

# IN PERSON & VIRTUAL BOARD MEETING

\*The Committee meeting will be held prior to the Board of Investments meeting.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Committee 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 Committee meeting.

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

## AGENDA

A REGULAR MEETING OF THE REAL ASSETS COMMITTEE

AND THE BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

8:00 A.M., WEDNESDAY, DECEMBER 11, 2024

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

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

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

- I. CALL TO ORDER
- II. 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
- III. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Real Assets Committee Meeting of June 12, 2024.

#### IV. PUBLIC COMMENT

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

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

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

#### V. REPORT

##### A. **Education - Real Estate Benchmark: Composition of the NFI-ODCE Index**

Terri Herubin, Senior Investment Officer

Garrett Zdolshek, Chief Investment Officer, IDR Investment Management

(Memo dated November 25, 2024)

#### VI. ITEMS FOR STAFF REVIEW

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

#### VII. 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.)

#### VIII. GOOD OF THE ORDER

(For information purposes only)

#### IX. ADJOURNMENT

***\*The Board of Investments has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Investments. Members of the Board of Investments who are not members of the Committee may attend and participate in a meeting of a Committee but may not vote, make a motion, or second on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.***

***Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.***

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

MINUTES OF A REGULAR MEETING OF THE REAL ASSETS COMMITTEE  
AND THE BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

8:00 A.M., WEDNESDAY, JUNE 12, 2024

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

PRESENT:

Patrick L. Jones, Chair

Nicole Mi (Joined the meeting at 8:05 a.m.)

Trevor G. Fay (Joined the meeting at 8:11 a.m.)

ABSENT:

Debbie Martin

Elizabeth Ginsberg

STAFF ADVISORS AND PARTICIPANTS

Jude Perez, Deputy Chief Investment Officer

James Rice, Principal Investment Officer

Terra Elijah, Senior Investment Analyst

Albourne

Mark White, Partner

StepStone Group

James Maina, Vice President

June 12, 2024

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I. CALL TO ORDER

This meeting was called to order by Chair Jones at 8:00 a.m. in the Board Room at Gateway Plaza.

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

A. Just Cause

B. Action on Emergency Circumstance Requests

C. Statement of Persons Present at AB 2449 Teleconference Locations

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

III. APPROVAL OF MINUTES

A. Approval of the Minutes of the Real Assets Committee Meeting of December 13, 2023

A motion was made by Trustee Jones, seconded by Trustee Fay, to approve the minutes of the regular meeting of December 13, 2023. The motion passed unanimously by the following roll call vote:

Yes: Fay, Jones, Mi

Absent: Martin, Ginsberg

IV. PUBLIC COMMENT

There were no requests from the public to speak.

V. REPORT

**A. Real Assets Performance Review Presentation**

James Rice, Principal Investment Officer

Terra Elijah, Senior Investment Analyst

(Presentation) (Memo dated May 29, 2024)

Mr. Rice and Ms. Elijah provided a presentation and answered questions from the Committee.

June 12, 2024

Page 3

VI. ITEMS FOR STAFF REVIEW

There was nothing to report.

VII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

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

There was nothing to report.

IX. ADJOURNMENT

There being no further business to come before the Committee, the meeting was adjourned at 8:51 a.m.



November 25, 2024

TO: Trustees – Real Asset Committee

FROM: Terri Herubin <sup>TAH</sup>  
Senior Investment Officer

FOR: December 11, 2024 Real Assets Committee Meeting

SUBJECT: **Education–Real Estate Benchmark: Composition of the NFI-ODCE Index**

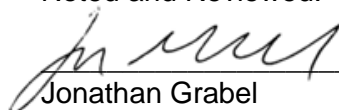
This is an educational session for the Real Estate Committee about the index used as a benchmark to evaluate the performance of the total Fund’s Core and Non-Core Real Estate. Per LACERA’s Investment Policy Statement, Real Estate is comprised of Core Real Estate, which is included in the Real Assets and Inflation Hedges functional asset class, and Non-Core Real Estate, which is included in the Growth functional asset class. The Strategic Asset Allocation adopted by the Board in 2024 provides a target allocation of 5% for Core Real Estate (+/- 3%) and a target allocation of 2% for Non-Core Real Estate (+/- 2%), as of January 1, 2025. The NCREIF Fund Index - Open-End Diversified Core Equity Index (“NFI-ODCE” or “ODCE”) maintained by the National Council of Real Estate Investment Fiduciaries (“NCREIF”) is used by many institutional investors to measure the performance of their investment holdings at the portfolio level. The Board-approved total Fund policy benchmarks are the NFI-ODCE on a 3-month lagged basis for Core Real Estate and the NFI-ODCE + 225 basis points (or 2.25%) on a 3-month lagged basis for Non-Core Real Estate.

IDR Investment Management (“IDR”) manages the Core Property Index Fund, a diversified, commingled, U.S.-based core open-end fund that was created to track the NFI-ODCE Index. Specifically, IDR manages approximately \$99.5 million for LACERA, the equivalent of 3.2% of Core Real Estate and 2.3% of total Real Estate assets, as of September 30, 2024. Garrett Zdolshek, Chief Investment Officer, IDR, will provide a review of the NFI-ODCE structure. His biography is included as slide 2 of the attachment.

The IDR presentation is attached (Attachment A) to facilitate the discussion.

Attachment

Noted and Reviewed:

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

TR:cr:dr



A photograph of a modern multi-story apartment building with balconies, partially obscured by a white diagonal graphic element. The building features a mix of brick and grey siding, with large windows and glass railings on the balconies.

ATTACHMENT A



# Private Real Estate Benchmark Overview

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An overview of the NFI-ODCE Index

# ABOUT THE SPEAKER



**Garrett Zdolshek**  
Chief Investment Officer  
IDR Investment Management, LLC

Mr. Zdolshek is a partner at IDR Investment Management, LLC and serves as its Chief Investment Officer. Mr. Zdolshek also serves as the Chief Investment Officer for Accordant Investments. Mr. Zdolshek has over 22 years of experience in real estate consulting, investment banking and private equity real estate fund investments and is the Portfolio Manager of the IDR ODCE Index Fund. Mr. Zdolshek lead the development of the Index Fund investment strategy, proprietary models and has served as Portfolio Manager of the Index Fund since inception. Formerly, as a Managing Director for Courtland Partners, Ltd., one of the largest real estate consulting companies in the United States, he was a founding member of the firm's Investment Committee, responsible for managing a number of discretionary accounts in excess of \$500 million and advised clients on strategic initiatives, investment sourcing, and due diligence for both domestic and international allocations in Europe, Asia, and Latin America. In this role, he was integrally involved in underwriting over \$40.0 billion in real estate allocations consisting of over 300 investments on behalf of institutional investors. He was also responsible for leading the creation of an advisory relationship with a fund of funds, which raised in excess of \$300 million and invested in domestic and international real estate opportunities. He sat on a number of advisory boards and was responsible for advising clients on the structuring of pooled funds, separate accounts and joint ventures. BA, Baldwin Wallace University.

# SUMMARY



**About the NFI-ODCE Index**



**Drivers of the Index**



**Current Market Environment**

Index Provider:



NCREIF

### National Council of Real Estate Investment Fiduciaries (“NCREIF”)

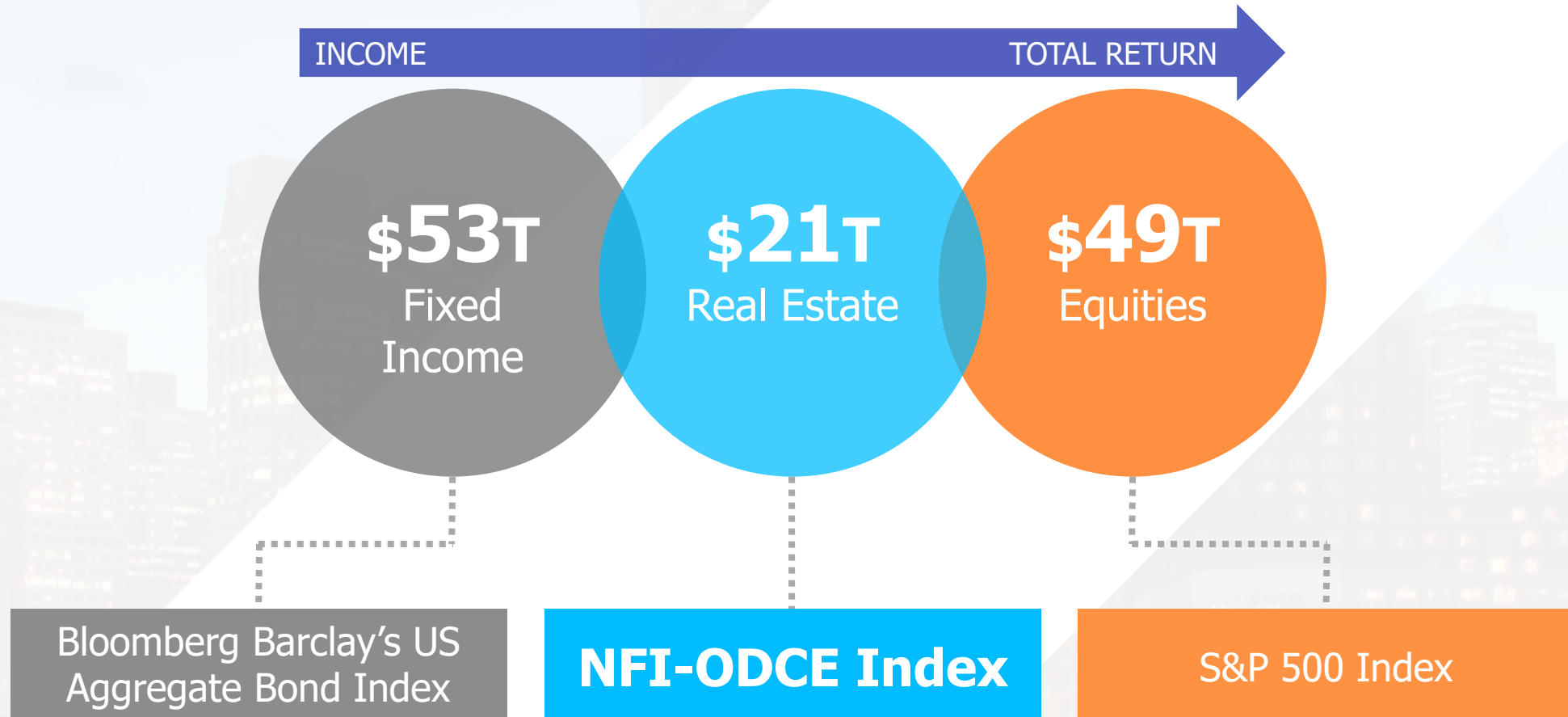
- Provider of consistent data, performance measurement, analytics, standards, and education for over 40 years

“NFI-ODCE”

NCREIF Fund Index

Open-End Diversified Core Equity

# Common Asset Class Benchmarks



# Comparing Benchmarks

	<b>NFI-ODCE Index</b>	<b>S&amp;P 500 Index</b>
<b>Investment Universe</b>	Diversified U.S. Core Real Estate Funds	500 large U.S. Public Companies
<b>Index Operator</b>	National Council of Real Estate Investment Fiduciaries ("NCREIF")	S&P Dow Jones Indices
<b>Index Weighting</b>	Capitalization Weighted	Capitalization Weighted

# Comparing Benchmark Transparency

## NFI-ODCE Index

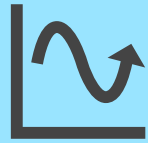
Index Level Only  
No service provides underlying  
performance

## S&P 500 Index

Index and stock details through many  
services, Bloomberg custom analytics  
providers

**Transparency**

# Rules-based Inclusion Criteria



Must have managed through a cycle



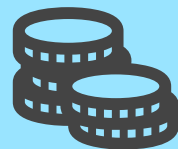
>95% U.S. exposure



Open-end quarterly liquidity



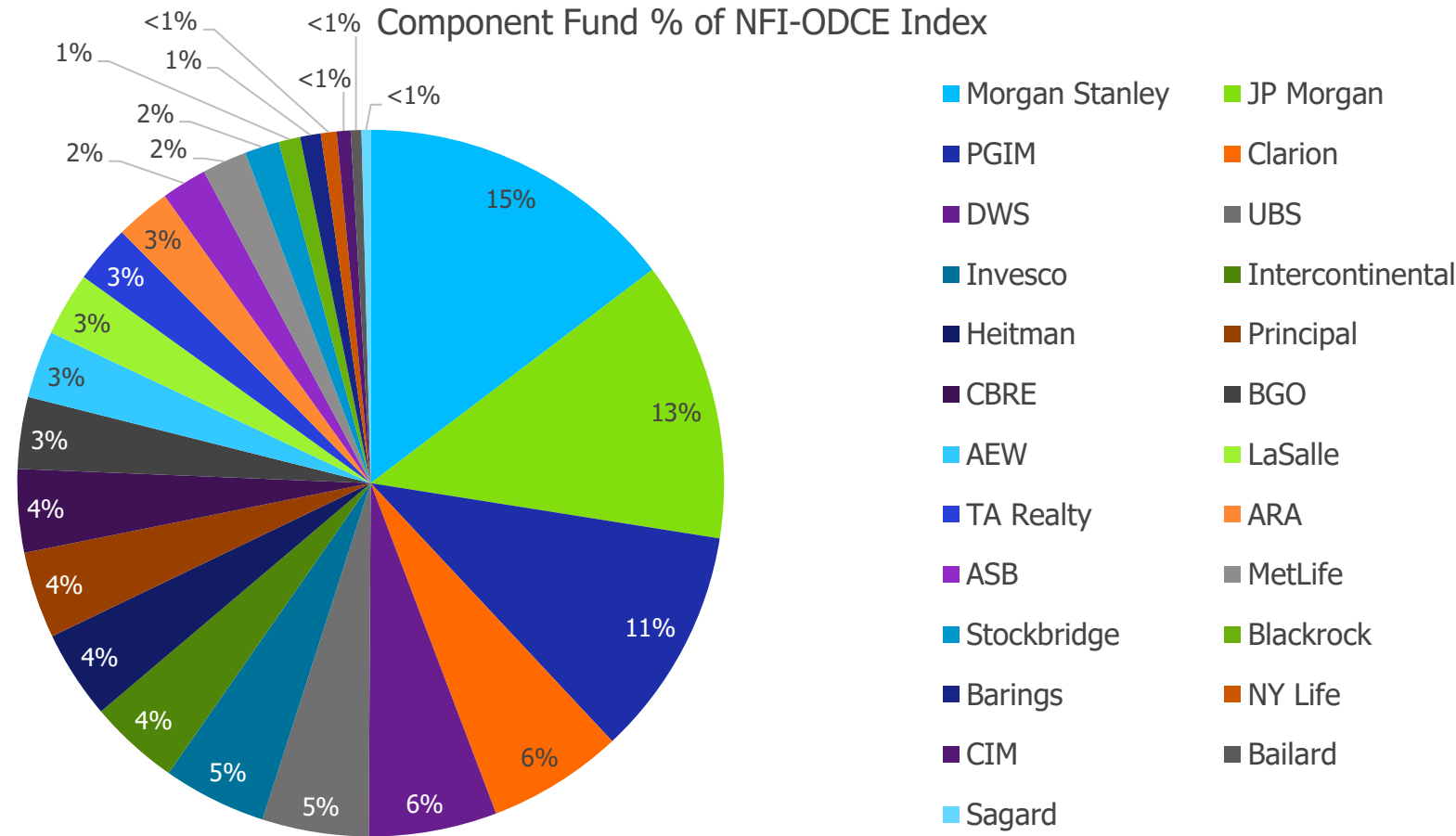
<60% in one property type



<35% Leverage



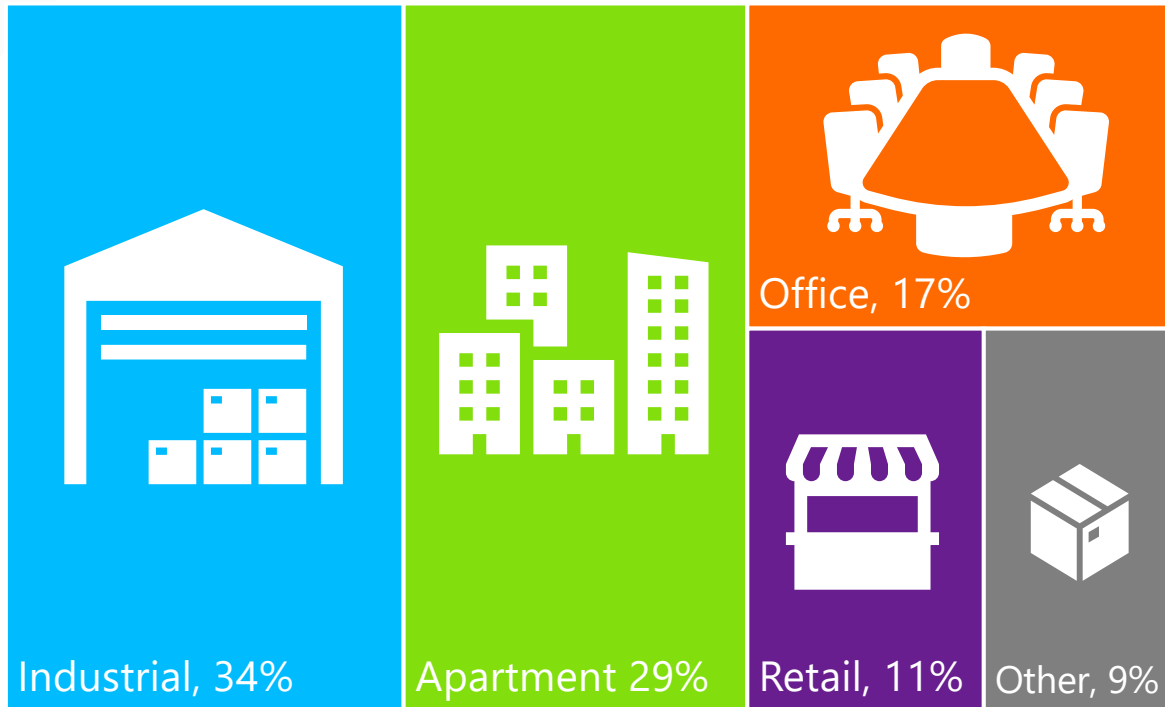
# Managers of Funds in the Index



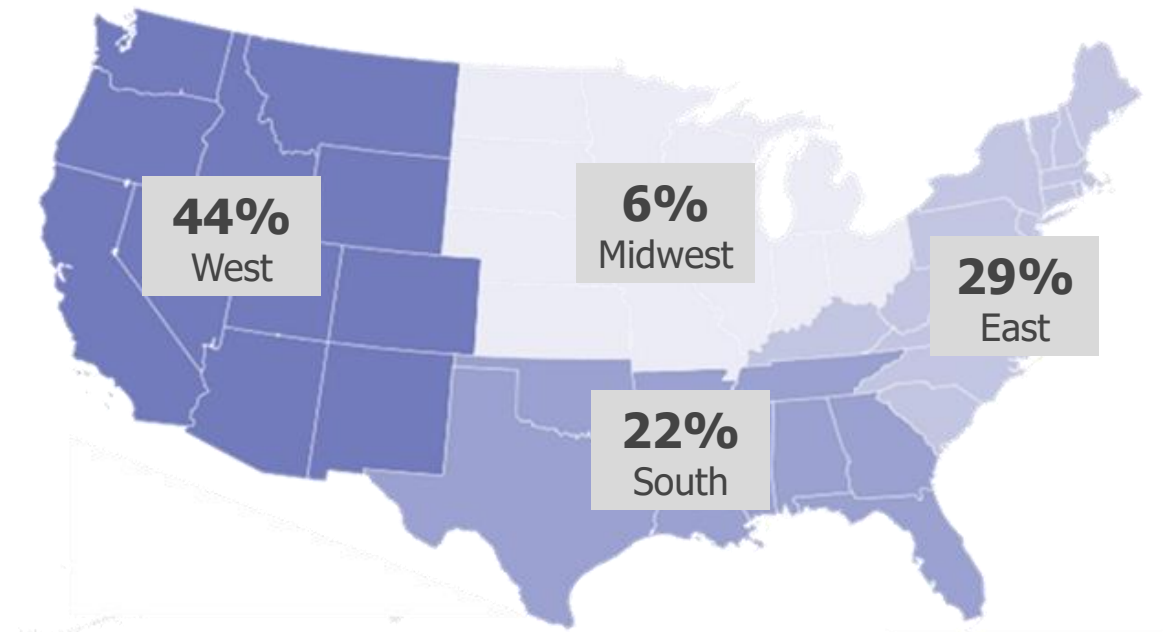
Managed by some of the largest institutional managers in the world

# Property Holdings

## Property Type Exposure



## Regional Exposure

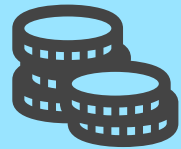


# Component Funds By the Numbers



## Size

\$800m-\$40B



## Leverage

20-35%



## Non-Core

0-10%



## Alt. Prop Types

0-15%

# SUMMARY



**About the NFI-ODCE Index**



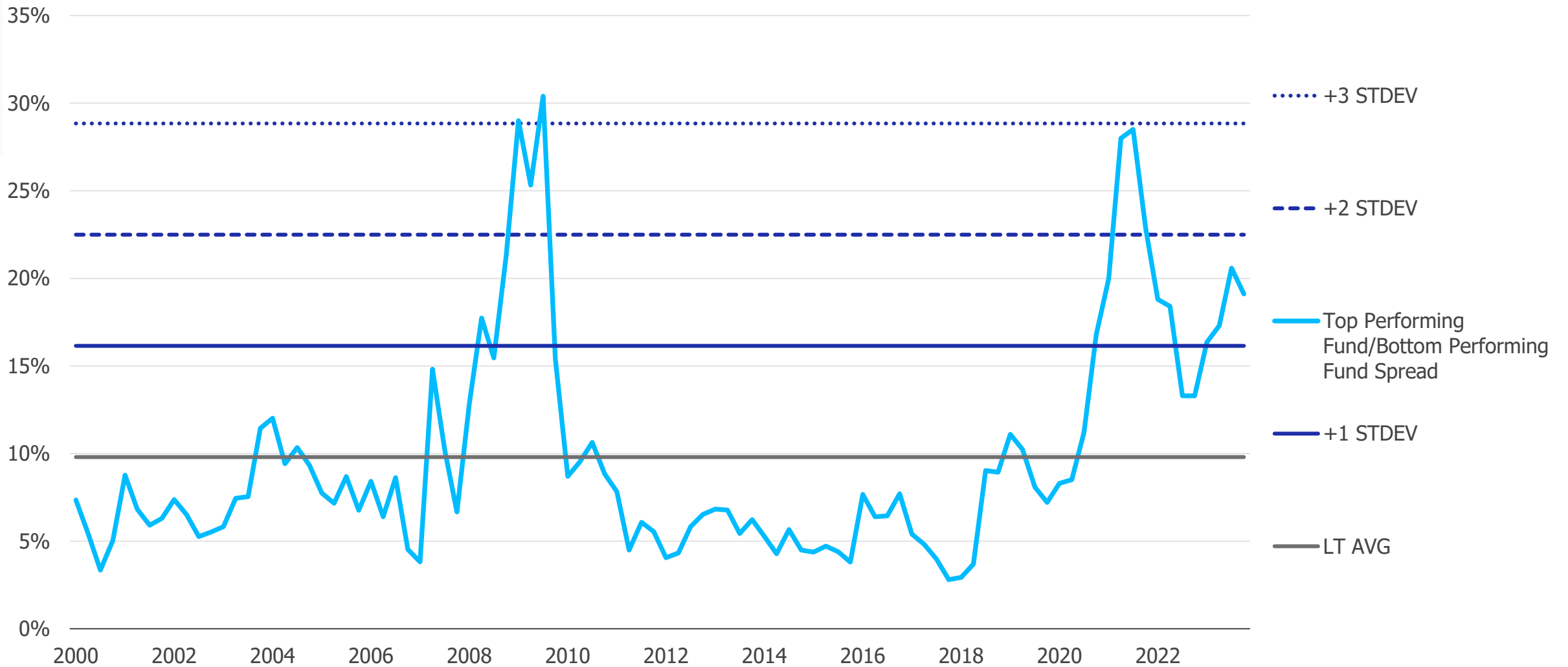
**Drivers of the Index**



**Current Market Environment**

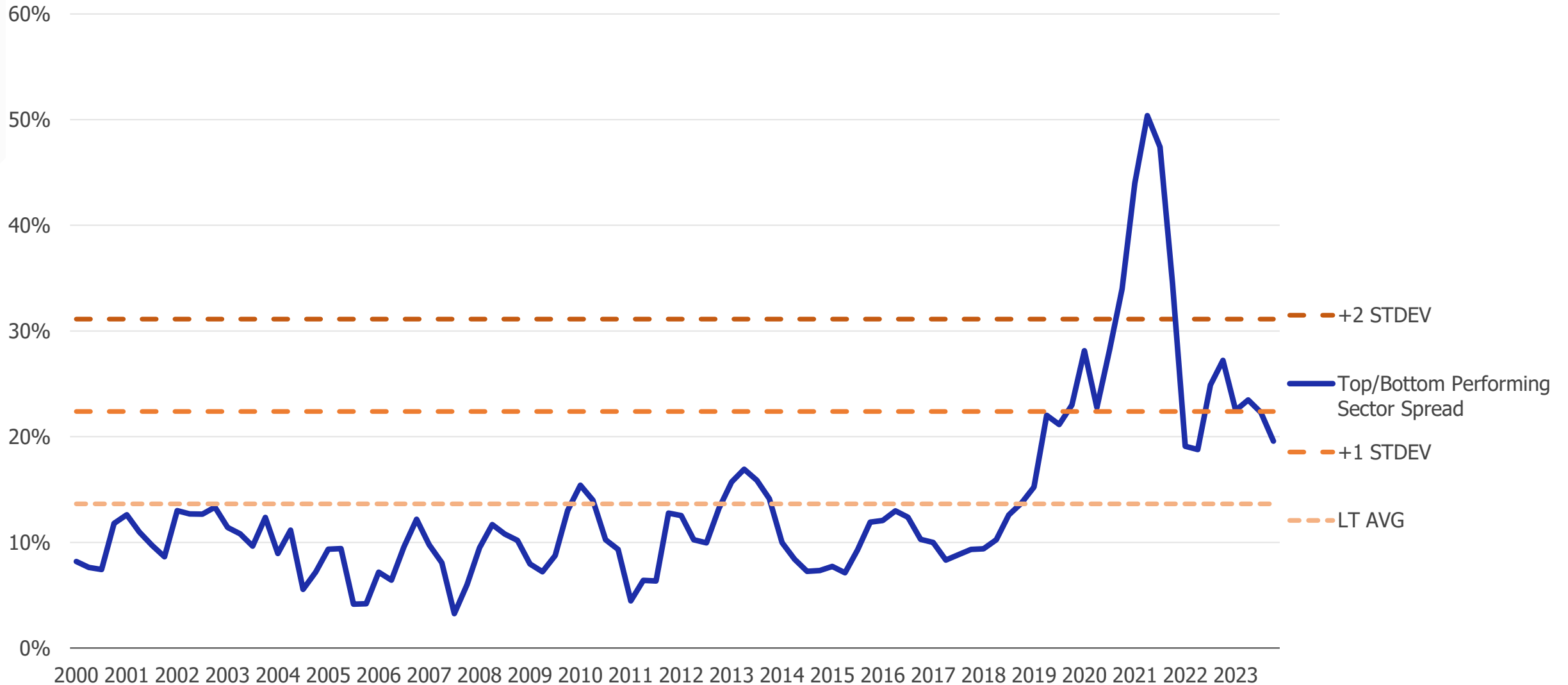
# Component Fund Return Divergence

Remains above average



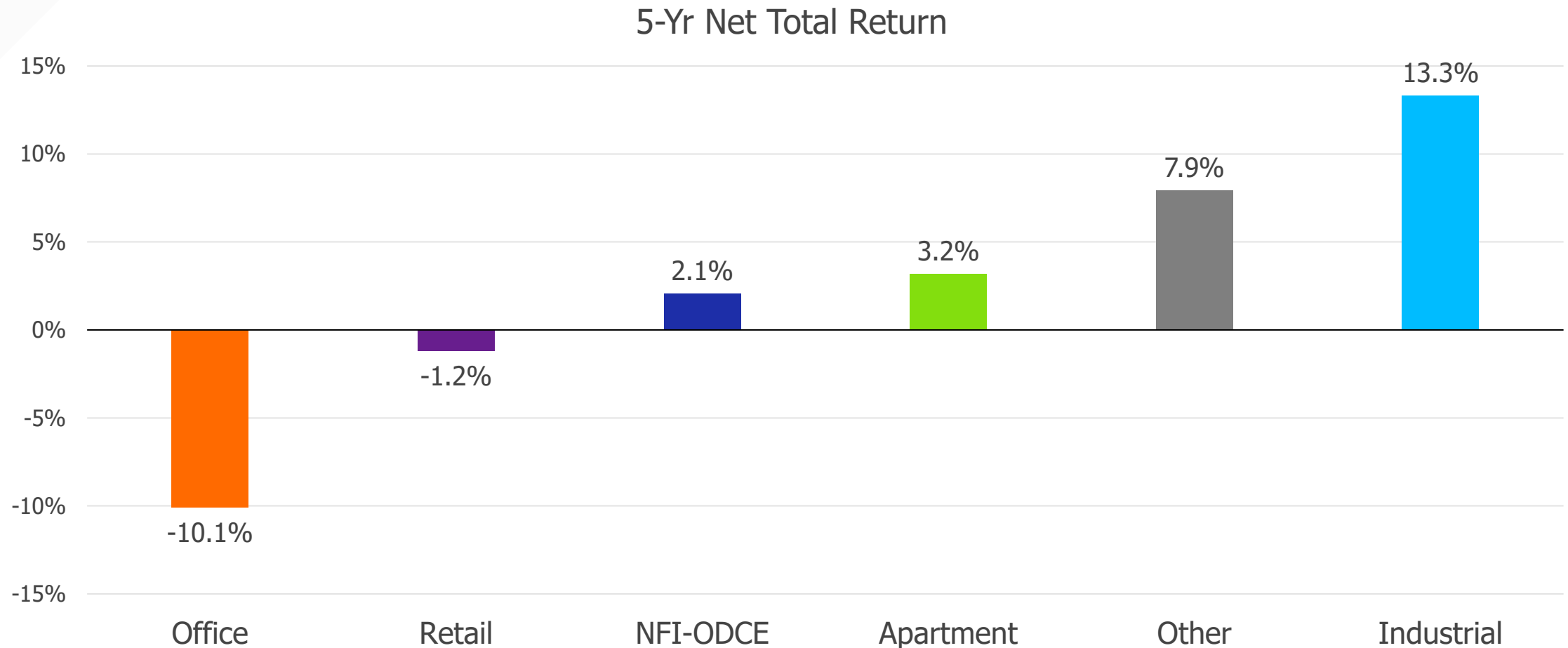
# Property Type Return Divergence

Dispersion remains above average

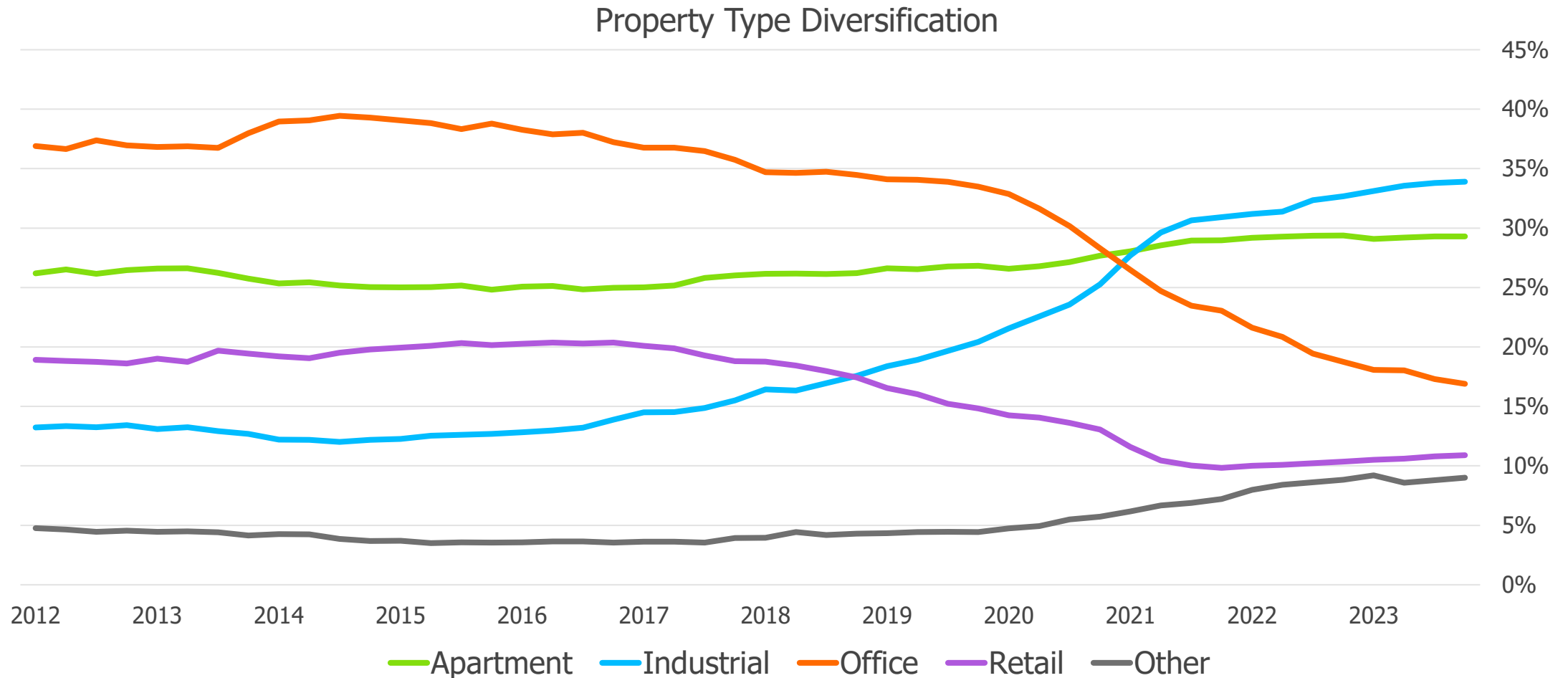


# Net Total Returns by Property Type

Performance dispersion has been wide

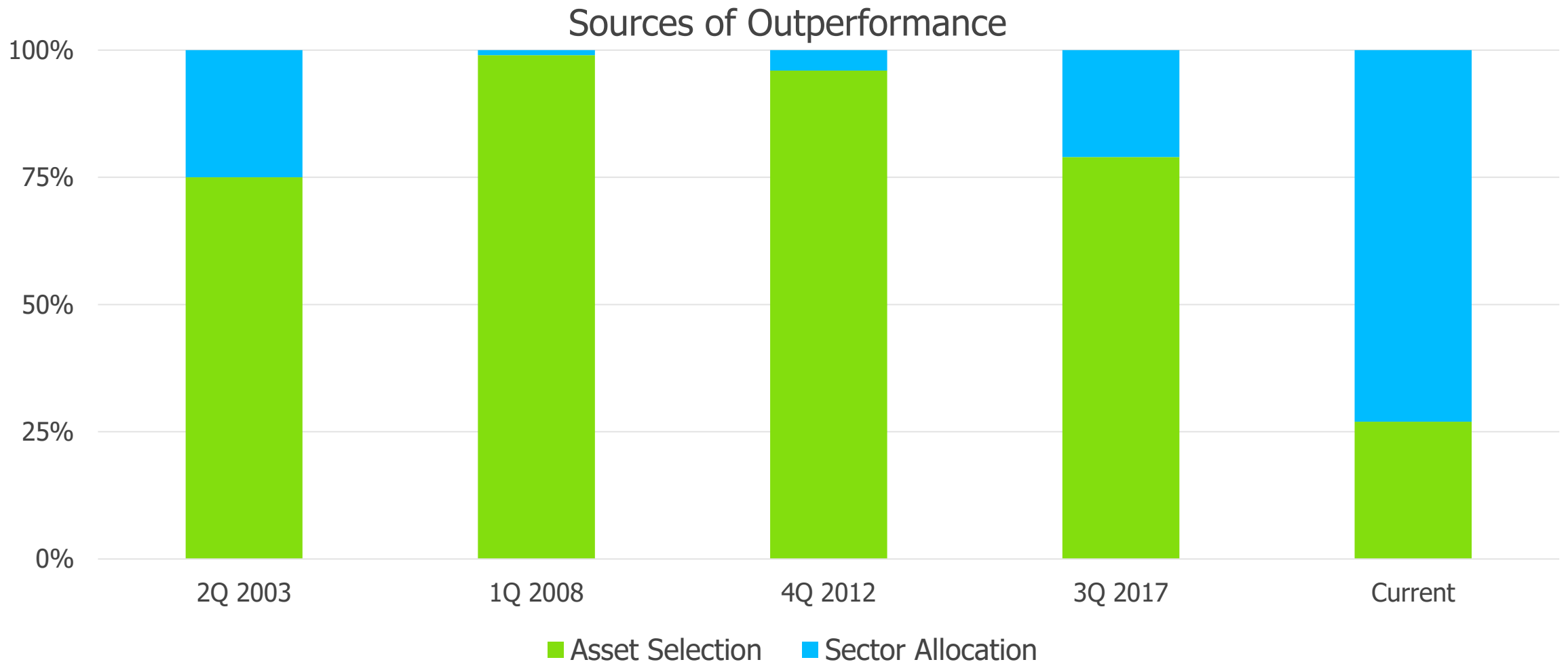


# NFI-ODCE Property Type Weightings Shifted Dramatically



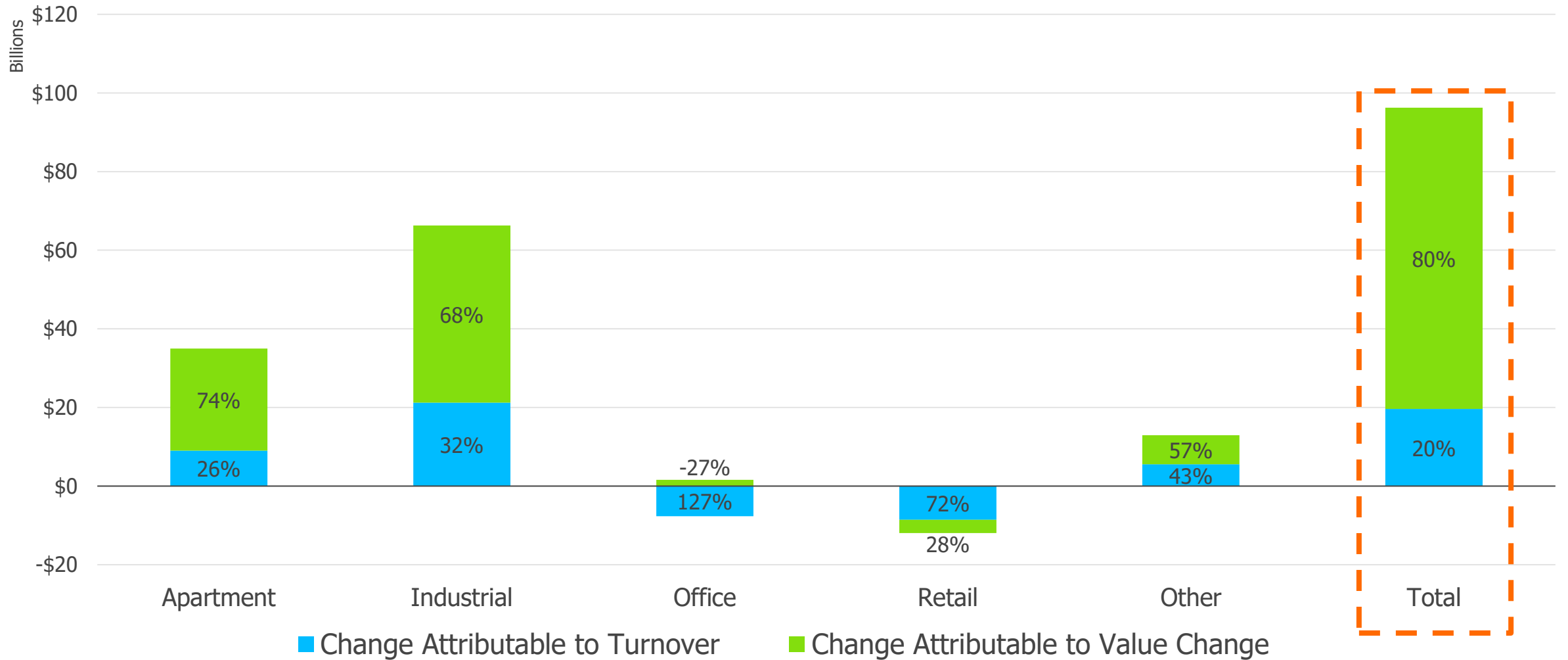


# Sector Allocation Has Outweighed Property Selection So Far



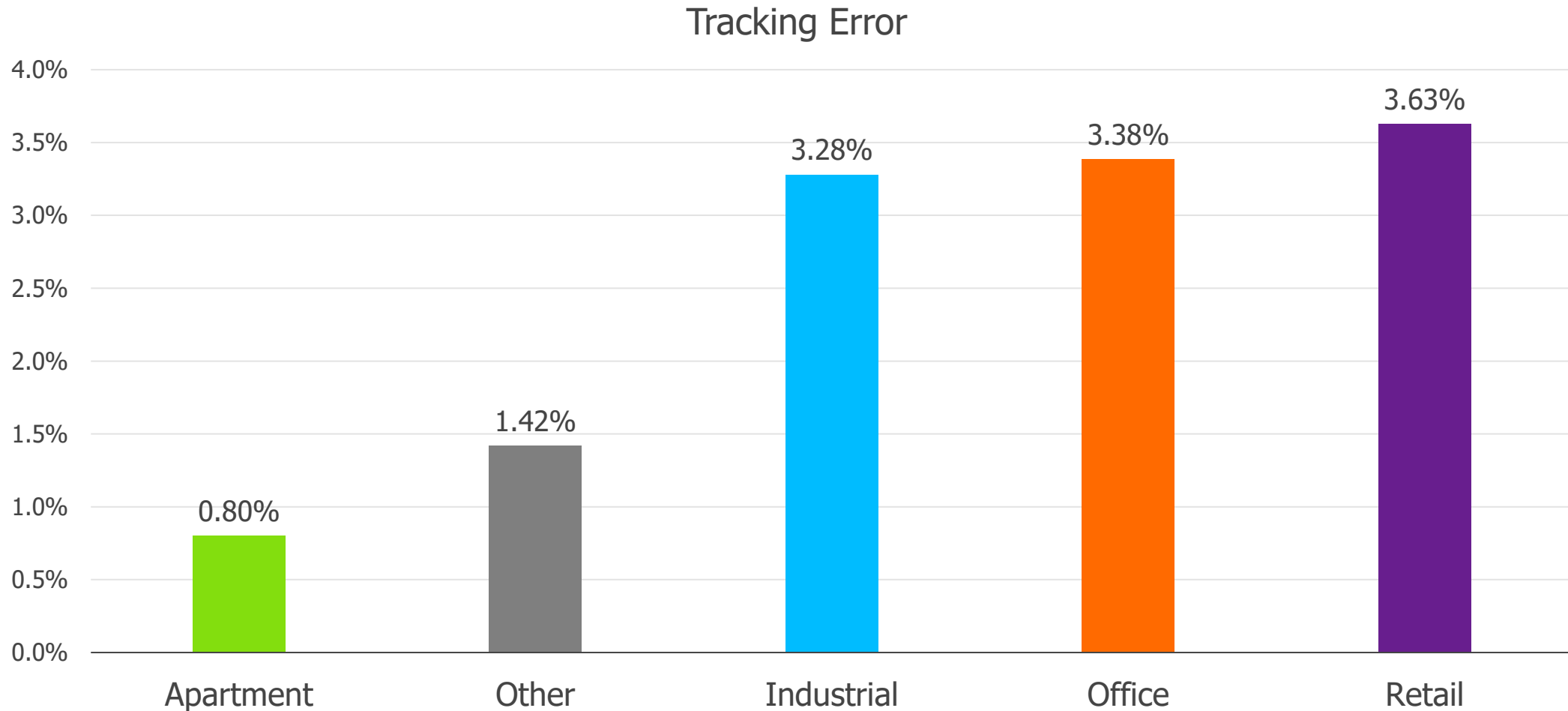
# Property Type Weighting Changes

80% of change from value change and NOT active management of buying/selling – makes it difficult to manage to index weightings



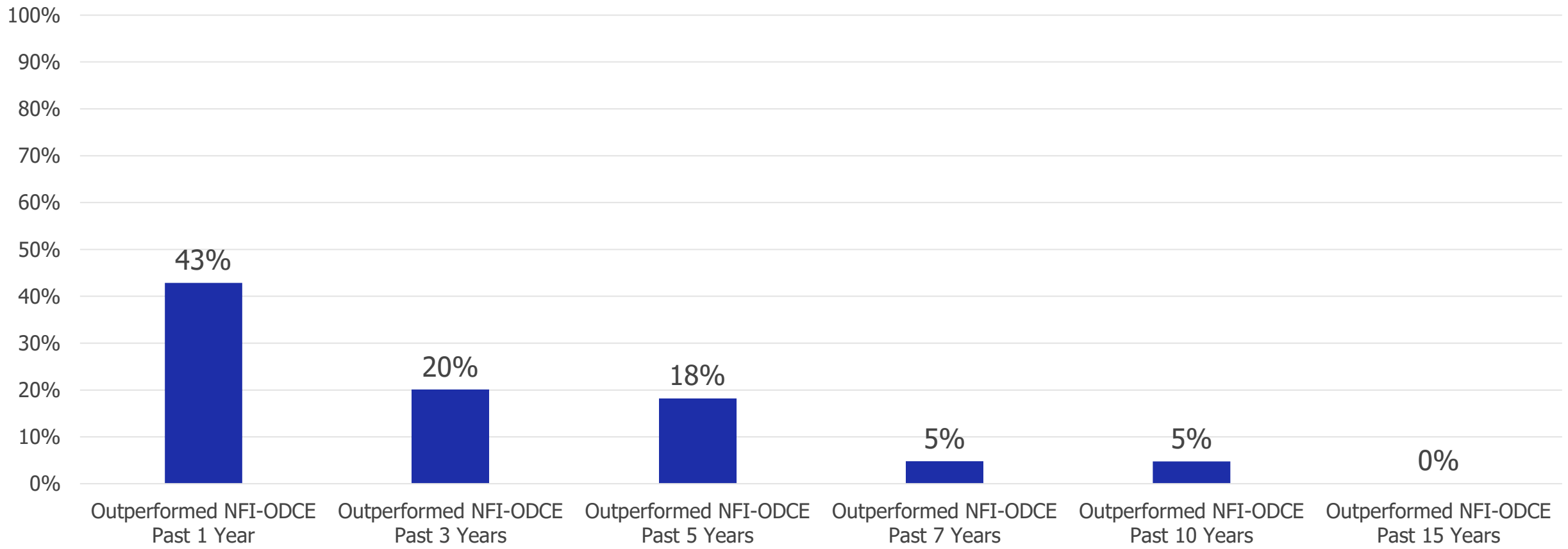
# Tracking Error Varies Widely by Property Type

Apartments Track NFI-ODCE Overall More Closely



# Consistent Outperformance Has Rarely Been Achieved

Percent of Component Funds Outperforming the Index Over Time



# SUMMARY



**About the NFI-ODCE Index**



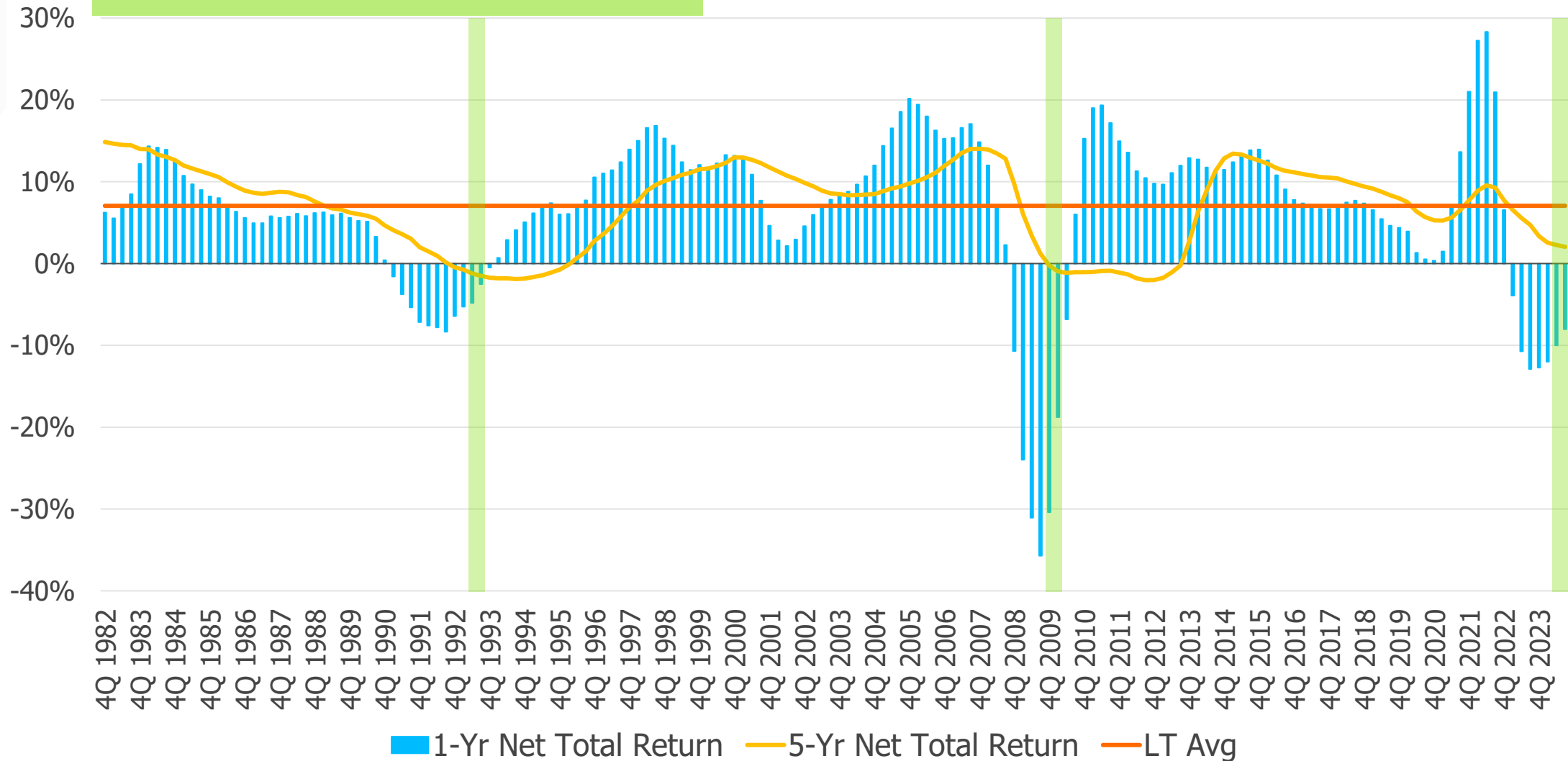
**Drivers of the Index**



**Current Market Environment**

# NFI-ODCE Returns

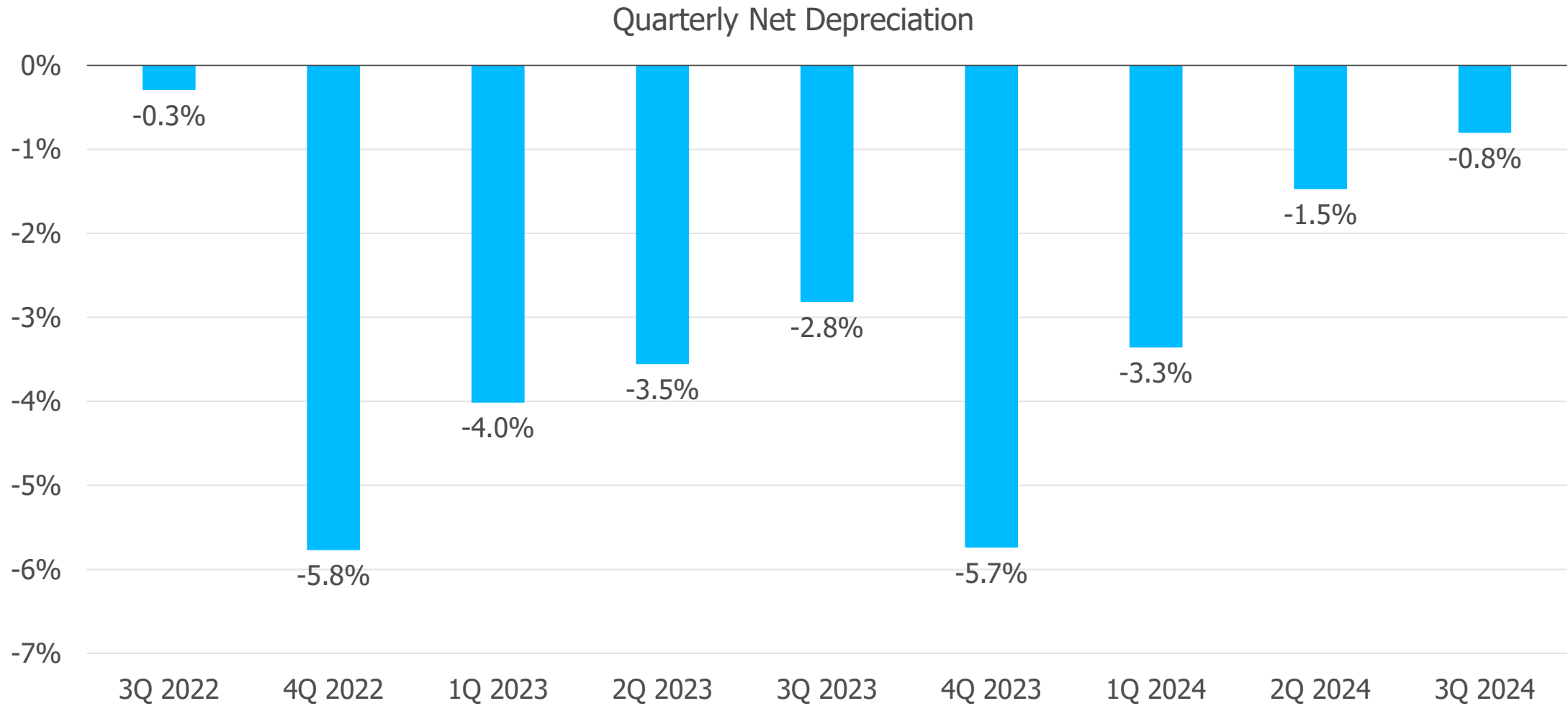
## Performance Inflection Points



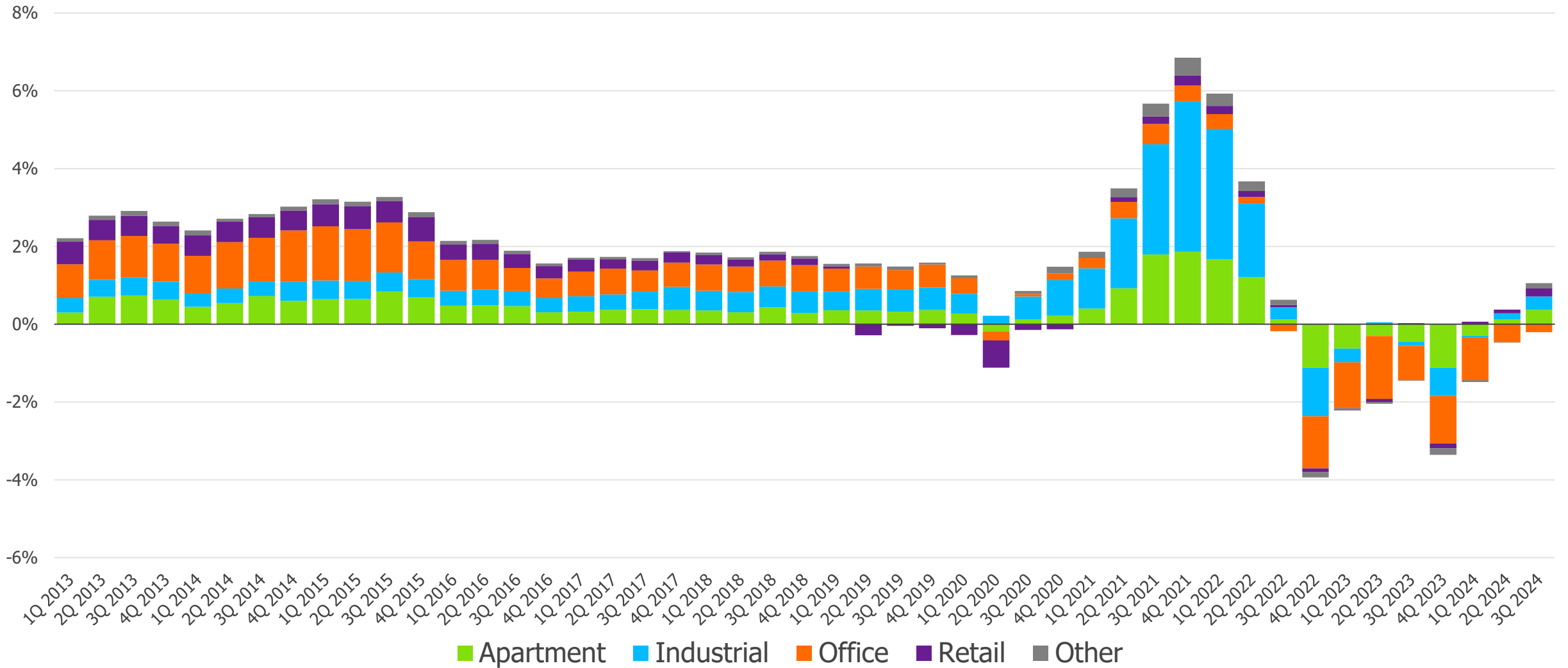
■ 1-Yr Net Total Return    — 5-Yr Net Total Return    — LT Avg

Source: IDR, Component Funds, NFI-ODCE. 1-Yr & 5-Yr trailing net total return data as of 3Q 2024. Long-term average based on the 5-Yr trailing net total return. Performance Inflection Points refer to periods where quarterly net total returns of the NFI-ODCE Index shifted from negative to positive.

# NFI-ODCE REVALUATION BY QUARTER



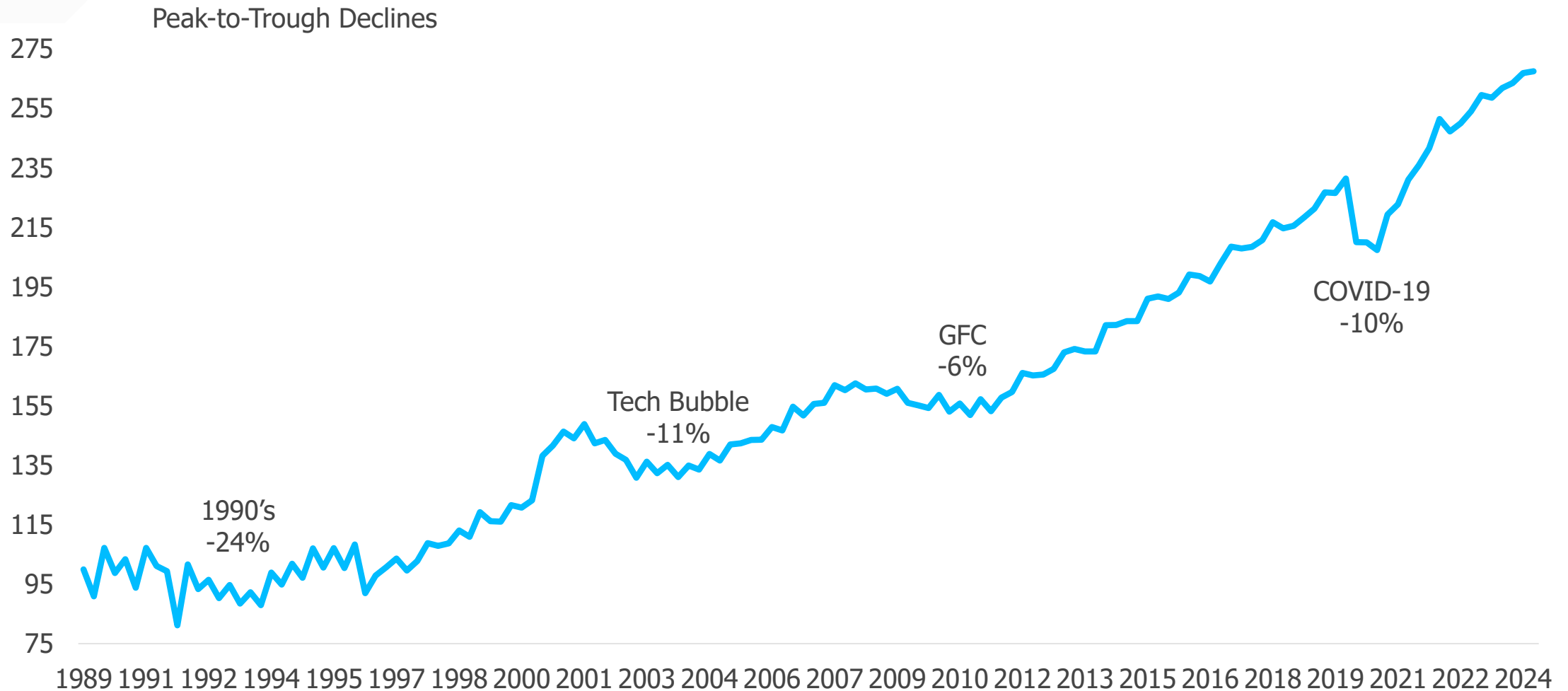
# Contribution to Return by Property Type





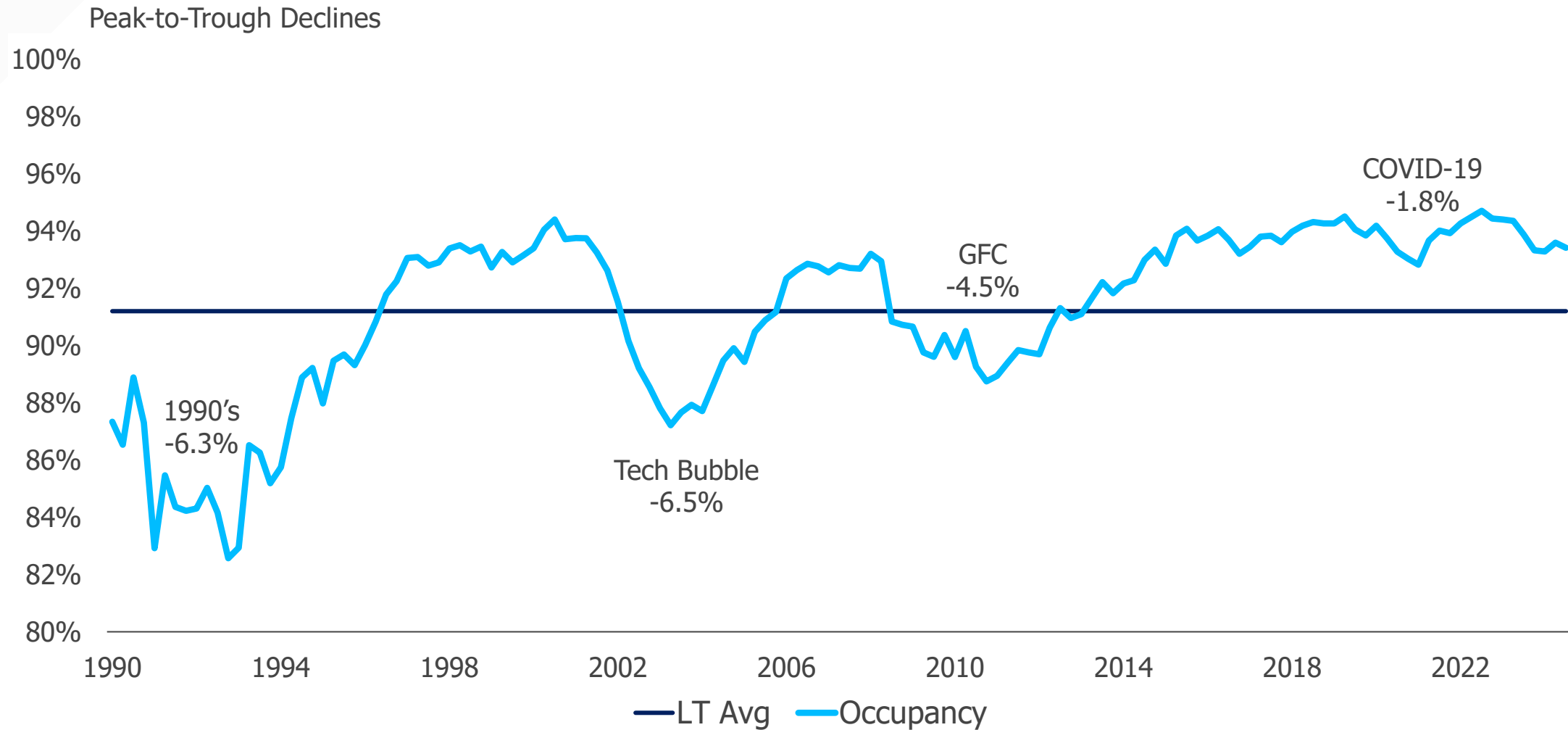
# Net Operating Income Growth

NOI Growth remains strong



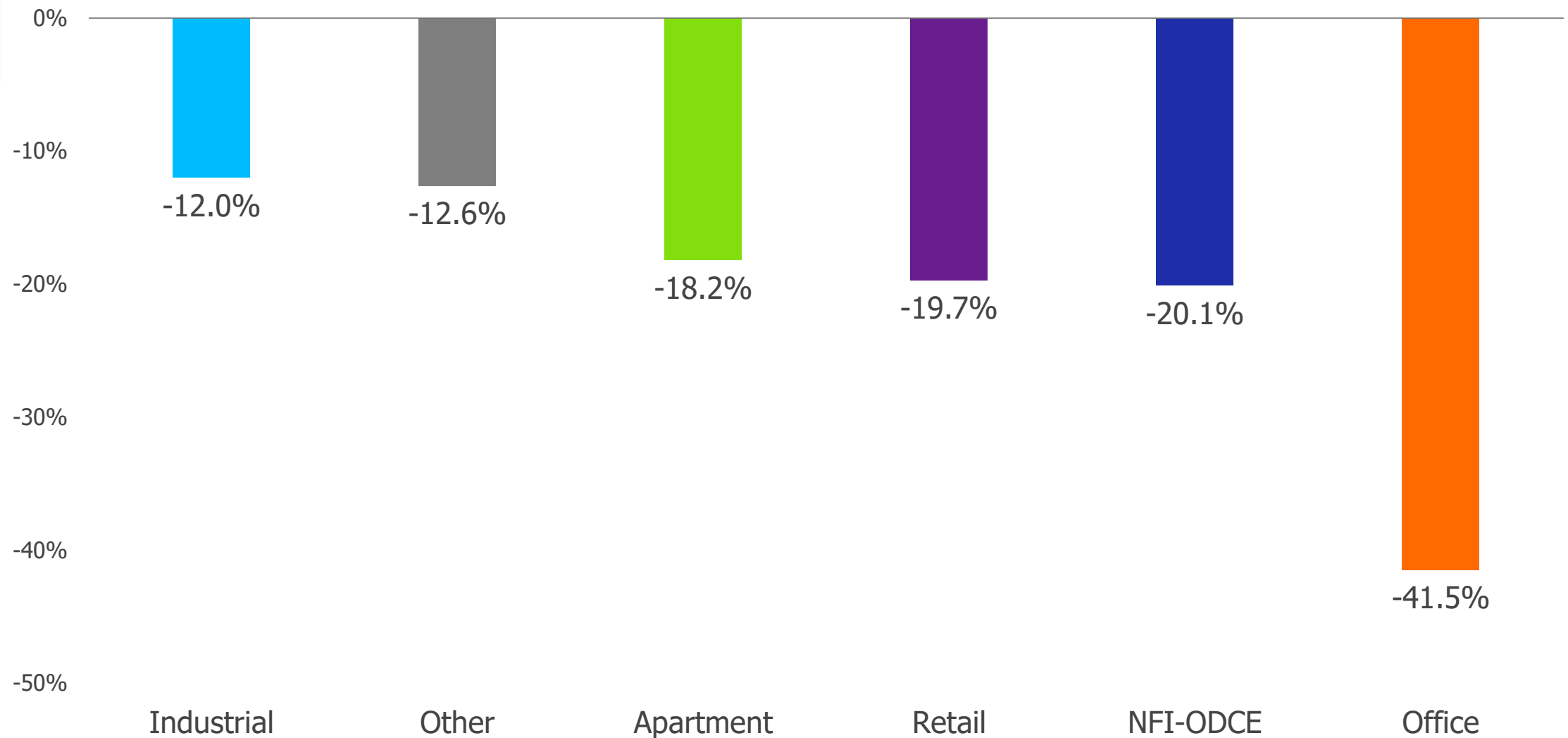
# Occupancy

Long-term leases provide protection



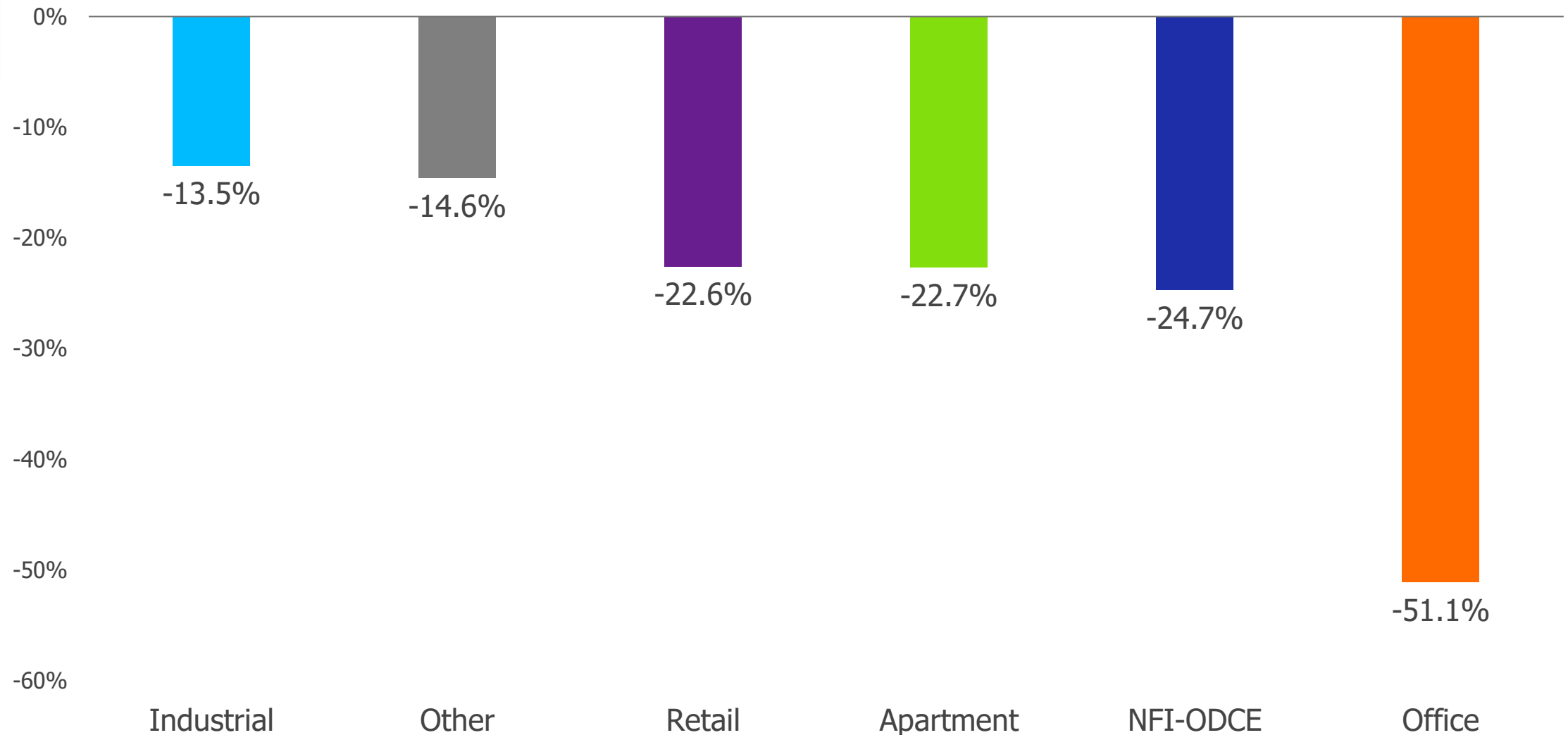
# Peak-to-Current Valuation Change by Property Type

Unlevered



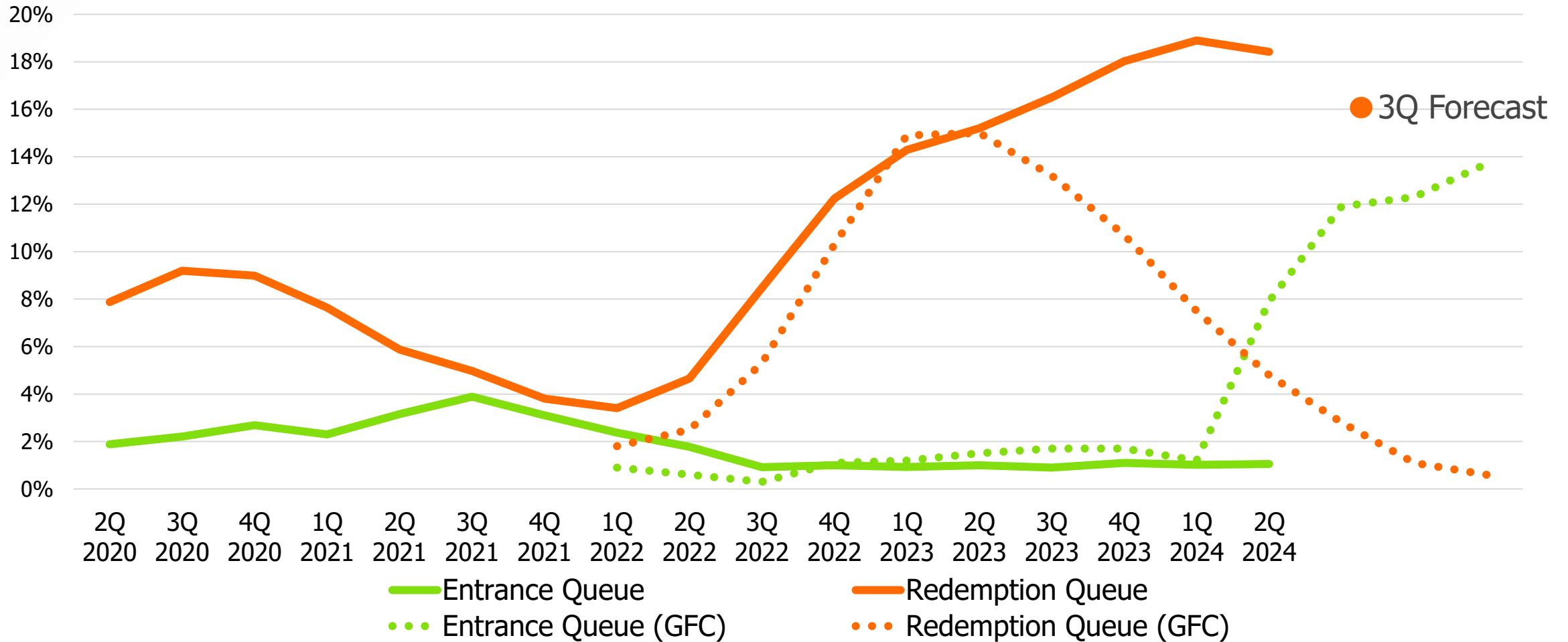
# Peak-to-Current Valuation Change by Property Type

Levered



# NFI-ODCE QUEUES – GFC vs. TODAY

Queues as % of NAV



# Disclaimer

This presentation (the "Presentation") is being furnished on a confidential basis to a limited number of accredited investors on a "one-on-one" basis for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security. The information set forth herein does not purport to be complete and is subject to change.

The information contained herein must be treated in a confidential manner and may not be reproduced, used or disclosed, in whole or in part, without the prior written consent of IDR Investment Management, LLC or Emphasis Capital (together with its affiliates "IDR IM"). Notwithstanding the foregoing, each recipient of this document (and each of the employees, representatives or other agents of such recipient) may disclose to any and all persons, without limitation of any kind, the tax treatment and tax structure of (i) Fund and (ii) any of its transactions, and all materials of any kind (including, without limitation, opinions or other tax analyses) that are provided to such recipient relating to such tax treatment and tax structure, it being understood that "tax treatment" and "tax structure" do not include the name or the identifying information of (i) Fund or (ii) the parties to a transaction.

Past or projected performance is not necessarily indicative of future results. There can be no assurance that the Fund will achieve comparable results, that targeted returns, diversification or asset allocations will be met or that the Fund will be able to implement its investment strategy and investment approach or achieve its investment objective. Actual returns on unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, legal and contractual restrictions on transfer that may limit liquidity, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the valuations used in the prior performance data contained herein are based. Accordingly, actual returns may differ materially from the returns indicated herein.

Statements contained in this Presentation that are not historical facts are based on current expectations, estimates, projections, opinions and beliefs of the Fund's sponsor. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains "forward-looking statements." Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements. Certain economic and market information contained herein has been obtained from published sources prepared by third parties and in certain cases has not been updated through the date hereof. None of IDR IM, the Fund, its general partner nor their respective affiliates nor any of their respective employees or agents (collectively, "IDR IM") assumes any responsibility for the accuracy or completeness of such information.

IDR IM has not made any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness or completeness of any of the information contained herein (including but not limited to information obtained from third parties), and they expressly disclaim any responsibility or liability therefore. IDR IM does not have any responsibility to update or correct any of the information provided in this Presentation. Investment in the Fund involves a high degree of risk and, therefore, is suitable only for sophisticated investors for whom such an investment is not a complete investment program and who are capable of evaluating the risks of the Fund and bearing the risks it represents.

IDR IM consummated a transaction creating a strategic relationship with Emphasis Capital ("Emphasis"). Major decisions with respect to the business of IDR IM are subject to the approval of IDR IM Board of Directors, which includes representatives of Emphasis. Furthermore, Emphasis does not control the investment vehicles sponsored by IDR IM. Investments in the Partnership are not deposits or obligations of, or guaranteed or endorsed in any way by, IDR IM, Emphasis or any bank and are not insured by the Federal Deposit Insurance Corporation, the Board of Governors of the Federal Reserve System or any other governmental agency or instrumentality.

The outbreak of COVID-19 has negatively affected the worldwide economy, individual countries, individual companies and the market in general. The future impact of COVID-19 is currently unknown, and it may exacerbate other risks that apply to the Fund.

# Important Disclosures

The information contained in this document is provided to you at your request for informational purposes only and is not, and may not be relied on in any manner, as legal, tax or investment advice, or as an offer to sell, or a solicitation of an offer to buy, an interest ("Interest"), in a fund (as applicable, the "Fund") sponsored by IDR IM. A private offering of Interests in the Fund will only be made pursuant to a confidential Private Placement Memorandum (the "Memorandum"), the Fund's Limited Partnership Agreement and the Fund's Subscription Documents, all of which will be furnished to qualified investors, on a confidential basis, at their request, for their consideration in connection with such offering. Prospective investors should ask questions of and obtain answers from IDR concerning the Fund, and any additional information they consider necessary or appropriate to make an informed decision whether to invest in the Fund. This document provides details of an indicative proposal only, and is subject to further elaboration and change, and should not be considered to be a recommendation by any person, that the possible investment opportunity described would be suitable. The information contained herein will be superseded and is qualified in its entirety by the Memorandum.

This presentation identifies a number of benefits inherent in IDR IM services and operations on behalf of the Fund, although the Fund is also subject to a number of material risks associated with these benefits, as further identified in the Fund's Governing Documents. For additional information regarding risks and potential conflicts of interest regarding an investment in the Fund, please see the risk factors in the Memorandum.

**Forward Looking Information.** This document may contain forward-looking statements that include statements, express or implied, regarding current expectations, estimates, projections, opinions and beliefs of the sponsor of the Fund, as well as the assumptions on which those statements are based. Words such as "believes", "expects", "endeavors", "anticipates", "intends", "plans", "estimates", "projects", "assumes", "potential," "should" and "objective" and variations of such words and similar words also identify forward looking statements. Such statements are forward-looking in nature and involve a number of known and unknown risks, uncertainties and other factors, including those described in this document, and accordingly, actual results may differ materially, and no assurance can be given that the Fund will achieve the returns from its investments that it is targeting. Investors and prospective Investors are cautioned not to place undue reliance on any forward-looking statements or examples included in this document, and the general partner of the Fund does not assume any obligation to update any forward-looking statements as a result of new information, subsequent events or any other circumstances. Such statements speak only as of the date that they were originally made.

Forward-looking statements and discussions of the business environment and investment strategy of the Fund included herein (e.g., with respect to financial markets, business opportunities, demand, investment pipeline and other conditions) are subject to the ongoing novel coronavirus outbreak ("COVID-19"). The full impact of COVID-19 is particularly uncertain and difficult to predict; therefore, forward-looking statements do not reflect its ultimate potential effects, which may substantially and adversely impact the Fund's execution of its investment strategy.

**Target Returns.** Target returns are derived by IDR IM from analyses based upon (i) the expected cumulative returns generated by a series of real estate investments across a multi-year investment period, (ii) market experience, including, but not limited to, data related to operating expenses, market expectations and historical averages related to the risk/return profile and generally accepted criteria for making investments in the type of anticipated investments and (iii) subjective estimates and assumptions about circumstances and events that may not yet have taken place and may never take place. Target returns are also based on certain assumptions including, but not limited to, anticipated hold period, market conditions, default rates, tenant credit stability and turnover, exit strategies and availability and cost of financing. If any of the assumptions used do not prove to be true, results may vary substantially from the estimated returns set forth herein.

Actual gross and net returns for the Fund may vary significantly from the targeted returns set forth herein. The Fund's target returns are expected to be realized from the disposition of investments, future cash flows, distributions and proceeds from borrowing, using leverage where the General Partner believes it appropriate. The target returns stated herein are based on the General Partner's belief about what returns may be achievable on the types of investments that the General Partner intends to pursue in light of the General Partner's experience with similar transactions. Further, the target returns stated herein are based on an assumption that economic, market and other conditions will not deteriorate and, in some cases, will improve. Actual realized returns on the Fund's investments will depend on, among other factors, the ability to consummate attractive investments, future cash flows, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which the targeted returns are based.

**Projected Returns.** Any estimated future returns for any investment or group of investments set forth herein (the "Projections") are hypothetical, have been prepared and are set out for illustrative purposes only, and do not constitute a forecast. They have been prepared based on IDR IM's current view in relation to future events and various estimations and assumptions made by IDR IM or its affiliates, including estimations and assumptions about events that have not yet occurred. Such estimations and assumptions may require modification as additional information becomes available and as economic and market developments warrant. Any such modification could be either favorable or adverse. Industry experts may disagree with the estimations and assumptions used in preparing the Projections.

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