LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

Board of Administration Agenda

REGULAR MEETING

TUESDAY, OCTOBER 25, 2022

TIME: 10:00 A.M.

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's October 25, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 160 366 1121

Instructions for call-in participants:

1- Dial in and enter Meeting ID
2- Automatically enter virtual "Waiting Room"
3- Automatically enter Meeting
4- During Public Comment, **press *9** to raise hand
5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Board Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

President:	Nilza R. Serrano
Vice President:	Elizabeth Lee
Commissioners:	Annie Chao Thuy Huynh Janna Sidley Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

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

Request for Services

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

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

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

CLICK HERE TO ACCESS BOARD REPORTS

I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* - **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

II. BOARD PRESIDENT VERBAL REPORT

III. GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS

B. UPCOMING AGENDA ITEMS

IV. RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR SEPTEMBER 2022

B. COMMISSIONER LEE BOARD EDUCATION EVALUATION ON INSTITUTIONAL LIMITED PARTNERS ASSOCIATION – PRIVATE EQUITY FOR THE TRUSTEE, SAN FRANCISCO, CA; SEPTEMBER 28-29, 2022

C. LEGISLATIVE UPDATE FOR OCTOBER 2022

V. COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON OCTOBER 11, 2022

B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON OCTOBER 25, 2022

VI. DIVISION SPOTLIGHT

A. MEMBER SERVICES TEAMS

VII. CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 27, 2022 AND POSSIBLE BOARD ACTION

B. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT THE COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

VIII. BOARD/DEPARTMENT ADMINISTRATION

A. CONTRACT WITH BOX, INC. FOR RETIREMENT APPLICATION PORTAL PHASE TWO AND POSSIBLE BOARD ACTION

IX. INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS

B. SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE BOARD ACTION

C. CONTRACT WITH AKSIA CA LLC, REPLACEMENT OF KEY PERSON, AND POSSIBLE BOARD ACTION

D. PRIVATE CREDIT CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION

E. PRESENTATION BY NEPC, LLC REGARDING INFRASTRUCTURE INVESTMENT OPPORTUNITIES

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, November 8, 2022 at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XII. ADJOURNMENT

Agenda of: OCT. 25, 2022
Item No: IV-A

**MONTHLY REPORT ON SEMINARS AND CONFERENCES
ATTENDED BY BOARD MEMBERS ON BEHALF OF LACERS
(FOR THE MONTH OF SEPTEMBER 2022)**

In accordance with Section V.H.2 of the approved Board Education and Travel Policy, Board Members are required to report to the Board, on a monthly basis at the last Board meeting of each month, seminars and conferences they attended as a LACERS representative or in the capacity of a LACERS Board Member which are either complimentary (no cost involved) or with expenses fully covered by the Board Member. This monthly report shall include all seminars and conferences attended during the 4-week period preceding the Board meeting wherein the report is to be presented.

BOARD MEMBERS:

Commissioner Janna Sidley

DATE(S) OF EVENT	SEMINAR / CONFERENCE TITLE	EVENT SPONSOR (ORGANIZATION)	LOCATION (CITY, STATE)
September 7, 2022	**Zero Emissions Summit**	**Scripps Institution of Oceanography**	La Jolla, CA

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM (LACERS)
TRAVEL/CONFERENCE EVALUATION REPORT

Name of Attendee: Elizabeth Lee	
Title of Conference/Seminar: ILPA Institute Private Equity for the Trustee	
Location: San Francisco, CA	No. of Education Hours: 15.0
Event Sponsor: ILPA	Date(s) Held: 09/28/22 to 09/29/22

Report for:

- ☒ Travel
- ☐ Conference/Seminar Attendance Only

I. Nature/Purpose of Travel (if applicable):

Attend 2-day training

II. Significant Information Gained:

The training, tailored for trustees, covered various topics: limited partner role in private equity, life cycle, types of strategies, measuring performance, economics and fees, governance and legal, fund selection and portfolio construction, ESG, resourcing and trends.

III. Benefits to LACERS:

The training is beneficial to my role as the Chair of the Investment Committee.

IV. Additional Comments:

Highly recommend

SUBMIT TO THE LACERS COMMISSION EXECUTIVE ASSISTANT, 202 W. FIRST STREET, SUITE 500
WITHIN 30 DAYS AFTER ATTENDING THE CONFERENCE/SEMINAR

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: October 25, 2022
ITEM: IV – C

SUBJECT: **LEGISLATIVE UPDATE OF OCTOBER 2022**

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

Recommendation

That the Board receive and file this report.

Executive Summary

This report provides updates on current legislation that may be of interest to the Board, notably Federal legislation impacting healthcare and State legislation affecting public meetings.

The updated Legislative Watch List is attached. One Federal and three State bills were passed and signed into law. The current Watch List includes one State, ten Federal, and thirteen City Council proposals. Bills that did not pass or have no significant impact to LACERS are indicated in red and will be removed from the Legislative Watch List.

Public Pensions General Counsel will further discuss and provide a report to the Board on State legislation pertaining to public meetings at the next Board Meeting. At this time, it is not recommended for the Board to take a position on any specific proposed legislation.

Discussion

BILLS PASSED INTO LAW

The following bills passed into law and will be removed from the future Legislative Watch List. Staff will work with respective consultants and legal counsel toward operational and legal compliance, as necessary.

H.R. 5376 –Inflation Reduction Act of 2022

This bill was signed into law on August 16, 2022 and is a reconciled and reduced version of the Build Back Better Act proposal. This bill aims to reduce the Federal deficit and includes provisions addressing corporate taxation, climate change, and healthcare.

Impact on LACERS: Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant provided the bill analysis marked as Attachment 2. The following healthcare provisions are relevant to LACERS.

Prescription Drug Pricing Reform – Implementation Timeline

- Year 2023
  - Cap on insulin copays at $35 per month.
  - Requires drug manufacturers to issue rebates to the Centers for Medicare & Medicaid Services (CMS) if they impose price increases that exceeds the general inflation rate.
  - Eliminate cost sharing for adult vaccines covered under Medicare Part D.
- Year 2024
  - Eliminate the 5% cost sharing after the "catastrophic threshold" is reached in Medicare Part D.
  - Expand eligibility for full Medicare Part D Low-Income Subsidies (LIS) to low-income beneficiaries with incomes up to 150% of poverty.
- Year 2025
  - $2,000 cap on Medicare Part D annual out-of-pocket prescription drugs spending.
- Years 2026 through 2029
  - Allows Medicare to negotiate on select high-cost Medicare medications that will lower out-of-pocket prescription drugs. In 2026, the list includes 10 Medicare Part D drugs; 2027, 15 Medicare Part D drugs; 2028, 15 Medicare Part B and Part D drugs; 2029, 20 Medicare Part B and Part D drugs.

A.B. 2449 – Opens Meetings: Local Agencies: Teleconferences

This bill was signed into law on September 13, 2022.

Existing law (AB 361), until January 1, 2024, authorizes a local agency to hold board meetings via teleconference without complying with certain strict Brown Act requirements when a proclaimed state of emergency exists and the board finds that it continues to directly impact the ability of members to meet safely in person.

Beginning January 1, 2023 until January 1, 2026, this bill provides additional options and rules for teleconferencing under the Brown Act. If at least a quorum participates in person from a singular physical location that is clearly identified on the agenda, open to the public and situated within the local agency's jurisdiction, then a member may participate remotely (with both video and audio on) under two circumstances:

- For "just cause"—by notifying the board at the earliest opportunity (as late as the beginning of the meeting) and providing a general description of the circumstances justifying virtual attendance (e.g. childcare or caregiving need, contagious illness, physical or mental disability, or traveling while on official board business); or

- Due to "emergency circumstances"—by requesting the board allow the member's virtual attendance (board action/vote required) and providing a general description of the emergency circumstances (e.g. physical or family medical emergency described in 20 words or less without disclosing any personal medical information, diagnosis or disability).

A member participating remotely must disclose whether another person over 18 is present in the room with the member and the general nature of their relationship.

Remote participation by a member cannot exceed three consecutive months or 20% of regular meetings per calendar year, and a member is limited to two virtual attendances based on “just cause” per calendar year.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor and explore operational impacts, particularly after the teleconferencing options afforded by AB 361 are no longer available.

S.B. 1100 – Opens Meetings: Orderly Conduct

This bill was signed into law on August 22, 2022. It authorizes the presiding member of a legislative body conducting a meeting to remove an individual for disrupting the meeting after issuing a warning.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor and explore operational impacts.

A.B. 2647 – Local Government: Open Meetings

This bill was signed into law on September 30, 2022. It modifies requirements for distribution of meeting agendas and related public records. It allows a local agency to forego making agendas and related Board materials available for public inspection, so long as they are posted to the agency’s website and the web address is listed on the meeting agenda.

Impact on LACERS: Public Pensions General Counsel and LACERS will continue to monitor and implement operational changes accordingly.

BILLS AND/OR CITY PROPOSALS ADDED TO THE WATCHLIST

The following are identified bills/proposals of interest.

C.F. 22-0088 – Facebook / Unilever / City Pension Fund Systems / Divestment

Motion: Introduced on January 21, 2022. The three City pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment from Facebook. The three City pension fund systems and the Office of Finance also be directed to divest from Unilever.

Strategic Plan Impact Statement

The Board’s action on this item aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Chhintana Kurimoto, Management Analyst, Administration Division

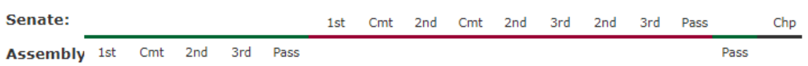
NMG/TB/CK

Attachment: 1. LACERS Legislative Watch List October 2022
2. Bill briefing from Keenan

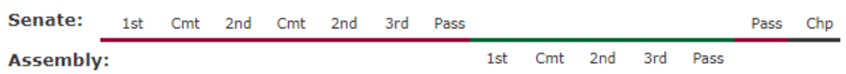
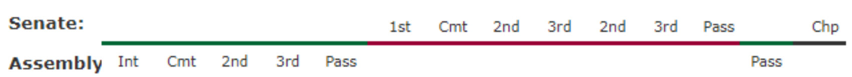
LACERS LEGISLATIVE WATCH LIST
October 2022

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
		STATEWIDE LEGISLATION					
AB 703	Blanca Rubio	**Permanently Allows Virtual Meeting Option Using Executive Order Rules –** This bill would remove the notice requirements particular to teleconferencing and would revise the requirements of the Ralph M. Brown Act to allow for teleconferencing subject to existing provisions regarding the posting of notice of an agenda, provided that the public is allowed to observe the meeting and address the legislative body directly both in person and remotely via a call-in option or internet-based service option, and that a quorum of members participate in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the jurisdiction. The bill would require that, in each instance in which notice of the time of the teleconferenced meeting is otherwise given or the agenda for the meeting is otherwise posted, the local agency also give notice of the means by which members of the public may observe the meeting and offer public comment and that the legislative body have and implement a procedure for receiving and swiftly resolving requests for reasonable accommodation for individuals with disabilities, consistent with the federal Americans with Disabilities Act, as provided. This bill would declare the Legislature's intent, consistent with the Governor's Executive Order No. N-29-20, to improve and enhance public access to local agency meetings into the future, and considering the digital age, by allowing broader access through teleconferencing options. **Status bar:**  **Impact:** This bill did not pass and will be removed from the next Legislative Watch List.	02/16/2021	05/03/2021 Re-referred to L. Gov. Cmte.			01/31/2021 Died pursuant to Art. IV Sec. 10(c) of the Constitution

LACERS LEGISLATIVE WATCH LIST
October 2022

				STATUS			
BILL NO	**AUTHOR**	**TITLE/TOPIC**	**Introduced**	**Assembly**	**Senate**	**House**	**Final Status**
AB 2449	Blanca Rubio	**Open meetings: local agencies: teleconferences -** This bill would revise and recast those teleconferencing provisions and, until January 1, 2026, would authorize a local agency to use teleconferencing without complying with the teleconferencing requirements that each teleconference location be identified in the notice and agenda and that each teleconference location be accessible to the public if at least a quorum of the members of the legislative body participates in person from a singular physical location clearly identified on the agenda that is open to the public and situated within the local agency's jurisdiction. Under this exception, the bill would authorize a member to participate remotely under specified circumstances, including participating remotely for just cause or due to emergency circumstances. The emergency circumstances basis for remote participation would be contingent on a request to, and action by, the legislative body, as prescribed. The bill, until January 1, 2026, would authorize a legislative body to consider and take action on a request from a member to participate in a meeting remotely due to emergency circumstances if the request does not allow sufficient time to place the proposed action on the posted agenda for the meeting for which the request is made. The bill would define terms for purposes of these teleconferencing provisions. **Status bar:**  **Impact:** Public Pensions General Council and LACERS will continue to monitor.	02/17/2022	08/24/2022 In Assembly. Concurrence in Senate amendments pending.	08/25/2022 Senate amendments concurred in. To Engrossing and Enrolling. (Ayes 67. Noes 2.) 06/29/2022 From committee: Amend, and do pass as amended and re-refer to Com. on APPR. (Ayes 9. Noes 1.) 05/27/2022 In Senate. Read first time. To Com. On RLS. For assignment.		09/13/2022 Approved by the Governor. Chaptered by Secretary of State - Chapter 285, Statutes of 2022.

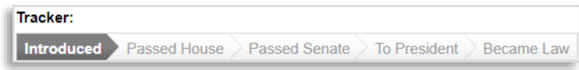
LACERS LEGISLATIVE WATCH LIST
October 2022

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
SB 1100	Cortese (S) Low (A) Aguiar-Curry (A)	**Open meetings: orderly conduct -** This bill would authorize the presiding member of the legislative body conducting a meeting or their designee to remove, or cause the removal of, an individual for disrupting the meeting. The bill, except as provided, would require removal to be preceded by a warning to the individual by the presiding member of the legislative body or their designee that the individual's behavior is disrupting the meeting and that the individual's failure to cease their behavior may result in their removal. The bill would authorize the presiding member or their designee to then remove the individual if the individual does not promptly cease their disruptive behavior. The bill would define "disrupting" for this purpose. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	02/16/22	<u>05/02/2022</u> Read third time. Passed. (Ayes 29. Noes 7. Page 3580.) Ordered to the Assembly.	<u>08/04/2022</u> In Senate. Assembly amendments concurred in. (Ayes 28. Noes 9.) Ordered to engrossing and enrolling.		<u>08/22/2022</u> Approved by the Governor. Chaptered by Secretary of State. Chapter 171, Statutes of 2022.
AB 2647	Levine (A)	**Open meetings: orderly conduct -** This bill would instead require a local agency to make those writings distributed to the members of the governing board available for public inspection at a public office or location that the agency designates and list the address of the office or location on the agenda for all meetings of the legislative body of the agency unless the local agency meets certain requirements, including the local agency immediately posts the writings on the local agency's internet website in a position and manner that makes it clear that the writing relates to an agenda item for an upcoming meeting. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	02/18/2022	<u>08/18/2022</u> In Assembly. Concurrence in Senate amendments pending. May be considered on or after August 20 pursuant to Assembly Rule 77.	<u>08/29/2022</u> Enrolled and presented to the Governor at 3:30 p.m. <u>05/12/2022</u> In Senate. Read first time. To Com. on RLS. for assignment.		<u>09/30/2022</u> Approved by the Governor. Chaptered by Secretary of State. Chapter 971, Statutes of 2022.

LACERS LEGISLATIVE WATCH LIST
October 2022

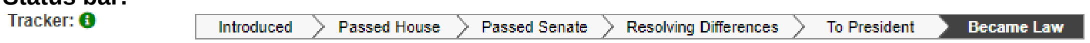
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS: Assembly	STATUS: Senate	STATUS: House	STATUS: Final Status
FEDERAL LEGISLATION							
EMPLOYER COMPLIANCE/REPORTING ISSUES							
HR 2954	Richard E. Neal	**Securing a Strong Retirement Act of 2021 -** To increase retirement savings, simplify and clarify retirement plan rules, and for other purposes. **Status bar:** Introduced > **Passed House** > Passed Senate > To President > Became Law **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	5/04/2021		<u>03/30/2022</u> Received in the Senate and referred to the Committee on Finance.	<u>03/29/2022</u> Passed/agreed to in House: On motion to suspend the rules and pass the bill, as amended. <u>05/05/2021</u> Ways and Means Committee Ordered to be Reported in the Nature of a Substitute (Amended) by Voice Vote.	
S 1770	Benjamin L. Cardin	**Retirement Security and Savings Act of 2021** – To amend the Internal Revenue Code of 1986 to Reform retirement provisions, and for other purposes. **Status bar:** Tracker: **Introduced** > Passed House > Passed Senate > To President > Became Law **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	5/20/2021		<u>05/20/2021</u> Read twice and referred to the Committee on Finance		

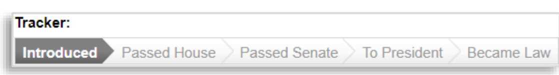
LACERS LEGISLATIVE WATCH LIST
October 2022

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
HR 5832	Suzanne Bonamici	**Retirement Savings Lost and Found Act of 2021** - To establish the Retirement Savings Lost and Found, and for other purposes. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	11/2021			11/03/2021 Referred to the House Committee on Ways and Means; Committee on Education and Labor.	
HR 5376	John A. Yarmuth	**Inflation Reduction Act of 2022** - This bill aims to reduce the Federal deficit and includes provisions addressing corporate taxation, climate change, and healthcare. The Bill provides the following provisions: • Title I – Committee on Finance ○ Deficit Reduction ○ Prescription Drug Pricing Reform ○ Affordable Care Act Subsidies ○ Energy Security • Title II – Committee on Agriculture, Nutrition, and Forestry ○ General Provisions ○ Conservation ○ Rural Development and Agriculture Credit ○ Forestry • Title III – Committee on Banking, Housing, and Urban Affairs ○ The act provides additional funding for the President to carry out activities under the Defense Production Act of 1950 ○ In addition, the act provides funding to the Department of Housing and Urban Development for loans and grants • Title IV – Committee on Commerce, Science, and Transportation ○ The act provides funding for coastal communities, coastal and marine habitats, weather forecasting, and aviation technology • Title V – Committee on Energy and Natural Resources ○ Energy ○ Natural Resources ○ Environmental Reviews • Title VI – Committee on Environment and Public Works ○ Air Pollution ○ Hazardous Materials ○ United States Fish and Wildlife Service ○ Council on Environmental Quality ○ Transportation and Infrastructure	09/27/2021		08/12/2022 Resolving differences -- House actions: On motion that the House agree to the Senate amendment Agreed to by the Yeas and Nays: 220 - 207 08/07/2022 Passed/agreed to in Senate: Passed Senate with an amendment by Yea-Nay Vote. 51 – 50	11/19/2021 Passed/agreed to in House: On passage Passed by the Yeas and Nays: 220 - 213 Motion to reconsider laid on the table.	08/16/2022 Signed by President. Became Public Law No: 117-169

LACERS LEGISLATIVE WATCH LIST
October 2022

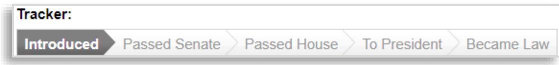
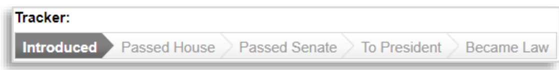
BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status

		• Title VII – Committee on Homeland Security and Governmental Affairs
		  ○ This act provides funding to the Department of Homeland Security (DHS), the U.S. Postal Service (USPS), the Federal Emergency Management Agency (FEMA), the Government Accountability Office (GAO), and the Office of Management and Budget (OMB) for the oversight of this act as well as a variety of environmental programs.
		• Title VIII – Committee on Indian Affairs
		  ○ This act provides funding to assist Indian tribes address climate change.
		
		Status bar:
		
		
		Impact: Keenan & Associates (Keenan), LACERS' Health and Welfare Consultant provided an analysis of the bill (see Attachment 2). Notable significant impact on retiree drug spending. For the first time it will allow the government to negotiate prices on select Medicare medications. Allowing the government to negotiate directly is expected to save about $100 billion through 2031, according to Congressional Budget Office estimates.						

		INVESTMENT ISSUES					
		N/A					
		SOCIAL SECURITY ISSUES					
HR 2337	Richard E. Neal	**Public Servants Protection and Fairness Act of 2021 -** To amend title II of the Social Security Act to provide an equitable Social Security formula for individuals with noncovered employment and to provide relief for individuals currently affected by the Windfall Elimination Provision. Related to alternative formula equalizing benefits for certain individuals with noncovered employment, additional monthly payments for certain individuals whose benefit amount is reduced by the windfall elimination provision, improvement in social security account statements for public servants, study on availability of information relating to retirement plans, hold harmless for the social security trust funds. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	4/01/2021			04/01/2021 Referred to the Subcommittee on Social Security. Action By: Committee on Ways and Mean 04/01/2021 Referred to Ways and Means Committee	

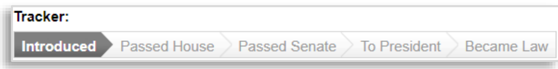
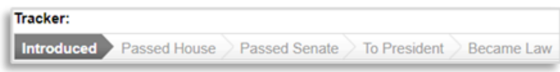
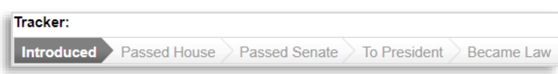
BOARD Meeting: 10/25/22
Item IV-C
Attachment 1

LACERS LEGISLATIVE WATCH LIST
October 2022

				STATUS			
BILL NO	**AUTHOR**	**TITLE/TOPIC**	**Introduced**	**Assembly**	**Senate**	**House**	**Final Status**
S 1302	Sherrod Brown	**Social Security Fairness Act of 2021 -** Amend title II of the Social Security Act to repeal the Government pension offset and windfall elimination provisions. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	4/22/2021		04/22/2021 Referred to Finance Committee		
HR 82	Rodney Davis	**Social Security Fairness Act of 2021 -** This bill repeals provisions that reduce Social Security benefits for individuals who receive other benefits, such as a pension from a state or local government, eliminates the *government pension offset*, which in various instances reduces Social Security survivors' benefits for spouses, widows, and widowers who also receive government pensions of their own, and eliminates the *windfall elimination provision*, which in some instances reduces Social Security benefits for individuals who also receive a pension or disability benefit from an employer that did not withhold Social Security taxes. These changes are effective for benefits payable after December 2021. **Status bar:**  **Impact:** LACERS Board recommended a position of support to the Mayor and City Council. As of current, pending in Rules, Elections, and Intergovernmental Relations Committee to include support in the 2021-2022 Federal Legislative Program. Public Pension General Counsel and LACERS will continue to monitor.	01/04/2021			09/21/2022 Placed on the Union Calendar, Calendar No. 372 01/04/2021 Referred to the Subcommittee on Social Security. Action By: Committee on Ways and Means 01/04/2021 Referred to Ways and Means Committee	

BOARD Meeting: 10/25/22
Item IV-C
Attachment 1

LACERS LEGISLATIVE WATCH LIST
October 2022

BILL NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS			
				Assembly	Senate	House	Final Status
HR 480	Katie Porter	**Medicare Economic Security Solutions Act –** To amend title XVIII of the Social Security Act to limit the penalty for late enrollment under part B of the Medicare Program to 15 percent and twice the period of no enrollment, and to exclude periods of COBRA, retiree, and VA coverage from such late *enrollment penalty.* **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	01/25/2021			02/02/2021 Referred to Health Subcommittee	
HR 5834	Kevin Brady	**Equal Treatment of Public Servants Act of 2021** - To amend title II of the Social Security Act to replace the windfall elimination provision with a formula equalizing benefits for certain individuals with noncovered employment, and for other purposes. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	11/03/2021			11/03/2021 Referred to the House Committee on Ways and Means.	
		MEDICAL/HEALTH ISSUES					
HR 3	Frank Pallone	**Elijah E. Cummings Lower Drug Costs Act Now -** This bill establishes several programs and requirements relating to the prices of prescription drugs; require the Department of Health and Human Services (HHS) to negotiate prices for certain drugs. The bill also makes a series of additional changes to Medicare prescription drug coverage and pricing and requires drug manufacturers to report specified information for certain high-cost drugs, and it provides funds for opioid epidemic initiatives and biomedical research. **Status bar:**  **Impact:** Public Pension General Counsel and LACERS will continue to monitor.	04/22/2021			04/27/2021 Referred to Oversight and Investigations Subcommittee	

LACERS LEGISLATIVE WATCH LIST
October 2022

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS Comment	STATUS Council Adopted
CITY OF LOS ANGELES					
21-0295	Rodriguez	**Los Angeles City Employees' Retirement System (LACERS) / Los Angeles Fire and police Pensions (LAFPP) / Personnel Department / City Labor Partners / Health Savings Accounts (HSA)** Motion: Request the City Administrative Officer (CAO) with the assistance of the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products, which would create reduced premiums to enable long term health care for members in retirement.	03/16/2021	04/14/2021 – Council Adopted item forthwith. 04/09/2021 – Motion City Council request that the City Administrative Officer with the assistance of the LACERS, LAFPP, Personnel Department, and the City's labor partners report back on the cost of Health Savings Accounts (HSA) insurance products. 03/16/2021 – Motion introduced and referred to the Personnel, Audits, and Animal Welfare Committee.	04/14/2021
20-1537	Koretz	**First Responders / Public Safety Officers / COVID-19 Pandemic / Disability Retirement Benefits / LACERS Public Safety Tier 1 Enhancement Benefits Provision** Motion: Direct the City Administrative Officer (CAO) report in 60 days in regard to providing disability retirement benefits for the aforementioned 83 public safety officers under the LACERS Public Safety Tier 1 Enhanced Benefits provision for the following groups: a. 24 LAPD Officers (General Fund) b. 27 Municipal Police Officers (General Fund) c. 24 Park Rangers (General Fund) d. Eight Port Police Officers (Proprietary Fund)	11/24/2020	03/25/2022 – Council adopted/action final of CAO's Report relative to enhanced disability benefits for public safety officers. 02/10/2021 – Adopted. CAO report back is pending.	03/25/2022
20-1606	Blumenfield-Bonin – et al.	**City Healthcare Costs Reduction / Current Employees and Retirees** Motion: Request in consultation with the Los Angeles City Employees' Retirement System (LACERS), Los Angeles Fire and Police Pensions (LAFPP), the Personnel Department and the City's labor partners, be directed to report to the Executive Employee Relations Committee and appropriate Council Committees with viable options and recommendations to reduce City healthcare costs for current employees and retirees, consistent with existing legal requirements, City commitments and considerations of equity.	12/15/2020	04/28/2021 – LACERS Report document referred to Budget and Finance Committee. 03/03/2021 – Council adopted/action final of Personnel and Budget and Finance Committees' Report relative to reducing City Healthcare costs for current employees and retirees.	03/03/2021

LACERS LEGISLATIVE WATCH LIST
October 2022

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS	
				Comment	Council Adopted
19-1577	Blumenfield-Bonin – et al.	**Los Angeles City Employees' Retirement System (LACERS) Investments / Climate Transition Risk Framework / Climate-Change Watch List** **Motion**: Request that the Board of the Los Angeles City Employees' Retirement System (LACERS), with the assistance of the City Administrative Officer (CAO), report in six months with the following: a. Recommendations on the feasibility for the LACERS Board to adopt a similar Climate Transition Risk Framework to San Francisco Employees' Retirement System to identify investments in fossil fuel companies that pose an environmental and financial risk. b. Options to create a climate-change watch list that will report the riskiest investments in fossil fuel companies and develop a strategy to engage with the respective companies to reduce their oil and gas reserves and increase their efforts to move towards renewables and address climate change. c. A plan to divest from uncooperative fossil fuel companies and appropriately reinvest capital. d. A watch list to identify other LACERS investments such as in tobacco and firearm companies that contradict the City Council official positions and goal to provide a healthy and secure future for Angelenos.	12/11/2019	04/29/2021 – LACERS 04/28/2021 Report document referred to Budget and Finance Committee. 04/28/2021 – Report Document submitted by LACERS relative to investments in fossil fuel companies that pose an environmental and financial risk. 12/02/2020 – Motion adopted. LACERS and CAO report back is pending.	12/2/2020
20-0943	Cedillo	**Women and Minority Owned Businesses / City Bid Incentives** **Motion:** relative to amending Council action of September 8, 2020, regarding encouraging and incentivizing women- and minority-owned businesses to bid on City contracts and steps the City can take to ensure qualified women- and minority-owned businesses are awarded contracts with the City.	07/29/2020	10/27/2020 – Amended Motion adopted and final. 10/20/2020 – Motion Amended from Council Action on 9/8/20.	10/27/2020
21-0002-S135	Koretz-Blumenfield	**H.R. 82 (Davis) / Social Security Fairness Act of 2021 / Social Security Windfall Elimination Provision / Government Pension Offset Provisions / Surviving Spouse** **Motion**: City Council resolution with the concurrence of the Mayor relative to LACERS request for City support of the Congressional Bill, HR 82, the Social Security Fairness Act of 2021 (pending) and any similar legislation which would rectify inequities resulting from the Social Security Windfall Elimination and Government Pension Offset Provisions.	06/16/2021	06/16/2021 – Resolution referred to the Rules, Elections, and Intergovernmental Relations Committee.	

LACERS LEGISLATIVE WATCH LIST
October 2022

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS Comment	STATUS Council Adopted
21-0600-S35	Los Angeles City Council	**Budget Recommendation / Personnel Department / Targeted Local Hire Programs / Yearly Goal** Adopted Budget Recommendation: Instruct the Personnel Department, with the assistance of the City Administrative Officer and Labor Partners, to report to the Personnel, Audits, and Animal Welfare Committee on the steps necessary to achieve a goal of 750 hires a year through the Targeted Local Hire Programs. (Pursuant to adoption of the Mayor's 2021-22 Budget on May 20, 2021)	05/20/2021	10/13/2021 – Council adopted item. 08/27/2021 – Personnel Depart. Report submitted and referred to Personnel, Audits, and Animal Welfare Committee	10/13/2021
21-0846	Blumenfield Koretz Krekorian Raman Ridley-Thomas Rodriguez Price	**COVID-19 Virus / City Employees and Contractors / Vaccination Requirement / Condition of Employment** **Motion:** The City Administrative Officer, Chief Legislative Analyst, Director of Personnel and City Attorney, in consultation with labor representatives, report back in fifteen (15) days on a proposed policy to require that all City employees and contractors, as a condition of employment, (1) be fully vaccinated from the COVID-19 virus; and (2) report their COVID-19 vaccination status to the appropriate City department.	07/28/2021	08/18/2021 – Council adopted item. 08/17/2021 – Rules, Elections, and Intergovernmental Relations Committee waived consideration of item.	08/18/2021
21-0551-S1	Koretz Martinez	**Local Business Contracting / Job Creation / Sales Tax Revenue / Local Investment / Procurement Process** **Motion:** Controller to report on its letter to the Mayor and City Council, dated May 20,2021, which recommended a series of measures to increase contracting with local businesses, create jobs, and boost sales tax revenue to pay for additional city services.	06/15/2021	08/04/2021 – Personnel, Audits and Animal Welfare approved as amended. 06/15/2021 – Motion referred to Personnel, Audits, and Animal Welfare Committee	
21-1116	Buscaino Cedillo Koretz Martinez Rodriguez	**Facebook and Affiliated Companies / Photo-Sharing Program / Body Image / Mental Health Crisis / City Pension Funds Divestment** **Motion:** The City's three pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment of any of the City's funds which may be currently invested in Facebook and its affiliated companies.	10/05/2021	10/05/2021 – Motion referred to Budget & Finance Committee	

LACERS LEGISLATIVE WATCH LIST
October 2022

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS: Comment	STATUS: Council Adopted
21-0565	Koretz Lee Buscaino	**Part-Time Employees / Pro-Rated Benefits / Economic Assessment** **Motion:** City Council instruct the Personnel Department with the assistance of the City Administrative Officer to report on the steps necessary to provide prorated benefits to all part-time employees of the City of Los Angeles as well as an economic assessment of providing these benefits.	05/25/21	02/03/2022 – Personnel, Audits, and Animal Welfare Committee transmitted Council File to Budget and Finance Committee. 02/02/2022 – Personnel, Audits, and Animal Welfare Committee approved as amended. 01/25/2022 – Personnel Department report relative to part-time employee benefits referred to Budget and Finance Committee, Personnel, Audits, and Animal Welfare Committee. 05/25/2021 – Motion referred to Budget & Finance Committee	
22-0088	City Employees Retirement System Department of Fire and Police Pensions	**Facebook / Unilever / City Pension Fund Systems / Divestment** **Motion:** The three City pension fund systems and any other City investment entity, in coordination with the City Administrative Officer and the Office of Finance, be directed to begin the process of divestment from Facebook. The three City pension fund systems and the Office of Finance also be directed to divest from Unilever.	01/21/2022	01/24/2022 – City Employees Retirement System; Department of Fire and Police Pensions document(s) referred to Budget and Finance Committee; Personnel, Audits, and Animal Welfare Committee. 01/21/2022 – Joint Report from Department of Fire and Police Pensions and Los Angeles City Employees Retirement System, dated January 21, 2022, relative to divestment from Facebook and Unilever.	

LACERS LEGISLATIVE WATCH LIST
October 2022

COUNCIL ITEM NO	AUTHOR	TITLE/TOPIC	Introduced	STATUS Comment	STATUS Council Adopted
21-0683		**City-Owned Buildings / Net-Zero Energy / Retrofit / Carbon Emissions** **Motion:** City Council direct the General Services Department, working with other relevant City departments as needed, to report back within 60 days with an assessment that will identify the staffing and/or contractual services needed to develop a full cost-estimate, timeline, and plan to retrofit prioritized municipally-owned buildings to achieve net-zero energy.	06/16/2021	03/23/2022 – Council Adopted item. Council action final. 02/11/2022 - Document(s) submitted by Public Works: Engineering, as follows: Bureau of Engineering report, dated February 11, 2022, relative to identifying services needed to develop a full plan to retrofit municipally-owned buildings to achieve net-zero energy. 08/25/2021 – Council adopted item 06/16/2021 – Motion referred to Information, Technology, and General Services Committee	03/23/2022

Keenan

BRIEFING

AUGUST | 2022

INFLATION REDUCTION ACT PASSED, SIGNALING CHANGES TO THE HEALTHCARE INDUSTRY

On August 12, 2022, the U.S. House of Representatives passed the Inflation Reduction Act (IRA). Following the passage, President Biden is expected to officially sign the IRA into law in the coming days. The IRA was narrowly passed along partisan lines under "reconciliation" rules, which enabled the bill to be passed by an evenly divided Senate, with Vice President Harris casting the deciding vote. While the new law will have significant impacts on corporate taxation and climate change, it also contains several provisions impacting group health plans that are of importance.

ACA SUBSIDIES

The IRA puts in place a three-year extension of the expanded Affordable Care Act (ACA) subsidies that were originally enacted as part of the American Rescue Plan Act of 2021 (ARPA). ARPA subsidies give help to nearly 90 percent of those who signed up for health coverage on the health insurance marketplaces during the 2022 open enrollment period, assisting individuals who make as much as $52,000 and families with an income of up to $106,000. Those subsidies were set to expire at the end of 2022 without the passage of an extension, and policymakers had been concerned about skyrocketing premiums for those reliant on the subsidy in 2023. More than 10 million Americans were projected to lose part or all of their premium tax credits, resulting in a potential loss coverage for 3 million insureds.

While the passage of this extension does not directly impact employer-provided group health insurance, it will certainly have indirect impacts. Under the shared responsibility provisions of the ACA, applicable large employers (ALEs—those with at least 50 full-time or full-time-equivalent employees in the prior calendar year) must either offer minimum essential coverage that is "affordable" and that provides "minimum value" to their full-time employees (and their dependents), or potentially make an employer shared responsibility payment to the IRS. The employer shared responsibility provisions are sometimes referred to as "the employer mandate" or "the pay or play provisions." Although it should be mentioned that the three affordability safe harbors used by employers are unaffected directly. Therefore, penalties are still based on the employee's *self-only cost* to elect coverage on the employers' *least expensive plan* and are not based on the family premium cost.

Whether an employer will owe a penalty to the IRS depends in part on whether at least one full-time employee receives a subsidy for purchasing coverage on a health insurance exchange. The expansion of the subsidies under ARPA made it more likely that employees would qualify for a subsidy. Now is a good time for employers to ensure that their coverage for 2023 provides minimum value and is considered affordable. There is more information regarding those determinations on the IRS website, and your AssuredPartners employee benefits consultant can also help you with making that determination. The affordability threshold for 2022 is 9.61% of household income, but in 2023, that percentage will decrease to 9.12%.

MEDICARE DRUG PRICES

The IRA will also have a significant impact on retiree drug spending. For the first time it will allow the government to negotiate prices on select Medicare medications. It will also cap seniors' out-of-pocket spending on drugs at $2,000 a year and penalize drug makers that increase prices for Medicare Part B and D drugs by more than the inflation rate. Additionally, the IRA will cap the cost for insulin at $35 per month for Medicare enrollees starting in 2023.

Under the legislation that established the Part D drug program in 2003, the government was prohibited from negotiating directly with pharmaceutical manufacturers. Individual insurance companies participating in Part D can negotiate, but they have not had the bargaining power of the federal government. Allowing the government to negotiate directly is expected to save about $100 billion through 2031, according to Congressional Budget Office estimates.

There is no provision in the IRA that requires drug manufacturers to give the same prices to the private insurance market that it negotiates with the federal government. Democrats in Congress had attempted to include such a provision, but were unable to do so, since that provision failed to have a direct impact on federal spending and taxation, and therefore could not be included in a "reconciliation" bill. Without such a provision, it remains to be seen whether the federal government's new bargaining power will decrease costs across the prescription drug market or if it will result in cost-shifting to employer-provided health plans.

MINUTES OF THE REGULAR MEETING
BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's September 27, 2022 meeting will be conducted via telephone and/or videoconferencing.

September 27, 2022

10:03 a.m.

PRESENT via Videoconferencing:	President:		Nilza R. Serrano
	Vice President:	(left at 12:03 p.m.)	Elizabeth Lee
	Commissioners:		Annie Chao
			Thuy Huynh
		(lost connection at 1:11 p.m.)	Janna Sidley
			Sung Won Sohn
			Michael R. Wilkinson
	Legal Counselor:		Anya Freedman
			Joshua Geller
	Manager-Secretary:		Neil M. Guglielmo
	Executive Assistant:		Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Serrano asked if any persons wanted to make a general public comment to which there was no response.

II

BOARD PRESIDENT VERBAL REPORT – President Serrano reminded everyone about the heat wave and cautioned about energy use during the heat wave.

III

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- New City guidance on masking in City facilities effective October 1, 2022
- LACERS renewed its General Liability Insurance Policy with Alliant
- Staff training on Contracting
- 977 N. Broadway Parking Survey
- Update on LACERS HQ
- Update on Retirement Services Division
- Update on Health Benefits Administration Division including Open Enrollment webinar events
- Update on Members Services Center including stats, Social Media stats, Upcoming Events, and Wellness Update

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- October 25, 2022 – Member Services Team Year-End Report & Spotlight

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2022 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 27, 2022 – Commissioner Wilkinson stated the Committee was presented and approved the 2021 Anthem and Delta Dental Year-End Accounting and were provided with a operational verbal report on the Health, Wellness, and Buyback.

VI

CONSENT AGENDA

Commissioner Sidley moved approval of Consent Agenda Item VI-A, seconded by Vice President Lee, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 23, 2022 AND POSSIBLE BOARD ACTON

VII

BOARD/DEPARTMENT ADMINISTRATION

A. ASSUMPTIONS FOR THE JUNE 30, 2022 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION – Paul Angelo, Actuary, and Andy Yeung, Associate Actuary, with Segal Consulting, presented and discussed this item with the Board for 15 minutes. Commissioner Wilkinson moved approval, seconded by Vice President Lee, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

B. 977 N. BROADWAY BUILDING PROJECT FISCAL YEAR 2022-23 SUPPLEMENTAL CAPITAL AND OPERATING BUDGET REQUEST AND POSSIBLE BOARD ACTION – Isaias Cantu, Chief Management Analyst, presented and discussed this item with the Board for 20 minutes. Vice President Lee moved approval of the following Resolution, as amended to add $100,000 for contingencies, for a total Capital Expense Budget appropriation of $1,020,242:

977 N. BROADWAY BUILDING PROJECT
FISCAL YEAR 2022-23 SUPPLEMENTAL
CAPITAL AND OPERATING BUDGET REQUEST

RESOLUTION 220927-A

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway ("Broadway Building"), Los Angeles California at the final negotiated purchase price of $33,750,000;

WHEREAS, on June 8, 2021, the Board adopted the 977 N. Broadway Project's Capital Expense Budget of $19,707,987, for the purpose of completing tenant and owner improvements prior to move-in and LACERS occupying the building by December 2022;

WHEREAS, on November 9, 2021, the Board approved the reallocation of a net $72,310.43 from the HQ Project in the Capital Budget to the Administration Budget including a transfer of $114,497.43 from Capital Budget to the Administration Budget for the purchase of server equipment and a concurrent transfer of $42,187 from Administration Budget to the Capital Budget to pay for moving services adjusting the Capital Budget to $19,635,676.57;

WHEREAS, on March 8, 2022, the Board approved the reallocation of $677,537.08 from HQ Project in the Capital Budget to the Administrative Budget including $628,583.44 in funds for network infrastructure equipment and $48,953.64 to procure asset tracking technologies for the Broadway Building subsequently adjusting the Capital Budget to $18,958,139.49;

WHEREAS, the COVID-19 pandemic had direct and indirect impacts on the project including direct impacts such as supply chain disruptions, increases in building supply costs due to scarcity of key materials globally, and increases in labor costs due to the human impact of the COVID-19 pandemic and indirect impacts such as the prolonging of the construction schedule, and the need to extend contracts with project partners beyond the original construction schedule including a 51-week contract extension for HOK's architectural services due to a prolonged programming/design process, and a 24-week contract extension for ARC Engineering's design services due to the tenant improvement work requiring structural evaluation which resulted in increases in fees for the project in the amount of $374,991;

WHEREAS, issues were identified during the course of construction including the building's HVAC system, mechanical equipment, plumbing components, and concrete cracks in the garage that were they to be repaired during the current construction would represent long-term cost savings and avoid disrupting LACERS' work or displacing staff once 977 was occupied which cost $208,266 to complete;

WHEREAS, LACERS implemented limited expansions in the scope of the project including the installation of security enhancements at the front and rear of 977's breezeway to secure the central core of the building and rear patio, adjustments to the 2nd floor design assumptions, and work on the TeleData and security equipment which will cost $336,985 once complete;

WHEREAS, LACERS adjusted the scope of work to be performed, deferred non-priority scope work, and reallocated non-committed funds from contracted work that was completed to the contingency funds in order to supplement those funds;

WHEREAS, prior to the approval of the work, LACERS had all expenses reviewed by subject-matter experts, and the scope, materials, and labor rates were deemed reasonable and within market prices;

WHEREAS, LACERS maintains that the expenditures performed were reasonable and consistent with LACERS' objectives for the management of the asset;

WHEREAS, LACERS currently relies on the LA Times Property Management company for security staff to perform minimal screening of Board meeting attendees at the LA Times Building;

WHEREAS, in permanently transitioning its operations and functions to 977, LACERS must ensure adequate coverage to support the normal security needs of the building including the responsibility of performing Board meeting security screening,

WHEREAS, LACERS currently employs the services of a security guard at the building and the role of this guard is more Member and building oriented including helping to direct Members and visitors, observing any visitors in the breezeway, overseeing the building surveillance cameras and emergency notification buttons, and responding to security requests within the building;

WHEREAS, LACERS recommends contracting an additional security guard to be present at all Board Meetings for the second half of the Fiscal Year 2022-23 after moving to 977 N. Broadway at the cost of $5,000;

WHEREAS, only 75% of the budgeted work has been invoiced and LACERS anticipates that the remaining $90,530.88 in contingency funds will be required to cover conventional cost increases related to the significant ongoing work at the HQ Building including the tenant improvements to the 1st-Floor Boardroom and Assembly Area, repair and painting of the garage, and any additional repairs that arise during this work;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Approve the appropriation of $920,242 to the Capital Expense Budget in Fiscal Year 2022-23 for expenses related to the Broadway Building Annual Plan;

2. Consider enhanced security services during Board meetings at the 977 North Broadway Building headquarters for the second half of Fiscal Year 2022-23 and approve the appropriation of $5,000 by increasing Appropriation 163040 – Contractual Service; and,
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

C. LACERS 2021 ANTHEM AND DELTA DENTAL YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst, and James Kawashima, Senior Benefits Analyst, presented and discussed this item with the Board for 5 minutes. Commissioner Wilkinson moved approval of the following Resolution:

ANTHEM BLUE CROSS 2021 YEAR- END ACCOUNTING

RESOLUTION 220927-B

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, the 2021 Anthem year-end accounting shows an adjusted premium surplus of $2,271,360;

WHEREAS, the appropriate amount of surplus premium funds attributable to medical subsidies shall be deposited back to the account from which the subsidy dollars were originally paid, which currently is the LACERS 401(h) account, and the appropriate amount of surplus premium funds attributable to Member monthly allowance deductions shall be deposited in the 115 Trust account;

WHEREAS, on September 27, 2022, the Benefits Administration Committee approved forwarding a recommendation to transfer the premium surplus to LACERS;

WHEREAS, the 2021 premium surplus of $2,271,360 is being held by Anthem in the Claims Stabilization Fund and will transfer $1,947,953 to LACERS' 401(h) account and $323,407 to LACERS' 115 Trust upon approval of the 2021 year-end accounting;

NOW, THEREFORE, BE IT RESOLVED, that the Board to approve the Anthem Blue Cross and the self-funded Delta Dental PPO 2021 Year-End Accountings and the transfer of the 2021 Anthem surplus premium funds amount of $1,947,953 to LACERS' 401(h) account and $323,407 to LACERS' 115 Trust; and authorize the General Manager to adjust the amounts, based on updates of information received after this report.

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

VIII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of $20.22 billion as of September 26, 2022. Mr. June discussed the following items:

- Continued discussion and consideration of the Unique Investment Opportunities Policy on the agenda
- Staff continues to work on a new graduation provision for the Emerging Investment Manager Policy
- Transition Manager Search due diligence has been completed. The Investment Committee will conduct interviews of finalists in October or November
- Board President Serrano and Rod June, Chief Investment Officer, attended the Investment Diversity Advisory Council meeting held in Atlanta on September 14, 2022
- Emerging Manager Symposium to be held on November 16, 2022 and will be a virtual event
- Mr. June discussed on-going and proposed research projects by the Kroner Center for Financial Research (formally known as the Pacific Center for Asset Management) including ESG investing, value creation of private equity investing, optimal target allocation to emerging managers, and alternative approaches to public pension plan management
- Ellen Chen, Investment Officer II, attending ESG Summit West Conference in Sacramento
- AAAIM Conference this week; Robert F Kennedy Compass Conference next week; GCM Grosvenor Emerging Manager Conference October 12-13, 2022
- Wilkin Ly, Investment Officer III and Director of Private Market Assets, completed his MBA at Boston University this summer
- Future Agenda Items: Finalist Firm Presentation(s) of the Private Credit Consultant Search, Education on Infrastructure Investments, Securities Lending Program Modifications, Contract with Aksia CA LLC and Key Person Provision

Mr. June shared that the current Russian exposure for LACERS is 6.1 basis points, about $20.467 million.

Item VIII-D was taken out of order.

Vice President Lee left the Regular Meeting at 12:03 p.m.

D. CONTINUED DISCUSSION OF UNIQUE INVESTMENT OPPORTUNITIES POLICY AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, and James Wang, Investment Officer I, presented and discussed this item with the Board for 45 minutes. Commissioner Sidley moved approval, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, and President Serrano -4; Nays, Commissioners Chao and Wilkinson -2.

B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING JUNE 30, 2022 – Carolyn Smith, Partner, with NEPC, LLC, presented and discussed this item with the Board for 35 minutes.

Commissioner Sidley lost connection and disconnected from the Regular Meeting at 1:11 p.m.

C. PRESENTATION BY AKSIA CA LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING MARCH 31, 2022 – Trevor Jackson, Managing Director, and Jeff Goldberger, Managing Director, with Aksia CA LLC, presented and discussed this item with the Board for 45 minutes.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 11, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XI

ADJOURNMENT – There being no further business before the Board, President Serrano adjourned the Meeting at 1:27 p.m.

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Nilza R. Serrano
President

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Neil M. Guglielmo
Manager-Secretary

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: OCTOBER 25, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: VII - B**

SUBJECT: **FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve continuing to hold LACERS Board and Committee meetings via teleconference and/or videoconference, under Government Code Sections 54953(e)(1)(B)-(C) and 54953(e)(3)(A) and (B)(i).

Discussion

LACERS is committed to preserving public access and participation in meetings of the Board of Administration. All LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business. The Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions. The COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active: COVID-19 remains a public health concern in Los Angeles, with substantial community transmission.

The Board met via teleconference on October 12, 2021, and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees.

Strategic Plan Impact Statement

The Board's action on this item aligns with the LACERS Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: Proposed Resolution

CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS VIA TELECONFERENCE AND/OR VIDEOCONFERENCE

PROPOSED RESOLUTION

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: Oct 25, 2022
ITEM: VIII – A

SUBJECT: **CONTRACT WITH BOX, INC. FOR RETIREMENT APPLICATION PORTAL PHASE TWO AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1) Find that, pursuant to City Charter Sections 371(e)(2) and (e)(10), and Los Angeles Administrative Code Section 10.15(a)(2) and (a)(10), competitive bidding for the ongoing design and development of LACERS' system of record within Box, Inc. would not be desirable, practicable, or advantageous; and
2) Approve an amendment to Contract No. 4245 with Box, Inc., related to enhancements to the Retirement Application Portal, to extend the term of the contract for one year and to increase the expenditure limit of the contract from $15,000 to $45,000, consistent with the Board's 2022-23 appropriation for this initiative; and
3) Authorize the General Manager to negotiate and execute the Contract Amendment, subject to City Attorney approval as to form.

Executive Summary

In 2021, LACERS launched the Retirement Application Portal (RAP) to significantly improve the contactless capabilities of LACERS' Retirement Services Division. Since its launch, LACERS has prioritized improving the RAP's Member-facing components, with the understanding that improvements to the administrative back-end would wait until sufficient time had passed to understand necessary fixes and needed efficiencies to improve the employee experience and to prevent waste.

In its Fiscal Year 2022-23 budget, the Board authorized $45,000 for services related to the backlog items to improve backend functionality for staff and further create efficiencies within the workflow as well as to address the pivot within the RAP to support the newly released Federal tax form. To execute the Board's approved initiative and consistent with funds appropriated in the budget, on December 1, 2021, the General Manager negotiated and executed a contract with Box, Inc., limited to $15,000 and an initial term of one year, to implement an initial scope of work related to enhancements to the RAP. As this work is pending completion, LACERS now seeks the Board's approval to proceed to engage

Box, Inc. for the second stage of the necessary scope of work related to enhancing the RAP to support the newly-released tax forms for Members and make other backend fixes to improve workflow for Staff. This additional scope of work requires the unique proprietary expertise of Box Inc., will require a deliverable to be completed within one year from the original contract's expiration date of November 30, 2022, and will cost no more than $30,000, which is within the budgeted total of $45,000 for this initiative already approved by the Board. With the approval of this recommended contract amendment, LACERS would be able to resolve a significant portion of the high- and medium-priority items needed to enhance efficiencies in workflow and information handling, and ensure that LACERS provides Members new Federally required forms for tax compliance.

Discussion

The RAP was developed to provide contactless service to LACERS Members initiating their retirement, ultimately replacing an 80-page paper document into a wholly digital solution providing anytime/anywhere capabilities.

Since its creation, the RAP has allowed LACERS to digitally administer over 70% of all retirement applications, providing efficiency for Members, data integrity of sensitive information, organizational transparency into workflow, and the provision of health and safety for both Members and LACERS employees. Because the budget prioritized the Member experience, LACERS made accommodations within their workflow to manage the influx of digital applications with the understanding that back-end fixes would be engaged once there was sufficient understanding of gaps and bugs.

In the Fiscal Year 2022-23 budget, the Board authorized $45,000 for RAP enhancements that would include fixing critical issues impacting Staff related to bugs and workflow gaps, along with a time-sensitive update to include new Federal and State tax forms in the RAP. In anticipation of the Federal and State tax form scope of work, and with the understanding that these enhancements to the RAP required the proprietary services of Box, Inc., the General Manager preemptively negotiated with Box, Inc. for a fixed cost of $15,000 for an initial scope of work on bugs and workflow gap resolutions in Contract No. 4245. Because Contract No. 4245 was for a term of less than a year and because the compensation was valued at less than $20,000, Board approval was not required, per Los Angeles Administrative Code (LAAC) Section 10.1.1(a). Additionally, because the $15,000 expenditure limit on Contract No. 4245 was below the $25,000 threshold required by LAAC Section 10.15(a)(1), a competitive bidding process was not required to execute the initial contract with Box, Inc.

Given the timing of release of the Federal and State tax forms and the ongoing Staff need to resolve additional backend issues with the RAP, LACERS now seeks Board approval to amend Contract No. 4245 to increase the expenditure limits by $30,000 and to extend the term by one year. As amended, Contract No. 4245 would have an expenditure limit of $45,000, which is consistent with the appropriation for these overall RAP enhancements in the Fiscal Year 2022-23 budget, and would expire on October 31, 2023. Additionally, because as amended, Contract No. 4245 would exceed the $25,000 statutory limit requiring competitive bidding unless the contracting authority determines that an exception applies, LACERS recommends that the Board make the determination under the above-cited Charter and Administrative Code sections that initiating a competitive bidding process for these services would not be desirable, practicable, or advantageous for LACERS due to the work to be performed on the RAP by Box, Inc., on the Box platform being of a proprietary nature.

Strategic Plan Impact Statement

The continuation of contracting with Box, Inc. to perform service enhancements related to the RAP and mandatory tax compliance supports the Strategic Plan Goal of Organizational effectiveness, efficiency, and resiliency.

Prepared By: Vikram Jadhav, Chief Information Officer

NMG/TB:vj/ic

Attachments: 1. Proposed Board Resolution

CONTRACT WITH BOX, INC. FOR

BOX, INC DESIGN AND DEVELOPMENT SERVICES

PROPOSED RESOLUTION

WHEREAS, on December 1, 2021, LACERS executed Contract No. 4245 for consulting services to be performed by Box, Inc. to implement, configure, customize, and integrate the newly released Federal and State tax forms in the Retirement Application Portal (RAP);

WHEREAS, the previous contract focused on making improvements to the RAP's Member-facing components while understanding that backend functionality would be iterated upon in future budget cycles;

WHEREAS, Box, Inc. understands the LACERS' vision for the RAP due to their involvement with its development and is uniquely qualified to continue to build and enhance a system of record within LACERS' Box environment due to the proprietary nature of the Box, Inc. platform;

WHEREAS, it is beneficial for LACERS to continue its partnership with Box, Inc. for the development of the RAP as this tool has produced results that have facilitated the process for LACERS' Members to apply for retirement;

WHEREAS, the Board has appropriated sufficient funds of $45,000 for necessary enhancements to the RAP related to back-end workflow fixes and integrating updated tax forms for Members; and

WHEREAS, Charter Section 371(e)(2) and 371(e)(10) and Los Angeles Administrative Code Section 10.15(a)(2) and (a)(10) provide exemption from the competitive bidding process for contracts where the contracting authority determines that the desired service is of a proprietary nature and where the competitive bidding process would be "undesirable, impractical or impossible."

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Find that, pursuant to City Charter Sections 371(e)(2) and (e)(10), and Los Angeles Administrative Code Section 10.15(a)(2) and (a)(10), competitive bidding for the design and continued development of a system of record within Box, Inc. related to enhancements to the Retirement Application Portal would not be desirable, practicable, or advantageous; and
2. Approve an amendment to Contract No. 4245 with Box, Inc. related to the Retirement Application Portal, to extend the term of the contract for one year and to increase the expenditure limit of the contract from $15,000 to $45,000; and
3. Authorize the General Manager to negotiate and execute the Contract Amendment, subject to City Attorney approval as to form.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: <u>Investment Committee</u>
Elizabeth Lee, Chair
Nilza R. Serrano
Janna Sidley

MEETING: OCTOBER 25, 2022
ITEM: IX - B

SUBJECT: **SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve the following amendments to the Securities Lending Program (SLP) Custom Cash Collateral Account Guidelines (Guidelines):

1. Remove the Northern Trust Collective Short Term Investment Fund (Collective STIF) as an eligible investment and replace it with the Northern Institutional Liquid Assets Portfolio (NILAP).

2. Reduce the maximum percentage of the Custom Cash Collateral Account (Cash Collateral Account) that can be invested in NILAP from 50% to 25%.

Executive Summary

The Northern Trust Company (Northern Trust), LACERS' Master Custodian Bank and SLP Agent, recently changed its cut-off time for sweeping cash into the Collective STIF, rendering it an unviable investment option for LACERS' Cash Collateral Account. Staff recommends the amendment of the Guidelines to replace the Collective STIF with an alternate cash sweep vehicle, NILAP, as an eligible investment for the Cash Collateral Account. Staff also recommends revising the diversification guidelines to limit the percentage of the Cash Collateral Account that can be invested in the cash sweep vehicle to 25%. These amendments will further reduce the risk profile of the Cash Collateral Account in light of a bearish economic and market outlook. The Committee concurs with these amendments.

Discussion

On October 11, 2022, the Committee discussed the attached staff recommendation report (Attachment 1) to amend the Guidelines. Staff proposed replacing the Collective STIF with an alternate cash sweep vehicle, NILAP, as an eligible investment for the Cash Collateral Account. Due to a change in the sweep cut-off time for Collective STIF, the fund is no longer a viable investment option for the Cash Collateral Account, as discussed in Attachment 1. The Guidelines must be amended to replace Collective STIF with another sweep vehicle to allow Northern Trust to effectively manage cash collateral loan transactions. Northern Trust provided two alternatives sweep vehicles for consideration: 1) NILAP, a commingled money market fund that invest in securities guaranteed by the U.S. government or its agencies and has a lower risk-return profile than Collective STIF; and 2) Collective Securities Lending Core Short Term Investment Fund, a commingled fund that invests in high-quality corporate and government money market instruments and has a slightly higher risk-return profile than Collective STIF.

Staff explained that NILAP would serve as the more appropriate replacement for Collective STIF because it would provide a higher degree of principal preservation, especially considering a bearish economic and market outlook, while still meeting the operational liquidity needs of the Cash Collateral Account.

Staff also proposed tightening the cash sweep vehicle allocation cap to 25% of the value of the total assets of the Cash Collateral Account, or half the current allocation cap of 50%, to mitigate risks associated with being invested in a commingled fund. A cap of 25% would limit LACERS' investment in NILAP to no more than 10% of the fund's assets under management, based on NILAP's total portfolio assets as of August 31, 2022, and on the Cash Collateral Account's 24-month average value of approximately $350 million. The lower cap should also further diversify the Cash Collateral Account across other securities authorized by the Guidelines.

In concurrence with staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, the Committee recommends that the Board approve the proposed amendments to the Guidelines. These amendments are expected to result in lower securities lending revenues to LACERS due to the lower yield of NILAP compared with Collective STIF, all else being equal. Staff will continue to evaluate the economic landscape for the appropriateness of maintaining a highly conservative risk profile with the Guidelines. Staff will report back to the Committee and Board in approximately one year, or sooner if deemed necessary, to provide an SLP update and possible recommendations regarding the Guidelines.

Strategic Plan Impact Statement

The amendment of the Guidelines to allow NILAP as an eligible investment under the SLP Cash Collateral Account subject to an allocation limit of 25% of the account aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The due diligence process also aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/JW/JP:rm

Attachment: Report to Investment Committee Dated October 11, 2022

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE **MEETING: OCTOBER 11, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: V**

SUBJECT: **SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee recommend to the Board amending the Securities Lending Program (SLP) Custom Cash Collateral Account Guidelines to:

1. Remove the Northern Trust Collective Short Term Investment Fund (Collective STIF) as an eligible investment and replace it with the Northern Institutional Liquid Assets Portfolio (NILAP).

2. Reduce the maximum percentage of the Custom Cash Collateral Account (Cash Collateral Account) that can be invested in NILAP from 50% to 25%.

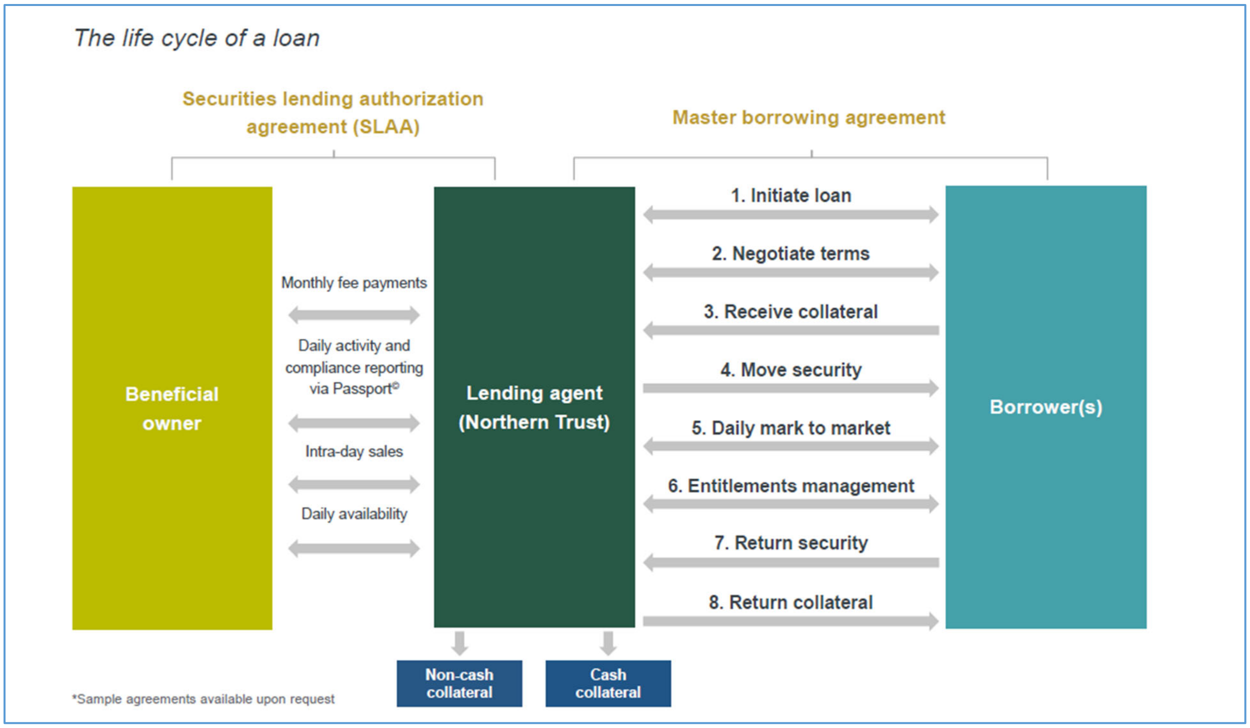
Executive Summary

The Northern Trust Company (Northern Trust), LACERS' Master Custodian Bank and SLP Agent, recently changed its cut-off time for sweeping cash into the Collective STIF, rendering it an unviable investment option for LACERS' Cash Collateral Account. Staff recommends the amendment of the SLP Custom Cash Collateral Account Guidelines to replace the Collective STIF with an alternate cash sweep vehicle, NILAP, as an eligible investment for the Cash Collateral Account. Staff also recommends revising the diversification guidelines to limit the percentage of the Cash Collateral Account that can be invested into the cash sweep vehicle to 25%.

Discussion

Background on LACERS' Securities Lending Program
The LACERS SLP seeks to generate income by lending public markets securities owned by LACERS to qualified borrowers. Securities loans are fully collateralized based on the fair value of the borrowed securities. Collateral received against the securities loans may be in the form of eligible securities (Non-Cash Collateral) or in the form of cash (Cash Collateral); income is earned differently based on collateral type. Under a Non-Cash Collateral lending structure, income is generated from fees paid by borrowers. Under a Cash Collateral lending structure, income is generated by investing the cash collateral in short-term investments held in a separately managed account (Cash Collateral Account). Northern Trust has

served as the SLP agent (Agent) and as the investment manager of the Cash Collateral Account since 1991. The following diagrams provide a hypothetical illustration of the program structure and process in greater detail.



HOW REVENUE IS GENERATED

Example: Northern Trust lends $25 million of US Equity

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

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

Cash Loan
The $25 million market value loan is for 30 days collateralized with cash (federal funds at 2.00%)

1	Receive cash collateral valued at **$25,500,000** (102%)	
2	Cash collateral invested in a collateral pool at yield of 2.10%	$44,625
3	Rebate paid to borrower at rate of 1.80%	$(38,250)
4	Gross Revenue (gross spread 30 bps)	$6,375
5	Monthly lender's fee (@ 30%)	$1,913
6	**Net client earnings**	**$4,462**

**Fee split between Lender and agent referenced in the diagram is for illustrative purposes only. The current agreement entitles Northern Trust to 15% of program revenue, with LACERS earning the residual 85% of program revenue.*

The SLP is governed by the LACERS Securities Lending Policy (Policy) under the broader Investment Policy adopted April 26, 2022, and by customized collateral and investment guidelines. The Policy defines the SLP objective, scope, and the roles and responsibilities of the Board, staff, and Agent. Additionally, the Policy acknowledges risks from securities lending activities to include, but are not limited to, credit risk in the form of counterparty risk, market risk in the form of cash collateral reinvestment risk and interest rate risk, and operational risk in the form of trade settlement risk. The current agent indemnifies LACERS against counterparty defaults (failures to return borrowed securities); however, LACERS bears the risk of investing cash collateral, exposing LACERS to potential principal losses as a tradeoff to generating income from cash collateral.

The collateral and investment guidelines, which are negotiated by staff with general investment consultant input and approved by the General Manager, supplement the Policy and mitigate identified risks by setting standards for the type, level, and investment of collateral the Agent may accept on LACERS' behalf. The guidelines are set forth in two separate documents, one for Cash Collateral and the other for Non-Cash Collateral, which are attachments to the securities lending contract with the Agent. The Cash Collateral Account Guidelines address the eligible investments, credit quality, diversification, liquidity, and trading for LACERS' Cash Collateral Account. The Non-Cash Collateral Guidelines address collateralization levels, eligible collateral, credit quality, and diversification. Both the Cash Collateral Account Guidelines and the Non-Cash Collateral Guidelines were temporarily amended in 2020 to strengthen risk management under each lending structure due to economic and market uncertainties arising from the COVID-19 pandemic. In 2021, the Board permanently adopted the amendments to the Non-Cash Collateral Guidelines and affirmed the temporary Cash Collateral Account Guidelines to remain in effect. Staff is recommending a further tightening of the Cash Collateral Account Guidelines to reduce risk of the SLP due to a change in Northern Trust's cash sweep process and continued economic and market uncertainty. No changes are recommended for the Non-Cash Collateral guidelines.

Cash Sweep Vehicle Cut-off Change

Under the current Cash Collateral Account Guidelines, Collective STIF is designated as an eligible investment, subject to a cap of 50% of the value of the total assets of the Cash Collateral Account (with the balance of the account being invested in other eligible securities). The Collective STIF is a commingled fund comprised of high-quality money market instruments. It is designed specifically for Northern Trust's custody clients and serves as a daily sweep vehicle to invest clients' residual cash balances to earn an additional yield while preserving capital and maintaining liquidity. In the SLP, the Agent requires a sweep vehicle such as Collective STIF to effectively manage cash flows arising from cash collateral loan transactions. Prior to August 1, 2022, cash could be swept in and out of (invested or withdrawn from) Collective STIF until market close at 1 p.m. Pacific Time each business day, allowing the Agent to manage cash collateral loan transactions through the end of each trading day.

Effective August 1, 2022, Northern Trust changed the Collective STIF sweep cut-off time to 12 p.m. Pacific Time, one hour prior to market close, to be consistent with custody industry standards. This change rendered the Collective STIF incompatible with SLP operations because late day cash collateral loans transactions routinely occur post the new Collective STIF cut-off time until market close (between 12 p.m. and 1 p.m. Pacific Time). There is therefore a need for an alternate sweep vehicle for the Cash Collateral Account that allows investments and withdrawals until market close to settle late day securities loans and returns of collateral to borrowers. Northern Trust proposed two alternatives which staff conducted due diligence on: Northern Trust Collective Securities Lending Core Short Term Investment Fund (Core STIF) and NILAP. Both options cater specifically to securities lending cash collateral program clients and allow for end-of-day sweeps to accommodate late day loan transactions.

Option 1: Collective Securities Lending Core Short Term Investment Fund
Core STIF is a commingled fund that invests in high-quality money market instruments with the objective of generating a yield that maximizes the spread relative to the securities loans being made on clients' behalf while maintaining appropriate liquidity. Based on a review of the Core STIF legal documents and multiple meetings with Northern Trust, staff determined that the fund has an increased risk-return profile relative to Collective STIF. As presented in Attachment 2, the one-year net return as of August 31, 2022, was 0.73% for Core STIF versus 0.65% for Collective STIF; the weighted average maturity was 47 days for Core STIF versus 38 days for Collective STIF. The higher yield and longer average maturity of Core STIF primarily result from investments in term repurchase agreements (up to 90-day terms) collateralized by investment grade and high yield corporate debt, equities, and exchange traded funds (ETFs); such securities subject Core STIF to increased counterparty credit, market, and liquidity risks relative to Collective STIF, which prohibits term repurchase agreements. While Core STIF offers a higher yield than Collective STIF, authorizing Core STIF as an eligible investment for the Cash Collateral Account would incrementally increase the account's risk profile. Staff notes that Core STIF has guidelines in place to address the liquidity, credit quality and diversification of term repurchase agreements as well as conservative collateralization levels that provide an additional layer of credit risk mitigation. However, based on discussions with LACERS' general fund consultant and fixed income managers over a weakening economic environment and the state of credit markets, it is prudent to reduce risk in the Cash Collateral Account at this point of the market cycle and avoid taking the additional credit, market, and liquidity risks inherent in the Core STIF to minimize potential securities lending losses to LACERS.

Option 2: Northern Institutional Liquid Assets Portfolio
NILAP is a commingled fund operating as a government money market fund, which invests at least 99.5% in cash equivalents and securities issued or guaranteed as to principal and interest by the U.S. government or by its agencies and instrumentalities. NILAP is subject to the Securities and Exchange Commission's Rule 2a-7 strict requirements on the investment quality, maturity, diversification, and liquidity of government money market funds investments. These requirements include an investment restriction to U.S. dollar-denominated securities that represent minimal credit risks only, an individual security maximum maturity of 397 days, a maximum dollar-weighted average portfolio maturity of 60 calendar days, and a maximum dollar-weighted average portfolio life of 120 days. Rule 2a-7 also requires NILAP to hold at least 10% of its total assets in daily liquid assets and at least 30% of its total assets in weekly liquid assets. As presented in Attachment 2, relative to Core STIF and Collective STIF, NILAP offers superior liquidity with 92% of the portfolio currently invested in securities with overnight maturity and a fund weighted average maturity of eight days. Given its more conservative investment strategy and risk profile, NILAP's yield is lower than both Core STIF and Collective STIF. For the one year ending August 31, 2022, NILAP's net return was 0.54%, behind Collective STIF's net return of 0.65% and Core STIF's net return of 0.73%. NILAP is a prudent choice as a replacement for the Collective STIF considering a bearish economic and market outlook. NILAP would provide a higher

degree of principal preservation while still meeting the operational liquidity needs of the Cash Collateral Account.

Cash Sweep Vehicle Cap
Under the current Cash Collateral Account Guidelines, the investment in the cash sweep vehicle is subject to a cap of 50% of the value of the total assets of the Cash Collateral Account. Over the past 24 months, the Cash Collateral Account has averaged $350 million in value; the allocation to the cash sweep vehicle meanwhile has averaged 46% of the Cash Collateral Account. Staff proposes tightening the cash sweep vehicle allocation cap to 25% of the value of the total assets of the Cash Collateral Account, or half the current allocation cap, to mitigate risks associated with being invested in a commingled fund. As of August 31, 2022, NILAP's total net portfolio assets currently stand at $1.4 billion. Based on the average value of the Cash Collateral Account, a cap of 25% would limit LACERS' investment in NILAP to no more than 10% of the fund's assets under management. Additionally, this lower cap would further diversify the Cash Collateral Account across other securities authorized by the guidelines while continuing to provide sufficient liquidity via a sweep vehicle to allow the Agent to settle late day securities loan transactions. A redline version of the Cash Collateral Guidelines that incorporates NILAP as an eligible investment and limits its allocation to 25% of the value of the Cash Collateral Account is attached as Attachment 3.

General Fund Consultant Recommendation
Staff's recommendations were based on a rigorous due diligence process which involved NEPC, LLC, LACERS' general fund consultant. NEPC concurs with staff's recommendations; refer to Attachment 6 for further details.

Staff will continue to evaluate the economic landscape for the appropriateness of maintaining a highly conservative risk profile with Cash Collateral Account Guidelines. Staff will report back to the Board in approximately one year, or sooner if deemed necessary, to provide an SLP update and possible recommendations regarding the Cash Collateral Account Guidelines.

Strategic Plan Impact Statement

The amendment of the guidelines to allow NILAP as an eligible investment under the LACERS SLP cash collateral investment account subject to an allocation limit of 25% of the account aligns with the Strategic Plan Goal to optimize long-term risk adjusted investment returns (Goal IV). The parallel due diligence process also aligns with the Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty (Goal V).

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

NMG/RJ/BF/JP:rm

Attachments: 1. NILAP Fact Sheet as of August 31, 2022

2. Comparison of Funds
3. Cash Collateral Guidelines – Proposed Revisions (Redline Version)
4. Cash Collateral Guidelines – Proposed Revisions (Clean Version)
5. Cash Collateral Guidelines – Current Board Approved Version
6. Consultant Recommendation – NEPC, LLC

NORTHERN INSTITUTIONAL

LIQUID ASSETS PORTFOLIO

MONEY MARKET

AS OF AUGUST 31, 2022

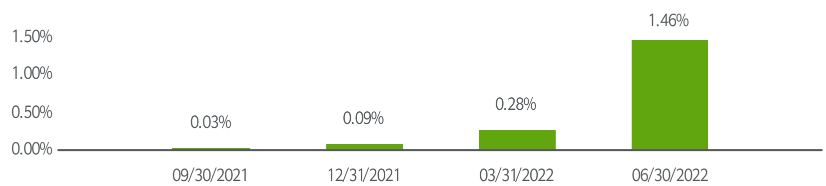
Investment Objective

The Portfolio seeks to maximize current income to the extent consistent with the preservation of capital and maintenance of liquidity by investing exclusively in high quality money market instruments.

Investment Approach

The Portfolio invests in at least 99.5% in cash and securities issued or guaranteed as to principal and interest by the U.S. government or by its agencies and instrumentalities. The Portfolio seeks potentially higher yields than a portfolio that invests in only Treasury securities, while maintaining high credit quality. The Portfolio invests in repurchase agreements-securities sold to investors by financial institutions which have agreed to repurchase the securities at a pre-arranged price and time; these investments provide liquidity for the portfolio and may offer a possible yield advantage relative to other short-term securities.

7-DAY CURRENT YIELD HISTORY (LIQUID ASSETS PORTFOLIO)



MONTH-END 7-DAY CURRENT YIELD %*

2021				2022*							
Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
0.03	0.03	0.04	0.09	0.05	0.07	0.28	0.32	0.73	1.46	2.01	2.27

TOTAL RETURNS %

As of 8/31/22*	1-Year	3-Years	5-Years	10-Years	Since Inception
	0.54	0.57	1.10	0.70	1.38

*The Fund also includes voluntary expense reimbursements that may change or end at anytime. Without the voluntary expense reimbursements, the 7-Day current yield as of August 31, 2022, would have been 2.14%. In the event the 7-Day current yield with waivers and the 7-Day current yield without waivers are equal, it would indicate there was no voluntary waivers necessary for the preceding 7-day period.

Performance quoted represents past performance and does not guarantee future results. Investment return and principal value will fluctuate so that shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than that shown here.

In the absence of applicable expense reimbursements and fee waivers, fund performance and returns since inception and dividends would have been reduced. Total return is based on net change in NAV assuming reinvestment of distributions.

Market Value NAV is calculated using current market quotations, or an appropriate substitute, to value a portfolio. This NAV is not currently being used for transacting purchase and sale activity. All purchase and sale activity is being transacted at the Amortized Cost NAV of $1.00.

You could lose money by investing in the Portfolio. Although the Portfolio seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Portfolio is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Portfolio's sponsor has no legal obligation to provide financial support to the Portfolio, and you should not expect that the sponsor will provide financial support to the Portfolio at any time.

FUND OVERVIEW

Inception Date	8/15/01
Total Net Portfolio Assets	$1.4 Billion
Minimum Investment	N/A
Cut Off Time - Purchases	3:00 p.m. CT
Cut Off Time - Redemptions	3:00 p.m. CT
Symbol	NILAP
CUSIP	665279105

RATING

Standard & Poor's	AAAm

7-DAY CURRENT YIELD %

Liquid Assets Portfolio*	2.27

QUALITY DISTRIBUTION %

Tier 1	100.0

SECTOR DISTRIBUTION %

Broker/Dealer	71.8
Government Agency	18.4
US Treasury	9.8

ANNUAL EXPENSE RATIOS %

Gross Expense Ratio	0.14
Net Expense Ratio[1]	0.03

SECURITY DISTRIBUTION %

Repurchase Agreements	71.8
Variable Rate Note/Bond	22.6
Fixed Rate Note/Bond	4.2
Discount Note/ Treasury Bill	1.4

All distribution calculations (Quality Distribution, Security Distribution, Maturity Distribution and Sector Distribution) are measured on a trade date basis and exclude uninvested cash from the market value used to compute the percentage calculations.

Please see back page for important investment considerations.

NOT FDIC INSURED	MAY LOSE VALUE	NO BANK GUARANTEE

NORTHERN INSTITUTIONAL
LIQUID ASSETS PORTFOLIO

MATURITY DISTRIBUTION %

Maturity Range	
Overnight	91.9
2 — 15 Days	2.5
16 — 30 Days	1.1
31 — 60 Days	0.4
61 — 97 Days	1.8
98 — 180 Days	1.1
271 — 366 Days	1.4
Weighted Average Maturity	8 Days
Weighted Average Life	79 Days

TOP ISSUERS %

Company	Net Assets
Bank of America Corp (Repo)	17.6
Barclays PLC (Repo)	17.2
JP Morgan Chase & Co (Repo)	15.5
Societe Generale SA (Repo)	15.2
Federal Farm Credit Banks Funding Corp	12.2
United States Treasury	9.6
Federal Home Loan Banks	5.8
Citigroup Inc (Repo)	4.9

PORTFOLIO MANAGEMENT

Refer to Northern Trust's website for more information on the Portfolio Management Team managing this fund.

DISCLOSURE

All data is as of date indicated and subject to change.

[1] Includes contractual expense reimbursements that, if not extended, will end on April 01, 2023. Unaudited as of August 31, 2022.

DEFINITIONS

7-day current yields are based on the relation between the fund's net asset value per share on the date indicated and the annualization of the funds net dividend income for the 7 days ended on the date indicated. The yields shown do not include capital gains and may, therefore, differ slightly from the actual distribution rate.

Ratings are subject to change. A Standard & Poor's principal stability fund rating, also known as "money market fund rating", is a forward-looking opinion about a fixed income fund's capacity to maintain stable principal (net asset value). When assigning a principal stability rating to a fund, Standard & Poor's analysis focuses primarily on the creditworthiness of the fund's investments and counterparties. and also its investments' maturity structure and management's ability and policies to maintain the fund's stable net asset value. Principal stability fund ratings are assigned to funds that seek to maintain a stable or an accumulating net asset value. A fund rated AAAm demonstrates extremely strong capacity to maintain principal stability and to limit exposure to principal losses due to credit risk.

The fund is a managed portfolio and its holdings are subject to change.

The holdings percentages are based on net assets at the close of business on August 31, 2022 and may not necessarily reflect adjustments that are routinely made when presenting net assets for formal financial statement purposes.

Quality Distribution is determined as follows: A security is classified as Tier 1 when two or more of the three nationally recognized statistical rating agencies have assigned a rating in their top short-term ratings category (A1+ and A1 for Standard & Poor's, P1 for Moody's and F1+ and F1 for Fitch). A security is classified as Tier 2 when two or more of the ratings assigned to that security are below the top short-term ratings from the agencies (this would include ratings of A2 for Standard & Poor's, P2 for Moody's and F2 for Fitch). If a security has only two short-term ratings available, the lower rating is used to define the Tier; i.e. a split rating of A1/P2 is considered Tier 2. If only one short-term rating is available for a security, the Tier is determined by that one agency. A security is classified as Tier 3 if it does not meet the definition of Tier 1 or Tier 2, has two or more ratings below A2, P2, or F2 or if the security does not have a short-term rating.

The gross and net expense ratios are as of the most recent prospectus.

The Maturity Distribution data is measured using the lower of the stated maturity date or next interest rate reset date. The weighted average maturity (WAM) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days until maturity for WAM are calculated using the lower of the stated maturity date or next interest rate reset date. The weighted average life (WAL) of a money market portfolio is the asset-weighted days until maturity of each security in the portfolio. The days to maturity for WAL are calculated using the lower of the stated maturity date or demand feature date.

THE PORTFOLIO IS A SERIES OF NORTHERN INSTITUTIONAL FUNDS WHICH IS REGISTERED AS AN INVESTMENT COMPANY UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED. THIS MATERIAL MUST BE PRECEDED OR ACCOMPANIED BY A CURRENT PROSPECTUS.

Shares of the Portfolio are offered by Northern Institutional Funds (the "Trust") on a private placement basis in accordance with Regulation D under the Securities Act of 1933 exclusively to securities lending customers of TNTC and other affiliated entities.

Shares of the Northern Institutional Funds Liquid Assets Portfolio are not registered for sale and are not available for purchase by the general public. Information on this fact sheet is intended for shareholders and does not constitute an offer to sell or the solicitation of an offer to buy shares of the Portfolio. For additional information about their accounts, shareholders of the Portfolio may contact the Northern Institutional Funds Center at 800-637-1380.

NORTHERN INSTITUTIONAL FUNDS®

MANAGED BY NORTHERN TRUST

P-091322-2423377-111222

LACERS Securities Lending Program
Cash Collateral Investment Account Sweep Vehicle
Comparison of Funds (as of August 31, 2022)

	Collective STIF	**Core STIF**	**NILAP**
Net Assets	$27.8 billion	$18.3 billion	$1.4 billion
One Year Net Return	0.65%	0.73%	0.54%
Quality Distribution	Tier 1 - 100.0%	Tier 1 - 100.0%	Tier 1 - 100.0%
Maturity Distribution	Overnight 27.4% 2-15 Days 7.6% 16-30 Days 6.1% 31-60 Days 7.5% 61-97 Days 15.7% 98-180 Days 16.7% 181-270 Days 8.5% 271-366 Days 10.6%	Overnight 32.3% 2-15 Days 1.8% 16-30 Days 4.1% 31-60 Days 10.7% 61-97 Days 27.2% 98-180 Days 11.5% 181-270 Days 6.9% 271-366 Days 5.5%	Overnight 91.9% 2-15 Days 2.5% 16-30 Days 1.1% 31-60 Days 0.4% 61-97 Days 1.8% 98-180 Days 1.1% 271-366 Days 1.4%
Weighted Average Maturity	38 Days	47 Days	8 Days
Sector Distribution	Banking Industry 75.1% Broker/Dealer 17.0% Finance & Insurance 6.9% Financial Conduit 0.5% US Treasury 0.6%	Banking Industry 61.0% Broker/Dealer 32.6% Commercial & Industrial 1.0% Finance & Insurance 5.2% Government Agency 0.1% Other 0.1%	Broker/Dealer 71.8% Government Agency 18.4% US Treasury 9.8%
Security Distribution	Repurchase Agreements 15.6% Time Deposit 26.4% Commercial Paper 28.3% CD's – Certificate of Deposit 29.1% Variable Rate Note/Bond 0.6%	Repurchase Agreements 35.5% Time Deposit 14.7% Commercial Paper 20.8% CD's – Certificate of Deposit 28.1% Other 0.9%	Repurchase Agreements 71.8% Variable Rate Note/Bond 22.6% Fixed Rate Note/Bond 4.2% Discount Note/Treasury Bill 1.4%

ATTACHMENT 1 TO SCHEDULE B
SECURITIES LENDING AUTHORIZATION AGREEMENT
(the "Agreement")
BETWEEN THE BOARD OF ADMINSTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. Asset backed commercial paper is excluded from eligible investments.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the ~~NTGI Collective Short Term Investment Fund~~ Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, 1 Month LIBOR and 3 Month LIBOR and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the ~~NTGI Collective Short Term Investment Fund~~ Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the ~~NTGI Collective Short Term Investment Fund~~ Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed ~~50~~ 25% without written permission from the client.

(b) A maximum of 15% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. This limitation is applicable to the obligations of all foreign issuers. Only entities domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO") are eligible for investment, subject to that restriction outlined in 1 (b) above.

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the ~~NTGI Collective Short Term Investment Fund~~ Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity of the Fund will be limited to a maximum of 60 days.

(d) The maximum final or average maturity of any variable or floating rate security will be limited to 60 days; the maximum final or average maturity of a fixed rate security will be limited to 60 days; and the maximum weighted average maturity (as herein defined) of the Fund will be limited to 60 days.

(e) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(f) For the purposes of this Attachment 1, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(g) For the purposes of this Attachment 1, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the

fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines.

ATTACHMENT 1 TO SCHEDULE B SECURITIES LENDING AUTHORIZATION AGREEMENT (the "Agreement") BETWEEN THE BOARD OF ADMINSTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. Eligible Investments:

(a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. Asset backed commercial paper is excluded from eligible investments.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the Northern Institutional Liquid Assets Portfolio.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, 1 Month LIBOR and 3 Month LIBOR and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the Northern Institutional Liquid Assets Portfolio.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the Northern Institutional Liquid Assets Portfolio, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed 25% without written permission from the client.

(b) A maximum of 15% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. This limitation is applicable to the obligations of all foreign issuers. Only entities domiciled incountries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO") are eligible for investment, subject to that restriction outlined in 1 (b) above.

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the Northern Institutional Liquid Assets Portfolio will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity of the Fund will be limited to a maximum of 60 days.

(d) The maximum final or average maturity of any variable or floating rate security will be limited to 60 days; the maximum final or average maturity of a fixed rate security will be limited to 60 days; and the maximum weighted average maturity (as herein defined) of the Fund will be limited to 60 days.

(e) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(f) For the purposes of this Attachment 1, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(g) For the purposes of this Attachment 1, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the

fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines.

ATTACHMENT 1 TO SCHEDULE B
SECURITIES LENDING AUTHORIZATION AGREEMENT
(the "Agreement")
BETWEEN THE BOARD OF ADMINSTRATION OF THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("System") AND THE NORTHERN TRUST COMPANY (the "Agent")

INVESTMENT MANAGER OBJECTIVES AND GUIDELINES FOR CUSTOM CASH COLLATERAL ACCOUNT / COLLATERAL ACCOUNT ('THE SHORT TERM INVESTMENT ACCOUNT')

INVESTMENT OBJECTIVE

To seek to maximize current income to the extent consistent with safety of principal, maintenance of liquidity and the investment standards set forth below. The Short Term Investment Account (the "Fund") is intended as a separate account for the investment of U.S.-dollar based cash Collateral received by Agent.

Upon the effective date of these guidelines, the Lender and Agent hereby acknowledge that there may be certain assets in the Fund that would not meet these guidelines if newly purchased at this time ("Transition Assets"), though these assets were in compliance with the relevant guidelines at the time of purchase. The Lender and Agent hereby agree that Agent may, at its sole discretion, hold Transition Assets until maturity, unless otherwise directed by Lender.

Cash Collateral Guidelines

Listed below are the cash Collateral guidelines specifying eligible investments, credit quality standards, and diversification, maturity and liquidity requirements. Subject to the above, all requirements, including diversification, listed in these guidelines are effective at the time of purchase of any security or instrument as a cash Collateral investment. Agent will make use of market standard settlement methods for cash investments including the use of a tri-party custodian as approved by Agent's appropriate risk committee. Settlement through a tri-party custodian may result in cash collateral.

INVESTMENT GUIDELINES

1. **Eligible Investments:**

   (a) Obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities and custodial receipts with respect thereto.

(b) Obligations of domestic or foreign commercial banks, including Agent (or branches thereof where deposits with branches are general obligations of the parent bank) and bank holding companies, including, but not limited to, commercial paper, bankers' acceptances, certificates of deposit, time deposits, notes and bonds. Obligations of foreign commercial banks shall only be acceptable from issuers domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(c) Obligations of U.S. and foreign corporations, including, but not limited to, commercial paper, notes, bonds and debentures. Asset backed commercial paper is excluded from eligible investments.

(d) Obligations issued by foreign governments. The issuing country shall have a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO").

(e) Units of the NTGI Collective Short Term Investment Fund.

(f) Repurchase agreements with counterparties approved by the Agent's appropriate credit committee at the time of purchase where the Collateral is held by Agent or for the account of Agent by an agent or subcustodian of Agent or a central bank, depository, or a third party custodian, and which is fully collateralized by investments described in paragraph (a) above and having a market value, including accrued interest, equal to or greater than the amount invested in the repurchase agreement. Initial collateralization will be at 102%, except cash collateral shall be collateralized at 100%.

(g) In the case of each investment (a) through (f) above: (i) All investments shall be denominated in U.S. dollars, and (ii) investments may include variable and floating rate instruments. Variable and floating rate instruments will be limited to those securities with reference indexes of Federal Funds Effective, Federal Funds Open, SOFR, OBFR, 1 Month LIBOR and 3 Month LIBOR and which are structured such that the spread relationship between the security coupon rate and index reference rate is constant.

2. Credit Quality:

(a) Investments and reinvestments in commercial paper and other short-term obligations shall be limited to obligations (or issuers) with a rating of A1/P1/F1 or higher (or the equivalent) at the time of purchase by any two of the Nationally Recognized Statistical Rating Organizations ("NRSROs") that have assigned a rating to such security (or issuer).

(b) With respect to bonds and other long-term obligations, investments and reinvestments shall be limited to obligations rated at the time of purchase in one of the two highest rating categories (within which there may be sub-categories or gradations indicating relative standing) by the NRSROs that have assigned a rating to such security.

(c) Notwithstanding (a) and (b) above, Agent may invest assets of the Fund in the NTGI Collective Short Term Investment Fund.

3. Diversification:

(a) Except for repurchase agreements and obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities, a maximum of 3% of the value of the total assets of the Fund may be invested in securities of any one issuer. With respect to the NTGI Collective Short Term Investment Fund, holdings in excess of 3% of the value of total assets of the Fund are permitted, but should not exceed 50% without written permission from the client.

(b) A maximum of 15% of the value of the total assets of the Fund may be invested in repurchase agreements with one counterparty.

(c) A maximum of 15% of the value of the total assets of the Fund may be exposed to the risks of any one foreign country and a maximum of 25% of the value of the total assets of the Fund may be exposed to the risks of non-U.S. entities. This limitation is applicable to the obligations of all foreign issuers. Only entities domiciled in countries with a sovereign credit rating of AA- or higher (or the equivalent) by at least two Nationally Recognized Statistical Rating Organizations ("NRSRO") are eligible for investment, subject to that restriction outlined in 1 (b) above.

(d) Except for the banking industry, a maximum of 25% of the value of the total assets of the Fund may be invested in obligations of issuers having their principal business in the same industry. For such purposes, personal and business finance companies are considered to be in separate industries. Finance companies which are wholly-owned will be considered to be in the industries of their parents if there activities are primarily related to financing the operations of their parents.

(e) Compliance with the credit quality and diversification requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

4. Liquidity/Maturity:

(a) A minimum of 20% of the value of the assets of the Fund should mature daily. Holdings of the NTGI Collective Short Term Investment Fund will be included in this calculation.

(b) A minimum of 35% of the value of the assets of the Fund will mature within one month.

(c) The interest rate sensitivity of the Fund will be limited to a maximum of 60 days.

(d) The maximum final or average maturity of any variable or floating rate security will be limited to 60 days; the maximum final or average maturity of a fixed rate security will be limited to 60 days; and the maximum weighted average maturity (as herein defined) of the Fund will be limited to 60 days.

(e) Compliance with the liquidity and maturity requirements of these guidelines shall be determined on the basis of values or ratings at the time of acquisition of any security.

(f) For the purposes of this Attachment 1, the "maturity" of a security or instrument shall be defined as the date when final payment is due, with these exceptions: (a) instruments issued or guaranteed by the U.S. Government or any agency or instrumentality thereof which have a variable rate of interest shall be deemed to have a maturity equal to the period remaining until the next readjustment of the interest rate, (b) variable rate instruments (other than those described in (a) above) shall be deemed to have a maturity equal to the longer of the period of time remaining until either, (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand or maturity, (c) floating rate instruments which incorporate a demand feature shall be deemed to have a maturity equal to the period of time remaining until the principal amount can be recovered through demand, (d) a repurchase agreement shall be deemed to have a maturity equal to the period of time remaining until the date on which the repurchase is scheduled to occur, or, if no date is specified but the agreement is subject to demand, the notice period applicable to a demand for the repurchase of the securities.

(g) For the purposes of this Attachment 1, the "interest rate sensitivity" of a security or instrument shall mean (a) in the case of a fixed rate security or instrument (i) the date on which final payment is due or (ii) the principal amount can be recovered through demand (if applicable) or (b) in the case of a floating or variable rate security or instrument, the shorter of the period of time remaining until either (i) the next readjustment of the interest rate or (ii) the principal amount can be recovered through demand (if applicable).

5. Trading Policy

Although the Fund will generally not engage in short-term trading, the Agent may dispose of any portfolio security prior to its maturity if, on the basis of a revised credit evaluation of the issuer or other considerations, Agent believes such disposition is in the best interest of the

fund. Subsequent to its purchase, a portfolio security or issuer thereof may be assigned a lower rating or cease to be rated. Such an event would not necessarily require the disposition of the security, if the continued holding of the security is determined to be in the best interest of the Fund. In any event, Lender will be notified within five business days when any security is downgraded below the minimum requirements set forth in these investment guidelines.

THE NORTHERN TRUST COMPANY

By: Sandra L Luri

Title: Senior Vice President

Date: June 11, 2020

BOARD OF ADMINISTRATION
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

By: Neil M. Guglielmo
Neil M. Guglielmo, General Manager

Date: 06/12/2020

To: LACERS

From: NEPC, LLC

Date: September 28, 2022

Subject: Securities Lending Cash Management Option

Recommendation

The current cash portfolio (Northern Trust Collective Short Term Investment Fund) used as a cash sweep vehicle for the securities lending program has recently changed and will not be available for use in LACERS' securities lending program going forward.

After evaluation of the alternative cash sweep vehicles available to LACERS, we agree with staff's assessment to utilize the Northern Institutional Liquid Assets Portfolio. We also agree with the desire to decrease the allowable amount to be invested in the Liquid Assets Portfolio as a further risk mitigating measure.

Background

In general, we do not favor reaching for return within the cash collateral pool used in a securities lending program. NEPC believes that a securities lending program is a viable activity for institutional investors when viewed within the same risk and return framework that should govern all investment decisions. We believe that the investor can earn incremental returns on their assets while still maintaining the benefits of holding the securities (i.e., income and dividends).

We note that in the past when there have been issues with a securities lending program, most often the issue arises due to the underlying investments in the cash collateral pool used to secure assets on loan. In times of market stress, we have seen significant pricing pressure, and, in some instances, impairment.

During the global financial crisis in 2008, many of the traditional providers of liquidity to financial markets disappeared or significantly reduced the amount of capital they were willing to put at risk. We witnessed the "seizing up" of historically highly liquid segments of the global capital markets including high quality short-term securities such as A1/P1 commercial paper suddenly not trading.

Based on our review of the SL Core STIF fund, we believe that the use of this fund would modestly increase risk over the current program. The SL Core STIF fund allows for the use of equity, ETF and High Yield-backed repos and these instruments most likely would enhancement the cash return over time. Northern Trust has estimated the use of the SL Core STIF fund would result in a few basis points of return enhancement to the LACERS Custom Fund. We do not believe this level of return enhancement is enough to offset the risk of holding lower quality securities in the cash collateral pool.

Our preference is for the more conservatively managed fund option, the Northern Institutional Liquid Assets Portfolio. Per the prospectus of the fund, the fund intends on operating as a government money market fund with holdings restricted to high quality money market instruments posing minimal credit risk.

We note that the fund has $1.4 billion in assets as of 8/31/2022. Understanding that LACERS does not like to represent a large portion of any underlying investment product, we also support a reduction in the amount to be invested in the fund as a means of reducing business risk. LACERS should set up a process to regularly monitor the amount of assets in the fund to maintain the desired asset level.

Northern Trust has identified a "large shareholder risk" in the prospectus. It appears that a large investor, including Northern Trust, can purchase or redeem large amounts of shares of the fund. This could occur rapidly and have an impact on the NAV and/or liquidity of the fund. The language suggests that a large purchase or redemption could be the result of an asset allocation decision made by the Investment Advisor acting as a discretionary advisor or an affiliate of the Investment Advisor.

The fund does not have a stated levy or liquidity fee, nor does the fund implement a redemption gate when an investor sells all or a part of their holding. The fund could elect to distribute securities in lieu of cash and/or delay the delivery by up to seven days after a redemption request. The trust does request that any redemption order of $5 million or greater be communicated by 11:00 am Central time so they have time to evaluate how they will honor the request.

The Board of Trustees could elect to change any of its redemption procedures at any time. Understanding that the fund has been established for securities lending purposes, it would be wise to further understand the investor composition of the fund with a particular eye towards the amount of the fund that Northern Trust has discretion over.

The prospectus outlines a total fee of 0.14% which includes a management fee (0.10%) and other expenses (0.04%). The materials indicate that there is currently an expense reimbursement of 0.11% for a net fee of 0.03%. This suggests that Northern Trust has waived the investment management fee. We note that this has been a common practice in the low interest rate environment of the past several years in order for cash funds to avoid a negative yield. With interest rates increasing, the fund's yield has also increased and as of the end of August it has a seven-day yield of 2.27%. LACERS should expect that Northern Trust will charge the full 10 basis point management fee at some point in the near future.

Please let us know if you would like to discuss further.

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION **MEETING: OCTOBER 25, 2022**
From: Neil M. Guglielmo, General Manager **ITEM: IX - C**

SUBJECT: **CONTRACT WITH AKSIA CA LLC, REPLACEMENT OF KEY PERSON, AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board approve the described process to select a replacement for David Fann, who was one of the named Key Persons from LACERS' Private Equity Consultant, Aksia CA LLC.

Executive Summary

LACERS' Private Equity Consultant, Aksia CA LLC (Aksia), announced that David Fann is no longer an employee of the firm. Pursuant to the contract between LACERS and Aksia, Mr. Fann is identified as a Key Person, and his replacement requires Board approval. Staff is recommending the described streamlined process to find a replacement for the Key Person.

Discussion

In the contract between LACERS and its Private Equity Consultant, Aksia, David Fann is named as one of three Key Persons. The other Key Persons are Jeff Goldberger and Heidi Poon. The contract states that the Key Persons will remain on their assignments with respect to this contract "throughout its term." If a Key Person departs, the contract describes the process to select a replacement.

After consultation with the City Attorney's Office, staff received confirmation that, based on the contract language, the process described below is an appropriate process for selecting Mr. Fann's replacement.

Aksia will put forth three candidates to replace Mr. Fann. Staff will formally interview these candidates and recommend one to the Board. This will allow the Board to have a streamlined review process of the Key Person replacement, as opposed to formally interviewing all three candidates. If the Board accepts this described process, the Board will conduct its own interview of the candidate at a separate meeting and decide whether to approve the proposed Key Person. In addition, staff will be prepared to discuss with the Board all three candidates and the factors that led to the selected Key Person being recommended to replace Mr. Fann.

Strategic Plan Impact Statement

The private equity consultant assists the Board in building a diversified private equity and total fund portfolio and aligns with the Strategic Plan Goals of optimizing long-term risk adjusted investment returns (Goal IV) and promoting good governance practices (Goal V).

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

NMG/RJ/BF/WL/CH:rm

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Nilza R. Serrano
Janna Sidley

MEETING: OCTOBER 25, 2022
ITEM: IX - D

SUBJECT: **PRIVATE CREDIT CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION**

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

Recommendation

That the Board:

1. Award a three-year contract to Aksia LLC for private credit consulting services; and,

2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

Background
The Board approved a new asset allocation on May 11, 2021, that expanded LACERS' exposure to private credit over time to a new target of 5.75%. This plan called for increased diversification of LACERS' private credit into higher yielding strategies such as opportunistic or distressed lending to achieve a target private credit portfolio return of 6.1%. While somewhat more complex, combining multiple strategies can improve portfolio performance through a range of market conditions by enabling expert investment managers to take advantage of the best opportunities available.

LACERS' increased allocation to private credit and corresponding expansion into new private credit strategies to achieve targeted returns will require significant time, attention, and resources from both staff and the consultant. Staff believes that outsourced assistance to identify the best-in-class managers and to construct a resilient and dynamic portfolio is justified by potential alpha generation as well as identifying risks that drive credit cycles, such as interest rate shocks, recessions, and foreign currency crises. The Board concurred with staff's recommendation to conduct a search for a private credit consultant on December 14, 2021, and the search opened on January 24, 2022, and closed on March 25, 2022.

At its meeting of June 14, 2022, the Committee considered staff's evaluation report of the four firms that submitted proposals and concurred with the staff recommendation to advance three firms for further due diligence.

On October 11, 2022, the Committee interviewed the proposed consulting team of Aksia LLC (Aksia) and Meketa Investment Group, Inc. Discussion topics included the organization of the firm, the proposed team, consulting philosophy, and other topics related to the scope of services pursuant to the RFP. Subsequent to the interviews, the Committee discussed each semi-finalist's capabilities and overall fit with meeting LACERS' needs and objectives; the Committee also heard staff's assessment of each firm. After deliberation, the Committee selected Aksia as the sole finalist candidate. Accordingly, the Committee recommends to the Board that Aksia be awarded a three-year contract for private credit consulting services. Staff's semi-finalist report to the Committee and Aksia's presentation are attached as Attachments 1 and 2 for the Board's review.

Aksia's proposed consulting team will be present at the meeting of October 25, 2022, should the Board desire to conduct an interview.

Strategic Plan Impact Statement

The private credit consultant assists LACERS in building a diversified private credit portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Implementing a competitive bidding process by issuing an RFP is in line with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments:
1) Report to Investment Committee dated October 11, 2022
2) Presentation by Aksia LLC
3) Proposed Resolution

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

REPORT TO INVESTMENT COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: OCTOBER 11, 2022
ITEM: IV

SUBJECT: **PRIVATE CREDIT CONSULTANT SEMI-FINALIST INTERVIEWS AND POSSIBLE COMMITTEE ACTION**

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

Recommendation

That the Committee:

1. Interview Aksia, LLC and Meketa Investment Group, Inc. as the semi-finalist candidates for the Private Credit Consultant search; and

2. Select and recommend one or more finalists to the Board for possible interviews and consideration for hire.

Executive Summary

The Board-approved request for proposal (RFP) for a private credit consultant opened on January 24, 2022, and closed on March 25, 2022. A total of four proposals were received, all of which met the minimum qualifications and were evaluated by staff. On June 14, 2022, the Committee advanced Aksia, LLC (Aksia), Meketa Investment Group, Inc. (Meketa), and NEPC, LLC (NEPC) as semi-finalists for further due diligence. Based on staff's due diligence, staff have deemed Aksia and Meketa as capable of providing LACERS with the scope of services pursuant to the RFP.

Discussion

Background
The Board approved a new asset allocation on May 11, 2021, that expanded LACERS' exposure to private credit over time to a new target of 5.75%. This plan called for increased diversification of LACERS' private credit into higher yielding strategies such as opportunistic or distressed lending to achieve a target private credit portfolio return of 6.1%. While somewhat more complex, combining multiple strategies can improve portfolio performance through a range of market conditions by enabling expert investment managers to take advantage of the best opportunities available.

LACERS' increased allocation to private credit and corresponding expansion into new private credit strategies to achieve targeted returns will require significant time, attention, and resources from both staff and the consultant. Staff believes that outsourced assistance to identify the best-in-class managers and to construct a resilient and dynamic portfolio is justified by potential alpha generation as well as identifying risks that drive credit cycles, such as interest rate shocks, recessions, and foreign currency crises. The Board concurred with staff's recommendation to conduct a search for a private credit consultant on December 14, 2021, and the search opened on January 24, 2022, and closed on March 25, 2022.

At its meeting of June 14, 2022, the Committee considered staff's evaluation report of the four firms that submitted proposals and concurred with the staff recommendation to advance Aksia, Meketa, and NEPC for further due diligence.

Additional Due Diligence Activities
Staff conducted due diligence meetings at the headquarters of Aksia, Meketa, and NEPC to confirm information provided in the RFP responses and further understand each firm's resources and capabilities. During these meetings, staff interviewed various professionals on topics including, but not limited to, overall business strategy and growth, organization and reporting structure, staffing and compensation, consulting philosophy and strategy, deal sourcing and due diligence process, risk management, compliance and controls, and technology.

Further, staff conducted reference checks on the three semi-finalists to gain additional insights from current clients. Based on staff's due diligence, staff have deemed Aksia and Meketa as capable of providing LACERS with the scope of services pursuant to the RFP.

Strategic Plan Impact Statement

The private credit consultant assists LACERS in building a diversified private credit portfolio to help the fund optimize long-term risk adjusted returns (Goal IV). Implementing a competitive bidding process by issuing an RFP is in line with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Robert King, Investment Officer II, Investment Division

NMG/RJ/BF/WL/RK:rm

Attachments: 1) Presentation by Aksia, LLC
2) Presentation by Meketa Investment Group, Inc.

Aksia Private Credit Overview

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ("LACERS")

October 2022

Aksia

www.aksia.com

Aksia

Contents

Aksia Presentation Team

Mike Krems
Partner,
Portfolio Advisory
Mike.Krems@aksia.com

- Senior member of Portfolio Advisory team
- Over 20 years of private equity, credit, and co-investment experience
- San Diego, CA based

Trevor Jackson
Managing Director,
Portfolio Advisory
Trevor.Jackson@aksia.com

- Senior member of Portfolio Advisory team
- Over 23 years experience working with institutional clients on alternative and traditional portfolios
- Los Angeles, CA based

Tim Nest
Head of Private Credit Research
Partner,
Investment Research
Timothy.Nest@aksia.com

- Head of global private credit research team (US, Europe, Asia)
- Over 22 years experience in alternative investments
- New York, NY based

All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia").

Aksia Overview

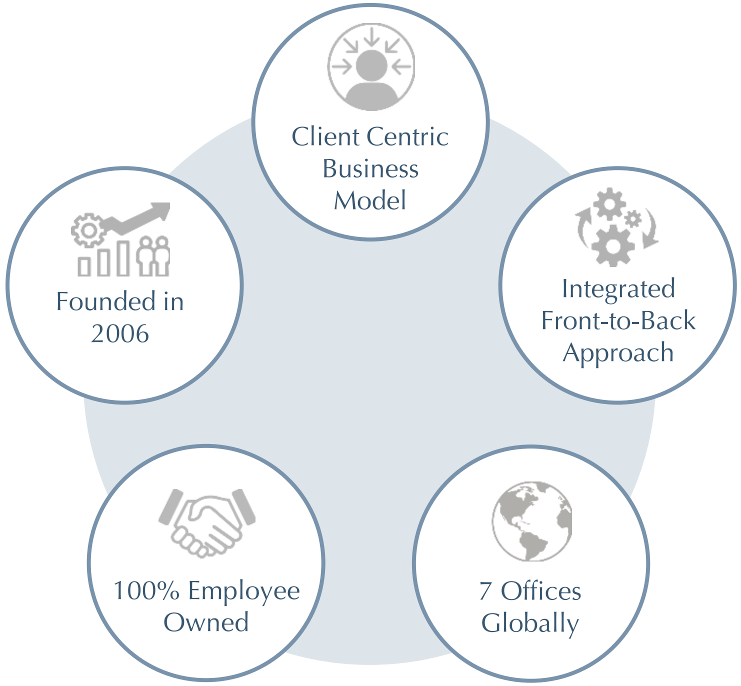
Aksia – At A Glance

Global Alternatives Platform

$271bn
of AUA[1]

100+
Institutional Clients[1]

$18bn
of AUM[1]



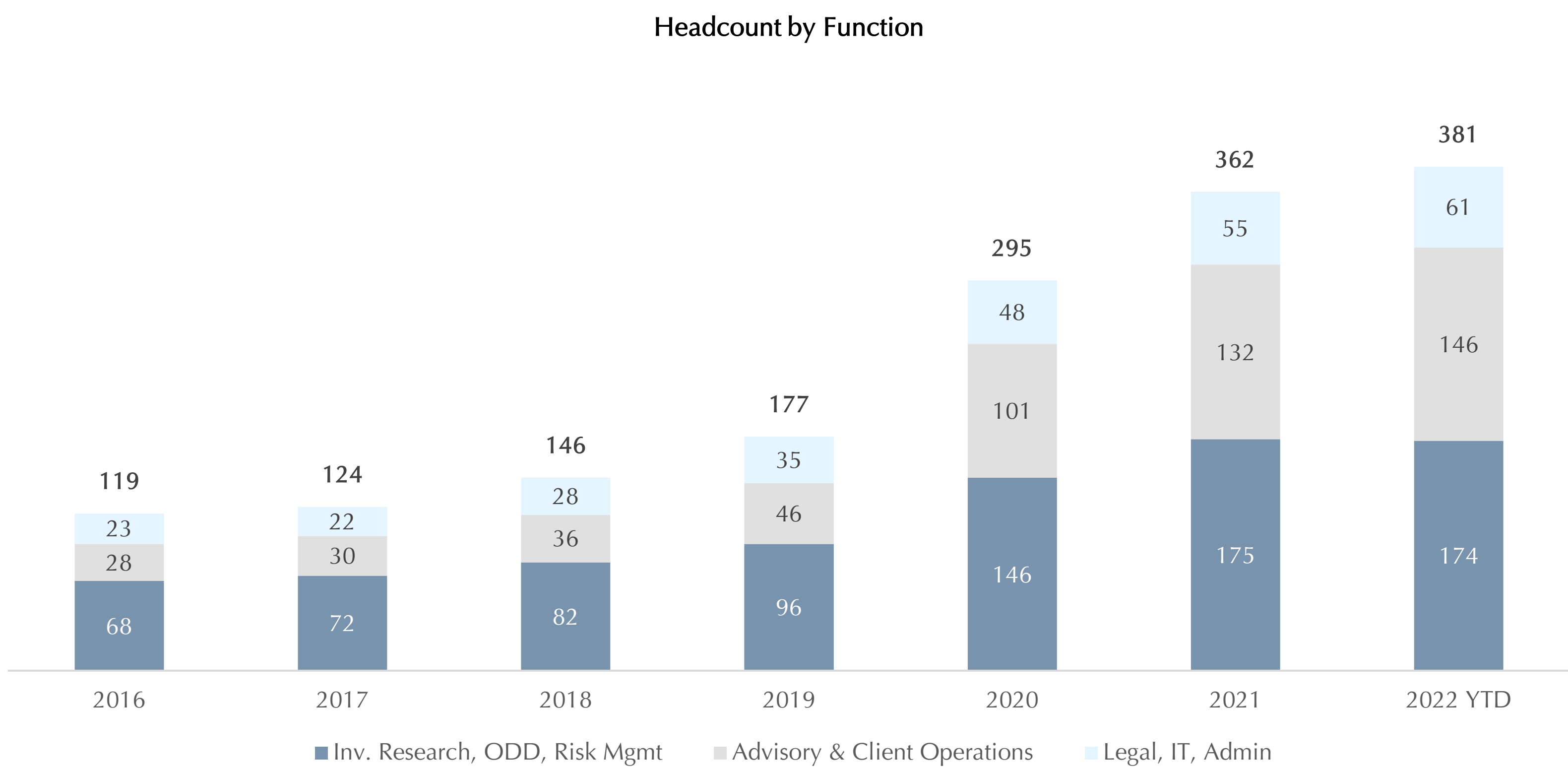
381
Professionals[2]

>3,800
Due Diligence Reports[3]

3.7
Staff to Client Ratio[1]

[1]As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. [2]As of September 1, 2022. [3]As of March 31, 2022. Due diligence has been performed (IDD, ODD, or Insight Report).

Headcount Growth

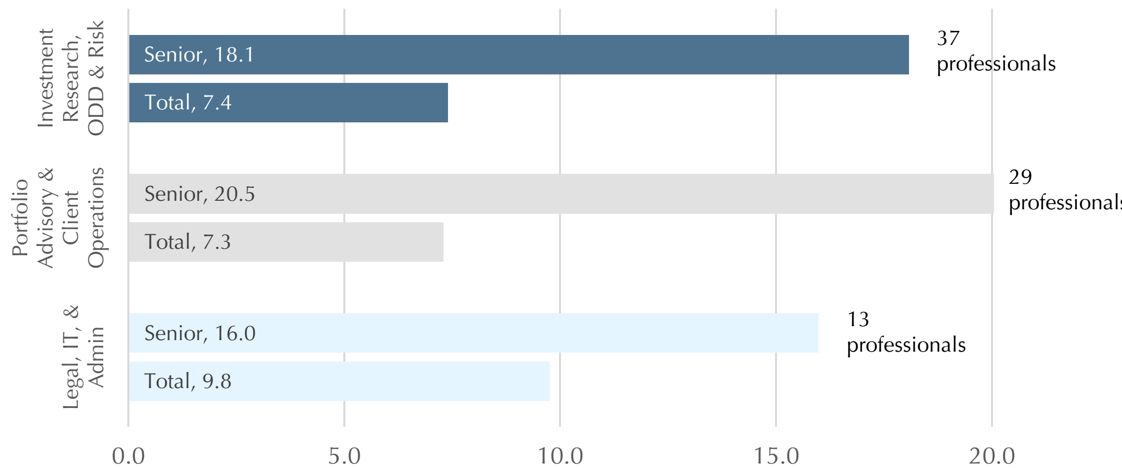


As of September 1, 2022. In 2020, 70 employees joined Aksia as a result of company acquisitions.

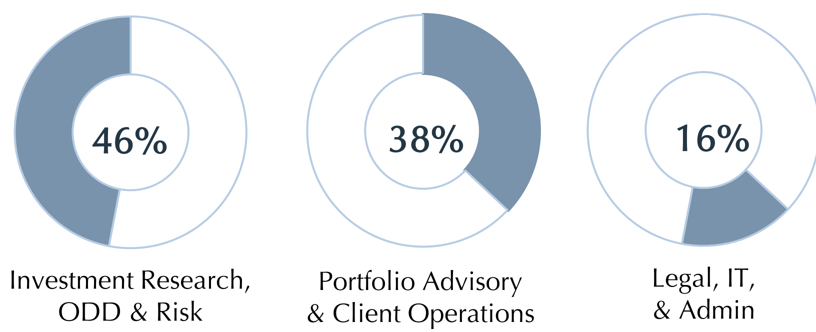
Our Professionals

Team	Size
Investment Research	76
Operational Due Diligence	60
Risk Management	38
Portfolio Advisory	48
Client Operations	98
Legal & Compliance	9
Information Technology	24
Administration	28
	381

Aksia Professionals' Average Industry Experience (Years)



Headcount by Function Type



As of September 1, 2022.

Aksia's Global Pan-Alts Platform

Hedge Funds
Active since 2006
AUA: $63bn
AUM: $7bn

Private Credit
Active since 2008
AUA: $80bn
AUM: $9bn

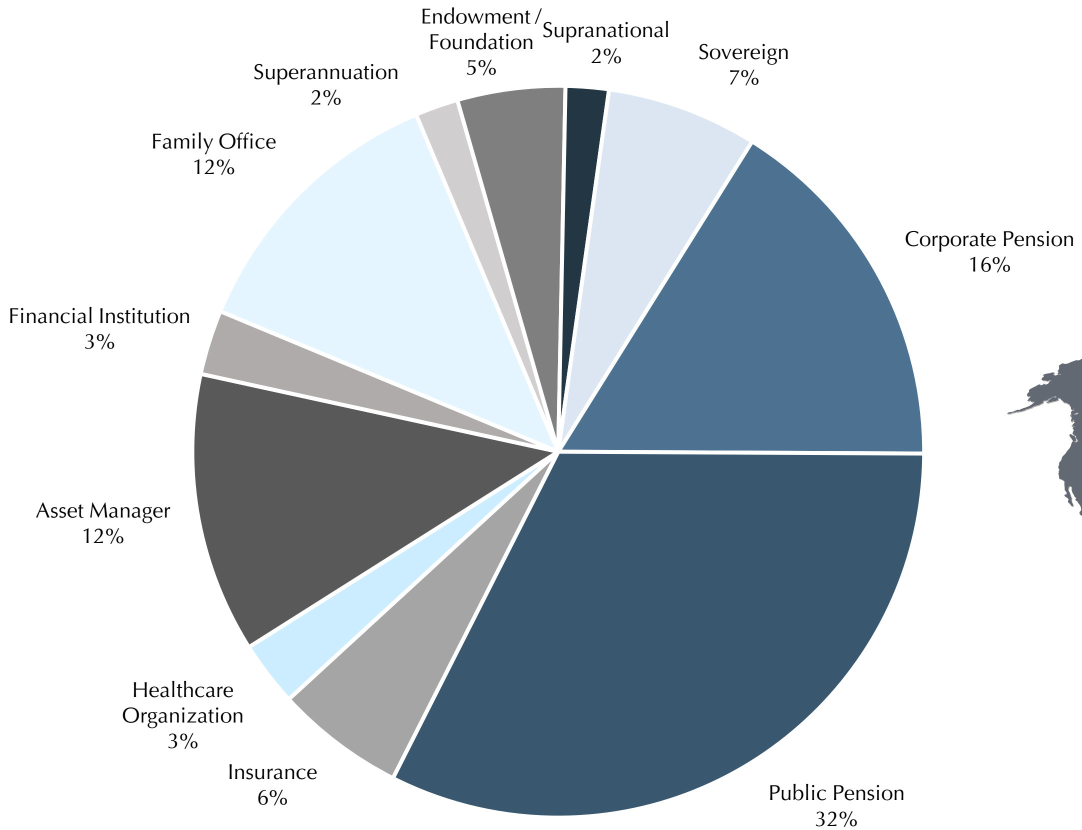
Private Equity
Active since 2011
AUA: $98bn
AUM: $2bn

Real Assets
Active since 2012
AUA: $21bn
AUM: $32mm

Real Estate
Active since 2009[1]
AUA: $9bn
AUM: $6mm

As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. [1]Includes experience from Aksia Chicago's predecessor firm.

Aksia's Clients are Experienced Institutional Investors



As of June 30, 2022.

Advisory Services Overview

Aksia

Top-Down Advisory Process

Asset Class Investment Committee

- Formulate Aksia's top-down sector & strategy themes
- Evaluate market conditions, identify opportunity set
- Investment Due Diligence Ratings

Portfolio Advisory Team

- Collaborative: frequent contact, investment discussions, ad hoc projects
- Assigned portfolio team
- Assist with policy review, program design, portfolio planning and strategic initiatives

Research

- Investment research led by Sector heads (Partners, Managing Directors or Senior Vice Presidents)
- Manager sourcing, investment due diligence, operational due diligence
- Stringent operational due diligence

Risk Management

- Risk Team and related Risk Committees
- Fund and portfolio level risk exposures
- Attribution and trend analyses

Private Credit – Pipeline Management and Planning

Numerous resources and teams used to help track and manage client investment activities and objectives

	Select Aksia Support	Teams Involved: Research	Advisory	Data
Strategic Planning	Pacing model, annual planning sessions, Board reviews	✓	✓	
Themes Generation	Annual Outlook, deep dive presentations, ad-hoc research calls	✓	✓	
Proposal Screening	"MAX" PC fund screener tools, client proposal tracking, monthly emails pipeline updates	✓	✓	✓
Pipeline Prioritization	Capital raise updates, discounts/fee deals, GP call/meeting notes, screening and due diligence reports all housed in "MAX". Regular or ad hoc client pipeline calls.	✓	✓	✓

Approaches to Portfolio Construction

Fixed Income Substitute:

Diversified positions in senior lending strategies - often a combination of corporate and real estate debt strategies

- Direct Lending
- Real Estate Credit
- Real Assets Credit

Core + Satellite:

Concentrated positions in direct lending and/or cross asset complemented with smaller holdings in specialized strategies

Core

- Direct Lending (mostly senior U.S. and Europe)
- Real Estate Credit
- Real Assets Credit

Satellite

- Structured Credit
- Mezzanine
- Distressed
- Special Situations
- Specialty Finance

Opportunistic:

Diversified across various collateral types with a bias towards niche opportunities

- Direct Lending
- Distressed & Special Situations
- Specialty Finance
- Real Estate Credit
- Real Assets Credit
- Mezzanine

Private Credit Portfolio Considerations

Aksia

Thematic Approach

- Top-down sector themes determined by research observations with advisory guidance
- Flexibility to be opportunistic

Risk Considerations

- Geography: US, Europe, Asia, Emerging Markets
- Collateral type: corporate cash flow, real estate, real assets, consumer
- External leverage: unlevered, fund leverage, securitization
- Vintage year
- Company/asset size
- Structural seniority: senior, mezzanine, preferred

Co-Investments*

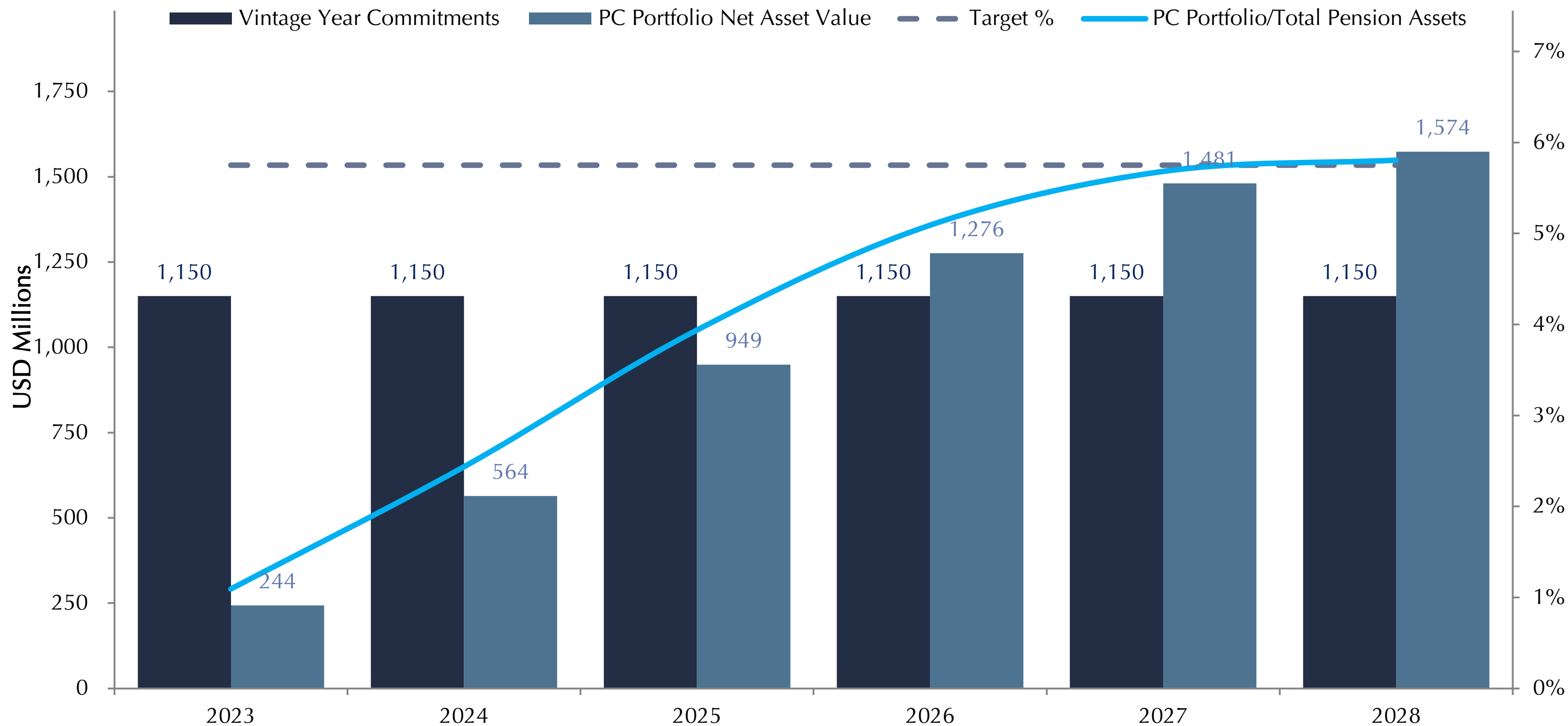
- Aksia takes a fundamentally oriented approach to co-investments, emphasizing the following key factors:
  - Investments where Aksia believes the GP has demonstrated expertise and edge
  - GPs where Aksia has conviction in the relevant team and strategy
- Aksia also believes that co-investments can be effectively used to reduce the overall fees in a portfolio and to opportunistically weight primary fund portfolios

Additional Considerations

- Diversity and inclusion
- First time funds
- Additional economics associated with primary fund commitments

*Note that Co-Investment services are added services that may be subject to additional fees, depending on scope to be mutually agreed upon.

Projected Private Credit NAV



		2023	2024	2025	2026	2027	2028
Private Credit	Net Asset Value	244	564	949	1276	1481	1574
	Uncalled Capital	1129	1783	2189	2420	2553	2629
	% of Total Pension Assets	1.09%	2.44%	3.94%	5.09%	5.68%	5.81%

* For illustrative purposes. Projection includes current SMA commitments and a total portfolio value of approx. $20.6B as of June 30, 2022. NO RELIANCE ON FORECASTS: Any projections, forecasts or market outlooks provided herein should not be relied upon as events which will occur and no assurances can be given that a particular strategy will perform in a manner consistent with its historical characteristics, or that forecasts, expected volatility or market impact projections will be accurate. Use of this reference material does not assure any level of performance or guarantee against loss of capital. Neither Aksia nor any of its representatives make any representation or warranty, express or implied, as to the accuracy or completeness of the information provided herein. Neither Aksia nor any of its representatives shall have any liability relating to or resulting from the use of this reference material or any errors therein. Please see pages 26 and 27 which are integral to reviewing this data.

Projected Private Credit Commitment Schedule

Aksia

		Annual Commitment ($m)	Private Credit Portfolio Allocation	Total Portfolio Allocation
Core Direct Lending (40% - 70%) RE / RA Credit (20% - 40%)	**Private Credit**	1,150	100.00%	5.75%
	Direct Lending *U.S. Direct Lending* *European Direct Lending*	460	40.0%	2.3%
	Real Estate Credit *U.S. CRE Core Lending* *U.S. CRE Transitional Lending* *European CRE Lending*	115	10.0%	0.6%
	Real Assets Credit *Infrastructure Lending* *Energy Credit*	115	10.0%	0.6%
Satellite Specialty Finance (0 - 25%) Distressed/Special Situations (0 - 30%)	**Specialty Finance** *Consumer & SME Lending* *Venture Lending* *Litigation Finance*	230	20.0%	1.2%
	Distressed Debt & Special Situations *Corporate Distressed* *Capital Solutions*	230	20.0%	1.2%

* Information for illustrative purposes. Indicative target ranges would be driven by opportunity set and skill sets of available managers and respective investment terms. Projection includes current SMA commitments and a total portfolio value of approx. $20.6B as of June 30, 2022.

Private Credit Coverage & Research

Aksia Private Credit

Aksia

Private Credit Market Footprint	Global Credit Team	Broad Coverage
$80bn AUA[1] **$9bn** AUM[1]	**23** Private Credit Investment Research Professionals[3]	**85+** PC Sub-strategies
Client Investments in **>620** Unique Programs[1]	**27** Private Credit Risk Professionals[3]	**59%** Program Size <$1bn[2] **52%** Global or Outside U.S.[2]
Due Diligence on **>820** PC Opportunities[2]	**7 Offices** Deep Research Coverage & Local Presence Across Global Markets[3]	**~$9.7bn** of Co-investments Sourced LTM[4]

[1]As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. A program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling. [2]As of March 31, 2022. Due diligence has been performed (IDD, ODD, or Insight Report). Coverage by geography and fund size is representative of the universe of investment programs on which Aksia has conducted due diligence. [3]As of September 1, 2022. Professionals that spend some or all of their time covering Private Credit strategies. Number of offices includes Operational Due Diligence professionals. [4]As of March 31, 2022. Based on initial communications with Managers. From co-investments received in the last twelve months ended March 31, 2022, Aksia has invested in 9 deals totaling approximately $54.4mm.

Private Credit Team Resources

Aksia

23 Private Credit Investment Research

Tim Nest, Partner
Head of Private Credit
22+ years of experience

Dan Krivinskas, Partner
Head of Real Estate
20+ years of experience

Brian Goldberg, Managing Director
Head of Event Driven & Multi-Strategy
16+ years of experience

Maiko Nanao, Managing Director
Investment Research, Asia
23+ years of experience

Ping Xu, Co-Head of Hong Kong Office
19+ years of experience

Alex Goldman, Vice President
7+ years of experience

Michael Mahan, Senior Associate
5+ years of experience

Ergian Xhokola, Senior Associate
6+ years of experience

Leo Fletcher-Smith, Managing Director
Head of European Private Credit Strategy
15+ years of experience

Joshua Hemley, Managing Director
Head of Credit Co-Investments
14+ years of experience

Antonis Antypas, Managing Director
Global Head of Analytics
14+ years of experience

Thomas Bernhardt, Senior Vice President
22+ years of experience

Filip Malaric, Vice President
8+ years of experience

Jeff Waters, Senior Associate
11+ years of experience

3 Associates | 6 Analysts

60 Operational Due Diligence

Simon Fludgate, Partner
Head of Operational Due Diligence
28+ years of experience

41 Portfolio Advisory

Patrick Adelsbach, Partner
Co-Head, Advisory Americas
24+ years of experience

Michelle Davidson, Partner
Co-Head, Advisory Americas
35+ years of experience

Mike Krems, Partner
Private Equity Portfolio Strategies
20+ years of experience

27 Risk Management

Dan Quiat
Head of Private Markets Risk
8+ years of experience

92 Client Operations

Kara King, Partner
Head of Client Operations & Risk Management
31+ years of experience

As of September 1, 2022. Includes Investment Research, Portfolio Advisory, Risk Management and Client Operations professionals that spend some or all of their time covering Private Credit strategies. Operational Due Diligence professionals are generalists and cover all asset classes.

Aksia

Private Credit Coverage

Direct Lending

U.S. Direct Lending
- Senior
- Opportunistic
- LMM (sponsored)
- LMM (non-sponsored)
- Private BDCs
- Industry Focused
- Revolvers

European Direct Lending
- Senior
- Opportunistic
- LMM
- Country-Specific Funds

Emerging Markets Lending
- Asian
- African
- CEE/Middle East
- Latin American
- Pan-EM

Global Direct Lending

Distressed Debt & Special Situations

Corporate Distressed
- Stress / Distressed Trading
- Influence / Control
- Diversified Distressed

Opportunistic Structured Credit
- 3rd Party CLO Equity
- Captive CLO Equity
- CLO Debt
- CLO Multi
- Consumer ABS
- CMBS/CRE
- Esoteric ABS
- European Structured Credit
- RMBS
- Structured Credit Multi-Sector

Real Estate Distressed

NPLs

Capital Solutions

PC Special Situations

Distressed for Control

Specialty Finance

Consumer & SME Lending
- Marketplace Finance
- Lender/Platform Finance

Factoring & Receivables

Regulatory Capital Relief

Music/Film/Media Royalties

Oil & Gas Minerals Royalties

Metals Royalties

Healthcare Lending & Royalties
- Healthcare Lending
- Healthcare Royalties

Venture Lending

Insurance Linked Credit
- Diversified
- Life Insurance
- Non-Life

Litigation Finance
- Litigation Finance
- Merger Appraisal Rights

PE Portfolio Finance

Stretch ABL

Rediscount Lending

Diversified Specialty Finance

Real Estate Credit

U.S. CRE Core Lending

U.S. CRE Transitional Lending
- Large Loan
- Middle Market
- Small Balance
- Opportunistic

U.S. CRE Bridge Lending
- Large Loan
- Middle Market
- Small Balance

European CRE Lending
- Bridge
- Transitional
- Core

Emerging Markets CRE Lending

CRE Structured Credit
- Agency CRE B-Piece
- Non-Agency CRE B-Piece

Residential Mortgages
- Residential NPLs
- Single Family Rental
- Mortgage Servicing Rights
- Residential Origination

Real Assets Credit

Infrastructure Lending
- Senior Focus
- Sub-IG Focus
- Mezz Focus

Energy Credit
- Energy Lending
- Energy Mezzanine Lending
- Opportunistic

Trade Finance

Metals & Mining Finance

Agricultural Credit

Transportation
- Aviation Lending
- Maritime Lending
- Road & Rail Lending
- Transportation Lending (Multi)

Mezzanine

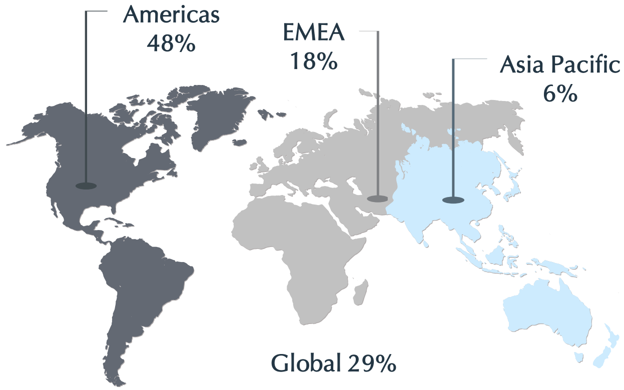
U.S. Mezzanine
- Upper Middle Market
- Middle Market
- Lower Middle Market

European Mezzanine

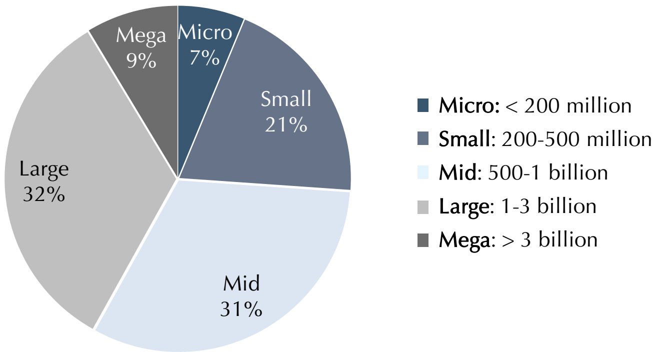
Structured Equity

Private Credit Research

Geographies



Fund Sizes



	Preliminary Review[1]	Further Review[2]	Due Diligence Report[3]
Direct Lending	952	666	235
Mezzanine	184	138	29
Distressed Debt & Special Situations	1,218	778	291
Specialty Finance	516	307	118
Real Assets Credit	234	145	58
Real Estate Credit	455	281	98
Total[4]	**3,559**	**2,315**	**829**

1. *Received fund materials*
2. *Conducted at minimum an initial call or meeting*
3. *Due diligence has been performed (IDD, ODD, or Insight Report)*
4. *Access to a fund manager's confidential information may be subject to Aksia's receipt of such manager's consent to disclose confidential information to the client*

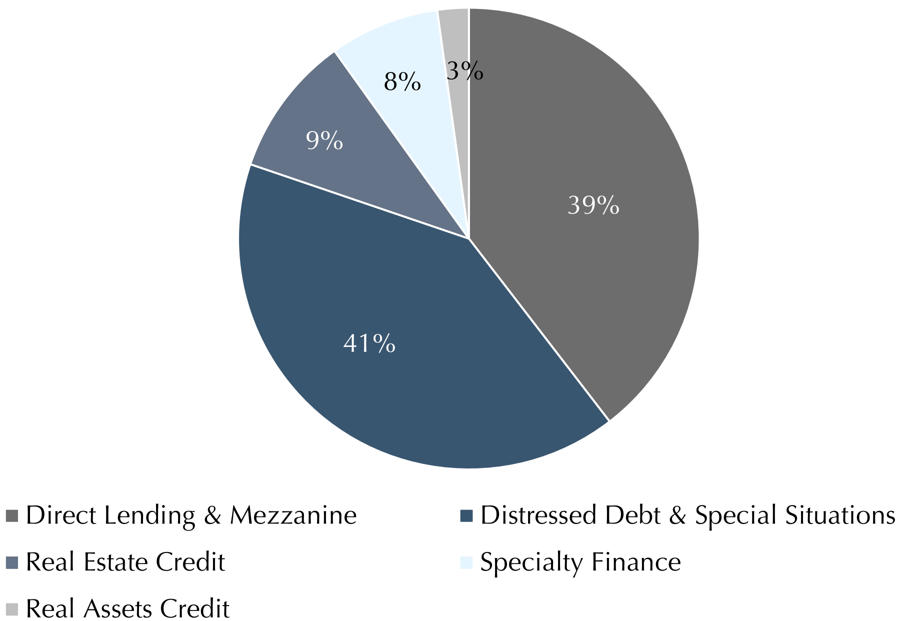
As of March 31, 2022. Coverage by geography and fund size is representative of the universe of investment programs (where a program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling) on which Aksia has conducted due diligence (IDD, ODD, or Insight Report).

Private Credit Fee Deals

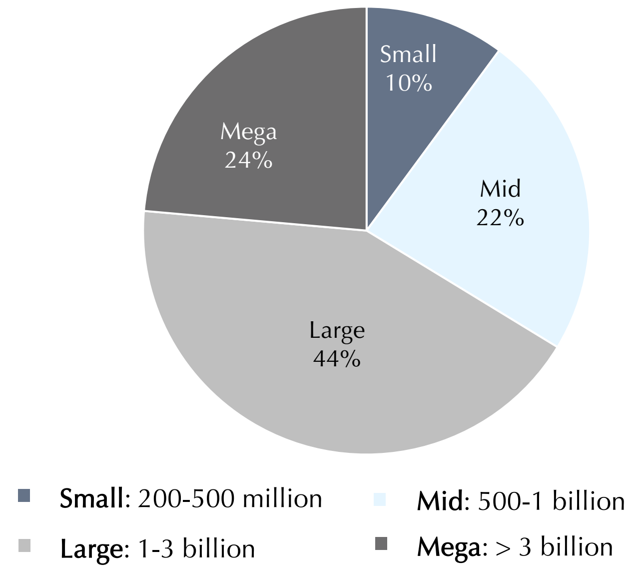
- Aksia has a structured program for actively negotiating fee discounts generally based on aggregating advisory clients' investments
- All fee discounts flow 100% to clients
- Fee discounts are generally made available to eligible clients to view via MAX

Currently negotiated deals by:

Sector



AUM



Aksia's active negotiated private credit fee deals as of March 31, 2022. Fee deals are only available to advisory clients who subscribe to our client operations and accounting support services. Sector and AUM breakout is by program. A program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling.

Private Credit Thematic Investment Approach

Defensive
"Late Cycle Positioning"

Structural Protections
- Levered Sr. Middle Market Loans (US/Eur)
- Transitional RE Debt *(Large Cap/Major Markets)*
- Asset-backed Loans ("Stretch ABL")
- Infrastructure Debt

Optionality
- "Opportunistic Credit"
- Flexible "Special Situations" Mandate
- Dislocations Trigger

Low Correlation
- Royalties

Specialist Niche
"Opportunistic Diversifiers"

Growth Sector Focus
- Growth Debt to Tech/SW Cos.
- Venture Debt (Tech Focus)
- Healthcare – Structured Solutions

Structured
- Regcap focus

Hard Assets
- Bridge to Agency Multi-family

Emerging Opportunities
- Structured Secondaries
- NAV Loans / Portfolio Finance
- "Hybrid" Capital Solutions

Dislocations
"Current and Emerging Stresses"

"Covid Clean-up"
- Opportunistic / Rescue Lending CRE
- Re-performing RE Loans
- ABL Retail
- Mid-market Capital Solutions

Emerging Opportunities
- Asia Special Situations Lending (China / India focus)
- NPLs (Europe and Asia)
- Chinese Development Loans

The above represents Aksia's market observations. Observations are subject to change.

Aksia

Select Emerging Manager Private Credit Client Support

- Support private credit clients with their emerging manager programs
- Work with thought-leading institutional LPs on impact, ESG and diversity matters
- Source and evaluate opportunities across the private credit market including anchor investments, start-up platforms, and other bespoke investment partnership arrangements

Selected Relevant Accounts[1]

US Public Pension: Niche Private Credit

- $489 million total PC AUM[2]
- Focus on niche strategies, earlier stage GPs, and diverse GPs
- Active across primaries, secondaries, and co-investments

US Public Pension: Opportunistic Credit

- $13.6 billion total PC AUA[2]
- Support allocations to emerging and diverse GPs
- Strong ESG focus with bespoke portfolio requirements

US Public Pension: Private Credit Portfolio

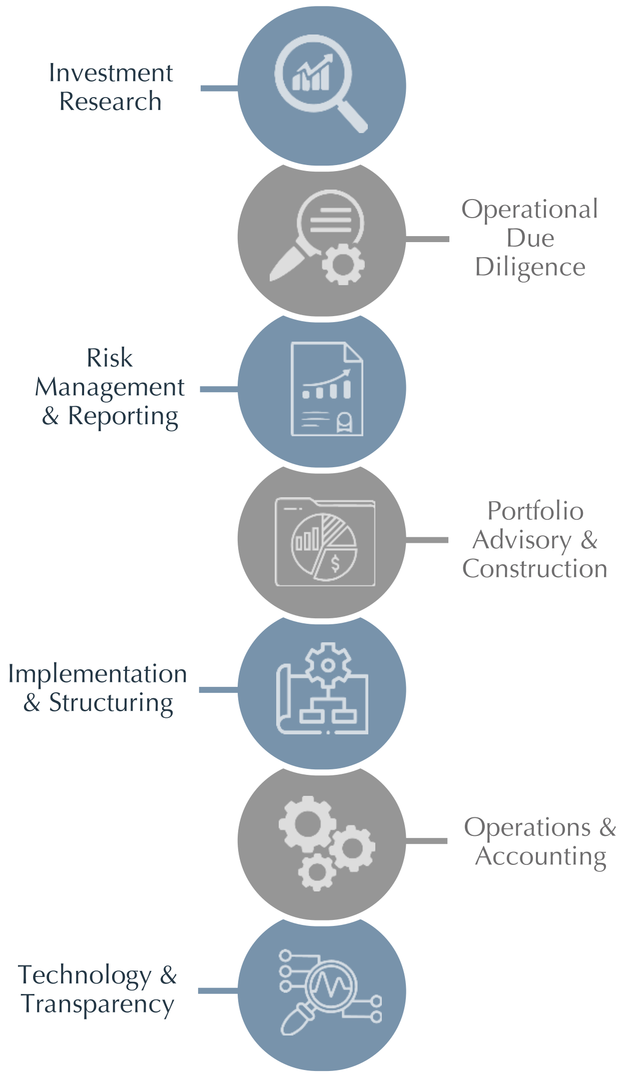
- $8.9 billion total PC AUA[2]
- Support allocations to emerging and diverse GPs in client's Emerging Manager program
- Manage a custom vehicle focused on Asia private credit

European Institution: Direct Lending (ESG focus)

- $1.27 billion total PC AUM[2]
- Manage senior middle market debt focused investment vehicle
- Significant ESG overlay to underwriting and portfolio monitoring
- Bespoke reporting and other terms negotiated for underlying accounts

For illustrative purposes only. [1]Partnerships included are chosen to portray a representative group of investment mandates and are not intended to be an exhaustive list of Aksia's relationships and strategies. [2]Data as of March 31, 2022, intended to represent the full private credit program and not just the emerging manager portion.

Aksia Key Points



Aksia provides comprehensive and well staffed support for Advisory clients.

- Dedicated Portfolio Advisory team for each client
- Full back-office support available including onboarding of legacy portfolio
- Online access to manager research, portfolio accounting, risk analytics, etc.
- Direct access to Aksia research professionals globally
- Reviews of client portfolio by relevant senior investment professionals not directly involved in the relationship
- Aksia's high staff-to-client ratio allows for quick response and resourcing via client requested special projects

Disclaimers

NO OFFERING: These materials do not in any way constitute an offer or a solicitation of an offer to buy or sell funds, private investments or other securities mentioned herein. These materials are provided only in contemplation of Aksia's research and/or advisory services. These materials shall not constitute advice or an obligation to provide such services.

RELIANCE ON TOOLS AND THIRD PARTY DATA: Certain materials utilized within this presentation reflect and rely upon information provided by fund managers and other third parties which Aksia reasonably believes to be accurate and reliable. Such information may be used by Aksia without independent verification of accuracy or completeness, and Aksia makes no representations as to its accuracy and completeness. Any use of the tools included herein for analyzing funds is at your sole risk. In addition, there is no assurance that any fund identified or analyzed using these tools will perform in a manner consistent with its historical characteristics, or that forecasts, expected volatility or market impact projections will be accurate.

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PRIVATE INVESTMENT FUND DISCLOSURE: Investments in private investment funds involve a high degree of risk and investors could lose all or substantially all of their investment. Any person or institution investing in private investment funds must fully understand and be willing to assume the risks involved. Some private investment funds may not be suitable for all investors. Private investment funds may use leverage, hold illiquid positions, suspend redemptions indefinitely, modify investment strategy and documentation without notice, short sell securities, incur high fees and contain conflicts of interests. Private investment funds may also have limited operating history, lack transparency, manage concentrated portfolios, exhibit high volatility, depend on a concentrated group or individual for investment management or portfolio management and lack any regulatory oversight. Past performance is not indicative of future results.

RECOMMENDATIONS: Any Aksia recommendation or opinion contained in these materials is a statement of opinion provided in good faith by Aksia and based upon information which Aksia reasonably believes to be true. Recommendations or opinions expressed in these materials reflect Aksia's judgment as of the date shown, and are subject to change without notice. Except as otherwise agreed between Aksia and the Intended Recipient, Aksia is under no future obligation to review, revise or update its recommendations or opinions.

AVAILABILITY OF FEE DEALS: There are no guarantees that Aksia will or is likely to successfully negotiate fee deals for one or more investments in a particular investor's account. The availability of a negotiated fee deal may change, and no assurances can be given that a fee deal will be available and/or in effect at the time of an investor's investment. The ability to grant an investor the benefit of a fee deal rests solely with the relevant manager. Investors are solely responsible for ensuring that any managers' reduced fees applicable to the investor through its relationship with Aksia or otherwise have been appropriately applied. Aksia will not be liable for any loss incurred due to a manager's failure to apply a fee reduction or appropriately rebate the investor, or for Aksia's failure to notify the manager that the investor is a client of Aksia and as such entitled to a discount or its failure to notify the investor that it is no longer entitled to a discount.

Disclaimers

HYPOTHETICAL PERFORMANCE: Any hypothetical performance results have inherent limitations, since they do not represent actual trading. Results may under- or over-compensate for the impact, if any, of certain market factors, such as market disruptions, lack of liquidity and the effect of interest rates. One of the limitations of hypothetical performance results is that they are generally prepared with the benefit of hindsight. In addition, hypothetical trading does not involve financial risk, and no hypothetical trading record can completely account for the impact of financial risk on actual trading. There are numerous other factors related to the markets in general or to the implementation of any specific trading program which cannot be fully accounted for in the preparation of hypothetical simulated performance results and all of which can adversely affect actual trading results.

The hypothetical results should not be relied upon and do not represent, and are not necessarily indicative of, the results that may be achieved by actual trading. There are frequently sharp differences between the hypothetical performance results and the results subsequently achieved by any particular trading or investment program. The performance of the hypothetical portfolios included herein reflects the assumptions, views, and analytical methods of Aksia. No representation is being made that any account will or is likely to achieve profits or losses similar to those shown herein.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE RESULTS: No assurances can be given that a particular investment or portfolio will meet its investment objectives. Any projections, forecasts or market outlooks provided herein should not be relied upon as events which will occur. Past performance is not indicative of future results. Use of advanced portfolio construction processes, risk management techniques and proprietary technology does not assure any level of performance or guarantee against loss of capital.

MEKETA
INVESTMENT GROUP

Presentation to the Los Angeles City Employees' Retirement System

October 11, 2022

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

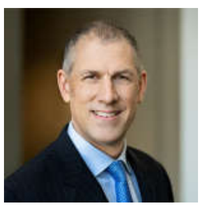
Our Team

Mary Bates
Managing Principal, Shareholder
Private Markets Consultant

- 21 years of industry experience
- Joined the firm in 2019 as part of the merger between Meketa and Pension Consulting Alliance (PCA), Joined PCA in 2017
- Private Markets Consultant focusing on private debt/credit investments, and broader alternatives programs
- Previous experience includes asset management and investment banking
- Member: Private Markets Research Committee
- BS from Indiana University, Kelley School of Business

Tad Fergusson, CFA
Managing Principal, Shareholder
Private Markets Consultant

- 28 years of industry experience
- Joined the firm in 2019 as part of the merger between Meketa and Pension Consulting Alliance (PCA), Joined PCA in 1997
- Lead or Co-Lead Consultant on various full-service private markets retainer clients
- Member: Private Markets Research Committee
- MBA in Finance and BS in Economics from the University of Oregon



John Haggerty, CFA
Managing Principal, Shareholder
Director of Private Market Investments

- 29 years of industry experience
- Joined the firm in 1996
- Chair: Private Markets Policy and Research Committees
- Member: Board of Directors, Executive Committee, ESG Investing, and Operational Due Diligence Committees
- Consultant for several public funds
- BA from Cornell University

Table of Contents

Firm Overview

Firm Overview

44
Years of Experience

239
Clients

$1.9 T
In Assets under Advisement

Top 10
Investment Consulting Firm Nationwide[2]

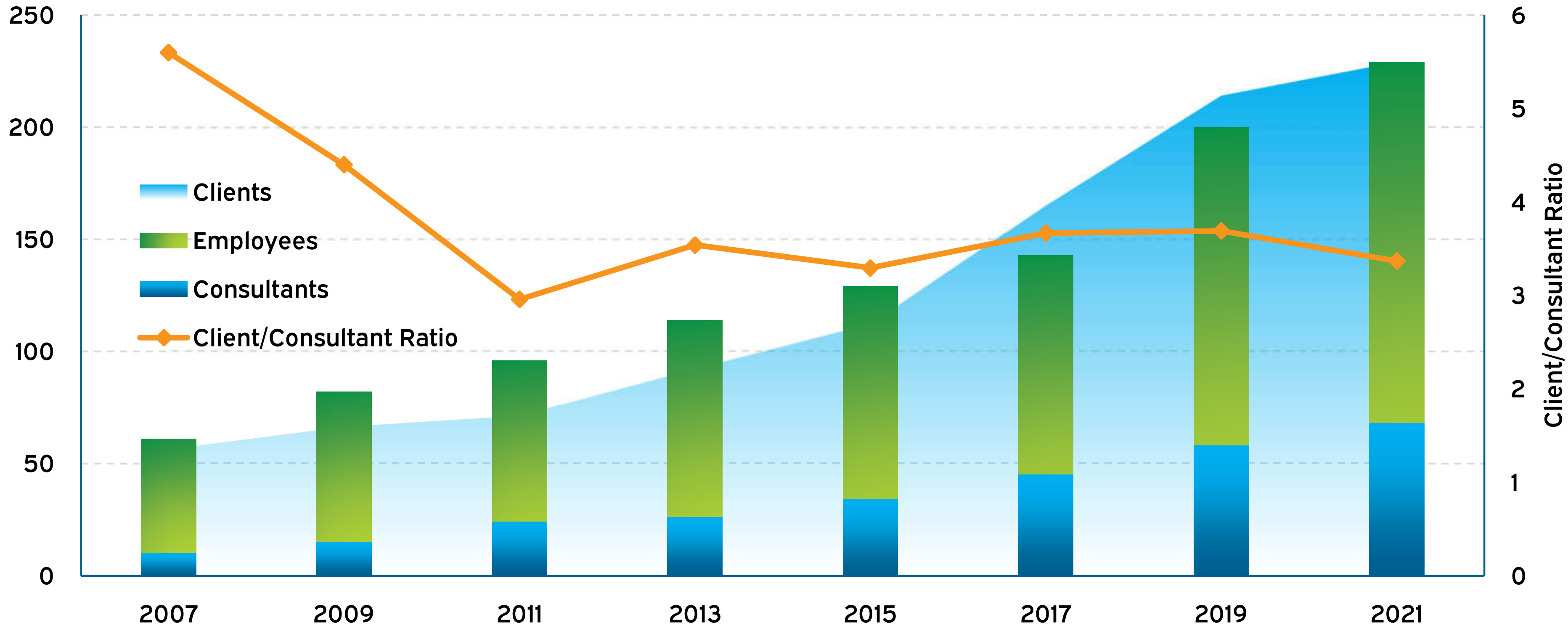
- Four decades of investment advisory experience.
  - Advising Defined Benefit and Defined Contribution plans, and Endowment/Foundations.
  - Working with Corporates, Endowments, Foundations, Healthcare, Taft-Hartley, Public, and Non-Profits.
- Over 200 clients.*
  - 49 OCIO/Discretionary clients.
  - 180 General Consulting clients.
  - Over 100 Private Market clients.
- Staff of 245, including 157 investment professionals.
  - 69 consultants and 48 analysts.
  - 49 investment operations.
  - 79 corporate & business administration.
- One Line of Business.
  - All revenue from advisory and consulting services.
  - No proprietary products.

[1] Overlap may occur as some clients have multiple mandates.
[2] Pension & Investments, November 30, 2021, *Largest Investment Consultants Listing*.

As of June 30, 2022.

Firm Overview – Our Commitment to Client Service

- We work directly with each client to meet their unique objectives.
- Low client to consultant ratio means we know our clients and their portfolios well.
- Timely and proactive advice has resulted in strong client retention.
  - Annual client retention rate has averaged 99% over the last 10 years.
- We are NOT flexible in our commitment to quality, our investment process, and dedication to service.



Firm Overview – Corporate Diversity & ESG

Community Stewardship and Social Responsibility

- The Corporate Responsibility Committee was created in 2009 and is led by Managing Principal, Colleen Smiley, with the support of eight additional senior professionals across different functions of the firm.

Corporate Diversity	ESG Investment Management
• Meketa is committed to corporate diversity. Women and/or minorities comprise: – 60% of our employees; – 48% of our leadership team; and – 45% of our shareholders. • 34% of our employees are multi-lingual, speaking 29 different languages or dialects • Community Relations & Volunteerism	• Diversity within Investment Manager Selection – Emerging and Diverse Manager Committee – As of December 31, 2021, approximately 5% of the assets where Meketa advises or participates in manager selection are invested in diverse owned firms. • ESG Disclosure and Rating • Promote ESG – Responsible Contractor Policy – Guidelines & Restrictions

- As a signatory of the United Nations-backed Principles for Responsible Investment Initiative (UNPRI), Meketa has joined a network of international investors working together to put the six Principles of Responsible investing into practice.

As of June 30, 2022.

Firm Overview – Proud to Serve Some of the Largest Public Pensions in the US

As of June 30, 2022. The above clients are representative only and not an endorsement by any client listed. It is not known whether the clients listed approve of Meketa or the services we provide.

Firm Overview – Private Markets Research Organization

John Haggerty, CFA
Director of Private Markets

Christy Fields
Head of Real Estate Portfolio Solutions

PRIVATE EQUITY	PRIVATE DEBT	REAL ASSETS *(Infrastructure and Natural Resources)*	REAL ESTATE

Consultants

Lisa Bacon, CAIA Private Markets Consultant	**Mary Bates** Private Markets Consultant	**Judy Chambers** Private Markets Consultant	**Gerald Chew, CAIA** Private Markets Consultant	**Jess Downer, CFA** Private Markets Consultant
Tad Fergusson, CFA Private Markets Consultant	**Steven Hartt, CAIA** Private Markets Consultant	**Colin Hill** Real Estate Consultant	**Molly LeStage** Private Markets Consultant	**Scott Maynard** Real Estate Consultant
Maya Ortiz de Montellano, CFA Private Markets Consultant	**Derek Proctor** Real Estate Consultant	**Reggie Ross** Real Estate Consultant	**Ethan Samson, JD** Private Markets Consultant	**Adam Toczylowski, CFA** Private Markets Consultant

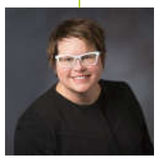
Analysts and Investment Associates

Chris Andrulis Real Estate Analyst	**Danny Chan, CFA** Sr. Private Markets Analyst	**Sarah Christo** Real Estate Analyst	**Sabrina Ciampa** Investment Associate	**Jed Constantino, CAIA** Sr. Private Markets Analyst
Bradley Dumais Private Markets Analyst	**Abigail Fischer** Real Estate Analyst	**Andrew Gilboard** Sr. Private Markets Analyst	**Jamie Hoffman** Investment Associate	**Paige Junker** Real Estate Performance Analyst
John McCarthy Private Markets Analyst	**Ryan Murray** Investment Associate	**Harrison Page** Private Markets Analyst	**Karen Reeves** Real Estate Analyst	**Luke Riela, CFA** Macro Research & Data Analytics
	Balaj Singh, CFA, CAIA Private Markets Analyst	**Benjamin Tyler** Investment Associate	**Cristen Xhama, CFA** Private Markets Analyst	

As of August 2022.

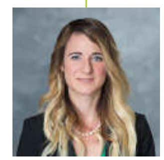
Firm Overview – Private Credit Research Committee

Private Credit Research Committee



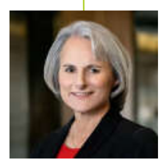
Mary Bates
Managing Principal
(21, 5)*

Amy Hsiang, CFA, CAIA
Managing Principal
(22, 1)*

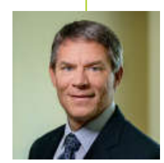


Maya Ortiz de Montellano, CFA
Senior Vice President
(20, <1)

Tad Fergusson, CFA
Managing Principal
(28, 25)*



Molly LeStage
Managing Principal
(29, 7)*



Steven Hartt, CAIA
Managing Principal
(35, 12)*

- All private credit decisions are vetted collectively by this 6-person committee who average 26 years of experience.

* (Years industry experience, years with firm)
Ms. Bates and Mr. Fergusson joined Meketa as part of the merger with PCA on March 15, 2019. Years with firm includes tenure at PCA.

Private Credit Overview

Private Credit Overview – Meketa Approach

Core Private Credit Beliefs

- Private credit is credit – i.e., avoid the left tails
- Diversification across collateral types matters
- Do not overcomplicate
  - Fewer managers, larger commitments
- Credit is cyclical; timing matters
- Build portfolios; do not maintain approved lists of managers
- Understand ALL costs

Private credit is a broad, diverse opportunity set comprised of both yield-oriented and capital appreciation strategies. Strategies vary widely by return expectation, collateral and liquidity. Programs can be designed as fixed income replacements or as absolute return portfolios or a combination.

Meketa works with clients to build customized programs as all client needs are unique.

Yield-Oriented	Capital Appreciation
Income focused strategies such as direct lending, specialty finance and royalties	Both performing and non-performing strategies such as opportunistic credit, European NPLs and corporate distressed

Private Credit Overview – Meketa Private Credit Universe

Direct Lending

Capital Structure
- First Lien
- Unitranche
- Second Lien
- Mezzanine/Junior Debt

Geography
- U.S.
- Europe
- Asia/Emerging Markets
- Global

Industry
- Healthcare
- Franchise
- Technology

Specialty Finance

Consumer
- Credit Cards
- Student Loans
- Auto Loans
- Consumer Installment

Commercial
- Accounts Receivables
- Trade Finance
- Small Balance

Mortgage Credit
- Homebuilder Finance
- Re-Performing Loans
- Non-QM

Real Assets
- Equipment Leasing
- Aviation
- Shipping
- Solar/Renewables
- Agriculture
- Infrastructure

Special Situations

Distressed
- Corporate
- Mortgage
- Commercial Real Estate

Capital Solutions

Non-Performing Loans

Opportunistic

Royalties
- Music
- Health Care
- Intellectual Property

Litigation Finance

CLO Debt/Equity

Venture Debt

Portfolio Finance

Private Credit Overview – Private Credit Clients

- More than 50 clients with private credit allocations.
- 10 discretionary clients with private credit allocations.
- All client mandates are customized.

Representative Clients include:

S·U·R·S STATE UNIVERSITIES RETIREMENT SYSTEM

ORANGE COUNTY OCERS EMPLOYEES RETIREMENT SYSTEM

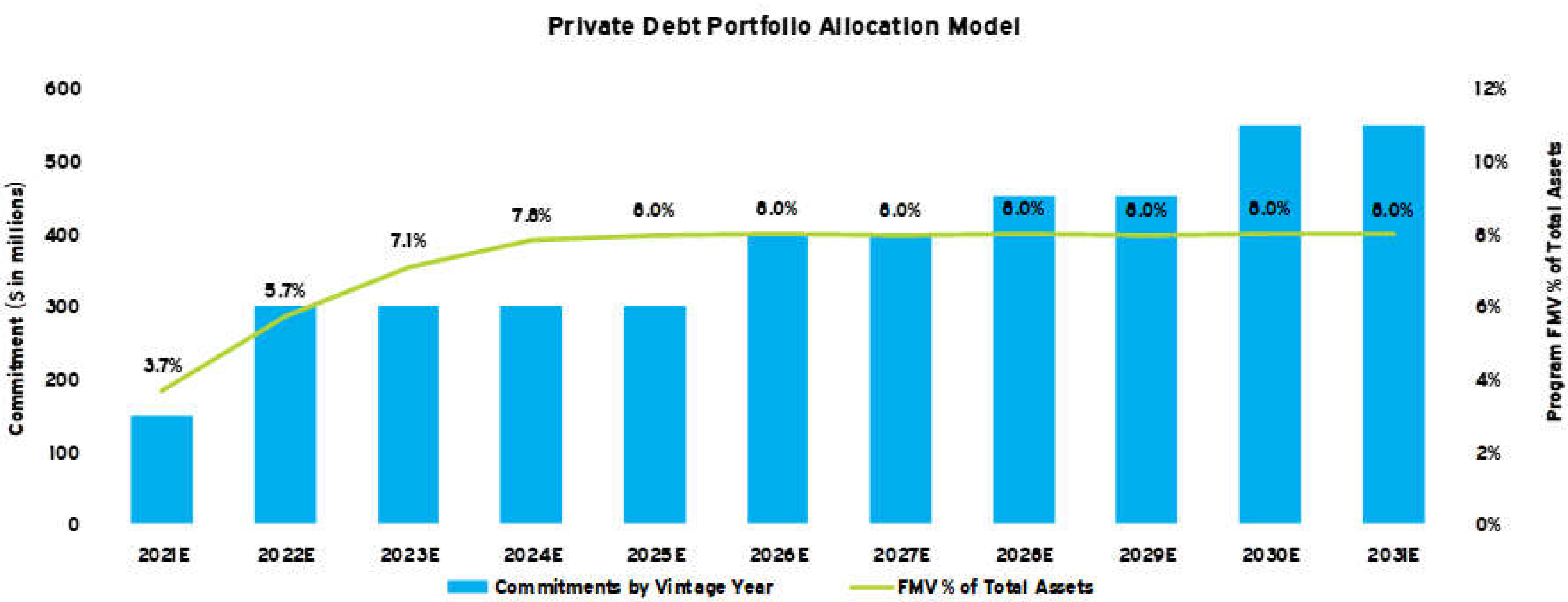
ARIZONA STATE RETIREMENT SYSTEM

DISTRICT OF COLUMBIA DCRB RETIREMENT BOARD

The above clients are representative only and not an endorsement by any client listed. It is not known whether the clients listed approve of Meketa or the services we provide.

Private Credit Overview – Sample Private Credit Case Study *(for illustrative purposes only)*

- Focus on yield-oriented strategies. S&P/LSTA Leveraged Loan Index + 200 basis points.
  - *Performance 13.0% Net IRR a/o March 31, 2022.*
- Targeting 8% policy to private credit. Up from 6% target allocation.



This information is for illustrative purposes only and does not constitute an exhaustive explanation of the investment process, investment allocation strategies or risk management. All investments involve risk. There can be no guarantee that the strategies, tactics, and methods outlined in this example will be successful. Past Performance is not indicative of future performance.

Private Credit Overview – Program Implementation Overview

Program Design

Consider all sectors.

Seek a risk-return portfolio balance that meets expectations.

Diversify by strategy, region, vintage, risk profile.

Enhance Investment Policy Statement and update Strategic Plans.

Incorporate Environmental, Social, and Governance (ESG) best practices.

Investment Preferences

Specialized, niche strategies.

Distinguish between “beta” and “alpha” opportunities.

Seek repeatable return generation models; preference for in-house capabilities.

Avoid excessive use of leverage.

Price discipline (low basis) with realistic underwriting.

Partnership Due Diligence

Top managers with a strong alignment of interest.

Generally independently-managed organizations.

Avoidance of “asset gatherers”, emphasis on more focused organizations.

Operational resources.

Focus on ESG best practices and process implementation.

Legal, Compliance & Monitoring

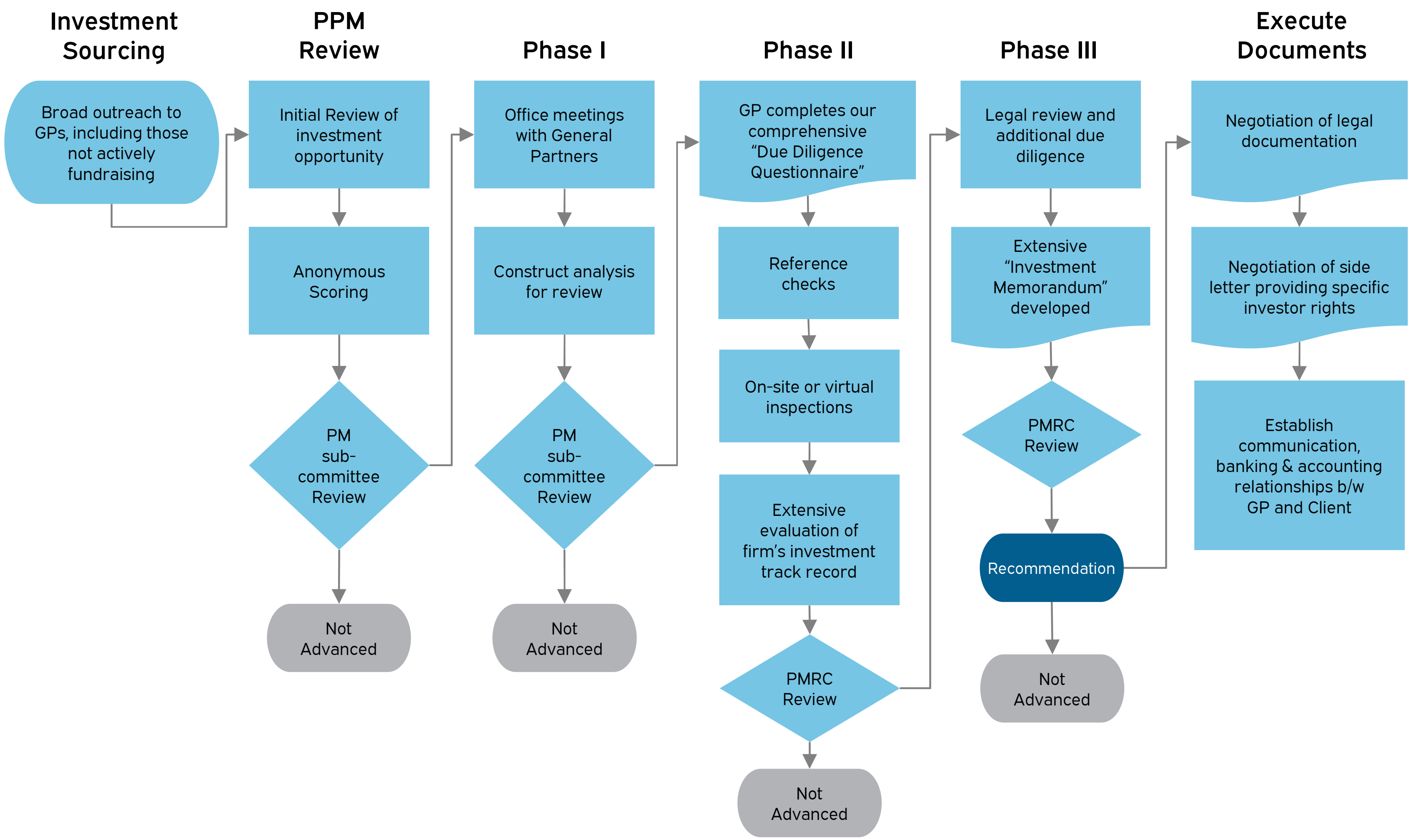
Review of partnership, co-investment or secondary P&S documents.

Analysts and Consultants assigned to follow each client investment.

Detailed reporting, with market and industry analysis.

Private Credit Overview – Due Diligence Process

We apply a rigorous review process to identify and evaluate the highest quality managers



Private Credit Overview – Emerging and Diverse Manager Initiatives

Emerging & Diverse Manager Research Day

- Hosting two Emerging & Diverse Manager Research days annually.
- Emerging & Diverse managers of all investment strategies are encouraged to register.
- Targeting 50 manager meetings at each event.

Summary

Summary

Meketa is well positioned to serve as an Extension of LACERS' Staff for its Private Credit program.

- Experienced, stable team
  - Proposed team leads average over ~20 years of industry experience.
  - Deep sourcing network.
- Significant resources
  - ~50 Private Markets Team including Operational Due Diligence and Legal.
  - Leverage private equity, real estate, real assets, infrastructure expertise.
- Holistic view of private credit
- Efficient implementation
- Understanding of large institutional funds
  - Advise on $1.9 trillion on behalf of clients, advisory and discretionary.
- Customized, collaborative approach

Summary

Thank you for the opportunity to meet with you and present our capabilities.

We are excited about the prospect of serving the

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

and believe we would be a great fit for your organization.

It would be an honor and a privilege to serve as your investment consultant.

Contact

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Tel: 312.474.0900

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New York, NY 10005
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Westwood, MA 02090
Tel: 781.471.3500

LONDON
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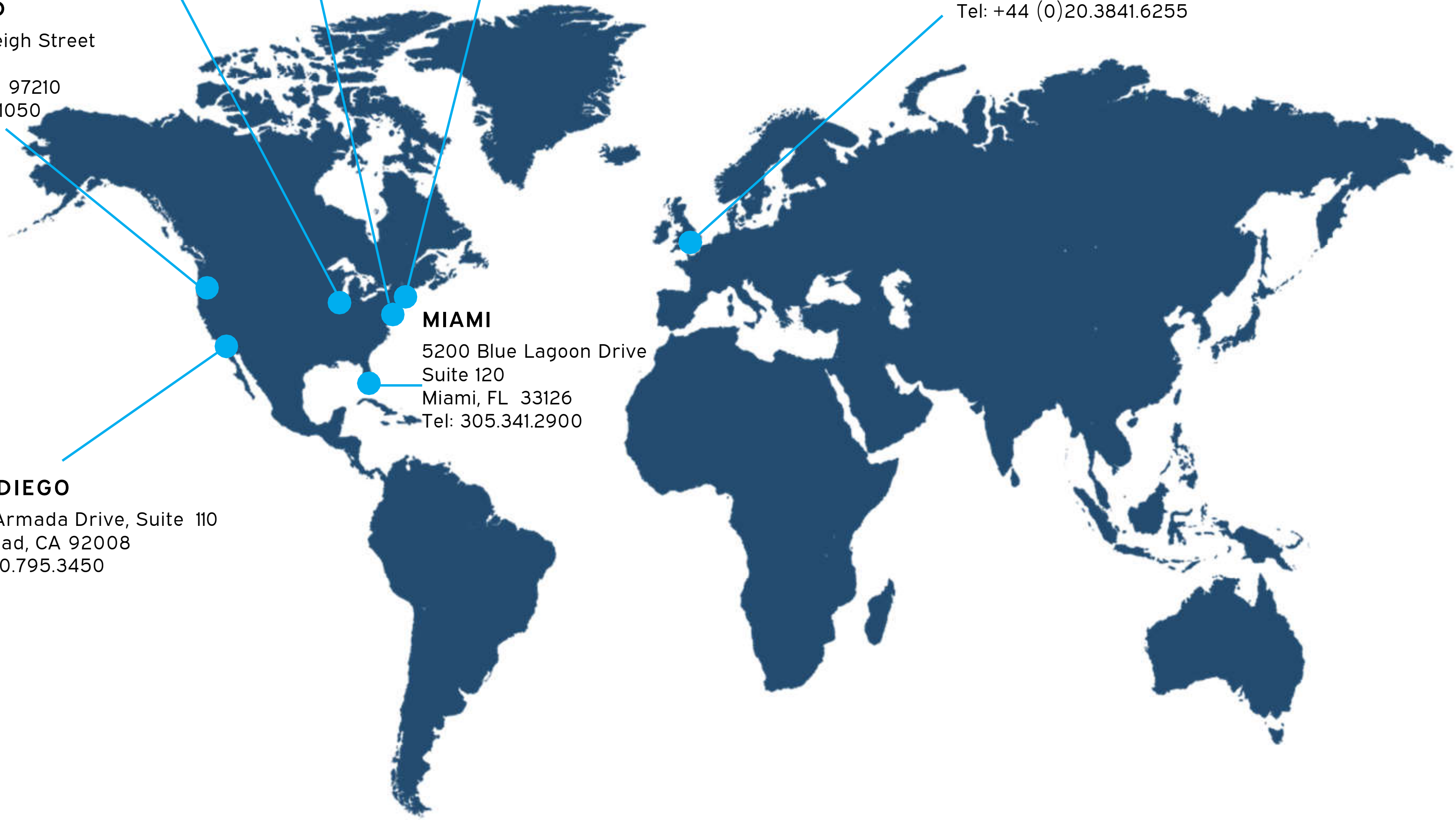
London W1K 7AX
Tel: +44 (0)20.3841.6255

PORTLAND
2175 NW Raleigh Street
Suite 300A
Portland, OR 97210
Tel: 503.226.1050



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Aksia Private Credit Overview

Los Angeles City Employees' Retirement System ("LACERS")

October 2022

Aksia

www.aksia.com

Contents

Aksia Presentation Team

Mike Krems
Partner,
Portfolio Advisory
Mike.Krems@aksia.com

- Senior member of Portfolio Advisory team
- Over 20 years of private equity, credit, and co-investment experience
- San Diego, CA based

Trevor Jackson
Managing Director,
Portfolio Advisory
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- Senior member of Portfolio Advisory team
- Over 23 years experience working with institutional clients on alternative and traditional portfolios
- Los Angeles, CA based

Tim Nest
Head of Private Credit Research
Partner,
Investment Research
Timothy.Nest@aksia.com

- Head of global private credit research team (US, Europe, Asia)
- Over 22 years experience in alternative investments
- New York, NY based

All references to Aksia herein refer to Aksia LLC, together with its wholly owned subsidiaries (collectively, "Aksia").

Aksia Overview

Aksia – At A Glance

Global Alternatives Platform

$271bn
of AUA[1]

100+
Institutional Clients[1]

$18bn
of AUM[1]

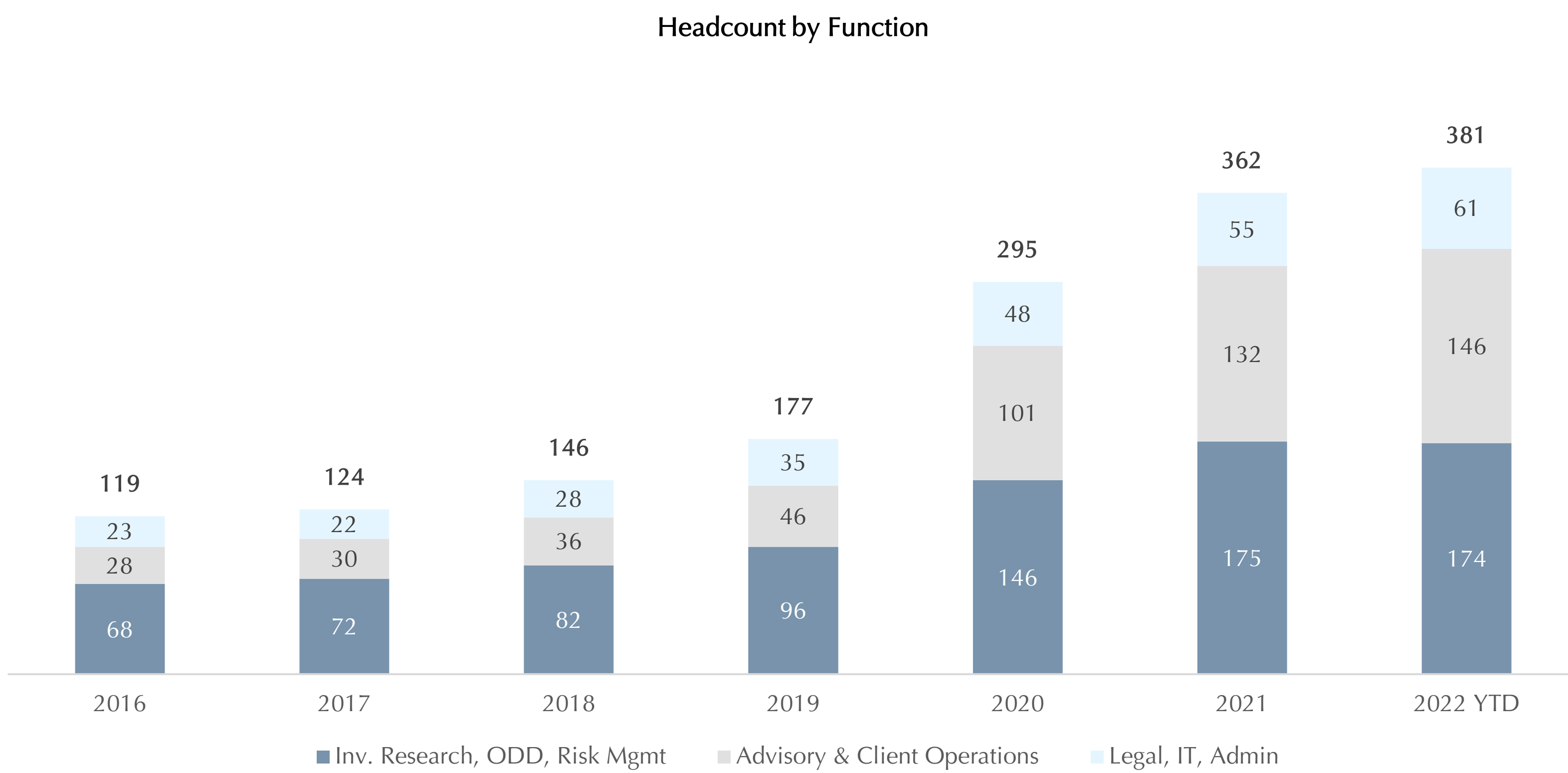
381
Professionals[2]

>3,800
Due Diligence Reports[3]

3.7
Staff to Client Ratio[1]

[1]As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. [2]As of September 1, 2022. [3]As of March 31, 2022. Due diligence has been performed (IDD, ODD, or Insight Report).

Headcount Growth

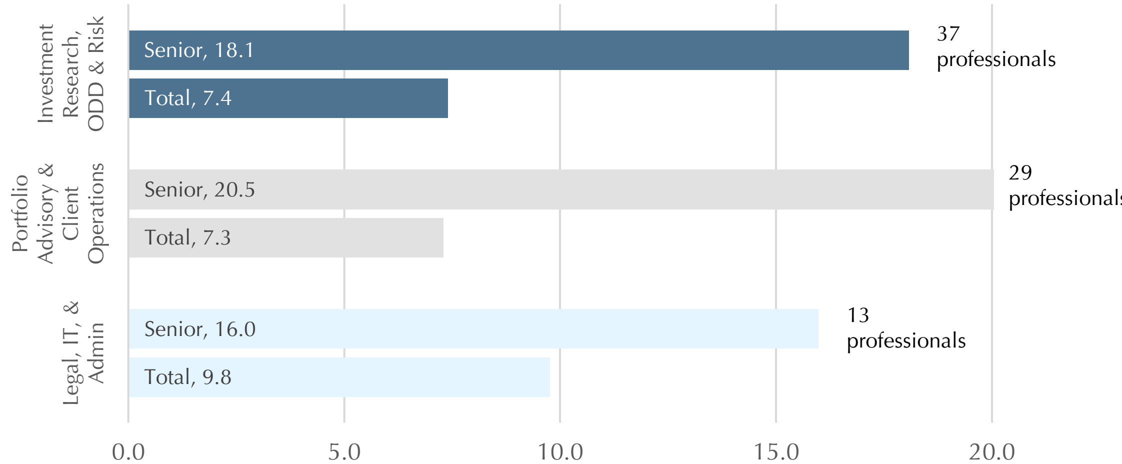


As of September 1, 2022. In 2020, 70 employees joined Aksia as a result of company acquisitions.

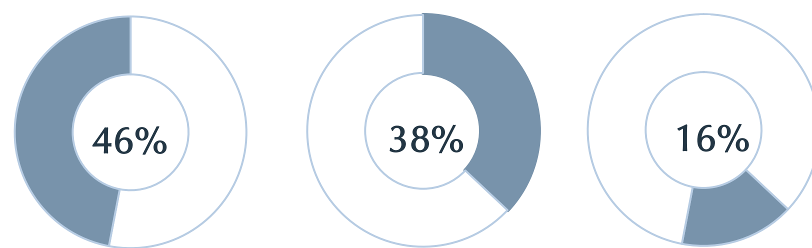
Our Professionals

Team	Size
Investment Research	76
Operational Due Diligence	60
Risk Management	38
Portfolio Advisory	48
Client Operations	98
Legal & Compliance	9
Information Technology	24
Administration	28
	381

Aksia Professionals' Average Industry Experience (Years)



Headcount by Function Type



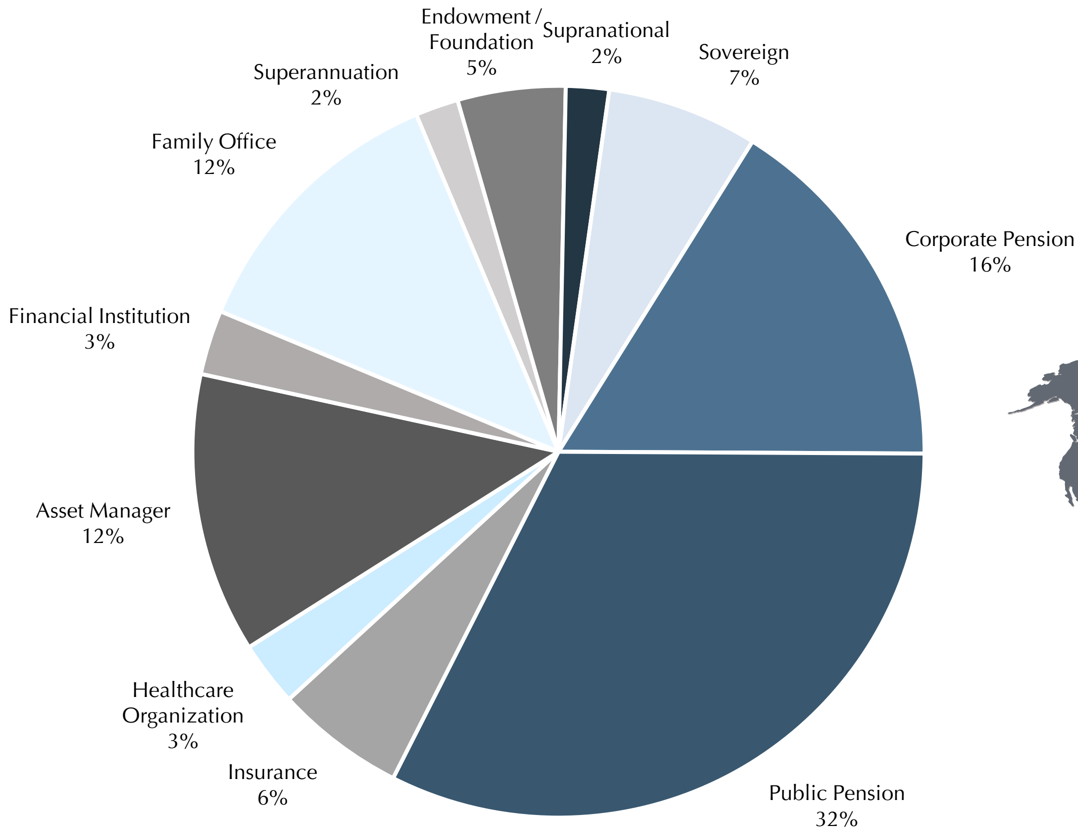
Investment Research, ODD & Risk
Portfolio Advisory & Client Operations
Legal, IT, & Admin

Aksia's Global Pan-Alts Platform

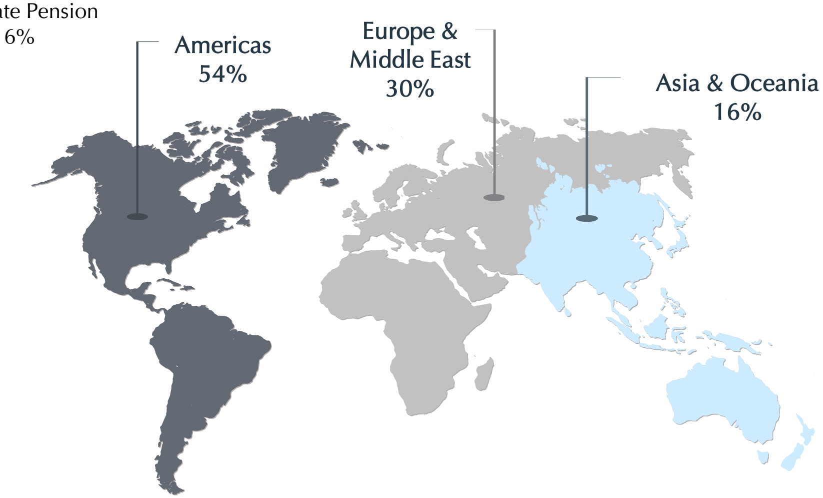
Hedge Funds	Private Credit	Private Equity	Real Assets	Real Estate
Active since 2006	Active since 2008	Active since 2011	Active since 2012	Active since 2009[1]
AUA: $63bn	AUA: $80bn	AUA: $98bn	AUA: $21bn	AUA: $9bn
AUM: $7bn	AUM: $9bn	AUM: $2bn	AUM: $32mm	AUM: $6mm

As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. [1]Includes experience from Aksia Chicago's predecessor firm.

Aksia's Clients are Experienced Institutional Investors



Global Client Base



As of June 30, 2022.

Aksia

Advisory Services Overview

Top-Down Advisory Process

Asset Class Investment Committee

- Formulate Aksia's top-down sector & strategy themes
- Evaluate market conditions, identify opportunity set
- Investment Due Diligence Ratings

Portfolio Advisory Team

- Collaborative: frequent contact, investment discussions, ad hoc projects
- Assigned portfolio team
- Assist with policy review, program design, portfolio planning and strategic initiatives

Research

- Investment research led by Sector heads (Partners, Managing Directors or Senior Vice Presidents)
- Manager sourcing, investment due diligence, operational due diligence
- Stringent operational due diligence

Risk Management

- Risk Team and related Risk Committees
- Fund and portfolio level risk exposures
- Attribution and trend analyses

Private Credit – Pipeline Management and Planning

Numerous resources and teams used to help track and manage client investment activities and objectives

	Select Aksia Support	Teams Involved: Research	Advisory	Data
Strategic Planning	Pacing model, annual planning sessions, Board reviews	✓	✓	
Themes Generation	Annual Outlook, deep dive presentations, ad-hoc research calls	✓	✓	
Proposal Screening	"MAX" PC fund screener tools, client proposal tracking, monthly emails pipeline updates	✓	✓	✓
Pipeline Prioritization	Capital raise updates, discounts/fee deals, GP call/meeting notes, screening and due diligence reports all housed in "MAX". Regular or ad hoc client pipeline calls.	✓	✓	✓

Approaches to Portfolio Construction

Fixed Income Substitute:

Diversified positions in senior lending strategies - often a combination of corporate and real estate debt strategies

- Direct Lending
- Real Estate Credit
- Real Assets Credit

Core + Satellite:

Concentrated positions in direct lending and/or cross asset complemented with smaller holdings in specialized strategies

Core

- Direct Lending (mostly senior U.S. and Europe)
- Real Estate Credit
- Real Assets Credit

Satellite

- Structured Credit
- Mezzanine
- Distressed
- Special Situations
- Specialty Finance

Opportunistic:

Diversified across various collateral types with a bias towards niche opportunities

- Direct Lending
- Distressed & Special Situations
- Specialty Finance
- Real Estate Credit
- Real Assets Credit
- Mezzanine

Private Credit Portfolio Considerations

Aksia

Thematic Approach

- Top-down sector themes determined by research observations with advisory guidance
- Flexibility to be opportunistic

Risk Considerations

- Geography: US, Europe, Asia, Emerging Markets
- Collateral type: corporate cash flow, real estate, real assets, consumer
- External leverage: unlevered, fund leverage, securitization
- Vintage year
- Company/asset size
- Structural seniority: senior, mezzanine, preferred

Co-Investments*

- Aksia takes a fundamentally oriented approach to co-investments, emphasizing the following key factors:
  - Investments where Aksia believes the GP has demonstrated expertise and edge
  - GPs where Aksia has conviction in the relevant team and strategy
- Aksia also believes that co-investments can be effectively used to reduce the overall fees in a portfolio and to opportunistically weight primary fund portfolios

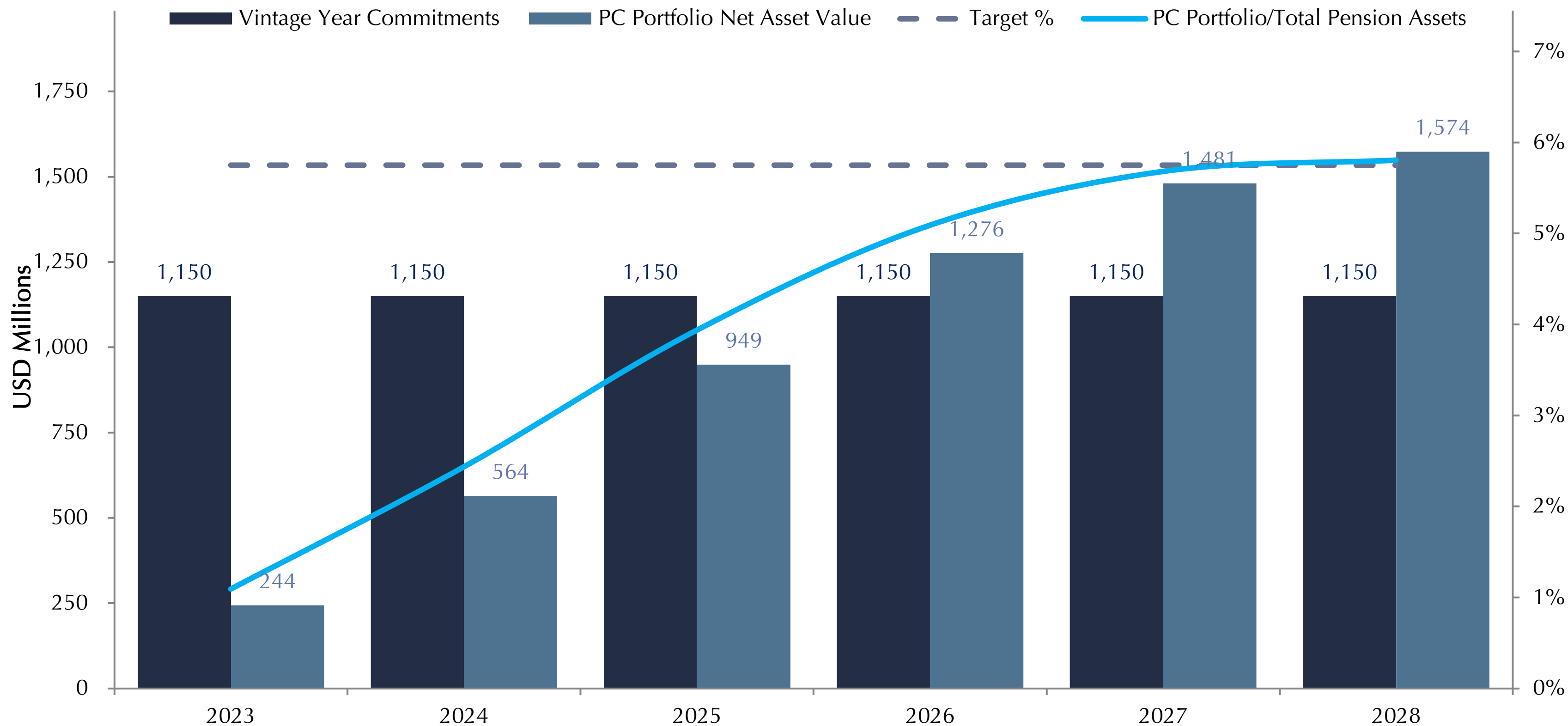
Additional Considerations

- Diversity and inclusion
- First time funds
- Additional economics associated with primary fund commitments

*Note that Co-Investment services are added services that may be subject to additional fees, depending on scope to be mutually agreed upon.

Projected Private Credit NAV

Aksia



		2023	2024	2025	2026	2027	2028
Private Credit	Net Asset Value	244	564	949	1276	1481	1574
	Uncalled Capital	1129	1783	2189	2420	2553	2629
	% of Total Pension Assets	1.09%	2.44%	3.94%	5.09%	5.68%	5.81%

* For illustrative purposes. Projection includes current SMA commitments and a total portfolio value of approx. $20.6B as of June 30, 2022. NO RELIANCE ON FORECASTS: Any projections, forecasts or market outlooks provided herein should not be relied upon as events which will occur and no assurances can be given that a particular strategy will perform in a manner consistent with its historical characteristics, or that forecasts, expected volatility or market impact projections will be accurate. Use of this reference material does not assure any level of performance or guarantee against loss of capital. Neither Aksia nor any of its representatives make any representation or warranty, express or implied, as to the accuracy or completeness of the information provided herein. Neither Aksia nor any of its representatives shall have any liability relating to or resulting from the use of this reference material or any errors therein. Please see pages 26 and 27 which are integral to reviewing this data.

Projected Private Credit Commitment Schedule

Aksia

Category	Strategy	Annual Commitment ($m)	Private Credit Portfolio Allocation	Total Portfolio Allocation
Core Direct Lending (40% - 70%) RE / RA Credit (20% - 40%)	**Private Credit**	1,150	100.00%	5.75%
	Direct Lending *U.S. Direct Lending* *European Direct Lending*	460	40.0%	2.3%
	Real Estate Credit *U.S. CRE Core Lending* *U.S. CRE Transitional Lending* *European CRE Lending*	115	10.0%	0.6%
	Real Assets Credit *Infrastructure Lending* *Energy Credit*	115	10.0%	0.6%
Satellite Specialty Finance (0 - 25%) Distressed/Special Situations (0 - 30%)	**Specialty Finance** *Consumer & SME Lending* *Venture Lending* *Litgation Finance*	230	20.0%	1.2%
	Distressed Debt & Special Situations *Corporate Distressed* *Capital Solutions*	230	20.0%	1.2%

* Information for illustrative purposes. Indicative target ranges would be driven by opportunity set and skill sets of available managers and respective investment terms. Projection includes current SMA commitments and a total portfolio value of approx. $20.6B as of June 30, 2022.

Private Credit Coverage & Research

Aksia Private Credit

Aksia

Private Credit Market Footprint	Global Credit Team	Broad Coverage
$80bn AUA[1] **$9bn** AUM[1]	**23** Private Credit Investment Research Professionals[3]	**85+** PC Sub-strategies
Client Investments in **>620** Unique Programs[1]	**27** Private Credit Risk Professionals[3]	**59%** Program Size <$1bn[2] **52%** Global or Outside U.S.[2]
Due Diligence on **>820** PC Opportunities[2]	**7 Offices** Deep Research Coverage & Local Presence Across Global Markets[3]	**~$9.7bn** of Co-investments Sourced LTM[4]

[1]As of June 30, 2022. AUA/AUM is defined as NAV plus unfunded commitments. Represents investments currently tracked and monitored by Aksia's Client Operations team. AUM includes fully discretionary accounts and accounts where the client retains veto authority. A program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling. [2]As of March 31, 2022. Due diligence has been performed (IDD, ODD, or Insight Report). Coverage by geography and fund size is representative of the universe of investment programs on which Aksia has conducted due diligence. [3]As of September 1, 2022. Professionals that spend some or all of their time covering Private Credit strategies. Number of offices includes Operational Due Diligence professionals. [4]As of March 31, 2022. Based on initial communications with Managers. From co-investments received in the last twelve months ended March 31, 2022, Aksia has invested in 9 deals totaling approximately $54.4mm.

Private Credit Team Resources

Aksia

23 Private Credit Investment Research

Tim Nest, Partner
Head of Private Credit
22+ years of experience

Dan Krivinskas, Partner
Head of Real Estate
20+ years of experience

Brian Goldberg, Managing Director
Head of Event Driven & Multi-Strategy
16+ years of experience

Maiko Nanao, Managing Director
Investment Research, Asia
23+ years of experience

Ping Xu, Co-Head of Hong Kong Office
19+ years of experience

Alex Goldman, Vice President
7+ years of experience

Michael Mahan, Senior Associate
5+ years of experience

Ergian Xhokola, Senior Associate
6+ years of experience

Leo Fletcher-Smith, Managing Director
Head of European Private Credit Strategy
15+ years of experience

Joshua Hemley, Managing Director
Head of Credit Co-Investments
14+ years of experience

Antonis Antypas, Managing Director
Global Head of Analytics
14+ years of experience

Thomas Bernhardt, Senior Vice President
22+ years of experience

Filip Malaric, Vice President
8+ years of experience

Jeff Waters, Senior Associate
11+ years of experience

3 Associates | 6 Analysts

60 Operational Due Diligence

Simon Fludgate, Partner
Head of Operational Due Diligence
28+ years of experience

41 Portfolio Advisory

Patrick Adelsbach, Partner
Co-Head, Advisory Americas
24+ years of experience

Michelle Davidson, Partner
Co-Head, Advisory Americas
35+ years of experience

Mike Krems, Partner
Private Equity Portfolio Strategies
20+ years of experience

27 Risk Management

Dan Quiat
Head of Private Markets Risk
8+ years of experience

92 Client Operations

Kara King, Partner
Head of Client Operations & Risk Management
31+ years of experience

As of September 1, 2022. Includes Investment Research, Portfolio Advisory, Risk Management and Client Operations professionals that spend some or all of their time covering Private Credit strategies. Operational Due Diligence professionals are generalists and cover all asset classes.

Private Credit Coverage

Aksia

Direct Lending

U.S. Direct Lending
- Senior
- Opportunistic
- LMM (sponsored)
- LMM (non-sponsored)
- Private BDCs
- Industry Focused
- Revolvers

European Direct Lending
- Senior
- Opportunistic
- LMM
- Country-Specific Funds

Emerging Markets Lending
- Asian
- African
- CEE/Middle East
- Latin American
- Pan-EM

Global Direct Lending

Distressed Debt & Special Situations

Corporate Distressed
- Stress / Distressed Trading
- Influence / Control
- Diversified Distressed

Opportunistic Structured Credit
- 3rd Party CLO Equity
- Captive CLO Equity
- CLO Debt
- CLO Multi
- Consumer ABS
- CMBS/CRE
- Esoteric ABS
- European Structured Credit
- RMBS
- Structured Credit Multi-Sector

Real Estate Distressed

NPLs

Capital Solutions

PC Special Situations

Distressed for Control

Specialty Finance

Consumer & SME Lending
- Marketplace Finance
- Lender/Platform Finance

Factoring & Receivables

Regulatory Capital Relief

Music/Film/Media Royalties

Oil & Gas Minerals Royalties

Metals Royalties

Healthcare Lending & Royalties
- Healthcare Lending
- Healthcare Royalties

Venture Lending

Insurance Linked Credit
- Diversified
- Life Insurance
- Non-Life

Litigation Finance
- Litigation Finance
- Merger Appraisal Rights

PE Portfolio Finance

Stretch ABL

Rediscount Lending

Diversified Specialty Finance

Real Estate Credit

U.S. CRE Core Lending

U.S. CRE Transitional Lending
- Large Loan
- Middle Market
- Small Balance
- Opportunistic

U.S. CRE Bridge Lending
- Large Loan
- Middle Market
- Small Balance

European CRE Lending
- Bridge
- Transitional
- Core

Emerging Markets CRE Lending

CRE Structured Credit
- Agency CRE B-Piece
- Non-Agency CRE B-Piece

Residential Mortgages
- Residential NPLs
- Single Family Rental
- Mortgage Servicing Rights
- Residential Origination

Real Assets Credit

Infrastructure Lending
- Senior Focus
- Sub-IG Focus
- Mezz Focus

Energy Credit
- Energy Lending
- Energy Mezzanine Lending
- Opportunistic

Trade Finance

Metals & Mining Finance

Agricultural Credit

Transportation
- Aviation Lending
- Maritime Lending
- Road & Rail Lending
- Transportation Lending (Multi)

Mezzanine

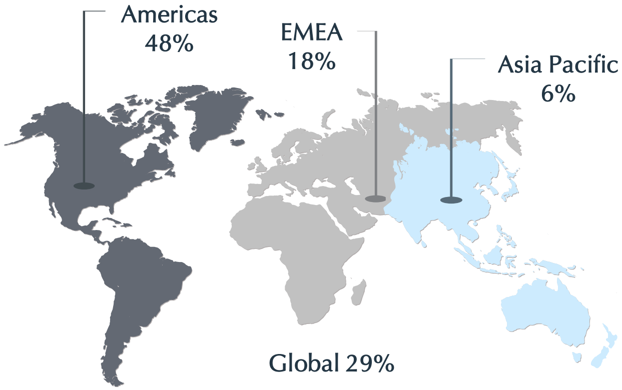
U.S. Mezzanine
- Upper Middle Market
- Middle Market
- Lower Middle Market

European Mezzanine

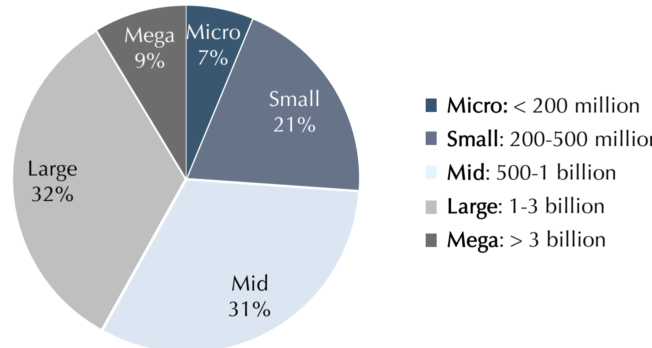
Structured Equity

Private Credit Research

Geographies



Fund Sizes



	Preliminary Review[1]	Further Review[2]	Due Diligence Report[3]
Direct Lending	952	666	235
Mezzanine	184	138	29
Distressed Debt & Special Situations	1,218	778	291
Specialty Finance	516	307	118
Real Assets Credit	234	145	58
Real Estate Credit	455	281	98
Total[4]	**3,559**	**2,315**	**829**

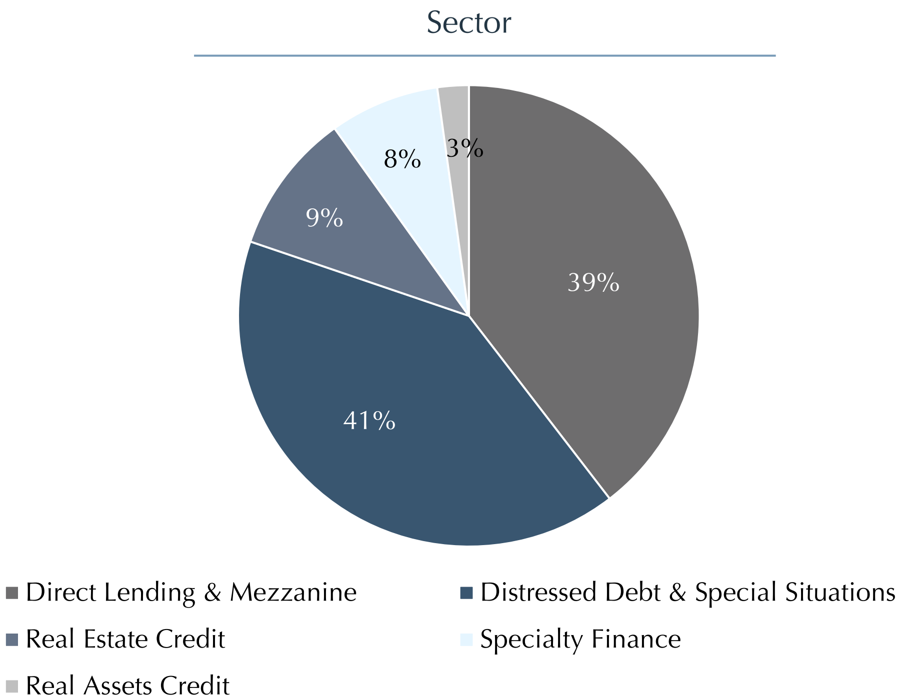
1. *Received fund materials*
2. *Conducted at minimum an initial call or meeting*
3. *Due diligence has been performed (IDD, ODD, or Insight Report)*
4. *Access to a fund manager's confidential information may be subject to Aksia's receipt of such manager's consent to disclose confidential information to the client*

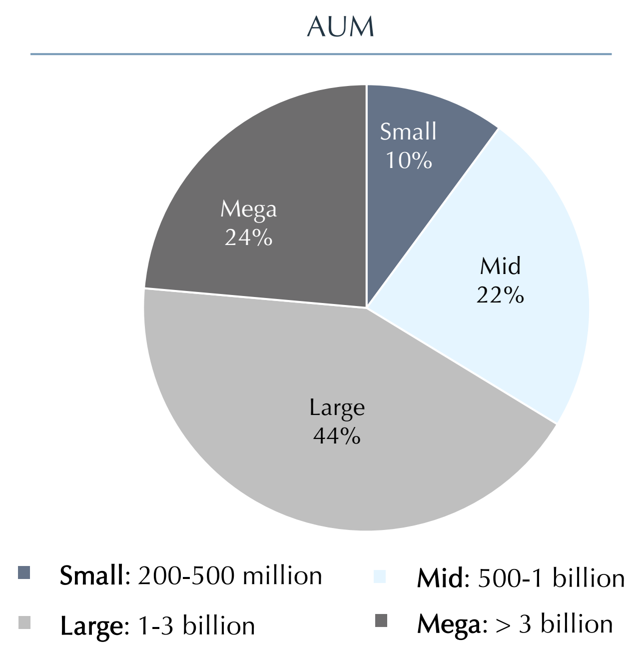
As of March 31, 2022. Coverage by geography and fund size is representative of the universe of investment programs (where a program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling) on which Aksia has conducted due diligence (IDD, ODD, or Insight Report).

Private Credit Fee Deals

- Aksia has a structured program for actively negotiating fee discounts generally based on aggregating advisory clients' investments
- All fee discounts flow 100% to clients
- Fee discounts are generally made available to eligible clients to view via MAX

Currently negotiated deals by:





Aksia's active negotiated private credit fee deals as of March 31, 2022. Fee deals are only available to advisory clients who subscribe to our client operations and accounting support services. Sector and AUM breakout is by program. A program is defined as a group of funds managed by the same manager which pursue a similar investment strategy, leverage, and/or investor pooling.

Private Credit Thematic Investment Approach

Aksia

Defensive
"Late Cycle Positioning"

Structural Protections
- Levered Sr. Middle Market Loans (US/Eur)
- Transitional RE Debt *(Large Cap/Major Markets)*
- Asset-backed Loans ("Stretch ABL")
- Infrastructure Debt

Optionality
- "Opportunistic Credit"
- Flexible "Special Situations" Mandate
- Dislocations Trigger

Low Correlation
- Royalties

Specialist Niche
"Opportunistic Diversifiers"

Growth Sector Focus
- Growth Debt to Tech/SW Cos.
- Venture Debt (Tech Focus)
- Healthcare – Structured Solutions

Structured
- Regcap focus

Hard Assets
- Bridge to Agency Multi-family

Emerging Opportunities
- Structured Secondaries
- NAV Loans / Portfolio Finance
- "Hybrid" Capital Solutions

Dislocations
"Current and Emerging Stresses"

"Covid Clean-up"
- Opportunistic / Rescue Lending CRE
- Re-performing RE Loans
- ABL Retail
- Mid-market Capital Solutions

Emerging Opportunities
- Asia Special Situations Lending (China / India focus)
- NPLs (Europe and Asia)
- Chinese Development Loans

The above represents Aksia's market observations. Observations are subject to change.

Select Emerging Manager Private Credit Client Support

Aksia

- Support private credit clients with their emerging manager programs
- Work with thought-leading institutional LPs on impact, ESG and diversity matters
- Source and evaluate opportunities across the private credit market including anchor investments, start-up platforms, and other bespoke investment partnership arrangements

Selected Relevant Accounts[1]

US Public Pension: Niche Private Credit

- $489 million total PC AUM[2]
- Focus on niche strategies, earlier stage GPs, and diverse GPs
- Active across primaries, secondaries, and co-investments

US Public Pension: Opportunistic Credit

- $13.6 billion total PC AUA[2]
- Support allocations to emerging and diverse GPs
- Strong ESG focus with bespoke portfolio requirements

US Public Pension: Private Credit Portfolio

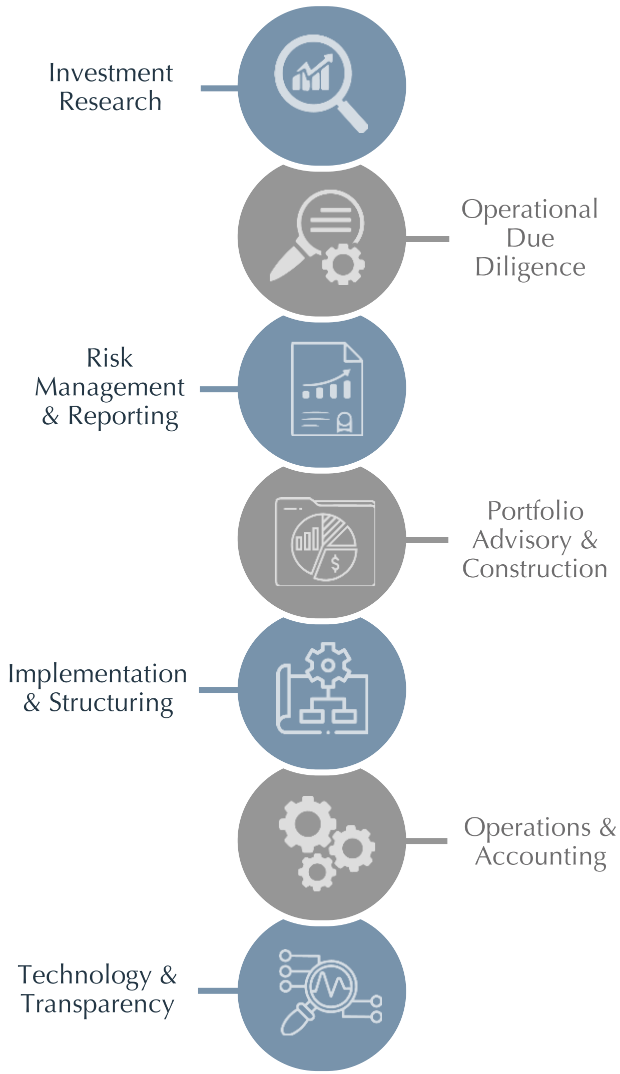
- $8.9 billion total PC AUA[2]
- Support allocations to emerging and diverse GPs in client's Emerging Manager program
- Manage a custom vehicle focused on Asia private credit

European Institution: Direct Lending (ESG focus)

- $1.27 billion total PC AUM[2]
- Manage senior middle market debt focused investment vehicle
- Significant ESG overlay to underwriting and portfolio monitoring
- Bespoke reporting and other terms negotiated for underlying accounts

For illustrative purposes only. [1]Partnerships included are chosen to portray a representative group of investment mandates and are not intended to be an exhaustive list of Aksia's relationships and strategies. [2]Data as of March 31, 2022, intended to represent the full private credit program and not just the emerging manager portion.

Aksia Key Points



Aksia provides comprehensive and well staffed support for Advisory clients.

- Dedicated Portfolio Advisory team for each client
- Full back-office support available including onboarding of legacy portfolio
- Online access to manager research, portfolio accounting, risk analytics, etc.
- Direct access to Aksia research professionals globally
- Reviews of client portfolio by relevant senior investment professionals not directly involved in the relationship
- Aksia's high staff-to-client ratio allows for quick response and resourcing via client requested special projects

Disclaimers

NO OFFERING: These materials do not in any way constitute an offer or a solicitation of an offer to buy or sell funds, private investments or other securities mentioned herein. These materials are provided only in contemplation of Aksia's research and/or advisory services. These materials shall not constitute advice or an obligation to provide such services.

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CONTRACT FOR AKSIA LLC PRIVATE CREDIT CONSULTING SERVICES

PROPOSED RESOLUTION

WHEREAS, on December 14, 2021, the Board authorized a Request for Proposal for Private Credit Consulting Services; and,

WHEREAS, on June 14, 2022, the Investment Committee approved Aksia LLC, Meketa Investment Group, Inc., and NEPC, LLC as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the three semi-finalist candidates; and,

WHEREAS, on October 11, 2022, the Investment Committee interviewed Aksia LLC and Meketa Investment Group, Inc. to understand the capabilities of each firm and subsequently recommended Aksia LLC to the Board for consideration for hire; and,

WHEREAS, on October 25, 2022, the Board approved the Investment Committee's recommendation for a three-year contract with Aksia LLC.

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name:	Aksia LLC
Service Provided:	Private Credit Consulting Services
Effective Dates:	November 1, 2022 through October 31, 2025
Duration:	Three years
Fee:	Year 1 – $325,000 Year 2 – $325,000 Year 3 – $325,000

October 25, 2022

LACERS
LA CITY EMPLOYEES' RETIREMENT SYSTEM

INFRASTRUCTURE MARKET OVERVIEW

LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

OCTOBER 25, 2022

NEPC

Larissa Davy

Investment Director II

- Infrastructure Specialist, NEPC Research Team
- 10 years investment experience
- 10 years with NEPC in multiple research roles
- Boston, MA

Carolyn Smith

Partner

- LACERS Generalist Consultant
- 35 years investment experience
- 16 years with NEPC
- San Francisco, CA

INFRASTRUCTURE OVERVIEW

- **Infrastructure assets are generally defined as physical facilities or networks that provide essential goods or services to a broad range of users**
  - Infrastructure assets may be owned privately or through publicly traded securities
- **Infrastructure assets may generate a return through a combination of current income and/or capital appreciation**
- **Characteristics of Infrastructure Assets**
  - Long duration assets with stable cash flows typically tied to inflation
  - Monopolistic or quasi-monopolistic assets with significant barriers to entry
  - Operate in regulated environments
  - Capital intensive assets with high replacement costs
- **Large infrastructure investable universe**
  - Over $97 trillion of global infrastructure investment required by 2040
  - Over $950 billion of total capital raised for private infrastructure funds over the last decade
  - Publicly traded infrastructure equities account for over 350 companies globally, with a combined market cap of approximately $4 trillion
- **Investments can be made across the asset lifecycle**
  - Greenfield, brownfield, and operating assets

Source: CBRE and Preqin as of 9/30/2022

INFRASTRUCTURE SUB-SECTORS

Transportation	Energy & Utilities	Communication	Social
Toll Roads	Renewable Power	Wireless Towers	Education Facilities
Bridges	Electricity Generation	Fiber Networks	Healthcare Facilities
Tunnels	Water & Waste	Data Centers	Courthouses
Airports	Electricity Transmission		
Seaports	Oil & Gas Pipelines		
Rail			

INFRASTRUCTURE SUB-SECTORS

Sector	Asset Focus	Typical Returns	Typical Revenue Structure	GDP Sensitivity?
Transportation	▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports ▪ Seaports ▪ Rail	11-15%	Concession	Yes
Energy and Utilities	▪ Renewable Power ▪ Electricity Generation ▪ Water & Waste ▪ Electricity Transmission ▪ Oil & Gas Pipelines	8-12%	Regulated / Contracted	Somewhat
Communication	▪ Wireless Towers ▪ Fiber Networks ▪ Data Centers	10-14%	Contracted	No
Social	▪ Education Facilities ▪ Healthcare Facilities ▪ Courthouses	8-12%	Concession	No

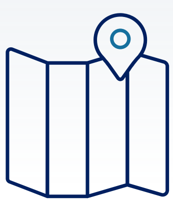
Note: "Typical returns" are illustrative examples only, actual target or realized returns may vary for all sectors. Returns are based on net of fee assumptions.

INFRASTRUCTURE LIFECYCLE

Prolonged Period Prior to Cash Flow → **Growing Income** → **Stable Income**

Greenfield

- Assets requiring development and construction which may introduce operational complexity
- In certain cases development/construction risks can be outsourced to third parties and various structural elements can be introduced to provide a greater degree of revenue certainty



Brownfield

- Assets that are operating and generating cash flow
- Distributions will increase during growth/ramp up periods and level off as an asset matures
- Longer operating histories support more predictable cash flows

Operating

- Assets that are operating and generating cash flow
- Steady distributions from revenue generation
- Usage typically grows at approximately the rate of GDP Growth

ROLE OF INFRASTRUCTURE IN A PORTFOLIO

GOALS OF INFRASTRUCTURE ALLOCATION

Income	Stabilized assets generate predicable cash flows meaning a significant percentage of returns can be generated from cash distributions
Inflation Protection	Inflation-linked cash flows provide natural hedge to rising liabilities
Diversification	Low correlation to other asset classes
Downside Protection	Attractive total return potential with lower volatility generates attractive risk-adjusted returns and serves as downside protection

PORTFOLIO FIT

- **Infrastructure investments fit into an overall portfolio as a standalone allocation or as part of a broader allocation**
  - Infrastructure
  - Real Assets
  - Alternatives
  - Inflation-Hedging
- **Depending on the sub-strategy, some infrastructure strategies share characteristics with real estate and/or private equity**
  - Similarities to private equity:
    - Operationally-intensive
    - Portfolio company management team in charge of day-to-day operations
  - Similarities to real estate:
    - Fees for service are predictable and stable
    - Inflation-adjusted revenue streams
    - Asset location as a key consideration or advantage
- **Some infrastructure investments may also be considered as part of a real estate allocation**
  - Some infrastructure asset classes are more real estate-like than others; for example:
    - Senior Housing (real estate or social infrastructure)
    - Data centers (real estate or communications infrastructure)

CONSIDERATIONS

- **Infrastructure is not a "one size fits all" asset class; the mix of various risk/return strategies should be customized based on client objectives**
- **In constructing an infrastructure portfolio there are several key considerations that impact the allocation, including:**
  - Plan investment policy
  - Plan inflation sensitivity
  - Allocation to illiquid alternatives
  - Liquidity requirements of plan
  - Existing infrastructure investments
- **A global infrastructure investment strategy may benefit from diversification as various regions are at different points in an economic cycle**
  - Global managers tend to be large platforms with investment professionals around the world while non-U.S. managers may be more localized in a particular region or country
- **However, there are some considerations of investing in infrastructure outside of the U.S.:**
  - Currency risk
  - Geopolitical risk
  - Market liquidity risk
  - Limited inflation hedge

RISK & RETURN FACTORS

- **There are several factors to consider when assessing the overall risk and return of an infrastructure investment**

Geography	Canada, U.S. Western Europe, Australia	Other OECD Countries	Emerging Markets
Operational Maturity	Operating	Brownfield	Greenfield
Operating Income	Stable Income	Growing Income	Prolonged period prior to cash generation
Revenue Model	Predominantly contracted or regulated	Partially contracted or regulated	Dependent on volume and price
	LOWER	**Risk & Return**	**HIGHER**

DIVERSIFICATION BENEFITS

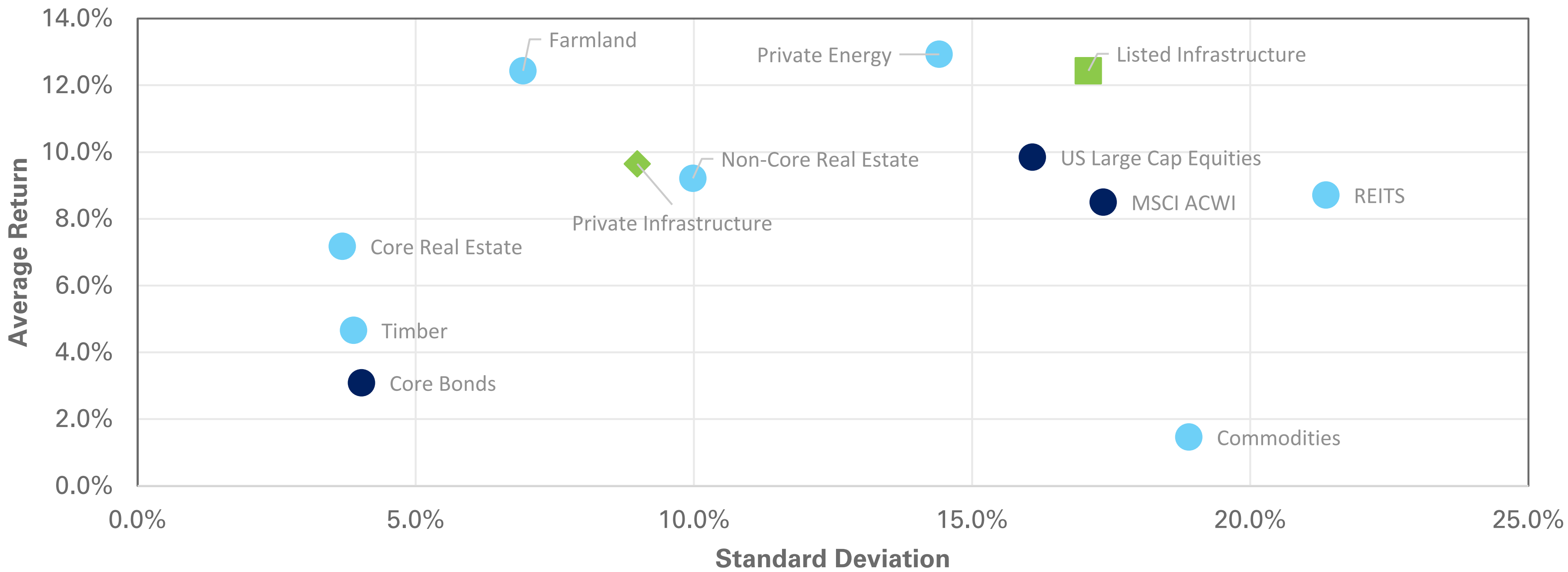
- **Infrastructure is expected to perform differently than other asset classes because of the defensive characteristics of the assets that create more stable cash flow streams**
- **Private infrastructure has exhibited low correlation to stocks and bonds**
  - Private infrastructure also has low correlation to other alternative asset classes

	Large-Cap Equity	Small/Mid-Cap Equity	Int'l Equity (Unhedged)	Emerging Int'l Equity	IG Corp Credit	High-Yield Bonds	Commodities	REITs	Public Infrastructure	Core Real Estate	Non-Core Real Estate	Private Real Assets - Energy/Metals	Private Real Assets - Infrastructure/Land
Large-Cap Equity	1.00												
Small/Mid-Cap Equity	0.87	1.00											
Int'l Equity (Unhedged)	0.80	0.76	1.00										
Emerging Int'l Equity	0.71	0.73	0.76	1.00									
IG Corp Credit	0.30	0.27	0.31	0.28	1.00								
High-Yield Bonds	0.63	0.67	0.63	0.64	0.56	1.00							
Commodities	0.34	0.38	0.45	0.45	0.19	0.39	1.00						
REITs	0.58	0.65	0.55	0.48	0.39	0.61	0.28	1.00					
Public Infrastructure	0.49	0.55	0.52	0.48	0.31	0.53	0.61	0.70	1.00				
Core Real Estate	0.41	0.45	0.39	0.36	0.30	0.49	0.21	0.61	0.45	1.00			
Non-Core Real Estate	0.48	0.52	0.47	0.45	0.39	0.66	0.27	0.62	0.48	0.85	1.00		
Private Real Assets - Energy/Metals	0.39	0.44	0.46	0.44	0.23	0.43	0.79	0.45	0.62	0.30	0.35	1.00	
Private Real Assets - Infrastructure/Land	0.48	0.55	0.52	0.48	0.31	0.53	0.65	0.68	0.99	0.44	0.47	0.64	1.00

Sources: NEPC Analysis, as of September 30, 2022.

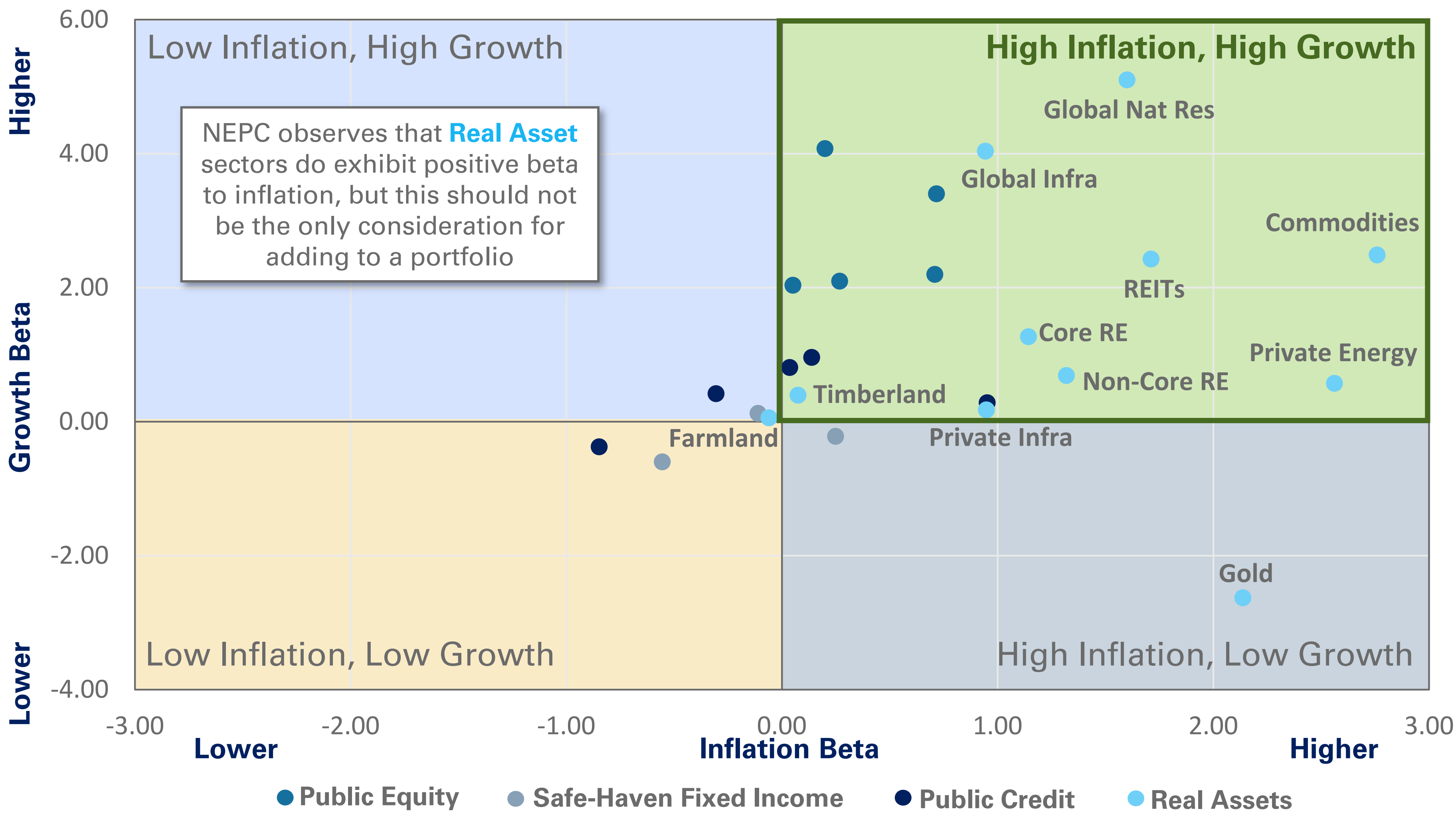
LONG TERM RETURNS & VOLATILITY

- **Private infrastructure** *(green diamond)* **has the potential to generate comparable returns with less risk than publicly listed infrastructure** *(green square)*
  - In the short to medium term public infrastructure equities are subject to broad equity market volatility
- **Over the trailing 20 years, private infrastructure has delivered risk-adjusted returns comparable with non-core real estate, and more mixed relative to other real asset sectors** *(light blue circles)*
  - The chart below also shows infrastructure's relative risk and return versus more traditional asset classes *(dark blue circles)*



Sources: NCREIF, Thompson One/Cambridge Associates, FactSet. Data as of September 30, 2022.
Calculated using 20 years of quarterly returns except for listed infrastructure which has data since 2007 (the earliest available for the index). Returns are reported net of fees.

INFLATION SENSITIVITY



Notes: Growth and Inflation Beta calculations reflect sensitivity to trends in U.S. CPI-U and U.S. Real GDP growth since asset class inception date. EM and China Equity betas reflect sensitivity to a blend of 50% U.S. and 50% global metrics.

Sources: S&P, Russell, MSCI, Bloomberg, Cambridge Associates, JPM, NAREIT, NCREIF, FactSet

CASH FLOW & INFLATION PROTECTION

- **Infrastructure investments generate cash flows with a positive sensitivity to changes in inflation**
  - Revenues can be more or less predictable based on the asset's business model
- **The long lives of infrastructure assets should provide a hedge against inflation**
- **Contractual price escalators or concessions with price inflation-indexed escalators allow income to adjust with inflation**

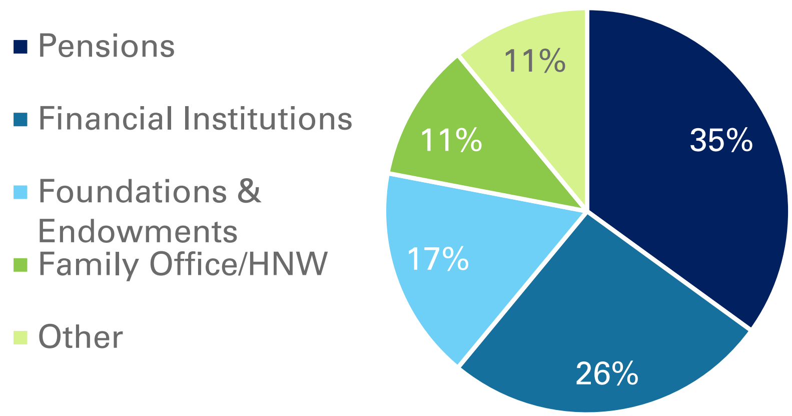
	MORE PREDICTABLE			LESS PREDICTABLE	
Type	**Regulated**	**Contracted**	**Concession (Availability Model)**	**Concession (Tolling Model)**	**Merchant**
Description	Subject to government regulation, increases for monopolistic assets	Long-term providing pricing protection	Government grants exclusive right to operate an asset and provides fixed "availability payments" regardless of usage	Government grants exclusive right to operate an asset, but revenues are a function of patronage or asset usage	Highly dependent on market pricing
Asset Type	▪ Electricity and Gas Distribution & Transmission ▪ Water & Wastewater	▪ Power Generation ▪ Data infrastructure ▪ Midstream Networks ▪ Energy Storage	▪ Roads ▪ Bridges ▪ Tunnels ▪ Mass Transit ▪ Social Infrastructure	▪ Toll Roads ▪ Bridges ▪ Tunnels ▪ Airports	▪ Uncontracted Generation ▪ Energy (E&P)
Inflation Linkage	Often includes CPI-based price adjustments and expense pass-throughs	Often includes CPI-based price adjustments	Often includes CPI-based price adjustments to availability payments adjustments	Often includes CPI-based toll adjustment; GDP sensitive assets are inherently hedged	Subject to ability to pass along price increases

WHO INVESTS IN INFRASTRUCTURE

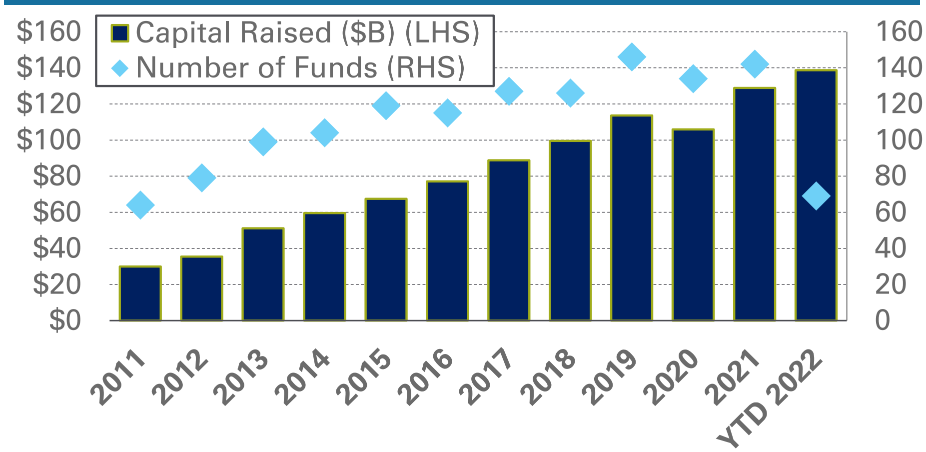
Institutional Investors in Infrastructure

- **Institutional investors have become increasingly active in infrastructure**
- **Infrastructure now represents approximately 6% of institutional alternatives portfolios**
- **Public pension funds account for the largest portion of institutional investors in infrastructure**
- **Robust fundraising in recent years with significant dry-powder in search of deal flow**

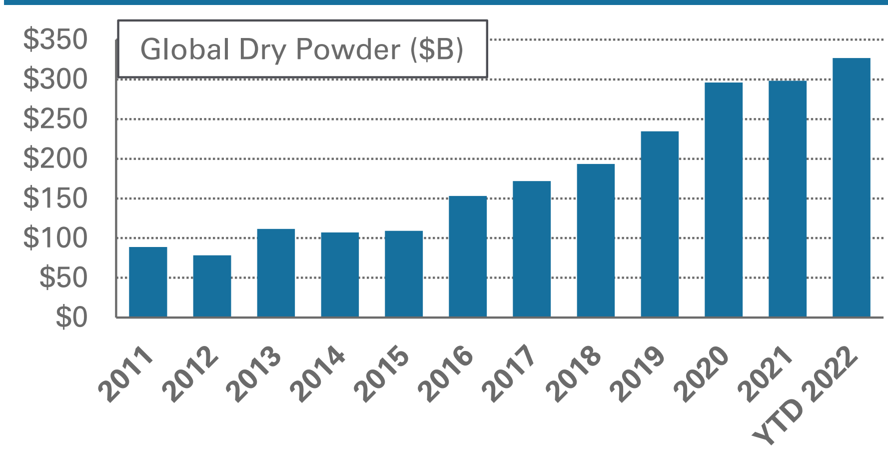
Investors by Type



Strong Fundraising Environment



Growing Dry Powder



Source: Preqin; as of September 1, 2022; Greenwich Associates

IMPLEMENTATION

MARKET OPPORTUNITY

	Debt		Core		Non-Core	
	Senior Debt	**Subordinated Debt**	**Core Equity**	**Core-Plus Equity**	**Value-Add Equity**	**Opportunistic Equity**
Target Return	3.5-5.5%	5.5-9%	7-9%	9-12%	12-15%	15-17%
Contracted Revenue	Yes	No	Yes	Yes	No	Varies
Return Driver	Income	Income & appreciation	Income	Income & appreciation	Appreciation	Appreciation
GDP Sensitivity	Low	High	Low	Low-medium	High	High
Greenfield vs. Brownfield	Both	Both	Brownfield	Both	Both	Both
Operational Intensity / Complexity	Low	Low	Low-Medium	Medium	High	High

Source: BlackRock. Net of fee return assumption

INVESTMENT CONSIDERATIONS

- **In addition to portfolio considerations (such as liquidity and leverage), there are many market considerations as well:**
  - Commodity prices
  - GDP sensitivity
  - Geopolitical risk and stability
  - Capital market risk (including debt pricing/availability, market volatility, etc.)
- **Some infrastructure assets have revenues that are monitored and/or set by a regulatory body, which adds additional risk**
  - Unpredictable regulatory change can impact margins
  - Deregulation of a particular market may result in an asset/business losing its status as a legal monopoly and lead to new competition
  - Asset managers with extensive operational experience in a particular sector tend to have strong relationships with the regulatory agencies
    - This should allow for ongoing dialogue with the regulators, and should result in a better understanding of potential changes to the regulatory environment
- **Other risks directly associated with infrastructure investments can include:**
  - The possibility of disruptive technologies
  - Environmental risk
  - Operating risk
  - Legal risk

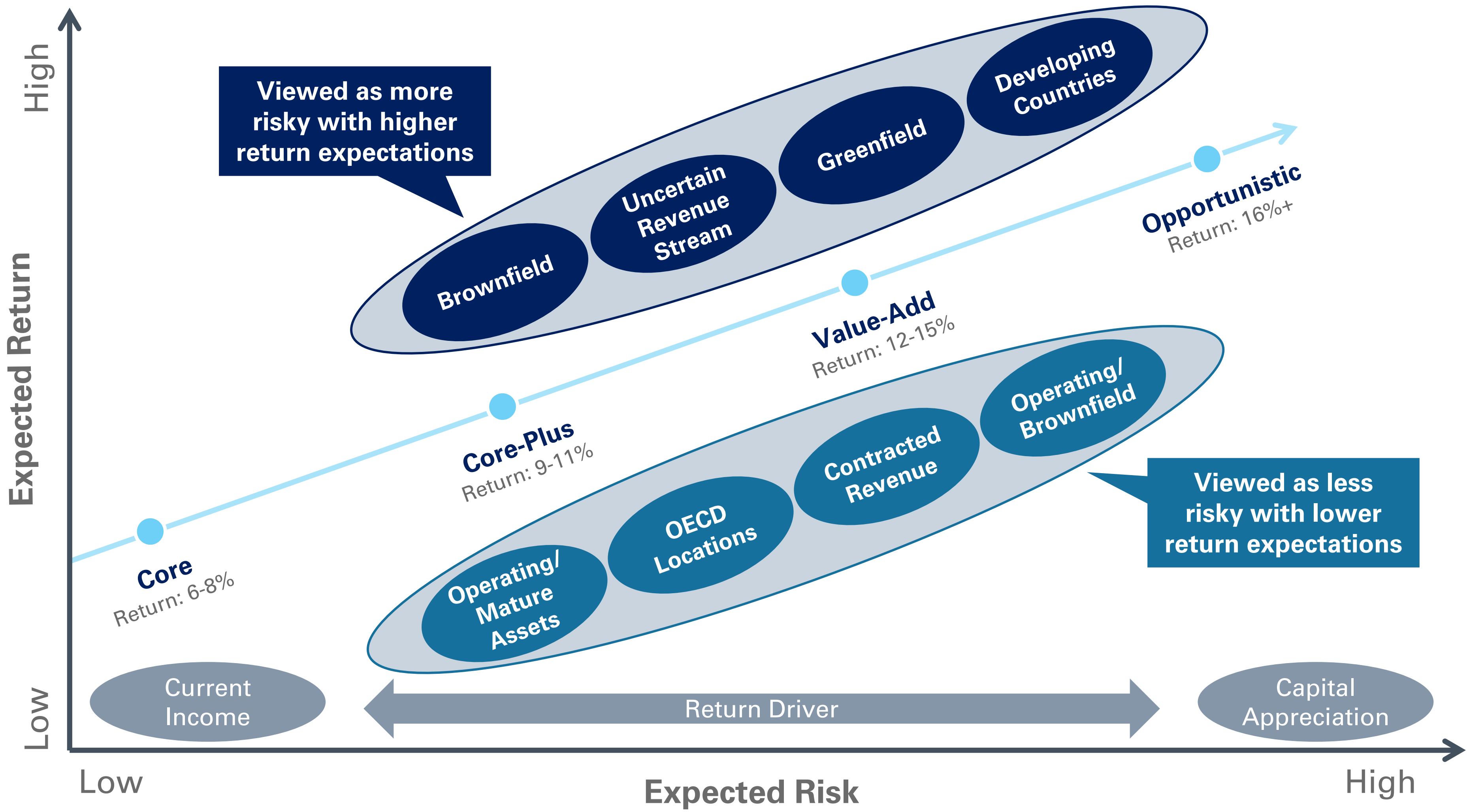
PRIVATE INFRASTRUCTURE OPTIONS VARY

DIRECT SOURCING AND DEAL COMPLEXITY PRESENTS OPPORTUNITY FOR EXCESS RETURNS

BUY BUILD/FIX SELL

Detail Summary	Non-Core	Core	Debt	Listed
NEPC View	Positive	Neutral	Negative	Neutral
Thesis	Buy-fix-sell	Long-term buy and hold	Hold	Long-term buy and hold
Capital Availability	Moderate	High	High	High
Asset Owners	Private funds (closed-end), Strategic Operating Companies	SWFs, Pensions, Insurance Companies, Open-End Private Funds, Strategic Operating Companies	Banks, Private Funds (open-ended and closed-end), SWFs, Pensions, Insurance Companies, BDC, Hedge Funds	Institutions, Individuals, Mutual Funds
Complexity	High	Low / Moderate	Low	Low /Moderate
Risks	Sourcing, Pricing, Execution	Illiquidity, Valuation/ Cost of Capital, Disruption Potential	Valuation/Cost of Capital	Volatility, High Equity Correlation, Returns Lag Unlisted Funds
Return Expectation (gross)	12%-14%	6%-10%	3-5% (senior corporate) 7-10%+ (mezz)	6%-10%

RISK/RETURN PROFILE



Net of fee return assumption

INVESTMENT VEHICLE STRUCTURES

INFRASTRUCTURE OFFERS DIFFERENT INVESTMENT STRATEGIES AND VEHICLE STRUCTURES WITH VARYING LEVELS OF LIQUIDITY (BUT NOT REALLY LIQUID) AND INVESTOR CONTROL:

Investment Type	Description	Benefits	Considerations
Listed Infrastructure	Public market securities with high transparency and liquidity	▪ Immediate exposure ▪ Easy to access ▪ Liquid	▪ Equity market correlations dampen diversification benefits ▪ Overlap with equity portfolio
Open-End Fund	Private funds with perpetual lives, functions like core real estate funds	▪ Attractive Fees ▪ Broad Diversification ▪ Quicker to build portfolio	▪ Semi-liquid with potential for entrance/exit queues ▪ Limited manager universe ▪ Limited control
Secondary Fund	Buyers of LP stakes, fund recap, GP transactions	▪ Much higher level of diversification than primary funds ▪ Mitigated J-curve effect ▪ Provides exposure to multiple vintage years	▪ Potential look-through issues ▪ Limited control ▪ Double layer of fees ▪ Limited manager universe
Primary Closed-End Fund	Private equity style funds that make control investments over a multi-year investment period	▪ Limited to assets acquired during investment period	▪ Illiquid ▪ High fee loads ▪ Limited control
Direct/Co-Investments/SMA	Direct ownership in assets alongside operator or GP	▪ Greater control ▪ Lower fees	▪ Requires specialized investment professionals with governance to allow for quick investment decisions ▪ Less liquid ▪ Less diversification

APPENDIX: DISCLAIMERS & DISCLOSURES

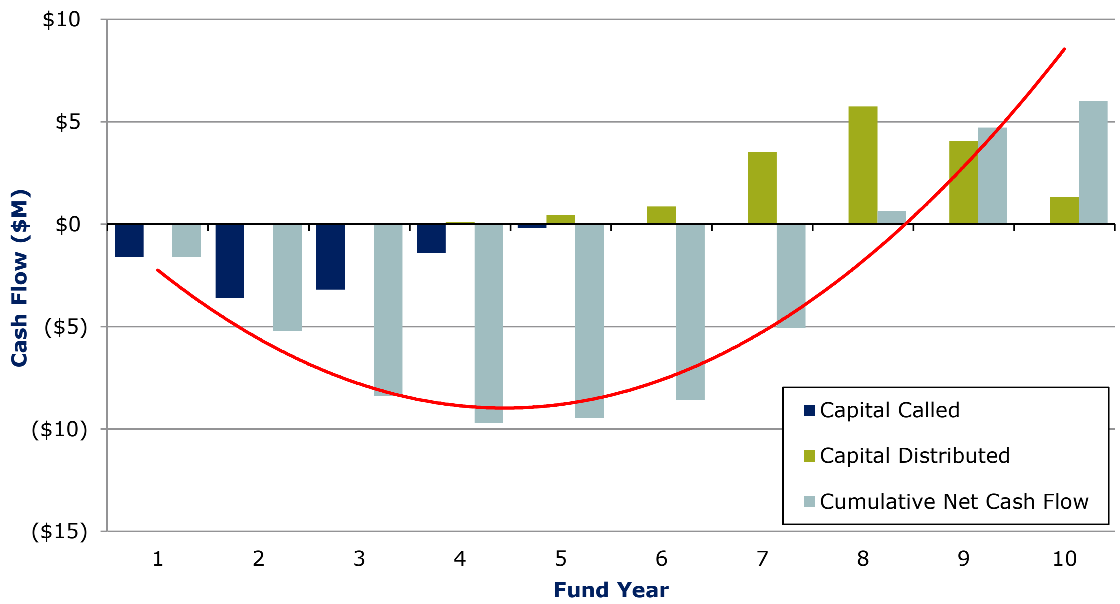
TYPICAL CLOSED-END FUND LIFECYCLE

- **Fundraising, (0 – 2 years)**
  - The time period that is used by the manager to raise sufficient funds for the strategy.
  - Investors make "Commitments" to fund investments over time.
- **Investing (years 1 – 5)**
  - This is time period that managers use to source investment opportunities. The Fund will make investments during the "Investment Period," generally the first four or five years of a fund's life.
  - Business plans are put into place as the manager seeks to add value. If an investment does not meet expectations the managers will take steps to mitigate the impact of losses.
  - Current income may be paid out during the Investment Period (depending on the strategy), though early distributions may be recalled.
- **Harvesting (years 3 – 10)**
  - The time period that managers use to exit the investments through one-off asset sales, portfolio sales, IPOs, and other exit opportunities.
  - The proceeds of the realizations are distributed to the fund's investors according to a pre-determined schedule, or distribution waterfall, which includes the payment of carried interest to the manager (if applicable).
- **Liquidating (years 7 – 14)**
  - The manager uses this time to exit the remaining investments in the portfolio.
  - If the fund life is extended beyond its initial term (as stated in fund legal documents), management fees may be negotiated lower.

CLOSED-END FUNDS AND J-CURVE IMPACT

- **Cash flow pattern of investing in closed-end funds**
  - **Years 1-3 returns are often negative**, little income is generated; management fees are collected on committed (not invested) base
  - **Years 3-5 returns generally flatten out and gradually turn positive** as values are written up to reflect transactions and some income is received
  - **Years 5-10 returns may spike** as assets are sold and accumulated increases in value are reflected, and income is received as businesses become profitable
  - **All years combined** leads to what has been termed the "**J-Curve**"

SAMPLE J-CURVE ON $10 MILLION INVESTMENT



TYPICAL FUND STRUCTURE & ECONOMICS

Term	Standard Term	Description
Closed or Open Ended	Closed	The fund can only accept subscriptions (commitments) for a defined period of time, after which, is closed to new investors.
Investment Vehicle	Limited Partnership	A limited partnership exists when two or more partners unite to jointly conduct a business in which one or more of the partners is liable only to the extent of the amount of money that partner has invested.
Fund Term	10-15 years, depending on strategy	The fund has a defined term with which to invest and harvest investments. If the fund still has remaining investments at the termination date, the GP can request to extend the life of the fund.
Investment Period	Four to five years	The GP contractually has a defined period of time with which to invest capital. The GP may be able to make add-on investments to its main platforms after the investment period concludes.
Management Fee	1.25%-2.0%	In general, private equity funds will have higher fees.
Basis of Management Fee	Generally on committed capital during Investment Period; thereafter, net invested capital	In general, the management fee is included in the LP commitment.
Carried Interest	Yes; 20%	The amount of gain the GP takes after paying back investment cost, fees & expenses.
Preferred Return	Yes; 6-8%	The annualized rate of return that needs to be achieved before the GP can take their share of the carry.
Sponsor Investment	Generally 2-5%	To align interests, with investors, the GP will typically commit a certain amount of capital. The higher the sponsor investment, the greater the alignment of interests.
Distribution Waterfall	Modified deal-by-deal or European	European: Cumulative paid-in capital to date has to be returned to LPs before GP can share in the carry. Modified: The GP will take their carry on a deal-by-deal basis.

INFRASTRUCTURE BENCHMARKS

Benchmark Index	Benchmark Applicability	Description & Considerations	Underlying Index Components
S&P Global Infrastructure Total Return Index	Listed Infrastructure	▪ Includes the largest developed market companies in the transportation, utilities, and energy infrastructure sectors ▪ Includes the 15 largest emerging market companies across all three subsectors ▪ Constituents must have a market capitalization of at least $250 million and meet liquidity requirements	Publicly-Listed Equities
Preqin Quarterly Infrastructure Index	Open-End Funds	▪ Fund-level index comprising unlisted infrastructure partnerships ▪ Includes some private equity energy managers	Open- and Closed-End Funds
MSCI Global Quarterly Infrastructure Asset Index	Open-End Funds	▪ Asset-level benchmark including approximately 150 assets (across 10 asset owners) ▪ Performance reported quarterly including income and appreciation return components ▪ Represents an estimated 20% of the unlisted infrastructure market ▪ Approximately 50% Australia	Individual Assets
Preqin Global Infrastructure Benchmark	Closed-End Funds	▪ Fund-level benchmark by vintage year ▪ Average of 14 funds per vintage year ▪ Includes some private equity energy managers ▪ Only provides median DPI figures (not quartiles)	Open- and Closed-End Funds
Cambridge Associates	Closed-End Funds	▪ Fund-level benchmark including closed-end infrastructure funds only ▪ Pooled quarterly return series also available ▪ Limited number of observations (average of 2 funds per vintage year)	Closed-End Funds

BENCHMARKING

Peer Group	▪ Compares fund performance to performance of peer infrastructure funds ▪ Used to measure skill in picking top performing funds vs. peers for specific vintage years ▪ Metrics include IRR, TVPI and DPI ▪ Growing data set, but limited data is available for some vintage years
Public Markets	▪ Measures returns against the opportunity cost of investing in asset class rather than public equity ▪ Investors in private infrastructure seek to achieve a premium relative to the public markets for illiquidity and greater risk ▪ Private markets investments will underperform public markets for first few years due to J-curve
Inflation Index	▪ Fund portfolio's are typically designed to hedge against inflation, this method will measure returns against inflation index (CPI +3-5% often used) ▪ More useful of a method during late fund life
Absolute Return	▪ Measures performance against an absolute return (i.e. 6-12% net IRR) ▪ Not as useful of a method during early fund life ▪ Widely used method of infrastructure benchmarking

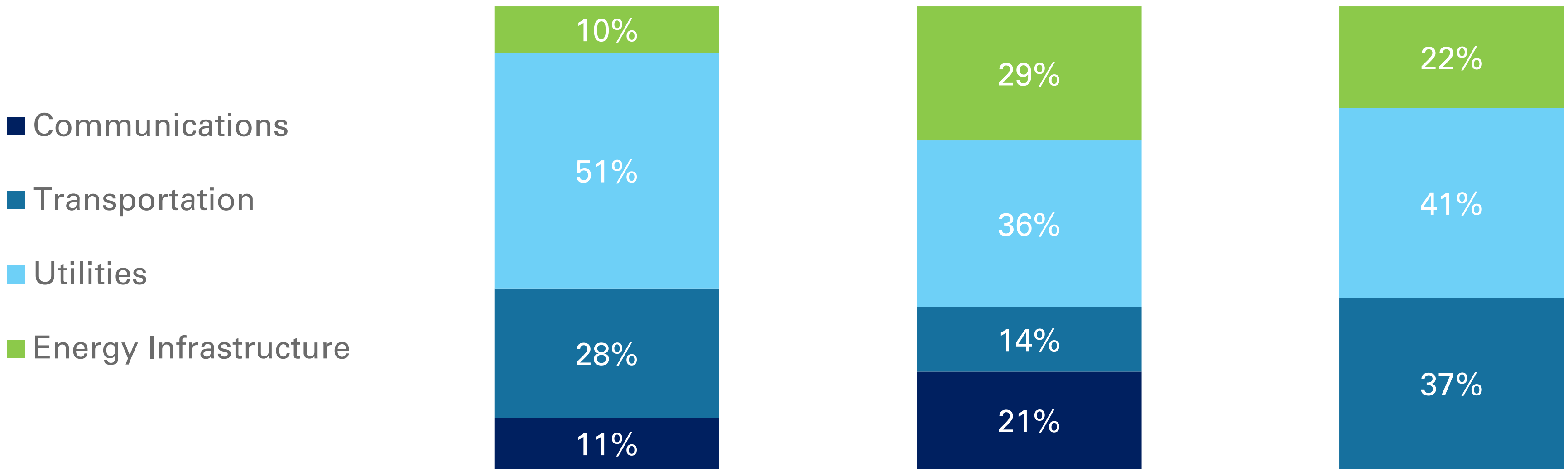
LISTED INFRASTRUCTURE

LISTED INFRASTRUCTURE OVERVIEW

- **Infrastructure equities account for over 350 companies globally, with a combined market cap in excess of $3 trillion**
- **For 2022, the NEPC outlook for Listed Infrastructure remains Neutral**
  - Listed Infrastructure yields are similar to those in open-end private infrastructure strategies
  - Diversification benefits are limited due to the significant correlation to broader equity markets
- **Listed infrastructure may be a reasonable alternative for investors that cannot allocate to private market strategies**
- **If building an allocation to actively managed listed infrastructure, NEPC believes that allocating to multiple managers may offer advantages**
  - Minimizes manager concentration risk
  - Managers with different investment philosophies and/or varying portfolio sizes may outperform in different scenarios

LISTED BENCHMARK DESCRIPTIONS

	FTSE Global Infrastructure Core 50/50 Index	DJ Brookfield Global Infrastructure Index	iShares Global Infrastructure ETF
Number of Constituents	243	101	75
Market Capitalization	$2.3 Trillion	$1.2 Trillion	$1.3 Trillion
Top 10 Weights	31.5%	46.5%	40.2%
Emerging Market Exposure	12.8%	7.0%	6.3%
Sectors Excluded	MLPs	Railroads, Electric	Railroads, Communications, MLPs



Source: CBRE; as of 9/30/2022

ALTERNATIVE INVESTMENT DISCLOSURES

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds and private equity:

1. Performance can be volatile and investors could lose all or a substantial portion of their investment
2. Leverage and other speculative practices may increase the risk of loss
3. Past performance may be revised due to the revaluation of investments
4. These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
5. A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
6. These funds are not subject to the same regulatory requirements as registered investment vehicles
7. Managers may not be required to provide periodic pricing or valuation information to investors
8. These funds may have complex tax structures and delays in distributing important tax information
9. These funds often charge high fees
10. Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager’s realm of expertise or contemplated investment strategy