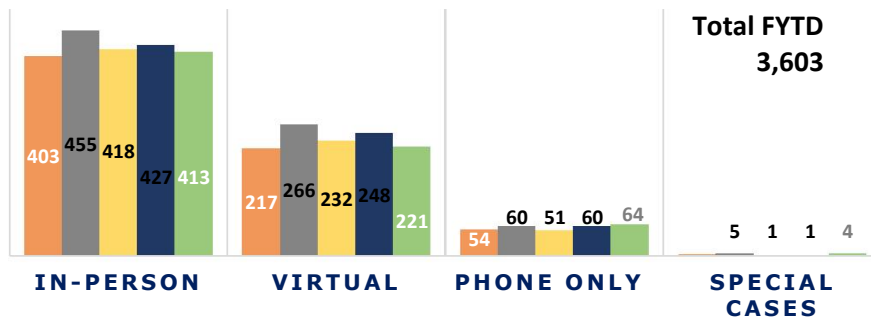
Est. Response Time (hours)

4:00:00

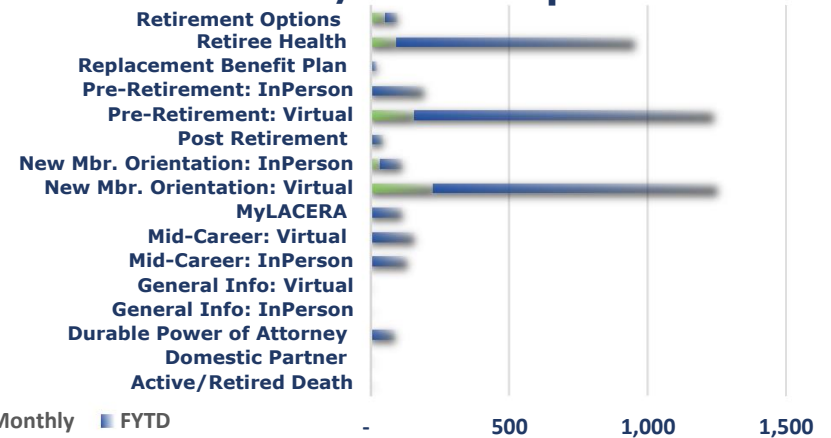
## Member Service Center (Outreach)

### Member Service Center Appointments

July August September October November



### Members Served in Webinars/Workshops



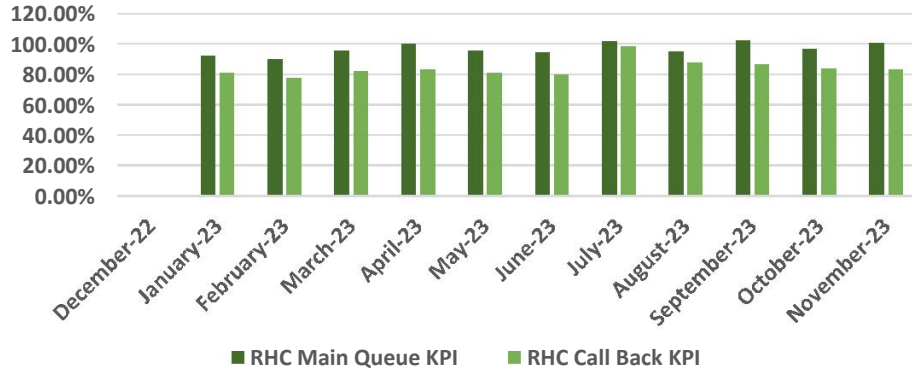
Member Services



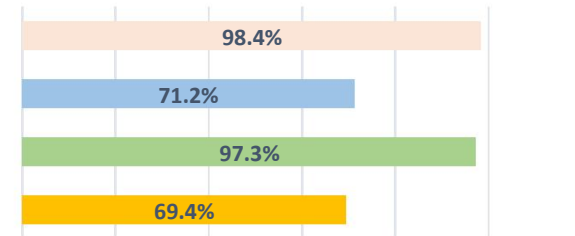
# Striving for Excellence

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

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



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

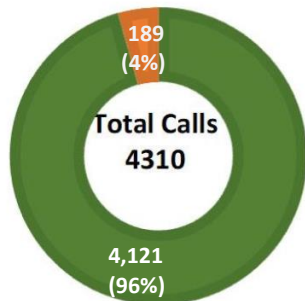


Agent Utilization (Goal:65%)	Grade of Service (Goal: 80% in 60 sec)
After Call Survey (Goal: 90%)	Call Monitoring (Goal: 95%)

Retiree Healthcare

### RHC MAIN QUEUE

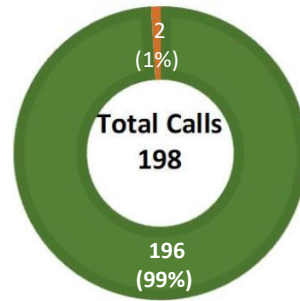
■ Calls Answered ■ Calls Abandoned



Queue KPI:	100.60%
Avg. Speed of Answer	Average Duration
0:01:52	0:12:11

### RHC CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



Queue KPI:	83.30%
Avg. Speed of Answer	Average Duration
0:03:59	0:07:33

### TOP RHC CALL TOPICS

1. Medical/Dental Enrollments
2. Insurance Benefits
3. General Inquiries

### RHC Email/Secure Message Performance



Emails:

314

Est. Response Time (hours)

72:00:00



Secure Message

404

Est. Response Time (hours)

24:00:00



# Striving for Excellence

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

Disability

## Applications

949

60 Received: New Applications  
 307 Received Year-to-Date  
 0 Pending: Applications in Process  
 0 Re-Opened Applications  
 0 Re-Opened Year-to-Date  
 35 To Board - Initial (Presented to BOR)  
 95 To Board - Initial Year-to-Date\*  
 40 Closed (Incomplete/Withdrawn)  
 183 Closed Year-to-Date\*

\*Excludes cases prior to 9/12/23 due to transition to Sol case management system.

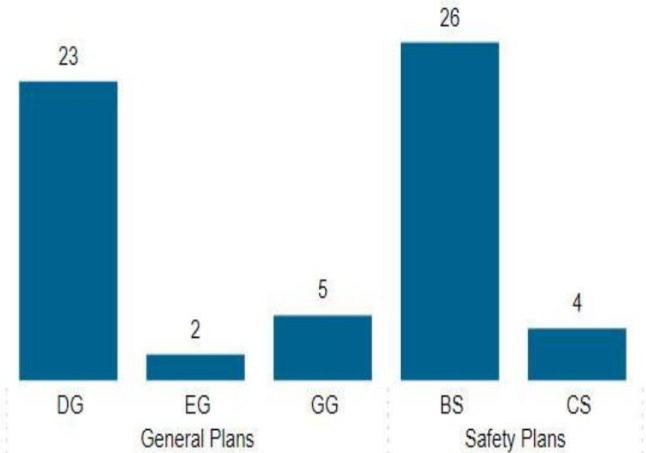
## Appeals

67

1 Received: New Appeals  
 5 Received Year-to-Date  
 0 Pending: Appeals in Process  
 0 Admin Closed  
 4 Admin Closed Year-to-Date  
 0 Referee Recommendations  
 3 Referee Recommendations Year-to-Date  
 0 DLO Recommendations  
 0 DLO Recommendations Year-to-Date

Appeals data was manually reported due to pending changes to Sol reports.

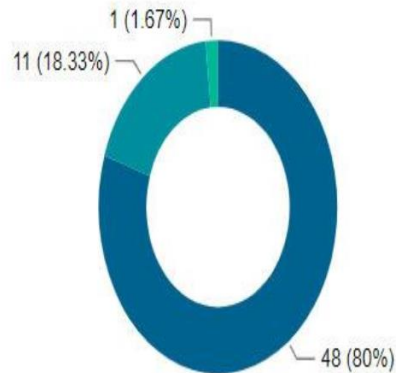
## Applications Filed by Plan



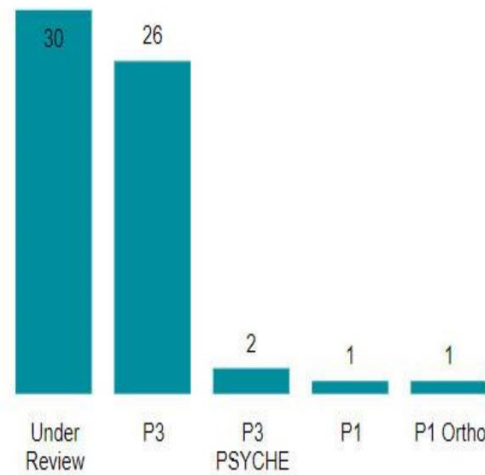
Note: Plan E members are not eligible for a disability retirement allowance

## Applications Filed by Source

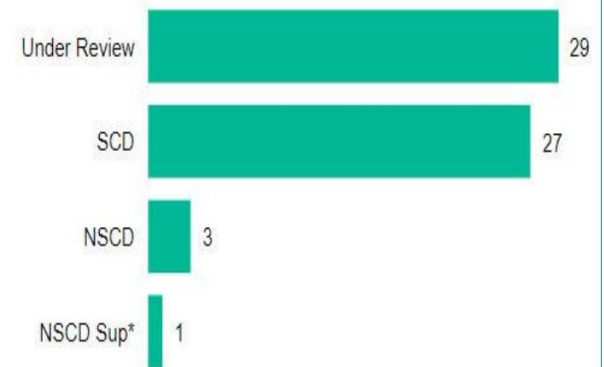
Employee Employer Survivor



## Applications Filed by Priority Level



## Applications Filed by Type



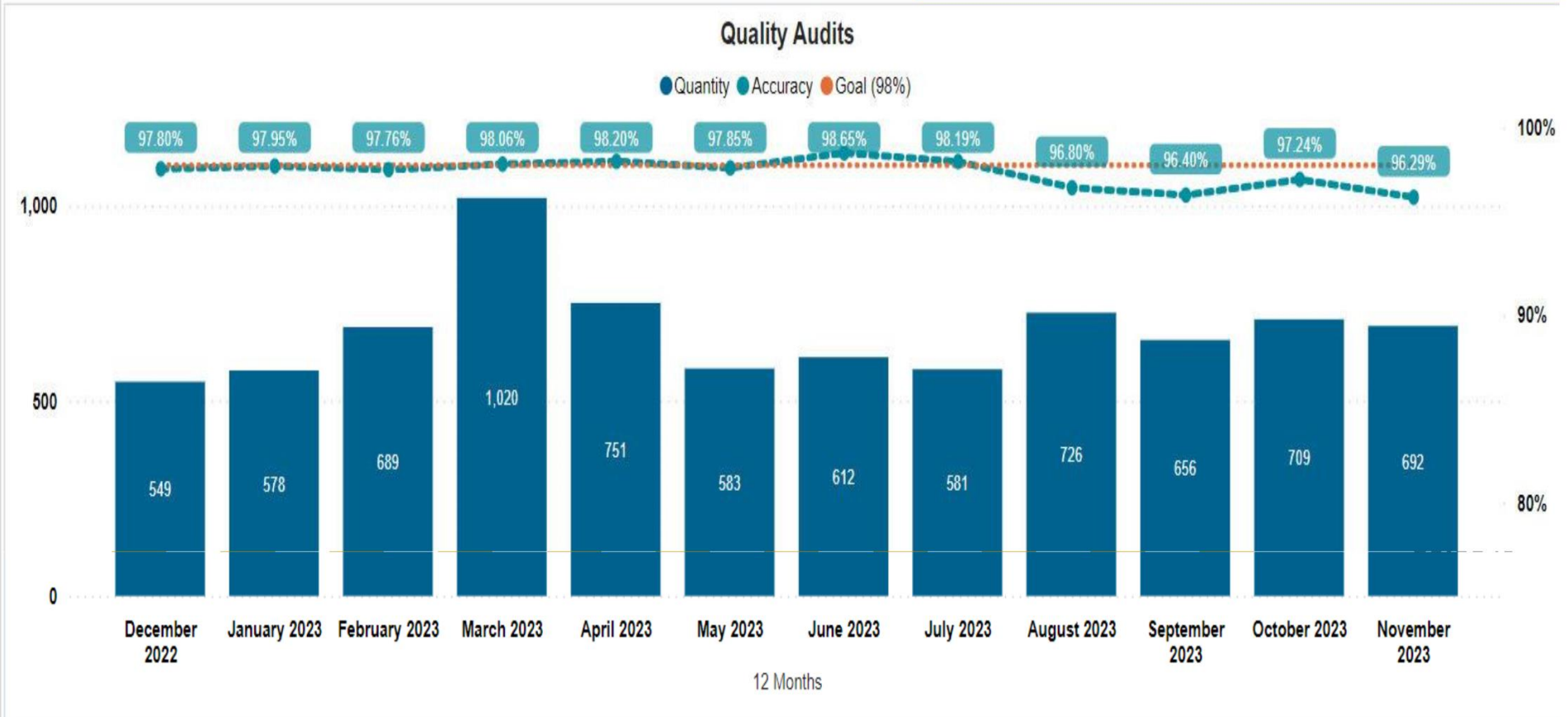
\*Under Review



# Striving for Excellence in Quality

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

Quality Assurance



### Monthly Recap

**November 2023**

	Samples	Accuracy
Data Entry	120	99.42%
Payment Contract	387	95.88%
Retirement Election	185	95.11%
<b>Total</b>	<b>692</b>	<b>96.29%</b>



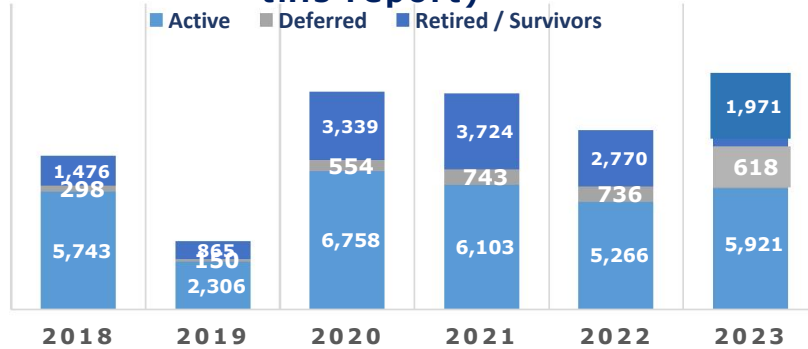


# Service On-Line for All

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

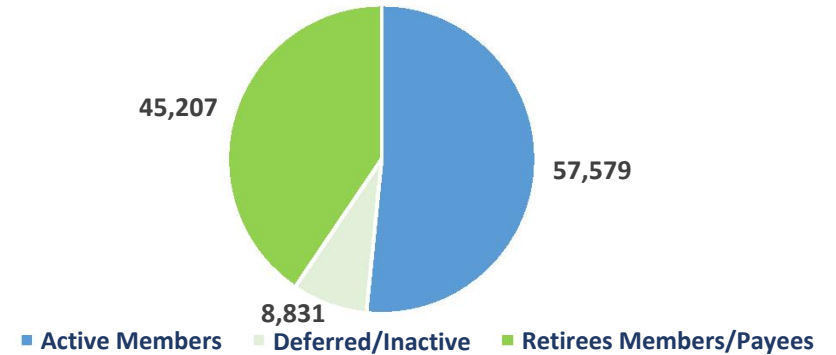
Serving Members Through LACERA.com and MyLACERA

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

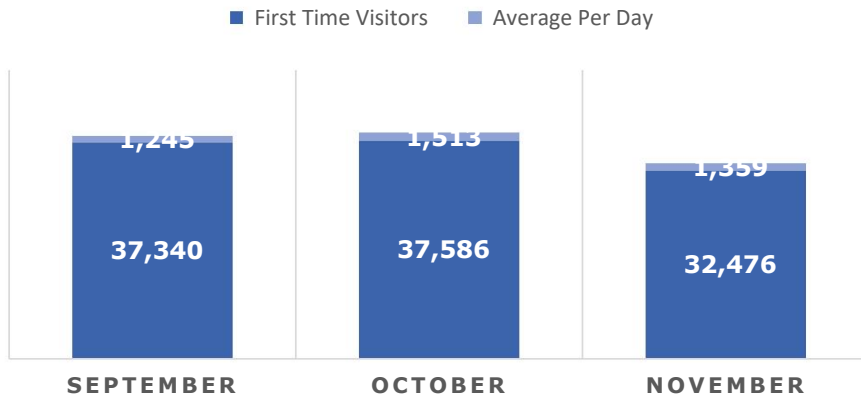


Registered Members / % Total **111,617** **58%**

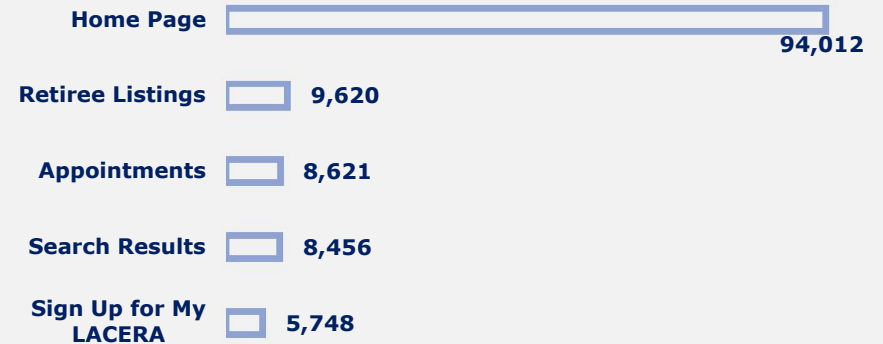
## Total Registrations By Member Type



## LACERA.com User Traffic



## Top Five LACERA.com Page Views



### Busiest Day of the Month:

Tuesday, 11/28/2023

### Home Page Tile Views

	Views	% of Change
Forms & Publications	177	-46%
My LACERA	5,748	-35%
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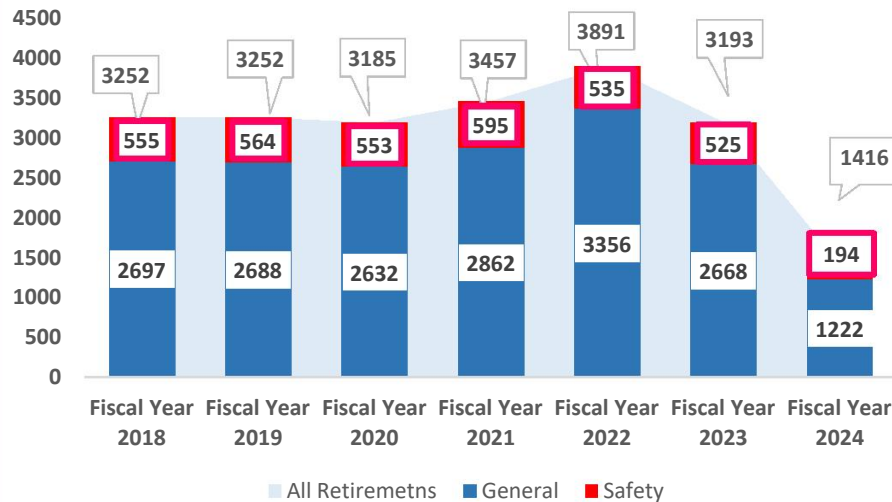


# Member Snapshot

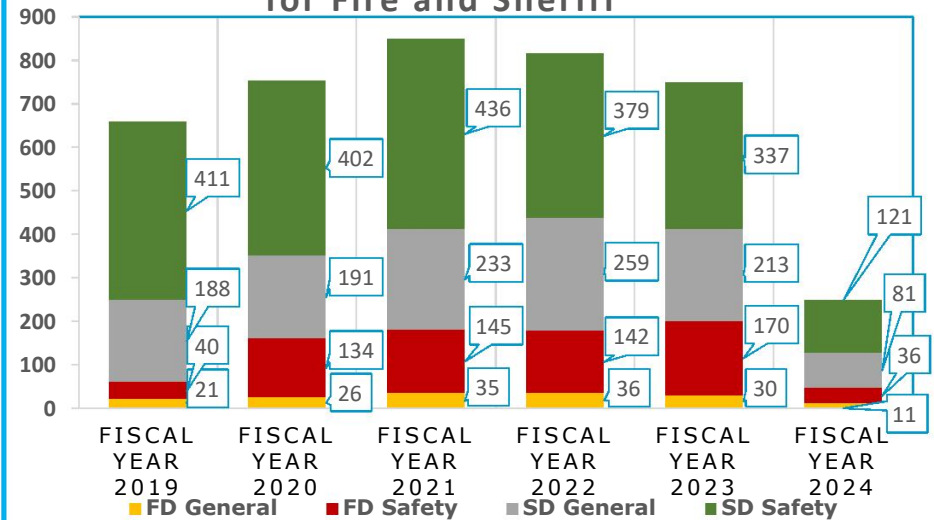
Membership Count as of: December 15, 2023

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	44	-	11	32	11,612	920	154	4,022	16,795
PLAN B	11	-	5	3	562	39	7	75	702
PLAN C	13	-	5	8	357	38	7	66	494
PLAN D	33,237	114	4,482	3,282	19,216	2,026	448	2,051	64,856
PLAN E	12,670	9	2,860	87	15,516	-	-	1,677	32,819
PLAN G	19,820	19,077	1,762	6,951	273	32	7	28	47,950
<b>TOTAL GENERAL</b>	<b>65,795</b>	<b>19,200</b>	<b>9,125</b>	<b>10,363</b>	<b>47,536</b>	<b>3,055</b>	<b>623</b>	<b>7,919</b>	<b>163,616</b>
<b>Safety</b> PLAN A	-	-	2	2	1,799	2,365	25	1,641	5,834
PLAN B	7,330	74	566	228	3,306	4,689	55	431	16,679
PLAN C	2,758	2,454	139	541	11	18	-	3	5,924
<b>TOTAL SAFETY</b>	<b>10,088</b>	<b>2,528</b>	<b>707</b>	<b>771</b>	<b>5,116</b>	<b>7,072</b>	<b>80</b>	<b>2,075</b>	<b>28,437</b>
<b>TOTAL ALL TYPES</b>	<b>75,883</b>	<b>21,728</b>	<b>9,832</b>	<b>11,134</b>	<b>52,652</b>	<b>10,127</b>	<b>703</b>	<b>9,994</b>	<b>192,053</b>

Total Retirements Compared by Type



General vs. Safety Retirements for Fire and Sheriff





# Member Snapshot

## Average Monthly Benefit Allowance Distribution 12/28/2023

	General	Safety	Total	%
\$0 to \$3,999	30,033	1,332	31,365	49.5%
\$4,000 to \$7,999	14,828	3,415	18,243	28.8%
\$8,000 to \$11,999	4,380	4,281	8,661	13.7%
\$12,000 to \$15,999	1,255	2,454	3,709	5.9%
\$16,000 to \$19,999	428	553	981	1.5%
\$20,000 to \$23,999	127	154	281	0.4%
\$24,000 to \$27,999	35	52	87	0.1%
> \$28,000	32	8	40	0.1%
<b>Totals</b>	<b>51,118</b>	<b>12,249</b>	<b>63,367</b>	<b>100%</b>

## Average Monthly Benefit Amount:

\$ **4,882.00**

### Healthcare Program

(Mo. Ending:11/30/2023)

	Employer	Member
Medical	\$266.5	\$18.8
Dental	\$20.7	\$1.9
Part B	\$38.7	\$0.0
<b>Total</b>	<b>\$325.9</b>	<b>\$20.7</b>

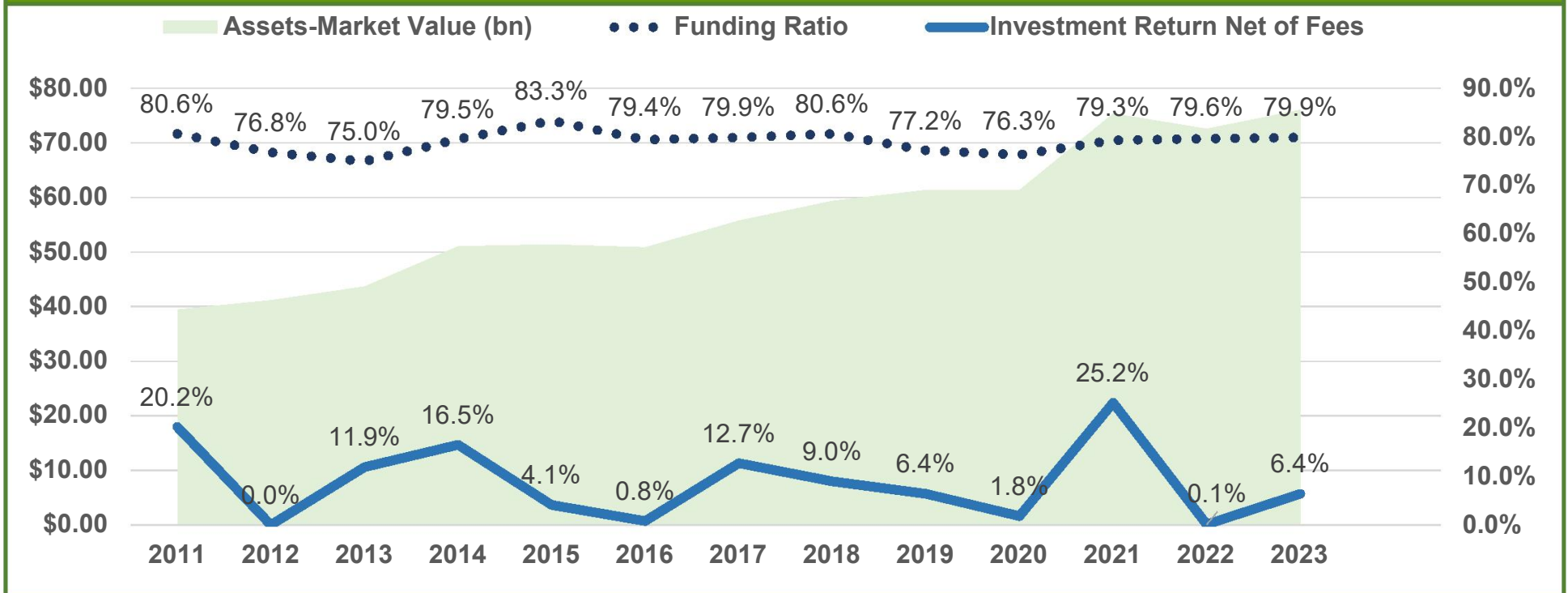
### Health Care Enrollments

(Mo. Ending:11/30/2023)

Medical	55,592
Dental	57,554
Part B	38,361
LTC	476
<b>Total</b>	<b>151,983</b>

## KEY FINANCIAL METRICS

Fiscal Year End Financial Update (as of 06/30/2023)







# 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 6/30/23)

Employer NC	11.01%
UAAL	14.87%
Assumed Rate	7.00%
Star Reserve	\$612m
Total Assets	\$73.9b

### Contributions

(as of 6/30/23)

	Employer	Member
Annual Add	\$2.3b	\$793.2m
% of Payroll	25.88%	8.37%

### Investment Returns

(as of 6/30/23)

(Net of Fees)

<b>5 YR:</b>	7.6%	<b>10 YR:</b>	8.1%
--------------	------	---------------	------

### Retired Members Payroll

(As of 11/30/2023)

Monthly Payroll	\$372.56m
Payroll YTD	\$1.9b
New Retired Payees Added	328
Seamless %	97.87%
New Seamless Payees Added	1,570
Seamless YTD	97.01%
By Check %	2.00%
By Direct Deposit %	98.00%

### RETIREE PAYROLL BY YEAR





**QUIET PERIOD LIST FOR  
TRUSTEES AND STAFF**

Last Update 12/26/2023

**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	Contract Development	<ul style="list-style-type: none"><li>• Audit and Risk Management Services</li><li>•</li></ul>
<b>RFP: Policy Management Solution</b>	Executive Office	2/3/2023	Soliciting Process	<ul style="list-style-type: none"><li>• Compass 365</li><li>• AuditBoard</li><li>• LogicGate</li><li>• Workiva (Wdesk)</li></ul>
<b>RFB: Classification and Compensation Study Services</b>	Human Resources	8/24/2023	Contract Development	<ul style="list-style-type: none"><li>• CBIZ</li><li>• CPS-HR</li><li>• McLagan</li><li>• Global Governance Advisors</li></ul>

\*Subject to change



**QUIET PERIOD LIST FOR  
TRUSTEES AND STAFF**

Last Update 12/26/2023

**INVESTMENTS**

<b>Solicitation Name</b>	<b>Public Release Date</b>	<b>Solicitation Stage*</b>	<b>Bid Respondents *</b>
<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>

\*Subject to change

Date	Conference
<b>January, 2024</b>	
21-22	NCPERS (National Conference on Public Employee Retirement Systems) Pension Communications Summit Washington D.C.
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>February, 2024</b>	
15	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
<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
18-21	2024 Infrastructure Investor Global Summit Berlin, Germany
21-22	PREA (Pension Real Estate Association) Spring Conference Nashville, TN
27-29	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Governance for Trustees at UCLA Los Angeles, CA
<b>April, 2024</b>	
4-5	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Rancho Mirage, CA

Date	Conference
<b>April, 2024</b> 15-19	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
<b>May, 2024</b>	
3	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
6-7	IFEBP (International Foundation of Employment Benefit Plans) Washington Legislative Update Washington D.C.
7-10	SACRS Spring Conference Santa Barbara, CA
18-19	NCPERS (National Conference on Public Employee Retirement Systems) Trustee Educational Seminar (TEDS) Seattle, WA
18-19	NCPERS (National Conference on Public Employee Retirement Systems) Accredited Fiduciary (NAF) Program Seattle, WA
19-22	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference & Exhibition (ACE) Seattle, WA
29-30	thINc360 – The Healthcare Innovation Congress (formerly World Healthcare Congress) Washington D.C.
<b>June, 2024</b>	
10-12	National Association of Securities Professionals (NASP) Annual Financial Services Conference Atlanta, GA
11-13	AHIP (America’s Health Insurance Plans) 2024 Las Vegas, NV
17-19	NCPERS (National Conference on Public Employee Retirement Systems) Chief Officers Summit Nashville, TN
21	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Northern California - TBD
<b>July, 2024</b>	
10-12	Pacific Pension Institute (PPI) Summer Roundtable Amsterdam, Netherlands

Date	Conference
<b>July, 2024</b>	
15-17	ICGN 2024 Annual Conference London, England
<b>August, 2024</b>	
18-20	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension Funding Forum Boston, MA
<b>September, 2024</b>	
9-11	Council of Institutional Investors (CII) Fall Conference Brooklyn, NY
24-26	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension HR Summit Denver, CO
<b>October, 2024</b>	
6-9	National Association of Corporate Directors (NACD) Directors Summit 2024 Gaylord National Harbor, Washington D.C.
11	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Northern California - TBD
14-18	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
23-25	PPI Asia Pacific Roundtable Hong Kong
23-25	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Washington D.C.
23-25	Pacific Pension Institute (PPI) Asia Pacific Roundtable Hong Kong
26-27	NCPERS (National Conference on Public Employee Retirement Systems) Program for Advanced Trustee Studies (PATs) Palm Springs, CA
26-27	NCPERS (National Conference on Public Employee Retirement Systems) Accredited Fiduciary (NAF) Program Palm Springs, CA
27-30	NCPERS (National Conference on Public Employee Retirement Systems) Public Safety Conference Palm Springs, CA

Date	Conference
<b>November, 2024</b>	
10-13	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference San Diego, CA
12-14	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY
12-15	SACRS Fall Conference Monterey, CA
<b>December, 2024</b>	
6	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual



# CEO DASHBOARD



January 3, 2024



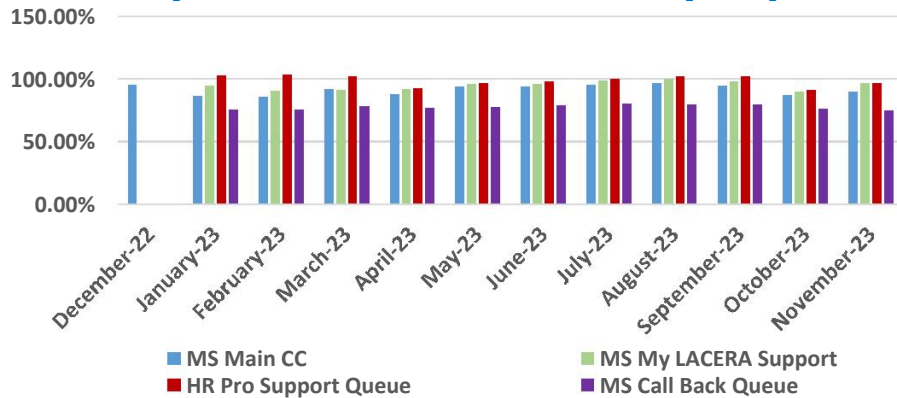


# Striving for Excellence

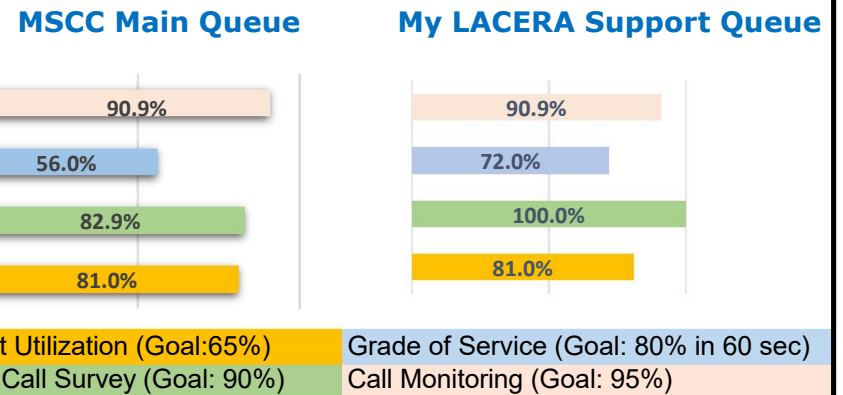
Service Metrics Reported on a Fiscal Year Basis (July 1) Through: **November 2023**

<b>Events / Webinar Attendance</b> Current Mo.: <b>740</b> Year-to-Date: 5,728	<b>Events / Webinar</b> Current Mo.: <b>13</b> Year-to-Date: 106	<b>Webinar Satisfaction</b> <b>0%</b>	<b>Member Service Center Satisfaction</b> <b>92.70%</b>	<b>MS Main Queue Total Calls</b> Current Mo. <b>7,160</b> 3 Month Avg. 7,971				
					Resp. Rate	Change	Resp. Rate	Change
					0%	0%	23.6%	-3.40%

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



## Key Performance Indicator (Components by Queue)



Member Services

MISC 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
Queue KPI:	89.80%	Queue KPI:	96.80%	Queue KPI:	96.60%	Queue KPI:	75.10%
Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration	Avg. Speed of Answer	Average Duration
0:05:03	0:16:25	0:00:54	0:11:53	0:00:32	0:12:25	0:18:35	0:14:27



# Striving for Excellence

Service Metrics Reported on a Fiscal Year Basis (July 1) Through: November 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. Death

3. Power of Attorney

## Contact Center Email/Secure Message Performance



Emails:

337



Secure Message

766

Est. Response Time (hours)

4:00:00

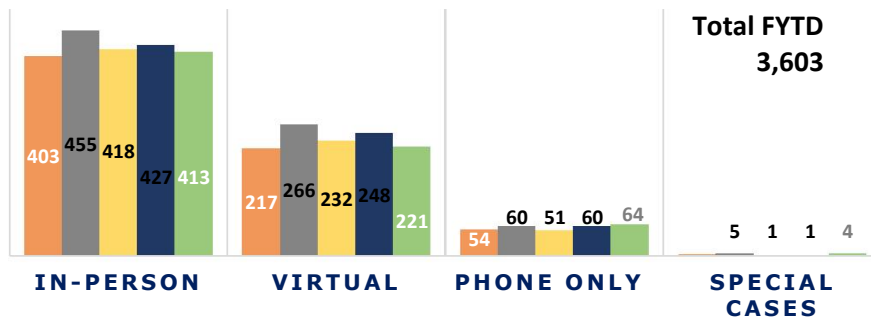
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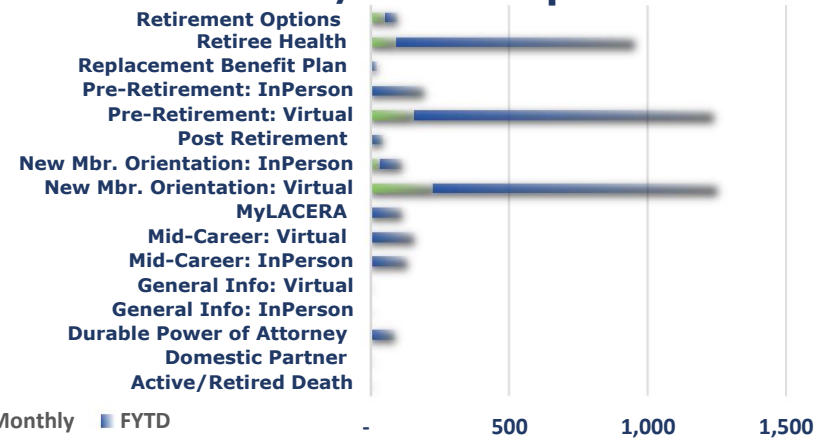
## Member Service Center (Outreach)

### Member Service Center Appointments

July August September October November



### Members Served in Webinars/Workshops



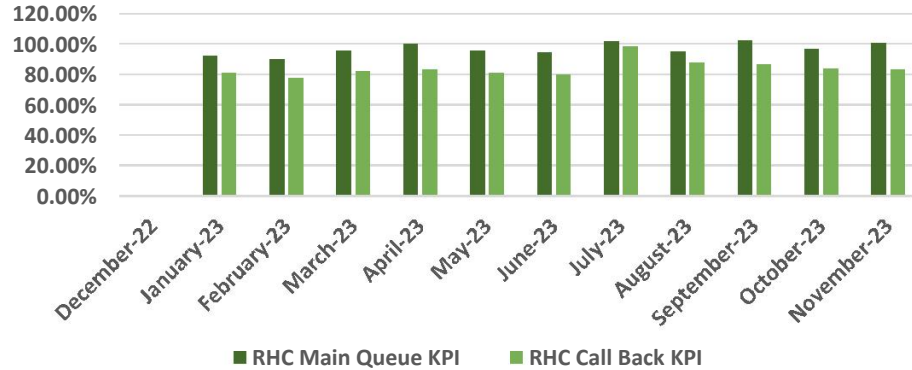
Member Services



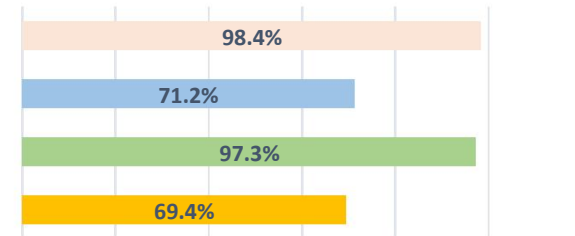
# Striving for Excellence

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

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



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

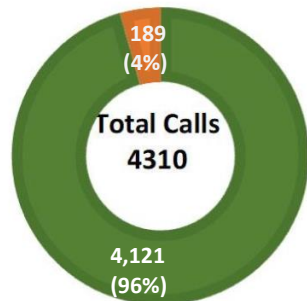


Agent Utilization (Goal:65%)	Grade of Service (Goal: 80% in 60 sec)
After Call Survey (Goal: 90%)	Call Monitoring (Goal: 95%)

Retiree Healthcare

### RHC MAIN QUEUE

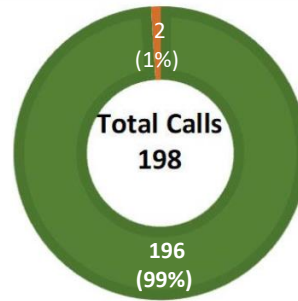
■ Calls Answered ■ Calls Abandoned



Queue KPI:	100.60%
Avg. Speed of Answer	Average Duration
0:01:52	0:12:11

### RHC CALL BACK QUEUE

■ Calls Answered ■ Calls Abandoned



Queue KPI:	83.30%
Avg. Speed of Answer	Average Duration
0:03:59	0:07:33

### TOP RHC CALL TOPICS

1. Medical/Dental Enrollments
2. Insurance Benefits
3. General Inquiries

### RHC Email/Secure Message Performance



Emails:

314

Est. Response Time (hours)

72:00:00



Secure Message

404

Est. Response Time (hours)

24:00:00



# Striving for Excellence

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

Disability

## Applications

949

60 Received: New Applications  
 307 Received Year-to-Date  
 0 Pending: Applications in Process  
 0 Re-Opened Applications  
 0 Re-Opened Year-to-Date  
 35 To Board - Initial (Presented to BOR)  
 95 To Board - Initial Year-to-Date\*

\*Excludes cases prior to 9/12/23 due to transition to Sol case management system.

40 Closed (Incomplete/Withdrawn)  
183 Closed Year-to-Date\*

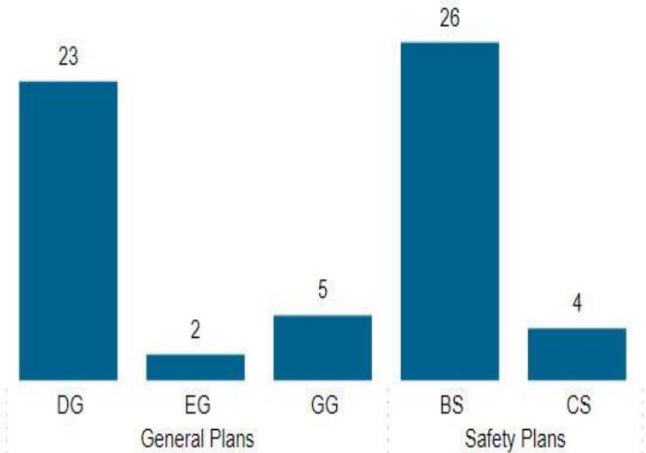
## Appeals

67

1 Received: New Appeals  
 5 Received Year-to-Date  
 0 Pending: Appeals in Process  
 0 Admin Closed  
 4 Admin Closed Year-to-Date  
 0 Referee Recommendations  
 3 Referee Recommendations Year-to-Date  
 0 DLO Recommendations  
 0 DLO Recommendations Year-to-Date

Appeals data was manually reported due to pending changes to Sol reports.

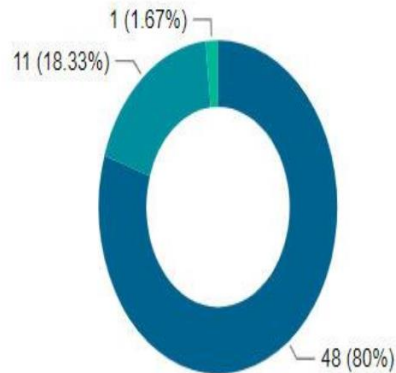
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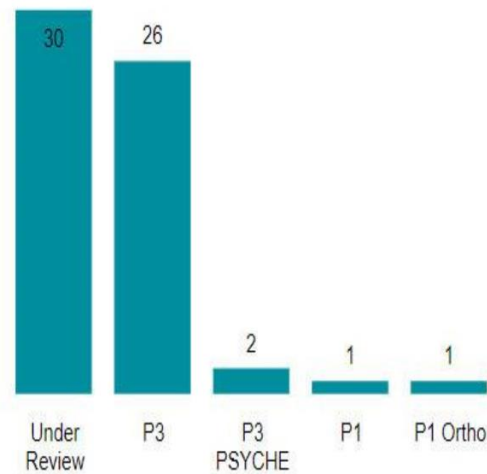
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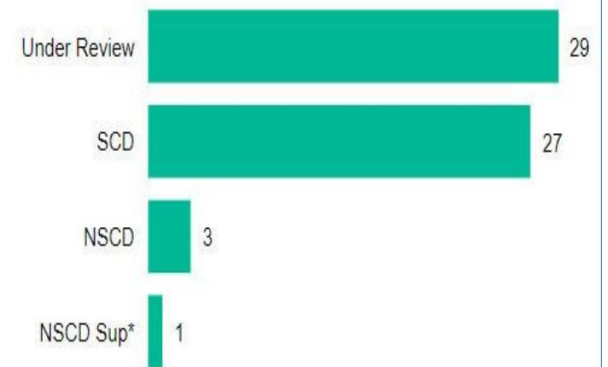
Employee Employer Survivor



## Applications Filed by Priority Level



## Applications Filed by Type



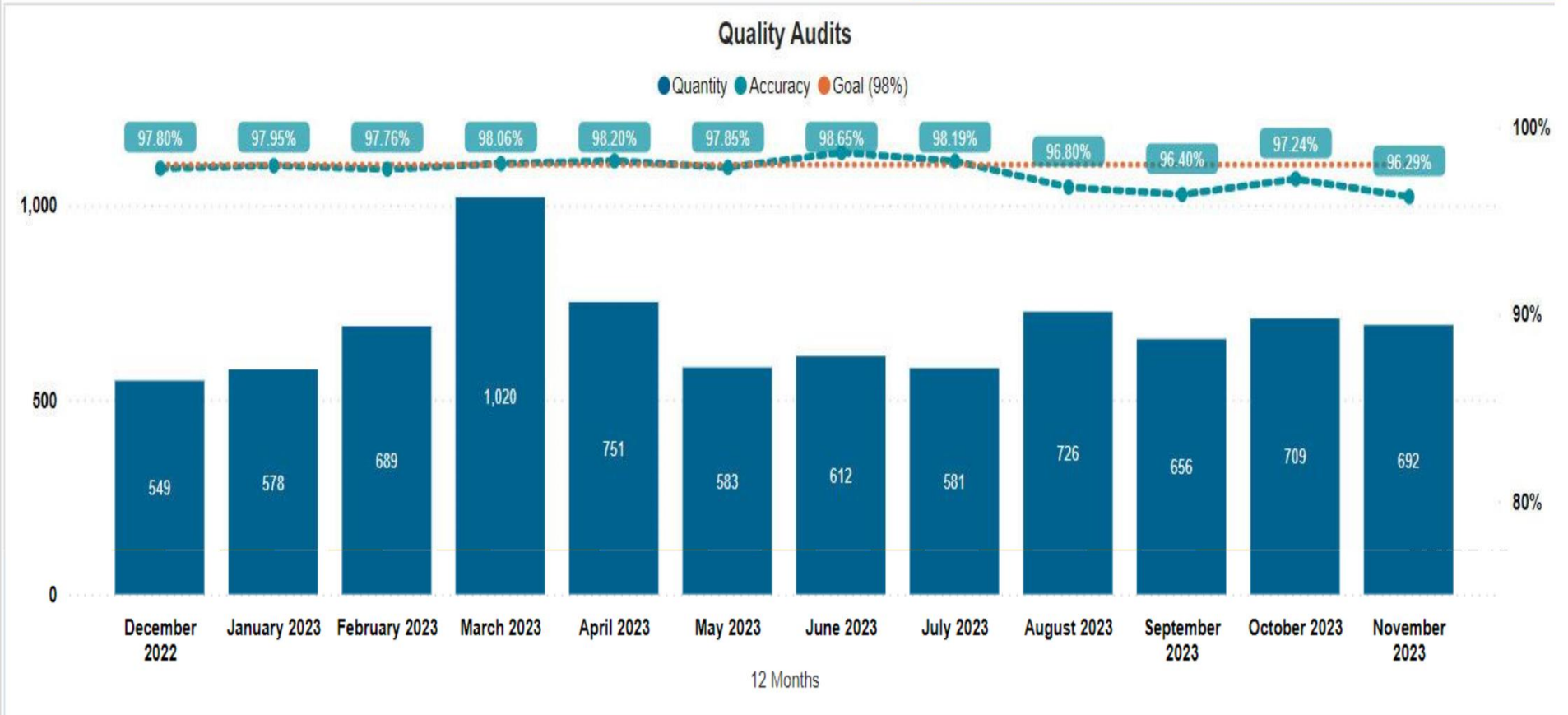
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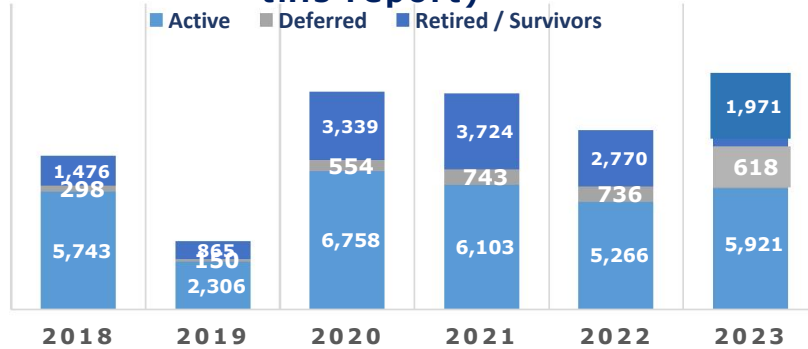


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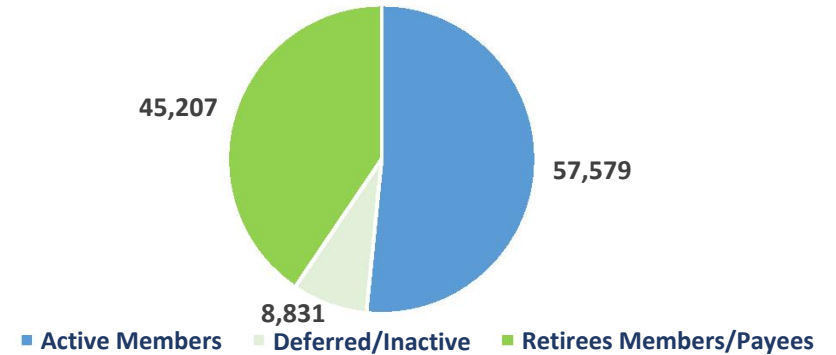
Serving Members Through LACERA.com and MyLACERA

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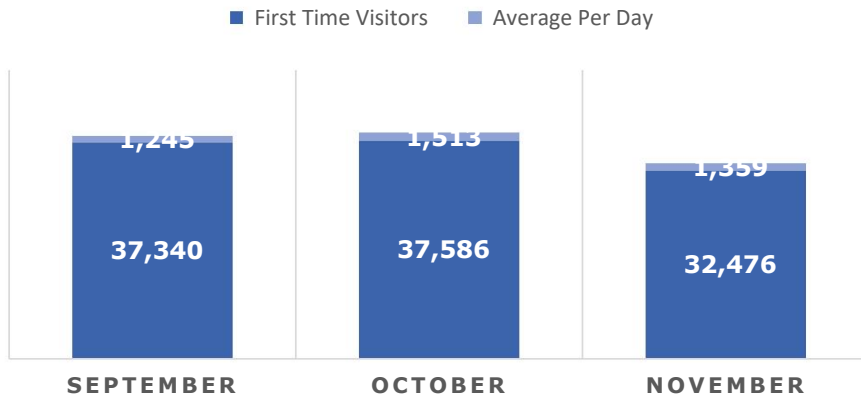


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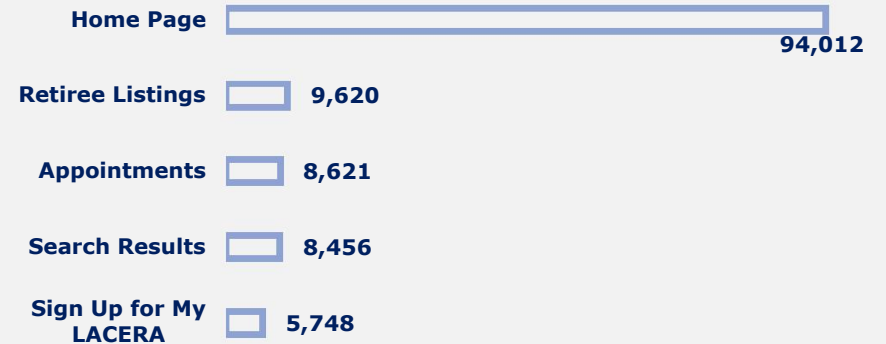
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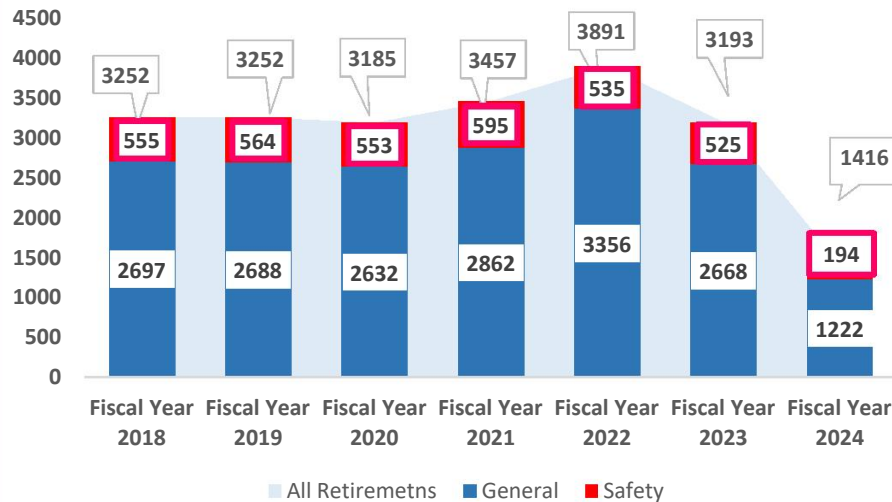


# Member Snapshot

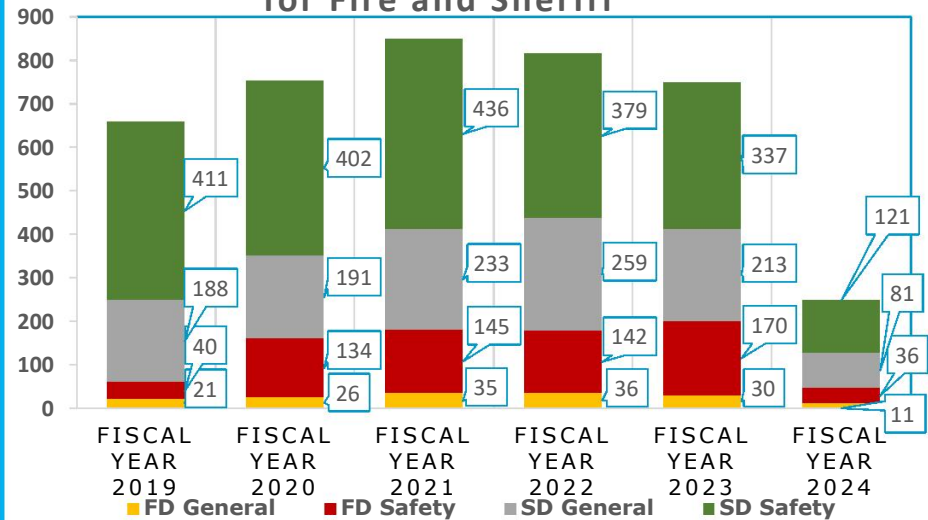
Membership Count as of: December 15, 2023

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	44	-	11	32	11,612	920	154	4,022	16,795
PLAN B	11	-	5	3	562	39	7	75	702
PLAN C	13	-	5	8	357	38	7	66	494
PLAN D	33,237	114	4,482	3,282	19,216	2,026	448	2,051	64,856
PLAN E	12,670	9	2,860	87	15,516	-	-	1,677	32,819
PLAN G	19,820	19,077	1,762	6,951	273	32	7	28	47,950
<b>TOTAL GENERAL</b>	<b>65,795</b>	<b>19,200</b>	<b>9,125</b>	<b>10,363</b>	<b>47,536</b>	<b>3,055</b>	<b>623</b>	<b>7,919</b>	<b>163,616</b>
<b>Safety</b> PLAN A	-	-	2	2	1,799	2,365	25	1,641	5,834
PLAN B	7,330	74	566	228	3,306	4,689	55	431	16,679
PLAN C	2,758	2,454	139	541	11	18	-	3	5,924
<b>TOTAL SAFETY</b>	<b>10,088</b>	<b>2,528</b>	<b>707</b>	<b>771</b>	<b>5,116</b>	<b>7,072</b>	<b>80</b>	<b>2,075</b>	<b>28,437</b>
<b>TOTAL ALL TYPES</b>	<b>75,883</b>	<b>21,728</b>	<b>9,832</b>	<b>11,134</b>	<b>52,652</b>	<b>10,127</b>	<b>703</b>	<b>9,994</b>	<b>192,053</b>

Total Retirements Compared by Type



General vs. Safety Retirements for Fire and Sheriff





# Member Snapshot

## Average Monthly Benefit Allowance Distribution 12/28/2023

	General	Safety	Total	%
\$0 to \$3,999	30,033	1,332	31,365	49.5%
\$4,000 to \$7,999	14,828	3,415	18,243	28.8%
\$8,000 to \$11,999	4,380	4,281	8,661	13.7%
\$12,000 to \$15,999	1,255	2,454	3,709	5.9%
\$16,000 to \$19,999	428	553	981	1.5%
\$20,000 to \$23,999	127	154	281	0.4%
\$24,000 to \$27,999	35	52	87	0.1%
> \$28,000	32	8	40	0.1%
<b>Totals</b>	<b>51,118</b>	<b>12,249</b>	<b>63,367</b>	<b>100%</b>

## Average Monthly Benefit Amount:

\$ **4,882.00**

### Healthcare Program

(Mo. Ending:11/30/2023)

	Employer	Member
Medical	\$266.5	\$18.8
Dental	\$20.7	\$1.9
Part B	\$38.7	\$0.0
<b>Total</b>	<b>\$325.9</b>	<b>\$20.7</b>

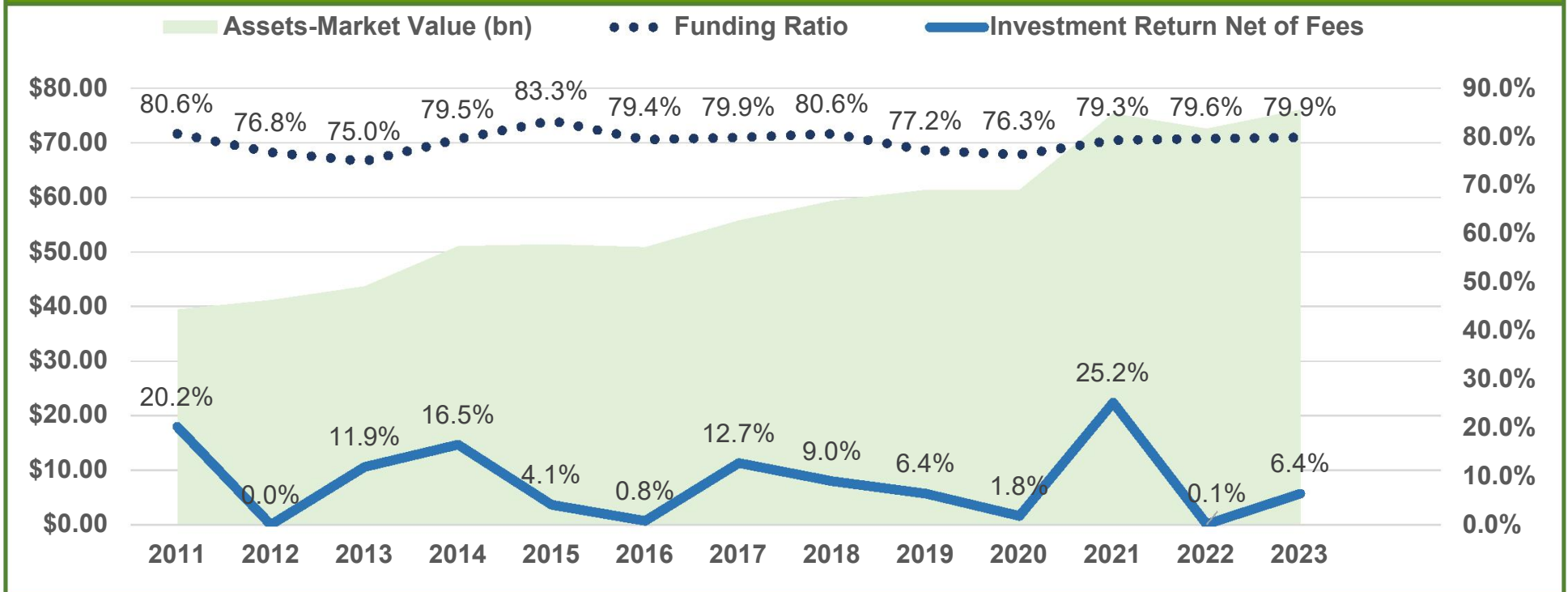
### Health Care Enrollments

(Mo. Ending:11/30/2023)

Medical	55,592
Dental	57,554
Part B	38,361
LTC	476
<b>Total</b>	<b>151,983</b>

## KEY FINANCIAL METRICS

Fiscal Year End Financial Update (as of 06/30/2023)







# 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 6/30/23)

Employer NC	11.01%
UAAL	14.87%
Assumed Rate	7.00%
Star Reserve	\$612m
Total Assets	\$73.9b

### Contributions

(as of 6/30/23)

	Employer	Member
Annual Add	\$2.3b	\$793.2m
% of Payroll	25.88%	8.37%

### Investment Returns

(as of 6/30/23)

(Net of Fees)

<b>5 YR:</b>	7.6%	<b>10 YR:</b>	8.1%
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### Retired Members Payroll

(As of 11/30/2023)

Monthly Payroll	\$372.56m
Payroll YTD	\$1.9b
New Retired Payees Added	328
Seamless %	97.87%
New Seamless Payees Added	1,570
Seamless YTD	97.01%
By Check %	2.00%
By Direct Deposit %	98.00%

### RETIREE PAYROLL BY YEAR



Date	Conference
<b>January, 2024</b>	
21-22	NCPERS (National Conference on Public Employee Retirement Systems) Pension Communications Summit Washington D.C.
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>February, 2024</b>	
15	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual
<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
18-21	2024 Infrastructure Investor Global Summit Berlin, Germany
21-22	PREA (Pension Real Estate Association) Spring Conference Nashville, TN
27-29	CALAPRS (California Association of Public Retirement Systems) Advanced Principles of Pension Governance for Trustees at UCLA Los Angeles, CA
<b>April, 2024</b>	
4-5	IFEBP (International Foundation of Employment Benefit Plans) Health Care Mgmt. Conference Rancho Mirage, CA

Date	Conference
<b>April, 2024</b> 15-19	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
<b>May, 2024</b>	
3	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Virtual
6-7	IFEBP (International Foundation of Employment Benefit Plans) Washington Legislative Update Washington D.C.
7-10	SACRS Spring Conference Santa Barbara, CA
18-19	NCPERS (National Conference on Public Employee Retirement Systems) Trustee Educational Seminar (TEDS) Seattle, WA
18-19	NCPERS (National Conference on Public Employee Retirement Systems) Accredited Fiduciary (NAF) Program Seattle, WA
19-22	NCPERS (National Conference on Public Employee Retirement Systems) Annual Conference & Exhibition (ACE) Seattle, WA
29-30	thINc360 – The Healthcare Innovation Congress (formerly World Healthcare Congress) Washington D.C.
<b>June, 2024</b>	
10-12	National Association of Securities Professionals (NASP) Annual Financial Services Conference Atlanta, GA
11-13	AHIP (America’s Health Insurance Plans) 2024 Las Vegas, NV
17-19	NCPERS (National Conference on Public Employee Retirement Systems) Chief Officers Summit Nashville, TN
21	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Northern California - TBD
<b>July, 2024</b>	
10-12	Pacific Pension Institute (PPI) Summer Roundtable Amsterdam, Netherlands

Date	Conference
<b>July, 2024</b>	
15-17	ICGN 2024 Annual Conference London, England
<b>August, 2024</b>	
18-20	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension Funding Forum Boston, MA
<b>September, 2024</b>	
9-11	Council of Institutional Investors (CII) Fall Conference Brooklyn, NY
24-26	NCPERS (National Conference on Public Employee Retirement Systems) Public Pension HR Summit Denver, CO
<b>October, 2024</b>	
6-9	National Association of Corporate Directors (NACD) Directors Summit 2024 Gaylord National Harbor, Washington D.C.
11	CALAPRS (California Association of Public Retirement Systems) Round Table – Trustees Northern California - TBD
14-18	Investment Strategies & Portfolio Management Wharton School, University of Pennsylvania
23-25	PPI Asia Pacific Roundtable Hong Kong
23-25	PREA (Pension Real Estate Association) Annual Institutional Investor Conference Washington D.C.
23-25	Pacific Pension Institute (PPI) Asia Pacific Roundtable Hong Kong
26-27	NCPERS (National Conference on Public Employee Retirement Systems) Program for Advanced Trustee Studies (PATS) Palm Springs, CA
26-27	NCPERS (National Conference on Public Employee Retirement Systems) Accredited Fiduciary (NAF) Program Palm Springs, CA
27-30	NCPERS (National Conference on Public Employee Retirement Systems) Public Safety Conference Palm Springs, CA

Date	Conference
<b>November, 2024</b>	
10-13	IFEBP (International Foundation of Employment Benefit Plans) Annual Employee Benefits Conference San Diego, CA
12-14	Institutional Limited Partners Association (ILPA) General Partner Summit New York, NY
12-15	SACRS Fall Conference Monterey, CA
<b>December, 2024</b>	
6	CALAPRS (California Association of Public Retirement Systems) Round Table – Benefits Virtual



**QUIET PERIOD LIST FOR  
TRUSTEES AND STAFF**

Last Update 12/26/2023

**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	Contract Development	<ul style="list-style-type: none"><li>• Audit and Risk Management Services</li><li>•</li></ul>
<b>RFP: Policy Management Solution</b>	Executive Office	2/3/2023	Soliciting Process	<ul style="list-style-type: none"><li>• Compass 365</li><li>• AuditBoard</li><li>• LogicGate</li><li>• Workiva (Wdesk)</li></ul>
<b>RFB: Classification and Compensation Study Services</b>	Human Resources	8/24/2023	Contract Development	<ul style="list-style-type: none"><li>• CBIZ</li><li>• CPS-HR</li><li>• McLagan</li><li>• Global Governance Advisors</li></ul>

\*Subject to change



**QUIET PERIOD LIST FOR  
TRUSTEES AND STAFF**

Last Update 12/26/2023

**INVESTMENTS**

<b>Solicitation Name</b>	<b>Public Release Date</b>	<b>Solicitation Stage*</b>	<b>Bid Respondents *</b>
<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>


\*Subject to change



January 2, 2024

TO: Trustees – Board of Investments

FROM: Real Assets Committee

James Rice, CFA   
Principal Investment Officer

FOR: January 10, 2024 Board of Investments Meeting

SUBJECT: **REAL ASSETS STRUCTURE REVIEW**

### **RECOMMENDATION**

Approve the Real Assets Structure Review (**Attachment A**) including initiatives, guidelines, and recommendations throughout the document as well as those summarized on slides 34-38.

### **BACKGROUND**

In December 2023, the Real Assets Committee (“Committee”) unanimously approved a recommendation (**Attachment A**) that the Board of Investments approve the Real Assets Structure Review. This structure review (**Attachment A**) recommends the continuation of the program to invest in private Infrastructure and Natural Resources assets through funds, co-investment vehicles, and secondary purchases. Over the next three to five years these private assets are expected to largely replace the existing public market equities and commodities portfolios in the Infrastructure and Natural Resources categories.

### **OPTIONS AVAILABLE TO THE BOARD**

The Board may wish to approve, modify, or reject the recommendation.

### **DELIBERATIONS AND OPINIONS EXPRESSED BY THE COMMITTEE**

The Committee suggested further discussing the market themes for Real Assets and the related investment opportunities for LACERA. Slides 7 & 8 added to **Attachment A** discuss the market and investment opportunities.

### **RISKS OF ACTION AND INACTION**

LACERA’s real assets category, created in 2018, has been on a transition from public markets investments to private markets investments. This structure review recommends



the continuation of the program to invest in private Real Assets through funds, co-investment vehicles, and secondary purchase. A private markets structure will better meet LACERA's risk/return and diversification objectives.

The risk of inaction is that the real assets portfolio may continue to have uncompensated risks and may not achieve its objectives.

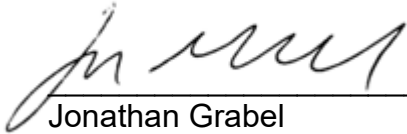
### CONCLUSION

The Committee unanimously approved this recommendation that LACERA adopt the proposed Structure Review.

LACERA's consultants, Albourne and Meketa, reviewed the structure review and are in support of the recommendation. Albourne's concurrence memo is included as **Attachment B** and Meketa's concurrence memo is included as **Attachment C**.

#### Attachments

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



## Real Assets

## Structure Review

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Board of Investments

January 10, 2024

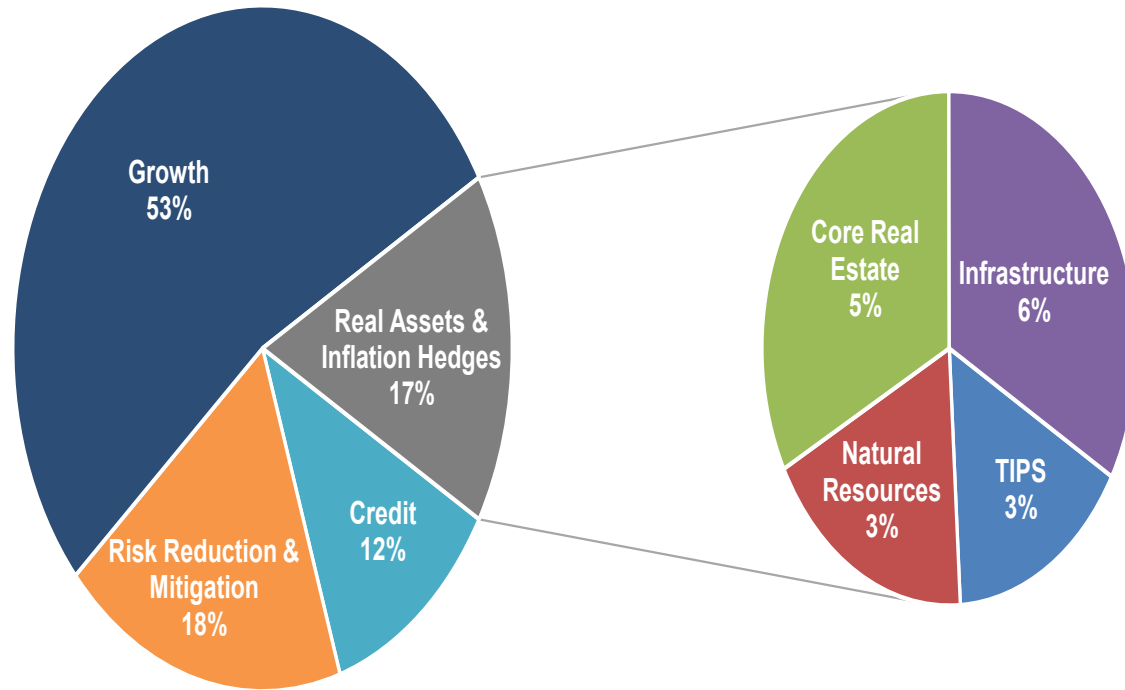
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# Real Assets: Portfolio Composition



Asset Class	Allocation	Policy Target	Over/Under	Target Range +/-	Target Range %	Benchmark
<b>Real Assets &amp; Inflation Hedges</b>	<b>16.5%</b>	<b>17%</b>	<b>(0.5)%</b>	<b>+/- 3%</b>	<b>14-20%</b>	<b>Custom Blend</b>
Core Real Estate	5.4%	6%	(0.6)%	+/- 3%	3-9%	NFI ODCE (three-month lag)
Infrastructure	5.5%	5%	0.5%	+1/- 3%	2-6%	Dow Jones Brookfield Global Infrastructure Composite
Natural Resources / Commodities	3.0%	3%	0.0%	+/- 2%	1-5%	33% Bloomberg Commodity / 66% S&P Global Natural Resources
TIPS	2.6%	3%	(0.4)%	+/- 3%	0-6%	Bloomberg Barclays U.S. TIPS

Note: Allocation weights are as of September 30, 2023; private assets based on latest asset valuation including any actual cash flows.



## Core Real Estate

- Capital preservation and stable yields from rents
- Hard assets provide inflation protection
- Diversified sources of returns less correlated with growth assets
- Non-core also provides Growth returns

## Natural Resources & Commodities

- Diversification, income generation, and inflation hedging
- Farmland and agriculture less correlated to broader markets, and income generators
- Energy Transition and mining are diversifiers with some inflation hedging

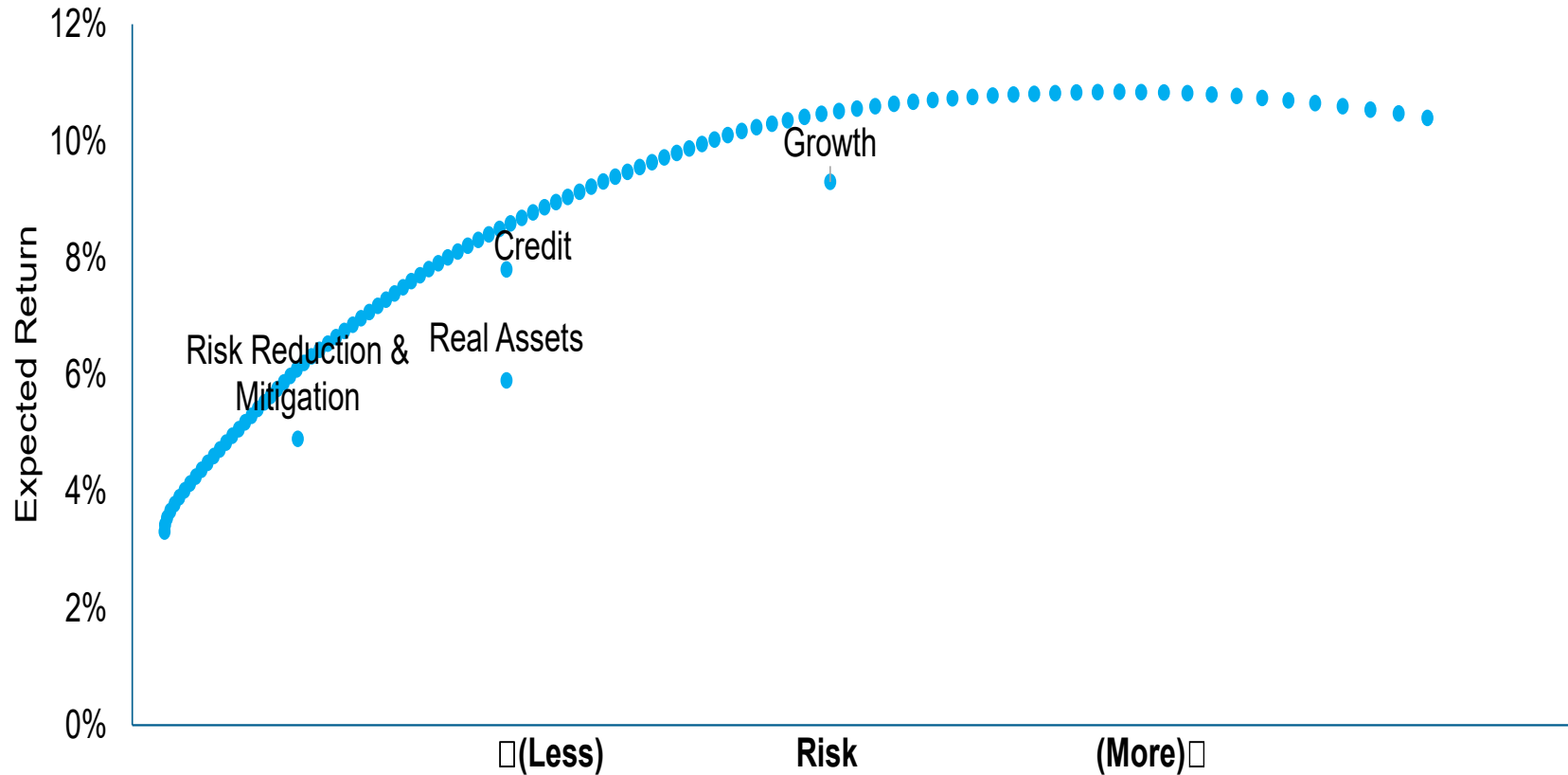
## Infrastructure

- Core: generate yield with highly contracted revenues to limit downside across market environments
- Non-core: growth opportunities across energy/utilities, transportation, communications and social infrastructure

## TIPS

- Inflation hedge through public markets
- Diversification benefits with inflation-linked and interest rate exposure
- Generates income

# Real Assets: Portfolio Role



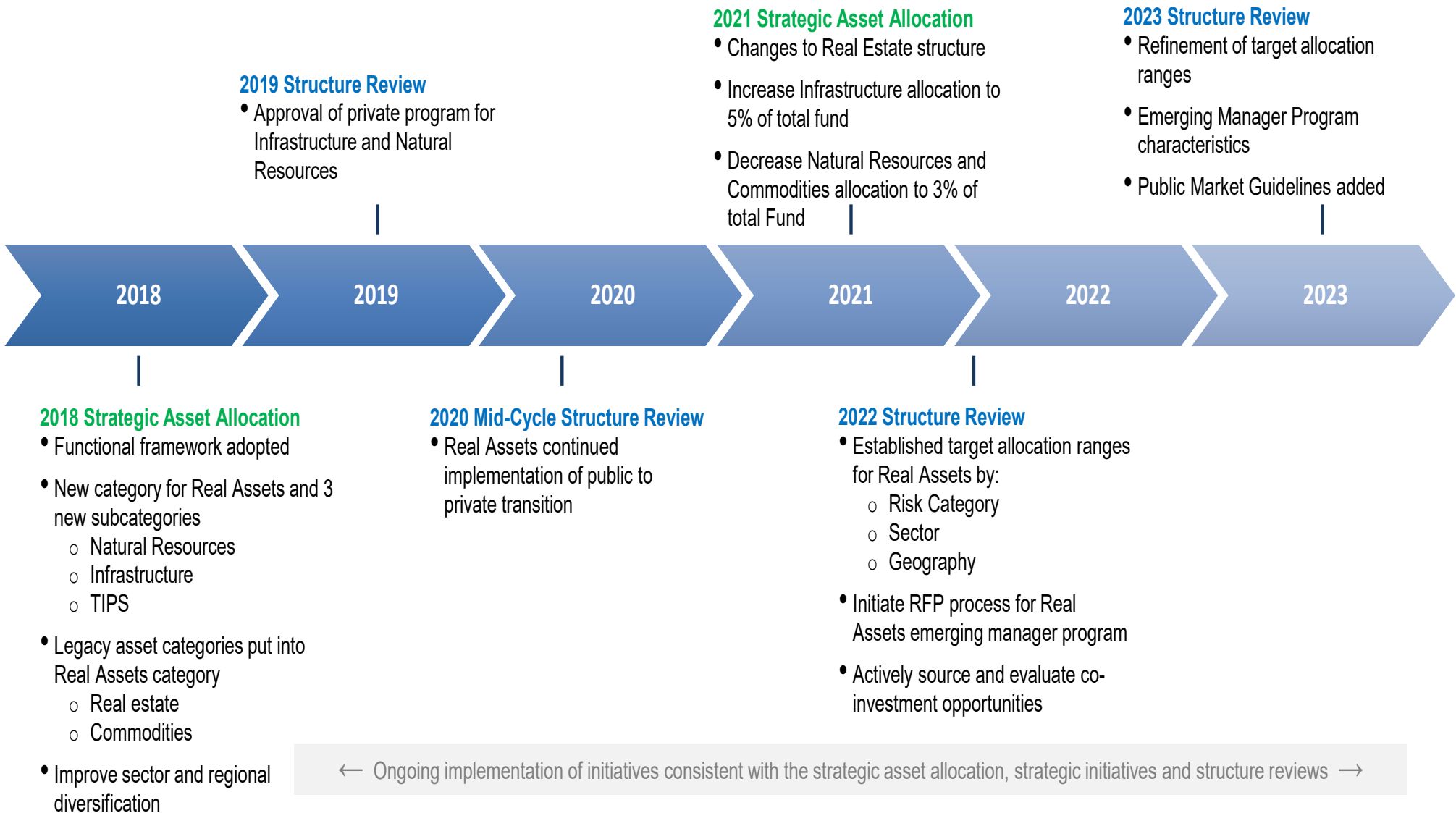
- Diversify exposure to growth assets to mitigate portfolio downside risk
- Provide consistent yield for the broader portfolio
- Hedge the risk of inflation with investments in physical or inflation-linked assets

Source: Meketa, Data from the asset allocation study.

# Real Assets: Portfolio Timeline



## Real Assets functional category at LACERA





## Energy Security

Due to the ongoing conflict between Ukraine and Russia, commodity prices have increased. Reliance on Russian oil, gas, coal, minerals, and fertilizer throughout the globe has suddenly come under increased scrutiny and stress. However, the current link between Russian commodities and the rest of the world remains high. Reevaluating Energy sources and supply chains will remain an increased focus for the years to come, as regions will focus more on gaining long-term Energy independence.

## Food Security

Elevated global tensions continue to stress agricultural supply chains. Consequently, food security is once again top of mind. Russia and the Ukraine are major suppliers of agricultural commodities to Asia. The rising input costs such as fertilizers and energy are expected to put further inflationary pressures on key consumer staples. The impact of this has been a greater focus on food sources and food processing.

## Inflation & Interest Rates

Real Assets held up through the recent period of rising inflation; however, going forward, inflation continues to moderate while Central Banks remain committed to higher rates for longer. An environment with moderate inflation and higher rates could put downward pressure on returns, which could be further magnified by higher debt costs and tightening lending standards.



# Real Assets: Investment Opportunities



Opportunity	Target Returns (Net IRR)	Portfolio Objectives				Market Risks			
		Inflation Protection	GDP Capture	Income Generation	Diversification	GDP	Inflation	Commodity	Leverage
Infrastructure Adjacent Strategies	15% - 20%	X	✓	X	✓	H	L	L	H
Energy Transition Strategies	10% - 20%	--	✓	X	✓	M	M	L	L
Mining Royalties & Streams	12% - 17%	✓	--	✓	✓	M	L	H	L
Digital Infrastructure Specialists	10% - 17%	--	--	X	✓	L	M	L	H
Mid Market Infrastructure	10% - 15%	✓	✓	X	✓	M	L	L	M

Opportunity	Description
Infrastructure Adjacent Strategies	Also called 'Opportunistic Infrastructure', this is an emerging segment that could be defined as next generation infrastructure assets, companies providing infrastructure-like cash flows, or infrastructure services companies. These companies are likely to offer some but not all infrastructure characteristics that investors would typically seek and are not necessarily appropriate for traditional infrastructure funds. In exchange for higher growth potential, investments could be more exposed to development, technology, and commercial risks.
Mining Royalties & Streams	Mining royalties and streams are non-dilutive forms of financing where mining companies sell future production or revenue interests in return for an up-front cash payment, usually at a discounted value to expected future cash flows of the stream or royalty interest.
Digital Infrastructure Specialists	These sector specialists focus on the infrastructure assets supporting telecommunication networks, which can include towers, fiber, data centers, spectrum, etc. Accelerating mobile and fixed internet speeds combined with rising global demand for data storage, processing transmission, and connectivity underpin the requirement for upgrades to these infrastructure assets. The sector has proved to be broadly resilient and uncorrelated to broader economic cycles to date. Despite increased competition and upward pricing pressure within certain sub-sectors, global demand for digital infrastructure assets remains strong.
Mid Market Infrastructure	Infrastructure AUM is increasingly concentrated with fewer managers, with successful managers rapidly moving upmarket in recent years. There may be a significant opportunity for funds focusing on the middle market, as a result of a deeper pool of opportunities, more fragmented markets, fewer sponsor-held companies, and more liquid exit markets. With smaller companies, managers with active ownership approaches may be able to utilize a wider range of value creation techniques.
Energy Transition Strategies	These opportunities focus on investments across multiple subsectors that contribute to the global transition to a net-zero carbon emissions economy. Strategies in this category are expected to rely on existing and developing technologies that are poised for commercial viability/scalability.

Source: Albourne.



## ESG in Real Assets

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ESG evaluation to ensure a sustainable rate of return over the long-term life of private investments

## Manager Assessment

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Evaluated at entry and monitored on:

- Manager's investment process incorporate material ESG factors
- Manager resources for ESG monitoring
- Operating assets to high ESG standards
- Transparency of ESG related reporting

## Monitoring & Future

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- Evaluation tools include LACERA specific DDQ questionnaires, and ESG evaluation
- ESG results incorporated into manager scorecard
- ESG risk measures in new LACERA risk system
- Side letters related to ESG issues
- LPAC role to monitor ESG
- Responsible Contractor Policy
- Climate-related portfolio analytics to measure risk and opportunities related to energy transition and climate change



# Real Assets (Ex Real Estate)

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## Role for Real Assets is Diversification, Income Generation, and Inflation Hedging

### Objectives

- Investments sensitive to inflation
- Assets less dependent on GDP growth
- Return from yield and capital appreciation/multiple expansion
- Contracted revenues with reliable counterparties

### Maintain market exposure

- For sub-asset categories, use public market Completion Portfolio and commodities in private transition implementation.

### Diversify by Vintage year

- Steady private commitment deployment



### Focus on Fees

- Seeking lower cost entries into private assets
- Open ended core structures
- Anchor investor terms
- Low or no cost co-invests
- Secondary purchase at discount to NAV

### Energy Transition Aware

- Avoid stranded asset risk
- Seek attractive emerging investment opportunities

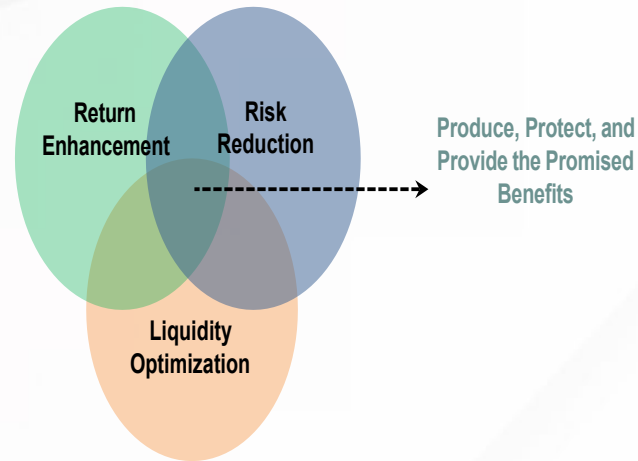
### Intentional Portfolio Structure

- Incorporating a variety of investment types and vehicles
- Active management implementation in public markets portfolios in commodities, infrastructure, and natural resources
- Public markets exposure includes passive exposure to TIPS

# Real Assets Strategic Considerations



Real Assets Structure is aligned with strategic initiatives focused on **operations**, **investments**, **governance**, **terms**, and **diversity**



Enhance Operational Effectiveness

Optimize Investment Model

Maximize Stewardship and Ownership Rights

Strengthen Influence on Fees and Cost of Capital

LACERA T.I.D.E.

## Recommendation advances strategic initiatives

Internal committee process for approval of all investments

Combination of fund investments, co-investments, and secondaries

Participation in LPACs and co-investments, with greater voice in fund investments

Investment structures impact fees paid

Evaluation of fund DEI initiatives and Emerging Manager program aligned with TIDE

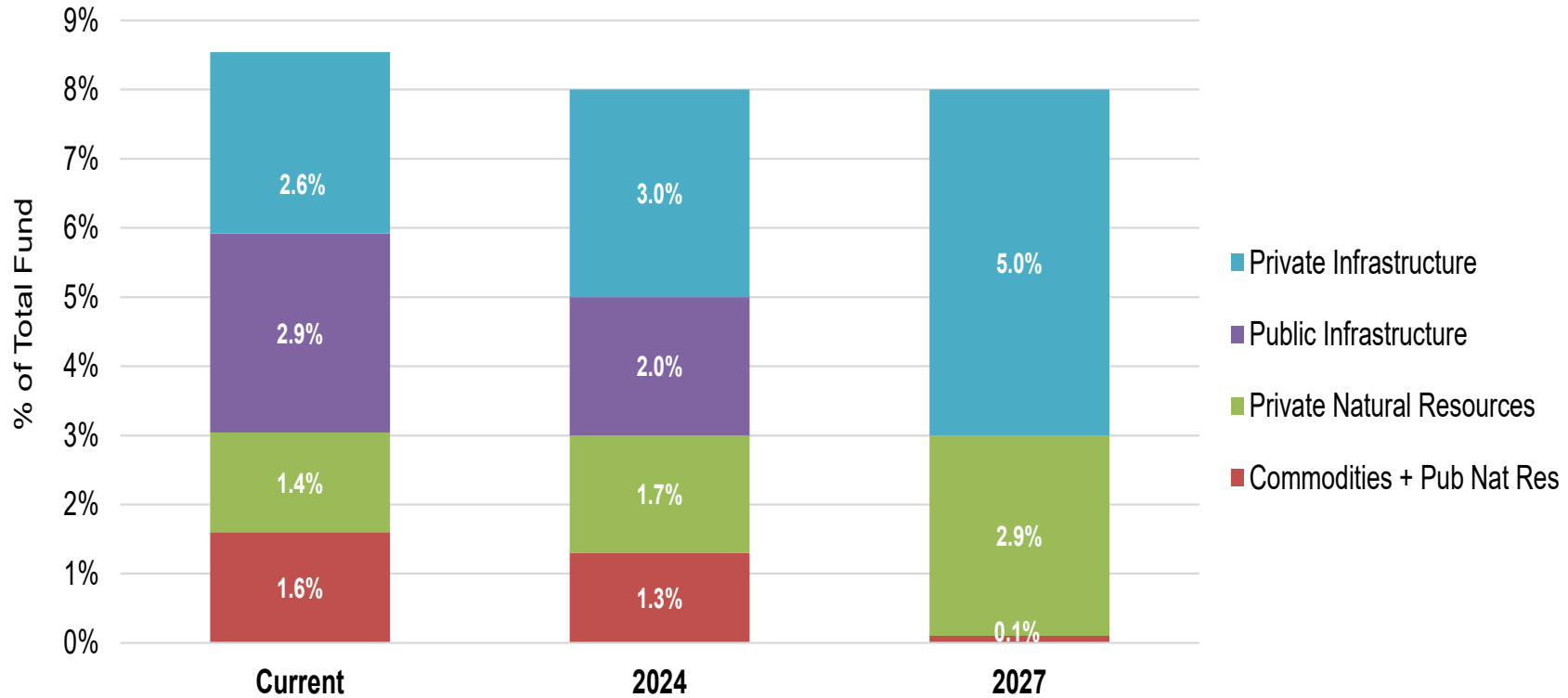
# Real Assets ex Real Estate: Structural Plan Steps



- Real Assets program has evolved with increased structural complexity and risk-adjusted return expectations
  - 22 commingled funds with \$3.9B in committed capital
  - Co-investments in select deals and innovative pre-structured co-invest vehicles
  - Executed four separate secondary investments in developed farmland

Increased complexity and risk-adjusted return expectations over time

# Real Assets ex Real Estate: Transition to Private



- Public markets Completion Portfolio role initiated in 2019, in maintaining exposures in transition towards private assets
- Public markets exposure will slowly decline as private assets increase, and expected to sunset by 2027

# Completion Portfolio and Commodities: Role and Construction



## Structural Role

- In 2018, Asset category for Real Assets created, including legacy Commodities portfolio
- In 2019, Completion Portfolio created to provide for investment in Infrastructure and Natural Resources Allocation while Private Asset Commitments are being made.
- Provide for a liquid source of investment to be brought down while private investments are funded

## Construction

### Completion Portfolio

Public Infrastructure Equities in energy/utility, transportation/transmission, and telecom sectors

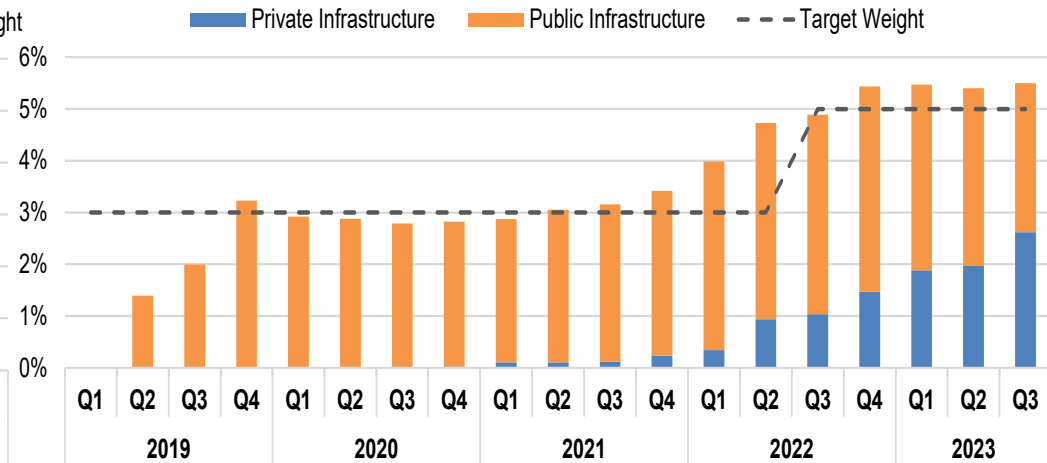
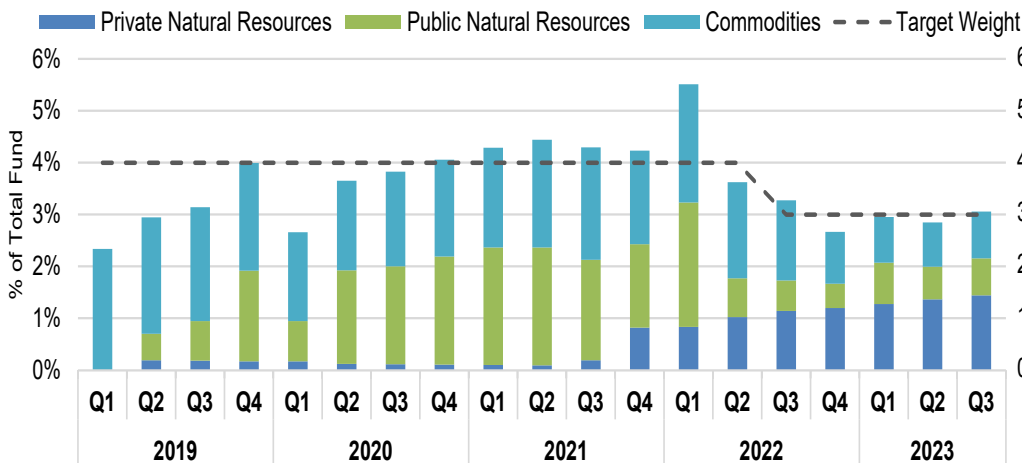
Public Natural Resource Equities in agricultural, metals/mining and energy/oil and gas sectors

### Commodities portfolio in Natural Resources Sub-Asset Category

Public market futures portfolio in commodity sectors of energy, livestock, agricultural products, industrial and precious metals

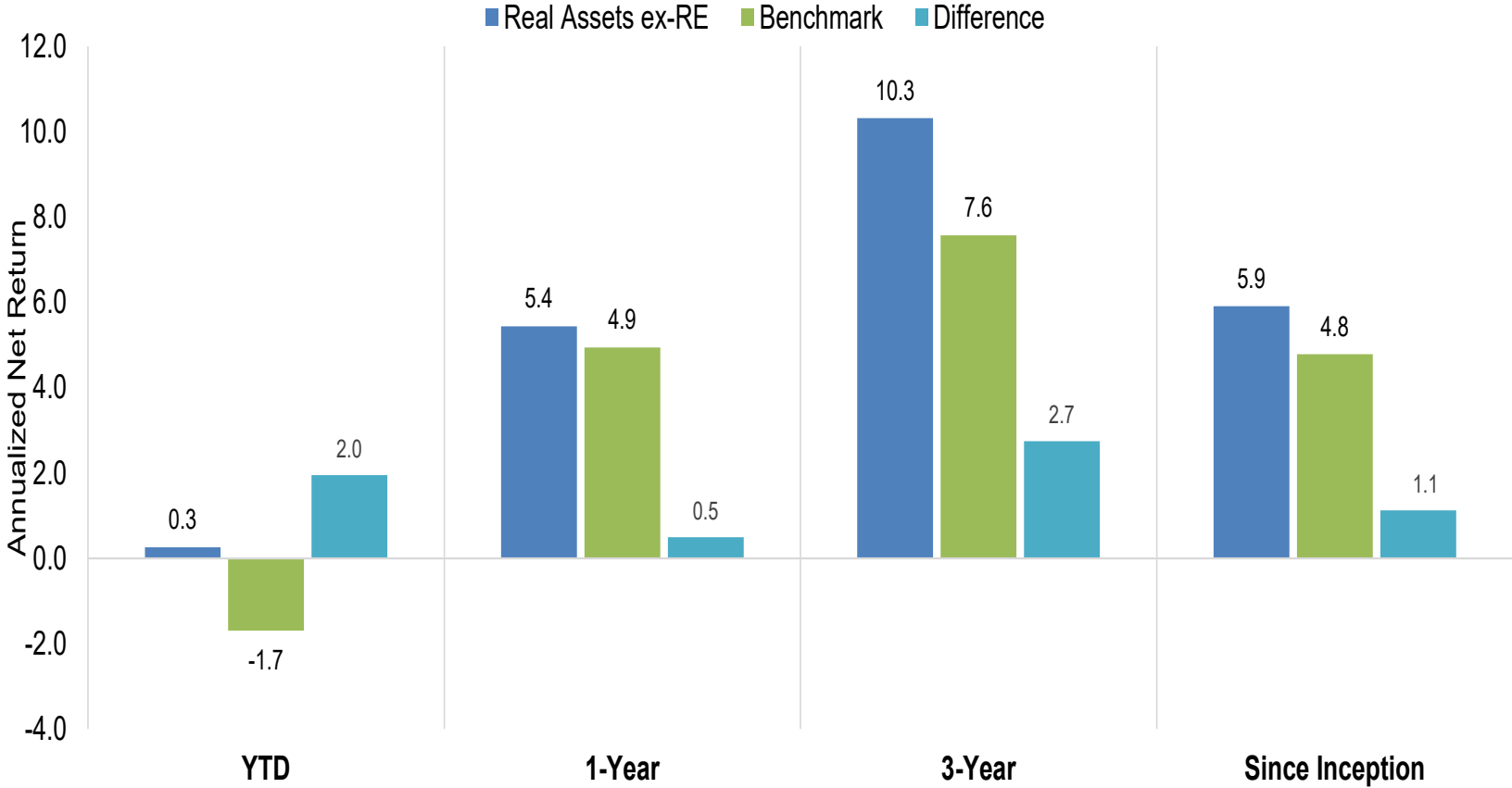
## Implementation Notes

- Allocation to public markets is adjusted periodically as private NAV increases to maintain overall allocation to current strategic target weights of 5% to infrastructure and 3% to Natural Resources
- Completion Portfolio and commodities are expected to be reduced and eliminated over time as private markets assets reach full deployment in approximately 3-5 years
- Benchmarks to public market portfolios may be modified in future to better complement existing private exposures





# Real Assets ex Real Estate: Performance



Note: Net Returns with YTD returns for Jan – Sep 2023, 1-yr, 3-yr, and since inception returns are annualized.

*Note: Current data as of September 30, 2023, Inception dates: Real Assets ex-Real Estate, April 1, 2019, Public Infrastructure June 1, 2019, and Public Natural Resources, April 1, 2019, TIPS, May 1, 2019.*

# Real Assets ex Real Estate: Performance (Cont'd)



## Performance vs. Benchmark (net-of-fees)

	% of Total Fund	3Q 2023	YTD	Annualized Net Return		
				1-Year	3-Year	Since Inception
<b>Real Assets ex-RE</b>	<b>11.1%</b>	<b>(1.5)</b>	<b>0.3</b>	<b>5.4</b>	<b>10.3</b>	<b>5.9</b>
<i>Custom Benchmark</i>		(2.0)	(1.7)	4.9	7.6	4.8
Excess Return		0.5	2.0	0.5	2.7	1.1
<b>Public Infrastructure</b>	<b>2.9%</b>	<b>(6.9)</b>	<b>(5.5)</b>	<b>2.4</b>	<b>5.3</b>	<b>3.7</b>
<i>Dow Jones Brookfield Global Infrastructure Composite Index*</i>		(6.9)	(4.5)	4.5	5.8	1.8
Excess Return		0.0	(1.1)	(2.1)	(0.5)	1.9
<b>Private Infrastructure</b>	<b>2.6%</b>	<b>0.8</b>	<b>5.8</b>	<b>9.6</b>	<b>N/A</b>	<b>4.1</b>
<i>Dow Jones Brookfield Global Infrastructure Composite 3 mo. lag*</i>		(0.4)	12.3	0.8	N/A	7.1
Excess Return		1.2	(6.5)	8.8	N/A	(3.0)
<b>Public Natural Resources &amp; Commodities</b>	<b>1.6%</b>	<b>4.0</b>	<b>(3.2)</b>	<b>2.6</b>	<b>17.3</b>	<b>8.0</b>
<i>2/3 S&amp;P Global Natl Res. 1/3 Bloomberg Commod. Idx**</i>		3.9	(1.1)	10.8	18.1	8.8
Excess Return		0.0	(2.1)	(8.1)	(0.7)	(0.8)
<b>Private Natural Resources</b>	<b>1.4%</b>	<b>2.8</b>	<b>14.7</b>	<b>15.9</b>	<b>10.2</b>	<b>(3.7)</b>
<i>2/3 S&amp;P Gbl Natl Res. 1/3 Bberg Commod. Idx 3 mo. lag**</i>		(3.6)	8.4	7.0	20.1	13.1
Excess Return		6.4	6.3	8.9	(9.9)	(16.8)
<b>TIPS</b>	<b>2.6%</b>	<b>(2.6)</b>	<b>(0.8)</b>	<b>1.3</b>	<b>(2.0)</b>	<b>1.6</b>
<i>Bloomberg Barclays U.S. TIPS</i>		(2.6)	(0.8)	1.2	(2.0)	1.7
Excess Return		0.0	0.0	0.1	(0.1)	(0.1)

## Performance Commentary as of 3Q 2023

- Real Assets (ex real estate) outperformed the benchmark in all periods shown and since inception
- Private assets in early stages of fund cycle detract from overall performance
- Private Natural Resources includes a legacy private energy fund Other private fund commitments started in past two years
- TIPS have been lowest performing benchmark segment over three-year period

Note: Current data as of September 30, 2023, Inception dates: Real Assets ex-Real Estate, April 1, 2019; Public Infrastructure June 1, 2019, and Public Natural Resources April 1, 2019; TIPS, May 1, 2019.

\* DJ Brookfield Infrastructure Idx prior to October 1, 2021.

\*\* 1/2 S&P Small Mid Natural Resources Commodities 1/2 Bloomberg Commodities Index January 1, 2019 through September 30, 2021, Bloomberg Commodities Index Prior to January 1, 2019.

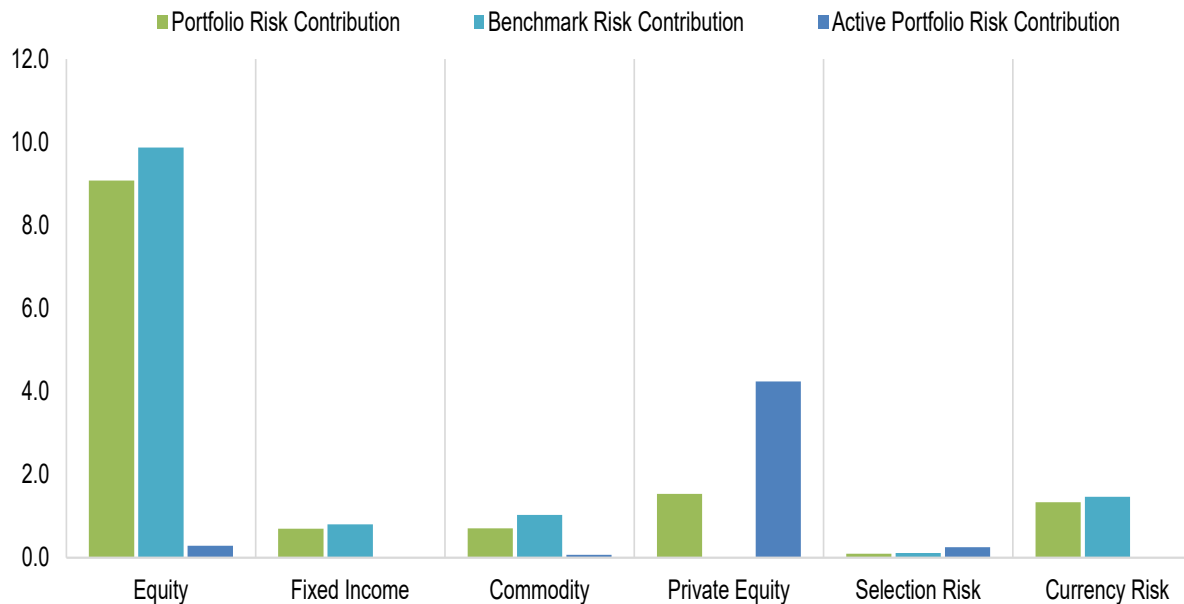
# Real Assets ex Real Estate: Forecast Active Risk



## Risk Allocation Selection

	Weight%	Benchmark Weight%	Active Weight%	Active Risk Contribution	Allocation Risk Cont.	Selection Risk Cont.	Standalone Active Risk
<b>Total Real Assets (Ex Real Estate)</b>				<b>4.9%</b>	<b>-0.1%</b>	<b>4.9%</b>	<b>4.9%</b>
Natural Resources and Commodities	28.0%	27.3%	0.7%	1.1%	0.0%	1.1%	4.9%
Infrastructure	47.1%	45.5%	1.7%	3.8%	0.0%	3.8%	8.3%
TIPS	24.9%	27.3%	-2.4%	0.0%	-0.1%	0.0%	0.1%

## Risk by Source



As of September 30, 2023. Source: MSCI Barra One.



# Real Assets: Infrastructure

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# Infrastructure: Role and Objectives



## Role

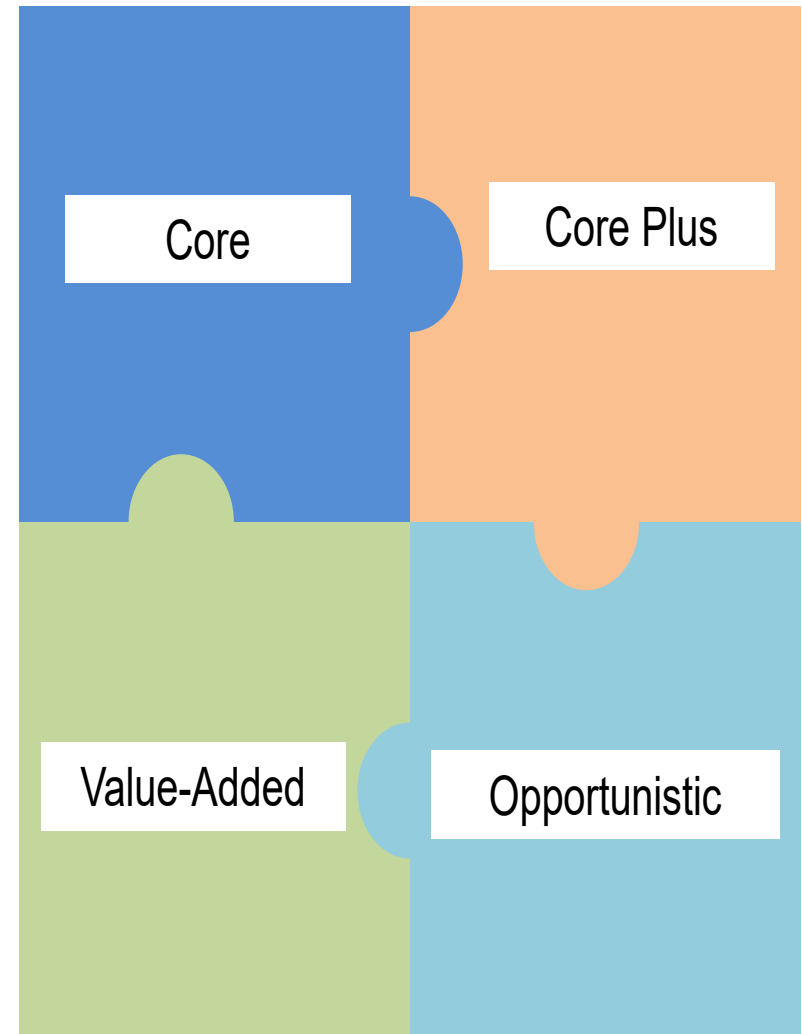
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- Diversification: more defensive than public equities
- Provide consistent income

## Objectives

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- Contracted and regulated assets to provide consistent returns less correlated to GDP growth
- Some potential allocation for higher-returning core plus, value added, opportunistic spectrum
- Co-investments and other structures for lower fees and more intentional allocation



# Infrastructure: Private Investments Structure



Sub-Category	Allocation Range	Target Deal Returns <sup>1</sup>	Net Fund Returns <sup>2</sup>	Asset Characteristics
Core/Core+	50 - 75%	6 - 12%	5 - 10%	Defensive, contracted assets, asset value based current yield
Non-Core	25 - 50%	11 - 20%	>10%	Balanced income/capital appreciation, regulatory protection

Industrial Sector	Examples
Energy	Power generation (renewables and conventional), energy services, district heating, transmission/distribution systems, storage facilities, midstream, water treatment, water distribution, water transportation, and waste treatment
Telecom	Fiber networks, communication towers, satellite systems, and data centers
Transportation	Toll roads, bridges, tunnels, airports, seaports, rail/transit, and parking facilities
Social	Availability based payment structures for hospitals, universities, and government buildings

- Infrastructure sub-categories differ based on risk premium and income generation
- With the rise in interest rates new capital deployment is expected to yield higher returns than historical capital once valuations have normalized thus average expectations for returns for the portfolio have come down
- Infrastructure investments will generally focus on equity within capital structure
- Current geographic focus: global funds targeting stable jurisdictions with stable currencies, i.e., mainly developed markets

*Note: These proposed Core/Non-Core ranges are targets. Given the nature of LACERA's strategy of larger initial core capital deployments in private infrastructure markets, the range of core vs. non-core may be breached in the near-term but will be rebalanced through future capital deployment. Likewise, sector and geographical allocation ranges could potentially be breached but this will be rebalanced with future allocations as the portfolio is still actively deploying new capital.*

<sup>1</sup> Source Albourne. Target Deal Returns are based on manager underwriting of deals in each respective strategy.

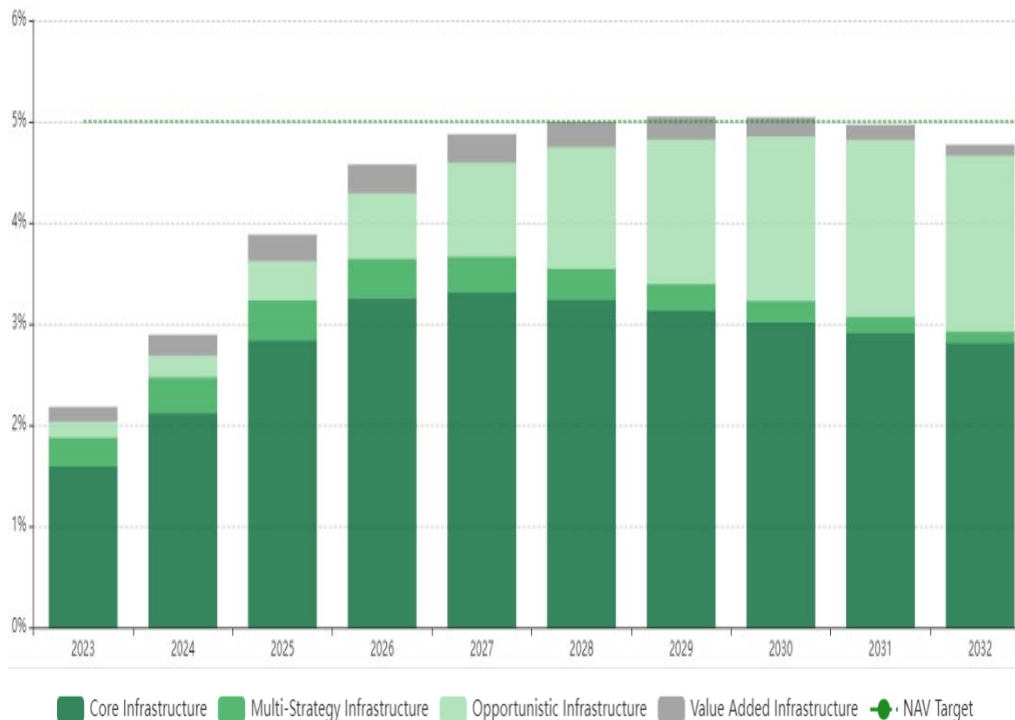
<sup>2</sup> Source Albourne. Expected Net Fund Returns are Albourne's estimated loss-adjusted IRRs, net of fees, for funds in each respective strategy.

# Infrastructure: Forecast NAV at Assumed Pacing

Allocation Target as % of Total Fund	NAV + Undeployed Commitments	NAV + Undeployed Commitments	Current NAV	SAA Target
	\$2.5Bn	3.4%	2.1%	5%

- Targeting 5% Private Infrastructure allocation by 2026

→ Goals: Hit target allocation in prudent time frame; reduce vintage year risk; avoid greatly overshooting target



## Core vs. Non-core Split

- Oversize core commitment through open-ended funds in early years (Currently 75% core vs 25% Non-Core):
  - Core deploys in two years (vs. five years for non-core)
  - Core has higher cash yield giving more flexibility for re-investment
  - Core enables to rebalance portfolio in later years through semi-annual to quarterly liquidity
- Non-core progressively becomes a larger portion of allocation mainly due to differences in return expectations (i.e., 7% for core vs. 10% for non-core)
- Core vs Non-core reaches 60/40 over the long term

Source: Albourne.



# Real Assets: Natural Resources/Commodities

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# Natural Resources Role and Objectives



## Role

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- Diversify broad equity risk
- Serve as inflation hedge
- Generate income

## Objectives

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- Provide returns less correlated with broader markets
- Generate income and / or stable capital appreciation
- Higher correlation to inflation



# Natural Resources: Opportunities



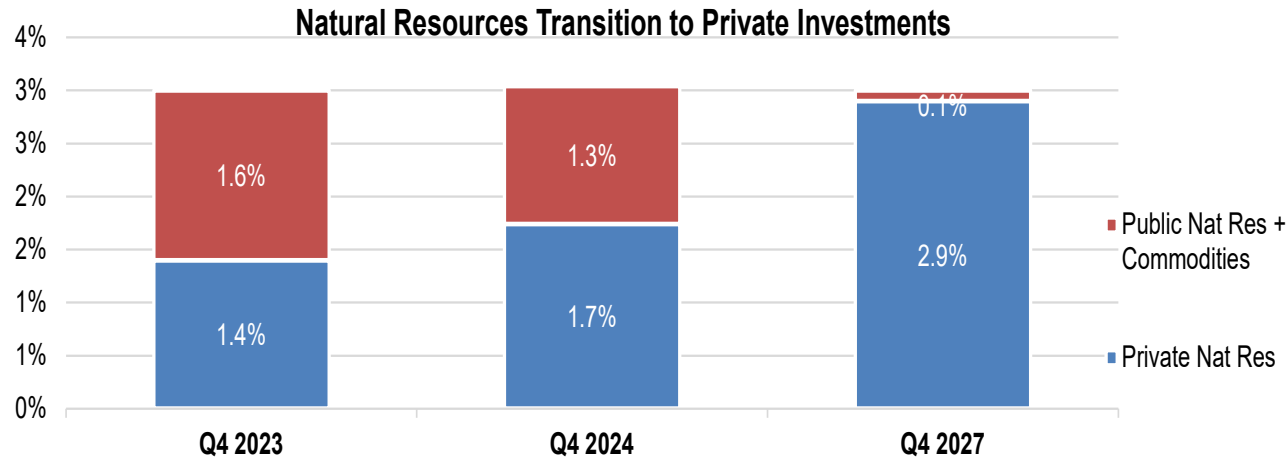
Segment/Sector Exposure	Energy	Mining	Agriculture & Farmland
Proposed Allocation Range	0 – 70%	15 – 70%	15 – 70%
Current Approved Range	0 - 60%	0 - 60%	0 - 60%
Private Markets Focus	Energy transition and low carbon investments	Private funds in Operating Projects or 2-3 years from development	Core Farmland, Agriculture (Farmland+), Agribusiness
Private Fund Returns <sup>1</sup>	11 – 16.5%	10 - 15%	6 - 12%
Public Markets	Exposure to natural resources public equity and commodity futures during transition to private markets		

changes

- Natural Resources at 3% of total LACERA Fund allocation
- Portfolio currently split across public 1.6% and private markets 1.4%
- Portfolio transitioning to primarily private by about 2027, exposure to public markets while private markets ramps up
- Natural Resource Private Strategies:
  - **Energy Transition:** Decarbonization / carbon reduction opportunities across industrial processes, fuels, innovative materials and processes, ranging from venture capital to late-stage growth and buyout.
  - **Mining:** Royalty / streaming, growth equity, and credit investments in junior mining companies
  - **Agriculture & Farmland:** Current farmland holdings (~\$600MM) core component, future investments primarily in Agriculture venture and private equity funds

<sup>1</sup> Source Albourne. Expected Net Fund Returns are estimated loss-adjusted IRRs (net of fees).

# Natural Resources: Modeled Transition to Private

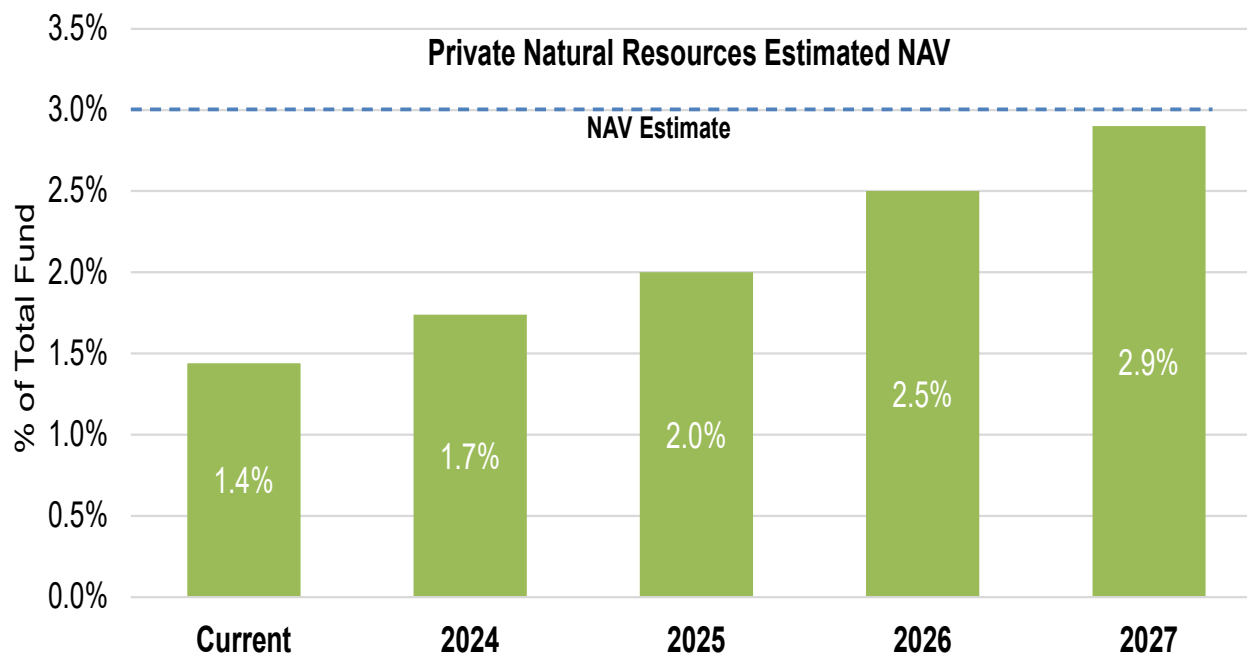


- Current natural resources portfolio about equally split between private and public markets
  - Public markets includes exposure to public natural resources (Energy, Mining, and Agriculture) and commodities
- Public portfolio expected to be replaced by primarily private commitments over next three to five years, to reach 3% allocation
- Broad public market Global Natural Resources equity and commodities benchmarks may be modified to more narrow sectors to complement development of private market portfolio over time
  - Public portfolios may be eliminated within three to five years

# Natural Resources: Pacing



- Albourne's pacing model suggests LACERA should be targeting the pacing plan to reach its 3% strategic target to Private Natural Resources by 2027
  - Pacing plan with assumptions on overall LACERA Fund and return assumptions for asset categories could potentially result in overshooting 3% past 2027, which will be monitored and adjusted over next three years
- Net Asset Value for Natural Resources reflects market value as of September 2023



Source: Albourne.



# Real Assets: TIPS

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# TIPS: Role and Objectives



## Role

- Inflation hedge through public markets
- Income generation through coupon payments
- Diversification benefits with inflation-linked and interest rate exposure

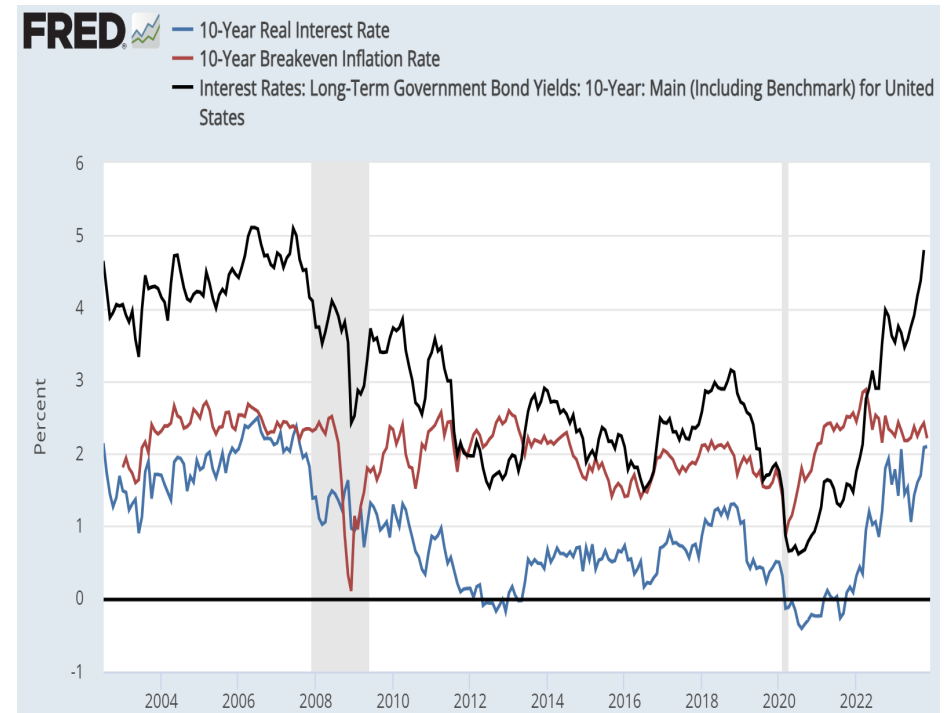
## Objectives

- Protection against unanticipated changes in inflation

## Implementation

- LACERA has a 3% target allocation to Treasury Inflation Protected Securities (“TIPS”)
- Invested through a passive index investment

## 10Y Nominal, Real Yields and Breakeven Inflation<sup>1</sup>



<sup>1</sup> Breakeven inflation measures the difference in the yield of a nominal US Treasury bond and the real yield of an equivalent-maturity inflation-protected bond (TIPS). It reflects an expectation at which the market is pricing inflation over the term of the securities.



# Real Assets: Next Steps

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# Emerging Manager Program



## Program

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- RFP process underway for selecting a manager to manage a Real Assets Separate Account program, at up to 10% of Real Assets allocation
- Program at up to \$400 MM of total commitments, with fund investments ranging from \$10MM - \$100MM, and on average \$50MM

## Objectives

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- Emerging managers identified as Funds I, II, or III or with less than \$1 billion in fund size<sup>1</sup>, tend to outperform more established fund managers
- Program can help LACERA establish a source of Funds for future commitments
- Manage consistent with LACERA's TIDE initiative and IPS

<sup>1</sup> The Emerging Manager program will strive to identify funds I, II, or III or with less than \$1 billion in size, and could invest in emerging manager funds on an exceptional basis for emerging funds that fall outside of these categories.





## What has Worked:



### Inflation Hedging, Diversification, and Exposure

- Real Assets one of the few asset categories that held up well during downturn of 2022
- Inflation sensitive exposure to segments in infrastructure and natural resources paid off in recent inflationary environment
- High correlation (beta) to public markets within Real Assets during down market and TIPS duration worked against portfolio

## Program Development:



### Assessment

- Real Assets portfolio halfway invested in private markets (\$3.9 billion in funds and \$240MM in co-investments), on path to transition to a full private markets portfolio in next three to five years
- Invested in co-investments, secondaries, and club deal structures with like-minded investors

## Future Initiatives:



### In Progress

- Benchmark review to reflect evolving public to private markets Real Assets portfolio to be evaluated during strategic asset allocation
- Incorporate Real Assets managers into Responsible Contracting Policy and GRESB affiliation
- RFP for emerging manager underway



# Real Assets: Investment Guidelines

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# Private Real Assets Existing & Proposed Investment Guidelines



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

Asset Class: Real Assets (Target Allocation 11% of Total Fund) – <u>Proposed</u> Guidelines, Private							
Sub-Asset Class	Infrastructure (5% Target +1%/-3%)				Natural Resources (3% Target +/-2%)		
Sector	Energy	Telecom	Transport	Social	Energy Transition	Mining	Agriculture & Farmland
Target Allocation Range	Core/Core+: 30%-70%	Core/Core+: 10%-50%	Core/Core+: 5%-25%	Core/Core+: 0%-20%	0-70%	15-70%	15-70%
Allocation Range	Core / Core+: 50-75%; Non-Core: 25-50%				-		
Geography	US & Canada: 25%-75%; Europe: 25%-75%; Other Developed: 0%-25%; Emerging Markets: 0%-20%				Global with non-OECD up to 40%		
Investment Size/Range	Minimum commitment size \$10 million						
Manager Diversification	Total committed amount to a single manager no greater than 30% of total exposure for Real Assets						
Fund Concentration	LACERA no more than 40% of total LP commitments for each fund						
Alternative Investment Vehicles	See following slide for real assets co-investment and secondaries program parameters						

Asset Class: Real Assets (Target Allocation 11% of Total Fund) – <u>Existing</u> Guidelines, Private							
Sub-Asset Class	Infrastructure (5% Target +1%/-3%)				Natural Resources (3% Target +/-2%)		
Sector	Energy	Telecom	Transport	Social	Energy Transition	Mining	Agriculture & Farmland
Target Allocation Range	Core/Core+: 35%-65%	Core/Core+: 10%-40%	Core/Core+: 5%-25%	Core/Core+: 0%-20%	0-60%		
Allocation Range	Core / Core+: 50-75%; Non-Core: 25-50%				-		
Geography	US & Canada: 25%-75%; Europe: 25%-75%; Other Developed: 0%-25%; Emerging Markets: 0%-20%				Primarily OECD, with select non-OECD exposures		
Investment Size/Range	Minimum commitment size \$10 million						
Manager Diversification	Maximum 30% of Total MV plus undrawn commitments						
Fund Concentration	LACERA no more than 40% of Total LP commitments for each fund						

# Private Real Assets Co-Investments & Secondaries Existing & Proposed Investment Guidelines



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

Proposed Guidelines	Co-Investments	Secondary Purchases
Sourcing	All current LACERA managers and consultant approved managers	
Investment Size	Up to 4% of existing Infrastructure or Natural Resources allocation	LACERA's ownership of purchased Fund not to exceed 40% of Fund
Geography	Align with private fund guidelines	
Deal Types	Private investments in Infrastructure & Natural Resources	
Annual Capital Deployment	Up to 30% of Real Assets target annual commitments in co-investments and secondaries	
Use of Third Party	Third party consultant confirms LACERA's due diligence was satisfactorily followed	
Deal Exposure	LACERA's ownership of co-investment asset or Fund not to exceed 40% of total under GP (combining co-invest & fund exposure)	

Existing Guidelines	Co-Investments	Secondaries
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>
Annual Capital Deployment	\$250 million maximum cumulatively across co-investments and secondaries	
Advisory Confirmation	Third party (Albourne) confirms LACERA's due diligence was satisfactorily followed	Third party advisor confirms valuation
Investment Limitations	N/A	
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)	

# Private Real Assets Co-Investments & Secondaries Proposed Investment Guidelines (Cont'd)



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

Proposed Guidelines	Secondary Sales
<b>Eligibility</b>	All current LACERA LP positions and Co-Investment positions
<b>Parameters</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 (i.e. fully invested funds) and hybrid secondaries (i.e. partially invested funds with undrawn commitments)               <ul style="list-style-type: none"> <li>○ Sell determinations will fall under the following criteria:                   <ul style="list-style-type: none"> <li>– <b>Poor Performing:</b> Poor performing assets that have little to no potential to materially improve the future performance of the Real Assets program</li> <li>– <b>Tail Ends:</b> 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 Real Assets program. These assets will typically have little value remaining in the capital account and/or few holdings remaining in the fund</li> <li>– <b>Non-strategic:</b> 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 Real Assets program</li> <li>– <b>Strategic:</b> 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 Real Assets program is more attractive than individual dispositions</li> </ul>

# Public Real Assets Existing & Proposed Investment Guidelines Public



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

Asset Class: Real Assets (Target Allocation 11% of Total Fund) – Existing & Proposed Guidelines				
Sub-Asset Class	Infrastructure (5% Target +1%/-3%)	Commodities & Public Natural Resources (3% Target +/-2%)		TIPS (3% Target +/-3%)
Category		Public Natural Resources (2% Target)	Commodities (1% Target)	
Benchmark	Dow Jones Brookfield Global Infrastructure Composite Index	S&P Global Natural Resources Index	Bloomberg Commodity Index*	Bloomberg Barclays U.S. TIPS
Leverage	None	None	No Intended leverage. Commodity exposure should be managed between 95-105% of account value including collateral	None
Currency Hedging	Allowable	Allowable	No	N/A
Duration	N/A	N/A	N/A	+/-0.2 years vs benchmark duration
Tracking Error	3-8% against Benchmark	3-8% against Benchmark	3-5% against benchmark	N/A
Proxy Voting	Yes	Yes	N/A	N/A
Securities Lending	No	No	Yes (collateral fixed income)	Yes

Note: The collateral portion of the Commodities portfolio is benchmarked against ICE BofA 3-Month Treasury Bill Index.

# Real Assets Emerging Manager Program Proposed Investment Guidelines



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

Asset Class: Real Assets (Target Allocation 11% of Total Fund) – Proposed Guidelines		
Sub-Asset Class	Infrastructure (5% Target +/-3%)	Natural Resources (3% Target +/-2%)
Sectors	Infrastructure and Natural Resources Sectors	
Program Framework	Separate Account or Fund of one emerging manager program	
Allocation Target and Range	10% target with a 0-15% range	
Emerging Manager Definition	In general funds I, II, or III or with less than \$1 billion in fund size, with select exceptions	
Investment Size	Fund investments ranging from \$10MM - \$100MM, average of \$50MM	
Graduation Description	Graduation entails an investment from LACERA directly in a future fund outside of the emerging manager program	
Graduation Target Timeframe	3-7 years after an initial investment	
Graduation Approval	In accordance with Board-approved Asset Class Structure Review private fund investment guidelines	



## Continue Private Asset Pacing in New Funds and Co-invests

- For Infrastructure commit to Non-Core and Core fund allocations, targeting an overall **5%** allocation in **3-5** years with up to **40%** in Non-Core
- For Natural Resources commit to funds in Energy Transition, Mining, and Agriculture & Farmland, targeting an overall **3%** allocation in **3-5** years
- Commit to co-investment and secondaries up to **30%** of Real Assets target **annual** commitments

## Revised Guidelines

- Adopt proposed revised guidelines on slides **34-38**





# Appendix

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# Investment Pacing: Infrastructure



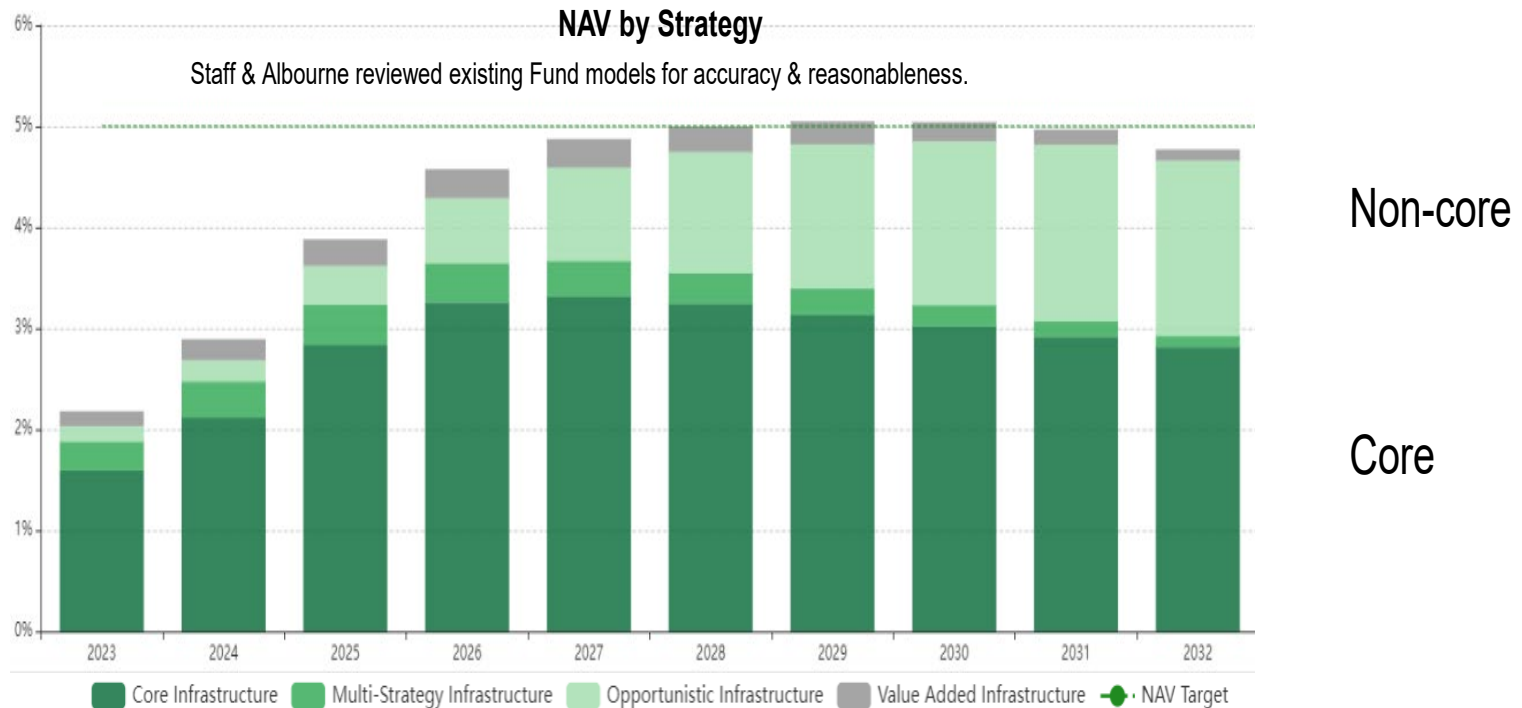
- Albourne's commitment model suggests LACERA should be targeting the pacing plan to reach its 5% strategic target to Private Infrastructure by 2027
- Assuming the goal is for LACERA to build a portfolio with a 60%/40% split between Core and Non-Core investments, respectively

US\$, millions

	2024	2025	2026	2027	2028
Core	\$ 600	\$ 300			
Non-Core	300	300	300	300	300
Total	\$ 900	\$ 600	\$ 300	\$ 300	\$ 300

### Strategy Model (assumptions for new commitments)

- Core: Open, 5% yield, target return = 7%
- Non-Core: Closed-end, target return = 10%



Source: Albourne.

For illustrative purposes only

# Investment Pacing: Natural Resources



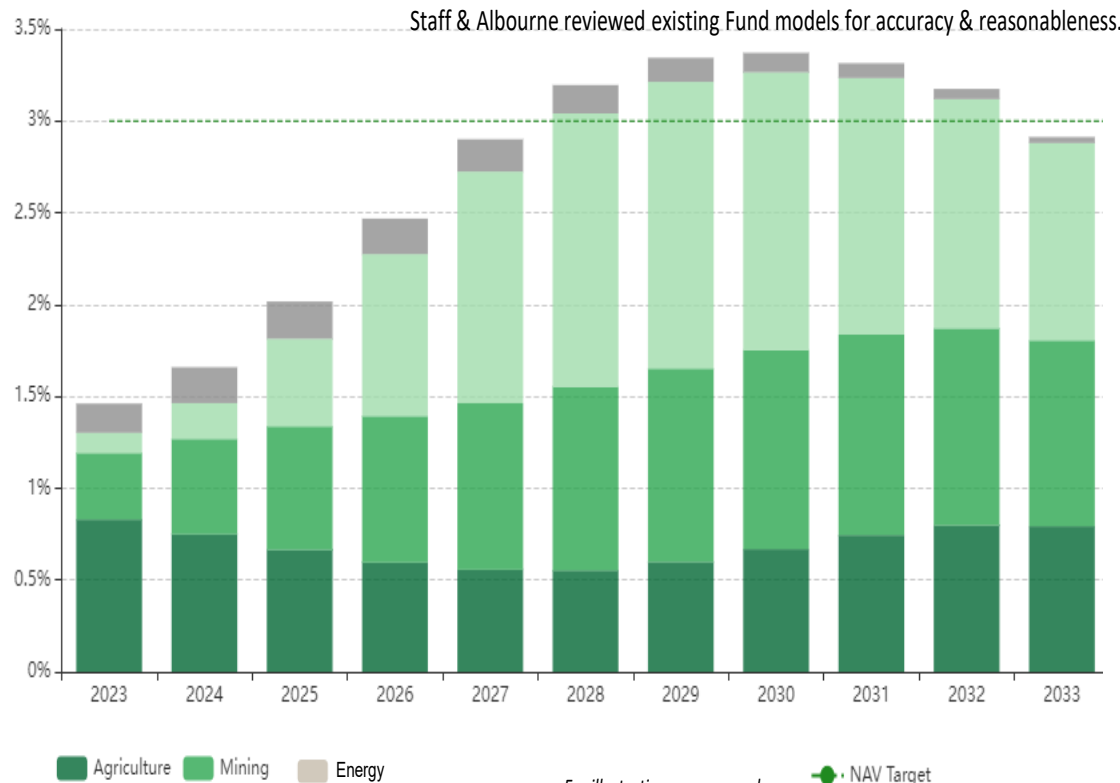
- Albourne's commitment model suggests LACERA should be targeting the pacing plan to reach its 3% strategic target to Private Natural Resources by 2027
- Assuming the goal is for LACERA to build a diversified portfolio across Agriculture, Mining and Energy Transition Fund strategies

US\$, millions

	2024	2025	2026	2027	2028
Ag & Mining	\$ 150	\$ 150	\$ 150	\$ 300	\$ 300
Energy	500	500	300		
Total	\$ 650	\$ 650	\$ 450	\$ 300	\$ 300

### Strategy Model (assumptions for new commitments)

- Agriculture: target return = 6%
- Mining: target return = 15%
- Energy : target return = 16.5%



Source: Albourne.

For illustrative purposes only

# Real Assets and Inflation Hedges – Private: Infra., NR & Commodities Investment



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

**Functional Asset Class: Real Assets and Inflation Hedges (Target Allocation 17% +/- 3% of Total Fund); Asset Class: Infrastructure (Target Allocation 5% +/- 3% of Total Fund), Natural Resources & Commodities (Target Allocation 3% +/- 2% of Total Fund), and TIPS (Target Allocation 3% +/- 3% of Total Fund)**

<b>Benchmark</b>	Infrastructure: Dow Jones Brookfield Global Composite Infrastructure TR; Natural Resources & Commodities: 33% Bloomberg Commodity, 66% S&P Global						
<b>Sub-Asset Class (Allocation)</b>	Infrastructure (5% Target +/- 3%)				Natural Resources (3% Target +/- 2%)		
<b>Industry Sector</b>	<b>Energy</b>	<b>Telecom</b>	<b>Transport</b>	<b>Social</b>	<b>Energy Transition</b>	<b>Mining</b>	<b>Agriculture &amp; Farmland</b>
<b>Sector Target Allocation Range</b>	Core/Core+: 30%-70%	Core/Core+: 10%-50%	Core/Core+: 5%-25%	Core/Core+: 0%-20%	0%-70%	15%-70%	15%-70%
<b>Geography</b>	US & Canada: 25%-75%; Europe: 25%-75%; Other Developed: 0%-25%; Emerging Markets: 0%-20%				Global with non-OECD up to 40%		
<b>Investment Size/Range</b>	Minimum commitment size \$10 million						
<b>Manager Diversification/Concentration</b>	Manager Diversification: Total committed amount to a single manager no greater than 30% of total exposure to Real Assets						
<b>Fund Concentration</b>	LACERA no more than 40% of Total LP commitments for each fund						
<b>Emerging Manager Program</b>	Allocation: 10% target with a 0% - 15% range; See Emerging Manager Program page for details						
<b>Co-Investments and Secondaries</b>	See Co-Investments and Secondaries page for details						
<b>Asset Class Specific – Other</b>							
<b>Core/Non-Core</b>	Core/Core+: 50%-75%; Non-Core: 25%-50%				N/A		

# Real Assets and Inflation Hedges – Infra., NR & Commodities Co-Investments and Secondaries



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines<sup>1</sup>

**Functional Asset Class: Real Assets and Inflation Hedges (Target Allocation 17% +/- 3% of Total Fund); Asset Class: Infrastructure (Target Allocation 5% +1%/-3% of Total Fund), Natural Resources & Commodities (Target Allocation 3% +/- 2% of Total Fund)**

<b>Benchmark</b>	Infrastructure: Dow Jones Brookfield Global Composite Infrastructure TR; Natural Resources: 33% Bloomberg Commodity, 66% S&P Global		
<b>Sub-Asset Class (Allocation)</b>	Infrastructure (5% Target +1%/-3%); Natural Resources & Commodities (3% Target +/- 2%)		
<b>Alternative Investment Vehicle</b>	<b>Co-Investments</b>	<b>Secondary Purchases</b>	<b>Secondary Sales</b>
<b>Geography</b>	Align with private fund guidelines		<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 (i.e. fully invested funds) and hybrid secondaries (i.e., partially invested funds with undrawn commitments)                             <ul style="list-style-type: none"> <li>Sell determinations will fall under the following criteria:                                     <ul style="list-style-type: none"> <li><b>Poor Performing:</b> Poor performing assets that have little to no potential to materially improve the future performance of the Real Assets program</li> <li><b>Tail Ends:</b> 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 Real Assets program. These assets will typically have little value remaining in the capital account and/or few holdings remaining in the fund</li> <li><b>Non-strategic:</b> 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 Real Assets program</li> <li><b>Strategic:</b> 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 Real Assets program is more attractive than individual dispositions</li> </ul>
<b>Investment Size/Range</b>	Up to 4% of existing Infrastructure or Natural Resources allocation	LACERA's ownership of purchased Fund not to exceed 40% of Fund	
<b>Sourcing</b>	All current LACERA managers and consultant-approved managers		
<b>Deal Types</b>	Private investments in Infrastructure and Natural Resources		
<b>Annual Capital Deployment</b>	Up to 30% of Real Assets target annual commitments in co-investments and secondaries		
<b>Use of Third Party</b>	Third party consultant confirms LACERA's due diligence was satisfactorily followed		
<b>Deal Exposure</b>	LACERA's ownership of co-investment asset or Fund not to exceed 40% of total under GP (combining co-invest and fund exposure)		

<sup>1</sup> Board-approved Asset Class Structure Review investment guidelines, in their entirety, apply to the asset class's Co-Investments and Secondaries. In the event of conflict or inconsistency, asset class Co-Investments and Secondaries-specific parameters supersede broader asset class investment guidelines.

# Real Assets and Inflation Hedges – Public: Infra., NR & Commodities, TIPS Investment



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines

**Functional Asset Class: Real Assets and Inflation Hedges (Target Allocation 17% +/- 3% of Total Fund); Asset Class: Infrastructure (Target Allocation 5% +/- 3% of Total Fund), Natural Resources & Commodities (Target Allocation 3% +/- 2% of Total Fund), and TIPS (Target Allocation 3% +/- 3% of Total Fund)**

Benchmark	Infrastructure: Dow Jones Brookfield Global Composite Infrastructure TR; Natural Resources & Commodities <sup>1</sup> : 33% Bloomberg Commodity, 66% S&P Global; TIPS: BBg Barc U.S. TIPS			
Sub-Asset Class (Allocation)	Infrastructure (5% Target +/- 3%)	Natural Resources & Commodities (3% Target +/- 2%)		TIPS (3% Target +/- 3%)
Sub-Asset Class Category		Natural Resources	Commodities	
Leverage	None	None intended. Commodity exposure should be managed between 95%-105% of account value including collateral		None
Volatility	Tracking Error: 3%-8% vs benchmark		Tracking Error: 3%-5% vs benchmark	None
Hedging/Currency	Currency Hedging: Allowable		No	N/A
Quality/Duration	N/A			Duration: +/- 0.2 years vs benchmark
Asset Class Specific – Other				
Proxy Voting	Yes		N/A	
Securities Lending	No	Yes (collateral fixed income)		Yes

<sup>1</sup> The collateral portion of the Commodities portfolio is benchmarked against ICE BofA 3-Month Treasury Bill Index.

# Real Assets & Inflation Hedges – Infra., NR & Commodities Emerging Manager



Per the IPS, the CIO has delegated authority to approve investments in accordance with Board-approved Asset Class Structure Review investment guidelines<sup>1</sup>

**Functional Asset Class: Real Assets and Inflation Hedges (Target Allocation 17% +/- 3% of Total Fund); Asset Class: Infrastructure (Target Allocation 5% +/- 3% of Total Fund), Natural Resources & Commodities (Target Allocation 3% +/- 2% of Total Fund)**

Benchmark	Infrastructure: Dow Jones Brookfield Global Composite Infrastructure TR; Natural Resources & Commodities: 33% Bloomberg Commodity, 66% S&P Global	
Sub-Asset Class (Allocation)	Infrastructure (5% Target +/- 3%)	Natural Resources & Commodities (3% Target +/- 2%)
Investment Size/Range	Fund investments ranging from \$10MM - \$100MM, average of \$50MM	
Program Framework	Separate Account or Fund of one emerging manager program	
Program Allocation Target and Range	Allocation: 10% target with a 0% - 15% range	
Emerging Manager Definition	In general funds I, II, or III or with less than \$1 billion in fund size, with select exceptions	
Graduation Description	Graduation entails an investment from LACERA directly in a future fund outside of the emerging manager program	
Graduation Target Timeframe	3 – 7 years after an initial investment	
Graduation Approval	In accordance with Board-approved Asset Class Structure Review private fund investment guidelines	

<sup>1</sup> Board-approved Asset Class Structure Review investment guidelines, in their entirety, apply to the asset class's EMP. In the event of conflict or inconsistency, asset class EMP-specific parameters supersede broader asset class investment guidelines.

**LACERA Real Assets (ex Real Estate) Structural Review Concurrence Memo**

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November 30, 2023

**To:** Each Member  
Real Assets Committee  
Board of Investments

**From:** James Walsh, Mark White  
Albourne America LLC

**For:** December 13<sup>th</sup>, 2023 Real Assets Committee Meeting

**Recommendation:** Albourne America LLC (“Albourne”) recommends that the 2023 Structural Review of LACERA’s Real Assets (ex Real Estate) portfolio be advanced to the Board of Investments for approval.

**Background:** Staff has prepared the 2023 Real Assets (ex Real Estate) Structural Review for the Real Assets Committee and the Board of Investments for its consideration and ultimately its approval. Albourne has reviewed the Structural Review and agrees with the recommendations.

The Structural Review re-asserts the Investment Role and Objectives as updated in November 2018 and reviewed in January 2022, which emphasize income generation, inflation protection, risk mitigation characteristics of the portfolio to achieve uncorrelated risk adjusted returns complementary to the overall investment plan. Commensurate with that, the Staff of LACERA recommends building a private Natural Resources and Infrastructure portfolio. The Natural Resources portfolio, including Commodities will be up to 3% of total Plan value and include potential allocations to Energy, Mining and Agriculture. The Infrastructure portfolio will be up to 5% of total Plan value and consist of Core, Core Plus, Value-Added and Opportunistic sub-strategies. The review further outlines a plan to establish allocations to high quality and diversifying managers gaining potential economies of scale and benefits and possible investment structuring leverage. Staff has provided sizing targets to potential sub-strategies and set ranges of allocations for asset allocation.

**Conclusion:** Staff’s Structure Review outlines the focus of the Real Asset (ex Real Estate) portfolio’s role to meet Plan objectives and the action points to move in that direction.

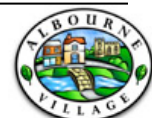
Sincerely,



James Walsh  
Head of Portfolio Group  
Senior Analyst



Mark White  
Head of Real Assets  
Senior Portfolio Analyst





## LACERA Real Assets (ex Real Estate) Structural Review Concurrence Memo

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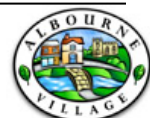
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## **LACERA Real Assets (ex Real Estate) Structural Review Concurrence Memo**

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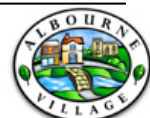
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## MEMORANDUM

**TO:** Each Member, Real Assets Committee  
**FROM:** Tim Filla, Aysun Kilic and Imran Zahid  
**CC:** Jon Grabel, CIO - LACERA  
**DATE:** December 13, 2023  
**RE:** Real Assets Structure Review

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The purpose of this memo is for Meketa Investment Group to formalize its support for the recommendations related to Investment Guidelines contained in the Real Assets Structure Review.

In November, the BOI approved a revised IPS which formalized delegation of authority to the CIO and elevated Structure Reviews as key component of BOI oversight and direction setting. A critical aspect of the Structure Review process is reviewing and setting the guidelines which both inform and regulate the investment activity managed by LACERA's CIO/staff.

The Investment Guideline recommendations contained in the Real Assets Structure Review are modest in nature, but in the context of delegated authority are import for enhancing controls and oversight of the Real Assets category.

Within the Real Assets Category LACERA has public market exposure in TIPS, Infrastructure, Natural Resources and Commodities. There are no recommended changes to the implementation plan or structure of these categories from the previous Structure Review.

The TIPS exposure is an explicit allocation from LACERA's previous Strategic Asset Allocation Review and will be discussed and analyzed as part of the current Strategic Asset Allocation Review.

The other public market categories are utilized as an implementation bridge as LACERA's private Real Assets portfolios grow towards their respective target allocations. LACERA's implementation plan described in the Real Assets Structure Review calls for the gradual wind down of these public market exposures. While declining in value over time these assets still are significant to LACERA's portfolio and therefore staff has provided detailed guidelines to govern and monitor them. We concur with the guidelines detailed for these exposures in the Real Assets Structure Review.




December 13, 2023

If you have any questions, please feel free to reach us at 760-795-3450. We thank you for your continued trust in Meketa. We look forward to speaking with you soon.

TF/AK/IZ/sf

December 20, 2023

TO: Trustees – Board of Investments

FROM: Jonathan Grabel   
Chief Investment Officer

FOR: January 10, 2024 Board of Investments Meeting

SUBJECT: **TOWARDS BEST-IN-CLASS INVESTOR: 2024 STRATEGIC  
INITIATIVES AND WORK PLAN**

### **RECOMMENDATION**

Approve the 2024 Strategic Initiatives and Work Plan.

### **BACKGROUND**

Attached is the recommended Strategic Initiatives and Work Plan for calendar year 2024. It includes key agenda items and reports for the calendar year while reviewing Strategic Initiatives that the Board of Investments has approved. Prospective agenda items and committee schedules are subject to future modifications by the Board.

Attachment



ATTACHMENT

# **Towards Best-In-Class Investor**

## **2024 Strategic Initiatives and Work Plan**

### **Investments Division**

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Board of Investments Meeting  
January 10, 2024

# 2024 Work Plan Recommendation and Overview



## Recommendation

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Approve the 2024 BOI Strategic Initiatives and Work Plan

## Overview

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The 2024 Strategic Initiatives and Work Plan aims to:

1. Provide **visibility** into current and upcoming initiatives
2. Reflect and **synthesize** Board-approved projects and input, recent Board meetings, and Offsite discussions into a cohesive action plan
3. **Align** resources and priorities to remain resilient and adaptable to unforeseen circumstances

Objectives

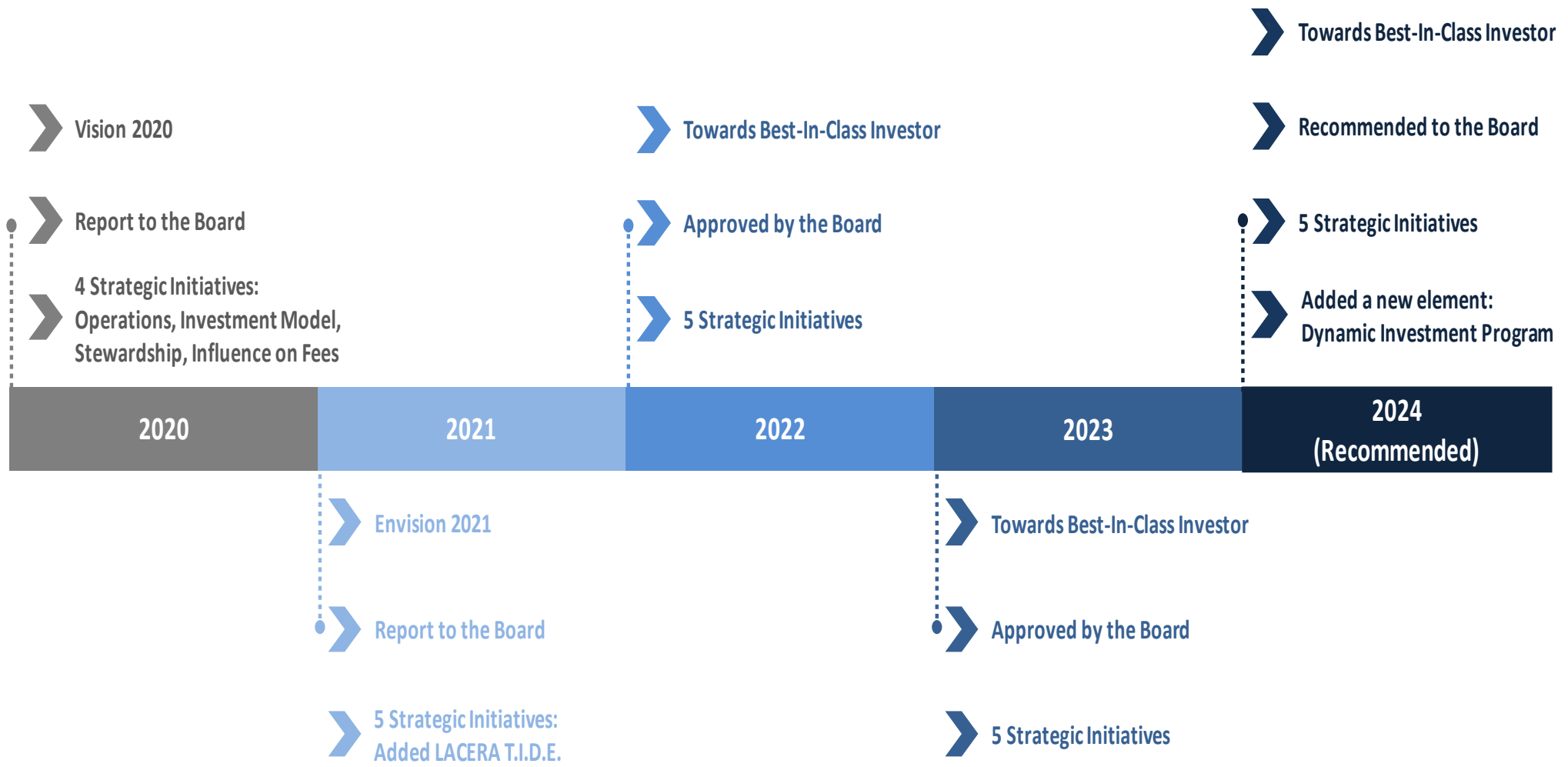
Progress

Aspirations



# Strategic Initiatives and Work Plan Timeline

Components of the Strategic Initiatives and Work Plan have been refined over several years with the steady goal of improving portfolio outcomes



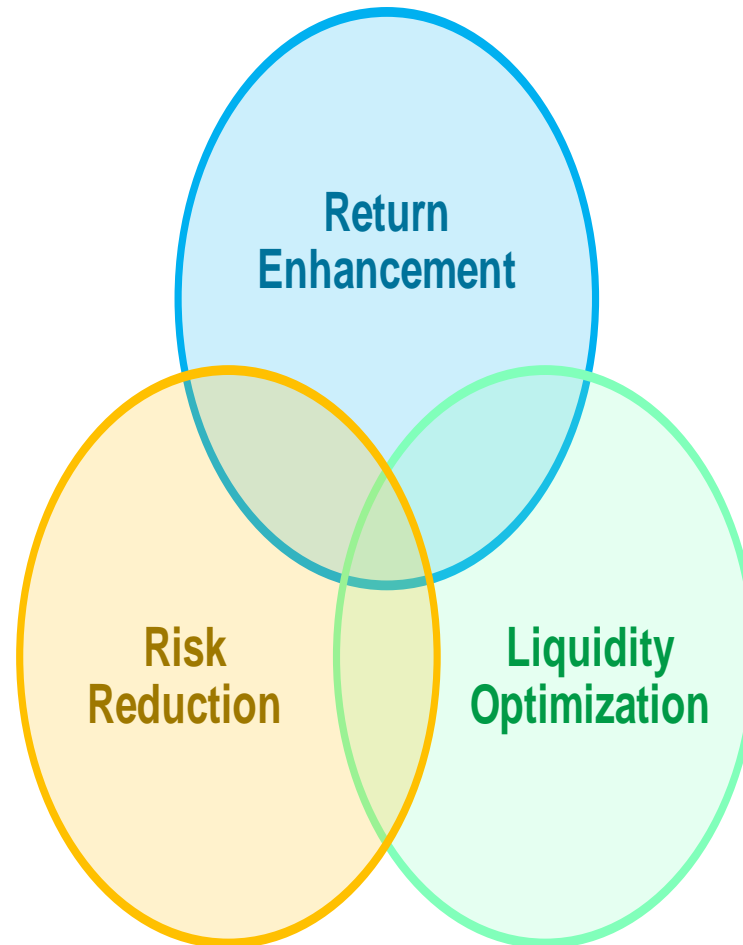
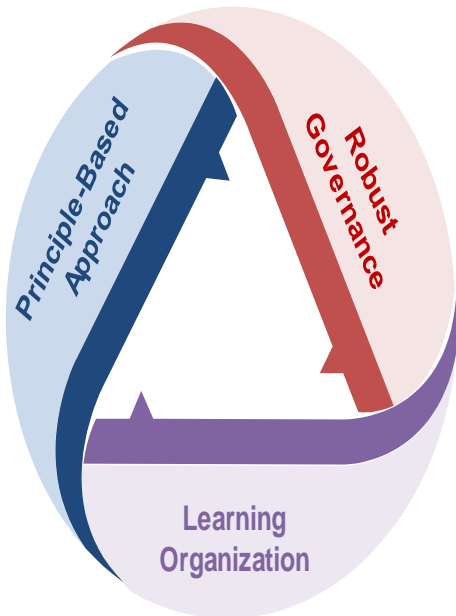


# Execute Strategic Asset Allocation Towards Best-In-Class Investor



## Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives



Enhance Operational Effectiveness



Optimize Investment Model



Maximize Stewardship and Ownership Rights



Strengthen Influence on Fees and Cost of Capital



T.I.D.E. Towards Inclusion, Diversity, and Equity

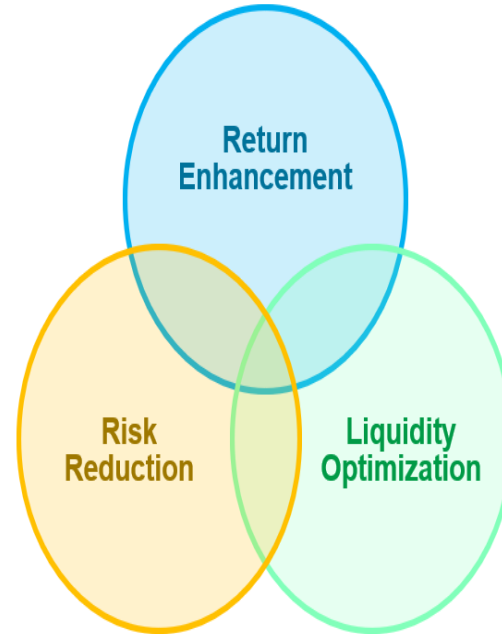
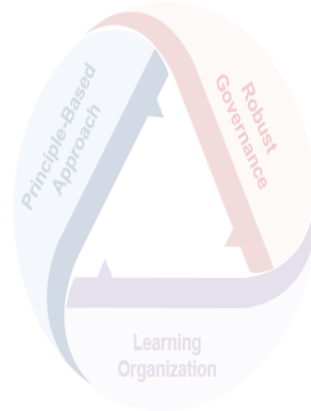
**Mission: To produce, protect and provide the promised benefits to our members**

# Execute Strategic Asset Allocation



## Execute Strategic Asset Allocation

Dynamic Investment Program



Strategic Initiatives



**Mission: To produce, protect and provide the promised benefits to our members**



# Objectives of the Investment Program

LACERA's Investment Policy Statement emphasizes Produce, Protect, and Provide objectives, mirrored in its Strategic Asset Allocation strategy focusing on Return Enhancement, Risk Mitigation, and Liquidity Optimization



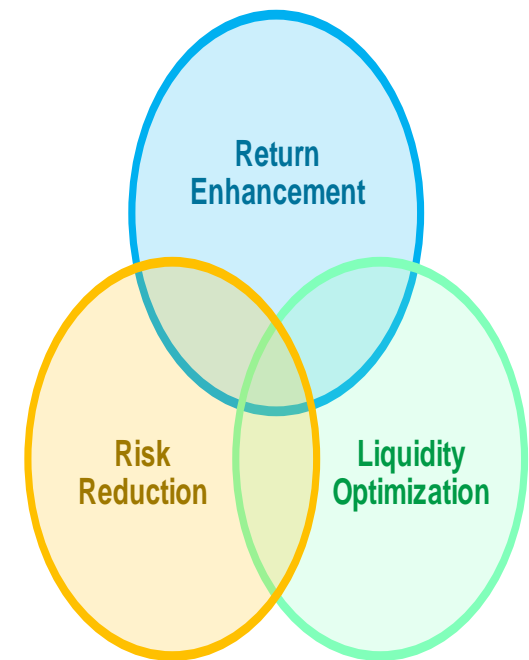
## Objectives of the Investment Program

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



## Execute Strategic Asset Allocation



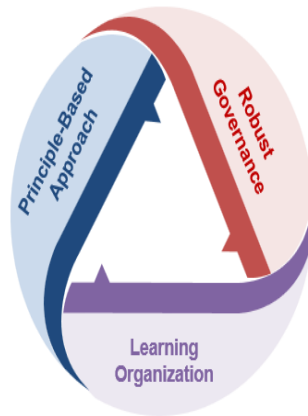
**Mission: To produce, protect and provide the promised benefits to our members**

# Dynamic Investment Program



## Execute Strategic Asset Allocation

### Dynamic Investment Program



### Strategic Initiatives



*Mission: To produce, protect and provide the promised benefits to our members*

# Dynamic Investment Program: Robust Governance



Board-requested governance review in Spring of 2023 led to a comprehensive, multi-stage assessment of LACERA's policies, procedures, and investment decision-making processes and documents

Given LACERA's total Fund size, its leadership, and market position, the Board voted unanimously to elevate governance via delegated authority while simultaneously enhancing its oversight and monitoring capabilities

## Delegated Authority Framework<sup>1</sup>

1. Investment Policy Statement
2. Strategic Asset Allocation
3. Asset Class Structure Reviews
4. Staff-Led Sourcing and Due Diligence
5. Internal Committee Approval and Consultant Concurrence
6. CIO Approval
7. Continuous Board Oversight and Monitoring



## Strategic Initiative Alignment

-  Nimble and efficient execution of BOI-approved work plan and SAA
-  Elevates Board resources to focus on long-term strategic goals
-  Continued exercise of ownership rights over investments
-  Timelier negotiations of costs, fees, and terms
-  Elevates the role of LACERA T.I.D.E through programmatic BOI updates

<sup>1</sup>As further articulated in the "Proposed Delegated Authority Framework" Board of Investments presentation meeting report November 8<sup>th</sup> 2023

# Dynamic Investment Program: Learning Organization



**LACERA's dedication to being a learning organization inspires an ongoing pursuit of self-improvement, adaptation, and evolution**

Continuous Board  
Education Elevates  
Investment Division

Updated Investment  
Beliefs

Improved Board Reports

Formalized BOI  
Oversight and  
Processes of Delegated  
Authority

Standardized Structure  
Review Guidelines

Commenced Harmonizing  
Governing Policies

Bolstered Internal  
Investment Committees

Enhanced Operational Due  
Diligence Capabilities

Derived Insights from  
Investment Experiences

Expanded Templated  
Investment Analyses

# Dynamic Investment Program: Principle-Based Approach



LACERA evolved from a rules-based investment approach to a principle-based structure, providing a robust and flexible framework to adapt and evolve to changing macro environment, technological advancements, and workforce composition

## Comprehensive Due Diligence

Encompasses ESG, DEI, investment and operational considerations

## Portfolio Insights

Increased total Fund risk monitoring, performance reporting, and exposure awareness

## Ownership Rights

Ownership rooted in corporate governance and stewardship principles

## Functional Asset Categories

Define the role of investments by return, risk, and liquidity considerations

## Portfolio and Structure

Principle-based structure reviews guide portfolio objectives, framework, and guidelines

## Investment Beliefs

Guiding beliefs set the direction and goals of the investment department

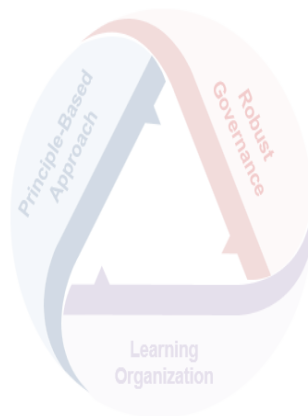


# Strategic Initiatives



## Execute Strategic Asset Allocation

Dynamic Investment Program

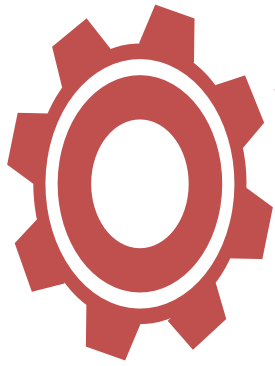


Strategic Initiatives

-  Enhance Operational Effectiveness
-  Optimize Investment Model
-  Maximize Stewardship and Ownership Rights
-  Strengthen Influence on Fees and Cost of Capital
-  T.I.D.E. Towards Inclusion, Diversity, and Equity

Mission: To produce, protect and provide the promised benefits to our members





## Enhance Operational Effectiveness

### Objective:

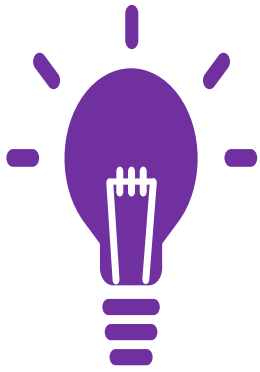
To maximize the efficiency of our resources (internal and external, human and technological) and mitigate varied investment and enterprise risks, which can improve future outcomes

### Progress:

- Evolved LACERA's policies, governance, and investment making decision structure
- Completed hire of deputy chief investment officer
- Implemented a digital platform to evaluate questionnaires and other diligence materials
- Completed operational due diligence review covering investment processes and controls
- Increased influence and reduced operational risk via single-investor vehicles
- Established annual private markets valuation reconciliation process

### Aspirations:

- Optimize presentation and quality of information available to the Board
- Consider OPEB structure evolutions
- Search for a consolidated public and private markets investment analytics platform
- Explore technological opportunities and maximize value from adoption
- Elevate operational due diligence function, including hiring a dedicated professional



## Optimize Investment Model

### Objective:

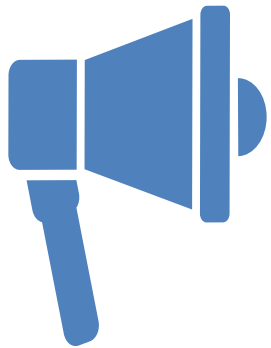
To leverage our competitive advantages through deliberate investment models and structures that harness technology, cost effectiveness, and human capital to maximize risk-adjusted returns

### Progress:

- BOI increased delegated authority improving LACERA's investment competitiveness
- Advanced OPEB Trust strategic asset allocation: approved investment beliefs and public markets passive investment manager search, completed first private markets investment
- Documented investment processes, increasing department-wide consistency and accountability
- Deployed co-investment and secondary capital across several asset categories
- Hedging and overlays implemented to dynamically balanced asset category targets
- Active monitoring and quarterly portfolio-wide discussion of risk management
- Launched new manager intake portal

### Aspirations:

- Continue cultivating a dynamic investment program
- Further optimize internal staff investment committees and due diligence practices
- Continue to refine rebalancing practices
- Adopt complexity where well-rewarded and limit unrewarded complexity
- Organize effective educational sessions and orientations



## Maximize Stewardship and Ownership Rights

### Objective:

To steward our investments – including legal rights associated with them – in a manner that promotes and safeguards our economic interests and durable financial value, including through proxy voting, engagement, and policy advocacy

### Progress:

- Updated Corporate Governance and Stewardship Principles
- Increased proxy voting authority to about 96% of equity portfolio by value in past five years
- Expanded ESG in real assets with restated Responsible Contractor Policy (RCP) and Global Real Estate Sustainability Benchmark (GRESB) affiliations
- Incorporated analytics to model financial impacts from climate change and energy transition for climate-aware strategic asset allocation modeling
- Expanded engagements on board diversity, climate, investor voting rights, public policy

### Aspirations:

- Update climate modeling to inform Board's 2024 strategic asset allocation decision
- Expand ESG and climate reporting and data coverage in private asset classes
- Integrate GRESB and RCP in entire Real Assets
- Assume voting rights in OPEB separate account structure
- Amplify progress and leadership in governance and ESG initiatives



Strengthen  
Influence on  
Fees  
and Cost of  
Capital

## Objective:

To strengthen our influence on fees and cost of capital with the goal of maximizing returns by minimizing cost across all investment strategies and structures in a manner that promotes durable investment returns

## Progress:

- Re-negotiated terms for several legacy mandates improving future outcomes
- Made co-investments across asset categories to drive fee savings
- Established dedicated managed accounts to enable broad term negotiations
- Instituted annual total Fund fee analysis and review, including BOI reporting
- Invested with early-stage emerging managers while achieving future capacity rights and revenue sharing agreements where possible

## Aspirations:

- Continue being “term-makers” as opposed to “term-takers” on fee, legal, and other terms
- Foster creativity when designing terms and account structures to both limit risks and enhance expected return outcomes
- Communicate progress towards optimizing implementation costs through improved expense and fee analytics and reporting



LACERA T.I.D.E  
Towards Inclusion,  
Diversity, and  
Equity.

## Objective:

To improve outcomes through comprehensive, total Fund efforts that encourage constructive, inclusive, and equitable talent management at investment partners, industry, and internally

## Progress:

- Focused on career development for existing team and onboarding new hires
- Engaged strategic private equity partners on portfolio board recruitment and DEI practices
- Continued increase in manager reporting responsiveness, granularity, and candor
- Reviewed Real Assets managers' responsible contracting provisions, including DEI practices
- Expanded allocation opportunities for emerging managers
- Formally affiliated to CFA Institute DEI Code
- Supported expanding due diligence and standardized templates at industry associations to facilitate DEI reporting availability and reliability in financial services industry

## Aspirations:

- Be an employer of choice at all levels from internships through management
- Inspire LACERA's managers to adopt DEI programs to increase risk-adjusted returns
- Utilize wider data sets to inform manager DEI benchmarking and progress
- Integrate takeaways from private equity portfolio company board DEI review into fund underwriting and monitoring
- Continue to enhance insights on firm ownership demographics, where available

# Remaining Items

## Remaining Presentation Components

1. Tentative 2024 Calendar
2. Board of Investments Reporting
3. Recommendation



# Tentative 2024 Calendar

	January 1/10/24	February 2/14/24	March 3/13/24	April 4/10/24	May 5/8/24	June 6/12/24	July 7/10/24	August 8/14/24	September 9/10/24 - 9/11/24	October 10/9/24	November 11/13/24	December 12/11/24
Board of Investments									<i>BOI Offsite</i>			
Corporate Governance Committee												
Credit and Risk Mitigation Committee												
Equity: Public/Private Committee												
Real Assets Committee												

## Work Plan Calendar Expectations

- Two Committee Meetings per Calendar Year
- Consultant Request for Proposals
- Funding Policy
- BOI Reporting (See Following Slide)
- Investment Guest Speaker(s)
- Board of Investments Offsite
- Asset Category Structure Reviews

*Additional meetings or topics would be added on an as-needed basis*



# Board of Investments Reporting<sup>1</sup>

The Board will receive reporting on total Fund performance, implementation, compliance, and investments decisions executed via delegated authority

Report	Frequency	Report	Frequency
Chief Investment Officer Report	Monthly	Corporate Governance and Stewardship Update	Annually
Chief Investment Officer-Authorized Investments <sup>2</sup>	Monthly	Investment Consultant Performance Reviews	Annually
Performance Reporting <sup>3</sup>	Monthly and Quarterly	LACERA Towards Inclusion Diversity and Equity (TIDE)	Annually
Risk Reporting <sup>3</sup>	Monthly and Quarterly	Overlay and Hedges Report	Annually
Delegated Authority Compliance Monitor	Quarterly	Private Markets Performance Reporting	Annually
General Consultant Performance Report	Quarterly	Proxy Voting Reports and Trendlines	Annually
Manager Scorecards	Quarterly and Annually	Responsible Contractor Compliance Update	Annually
Actuarial Valuation of Retirement Benefits	Annually	Asset Category Structure Reviews	Biennial
Asset Manager (7514.7) Fee Analysis	Annually	Strategic Asset Allocation Review	Three to Five Years
Chief Investment Officer Performance Review	Annually		

<sup>1</sup> Reporting excludes other BOI functions including budgeting, actuarial analyses, and audit reviews

<sup>2</sup> Investments made under delegated authority reported to Board monthly, except if timing conflicts, reports available following month. Months without such investments may occur

<sup>3</sup> The OPEB Master Trust will provide monthly and quarterly reporting





## Recommendation

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Approve the 2024 Strategic Initiatives and Work Plan

## Context (If Approved)

---

Execute Strategic Asset Allocation Towards Best-In-Class Investor

1. The Board of Investments 2024 Work Plan and Strategic Initiatives is a component of LACERA's strategic plan
2. This Work Plan will evolve as circumstances warrant


Objectives

Progress

Aspirations

January 2, 2024

TO: Trustees – Board of Investments

FROM: Jonathan Grabel   
Chief Investment Officer

Jude Pérez   
Deputy Chief Investment Officer

FOR: January 10, 2024 Board of Investments Meeting

**SUBJECT: STRATEGIC ASSET ALLOCATION BENCHMARK REVIEW**

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

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

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

Per the Investment Policy Statement ("IPS"), comprehensive asset allocation studies are conducted every three to five years or at the Board's request. The last SAA study was completed and approved in 2021.

In the coming months, Meketa and the investment team will provide a series of educational topics on various elements of the SAA study, including an overview of return expectations,

evaluating capital market expectations, reviewing asset classes and benchmarks, and considering a risk budgeting framework for the Fund. These educational sessions will inform recommendations that will be presented to the Board as part of the SAA study.

In the following presentation (**ATTACHMENT**), Meketa aims to provide a comprehensive understanding of benchmarks, focusing on their purpose, characteristics of effective benchmarks, and LACERA's specific benchmark review.

Key topics include:

1. Principles of Benchmarking: Understanding their role and importance in investment strategy.
2. Characteristics of Effective Benchmarks: Criteria for evaluating and selecting benchmarks.
3. LACERA's Benchmark Analysis: Reviewing our current benchmarks across asset classes for both the Pension Trust and the OPEB Trust.
4. Proposed Benchmark Modifications: Recommendations to better align with LACERA's strategic objectives.

Attachment

Los Angeles County Employees  
Retirement Association

January 2024

Benchmarking

## Introduction

- The Board of Investments (BOI) is currently reviewing LACERA's strategic asset allocation for both the Pension Trust and the OPEB Trust.
- As part of LACERA's strategic asset allocation, it is appropriate to evaluate each plans' total fund and aggregate benchmarks to ensure each is effective for measuring performance at the asset class, functional category, and total Plan level.
- Benchmarks help facilitate the planning, implementation, and review of an investment mandate. Periodic reviews of asset category benchmarks are an important component of ongoing portfolio monitoring and management.
- Benchmarks are just one of many tools available for measuring the performance of a fund.
- The inclusion of private market assets/alternatives strategies increases the likelihood of tracking error versus benchmarks, but also improves the funds' prospects for meeting long-term strategic objectives.
- Benchmarks at the manager level are not addressed in this presentation but are reviewed periodically as part of the asset class structure reviews.
- This presentation is designed to provide an overview of benchmarks and a review of LACERA's current benchmarks.

## Overview of Benchmarks

### Definition

A benchmark is a standard against which the performance of a security, mutual fund, or investment manager is measured. Generally, broad market stock or bond indexes are used for this purpose. However, the process becomes more complicated for multi-asset portfolios, illiquid assets, and unique asset classes.

### Purpose

The primary purpose of a benchmark is to assist in the evaluation of an investment strategy or portfolio. For the evaluation to be meaningful, it is critical to:

- Select the correct benchmark,
- Understand what active decisions you are trying to measure.

### Criteria

There are two widely accepted schools of thought for determining benchmark criteria.

- The Bailey Criteria includes six characteristics.
- The CFA Institute includes five characteristics.
- The criteria have some overlapping characteristics and concepts, which are shown on the next slide.
- Many commonly used benchmarks fail one or more of these tests, and thus the policy benchmark, made up of asset class benchmarks, will never be a perfect comparison for an institutional fund's diversified asset allocation.

**Bailey Benchmark Characteristics:**

- **Unambiguous** - The individual securities and their weights in a benchmark should be clearly identifiable.
- **Investible** - It must be possible to replicate and hold the benchmark to earn its return (gross of fees).
- **Measurable** - It must be possible to measure the benchmark's return on a reasonably frequent and timely basis.
- **Appropriate** - The benchmark must be consistent with the manager's investment style or area of expertise.
- **Reflective of current investment options** - The manager should be familiar with the securities that constitute the benchmark and their factor exposures.
- **Specified in advance** - The benchmark must be constructed prior to the evaluation period so that the manager is not judged against benchmarks created after the fact.

**CFA Benchmark Characteristics:**

- **Investable** – It is possible to forgo active management and simply hold the benchmark. That is, investors can effectively purchase all securities in the benchmark.
- **Accessible** – Difficult to produce benchmarks should be avoided.
- **Transparent** – Understanding the underlying constituency of a benchmark is critical to understanding its suitability for a particular manager.
- **Independent** – A manager's performance should not impact the prescribed benchmark return.
- **Relevant** – Spurious correlation exists between many random sets of data over various time periods. High correlation or low tracking error to a particular benchmark is not enough to conclude the benchmark is appropriate for a particular manager.



### Primary Approaches to Asset Class Benchmarking

- Passive Index Benchmark
- Absolute Return Target Benchmark
- Passive Index Plus a Return Premium Benchmark
- Economic Indicator Plus a Return Premium Benchmark
- Peer Group Benchmark

## Primary Approaches to Plan Level Benchmarking

### Policy Benchmark

- A Policy Benchmark consists of multiple asset class indices, with the percentage allocation to each reflecting a plan's target asset allocation.
- A Policy Benchmark is useful for evaluating both asset allocation shifts (for example, an overweight of small cap equity and underweight of fixed income) and overall active manager performance.
- There are two primary types of policy benchmarks, which are explained in greater detail on the next pages;
  - Static Benchmark,
  - Dynamic Benchmark.

### Peer Group Benchmark

- Peer group benchmarks measure how well the Plans' performance compares to other "similar" plans.
- However, every Plan is unique and comparisons may not be relevant.

### Static Benchmark

- A Static Benchmark would consist of a static allocation to several broad market indices.
- A static benchmark is intended to offer a baseline comparison for both asset allocation and active management decisions.
- An example static benchmark for the Plans could be 55% domestic equity, 25% international equity and 20% fixed income.

#### Example

	Approximate Plan Allocation (%)	Index	Index Performance (%)
Investment Grade Bonds	20	Bloomberg Aggregate	0.1
Domestic Equity	55	Russell 3000 Index	2.0
International Equity	25	MSCI ACWI ex-US IMI	2.5
<b>Total</b>	<b>100</b>		<b>1.7</b>

- While a static benchmark uses a fairly basic construct, it can be a helpful starting point for benchmarking multi-asset portfolios.
- The Plan’s rebalancing policy will dictate how much the static benchmark’s allocation can deviate from actual plan exposures.

### Dynamic Benchmark

- A Dynamic Benchmark would consist of multiple asset class indices, with the percentage allocation to each reflecting a plan’s actual asset allocation.
- A Dynamic Benchmark is useful for evaluating overall active manager performance, excluding the impact of allocation shifts.
- To calculate the Dynamic Benchmark return, the Plan’s previous period’s asset allocation percentages would be multiplied by broad index returns for each asset class to arrive at an actual allocation Plan performance number.

### Example

	Prior Month Allocation (%)	Index	Index Performance (%)
Cash / Short-Term Inv. Grade Bonds	5.0	50% Citigroup 1 mo T-Bill/ 50% Bloomberg US Gov/Credit 1-3 year	0.0
Investment Grade Bonds	13.1	Bloomberg Aggregate	0.1
Domestic Large Cap Equities	34.7	Russell 1000 Index	1.9
Domestic SMID Cap Equities	10.6	Russell 2500 Index	1.9
Domestic Small Index	1.2	Russell 2000 Index	2.8
International Equities	19.2	MSCI ACWI ex-US IMI	2.5
Real Assets	16.2	25% Bloomberg Commodity 25% FTSE NAREIT Index 25% S&P Global Infrastructure 25% Bloomberg US TIPS	1.9
<b>Total</b>	<b>100.0</b>		<b>1.7</b>

### What are the challenges to choosing an appropriate benchmark?

- Benchmarks provide a standard against which realized performance can be measured.
- Most commonly used benchmarks lack one or more of the Bailey characteristics, and thus for some asset categories, there never will be a perfect comparison.
- Alternative asset classes present a benchmarking challenge because of the illiquid nature of the underlying investments, lack of transparency, and insufficient transaction data. The use of these strategies increases the likelihood of tracking error versus benchmarks.
- Peer group benchmarks measure how well a fund's performance compares to a similar universe, but peer comparisons also have drawbacks including:
  - Survivorship bias, the exclusion of performance data of funds no longer in existence.
  - Selection bias, the exclusion of a subset of data because of a particular attribute.
  - Mismatches, differences across mandates being measured.

### Current Pension Benchmarks

LACERA Portfolio Segments <sup>1</sup>	Policy (%)	Current Benchmarks	Benchmark Score <sup>2</sup>	Primary Score Detractor
<b>Growth</b>	<b>53</b>			
Global Equity	32	MSCI ACWI IMI Index Net	6	
Private Equity	17	MSCI ACWI IMI Index + 200 bps (3-month lag)	5	not investable
Non-Core Private Real Estate	4	NFI ODCE + 225 bps (3-month lag)	5	not investable
<b>Credit</b>	<b>11</b>			
Liquid Credit	4	40% Bloomberg US Corporate High Yield Index 40% Credit Suisse Leveraged Loans 10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD/5% JP Morgan CEMBI BD	5	implementation
Illiquid Credit	7	Custom Liquid Credit Benchmark + 150 bps (1-month lag)	5	not investable
<b>Real Assets and Inflation Hedges</b>	<b>17</b>			
Core Private Real Estate	6	NFI ODCE (3-month lag)	5	not investable
Natural Resources and Commodities	3	33% Bloomberg Commodity Index 66% S&P Global Natural Resources Index	5	implementation
Infrastructure	5	Dow Jones Brookfield Global Infrastructure Index (3-month lag)	5	implementation
TIPS	3	Bloomberg US TIPS Index	6	
<b>Risk Reduction and Mitigation</b>	<b>19</b>			
Investment Grade Bonds	7	Bloomberg US Aggregate TR	6	
Diversified Hedge Fund Portfolio	6	FTSE 3-Month US Treasury Bill Index +250 bps (1-month lag)	5	not investable
Long-term Government Bonds	5	Bloomberg U.S. Long Treasury Bond Index	6	
Cash	1	FTSE 3-Month US Treasury Bill Index	6	
<b>Overlays and Hedges</b>				

<sup>1</sup> Total Fund and the four functional categories are omitted, given they are a weighted blend of underlying strategy benchmarks and thus, would receive a "N/A" rating.

<sup>2</sup> The Benchmark Score is a rating based on the six Bailey characteristics.

### Current OPEB Benchmarks

LACERA Portfolio Segments <sup>1</sup>	Policy (%)	Current Benchmarks	Benchmark Score <sup>2</sup>	Primary Score Detractor
<b>Growth</b>	<b>45</b>			
Global Equity	40	MSCI ACWI IMI Index Net	6	
Private Equity	5	MSCI ACWI IMI Index + 200 bps (3-month lag)	5	not investable
<b>Credit</b>	<b>18</b>			
Liquid Credit	13	38% Bloomberg US Corporate High Yield Index 46% Credit Suisse Leveraged Loans 8% JP Morgan EMBI GD 4% JP Morgan GBI-EM GD/4% JP Morgan CEMBI BD	5	implementation
Illiquid Credit	5	Custom Liquid Credit Benchmark + 150 bps (1-month lag)	5	not investable
<b>Real Assets and Inflation Hedges</b>	<b>20</b>			
Real Estate	8	75% NFI ODCE (3-month lag) 25% Dow Jones US Select Real Estate	5	not investable
Natural Resources	2	S&P Global Natural Resources Index	6	
Commodities	2	Bloomberg Commodity Index	6	
Infrastructure	2	Dow Jones Brookfield Global Infrastructure Index (3-month lag)	6	
TIPS	6	Bloomberg US TIPS Index	6	
<b>Risk Reduction and Mitigation</b>	<b>17</b>			
Investment Grade Bonds	10	Bloomberg US Aggregate TR	6	
Long-term Government Bonds	5	Bloomberg U.S. Long Treasury Bond Index	6	
Cash	2	FTSE 3-Month US Treasury Bill Index	6	

<sup>1</sup> Total Fund and the four functional categories are omitted, given they are a weighted blend of underlying strategy benchmarks and thus, would receive a "N/A" rating.

<sup>2</sup> The Benchmark Score is a rating based on the six Bailey characteristics.

**Growth: Private Equity**

- LACERA uses the MSCI ACWI IMI plus a 200 basis point premium as the benchmark for Private Equity.
- The benchmark is not investable, but the premium reflects return expectations above the most similar public market investments to account for the illiquidity risk.

**Benchmark Score: 5**

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is considered non-investable due to the use of a premium over a public market benchmark.



**Growth: Non-Core Private Real Estate**

- Non-Core Real Estate is a “roll-up” category composed of Value- add and Opportunistic Real Estate.
- LACERA currently uses the NFI ODCE Index plus a 225 basis point premium as the benchmark for Non-Core Real Estate.
- This benchmark reflects a 50/50 weighting of Opportunistic and Value-Added Real Estate.
  - NFI ODCE Index plus 300 basis points for Opportunistic Real Estate.
  - NFI ODCE Index plus 150 basis points for Value-Added Real Estate.
- The relative weights in the benchmark can be adjusted over time to reflect LACERA’s investment structure review.
- The benchmark is consistent with the recommendation for Core Real Estate.

**Benchmark Score: 5**

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is considered non-investable due to the use of a premium over a peer benchmark.

Credit: Liquid Credit

- Liquid Credit is a “roll-up” category composed of High Yield, Bank Loans and Emerging Markets Debt.
- Each asset class currently has its own benchmark. The benchmark below is a combination of those benchmarks to reflect the category consolidation.

High Yield	40% Bloomberg US Corporate High Yield Index
Bank Loans	40% Credit Suisse Leveraged Loans
Emerging Market Debt	10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD 5% JP Morgan CEMBI BD

- This benchmark reflects a proportional allocation of each underlying asset class.
  - Utilizing an aggregate Custom Liquid Credit benchmark increases implementation flexibility.

Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- While each underlying benchmark is individually investable, the custom blend may not represent an investable option. Additionally, using a custom blend can make attribution and risk analysis more difficult.

Credit: Illiquid Credit

→ LACERA uses the Custom Liquid Credit Benchmark plus a premium of 150 bps premium with a 1-month lag for Illiquid Credit.

High Yield	40% Bloomberg US Corporate High Yield Index
Bank Loans	40% Credit Suisse Leveraged Loans
Emerging Market Debt	10% JP Morgan EMBI GD 5% JP Morgan GBI-EM GD 5% JP Morgan CEMBI BD

→ This benchmark is consistent with the Liquid Credit Benchmark.

→ This premium reflects Meketa’s capital market expectations and LACERA’s expected exposures.

Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

→ The benchmark is considered not investable because it involves both a custom composite and the use of a premium.

Real Assets and Inflation Hedges: Core Private Real Estate

- LACERA uses the NFI ODCE is the benchmark for Core Real Estate.
- The benchmark is the most widely used benchmark for Core Real Estate.

Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

- The benchmark is not considered investable because it is a peer benchmark.

Real Assets and Inflation Hedges: Natural Resources and Commodities

→ LACERA uses the custom composite benchmark outlined below for Natural Resources & Commodities.

Natural Resources	66% S&P Global Natural Resources TR Index
Commodities	33% Bloomberg Commodity Index

- The S&P Global Natural Resources Index is more reflective of LACERA’s implementation and is also more tradable than the previous benchmark.
- The S&P Global Natural Resources Index is composed of three subcomponents; S&P Global Agribusiness Index, S&P Global Energy Index and the S&P Global Metals and Mining Index.
- The pacing of private investments may influence the custom benchmark and can be revisited during a structure review. Specifically, the weights to each of the subcomponents of the S&P Global Natural Resources Index may be adjusted to reflect LACERA implementation as well as use of a return premium.

Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

→ While each underlying benchmark is individually investable, the custom blend may not represent an investable option. Additionally, using a custom blend can make attribution and risk analysis more difficult.

→ As LACERA moves to more private assets the public market benchmark may become less reflective.

Real Assets and Inflation Hedges: Infrastructure

- LACERA uses the Dow Jones Brookfield Global Infrastructure Composite TR Index with a 3-month lag as the benchmark for Infrastructure.
- The Dow Jones Brookfield Global Infrastructure Composite Index is more consistent with LACERA’s implementation and includes MLPs.
- The pacing of private investments may influence the custom benchmark and can be revisited during a structure review. Specifically, the use of a return premium may be considered based on implementation plans.

Benchmark Score: 5

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	✗	✓	✓	✓	✓

- The benchmark is considered non-investable due to the use of a public market benchmark for an asset class which will be primarily implemented through private markets.

**Risk Reduction and Mitigation: Diversified Hedge Funds**

→ LACERA uses FTSE 3-Month US Treasury Bill Index plus 250 basis points with a 1-month lag for Diversified Hedge Funds.

**Benchmark Score: 5**

Unambiguous	Investable	Measurable	Appropriate	Reflective	Specified
✓	x	✓	✓	✓	✓

→ The benchmark is considered non-investable due to the use of a premium over a public market benchmark.

Pension Total Fund Benchmark

Functional Category	% of Aggregate	Benchmark
Growth	53	Custom Growth Benchmark
Credit	11	Custom Credit Benchmark
Real Assets and Inflation Hedges	17	Custom Real Assets and Inflation Hedges
Risk Reduction and Mitigation	19	Custom Risk Reduction and Mitigation
Overlays and Hedges	0	N/A
Total Fund Benchmark	100	53% Custom Growth Benchmark 11% Credit Custom Benchmark 17% Real Assets and Inflation Hedges Custom Benchmark 19% Risk Reduction and Mitigating Custom Benchmark

- Each Functional Category Benchmark consists of a custom blended benchmark.
- The Total Fund Benchmark is a custom blended benchmark which consists of each of the Functional Categories Benchmarks.



OPEB Total Fund Benchmark

Functional Category	% of Aggregate	Benchmark
Growth	45	OPEB Growth Benchmark
Credit	18	OPEB Credit Benchmark
Real Assets and Inflation Hedges	20	OPEB Real Assets and Inflation Hedges
Risk Reduction and Mitigation	17	OPEB Risk Reduction and Mitigation
Total Fund Benchmark	100	45% Custom Growth Benchmark 18% Credit Custom Benchmark 20% Real Assets and Inflation Hedges Custom Benchmark 17% Risk Reduction and Mitigating Custom Benchmark

- Each Functional Category Benchmark consists of a custom blended benchmark.
- The Total Fund Benchmark is a custom blended benchmark which consists of each of the Functional Categories Benchmarks.

## Summary & Next Steps

### Summary:

- Don't expect perfection, the very nature of some asset classes implies that there is no perfect way to measure performance.
- No benchmark can substitute for understanding your portfolio, from both a top down and bottom-up perspective.
- As the complexity of LACERA's portfolio increases, so too does the potential for tracking error versus benchmarks. It is important to note that tracking error versus a benchmark is one of many considerations in evaluating performance with the primary consideration being the achievement of LACERA's long term objectives.


### Next Steps:

- Review and approve Meketa's 2024 Capital Market Expectations (February)
- Review proposed policy options (March/April)
- Approve Pension Trust strategic asset allocation policy (April)
- Approve OPEB Trust strategic asset allocation policy (April)
- Review and approve benchmarks (May)
- Review and approve updated Investment Policy Statement (June)




December 28, 2023

TO: Each Member  
Board of Investments

FROM: Esmeralda V. del Bosque   
Principal Investment Officer

Ron Senkandwa   
Investment Officer

Adrian Gonzalez   
Senior Investment Analyst

FOR: January 10, 2024 Board of Investments Meeting

**SUBJECT: Trade Cost Analysis Education**

As part of LACERA's ongoing Operational Due Diligence ("ODD") efforts, the global equity team conducts various reviews related to investment manager monitoring, compliance, and operational matters. The frequency of the reviews (daily, monthly, quarterly, and annually) depends on the specific type of ODD being performed.

Trade cost analysis ("TCA") involves assessing the expenses incurred when investment managers buy and sell securities on behalf of LACERA. In today's presentation, the team will examine and discuss the significance of trade cost analysis ("TCA") within the context of ongoing ODD. This analysis is important because trade costs have a direct impact on the overall performance of each investment manager's portfolio.

LACERA currently uses Zeno AN Solutions ("Zeno AN") for TCA reporting on LACERA's equity mandates. Mr. Vinod Pakianathan, Zeno AN's TCA Consultant, will deliver an overview of the firm's approach to TCA and provide key statistics on LACERA's global equity portfolio. Mr. Pakianathan's biography is on slide 21 of the presentation.

The LACERA Trade Cost Analysis Education presentation is attached to facilitate the discussion.

Attachment

Noted and Reviewed:



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Jonathan Grabel  
Chief Investment Officer



ATTACHMENT

# Trade Cost Analysis Education

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January 10, 2024

Esmeralda del Bosque – Principal Investment Officer

Ron Senkandwa – Investment Officer

Adrian Gonzalez – Senior Investment Analyst

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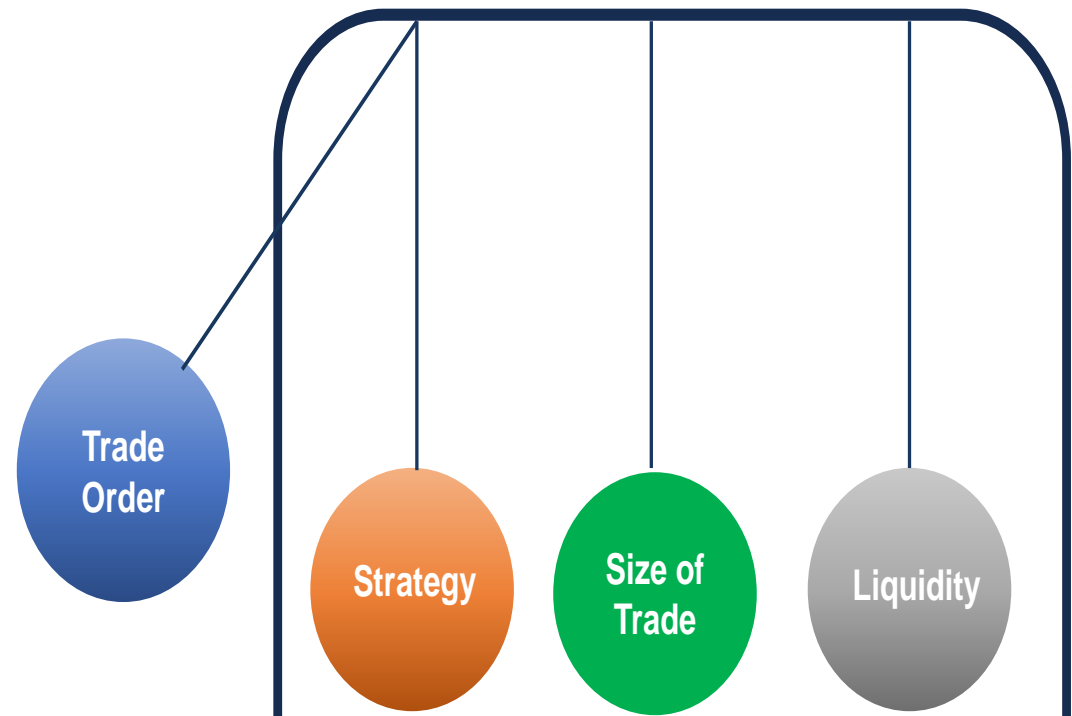
# What is Trade Cost Analysis?



**When investment managers buy and sell securities on LACERA's behalf, expenses are incurred**

- Trade cost analysis ("TCA") is the examination of various accumulated expenses when investments are bought and sold (i.e. traded)
- Trades are made through brokers, who serve as the intermediary for each investment transaction
- The cost of each transaction depends on a variety of factors including the size of the trade, type of strategy, and liquidity
- Monitoring trade costs is an important aspect of ongoing manager diligence

## Cost Factors Influenced by Trades



# Why TCA Matters: Benefits and Objectives



## May Result in Better Performance and Increased Cost Savings

- Managing and minimizing trading costs may result in enhanced performance and increases the likelihood of achieving portfolio return objectives
  - May uncover unfavorable trading patterns that dilute best execution



## Increased Transparency and Risk Management

- TCA is conducted for Separately Managed Accounts (“SMAs”) held at LACERA’s custodian bank
  - Transparency allows for detailed analysis of trading activity and costs incurred
- Provides additional insight into the operational efficacy of investment manager’s trading strategy



## Compliance

- Facilitates active monitoring of trade costs and broker usage on an ongoing basis
- Supports good governance practices and provides insights into adherence of manager’s contracted investment guideline compliance

**With all the benefits of TCA, it is not a perfect science; the review of each manager’s trading activity must account for various market and strategy nuances**

# TCA and LACERA's Strategic Initiatives



Monitoring TCA is aligned with LACERA's Strategic Initiatives

## Strategic Asset Allocation



## Strategic Initiatives



*Mission: To produce, protect and provide the promised benefits to our members*

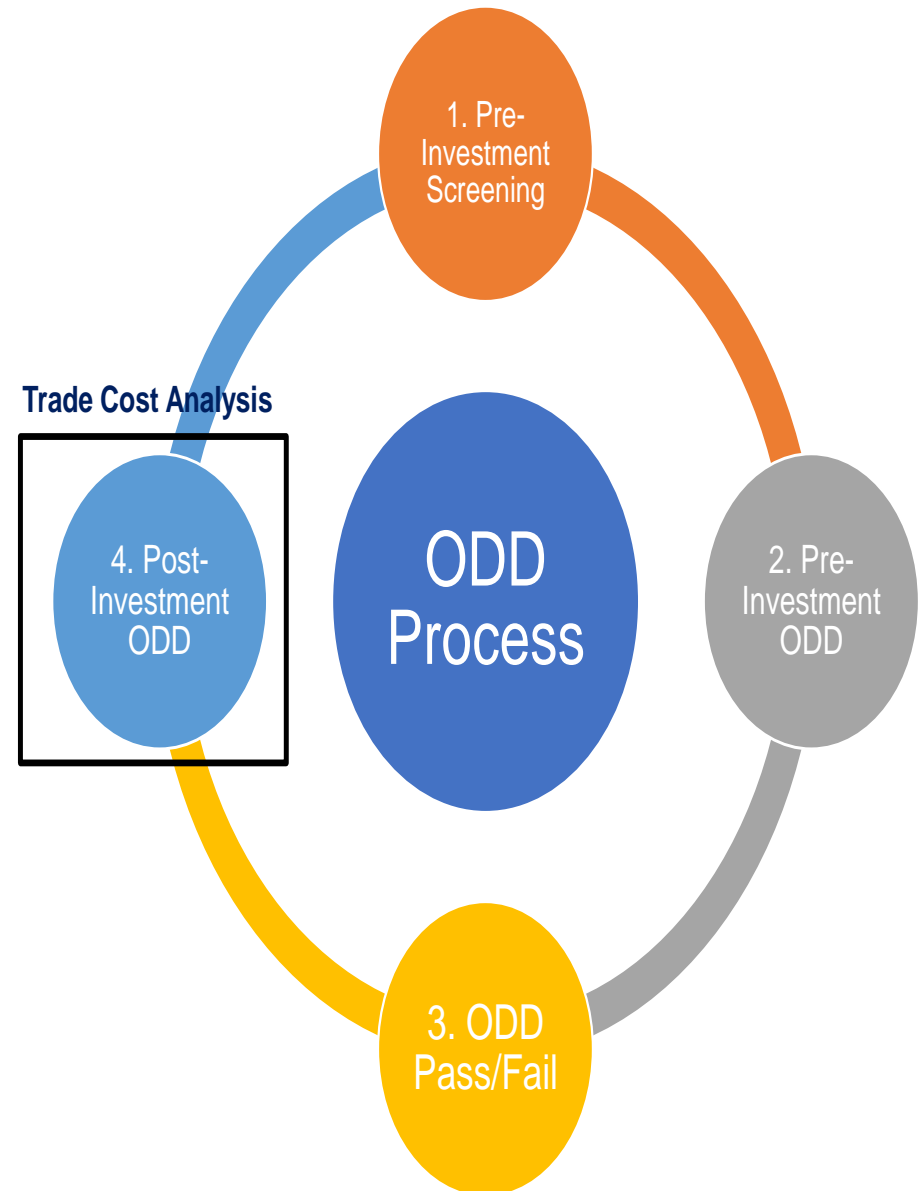


# LACERA's Operational Due-Diligence Process



## TCA is an important component of LACERA's ongoing Operational Due Diligence

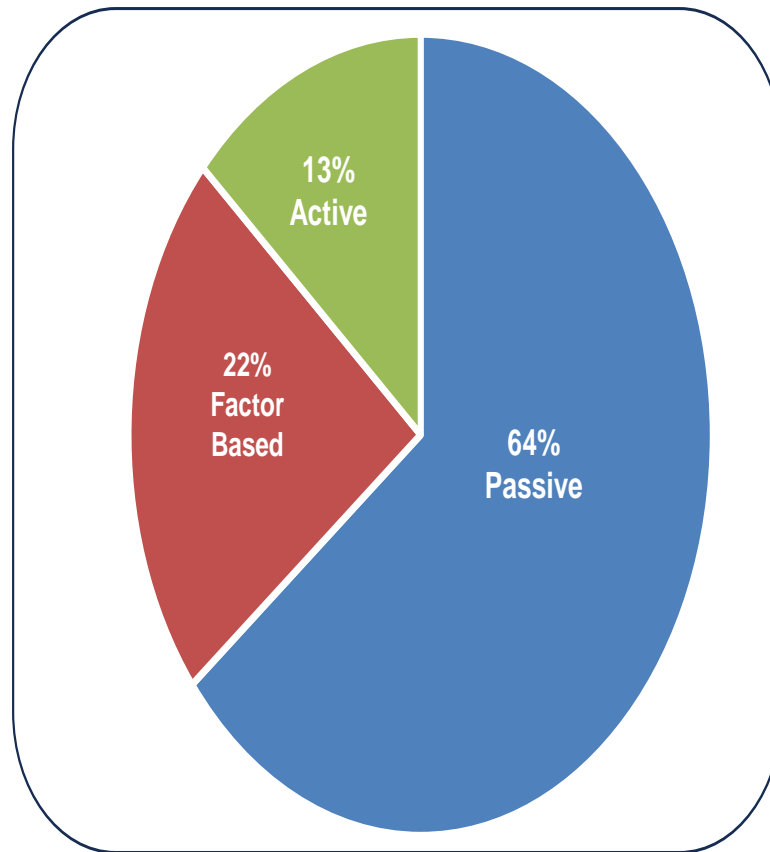
- Zeno AN Solutions is LACERA's TCA provider
- As part of the quarterly due diligence process, trade costs are reviewed by LACERA alongside Zeno AN
  - Any outliers are discussed directly with investment managers to ensure LACERA's interests are prioritized



# TCA – LACERA’s Global Equity Portfolio



Global Equity - \$24.2B



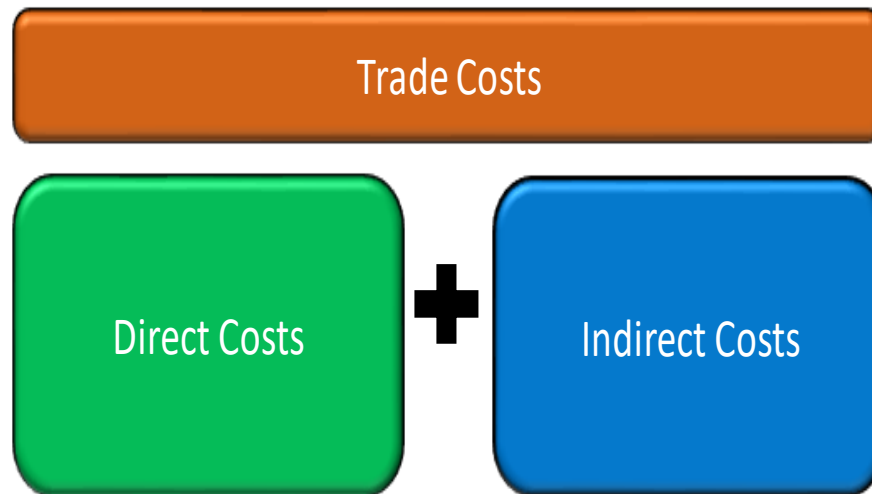
Data as of November 30, 2023

**The Global Equity portfolio comprises 32.7% of the total Fund and is among one of the most liquid and most frequently traded asset classes in the portfolio**

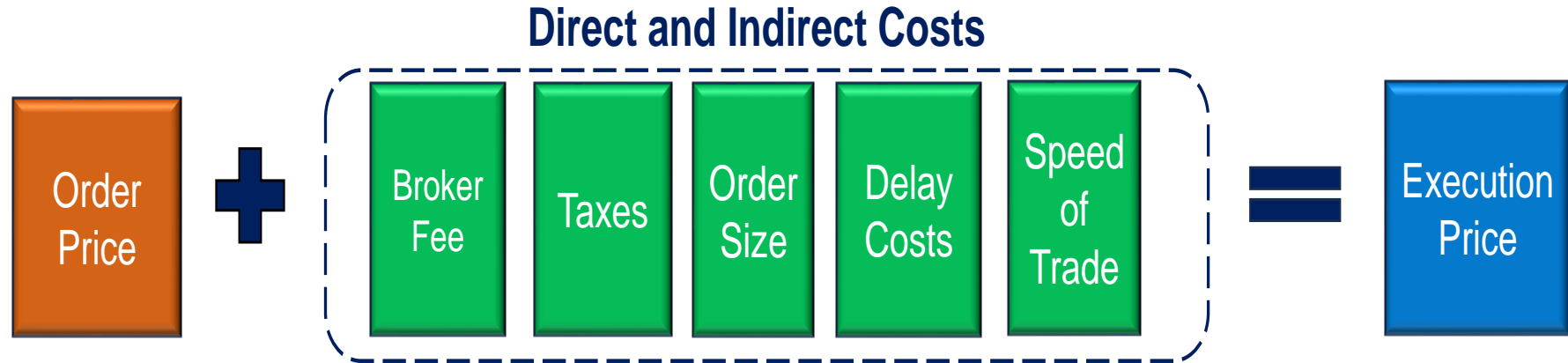
# Components of TCA



- Trade costs include two sub-components: Direct and indirect costs
- By decomposing trade costs into individual sub-components, inquiries can be made to managers and brokers to address what factors are benefitting or hindering the portfolio's performance
- Trade costs can vary widely depending on the type of investment and strategy. However, aggregating similar trades helps to facilitate like-for-like comparisons



# Components of TCA: Direct and Indirect Costs



**Direct costs** are costs that are directly charged and are the easiest and most straightforward to quantify

- Broker commission
- Taxes
- Exchange fees

**Indirect costs** are costs that are indirectly charged and the more difficult to measure

- Delay costs
- Bid-Ask Spread
- Market Impact Costs

# TCA Benchmarking



- Strategies vary by risk and return characteristics. The success of a manager’s trading implementation relies heavily on characteristics that impact the costs incurred during a trade
- As part of the TCA process, universes are created by grouping the trading activity of managers with similar investment styles (region, market cap, investment approach). Aggregating average trade results across similar mandates is the means to create a TCA “benchmark”
  - With these benchmarks, we can compare the performance of each manager versus its universe
  - When results differ from the universe, we investigate deviations with the manager

	Order Price	Arrival Price	Shares	Broker Fee	Taxes	Other Direct & Indirect Fees	Execution Price	Total Return
Manager A	\$ 5.00	\$ 5.00	1,000	\$ (20.00)	\$ (10.00)	\$ (50.00)	\$ 5.05	-0.60%
Manager B	\$ 5.00	\$ 5.10	1,000	\$ (10.00)	\$ (11.00)	\$ (29.00)	\$ 5.10	-0.98%
Manager C	\$ 5.00	\$ 5.05	1,000	\$ (5.00)	\$ (10.00)	\$ (5.00)	\$ 5.25	3.56%
<b>Average</b>		<b>\$ 5.05</b>		<b>\$ (11.67)</b>	<b>\$ (10.33)</b>	<b>\$ (28.00)</b>	<b>\$ 5.13</b>	<b>0.66%</b>



# Zeno AN Solutions

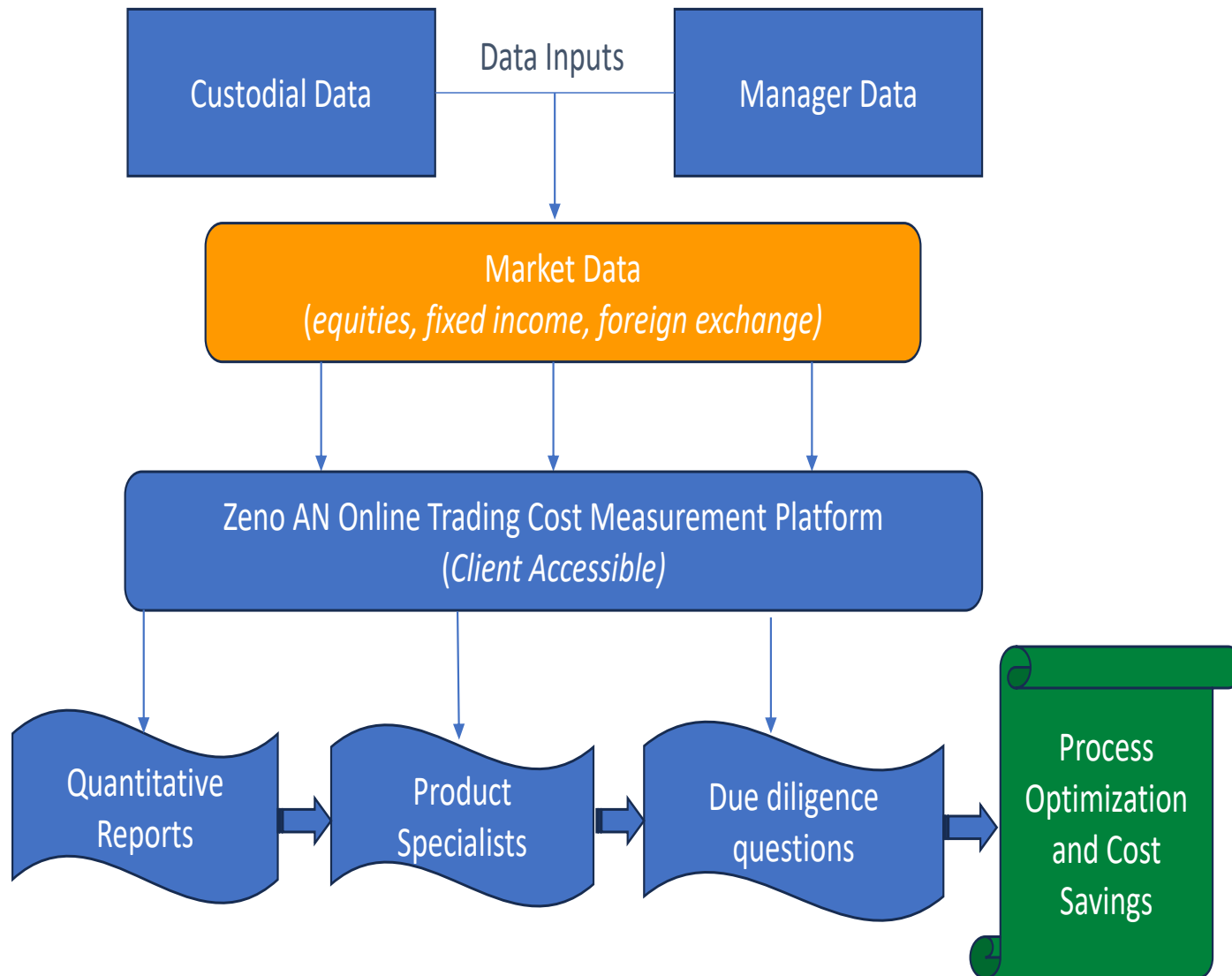
# Zeno AN Solutions

## Who is Zeno AN Solutions?

Offers a suite of TCA products available exclusively to asset owners and takes trade cost management to the next level.

- *Servicing over 250 Institutional Asset Owner Clients*
- Multi-Asset Class Analysis across Equity, Fixed Income, Foreign Exchange, Futures and Derivatives
- Stock Specific Peer Group Trade Universe, comprised of over \$7.2 trillion in Principal traded annually
- *Investment Mandate Peer Group Rankings* of over 2,000 Global Institutional Investment Mandates
- *Independent Consulting as a Registered Investment Advisor under the Investment Company Act of '40*

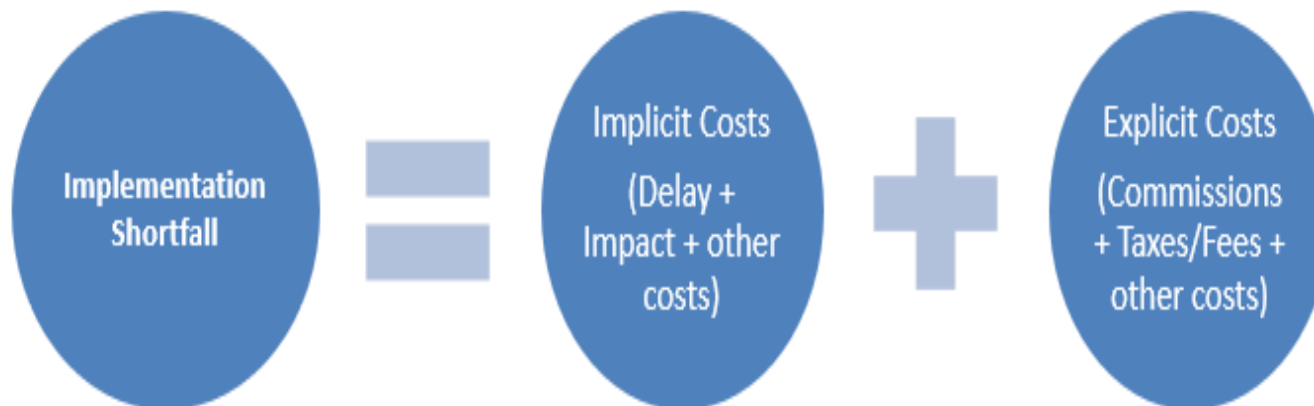
## TCA - Reporting, Analytical and Consulting Framework





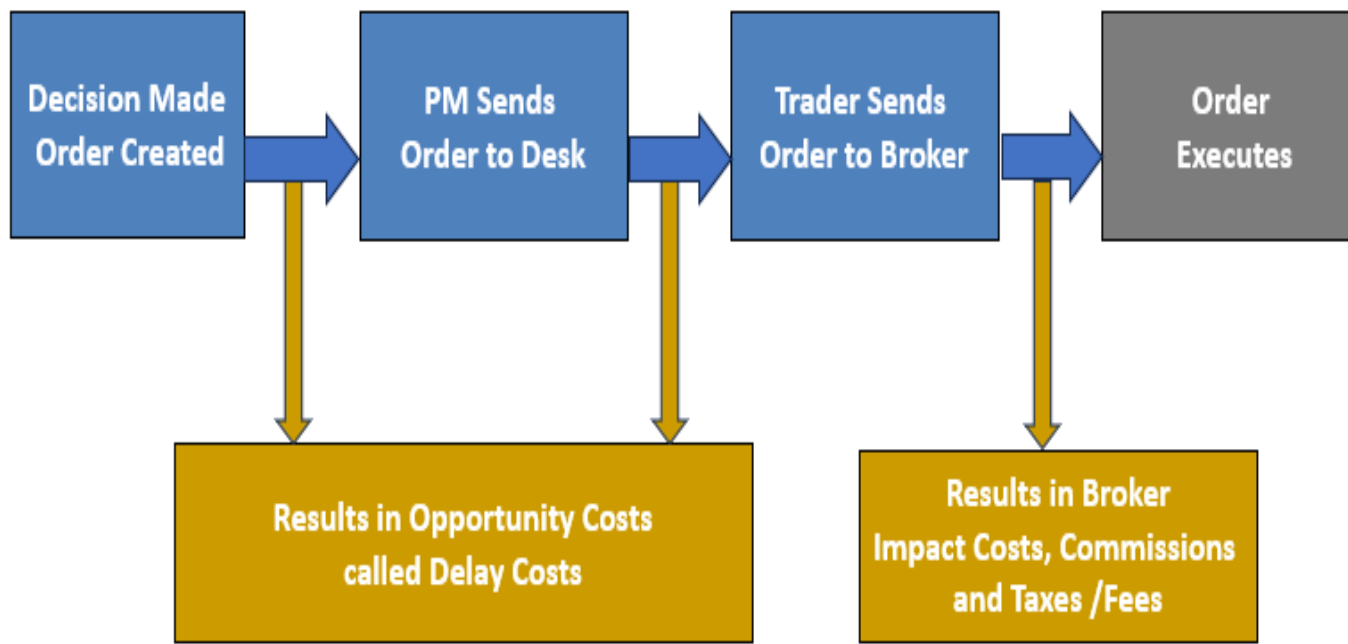
## How does Zeno AN Measure TCA?

- Trade cost measurements employ:
  - Custodial data
  - Peer universes constructed by Zeno
  - Exchange level data and other sources of transaction data
  - Proprietary and industry-accepted statistical and/or quantitative trading cost benchmarks
- Implementation shortfall is the industry standard metric to measure the reasonableness of direct (explicit) and indirect (implicit) costs
  - Implementation shortfall directly relates to manager performance



## Implementation Shortfall

**Implementation Shortfall Costs**  
*Separated according to actions by portfolio managers, trading desk and broker*



## TCA – Compensating for Trading Style

### Manager Performance in relation to turnover and trading costs

The amount of portfolio turnover and trading value can have a significant impact on manager's performance and trading process

### Manager's trading style

We account for a Manager's investment style in peer analyses to identify where their trading process may be misaligned. This misalignment can lead to process inefficiencies and higher costs.

### Manager's stock picking style

Understanding a manager's stock-picking style often explains the level of transaction costs. For example a quantitative manager picks different stocks at different times than a Bottom-Up Fundamental manager

## LACERA TCA – Universe Relative Results

Total Trading Costs*					Impact on Performance*				
	Small Cap	Large Cap	Dev Mkts	Emg. Mkts		Small Cap	Large Cap	Dev Mkts	Emg. Mkts
Universe Mean (Avg. Cost)	-101 bp	-40 bp	-33 bp	-52 bp	Universe Mean (Avg. Perf Imp)	-120 bp	-72 bp	-62 bp	-98 bp
LACERA Managers	-70 bp	-27 bp	-26 bp	-35 bp	75th Percentile (Most Impact)	-106 bp	-9 bp	-33 bp	-5 bp
Median Manager vs. LACERA	31 bp	13 bp	7 bp	17 bp	Median Manager vs. LACERA	14 bp	63 bp	29 bp	93 bp

Across all mandate types, LACERA's portfolio outperforms the median trading cost compared to its peer universe. This positively impacts investment manager returns.



- TCA is an important tool for measuring investment manager best execution and performance
  - Transaction costs are a part of implementing any strategy, and although should be minimized, are a necessary part of any portfolio
- Trade cost analysis is not straightforward and often imperfect given the complexities of different markets, strategies, and managers
- LACERA and Zeno AN will continue to meet on a quarterly basis to review the global equity portfolio's TCA results to ensure costs are in-line with peers and we will actively follow up with managers when necessary



Term	Definition
<b>Active Strategy</b>	A strategy where a manager has the most discretion in security selection and allocation. These strategies typically aim to outperform a predetermined benchmark and trade most frequently
<b>Bid-Ask Spread</b>	The difference in price between the bid and ask prices of a security
<b>Broker commission</b>	The fee paid to the broker for their services
<b>Delay costs</b>	The change in price between when an order is submitted and when it reaches the market
<b>Exchange fees</b>	Charges incurred by investors and traders for buying and selling securities on an exchange platform
<b>Factor Strategy</b>	A strategy which aims to identify market factors that drive stock prices and invests in them. Factors will vary by security characteristics (ex. Value, momentum, growth, etc.)
<b>Market Impact Costs</b>	The adverse price impact on a security caused from trading an order
<b>Passive Strategy</b>	A strategy meant to closely track and replicate the performance and other characteristics of a specific market index
<b>Taxes</b>	Fees paid to federal and local governments when a security is traded

## Biography

### ***Vinod Pakianathan – Managing Director***



Vinod heads up Abel Noser's Asset Owner group, including products that address the cost exposures and risks from trading Equities, Foreign Exchange Futures and Fixed Income instruments. He is a Senior Consultant to some of the largest Plan Sponsor and Fund Oversight Boards. In this role, he quantifies the risks arising from external and internal asset manager's trading of client's assets.

In addition to running the Asset Owner group, he has led a research team for the past five years.

**FOR INFORMATION ONLY**

December 8, 2023

TO: Trustees – Board of Investments

FROM: Scott Zdrzil<sup>SZ</sup>  
Principal Investment Officer

FOR: January 10, 2024, Board of Investments Meeting

SUBJECT: **PRINCIPLES FOR RESPONSIBLE INVESTMENT SIGNATORY BALLOT**

Please find below a copy of LACERA's submitted ballot for the Principles for Responsible Investment (PRI) 2023 signatory meeting and election to fill three asset owner board seats. LACERA is a signatory to PRI.

PRI's board consists of ten directors, seven of whom are elected by asset owners to two-year terms. Asset owners had three votes for three available asset owner PRI board positions and voted separately for the three positions: one each for asset owners headquartered in Africa, Asia, and global to ensure broad geographic representation on the PRI Board. There were three nominees from PRI asset owner signatories based in Africa to fill one board position, and one nominee among Asia-based asset owner signatories to fill a second board position, and five nominees from all other regions to fill a third board position.

In accordance with LACERA's *Corporate Governance and Stewardship Principles* (Principles), staff consulted the Corporate Governance Committee Chair to execute LACERA's ballot in advance of PRI's vote deadline. LACERA supported the Kamal Mitha (Head of Investments, Sasria SOC Limited) for Africa, Takeshi Kimura (Special Adviser to the Board, Nippon Life Company) for Asia, and Jonathan Grabel (Chief Investment Officer, LACERA) for the global board seat consistent with LACERA's *Principles* to consider, in part, professional experience, geographic diversity among PRI signatories, and the nominating fund's history of involvement with PRI to assist in setting and overseeing the strategic direction of the association. Other routine business matters were voted in line with LACERA's *Principles*. Final election results are available [here](#) (note that Jonathan Grabel was not elected). This report is being provided to the Board per policy and practice.





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[Logout Los Angeles County Employees Retirement Association \(LACERA\)](#)

**Voting receipt - 2023 PRI Annual Election**

[\[Print Receipt\]](#)

Receipt code: **VNSQ**

Time of vote: **2023-11-22 19:14:27 Europe/London**

IP address: **163.116.248.66**

**2023 Asset Owner Ballot**

**2023 PRI Board Election**

Asset owner election: vote for one representative:

**Jonathan Grabel, Chief Investment Officer, Los Angeles County Employees Retirement Association (LACERA)**

Asset owner election: vote for one representative from Africa: **Kamal Mitha, Head of Investments, Sasria SOC Limited**

Asset owner election: vote for one representative from Asia: **For**

Appointment of the Chair: **For**

2023 Annual Report and Accounts: **For**

2023 Signatory General Meeting (SGM) Minutes: **For**

Amendments to the Articles of Association: **For**

**Further Information**

Noted and Reviewed:


A handwritten signature in black ink, appearing to read "Jonathan Grabel", is written over a horizontal line.

Jonathan Grabel  
Chief Investment Officer

**FOR INFORMATION ONLY**

December 26, 2023

TO: Trustees – Board of Investments

FROM: Scott Zdrzil   
Principal Investment Officer

FOR: January 10, 2024, Board of Investments Meeting

SUBJECT: **Update regarding Council of Institutional Investors Nominations**

This memo is being provided to apprise Trustees that staff is recommending that LACERA not present a nominee for the Council of Institutional Investors' (CII) 2024 public fund board nomination process, for which nominations are due February 5, 2024.

LACERA is a CII member. LACERA continues to actively collaborate with CII across proxy voting initiatives and operational matters, policy and regulatory advocacy, and corporate governance engagement. LACERA was recently represented for seven consecutive years on the CII board, with Principal Investment Officer Scott Zdrzil chairing the CII board until March 2023 and Investment Officer Dale Johnson previously serving as CII board treasurer. CII public fund members elect nine of CII's fifteen board members, of which staff is aware of two CII board members terming out and qualified nominees for the vacancies. The remainder of CII board members are elected by labor and corporate pension funds. Individual board members are eligible for (and typically serve) five consecutive one-year terms.

LACERA's *Corporate Governance and Stewardship Principles* call for the Board of Investments to approve any LACERA nomination to serve on the governing boards of corporate governance associations to which LACERA is affiliated, and permit for LACERA to put forward any time-sensitive nominee with approval of the Corporate Governance Committee Chair.

CII board elections are held annually, providing routine opportunities for LACERA to consider presenting a nominee within CII's eligibility criteria.

Noted and Reviewed:

  
\_\_\_\_\_  
Jonathan Grabel  
Chief Investment Officer



StepStone Group LP  
4225 Executive Square, Suite 1600  
La Jolla, CA 92037  
Phone +1 858.558.9700

December 21, 2023

To: LACERA Board of Investments  
From: Jose Fernandez, Natalie Walker, Daniel Krikorian  
StepStone Group LP  
Re: StepStone Group Self-Evaluation

To Whom It May Concern,

Per the private equity consulting agreement between StepStone Group LP (“StepStone” or the “Consultant”) and the Los Angeles County Employees Retirement Association (“LACERA”), StepStone is to conduct an annual self-evaluation and provide information for the Board to review and evaluate the Consultant. To facilitate the Board’s review, StepStone is providing a list of services and projects completed, or expected to be completed, on behalf of LACERA between January 1, 2023 and December 31, 2023.

### **Self-Assessment**

Over the course of 2023, StepStone has provided the following services and completed the following key projects on behalf of the LACERA Board of Investments (the “Board”):

- Carried out the Board’s strategic goals and initiatives and reported directly to the Board.

Status: Completed.

- Provided information and research regarding significant changes in the private equity industry, including best practices, trends, and major events. StepStone serviced LACERA by leveraging over 900 professionals across StepStone’s 27 offices in 16 countries. In 2023, StepStone opened new offices in Orlando (Florida), Dallas (Texas), and Singapore to expand our “global-local” footprint. StepStone hosted LACERA in our offices across various geographies.

Status: Completed.

- Provided portfolio pacing and cash flow projection analysis in connection with the annual private equity investment plan and ongoing monitoring of portfolio status relative to the 2023-2024 Structure Review.

Status: Completed and ongoing.

- Leveraged a sourcing program that incorporates LACERA staff and Consultant resources to identify investment opportunities that satisfy the 2023-2024 Structure Review. StepStone utilizes a highly local approach to each of the global markets, by leveraging 15 offices in the Americas, six offices in Europe and six offices in the Asia-Pacific.

Status: Completed and ongoing.

- Introduced LACERA staff to top caliber managers and promoted direct LACERA access to funds based on size and speed to close.

Status: Completed and ongoing.

- Accompanied LACERA Board and staff to meetings, events, and industry conferences.

Status: Completed and ongoing.

- Provided LACERA staff a rolling 24-month forward calendar of high conviction general partners, presented by investment strategy and geography.

Status: Completed and ongoing.

- Provided LACERA staff guidance and introductions to managers executing successful investment strategies in relatively hard-to-access, niche markets.

Status: Completed and ongoing.

- Disclosed all firm research, including white papers, and provided access to research staff via StepStone's proprietary private market information database ("SPI Research"). SPI Research tracks information on over 97,000 companies, 45,000 funds, and 17,000 general partners.

Status: Completed and ongoing.

- Conducted independent evaluations and provided Board recommendations on nine fund opportunities, totaling approximately US\$1.5 billion in approved or pending capital commitments, as requested by the Board and/or LACERA staff. Recommendations included a detailed memorandum outlining the results of the due diligence, strategic considerations, and fit within the LACERA portfolio, as well as merits and risks of the investment.

Status: Completed.

- Evaluated and provided written recommendations on partnership agreement amendments and Secondary Interests offered to LACERA.

Status: Completed and ongoing.

- Presented and provided an annual review of the private equity portfolio to the Board.

Status: Completed November 2023.

- Periodically provide educational presentations to the Board on specific issues.

Status: Completed and ongoing.

- Attended all LACERA Board of Investments and Equity Committee meetings, four Quarterly Investment Performance Review staff meetings, and one Board Off-site meeting.

Status: Completed.

## Conclusion

StepStone believes the past year has been an active and productive one for the private equity portfolio, investment staff and Consultant. StepStone attended all Board meetings and one Board Off-site seminar. We completed an annual review of the private equity portfolio, including a private equity market update, a review of LACERA's private equity program and performance, and assisted in 2024 strategic planning.

In collaboration with staff, StepStone sourced, reviewed, approved, and presented nine private equity fund investments, totaling approximately US\$1.5 billion in approved and pending capital commitments. Year to date, LACERA is on pace to meet its target investment plan set by the board in 2022. Looking ahead, StepStone remains excited about the prospects for the private equity program for the remainder of 2023 and beyond. We look forward to working with the Board to further deepen the relationship we've established. Thank you for your continued trust and guidance. If you have any questions or comments, please feel free to contact us at (858) 558-9700.

Sincerely,

StepStone Group LP



StepStone Group LP  
4225 Executive Square, Suite 1600  
La Jolla, CA 92037  
Phone +1 858.558.9700

December 29, 2023

To: LACERA Board of Investments  
From: Margaret McKnight, Thomas Hester, Kristen Moore, James Maina  
StepStone Real Estate  
Re: StepStone Real Estate Self-Evaluation

To Whom It May Concern,

Per the contract signed on April 1, 2021, between Stepstone Group Real Estate, LP (“SRE”, “StepStone”, or the “Consultant”) and the Los Angeles County Employees Retirement Association (“LACERA”), Stepstone is required to conduct an annual self-evaluation and provide information for the Board of Investments (“Board”) to review and evaluate SRE. To facilitate the Board’s review, StepStone is providing a list of services and projects completed, or expected to be completed, on behalf of LACERA between January 1, 2023, and December 31, 2023.

### **Self-Assessment**

Over the course of 2023, StepStone has provided the following services and completed the following key projects on behalf of the LACERA Board of Investments (the “Board”):

- Carried out the Board’s strategic goals and initiatives and reported directly to the Board.

Status: Completed.

- Provided information and research regarding significant changes in the private equity industry, including best practices, trends, and major events. StepStone serviced LACERA by leveraging over 900 professionals across StepStone’s 27 offices in 16 countries. In 2023, StepStone opened new offices in Orlando (Florida), Dallas (Texas), and Singapore to expand our “global-local” footprint.

Status: Completed.

- Provide quarterly performance reports on the total portfolio as well as each manager's subportfolio. Calculated performance metrics including internal rate of return, time weighted returns, and real estate multiples. Provide performance attribution analysis on both an absolute and relative basis including reasons for over/under performance compared to the benchmark on an as needed basis.

Status: Completed and ongoing.

- Reviewed the core funds list prepared by LACERA staff and recommended changes or modifications as appropriate considering changes in the real estate portfolio, the real estate markets, and the capital markets.

Status: Completed and ongoing.

- Provided portfolio pacing and cash flow projection analysis in connection with the annual real estate investment plan and Structure Review.

Status: Completed.

- Leveraged a sourcing program that incorporates LACERA staff and Consultant resources to identify investment opportunities that satisfy the 2021-2022 Structure Review. StepStone utilizes a highly local approach to each of the global markets, by leveraging 15 offices in the Americas, six offices in Europe and six offices in Asia-Pacific.

Status: Completed and ongoing.

- Introduced LACERA staff to top caliber managers and promoted direct LACERA access to funds based on size and speed to close.

Status: Completed and ongoing.

- Accompanied LACERA Board and staff to meetings, events, and industry conferences.

Status: Completed and ongoing.

- Provided LACERA staff a rolling 12-month forward calendar of high conviction general partners, presented by investment strategy and geography.

Status: Completed and ongoing.

- Provided LACERA staff guidance and introductions to managers executing successful investment strategies in relatively hard-to-access, niche markets.

Status: Completed and ongoing.

- Disclosed all firm research, including white papers, semi-annual house views Webinar, and provided access to research staff via StepStone's proprietary private market information database ("SPI"). SPI tracks information on approximately 8,400 real estate funds, and 3,600 real estate general partners.

Status: Completed and ongoing.

- Worked alongside staff to select brokers to continue the disposition of assets in separately management accounts in LACERA's portfolio.

Status: Completed.

- Conducted independent evaluations and provided Board recommendations on fund opportunities, totaling approximately US\$1.5 billion in approved or pending capital commitments, as requested by the Board and/or LACERA staff. Recommendations included a detailed memorandum outlining the results of the due diligence, strategic considerations, and fit within the LACERA portfolio, as well as merits and risks of the investment.

Status: Completed.

- Evaluated and provided written recommendations on partnership agreement amendments on managers in LACERA's portfolio.

Status: Completed and ongoing.

- Attended LACERA Board of Investments, Real Assets Committee meetings, quarterly investment performance review staff meetings, RATIC meetings with real estate agenda items and one Board Off-site meeting.

Status: Completed.

## **Conclusion**

StepStone believes the past year has been an active and productive one for the real estate portfolio, investment staff and Consultant. StepStone attended all the Board meetings and RATIC meetings with real estate items as well as a one off-site seminar. In collaboration with staff, StepStone sourced, reviewed, approved, and presented US\$1.5 billion in fund commitments. Looking ahead, StepStone remains excited about the prospects for the real estate program for 2024 and beyond. We look forward to working with the Board to further deepen the relationship we've established. Thank you for your continued trust and guidance. If you have any questions or comments, please feel free to contact us.

Sincerely,

StepStone Real Estate



## MEMORANDUM

**TO:** LACERA Board of Investments  
**FROM:** Tim Filla, Aysun Kilic, Leandro Festino, Imran Zahid  
Meketa Investment Group  
**CC:** Jon Grabel, CIO - LACERA  
**DATE:** December 22, 2023  
**RE:** Meketa Investment Group Self-Evaluation

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### Background

Per the contract signed on January 15, 2016 and amended on February 25, 2022 between the general investment consultant, Meketa Investment Group (“Meketa” and/or “Consultant”), and the Los Angeles County Employees Retirement Association (“LACERA”), Meketa is to conduct an annual self-evaluation and provide information for the Board of Investments (“Board”) to review and evaluate the Consultant. To facilitate the Board’s review, Meketa is providing a self-assessment, as well as a list of projects and their respective status. The evaluation period covers calendar year 2023.

### Self-Assessment

**Independent Investment Advice:** Consultant attended all meetings where its presence was required and requested, provided conflict-free advice to the Board both upon request and proactively, and collaborated with staff as needed during the year.

**Status:** Achieved.

**Assisting LACERA’s Board of Investments with strategic investments decisions:** Meketa analyzed numerous investment products and asset classes’ structures throughout the year. Meketa assessed risk management and provided analysis of various pertinent issues.

**Status:** Achieved and ongoing.

**Providing Independent Reviews:** Meketa provided both verbal and written reviews of LACERA’s Asset Class Structures and Strategies, Investment Policies, and Investment Manager Searches, as requested and as deemed prudent by Meketa.

**Status:** Achieved.

**Performance Reporting:** Meketa provided the Pension and OPEB reports as requested by staff.

**Status:** Achieved.

**Board Meetings:** Consultant attended all Board meetings and off-site meetings as requested and advised the Board on investment matters during such meetings, both upon request and voluntarily.

**Status:** Achieved.

**Consultant Contact and Ad hoc Workshops:** Consultant was available and responsive in addressing requests.

**Status:** Achieved.

## Key Projects

The section below summarizes key projects Meketa conducted in 2023.

**Governance Review:** Meketa provided the Board education on pension governance models, prepared an assessment survey, conducted an in-depth peer plan review, and then presented findings and suggested potential governance enhancements. Meketa led a collaborative process involving the Board and staff, leading to delegation of Authority from the Board to staff regarding manager selection and retention decisions. Updates were subsequently incorporated into LACERA's governance model and governance documents. LACERA's past practice was to engage an additional consultant on a project basis to conduct governance reviews.

**Investment Beliefs Update:** Following the governance review, Meketa worked with staff to create a new Investment Belief related to 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.

Meketa also collaborated with staff and the Board to review and update language related to fiduciary duty and investment beliefs for the OPEB Plan.

**Investment Policy Statement Update:** Meketa collaborated with staff to make updates to the investment policy statement for LACERA's defined benefit plan and the OPEB portfolio.

**Asset Liability Study:** Meketa provided a presentation to the Board re-introducing core concepts in asset liability management highlighting key risks to the Pension Plan, while giving Board some context around possible outcomes before asking it to fill out a survey regarding LACERA's objectives and risks.

**Strategic Asset Allocation:** Meketa conducted several education sessions related to asset allocation as part of the Strategic Asset Allocation Review. The topics included the importance of strategic asset allocation, types of analysis used, climate aware asset allocation and changes in the market environment/capital market expectations.

Meketa also conducted a Board survey to assess objectives, risk tolerance and investment preferences. Meketa prepared a presentation covering baseline modeling taking into account the survey responses, asset class constraints and review of our full optimization process.

**Real Assets Structure Review:** Meketa worked with staff to update investment guidelines as part of the overall structure review.

**Liquid Credit Structure Review:** Meketa reviewed and provided feedback on the role of credit within LACERA's portfolio and its implementation as part of an overall structure review.

**Risk Mitigation Structure Review:** Meketa reviewed and provided feedback related to changes implemented in the portfolio guidelines for investment grade bonds and long-term government bonds as part of the overall structure review.

**Total Fund and Asset Class Performance Reviews:** Meketa has attended all staff quarterly performance reviews. During these reviews, Meketa offers notable market trends and peer universe data.

**Manager Searches:** Meketa collaborated with staff as requested in the following manager searches:

→ OPEB Passive Management

**Operational Due Diligence:** Related to the OPEB Public Markets Passive Management search, Meketa conducted an operational due diligence review of candidate firms addressing a number of key topics including but limited to accounting and operations, valuation, IT infrastructure, fund terms, compliance and legal. Findings were summarized in a memo and provided to staff to assist in the selection process.

**ACFR:** Meketa produced the necessary documents to assist LACERA in completing its Annual Comprehensive Financial Report ("ACFR").

## Conclusion

The market environment in 2023 has been largely favorable for both equities and fixed income investing with bouts of volatility as the direction of interest rates and concerns around inflation continue to dominate the macroeconomic landscape. Geopolitical risks are also at heightened levels and may weigh on sentiment across markets. The Strategic Asset Allocation review of 2020/2021 contemplated the potential risks associated with a rising rate environment and LACERA made several adjustments which helped mitigate risk across the total Fund. For fiscal year 2023, LACERA produced strong positive results while outperforming relative to the Fund Policy benchmark. Thus far in calendar year 2023 LACERA has performed well and ranks near the median when compared to peers. Over the most recent 5-year period, performance has ranked in the top quartile of the peer universe. Over a 10-year period, performance has ranked in the top decile while LACERA's portfolio has also produced a total return in excess of its 7% target. We are very proud of contributing to LACERA's strong results especially regarding our input into LACERA's Strategic Asset Allocation.

For 2024, we will be working with staff and the Board on various projects, including the continuation of the Asset Liability Management / Strategic Asset Allocation review. The delegation of authority to LACERA staff further elevates the responsibilities and importance of an independent Board consultant and demonstrates the growth and evolution of LACERA with reference to the Board approved strategic plan of "Toward Best-in-Class Investor".



We are very appreciative of the trust placed in us every day by Board members and staff alike. Thank you. If you have any questions or would like additional information, please email or call us at (760) 795-3450.

TF/AK/LF/IZ/sf

To: LACERA Board of Investments  
From: James Walsh, Stephen Kennedy, Tom Cawkwell, Mark White  
Albourne America LLC  
Date: December 11, 2023

## Background

Per the contract signed on June 18, 2019 between Albourne America LLC (“Albourne” and/or “Consultant”) and the Los Angeles County Employees Retirement Association (“LACERA”), Albourne is to conduct an annual self-evaluation and provide information for the Board of Investments (“Board”) to review and evaluate the Consultant. To facilitate the Board’s review, Albourne is providing a self-assessment and respective status. The evaluation period covers the 12-months to December 2023.

## Self-Assessment

**Impartial Investment Advice:** Consultant attended all meetings in person where its presence was required and requested, including the annual Board Offsite, provided advice to the Board both upon request and proactively, and collaborated extensively with the staff as needed throughout the year. Where not directly required, consultants have attended Open Sessions of board meetings virtually.

Completed and ongoing.

**Assisting LACERA’s Board of Investments with Strategic Investment Decisions:** Albourne contributed to the Structural Reviews on Illiquid Credit and Real Assets throughout the year.

Completed and ongoing.

**Providing Impartial Review:** Albourne provided Investment and Operational Due Diligence on staff investment recommendations throughout the year, providing explicit ratings both at a top-down level and on a more detailed basis. Staff had access to the Albourne Analysts responsible for the Due Diligence and utilized this resource, speaking to analysts on multiple occasions. Consultant also opined on the research process and suitability of co-investments in the Real Asset portfolio, and on Sustainability risks, in particular carbon footprint mapping.

Completed and ongoing.

**Performance Review:** Albourne contributed to Quarterly Performance Reviews for Risk Mitigating Strategies, Illiquid Credit and Real Assets.

Completed and ongoing.

**Portfolio Construction:** Albourne has worked extensively with the team to continue the build out of the Risk Mitigating, Illiquid Credit and Real Asset portfolios. This has included working with the team on portfolio construction, manager selection and negotiation of terms in specific cases, as well as on cashflow modeling for Real Assets.

Completed and ongoing

**Fee Reconciliation, Analysis and Negotiation:** Albourne has provided extensive fee reconciliation and validation on investments, and analysis on specific recommendations as required.

Completed and ongoing

**Annual Fee Report:** Albourne has provided extensive support in the preparation of the Annual Investment Cost Report.

Completed and ongoing.

**Educational Sessions:** Consultant has had the pleasure of providing briefing sessions on Risk Management within Private Credit and Risk Mitigation to the Board at the 2023 Board Offsite. Albourne also provides educational content through its Extranet, workshop sessions, conferences and client-specific meetings.

Completed and ongoing.

**Back Office Support:** Albourne's Back Office Team performs daily recording and monitoring of capital activity (in Hedge Funds, Illiquid Credit and Real Assets) including capital calls, distributions and valuations. This creates detailed, up-to-date records with a built-in audit trail, together with portfolio and performance reporting across these asset classes which is available to staff through Albourne's Extranet. Albourne personnel also perform reconciliation versus manager and custodian records to help determine whether the data that is being presented is accurate.

Completed and ongoing.

**Risk Management:** The Consultant provides factor-based risk modeling on the Direct Hedge Fund and legacy Fund of Funds, as well as Open Protocol reporting on the Direct Hedge Funds portfolio, visible through the Albourne Extranet. Albourne also provides ongoing monitoring of the portfolio and managers within it.

Completed and ongoing.

**Ongoing and Ad Hoc Support to Team:** Albourne attends and contributes to the Quarterly Performance and Portfolio Review Meetings, joins weekly and bi-weekly team meetings, and provides ad hoc support as required.

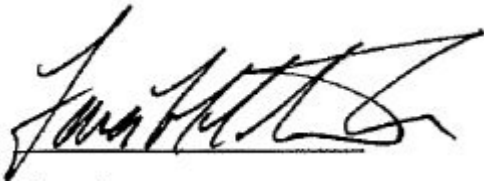
Completed and ongoing.

## Conclusion

It has been another busy year across Hedge Funds, Illiquid Credit and Real Assets. While the portfolios are at different points in their development they all continue to evolve. Staff has been able to draw on Albourne's consultant team in San Francisco and on the resources from Albourne's 11 offices globally, located in North America, Europe and Asia. Over the past year over 60 calls have been logged, more than 2,000 documents downloaded and over 18,000 hits recorded on our Extranet. We have been able to support the team on investment recommendations in Hedge Funds, Illiquid Credit and Real Assets.

Albourne believes that the past year has been a highly productive period. We feel that we have fulfilled our role as consultants to the Board of Investments, as well as provided a valuable resource to staff. The Albourne team has enjoyed working with both the Board and staff, and very much look forward to the work of the coming year.

Yours Sincerely,

A handwritten signature in black ink, appearing to read 'James Walsh', written over a horizontal line.

James Walsh  
Albourne America LLC

**FOR INFORMATION ONLY**

January 2, 2024

TO: Trustees,  
Board of Investments

FROM: Christine Roseland  
Senior Staff Counsel

FOR: January 10, 2024 Board of Investments Meeting

SUBJECT: **Legal Projects**

Attached is the monthly report on the status of Board-directed or delegated investment-related projects handled by the Legal Division as of January 2, 2024.

Attachment

c: Santos H. Kreimann  
Luis A. Lugo  
Jonathan Grabel  
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 January 2, 2024




	Project/ Investment	Description	Amount	Board Approval Or Report Out Date	Completion Status	% Complete	Notes
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	Complete	100%	Complete
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 Estate	AG Europe Realty Fund IV, L.P.	Subscription	\$180,000,000	December 13, 2023	Complete	100%	Complete

## FOR INFORMATION ONLY

December 21, 2023

TO: Insurance, Benefits and Legislative Committee  
Les Robbins, Chair  
Vivian H. Gray, Vice Chair  
Shawn R. Kehoe  
Ronald Okum  
JP Harris, Alternate

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: January 3, 2024 Insurance, Benefits and Legislative Committee Meeting

SUBJECT: **Semi-Annual Report on Approved Engagements**

### LEGAL AUTHORITY

The Board of Retirement's Policy on Engagement for Public Policy Issues Relating to Plan Administration and Retirement and Health Care Benefits provides that staff will present semi-annual reports to the Insurance, Benefits and Legislative Committee each year as to the status of all approved engagements.

### ENGAGEMENTS

#### Meetings with Congress

There were no Congressional meetings scheduled in the second half of 2023.

LACERA trustees and staff will be attending the NCPERS 2024 Legislative Conference on January 22-24, 2024 and participating in Congressional meetings during the NCPERS Policy Day event on January 24.

#### Meetings with California State Legislature

There were no meetings with California State legislators scheduled in the second half of 2023. Staff and LACERA's state legislative advocate anticipate arranging meetings with state legislators during the 2024 legislative session.

#### Legislative Positions

During the 2023 legislative session, LACERA adopted positions on the following bills.

**AB 1020 (Grayson):** Expands the scope of service-connected presumptions related to disability retirement for additional injuries, including post-traumatic stress disorder, skin cancer, lower back impairments, Lyme disease, hernia, pneumonia, and meningitis.

Status: Enacted. Chaptered by Secretary of State – Chapter 554, Statutes of 2023.  
(10/08/2023)

Board of Retirement Position: Neutral.

HR 82 (Graves): Amends Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provision.

Status: To House Committee on Ways and Means. (01/09/2023)

Board of Retirement Position: Support.

HR 4260 (Neal): Amends Social Security Act to provide an equitable benefit formula for beneficiaries with noncovered employment and to provide relief for beneficiaries affected by the Windfall Elimination Provision.

Status: To House Committee on Ways and Means. (06/21/2023)

Board of Retirement Position: Support.

HR 5342 (Arrington): Amends Social Security Act to provide an equitable benefit formula for beneficiaries with noncovered employment and to provide relief for beneficiaries affected by the Windfall Elimination Provision.

Status: To House Committee on Ways and Means. (09/05/2023)

Board of Retirement Position: Support.

S 597 (Brown): Amends Social Security Act to repeal the Government Pension Offset and Windfall Elimination Provision.

Status: To Senate Committee on Finance. (03/01/2023)

Board of Retirement Position: Support.

### SACRS Legislative Committee

The State Association of County Retirement Systems (SACRS) Legislative Committee continues to meet virtually, and staff participates in monthly virtual meetings of the Committee. The Committee's activities include monitoring current legislation, formulating and advocating legislative proposals, and discussing current events related to public pension plans.

SACRS will be sponsoring an omnibus bill for the 2024 legislative session, which will include, among other proposals, LACERA's proposal on the use of prepaid accounts and post-retirement employment compliance.

## **CONCLUSION**

Staff will continue to work with its legislative advocates and the SACRS Legislative Committee to monitor and advocate on issues relevant to LACERA.

**Reviewed and Approved:**



---

**Steven P. Rice, Chief Counsel**

cc: Board of Investments  
Santos H. Kreimann  
Luis Lugo  
JJ Popowich  
Laura Guglielmo  
Steven P. Rice  
Jon Grabel  
Anthony Roda, Williams & Jensen  
Shane Doucet, Doucet Consulting Solutions  
Shari McHugh, McHugh Koepke & Associates  
Naomi Padron, McHugh Koepke & Associates

December 17, 2023

TO: Each Trustee  
Board of Retirement

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

FOR: January 3, 2024 Board of Retirement Meeting

SUBJECT: **Board Officers: 2024 Calendar Year**

## **RECOMMENDATION**

That the Board of Retirement ratify its slate of board officers who will serve their term in the 2024 calendar year under the Board's Board Officer Rotation Policy: Shawn Kehoe as Chair, Les Robbins as Vice Chair, and Ronald Okum as Secretary.

## **LEGAL AUTHORITY**

The Board of Retirement (BOR) Regulations provide that each January the BOR shall elect from its members a Chair, Vice Chair, and Secretary to serve for a term of one year or until his or her successor is duly elected and qualified.

The [BOR Board Officer Rotation Policy](#) provides that the process of selecting board officers will be a seniority-based system. At the first regular meeting in January, the BOR shall hold a vote to ratify the slate of board officers determined by the Executive Board Assistant.

## **DISCUSSION**

The BOR Board Officer Rotation Policy provides that with reasonable and sufficient time before the first regular meeting in January, the Executive Board Assistant shall verify the seniority of each trustee on the seniority list for each board officer position who would be in office during the calendar year commencing in January and ascertain in order of seniority which trustee opts to serve as a board officer for the upcoming year.

According to the Executive Board Assistant, the following trustees opted to serve as BOR Chair, Vice Chair, and Secretary for the 2024 calendar year.

Chair: Shawn Kehoe  
Vice Chair: Les Robbins  
Secretary: Ronald Okum

Trustee Kehoe is eligible to serve as Chair for 2024, having served as Chair from February to December 2023 due to a vacancy, because the BOR Board Officer Rotation Policy specifically provides that a Trustee filling an officer vacancy does not lose their seniority for that position. The Board ratified Trustee Kehoe's appointment on February

Board Officers: 2024 Calendar Year  
Board of Retirement  
December 17, 2023  
Page 2

1, 2023 with that knowledge and understanding as stated in the memo provided to the Board at that time.

**IT IS THEREFORE RECOMMENDED THAT THE BOARD** ratify its slate of board officers as identified above to serve their term in the 2024 calendar year.

Attachment


cc: Board of Investments      Luis Lugo      JJ Popowich      Laura Guglielmo  
Steven P. Rice      Jon Gabel



December 15, 2023

TO: Each Trustee  
Board of Retirement  
Board of investments

FROM: Onyx Jones  
2023 Audit Committee Chair

Richard P. Bendall   
Chief Audit Executive

FOR: January 3, 2024 Board of Retirement Meeting  
January 10, 2024 Board of Investments Meeting

SUBJECT: **2023 Audit Committee Annual Report**

This is the annual report of the Audit Committee to the boards, included as a best practice in the Audit Committee Charter.

The Audit Committee supports the boards in assessing the risks facing LACERA, including assessing the governance risk and control framework, reviewing the system of internal controls and overseeing the operations of the internal audit function.

The work performed by the Committee in this regard is defined in the Audit Committee Charter which establishes the authority and responsibilities of the Committee. The purpose of the Audit Committee as defined in the Charter is to assist the Boards in fulfilling their fiduciary oversight duties for the:

- A. Internal Audit Activity
- B. Professional Service Provider Activity
- C. Financial Reporting Process
- D. Values and Ethics, and
- E. Organizational Governance

The Committees responsibilities in each of these areas is detailed in the **attached** document extracted from the Audit Committee calendar. The Audit Committee's efforts and actions are further highlighted under each of these five key areas of responsibility below.

A. Internal Audit Activity

- a. Oversaw the completion of the Fiscal Year Ended June 30, 2023 Audit Plan.
- b. Audits completed during calendar year 2023 included:
  - i. LACERA Contract Operations Review
  - ii. Audit of Disability Retirement Services Business Processes
  - iii. Third Party Data Security Audit
  - iv. Consulting Engagement - Investment Operational Due Diligence (ODD)
  - v. State Street Bank Wire Transfer Audit

- vi. LACERA Corporate Credit Card Audit & CEO Corporate Credit Card
  - vii. Consulting of Organizational Records and Information Management (RIM) Policy.
  - viii. Security Review of OneMeeting Application
  - ix. Audits of LA County and LACERA's Rehired Retirees (960-hour) Programs (FYs 2022 and 2023)
  - x. Replacement Benefit Plan (IRS code section 415b) Audit
- c. Approved the Fiscal Year ending June 30, 2024 Audit Plan
  - d. Oversaw Plante Moran's completion of the SOC1 over the OPEB program.
  - e. Oversaw the work of Internal Audit and evaluated the CAE's performance.
- B. Professional Service Provider Activity
- a. Approved the release of an RFP to perform a search for an external SOC 1 Type II Auditor and then approved the selection of Moss Adams to succeed Plante Moran in that role for five fiscal years beginning with Fiscal Year Ending June 30, 2024.
  - b. Approved the hiring of KPMG to perform a consulting engagement of the Investment Office's Operational Due Diligence program.
- C. Financial Reporting Process
- a. Oversaw Plante Moran's financial audit and issuance of an unqualified opinion on LACERA's annual financial statement audit.
- D. Values and Ethics, and
- a. Oversaw reports from Internal Audit on their Ethics Hotline reports
- E. Organizational Governance
- a. Approved the inclusion of an Enterprise Risk Management (ERM) component to the Annual Audit Plan.
  - b. During calendar year 2023, staff provided follow up on the work previously performed by Weaver & Tidwell around Ethics and Values. In 2022, Weaver & Tidwell performed an assessment of LACERA's maturity in the following key organizational governance areas:
    - i. Ethics and values
    - ii. Risk management
    - iii. Detection and prevention of fraud
    - iv. System of internal control
    - v. System of compliance

Attachment

RPB:rb



**2022 Audit Committee Charter Responsibilities**

<b>Documentation</b>	<b>Ref to *AC Charter</b>	<b>Frequency</b>	<b>Comments</b>
Audit Engagement Reports	VII.A.2.a.	Every Meeting	See summary of reports reviewed and approved by the AC during calendar year 2023 in cover memo.
Audit Plan Status Update	VII.A.1.d. & VII.A.2.c-d.	Every Meeting	At each meeting, the AC reviewed the Audit Plan Status Update report.
Summary of Hotline Investigations	VII.D.3 & VII.E.2.b.	Every Meeting	At each meeting, the AC reviewed the Summary of Hotline Investigations report.
Recommendation Follow-Up Reports	VII.A.2.b.	Every Meeting	AC reviewed the Recommendation Follow-Up Reports at the February, June, August and December AC meetings.
Proposed Audit Plan and Budget	VII.A.1.c.	Annually	AC reviewed and approved the Proposed Audit Plan and Budget at the February meeting.
Annual Risk Assessment	VII.A.1.a.	Annually	In February and June, Trustees, including those on the AC, provided feedback on current risks for the Annual Risk Assessment.
Annual Audit Plan	VII.A.1.b.	Annually	AC reviewed and approved the FY 2024 Annual Audit Plan at the August meeting.
Presentation / memo by Financial Auditor detailing proposed scope of work and timing.	VII.B.2	Annually	Plante Moran, LACERA's external auditor, presented to the AC its proposed scope of work and timing at the August meeting.
Internal Audit Charter	VII.A.3.a.	Annually	AC reviewed and approved IA's Charter at the August 2021 meeting. Staff presented at the December 2023 AC meeting that the IIA will be issuing substantial revisions to their standards in early 2024 and staff will bring a revised Internal Audit Charter to the AC in June 2024 for approval.
Internal Audit Annual Performance Report	VII.A.3.b.-c.	Annually	*IA presented its Annual Performance Report at the August 2023 meeting.
CAE Performance Evaluation	VII.A.4.b.-c.	Annually	The CAE presented his self-evaluation with CEO comments to AC at the December 2024 meeting. AC trustees were requested to submit their scored evaluations of the CAE to the Director of HR.
Ethics & Values Review	VII.D.1-3.	Annually	IA presented an update on Weaver's Organizational Governance Review and related strategic recommendations at the August 2023 AC meeting.
Organizational Governance Review	VII.E.	Annually	
Compliance Memo from Legal Office	VII.E.4.c.	Annually	Executive Management and Legal presented an assessment of LACERA's status in regard to compliance at the March 2023 AC meeting.
Financial Statements, Correspondence, & Presentation	VII.C.1.-4.	Annually	Plante Moran presented the Financial Statements, Correspondence, and related reports to the AC at the December 2024 meeting.
Audit Committee Annual Performance Report	VII.G.1.	Annually	We are recommending at the December 2023 AC meeting that the AC take its Annual Performance Report to the Boards at their January 2024 meetings.

2022 Audit Committee Charter Responsibilities			
Documentation	Ref to *AC Charter	Frequency	Comments
Audit Committee Charter	VII.F.4	Every 3rd year	The Boards approved the AC Charter in July 2021. Staff presented proposed revisions to the Charter at the December 2023 meeting, making significant changes to the Charter for the Committee consideration. The changes if approved by the Committee and the Boards will change the Audit Committee to the Audit, Compliance, Risk and Ethics (ACRE) Committee.
Approve the appointment and compensation of the External Financial Auditor	VII.B.1	Every 5th year**	The Audit Committee approved the issuance of an RFP at the November 2022 meeting, interviewed three finalists at the March 2023 meeting and selected Plante Moran to continue as external financial auditor for a three year term with two additional one year extensions, at the discretion of the Audit Committee.
Ensure IA has an external quality assessment performed every five years.	VII.A.3.d.	Every 5th year	External Quality Assessment (EQA) Auditor, The Institute of Internal Auditors (IIA) Quality Services presented their report to the AC at the March 2022 meeting.
Provide an open avenue of communication between IA, all Professional Service Providers, Management, and the Boards.	VII.F.2	Continuous	Continuous
Approve the appointment & compensation of other Professional Service Providers, hired to perform non-financial statement audits, reviews or consulting, subject to limitations	VII.B.2	As needed	The AC also approved the hiring of KPMG to perform an operational due diligence (ODD) review of LACERA's Investment Office at the November 2022 meeting at the conclusion of an RFP process. KPMG completed their work in August 2023. Internal Audit used the services of NetForce, one of the Internal Audit pool firms to complete an application security review of the OneMeeting application.
Review with Professional Service Providers, including the Financial Auditor, and Mgmt the results of the work performed, any findings & recommendations, Mngmt's responses, and actions taken to implement the audit recommendations.	VII.B.3	As needed	Presentations are made by the external service providers to the AC on work completed, as necessary, throughout the year and the AC has the opportunity to discuss findings and recommendations with the external providers and management. Findings are included in Internal Audit's recommendation follow-up process and Internal Audit reports on the status of implementation to the AC on an ongoing basis until resolved.
Advise the Boards about any recommendations for the continuous improvement of the internal audit activity.	VII.A.3.e.	As needed	–
Make recommendations to both Boards regarding the appointment, discipline, and/or dismissal, of the CAE, which will be addressed by the Boards in a joint meeting.	VII.A.4.a.	As needed	–
Perform other activities related to this Charter as requested by the Boards.	VII.F.3	As needed	–

**\*Legend**

AC = Audit Committee

IA = Internal Audit

PM = Plante Moran, LACERA's financial auditors

**FOR INFORMATION ONLY**

December 26, 2023

TO: Each Trustee,  
Board of Retirement

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

FOR: January 3, 2024 Board of Retirement Meeting

SUBJECT: FPPC Formal Advice Letter

Joy Higa is a proposed appointee by the Board of Supervisors (Supervisor Mitchell) to LACERA's Board of Investments. Ms. Higa is currently Chief Compliance Officer and Senior Vice President, Regulatory Affairs at UnitedHealth Group. She has held various positions at UnitedHealth for over 17 years; she served on the CalSTRS Board for over eight years.

UnitedHealth is a provider of retiree healthcare services to retired LACERA members through the County's Other Post-Employment Benefits (OPEB) program (Program). The Program is administered by LACERA and overseen by the Board of Retirement, including actuarial valuations and assumption setting. The Board of Investments oversees investment and management of the OPEB Trust established by the County, the Superior Court, and LACERA and approves selection of Program actuaries. The OPEB Trust exists to prefund premiums to Program carriers, such as UnitedHealth, and other expenses of the Program; the Trust is available for payment of current costs, if needed. UnitedHealth Group securities are held in both the pension fund and the OPEB Trust.

LACERA's Chief Counsel and fiduciary counsel Ashley Dunning and Karen Getman discussed the Board of Investments' roles and responsibilities for the OPEB Trust and potential conflict of interest issues with Ms. Higa and counsel from UnitedHealth. Based on the facts as currently known, we believe conflicts, if any, may be avoided through recusal on items relating to the OPEB Trust and UnitedHealth securities. Counsel and Ms. Higa agree that the conflict issues, if any, and the means to avoid them should be confirmed in a Fair Political Practices Commission (FPPC) formal advice letter.

A request for formal advice will be submitted soon to the FPPC on behalf of LACERA, the Boards, and Ms. Higa. The Board of Investments was informed at its December 13, 2023 meeting.

c: Board of Investments      Jonathan Grabel  
Santos H. Kreimann      Luis Lugo

**FOR INFORMATION ONLY**

December 21, 2023

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Ted Granger *TG*  
Interim Chief Financial Officer

FOR: January 3, 2024 Board of Retirement Meeting  
January 10, 2024 Board of Investments Meeting

**SUBJECT : MONTHLY TRUSTEE TRAVEL & EDUCATION REPORT – NOVEMBER 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 November 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/gj

**Attachments**

c: L. Lugo  
J. Popowich  
L. Guglielmo  
J. Grabel  
S. Rice  
R. Contreras

**TRUSTEE TRAVEL AND EDUCATION REPORT**  
**FOR FISCAL YEAR 2023 - 2024**  
**NOVEMBER 2023**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Alan Bernstein</b>			
A	1 Edu - PREA's 33rd Annual Institutional Investor Conference - Boston MA	10/18/2023 - 10/20/2023	Attended
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>			
A	1 Edu - Prosper Africa U.S. Institutional Investors Delegation Trip & GEBF Thought Leadership Conference - Johannesburg and Cape Town South Africa	09/30/2023 - 10/06/2023	Attended
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
	- Admin - TLF Trustee Peer Coaching Program - Boston MA	10/26/2023 - 10/27/2023	Attended
	- Admin - CALAPRS Intermediate Course in Retirement Plan Administration - Burbank CA	11/01/2023 - 11/03/2023	Attended
	- Edu - SACRS 2023 Fall Conference - Rancho Mirage CA	11/07/2023 - 11/10/2023	Attended
	- Admin - NASP New York Symposium - New York City NY	11/14/2023 - 11/15/2023	Attended
<b>Jason Green</b>			
A	1 Edu - 2023 SuperInvestor International - Zürich Switzerland	11/14/2023 - 11/17/2023	Attended
B	- Edu - CII 2023 Fall Conference   Next Frontier in Governance - Long Beach CA	09/11/2023 - 09/13/2023	Attended
<b>David Green</b>			
A	1 Edu - 2023 SuperInvestor International - Zürich Switzerland	11/14/2023 - 11/17/2023	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
	2 Edu - NCPERS 2023 Fall Conference - Las Vegas NV	10/21/2023 - 10/25/2023	Attended
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
	- Edu - SACRS 2023 Fall Conference - Rancho Mirage CA	11/07/2023 - 11/10/2023	Attended
<b>Onyx Jones</b>			
X	- Edu - NCPERS 2023 Fall Conference - Las Vegas NV	10/21/2023 - 10/25/2023	Canceled
<b>Keith Knox</b>			
A	1 Edu - 2023 PPI Executive Seminar and Asia Roundtable - Tokyo Japan	10/22/2023 - 10/27/2023	Attended
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

**TRUSTEE TRAVEL AND EDUCATION REPORT**  
**FOR FISCAL YEAR 2023 - 2024**  
**NOVEMBER 2023**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Gina Sanchez</b>			
A	1 Edu - 2023 Investment Diversity Advisory Council (IDAC) Global Summit - Chicago IL	09/19/2023 - 09/20/2023	Attended
	2 Edu - Midwest and West Coast Investor Insight Summit - Chicago IL	10/05/2023 - 10/06/2023	Attended
	3 Edu - 2023 LAVCA Week Conference - New York City NY	10/10/2023 - 10/13/2023	Attended
	4 Edu - 2023 PPI Executive Seminar and Asia Roundtable - Tokyo Japan	10/22/2023 - 10/27/2023	Attended
B	- Edu - PPI 2023 Summer Roundtable - San Francisco CA	07/19/2023 - 07/21/2023	Attended
	- Edu - SACRS 2023 Fall Conference - Rancho Mirage CA	11/07/2023 - 11/10/2023	Attended
<b>Herman Santos</b>			
A	1 Edu - 2023 LAVCA Week Conference - New York City NY	10/10/2023 - 10/13/2023	Attended
	2 Edu - 2023 PPI Executive Seminar and Asia Roundtable - Tokyo Japan	10/22/2023 - 10/27/2023	Attended
B	- Admin - RELAC Annual Luncheon - Alhambra CA	08/10/2023 - 08/10/2023	Attended
	- Edu - SACRS 2023 Fall Conference - Rancho Mirage CA	11/07/2023 - 11/10/2023	Attended

Category Legend:

A - Pre-Approved/Board Approved Educational Conferences

B - 1) Board Approved Administrative Meetings and 2) Pre-Approved Educational Conferences in CA where total cost is no more than \$3,000 provided that a Trustee may not incur over \$15,000 for all expenses of attending all such Educational Conferences and Administrative Meetings in a fiscal year 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.



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**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**



**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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