

## AGENDA

### **BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

June 20, 2024  
8:30 a.m.

Sam Diannitto Boardroom  
Los Angeles Fire and Police Pensions Building  
701 East 3rd Street, Suite 400  
Los Angeles, CA 90013

#### **Important Message to the Public:**

Members of the public who wish to attend the Board or Committee meeting in person must provide government issued photo identification. Alternatively, members of the public will have the opportunity to observe the meeting via livestream and provide public comment telephonically.

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who attend in person and wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address and present the completed card(s) to the Commission Executive Assistant. Speaker cards are available at the Commission Executive Assistant's desk. To provide public comment telephonically, please call (669) 900-9128 or (346) 248-7799 and enter Meeting ID 898 405 2575 (Please note: Toll charges may apply).

If you do not want to make a public comment, you may livestream the meeting from the website ([lafpp.lacity.gov](http://lafpp.lacity.gov)) or call any of the following numbers to access the Council Phone system and listen to live coverage: (213) 621-CITY (Downtown), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Please refer to [lafpp.lacity.gov](http://lafpp.lacity.gov) for more information.

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**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](http://ethics.lacity.org/lobbying). For assistance, please contact the Ethics Commission at (213) 978-1960 or [ethics.commission@lacity.org](mailto:ethics.commission@lacity.org).

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed by clicking on LAFPP's website at [lafpp.lacity.gov](http://lafpp.lacity.gov) at LAFPP's offices, or at the scheduled meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the Commission Executive Assistant, at (213) 279-3037 or by e-mail at [evange.masud@lafpp.com](mailto:evange.masud@lafpp.com).

**A. CALL TO ORDER**

1. Roll Call
2. Consideration of Notices and Requests for Remote Participation pursuant to AB 2449
  - a. Just Cause – receive and file
  - b. Emergency Circumstance and possible Board action

**B. PUBLIC COMMENT ON MATTERS WITHIN THE BOARD'S JURISDICTION AND ANY SPECIFIC AGENDA ITEMS**

**C. DISABILITY CASE**

Alternative 1

1. Police Officer II Nathan S. Brown. Mr. Brown will be represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin & Lee, LLP.

**D. REPORTS TO THE BOARD**

1. [CONSENT TO ASSIGNMENT OF THE TOWNSEND HOLDINGS LLC CONTRACT AND POSSIBLE BOARD ACTION](#)
2. [REAL ESTATE PERFORMANCE REVIEW BY THE TOWNSEND GROUP](#)
3. [PRIVATE EQUITY PORTFOLIO: PERFORMANCE & STRATEGIC PLAN REVIEW](#)
4. [BUSINESS PLAN PROJECT #13 REPORT BACK: SEMI-ANNUAL REPORT ON DEI OUTREACH AND EMERGING MANAGER DATA AND POSSIBLE BOARD ACTION](#)
5. [2024-25 FINAL ANNUAL PLAN AND POSSIBLE BOARD ACTION](#)
6. [2024-25 FINAL BUDGET AND POSSIBLE BOARD ACTION](#)
7. [2023-24 ANNUAL AUDIT PLAN STATUS AND PROPOSED 2024-25 ANNUAL AUDIT PLAN AND POSSIBLE BOARD ACTION](#)

8. COMMENDATORY RESOLUTIONS, INTRODUCTIONS AND PRESENTATION

**E. GENERAL MANAGER'S REPORT**

1. [Monthly Report](#)
2. Marketing Cessation Information
3. Benefits Actions approved by General Manager on June 6, 2024
4. Other business relating to Department operations

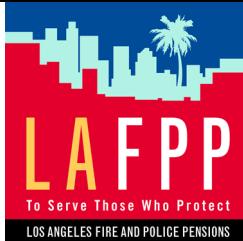
**F. CONSENT ITEMS**

1. Findings of Fact
  - a. Ismael D. Gonzalez – Tier 5
  - b. Kristin R. Partida (SS of Frank M. Partida) – Tier 5

**G. CONSIDERATION OF FUTURE AGENDA ITEMS**

**H. CLOSED SESSION**

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF THREE (3) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION



## DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

### REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 20, 2024

ITEM: D.1

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: CONSENT TO ASSIGNMENT OF THE TOWNSEND HOLDINGS LLC CONTRACT AND POSSIBLE BOARD ACTION

#### RECOMMENDATION

That the Board consent to the assignment of the Townsend Holdings LLC real estate consulting contract and authorize the General Manager to sign the written consent on behalf of the Board.

#### BACKGROUND

Townsend Holdings LLC (d/b/a The Townsend Group and a.k.a. "Townsend") has been serving as the Board's real estate consultant since February 2005. The firm was founded in 1983 by Terry Ahern and Kevin Lynch. Headquartered in Cleveland, Ohio, Townsend has 110 professional staff and additional offices in San Francisco, London, and Hong Kong. Townsend is currently 100% owned by Aon Consulting, Inc. (Aon), a publicly traded company (NYSE: AON) focused on providing a broad range of risk, retirement, and health solutions.

Under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be an "assignment" of the contract that requires written consent of the client. The change in ownership is also a triggering event within the Board's contract with Townsend, and therefore requires the Board's approval for the assignment of the contract.

#### DISCUSSION

In a letter received on May 2, 2024, Townsend confirmed that The Riverside Company (Riverside) has entered into a definitive agreement with Aon to acquire The Townsend Group. Riverside is a private equity firm focused on providing private capital and credit options for middle market businesses. Under the agreement, a consortium of investors led by Riverside will acquire Townsend in its entirety from Aon. Anthony Frammartino, Townsend's President, will be named Chairman and Chief Executive Officer of the firm upon the closing of the transaction and will continue to lead Townsend's advisory and investment practice. There are no expected changes in Townsend's leadership team, client servicing teams, or investment processes. Details of the acquisition are discussed in the Townsend client memo (Attachment I).

Townsend has assured Staff that there will be no changes to the people who currently manage the firm or to the consultants that provide service to the Board's account. Townsend has also committed additional resources to the LAFPP relationship, adding Rob Kochis, Partner, to the team currently providing service to the Board. In addition, since this is an assignment of an

existing contract, all of the terms of the Board's current contract, including the termination provisions, remain intact.

Staff believes that this acquisition will not affect the level of service or investment philosophy of Townsend for the duration of the contract period. Staff recommends that the Board approve the assignment. The consent to assignment form is attached (Attachment II).

## **BUDGET**

Approval of this recommendation will have no budget impact.

## **POLICY**

Approval of this recommendation will have no policy impact.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Claire No, Investment Officer  
Investments Division

JS:BF:AC:CN

Attachments: I – Townsend Holdings LLC Change of Ownership Letter  
II – Townsend Holdings LLC Change of Ownership Consent Form



## The Townsend Group

### Organizational Update

MAY 2024

Dear Bryan, Joe, Annie, and Claire,

#### BACKGROUND

We are pleased to announce that Aon PLC (NYSE: AON), and The Riverside Company (“Riverside”) have signed a definitive agreement for The Townsend Group (“Townsend”) to be acquired by a consortium of investors led by Riverside (“Consortium”). Riverside is a global investment firm co-headquartered in New York and Cleveland.

The Consortium will acquire Townsend in its entirety and will form a partnership enabling our Townsend team to pursue key initiatives to improve and grow our company. Specifically, this provides necessary investments in new technology, product distribution, as well as augmentation of the investment team to support the current needs of Townsend clients and colleagues and exciting future growth opportunities in our traditional client and productive offerings. This proactive measure by Townsend management ensures the long-term alignment of the current generation of leadership and importantly aligns future generations with the success of our clients, products, and the growth in our firm. Today, we can truly represent to our colleagues that Townsend is a place they want to be and in the exciting future which they will help define.

#### WHAT'S NEXT?

We are happy to say, Townsend will operate as an independent company as it has for much of its 40-year history. All clients and investors will continue to be served by the same investment professionals, supported by a committed and experienced leadership team.

Townsend Management have negotiated a strong operating agreement with the members of the Consortium and retains independence in the operations of our business. All Townsend business lines and employees will be retained. Our commitment and service to our clients and investors will remain a hallmark and inherent to our cultural ethos.

There are expected to be no changes to investor legal documents. However, the acquisition of Townsend represents a change of control under the Investment Advisers Act of 1940, as amended, and requires investor consent. Members of Townsend will follow-up with the formal consent documents in the coming days and will keep LAFPP informed on the process as it unfolds.

This new partnership marks an exciting chapter in the history of Townsend. We are humbled by the support of our clients and investors over the years. We are elated to move forward together and committed to the long-term achievement of your professional and personal goals.

Sincerely,

Anthony Frammartino, CEO

#### CONTACT INFORMATION

Michael Stark (michael.stark@aon.com)  
(216) 430-4643



950 Main Avenue, Suite 1600  
Cleveland, Ohio 44113

May 9, 2024

City of Los Angeles Fire and Police Pension System  
701 East Third Street, Second Floor,  
Los Angeles, CA 90013  
Attn: Bryan Fujita

Re: Townsend Holdings LLC (d/b/a Townsend Group) Change of Ownership

Dear Bryan:

On April 26, 2024 (i) Aon Consulting, Inc. (“Aon”), the indirect owner of all of the issued and outstanding equity interests of Townsend Holdings LLC (d/b/a Townsend Group, “Townsend”, or “we”), entered into a Stock Purchase Agreement with RVF AM Buyer Corp. (“Purchaser”), under which Purchaser agreed to purchase from Aon all of the issued and outstanding shares of capital stock of GTCR/AAM Blocker Corp., the direct owner of Townsend (collectively, the “Transaction”). As a result, upon the closing of the Transaction (the “Closing”), Townsend will experience a change of control. Subject to the satisfaction of customary legal and regulatory closing conditions, we anticipate that the Closing may occur as early as June 30, 2024, but it may occur before or after such date. Your contract with Townsend will not change as a result of the Transaction.

This change of ownership will be an indirect change of control of Townsend. As such, we do not expect any changes to our day-to-day operations or services to you, our business relationships, and most importantly, our commitment to our clients. We expect that, after the Closing, your account will continue to be serviced by the same advisory team, we will have the same executive leadership and our research team will continue to develop best-in-class real estate investment advice.

Under the Investment Advisers Act of 1940, as amended, this change in ownership is considered an “assignment” of your contract with Townsend (the “Assignment”), for which we must obtain your consent. By signing below and checking the space next to “   consents to the Assignment.”, you consent to the Assignment of your contract with Townsend occurring in connection with the Transaction.

Please countersign this letter and return it to Matt Racketa via email at matt.racketa@aon.com. We request that you respond by June 24, 2024.

We very much appreciate the opportunity you have given us to serve you in the past, and we look forward to continuing to serve you in the future. If you have any questions concerning the subject matter of this letter, please call Matt Racketa at 216 430-4675.

Sincerely,



---

Anthony Frammartino  
President – Townsend Holdings LLC

**The undersigned hereby**

   **consents to the Assignment.**  
   **does not consent to the Assignment.**

**City of Los Angeles Fire and Police Pension System**

Client Name: \_\_\_\_\_

Name of Authorized Signatory: \_\_\_\_\_

Signature: \_\_\_\_\_

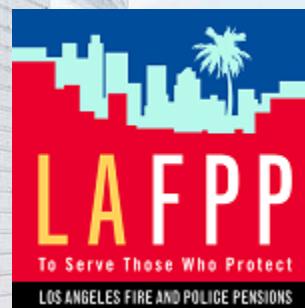
Title: \_\_\_\_\_

Date: \_\_\_\_\_



## Los Angeles Fire and Police Pensions Real Estate Portfolio Performance Measurement Report

Fourth Quarter 2023





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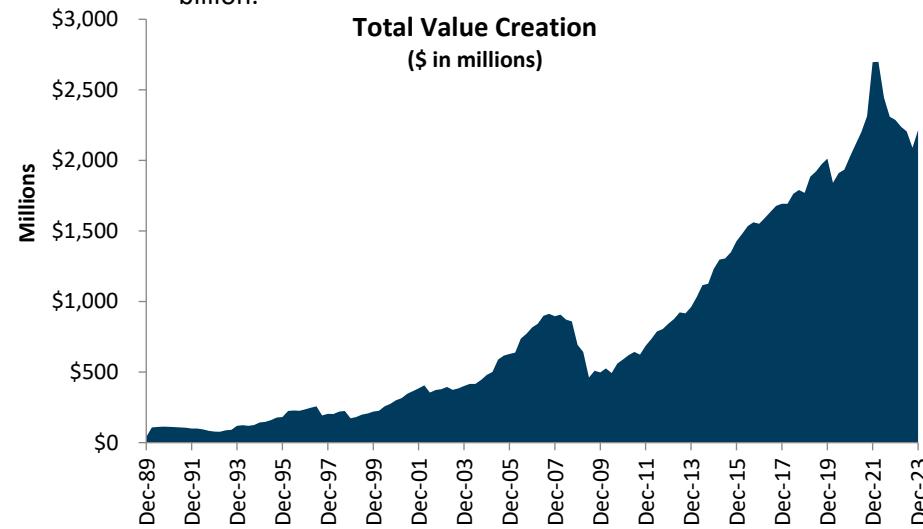
## A. Executive Summary



## Executive Summary

### Portfolio Growth

- Over the past five years, LAFPP's investments in real estate generated over \$444 million in net profit, with an average invested capital balance of approximately \$2.7 billion.



### Key Returns

### Performance Highlights

Category	Quarter	Net Time-Weighted Returns		
		1-YR	3-YR	5-YR
Private Portfolio	-4.1	-10.0	6.2	4.9
Core	-5.1	-11.8	5.9	5.1
Non-Core	-1.5	-4.5	6.2	3.4
Public Portfolio	16.3	8.8	2.4	7.0
<b>Total LAFPP</b>	<b>4.1</b>	<b>-2.2</b>	<b>3.3</b>	<b>4.7</b>
<i>LAFPP Benchmark*</i>	1.3	-4.9	5.0	4.9

Total Real Estate Portfolio

6.6% Net Internal Rate of  
Return ("IRR")  
Since Inception

1.3x Net Multiple  
Since Inception

## B. Real Estate Portfolio



# Portfolio Funding Status

Portfolio Funding Status	Market Value (\$ millions)*	% LAFPP Plan
<b>LAFPP Total Plan Assets</b>	<b>\$30,683</b>	
<b>Real Estate Target</b>	<b>\$3,068</b>	<b>10.00%</b>
RE Market Value		
Public	\$1,413	4.60%
Private	\$1,752	5.71%
Core	\$1,233	4.02%
Non-Core	\$519	1.69%
<b>LAFPP Real Estate Market Value</b>	<b>\$3,165</b>	<b>10.32%</b>
<i>Unfunded Commitments</i>	\$664	2.16%
<b>RE Market Value &amp; Unfunded Commitments</b>	<b>\$3,829</b>	<b>12.48%</b>
<b>Remaining Allocation</b>	<b>-\$761</b>	<b>-2.48%</b>

## Highlights

- The following slides provide a review of key information for the Los Angeles Fire & Police Pension System (“LAFPP”) Real Estate Portfolio (the “Portfolio”) through December 31, 2023.
- LAFPP has a 10.0% target allocation to real estate and allows for additional flexibility of ± 1.5% of the Total Plan. On a funded basis, LAFPP is slightly above its established target due to the overweight position of the public portfolio.
- Unfunded commitments include all approved investments, but the funded and committed figures do not take into account liquidating positions or planned redemptions.
- The Private Portfolio is well established and has 44 investment vehicles managed by 32 investment partners.

# Real Estate Portfolio Composition

	<i>Strategic Targets</i>		<i>Portfolio Composition (12/31/2023)*</i>	
	Target Allocation	Tactical Range	Funded	Funded & Committed
Public Real Estate	30%	25% - 35%	44.64%	36.90%
Private Real Estate	70%	65% - 100%	55.36%	63.10%
<b><u>Private Portfolio</u></b>				
Core Portfolio	60%	50% - 70%	70.39%	53.26%
Non-Core Portfolio	40%	30% - 50%	29.61%	46.74%
Value Add Portfolio	20%	0% - 50%	22.46%	31.03%
Opportunistic Portfolio	20%	0% - 50%	7.16%	15.70%

- LAFPP is currently out of its target ranges for Public and Private Real Estate due to the increase in public real estate investment trust (“REIT”) exposure in recent years leading to a significant overweight compared to the 30% target. A redemption plan for public REITs has been put in place by LAFPP staff to reduce the exposure and align the portfolio with its tactical ranges. This plan is nearly complete.
- The Private Real Estate Portfolio is overweight to core strategies but within the tactical range on a funded and committed basis.
- The non-core portfolio has unfunded commitments that will bring it in-line with the tactical range as the remaining capital is deployed.
  - Common practice in non-core private market investments is to over-commit in order to maintain and/or grow current market values to target allocation levels.
- As of quarter-end, the Core Private Portfolio had a loan-to-value (“LTV”) ratio of 31.3%, below the 40.0% constraint outlined in the Strategic Plan. The Total Portfolio LTV ratio of 32.5% is also well below the 60.0% LTV ‘governor’ defined in the LAFPP Strategic Plan.

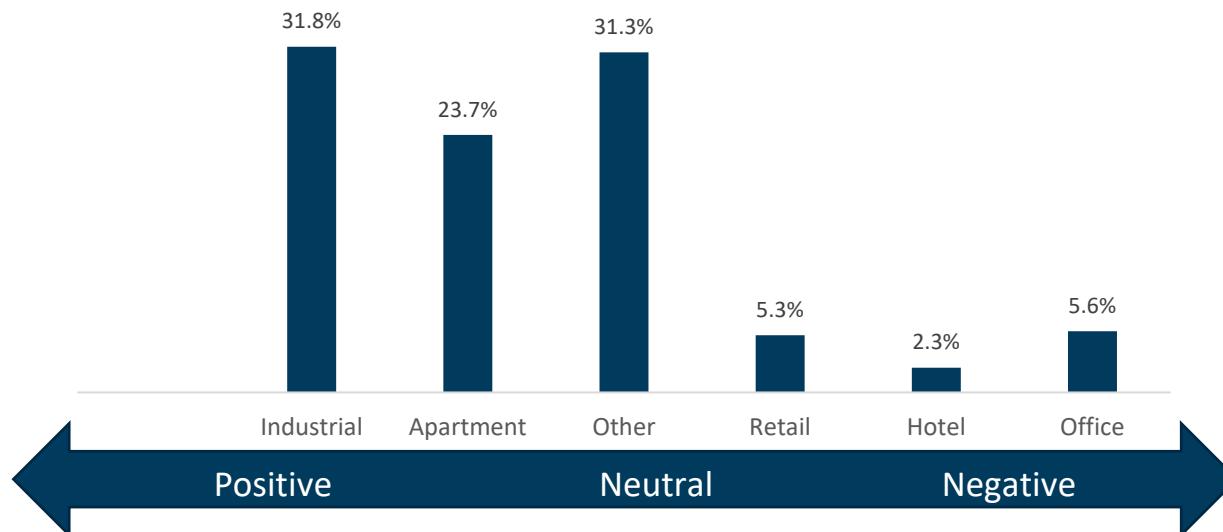
## Unfunded Commitments by Property Type

### Private Real Estate Funding Status

(\$ in millions, as of December 31, 2023)

Sector	Target	Market Value	Unfunded Commitments	Market Value plus Unfunded	
				\$ millions	% of Target
Core Real Estate (60%)	\$1,289	\$1,233	\$54	\$1,287	99%
Non-Core Real Estate (40%)	\$859	\$519	\$610	\$1,129	131%
<b>Total</b>	<b>\$2,148</b>	<b>\$1,752</b>	<b>\$664</b>	<b>\$2,416</b>	<b>112%</b>

### % Breakdown of Unfunded Commitments by Property Type

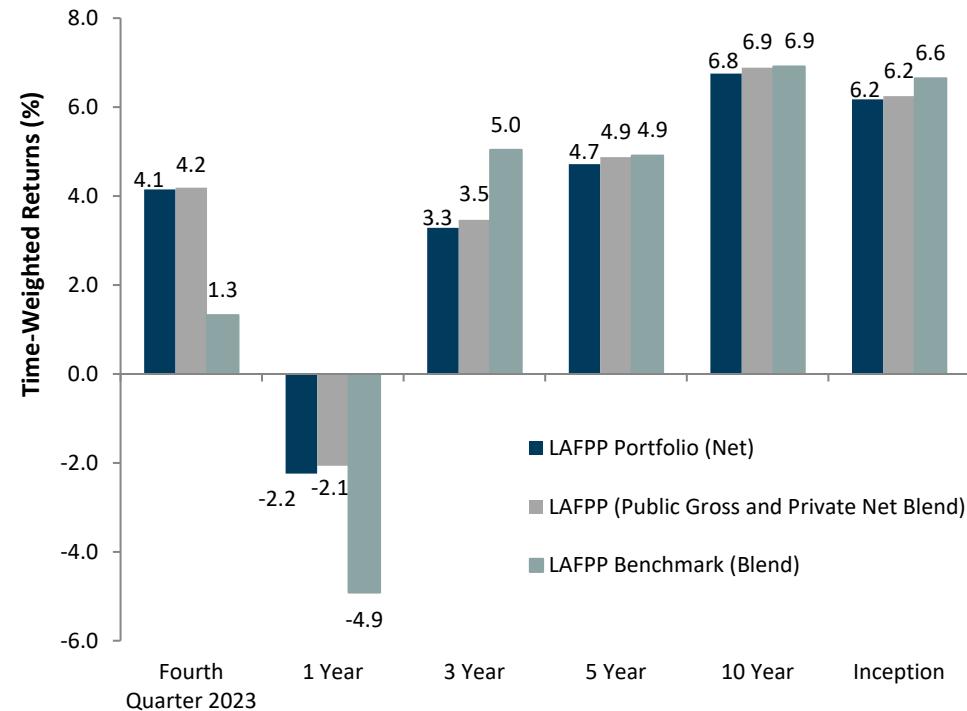


- 86% of unfunded commitments are targeted towards the favored industrial, apartment and alternative property types.
- Diversified funds are included in these unfunded commitment projections, and actual property type exposures are uncertain until all capital is invested. Office may include life sciences and medical office sub property types.

# Total Portfolio Performance

## Performance Highlights

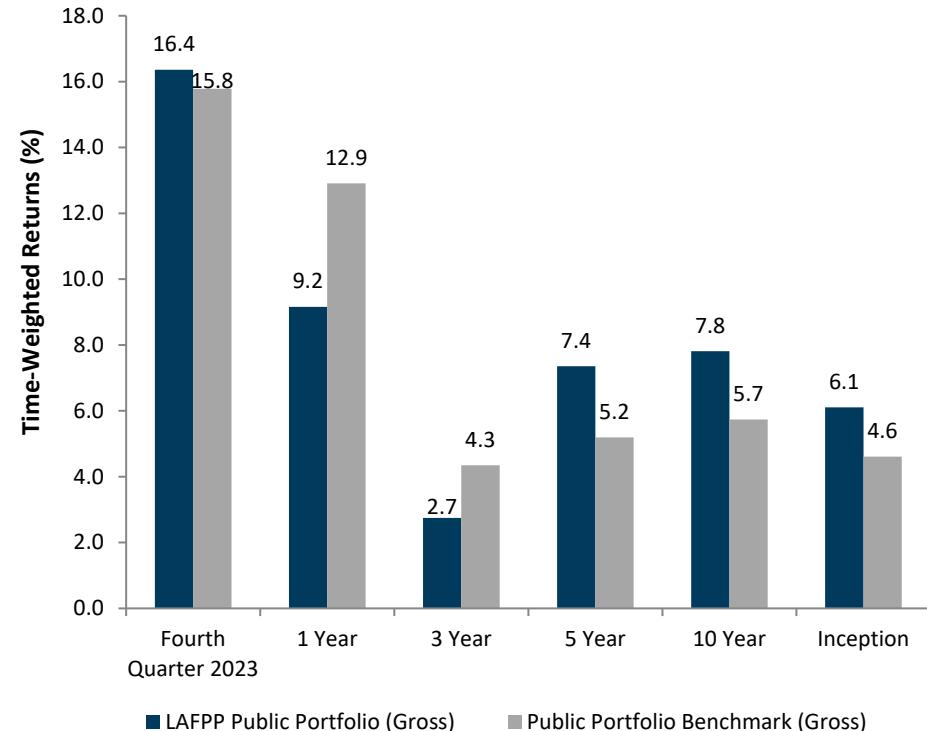
### LAFPP Total Portfolio Performance



- During the Fourth Quarter, the LAFPP portfolio outperformed the benchmark by 287 basis points driven by the relative performance of the Private Portfolio and overweight position of the Public Portfolio.
- Over the recent annualized periods, the Total Portfolio's performance has outperformed or met the benchmark except for the 3-year and since inception periods which were impacted by the negative performance of the Public Portfolio.
  - The benchmark is static using a 30% public exposure compared to the current 45% exposure.
  - Public real estate returns are more volatile than private market returns and underperformed private real estate over the trailing 3-year period.

# Public Real Estate Portfolio Performance

## LAFPP Public Portfolio Performance

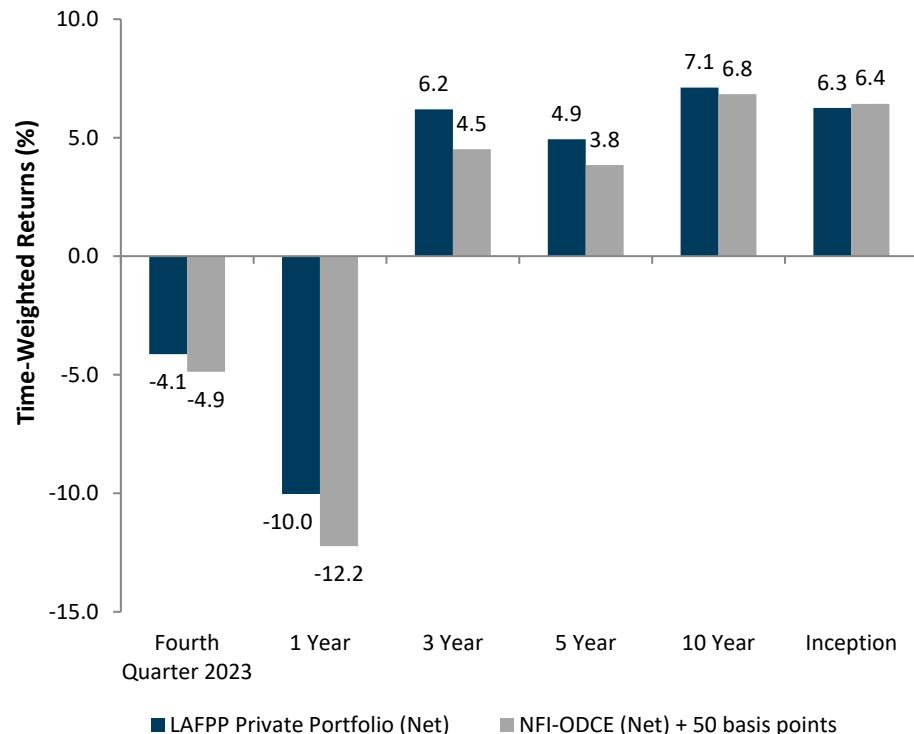


## Performance Highlights

- LAFPP targets a 50% domestic and 50% global REIT program. The Public Portfolio expanded to include global REITs during the fourth quarter of 2013.
  - The Public Portfolio currently comprises 45% of the Total Portfolio with a long-term target of 30%.
- LAFPP's Public Portfolio contains four managed accounts: Cohen & Steers REIT (Domestic), Principal Global REIT (Global), Principal REIT (Domestic) and Alliance Passive REIT (Global).
- The Public Portfolio outperformed its benchmark in the fourth quarter by 58 basis points, generating a 16.4% gross return.
- The Public Portfolio has outperformed the benchmark over all time periods except for the 1-year and 3-year periods.
- During the quarter, Cohen & Steers REIT was the strongest absolute performer and largest contributor generating 18.4% in gross returns.
- During the quarter, \$12 million was received from the Public managed accounts. The Public Portfolio rebalancing will continue over time.

# Private Real Estate Portfolio Performance

**LAFPP Private Portfolio Performance**

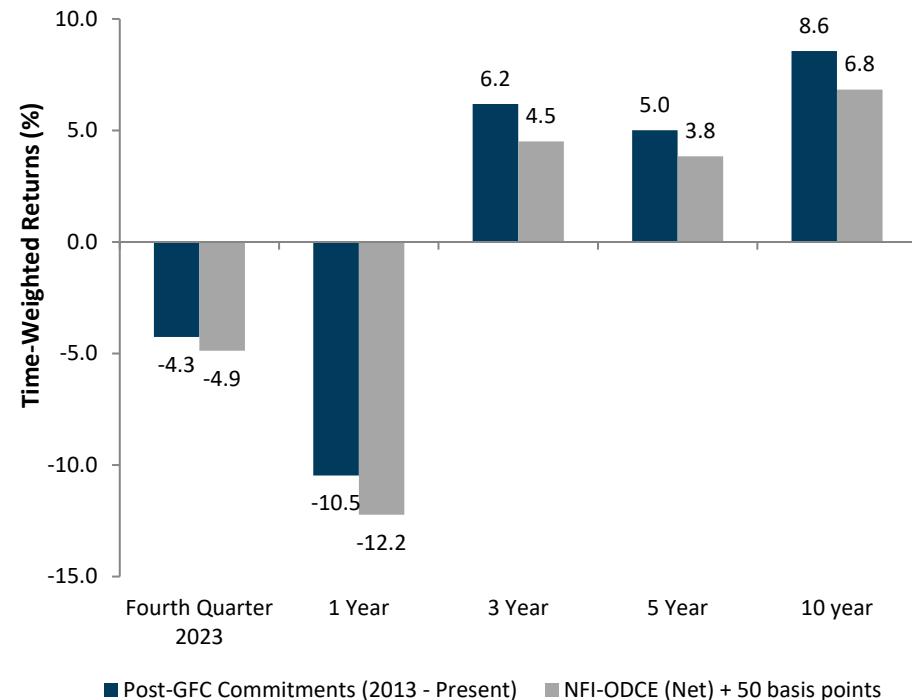


## Performance Highlights

- The Private Portfolio is slightly underweight to its target in the overall Portfolio and currently has a relative overweight to Core strategies.
- The performance of the Private Portfolio has been strong over all time periods with a slight difference for the since inception period.
- The main positive drivers of performance for the Private Portfolio have been outperformance of both the non-core portfolio and the core portfolio, particularly the core commingled funds. Core and Non-Core performance is discussed further on the following pages.
- During the quarter, the Private Portfolio outperformed the benchmark by 74 basis points recording -4.1% in net returns. The Non-Core Portfolio contributed positively to the Private Portfolio's performance, mainly the Opportunistic investments.

# Private Real Estate Performance – Recent Commitments

## LAFPP Post-GFC Investment Performance (Core & Non-Core)



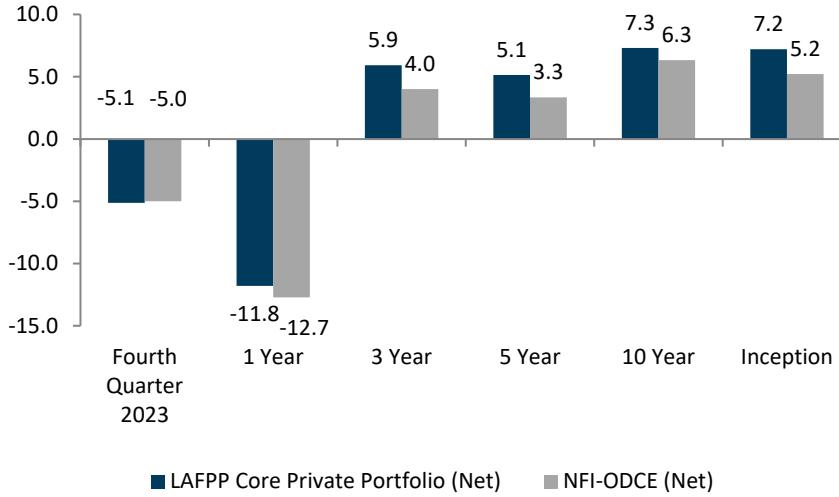
## Performance Highlights

- Post-Global Financial Crisis (“GFC”) investments outperformed over all periods.
  - Lion Industrial Trust was the largest positive contributor of the Post-GFC investments over all periods as the industrial sector generated strong returns and LIT has a larger relative position in the Portfolio.
- Activity initially focused on capturing strong risk-adjusted returns in Core, which freed capital for Non-Core investment activity later in the cycle. Over the past several years, new relationships within the Non-Core Portfolio have developed with dry powder to deploy in current environment.
- Post-GFC investments include the following:
  - Core: Strategies include income focused, heavier core, specialized in niche markets and industrial focused funds.
  - Non-Core: Themes include U.S. value add operator and property type specialists, global and specific European and Asia-Pacific focused investments, niche strategies as well as flexible fund strategies capable of taking advantage of potential market dislocation.

# Private Real Estate Portfolio Performance – Core Portfolio

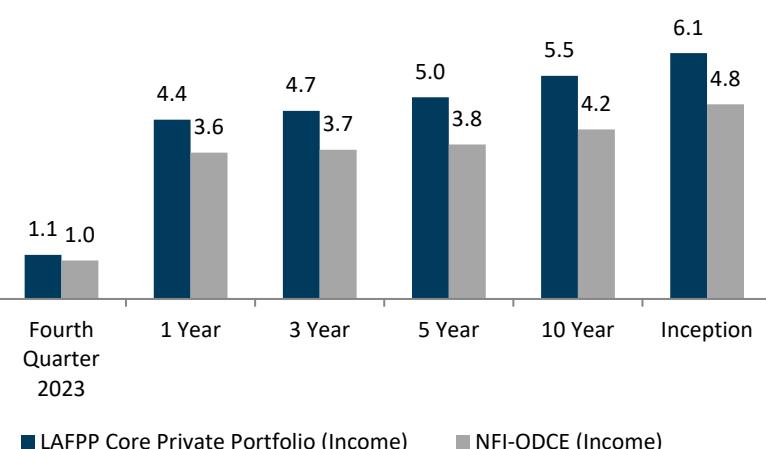
Time-Weighted Returns (%)

### LAFPP Core Private Portfolio Performance



Time-Weighted Returns (%)

### LAFPP Core Private Portfolio Income Return

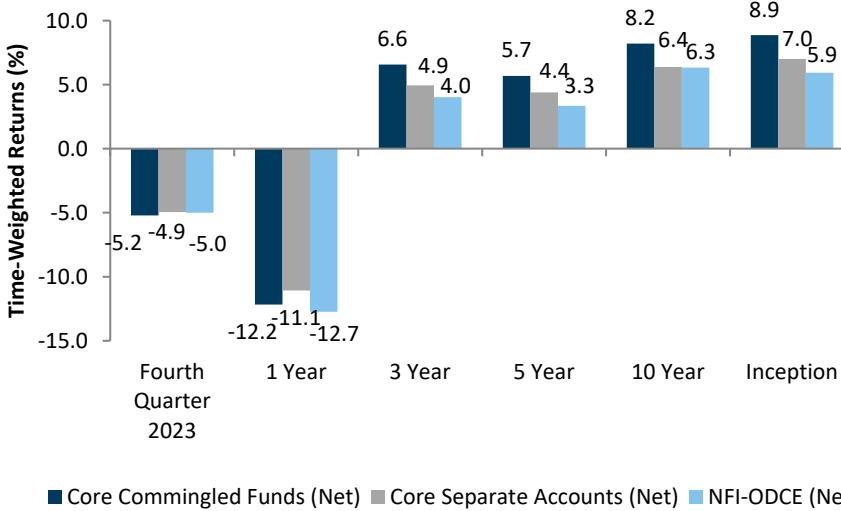


### Performance Highlights

- Core investments represent 70.4% of the funded and 52.5% of the funded and committed Private Portfolio (39.0% of the funded/32.9% of the funded and committed Total Portfolio).
- Core Private investments have the highest collective value in the Private Portfolio with \$1.2 billion as of quarter-end.
  - This weighting reflects LAFPP's increased activity in the Core space following the GFC.
- During the quarter, the Core Private Portfolio lagged the NFI-ODCE by 13 basis points driven by the negative performance of both the Separate Account and the Core Commingled Funds.
- Nevertheless, the Core Portfolio is outperforming the benchmark over all other time periods.
- Core investments typically derive a large portion of the total return from income, serving as an anchor in the Portfolio.
- Across all time periods the LAFPP Core Portfolio income return exceeds that of the Core benchmark significantly.

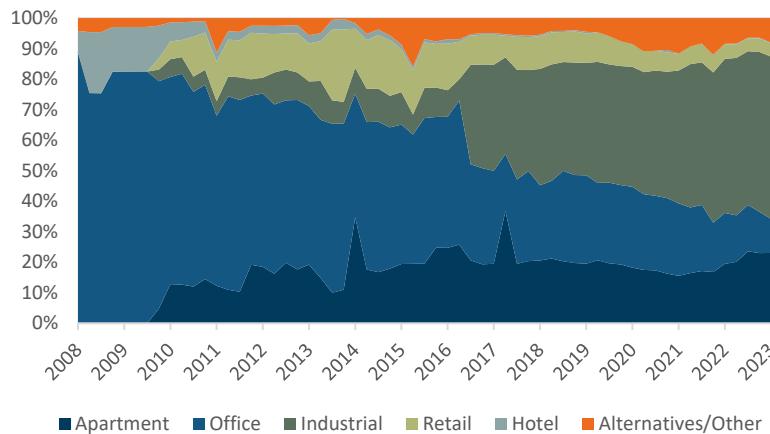
# Private Real Estate Performance – Core Portfolio by Vehicle

## LAFPP Core Private Portfolio Performance - By Vehicle



■ Core Commingled Funds (Net) ■ Core Separate Accounts (Net) ■ NFI-ODCE (Net)

## Core Commingled Allocation Over Time



\*LAFPP's Board elected to appoint AEW as its separate account manager on October 19, 2017, replacing the previous two managers. AEW took over management of the assets as of January 1, 2018. Detailed performance of the AEW Separate Account is contained in Appendix D.

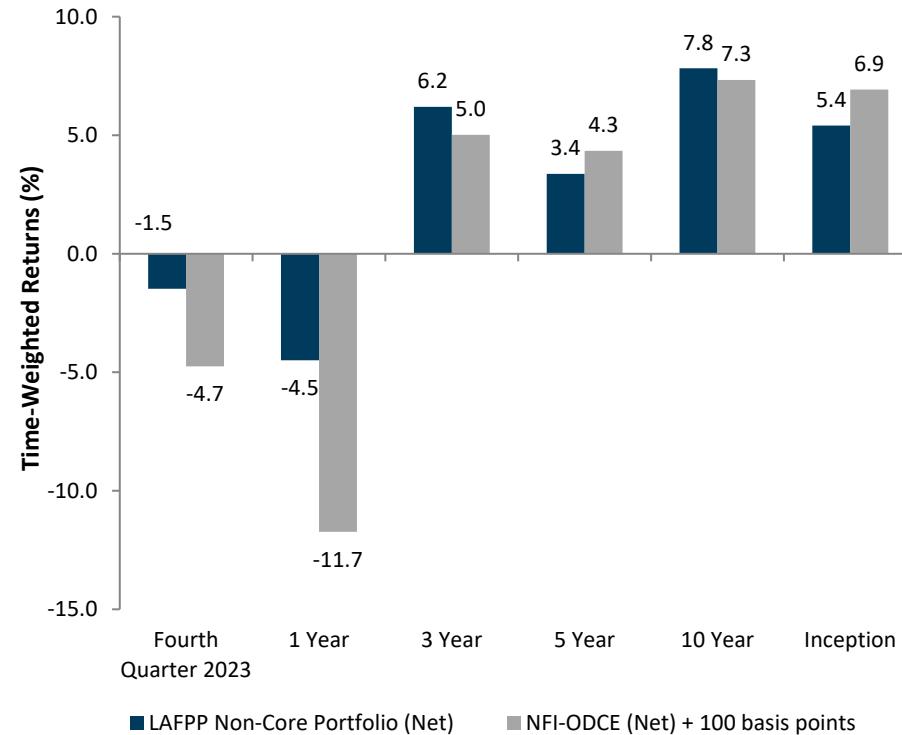
\*\*The inception date for separate account and core private portfolio is different. Since inception for separate account is 4Q89 while since inception for core private is 1Q88.

## Performance Highlights

- The Core Private Portfolio is comprised of Core Commingled Funds and a Core Separate Account Portfolio.
  - The Separate Account Portfolio represents approximately 33.1% (\$408M) of the Total Core Private Portfolio and 12.9% of the Total Portfolio.
  - The Core Commingled Fund Portfolio includes eleven funds incorporating a mix of diversified funds and sector specialists that represents approximately 66.9% (\$825M) of the Core Private Portfolio as of 12/31/2023.
- Commingled funds have driven core outperformance performing above the Separate Account Portfolio over longer time periods.
- In the Fourth Quarter, all core open-end funds experienced valuation declines reflecting the effect of higher interest rates, inflation and the general slowdown in the market environment.
  - Funds with the largest exposure to the office sector witnessed significant write-downs dragging the performance of the Commingled Fund portfolio.
- Long term performance drivers of core commingled funds:
  - Trade into sector specific and core diversified funds
  - Proprietary/newly formed open-end funds
  - Active portfolio positioning (property types, geographies, risk profiles, etc.)
  - Townsend negotiated fee savings

# Private Real Estate Performance – Non-Core

## LAFPP Non-Core Portfolio Performance

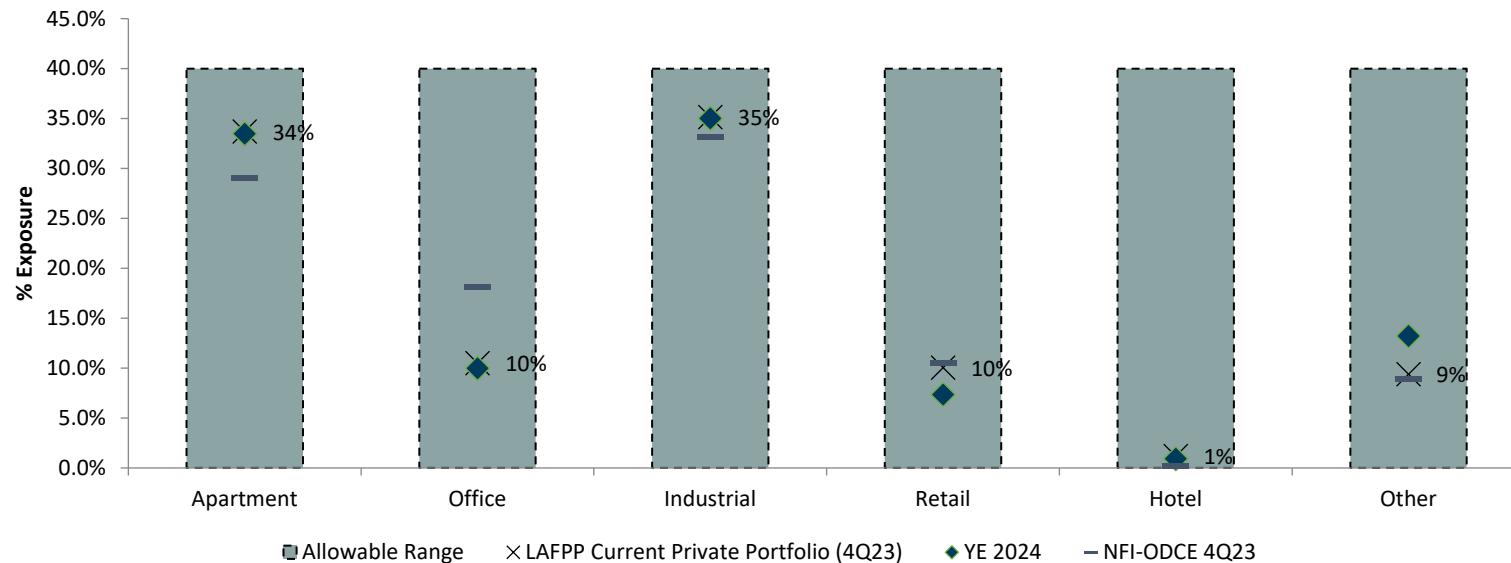


## Performance Highlights

- The Private Non-Core Portfolio outperformed over all time periods except for the 5-year and since inception period.
  - Outperformance over the short-term periods is driven by the strong performance of industrial positions including Exeter Industrial Value Fund V and LBA Logistics Value Fund VII as a result of the structural supply-demand in the sector driving high occupancy and rent growth.
  - Underperformance over the since inception period resulted from the negative performance of the legacy Non-Core investments with most of these funds in the liquidation process.
- The Non-Core Portfolio comprises approximately 16% of the overall real estate portfolio and 30% of the private real estate portfolio.
- During the quarter, the Non-Core Portfolio outperformed the benchmark by 340 basis points driven by the positive performance of the Opportunistic investments.
- Exeter Industrial Value Fund IV was the strongest absolute performer recording 5.4% in net returns.

# Real Estate Portfolio Diversification

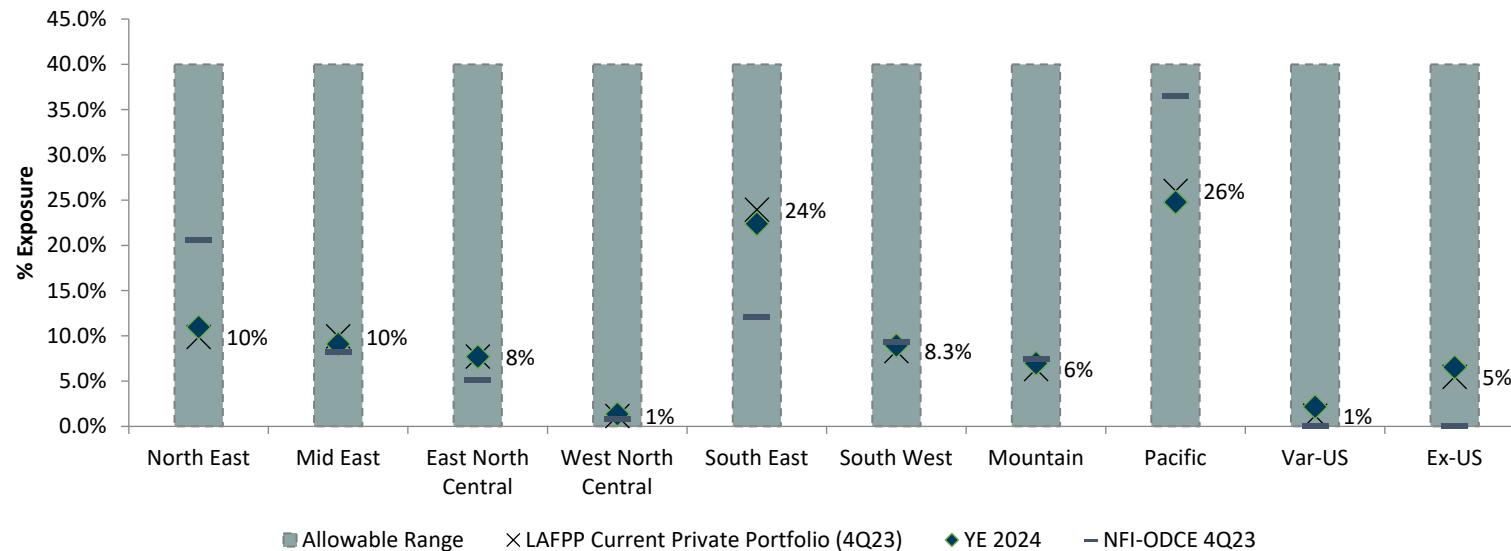
Private Portfolio Property Type Diversification



- LAFPP is well diversified by property type. The private portfolio is within 5% of NFI-ODCE property type weights, except for the office sector. Underweight to the office sector is strategic given the pressures the office sector is facing.
- Other exposure includes but is not limited to data centers (2.9%), medical office (2.1%), self storage (1.3%), student housing (0.8%) and land (0.8%).
- The projections for year-end 2024 assume closed-end funds liquidate on schedule and new commitments are made over the coming years.

# Real Estate Portfolio Diversification

## Private Portfolio Geographic Diversification



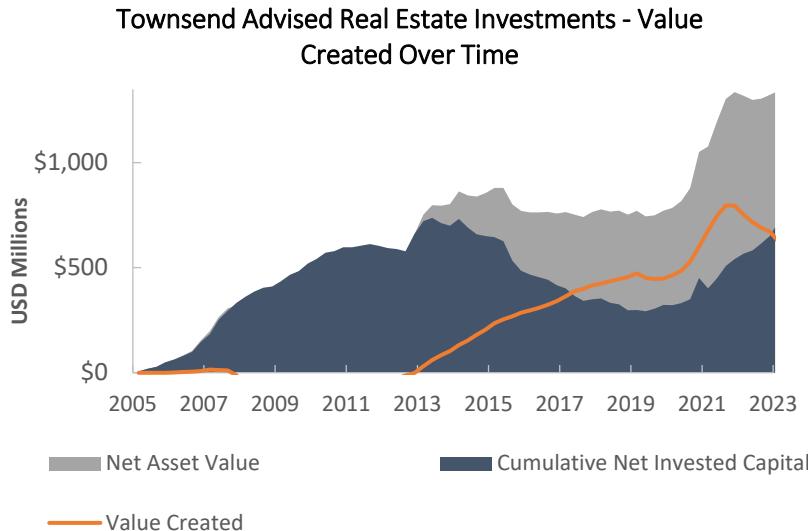
- LAFPP is well diversified across geographic regions. However, the Private Portfolio is significantly underweight to the North East and Pacific regions and overweight to the South East region compared to the NFI-ODCE.
- The Portfolio currently has an aggregate exposure to the Los Angeles metropolitan area of 12.6%, excluding the Neptune Building. The NFI-ODCE's exposure to the Los Angeles metropolitan area is 11.8%.\*\*
- The Var-US (Various U.S.) exposure mainly reflects exposure to entity-level and commercial mortgage-backed securities ("CMBS") investments across the U.S. through Almanac Realty Ventures V, Cerberus Institutional Real Estate Partners Fund V and Oaktree Real Estate Opportunities Fund VIII.
- The Ex-US exposure consists of exposures to Europe, Asia and Australia. The portfolio has no exposure to Russia, Ukraine, or Israel.
- The projections for year-end 2024 assume closed-end funds liquidate on schedule and new commitments are made over the coming years.

Source: The Townsend Group. Data as of December 31, 2023. Townsend's views are as of this date of this publication and may be changed or modified at any time without notice. Past performance is not indicative of future results.

\*Projections include planned commitments, liquidations and redemptions.

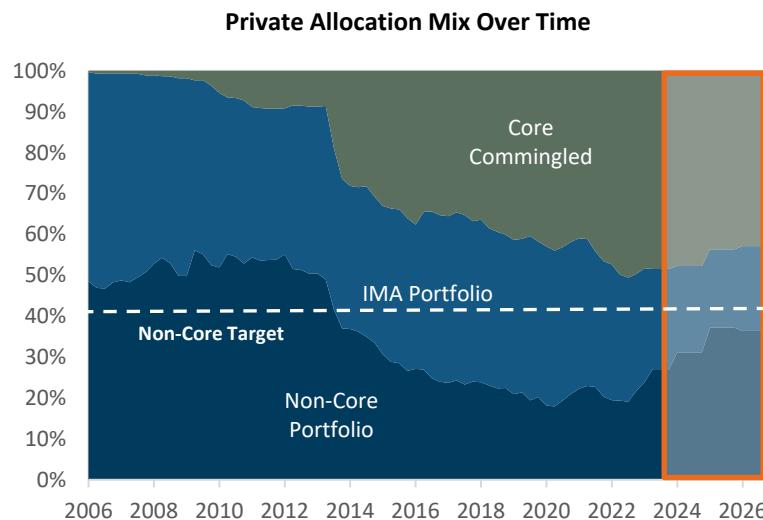
\*\*NFI-ODCE MSA exposure is collected by Townsend bi-annually.

# Private Real Estate Portfolio – Townsend Advised Investments



## Overview

- Since inception of the Townsend relationship in 2005, the portfolio of Townsend advised investments has generated over \$600 million in net profits.
- Profits are driven by effective manager selection and sector positioning as explained in more detail throughout this report.
- Furthermore, under Townsend's advisement the portfolio has steadily progressed towards a desired risk allocation over time through a number of mechanisms:
  - Establishing the Core Open-End Portfolio
  - Reducing Separately Managed Account ("SMA") relationships
  - Maintaining high income yield
  - Gradual change from allocator to operator managed vehicles

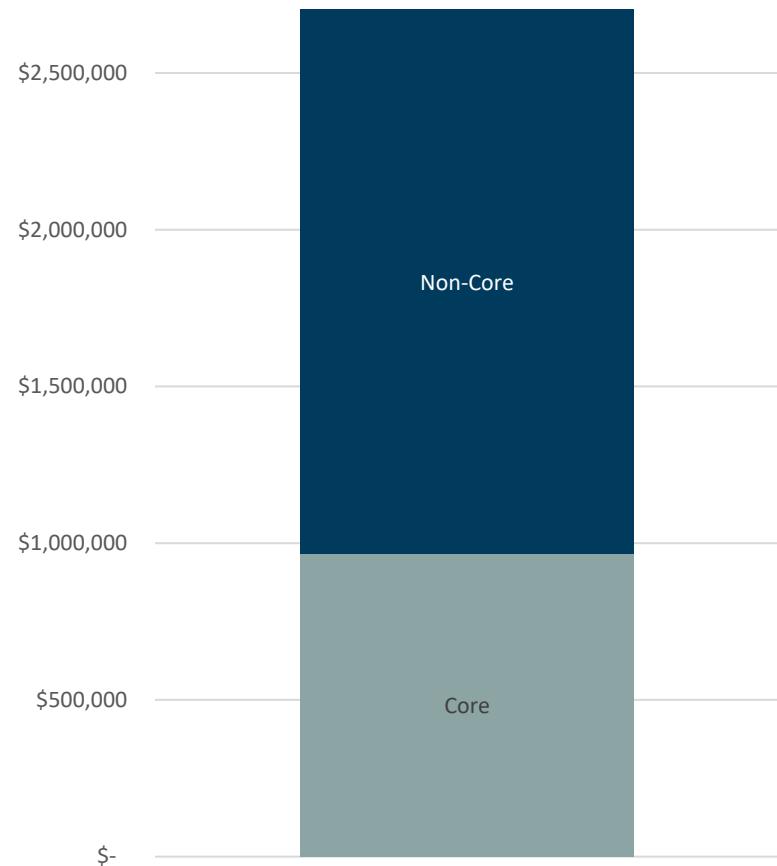


# Private Real Estate Investment Management Fee Savings

## PRIVATE REAL ESTATE PORTFOLIO FEE SAVINGS

- Through the relationship with Townsend, LAFPP is able to achieve significant fee savings with their investment managers.
- Townsend seeks to reduce manager fees without compromising quality of execution as a risk-free way to drive performance.
- Leveraging Townsend's size and influence—in many cases—results in fee breaks achieved through aggregation of capital.
- Fee breaks have also been achieved through close timing and LAFPP commitment amounts.
- The LAFPP Real Estate Program has and is anticipated to continue to benefit from lower fees at all return levels across the Portfolio.
  - LAFPP saves approximately \$2.68 million annually in asset management fees within the Private Real Estate Portfolio\*.

Approximate Annual Fee Savings from Townsend  
Affiliation\*



## C. Market Overview



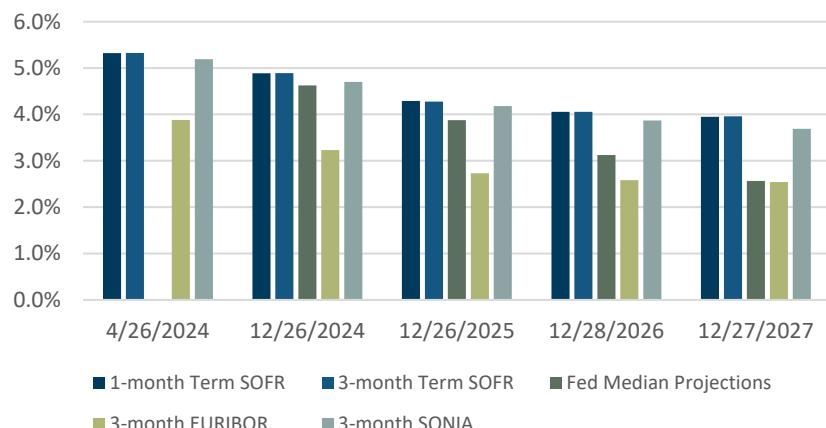
# Global Economic Conditions

## ECONOMIC GROWTH OUTLOOK REMAINS POSITIVE

Real GDP Forecasts (YoY%)				
4/25/2024				
Major Regions	2023	2024	2025	2026
North America	2.4	2.3	1.8	2.0
European Union	0.5	0.9	1.7	1.7
Asia Pacific	4.5	4.2	4.1	3.9
Selected Markets	2023	2024	2025	2026
United States	2.5	2.4	1.8	2.0
United Kingdom	0.3	0.3	1.2	1.5
Germany	-0.3	0.1	1.1	1.3
China	5.2	4.8	4.5	4.2
Japan	1.9	0.7	1.1	1.0
Australia	2.1	1.4	2.2	2.6

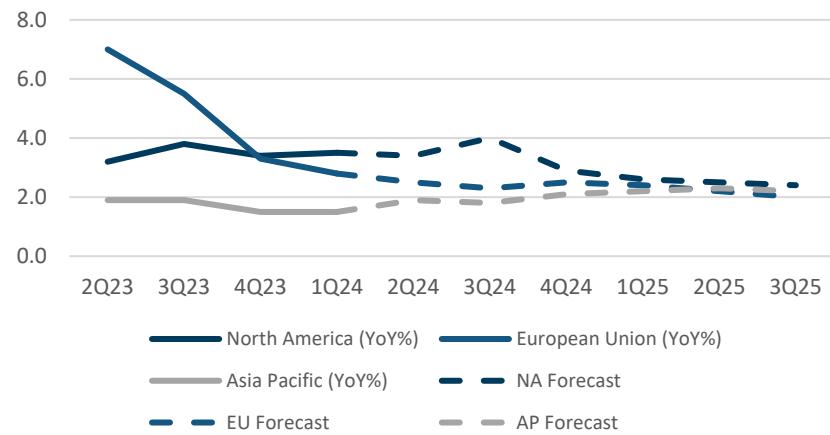
## FORWARD CURVES INDICATING DECLINE IN RATES

### Forward Curves



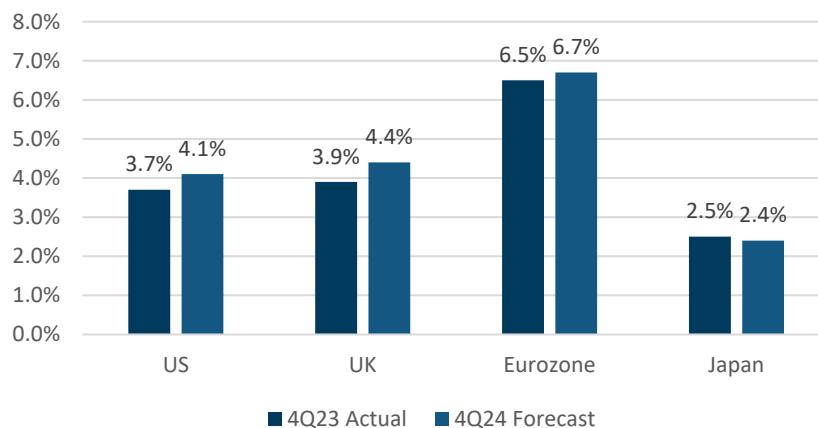
## INFLATION IS PROJECTED TO STABILIZE

### CPI Quarterly



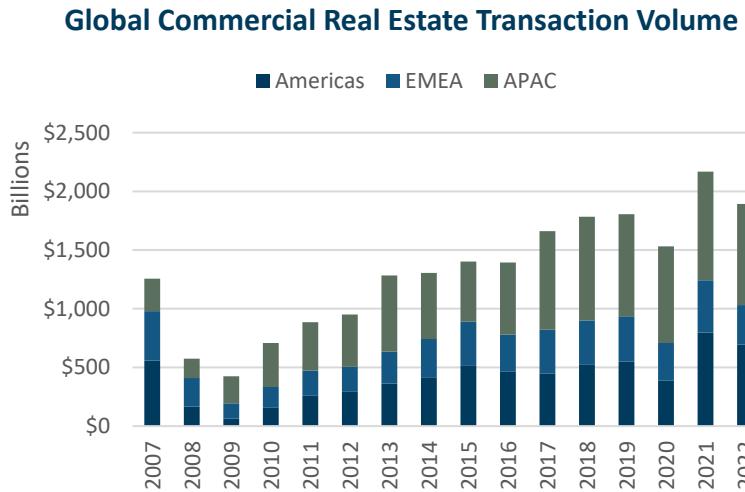
## UNEMPLOYMENT RATES REMAIN LOW

### Unemployment Rate (%)

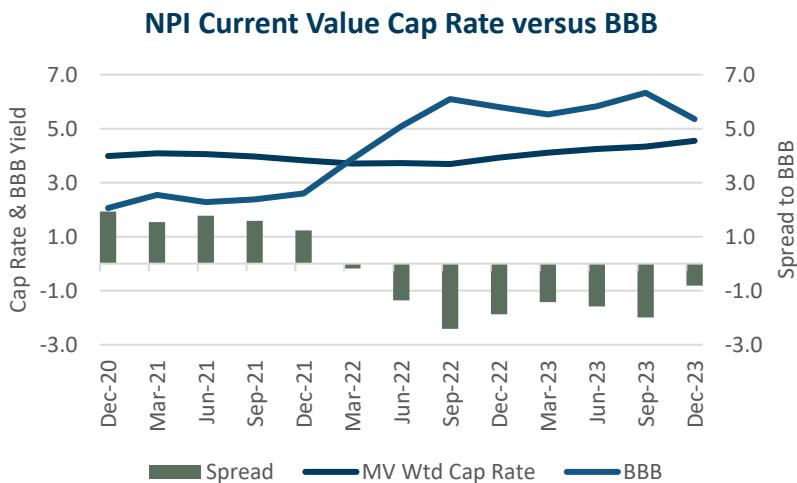


# Global Real Estate Market Conditions

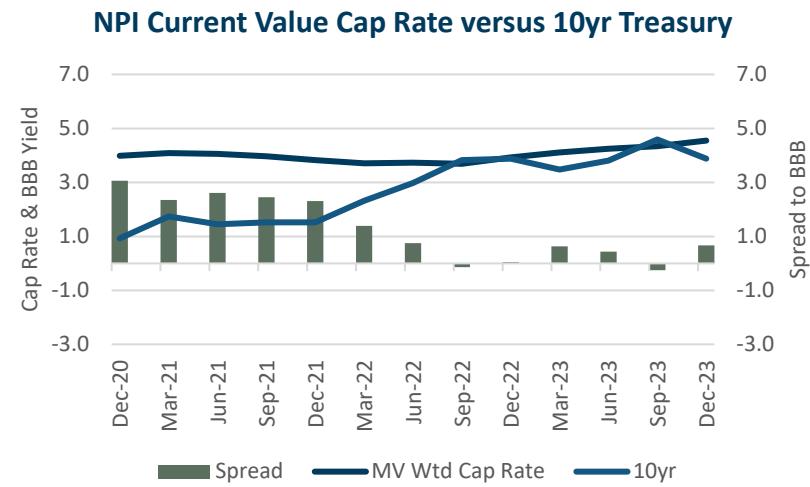
## TRANSACTION VOLUME DOWN BUT SIGNS OF PICKUP



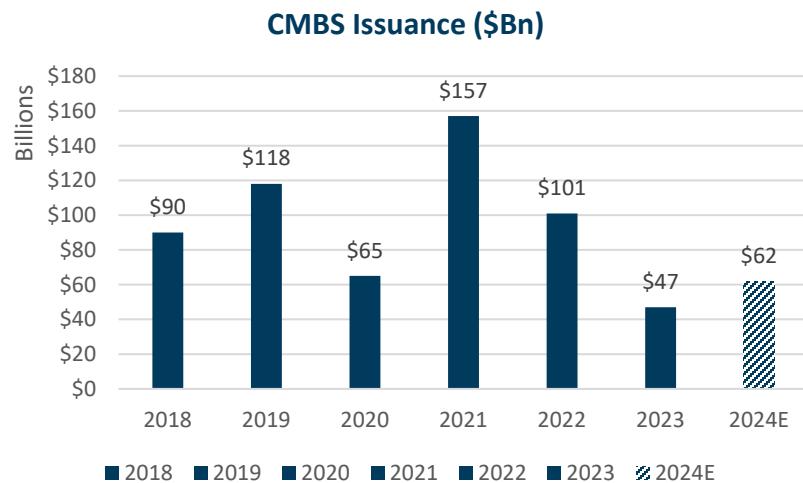
## DEBT REMAINS DILUTIVE WITH NEGATIVE SPREADS



## PRIVATE REAL ESTATE SPREADS COMPRESSING

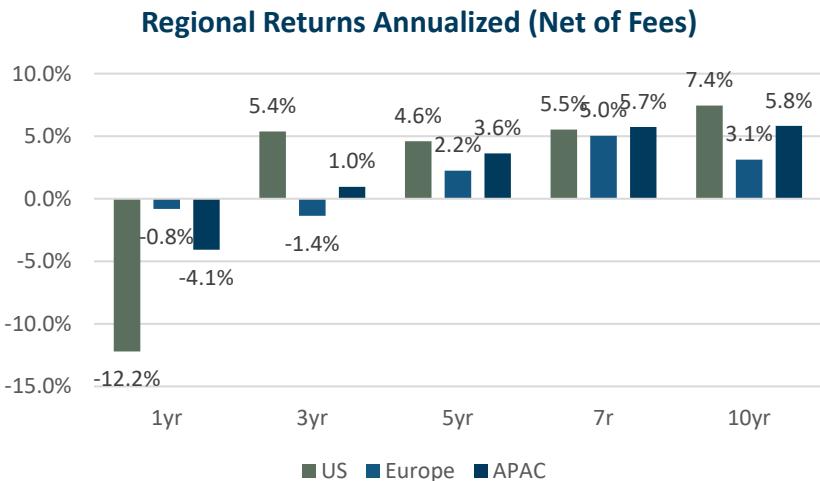


## CMBS ISSUANCE FORECASTED TO INCREASE

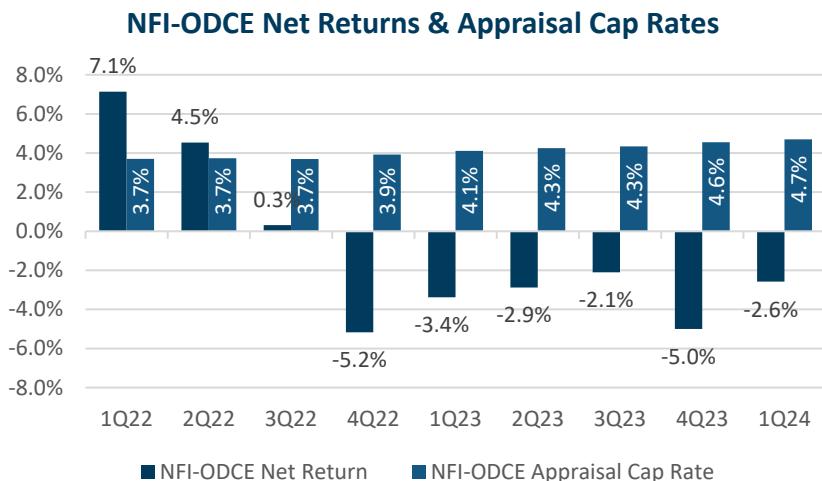


# Regional Performance

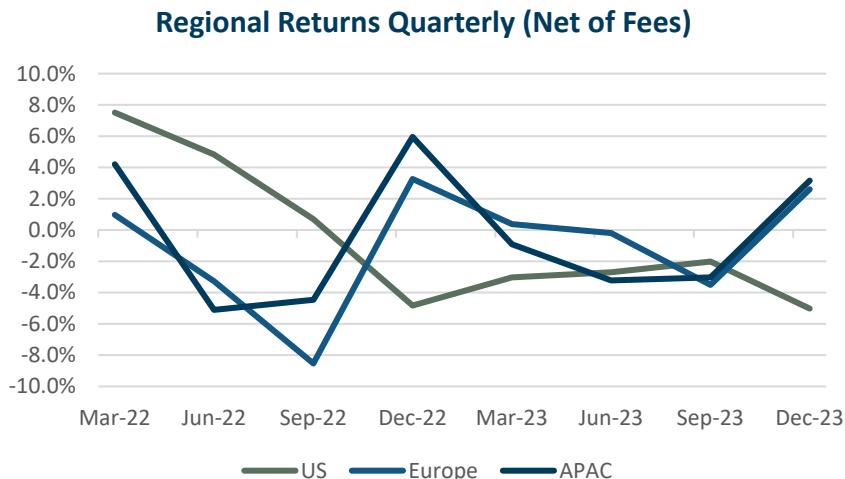
REAL ESTATE RETURNS DECLINED GLOBALLY IN 2023



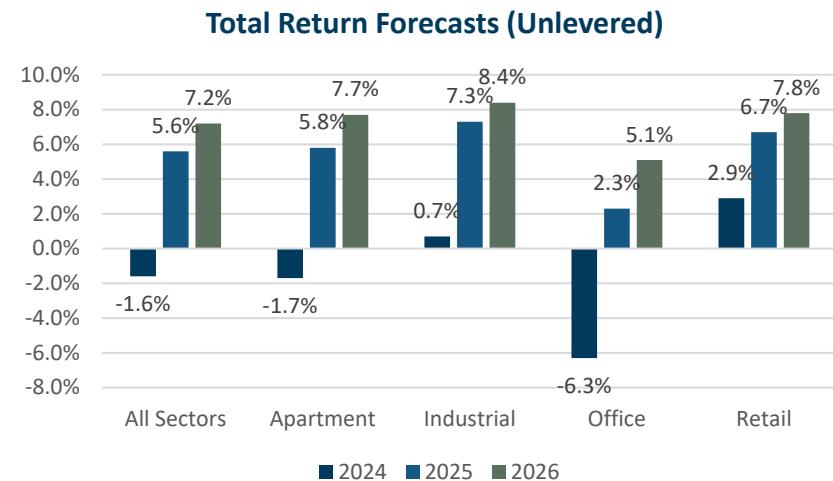
US REAL ESTATE VALUATIONS NEARING BOTTOM



EUROPE & APAC PERFORMANCE POSITIVE IN Q4

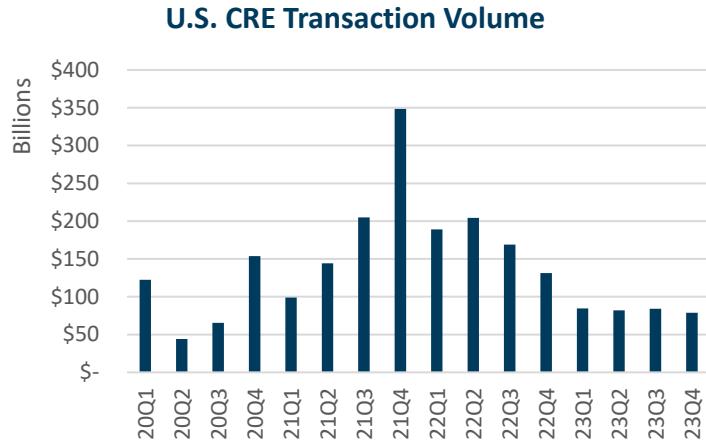


US GP CONSENSUS FORECASTS RISING RETURNS

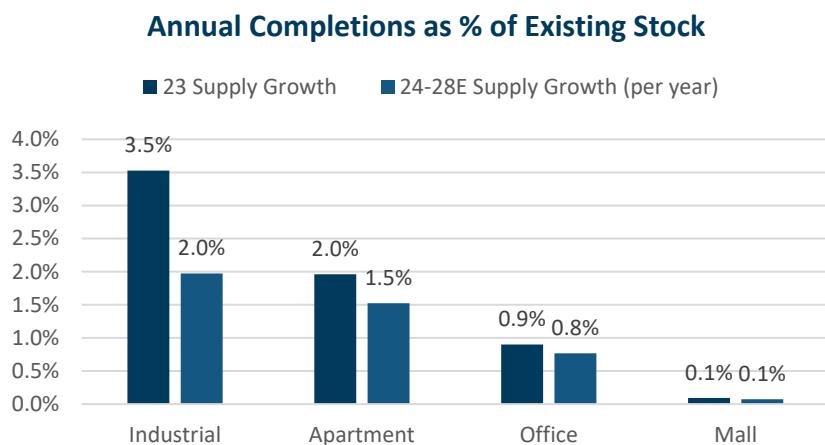


# US Real Estate Market Conditions

## TRANSACTION VOLUME STALLING

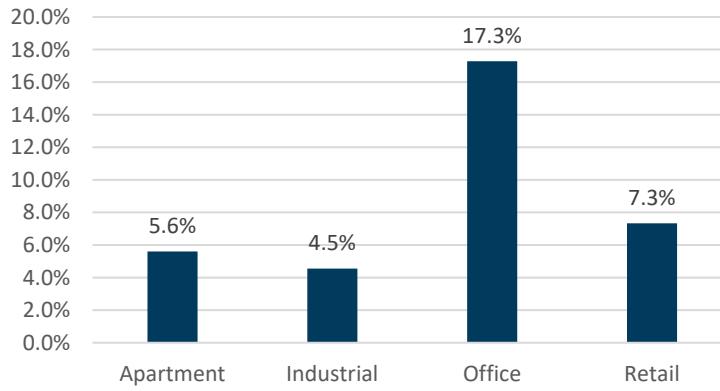


## SUPPLY GROWTH CONTRACTING MEANINGFULLY



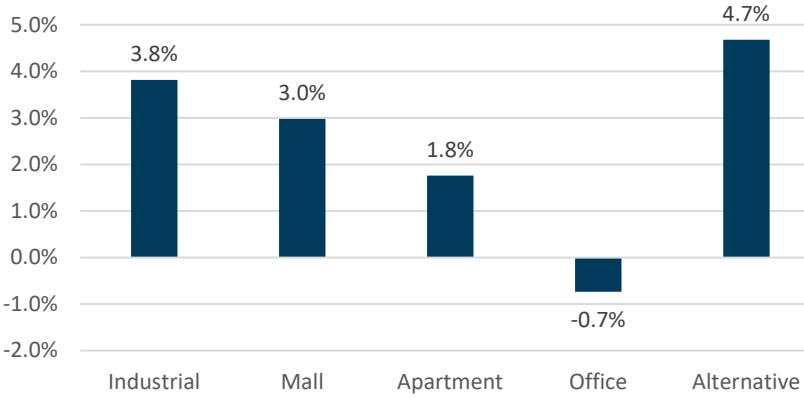
## BUT VACANCY RATES REMAIN LOW

### Vacancy Rates by Property Sector



## GO FORWARD GROWTH OUTLOOK IS QUITE POSITIVE

### Green Street's M-RevPAF<sup>1</sup> Forecast 2024-2028E



# Townsend's Real Estate Investment Themes

## CAPITAL MARKETS DISLOCATION IS CREATING AN ATTRACTIVE VINTAGE TO INVEST IN REAL ESTATE

### 1 Distress and Dislocation

Provide capital solutions to fix broken capital structures created by the rapid rise in interest rates and pullback in senior debt.



### 4 Niche Property Types

Demand for specialized properties the needs of evolving industries are growing. Characterised by differentiated demand dynamics and operating knowledge.



1

### 2 Housing Shortage

Housing is undersupplied across developed economies and new construction starts have plummeted, setting up an attractive operating environment for residential strategies.



4

### 5 Digital Infrastructure

Data Centers are benefiting from surging demand for power driven by the digitization of the economy, growth of content streaming, and integration of AI models.



3

### 3 Global Supply Chain

Expansion/modernization of logistics properties are integral to the global supply chain and are critical for e-commerce growth.



6

### 6 Aging Population

Growing over 65 age cohort driving demand for healthcare, life sciences, medical office, and senior housing.



# US Real Estate Sector Opportunity Set

Most Compelling Sectors Today	
Data Centers	Single Family Rental/Build-to-Rent
<p>Digital data creation, usage, and storage has been growing exponentially. Ongoing in-place technology-led digital transformational trends are everywhere, increasing data demand and consumption, requiring more physical data center space and power within data centers.</p> 	<p>Rising interest rates creating barrier for first-time homebuyers, resulting in growing population of long-term single-family renters. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting single family housing.</p> 

Sectors Exhibiting Attractive Entry Point	
Industrial	Apartments
<p>E-commerce demand driving strong rent growth. Many existing leases exhibit rents well below market, representing strong mark-to-market growth opportunity. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting industrial.</p> 	<p>High mortgage rates driving short-term housing preference for millennials. Supply growth forecasted to contract meaningfully through year-end 2024. Higher entry yields and greater income characteristics offer compelling opportunity for institutional capital targeting residential.</p> 

Sectors to Remain Cautious On	
Retail	Office
<p>Retail yields stabilizing after significant expansion over the past decade. High quality malls generating strong sales per square foot. Neighborhood &amp; grocery-anchored space demonstrated strongest performance in 2023.</p> 	<p>Continued distress post-pandemic as employers and tenants adjust to work-from-home demands. Near-term debt maturities and lack of available financing pose significant risk. Tenant requirements subject to high capital costs and rental concessions.</p> 

## D. Real Estate Performance – Detail Report



Portfolio Composition (\$)									
Total Plan Assets		Allocation		Market Value		Unfunded Commitments		Remaining Allocation	
\$30,683,394,415		3,068,339,442		10.0%		3,165,059,148		10.3%	
Performance Summary									
Category		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
Public Portfolio		16.4	16.3	9.2	8.8	2.7	2.4	7.4	7.0
Private Portfolio		-3.9	-4.1	-9.3	-10.0	7.9	6.2	6.4	4.9
	Core Portfolio	-5.0	-5.1	-11.4	-11.8	6.9	5.9	6.0	5.1
	Value Add Portfolio	-1.4	-1.9	-4.1	-5.4	9.3	5.2	7.1	3.4
	Opportunistic Portfolio	0.7	0.2	2.7	-1.1	14.2	10.5	4.3	2.6
LAFPP		4.3	4.1	-1.7	-2.2	4.3	3.3	5.7	4.7
Indices & Targeted Returns									
LAFPP Benchmark <sup>2</sup>		TGRS	TNET	TGRS	TNET	TGRS	TNET	TGRS	TNET
		1.3			-4.9		5.0		4.9
	NFI-ODCE	-4.8	-5.0	-12.0	-12.7	4.9	4.0	4.2	3.3
	NFI-ODCE + 50 bps (Private Portfolio Benchmark)	-4.7	-4.9	-11.5	-12.2	5.4	4.5	4.7	3.8
	Public Benchmark	15.8		12.9		4.3		5.2	
	FTSE EPRA / NAREIT Develop Index (Global Public Benchmark)	15.3		9.7		1.2		2.8	
	Dow Jones US Select Real Estate Index (Domestic Public Benchmark)	16.3		16.2		7.5		7.6	
Funding Status (\$) <sup>3</sup>									
		Investment Vintage Year	Commitment Amount <sup>3</sup>	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
Public Portfolio		2006	623,572,489	1,880,920,325	0	868,163,267	1,412,920,722	44.6	36.9
Private Portfolio		1988	2,185,267,727	2,202,283,172	664,185,217	1,109,660,708	1,752,138,426	55.4	63.1
	Core Portfolio	2006	719,195,955	1,356,691,375	53,769,975	637,247,928	1,233,279,541	39.0	33.6
	Value Add Portfolio	1989	927,600,319	552,990,203	356,335,957	259,927,242	393,489,758	12.4	19.6
	Opportunistic Portfolio	1990	538,471,453	292,601,594	254,079,285	212,485,538	125,369,127	4.0	9.9
Total Portfolio									
LAFPP		1989	2,808,840,216	4,083,203,497	664,185,217	1,977,823,975	3,165,059,148	100.0	100.0

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Core Public Portfolio</b>								
Alliance REIT	2015	112,137,320	239,098,809	0	41,603,778	276,346,886	8.7	7.2
Cohen & Steers REIT	2018	176,690,641	790,546,690	0	296,422,922	503,574,760	15.9	13.2
Principal Global REIT	2014	157,913,304	160,618,841	0	43,744,466	192,859,287	6.1	5.0
Principal REIT	2006	176,831,224	690,655,985	0	486,392,101	440,139,788	13.9	11.5
<b>Core Public Portfolio</b>	<b>2006</b>	<b>623,572,489</b>	<b>1,880,920,325</b>	<b>0</b>	<b>868,163,267</b>	<b>1,412,920,722</b>	<b>44.6</b>	<b>36.9</b>
<b>Core Private Portfolio</b>								
AEW Core I.M.A.	2019	0	99,574,101	0	20,540,100	114,046,115	3.6	3.0
AEW Core I.M.A. (Takeover)	2018	0	522,155,184	0	345,700,251	294,447,175	9.3	7.7
Berkshire Multifamily Income Realty Fund	2015	30,000,000	30,000,000	0	13,558,527	30,271,055	1.0	0.8
GID Mainstay Fund	2021	100,000,000	91,690,687	11,619,367	3,577,200	94,130,729	3.0	2.8
Heitman HART	2014	60,000,000	60,000,000	0	84,365,135	11,851,939	0.4	0.3
Jamestown Premier Property Fund	2013	60,000,000	67,618,424	0	54,564,716	20,831,160	0.7	0.5
Kayne Anderson Core Real Estate Fund	2019	75,000,000	35,000,000	40,000,000	6,507,388	36,600,451	1.2	2.0
Lion Industrial Trust - 2007	2013	60,000,000	77,338,872	0	32,024,150	218,464,811	6.9	5.7
MetLife Core Property Fund	2013	60,000,000	96,886,502	0	39,093,636	129,683,697	4.1	3.4
Principal U.S. Property Account	2021	99,195,955	100,000,000	0	0	99,195,955	3.1	2.6
PRISA SA	2013	60,000,000	60,000,000	0	27,486,509	82,293,110	2.6	2.1
RREEF Core Plus Industrial Fund	2021	80,000,000	83,578,213	0	4,175,688	93,867,854	3.0	2.5
Unico Core Plus Partners	2018	35,000,000	32,849,392	2,150,608	5,654,628	7,595,491	0.2	0.3
<b>Core Private Portfolio</b>	<b>2006</b>	<b>719,195,955</b>	<b>1,356,691,375</b>	<b>53,769,975</b>	<b>637,247,928</b>	<b>1,233,279,541</b>	<b>39.0</b>	<b>33.6</b>
<b>Total Current Portfolio</b>								
<b>LAFPP</b>	<b>1989</b>	<b>2,808,840,216</b>	<b>4,083,203,497</b>	<b>664,185,217</b>	<b>1,977,823,975</b>	<b>3,165,059,148</b>	<b>100.0</b>	<b>100.0</b>

Funding Status (\$)	Investment Vintage Year	Commitment Amount	Funded Amount	Unfunded Commitments	Capital Returned	Market Value	Market Value (%)	Market Value + Unfunded Commitments (%)
<b>Value Added Portfolio</b>								
Abacus Multi-Family Partners VI L.P.	2022	75,000,000	16,695,205	58,304,795	0	8,462,794	0.3	1.7
Almanac Realty Securities IX, L.P.	2022	75,000,000	14,522,606	60,477,394	0	13,083,645	0.4	1.9
Almanac Realty Securities VII	2015	50,000,000	48,796,270	7,025,321	40,280,206	29,136,680	0.9	0.9
Almanac Realty Securities VIII	2018	50,000,000	33,316,458	19,289,489	7,301,302	32,271,959	1.0	1.3
Asana Partners Fund I	2017	30,000,000	27,551,492	2,923,780	9,122,495	39,811,878	1.3	1.1
Asana Partners Fund II	2019	35,000,000	26,993,750	8,006,250	0	32,581,894	1.0	1.1
Asana Partners Fund III	2022	50,000,000	20,000,000	30,000,000	0	18,245,169	0.6	1.3
EQT Exeter Industrial Value Fund VI, L.P.	2022	75,000,000	0	75,000,000	0	6,284,564	0.2	2.1
Exeter Europe Logistics Value Fund IV	2021	48,857,946	5,426,061	22,077,492	0	2,398,386	0.1	0.6
Exeter Industrial Value Fund IV	2017	30,000,000	28,329,412	1,670,588	59,040,803	2,992,724	0.1	0.1
Exeter Industrial Value Fund V	2020	30,000,000	29,539,058	460,942	0	44,192,079	1.4	1.2
Gerrity Retail Fund 2	2015	35,000,000	35,136,244	0	13,503,870	26,313,346	0.8	0.7
Heitman Asia-Pacific Property Investors	2018	50,000,000	45,918,769	6,252,805	17,183,537	30,500,908	1.0	1.0
LBA Logistics Value Fund IX	2022	60,000,000	34,615,385	25,384,615	0	31,869,961	1.0	1.5
LBA Logistics Value Fund VII	2020	30,000,000	26,295,947	3,704,053	1,088,596	36,471,389	1.2	1.0
NREP Nordic Strategies Fund IV	2019	38,923,488	22,902,071	12,712,053	0	21,369,458	0.7	0.9
Savanna Real Estate Fund III	2014	50,000,000	48,500,000	0	10,683,106	1,043,685	0.0	0.0
Standard Life Investments European Real Estate Club	2014	39,794,400	31,690,450	2,130,352	42,773,894	0	0.0	0.1
Standard Life Investments European Real Estate Club II	2015	40,024,486	39,466,908	1,720,106	56,915,261	128,997	0.0	0.0
Wolff Credit Partners III, LP	2022	35,000,000	17,294,118	19,195,922	2,034,173	16,330,243	0.5	0.9
<b>Value Added Portfolio</b>	<b>1989</b>	<b>927,600,319</b>	<b>552,990,203</b>	<b>356,335,957</b>	<b>259,927,242</b>	<b>393,489,758</b>	<b>12.4</b>	<b>19.6</b>
<b>Opportunistic Portfolio</b>								
Almanac Realty Securities V, LP	2008	30,000,000	35,250,734	0	51,225,617	38,113	0.0	0.0
Apollo CPI Europe I	2006	29,721,453	25,464,812	1,913,065	13,083,518	259,160	0.0	0.1
Brookfield Strategic Real Estate Partners IV	2022	50,000,000	32,383,610	19,592,357	1,975,969	32,298,209	1.0	1.4
California Smart Growth Fund IV	2006	30,000,000	31,522,661	33,153	38,422,921	-261	0.0	0.0
Cerberus Institutional Real Estate Partners V	2020	30,000,000	21,698,135	8,790,996	489,131	28,211,346	0.9	1.0
Cerberus Institutional Real Estate Partners VI	2024	60,000,000	0	60,000,000	0	0	0.0	1.6
CIM Real Estate Fund III	2007	30,000,000	32,092,060	0	41,347,449	8,978,884	0.3	0.2
Oaktree Real Estate Opportunities Fund IX L.P.	2024	60,000,000	0	60,000,000	0	0	0.0	1.6
Oaktree Real Estate Opportunities Fund VIII L.P.	2021	40,000,000	26,139,296	16,800,000	3,818,031	25,615,690	0.8	1.1
Principal Data Center Growth & Income Fund, LP	2023	40,000,000	24,000,000	16,000,000	0	24,205,134	0.8	1.0
Starwood Opportunity Fund IX	2013	30,000,000	27,900,000	2,100,000	48,343,532	2,746,279	0.1	0.1
Stockbridge Real Estate Fund II	2006	33,750,000	30,000,000	0	13,779,370	350,063	0.0	0.0
TPG Real Estate Partners IV	2022	75,000,000	6,150,286	68,849,714	0	2,666,510	0.1	1.9
<b>Opportunistic Portfolio</b>	<b>1990</b>	<b>538,471,453</b>	<b>292,601,594</b>	<b>254,079,285</b>	<b>212,485,538</b>	<b>125,369,127</b>	<b>4.0</b>	<b>9.9</b>
<b>Private Portfolio</b>	<b>1988</b>	<b>2,185,267,727</b>	<b>2,202,283,172</b>	<b>664,185,217</b>	<b>1,109,660,708</b>	<b>1,752,138,426</b>	<b>55.4</b>	<b>63.1</b>
<b>Total Current Portfolio</b>								
<b>LAFPP</b>	<b>1989</b>	<b>2,808,840,216</b>	<b>4,083,203,497</b>	<b>664,185,217</b>	<b>1,977,823,975</b>	<b>3,165,059,148</b>	<b>100.0</b>	<b>100.0</b>

Commitments was approved subsequent to quarter-end.

Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception				TWR Calculation Inception	Net IRR <sup>5</sup>	Equity Multiple <sup>5</sup>
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET			
<b>Core Public Portfolio</b>																												
Alliance REIT	276,346,886	0.0	11.0	11.0	11.0	0.1	1.4	1.4	1.4	-0.1	5.0	5.0	4.9	1.2	8.4	9.7	9.7					2.2	4.0	6.2	6.2	2Q15	5.4	1.3
Cohen & Steers REIT	503,574,760	1.2	17.1	18.4	18.3	4.1	6.6	10.8	10.3	3.6	-0.5	3.1	2.6	3.7	4.6	8.4	8.0					3.8	2.7	6.6	6.2	1Q18	0.4	1.0
Principal Global REIT	192,859,287	1.1	15.7	16.8	16.6	4.2	8.3	12.7	12.2	3.7	-2.4	1.3	0.8	3.5	1.3	4.9	4.4					4.5	0.6	5.3	4.8	2Q14	4.7	1.5
Principal REIT	440,139,788	1.2	16.2	17.4	17.3	4.2	6.8	11.1	10.6	3.5	-0.8	2.7	2.3	3.5	3.8	7.4	6.9	3.7	5.3	9.1	8.7	5.5	1.2	6.8	6.4	3Q06	7.3	1.3
<b>Core Public Portfolio</b>	<b>1,412,920,722</b>	<b>1.0</b>	<b>15.4</b>	<b>16.4</b>	<b>16.3</b>	<b>3.3</b>	<b>5.7</b>	<b>9.2</b>	<b>8.8</b>	<b>2.9</b>	<b>-0.2</b>	<b>2.7</b>	<b>2.4</b>	<b>3.1</b>	<b>4.1</b>	<b>7.4</b>	<b>7.0</b>	<b>3.8</b>	<b>3.9</b>	<b>7.8</b>	<b>7.4</b>	<b>5.0</b>	<b>1.1</b>	<b>6.1</b>	<b>5.7</b>	<b>3Q06</b>	<b>4.4</b>	<b>1.2</b>
<b>Core Private Portfolio</b>																												
AEW Core I.M.A.	114,046,115	1.5	-2.0	-0.5	-0.7	5.6	-10.8	-5.6	-6.2	5.2	6.3	11.7	11.2	6.5	-2.4	4.0	3.5					5.1	2.3	7.5	6.9	2Q19	8.1	1.4
AEW Core I.M.A. (Takeover)	294,447,175	1.3	-7.7	-6.4	-6.5	5.7	-17.4	-12.4	-12.9	6.1	-2.3	3.6	3.2	3.7	-0.8	2.9	2.3					6.7	-1.8	4.7	4.2	1Q18	5.3	1.2
Berkshire Multifamily Income Realty Fund	30,271,055	1.0	-5.9	-4.8	-5.0	3.4	-25.7	-22.9	-23.2	3.5	-1.0	2.6	2.0	4.1	0.1	4.2	3.2					3.9	0.6	4.5	3.9	1Q16	5.8	1.5
GID Mainstay Fund	94,130,729	0.8	-7.9	-7.0	-6.1	3.4	-10.6	-7.5	-6.2	3.9	2.5	6.5	5.4	2.2	-18.5	-16.5	-16.9	3.4	-5.6	-2.4	-3.9	3.5	9.2	12.9	11.5	1Q22	5.0	1.1
Heitman HART	11,851,939	1.0	-5.2	-4.2	-4.5	3.9	-14.5	-11.0	-12.0	3.9	2.5	6.5	5.4	4.3	2.4	6.8	5.8	1Q15	7.6	1.6								
Jamestown Premier Property Fund	20,831,160	0.4	-11.7	-11.3	-11.5	2.7	-52.2	-50.7	-51.0	2.4	-26.2	-24.3	-24.7	2.2	-18.5	-16.5	-16.9	4.8	12.5	17.8	15.1	5.0	12.6	18.1	15.3	3Q13	2.0	1.1
Kayne Anderson Core Real Estate Fund	36,600,451	1.2	-5.0	-3.8	-3.9	4.9	-6.7	-1.9	-2.5	4.9	1.5	6.5	6.0	5.0	1.5	6.6	6.0	4.9	3.8	8.8	8.3	4.9	3.8	8.8	8.3	1Q19	5.7	1.2
Lion Industrial Trust - 2007	218,464,811	0.9	-3.7	-2.8	-3.1	3.5	-7.2	-3.9	-4.0	3.6	17.7	21.8	18.2	4.1	14.6	19.1	16.1	4.3	-2.1	1.8	1.0	4Q21	-0.4	1.0				
MetLife Core Property Fund	129,683,697	1.1	-8.3	-7.2	-7.3	4.5	-17.9	-14.0	-14.4	4.5	1.8	6.4	5.9	4.6	1.1	5.7	5.2	4.9	3.8	8.8	8.3	1Q14	8.3	1.7				
Principal U.S. Property Account	99,195,955	1.1	-3.1	-2.1	-2.3	4.1	-13.7	-10.0	-10.7	3.8	1.1	5.0	4.0	4.0	0.8	4.7	3.8	4.3	3.4	7.9	6.9	4Q13	7.3	1.8				
PRISA SA	82,293,110	1.0	-5.5	-4.5	-4.8	3.8	-14.1	-10.7	-11.5	3.8	1.1	5.0	4.0	4.3	3.2	7.7	6.7	2.8	13.0	16.1	15.2	2Q21	8.3	1.2				
RREEF Core Plus Industrial Fund	93,867,854	0.8	-2.4	-1.6	-1.8	3.1	-6.8	-3.9	-4.6	4.6	-40.1	-37.0	-37.8	4.5	-27.4	-23.9	-24.5	6.7	0.3	7.0	6.4	4.5	-26.0	-22.5	-23.1	4Q18	-23.5	0.4
Unico Core Plus Partners	7,595,491	1.2	-51.3	-50.0	-50.5	3.7	-67.4	-65.6	-66.4	4.6	-40.1	-37.0	-37.8	5.0	1.0	6.0	5.1	5.5	2.7	8.3	7.3	6.1	1.9	8.1	7.2	1Q06	7.4	1.4
<b>Core Private Portfolio</b>	<b>1,233,279,541</b>	<b>1.1</b>	<b>-6.1</b>	<b>-5.0</b>	<b>-5.1</b>	<b>4.4</b>	<b>-15.3</b>	<b>-11.4</b>	<b>-11.8</b>	<b>4.7</b>	<b>2.2</b>	<b>6.9</b>	<b>5.9</b>	<b>6.3</b>	<b>-1.3</b>	<b>4.9</b>	<b>4.4</b>	<b>6.5</b>	<b>-0.9</b>	<b>5.5</b>	<b>5.0</b>	<b>1Q18</b>	<b>5.7</b>	<b>1.2</b>				
<b>AEW Total Core I.M.A.</b>	<b>408,493,290</b>	<b>1.4</b>	<b>-6.2</b>	<b>-4.8</b>	<b>-4.9</b>	<b>5.7</b>	<b>-15.6</b>	<b>-10.6</b>	<b>-11.1</b>	<b>5.9</b>	<b>-0.4</b>	<b>5.4</b>	<b>4.9</b>	<b>6.3</b>	<b>-1.3</b>	<b>4.9</b>	<b>4.4</b>	<b>6.5</b>	<b>-0.9</b>	<b>5.5</b>	<b>5.0</b>	<b>1Q18</b>	<b>5.7</b>	<b>1.2</b>				
<b>Total Core Commingled Funds</b>	<b>824,786,252</b>	<b>1.0</b>	<b>-6.1</b>	<b>-5.2</b>	<b>-5.2</b>	<b>3.8</b>	<b>-15.2</b>	<b>-11.8</b>	<b>-12.2</b>	<b>3.8</b>	<b>4.0</b>	<b>7.9</b>	<b>6.6</b>	<b>4.0</b>	<b>2.8</b>	<b>6.9</b>	<b>5.7</b>	<b>4.4</b>	<b>4.9</b>	<b>9.5</b>	<b>8.2</b>	<b>6.4</b>	<b>3.5</b>	<b>10.1</b>	<b>8.9</b>	<b>1Q88</b>	<b>7.6</b>	<b>1.5</b>
<b>Total Core Separate Accounts</b>	<b>408,493,290</b>	<b>1.4</b>	<b>-6.2</b>	<b>-4.8</b>	<b>-4.9</b>	<b>5.7</b>	<b>-15.6</b>	<b>-10.6</b>	<b>-11.1</b>	<b>5.9</b>	<b>-0.4</b>	<b>5.4</b>	<b>4.9</b>	<b>6.3</b>	<b>-1.3</b>	<b>4.9</b>	<b>4.4</b>	<b>6.7</b>	<b>0.3</b>	<b>7.0</b>	<b>6.4</b>	<b>6.4</b>	<b>1.2</b>	<b>7.6</b>	<b>7.0</b>	<b>4Q89</b>	<b>8.5</b>	<b>1.4</b>
<b>Total Portfolio</b>																												
LAFFP	3,165,059,147	0.9	3.4	4.3	4.1	3.5</td																						

>Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception				TWR Calculation	Net IRR <sup>5</sup>	Equity Multiple <sup>5</sup>					
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	Inception							
<b>Value Added Portfolio</b>																																	
Abacus Multi-Family Partners VI L.P.	8,462,794	3.3	-37.3	-34.0	-36.0	-15.6	-29.4	-37.3	-49.4																		-25.7	-23.0	-40.2	-59.3	1Q22	-70.5	0.5
Almanac Realty Securities IX	13,083,645	0.0	3.2	3.2	1.5	1.4	-1.1	0.3	-8.0																		7.9	2.1	10.2	47.6	2Q22	-9.4	0.9
Almanac Realty Securities VII	29,136,680	1.4	1.2	2.6	2.3	6.6	-3.7	2.7	1.5	6.9	0.7	7.7	6.5	7.5	1.9	9.5	8.3									8.1	4.4	12.7	10.3	3Q15	10.9	1.4	
Almanac Realty Securities VIII	32,271,959	1.3	0.0	1.3	1.1	5.6	-4.1	1.3	0.2	6.8	5.8	13.0	10.9													7.1	6.1	13.5	6.3	3Q19	8.4	1.2	
Asana Partners Fund I	39,811,878	0.3	1.1	1.4	1.9	0.9	-4.8	-3.9	-0.8	2.7	13.5	16.5	12.2	2.7	9.2	12.1	9.7									2.3	13.0	15.5	11.6	2Q17	11.8	1.8	
Asana Partners Fund II	32,581,894	-0.3	1.8	1.5	1.3	-1.5	-1.9	-3.4	0.3	-0.4	17.7	17.2	14.8													-3.1	6.7	3.1	-4.2	4Q19	8.0	1.2	
Asana Partners Fund III	18,245,169	-0.5	2.9	2.4	1.5	-3.8	-3.5	-7.2	-13.3																	-6.4	10.0	3.8	-12.4	2Q22	-11.9	0.9	
EQT Exeter Industrial Value Fund VI, L.P.	6,284,564																													4Q23	-17.1	0.8	
Exeter Europe Logistics Value Fund IV	2,398,386	-2.7	-28.5	-31.2	-33.6	-8.7	-9.0	-17.4	-26.7																	-19.2	-9.8	-22.3	-33.9	3Q22	-43.3	0.4	
Exeter Industrial Value Fund IV	2,992,724	2.2	4.7	6.9	5.4	4.4	-8.4	-4.3	-3.7	3.6	17.5	21.5	16.7	3.7	19.0	23.1	17.7									3.6	20.0	24.1	18.1	4Q17	30.0	2.2	
Exeter Industrial Value Fund V	44,192,079	0.3	-0.4	-0.1	-0.2	1.3	0.2	1.5	0.6																	2.8	37.2	40.9	30.9	1Q21	20.1	1.5	
Gerrity Retail Fund 2	26,313,346	0.8	-11.2	-10.4	-10.7	3.1	-11.2	-8.3	-9.5	5.1	-3.4	1.6	0.3	5.4	-5.4	-0.2	-1.5									6.6	-1.4	5.1	3.3	4Q15	2.4	1.1	
Heitman Asia-Pacific Property Investors	30,500,908	0.4	-3.4	-3.0	-3.3	1.5	-7.9	-6.5	-7.4	2.8	-3.5	-0.8	-1.7												2.2	-1.3	0.8	-0.1	4Q18	1.1	1.0		
LBA Logistics Value Fund IX	31,869,961	-0.6	0.1	-0.5	-1.1	-3.6	-1.2	-4.8	-8.0																-3.4	-0.4	-3.8	-8.7	2Q22	-8.9	0.9		
LBA Logistics Value Fund VII	36,471,389	0.4	0.6	1.1	0.9	2.3	-0.2	2.0	1.2	3.4	15.6	19.4	17.5												3.8	16.0	20.3	17.3	2Q20	14.8	1.4		
NREP Nordic Strategies Fund IV	21,369,458	2.2	-2.0	0.2	-0.5	1.0	-14.6	-13.8	-13.2	-8.5	12.2	4.3	-3.6												-17.9	26.1	5.6	N/A	1Q20	-3.9	0.9		
Savanna Real Estate Fund III	1,043,685	0.0	0.0	0.0	0.0	0.0	-60.9	-60.9	-60.9	0.0	-66.9	-66.9	-67.4	0.0	-54.8	-54.8	-55.4								0.0	-31.2	-31.2	-32.7	4Q14	-44.3	0.2		
Standard Life Investments European Real Estate Club	0																												4Q14	14.6	1.3		
Standard Life Investments European Real Estate Club II	128,997																												1Q16	15.5	1.4		
Wolff Credit Partners III, LP	16,330,243	3.5	0.0	3.5	2.4	20.5	0.0	20.5	10.4	2.8	6.3	9.3	5.2	3.2	3.8	7.1	3.4	2.8	6.8	9.8	6.9	5.3	2.0	7.4	6.0	4Q89	8.4	1.3					
<b>Value Added Portfolio</b>	<b>393,489,758</b>	<b>0.6</b>	<b>-2.1</b>	<b>-1.4</b>	<b>-1.9</b>	<b>1.7</b>	<b>-5.7</b>	<b>-4.1</b>	<b>-5.4</b>	<b>2.8</b>	<b>6.3</b>	<b>9.3</b>	<b>5.2</b>	<b>3.2</b>	<b>3.8</b>	<b>7.1</b>	<b>3.4</b>	<b>2.8</b>	<b>6.8</b>	<b>9.8</b>	<b>6.9</b>	<b>5.3</b>	<b>2.0</b>	<b>7.4</b>	<b>6.0</b>	<b>4Q89</b>	<b>8.4</b>	<b>1.3</b>					
<b>Total Portfolio</b>																																	
LAFPP	3,165,059,148	0.9	3.4	4.3	4.1	3.5	-5.0	-1.7	-2.2	3.6	0.6	4.3	3.3	3.9	1.7	5.7	4.7	4.6	3.0	7.7	6.8	5.9	1.2	7.1	6.2	1Q88	6.6	1.3					
LAFPP (Public Gross and Private Net Blend)	3,165,059,148	0.9	3.4	4.3	4.2	3.5	-5.0	-1.7	-2.1	3.6	0.6	4.3	3.5	3.9	1.7	5.7	4.9	4.6	3.0	7.7	6.9	5.9	1.2	7.1	6.2	1Q88							
<b>Indices</b>																																	
LAFPP Benchmark <sup>2</sup>			1.3				-4.9				5.0				3.8	0.4	4.2	3.3	4.2	3.0	7.3	6.3	6.4	0.5	6.9	5.9	1Q88						
NFI-ODCE		1.0	-5.8	-4.8	-5.0	3.6	-15.2	-12.0	-12.7	3.7	1.2	4.9	4.0	3.8	0.4	4.2	3.3	4.7	3.8	7.8	6.8	7.4	6.4	1Q88									
NFI-ODCE + 50 basis points (Private Portfolio Benchmark)							-4.7	-4.9			-11.5	-12.2				5.4																	



Returns (%)	Market Value (\$)	Quarter				1 Year				3 Year				5 Year				10 Year				Inception TWR Calculation		LTV		
		INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	INC	APP	TGRS	TNET	TGRS	TNET	Inception		
<b>AEW Core I.M.A</b>																										
I-4 Logistics Center	33,189,619	1.3	-0.6	0.7	0.6	5.4	-0.2	5.2	4.6	5.1	4.8	10.1	9.5										10.1	9.5	1Q21	34.4
Lockwood Glen Apartments	47,112,769	1.7	-3.9	-2.2	-2.3	5.6	-19.8	-15.1	-15.6	4.9	11.4	16.8	16.2										12.3	11.7	4Q19	40.7
Sycamore Hills Plaza	33,743,728	1.4	-0.9	0.6	0.4	5.8	-5.8	-0.2	-0.7	5.9	1.8	7.7	7.2										5.0	4.5	2Q19	29.8
<b>Total AEW Core I.M.A</b>	<b>114,046,116</b>	<b>1.5</b>	<b>-2.0</b>	<b>-0.5</b>	<b>-0.7</b>	<b>5.6</b>	<b>-10.8</b>	<b>-5.6</b>	<b>-6.2</b>	<b>5.2</b>	<b>6.3</b>	<b>11.7</b>	<b>11.2</b>										<b>7.5</b>	<b>6.9</b>	<b>2Q19</b>	<b>36.0</b>
<b>AEW Core I.M.A (Takeover)</b>																										
121 W. Chestnut	59,581,706	1.2	-2.7	-1.5	-1.6	4.8	-11.3	-6.9	-7.3	4.1	-6.5	-2.6	-3.1	4.1	-5.5	-1.6	-2.1						1.9	1.4	1Q18	26.6
Aerial Center Executive Park	35,496,497	1.2	-29.2	-28.0	-28.1	4.7	-33.2	-29.7	-30.1	6.0	-13.9	-8.5	-9.0	7.4	-9.9	-3.0	-3.5						-1.4	-1.8	1Q18	0.0
Aerial Center Executive Park II	3,664,007	0.7	-46.6	-45.9	-46.1	3.4	-54.1	-52.2	-52.6	5.0	-16.5	-12.2	-12.7	6.8	-7.4	-1.1	-1.6						0.4	-0.1	1Q18	0.0
Fund Level Expenses	6,471,142	-0.6	0.0	-0.6	-0.6	-2.6	0.0	-2.6	-2.6	-0.5	0.0	-0.5	-0.5	-1.2	0.0	-1.2	-1.2						-12.3	-12.3	1Q18	0.0
Northpointe Executive Park	124,457	-7.4	0.0	-7.4	-7.4	-6.7	-34.0	-38.6	-38.8	2.1	-19.5	-17.8	-18.1	3.8	-12.6	-9.3	-9.7						-6.8	-7.2	1Q18	0.0
Sea Isle	58,628,294	1.3	-5.9	-4.7	-4.8	5.2	-13.1	-8.5	-8.9	5.0	17.7	23.4	22.8	5.2	8.0	13.6	13.0						13.5	13.0	1Q18	33.2
Town Center	64,850,109	1.4	-1.3	0.2	0.1	5.8	-1.5	4.2	3.7	6.0	1.7	7.7	7.2	5.7	3.7	9.5	9.0						9.9	9.4	1Q18	35.3
Twin Creeks Village	13,516	-37.2	0.0	-37.2	22.4	-36.4	-13.6	-44.8	7.2	-7.6	-9.6	-16.3	4.1	-0.8	-9.0	-9.5	2.9						-7.9	2.4	1Q18	0.0
Walmart Building at Water Ridge	104,081	18.0	-43.8	-25.8	-25.9	53.1	-95.9	-90.0	-90.1	22.7	-71.4	-58.8	-59.1	17.0	-53.3	-39.8	-40.2						-33.1	-33.5	1Q18	0.0
Windward Place	65,513,367	1.5	-0.6	0.9	0.8	6.0	-8.6	-3.0	-3.5	6.2	24.3	31.5	31.0	6.2	15.7	22.5	22.0						20.6	20.1	1Q18	26.7
<b>Total AEW Core I.M.A (Takeover)</b>	<b>294,447,175</b>	<b>1.3</b>	<b>-7.7</b>	<b>-6.4</b>	<b>-6.5</b>	<b>5.7</b>	<b>-17.4</b>	<b>-12.4</b>	<b>-12.9</b>	<b>6.1</b>	<b>-2.3</b>	<b>3.6</b>	<b>3.2</b>	<b>6.5</b>	<b>-2.4</b>	<b>4.0</b>	<b>3.5</b>						<b>4.7</b>	<b>4.2</b>	<b>1Q18</b>	<b>27.2</b>
NFI-ODCE		1.0	-5.8	-4.8	-5.0	3.6	-15.2	-12.0	-12.7	3.7	1.2	4.9	4.0	3.8	0.4	4.2	3.3									
NFI-ODCE + 50 bps				-4.7	-4.9																					
<b>AEW Total Core I.M.A.</b>	<b>408,493,291</b>	<b>1.4</b>	<b>-6.2</b>	<b>-4.8</b>	<b>-4.9</b>	<b>5.7</b>	<b>-15.6</b>	<b>-10.6</b>	<b>-11.1</b>	<b>5.9</b>	<b>-0.4</b>	<b>5.4</b>	<b>4.9</b>	<b>6.3</b>	<b>-1.3</b>	<b>4.9</b>	<b>4.4</b>						<b>5.5</b>	<b>5.0</b>	<b>1Q18</b>	<b>29.9</b>
<b>Historical Returns by Asset*</b>																										
121 W. Chestnut	59,581,706	1.2	-2.7	-1.5	-1.6	4.8	-11.3	-6.9	-7.3	4.1	-6.5	-2.6	-3.1	4.1	-5.5	-1.6	-2.1	4.1	-0.2	3.8	3.3	7.2	6.7	1Q01	26.6	
Aerial Center Exec Park	35,496,497	1.2	-29.2	-28.0	-28.1	4.7	-33.2	-29.7	-30.1	6.0	-13.9	-8.5	-9.0	7.4	-9.9	-3.0	-3.5	7.6	-4.7	2.6	2.0	4.1	3.5	3Q12	0.0	
Aerial Center Exec Park II	3,664,007	0.7	-46.6	-45.9	-46.1	3.4	-54.1	-52.2	-52.6	5.0	-16.5	-12.2	-12.7	6.8	-7.4	-1.1	-1.6	8.4	0.9	9.2	8.4	9.2	8.4	1Q14	0.0	
Northpointe Executive Park	124,457	-7.4	0.0	-7.4	-7.4	-6.7	-34.0	-38.6	-38.8	2.1	-19.5	-17.8	-18.1	3.8	-12.6	-9.3	-9.7	6.5	-7.2	-1.1	-1.7	4.0	3.5	3Q06	0.0	
Sea Isle	58,628,294	1.3	-5.9	-4.7	-4.8	5.2	-13.1	-8.5	-8.9	5.0	17.7	23.4	22.8	5.2	8.0	13.6	13.0						12.3	11.7	4Q14	33.2
Town Center	64,850,109	1.4	-1.3	0.2	0.1	5.8	-1.5	4.2	3.7	6.0	1.7	7.7	7.2	5.7	3.7	9.5	9.0	5.9	6.9	13.1	12.4	11.9	11.3	3Q03	35.3	
Twin Creeks Village	13,516	-37.2	0.0	-37.2	22.4	-36.4	-13.6	-44.8	7.2	-7.6	-9.6	-16.3	4.1	-0.8	-9.0	-9.5	2.9	3.7	-2.7	1.0	7.4	3.6	7.1	4Q06	0.0	
Walmart Building at Water Ridge	104,081	18.0	-43.8	-25.8	-25.9	53.1	-95.9	-90.0	-90.1	22.7	-71.4	-58.8	-59.1	17.0	-53.3	-39.8	-40.2						-27.0	-27.6	4Q16	0.0
Windward Place	65,513,367	1.5	-0.6	0.9	0.8	6.0	-8.6	-3.0	-3.5	6.2	24.3	31.5	31.0	6.2	15.7	22.5	22.0	6.6	13.8	21.1	20.4	15.1	14.3	3Q00	26.7	

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Core Public Portfolio</b>									
Alliance REIT	250,884,425	30,654	0	2,100,000	30,654	30,299	27,531,452	276,346,886	0.0
Cohen & Steers REIT	430,390,432	0	0	5,042,679	5,315,047	543,544	73,455,503	503,574,760	34.3
Principal Global REIT	166,768,286	0	0	1,500,000	1,830,511	206,745	25,967,235	192,859,287	30.9
Principal REIT	378,993,012	0	0	3,900,000	4,587,197	441,236	60,900,816	440,139,788	27.5
<b>Core Public Portfolio</b>	<b>1,227,036,154</b>	<b>30,654</b>	<b>0</b>	<b>12,542,679</b>	<b>11,763,410</b>	<b>1,221,824</b>	<b>187,855,007</b>	<b>1,412,920,722</b>	<b>26.7</b>
<b>Core Private Portfolio</b>									
AEW Core I.M.A.	116,176,365	179,413	1,551,000	0	1,734,405	139,663	-2,353,405	114,046,115	36.1
AEW Core I.M.A. (Takeover)	318,723,029	-179,413	2,302,643	1,171,955	4,158,446	367,875	-24,412,415	294,447,175	27.5
Berkshire Multifamily Income Realty Fund	32,068,912	0	195,657	0	334,301	49,271	-1,887,230	30,271,055	48.3
GID Mainstay Fund	83,284,114	17,382,913	393,640	0	838,140	-919,104	-7,899,902	94,130,729	41.0
Heitman HART	12,480,362	0	74,781	0	130,232	32,181	-651,693	11,851,939	25.0
Jamestown Premier Property Fund	23,574,821	34,517	72,549	0	83,496	33,474	-2,755,650	20,831,160	61.2
Kayne Anderson Core Real Estate Fund	38,476,471	0	388,585	0	468,301	50,971	-1,904,765	36,600,451	36.3
Lion Industrial Trust - 2007	219,774,355	0	-5,425,752	0	1,954,291	518,831	-8,170,757	218,464,811	31.9
MetLife Core Property Fund	139,928,143	1,105,753	1,114,962	0	1,552,678	155,154	-11,632,761	129,683,697	33.8
Principal U.S. Property Account	101,506,168	0	0	0	1,085,356	204,006	-3,191,563	99,195,955	25.6
PRISA SA	87,182,812	0	748,240	0	888,981	200,888	-4,829,554	82,293,110	0.0
RREEF Core Plus Industrial Fund	95,557,112	583,494	597,475	0	747,438	166,508	-2,256,208	93,867,854	9.0
Unico Core Plus Partners	14,803,208	380,206	0	0	185,758	74,282	-7,699,399	7,595,491	75.6
<b>Core Private Portfolio</b>	<b>1,283,535,870</b>	<b>19,486,883</b>	<b>2,013,780</b>	<b>1,171,955</b>	<b>14,161,823</b>	<b>1,073,998</b>	<b>-79,645,302</b>	<b>1,233,279,541</b>	<b>31.3</b>
<b>Value Added Portfolio</b>									
Abacus Multi-Family Partners VI L.P.	13,217,315	0	0	0	431,643	257,813	-4,928,352	8,462,794	75.9
Almanac Realty Securities IX	12,580,588	315,767	0	0	-1,419	217,397	406,106	13,083,645	0.0
Almanac Realty Securities VII	28,931,566	140,723	345,779	244,286	409,066	83,332	328,722	29,136,680	0.0
Almanac Realty Securities VIII	31,022,128	1,188,963	263,765	10,493	411,722	90,227	13,631	32,271,959	0.0
Asana Partners Fund I	39,060,175	0	0	0	125,927	-206,378	419,398	39,811,878	42.0
Asana Partners Fund II	30,860,909	1,312,500	0	0	-85,370	83,910	577,765	32,581,894	47.1
Asana Partners Fund III	14,318,352	3,666,667	0	0	-95,904	156,250	512,305	18,245,169	44.6
EQT Exeter Industrial Value Fund VI, L.P.	-1,034,914	7,500,000	0	0	-110,222	262,500	192,200	6,284,564	58.0
Exeter Europe Logistics Value Fund IV	3,610,114	0	0	0	-96,946	86,240	-1,028,542	2,398,386	85.8
Exeter Industrial Value Fund IV	4,025,050	0	1,188,026	0	62,498	43,691	136,893	2,992,724	0.0
Exeter Industrial Value Fund V	44,284,449	0	0	0	148,727	59,125	-181,972	44,192,079	45.8
Gerry Retail Fund 2	29,457,628	0	0	0	242,361	91,955	-3,294,687	26,313,346	42.3
Heitman Asia-Pacific Property Investors	31,724,098	184,354	92,312	283,064	111,369	78,689	-1,064,848	30,500,908	51.0
LBA Logistics Value Fund IX	26,024,429	6,153,846	0	0	-168,211	172,500	32,396	31,869,961	40.4
LBA Logistics Value Fund VII	36,138,646	0	0	0	159,952	46,978	219,769	36,471,389	36.5
NREP Nordic Strategies Fund IV	17,427,989	4,032,931	0	0	419,272	130,247	-380,487	21,369,458	59.0
Savanna Real Estate Fund III	1,043,685	0	0	0	0	0	0	1,043,685	93.7
Standard Life Investments European Real Estate Club	63,192	0	65,975	0	0	0	2,783	0	0.0
Standard Life Investments European Real Estate Club II	123,555	0	0	0	0	0	5,442	128,997	0.0
Wolff Credit Partners III, LP	14,543,536	1,441,176	0	0	515,173	169,642	0	16,330,243	0.0
<b>Value Added Portfolio</b>	<b>377,422,489</b>	<b>25,936,927</b>	<b>1,955,857</b>	<b>537,843</b>	<b>2,479,637</b>	<b>1,824,117</b>	<b>-8,031,478</b>	<b>393,489,758</b>	<b>43.2</b>
<b>Total Portfolio</b>									
<b>LAFPP</b>	<b>2,985,291,903</b>	<b>73,748,635</b>	<b>4,233,203</b>	<b>14,403,821</b>	<b>27,687,926</b>	<b>4,628,065</b>	<b>101,595,773</b>	<b>3,165,059,149</b>	<b>32.5</b>

Quarterly Cash Flow Activity (\$)	Beginning Market Value	Contributions	Distributions	Withdrawals	Gross Income	Manager Fees	Appreciation	Ending Market Value	LTV (%)
<b>Opportunistic Portfolio</b>									
Almanac Realty Securities V, LP	41,897	0	0	0	-4,730	0	946	38,113	0.0
Apollo CPI Europe I <sup>8</sup>	248,350	0	0	0	-126	0	10,937	259,160	0.0
Brookfield Strategic Real Estate Partners IV	30,955,971	1,868,427	203,383	127,220	1,332	-356,940	-553,858	32,298,209	59.0
California Smart Growth Fund IV	18,373	0	0	24,124	5,490	0	0	-261	0.0
Cerberus Institutional Real Estate Partners Fund V	26,924,121	1,021,482	0	0	-86,300	171,025	523,068	28,211,346	62.3
CIM Real Estate Fund III <sup>9</sup>	9,215,824	0	0	0	-155,749	33,407	-47,784	8,978,884	37.2
Oaktree Real Estate Opportunities Fund VIII	24,782,948	0	60,183	0	-1,329	308,499	1,202,753	25,615,690	48.5
Principal Data Center Growth & Income Fund, LP	0	24,000,000	0	0	-375,959	56,956	638,049	24,205,134	49.5
Starwood Opportunity Fund IX	2,690,605	0	0	0	218,617	17,289	-145,654	2,746,279	34.3
Stockbridge Real Estate Fund II	350,553	0	0	0	-490	0	0	350,063	0.0
TPG Real Estate Partners IV	2,068,749	1,404,262	0	0	-317,700	277,890	-210,911	2,666,510	92.8
<b>Opportunistic Portfolio</b>	<b>97,297,390</b>	<b>28,294,171</b>	<b>263,566</b>	<b>151,344</b>	<b>-716,944</b>	<b>508,126</b>	<b>1,417,546</b>	<b>125,369,127</b>	<b>53.6</b>
<b>Private Portfolio</b>	<b>1,758,255,749</b>	<b>73,717,981</b>	<b>4,233,203</b>	<b>1,861,142</b>	<b>15,924,516</b>	<b>3,406,241</b>	<b>-86,259,234</b>	<b>1,752,138,426</b>	<b>36.5</b>
<b>Total Portfolio</b>									
<b>LAFPP</b>	<b>2,985,291,903</b>	<b>73,748,635</b>	<b>4,233,203</b>	<b>14,403,821</b>	<b>27,687,926</b>	<b>4,628,065</b>	<b>101,595,773</b>	<b>3,165,059,149</b>	<b>32.5</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Core Public Portfolio</b>						
Alliance REIT	15.0	9.4	17.9	19.2	5.3	41.0
Cohen & Steers REIT	-	-	11.9	17.7	1.7	68.7
Principal Global REIT	11.3	4.2	18.1	6.5	2.5	57.4
Principal REIT	9.3	2.3	13.5	4.0	2.1	68.9
<b>Core Public Portfolio</b>	<b>7.4</b>	<b>3.1</b>	<b>14.4</b>	<b>12.2</b>	<b>2.6</b>	<b>61.8</b>
<b>Core Private Portfolio</b>						
AEW Core I.M.A.	41.4	-	29.0	29.5	-	-
AEW Core I.M.A. (Takeover)	86.2	13.8	-	0.0	-	0.0
Berkshire Multifamily Income Realty Fund	100.0	-	-	-	-	-
GID Mainstay Fund	100.0	-	-	-	-	-
Heitman HART	23.6	14.6	29.7	9.5	-	22.5
Jamestown Premier Property Fund	-	50.2	-	33.9	-	15.9
Kayne Anderson Core Real Estate Fund	-	-	-	-	-	100.0
Lion Industrial Trust - 2007	-	-	100.0	-	-	-
MetLife Core Property Fund	28.0	20.2	29.0	11.6	1.6	9.7
Principal U.S. Property Account	27.3	16.4	37.5	10.5	-	8.3
PRISA SA	24.6	14.6	34.8	11.4	-	14.7
RREEF Core Plus Industrial Fund	-	-	100.0	-	-	-
Unico Core Plus Partners	-	86.1	-	-	-	13.9
<b>Core Private Portfolio</b>	<b>41.5</b>	<b>9.2</b>	<b>36.7</b>	<b>6.2</b>	<b>0.2</b>	<b>6.2</b>
<b>Value Added Portfolio</b>						
Abacus Multi-Family Partners VI L.P.	100.0	-	-	-	-	-
Almanac Realty Securities IX	37.9	-	-	-	-	62.1
Almanac Realty Securities VII	23.4	12.5	15.9	4.5	11.1	32.7
Almanac Realty Securities VIII	53.2	4.7	27.2	12.7	0.6	1.6
Asana Partners Fund I	1.3	22.7	-	76.0	-	-
Asana Partners Fund II	1.2	44.5	-	54.3	-	-
Asana Partners Fund III	0.4	40.9	-	58.6	-	-
EQT Exeter Industrial Value Fund VI, L.P.	-	-	100.0	-	-	-
Exeter Europe Logistics Value Fund IV	-	-	100.0	-	-	-
Exeter Industrial Value Fund IV	-	23.9	76.1	-	-	-
Exeter Industrial Value Fund V	-	0.3	99.7	-	-	-
Gerrity Retail Fund 2	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	48.0	-	12.4	-	39.6
LBA Logistics Value Fund IX	-	-	87.3	-	-	12.7
LBA Logistics Value Fund VII	-	-	84.6	-	-	15.4
NREP Nordic Strategies Fund IV	30.0	5.1	32.1	3.2	6.5	23.1
Savanna Real Estate Fund III	90.0	10.0	-	-	-	-
Standard Life Investments European Real Estate Club	-	-	-	-	-	100.0
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-
Wolff Credit Partners III, LP	100.0	-	-	-	-	-
<b>Value Added Portfolio</b>	<b>15.8</b>	<b>13.4</b>	<b>34.1</b>	<b>24.1</b>	<b>1.2</b>	<b>11.4</b>
<b>Indices</b>						
<b>NFI-ODCE</b>	<b>29.1</b>	<b>18.1</b>	<b>33.1</b>	<b>10.5</b>	<b>0.2</b>	<b>8.9</b>

Property Type Diversification (%)	Apartment	Office	Industrial	Retail	Hotel	Other
<b>Opportunistic Portfolio</b>						
Almanac Realty Securities V, LP	-	-	-	-	-	100.0
Apollo CPI Europe I <sup>8</sup>	-	-	-	-	-	-
Brookfield Strategic Real Estate Partners IV	23.6	32.9	25.5	-	5.6	12.3
California Smart Growth Fund IV	-	-	100.0	-	-	-
Cerberus Institutional Real Estate Partners Fund V	-	0.3	45.8	0.0	16.0	37.9
CIM Real Estate Fund III <sup>9</sup>	-	36.1	-	5.1	35.6	23.3
Oaktree Real Estate Opportunities Fund VIII	32.4	9.5	27.8	15.8	13.3	1.3
Principal Data Center Growth & Income Fund, LP	-	-	-	-	-	100.0
Starwood Opportunity Fund IX	23.0	30.3	-	0.8	37.4	8.5
Stockbridge Real Estate Fund II	-	-	-	-	-	-
TPG Real Estate Partners IV	-	-	31.7	-	-	68.3
<b>Opportunistic Portfolio</b>	<b>13.3</b>	<b>13.8</b>	<b>23.3</b>	<b>3.6</b>	<b>11.2</b>	<b>34.8</b>
<b>Private Portfolio</b>	<b>33.7</b>	<b>10.5</b>	<b>35.2</b>	<b>10.1</b>	<b>1.2</b>	<b>9.4</b>
<b>Total Portfolio</b>						
LAFPP	22.0	7.2	25.9	11.0	1.8	32.8
<b>Indices</b>						
NFI-ODCE	29.1	18.1	33.1	10.5	0.2	8.9

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Core Public Portfolio</b>										
Alliance REIT	-	-	-	-	-	-	-	-	63.0	37.0
Cohen & Steers REIT	2.6	14.0	7.9	2.2	11.0	7.6	7.5	14.0	20.2	13.1
Principal Global REIT	-	-	-	-	-	-	-	-	61.9	38.1
Principal REIT	-	-	-	-	-	-	-	-	100.0	-
<b>Core Public Portfolio</b>	<b>0.9</b>	<b>5.0</b>	<b>2.8</b>	<b>0.8</b>	<b>3.9</b>	<b>2.7</b>	<b>2.7</b>	<b>5.0</b>	<b>59.1</b>	<b>17.1</b>
<b>Core Private Portfolio</b>										
AEW Core I.M.A.	-	-	-	-	70.5	-	-	29.5	-	-
AEW Core I.M.A. (Takeover)	0.0	13.8	20.6	-	43.1	0.0	-	22.5	-	-
Berkshire Multifamily Income Realty Fund	7.7	5.4	7.8	5.8	10.0	28.1	-	35.1	-	-
GID Mainstay Fund	25.1	16.7	-	-	34.9	8.1	11.9	3.3	-	-
Heitman HART	19.3	5.4	12.7	1.6	9.4	13.5	8.8	29.4	-	-
Jamestown Premier Property Fund	26.4	27.8	-	-	11.4	-	-	34.3	-	-
Kayne Anderson Core Real Estate Fund	9.6	8.3	14.5	6.4	34.6	14.3	7.5	4.7	-	-
Lion Industrial Trust - 2007	18.1	3.3	5.1	0.8	13.6	13.8	7.7	37.5	-	-
MetLife Core Property Fund	14.2	12.6	8.6	2.2	11.9	7.5	10.0	33.0	-	-
Principal U.S. Property Account	8.5	9.1	1.8	1.7	11.7	16.7	14.7	35.7	-	-
PRISA SA	17.5	12.4	5.8	1.5	14.4	4.4	4.1	39.9	-	-
RREEF Core Plus Industrial Fund	5.5	5.7	7.8	-	13.0	4.4	14.6	49.0	-	-
Unico Core Plus Partners	-	-	-	-	-	-	-	100.0	-	-
<b>Core Private Portfolio</b>	<b>10.0</b>	<b>9.4</b>	<b>8.6</b>	<b>1.0</b>	<b>27.6</b>	<b>7.1</b>	<b>6.2</b>	<b>30.2</b>	<b>-</b>	<b>-</b>
<b>Value Added Portfolio</b>										
Abacus Multi-Family Partners VI L.P.	-	5.8	-	-	5.7	43.2	3.5	41.9	-	-
Almanac Realty Securities IX	62.1	-	-	-	2.6	35.3	-	-	-	-
Almanac Realty Securities VII	20.2	28.0	8.4	0.7	8.5	5.9	9.0	19.4	-	-
Almanac Realty Securities VIII	8.1	24.7	4.2	8.2	17.9	21.6	7.1	8.1	-	-
Asana Partners Fund I	6.5	35.2	-	-	30.6	23.3	-	4.4	-	-
Asana Partners Fund II	17.5	18.8	-	7.6	19.5	7.3	21.7	7.6	-	-
Asana Partners Fund III	-	12.8	4.9	3.1	43.7	22.2	13.2	-	-	-
EQT Exeter Industrial Value Fund VI, L.P.	16.8	-	17.6	4.4	21.5	19.7	-	20.0	-	-
Exeter Europe Logistics Value Fund IV	-	-	-	-	-	-	-	-	-	100.0
Exeter Industrial Value Fund IV	-	-	-	-	17.4	23.9	-	-	-	58.7
Exeter Industrial Value Fund V	11.9	10.1	17.6	0.4	23.1	14.4	3.3	16.4	-	2.8
Gerrity Retail Fund 2	-	-	-	-	-	-	-	100.0	-	-
Heitman Asia-Pacific Property Investors	-	-	-	-	-	-	-	-	-	100.0
NREP Nordic Strategies Fund IV	-	-	-	-	-	-	-	-	-	100.0
LBA Logistics Value Fund IX	8.9	19.8	12.2	-	25.4	6.3	6.0	21.4	-	-
LBA Logistics Value Fund VII	13.0	13.8	9.3	1.2	19.6	9.3	9.1	24.6	-	-
Savanna Real Estate Fund III	100.0	-	-	-	-	-	-	-	-	-
Standard Life Investments European Real Estate Club	-	-	-	-	-	-	-	-	-	-
Standard Life Investments European Real Estate Club II	-	-	-	-	-	-	-	-	-	-
Wolff Credit Partners III, LP	10.3	-	3.6	4.4	60.4	-	6.8	14.4	-	-
<b>Value Added Portfolio</b>	<b>10.5</b>	<b>14.0</b>	<b>5.5</b>	<b>1.9</b>	<b>18.6</b>	<b>11.8</b>	<b>5.7</b>	<b>17.5</b>	<b>-</b>	<b>14.6</b>
<b>Indices</b>										
NFI-ODCE	20.6	8.2	5.1	0.8	12.1	9.3	7.5	36.5	-	-

*Fourth Quarter 2023*

Geographic Diversification (%)	North East	Mid East	East North Central	West North Central	South East	South West	Mountain	Pacific	Var-US	Ex-US
<b>Opportunistic Portfolio</b>										
Almanac Realty Securities V, LP	-	-	-	-	-	-	-	-	100	-
Apollo CPI Europe I <sup>8</sup>	-	-	-	-	-	-	-	-	-	-
Brookfield Strategic Real Estate Partners IV	13.2	6.5	2.4	1.1	6.1	6.3	1.2	13.5	-	49.7
California Smart Growth Fund IV	-	-	-	-	-	-	-	100.0	-	-
Cerberus Institutional Real Estate Partners Fund V	1.1	-	-	-	4.2	-	7.1	2.0	45.4	40.2
CIM Real Estate Fund III <sup>9</sup>	24.6	-	5.1	-	17.2	17.0	-	36.2	-	-
Oaktree Real Estate Opportunities Fund VIII	-	4.8	-	-	3.7	-	1.4	19.8	31.0	39.3
Principal Data Center Growth & Income Fund, LP	-	-	26.7	-	-	33.4	39.9	-	-	-
Starwood Opportunity Fund IX	14.6	1.2	0.4	-	4.5	25.6	0.0	26.7	-	27.1
Stockbridge Real Estate Fund II	-	-	-	-	-	-	-	-	-	-
TPG Real Estate Partners IV	47.8	-	-	12.6	20.0	-	-	-	-	19.5
<b>Opportunistic Portfolio</b>	<b>6.8</b>	<b>2.7</b>	<b>6.2</b>	<b>0.5</b>	<b>5.1</b>	<b>9.9</b>	<b>10.0</b>	<b>11.2</b>	<b>16.7</b>	<b>31.0</b>
<b>Private Portfolio</b>	<b>9.9</b>	<b>9.9</b>	<b>7.7</b>	<b>1.1</b>	<b>24.0</b>	<b>8.3</b>	<b>6.4</b>	<b>26.0</b>	<b>1.2</b>	<b>5.5</b>
<b>Total Portfolio</b>										
LAFPP	5.9	7.7	5.5	1.0	15.0	5.8	4.7	16.6	27.1	10.7
<b>Indices</b>										
NFI-ODCE	20.6	8.2	5.1	0.8	12.1	9.3	7.5	36.5	-	-

## **E. Custom Benchmark Composition, Glossary of Terms, Disclosures and Definitions**



# LAFPP Custom Benchmark Composition

The table below shows the composition of each respective investment style benchmark:

<b>LAFPP Private Real Estate Benchmark</b>	<u>Inception – Present</u> <ul style="list-style-type: none"> <li>• NFI-ODCE Value-Weighted (Net) plus 50 basis points</li> </ul>	
<b>LAFPP Public Real Estate Custom Benchmark</b>	<u>Inception – 3Q2013</u> <ul style="list-style-type: none"> <li>• Dow Jones US Select Real Estate Securities Index</li> </ul>	<u>4Q2013 – Present</u> <b>Static Blend:</b> <ul style="list-style-type: none"> <li>• 50% Dow Jones US Select Real Estate Securities Index</li> <li>• 50% FTSE EPRA/ NAREIT Developed Index</li> </ul>
<b>LAFPP Total Real Estate Custom Benchmark</b>	<u>Inception – 1Q2006</u> <ul style="list-style-type: none"> <li>• NFI-ODCE (Net) plus 50 basis points</li> </ul>	<u>2Q2006 – Present</u> <b>Static Blend:</b> <ul style="list-style-type: none"> <li>• 70% LAFPP Private Real Estate Custom Benchmark</li> <li>• 30% LAFPP Public Real Estate Custom Benchmark</li> </ul>

## Cash Flow Statement

<b>Beginning Market Value:</b>	Value of real estate, cash and other holdings from prior period end.
<b>Contributions:</b>	Cash funded to the investment for acquisition and capital items (i.e., initial investment cost or significant capital improvements).
<b>Distributions:</b>	Actual cash returned from the investment, representing distributions of income from operations.
<b>Withdrawals:</b>	Cash returned from the investment, representing returns of capital or net sales proceeds.
<b>Ending Market Value:</b>	The value of an investment as determined by actual sales dollars invested and withdrawn plus the effects of appreciation and reinvestment; market value is equal to the ending cumulative balance of the cash flow statement Net Asset Value ("NAV").
<b>Unfunded Commitments:</b>	Capital allocated to managers which remains to be called for investment. Amounts are as reported by managers.
<b>Remaining Allocation</b>	The difference between the ending market value + the unfunded commitments and the target allocation. This figure represents dollars available for allocation.

## Style Groups

The Style Groups consist of returns from commingled funds with similar risk/return investment strategies. Investor portfolios/investments are compared to comparable style groupings.

<b>Core:</b>	Direct investments in operating, fully leased, office, retail, industrial, or multifamily properties using little or no leverage (normally less than 30%).
<b>Value-Added:</b>	Core returning investments that take on moderate additional risk from one or more of the following sources: leasing, re-development, exposure to non-traditional property types, the use of leverage.
<b>Opportunistic:</b>	Investments that take on additional risk in order to achieve a higher return. Typical sources of risks are: development, land investing, operating company investing, international exposure, high leverage, distressed properties.

## Indices

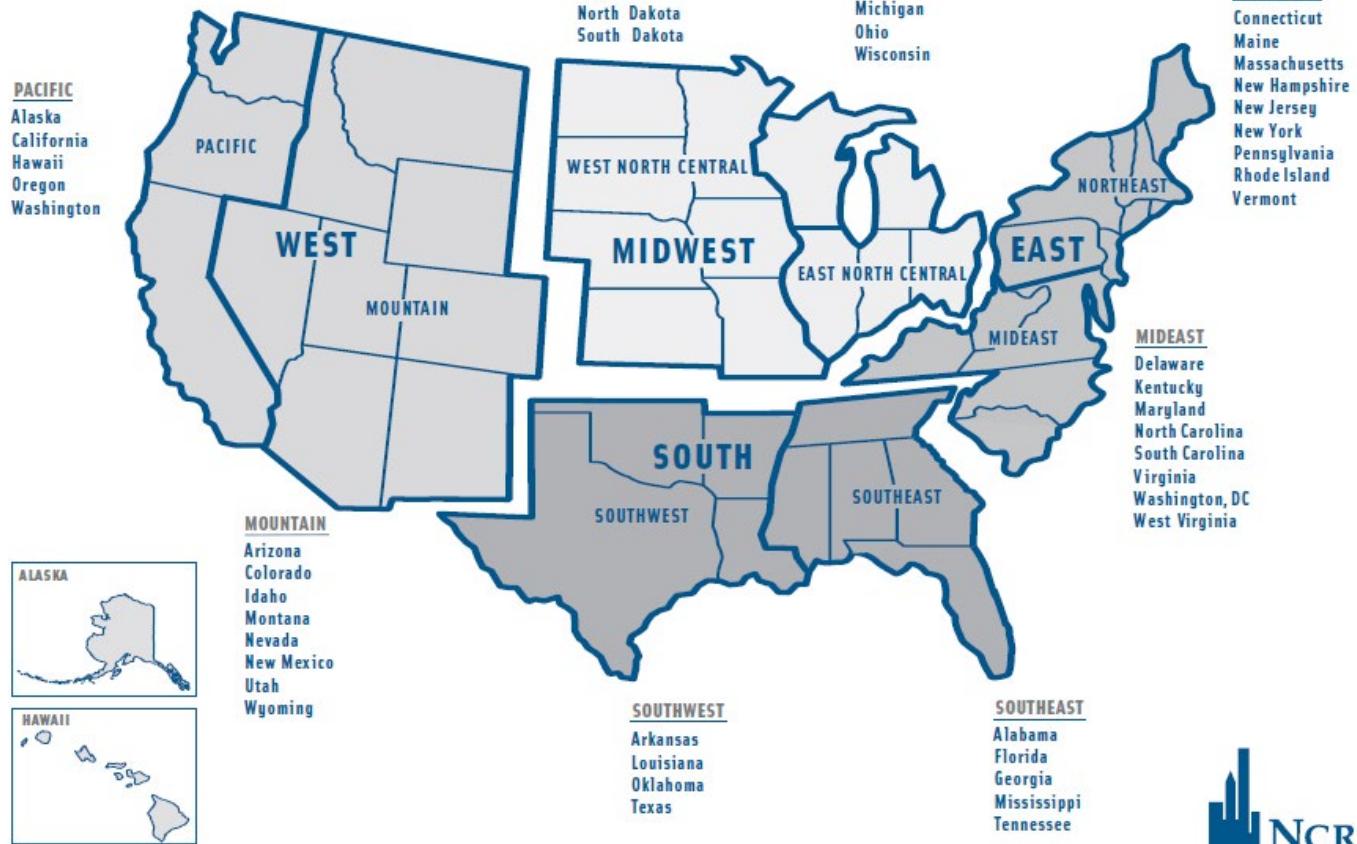
<b>Stylized Index:</b>	Weights the various style group participants so as to be comparable to the investor portfolio holdings for each period.
<b>Open-End Diversified Core Equity Index (“ODCE”):</b>	A Core index that includes only open-end diversified Core strategy funds with at least 95% of their investments in U.S. markets. The ODCE is the first of the NCREIF Fund Database products, created in May 2005, and is an index of investment returns reporting on both a historical and current basis (16 active vehicles). The ODCE Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
<b>Open-End Diversified Value Equity Index (“ODVE”):</b>	A value-added index that includes only open-end diversified value-added strategy funds with at least 95% of their investments in U.S. markets. The Open-End Diversified Value Equity index is not a published index, but rather maintained internally by The Townsend Group and is an index of investment returns reporting on both a historical and current basis (12 active vehicles). The Open-End Diversified Value Equity Index is capitalization-weighted and is reported gross and net of fees. Measurement is time-weighted and includes leverage.
<b>NCREIF Property Index (“NPI”):</b>	National Property Index comprised of Core equity real estate assets owned by institutions.
<b>NAREIT Equity Index:</b>	This is an index of Equity Real Estate Investment Trust returns reflecting the stock value changes of REIT issues as determined through public market transactions.

## Performance

<b>Income Return (“INC”):</b>	Net operating income net of debt service before deduction of capital items (e.g., roof replacement, renovations, etc.).
<b>Appreciation Return (“APP”):</b>	Increase or decrease in investment's value based on internal or third party appraisal, recognition of capital expenditures which did not add value or uncollectible accrued income, or realized gain or loss from sales.
<b>Total Gross Return (“TGRS”):</b>	The sum of the income return and appreciation return before adjusting for fees paid to and/or accrued by the manager.
<b>Total Net Return (“TNET”):</b>	Total gross return less Advisor fees reported. All fees are requested (asset management, accrued incentives, paid incentives). No fee data is verified. May not include any fees paid directly by the investor as opposed to those paid from cash flows.
<b>Inception Returns<sup>1</sup>:</b>	The total net return for an investment or portfolio over the period of time the client has funds invested. Total Portfolio Inception Returns may include returns from investments no longer held in the current portfolio.
<b>Net IRR:</b>	IRR after advisory fees, incentive and promote. This includes actual cash flows and a reversion representing the Limited Partners (“LP”) Net Assets at market value as of the period end reporting date.
<b>Equity Multiple:</b>	The ratio of Total Value to Paid-in-Capital (TVPIC). It represents the Total Return of the investment to the original investment not taking into consideration the time invested. Total Value is computed by adding the Residual Value and Distributions. It is calculated net of all investment advisory and incentive fees and promote.
<b>Vintage Year</b>	The year of a fund's first capital call.

<sup>1</sup> Portfolio level returns include historical returns of managers no longer with assets under management.  
All returns are calculated on a time-weighted basis.

## GEOGRAPHIC REGIONS and DIVISIONS



# Advisory Disclosures and Definitions

## Trade Secret and Confidential.

Past performance is not indicative of future results.

Investing involves risk, including the possible loss of principal.

Returns are presented on a time weighted basis and shown both gross and net of underlying third party fees and expenses and may include income, appreciation and/or other earnings. In addition, investment level Net IRR's and equity multiples are reported.

The Townsend Group, on behalf of its client base, collects quarterly limited partner/client level performance data based upon inputs from the underlying investment managers. Data collection is for purposes of calculating investment level performance as well as aggregating and reporting client level total portfolio performance. Quarterly limited partner/client level performance data is collected directly from the investment managers via a secure data collection site.

In select instances where underlying investment managers have ceased reporting limited partner/client level performance data directly to The Townsend Group via a secure data collection site, The Townsend Group may choose to input performance data on behalf of its client based upon the investment managers quarterly capital account statements which are supplied to The Townsend Group and the client alike.

## Benchmarks

The potential universe of available real asset benchmarks are infinite. Any one benchmark, or combination thereof, may be utilized on a gross or net of fees basis with or without basis point premiums attached. These benchmarks may also utilize a blended composition with varying weighting methodologies, including market weighted and static weighted approaches.

# Disclosures and Definitions

## Disclosure

- This presentation (the “Presentation”) is being furnished on a confidential basis to a limited number of sophisticated individuals meeting the definition of a Qualified Purchaser under the Investment Advisors Act of 1940 for informational and discussion purposes only and does not constitute an offer to sell or a solicitation of an offer to purchase any security.
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# PORTFOLIO ADVISORS LLC

Los Angeles Fire & Police Pensions

Private Equity Portfolio:  
Performance & Strategic Plan Review

June 20, 2024



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Unless otherwise stated, all cash flow data is through 12/31/23 and performance, as measured by Net IRR and Net Return Multiple, is based on 99% of 12/31/23 capital account statements received from the General Partners. Additionally, the “Diversification” slide is comprised of 95% of the underlying company data as of 12/31/23.

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## 16 Strategic plan update

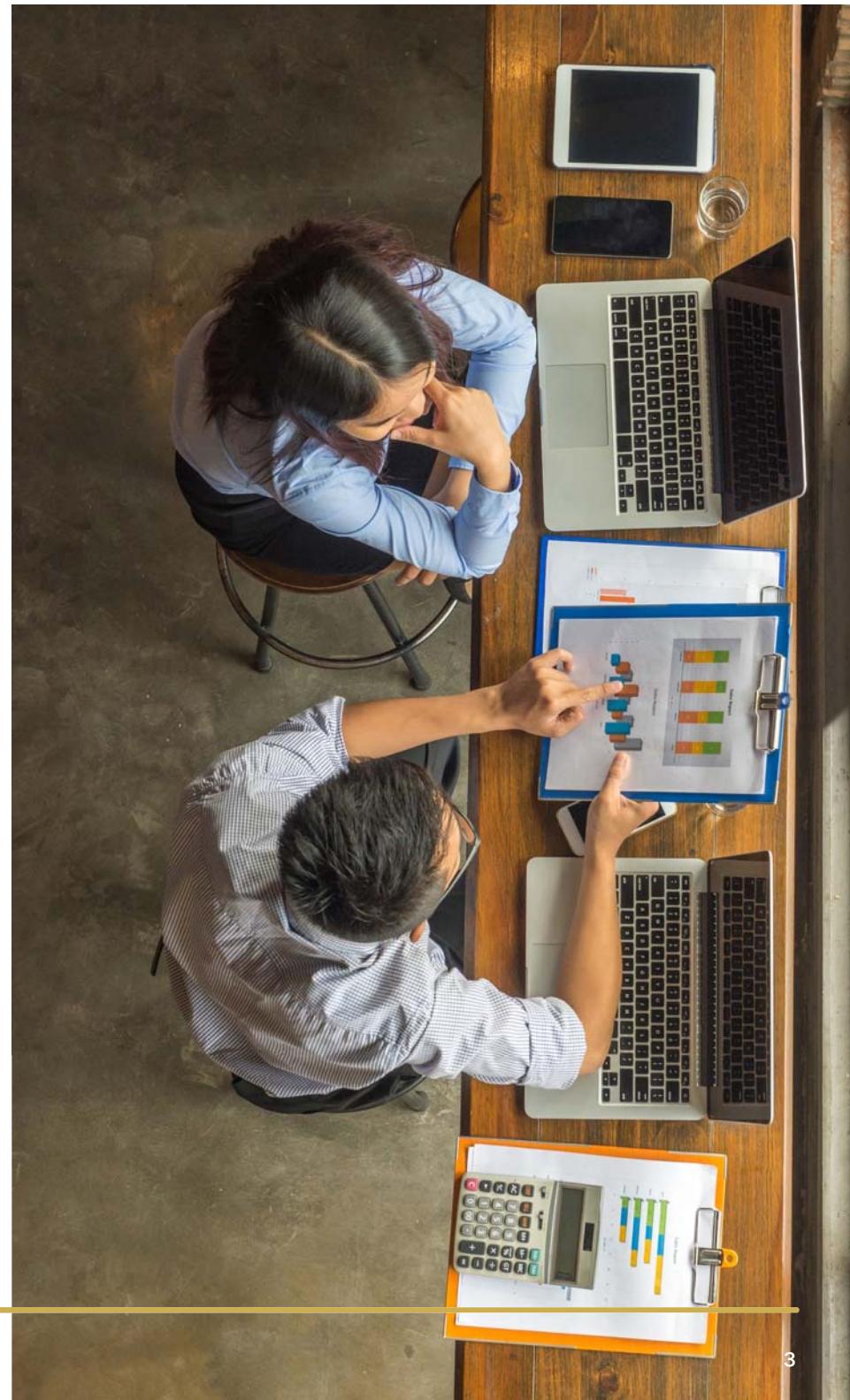
- Historical exposure
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# LAFPP private equity portfolio

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# Year-over-year summary

- The Aggregate Portfolio is comprised of \$9.1 billion of commitments to 532 Core and Specialized Manager funds (395 Active and 137 Inactive) managed by 224 sponsors
- Since inception, contributions to and distributions from the Aggregate Portfolio totaled \$6.5 billion and \$6.0 billion, respectively
- Year-over-year performance, as measured by Net IRR<sup>4</sup> and Net Return Multiple<sup>4</sup>, decreased in the Aggregate, Core, and Specialized Manager portfolios
- The portfolio held up well in 2023 despite a difficult environment for private markets. The decline in specialized manager performance is not unexpected given the younger maturity of the portfolio

LAFPP Private Equity Portfolio	Aggregate Portfolio			Core Portfolio			Specialized Manager Portfolio		
	12/31/2023	12/31/2022	Net Change	12/31/2023	12/31/2022	Net Change	12/31/2023	12/31/2022	Net Change
(\$'s in millions)									
Funds	532	514	18	413	402	11	119	112	7
Active <sup>1</sup>	395	393	2	282	286	(4)	113	107	6
Inactive <sup>1</sup>	137	121	16	131	116	15	6	5	1
Sponsors	224	221	3	162	161	1	84	81	3
Commitments	\$9,057.7	\$8,528.3	\$529.4	\$7,923.4	\$7,470.9	\$452.5	\$1,134.3	\$1,057.4	\$76.9
Contributions	\$6,500.2	\$5,936.7	\$563.5	\$5,744.0	\$5,259.3	\$484.7	\$756.2	\$677.5	\$78.7
Distributions	\$6,002.1	\$5,557.1	\$445.0	\$5,430.5	\$5,024.0	\$406.5	\$571.6	\$533.1	\$38.5
ARV/RV <sup>2</sup>	\$5,403.6	\$4,915.7	\$487.9	\$4,746.7	\$4,305.3	\$441.4	\$656.9	\$610.4	\$46.5
Total Value <sup>3</sup>	\$11,405.8	\$10,472.8	\$933.0	\$10,177.2	\$9,329.3	\$847.9	\$1,228.6	\$1,143.5	\$85.1
ITD Net IRR <sup>4,5</sup>	12.6%	12.8%	(0.2%)	12.6%	12.8%	(0.2%)	12.1%	13.1%	(1.0%)
Net Return Multiple <sup>4,5</sup>	1.75x	1.76x	(0.01x)	1.77x	1.77x	(0.00x)	1.62x	1.69x	(0.11x)

1. LAFPP considers a fund inactive if the partnership has had its final liquidating distribution.

2. ARV/RV - Adjusted Reported Value (12/31/23) represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity. Reported Value (12/31/22) represents the actual valuations reported by the General Partners.

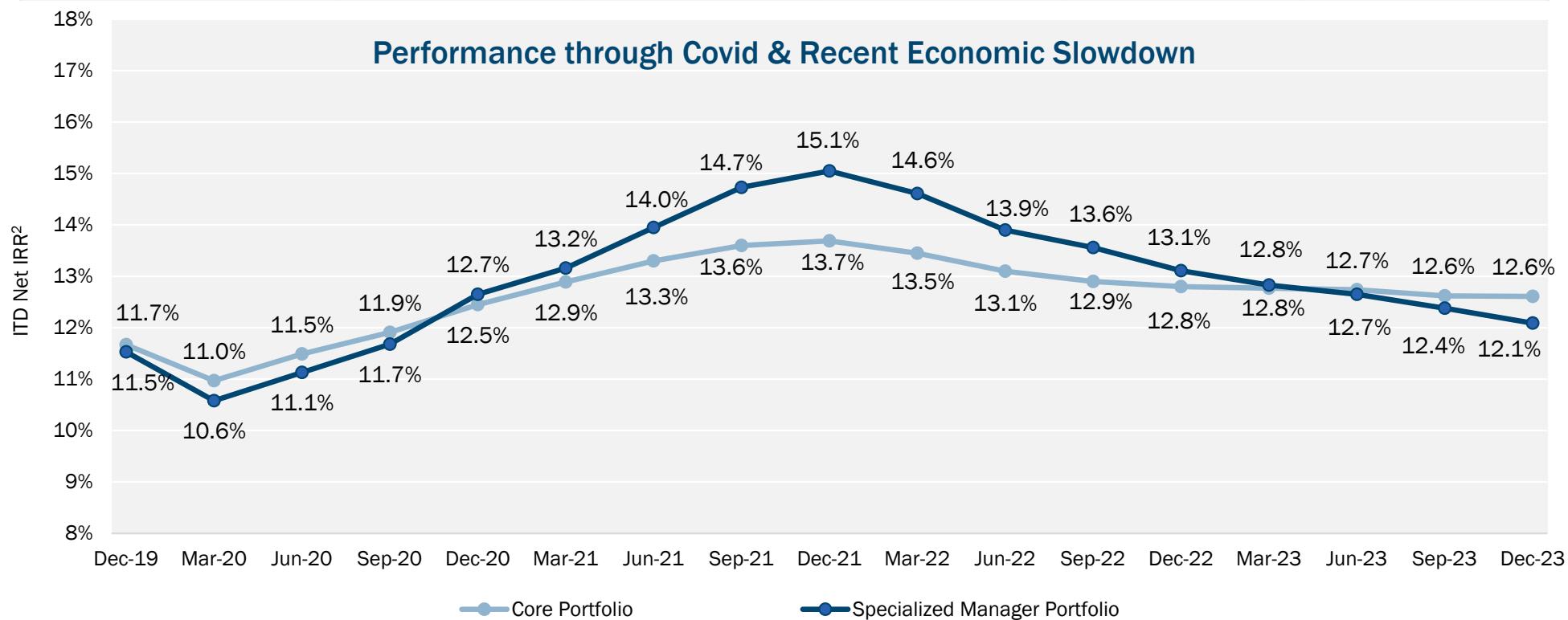
3. Total Value: Cumulative Distributions + ARV<sup>2</sup>.

4. ITD – Inception-to-Date Net IRR as of respective dates. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV<sup>2</sup>) / Cumulative Contributions (including fees outside of commitment).

5. The year-over-year summary presented in the 2/15/24 board meeting can be found on page 28 of the appendix for comparison.

# Across-period and ITD performance

LAFPP Private Equity Portfolio					
	1 Year Net IRR <sup>1</sup>	3 Year Net IRR <sup>1</sup>	5 Year Net IRR <sup>1</sup>	10 Year Net IRR <sup>1</sup>	ITD Net IRR <sup>2</sup>
<b>Aggregate</b>	7.3%	13.3%	17.3%	14.9%	12.6%
Core (1996-2023)	8.2%	13.8%	17.8%	15.3%	12.6%
Specialized Manager (2007-2023)	0.9%	10.1%	13.6%	12.7%	12.1%



1. 1-, 3-, 5-, 10- year net IRRs are calculated using the previous periods ending value as each calculation's initial cash flow. The across period net IRR for each time series of data represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero.

2. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively.

# Performance by maturity

- The Private Equity Portfolio has been categorized into Vintage Year (“VY”) groups that distinguish between funds in distribution mode (“Mature” or “Maturing” groups) and funds in investment mode (“Developing” group)
  - “Mature” group performance has largely been locked in with 89.6% of total value distributed and flat year-over-year performance
  - “Maturing” group continues to generate strong performance, generating a 2.27x net multiple and an 18.7% net IRR
  - “Developing” group performance is still early, but is progressing well with a solid one-year net IRR despite difficult private market environments
- “Mature” and “Maturing” groups have been fully “de-risked” with distributions returning ~143% of contributions

LAFPP Private Equity Portfolio <sup>1</sup>													
Vintage Years	LTM <sup>2</sup> Contributions	ITD <sup>2</sup> Contributions	LTM <sup>2</sup> Distributions	ITD <sup>2</sup> Distributions	ARV <sup>3</sup>	1 Year Net IRR <sup>4</sup>	3 Year Net IRR <sup>4</sup>	5 Year Net IRR <sup>4</sup>	10 Year Net IRR <sup>4</sup>	ITD Net IRR <sup>5</sup> 12/31/23	ITD Net IRR <sup>5</sup> 12/31/22	Net Return Multiple <sup>5</sup> 12/31/23	Net Return Multiple <sup>5</sup> 12/31/22
(\$'s in millions)													
Mature (1996-2012)	\$5.6	\$2,527.2	\$101.6	\$4,111.1	\$475.0	1.3%	6.3%	10.9%	11.6%	11.1%	11.1%	1.81x	1.81x
Maturing (2013-2017)	\$34.7	\$1,517.0	\$253.9	\$1,680.3	\$1,769.2	5.7%	14.8%	20.8%	18.8%	18.7%	20.1%	2.27x	2.23x
Developing (2018-2023)	\$524.4	\$2,456.0	\$90.8	\$210.8	\$3,159.4	9.4%	14.2%	16.3%	16.2%	16.2%	20.6%	1.37x	1.34x
Total	<b>\$564.8</b>	<b>\$6,500.2</b>	<b>\$446.3</b>	<b>\$6,002.1</b>	<b>\$5,403.6</b>	<b>7.3%</b>	<b>13.3%</b>	<b>17.3%</b>	<b>14.9%</b>	<b>12.6%</b>	<b>12.8%</b>	<b>1.75x</b>	<b>1.76x</b>

1. All cash related data presented as of 12/31/2023, unless otherwise stated.

2. “LTM”: Last Twelve Months, “ITD”: Inception-to-Date.

3. ARV – Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

4. 1-, 3-, 5-, 10- year net IRRs are calculated using the previous periods ending value as each calculation’s initial cash flow. The across period net IRR for each time series of data represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero.

5. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV<sup>3</sup>) / Cumulative Contributions (including fees outside of commitment).

# Sector & sub-sector performance

- Aggregate Portfolio sector weightings of 51.6%, 25.0% and 23.4% are in line with the target portfolio midpoints of ~50% Buyout, ~25% Special Situations and ~25% Venture Capital & Growth Equity, respectively
  - Specialized Manager Portfolio sector weightings largely reflect the investment opportunity set that is available to investors, with 37.2% in Buyout, 13.5% in Special Situations and 49.3% in Venture Capital & Growth Equity
- Largest contributors to performance:
  - Aggregate Portfolio – Buyout at 13.5% net IRR and 1.76x net return multiple and Growth Equity at 15.8% net IRR and 2.33x net return multiple
  - Specialized Manager Portfolio – Buyout at 14.3% net IRR and 1.76x net return multiple and Venture Capital at 11.8% net IRR and 1.44x net return multiple

Sectors	Aggregate Portfolio				Specialized Manager Portfolio			
	Commitments	% of Total	ITD Net IRR <sup>1</sup>	Net Return Multiple <sup>1</sup>	Commitments	% of Total	ITD Net IRR <sup>1</sup>	Net Return Multiple <sup>1</sup>
(\$'s in millions)								
<b>Buyout</b>	<b>\$4,674.5</b>	<b>51.6%</b>	<b>13.5%</b>	<b>1.76x</b>	<b>\$422.0</b>	<b>37.2%</b>	<b>14.3%</b>	<b>1.76x</b>
Large	\$1,452.0	16.0%	13.3%	1.76x	\$0.0	0.0%	0.0%	0.00x
Mid-Market	\$3,222.5	35.6%	13.6%	1.75x	\$422.0	37.2%	14.3%	1.76x
<b>Special Situations</b>	<b>\$2,263.2</b>	<b>25.0%</b>	<b>11.3%</b>	<b>1.55x</b>	<b>\$153.5</b>	<b>13.5%</b>	<b>9.6%</b>	<b>1.53x</b>
Distressed Debt & Restructuring	\$1,179.9	13.0%	12.4%	1.64x	\$40.0	3.5%	17.8%	2.17x
Mezzanine	\$82.6	0.9%	11.6%	1.37x	\$34.0	3.0%	3.0%	1.15x
Multi-Strategy & Other	\$722.2	8.0%	9.6%	1.44x	\$64.5	5.7%	9.5%	1.39x
Secondary	\$278.6	3.1%	10.2%	1.45x	\$15.0	1.3%	6.4%	1.61x
<b>Venture Capital &amp; Growth Equity</b>	<b>\$2,119.9</b>	<b>23.4%</b>	<b>11.8%</b>	<b>1.95x</b>	<b>\$558.8</b>	<b>49.3%</b>	<b>11.5%</b>	<b>1.55x</b>
Venture Capital	<b>\$1,330.7</b>	<b>14.7%</b>	<b>9.4%</b>	<b>1.71x</b>	<b>\$409.5</b>	<b>36.1%</b>	<b>11.8%</b>	<b>1.44x</b>
Early Stage	\$528.8	5.8%	9.8%	1.49x	\$296.4	26.1%	11.1%	1.38x
Late Stage	\$234.8	2.6%	8.1%	1.90x	\$35.0	3.1%	16.4%	1.67x
Multi-Stage	\$567.0	6.3%	10.1%	1.78x	\$78.1	6.9%	12.2%	1.56x
Growth Equity	<b>\$789.3</b>	<b>8.7%</b>	<b>15.8%</b>	<b>2.33x</b>	<b>\$149.2</b>	<b>13.2%</b>	<b>11.3%</b>	<b>1.78x</b>
<b>Total</b>	<b>\$9,057.7</b>	<b>100.0%</b>	<b>12.6%</b>	<b>1.75x</b>	<b>\$1,134.3</b>	<b>100.0%</b>	<b>12.1%</b>	<b>1.62x</b>

1. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV) / Cumulative Contributions (including fees outside of commitment).

# Advisor performance – legacy and current

LAFPP Private Equity Portfolio													
Advisor Portfolio	Vintage Year Exposure	Commitments	% of Total	Cumulative Contributions	Cumulative Distributions	Total Value <sup>1</sup>	% of Total	1 Year <sup>2</sup> Net IRR	3 Year <sup>2</sup> Net IRR	5 Year <sup>2</sup> Net IRR	10 Year <sup>2</sup> Net IRR	ITD Net IRR <sup>3</sup>	Net Return Multiple <sup>3</sup>
(\$'s in millions)													
Abbott Capital	1996-2007	\$396.0	4%	\$399.9	\$625.1	\$626.3	5%	NM	NM	NM	NM	10.3%	1.57x
Hamilton Lane	1997-2001	\$313.5	3%	\$326.7	\$484.7	\$485.3	4%	NM	NM	NM	NM	8.5%	1.49x
Pension Consulting Alliance	2003-2006	\$183.8	2%	\$187.7	\$287.0	\$287.5	3%	NM	NM	NM	NM	8.7%	1.53x
Portfolio Advisors (Legacy)	2004-2008	\$261.0	3%	\$258.1	\$398.0	\$401.5	4%	NM	NM	NM	NM	7.7%	1.56x
Aldus Equity Partners	2007-2010	\$504.3	6%	\$480.7	\$867.4	\$1,003.0	9%	NM	NM	NM	NM	16.0%	2.09x
StepStone Group	2007-2011	\$190.9	2%	\$176.4	\$279.8	\$312.1	3%	NM	NM	NM	NM	9.9%	1.77x
Subtotal - Legacy Portfolio		\$1,849.4	20%	\$1,829.4	\$2,941.9	\$3,115.8	27%	(2.4%)	7.9%	10.4%	8.5%	10.3%	1.70x
Portfolio Advisors (Current)	2010-2023	\$6,783.3	75%	\$4,428.1	\$3,048.7	\$7,897.3	69%	8.0%	13.2%	17.8%	16.9%	16.8%	1.78x
Core		\$6,119.9		\$4,013.4	\$2,708.3	\$7,159.3		8.4%	13.3%	18.0%	17.0%	16.9%	1.78x
Specialized Manager		\$663.4		\$414.7	\$340.4	\$738.0		4.2%	12.5%	16.3%	16.2%	15.8%	1.78x
Fairview Capital Partners	2015-2023 <sup>4</sup>	\$300.0	3%	\$184.2	\$11.5	\$243.3	2%	(4.4%)	8.4%	11.4%	N/A <sup>4</sup>	12.3%	1.32x
LAFPP Staff	2022-2023	\$124.9	1%	\$58.5	\$0.0	\$149.4	1%	15.1%	54.1%	32.7%	NM	29.2%	2.55x
Subtotal - Current Portfolio		\$7,208.2	80%	\$4,670.8	\$3,060.2	\$8,290.0	73%	7.6%	13.6%	17.9%	17.0%	16.9%	1.77x
Private Equity Portfolio	1996-2023	\$9,057.7	100%	\$6,500.2	\$6,002.1	\$11,405.8	100%	7.3%	13.3%	17.3%	14.9%	12.6%	1.75x

1. Total Value – Cumulative Distributions + Adjusted Reported Value.

2. 1-, 3-, 5-, 10- year net IRRs are calculated using the previous periods ending value as each calculation's initial cash flow. The across period net IRR for each time series of data represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero.

3. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV) / Cumulative Contributions (including fees outside of commitment).

4. LAFPP committed to a 2015 vintage year fund in 2017 through Fairview's specialized manager program; first capital call was March 2017.

# Portfolio Advisors – current portfolio performance

- As of December 2023, PA's current portfolio fund recommendations, totaling \$6.8 billion, make up 75% of the Aggregate Portfolio's commitments (293 funds out of 532 total Core and Specialized Funds)
- PA's fund recommendations have generated performance that has been highly accretive to the Aggregate Portfolio's performance
  - PA's net IRR of 16.8% compares very favorably to the Aggregate Portfolio net IRR of 12.6%
    - Gold highlight** illustrates very accretive performance relative to the Aggregate Portfolio – the Mature and Maturing vintage years are generating an aggregate net IRR of 16.9% and net return multiple of 2.21x
    - Mature and Maturing groups have also been fully “de-risked,” with distributions returning 130.3% of contributions

	Vintage Year	# of Funds <sup>1</sup>	Commitments <sup>1</sup>	Contributions	Distributions	ARV <sup>2</sup>	Total Value <sup>3</sup>	ITD Net IRR <sup>4</sup>	Net Return Multiple <sup>4</sup>
(\$'s in millions)									
Mature	2010	5	\$95.1	\$89.2	\$159.6	\$17.5	\$177.1	14.0%	1.98x
	2011	16	\$316.2	\$310.2	\$526.8	\$121.5	\$648.2	14.1%	2.09x
	2012	27	\$325.8	\$299.1	\$483.5	\$162.4	\$646.0	16.0%	2.16x
	<b>Sub-Total</b>	<b>48</b>	<b>\$737.0</b>	<b>\$698.5</b>	<b>\$1,169.9</b>	<b>\$301.3</b>	<b>\$1,471.3</b>	<b>14.8%</b>	<b>2.11x</b>
Maturing	2013	11	\$202.0	\$180.8	\$352.0	\$144.5	\$496.5	20.5%	2.75x
	2014	16	\$333.6	\$310.4	\$395.4	\$302.7	\$698.1	15.8%	2.25x
	2015	18	\$311.3	\$284.4	\$400.6	\$345.6	\$746.2	20.7%	2.62x
	<b>Sub-Total</b>	<b>88</b>	<b>\$1,654.4</b>	<b>\$1,483.9</b>	<b>\$1,674.7</b>	<b>\$1,683.2</b>	<b>\$3,357.9</b>	<b>18.6%</b>	<b>2.26x</b>
Developing	2018	18	\$351.0	\$301.3	\$128.5	\$428.8	\$557.3	21.8%	1.85x
	2019	27	\$684.4	\$532.9	\$36.7	\$780.6	\$817.3	16.9%	1.53x
	2020	24	\$440.7	\$368.1	\$18.6	\$480.4	\$499.0	14.9%	1.36x
	<b>Sub-Total</b>	<b>157</b>	<b>\$4,391.9</b>	<b>\$2,245.6</b>	<b>\$204.0</b>	<b>\$2,864.1</b>	<b>\$3,068.1</b>	<b>16.1%</b>	<b>1.36x</b>
	<b>Total</b>	<b>293</b>	<b>\$6,783.3</b>	<b>\$4,428.1</b>	<b>\$3,048.7</b>	<b>\$4,848.6</b>	<b>\$7,897.3</b>	<b>16.8%</b>	<b>1.78x</b>

1. Table reflects closed commitments through 12/31/23. Number of Funds and Commitments in each vintage year are based on the vintage year assigned by its General Partner. The total funds in any given year are different from the funds approved by the Board in any given year. The latter is based on annual commitment pacing.

2. ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

3. Total Value: Cumulative Distributions + ARV<sup>2</sup>.

4. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. Net Return Multiple - (Cumulative Distributions + ARV<sup>2</sup>) / Cumulative Contributions (including fees outside of commitment).

# Portfolio Advisors – sector & sub-sector performance

- Sector weightings of 53.2%, 25.3% and 21.5% are in line with the target portfolio midpoints of ~50% Buyout, ~25% Special Situations and ~25% Venture Capital & Growth Equity, respectively
- PA's fund recommendations have generated performance that has been highly accretive to the Aggregate Portfolio's performance. Largest contributors include:
  - PA's Buyout Sector net IRR of 17.7% compares favorably to the 13.5% net IRR generated by the Aggregate Portfolio's Buyout Sector (see page 7)
  - Similarly, the net IRR of 14.2%, generated by PA's Venture Capital Sector, meaningfully exceeds the net IRR of 9.4% generated by the Aggregate Portfolio's Venture Capital Sector (see page 7)
  - PA's Growth Equity Sector net IRR of 21.5% is materially above the Aggregate Portfolio Growth Equity Sector net IRR of 15.8% (see page 7)

Sectors	Commitments	% of Total	ITD Net IRR <sup>1</sup>	Net Return Multiple <sup>1</sup>
(\$'s in millions)				
<b>Buyout</b>	<b>\$3,608.6</b>	<b>53.2%</b>	<b>17.7%</b>	<b>1.74x</b>
Large	\$1,058.5	15.6%	15.3%	1.69x
Mid-Market	\$2,550.1	37.6%	19.0%	1.77x
<b>Special Situations</b>	<b>\$1,716.2</b>	<b>25.3%</b>	<b>12.4%</b>	<b>1.54x</b>
Distressed Debt & Restructuring	\$927.5	13.7%	13.5%	1.63x
Multi-Strategy & Other	\$585.7	8.6%	9.9%	1.39x
Secondary	\$203.0	3.0%	14.4%	1.52x
<b>Venture Capital &amp; Growth Equity</b>	<b>\$1,458.4</b>	<b>21.5%</b>	<b>18.7%</b>	<b>2.13x</b>
<b>Venture Capital</b>	<b>\$773.0</b>	<b>11.4%</b>	<b>14.2%</b>	<b>1.75x</b>
Early Stage	\$333.0	4.9%	15.8%	1.61x
Late Stage	\$90.0	1.3%	15.2%	2.00x
Multi-Stage	\$350.0	5.2%	13.5%	1.77x
<b>Growth Equity</b>	<b>\$685.4</b>	<b>10.1%</b>	<b>21.5%</b>	<b>2.50x</b>
<b>Total</b>	<b>\$6,783.3</b>	<b>100.0%</b>	<b>16.8%</b>	<b>1.78x</b>

1. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV) / Cumulative Contributions (including fees outside of commitment).

# Portfolio Advisors – specialized manager performance

- Since PA was hired in April 2010, LAFPP has closed on fund commitments that PA recommended totaling \$663.4 million to 69 funds (VY's 2010-2023) managed by 48 Specialized Managers<sup>1</sup>
  - \$578.5 million (~87%) has been committed to 59 funds (~86%) managed by 39 Specialized Managers that are minority-, woman-, LGBTQ-, disabled, or veteran owned business entities, and 19 Specialized Managers have graduated to the Core Program
- PA's fund recommendations have generated performance that has been very accretive to the Aggregate Portfolio's performance
  - PA's Specialized Manager Portfolio net IRR and net return multiple of 15.8% and 1.78x, respectively, compare favorably to the Aggregate Portfolio net IRR and net return multiple of 12.6% and 1.75x, respectively
  - Mature and Maturing groups have generated very strong results, with an aggregate net IRR of 15.6% and net return multiple of 2.11x, and have been fully “de-risked,” with distributions returning 137% of contributions

	Vintage Year	# of Funds	Commitments	Contributions	Distributions	ARV <sup>2</sup>	Total Value <sup>3</sup>	ITD Net IRR <sup>4</sup>	Net Return Multiple <sup>4</sup>
(\$'s in millions)									
Mature	2010	1	\$25.0	\$21.1	\$62.2	\$0.1	\$62.3	22.4%	2.95x
	2011	2	\$15.0	\$13.9	\$23.1	\$2.3	\$25.4	11.9%	1.83x
	2012	13	\$103.9	\$96.7	\$131.7	\$50.0	\$181.7	12.3%	1.88x
	Sub-Total	16	\$143.9	\$131.8	\$217.1	\$52.3	\$269.5	14.6%	2.05x
Maturing	2013	2	\$20.0	\$12.7	\$25.2	\$10.0	\$35.1	15.4%	2.76x
	2014	2	\$10.0	\$9.2	\$14.1	\$7.3	\$21.3	18.1%	2.32x
	2015	4	\$30.0	\$27.3	\$33.4	\$30.1	\$63.5	16.2%	2.33x
	Sub-Total	16	\$117.5	\$98.9	\$99.2	\$118.4	\$217.6	17.5%	2.20x
Developing	2018	5	\$37.5	\$32.1	\$16.7	\$43.1	\$59.8	28.9%	1.86x
	2019	5	\$44.5	\$35.8	\$1.8	\$48.5	\$50.3	15.2%	1.41x
	2020	5	\$55.0	\$43.1	\$1.2	\$52.4	\$53.6	11.3%	1.24x
	Sub-Total	37	\$402.0	\$184.1	\$24.0	\$231.2	\$255.2	17.5%	1.36x
		Total	69	\$663.4	\$414.7	\$340.4	\$397.6	15.8%	1.78x

1. Closed commitments as of 12/31/23.

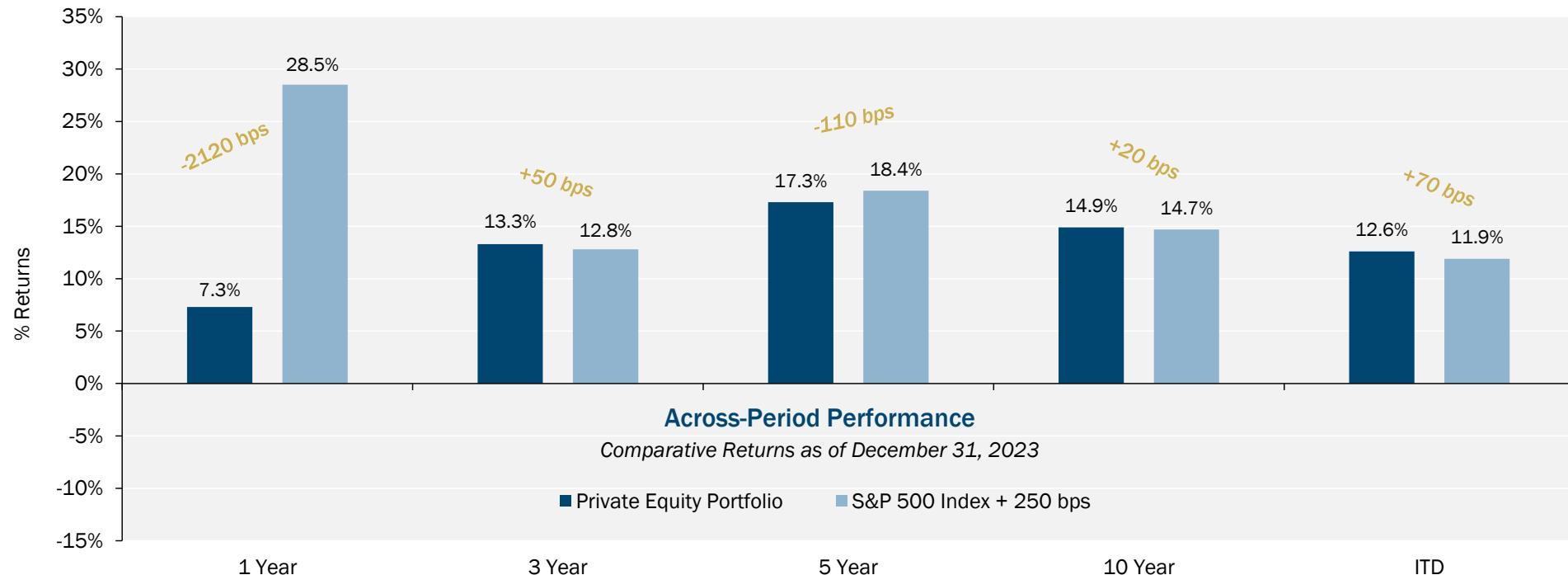
2. ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

3. Total Value: Cumulative Distributions + ARV<sup>2</sup>.

4. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV<sup>2</sup>) / Cumulative Contributions (including fees outside of commitment).

# Performance relative to S&P 500 index

- LAFPP's Private Equity Portfolio has outperformed the 3-year, 10-year, and ITD returns for the S&P 500 Index +250 bps by a range of 20 bps to 70 bps



Portfolio	1 Year Net IRR <sup>1</sup>	3 Year Net IRR <sup>1</sup>	5 Year Net IRR <sup>1</sup>	10 Year Net IRR <sup>1</sup>	ITD Net IRR <sup>2</sup>
Private Equity Portfolio	7.3%	13.3%	17.3%	14.9%	12.6%
Core	8.2%	13.8%	17.8%	15.2%	12.6%
Specialized Manager	0.9%	10.1%	13.6%	12.7%	12.1%
S&P 500 Index <sup>3</sup>	26.0%	10.3%	15.9%	12.2%	9.4%
S&P 500 Index + 250 bps	28.5%	12.8%	18.4%	14.7%	11.9%

1. 1-, 3-, 5-, 10-year net IRRs are calculated using the previous periods ending value as each calculation's initial cash flow. The across period net IRR for each time series of data represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero.

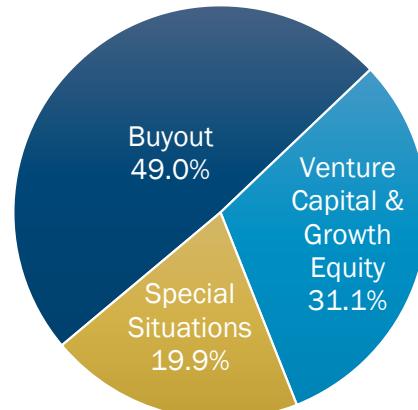
2. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively.

3. Please refer to page 29 in the Appendix for important defined terms with respect to the S&P 500 Index.

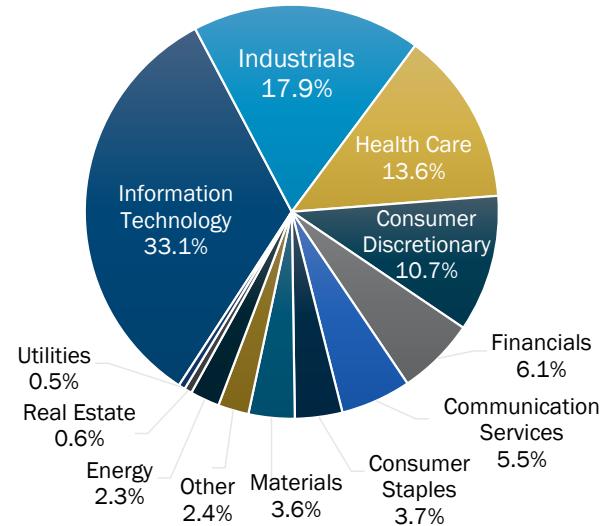
# Diversification

- LAFPP's Private Equity Portfolio is well-diversified across sectors, geographies, industries, and companies – over 5,100 underlying companies

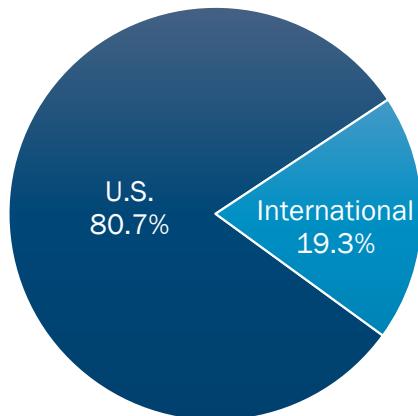
Based on ARV<sup>1</sup> as of 12/31/2023



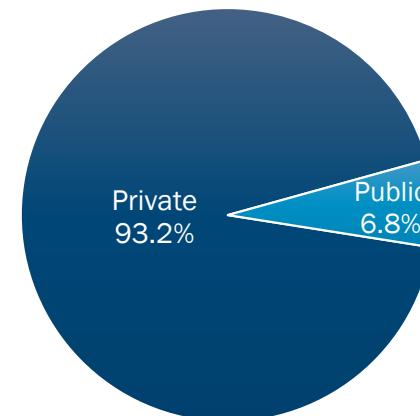
Based on underlying investment FMVs<sup>2</sup> as of 12/31/2023



Based on underlying investment FMVs<sup>2</sup> as of 12/31/2023



Based on underlying investment FMVs<sup>2</sup> as of 12/31/2023



1. ARV – Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

2. FMV – Fair Market Value of underlying investments in the partnerships.

# Ten largest sponsors by total exposure

- In recent years, LAFPP has focused on increasing its exposure to its top-performing sponsors
  - Funds managed by these sponsors represent almost one-third of the Private Equity Portfolio and have been highly accretive to the Plan's performance, generating a 21.3% net IRR and a 2.01x net return multiple
  - Of LAFPP's 10 largest sponsors based on total exposure, eight have generated a 20%+ net IRR and five have generated a net return multiple exceeding 2.00x

Ten Largest Sponsors by Total Exposure								
Sponsor	Strategy	# of Funds	Commitments <sup>1</sup>	% of Aggregate Portfolio	Total Exposure <sup>2</sup>	% of Aggregate Portfolio	ITD Net IRR <sup>3</sup>	Net Return Multiple <sup>3</sup>
(\$'s in millions)								
Thoma Bravo	Buyout	10	\$330.0	3.6%	\$382.8	4.8%	26.1%	1.96x
Insight Partners	Venture/Buyout	10	\$300.0	3.3%	\$357.3	4.5%	22.3%	2.43x
Clearlake Capital	Special Situations	9	\$269.4	3.0%	\$287.9	3.6%	23.5%	1.78x
Gridiron Capital	Buyout	4	\$180.0	2.0%	\$271.4	3.4%	35.4%	2.48x
GTCR	Buyout	4	\$235.0	2.6%	\$253.4	3.2%	29.6%	2.15x
Vista Equity Partners	Buyout	7	\$210.0	2.3%	\$231.5	2.9%	22.4%	2.24x
ABRY Partners <sup>4</sup>	Special Situation/Buyout	9	\$270.1	3.0%	\$217.5	2.7%	9.8%	1.43x
Leonard Green & Partners	Buyout	7	\$199.6	2.2%	\$215.9	2.7%	17.2%	1.87x
Hellman & Friedman	Buyout	8	\$150.8	1.7%	\$175.4	2.2%	20.1%	1.76x
Summit Partners	Venture	9	\$147.5	1.6%	\$161.6	2.0%	20.0%	2.08x
		77	\$2,292.4	25.3%	\$2,554.8	31.9%	21.3%	2.01x

1. Commitments excludes inactive funds that have held their final distribution.

2. Total Exposure is equal to the adjusted reported value as most recently reported by the General Partners plus remaining unfunded commitment.

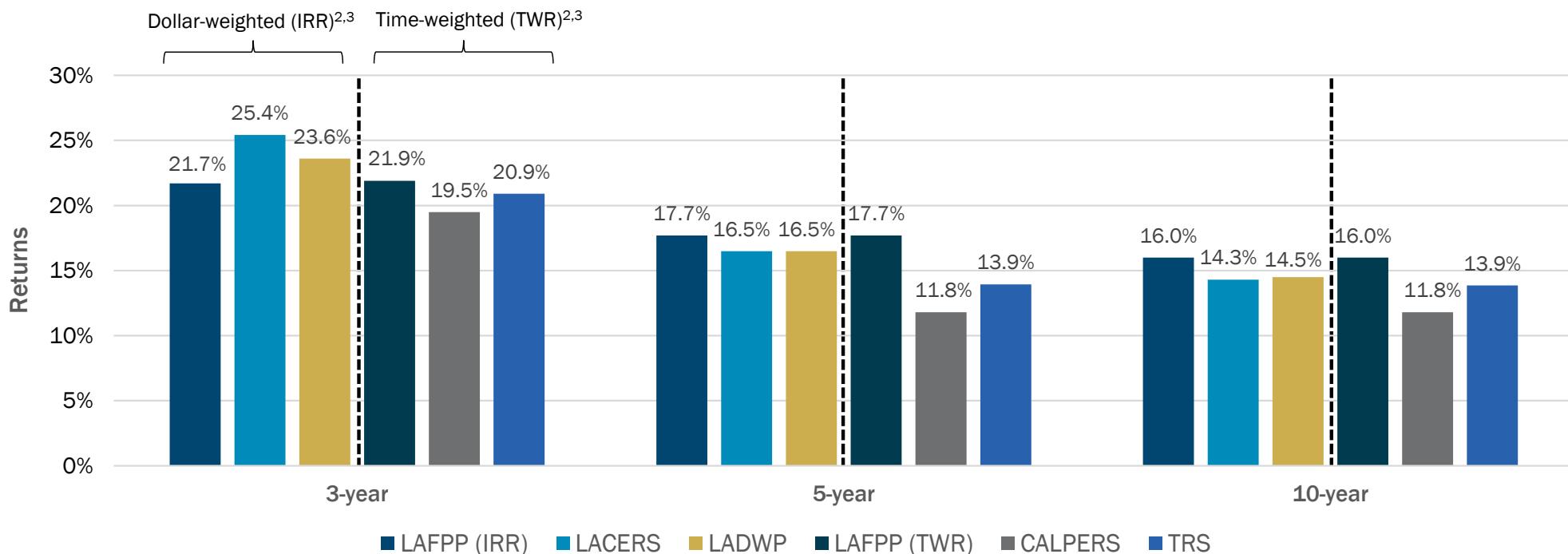
3. ITD – Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV) / Cumulative Contributions (including fees outside of commitment).

4. ABRY Partners' nine funds include Mid-Market Buyout funds and Special Situations funds (i.e., ABRY Senior Equity (structured equity) and ABRY Advanced Securities funds (structured credit)).

# Performance relative to other public pension plans

- Chart below illustrates LAFPP's across-period private equity returns benchmarked against the private equity portfolios of (i) LAFPP's sister plans, LACERS & LADWP, and (ii) two large pension plans that have emerging manager programs, CalPERS & TRS

As of 6/30/23	Los Angeles Fire & Police Pensions (LAFPP)	Los Angeles City Employees' Retirement System (LACERS)	Los Angeles Department of Water & Power (LADWP)	California Public Employees' Retirement System (CalPERS)	Teacher Retirement System of Texas (TRS)
Inception Date	1996	1995	2006	1990	1993
Active Partnerships	392	285	60	340	409
Plan Size (mm)	\$29,385	\$21,578	\$16,357	\$465,884	\$187,170
Target PE Allocation % <sup>1</sup>	15.0%	16.0%	10.0%	10.0%	14.0%
Actual PE Allocation %	17.9%	18.9%	13.0%	12.9%	17.7%



1. LAFPP's PE exposure target of 15% reflects the current Board adopted allocation. At the August 3, 2023 board meeting, the Board approved increasing the private equity exposure target from 14% to 15%.
2. Performance data and Portfolio metrics for the Public Pensions (LADWP, LACERS, TRS, CALPERS) was obtained from each plan's respective websites and staff (annual / quarterly reports). Reports are based on June 30, 2023 data. TRS data for number of active partnerships was pulled from Prequin (2/7/24), as it was not available in their quarterly/annual reports.
3. LACERS, and LADWP are calculated using net IRR. The across period net IRR for each time series of data represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. CALPERS and TRS are calculated using a Time Weighted Return (TWR), which represents the compounded rate of return over a period of time.

Note: Past performance is not indicative of future results. The performance returns above are as of June 30, 2023 and are estimated and unaudited.

# Strategic plan update

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# Private equity exposure – definition

## Private Equity Exposure = Private Equity Portfolio Value<sup>1</sup> / Plan Market Value<sup>2</sup>

- Variability in PE Exposure impacted by changes in PE Portfolio Value (numerator) and changes in Plan Market Value (denominator)
- Commitments that have not yet been drawn are not included in the calculation of the PE Portfolio Value; rather, as discussed below, undrawn commitments influence PE Exposure when they are contributed

### Changes in PE Portfolio Value (Numerator)



- Commitment Pacing:
  - Contributions increase exposure (↑)
  - Distributions decrease exposure (↓)
- Unrealized Performance:
  - Gains increase exposure (↑)
  - Losses decrease exposure (↓)

### Changes in Plan Market Value (Denominator)

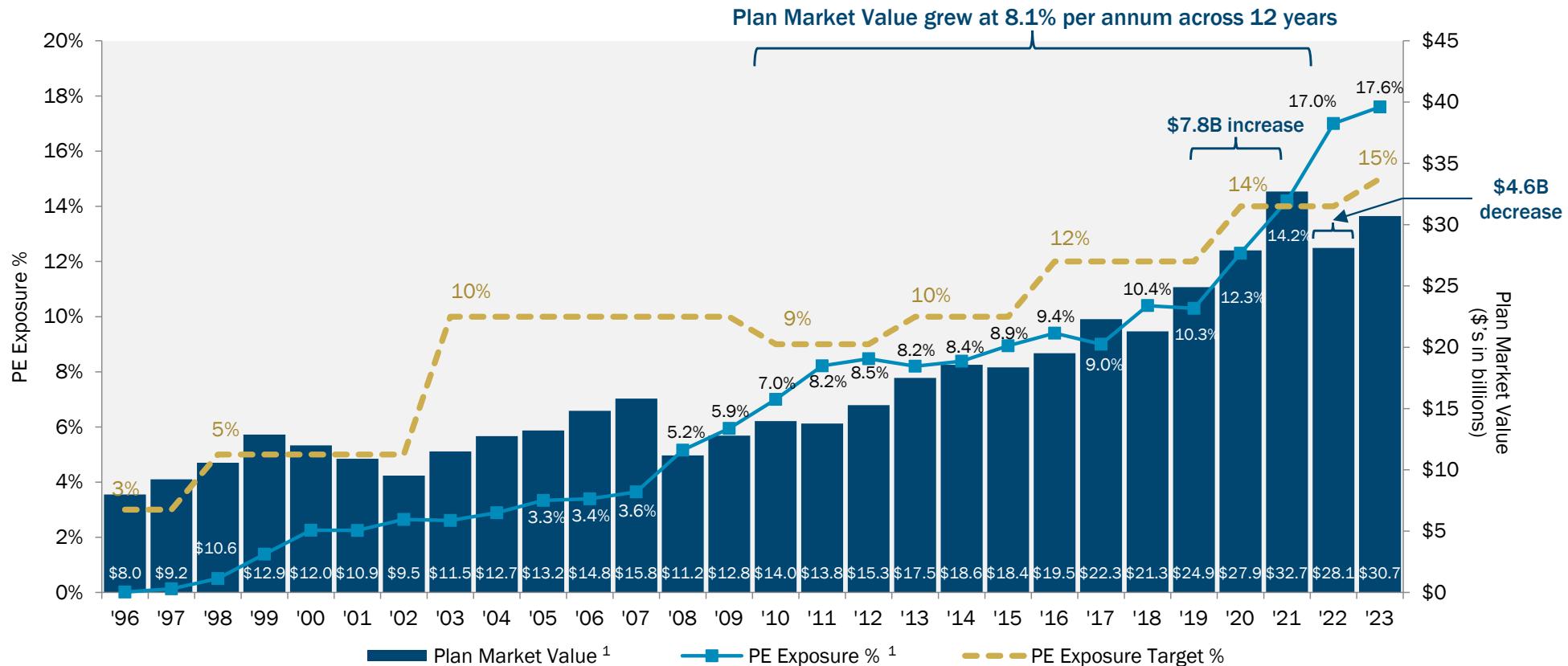
- The public market volatility that began in early 2022 caused significant swings in the Plan Market Value, from a high of \$32.7 billion in Q4 2021 to a low of \$26.9 billion in Q3 2022 (YE Value 2023: \$30.7 billion)
- The “denominator effect” occurs when the value of one portion of a portfolio decreases significantly and pulls down the overall value of the portfolio; as a result, any segments that did not decrease in value now represent a larger percent of the overall portfolio, which has been the case with private equity in LAFPP’s portfolio
  - Private company, and therefore private equity fund, valuations typically lag those in the public markets by 2-3 quarters, especially during periods of market volatility
  - Valuing private market funds is a less precise process

**LAFPP's increased exposure to private equity over the last two years is driven by a \$2 billion unrealized gain and a slowdown in distributions in 2022 & 2023, coupled with the decrease in the overall Plan Market Value (commonly referred to as the “Denominator Effect”)**

1. Private Equity Portfolio Value is measured by the Reported Value from underlying funds or Adjusted Reported Value, which is the reported value from the underlying funds, adjusted for cash flows.  
2. Plan Market Value is typically released ~3 weeks after the close of the previous month.

# Private equity exposure – historical

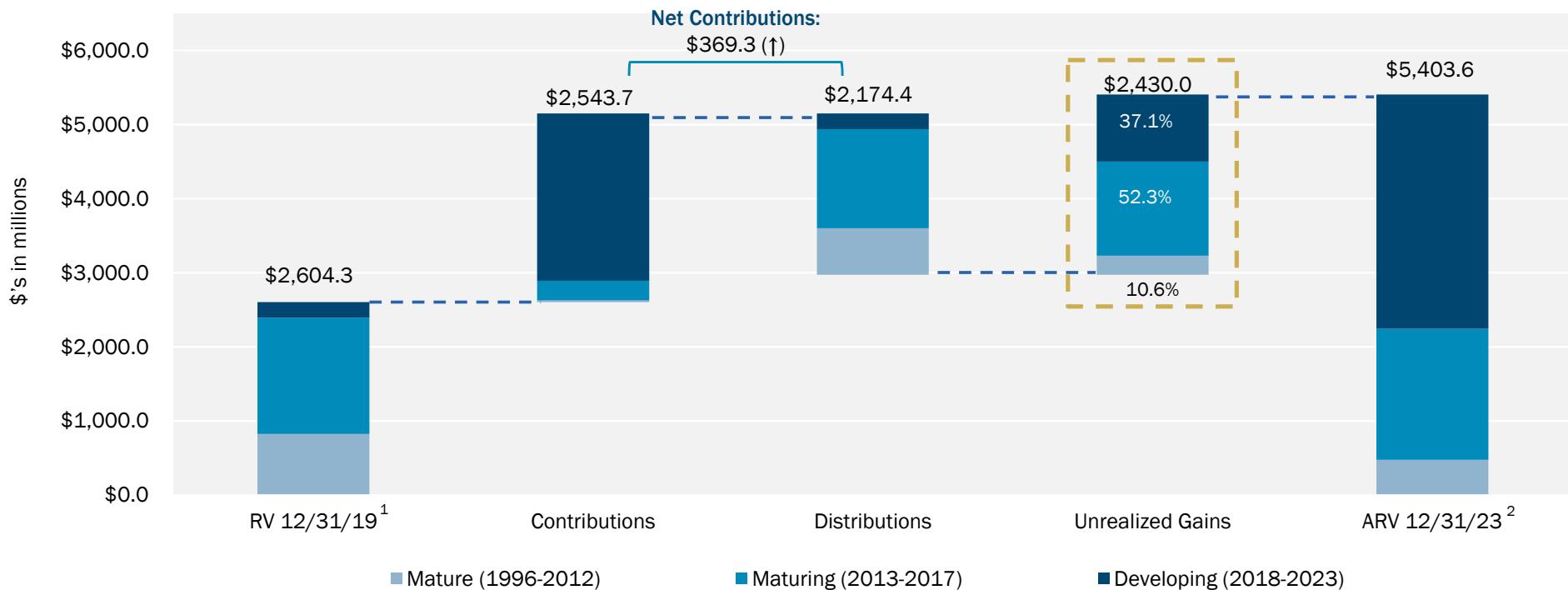
- Since 2010, there have been four Board-approved increases to the PE exposure target, tremendous growth in the Plan Market Value and significant distributions from the Private Equity Portfolio (“self-funded” in 9 of 14 years)
- The Plan’s exposure to PE has fluctuated between 16% to 18% over the last two years due to a significant decline in the overall Plan Market Value, continued growth in the PE portfolio’s unrealized gain (currently ~\$2 billion) and a slowdown in PE distributions since early 2022



1. Plan Market Values were sourced from LAFPP. The latest PE exposure % was based on the most recent reported value from the underlying funds, which is December 31, 2023.

# Value bridge by maturity – 2020 through 2023

- Despite the impact of the COVID-19 pandemic and the Russia/Ukraine war, which led to rising inflation, interest rates and recession fears, LAFPP's PE Portfolio has maintained a \$2+ billion unrealized gain over the last four years
  - Significant distributions in 2021 serve as a good example of what to expect when investment activity rebounds, hopefully in the next 12 months
- Observations from the chart below:**
  - 87% of the \$2,799.3 million increase in ARV<sup>2</sup> over 4 years is driven by \$2,430.0 million of Unrealized Gains, with only 13% from new net cash flows
    - Over half of the \$2,430.0 million of Unrealized Gains are held in funds that are in distribution mode (Vintage Years 2013 to 2017)
  - LAFPP's PE Portfolio is largely "self-funded" - \$2,174.4 million of distributions have been generated by the Portfolio since January 2020. These distributions have financed 86% of the \$2,543.7 million of contributions over the same time period as the investment pace has scaled

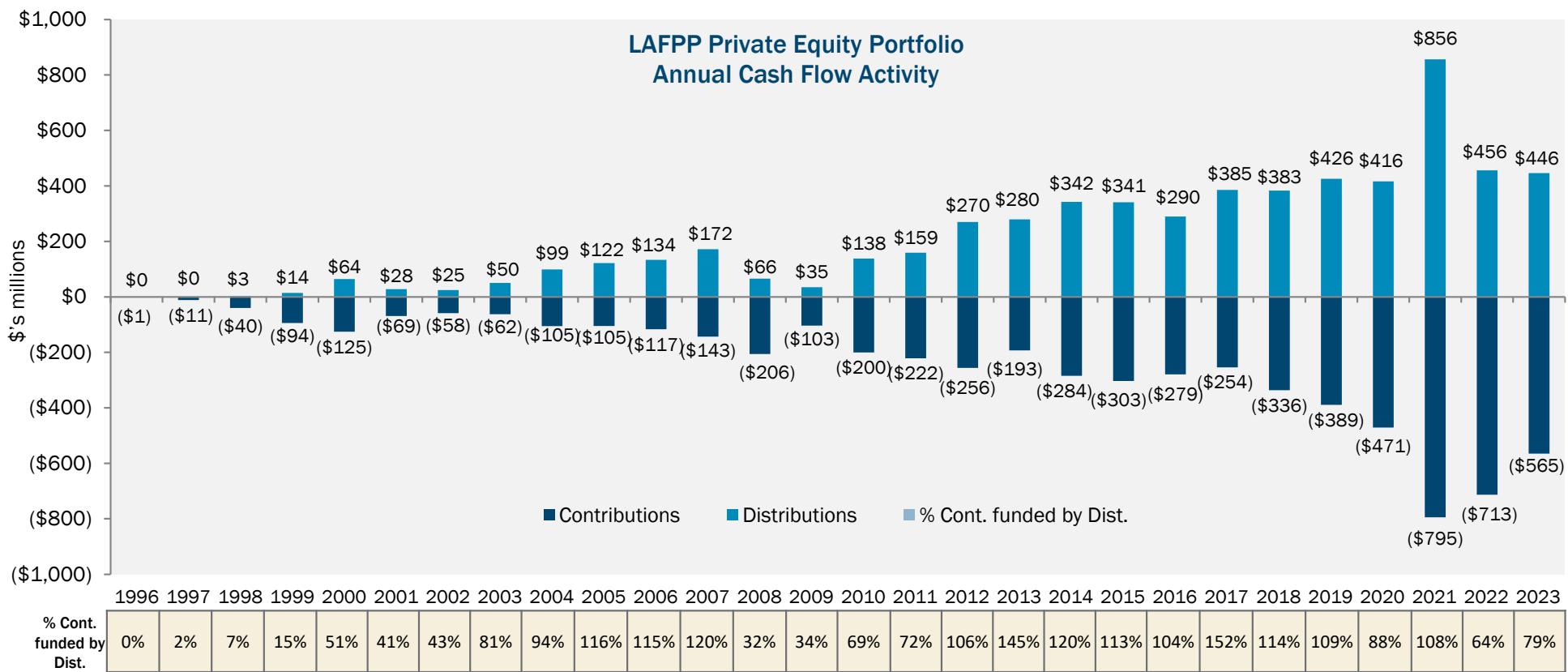


1. RV – Reported Value from the GPs of the underlying funds.

2. ARV – Adjusted Reported Value represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

# Historical cash flow activity

- From 2000 to 2009, distributions averaged 72.7% of contributions in the Private Equity Portfolio, with a minimum of 32.0% in 2008 and a maximum of 120.4% in 2007
- From 2010 through 2023, distributions averaged 103.0% of contributions in the Private Equity Portfolio, with a minimum of 63.9% in 2022 and maximum of 151.6% in 2017
- Observations from the chart below:**
  - Distributions fully funded contributions in 9 of the last 14 years, despite increases in the annual commitment pace to keep up with the growth in the Plan Market Value and four Board-approved increases in the Plan's private equity exposure target



# Historical commitment pace

- LAFPP's Private Equity Portfolio can be evaluated in two groups, with just over half of the vintage years in the "Inconsistent Commitment Pacing" profile and the remainder in the "Consistent Commitment Pacing" profile
- **Benefits of a consistent commitment pace:**
  - Distributions are more predictable and can be viewed as a source of capital to fund future capital calls – 9 of the last 14 years "self-funded"
  - Reduced volatility in cash flows, while avoiding over-exposure to high-priced markets and under-exposure to discounted pricing environments



Historical Liquidity/Cash Flow Statistics

Years <sup>1</sup>	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	'10	'11	'12	'13	'14	'15	'16	'17	'18	'19	'20	'21	'22	'23
Qtrly Capital Call/Dist. <sup>2</sup>	2.44x	2.91x	2.87x	1.71x	1.14x	1.03x	0.94x	0.88x	5.77x	3.34x	1.66x	1.38x	1.10x	0.72x	0.85x	0.91x	1.01x	0.67x	0.91x	0.89x	1.41x	0.93x	1.58x	1.40x
Qtrly Capital Call/Unfund. <sup>3</sup>	13.1%	5.7%	5.4%	7.1%	11.6%	10.5%	9.8%	11.1%	11.3%	4.0%	7.7%	6.7%	7.7%	6.2%	7.6%	7.6%	6.6%	5.1%	6.1%	6.2%	6.8%	9.1%	7.1%	5.6%
Average: 2.30x, 9.0%		Standard Deviation: 1.53x, 3.1%														Average: 1.10x, 6.9%		Standard Deviation: 0.32x, 1.0%						

1. Data from 1996-1999 was excluded because LAFPP's private equity portfolio was in the formative stages with limited distributions.

2. Quarterly Capital Call/Distribution Ratio –  $>1.0x$  means contributions exceed distributions and  $<1.0x$  means distributions exceed contributions ("self funding").

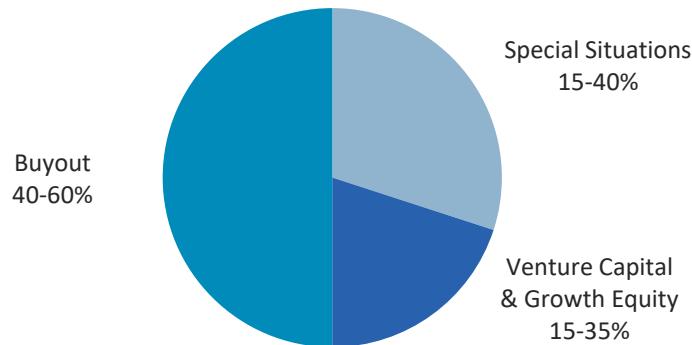
3. Quarterly Capital Call/Unfunded % – Measures how much of the unfunded amount is drawn on a quarterly/annual basis. Additionally, growth or decline in LAFPP's program is addressed.

4. Closed commitments through 12/31/23.

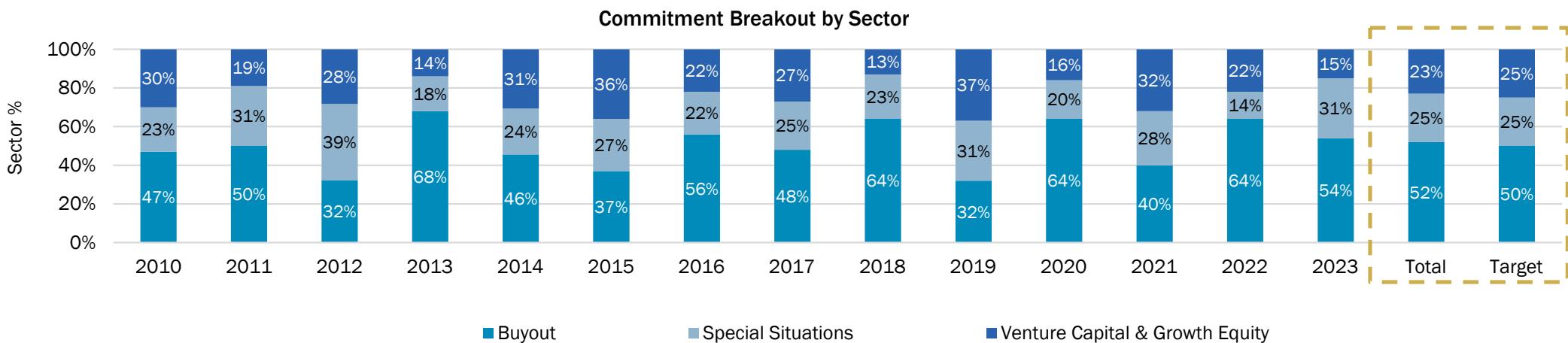
# Sector targets since 2010

- LAFPP's Board exercises control over sector exposures by approving private equity commitments, hence the reason for a target portfolio

LAFPP TARGET PORTFOLIO: 2010-Present  
(based on commitments)



- Year-over-year changes in the sector weightings below reflect the “opportunistic” nature of the asset class; however, long-term sector targets, as measured by Target Portfolio Mid-Points, have been maintained



# 2024 targeted portfolio construction

2024 Portfolio Status & Target Allocations						
Portfolio Status (\$ millions)	As of 12/31/2023	Long-Term Sector Allocations	Buyout	VC / Growth	Special Situations	Total
Private Equity – Adjusted Reported Value <sup>1</sup>	\$5,403.6	Targets (%)	50%	25%	25%	100%
Plan Size	\$30,683.4	Recommended Pace (\$)	\$400	\$200	\$200	\$800
Private Equity Exposure Target (%)	15% +/- 3.75% (11.25% to 18.75%)	Approvals to Date (\$)	\$95	\$60	\$50	\$205
Plan's Current Exposure to Private Equity (%)	17.6%	Approvals to Date (%)	47%	29%	24%	100%
Recommended 2024 Commitment Pace (\$m)	\$800 (range of \$750-\$850)	Pending Approvals (\$)	\$100	\$0	\$50	\$150
		2024 Allocations (\$) (inclusive of pending)	\$195	\$60	\$100	\$355
		2024 Allocations (%) (inclusive of pending)	55%	17%	28%	100%
Total Allocation Budget (\$800 Pace)	(Buyout - 50%) \$400			(VC/Growth - 25%) \$200		(Special Situations - 25%) \$200
2024 Commitments (Including Pending)	\$95 Approved	Sponsor A \$50	Remaining \$305	\$60 Approved	Remaining \$140	\$50 Approved
		Sponsor B \$50				Sponsor C \$50
			Remaining \$150			

1. Represents the 12/31/23 reported values as most recently reported from the GPs of the underlying funds, adjusted for net contribution and distribution activity through 12/31/23.

# Observations – Market Update

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- Buyout

- In 2023, buyout activity experienced a steep decline across both investments and exits, driven by the cumulative effect of a mini-banking crisis, increasing capital costs, and an intractable valuation gap between buyers and sellers
  - Buyout activity in the U.S. declined 41.2% in 2023 from the all-time peak of \$1.2 trillion set in 2021
  - Q1 activity remained slow, down 23% from Q1 2023 and 65% from Q1 2022
- Valuations and leverage appeared to bottom out in 2023, down ~25% from their peak in 2021
  - TTM EV/EBITDA multiples are up ~10% from their 2023 levels, improving to 11.9x in Q1 from 10.6x at the end of 2023
  - While it is too early to conclude that valuations have fully reset, the recent trend is encouraging and not entirely surprising given the strong Q4 2023 runup in public equity valuations
- Exit activity remained muted and unstable in Q1, implying that exits are still finding a bottom and are not yet on a steady pace of recovery
  - The total number of buyout-backed exits is essentially tracking flat on an annualized basis while exit value is trending to finish at \$361B, a 17% increase from 2023 - while positive, that pace would make 2024 the second-worst year for exit value since 2016
  - A bright spot is the reopening of the IPO market, sparked by the surge in public equities over the past ~6 months

- Venture

- Venture activity continued its descent in 2023, with fundraising, deal values, and exit activity all down driven by significant investor pullback and compressed valuation multiples throughout the market
  - Deal activity slowed further in Q1 2024, dropping quarter-over-quarter but roughly the same as Q3 2023
- In Q1, median valuations rose across all stages from the quarter before
  - Early-stage and late-stage rounds ticked up by 16% and 36%, respectively, though still below peak levels in 2021
  - In general, multiples remain compressed, implying that revenues have not been severely hurt from economic uncertainty
- Q4 2023 exit value and count declined year-over-year by 22% and 29%, respectively, driven by a still-dormant IPO market for VC
  - IPO activity has remained muted so far in 2024; notably, however, acquisitions represented over 40% of total exit value in 2023 for the second consecutive year, providing alternative liquidity options for companies that are unable to access the public markets

Sources: Pitchbook Q1 US PE Breakdown, Bain Private Equity Midyear Report 2024, Q1 2024 Pitchbook-NVCA Venture Monitor, and Q4 2023 Pitchbook-NVCA Venture Monitor.

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# Observations

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- Portfolio Update

- The private market dislocation that began in early 2022, driven by rising inflation and interest rates (in conjunction with other macro/geopolitical factors), has led to a slowdown in activity (investments & exits) within private equity and a decline in performance over the last two years (both of which are evident in the LAFPP portfolio). Despite this, both the absolute and relative returns of LAFPP's Private Equity Portfolio remain strong. Looking forward, with public markets recovered and sentiment improving within private markets given the stabilization of inflation and an improved credit market, it's anticipated that private equity activity will recover in 2H 2024 and into 2025
- The Core Portfolio, which began in September 1996, is generating a 12.6% net IRR and a 1.77x net return multiple since inception
- The Specialized Manager Portfolio, which began in December 2007, is generating a 12.1% net IRR and a 1.62x net return multiple since inception
- LAFPP's Private Equity Portfolio has outperformed the 3-year, 10-year, and ITD returns for the S&P 500 Index + 250 bps by a range of 20 bps to 70 bps
- LAFPP's Private Equity Portfolio remained in a negative net cash flow position in 2023, which is consistent with previous market dislocations; however, a \$2+ billion unrealized gain remains in the portfolio
  - Given that 63% of this unrealized gain resides in Mature and Maturing funds that are in distribution mode, the Plan is likely to revert back to a positive net cash flow profile ("self-funded" status) once the capital markets rebound
- A \$2+ billion unrealized gain, slowdown in distributions and decline in the Plan Market Value have been the drivers behind the Plan's exposure to private equity fluctuating between 14% and 18% in recent years. If the capital markets improve over the next 12 to 18 months, PA expects that the Plan's exposure will decrease and near the 15% target
- Portfolio Advisors has recommended that the Plan target \$750 - \$850 million of commitments in 2024

# Appendix

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Commodities performance

Certain definitions

Disclosure statement



# Portfolio Advisors – commodities performance

- Commodities Allocation to PE was approved in March of 2012 and completed in 2019. During this time frame, LAFPP closed on commitments totaling \$247.4 million to 12 funds (VY's 2012-2019) managed by 8 sponsors<sup>1</sup>
  - Collectively, the funds have generated a net IRR and net return multiple of 5.6% and 1.28x, respectively

	Vintage Year	# of Funds <sup>2</sup>	Commitments <sup>2</sup>	Contributions	Distributions	ARV <sup>3</sup>	Total Value <sup>4</sup>	ITD Net IRR <sup>5</sup>	Net Return Multiple <sup>5</sup>
(\$'s in millions)									
<b>Mature</b>	2012	2	\$23.7	\$23.5	\$21.1	\$1.0	\$22.0	(1.7%)	0.94x
	2013	1	\$18.8	\$18.0	\$22.5	\$5.7	\$28.3	10.5%	1.57x
<b>Maturing</b>	2014	3	\$75.0	\$71.8	\$32.1	\$46.7	\$78.9	1.5%	1.10x
	2015	1	\$30.0	\$28.8	\$39.8	\$17.5	\$57.3	15.5%	1.99x
<b>Developing</b>	2016	1	\$25.0	\$22.2	\$22.1	\$6.1	\$28.2	8.1%	1.27x
	2017	2	\$45.0	\$31.8	\$5.8	\$32.5	\$38.3	6.4%	1.20x
	2019	2	\$30.0	\$15.6	\$1.4	\$16.9	\$18.4	7.6%	1.18x
	<b>Total</b>	<b>12</b>	<b>\$247.4</b>	<b>\$211.7</b>	<b>\$144.9</b>	<b>\$126.4</b>	<b>\$271.3</b>	<b>5.6%</b>	<b>1.28x</b>

1. Closed commitments as of 12/31/23.

2. Number of funds and commitments listed in each vintage year are based on the vintage year assigned to each fund.

3. ARV - Adjusted Reported Value. Represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity through 12/31/23.

4. Total Value: Cumulative Distributions + ARV<sup>3</sup>.

5. Inception-to-Date Net IRR as of 12/31/23. ITD Net IRR for each vintage year represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. Net Return Multiple - (Cumulative Distributions + ARV<sup>2</sup>) / Cumulative Contributions (including fees outside of commitment).

# Year-over-year summary (February '24 board meeting comparison)

- The Aggregate Portfolio is comprised of \$9,049.5 million of commitments to 531 Core and Specialized Manager funds (400 Active and 131 Inactive) managed by 224 sponsors
- Since inception contributions to and distributions from the Aggregate Portfolio totaled \$6,488.8 million and \$6,000.6 million, respectively
- Year-over-year performance, as measured by Net IRR<sup>4</sup> and Net Return Multiple,<sup>4</sup> decreased slightly in the Aggregate, Core and Specialized Manager Portfolios

LAFPP Private Equity Portfolio	Aggregate Portfolio			Core Portfolio			Specialized Manager Portfolio		
	12/31/2023	12/31/2022	Net Change	12/31/2023	12/31/2022	Net Change	12/31/2023	12/31/2022	Net Change
(\$'s in millions)									
Funds	531	514	17	412	402	10	119	112	7
Active <sup>1</sup>	400	393	7	286	286	0	114	107	7
Inactive <sup>1</sup>	131	121	10	126	116	10	5	5	0
Sponsors	224	221	3	162	161	1	84	81	3
Commitments	\$9,049.5	\$8,528.3	\$521.2	\$7,914.6	\$7,470.9	\$443.7	\$1,134.9	\$1,057.4	\$77.5
Contributions	\$6,488.8	\$5,936.7	\$552.1	\$5,733.0	\$5,259.3	\$473.7	\$755.8	\$677.5	\$78.3
Distributions	\$6,000.6	\$5,557.1	\$443.5	\$5,429.5	\$5,024.0	\$405.5	\$571.2	\$533.1	\$38.1
ARV/RV <sup>2</sup>	\$5,257.8	\$4,915.7	\$342.1	\$4,599.7	\$4,305.3	\$294.4	\$658.1	\$610.4	\$47.7
Total Value <sup>3</sup>	\$11,258.4	\$10,472.8	\$786.7	\$10,029.2	\$9,329.3	\$699.9	\$1,229.2	\$1,143.5	\$85.8
<u>*ITD Net IRR and Net Return Multiple as of 9/30/23 and 9/30/22*</u>									
ITD Net IRR <sup>4</sup>	12.6%	12.9%	(0.3%)	12.6%	12.9%	(0.3%)	12.4%	13.6%	(1.2%)
Net Return Multiple <sup>4</sup>	1.75x	1.78x	(0.03x)	1.76x	1.79x	(0.03x)	1.64x	1.73x	(0.09x)

1. LAFPP considers a fund inactive if the partnership has had its final liquidating distribution. Active/Inactive numbers are preliminary.

2. ARV/RV - Adjusted Reported Value (12/31/2023) represents reported value as most recently reported by the General Partners, adjusted for net contribution and distribution activity. Reported Value (12/31/2022) represents the actual valuations reported by the General Partners.

3. Total Value: Cumulative Distributions + ARV<sup>2</sup>.

4. ITD – Inception-to-Date Net IRR as of respective dates. ITD Net IRR for each portfolio represents the implied discount rate that will make the net present value of the stream of cash flows sum to zero. The first cash flows for the Core and Specialized Manager Portfolios were September 1996 and December 2007, respectively. Net Return Multiple - (Cumulative Distributions + ARV<sup>2</sup>) / Cumulative Contributions (including fees outside of commitment).

# Certain definitions

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**S&P 500 INDEX** – S&P 500 Public Market Equivalent (“PME”) as of December 31<sup>st</sup>, 2023.

Because private market funds are based on different strategies and structured on entirely separate return profiles compared to public funds, it's necessary to consider alternative metrics when evaluating their performance. A PME is a metric used to compare private capital fund performance to public indices. Essentially, the metric adapts public market returns into an IRR-like metric that accounts for irregular and fluctuating cash flows. It's designed to give investors more of an apples-to-apples comparison between private market funds and public benchmarks. The S&P 500 PME assumes the same cash flow stream in calculating the Across Period and ITD returns for LAFPP's Private Equity Portfolio. The hypothetical final cash flow/valuation at December 31<sup>st</sup>, 2023 reflects the amount of appreciation or depreciation that the S&P 500 Index experienced.

# Disclosure statement

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# Disclosure statement (CONT'D)

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Thank you!

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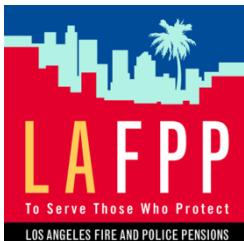
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# **DEPARTMENT OF FIRE AND POLICE PENSIONS**

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## **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

**DATE: JUNE 20, 2024**

**ITEM: D.4**

**FROM: JOSEPH SALAZAR, GENERAL MANAGER**

**SUBJECT: BUSINESS PLAN PROJECT #13 REPORT BACK: SEMI-ANNUAL REPORT ON  
DEI OUTREACH AND EMERGING MANAGER DATA AND POSSIBLE BOARD  
ACTION**

### **RECOMMENDATION**

That the Board:

- 1) Receive this semi-annual report on diversity, equity, and inclusion (DEI) outreach and emerging manager data and provide feedback to Staff for incorporation into future reports; and,
- 2) Approve changing the report frequency from a semi-annual to an annual basis.

### **BACKGROUND**

At the June 15, 2023 meeting, Staff presented Business Plan Project #13: Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program as a new project to fulfill the Board's 2022-2024 Strategic Plan Goal #6 - Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including our Investment Portfolio and Business Partners (Attachment I). At the October 19, 2023 meeting, Staff presented updates to Project #13 including the project lead (Bryan Fujita, Chief Investment Officer), the project objectives, and the 2023-24 deliverables and milestones (Attachment II). The milestones of Project #13 were further revised at the April 18, 2024 meeting to consolidate the reporting of the Plan's current emerging managers with the semi-annual comprehensive report of DEI outreach efforts and emerging manager data (Attachment III).

### **DISCUSSION**

Project #13's objective is to continue advancing DEI efforts in the LAFPP Investment Program through policy development, outreach, collaboration, and reporting, with the primary goal of sourcing talented emerging and diverse organizations and professionals expected to enhance the long-term risk-adjusted returns of the Plan. Project #13 has eight deliverables, of which seven have been completed to date. The final deliverable is to present this inaugural semi-annual comprehensive report on Staff's DEI outreach efforts and emerging manager data, including a list of investment managers under contract that meet the Plan's emerging manager criteria.

Many years ago, prior to the creation of Project #13, Staff established a practice of meeting with existing and prospective emerging managers for the purpose of outreach to the emerging manager community. The outreach activities primarily included attending DEI/emerging manager related industry events. As part of the second quarter milestones for Project #13, Staff identified key DEI/emerging manager related organizations and events to participate in and developed an internal database to formally track all outreach efforts. The database was implemented as of January 1, 2024 on a go-forward basis and provides Staff the ability to report on metrics such as the number of meetings with emerging managers, types of conferences and industry events attended, and other activities.

### ***Emerging Manager Outreach Activities***

For the reporting period of January 1 through June 12, 2024, Staff participated in 17 DEI/emerging manager related events as presented in the table below.

<b>STAFF DEI/OUTREACH EVENTS</b>	
<b>DATE(S)</b>	<b>EVENT NAME</b>
January 23, 2024	IDiF Fireside Chat, LAFPP & Teacher Retirement System of Texas
February 7, 2024	Fixed Income Analysts Society, Inc. (FIASI) Women in Fixed Income Conference
February 13, 2024	Pension Real Estate Association (PREA) ESG Discussion
February 27, 2024	Bloomberg Women's Buyside Network (BWBN) Celebrate Black History Month
February 28, 2024	Women in Institutional Investments Network (WIIIN) Mapping Opportunities in Fixed Income Ahead
February 28, 2024	Teacher Retirement of Texas & Employees Retirement System of Texas (TRS/ERS) Virtual Emerging Manager Conference 2024
March 3 – 6, 2024	With. Intelligence Women's Private Equity Summit
March 19 – 20, 2024	ALTS LA 2024
March 21, 2024	National Association of Securities Professionals (NASP) 2024 Day of Education in Private Equity
March 1 – April 3, 2024	<i>Emerging Manager Monthly</i> Emerging Manager Awards 2024
May 15 – 16, 2024	Private Equity International (PEI) Women in Private Markets Summit
May 22, 2024	Banc of California Virtual Elevator Pitch for Emerging/Diverse Managers
May 23, 2024	LAFPP – New America Alliance (NAA) Virtual Roadshow CIO Fireside Chat
May 23, 2024	LAFPP – NAA Virtual Roadshow Asset Class Panel
May 23, 2024	BWBN The Resurgence of Barbie and Mattel
May 23, 2024	Association of Asian American Investment Managers (AAAIM) Client Panel – Ascending the Ladder: A Journey of Leadership and Career Advancement as an API in Finance
June 5, 2024	<i>Emerging Manager Monthly</i> Q&A With LAFPP CIO

Notably, Staff participated as panelists, speakers, or interviewees at the following events:

- On January 23, 2024, Susan Liem, Head of Private Equity was interviewed about the Plan's emerging manager program in an Institute for Diversity and Inclusion in Finance (IdiF) virtual fireside chat alongside the Managing Director and Head of the Emerging Manager Program at Teacher Retirement System of Texas. The video recording is accessible on the department website.
- On March 19, 2024, Chief Investment Officer Bryan Fujita was a panelist on the Investing in Emerging Managers and Markets discussion at the ALTSLA 2024 conference. The discussion topics included how investors can build an emerging manager program that balances risk and return, and the opportunities for allocators to find new investment teams. The conference attendees included emerging managers across various asset classes.
- Between March 1 and April 3, 2024, Mr. Fujita served as one of three judges for *Emerging Manager Monthly*'s Emerging Manager Awards 2024. The awards recognized talented emerging managers across seven asset categories including: Large Cap Equity, Small Cap Equity, Small-to-Mid and Mid Cap Equity, U.S. Core Fixed Income, International Equity, International Small Cap Equity, and Emerging Market Equity. Awardees and judges were spotlighted in the April 2024 edition of *Emerging Manager Monthly*.
- On May 22, 2024, Ms. Liem was a panelist at Banc of California's Virtual Elevator Pitch for Emerging/Diverse Managers where she provided feedback on investment strategy presentations by five private equity emerging managers.
- On May 23, 2024, Staff co-hosted two virtual outreach events with the New America Alliance (NAA). The first event was a fireside chat with Mr. Fujita where he was interviewed about the Plan's emerging manager program and initiatives. The second was an asset class panel discussion featuring LAFPP's Investment Officers: Annie Chao, Deputy Chief Investment Officer; Adam Perez, Head of Domestic Equities; Miki Shaler, Head of Fixed Income; Derek Niu, Head of Global Equities and Private Credit; Susan Liem, Head of Private Equity; and Claire Magallanes, Interim Head of Real Estate. The panel discussion served to inform the event attendees on LAFPP's emerging manager program across the investment portfolio's asset classes. The panelists addressed topics such as the Plan's emerging manager criteria and the process prospective managers may undergo to be considered for public market mandates or private market fund commitments.
- On May 23, 2024, Mr. Fujita was a panelist at the Association of Asian American Investment Managers' (AAAIM) Client Panel where he spoke to a diverse group of attendees representing investment firms of all sizes about leadership and career advancement and the Plan's emerging manager program.
- In June 2024, *Emerging Manager Monthly* published an article with the Plan's CIO. Mr. Fujita shared with the readers his experience in his first year as CIO of LAFPP and the Plan's current investment initiatives.

In addition to these events, Staff met with 31 prospective emerging managers and 17 existing emerging managers that currently manage assets for the Plan.

## **New Emerging Manager Investments/Commitments**

For the reporting period of January 1 through June 12, 2024, LAFPP made three commitments totaling \$70 million to the following emerging managers:

<b>EMERGING MANAGER FUND COMMITMENTS</b>				
<b>MANAGER</b>	<b>FUND NAME</b>	<b>ASSET CLASS</b>	<b>COMMITMENT</b>	<b>CONSULTANT</b>
Estancia Capital Partners	Estancia Capital Partners Fund III	Private Equity	\$15 million	Portfolio Advisors
Centana Growth Partners	Centana Growth Partners III	Private Equity	\$15 million	Portfolio Advisors
Jadian Capital	Jadian Real Estate Fund II	Real Estate	\$40 million	Townsend

## **Total Emerging Managers Investments/Commitments**

As of May 31, 2024, LAFPP has invested/committed approximately \$1.8 billion with 71 emerging managers across the Public Equity, Public Fixed Income, Real Estate, and Private Equity asset classes. Additionally, 22 managers with total investments/commitments from LAFPP of approximately \$2.5 billion have graduated from emerging manager status and continue to manage assets for the Plan.

Attachment IV provides a complete list of the Plan's current and graduated emerging managers by asset class.

## **CONCLUSION**

While Project #13 concludes at the end of the current fiscal year, staff will continue to conduct most of the outreach activities outlined in the project plan as part of standard operating practices. Additionally, staff will continue to broaden engagement with emerging managers pursuant to Strategic Goal Project #2, as presented in the 2024-25 Final Annual Plan, and present this report on outreach efforts and emerging manager data to the Board on a routine basis. Staff seeks the Board's feedback on this report to incorporate into future reports.

Further, Staff recommends changing the frequency of this report from semi-annual to annual. An annual reporting period would allow for more efficient use of the Board's and Staff's time and Staff would be able to provide more complete information. Similar reports, such as the MBE/WBE/DOBE/VBE/LGBTQBE Broker Usage Report, are also presented on an annual basis.

## **BUDGET**

This report has no budget impact.

## **POLICY**

This report has no policy impact.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Angel Meza Contreras, Management Analyst  
Investments Division

JS:BF:AC:SL:AMC

Attachments:      I – Original Business Plan Project #13, dated June 15, 2023  
                      II – Revised Business Plan Project #13, dated October 19, 2023  
                      III – Revised Business Plan Project #13, dated April 18, 2024  
                      IV – Emerging Manager List as of May 31, 2024



**GOAL #6 – Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including our Investment Portfolio and Business Partners**

**Project #13: (NEW)**

**Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program**

*Duration:* 2023-24

*Project Lead(s):* Chief Investment Officer (TBD), Annie Chao, Investment Officer III, Susan Liem, Investment Officer II, Investments Division

*Project Participants:* Executive Management, Investments Division, General Consultant, Private Equity, Private Credit, and Real Estate Consultants

*Stakeholders:* Board Members, Investments Staff, LAFPP Members, and the City

**Project History:**

The Board has a long history of promoting and encouraging DEI in LAFPP's Investment Program. As part of the 2021-2022 and 2022-23 Business Plans (Institutional Limited Partners Association Diversity in Action Initiative), the Board requested that the efforts to advance DEI continue.

<b>PROJECT OBJECTIVE</b>	To continue advancing DEI efforts in the LAFPP Investment Program.
<b>2023-24 DELIVERABLES</b>	Staff will research allocating to private credit emerging managers and conduct a DEI related survey of LAFPP's investment managers. A report to the Board will be presented semi-annually on DEI outreach efforts and emerging manager data.
<b>2023-24 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2023:</b></p> <p>a) Conduct research on incorporating new DEI guidelines for LAFPP's new private credit program; and,</p> <p>b) Present a report to the Board with recommendations.</p> <p><b>BY DECEMBER 31, 2023:</b></p> <p>Conduct a DEI survey of LAFPP's investment managers and compile the results.</p> <p><b>BY MARCH 31, 2024:</b></p> <p>a) Report to the Board the results of the DEI survey of the Plan's investment managers; and,</p> <p>b) Provide a list of public and private market investment managers who meet the Plan's emerging manager criteria.</p> <p><b>BY JUNE 30, 2024:</b></p> <p>Incorporate the Board's feedback for a comprehensive report that will be presented semi-annually.</p>

## **Project #13: (NEW) Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program**

<b>2023-24 RESOURCES</b>	The costs associated with travel, registration fees, and fees for private credit emerging manager funds have been estimated in the FY 2023-24 Final Budget.
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## GOAL #6 – Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including our Investment Portfolio and Business Partners



### Project #13: (NEW)

#### Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program

**Duration:** 2023-24

**Project Lead(s):** Bryan Fujita, Chief Investment Officer—(TBD), Annie Chao, Investment Officer III, and Susan Liem, Investment Officer II, Investments Division

**Project Participants:** Executive Management, Investments Division, General Consultant, Private Equity, Private Credit, and Real Estate Consultants

**Stakeholders:** Board Members, Investments Staff, LAFPP Members, and the City

#### Project History:

The Board has a long history of promoting and encouraging DEI in LAFPP's Investment Program. As part of the 2021-2022 and 2022-23 Business Plans (Institutional Limited Partners Association Diversity in Action Initiative), the Board requested that the efforts to advance DEI continue.

<b>PROJECT OBJECTIVE</b>	To continue advancing DEI efforts in the LAFPP Investment Program— <u>through policy development, outreach, collaboration, and reporting with the primary goal of sourcing talented emerging and diverse organizations and professionals expected to enhance the long-term risk adjusted returns of the Plan.</u>
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<b>2023-24 DELIVERABLES</b>	<p><del>Staff will research allocating to private credit emerging managers and conduct a DEI related survey of LAFPP's investment managers. A report to the Board will be presented semi-annually on DEI outreach efforts and emerging manager data.</del></p> <ol style="list-style-type: none"> <li><u>Research allocating to private credit emerging managers;</u></li> <li><u>Conduct a DEI related survey of LAFPP's investment managers and consultants to understand their approach to DEI;</u></li> <li><u>Review and consider revisions to the Board's Investment Policies to ensure DEI objectives are clearly and consistently stated across policy sections;</u></li> <li><u>Engage in industry organizations that promote the sharing of DEI best practices amongst institutional investors;</u></li> <li><u>Enhance outreach to emerging managers by participating in DEI related investment conferences and events;</u></li> <li><u>Host or co-host with another organization an event for prospective emerging managers that provides education on LAFPP's investment program, policies, and contracting process;</u></li> </ol>
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**2023-24  
DELIVERABLES  
(CONT.)**

- g) Create an internship program for students to generate interest in public pension plan investment careers and expand LAFPP's pipeline of diverse candidates for hire; and,
- h) Prepare a report to the Board to be presented semi-annually on DEI outreach efforts and emerging manager data.

**2023-24  
MILESTONES**

**BY SEPTEMBER 30, 2023:**

- a) Conduct research on incorporating new DEI guidelines for LAFPP's new private credit program; and,
- b) Present a report to the Board with recommendations.

**BY DECEMBER 31, 2023:**

- a) Conduct a DEI survey of LAFPP's investment managers and consultants and compile the results;
- b) Develop a list of key emerging manager and DEI related industry organizations to join and annual events (conferences, roundtables, etc.) to participate in;
- c) Develop and/or enhance existing internal databases to track outreach efforts including meetings with emerging managers and participation in DEI related events; and
- d) Present to the Board proposed revisions to DEI related language in the Investment Policies as necessary.

**BY MARCH 31, 2024:**

- a) Report to the Board the results of the DEI survey of the Plan's investment managers and consultants;
- b) Provide a list of public and private market investment managers who meet the Plan's emerging manager criteria;<sup>1</sup>
- c) Develop and initiate a workplan to host or co-host the educational event for prospective emerging managers;
- d) Seek to partner with non-profit organizations that provide investment internship opportunities for diverse students. Or, create the Plan's own investment internship program; and
- e) Participate in key DEI industry events (subject to event scheduling).

**BY JUNE 30, 2024:**

- a) Host or co-host the emerging manager educational event (tentative and subject to co-host availability);
- b) Launch the investment internship program with a target intern hire date of July 1, 2024, or later;
- c) Participate in key DEI industry events (subject to event scheduling); and
- d) Present to the Board the first semi-annual comprehensive report on DEI outreach and emerging manager data; Incorporate the Board's feedback for a comprehensive report that will be presented semi-annually future reports.

## Project #13: (NEW)

### Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program

<b>2023-24 RESOURCES</b>	The costs associated with travel, <u>event</u> registration fees, and fees for private credit emerging manager funds have been estimated in the FY 2023-24 Final Budget. <u>The cost, if any, of hosting or co-hosting an emerging manager educational event has not been estimated in the FY 2023-24 Final Budget, but is not expected to be material. The wages for an intern and potential membership dues for joining new DEI related industry organizations are expected be paid in FY 2024-25 and will be proposed as expenses during the upcoming fiscal year budget preparation process.</u>
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## GOAL #6 – Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including our Investment Portfolio and Business Partners

### Project #13: (NEW)

#### Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program

**Duration:** 2023-24

**Project Lead(s):** Bryan Fujita, Chief Investment Officer, Annie Chao, Investment Officer III, and Susan Liem, Investment Officer II, Investments Division

**Project Participants:** Executive Management, Investments Division, General Consultant, Private Equity, Private Credit, and Real Estate Consultants

**Stakeholders:** Board Members, Investments Staff, LAFPP Members, and the City

#### Project History:

The Board has a long history of promoting and encouraging DEI in LAFPP's Investment Program. As part of the 2021-2022 and 2022-23 Business Plans (Institutional Limited Partners Association Diversity in Action Initiative), the Board requested that the efforts to advance DEI continue.

<b>PROJECT OBJECTIVE</b>	To continue advancing DEI efforts in the LAFPP Investment Program through policy development, outreach, collaboration, and reporting with the primary goal of sourcing talented emerging and diverse organizations and professionals expected to enhance the long-term risk adjusted returns of the Plan.
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<b>2023-24 DELIVERABLES</b>	<ul style="list-style-type: none"> <li>a) Research allocating to private credit emerging managers;</li> <li>b) Conduct a DEI related survey of LAFPP's investment managers and consultants to understand their approach to DEI;</li> <li>c) Review and consider revisions to the Board's Investment Policies to ensure DEI objectives are clearly and consistently stated across policy sections;</li> <li>d) Engage in industry organizations that promote the sharing of DEI best practices amongst institutional investors;</li> <li>e) Enhance outreach to emerging managers by participating in DEI related investment conferences and events; and,</li> <li>f) Host or co-host with another organization an event for prospective emerging managers that provides education on LAFPP's investment program, policies, and contracting process;</li> <li>g) Create an internship program for students to generate interest in public pension plan investment careers and expand LAFPP's pipeline of diverse candidates for hire; and,</li> </ul>
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# Project #13: (NEW)

## Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program

<b>2023-24 DELIVERABLES (Cont.)</b>	<p>h) Prepare a report to the Board to be presented semi-annually on DEI outreach efforts and emerging manager data.</p>
<b>2023-24 MILESTONES</b>	<p><b>BY SEPTEMBER 30, 2023:</b></p> <p>a) Conduct research on incorporating new DEI guidelines for LAFPP's new private credit program; and,</p> <p>b) Present a report to the Board with recommendations.</p> <p><b>BY DECEMBER 31, 2023:</b></p> <p>a) Conduct a DEI survey of LAFPP's investment managers and consultants and compile the results;</p> <p>b) Develop a list of key emerging manager and DEI related industry organizations to join and annual events (conferences, roundtables, etc.) to participate in;</p> <p>c) Develop and/or enhance existing internal databases to track outreach efforts including meetings with emerging managers and participation in DEI related events; and,</p> <p>d) Present to the Board proposed revisions to DEI related language in the Investment Policies as necessary.</p> <p><b>BY MARCH 31, 2024:</b></p> <p>a) Report to the Board the results of the DEI survey of the Plan's investment managers and consultants;</p> <p>b) <del>Provide a list of public and private market investment managers who meet the Plan's emerging manager criteria;</del></p> <p>c) Develop and initiate a workplan to host or co-host the educational event for prospective emerging managers;</p> <p>d) Seek to partner with non-profit organizations that provide investment internship opportunities for diverse students, or, create the Plan's own investment internship program; and,</p> <p>e) Participate in key DEI industry events (subject to event scheduling).</p> <p><b>BY JUNE 30, 2024:</b></p> <p>a) Host or co-host the emerging manager educational event (tentative and subject to co-host availability);</p> <p>b) Launch the investment internship program with a target intern hire date of July 1, 2024, or later;</p> <p>c) Participate in key DEI industry events (subject to event scheduling); and,</p> <p>d) Present to the Board the first semi-annual comprehensive report on DEI outreach and emerging manager data, <u>including a list of public and private market investment managers under contract that meet the Plan's emerging manager criteria</u>; incorporate the Board's feedback for future reports.</p>

## Project #13: (NEW)

### Efforts to Advance Diversity, Equity, and Inclusion (DEI) in Investment Program

<b>2023-24 RESOURCES</b>	The costs associated with travel, event registration fees, and fees for private credit emerging manager funds have been estimated in the FY 2023-24 Final Budget. The cost, if any, of hosting or co-hosting an emerging manager educational event has not been estimated in the FY 2023-24 Final Budget, but is not expected to be material. The wages for an intern and potential membership dues for joining new DEI related industry organizations are expected be paid in FY 2024-25 and will be proposed as expenses during the upcoming fiscal year budget preparation process.
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**Emerging Manager List (as of May 31, 2024)****Public Markets**

<b>Fixed Income</b>		
<i>Manager Name</i>	<i>Strategy</i>	<i>AUM (\$m)</i>
GIA Partners	Opportunistic Fixed Income	\$100.9
Medalist Partners	MBS Fixed Income	\$103.1
<b>Domestic Equity</b>		
<i>Manager Name</i>		<i>AUM (\$m)</i>
Channing Capital Management	Small Cap Value	\$79.4
Denali Advisors	Small Cap Value	\$94.5
Eastern Shore Capital Management	Small Cap Core	\$57.7
Lisanti Capital	Small Cap Value	\$59.1
Phocas Financial	Small Cap Value	\$79.3
<b>International Equity</b>		
<i>Manager Name</i>		<i>AUM (\$m)</i>
Boston Common	International Developed ESG	\$39.8
<b>Total Public Managers: 8</b>	<b>Total Public Strategies: 8</b>	<b>Total Public Investments: \$613.8</b>

**Private Markets**

<b>Real Estate</b>		
<b>Townsend</b>		
<i>Fund Manager</i>	<i>LAFPP Funds</i>	<i>Fund Commitments Total (\$m)</i>
Asana Partners	Fund I, II, III	\$115.0
Gerrity Group	Fund II	\$35.0
Savanna (New York)	Fund III	\$50.0
Unico Investment Group	Fund I, Unico CPP	\$85.0
Jadian Capital	Fund II	\$30.0
<b>Total Townsend Managers: 5</b>	<b>Total Townsend Funds: 8</b>	<b>Total Townsend Commitments: \$315.0</b>
<b>Total Real Estate Managers: 5</b>	<b>Total Real Estate Funds: 8</b>	<b>Total Real Estate Commitments: \$315.0</b>
<b>Private Equity</b>		
<b>Portfolio Advisors</b>		
<i>Fund Manager</i>	<i>LAFPP Funds</i>	<i>Fund Commitments Total (\$m)</i>
1315 Capital Management	Fund I, II, III & Early Growth	\$35.0
3Boomerang Capital	Fund I	\$10.0
Alta Growth Capital*	Fund II	\$5.0
Angeles Equity Partners	Fund I	\$5.0
Astira Capital Partners	Fund I	\$7.5
Astra Partners I	Fund I	\$7.5
Bain Double Impact	Fund I	\$7.5
Bertram Growth Capital	Fund II	\$25.0
Centana Growth Partners*	Fund III	\$15.0
Canvas Ventures	Fund III	\$7.5
CenterGate Capital Partners	Fund I, II	\$20.0
Charger Investment Partners	Fund I	\$15.0
Clearhaven Fund	Fund I, II	\$30.0
DEFY Partners	Fund I, II	\$17.0
Estancia Capital Partners*	Fund III	\$15.0
FIKA Ventures	Fund II, III	\$22.5
GenNx360 Capital Partners	Fund II	\$5.0
Harpoon Ventures	Fund III, IV	\$20.0
Imaginary Venture Capital Partners	Fund II, III, Growth III	\$27.5
Mainsail Partners	Fund III	\$5.0
Mill Point Capital Partners	Fund I, II	\$20.0
New Heritage Capital	Fund III, IV	\$22.5
New MainStream (NMS)	Fund I, II, III	\$25.0
New Water Capital	Fund I	\$5.0
P4G Capital Partners	Fund I, Co-Invest Fund	\$10.0
<b>Cont'd on following page</b>		

<i>Fund Manager</i>	<i>LAFPP Funds</i>	<i>Fund Commitments Total (\$m)</i>
ParkerGale Capital	Fund II	\$10.0
Prelude Growth Partners	Fund II	\$15.0
Renegade Partners	Fund I, II	\$25.0
Resolve Growth Partners	Fund I	\$15.0
TELEO Capital	Fund I, II	\$30.0
Turnspire Capital Partners	Fund II	\$10.0
Vivo Capital	Fund VII	\$10.0
Work-Bench	Fund III, IV	\$30.0
<b>Total Portfolio Advisors Managers: 33</b>	<b>Total Portfolio Advisors Funds: 52</b>	<b>Total Portfolio Advisors Commitments: \$529.5</b>

<b>Private Equity</b>		
<b>Fairview</b>		
<i>Fund Manager</i>	<i>LAFPP Funds</i>	<i>Fund Commitments Total (\$m)</i>
645 Ventures	Fund I	\$10.0
Acrew Capital Fund	Fund I, Diversity Capital Fund I	\$35.0
Aldrich Capital Partners	Fund I, II	\$20.0
Argand Capital Partners	Fund I	\$5.0
Avance Investment Partners	Fund I	\$15.0
Avante Capital Partners	SBIC III	\$10.0
Banneker Partners	Fund I, II	\$23.5
Base 10 Partners	Fund II	\$10.0
Brewer Lane Ventures	Fund II	\$15.0
Centana Growth Partners*	Fund I, II	\$12.0
Cure Ventures	Fund I	\$15.0
Diversis Capital Partners	Fund II	\$15.0
Estancia Capital Partners*	Fund II	\$5.0
Equal Ventures	Fund I	\$5.0
Fort Point Capital (FPC)	Fund III, Small Cap II	\$20.0
Grain Management	Fund II	\$5.0
Leadout Capital	Fund II	\$5.0
MaC Venture Capital	Fund II	\$14.5
Material Impact Partners	Fund II	\$10.0
Ulu Venture Capital	Fund II, III	\$15.0
<b>Total Fairview Managers: 20</b>	<b>Total Fairview Funds: 26</b>	<b>Total Fairview Commitments: \$265.0</b>

<b>Private Equity</b>		
<b>Stepstone</b>		
<i>Fund Manager</i>	<i>LAFPP Funds</i>	<i>Fund Commitments Total (\$m)</i>
Alta Growth Capital*	Fund I	\$10.0
Angeleno Investors	Fund III	\$10.0
Caltius Partners	Fund III, IV	\$20.0
Halyard Capital	Fund II	\$10.0
Millennium Technology Value Partners	Fund II	\$10.0
NGN Biomed	Fund II	\$5.0
Saybrook Capital	Opportunity Fund	\$5.0
St. Cloud Capital Partners	Fund II	\$10.0
<b>Total Stepstone Managers: 8</b>	<b>Total Stepstone Funds: 9</b>	<b>Total Stepstone Commitments: \$80.0</b>

**Total Private Equity Managers: 58\*\***

**Total Private Equity Funds: 87**

**Total Private Equity Commitments: \$874.5**

\*This Private Equity Manager appears in multiple consultant portfolios.

\*\*The Total Private Equity Manager number has been adjusted to avoid double counting of Private Equity Managers that are in multiple consultant portfolios.

**Graduated Emerging Manager List (as of May 31, 2024)**

**Public Markets**

Fixed Income		
Manager Name	Strategy	AUM (\$m)
LM Capital	Opportunistic Fixed Income	\$725.0
<b>Total Managers: 1</b>	<b>Total Strategies: 1</b>	<b>Total Invested: 725.0</b>

**Private Markets**

Private Equity		
Fund Manager	LAFPP Funds	Total Fund Commitments (\$m)
Blue Sea Capital	Fund I-III, Graduated to Core with Fund II	\$65.0
Carrick Capital Partners	Fund I-III, Graduated to Core with Fund III	\$29.0
Clearlake Capital Partners <sup>1</sup>	Fund II-VIII, Opportunities Fund III, Graduated to Core with Fund IV	\$262.5
Doll Capital Management	Fund IV, Fund V, VI	\$15.0
Greycroft Growth <sup>2</sup>	Fund II-IV, Graduated to Core with Fund IV	\$45.0
Gridiron Capital	Fund II-V, Graduated to Core with Fund III	\$180.0
ICV Partners	Fund III & IV, Graduated to Core with Fund IV	\$20.0
Incline Equity Partners	Fund III-VI, Graduated to Core with Fund IV	\$87.0
Innovation Endeavors <sup>3</sup>	Fund III-V, Graduated to Core with Fund V	\$40.0
Insight Partners <sup>4</sup>	Fund VII-XIII, Equity II, Mezzanine I, Buyout Annex VII, Co-Invest II, III	\$316.0
Longitude Venture Capital Partners	Fund I-IV & Prime Fund, Graduated to Core with Fund III	\$55.0
Oak HC/FT	Fund I-V, Graduated to Core with Fund III	\$90.0
Palladium Equity Partners <sup>5</sup>	Fund III-V, see footnote 5	\$65.0
Pear Ventures	Fund III & IV, Graduated to Core with Fund IV	\$25.0
Pelion Venture Capital	Fund V-VIII, Graduated to Core with Fund VI	\$62.5
Reach	Fund II-IV, Graduated to Core with Fund IV	\$32.5
SG (Stripes) Growth Partners <sup>6</sup>	Fund I-IV, Graduated to Core with Fund IV	\$45.0
Siris Partners	Fund II-IV, Graduated to Core with Fund III	\$40.0
StepStone Secondary Opportunities	Fund II-IV, Graduated to Core with Fund III	\$70.0
Sunstone Partners	Fund II, Graduated to Core with Fund III	\$37.5
Vista Equity Partners <sup>7</sup>	Fund III-VII, Foundation Fund II-IV, see footnote 7	\$210.0
<b>Total Managers: 21</b>	<b>Total Funds: 85</b>	<b>Total Committed: 1,792.0</b>

<sup>1</sup>Fund II, StepStone portfolio; Funds III-VIII & COP Fund III, Portfolio Advisors (PA) portfolio.

<sup>2</sup>Funds II & III, Fairview portfolio; Fund IV managed by Staff.

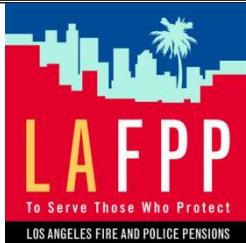
<sup>3</sup>Funds III & IV, Fairview portfolio; Fund V, PA portfolio.

<sup>4</sup>Equity II, Mezzanine I, StepStone Portfolio; Graduated with Fund VII-XIII, Buyout Annex VII, Co-Invest II, III, in PA Portfolio.

<sup>5</sup>Fund III in Core Pension Consulting Alliance portfolio, Fund IV in PA Specialized Manager portfolio, Fund V in PA Core portfolio.

<sup>6</sup>Fund I, StepStone Specialized Manager portfolio; Funds II & III in PA Specialized Manager portfolio, Fund IV in PA Core portfolio.

<sup>7</sup>Fund III, Aldus Core portfolio; Funds V-VII, PA Core portfolio, Foundation Fund II, PA Specialized Manager portfolio, Foundation Fund III & IV PA Core portfolio.



## **DEPARTMENT OF FIRE AND POLICE PENSIONS**

701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

### **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

**DATE: JUNE 20, 2024**

**ITEM: D.5**

**FROM: JOSEPH SALAZAR, GENERAL MANAGER**

**SUBJECT: 2024-25 FINAL ANNUAL PLAN AND POSSIBLE BOARD ACTION**

#### **RECOMMENDATION**

That the Board approve the 2024-25 Final Annual Plan (Attachment I).

#### **BACKGROUND**

On March 21, 2024, the Board approved the 2024-25 Preliminary Annual Plan in conjunction with the 2024-25 Preliminary Budget. The Preliminary Annual Plan consisted of a total of five (5) projects, of which three (3) are Strategic Goal Projects and two (2) are Operational Initiatives Projects, with one (1) Operational Initiatives Project continuing from the 2023-24 Business Plan.

Subsequent to the Board's approval of the 2024-25 Preliminary Annual Plan, minor clarifications have been incorporated and are discussed further in this report.

The Annual Plan, formerly known as the Business Plan, is intended to assist LAFPP in accomplishing its Strategic Goals, as well as supporting its Guiding Principles as outlined within the 2025-27 Strategic Plan (Attachment II). This will be the inaugural Annual Plan developed under the 2025-27 Strategic Plan.

#### **DISCUSSION**

The 2024-25 Final Annual Plan projects have been developed pursuant to LAFPP's Strategic Plan Goals and Guiding Principles, and are prioritized relative to operational needs and budgetary considerations. LAFPP's current Strategic Plan Goals and Guiding Principles are shown on the following page:

## Strategic Goals

1. Enhance Member Experience by Implementing Ongoing Improvements Based on Member Feedback
2. Enhance Outreach by Promoting Inclusivity and Engagement with Emerging Investment Managers
3. Enhance Employee Development by Increasing Opportunities for Training and Leadership Development

## Guiding Principles

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care and Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce
6. Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including Our Investment Portfolio and Business Partners

The projects that make up the 2024-25 Final Annual Plan are listed below. Four (4) projects are newly added while one (1) is continuing from the 2023-24 Business Plan:

### Strategic Goal Projects

1. Member Surveys
2. Emerging Manager Outreach
3. In-House Training Program

### Operational Initiatives Projects

1. Implementation of Asset Allocation Plan\*
2. Penetration Testing on Pension Administration System (PARIS) and DocuShare Site

*\*Continuing project*

Each project is outlined in Attachment I (page 2), which includes details of the project lead and overall objective. Additional details for each project are included further in Attachment I.

## **Annual Plan Revisions Subsequent to March 21, 2024 Approval**

Edits made to the 2024-25 Annual Plan subsequent to the Board's March 21, 2024 approval are summarized below:

### **Strategic Goal Project #2 — Emerging Manager Outreach**

The December 31, 2024 Milestone was revised to "consider" the creation of a private credit asset class emerging manager definition for inclusion in the Board's Investment Policies.

### **Strategic Goal Project #3 – In-House Training Program**

The 2024-25 Deliverables and Metrics were revised to remove the PASCo Section from the development of a Pensions Division training program.

### **Operational Initiatives Project #1 – Implementation of Asset Allocation Plan**

The September 30, 2024 and December 31, 2024 Milestones were revised to include greater detail regarding proposed searches and studies.

## **Monitoring Progress**

Staff will track the progress of all projects with quarterly update reports to the Board, and through these reports will recommend any necessary changes in scheduling or budget throughout the year. This process allows the Board to measure progress and adjust periodically to reflect any changes that may occur.

## **BUDGET**

Funding for the proposed projects has been included in the 2024-25 Final Budget.

## **POLICY**

There are no policy changes proposed in this report.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Emma C. Parris, Management Analyst  
Administrative Services Section

JS:MTS:WKP:JMS:EJH:ECP:ADMN240055

Attachments: I. 2024-25 Final Annual Plan  
II. 2025-27 Three-Year Strategic Plan



# LAFPP

## 2024-25 FINAL ANNUAL PLAN

AS PRESENTED TO THE BOARD OF FIRE AND POLICE PENSION  
COMMISSIONERS ON JUNE 20, 2024

# 2024-25 FINAL ANNUAL PLAN

## INTRODUCTION

Los Angeles Fire and Police Pensions (LAFPP) prepares an Annual Plan each fiscal year consisting of projects to help accomplish its Strategic Plan Goals, as well as support its Guiding Principles. With preparation of the Annual Plan, LAFPP strives to fulfill our Vision and support our Mission as outlined in the 2025-27 Three-Year Strategic Plan. The Strategic Plan, as approved by the Board on January 18, 2024, reaffirms LAFPP's commitment to:

### Vision

A secure and prosperous future for our members.

### Mission

To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.

The 2025-27 Three-Year Strategic Plan was developed with input from the Board, the General Manager, our Plan member representatives, and LAFPP staff. This collaborative effort resulted in a new framework in which six (6) prior Goals, Objectives, and Strategic Initiatives were retitled as "Guiding Principles" to reflect their role as a driving force behind every action we take as an organization. The new strategic planning framework additionally created three (3) new Strategic Goals designed to set a destination toward which LAFPP will navigate and focus its resources.

### Strategic Goals

1. Enhance Member Experience by Implementing Ongoing Improvements Based on Member Feedback
2. Enhance Outreach by Promoting Inclusivity and Engagement with Emerging Investment Managers
3. Enhance Employee Development by Increasing Opportunities for Training and Leadership Development

### Guiding Principles

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care and Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce
6. Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization, Including Our Investment Portfolio and Business Partners

### Values

- Collaboration
- Respect
- Efficiency
- Accountability
- Transparency
- Ethics
- Diversity

# 2024-25 FINAL ANNUAL PLAN

## PROJECT SUMMARY

The 2024-25 Final Annual Plan structures projects into two (2) separate categories: 1) Strategic Goal projects, and 2) Operational Initiatives projects to support one or more Guiding Principles. Projects are then organized further according to which Strategic Goal or Guiding Principle they are responsive. The 2024-25 Final Annual Plan contains five (5) projects, of which four (4) are new and one (1) is continuing from the 2023-24 Business Plan.

### 2024-25 Strategic Goal Projects

1

#### Member Surveys

**Strategic Goal:**

1. *Enhance Member Experience* by implementing ongoing improvements based on member feedback

Project Lead(s):  
Gregory Mack, Assistant General Manager, Pensions Division  
Anthony Torres, Chief Benefits Analyst, Pensions Division

**Project Objective:**

Enact process improvements that will enhance the member experience, based upon feedback from a member and beneficiary survey.

2

#### Emerging Manager Outreach

**Strategic Goal:**

2. *Enhance Outreach* by promoting inclusivity and engagement with Emerging Investment Managers

Project Lead(s):  
Bryan Fujita, Chief Investment Officer, Investments Division  
Annie Chao, Investment Officer III, Investments Division  
Susan Liem, Investment Officer II, Investments Division

**Project Objective:**

Broaden engagement with emerging investment managers to increase the pool of candidates for LAFPP's investment portfolio, ensuring evaluation of a wide selection of managers capable of delivering superior risk-adjusted returns.

3

#### In-House Training Program

**Strategic Goal:**

3. *Enhance Employee Development* by increasing opportunities for training and leadership development

Project Lead(s):  
Wilson Poon, Chief Management Analyst, Administrative Operations Division

**Project Objective:**

Increase training and leadership development opportunities that allow employees to be successful at their jobs and careers, create an environment where employees feel the organization is invested in their career development, improve succession planning, and increase retention of institutional knowledge.

### 2024-25 Operational Initiatives Projects

1

#### Implementation of Asset Allocation Plan

**Guiding Principle:**

1. *Ensure a Financially Sound Retirement System*

Project Lead(s):  
Bryan Fujita, Chief Investment Officer, Investments Division  
Annie Chao, Investment Officer III, Investments Division

**Project Objective:**

To improve the risk/return profile for the System's investments.

2

#### Penetration Testing on Pension Administration System (PARIS) and DocuShare Site

**Guiding Principle:**

2. *Manage Risk Throughout the Organization*

Project Lead(s):  
Vincent On, Systems Administrator I, Systems Section

**Project Objective:**

To assess the security of our Pension and Retirement Information System (PARIS) and the Content Management System website (DocuShare) and provide recommendations for strengthening them.

# Strategic Goal Project #1

## Member Surveys

<i>Strategic Goal No.:</i>	1 – Enhance Member Experience by Implementing Ongoing Improvements Based on Member Feedback
<i>Duration:</i>	2024-25
<i>Project Lead(s):</i>	Gregory Mack, Assistant General Manager, Pensions Division Anthony Torres, Chief Benefits Analyst, Pensions Division
<i>Project Participants:</i>	Pensions Division staff and Administrative Services Section staff
<i>Stakeholders:</i>	LAFPP Members

### OBJECTIVE

Enact process improvements that will enhance the member experience, based upon feedback from a member and beneficiary survey.

### BACKGROUND

LAFPP members, retirees, and their beneficiaries rely on LAFPP to administer their pension and retiree health benefits. This project will seek to identify areas where improvements can be made to enhance the member experience by surveying members and other stakeholders.

### 2024-25 DELIVERABLES

LAFPP staff will work with the Fire/Police Relief Associations, Unions, and Los Angeles Retired Fire and Police Association (LARFPA) representatives to gather ideas on improvements that LAFPP can make to enhance the member experience. Staff will also develop and release a series of surveys to gather feedback from members and beneficiaries. Information from the surveys will be used to identify enhancements that can be implemented in Fiscal Years 2025-26 and 2026-27.

### 2024-25 MILESTONES

#### BY SEPTEMBER 30, 2024:

Meet with Associations, Unions, LARFPA, LAFPP Pensions Division staff, and Administrative Services Section staff to gather ideas on enhancements to improve member experiences that will be used in development of the surveys.

#### BY DECEMBER 31, 2024:

Develop a series of surveys directed to active members, DROP participants, retirees, and beneficiaries to gather data and request suggestions on future improvements to enhance the member experience.

# Strategic Goal Project #1

## Member Surveys

### **2024-25 MILESTONES (cont.)**

#### **BY MARCH 31, 2025:**

Begin to send out surveys to members and beneficiaries.

#### **BY JUNE 30, 2025:**

Complete surveys of members and beneficiaries.

### **METRICS**

Conduct at least one (1) survey in each of the following areas:

- a) Process improvements related to MyLAFPP;
- b) Retirement/DROP processing;
- c) Member communications;
- d) Member education; and,
- e) Active member services.

### **RESOURCES**

Surveys will be created and administered by LAFPP staff. The estimated cost of postage for mailing survey notifications to members, pensioners, and their beneficiaries is less than \$10,000.

# Strategic Goal Project #2

## Emerging Manager Outreach

<i>Strategic Goal No.:</i>	2 – Enhance Outreach by Promoting Inclusivity and Engagement with Emerging Investment Managers
<i>Duration:</i>	2024-25
<i>Project Lead(s):</i>	Bryan Fujita, Chief Investment Officer, Investments Division Annie Chao, Investment Officer III, Investments Division Susan Liem, Investment Officer II, Investments Division
<i>Project Participants:</i>	Executive Management; Investments staff; General Investment Consultant; Private Equity, Private Credit, and Real Estate Consultants
<i>Stakeholders:</i>	Board Members, Investments staff, and LAFPP Members

### OBJECTIVE

Broaden engagement with emerging investment managers to increase the pool of candidates for LAFPP's investment portfolio, ensuring evaluation of a wide selection of managers capable of delivering superior risk-adjusted returns.

### BACKGROUND

The Plan's primary investment objective is to provide retirement benefits to LAFPP members, retirees, and their beneficiaries through a carefully planned and executed investment program that generates an appropriate risk-adjusted return. This project will seek to enhance the Plan's outreach efforts to emerging investment managers in order to expand the set of investment opportunities considered for the Plan's portfolio and achieve appropriate risk-adjusted returns.

### 2024-25 DELIVERABLES

Investments staff will improve communication to emerging managers about LAFPP's Emerging Manager Program by enhancing LAFPP's emerging manager webpage content and functionality, clarifying and revising emerging manager definitions in the Investment Policies, and participating in emerging manager industry events. Investments staff will also develop and send a communication to members and stakeholders explaining the purpose of Strategic Goal #2 and the potential investment benefits gained.

### 2024-25 MILESTONES

BY SEPTEMBER 30, 2024:

- a) Draft and send a communication to members and other stakeholders explaining the purpose of conducting enhanced outreach to emerging managers;

# Strategic Goal Project #2

## Emerging Manager Outreach

### **2024-25 MILESTONES (cont.)**

#### **BY SEPTEMBER 30, 2024 (cont.):**

- b) Review emerging manager program content currently available on LAFPP's website and develop ideas for webpage improvements, including expanding the scope of information available for public and private markets asset classes;
- c) Create a dedicated email address for emerging managers interested in conducting business with LAFPP and post email address to the website; and,
- d) Participate in and track emerging manager industry events (subject to event scheduling).

#### **BY DECEMBER 31, 2024:**

- a) Consider creating a private credit asset class emerging manager definition for inclusion in the Investment Policies and present proposed policy revisions to the Board for approval;
- b) Develop conceptual design for new emerging manager program webpage;
- c) Determine feasibility of creating a manager intake form on the LAFPP website to allow emerging managers to upload firm and investment strategy information for staff's review and consideration; and,
- d) Participate in and track emerging manager industry events (subject to event scheduling).

#### **BY MARCH 31, 2025:**

- a) Begin development of the new emerging manager webpage; and,
- b) Participate in and track emerging manager industry events (subject to event scheduling).

#### **BY JUNE 30, 2025:**

- a) Launch the new emerging manager webpage;
- b) Explore hosting or co-hosting with an industry peer an emerging manager educational event; and,
- c) Participate in and track emerging manager industry events (subject to event scheduling).

### **METRICS**

- a) Number of meetings with emerging managers taken by staff;
- b) Number of emerging manager events staff participated in;
- c) Number of emails sent by emerging managers to the dedicated emerging manager email address; and,
- d) Number of emerging managers that submit firm and investment strategy information via the website (if creation of an intake form is feasible).

# **Strategic Goal Project #2**

## **Emerging Manager Outreach**

### **RESOURCES**

The costs associated with travel and event registration fees have been included in the 2024-25 Budget. No other costs are anticipated.

# Strategic Goal Project #3

## In-House Training Program

<i>Strategic Goal No.:</i>	3 – Enhance Employee Development by Increasing Opportunities for Training and Leadership Development
<i>Duration:</i>	2024-25
<i>Project Lead(s):</i>	Wilson Poon, Chief Management Analyst, Administrative Operations Division
<i>Project Participants:</i>	LAFPP staff
<i>Stakeholders:</i>	LAFPP staff

### **OBJECTIVE**

Increase training and leadership development opportunities that allow employees to be successful at their jobs and careers, create an environment where employees feel the organization is invested in their career development, improve succession planning, and increase retention of institutional knowledge.

### **BACKGROUND**

This project will seek to develop a comprehensive in-house training program to provide staff with the tools and resources to be successful at their jobs and in their City careers. This training program will also assist LAFPP in succession planning and retaining institutional knowledge.

### **2024-25 DELIVERABLES**

Human Resources (HR) staff will continue to administer the voluntary job rotation program established through 2023-24 Business Plan Project No. 11. In addition, HR staff will work with LAFPP section managers to create an in-house training program that supplements the City-mandated training. Specifically, HR staff will work with Pensions Division Section Managers (Medical & Dental Benefits, Active Member Services, Retirement Services, and DROP/Service Pensions) to create training courses for LAFPP staff to develop a broad benefits knowledge base. Additional sections will be explored in subsequent fiscal years. Lastly, HR staff will explore the creation of an employee mentoring program and identifying voluntary cross-training opportunities.

### **2024-25 MILESTONES**

**BY SEPTEMBER 30, 2024:**

- a) Implement voluntary job rotation program;
- b) Host first brownbag lunch seminar; and,
- c) Develop outline for each Pensions Division training course.

# Strategic Goal Project #3

## In-House Training Program

### **2024-25 MILESTONES (cont.)**

#### **BY DECEMBER 31, 2024:**

Develop first draft of each pension related training course with PowerPoint, written exercises, and/or visuals.

#### **BY MARCH 31, 2025:**

- a) Conduct research on feasibility of establishing an employee mentoring program; and,
- b) Deliver pension related training to Pensions Division staff for critique and feedback.

#### **BY JUNE 30, 2025:**

- a) If feasible, establish an employee mentoring program;
- b) Host a second brownbag lunch seminar; and,
- c) Conduct one (1) pension-related training session for all LAFPP staff for each course.

### **METRICS**

- a) Conduct two (2) brownbag lunch seminars;
- b) Implement a voluntary job rotation program; and,
- c) Develop four (4) Pensions Division training courses.

### **RESOURCES**

No additional resources are required. All project deliverables will be implemented with existing resources.

# Operational Initiatives Project #1

## (CONTINUING) Implementation of Asset Allocation Plan

*Guiding Principle No.:* 1 – Ensure a Financially Sound Retirement System

*Duration:* 2022-23, 2023-24, 2024-25

*Project Lead(s):* Bryan Fujita, Chief Investment Officer, Investments Division

Annie Chao, Investment Officer III, Investments Division

*Project Participants:* Investments Division and General Investment Consultant

*Stakeholders:* Board Members, Investments staff, LAFPP Members, and the City

### OBJECTIVE

To improve the risk/return profile for the System's investments.

### BACKGROUND

The Board Investment Policies Section 1.6 states, in part: "The Board shall conduct an Asset Allocation study every three to five years." At the September 1, 2022 meeting, RVK, the Board's General Investment Consultant presented the Asset Allocation Study, which covered the methodology for conducting the study, key asset allocation concepts, and the Board's current target asset allocation. RVK also presented alternate asset allocation options for the Board to consider. The Board approved the asset allocation recommendation at the October 6, 2022 Board meeting and later adopted a revised asset allocation on August 3, 2023. Now that the Board has selected an asset allocation plan, staff will continue to develop a plan for implementation.

### 2024-25 DELIVERABLES

Continued implementation of the Board-approved 2022-23 Asset Allocation Plan as revised on August 3, 2023.

### 2024-25 MILESTONES

BY SEPTEMBER 30, 2024:

- a) Continue active core fixed income investment manager search;
- b) Complete combined real estate and commodities asset class structure study; and,
- c) As necessary, seek Board approval of minimum qualifications for investment manager searches resulting from combined real estate and commodities asset class structure study and initiate searches.

BY DECEMBER 31, 2024:

Continue investment manager searches pursuant to individual search timelines and milestones.

# Operational Initiatives Project #1

## (CONTINUING) Implementation of Asset Allocation Plan

### BY MARCH 31, 2025:

Complete investment manager searches including Board interviews of finalists and contract awards to new managers.

### BY JUNE 30, 2025:

- a) Execute contracts with and fund new investment managers; and,
- b) Complete implementation of the revised 2022-23 Asset Allocation Plan.

### **METRICS**

- a) Complete all investment manager searches as approved by the Board; and,
- b) Execute all contracts with new investment managers hired through searches.

### **RESOURCES**

Four (4) free manager searches are provided annually by RVK, Inc. Should additional searches be required based on the Board's decisions, a budget of \$19,500 for each manager on-site will be necessary for each additional manager search beyond the four free searches per contract year.

# Operational Initiatives Project #2

## Penetration Testing on Pension Administration System (PARIS) and DocuShare Site

*Guiding Principle No.:* 2 – Manage Risk Throughout the Organization

*Duration:* 2024-25

*Project Lead(s):* Vincent On, Systems Administrator I, Systems Section

*Project Participants:* Systems Section

*Stakeholders:* LAFPP Board, LAFPP staff, and LAFPP Members

### **OBJECTIVE**

To assess the security of our Pension and Retirement Information System (PARIS) and the Content Management System website (DocuShare) and provide recommendations for strengthening them.

### **BACKGROUND**

It is the Systems Section's continual effort to improve the Department's security posture and pursue operational efficiencies.

### **2024-25 DELIVERABLES**

Security vulnerabilities and weaknesses to be identified with remediation recommendations.

### **2024-25 MILESTONES**

#### **BY SEPTEMBER 30, 2024:**

Determine scope of penetration testing and research on security vendors.

#### **BY DECEMBER 31, 2024:**

Evaluate and select security vendor for the penetration testing.

#### **BY MARCH 31, 2025:**

Conduct penetration testing and review identified vulnerabilities and remediation recommendations.

#### **BY JUNE 30, 2025:**

Coordinate with PARIS vendor and DocuShare vendor to remediate any vulnerabilities identified.

# Operational Initiatives Project #2

## Penetration Testing on Pension Administration System (PARIS) and DocuShare Site

### **METRICS**

- a) Resolve at least 80% of vulnerabilities within three (3) months of identification, including those labeled as “most critical;” and,
- b) Resolve 100% of vulnerabilities within six (6) months of identification.

### **RESOURCES**

The estimated cost of \$20,000 for penetration testing is included in the 2024-25 Budget.

**LOS ANGELES FIRE AND POLICE  
PENSIONS  
STRATEGIC PLAN  
2025-2027**

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# VALUES, MISSION, AND VISION

## Values

- **Collaboration**

We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members, and our stakeholders.

- **Respect**

We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.

- **Efficiency**

We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.

- **Accountability**

We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational, and investment decision making.

- **Transparency**

We strive to always provide clear, accurate, and complete information, and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest, and ethical.

- **Ethics**

We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board.

- **Diversity**

We embrace diversity, equity, and inclusion (DEI), and we believe in the power of DEI to enrich our organization.

## Mission

*To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.*

## Vision

*A secure and prosperous future for our members.*

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# **GUIDING PRINCIPLES**

- 1. Ensure A Financially Sound Retirement System**
- 2. Manage Risk Throughout the Organization**
- 3. Enhance Customer Care and Stakeholder Relations**
- 4. Pursue Operational Efficiencies**
- 5. Build and Support a Talented Workforce**
- 6. Promote Diversity, Equity, And Inclusion (DEI) Throughout the Organization, Including Our Investment Portfolio and Business Partners**

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# STRATEGIC GOALS AND OBJECTIVES

## Strategic Goal 1

Enhance Member Experience by Implementing Ongoing Improvements Based on Member Feedback

### **Objective:**

- Enact process improvements that will enhance the member experience, based upon feedback from a member and beneficiary survey.

## Strategic Goal 2

Enhance Outreach by Promoting Inclusivity and Engagement with Emerging Investment Managers

### **Objective:**

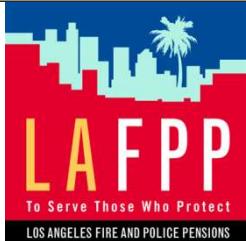
- Broaden engagement with emerging investment managers to increase the pool of candidates for LAFPP's investment portfolio, ensuring evaluation of a wide selection of managers capable of delivering superior risk-adjusted returns.

## Strategic Goal 3

Enhance Employee Development by Increasing Opportunities for Training and Leadership Development

### **Objective:**

- Increase training and leadership development opportunities that allow employees to be successful at their jobs and careers, create an environment where employees feel the organization is invested in their career development, improve succession planning, and increase retention of institutional knowledge.



## DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

### REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JUNE 20, 2024

ITEM: D.6

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: 2024-25 FINAL BUDGET AND POSSIBLE BOARD ACTION

#### RECOMMENDATION

That the Board:

- 1) Adopt the 2024-25 Final Budget (Budget) and authorize the General Manager to transmit the Budget to the Mayor, City Administrative Officer (CAO), and the City Controller for their record;
- 2) Adopt the 2024-25 Personnel Resolution and 2024-25 Travel Resolution (2024-25 Final Budget Schedules 7 and 10, respectively);
- 3) Delegate to the General Manager the authority to approve intra-departmental transfers within the 2024-25 Administrative Expense Budget, commensurate with the limit released by the CAO each year pursuant to Charter Section 343, and direct the General Manager to report to the Board on such transfers in the Budget Report to be provided quarterly; and,
- 4) Authorize Staff to make any technical corrections or clarifications to the 2024-25 Final Budget to effectuate the intent of the above-mentioned recommendations.

#### BACKGROUND

In accordance with the Board's Operating Policies and Procedures, the Board of Fire and Police Pension Commissioners (Board) must approve the Los Angeles Fire and Police Pensions (LAFPP) Preliminary Budget and present it to the Mayor, CAO, and City Controller before April 1<sup>st</sup> of each year. On March 21, 2024, the Board approved LAFPP's 2024-25 Preliminary Budget. With the adoption of the City's 2024-25 Budget by the City Council and the Mayor on June 6, 2024, the Board must now also adopt a final budget by June 30, 2024.

#### DISCUSSION

The 2024-25 Final Budget is hereby presented to the Board. Along with this report, the Executive Summary (Attachment I) and Budget Schedules (Attachment II) are included for the Board's review.

Since the Board approved the Preliminary Budget in March, updated projections to the City and Member Contributions have been included, which are based on sworn payroll amounts as recently

adopted by the Mayor, the Board of Harbor Commissioners and the Board of Airport Commissioners.

## OVERVIEW: LAFPP 2024-25 FINAL BUDGET

Receipts <sup>1</sup>	2024-25 Final Budget	2024-25 Preliminary Budget	\$ Change from 2024-25 Preliminary Budget	2023-24 Modified Budget	\$ Change from 2023-24 Budget
City Contribution	<b>\$668,607,937</b>	\$613,488,056	+55,119,881	\$645,370,110	+23,237,827
Member Contributions <sup>2</sup>	<b>180,608,580</b>	167,041,596	+13,566,984	166,028,798	+14,579,782
Earnings on Investments	<b>585,000,000</b>	585,000,000	-	506,000,000	+79,000,000
Miscellaneous	<b>500,000</b>	500,000	-	500,000	-
<b>TOTAL RECEIPTS</b>	<b>\$1,434,716,517</b>	<b>\$1,366,029,652</b>	<b>+68,686,865</b>	<b>\$1,317,898,908</b>	<b>+116,817,609</b>

Expenditures	2024-25 Final Budget	2024-25 Preliminary Budget	\$ Change from 2024-25 Preliminary Budget	2023-24 Modified Budget	\$ Change from 2023-24 Budget
Pension Benefits	\$1,476,900,000	\$1,463,872,000	+13,028,000	\$1,530,933,000	-54,033,000
Health (OPEB) Benefits	186,400,000	184,400,000	+2,000,000	169,200,000	+17,200,000
<b>Benefits Expenses</b>	<b>1,663,300,000</b>	<b>\$1,648,272,000</b>	<b>+15,028,000</b>	<b>\$1,700,133,000</b>	<b>-36,833,000</b>
Investment Management Expense	<b>165,350,675</b>	164,124,997	+1,225,678	163,294,890	+2,055,785
Administrative Expense	<b>31,114,550</b>	31,333,150	-218,600	27,936,900	+3,177,650
<b>TOTAL EXPENDITURES</b>	<b>\$1,859,765,225</b>	<b>\$1,843,730,147</b>	<b>+16,035,078</b>	<b>\$1,891,364,790</b>	<b>-31,599,565</b>

<sup>1</sup> The City Contribution excludes the Excess Benefit Plan amount of \$1,601,119. Gain (Loss) on Sale of Investments is recorded in LAFPP financial statements after the amount is audited and therefore an amount is not included in the budget.

<sup>2</sup> The calculation of the Member Contributions is overstated due to the use of the whole sworn payroll, including temporary non-pensionable salaries, as a basis for calculating the FY 2024-25 contribution amount. Inclusion of these temporary non-pensionable amounts was necessary to determine the Employer Contributions and mitigate impact to the LAFPP plan funding. A breakdown of the temporary non-pensionable pay amounts is unable to be determined at this time.

The \$31.60 million net decrease in expenditures from the 2023-24 Budget is primarily due to anticipated decreases in Service Pensions – DROP Distributions (-\$157.63 million net) and Minor/Dependent Pensions payments (-\$0.70 million net) offsetting growth in the remaining Benefits Expenses accounts, as well as the Investment Management Expense and Administrative Expense accounts. Provided below and in the 2024-25 Final Budget Executive Summary are additional details of the anticipated receipts and estimated expenditures, with applicable references to the 2024-25 Final Budget Schedules.

## 2024-25 RECEIPTS – \$1.43 BILLION

LAFPP receives revenue from three primary sources: City Contributions, Member Contributions, and Earnings on Investments.

### I. City Contribution – \$668.61 Million (46.6% of Receipts)

The City Contribution is made up of employer contributions for sworn employees of the Los Angeles Police, Fire, Harbor, and Airports Departments. Contribution amounts are based on the projected covered payroll as well as contribution rates for pension and health benefits as indicated in LAFPP annual actuarial reports.

Since the Preliminary Budget, the projected covered payroll for 2024-25 has increased significantly, as shown below, which impacts the City's total contribution. The City, Harbor Department, and Airports Department agreed to make their contributions based on all the temporary and non-pensionable salary increases in addition to regular pensionable salaries, as presented to the Board on April 18, 2024. The projected covered payroll and total contribution amounts by Tier are detailed in Budget Schedules 2 and 3 and are summarized below (figures may be rounded):

	2023-24 Modified Budget	2024-25 Preliminary Budget	2024-25 Final Budget	\$ Change (Prelim. to Final) <sup>3</sup>	% Change (Prelim. to Final) <sup>3</sup>
Police and Fire Sworn Payroll	\$1,568,300,258	\$1,568,300,258	\$1,704,976,227	+136,675,969	+8.7%
Combined Contribution Rate (Pension and Health)	40.63%	38.72%			N/A
<b>General Fund (Police and Fire) Contribution<sup>1,2</sup></b>	<b>\$637,297,174</b>	<b>\$607,136,712</b>	<b>\$660,048,140</b>	<b>+52,911,428</b>	<b>+8.7%</b>
Harbor Sworn Payroll	\$18,135,411	\$18,135,411	\$21,814,063	+3,678,652	+20.3%
Combined Contribution Rate (Pension and Health)	27.00%	25.58%			N/A
<b>Special Fund (Harbor) Contribution<sup>1</sup></b>	<b>\$4,896,089</b>	<b>\$4,639,028</b>	<b>\$5,580,026</b>	<b>+940,998</b>	<b>+20.3%</b>
Airports Sworn Payroll	\$13,745,674	\$13,745,674	\$19,031,533	+5,285,859	+38.5%
Combined Contribution Rate (Pension and Health)	26.20%	24.07%			N/A
<b>Special Fund (Airports) Contribution<sup>1</sup></b>	<b>\$3,601,367</b>	<b>\$3,308,584</b>	<b>\$4,580,890</b>	<b>+1,272,306</b>	<b>+38.5%</b>

<sup>1</sup> Early payment savings may be realized if contributions are made on or before July 15, 2024. Early payment savings for the City is approximately \$20.91 million, for Harbor Department is approximately \$0.18 million, and for the Airports is approximately \$0.15 million. These discounts are included in the figures above.

<sup>2</sup> Inclusive of the Excess Benefit Plan (EBP) amount of \$424,520 for 2023-24 and \$1,601,119 for 2024-25.

<sup>3</sup> Contribution changes (amount and percentage) from the 2023-24 Budget are available on Schedule 1.

The 2024-25 Excess Benefit Plan (EBP) amount is \$1.60 million, which represents a \$1.18 million increase from the 2023-24 budgeted amount. Though part of the City's General Fund Contribution, the EBP is excluded from the total City Contribution to LAFPP since it is a credit applied and not revenue that is transferred to LAFPP.

## II. Member Contributions – \$180.61 Million (12.6% of Total Receipts)

As reflected in the table below, Member Contributions are estimated to increase from \$166.03 million in 2023-24 to \$180.61 million in 2024-25. Member Contributions are based on pensionable pay and contribution rates for each respective Tier, which range from 7% to 9% for members in Tiers 2 through 5, while members in Tier 6 contribute 11% of salary. Member contributions are paid by the members to LAFPP on a biweekly basis through the payroll process. Additional detail is found in Budget Schedule 3 and is summarized below (figures may be rounded):

	2023-24 Modified Budget	2024-25 Preliminary Budget	2024-25 Final Budget <sup>1</sup>	\$ Change (Preliminary to Final)	% Change (Preliminary to Final)
Police (General Fund)	\$112,634,054	\$113,317,758	\$123,592,531	+10,274,773	+9.1%
Fire (General Fund)	49,987,255	50,308,315	52,664,339	+2,356,024	+4.7%
Harbor (Special Fund)	1,895,465	1,903,499	2,258,241	+354,742	+18.6%
Airport (Special Fund)	1,512,024	1,512,024	2,093,469	+581,445	+38.5%
<b>Total Member Contributions<sup>2</sup></b>	<b>\$166,028,798</b>	<b>\$167,041,596</b>	<b>\$180,608,580</b>	<b>+13,566,984</b>	<b>+8.1%</b>

<sup>1</sup> The calculation of the Member Contributions is overstated due to the use of the whole sworn payroll, including temporary non-pensionable salaries, as a basis for calculating the FY 2024-25 contribution amount. Inclusion of these temporary non-pensionable amounts was necessary to determine the Employer Contributions and mitigate impact to the LAFPP plan funding. A breakdown of the temporary non-pensionable pay amounts is unable to be determined at this time.

<sup>2</sup> Includes additional 2% opt-in contributions from members in Tiers 2-5 who elected to unfreeze their future retiree medical subsidy.

Member Contributions have increased from the 2023-24 Modified Budget by \$14.58 million (+8.8%).

## III. Investment Earnings – \$585.00 Million (40.8% of Total Receipts)

The third primary source of revenue for the System is derived from investment earnings, which is comprised of "Earnings on Investments" and "Gain (Loss) on Sale of Investments." No changes are made from the Preliminary Budget.

## **2024-25 EXPENDITURES – \$1.86 BILLION**

The three main categories of department expenses include: Benefits Expenses (Pension and OPEB Benefits), Investment Management Expense, and Administrative Expense. For the 2024-25 Final Budget, total expenses are estimated at \$1.86 billion, which is approximately a \$31.60 million decrease (-1.7%) from FY 2023-24.

### **I. Benefits Expenses – \$1.66 Billion (89.4% of Total Expenditures)**

Since the 2024-25 Preliminary Budget, staff has re-evaluated the Benefits Expenses Budget and recommends a net increase of \$15.03 million (+0.9%). This change is primarily attributed to an increase of \$13.00 million within the Pension Benefits budget, for a total of \$1.48 billion, due to anticipated pension obligations including increased cost of living adjustments (COLA). The Other Post Employment Benefits (OPEB) budget also increased by \$2.00 million to \$186.40 million, which includes consideration of the Board-approved 3.3% increase to the non-Medicare health insurance subsidy.

The Benefits Expenses total of \$1.66 billion is a \$36.83 million decrease (-2.2%) from the 2023-24 Modified Budget.

### **II. Investment Management Expense – \$165.35 Million (8.9% of Total Expenditures)**

Since the 2024-25 Preliminary Budget, updated projections for the Investment Management Expense have increased by \$1.23 million (+0.7%). Investment Management Expense for the 2024-25 Final Budget is now projected at \$165.35 million. The increase over the Preliminary Budget amount of \$164.12 million is largely due to growth of Private Equity, Private Credit, and Fixed Income assets (as fees are commensurate with asset growth). These increases are offset partially by decreases in Public Equity and Real Estate investments.

The Investment Management Expense total of \$165.35 million is a \$2.06 million increase (+1.3%) from the 2023-24 Modified Budget.

### **III. Administrative Expense – \$31.11 Million (1.7% of Total Expenditures)**

The Administrative Expense budget has decreased by \$0.22 million (-0.7%) from the Preliminary Budget of \$31.33 million. This decrease is mainly due to the incorporation of a true-up credit for employee retirement contributions to LACERS (-\$0.57 million), which helped to offset increases in other accounts within the Administrative Expense, such as the cost of LAFPP employee salaries and benefits (+\$0.17 million) and contractual and medical services expenditures (+\$0.12 million).

The Administrative Expense total of \$31.11 million is a \$3.18 million increase (+11.4%) from the 2023-24 Modified Budget.

## **2024-25 RESOLUTIONS**

### **I. Personnel Resolution**

The Personnel Resolution is provided in Schedule 7 of the 2024-25 Final Budget Schedules and provides employment authorization for all Department position authorities. The Detail of Personnel Changes is further illustrated in Schedule 8 and provides changes to regular and resolution position authorities from 2023-24. Since the presentation of the Preliminary Budget,

the Administrative Services and Human Resources Sections have been merged to optimize resources for internal operations. Additionally, the PASCo section has been dissolved and the work of the unit will be absorbed within existing resources. As such, one of the two PASCo positions was permanently deleted and the other position was reassigned to the Administrative Services and Human Resources Section to support the implementation of the in-house parking and transit subsidy reimbursement program, as well as the new Human Resources and Payroll System. In addition, one regular Senior Administrative Clerk was reallocated to a Benefits Specialist within the Medical & Dental Benefits Section.

## **II. Travel Resolution**

The Travel Resolution is provided in Schedule 10 of the 2024-25 Final Budget Schedules and includes a list of organizations or other sponsors of conferences, business meetings, and educational programs that help the conduct of LAFPP business. No changes have been made since the Preliminary Budget was presented to the Board in March.

## **BUDGET**

The Board approval of the 2024-25 Final Budget is consistent with the Board's Operating Policies and Procedures, Section 2.1.

## **POLICY**

No policy changes as recommended.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Jennifer Shimatsu, Senior Management Analyst II  
Administrative Services Section

Elijah Hernandez, Senior Management Analyst I  
Administrative Services Section

JS:MTS:WKP:JMS:EJH:ECP:ADMN240059

Attachments: (I) 2024-25 Final Budget Executive Summary  
(II) 2024-25 Final Budget Schedules

# LAFPP

Los Angeles Fire and Police Pensions

## 2024-25 FINAL BUDGET Executive Summary

As presented on June 20, 2024 to the  
Board of Fire and Police Pension Commissioners



# BUDGET OVERVIEW

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June 2024 marks the 125<sup>th</sup> anniversary of Los Angeles Fire and Police Pensions (LAFPP) providing retirement security to the public safety employees of the City of Los Angeles. LAFPP tirelessly strives to achieve its vision of a secure and prosperous future for our members. This vision is achieved through the implementation of LAFPP's strategic goals, which were designed to propel the organization forward to better serve our members, manage risk, and ensure fiscal sustainability.

**Funding.** As with all public pension funds, LAFPP holds assets in trust that finance promised benefits to our sworn members and their qualified survivors. To that end, the basic universal pension funding equation becomes key to understanding how LAFPP's benefits are funded:

RECEIPTS (+)	EXPENDITURES (-)
City (Employer) Contributions	Pension and Health (OPEB) Benefits
Member (Employee) Contributions	Investment Management Expense
Investment Earnings	Administrative Expense

**Budget Formulation.** Each year, LAFPP undertakes a comprehensive budget development process to prepare its annual budget. The Final Budget for Fiscal Year 2024-25 (FY25) is formulated to support LAFPP's long-term goals as contained within its **2025-27 Strategic Plan**. Under the 2025-27 Strategic Plan, LAFPP seeks to accomplish its three (3) Strategic Plan Goals, while also continuing to support its six (6) Guiding Principles through the development and completion of Strategic Plan and Operational Initiatives projects.

The budget also incorporates the resources necessary to implement the General Manager's **FY25 Final Annual Plan**. For FY25 the Final Annual Plan contains three (3) Strategic Plan projects designed to support each of the Department's three (3) Strategic Goals. Additionally, two (2) Operational Initiatives projects have been developed to support our Guiding Principles.

## Budget Summary.

For FY25, the Final Budget is summarized in the tables below.

Receipts (+)	FY24 Budget	FY25 Budget	\$ Change	% Change
City Contribution <sup>1</sup> (General Fund and Special Funds)	\$ 645,370,110	<b>\$ 668,607,937</b>	\$ 23,237,827	3.6%
Member Contributions <sup>2</sup>	166,028,798	<b>180,608,580</b>	14,579,782	8.8%
Earnings on Investments	506,000,000	<b>585,000,000</b>	79,000,000	15.6%
Miscellaneous	500,000	<b>500,000</b>	--	0.0%
<b>TOTAL RECEIPTS</b>	<b>1,317,898,908</b>	<b>1,434,716,517</b>	<b>116,817,609</b>	<b>8.9%</b>

Expenditures (-)	FY24 Budget	FY25 Budget	\$ Change	% Change
Pension and Health (OPEB) Benefits Expense	\$ 1,700,133,000	<b>\$ 1,663,300,000</b>	(\$ 36,833,000)	(2.2%)
Investment Management Expense	163,294,890	<b>165,350,675</b>	2,055,785	1.3%
Administrative Expense	27,936,900	<b>31,114,550</b>	3,117,650	11.4%
<b>TOTAL EXPENDITURES</b>	<b>1,891,364,790</b>	<b>1,859,765,225</b>	<b>(31,599,565)</b>	<b>(1.7%)</b>

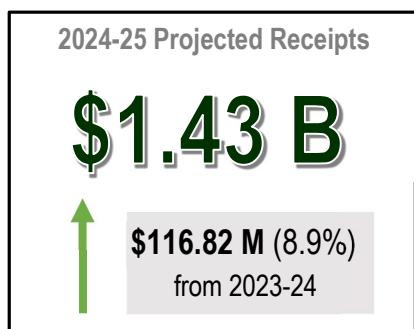
<sup>1</sup> Excludes the Excess Benefit Plan (EBP) amount (\$1,601,119 for FY25) that is not transferred to LAFPP.

<sup>2</sup> The calculation of the Member Contributions is overstated due to the use of the whole sworn payroll, including temporary non-pensionable salaries, as a basis for calculating the FY 2024-25 contribution amount. Inclusion of these temporary non-pensionable amounts was necessary to determine the Employer Contributions and mitigate impact to the LAFPP plan funding. A breakdown of the temporary non-pensionable pay amounts is unable to be determined at this time.

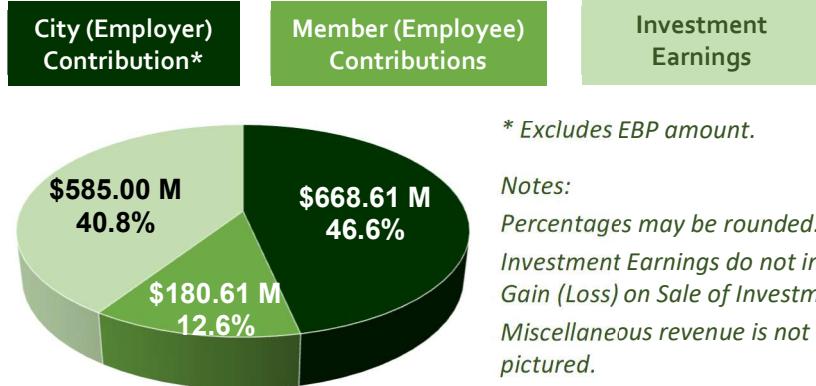
Note: Gain (Loss) on Sale of Investments is recorded in LAFPP financial statements after the amount is audited and therefore an amount is not included in the budget.

**Budget Approval.** The Preliminary Budget for the upcoming fiscal year is submitted to the Board of Fire and Police Pension Commissioners (the "Board") for consideration each March. Upon Board approval, the Preliminary Budget is sent to the Mayor's Office and the City Administrative Officer to be included in the Mayor's Proposed FY25 City Budget. The Board must then subsequently adopt a Final Budget for LAFPP by June 30, 2024, with updated City and Member Contribution amounts based on sworn payroll amounts that are consistent with the City's FY25 Final Budget as adopted by the City Council and the Mayor.

# SUMMARY OF RECEIPTS



LAFPP receives revenue primarily from three sources:



## City (Employer) Contribution<sup>1</sup>

The City Contribution is one component that funds the retirement and health care benefits promised by the City to its sworn LAFPP members. In order to determine the City Contribution, each year the Board adopts a contribution rate as recommended by its actuary that is applied to the City's projected sworn payroll. On November 16, 2023, the Board adopted the pension and health valuation reports for the period ending June 30, 2023, which established the City's combined contribution rate as **38.51%** for FY25. The table below provides the contribution rate by department:

Departments	FY24 Contribution Rate	FY25 Contribution Rate	% Change
Los Angeles Police & Fire	40.63%	38.72%	(1.91%)
Harbor Port Police	27.00%	25.58%	(1.42%)
Los Angeles World Airports Police	26.20%	24.07%	(2.13%)

Based on the 2024-25 sworn payroll provided by the Office of the City Administrative Officer, the FY25 total City contribution is \$670.21 million. Since the Excess Benefit Plan payment is allocated directly to the Controller's Office, the actual amount to be remitted to LAFPP from the City's General Fund and Special Funds (Harbor and Airports Departments) is estimated to be **\$668.61 million**, an increase of \$23.24 million (+3.6%) from the 2023-24 Budget.

<sup>1</sup> See Schedule 2, *Detail of City, Harbor, and Airports Contribution Requirements*.

## Member (Employee) Contribution<sup>2</sup>

Member contributions are determined by the contribution rate for each Tier and the City's sworn pensionable payroll. The contribution rates range from 7% to 9% for members in Tiers 2 through 5, while members in Tier 6 contribute 11% of pensionable salary. In addition, members of Tiers 2 through 5 who elected to "unfreeze" their future retiree medical subsidy make additional 2% "opt-in" contributions of base pay.

## Investment Earnings

A significant portion of the annual receipts are derived from Investment Earnings, which are comprised of: (1) "Earnings on Investments," which include interest and dividends and income from real estate, securities lending, and miscellaneous assets; and (2) "Gain (Loss) on Sale of Investments," which includes capital gains/losses as investments are sold. The latter is not included in the budget as it is difficult to predict the investments to be sold throughout the year and because gains/losses fluctuate significantly depending upon market conditions. As such, gains/losses on sale of investments are recorded in the financial statements and future budget cycles as an audited amount.

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<sup>2</sup> See Schedule 3, *Detail of Estimated Payrolls and Member Contributions*.

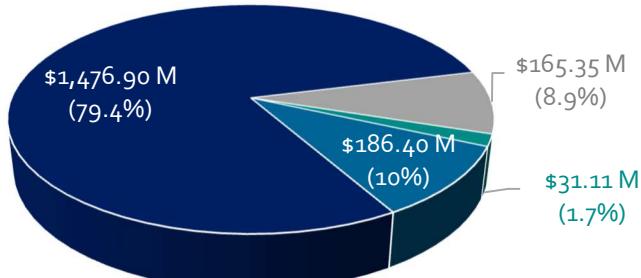
# SUMMARY OF EXPENDITURES



LAFPP expenditures are comprised of:



*Pension and Health Benefits are non-discretionary expenses.*



## Pension and Health/Other Post-Employment Benefits (OPEB) Expense<sup>3</sup>

Benefits expenditures are projected at **\$1.66 billion**, approximately a -2.2% decrease from FY24, due primarily to an expected \$157.63 million decrease (-57.7%) for DROP Distributions.

Significant anticipated changes for FY25 are further highlighted below:

### Pension Benefits Expense (\$1.48 billion)

**\$54.03 million net decrease (-3.5%)**

Attributed to a decrease in DROP Distributions (-\$157.63 million or -57.7 %) based on a decrease in mandatory DROP exits and projected early DROP exits in FY25, as well as a decrease in Minor/Dependent Pensions (-\$0.70 million or -17.1%). These combined to offset increases in Service Pensions (+\$96.00 million or +9.9%), Surviving Spouse/Domestic Partner Pensions (+\$8.00 million or +4.8%), and Refund of Contributions (+\$0.30 million or +3.1%).

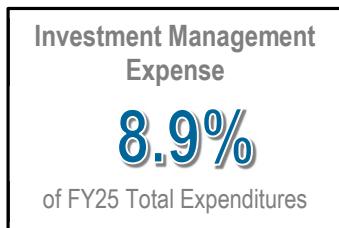
### Health (OPEB) Benefits Expense (\$186.4 million)

**\$17.2 million net increase (+10.2%)**

Primarily attributed to an increase in Health Insurance Premium Subsidy (+\$17.00 million or +11.7 %) due to an anticipated increase in participants receiving a health subsidy and the 3.3% increase in the non-Medicare subsidy maximum. In addition, there are moderate increases for the Health Insurance Premium Reimbursement (+\$100,000 or +5.3%) due to increased claim amounts and the Dental Insurance Premium Subsidy (+\$100,000 or +1.9%) due to an increase in participants receiving a dental subsidy.

<sup>3</sup> See Schedule 1, 2024-25 Final Budget.

## Investment Management Expense (IME)<sup>4</sup>



The IME are fees associated with managing the Plan's funds and are commensurate with asset growth. LAFPP's investment return (market value) for the fiscal year ending June 30, 2023 was **7.8%**, with assets totaling **\$29.39 billion**. At the end of April 2024, assets under management (unaudited) increased to \$30.55 billion.

IME has increased as assets have grown. For FY25, this expense is projected at **\$165.35 million**, an increase of 1.3% from FY24.

Following is the IME by asset allocation (figures are rounded):

Type/Asset Class	FY24 IME Adopted Budget	FY25 IME Final Budget	% Total of FY25 IME	% Change from FY24
Consultants & Bank Services	\$ 0.94 million	\$ 1.0 million	0.6%	6.4%
Public Equity	30.18 million	27.73 million	16.8%	(8.1%)
Fixed Income	9.30 million	11.63 million	7.0%	25.0%
Private Equity	79.97 million	82.58 million	49.9%	3.3%
Commodities	2.90 million	2.41 million	1.5%	(16.7%)
Real Estate	36.78 million	35.22 million	21.3%	(4.3%)
Private Credit	3.22 million	4.78 million	2.9%	48.1%
<b>TOTAL</b>	<b>\$ 163.29 million</b>	<b>\$ 165.35 million</b>	<b>100.0%</b>	<b>1.3%</b>

The increase in fees is primarily attributed to:

- \$2.61 million (or +3.3%) increase in Private Equity and \$1.55 million (or +48.1%) increase in Private Credit partnership fees due to the growth of assets in the respective classes; and,
- \$2.33 million (or +25.0%) increase in Fixed Income investment fees due to the addition of a new active core fixed income manager and rebalancing the fixed income portfolio as a result of implementing the adopted Fixed Income Structure Study.

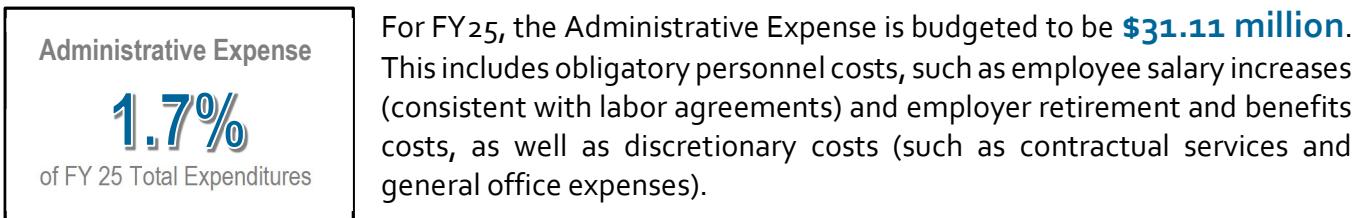
These are partially offset by:

- \$2.45 million (or -8.1%) decrease in Public Equity investment fees as a result of implementing the adopted International Public Equity Structure Study;
- \$1.56 million (or -4.3%) decrease in Real Estate investment fees due to the reduction of real estate assets; and,
- \$0.49 million (or -16.7%) decrease in Commodities investment fees due to the reduction of commodities assets.

These investment management expenses are in line with the growth in the portfolio. Actual payments to investment managers depend on the dollar amount of assets under management, the portfolio's performance, the period in which the fee is calculated, and the terms and conditions of the individual contracts as approved by the Board.

<sup>4</sup> See Schedule 4, *Detail of Investment Management Expense*.

## Administrative Expense<sup>5</sup>



The Administrative Expense budget is detailed as follows:

Account	FY 24 Modified	FY 25 Final	\$ Change	% Change
Employee Salaries*	\$ 15,751,500	\$ 17,814,100	\$ 2,062,600	13.1%
Employee Retirement & Benefits*	6,520,000	7,144,000	624,000	9.6%
Training, Travel, Education	217,400	248,300	30,900	14.2%
Contractual Services	4,629,800	5,099,500	469,700	10.1%
Office & Administrative	751,200	711,650	(39,550)	(5.3%)
Board Elections	67,000	97,000	30,000	44.8%
Unappropriated Balance (UB)	-	-	-	--
<b>TOTAL</b>	<b>\$ 27,936,900</b>	<b>\$ 31,114,550</b>	<b>\$ 3,177,650</b>	<b>11.4%</b>

\*Non-Discretionary

The administrative expense budget for FY25 is increased by \$3.18 million (+11.4%) over the previous fiscal year.

- The increase is largely due to Employee Salaries and Retirement & Benefits. For salaries, the change (+\$2.06 million) is mostly due to non-discretionary salary increases that will take effect for most employee bargaining units next fiscal year as part of successor labor agreements. For Retirement & Benefits, the employer contribution rate<sup>6</sup> for LACERS retirement benefits (for LAFPP employees) increased from 34.07% to 34.34% for Tier 1 and decreased from 31.45% to 31.06% for Tier 3, resulting in an overall increase of \$0.62 million for the FY25 budget amount.
- Incremental changes (+\$0.06 million) are also included for discretionary costs: Training, Travel, Education (for employees and Commissioners), and Board Election accounts. Larger discretionary changes (+\$0.47 million) are included within the Contractual Services account to address increased costs associated with the Pension Administration System, Medical Services (for disability pension applicants), and successor labor agreements for the Office of the City Attorney. However, the incremental increases have been minimally offset by a decrease of \$0.04 million in the Office and Administrative account.

As pension costs represent a significant investment by the City, LAFPP seeks to utilize its resources responsibly. These efforts include maintaining the administrative expense budget under 2.0% of the total expenditures for the year; for FY25, Administrative Expense is 1.7% of total expenditures.

<sup>5</sup> See Schedule 5, *Administrative Expense* and Schedule 6, *Detail of Administrative Expense*.

<sup>6</sup> LACERS contribution rates assume payment by or before July 15.

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DETAIL OF CITY, HARBOR, AND AIRPORTS CONTRIBUTION REQUIREMENTS	SCHEDULE 2	3
DETAIL OF ESTIMATED PAYROLLS AND MEMBER CONTRIBUTIONS	SCHEDULE 3	6
DETAIL OF INVESTMENT MANAGEMENT EXPENSE	SCHEDULE 4	7
ADMINISTRATIVE EXPENSE	SCHEDULE 5	9
DETAIL OF ADMINISTRATIVE EXPENSE	SCHEDULE 6	10
PERSONNEL RESOLUTION	SCHEDULE 7	12
DETAIL OF PERSONNEL CHANGES	SCHEDULE 8	14
ORGANIZATION CHART	SCHEDULE 9	16
TRAVEL RESOLUTION	SCHEDULE 10	20

Receipts 2022-23	Modified Budget 2023-24 <sup>1</sup>	Estimated Receipts 2023-24 <sup>2</sup>	RECEIPTS <sup>3</sup>	Budget 2024-25	\$ Change from Budget 2023-24	% Change from Budget 2023-24	% Change from Estimated Receipts 2023-24
<i>Pension</i>							
476,645,411	474,692,259	474,692,259	General Fund to LAFPP <sup>4</sup>	481,053,148	6,360,889	1.3%	1.3%
(2,013,500)	(424,520)	(424,520)	less: Excess Benefit Plan (EBP) <sup>4</sup>	(1,601,119)	(1,176,599)	277.2%	277.2%
4,588,702	3,942,764	3,942,764	Special Fund (Harbor)	4,345,066	402,302	10.2%	10.2%
2,603,682	2,599,307	2,599,307	Special Fund (Airports)	3,161,138	561,831	21.6%	21.6%
481,824,295	480,809,810	480,809,810	<i>Subtotal Pension (33.9%)</i>	486,958,233	6,148,423	1.3%	1.3%
<i>OPEB</i>							
184,299,998	162,604,915	162,604,915	General Fund to LAFPP	178,994,992	16,390,077	10.1%	10.1%
1,062,792	953,325	953,325	Special Fund (Harbor)	1,234,960	281,635	29.5%	29.5%
1,055,690	1,002,060	1,002,060	Special Fund (Airports)	1,419,752	417,692	41.7%	41.7%
186,418,480	164,560,300	164,560,300	<i>Subtotal OPEB (12.7%)</i>	181,649,704	17,089,404	10.4%	10.4%
668,242,775	645,370,110	645,370,110	Combined Total City Contribution - to LAFPP (46.6%)	668,607,937	23,237,827	3.6%	3.6%
151,934,789	166,028,798	164,071,000	Member Contributions (12.6%) <sup>5</sup>	180,608,580	14,579,782	8.8%	10.1%
685,605,956	506,000,000	570,468,000	Earnings on Investments (40.8%)	585,000,000	79,000,000	15.6%	2.5%
112,343,408	-	-	Gain (Loss) on Sale of Investments <sup>6</sup>	-	-	0.0%	0.0%
459,661	500,000	841,000	Miscellaneous (0.0%)	500,000	-	0.0%	(40.5%)
<b>1,618,586,589</b>	<b>1,317,898,908</b>	<b>1,380,750,110</b>	<b>Total Receipts (100.0%)</b>	<b>1,434,716,517</b>	<b>116,817,609</b>	<b>8.9%</b>	<b>3.9%</b>
<i>Expenditures</i>							
Expenditures 2022-23	Modified Budget 2023-24 <sup>1</sup>	Estimated Expenditures 2023-24 <sup>2</sup>	EXPENDITURES <sup>3</sup>	Budget 2024-25	\$ Change from Budget 2023-24	% Change from Budget 2023-24	% Change from Estimated Receipts 2023-24
889,097,819	966,000,000	967,057,000	Service Pensions	1,062,000,000	96,000,000	9.9%	9.8%
184,101,290	273,033,000	231,569,000	Service Pensions - DROP Distributions	115,400,000	(157,633,000)	(57.7%)	(50.2%)
111,552,791	113,000,000	113,197,000	Disability Pensions	113,000,000	-	0.0%	(0.2%)
154,659,525	165,000,000	162,530,000	Surviving Spouse/Domestic Partner Pensions	173,000,000	8,000,000	4.8%	6.4%
3,473,858	4,100,000	3,287,000	Minor/Dependent Pensions	3,400,000	(700,000)	(17.1%)	3.4%
9,579,884	9,800,000	9,075,000	Refund of Contributions	10,100,000	300,000	3.1%	11.3%
1,352,465,167	1,530,933,000	1,486,715,000	<i>Subtotal Pension Benefits (79.4%)</i>	1,476,900,000	(54,033,000)	(3.5%)	(0.7%)
132,346,709	145,000,000	143,412,000	Health Insurance Premium Subsidy	162,000,000	17,000,000	11.7%	13.0%
4,786,054	5,300,000	4,886,000	Dental Insurance Premium Subsidy	5,400,000	100,000	1.9%	10.5%
15,132,846	17,000,000	15,285,000	Medicare Reimbursement	17,000,000	-	0.0%	11.2%
1,652,311	1,900,000	1,765,000	Health Insurance Premium Reimbursement	2,000,000	100,000	5.3%	13.3%
153,917,920	169,200,000	165,348,000	<i>Subtotal OPEB (10.0%)</i>	186,400,000	17,200,000	10.2%	12.7%
<b>1,506,383,087</b>	<b>1,700,133,000</b>	<b>1,652,063,000</b>	<b>Total Benefits Expenses (89.4%)</b>	<b>1,663,300,000</b>	<b>(36,833,000)</b>	<b>(2.2%)</b>	<b>0.7%</b>
133,731,496	163,294,890	153,893,665	Investment Management Expense (8.9%)	165,350,675	2,055,785	1.3%	7.4%
25,565,614	27,936,900	26,633,000	Administrative Expense (1.7%)	31,114,550	3,177,650	11.4%	16.8%
<b>1,665,680,197</b>	<b>1,891,364,790</b>	<b>1,832,589,665</b>	<b>Total Expenditures (100.0%)</b>	<b>1,859,765,225</b>	<b>(31,599,565)</b>	<b>(1.7%)</b>	<b>1.5%</b>
(47,093,608)	(573,465,882)	(451,839,555)	Increase (Decrease) in Fund Balance, Net <sup>7</sup>	(425,048,708)	148,417,174	(25.9%)	(5.9%)
<b>Total Expenditures and Increase (Decrease) in Fund Balance</b>							
<b>1,618,586,589</b>	<b>1,317,898,908</b>	<b>1,380,750,110</b>	<b>Increase (Decrease) in Fund Balance</b>	<b>1,434,716,517</b>	<b>116,817,609</b>	<b>8.9%</b>	<b>3.9%</b>

<sup>1</sup> Subsequent to the adoption of the 2023-24 Budget on June 15, 2023, the General Manager exercised the Board delegated authority to approve intra-departmental transfers of funds within the Administrative Expense Budget to cover unanticipated costs identified throughout the fiscal year and maintain a balanced budget. These transfers are included in the Budget Reports to the Board and are included within the fiscal year's Modified Budget.

<sup>2</sup> Estimated receipts and expenditures are as of April 30, 2024.

<sup>3</sup> 2022-23 Actual Receipts and Expenditures are derived from LAFPP's Audited Financial Statements using the modified accrual basis. 2023-24 Estimated Receipts and Expenditures and 2024-25 Budgeted Receipts and Expenditures are calculated on a cash basis.

<sup>4</sup> On May 6, 2010, the Board authorized a credit to be applied toward the City's Annual Required Contribution equal to the amount budgeted for the Excess Benefit Plan (EBP), as calculated by the actuary. As such, beginning in 2010-11, the total General Fund Contribution in a given fiscal year is the sum of the General Fund and EBP line items. However, since EBP revenue is not transferred to LAFPP, it is excluded from the Department's total revenue.

<sup>5</sup> The calculation of the Member Contributions is overstated due to the use of the whole sworn payroll, including temporary non-pensionable salaries, as a basis for calculating the FY 2024-25 contribution amount. Inclusion of these temporary non-pensionable amounts was necessary to determine the Employer Contributions and mitigate impact to the LAFPP plan funding. A breakdown of the temporary non-pensionable amounts is unable to be determined at this time.

<sup>6</sup> Gain (Loss) on Sale of Investments is recorded in LAFPP financial statements after the amount is audited and therefore an amount is not included in the budget.

<sup>7</sup> 2023-24 Modified and 2024-25 Budget Decrease in Fund Balance reflect the increase in estimated pension benefit payments and do not include the Gain (Loss) on Sale of Investments.

		% of Payroll	x	Projected Payroll	=	Contribution Required <sup>1</sup>
<b>TIER 2 requirements<sup>2</sup>:</b>						
Pension	1. Employer Normal Cost	24.16%		477,393		115,338
	2. Amortization of UAAL	7.71%		477,393		36,807
	3. Admin Expenses	1.28%		477,393		6,111
				<i>Subtotal</i>		<i>158,256</i>
OPEB	4. Employer Normal Cost	2.61%		477,393		12,460
	5. Amortization of UAAL	5.49%		477,393		26,209
	6. Admin Expenses	0.13%		477,393		621
				<i>Subtotal</i>		<i>39,290</i>
<b>TIER 3 requirements<sup>2</sup>:</b>						
Pension	1. Employer Normal Cost	17.71%		60,383,438		10,693,907
	2. Amortization of UAAL	7.71%		60,383,438		4,655,563
	3. Admin Expenses	1.28%		60,383,438		772,908
				<i>Subtotal</i>		<i>16,122,378</i>
OPEB	4. Employer Normal Cost	4.32%		60,383,438		2,608,565
	5. Amortization of UAAL	5.49%		60,383,438		3,315,051
	6. Admin Expenses	0.13%		60,383,438		78,498
				<i>Subtotal</i>		<i>6,002,114</i>
<b>TIER 4 requirements<sup>2</sup>:</b>						
Pension	1. Employer Normal Cost	18.56%		23,893,538		4,434,641
	2. Amortization of UAAL	7.71%		23,893,538		1,842,192
	3. Admin Expenses	1.28%		23,893,538		305,837
				<i>Subtotal</i>		<i>6,582,670</i>
OPEB	4. Employer Normal Cost	4.34%		23,893,538		1,036,980
	5. Amortization of UAAL	5.49%		23,893,538		1,311,755
	6. Admin Expenses	0.13%		23,893,538		31,062
				<i>Subtotal</i>		<i>2,379,797</i>
<b>TIER 5 requirements:</b>						
Pension	1. Employer Normal Cost	20.39%		1,081,510,750		220,520,042
	2. Amortization of UAAL	7.71%		1,081,510,750		83,384,479
	3. Admin Expenses	1.28%		1,081,510,750		13,843,338
				<i>Subtotal</i>		<i>317,747,859</i>
OPEB	4. Employer Normal Cost	4.04%		1,081,510,750		43,693,034
	5. Amortization of UAAL	5.49%		1,081,510,750		59,374,940
	6. Admin Expenses	0.13%		1,081,510,750		1,405,964
				<i>Subtotal</i>		<i>104,473,938</i>

## 2024-25 Final Budget

## Detail Of City, Harbor, and Airports Contribution Requirements

(Assuming Contributions Made On or Before July 15, 2024)

		% of Payroll	x	Projected Payroll	=	Contribution Required <sup>1</sup>
<b>TIER 6 requirements:</b>						
Pension	1. Employer Normal Cost	17.08%		538,711,108		92,011,857
	2. Amortization of UAAL	7.71%		538,711,108		41,534,626
	3. Admin Expenses	1.28%		538,711,108		6,895,502
				<i>Subtotal</i>		<i>140,441,985</i>
OPEB	4. Employer Normal Cost	6.65%		538,711,108		35,824,289
	5. Amortization of UAAL	5.49%		538,711,108		29,575,240
	6. Admin Expenses	0.13%		538,711,108		700,324
				<i>Subtotal</i>		<i>66,099,853</i>
						Total City (General Fund) Pension
						Total City (General Fund) OPEB
						<b>660,048,140</b>
<b>NET CITY (GENERAL FUND) ACTUARIAL CONTRIBUTION REQUIREMENT</b>						
Early Payment Savings (relative to payment at the end of each pay period)						20,914,133
<b>TIER 5 Harbor requirements:</b>						
Pension	1. Employer Normal Cost	20.90%		16,821,522		3,515,698
	2. Amortization of UAAL	-1.22%		16,821,522		(205,223)
	3. Admin Expenses	1.28%		16,821,522		215,315
				<i>Subtotal</i>		<i>3,525,790</i>
OPEB	4. Employer Normal Cost	5.63%		16,821,522		947,052
	5. Amortization of UAAL	-0.22%		16,821,522		(37,007)
	6. Admin Expenses	0.13%		16,821,522		21,868
				<i>Subtotal</i>		<i>931,913</i>
<b>TIER 6 Harbor requirements:</b>						
Pension	1. Employer Normal Cost	16.35%		4,992,541		816,280
	2. Amortization of UAAL	-1.22%		4,992,541		(60,909)
	3. Admin Expenses	1.28%		4,992,541		63,905
				<i>Subtotal</i>		<i>819,276</i>
OPEB	4. Employer Normal Cost	6.16%		4,992,541		307,541
	5. Amortization of UAAL	-0.22%		4,992,541		(10,984)
	6. Admin Expenses	0.13%		4,992,541		6,490
				<i>Subtotal</i>		<i>303,047</i>
						Total Harbor (Special Fund) Pension
						Total Harbor (Special Fund) OPEB
						<b>5,580,026</b>
<b>NET HARBOR (SPECIAL FUND) ACTUARIAL CONTRIBUTION REQUIREMENT</b>						
Early Payment Savings (relative to payment at the end of each pay period)						175,565

		% of Payroll	x	Projected Payroll	=	Contribution Required <sup>1</sup>
<b>TIER 6 Airports requirements:</b>						
Pension	1. Employer Normal Cost	17.41%		19,031,533		3,313,390
	2. Amortization of UAAL	-2.08%		19,031,533		(395,856)
	3. Admin Expenses	1.28%		19,031,533		243,604
				<i>Subtotal</i>		<i>3,161,138</i>
OPEB	4. Employer Normal Cost	7.98%		19,031,533		1,518,716
	5. Amortization of UAAL	-0.65%		19,031,533		(123,705)
	6. Admin Expenses	0.13%		19,031,533		24,741
				<i>Subtotal</i>		<i>1,419,752</i>
	Total Airports (Special Fund) Pension					3,161,138
	Total Airports (Special Fund) OPEB					1,419,752
<b>NET AIRPORTS (SPECIAL FUND) ACTUARIAL CONTRIBUTION REQUIREMENT</b>						<b>4,580,890</b>
	Early Payment Savings (relative to payment at the end of each pay period)					146,543
	General Fund to LAFPP					479,452,029
	Excess Benefit Plan					1,601,119
	Total City (General Fund) Pension					481,053,148
	Total City (General Fund) OPEB					178,994,992
	<b>TOTAL GENERAL FUND CONTRIBUTION</b>					<b>660,048,140</b>
	Total Harbor (Special Fund) Pension					4,345,066
	Total Harbor (Special Fund) OPEB					1,234,960
	<b>TOTAL SPECIAL FUND (HARBOR) CONTRIBUTION TO LAFPP</b>					<b>5,580,026</b>
	Total Airports (Special Fund) Pension					3,161,138
	Total Airports (Special Fund) OPEB					1,419,752
	<b>TOTAL SPECIAL FUND (AIRPORTS) CONTRIBUTION TO LAFPP</b>					<b>4,580,890</b>
	<b>TOTAL CITY CONTRIBUTION</b>					<b>670,209,056</b>

<sup>1</sup> Figures may be rounded.

<sup>2</sup> On May 19, 2022 the Board adopted a change to the Actuarial Funding Policy (Board Operating Policies and Procedures Section 10.0) which altered the calculation used for determining the UAAL amortization rate beginning in the June 30, 2022 valuation. The UAAL amortization payment for each Tier is determined in proportion to the covered payroll for that Tier.

SWORN PAYROLL	Tier 2	Tier 3	Tier 4	Tier 5	Tier 6	TOTAL <sup>6</sup>
<u>PENSIONABLE PAY</u>						
Fire	142,485	18,022,335	7,131,382	322,792,970	160,786,343	508,875,515
Police	334,908	42,361,103	16,762,156	758,717,780	377,924,765	1,196,100,712
Harbor	-	-	-	16,821,522	4,992,541	21,814,063
Airports	-	-	-	-	19,031,533	19,031,533
<b>TOTAL</b>	<b>477,393</b>	<b>60,383,438</b>	<b>23,893,538</b>	<b>1,098,332,272</b>	<b>562,735,182</b>	<b>1,745,821,823</b>
<b>TOTAL General Fund</b>	<b>477,393</b>	<b>60,383,438</b>	<b>23,893,538</b>	<b>1,081,510,750</b>	<b>538,711,108</b>	<b>1,704,976,227</b>
<b>TOTAL Special Fund (Harbor)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>16,821,522</b>	<b>4,992,541</b>	<b>21,814,063</b>
<b>TOTAL Special Fund (Airports)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>19,031,533</b>	<b>19,031,533</b>

<u>BASE PAY (2% OPT-IN)<sup>1</sup></u>						
Fire	154,160	677,752	3,321,695	191,555,195	-	195,708,802
Police	134,154	33,310,673	9,859,497	407,013,031	-	450,317,355
Harbor	-	-	-	9,756,219	-	9,756,219
Airports	-	-	-	-	-	-
<b>TOTAL</b>	<b>288,314</b>	<b>33,988,425</b>	<b>13,181,192</b>	<b>608,324,445</b>	<b>-</b>	<b>655,782,376</b>
<b>TOTAL General Fund</b>	<b>288,314</b>	<b>33,988,425</b>	<b>13,181,192</b>	<b>598,568,226</b>	<b>-</b>	<b>646,026,157</b>
<b>TOTAL Special Fund (Harbor)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,756,219</b>	<b>-</b>	<b>9,756,219</b>
<b>TOTAL Special Fund (Airports)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**MEMBER CONTRIBUTIONS<sup>2</sup>**

<u>PENSIONABLE PAY</u>						
	Seven Percent <sup>3</sup>	Eight Percent	Eight Percent	Nine Percent <sup>4</sup>	Eleven Percent	TOTAL
Fire	-	1,441,787	570,511	29,051,367	17,686,498	48,750,163
Police	-	3,388,888	1,340,972	68,284,600	41,571,724	114,586,184
Harbor	-	-	-	1,513,937	549,180	2,063,117
Airports	-	-	-	-	2,093,469	2,093,469
<b>TOTAL</b>	<b>-</b>	<b>4,830,675</b>	<b>1,911,483</b>	<b>98,849,904</b>	<b>61,900,871</b>	<b>167,492,933</b>

BASE PAY (2% OPT-IN)

	Two Percent	Two Percent	Two Percent	Two Percent	N/A <sup>5</sup>	TOTAL
Fire	3,083	13,555	66,434	3,831,104	-	3,914,176
Police	2,683	666,213	197,190	8,140,261	-	9,006,347
Harbor	-	-	-	195,124	-	195,124
Airports	-	-	-	-	-	-
<b>TOTAL</b>	<b>5,766</b>	<b>679,768</b>	<b>263,624</b>	<b>12,166,489</b>	<b>-</b>	<b>13,115,647</b>
<b>TOTAL</b>	<b>5,766</b>	<b>5,510,443</b>	<b>2,175,107</b>	<b>111,016,393</b>	<b>61,900,871</b>	<b>180,608,580</b>
<b>TOTAL General Fund</b>	<b>5,766</b>	<b>5,510,443</b>	<b>2,175,107</b>	<b>109,307,332</b>	<b>59,258,222</b>	<b>176,256,870</b>
<b>TOTAL Special Fund (Harbor)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,709,061</b>	<b>549,180</b>	<b>2,258,241</b>
<b>TOTAL Special Fund (Airports)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,093,469</b>	<b>2,093,469</b>

<sup>1</sup> This figure reflects estimated base pay amounts for those members who elected to unfreeze their future retiree medical subsidy by making additional 2% opt-in contributions. The 2% is calculated based on base pay, not pensionable pay.

<sup>2</sup> The calculation of the Member Contributions is overstated due to the use of the whole sworn payroll, including temporary non-pensionable salaries, as a basis for calculating the FY 2024-25 contribution amount. Inclusion of these temporary non-pensionable amounts was necessary to determine the Employer Contributions and mitigate impact to the LAFPP plan funding. A breakdown of the temporary non-pensionable amounts is unable to be determined at this time.

<sup>3</sup> Pursuant to Charter Section 1420, pension benefit-related deductions shall not be made from the salaries of Tier 2 System members who have completed 30 years of service. Accordingly, as of December 8, 2010, all Tier 2 members have completed at least 30 years of service and therefore no longer make pension contributions.

<sup>4</sup> For Tier 5 only, the City pays 1% of the 9% if the Plan is at least 100% actuarially funded for pension benefits.

<sup>5</sup> Pursuant to Charter Section 1714(a)(2), Tier 6 Plan Members are required to make an additional 2% contribution to support funding of retiree health benefits and, as such, do not need to 'opt-in.' The 2% contribution shall not be required of Tier 6 Plan Members who have served more than 25 years as a Plan Member.

<sup>6</sup> Figures may be rounded.

	Modified Budget 2023-24	Estimated Expenditures 2023-24	Budget 2024-25	\$ Change from Budget <sup>4</sup> 2023-24	% Change from Budget 2023-24
<b>CONSULTANTS &amp; BANK SERVICES</b>					
Custodian Bank Services (STIF)	490,493	510,316	510,316	19,823	4.0%
General Consultant - RVK	451,500	464,833	491,500	40,000	8.9%
<b>CONSULTANTS &amp; BANK SERVICES TOTAL (0.6%)</b>	<b>941,993</b>	<b>975,149</b>	<b>1,001,816</b>	<b>59,823</b>	<b>6.4%</b>
<b>ADVISORY</b>					
<b>PUBLIC EQUITY - LARGE CAP</b>					
Rhumbline (Russell 1000 Growth Index)	86,539	87,261	93,369	6,830	7.9%
Alliance Capital (S&P 500 Index)	191,045	176,756	189,129	(1,916)	(1.0%)
AllianceBernstein (Systemic Value)	644,639	586,516	627,572	(17,067)	(2.6%)
Boston Partners (Value)	825,416	857,860	917,910	92,494	11.2%
S&P 500 (Equal Weighted Index)	261,361	456,647	488,612	227,251	86.9%
STOXX USA (900 Minimum Variance)	296,318	271,949	290,985	(5,333)	(1.8%)
<b>Subtotal</b>	<b>2,305,318</b>	<b>2,436,989</b>	<b>2,607,577</b>	<b>302,259</b>	<b>13.1%</b>
<b>PUBLIC EQUITY - SMALL CAP</b>					
AB Small Cap Value Domestic	1,236,595	1,195,560	1,279,249	42,654	3.4%
Channing Capital Mgmt. (Core)	443,250	479,934	513,530	70,280	15.9%
Denali Advisors	515,284	780,040	834,642	319,358	62.0%
Eastern Shore Capital	377,771	381,557	408,266	30,495	8.1%
Frontier Capital Management (Growth)	4,461,294	5,444,815	5,825,952	1,364,658	30.6%
Lisanti Capital	328,681	331,609	354,821	26,140	8.0%
Palisade	611,227	613,346	656,280	45,053	7.4%
Phocas Financial (Value)	266,203	496,858	531,638	265,435	99.7%
PIMCO Stocks Plus	828,494	847,347	906,661	78,167	9.4%
Rhumbline (S&P 600)	7,266	7,179	7,681	415	5.7%
Westwood Management (Value)	1,485,025	1,554,541	1,663,359	178,334	12.0%
<b>Subtotal</b>	<b>10,561,090</b>	<b>12,132,786</b>	<b>12,982,079</b>	<b>2,420,989</b>	<b>22.9%</b>
<b>PUBLIC EQUITY - INTERNATIONAL</b>					
Baillie Gifford (Growth)	4,200,227	4,040,817	4,323,674	123,447	2.9%
Blackrock (EAFE Index)	435,925	591,366	632,761	196,836	45.2%
Boston Common (ESG)	161,721	213,514	228,460	66,739	41.3%
Brandes (Value)	3,369,427	3,495,318	3,739,991	370,564	11.0%
Principal (Active Small Cap)	1,144,723	1,265,438	1,354,018	209,295	18.3%
Victory Capital Management (Active Small Cap)	1,754,494	1,740,528	1,862,365	107,871	6.1%
<b>Subtotal</b>	<b>11,066,517</b>	<b>11,346,981</b>	<b>12,141,269</b>	<b>1,074,752</b>	<b>9.7%</b>
<b>PUBLIC EQUITY - EMERGING MARKETS</b>					
Dimensional Fund Advisors	2,924,201	748,834	-	(2,924,201)	(100.0%)
Harding Loevner	3,319,455	642,242	-	(3,319,455)	(100.0%)
<b>Subtotal</b>	<b>6,243,656</b>	<b>1,391,076</b>	<b>-</b>	<b>(6,243,656)</b>	<b>(100.0%)</b>
<b>PUBLIC EQUITY TOTAL (16.8%)</b>	<b>30,176,581</b>	<b>27,307,832</b>	<b>27,730,925</b>	<b>(2,445,656)</b>	<b>(8.1%)</b>
<b>FIXED INCOME - INVESTMENT GRADE</b>					
GIA Partners (Opportunistic)	243,014	268,229	287,005	43,991	18.1%
LM Capital Group (Opportunistic)	396,511	864,144	924,634	528,123	133.2%
Loomis Sayles (Long Duration)	606,068	523,314	559,946	(46,122)	(7.6%)
Northern Trust (Index)	113,561	290,017	-	(113,561)	(100.0%)
Payden & Rygel (Unconstrained)	1,039,824	946,638	1,012,902	(26,922)	(2.6%)
Reams Asset Management (Opportunistic)	768,047	796,400	852,148	84,101	10.9%
Reams Asset Management (Passive TIPS)	70,154	61,492	65,797	(4,357)	(6.2%)
Reams Asset Management (Unconstrained)	802,121	612,807	655,703	(146,418)	(18.3%)
Semper Capital Management / Medalist Partners (MBS)	171,023	306,764	328,238	157,215	91.9%
<b>New Active Core FI Manager</b>	<b>-</b>	<b>-</b>	<b>1,326,800</b>	<b>1,326,800</b>	<b>--</b>
<b>Subtotal</b>	<b>4,210,323</b>	<b>4,669,805</b>	<b>6,013,173</b>	<b>1,802,850</b>	<b>42.8%</b>
<b>FIXED INCOME - HIGH YIELD</b>					
MacKay Shields	2,582,620	2,590,367	2,771,692	189,072	7.3%
Loomis Sayles Global Credit	2,506,163	2,655,959	2,841,876	335,713	13.4%
<b>Subtotal</b>	<b>5,088,783</b>	<b>5,246,326</b>	<b>5,613,568</b>	<b>524,785</b>	<b>10.3%</b>
<b>FIXED INCOME TOTAL (7.0%)</b>	<b>9,299,106</b>	<b>9,916,131</b>	<b>11,626,741</b>	<b>2,327,635</b>	<b>25.0%</b>

	Modified Budget 2023-24	Estimated Expenditures 2023-24	Budget 2024-25	\$ Change from Budget <sup>4</sup> 2023-24	% Change from Budget 2023-24
<b>PRIVATE EQUITY</b>					
Portfolio Advisors (Consultant)	1,300,000	1,400,000	1,400,000	100,000	7.7%
Portfolio Advisors (Specialized Mandate)	150,000	150,000	150,000	-	0.0%
<b>Subtotal</b>	<b>1,450,000</b>	<b>1,550,000</b>	<b>1,550,000</b>	<b>100,000</b>	<b>6.9%</b>
<b>PRIVATE EQUITY - DEDUCTED FROM ASSETS</b>					
Private Equity Partnership Fees <sup>1</sup>	78,520,166	75,731,856	81,033,086	2,512,920	3.2%
<b>Subtotal</b>	<b>78,520,166</b>	<b>75,731,856</b>	<b>81,033,086</b>	<b>2,512,920</b>	<b>3.2%</b>
<b>PRIVATE EQUITY TOTAL (49.9%)</b>	<b>79,970,166</b>	<b>77,281,856</b>	<b>82,583,086</b>	<b>2,612,920</b>	<b>3.3%</b>
<b>COMMODITIES</b>					
Rhumbline Commodities	65,000	59,881	64,072	(928)	(1.4%)
<b>Subtotal</b>	<b>65,000</b>	<b>59,881</b>	<b>64,072</b>	<b>(928)</b>	<b>(1.4%)</b>
<b>COMMODITIES - DEDUCTED FROM ASSETS</b>					
Private Equity Partnership Fees <sup>1</sup>	2,833,613	2,195,380	2,349,056	(484,557)	(17.1%)
<b>Subtotal</b>	<b>2,833,613</b>	<b>2,195,380</b>	<b>2,349,056</b>	<b>(484,557)</b>	<b>(17.1%)</b>
<b>COMMODITIES TOTAL (1.5%)</b>	<b>2,898,613</b>	<b>2,255,261</b>	<b>2,413,128</b>	<b>(485,485)</b>	<b>(16.7%)</b>
<b>REAL ESTATE</b>					
Alliance Capital (Global REIT) Index	151,275	123,720	132,380	(18,895)	(12.5%)
Cohen & Steers (US REIT)	2,453,640	1,901,166	2,034,247	(419,393)	(17.1%)
Principal (Global REIT)	974,334	844,802	903,938	(70,396)	(7.2%)
Principal (U.S. REIT)	2,087,780	1,599,414	1,711,373	(376,407)	(18.0%)
Real Estate Annual Appraisals	35,000	35,000	35,000	-	0.0%
Townsend (Consultant)	245,000	245,000	246,875	1,875	0.8%
<b>Subtotal</b>	<b>5,947,029</b>	<b>4,749,102</b>	<b>5,063,813</b>	<b>(883,216)</b>	<b>(14.9%)</b>
<b>REAL ESTATE - DEDUCTED FROM ASSETS</b>					
AEW (Asset Management Fees) <sup>2</sup>	3,167,690	2,359,106	2,524,242	(643,448)	(20.3%)
Total Pooled Funds <sup>1</sup>	27,668,712	25,824,228	27,631,924	(36,788)	(0.1%)
<b>Subtotal</b>	<b>30,836,402</b>	<b>28,183,334</b>	<b>30,156,166</b>	<b>(680,236)</b>	<b>(2.2%)</b>
<b>REAL ESTATE TOTAL (21.3%)</b>	<b>36,783,431</b>	<b>32,932,436</b>	<b>35,219,979</b>	<b>(1,563,452)</b>	<b>(4.3%)</b>
<b>PRIVATE CREDIT</b>					
Stepstone LLC	225,000	225,000	275,000	50,000	22.2%
<b>Subtotal</b>	<b>225,000</b>	<b>225,000</b>	<b>275,000</b>	<b>50,000</b>	<b>22.2%</b>
<b>PRIVATE CREDIT - DEDUCTED FROM ASSETS</b>					
Private Credit Partnership Fees <sup>3</sup> (Estimated)	3,000,000	3,000,000	4,500,000	1,500,000	50.0%
<b>Subtotal</b>	<b>3,000,000</b>	<b>3,000,000</b>	<b>4,500,000</b>	<b>1,500,000</b>	<b>50.0%</b>
<b>PRIVATE CREDIT TOTAL (2.9%)</b>	<b>3,225,000</b>	<b>3,225,000</b>	<b>4,775,000</b>	<b>1,550,000</b>	<b>48.1%</b>
Advisory Total - Paid Directly					
Advisory Total - Deducted from Assets	47,162,716	43,807,946	46,310,551	(852,165)	(1.8%)
<b>ADVISORY TOTAL (99.4%)</b>	<b>115,190,181</b>	<b>109,110,570</b>	<b>118,038,308</b>	<b>2,848,127</b>	<b>2.5%</b>
<b>INVESTMENT MANAGEMENT EXPENSE TOTAL (100.0%)</b>	<b>163,294,890</b>	<b>153,893,665</b>	<b>165,350,675</b>	<b>2,055,785</b>	<b>1.3%</b>

<sup>1</sup> Partnership and Pooled Fund fees do not include performance fees. Generally performance fees take 20% of the profit. In some cases, they can go as high as 30%. Fees are deducted from assets.

<sup>2</sup> Fees are deducted from assets.

<sup>3</sup> Partnership fees do not include performance fees. Generally performance fees take 15% of the profit. In some cases, they can go as high as 20%. Fees are deducted from assets.

<sup>4</sup> Figures may be rounded.

## 2024-25 Final Budget

## Administrative Expense

Actual Expenditures 2022-23	Modified Budget 2023-24 <sup>1</sup>	Estimated Expenditures 2023-24 <sup>2</sup>	Account Titles	Budget 2024-25	% Change from Budget 2023-24	% Change from Estimated Expenditures 2023-24
13,028,854	15,360,000	14,380,000	Salaries - General	17,507,000	14.0%	21.7%
183,858	260,700	175,500	Salaries - As-Needed	204,600	(21.5%)	16.6%
119,583	130,800	101,200	Overtime	102,500	(21.6%)	1.3%
<b>13,332,295</b>	<b>15,751,500</b>	<b>14,656,700</b>	<b>Sub-total Salaries</b>	<b>17,814,100</b>	<b>13.1%</b>	<b>21.5%</b>
13,254	38,000	38,000	Printing and Binding	38,000	0.0%	0.0%
71,377	122,700	122,700	Travel Expense	142,300	16.0%	16.0%
5,304,817	4,309,800	4,309,800	Contractual Expense	4,699,500	9.0%	9.0%
6,000	6,000	6,000	Transportation	6,000	0.0%	0.0%
183,311	320,000	320,000	Medical Services	400,000	25.0%	25.0%
1,453,408	1,826,000	1,683,300	Health Insurance	2,033,000	11.3%	20.8%
49,290	59,000	50,800	Dental Insurance	59,000	0.0%	16.1%
38,541	45,000	42,700	Other Employee Benefits	47,000	4.4%	10.1%
4,444,164	4,355,000	4,338,600	Retirement Contribution <sup>3</sup>	4,738,000	8.8%	9.2%
186,750	229,000	212,500	Medicare Contribution	261,000	14.0%	22.8%
-	67,000	44,000	Election Expense	97,000	44.8%	120.5%
477,883	747,900	747,900	Office and Administrative Expense	717,650	(4.0%)	(4.0%)
-	60,000	60,000	Total Furniture, Office, & Tech Equip.	55,000	(8.3%)	(8.3%)
4,523	-	-	Tuition Reimbursement	7,000	--	--
<b>12,233,318</b>	<b>12,185,400</b>	<b>11,976,300</b>	<b>Sub-total Expense</b>	<b>13,300,450</b>	<b>9.2%</b>	<b>11.1%</b>
-	-	-	Unappropriated Balance	-	--	--
<b>25,565,613</b>	<b>27,936,900</b>	<b>26,633,000</b>	<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>31,114,550</b>	<b>11.4%</b>	<b>16.8%</b>

<sup>1</sup> Subsequent to the adoption of the 2023-24 Budget on June 15, 2023, the General Manager exercised the Board delegated authority to approve intra-departmental transfers of funds within the Administrative Expense Budget to cover unanticipated costs identified throughout the fiscal year and maintain a balanced budget. These transfers are included in the Budget Reports to the Board and are included within the fiscal year's Modified Budget.

<sup>2</sup> Estimated expenditures are as of April 30, 2024.

<sup>3</sup> Beginning 2014-15, LAFPP has made payments to LACERS for LAFPP employee retirement contributions pursuant to the released audit of the City Contribution to LACERS and LAFPP (Account 645360). LAFPP began receiving credit for the Enhanced Benefit Adjustment in 2018-19 for the Airport Peace Officers who opted to stay with LACERS (Tier 1 Enhanced) during the transition of Airport Police to LAFPP. As costs associated with the Enhanced Benefit Adjustment would be borne exclusively by Airport, LAFPP was credited for its share.

## 2024-25 Final Budget

## Detail of Administrative Expense

Acct No.	Account Titles	Modified Budget 2023-24	Budget 2024-25	\$ Change
641010	Salaries - General	15,360,000	17,507,000	2,147,000
641070	Salaries - As-Needed	260,700	204,600	(56,100)
641090	Overtime	130,800	102,500	(28,300)
	<b>Sub-total Salaries</b>	<b>15,751,500</b>	<b>17,814,100</b>	<b>2,062,600</b>
642120	Printing and Binding	38,000	38,000	-
642130	Travel Expense	122,700	142,300	19,600
643040	Contractual Expense			
<b>Board</b>				
	Legal Services: Conflict Counsel	65,000	65,000	-
	Subtotal	65,000	65,000	-
<b>City Attorney</b>				
	City Attorney Expense Paid to LACERS	51,000	55,000	4,000
	City Attorney Staff	869,000	1,116,500	247,500
	Legal Services: Fiduciary Counsel	50,000	50,000	-
	Legal Services: Health & Data Privacy Outside Counsel	50,000	50,000	-
	Legal Services: Legal Representation	20,000	20,000	-
	Legal Services: Real Estate and Investment Counsel	650,000	650,000	-
	Legal Services: Tax Counsel	100,000	100,000	-
	Subtotal	1,790,000	2,041,500	251,500
<b>Communications &amp; Education</b>				
	Financial Planning Education - Venue	5,500	5,500	-
	Financial Planning Education Consultant	36,000	34,000	(2,000)
	Graphic Design Services	29,500	29,500	-
	Pre-Retirement Seminar Caterer	30,000	30,000	-
	Web Site Support Services	25,000	25,000	-
	Cision Daily Newsletters	7,500	-	(7,500)
	Subtotal	133,500	124,000	(9,500)
<b>Department-wide</b>				
	Career Development Training	10,000	10,000	-
	Headquarters Furnishing	5,000	5,000	-
	Neptune Building Property Management	511,000	511,000	-
	Photocopiers	20,000	20,000	-
	Records Retention	3,000	3,000	-
	Secure Shredding Services	2,500	2,500	-
	Vehicle Maintenance	1,000	2,200	1,200
	Workers Compensation	25,000	45,000	20,000
	Letter Folding Machine	2,000	2,000	-
	Subtotal	579,500	600,700	21,200
<b>Disability Pension</b>				
	Hearing Reporter	20,000	20,000	-
	Investigative Services	20,000	20,000	-
	Subtotal	40,000	40,000	-
<b>Executive</b>				
	Actuarial Services	400,000	400,000	-
	Cyber Liability Insurance	256,000	256,000	-
	Fiduciary Liability Insurance	67,000	67,000	-
	Strategic Planning Consultant	20,000	-	(20,000)
	Subtotal	743,000	723,000	(20,000)
<b>Internal Audit</b>				
	Financial Audit	86,000	90,000	4,000
	ALGA Peer Review	-	6,300	6,300
	Subtotal	86,000	96,300	10,300

**DEPARTMENT OF FIRE AND POLICE PENSIONS**
**Schedule 6**
**2024-25 Final Budget**
**Detail of Administrative Expense**

Acct No.	Account Titles	Modified Budget 2023-24	Budget 2024-25	\$ Change
<b><i>Investments Division</i></b>				
	Proxy Service	40,000	40,000	-
	Subtotal	40,000	40,000	-
<b><i>Medical and Dental Benefits</i></b>				
	Graphic Designer	2,500	-	(2,500)
	Health Consultant	75,000	20,000	(55,000)
	Subtotal	77,500	20,000	(57,500)
<b><i>Systems</i></b>				
	AT&T	24,000	24,000	-
	Pension Administration System (Avenu)	541,300	705,000	163,700
	NT - Integrated Disbursement Services	190,000	220,000	30,000
	Subtotal	755,300	949,000	193,700
	Total Contractual Expense	4,309,800	4,699,500	389,700
643310	Transportation	6,000	6,000	-
644230	Medical Services (Disability Cases)	320,000	400,000	80,000
645180	Health Insurance	1,826,000	2,033,000	207,000
645190	Dental Insurance	59,000	59,000	-
645200	Other Employee Benefits	45,000	47,000	2,000
645360	Retirement Contribution <sup>1</sup>	4,355,000	4,738,000	383,000
645370	Medicare Contribution	229,000	261,000	32,000
645417	Election Expense	67,000	97,000	30,000
646010	Office and Administrative Expense			
646010-01	Office & Administrative Expense	458,100	382,400	(75,700)
646010-02	Office Supplies	22,500	23,500	1,000
646010-03	Telephone, Internet, and Tablet Devices	100,600	106,900	6,300
646010-05	Training Expense	94,700	99,000	4,300
646010-06	Dues & Subscriptions	33,400	43,350	9,950
646010-530	Computer & Peripheral	38,600	62,500	23,900
	Total Office and Administrative Expense	747,900	717,650	(30,250)
647300	Total Furniture, Office, & Technical Equip > \$5,000	60,000	55,000	(5,000)
649570	Tuition Reimbursement	-	7,000	7,000
	<b>Sub-total Expense</b>	<b>12,185,400</b>	<b>13,300,450</b>	<b>1,115,050</b>
649500	Unappropriated Balance (UB)	-	-	-
	<b>Sub-total Unappropriated Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>TOTAL ADMINISTRATIVE EXPENSE</b>	<b>27,936,900</b>	<b>31,114,550</b>	<b>3,177,650</b>

<sup>1</sup> Subsequent to the adoption of the 2023-24 Budget on June 15, 2023, the General Manager exercised the Board delegated authority to approve intra-departmental transfers of funds within the Administrative Expense Budget to cover unanticipated costs identified throughout the fiscal year and maintain a balanced budget. These transfers are included in the Budget Reports to the Board and are included within the fiscal year's Modified Budget.

<sup>1</sup> Beginning 2014-15, LAFPP has made payments to LACERS for LAFPP employee retirement contributions pursuant to the released audit of the City Contribution to LACERS and LAFPP (Account 645360). LAFPP began receiving credit for the Enhanced Benefit Adjustment in 2018-19 for the Airport Peace Officers who opted to stay with LACERS (Tier 1 Enhanced) during the transition of Airport Police to LAFPP. As costs associated with the Enhanced Benefit Adjustment would be borne exclusively by Airport, LAFPP was credited for its share.

**A resolution authorizing the employment of personnel in the Department of Fire and Police Pensions  
of the City of Los Angeles.**

BE IT RESOLVED, that:

Section 1. Effective July 1, 2024, the number and classification of positions listed below are authorized within the Los Angeles Fire and Police Pension System:

**FIRE AND POLICE PENSIONS**

**(a) Regular Positions:**

2023-24	2024-25	Change	Code	Title	Salary Range				
1	1	-	1116	Secretary	(	60,656	-	88,698	)
1	1	-	1117-2	Executive Administrative Assistant II	(	78,905	-	115,382	)
1	1	-	1117-3	Executive Administrative Assistant III	(	84,626	-	123,734	)
1	1	-	1170	Payroll Supervisor	(	82,726	-	120,957	)
19	21	2	1203	Benefits Specialist	(	67,609	-	98,845	)
3	3	-	1358	Administrative Clerk	(	45,309	-	66,231	)
15	13	(2)	1368	Senior Administrative Clerk	(	55,791	-	81,578	)
2	2	-	1455-1	Systems Administrator I	(	132,066	-	155,409	)
1	1	-	1455-2	Systems Administrator II	(	114,422	-	167,248	)
1	1	-	1455-3	Systems Administrator III	(	123,901	-	181,134	)
8	8	-	1513	Accountant	(	73,309	-	107,177	)
1	1	-	1523-2	Senior Accountant II	(	92,769	-	135,657	)
1	1	-	1525-1	Principal Accountant I	(	99,910	-	146,097	)
1	1	-	1525-2	Principal Accountant II	(	105,381	-	154,031	)
1	1	-	1593-4	Departmental Chief Accountant IV	(	148,018	-	216,421	)
6	5	(1)	1596	Systems Analyst	(	106,404	-	125,238	)
3	3	-	1597-1	Senior Systems Analyst I	(	105,402	-	154,052	)
2	2	-	1597-2	Senior Systems Analyst II	(	130,458	-	190,759	)
1	1	-	1610	Departmental Audit Manager	(	139,499	-	203,955	)
1	1	-	1625-2	Internal Auditor II	(	85,649	-	125,238	)
1	1	-	1625-4	Internal Auditor IV	(	125,342	-	183,242	)
-	1	1	1731	Personnel Analyst	(	85,649	-	125,238	)
19	18	(1)	9108	Benefits Analyst	(	89,241	-	130,479	)
3	6	3	9109-1	Senior Benefits Analyst I	(	109,640	-	160,295	)
7	6	(1)	9109-2	Senior Benefits Analyst II	(	135,699	-	198,380	)
2	2	-	9146-1	Investment Officer I	(	116,510	-	170,339	)
5	5	-	9146-2	Investment Officer II	(	145,136	-	212,182	)
2	2	-	9146-3	Investment Officer III	(	182,449	-	266,762	)
1	1	-	9147	Chief Investment Officer	(	258,431	-	377,823	)
2	2	-	9151	Chief Benefits Analyst	(	148,018	-	216,421	)
1	1	-	9167-1	Senior Personnel Analyst I	(	103,314	-	151,087	)
1	1	-	9171-1	Senior Management Analyst I	(	105,402	-	154,052	)
1	1	-	9171-2	Senior Management Analyst II	(	130,458	-	190,759	)
1	1	-	9182	Chief Management Analyst	(	148,018	-	216,421	)
8	7	(1)	9184	Management Analyst	(	85,649	-	125,238	)
1	1	-	9267	General Manager	(	188,129	-	333,454	)
2	2	-	9269	Assistant General Manager	(	186,876	-	273,214	)
1	1	-	9375	Director of Systems	(	148,018	-	216,421	)
1	1	-	9734-2	Commission Executive Assistant II	(	85,649	-	125,238	)
129	129	-							

## (b) Resolution Authority Positions:

2023-24	2024-25	Change	Code	Title	Salary Range				
1	1	-	1203	Benefits Specialist	(	67,609	-	98,845	)
2	-	(2)	9108	Benefits Analyst	(	89,241	-	130,479	)
-	1	1	9109-1	Senior Benefits Analyst I	(	109,640	-	160,295	)
1	-	(1)	9167-2	Senior Personnel Analyst II	(	119,371	-	174,536	)
4	2	(2)							

## (c) To be Employed As Needed in Such Numbers as Required:

0820	Administrative Trainee
1133	Relief Retirement Worker
1358	Administrative Clerk
1501	Student Worker
1502	Student Professional Worker
1535-1	Administrative Intern I
1535-2	Administrative Intern II

## (d) Commissioner Positions:

9	0101-2	Commissioner
9		

Section 2. Whenever the General Manager is authorized pursuant to Charter Section 1164(b) to employ a person who is retired from City service, the employee may be employed at any step within the salary range prescribed for the class that is determined by the General Manager to be commensurate with, and based upon, the extent, responsibility, and importance of the work to be assigned and the experience, skill and ability of the employee.

Section 3. Upon approval of the General Manager, substitute and resolution authority positions may be activated and filled using any class of position specified in Schedule "A" of Los Angeles Administrative Code Section 4.61 or approved Memorandum of Understanding. This approval shall specify the period during which the position shall be filled. The General Manager shall maintain a record of the substitute and resolution authority positions approved for filling.

Section 4. The General Manager may employ persons and assign duties appropriate to the employee's classification and pay grade in any class of position specified in Schedule "A" of Los Angeles Administrative Code Section 4.61 in lieu of vacant positions in a related occupational series which vacant positions have a salary or salary range equal to or higher than the salary or salary range for the class of position in which the persons are to be employed; provided, however, that at no time shall the total number of persons employed in the department exceed the total number of positions authorized.

Section 5. The personnel authority contained in this resolution shall be limited by the amount of money available on the records of the Departmental Chief Accountant for the payment of salaries and wages in the appropriate departmental account.

CHANGE	No.	REASON FOR CHANGE
<b><u>REGULAR POSITIONS</u></b>		
<b><u>ADD/DELETE POSITION</u></b>		
<b><u>Active Member Services</u></b>		
Senior Benefits Analyst I <b>(New)</b>	1	This new position supports the Department's ongoing succession planning and knowledge retention efforts. In addition, this position is required to support the implementation of the City's new Human Resources and Payroll System.
<b><u>Administrative Services &amp; Human Resources</u></b>		
Personnel Analyst <b>(Reallocation)</b>	1	This reallocation is required to properly reflect the duties of the position.
Management Analyst	(1)	
Management Analyst <b>(New)</b>	1	This new position will implement and subsequently administer the LAFPP parking and employee transit subsidy reimbursement program approved by the Board on May 16, 2024.
<b><u>Communications &amp; Education</u></b>		
Senior Benefits Analyst I <b>(New)</b>	1	This new position supports the Department's ongoing succession planning and knowledge retention efforts.
<b><u>Disability Pensions</u></b>		
Benefits Specialist <b>(Reallocation)</b>	1	This reallocation is required to properly reflect the duties of the position.
Senior Administrative Clerk	(1)	
<b><u>Executive Management</u></b>		
Management Analyst	(1)	This position is being deleted as the work will be absorbed within existing resources.
<b><u>Medical &amp; Dental Benefits</u></b>		
Benefits Specialist <b>(Reallocation)</b>	1	This reallocation is required to properly reflect the duties of the position.
Senior Administrative Clerk	(1)	
<b><u>PAS Coordination</u></b>		
Senior Benefits Analyst II	(1)	This position is being deleted as the work will be absorbed within existing resources.
<b><u>Retirement Services</u></b>		
Senior Benefits Analyst I <b>(Reallocation)</b>	1	This reallocation supports the Department's ongoing succession planning and knowledge retention efforts. In addition, the higher level position is required to support the implementation of the City's new Human Resources and Payroll System.
Benefits Analyst	(1)	
<b><u>Systems</u></b>		
Systems Analyst	(1)	This position is being deleted as the work will be absorbed within existing resources.
<b>NET NUMBER OF REGULAR POSITIONS</b>		-

**RESOLUTION AUTHORITY POSITIONS**

**ADD/DELETE POSITION**

---

Administrative Services & Human Resources

Senior Personnel Analyst II

(1) This position is being deleted as the work will be absorbed within existing resources.

DROP/Service Pensions

Senior Benefits Analyst I (New)

Benefits Analyst

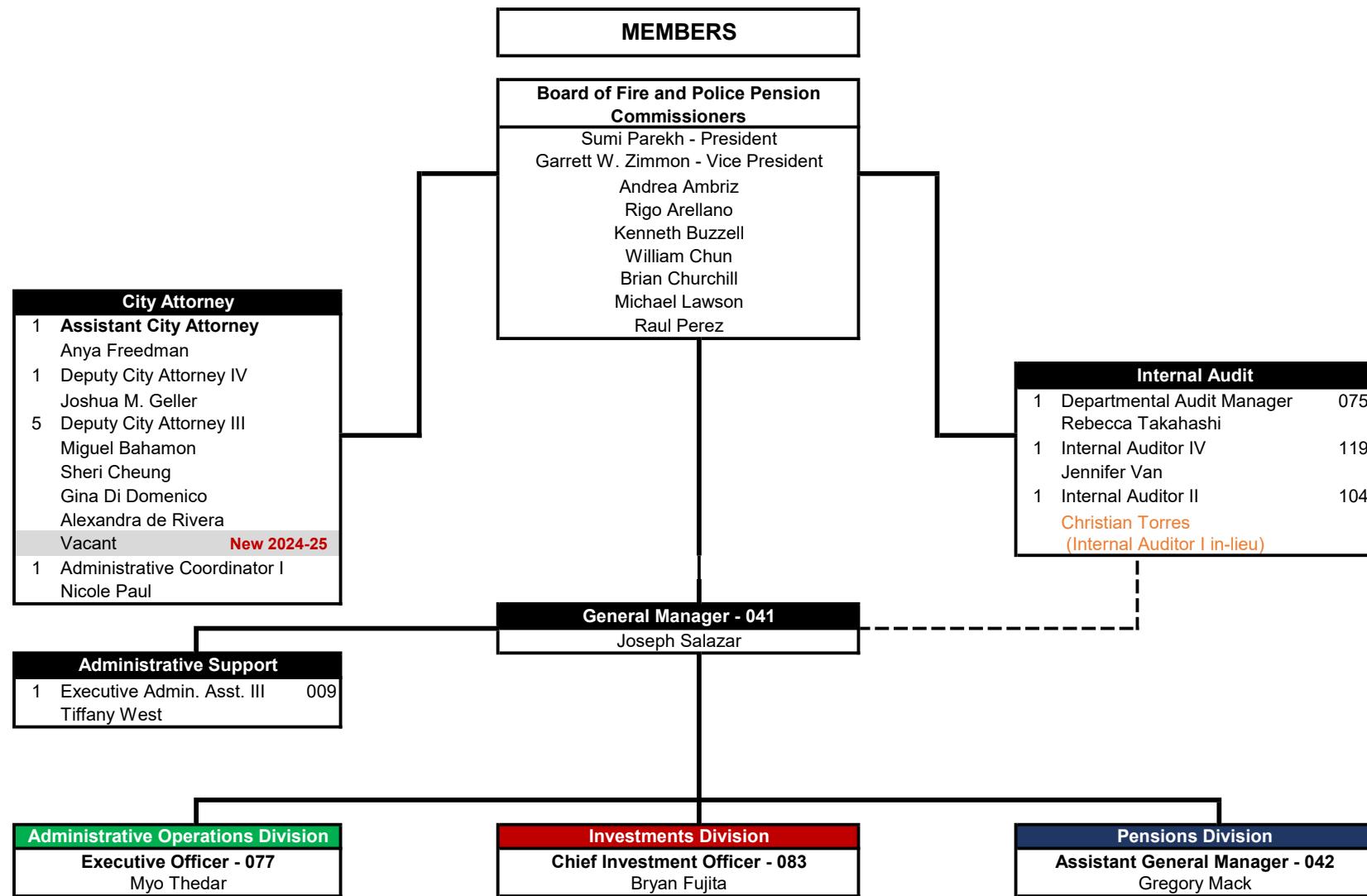
1 (1) This new position supports the Department's ongoing succession planning and knowledge retention efforts. In addition, the higher level position is required to address complex issues related to changes in the DROP program rules.

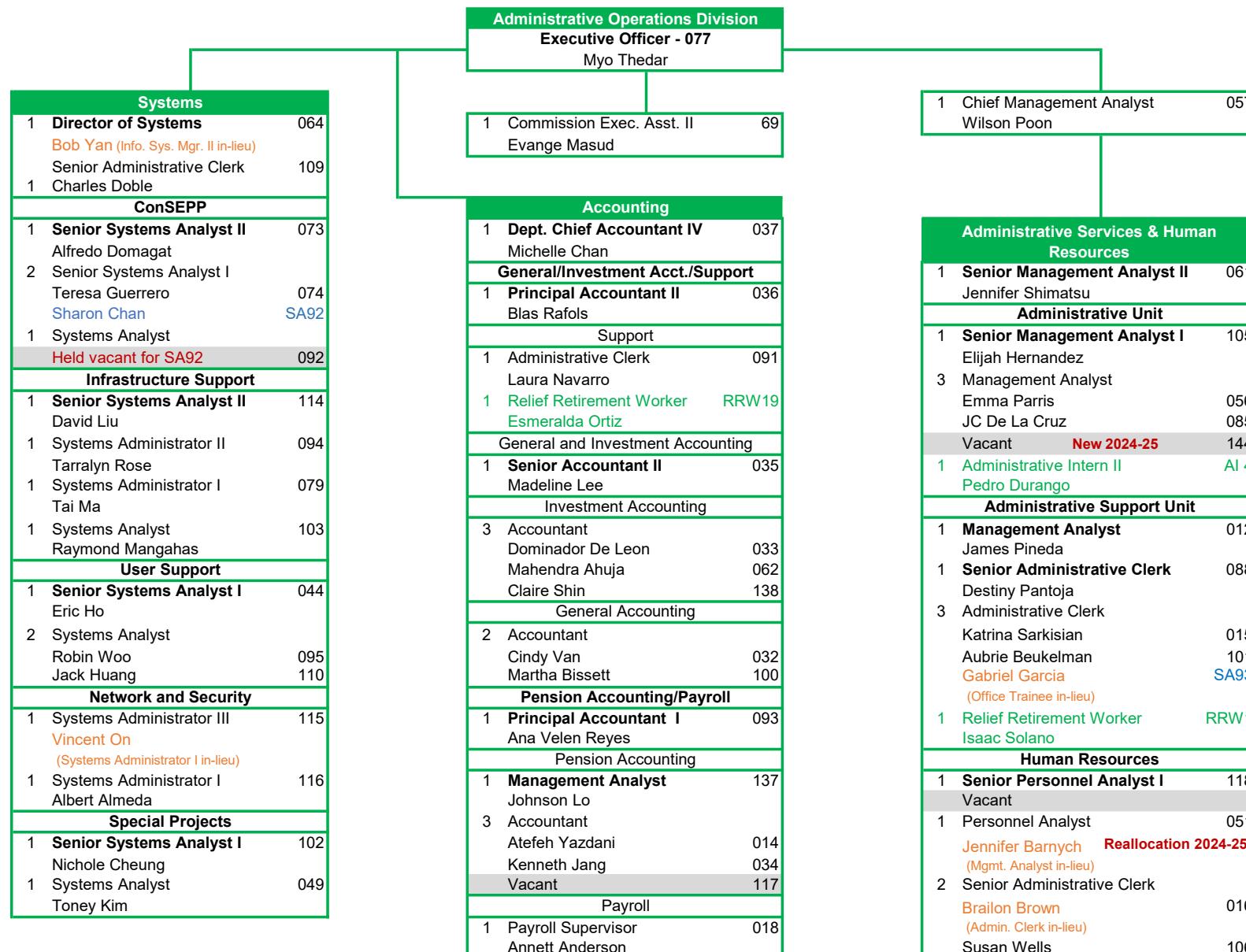
PAS Coordination

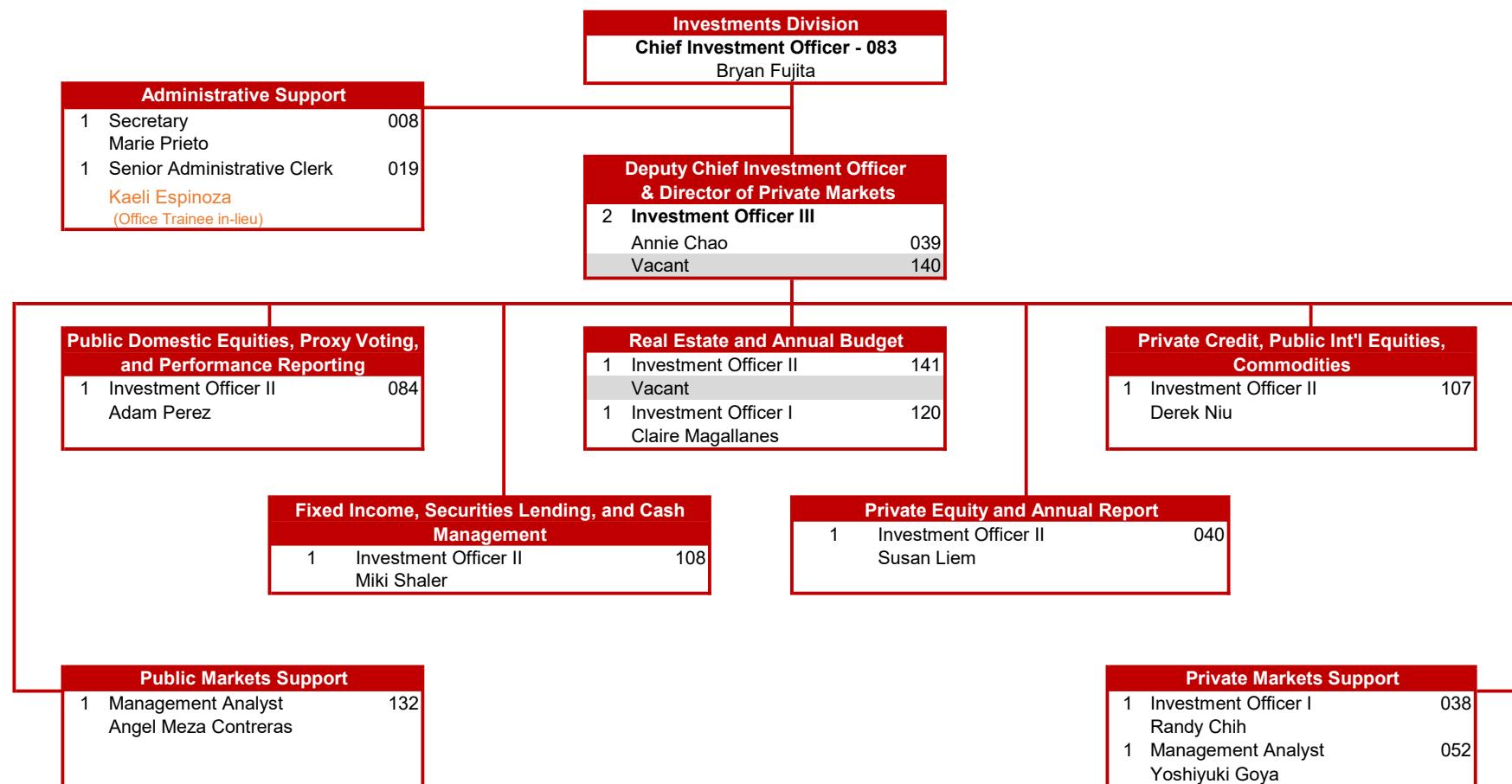
Benefits Analyst

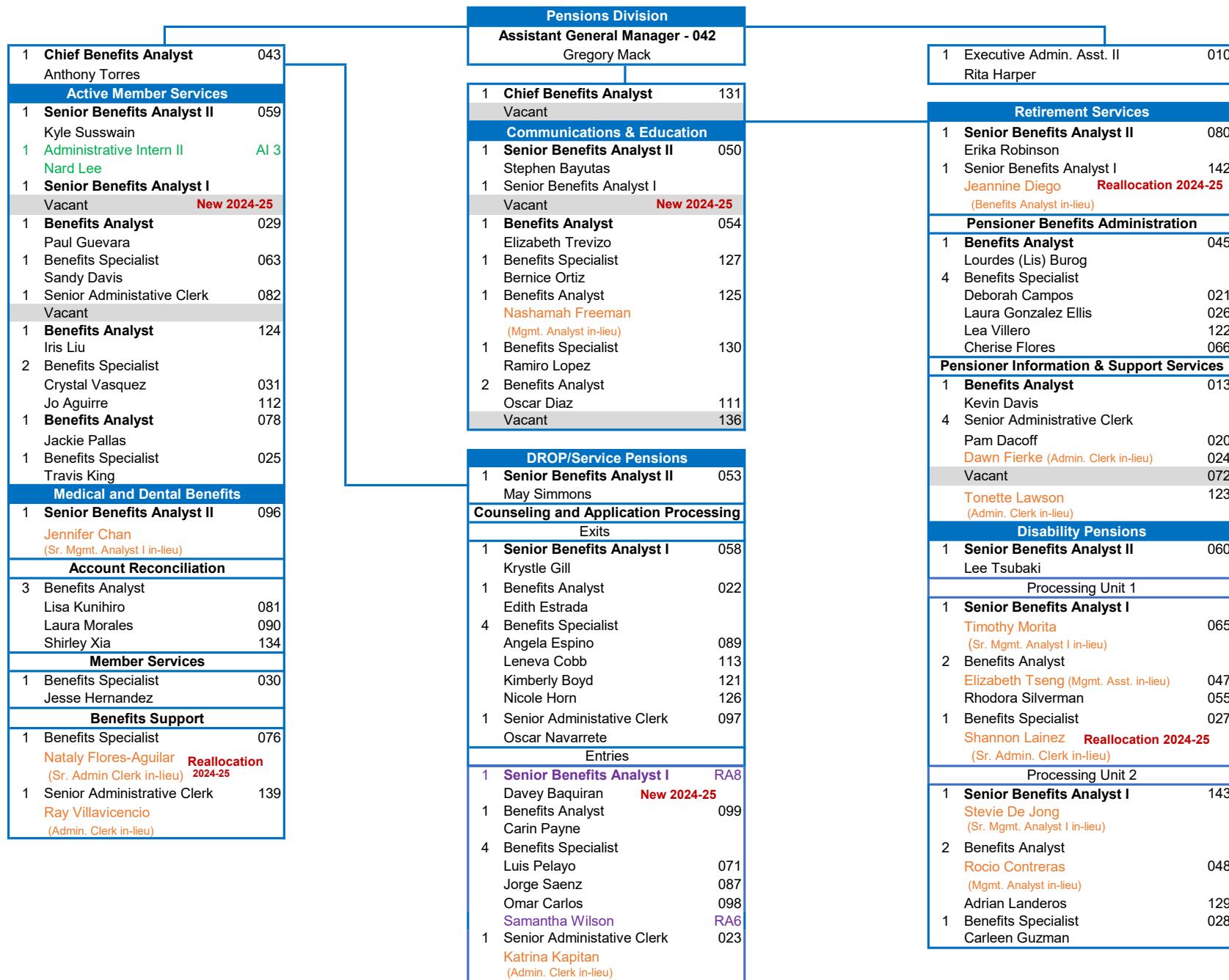
(1) This position is being deleted as the work will be absorbed within existing resources.

**NET NUMBER OF RESOLUTION AUTHORITY (2)  
POSITIONS**









## 2024-25 Final Budget

## Travel Resolution

**BE IT RESOLVED**, that the Board of Fire and Police Pension Commissioners and staff are authorized to travel and incur required expenses to the functions and for the reasons listed below, adopted effective July 1, 2024. Travel under the following categories (A, B, and C) is automatically approved to a maximum of four Commissioners (Board Operating Policies and Procedures, Section 2.6).

## A. Business Trips

1. To meetings with investment advisors, a master custodian bank, and various consultants under contract in connection with fund asset management.
2. To the offices of investment advisors and consultants who are under consideration to be hired.
3. To the site of proposed real estate property investments.

## B. Conferences, business meetings and educational programs held or sponsored by the following organizations as necessary to conduct the business of LAFPP:

Association of Asian American Investment Managers (AAAIM)

Association of Local Government Auditors (ALGA)

Association of Public Pension Fund Auditors (APPFA)

Avenu Insights (Pension Administration System)

California Association of Public Retirement Systems (CALAPRS)

California Public Employees' Retirement System (CalPERS)

California State Teachers' Retirement System (CalSTRS)

Callan Investment Institute

Chartered Financial Analyst Institute (CFA Institute)

Client conferences of current contractors

Conferences and seminars related to women in Information Technology

Government Finance Officers Association (GFOA)

Harvard Kennedy School

Hispanic Heritage Foundation - Latinos On Fast Track Investors Forum (LOFT)

Human Resources Executive (HRE)

Institute for Fiduciary Education

Institute of Internal Auditors (IIA)

Institutional Investor Institute

Institutional Limited Partners Association (ILPA)

Institutional Real Estate, Inc. (IREI)

International Foundation of Employee Benefit Plans (IFEBP)

LRP Publications, Inc.

MER Conference

National Association of Investment Companies (NAIC)

National Association of Public Pension Attorneys (NAPPA)

National Association of REITS (NAREIT)

National Association of Securities Professionals (NASP)

National Conference on Public Employee Retirement Systems (NCPERS)

National Employment Law Institute (NELI)

New America Alliance (NAA)

Opal Financial Group Conferences

Pension Real Estate Association (PREA)

Public Retirement Information Systems Management (PRISM)

Public Safety Employees Pension and Benefits Conference

Stanford Law School - Fiduciary College

State Association of County Retirement Systems (SACRS)

Sworn active employee or retired member associations

The Pension Bridge

TRS Emerging Manager Conferences

Wharton School (Partnership w/ IFEBP)

## C. Pension industry organization meetings of officers and directors, when a Commissioner or staff member is an officer in that organization and expenses are not reimbursable by the organization.

## D. Other educational or continuing education training and seminars (not listed in B above), approved by the General Manager up to \$4,500 per staff member per trip.

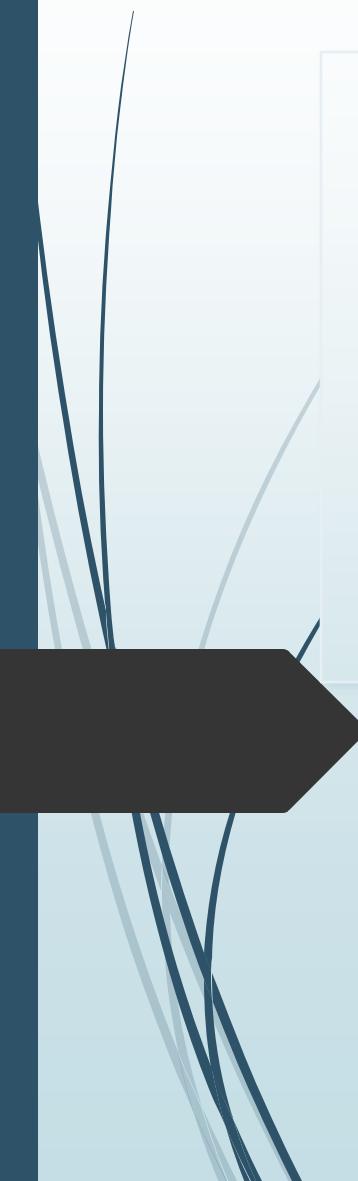
AUTHORIZATIONS FOR TRAVEL

Travel expenses incurred by any Commissioner or General Manager shall require the approval of the Board President.

# LAFPP

# 2024-25 Final Budget

# Presentation Slide Deck



# Los Angeles Fire & Police Pensions

# **2024-25 FINAL BUDGET**

June 20, 2024

Administrative Services Section

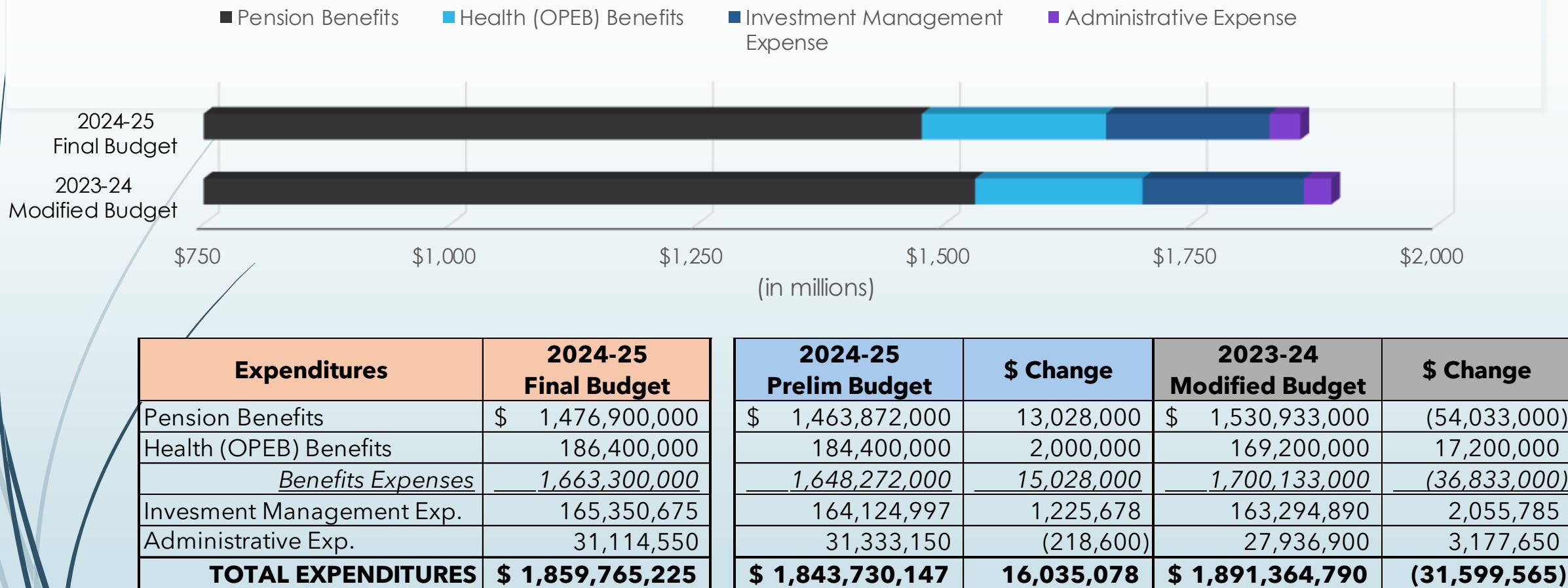
# Overview of Receipts



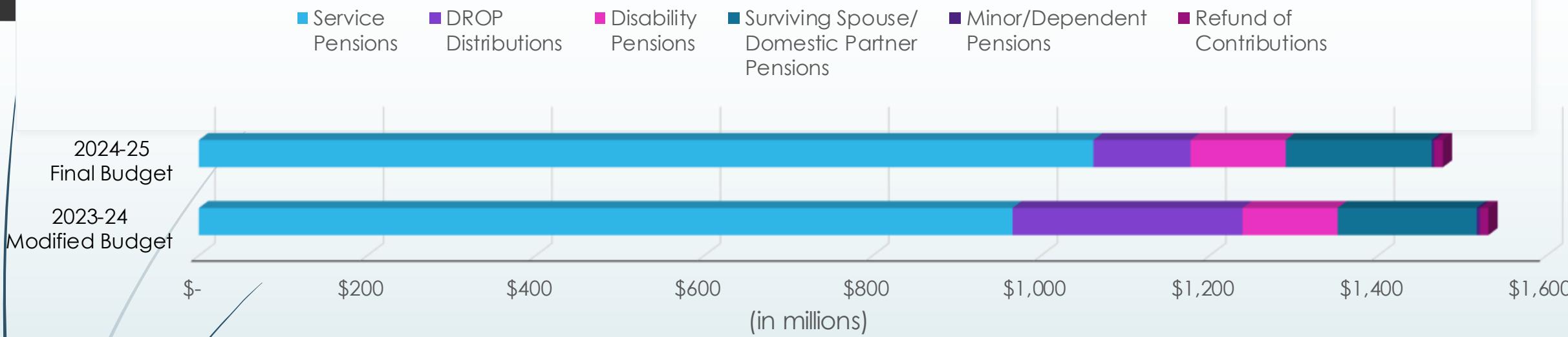
Receipts	2024-25 Final Budget
City Contribution	\$ 668,607,937
Member Contributions	180,608,580
Earnings on Investments	585,000,000
Miscellaneous	500,000
<b>TOTAL RECEIPTS</b>	<b>\$ 1,434,716,517</b>

2024-25 Prelim Budget	\$ Change	2023-24 Modified Budget	\$ Change
\$ 613,488,056	55,119,881	\$ 645,370,110	23,237,827
167,041,596	13,566,984	166,028,798	14,579,782
585,000,000	-	506,000,000	79,000,000
500,000	-	500,000	-
<b>\$ 1,366,029,652</b>	<b>68,686,865</b>	<b>\$ 1,317,898,908</b>	<b>116,817,609</b>

# Overview of Expenditures



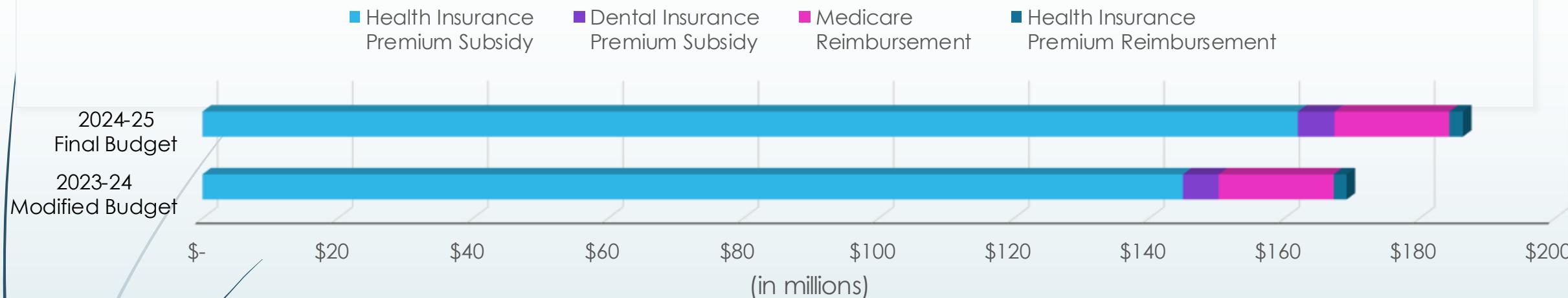
# Pension Benefits



Expenditures	2024-25 Final Budget
Service Pensions	\$ 1,062,000,000
DROP Distributions	115,400,000
Disability Pensions	113,000,000
Surviving Spouse/Domestic Partner Pensions	173,000,000
Minor/Dependent Pensions	3,400,000
Refund of Contributions	10,100,000
<b>TOTAL PENSIONS BENEFITS</b>	<b>\$ 1,463,872,000</b>

2024-25 Prelim Budget	\$ Change	2023-24 Modified Budget	\$ Change
\$ 1,049,000,000	13,000,000	\$ 966,000,000	96,000,000
115,372,000	28,000	273,033,000	(157,633,000)
113,000,000	-	113,000,000	-
173,000,000	-	165,000,000	8,000,000
3,400,000	-	4,100,000	(700,000)
10,100,000	-	9,800,000	300,000
<b>\$ 1,463,872,000</b>	<b>13,028,000</b>	<b>\$ 1,530,933,000</b>	<b>(54,033,000)</b>

# Health (OPEB) Benefits



Expenditures	2024-25 Final Budget
Health Insurance Premium Subsidy	\$ 162,000,000
Dental Insurance Premium Subsidy	5,400,000
Medicare Reimbursement	17,000,000
Health Insurance Premium Reimbursement	2,000,000
<b>TOTAL OPEB</b>	<b>\$ 186,400,000</b>

2024-25 Prelim Budget	\$ Change	2023-24 Modified Budget	\$ Change
\$ 160,000,000	2,000,000	\$ 145,000,000	17,000,000
5,400,000	-	5,300,000	100,000
17,000,000	-	17,000,000	-
2,000,000	-	1,900,000	100,000
<b>\$ 184,400,000</b>	<b>2,000,000</b>	<b>\$ 169,200,000</b>	<b>17,200,000</b>

# Investment Management Expense (IME)

6



# Administrative Expense

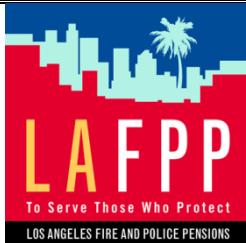


Account	2024-25 Final Budget
Employee Salaries	\$ 17,814,100
Retirement & Benefits	7,144,000
Training, Travel & Education	248,300
Contractual Services	5,099,500
Office & Administrative	711,650
Board Elections	97,000
<b>TOTAL ADMINISTRATIVE</b>	<b>\$ 31,114,550</b>

2024-25 Prelim Budget	\$ Change	2023-24 Modified Budget	\$ Change
\$ 17,684,000	130,100	\$ 15,751,500	2,062,600
7,633,000	(489,000)	6,520,000	624,000
245,500	2,800	217,400	30,900
4,978,000	121,500	4,629,800	469,700
695,650	16,000	751,200	(39,550)
97,000	-	67,000	30,000
<b>\$ 31,333,150</b>	<b>(218,600)</b>	<b>\$ 27,936,900</b>	<b>3,177,650</b>

Thank you!

Questions?



## **DEPARTMENT OF FIRE AND POLICE PENSIONS**

701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

### **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

**DATE: JUNE 20, 2024**

**ITEM: D.7**

**FROM: JOSEPH SALAZAR, GENERAL MANAGER**

**SUBJECT: 2023-24 ANNUAL AUDIT PLAN STATUS AND PROPOSED 2024-25 ANNUAL AUDIT PLAN AND POSSIBLE BOARD ACTION**

#### **RECOMMENDATIONS**

That the Board:

1. Review the status report to the 2023-24 Annual Audit Plan; and,
2. Review and approve the proposed 2024-25 Annual Audit Plan.

#### **BACKGROUND**

Each year, the Internal Audit Section (IAS) develops an Annual Audit Plan (Audit Plan) to plan the priorities of internal audit activities for the upcoming fiscal year. The Audit Plan is developed from a formal risk assessment that complies with the International Standards for the Professional Practice of Internal Auditing (IIA Standards) that requires a risk-based, flexible annual audit plan. Board Governance Policy Section 3.15.B.i requires the Board to approve "...the risk-based internal audit plan, and updates thereto", and the Internal Audit Charter requires an annual audit plan.

#### **DISCUSSION**

##### 2023-24 Annual Audit Plan Status

On June 15, 2023, the Board approved the 2023-24 Annual Audit Plan in which 12 projects were scheduled for completion (3 audits, 6 monitoring projects, and 3 follow-up/special projects). The Board approved revisions to the audit plan on February 15, 2024, due to the Internal Audit Section having experienced significant turnover beginning in December 2023, including the appointment of a new Departmental Audit Manager, Internal Auditor IV, and Internal Auditor I. The revised plan still included a total of 12 projects (3 audits, 6 monitoring projects and 3 follow-up/special projects). IAS completed 8 of 12 projects scheduled for completion, as described in the table on the next page.

**Status of 2023-24 Annual Audit Plan**

<b>Project Type</b>	<b>Number of Projects</b>	<b>STATUS</b>			
		<b>Completed</b>	<b>Ongoing</b>	<b>In Progress</b>	<b>Deferred</b>
Audit	3			1	2
Monitoring	6	5	1		
Follow-Up and Special Projects	3	3	0		
<b>TOTALS</b>	<b>12</b>	<b>8</b>	<b>1</b>	<b>1</b>	<b>2</b>

Of the 3 audits, 2 were deferred to 2024-2025 as part of the revisions to the Annual Audit Plan approved by the Board on February 15, 2024. The Audit of Survivor Pension Benefits is currently in progress and expected to be completed in August 2024. Monitoring the Department's enterprise-wide cybersecurity efforts (Project No. M6) is an ongoing project. Additional details are noted on Attachment 1.

**Risk Assessment Results**

The risk assessment was based on IAS' review and assessment of operations and risks based on LAFPP's 2025-27 Strategic Plan Goals. The risk assessment incorporated IAS' knowledge of operations based on prior audit and consulting work and included a review of section operations and internal controls, trends in the public pension fund industry and local government, and other external audits/reviews performed by third parties. IAS also surveyed Board members and executive and senior management to solicit their input on threats to LAFPP's mission and new strategic goals for 2025-27.

Internal Audit established an audit universe of auditable sections within the department and performed a high-level risk assessment of each section. The goal of this process is to assess the inherent risk in each of the department's auditable areas. Inherent risk is defined as the natural state of risk if there were no controls or mitigation in place to address an adverse event or operation. Risk is typically assessed and scored along two dimensions: the likelihood (or probability) that a given adverse event will occur; and the impact of the event on strategic objectives, operations, compliance, and financial reporting if the event does occur. The risks were then averaged by section to provide an overall risk ranking. The rankings of these risks can vary by year and be affected by both internal and external events, such as changes to laws/regulations, present economic conditions, personnel turnover, newly implemented systems, or other ongoing change that must be considered with a particular risk event.

There are many activities performed by the Board, management, and staff currently in place that are designed to control risk and reduce the likelihood that a negative event will occur. The risk remaining despite those controls is called residual risk. It is important to note that the risk assessment process does not attempt to measure residual risk. As such, the rankings do not indicate or imply any actual residual risks of a section or operation. Inherent risk scoring helps the Board, Management, and Internal Audit prioritize audit coverage of operations with significant risk to validate the internal controls and business processes management has put in place to mitigate these risks, and assure that they are operating efficiently, effectively, and producing intended results. Additional details of the risk assessment process and results of the risk assessment have been summarized on a heat map which can be referenced in Attachment 2.

## Proposed 2024-25 Annual Audit Plan

Based on this risk assessment, 15 projects are proposed for the 2024-25 Audit Plan (Attachment 3) consisting of 3 audits, 5 follow-up and advisory projects, and 7 special projects. Internal Audit has more special projects this year due to significant changes to the auditing standards we adhere to, as well as our periodic external quality assessment, or peer review, that provides Management and the Board with independent assurance that our section is in conformance with both governmental and IIA auditing standards. These projects will require participation by the entire section in ensuring we conform to standards and with our own policies and procedures.

The Audit Plan is flexible to enable adjustments in scheduled projects and target dates necessary to respond to changes in business, risk, operations, programs, systems, and controls in accordance with IIA Standards. IAS will continue to conduct annual risk assessments as the basis for future annual audit plans.

## **BUDGET**

There is no additional impact to the budget.

## **POLICY**

No policy changes are recommended.

## **CONTRACTOR DISCLOSURE INFORMATION**

There is no contractor disclosure information required with this report.

This report was prepared by:

Rebecca Takahashi, Departmental Audit Manager  
Internal Audit Section

JS:RT

Attachments: 1. 2023-24 Annual Audit Plan Status  
2. 2024-2025 Risk Assessment and Audit Plan Summary  
3. Proposed FY 2024-25 Annual Audit Plan



## FY 2023-24 ANNUAL AUDIT PLAN STATUS

Los Angeles Fire & Police Pensions  
prepared by Internal Audit Section

Attachment 1

### AUDIT PROJECTS

No.	AUDIT TITLE	TYPE	PRIORITY ASSESSMENT	Status
1	<b>Audit of Survivor Pension Benefits</b>	Pension Audit	High: moderate controls.	In Progress- August 2024  <i>Objective: Evaluate the procedures to process survivor benefits to ensure eligibility, timeliness, payment accuracy (gross and net of approved and applicable deductions).</i>
2	<b>Audit of Cybersecurity Plan &amp; Basic Controls</b>	IT Audit	High: moderate controls.	Deferred to 2024-25  <i>Objective: Evaluate the Department's overall cybersecurity control framework and controls (i.e., governance standards, information security policies and network controls).</i>
3	<b>Audit of Service and Deferred Pensions</b>	Pension Audit	High: moderate controls.	Deferred to 2024-25  <i>Objective: Evaluate procedures to process service and deferred pensions to ensure accurate and timely payments.</i>

### MONITORING PROJECTS

No.	MONITORING PROJECT TITLE	TYPE	RESPONSIBILITY / AUTHORITY	Status
M1-M4	Contractor Disclosure Policy: Quarterly reporting	Ethics	Board policy.	Completed all reports as of June 2024
M5	Management Audit Recommendation Status	Follow-Up	Auditing Standards - Quarterly report on the Department's actions to implement the City's Management Audit recommendations.	Completed all reports as of April 2024
M6	Monitoring Cybersecurity Plans	System Security	Monitor the Department's enterprise-wide cybersecurity review.	Ongoing

### FOLLOW-UP AND SPECIAL PROJECTS

No.	FOLLOW-UP / SPECIAL PROJECT TITLE	TYPE	RESPONSIBILITY / AUTHORITY	Status
SP1	Sensitive Information Control Review	Non-Audit Service	Management request.	Completed April 2024
SP2	Recommendation Follow-Up	Follow-Up	Auditing Standards - Semi-annual report on implementation status of outstanding Internal Audit recommendations.	Completed February 2024
SP3	Departmental Systems Access Matrix	Non-Audit Service	Management request - review the updated Systems Access Matrix for appropriate level of least privilege, segregation of duties and approval authority.	Completed June 2024

Projects scheduled for fiscal year 2023-24 are based on budgeted 3 full-time equivalents.



LOS ANGELES FIRE AND POLICE PENSIONS

# **2024-2025 Risk Assessment and Audit Plan**

**Internal Audit Section**  
**June 20, 2024**

## Risk Assessment Process

- The Institute of Internal Auditors (IIA) International Professional Practices Framework mandates IAS develop a risk-based audit plan, in consultation with senior management and the Board
- To conduct this assessment, IAS met with members of the executive team and section managers to understand the risk landscape from their perspective
- Surveyed Board members and senior staff to also identify key areas of risk to consider
- Reviewed work performed by prior internal and external auditors
- Analyzed trends in the public pension fund industry and local government audit industry

Business Cycle		LAFPP Audit Risk Universe				
Business Process	Member Enrollment	Contribution Receipt	Investment Activities	Benefit Payment	Support Services	
Business Activities	<ul style="list-style-type: none"> <li>Membership roster</li> <li>Service activities</li> <li>Member education</li> </ul>	<ul style="list-style-type: none"> <li>City contributions</li> <li>Member contributions</li> <li>Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Asset allocation</li> <li>Fund selection and management</li> <li>Fund monitoring</li> <li>Financial reporting</li> </ul>	<ul style="list-style-type: none"> <li>Service/deferred pensions</li> <li>DROP</li> <li>Disability cases</li> <li>Health/dental premiums &amp; subsidies</li> </ul>	<ul style="list-style-type: none"> <li>Systems admin</li> <li>Admin. services</li> <li>Personnel/training</li> <li>Accounting, financial management, and financial reporting</li> </ul>	
Business Risks	<ul style="list-style-type: none"> <li>Academy enrollment</li> <li>Service buyback</li> <li>SK/IOD conversion</li> <li>Active member account maintenance</li> </ul>	<ul style="list-style-type: none"> <li>Receive, deposit &amp; record contributions</li> <li>Update contribution balances</li> </ul>	<ul style="list-style-type: none"> <li>Cash management</li> <li>Portfolio maintenance</li> <li>Treasury functions</li> <li>Investment policy compliance</li> </ul>	<ul style="list-style-type: none"> <li>Monthly pension roll</li> <li>Pensioner account maintenance</li> <li>Account maintenance</li> <li>Pension termination and survivor benefits</li> </ul>	<ul style="list-style-type: none"> <li>Information security</li> <li>Facilities and supplies</li> <li>Payroll, A/P, A/R</li> <li>Personnel hiring/training</li> <li>Disaster recovery and business continuity</li> </ul>	
Key Sections Involved	<ul style="list-style-type: none"> <li>Inaccurate or incomplete active member rosters</li> <li>Incomplete member/beneficiary enrollment</li> </ul>	<ul style="list-style-type: none"> <li>Inaccurate contributions from City or member</li> <li>Incorrect contribution balances</li> <li>Changes to laws/regulations</li> </ul>	<ul style="list-style-type: none"> <li>Poor returns/fund performance</li> <li>Conflicts of interest</li> <li>Noncompliant to policies/reg</li> <li>Poor cash controls</li> </ul>	<ul style="list-style-type: none"> <li>Inaccurate or incomplete benefit payments</li> <li>Fraudulent claims, beneficiaries, or member account takeover</li> </ul>	<ul style="list-style-type: none"> <li>System unavailability</li> <li>System data loss</li> <li>Loss of facilities or use of equipment</li> <li>Recruitment/retention</li> <li>Changes to financial reporting standards</li> </ul>	
	<ul style="list-style-type: none"> <li>Active Member Services</li> <li>Comms and Education</li> </ul>	<ul style="list-style-type: none"> <li>Active Member Services</li> <li>Accounting</li> </ul>	<ul style="list-style-type: none"> <li>Accounting</li> <li>Investments</li> </ul>	<ul style="list-style-type: none"> <li>Accounting</li> <li>Comms and Education</li> <li>Disability Pensions</li> <li>DROP</li> <li>Medical &amp; Dental Benefits</li> <li>Retirement Services</li> </ul>	<ul style="list-style-type: none"> <li>Accounting</li> <li>Administrative Services</li> <li>Human Resources</li> <li>Systems</li> </ul>	

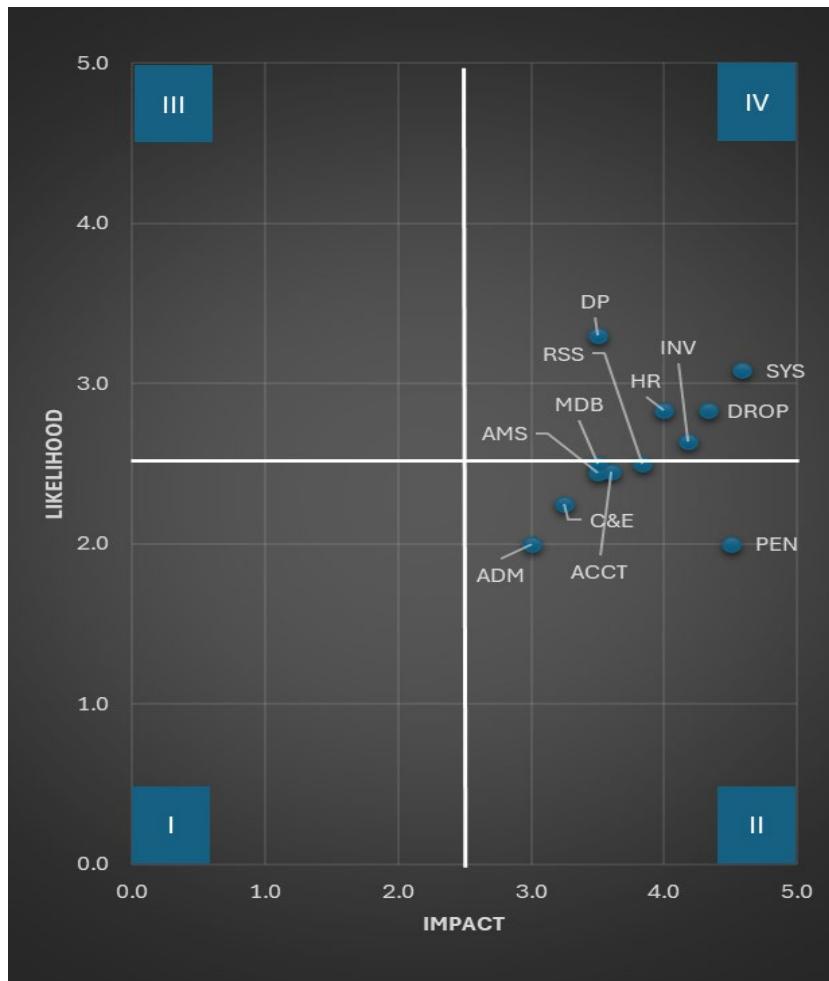
# Risk Assessment Methodology

- Defined risk universe based on key business processes, risks, and sections involved in implementing critical business activities to identify auditable areas
- Business risks measured as **inherent**, or risk that exists in the absence of controls or mitigation
- Internal audit measured risk in the following manner:  
**Inherent Risk Score = Impact x Likelihood**
- Risk scores were totaled and then averaged for each auditable area
- Developed a “heat map” to highlight areas that have significant risk to the internal controls and business processes that management has put in place to mitigate these risks, and assure that they’re operating efficiently, effectively, and producing intended results

## Interpreting Risk Assessment Results

- A higher risk score **does not** mean that a process/area is not properly controlled or performing negatively
- A higher risk score indicates that a negative event in that area would be particularly damaging or more likely to occur in the absence of effective controls
- Sections mapped in Quadrant IV on the heat map are considered mission critical, consume significant financial resources, or provide substantial support to our Board, staff, and members
  - Rankings of these risks can be affected by both internal and external events such as changes to laws/regulations, economic conditions, personnel turnover, newly implemented systems, or other ongoing change
- Risk scoring helps prioritize audit coverage of operations to validate the internal controls and processes management has put in place to mitigate these risks, and assure that they're operating efficiently, effectively, and producing intended results

# Risk Assessment Results



## Auditable Area Legend

<b>ACCT</b>	Accounting
<b>ADM</b>	Administrative Services
<b>AMS</b>	Active Member Services
	Communications &
<b>C&amp;E</b>	Education
<b>DP</b>	Disability Pensions
	Deferred Retirement Option
<b>DROP</b>	Plan
<b>PEN</b>	Systemwide Risks
<b>HR</b>	Human Resources
<b>INV</b>	Investments
<b>MDB</b>	Medical and Dental Benefits
<b>RSS</b>	Retirement Services
<b>SYS</b>	Systems Administration



# 2024-2025 Audit Plan

## 2024-25 Audit Plan

- Based on risk assessment results, 15 projects are proposed, including:
  - (3) Audits
  - (5) Follow-up and Advisory Projects
  - (7) Special Projects
    - IAS has more special projects this year including our external quality assessment (peer review) and incorporating changes to standards in our internal policies and procedures
- The Audit Plan is flexible to enable adjustments in scheduled projects and target dates necessary to respond to changes in business, risk, operations, programs, systems, and controls in accordance with IIA Standards
- IAS will continue to report progress on audit plan to the Board on a periodic basis



## 2024-25 Audit Plan

Audit Projects				
	<b>Audit Title</b>	<b>Type</b>	<b>Priority Assessment</b>	<b>Planned Completion Date</b>
1	Audit of Cybersecurity Plan and Basic Controls	Assurance	High- Carryover from 2023-24	December 2024
	Objective: Evaluate the Department's overall cybersecurity control framework and controls (i.e., governance standards, information security policies and network controls)..			
2	Audit of Service and Deferred Pensions	Assurance	High- Carryover from 2023-24	March 2025
	Objective: Evaluate procedures to process service and deferred pensions to ensure accurate, complete, and timely payments.			
3	LAPPL Subsidy Audit	Assurance	Medium	June 2025
	Objective: Determine whether LAPPL's Subsidy Program is effective, efficient, and operates as intended. Scope to exclude administrative fees.			
	<i>Note: Requirement to audit contracts with associations once during five-year contract term.</i>			



# Los Angeles Fire and Police Pensions

TO SERVE  
THOSE  
WHO  
PROTECT

## Follow-up and Advisory Projects

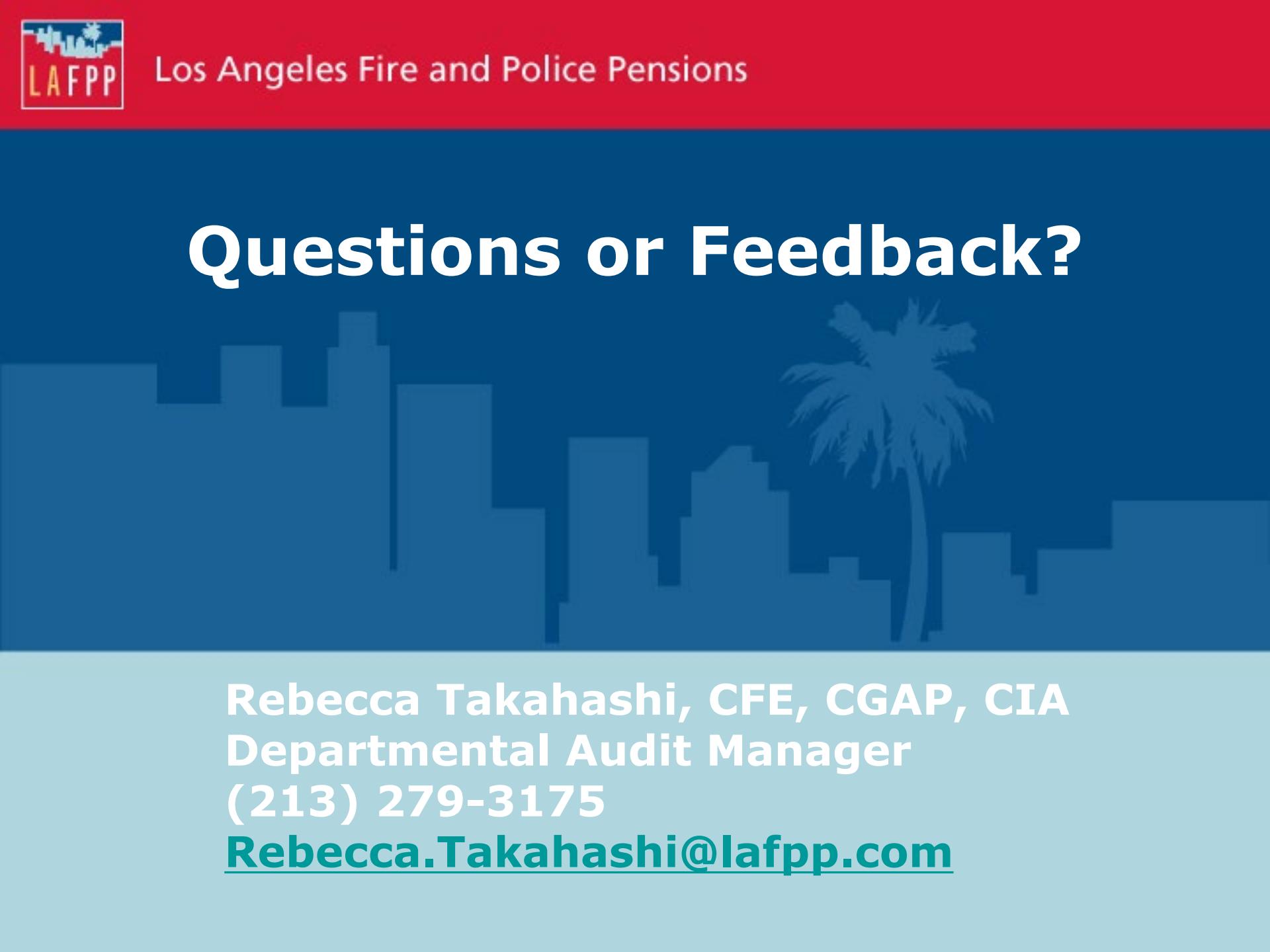
	<b>Project Title</b>	<b>Type</b>	<b>Responsibility/ Authority</b>	<b>Planned Completion Date</b>
1	City Management Audit Recommendation Follow-up and Reporting	Follow-up	Auditing standards requirement	Jul 2024; Oct 2024 (if needed)
2	Recommendation Follow-up and Reporting	Follow-up	Auditing standards requirement	Aug 2024; Feb 2025
3	Sensitive Information Control Review	Advisory	Surprise review of physical security over sensitive information as requested by management.	TBD
4	Cybersecurity Plan Review	Advisory	Monitor enterprise-wide cybersecurity efforts as requested by management	Ongoing
5	Systems Access Matrix Review	Advisory	Review and provide feedback on system access updates as requested by management	Ongoing

## Special Projects

1 - 4	Contractor Disclosure Policy: Quarterly Reporting	Monitoring	Board operating policy Requirement	Sept 2024; Dec 2024; Mar 2025; Jun 2025
5	External Quality Assurance Review	Audit Quality Management	Auditing standards requirement	Oct 2024
6	Auditing Standards Updates	Audit Quality Management	IAS will need to make substantial changes to the Audit Charter, policies/procedures, and other mandated documentation to incorporate auditing standards updates.	Dec 2024
7	Contractor Disclosure Form and Process Transformation	Monitoring	Transform PDF contractor disclosure form to an online reporting form for more efficient collection and reporting of required disclosure information.	Mar 2025



# Questions or Feedback?



**Rebecca Takahashi, CFE, CGAP, CIA**  
**Departmental Audit Manager**  
**(213) 279-3175**  
**[Rebecca.Takahashi@lafpp.com](mailto:Rebecca.Takahashi@lafpp.com)**



**PROPOSED FY 2024-25 ANNUAL AUDIT PLAN**  
**Los Angeles Fire & Police Pensions**  
Prepared by the Internal Audit Section

Attachment 3

**AUDIT PROJECTS**

No.	AUDIT TITLE	TYPE	PRIORITY ASSESSMENT	Target Completion Date
AS1	Audit of Cybersecurity Plan & Basic Controls	Assurance	High: moderate controls. Carryover from 2023-2024	December 2024
<i>Objective: Evaluate the Department's overall cybersecurity control framework and controls (i.e., governance standards, information security policies and network controls).</i>				
AS2	Audit of Service and Deferred Pensions	Assurance	High: moderate controls. Carryover from 2023-2024	March 2025
<i>Objective: Evaluate procedures to process service and deferred pensions to ensure accurate, complete, and timely payments.</i>				
AS3	LAPPL Subsidy Audit	Assurance	Medium: moderate controls. Requirement to audit once during five year contract term.	June 2025
<i>Objective: Determine whether LAPPL's Subsidy Program is effective, efficient, and operates as intended. Scope to exclude administrative fees.</i>				

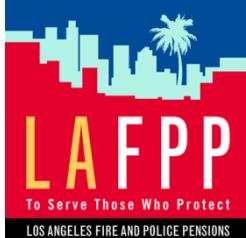
**FOLLOW-UP AND ADVISORY PROJECTS**

No.	PROJECT TITLE	TYPE	RESPONSIBILITY / AUTHORITY	Target Completion Date
F1	Management Audit Recommendation Follow-up and Status Reporting	Follow-Up	Auditing Standards Requirement - Quarterly report on the Department's actions to implement final Controller's Office. Expected to be completed on or before October 2024.	July 2024; October 2024 (if needed)
F2	Recommendation Follow-Up	Follow-Up	Auditing Standards Requirement - Semi-annual report on implementation status of outstanding Internal Audit recommendations.	August 2024; February 2025
AD1	Sensitive Information Control Review	Advisory	Department wide surprise review of physical security over sensitive information as requested by management	TBD
AD2	Cybersecurity Plans Review	Advisory	Monitor the Department's enterprise-wide cybersecurity efforts as requested by management	Ongoing
AD3	Systems Access Matrix Review	Advisory	Review and provide feedback on system access updates as requested by management	Ongoing

**SPECIAL PROJECTS**

No.	SPECIAL PROJECT TITLE	TYPE	RESPONSIBILITY / AUTHORITY	Target Completion Date
SP1-4	Contractor Disclosure Policy: Quarterly reporting	Monitoring	Board Operating Policy Requirement	September 2024; December 2024; March 2025; June 2025
SP5	External Quality Assurance Review (Peer Review)	Audit Quality Management	Auditing standards require IAS to be "peer reviewed" on a periodic basis using a volunteer review team from the Association of Local Government Auditors Peer Review Program.	October 2024
SP6	Auditing Standards Updates	Audit Quality Management	The two auditing standards IAS conforms to have been significantly updated and go in effect January 2025. IAS will need to make substantial updates to our Audit Charter in the Board Operating Policies, our internal policies and procedures, and other standards mandated documentation.	December 2024
SP7	Contractor Disclosure Form and Process Transformation	Monitoring	Transform contractor disclosure form from PDF to an online reporting form for more efficient collection and reporting of required disclosure information.	March 2025

Projects scheduled for fiscal year 2024-25 are based on budgeted 3 full-time equivalents.



## **DEPARTMENT OF FIRE AND POLICE PENSIONS**

701 E. 3rd Street, Suite 200  
Los Angeles, CA 90013  
(213) 279-3000

### **REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS**

**DATE: JUNE 20, 2024**

**ITEM: E.1**

**FROM: JOSEPH SALAZAR, GENERAL MANAGER**

**SUBJECT: MAY 2024 MONTHLY REPORT AND UPDATE**

**THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.**

#### **DISCUSSION**

The May 2024 Monthly Report includes the following notable items:

1. Proposed Sworn Officer Transfer from LACERS to LAFPP – On May 16, 2024, staff provided the Board with an update regarding the proposed transfer of sworn peace officers (Airport, Harbor and LAPD) and Park Rangers who are currently members of LACERS to LAFPP Tier 6. The CAO had entered into Letters of Agreement with the unions representing the above employees, agreeing to place a measure on the November 2024 ballot to amend the Los Angeles City Charter (Charter) to allow for a new transfer into LAFPP Tier 6. At the time of the report, the Los Angeles City Council (City Council) needed to approve the inclusion of the Park Rangers in the transfer opportunity. On June 4, 2024, the City Council approved the inclusion of the Park Rangers in the proposed Charter amendment authorizing the City Council to allow for a transfer of LACERS members to Tier 6. The City Council has until July 3, 2024 to approve the measure for the November ballot. The City Attorney is currently finalizing the text of the proposed Charter amendment, ballot ordinances, and transmittal letter for City Council. Those documents need to be provided to City Council on or before June 14, 2024.
2. Human Resources and Payroll (HRP) Project Implementation – On April 18, 2024, staff presented to the Board the status of the HRP Project implementation, including LAFPP-specific items pending resolution prior to go-live on June 16, 2024. Since then, items within the Integration and Excess Benefits categories have been resolved. In terms of Benefits Calculations, all but two of the forty-three defects have been resolved. However, the HRP Project team has advised that LAFPP staff review untested benefit calculation scenarios with real-world data post go-live as the team is no longer able to stage end-to-end type tests. To address future testing requirements, as well as the anticipated increases in workload due to manual processing required during the Workday transition, staff has hired a bench of temporary employees and allocated overtime funding. At the time of this report, staff has also scheduled a demonstration of post-go-live access to historical payroll data necessary for benefits calculations. Lastly, during the week of May 6, 2024, LAFPP staff participated in the HRP Phase 2 Dress Rehearsal, inputting and approving timesheets. During the subsequent week, LAFPP Accounting employees processed the Dress Rehearsal payroll. Since then, our HRP Champions have continued to resolve Dress Rehearsal related issues.

3. Private Equity – The following private equity funds have closed since the last meeting announcement:

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$15 million in the following alternative investment: Centana Growth Partners III, L.P. The investment closed on May 29, 2024. Board vote: Ayes- 7, Nays- 0.

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$60 million in the following alternative investment: Thoma Bravo Discover V, L.P. The investment closed on May 31, 2024. Board vote: Ayes- 7, Nays- 0.

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$20 million (€18,400,000) in the following alternative investment: Thoma Bravo Europe I, L.P. The investment closed on May 31, 2024. Board vote: Ayes- 7, Nays- 0.

4. Real Estate – The following real estate fund has closed since the last meeting announcement:

On April 18, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to \$40 million in the following real estate investment: Jadian Real Estate Fund II. The investment closed on May 29, 2024. Board vote: Ayes- 8; Nays- 0.

5. Private Credit – The following private credit funds have closed since the last meeting announcement:

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$40 million in the following alternative investment: Atalaya Asset Income Fund Evergreen LP (AIF Evergreen). The investment closed on May 17, 2024. Board vote: Ayes- 7, Nays- 0.

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$100 million and waived the Board Investment Policies Section 3.5.A (Private Credit Investment Policy Guidelines), which limits the maximum commitment to each partnership to \$50 million for this recommendation to the following alternative investment: Fidelity Evergreen Private Credit Fund LP (FEPC). The investment closed on May 22, 2024. Board vote: Ayes- 7, Nays- 0.

On March 21, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to a total of \$30 million to the following alternative investment: Atalaya Special Opportunities Fund IX (ASOF IX). The investment closed on May 31, 2024. Board vote: Ayes- 7, Nays- 0.

The following searches and firms are within the Marketing Cessation Period Policy\*:

<b>Vendor / Contract</b>	<b>Contract Start Date</b>	<b>Contract Expiration Date</b>	<b>Market Cessation Start Date</b>
LM Capital Group, LLC (Fixed Income)	09/01/21	08/31/24	06/01/24
Northern Trust Company (Custodian Bank)	10/01/19	09/30/24	07/01/24
Boston Common Asset Management, LLC (International Equity Emerging Manager)	10/01/21	09/30/24	07/01/24
Loomis, Sayles & Co., LP (Fixed Income)	10/01/21	09/30/24	07/01/24
GIA Partners, LLC (Domestic Fixed Income)	10/01/21	09/30/24	07/01/24
Medalist Partners, L.P. (Fixed Income)	10/01/23	09/30/24	07/01/24

\*Marketing Cessation: In accordance with Section 10.0 of the Investment Policies, from the time the search begins with the Board's approval of the minimum criteria for the search until the search ends with the selection of the firm(s) to receive contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff, or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events, so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff, and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with LAFPP are allowed to continue contact related to the existing contract with Staff and the Consultant.

## Attachment



# **MONTHLY REPORT**

**May 2024**



# Los Angeles **Fire and Police Pensions**

Portfolio as of May 31, 2024

\* - Denotes Emerging Manager



Los Angeles

# Fire and Police Pensions



## Real Estate Summary

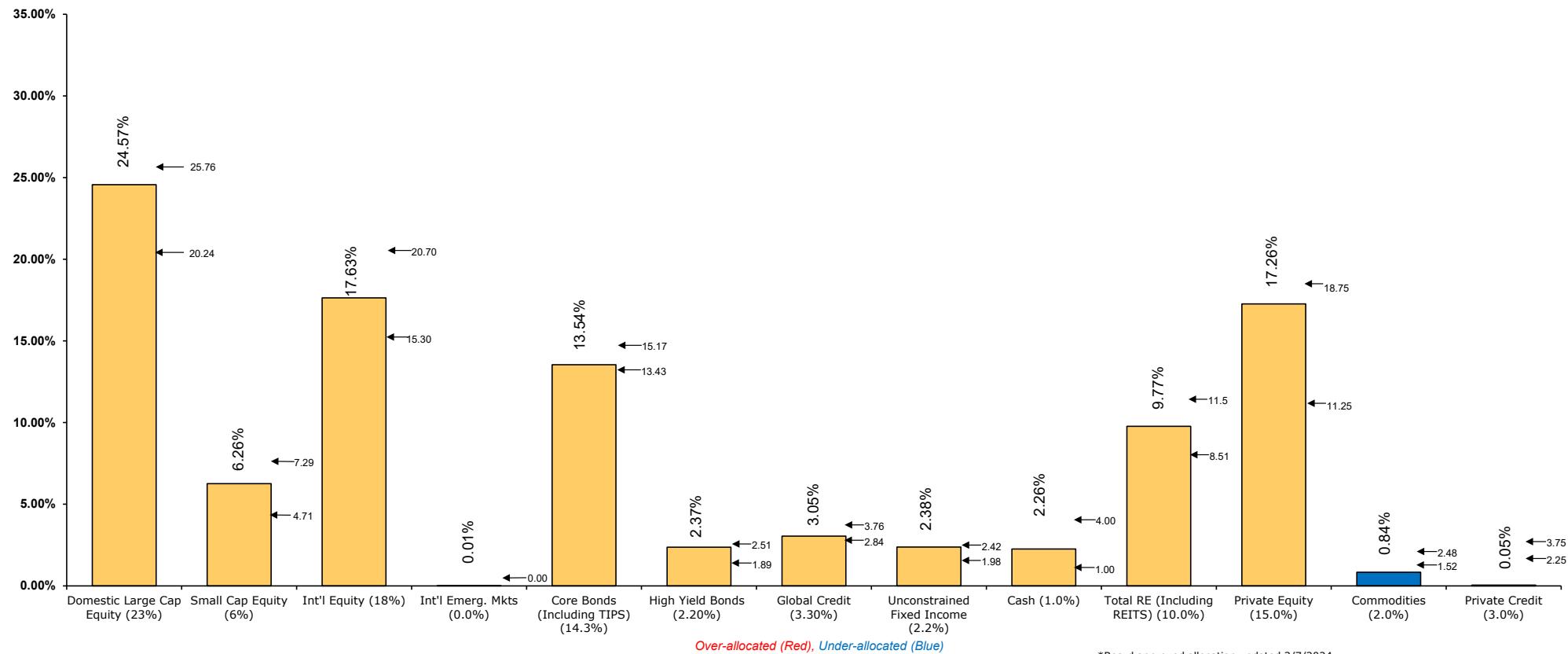
COMMINGLED FUNDS	EQUITY	POOLED	CASH	TOTAL
Abacus Multi-Family Partners VI	NA	14.9	-	14.9
Almanac Realty Securities VII	NA	27.7	-	27.7
Almanac Realty Securities VIII	NA	38.1	-	38.1
Almanac Realty Securities IX	NA	14.2	-	14.2
Asana Partners Fund I	NA	40.1	-	40.1
Asana Partners Fund II	NA	36.5	-	36.5
Asana Partners Fund III	NA	20.5	-	20.5
Berkshire Multifamily Income Realty Fund	NA	29.9	-	29.9
Brookfield Strategic Real Estate Partners IV	NA	32.8	-	32.8
California Smart Growth Fund IV	NA	0.1	-	0.1
Capri Urban Investors	NA	-	-	-
Cerberus Institutional Real Estate Partners Fund V	NA	24.5	-	24.5
Cerberus Institutional Real Estate Partners Fund VI	NA	9.3	-	9.3
CIM Real Estate Fund III	NA	9.0	-	9.0
Clarion Lion Industrial Trust 2007	NA	214.2	-	214.2
Apollo CPI Europe I (Asia)	NA	0.3	-	0.3
Exeter Industrial Value Fund IV	NA	3.0	-	3.0
Exeter Industrial Value Fund V	NA	42.7	-	42.7
Exeter Industrial Value Fund VI	NA	6.2	-	6.2
Exeter Europe Logistics	NA	9.1	-	9.1
Gerry Retail Fund 2	NA	26.3	-	26.3
GID Mainstay Fund	NA	99.2	-	99.2
Heitman Asia Pacific Property Investors HAPI	NA	29.6	-	29.6
Heitman HART	NA	10.3	-	10.3
Jamestown Premier	NA	19.4	-	19.4
Kayne Anderson Core Real Estate Fund KACORE	NA	76.3	-	76.3
LBA Logistics Value Fund VII	NA	37.1	-	37.1
LBA Logistics Fund IX	NA	36.1	-	36.1
MetLife Core Property Fund	NA	130.0	-	130.0
NREP Nordic Strategies Fund IV	NA	22.9	-	22.9
Oaktree Real Estate Opportunities Fund VIII	NA	27.0	-	27.0
Principal Data Center Growth & Income Fund, LP	NA	25.3	-	25.3
Principal Green I	NA	0.2	-	0.2
Principal US Core USPA	NA	99.2	-	99.2
Prudential PRISA	NA	79.2	-	79.2
RREEF Core Plus Industrial Fund	NA	94.5	-	94.5
Rothschild Five Arrows Realty V (Almanac)	NA	0.0	-	0.0
Starwood Opportunity Fund IX	NA	2.7	-	2.7
Standard Life Investments European Real Estate Club	NA	-	-	-
Standard Life Investments European Real Estate Club II	NA	0.0	-	0.0
Stockbridge Real Estate Fund II	NA	0.4	-	0.4
TPG Real Estate Partners IV	NA	10.7	-	10.7
Unico Core Plus Partners	NA	7.6	-	7.6
Unico Partners I	NA	-	-	-
Wolff Credit Fund III	NA	16.6	-	16.6
<b>Total</b>		<b>1,423.5</b>		<b>1,423.5</b>

SEPARATE ACCOUNT PROPERTIES	EQUITY	POOLED	CASH	TOTAL
AEW (Heitman) - 121 W. Chestnut	59.0	NA	-	59.0
AEW (Heitman) - Twin Creeks Village	0.0	NA	-	0.0
AEW (Heitman) - Sea Isle	58.6	NA	-	58.6
AEW (Sentinel) - Walmart Building at Water Ridge	0.1	NA	-	0.1
AEW (Sentinel) - Windward Place	64.8	NA	-	64.8
AEW (Sentinel) - Town Center	64.9	NA	-	64.9
AEW (Sentinel) - Northpointe Executive Park	0.0	NA	-	0.0
AEW (Sentinel) - Aerial Center Executive Park	39.6	NA	-	39.6
AEW - I-4 Logistics Center	33.2	NA	-	33.2
AEW - Sycamore Hills Plaza	33.4	NA	-	33.4
AEW - Lockwood Glen Apartments	46.1	NA	-	46.1
<b>Real Estate Managers Total Committed</b>				
AEW [Heitman, Sentinel (Urdang)]				399.7
Neptune Building	21.1	NA	-	21.1
<b>Total</b>				<b>420.8</b>



# Los Angeles Fire and Police Pensions

## Portfolio Allocation





Los Angeles  
**Fire and Police Pensions**



**Preliminary Return Information as of May 31, 2024**

Manager	1-month	3-month	1-year	3-years	5-years	FYTD
<b>Total Fund</b>	2.80 %	2.45 %	12.90 %	3.66 %	9.26 %	9.12 %
S & P 500 Index	4.96 %	3.91 %	28.19 %	9.57 %	15.80 %	20.24 %
<b>Total Equity<sup>1</sup></b>	4.24 %	4.11 %	24.16 %	4.92 %	12.22 %	16.88 %
S & P 500 Index	4.96 %	3.91 %	28.19 %	9.57 %	15.80 %	20.24 %
<b>Total Domestic Equity</b>	4.35 %	3.27 %	25.75 %	7.01 %	14.52 %	17.33 %
Russell 3000 Index	4.72 %	3.35 %	27.58 %	7.83 %	15.00 %	19.43 %
<b>Total Large Cap Equity</b>	4.21 %	3.42 %	26.42 %	8.73 %	15.28 %	18.59 %
S & P 500 Index	4.96 %	3.91 %	28.19 %	9.57 %	15.80 %	20.24 %
<b>Total Small Cap</b>	4.93 %	2.67 %	23.12 %	1.08 %	11.33 %	12.41 %
Russell 2000 Index	5.02 %	1.12 %	20.12 %	<b>-1.65 %</b>	8.61 %	11.08 %
<b>Total International Equity</b>	4.05 %	5.62 %	21.34 %	1.39 %	8.41 %	15.81 %
MSCI ACWI ex-US	3.00 %	4.49 %	17.33 %	0.79 %	7.32 %	12.23 %
<b>Total International Developed Markets</b>	4.06 %	5.62 %	21.03 %	2.51 %	8.95 %	15.38 %
MSCI ACWI ex-US	3.00 %	4.49 %	17.33 %	0.79 %	7.32 %	12.23 %
<b>Total Fixed Income<sup>2</sup></b>	1.64 %	0.60 %	3.73 %	<b>-0.91 %</b>	2.39 %	3.52 %
Bloomberg Barclays Universal	1.66 %	0.26 %	2.38 %	<b>-2.74 %</b>	0.21 %	2.54 %
<b>Total Core Fixed Income</b>	1.98 %	0.00 %	1.35 %	<b>-3.79 %</b>	0.55 %	1.24 %
Bloomberg Barclays Aggregate	1.70 %	0.04 %	1.31 %	<b>-3.10 %</b>	<b>-0.17 %</b>	1.67 %
<b>Total High Yield</b>	1.59 %	2.38 %	11.24 %	3.16 %	5.28 %	9.91 %
LAFPP HY Benchmark <sup>3</sup>	1.13 %	1.32 %	11.18 %	1.78 %	4.02 %	9.40 %
<b>Total Global Credit</b>	1.27 %	1.18 %	7.96 %	N/A	N/A	7.03 %
Loomis Global Credit Blend	1.36 %	1.28 %	8.50 %	N/A	N/A	7.33 %
<b>Total REITs<sup>4</sup></b>	5.62 %	0.67 %	10.36 %	<b>-1.56 %</b>	3.41 %	5.47 %
LAFPP REIT Benchmark <sup>5</sup>	4.38 %	<b>-0.21 %</b>	8.79 %	<b>-2.56 %</b>	1.67 %	4.33 %
<b>Other Public Commodities</b>	8.43 %	9.39 %	N/A	N/A	N/A	<b>-1.11 %</b>
Bloomberg Commodities Index TR	1.76 %	7.95 %	10.95 %	6.85 %	8.15 %	6.64 %

**Footnote:**

<sup>1</sup>Total Equity: Does not include Private Equity

<sup>2</sup>Total Fixed Income : Does not include Private Credit.

<sup>3</sup>LAFPP HY Benchmark: CS HY Index thru 12/31/11 & BofA ML US HY Master II Cnst Index thereafter.

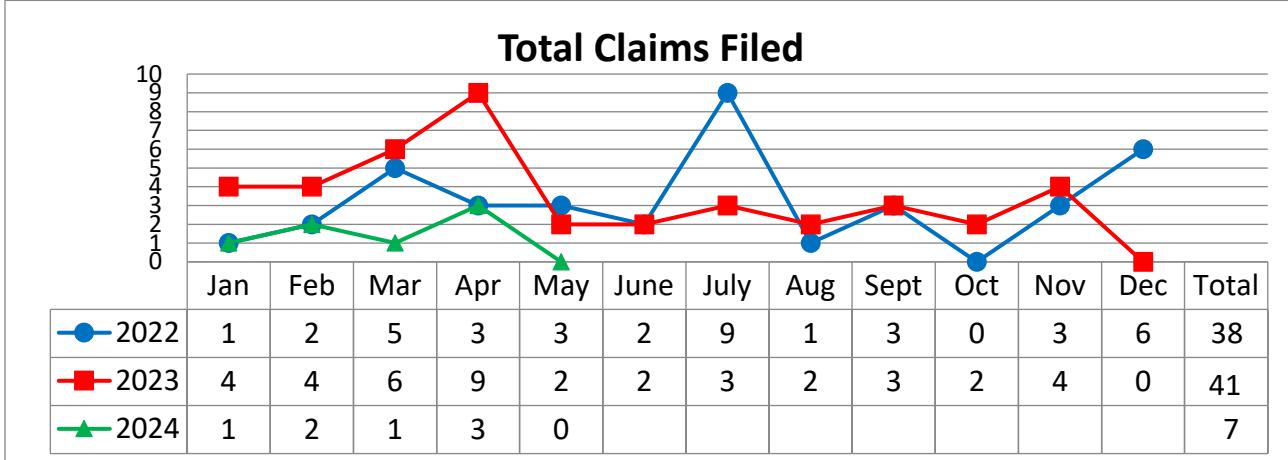
<sup>4</sup> Total REITs : Does not include Private Real Estate

<sup>5</sup>LAFPP REIT Benchmark: Dow Jones US Select RE Securities Index thru 12/31/13, 50% FTSE EPRA/NAREIT Global RE Index & 50% Dow Jones US Select RE Securities Index thereafter.

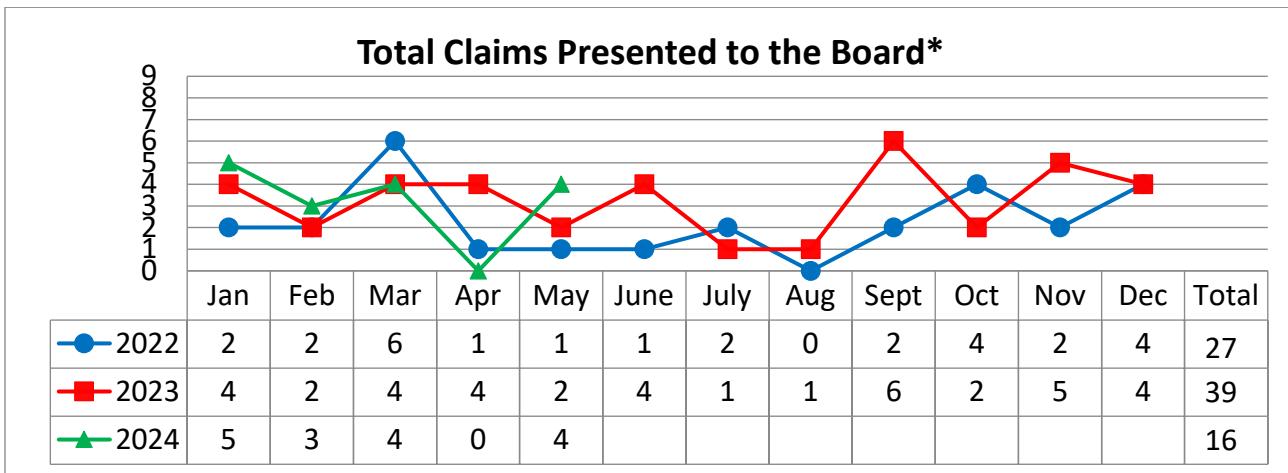
## PENSIONS DIVISION

(Data through May 31, 2024)

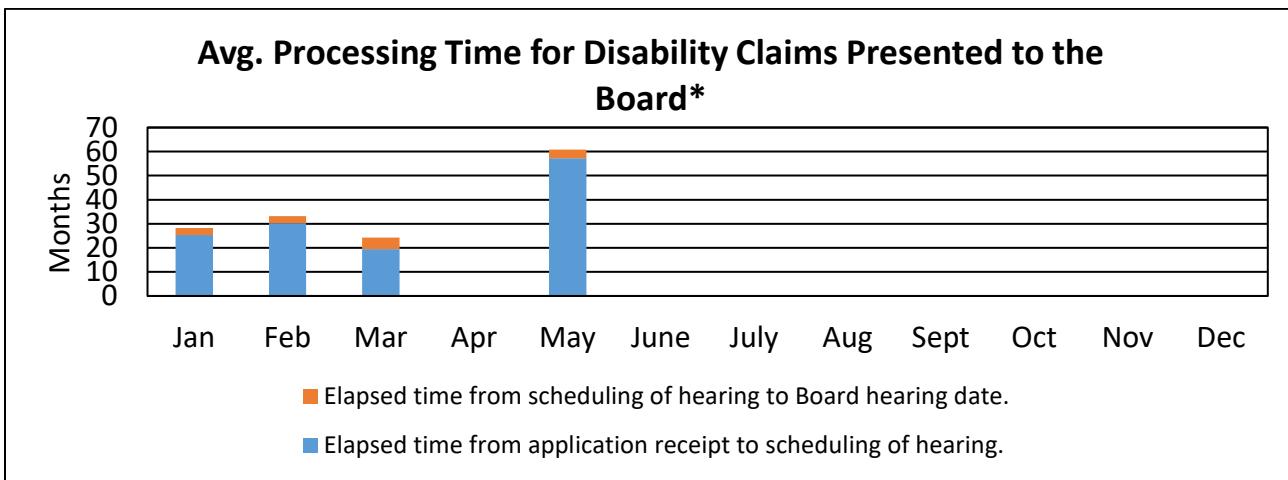
### DISABILITY PENSIONS



\*Applications filed for Disability, Active Member Death, and Dependent Child/Parent benefits.

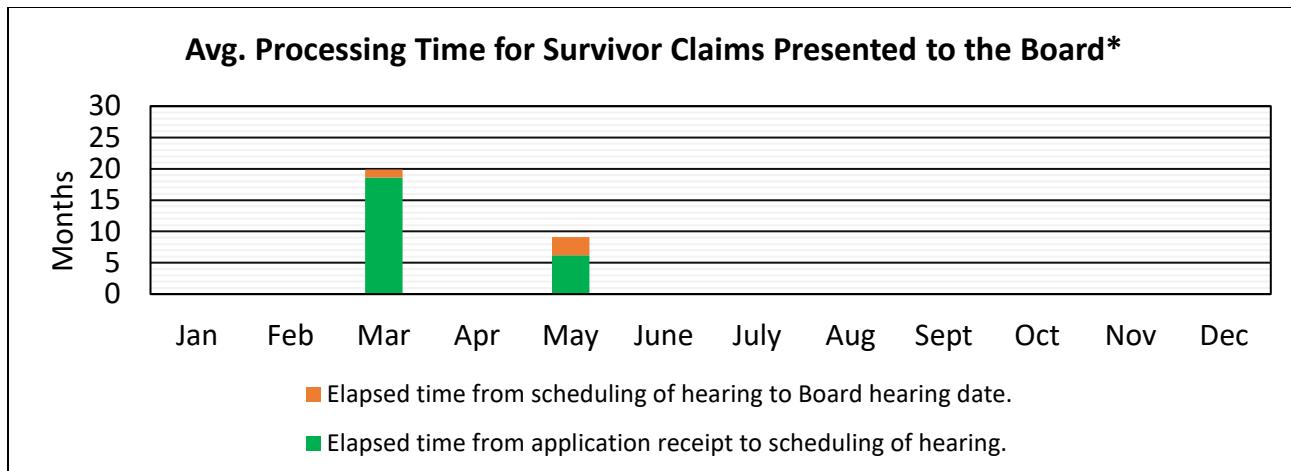


\*Claims for Disability, Active Member Death, and Dependent Child/Parent benefits.



\*Months with zero (0) indicate no disability claims presented to the Board that month.

## PENSIONS DIVISION



\* Months with zero (0) indicate no survivor claims presented to the Board that month.

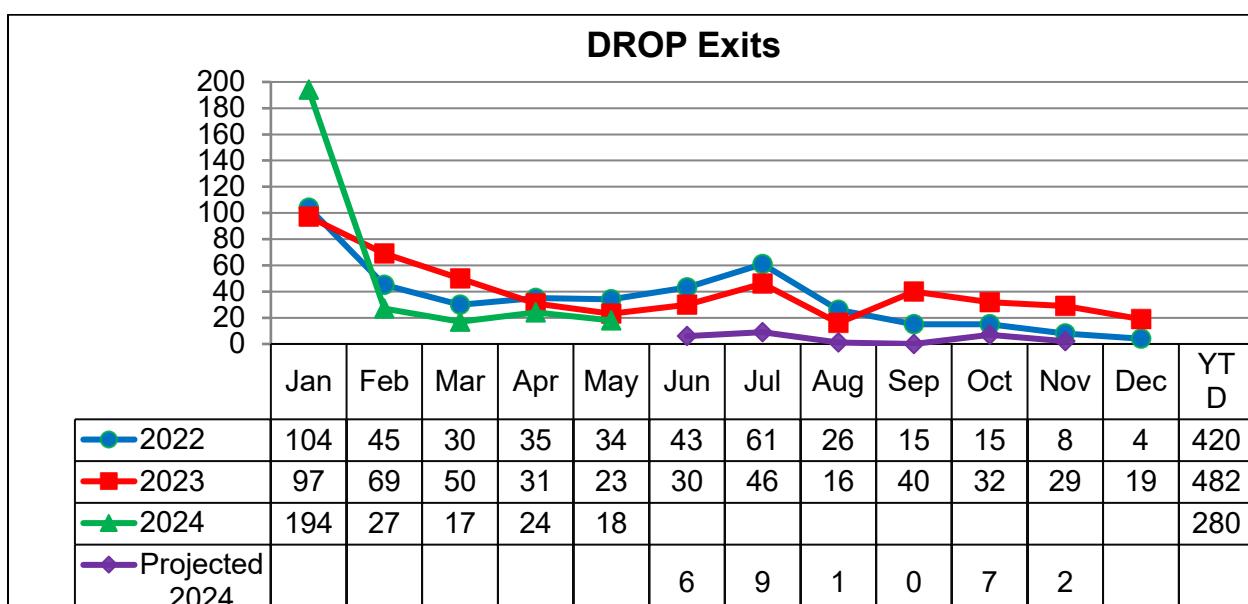
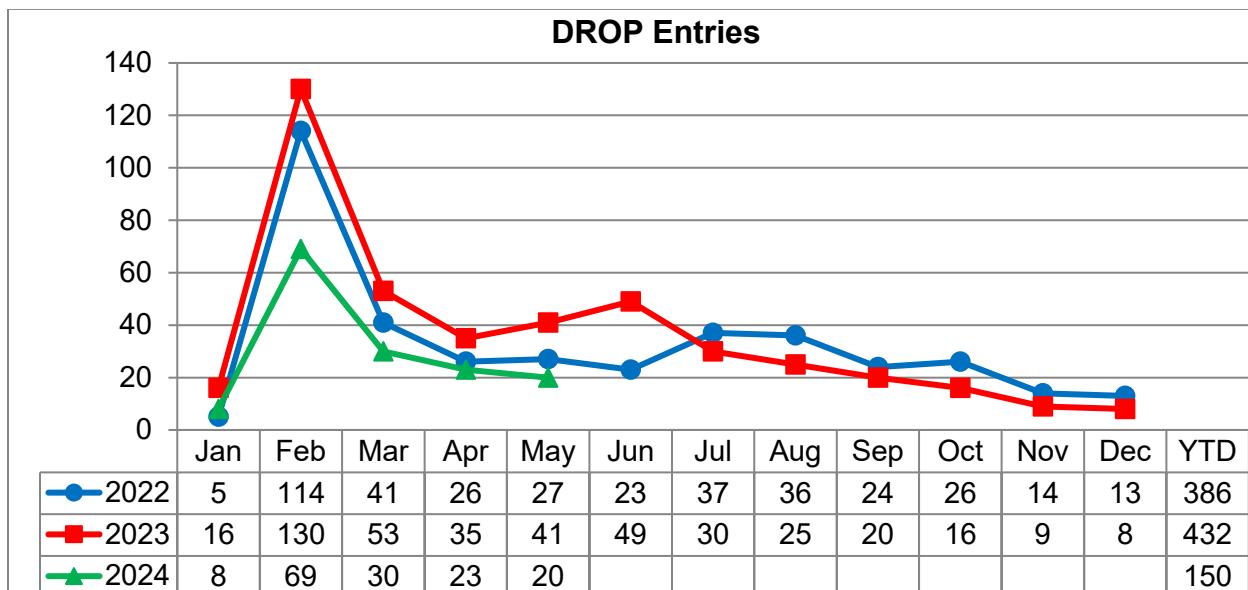
PENDING CLAIMS BY YEAR FILED	FIRE	POLICE	HARBOR	AIRPORT	TOTAL
<b>2021</b>					
Dependent Child/Parent	0	0	0	0	<b>0</b>
Surviving Spouse/Domestic Partner/Minor Children	0	0	0	0	<b>0</b>
Disability (New/Review)	2	5	0	0	<b>7</b>
<b>2022</b>					
Dependent Child/Parent	0	0	0	0	<b>0</b>
Surviving Spouse/Domestic Partner/Minor Children	0	0	0	0	<b>0</b>
Disability (New/Review)	5	18	0	0	<b>23</b>
<b>2023</b>					
Dependent Child/Parent	0	0	0	0	<b>0</b>
Surviving Spouse/Domestic Partner/Minor Children	1	4	0	0	<b>5</b>
Disability (New/Review)	5	21	0	0	<b>26</b>
<b>2024</b>					
Dependent Child/Parent	0	0	0	0	<b>0</b>
Surviving Spouse/Domestic Partner/Minor Children	0	1	0	0	<b>1</b>
Disability (New/Review)	2	4	0	0	<b>6</b>
<b>TOTAL</b>	<b>15</b>	<b>53</b>	<b>0</b>	<b>0</b>	<b>68</b>

CURRENT STATUS OF PENDING CLAIMS	
Collecting/Reviewing records	27
Manager reviewing admin file / creating appendix	13
Medical Desk (pension physician appointments and reports)	16
Board Package (Board report, pension physician reports, and admin file)	7
Ready to schedule for Board hearing	0
Case on hold (pending surgery / litigation / WC hearing)	5
<b>TOTAL</b>	<b>68</b>

## PENSIONS DIVISION

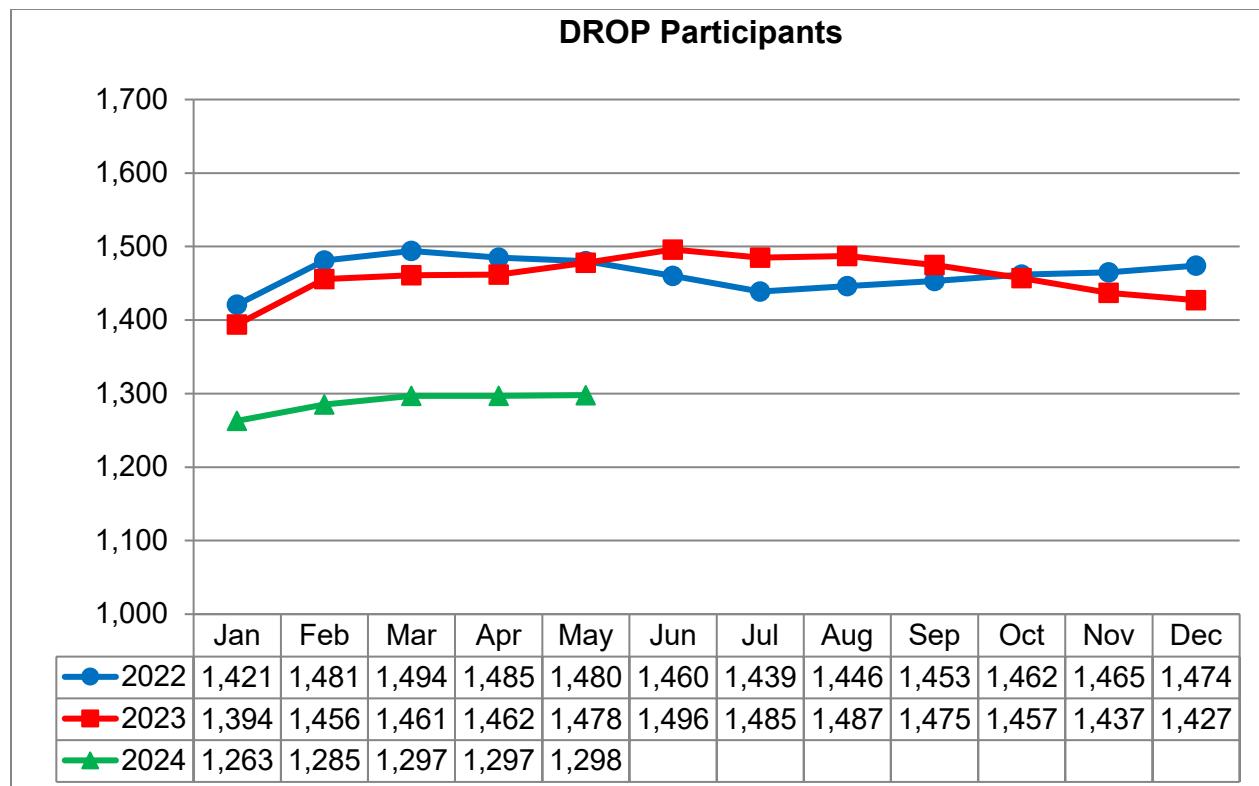
### DROP/SERVICE PENSIONS

\*Data may change due to timing of processing transactions.



NOTE: Projected DROP Exit numbers reflect mandatory exits only.

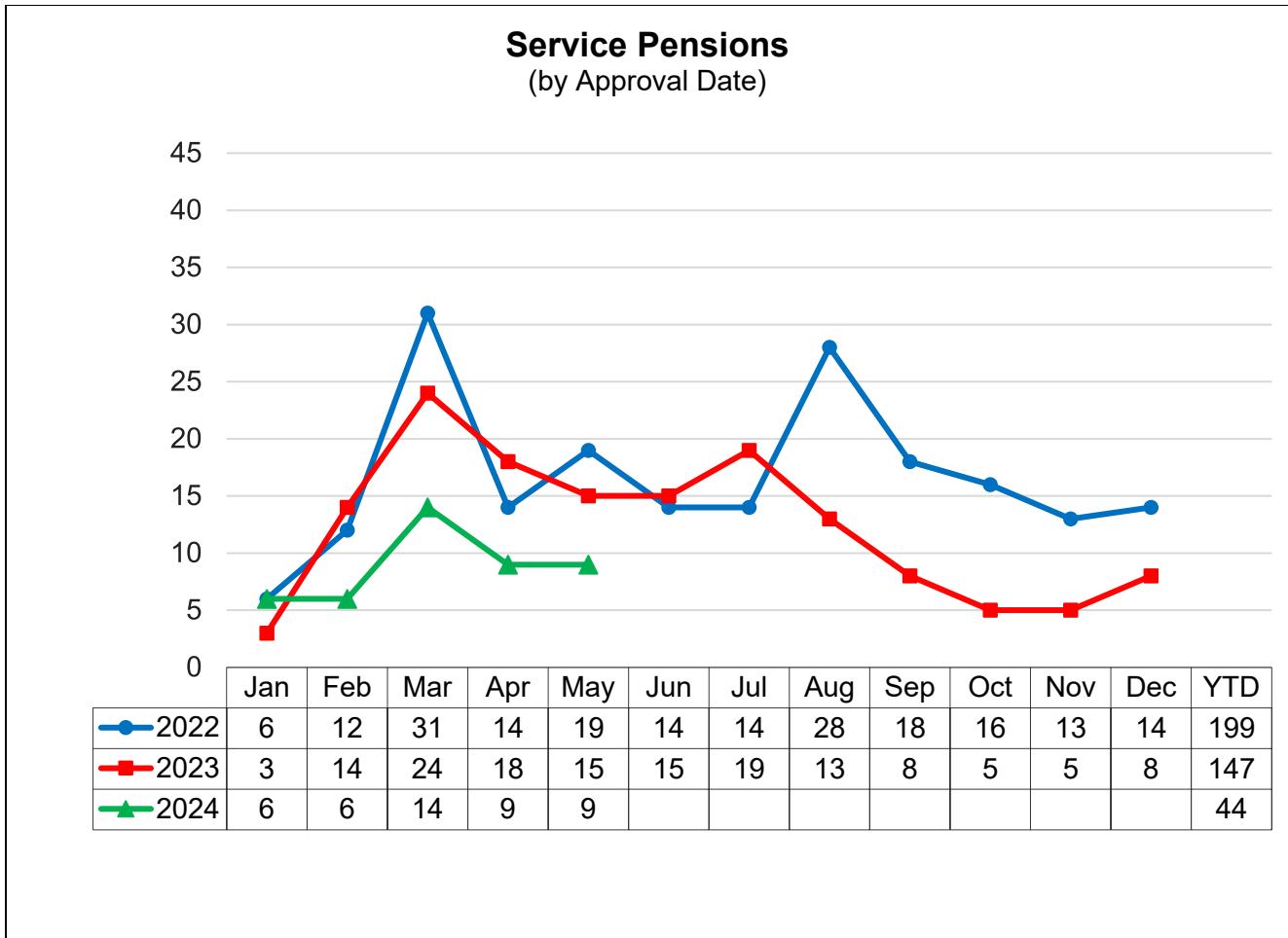
## PENSIONS DIVISION



**DROP Participants by Department**

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fire	179	190	190	193	197							
Police	1,083	1,094	1,106	1,103	1,100							
Harbor	1	1	1	1	1							
Airport	0	0	0	0	0	0	0	0	0	0	0	0

## PENSIONS DIVISION



Service Pensions by Department													
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
Fire	1	0	3	0	0								
Police	5	6	11	9	9								
Harbor	0	0	0	0	0								
Airport	0	0	0	0	0								

## PENSIONS DIVISION

### SURVIVORSHIP PENSIONS

	Current Month	Fiscal Year To Date	12 Month Moving Avg.
Surviving Spouse/Domestic Partner Pension Applications Processed	21	179	16
Survivor Benefit Purchase Program	4	15	1

### ACTIVE MEMBER SERVICES

	Current Month	Fiscal Year To Date	12 Month Moving Avg.
<b>Refund of Contributions</b>			
Fire	4	26	3
Police	7	104	10
Harbor	0	2	0
Airport	2	6	1
<b>Basic Training Purchases (completed)</b>			
Fire	4	65	6
Police	18	190	17
Harbor	0	3	0
Airport	0	0	0
<b>Public Service Purchases (PSP)</b>			
Completed Purchases	0	2	1
Avg. Years of Service (YOS) Purchased	N/A	0.75	0.75
Avg. Cost per YOS Purchased	N/A	\$86,371	\$86,371

## PENSIONS DIVISION

### MEMBER OUTREACH ACTIVITIES

Date	Type of Outreach	Number of Participants	Tier
05/01/24	LAFD Benefits Presentation – FS 99B	6	Multiple
05/08/24	LAFD Benefits Presentation – FS 108C	7	Multiple
05/08/24	Financial Planning Education - Webinar	15	Multiple
05/09/24	Benefits Information Webinar – “Health Benefits in Retirement”	20	Multiple
05/10/24	Recruit Talk - LAPD	23	Tier 6
05/15/24	Info Table: LAFRA Annual Reunion	30	Multiple
05/15/24	Benefits Information Webinar – “Understanding Your Plan”	19	Multiple
05/16/24	LAFD Benefits Presentation – FS 64A	23	Multiple
05/16/24	Info Table: LAPD Wellness Day – North Hollywood	86	Multiple
05/16/24	Benefits Information Webinar – “Service Retirement and DROP Entry”	16	Multiple
05/21/24	Info Table: LAPD Wellness Day – Air Support Day 1	31	Multiple
05/22/24	Info Table: LAPD Wellness Day – Air Support Day 2	22	Multiple
05/23/24	Info Table: LAPD Wellness Day - Mission	48	Multiple
05/28/24	LAFD Benefits Presentation – FS 29B	16	Multiple

### Upcoming Events

06/07/24	Recruit Talk - LAPD	TBD	Tier 6
06/11/24	LAFD Benefits Presentation – FS 21C	TBD	Multiple
06/13/24	Info Table: LAPD Wellness Day - Topanga	TBD	Multiple
06/13/24	Benefits Information Webinar – “Health Benefits in Retirement”	TBD	Multiple
06/20/24	Benefits Information Webinar – “Service Retirement and DROP Entry”	TBD	Multiple
06/25/24	Recruit Talk - LAFD	TBD	Tier 6
06/26/24	Financial Planning Education Seminar	TBD	Multiple
06/27/24	Info Table: LAPD Wellness Day - Foothill	TBD	Multiple

### Outreach Activity Totals

	Current Month	Fiscal Year to Date
Members Reached	362	2,703
-# of Recruit Talks	1	14
-# of Financial Planning Education Seminars (live)	0	5
-# of Financial Planning Education Webinars (virtual)	1	4
-# of Benefits Information Webinars (virtual)	3	27
-# of Other Outreach Events	9	56

## **PENSIONS DIVISION**

### **NEW PROJECTS**

#### **PROPOSED SWORN OFFICER TRANSFER FROM LACERS TO LAFPP**

On May 16, 2024, staff provided the Board with an update regarding the proposed transfer of sworn peace officers (Airport, Harbor and LAPD) and Park Rangers who are currently members of LACERS to LAFPP Tier 6. The CAO had entered into Letters of Agreement with the unions representing the above employees, agreeing to place a measure on the November 2024 ballot to amend the Los Angeles City Charter (Charter) to allow for a new transfer into LAFPP Tier 6. At the time of the report, the Los Angeles City Council (City Council) needed to approve the inclusion of the Park Rangers in the transfer opportunity.

On June 4, 2024, the City Council approved the inclusion of the Park Rangers in the proposed Charter amendment authorizing the City Council to allow for a transfer of LACERS members to Tier 6. The City Council has until July 3, 2024 to approve the measure for the November ballot. The City Attorney is currently finalizing the text of the proposed Charter amendment, ballot ordinances, and transmittal letter for City Council. Those documents need to be provided to City Council on or before June 14, 2024.

Staff will monitor this item and continue to provide updates to the Board.

### **UPDATED PROJECTS**

None.

### **UNCHANGED PROJECTS**

None.

## ADMINISTRATIVE OPERATIONS DIVISION

### NEW PROJECTS

None.

### UPDATED PROJECTS

#### **HUMAN RESOURCES AND PAYROLL (HRP) PROJECT IMPLEMENTATION**

The City's payroll system, known as PaySR, pays over \$160M to 50,000 employees biweekly and is more than 20 years old. This system was complex and fragile, unable to provide modern payroll and human resources system features, and over-reliant on a single vendor for support. Considering all these risks, the City Council directed the Information Technology Agency (ITA), Office of the Controller, and Personnel Department to work together on the Human Resources and Payroll (HRP) system replacement project. In 2019, after the RFP process, the \$62.1M contract was awarded to Workday as the new HRP system. All City departments are required to commit staff to participate in the project, and proprietary and special funded departments are expected to share the implementation cost based on the number of positions allocated in the Adopted Budget.

The HRP project has two phases which are defined by six Workday modules. Phase 1 focuses only on the Core Human Capital Management (HCM) module released in May 2022. The project is now in Phase 2 which includes the remaining five modules - Compensation, Benefit Integrations, Absence Management, Time Tracking, and Payroll. After all planned functionality is implemented, Workday will completely replace PaySR, Dtime, and even Cityfone, City Pay and MyPayLA.

In September 2023, LAFPP and LACERS' executive and senior staff met with ITA General Manager Ted Ross and their HRP support team. This meeting focused on concerns about insufficient parallel testing to ensure that the new system is working correctly prior to the December 2023 go-live date. In addition, staff provided a list of various limitations of the new payroll system, including errors in how the new system deducts pension contributions from active members and inability to download pension data in order to properly calculate pension benefits.

On October 31, 2023, the City's HRP Project Team announced the HRP Project Phase 2 go-live date will be delayed from December 2023 to June 2024. The decision to delay the Phase 2 go-live date was made to allow more time for comprehensive system testing and employee training.

On April 18, 2024, staff presented a detailed report regarding Phase 2, including the status of LAFPP-specific items pending resolution prior to the June 16, 2024 go-live date. These items included integration, benefits calculations, and excess benefits related functionalities. At the time, staff recognized that without fixes to the functionalities mentioned, there will be increased workload imposed on Pensions Division staff to perform additional steps required to mirror the equivalent work processes in PaySR.

To date, LAFPP has reimbursed \$93,419 to the City for our share of the HRP project from the fiscal year 2020 to 2022; reimbursement for fiscal year 2023 is pending ITA's

## ADMINISTRATIVE OPERATIONS DIVISION

response regarding LAFPP's request for a true-up. Additional HRP related costs are reflected through twelve LAFPP staff (from Human Resources, Accounting, and Retirement Services) designated as HRP-department champions, who attend required meetings, perform and provide feedback on tests, communicate project updates to department staff, and train department users.

*[Update: Timekeeping codes were developed to more accurately track staff's time spent on the HRP project and the associated cost. For eighteen pay periods beginning September 10, 2023 through May 18, 2024, LAFPP staff have performed a total of 1,887 hours of HRP-related task work for a total cost of \$111,591.41.*

*Since staff presentation to the Board in April 2024, pending resolution items within the Integration and Excess Benefits categories have been resolved. In terms of Benefits Calculations, all but two of the forty-three defects have been resolved. However, the HRP Project team has advised that LAFPP staff review untested benefits calculations scenarios with real-world-data post go-live as the team is no longer able to stage end-to-end type tests. To address future testing requirements, as well as the anticipated increases in workload due to manual processing required during the Workday transition, staff has hired a bench of temporary employees and allocated overtime funding. At the time this report, staff has also scheduled a demonstration of post go-live access to historical payroll data necessary for benefits calculations. Lastly, during the week of May 6, 2024, LAFPP staff participated in the HRP Phase 2 Dress Rehearsal, inputting and approving timesheets. During the subsequent week, LAFPP Accounting employees processed the Dress Rehearsal payroll. Since then, our HRP Champions have continued to resolve Dress Rehearsal related issues.]*

### IN-HOUSE PARKING PROGRAM

On February 6, 2020, the Board directed staff to work with the relevant City departments to implement an in-house parking and transit subsidy program by June 30, 2020. Staff conducted research into other proprietary department parking programs and discussed the City parking and transit subsidy programs with staff from the Personnel Department. During this discussion, Commute Options and Parking (COP) Personnel staff explained that the Joint Labor-Management Committee (JLMC) was working on a new Parking Memorandum of Understanding (MOU) and indicated LAFPP may be able to leverage parts of that work into the LAFPP in-house parking and transit subsidy program. As staff believed review of the parking and transit subsidy programs would require a bit of a paradigm shift, particularly given the expectation that telework in some form would become a permanent option for the City in the future, the decision was made to await and take into consideration any determinations from the JLMC on these programs.

On November 16, 2023, the JLMC-COP adopted the Special MOU Regarding City Employee Parking and Commute Options (Successor Special MOU), which included several changes, some of which are highlighted below.

- 1) Permanently increase the monthly transit incentive from \$50 to \$100.

## ADMINISTRATIVE OPERATIONS DIVISION

2) Expand the Bike/Walk to Work incentive program from certain City work sites to all work sites and incorporate a more flexible incentive structure by providing a \$5 daily benefit with a maximum of \$100 per month.

3) Increase the Individual Parking Permit for the Downtown Los Angeles area from \$46 per month to \$55 per month, effective January 1, 2025.

On December 1, 2023, staff from LACERS and LAFPP met with the Personnel Department's Chief of Employee Benefits along with the respective city attorneys to discuss "key deal points" of a proposed MOA between the Retirement Systems and Personnel for the continuing administration of CommuteWell benefits for LACERS and LAFPP employees, while maintaining free parking for those employees not receiving transit subsidies. Should the "key deal points" be acceptable, staff will draft an MOA for further consideration by the JLMC-COP and approval/ratification by the City Council.

On April 11, 2024, LACERS and LAFPP staff met with the JLMC-COP Subcommittee and learned that the City's parking and transit subsidy programs are mutually inclusive and cannot be unbundled, as revenues generated from the parking deductions, as well as monies secured from grants, are used to fund the transit reimbursement program. Therefore, in order for LAFPP staff to continue using the transit reimbursement arm of the City's program, LAFPP staff who utilize our parking lot would be required to complete the City's program-related forms and restart parking deductions.

*[Update: On May 16, 2024, the Board instructed staff to develop and administer an in-house parking and transit subsidy reimbursement program that is a pared down version of the City's program and includes complimentary parking for staff. The Board further instructed staff to report back with final program details for approval.]*

### NEW WEBSITE DOMAIN “LACITY.GOV”

At the meeting held on November 4, 2021, the City Council's Information, Technology, and General Services Committee considered a Motion to modernize the City's online presence (Council File Index 21-1255). The City Council has since adopted the Motion which includes migrating City website domains (e.g., lacity.org) to the "lacity.gov" domain.

The ".gov" domains are registered by the U.S. Cybersecurity and Infrastructure Security Agency (CISA) and are only provided to legitimate government entities in the United States. Therefore, Angelenos who access the "lacity.gov" websites can have additional assurance they are interacting with a real and secure City of Los Angeles government website.

At least forty-five (45) City Department websites have transitioned to the "lacity.gov" domain. In November 2023, the LAFPP website ([www.lafpp.com](http://www.lafpp.com)) was upgraded to a new platform with improved security. Staff will continue to work with the City's Information Technology Agency (ITA) and our website developer, Digital Deployment to incorporate the new "lacity.gov" domain to our website. The work includes the full inventory of assets that reference the website address, development of member communications, and other

## ADMINISTRATIVE OPERATIONS DIVISION

transition-related tasks. We anticipate the setup, testing and implementation of the new domain and related member communication to be completed by June 2024.

Subsequently, the next phase of the modernization project will be to transition LAFPP staff email addresses from “@lafpp.com” to “@lacity.gov”. The timeline for this phase is being developed and will be shared with the Board through upcoming General Manager’s reports. Cost for the “lacity.gov” transition is minimal and will be covered with contingency funds.

***[Update: On June 5, 2024, the LAFPP website domain “lafpp.com” successfully transitioned to the new website domain “lafpp.lacity.gov”.]***

### **UNCHANGED PROJECTS**

### **COVID-19 RELATED RESPONSE EFFORTS AND RECONSTITUTION PLAN**

The Mayor declared a Local Emergency on March 4, 2020 due to the COVID-19 pandemic. As of February 2022, the LAFPP building reopened to LAFPP members with appointments and visitors attending LAFPP Board meetings. As of October 2022, the Mayor’s Safer L.A. order was revised and updates were made according to the City’s COVID-19 workplace safety standards, primarily to indicate masking is optional for City facilities and employees. The state of local emergency for the City was terminated on February 1, 2023 and the Governor terminated the state’s COVID-19 State of Emergency on February 28, 2023. LAFPP continues to monitor updated protocols for City offices as issued by public health authorities, the Emergency Management Department, Personnel Department, and City management. Throughout the pandemic, staff has provided bi-weekly COVID-19 response costs to the Office of the City Administrative Officer (CAO) and submitted documentation for potential reimbursement as requested by the City. June 2, 2023 will be the last FEMA and COVID Costs report that departments will need to submit and subsequently, no further cost reports will be required by the CAO.

LAFPP expended a total of \$363,374 for COVID-19 response related efforts (\$238,130 in direct salary costs, \$450 in overtime costs, and the balance of \$124,794 for fees, equipment, and supplies). To date, the City has reimbursed LAFPP for its DSW related costs (direct and indirect salary costs), totaling \$115,938. The Office of the CAO indicated that only costs associated with purchasing personal protective equipment (\$20,836) are eligible for reimbursement and it may be years before reimbursements are fully reviewed and approved by FEMA.

The City’s 2023-24 Adopted Budget includes an appropriation of \$41.731 million in the Unappropriated Balance which was an increase of \$14.731 million from the Mayor’s 2023-24 Proposed Budget for FEMA reimbursements. Staff reached out to the CAO at the end of November regarding an update on the remaining eligible reimbursements (\$20,836) and were told that their office is currently working on specifics and questions with FEMA on all projects, but they do not expect a reimbursement from FEMA this fiscal year for LAFPP. Staff will continue working with the CAO and pursue recovery of fund assets to the fullest extent possible.

**DEPARTMENT OF FIRE AND POLICE PENSIONS**  
**Active, Expired, and Upcoming Contracts**  
**May 31, 2024**

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date <sup>1</sup>	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/Candidate Finalist Date	Contract Award / Renewal Date	
<b>INVESTMENTS</b>								
771PEN	Frontier Capital Management Company, LLC (Domestic Equity)	07/01/21	06/30/24				05/02/24	On 05/02/24, the Board approved a three-year contract extension through 06/30/27 with Frontier Capital Management Company, LLC. Contract amendment is pending.
774PEN	LM Capital Group, LLC (Fixed Income)	09/01/21	08/31/24	06/01/24				Staff recommendation to the Board is tentatively scheduled for 07/03/24.
735PEN	Northern Trust Company (Custodian Bank)	10/01/19	09/30/24	07/01/24				Staff recommendation to the Board is tentatively scheduled for 07/03/24.
776PEN	Boston Common Asset Management, LLC (International Equity Emerging Manager)	10/01/21	09/30/24	07/01/24				Staff recommendation to the Board is tentatively scheduled for 08/01/24.
778PEN	Loomis, Sayles & Co., LP (Fixed Income)	10/01/21	09/30/24	07/01/24				Staff recommendation to the Board is tentatively scheduled for 08/01/24.
780PEN	GIA Partners, LLC (Domestic Fixed Income)	10/01/21	09/30/24	07/01/24				Staff recommendation to the Board is tentatively scheduled for 08/01/24.
807PEN	Medalist Partners, L.P. (Fixed Income)	10/01/23	09/30/24	07/01/24				Staff recommendation to the Board is tentatively scheduled for 07/18/24.
783PEN	Northern Trust Investments, Inc. (Fixed Income)	12/01/21	11/30/24					On 11/03/22, the Board approved new contract no. 796PEN with Northern Trust Investments, Inc. Contract will not be renewed.
784PEN	Scout Investments, Inc. - Reams Asset Management Division (Fixed Income)	12/01/21	11/30/24					
741PEN	AllianceBernstein, L.P. (Domestic Equity)	01/01/20	12/31/24					On 11/03/22, the Board approved new contract no. 794PEN with AllianceBernstein, L.P. Contract will not be renewed.
786PEN	Glass, Lewis, & Co., LLC (Proxy Voting Services)	01/01/22	12/31/24					
748PEN	Eastern Shore Capital Management (Domestic Equity)	05/01/20	04/30/25					
749PEN	Lisanti Capital Growth, LLC (Domestic Equity)	05/01/20	04/30/25					
768PEN	Principal Global Investors, LLC (International Equity)	05/01/21	04/30/25					
729PEN	Palisade Capital Management, LLC (Small Cap Equity) (Domestic Equity)	07/01/19	06/30/25					
730PEN	Pacific Investment Management Company, LLC (PIMCO) (Domestic Equity)	08/01/19	07/31/25					
791PEN	Loomis, Sayles & Co., LP (Global Credit Investment Manager)	08/01/22	07/31/25					
793PEN	Scout Investments, Inc. - Reams Asset Management Division (Fixed Income - TIPS)	09/01/22	08/31/25					
775PEN	Channing Capital Management, LLC (Domestic Equity)	10/01/21	09/30/25					
736PEN	Boston Partners, Inc. (Domestic Equity)	11/01/19	10/31/25					
739PEN	Principal Real Estate Investors, LLC (Global REIT Manager)	12/01/19	11/30/25					
740PEN	Principal Real Estate Investors, LLC (U.S. REIT Manager)	12/01/19	11/30/25					
747PEN	Denali Advisors, LLC (Domestic Equity)	05/01/20	04/30/26					
800PEN	StepStone LLC (Private Credit Consultant)	06/01/23	05/31/26					
801PEN	MacKay Shields, LLC (Fixed Income - High Yield Bond)	07/01/23	06/30/26					
804PEN	Brandes Investment Partners, LP (International Equity)	08/01/23	07/31/26					
805PEN	Payden & Rygel (Unconstrained Fixed Income Manager)	08/01/23	07/31/26					
806PEN	Scout Investments, Inc. - Reams Asset Management Division (Unconstrained Fixed Income Manager)	08/01/23	07/31/26					
755PEN	AllianceBernstein, L.P. (Domestic Equity)	10/01/20	09/30/26					
756PEN	Westwood Management Corp. (Domestic Equity)	10/01/20	09/30/26					

**DEPARTMENT OF FIRE AND POLICE PENSIONS**  
**Active, Expired, and Upcoming Contracts**  
**May 31, 2024**

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date <sup>1</sup>	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/Candidate Finalist Date	Contract Award / Renewal Date	
777PEN	PHOCAS Financial Corporation (Domestic Equity)	10/01/21	09/30/26					
802PEN	Portfolio Advisors, LLC (Private Equity)	10/01/23	09/30/26					
803PEN	Portfolio Advisors, LLC (Private Equity - Specialized Manager)	10/01/23	09/30/26					
813PEN	Cohen & Steers Capital Management, Inc. (Real Estate Investment Trust Manager (Active))	01/01/24	12/31/26					
814PEN	AEW Capital Management, L.P. (Real Estate Separate Account Manager)	01/01/24	12/31/26					
817PEN	The Townsend Group (Real Estate Consultant)	02/01/24	01/31/27					
765PEN	Baillie Gifford Overseas Limited (International Equity)	03/01/21	02/28/27					
769PEN	Victory Capital Management, Inc. (Trivalent Investments, a Victory Capital Investment Franchise) (International Equity)	05/01/21	04/30/27					
762PEN	BlackRock Institutional Trust Company (Index Provider)	02/01/21	11/30/27					
794PEN	AllianceBernstein, L.P. (Index Provider)	12/01/22	11/30/27					
796PEN	Northern Trust Investments, Inc. (Index Provider)	12/01/22	11/30/27					
797PEN	RhumbLine Advisers L.P. (Index Provider)	12/01/22	11/30/27					
721PEN	RVK, Inc. (General Investment Consultant)	03/01/19	02/28/29					
<b>ADMINISTRATIVE OPERATIONS</b>								
788PEN	Segal Select Insurance Services, Inc. (Cyber Liability Insurance) (Governmental Side-A D&O Insurance)	11/01/21	10/31/24					
789PEN	DePasquale, Kelley & Company (Property Tax Consultant)	01/17/22	01/16/25					
792PEN	Total Commercial Real Estate, Inc. (Property Management Services - Neptune)	07/01/22	06/30/25					
815PEN	Haworth, Inc. (HQ Furniture)	01/01/24	12/31/26					
<b>ADMINISTRATIVE SERVICES</b>								
808PEN	Stericycle, Inc. (Shred-It) (Secure Document Shredding Services)	02/01/24	01/31/25					
<b>BOARD OF FIRE &amp; POLICE PENSION COMMISSIONERS</b>								
C-137251	Reed Smith, LLP (Independent Conflict Counsel)	09/01/20	08/31/24				06/06/24	On 06/06/24, the Board approved a one-year contract extension through 08/31/25 with Reed Smith, LLP.
809PEN	TurningWest (Strategic Planning Consulting Services)	10/19/23	10/18/24					
<b>CITY ATTORNEY'S OFFICE</b>								
RFP	Outside Data Privacy, Health Law, and Cybersecurity Counsel	tbd	tbd		03/16/23	11/02/23	11/02/23	On 11/02/23, the Board approved seven new three-year contracts through 11/30/26. Three are still pending execution: 1) Foley & Lardner LLP, 2) Maynard Nexsen PC, and 3) Nossaman LLP.
RFP	Legal Services Regarding Fiduciary Law and Real Estate and Investment Counsel	tbd	tbd		03/07/24			On 03/07/24, the Board approved the release of an RFP for Outside Data Privacy, Health Law, and Cybersecurity Counsel services. The RFP was released on 03/28/24 and closed on 04/29/24; 9 responses were received.
C-137236	Kutak Rock, LLP (Independent Conflict Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Kutak Rock, LLP.
C-137238	Kutak Rock, LLP (Fiduciary Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Kutak Rock, LLP.
C-137243	Nossaman, LLP (Fiduciary Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Nossaman, LLP.

**DEPARTMENT OF FIRE AND POLICE PENSIONS**  
**Active, Expired, and Upcoming Contracts**  
**May 31, 2024**

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date <sup>1</sup>	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/Candidate Finalist Date	Contract Award / Renewal Date	
C-137247	Nossaman, LLP (Independent Conflict Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Nossaman, LLP.
C-137988	Foley & Lardner, LLP (Independent Conflict Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Foley & Lardner, LLP.
C-137989	Foley & Lardner, LLP (Fiduciary Counsel)	09/01/20	08/31/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 08/31/25 with Foley & Lardner, LLP.
C-138738	Kutak Rock, LLP (Outside Real Estate and Investment Counsel)	07/01/21	06/30/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 06/30/25 with Kutak Rock, LLP.
C-138739	Nossaman, LLP (Outside Real Estate and Investment Counsel)	07/01/21	06/30/24				03/07/24	On 03/07/24, the Board approved a one-year contract extension through 06/30/25 with Nossaman, LLP.
C-140007	Best Best & Krieger, LLP (Outside Tax Counsel)	03/01/22	02/28/25					
C-140008	Wellington Gregory, LLP (Outside Tax Counsel)	03/01/22	02/28/25					
C-140274	Ice Miller, LLP (Outside Tax Counsel)	03/01/22	02/28/25					
C-142074	Bernstein Litowitz Berger & Grossmann LLP (Securities Monitoring Counsel)	11/01/22	10/31/25					
C-142077	Cohen Milstein Sellers & Toll PLLC (Securities Monitoring Counsel)	11/01/22	10/31/25					
C-142085	Bleichmar Fonti & Auld LLP (Securities Monitoring Counsel)	11/01/22	10/31/25					
C-142087	Robbins Geller Rudman & Dowd LLP (Securities Monitoring Counsel)	11/01/22	10/31/25					
C-142089	Saxena White P.A (Securities Monitoring Counsel)	11/01/22	10/31/25					
C-145135	Ice Miller, LLP (Outside Data Privacy, Health Law, and Cybersecurity Counsel)	12/01/23	11/30/26					
C-145139	Groom Law Group (Outside Data Privacy, Health Law, and Cybersecurity Counsel)	12/01/23	11/30/26					
C-145165	Baker & Hostetler LLC (Outside Data Privacy, Health Law, and Cybersecurity Counsel)	12/01/23	11/30/26					
C-145167	Clark Hill PLC (Outside Data Privacy, Health Law, and Cybersecurity Counsel)	12/01/23	11/30/26					
C-139738	Danning, Gill, Israel & Krasnoff, LLP (Legal Representation)	11/18/21	until completion					
<b>COMMUNICATIONS &amp; EDUCATION</b>								
811PEN	Digital Deployment, Inc. (Website Design and Support Services)	10/01/21	06/30/24				05/02/24	On 05/02/24, the Board approved a one-year contract extension through 06/30/25 with Digital Deployment, Inc.
790PEN	Geographics (Graphic Design Services)	06/16/22	06/15/25					
799PEN	Rosie's Kitchen (Seminar Program Catering Services)	01/19/23	01/18/26					
812PEN	Four Square Financial Literacy Partners, Inc. (Financial Planning Education)	12/05/23	12/04/26					
816PEN	Cambridge Financial Partners, LLC (Financial Counseling Services)	12/10/23	12/09/26					
<b>DISABILITY PENSIONS</b>								
RFP	Court Reporting Services	tbd	tbd		03/02/23		04/18/24	On 04/18/24, the Board approved a new three-year contract with US Legal Support from 07/01/24 through 06/30/27. New contract 818PEN execution is pending.

## DEPARTMENT OF FIRE AND POLICE PENSIONS

Active, Expired, and Upcoming Contracts

May 31, 2024

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date <sup>1</sup>	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/Candidate Finalist Date	Contract Award / Renewal Date	
RFP	Independent Medical Exams/Record Review Services	tbd	tbd		11/16/23			On 05/16/24, the Board approved three new three-year contracts effective from 07/01/24 through 06/30/27. 1) Contract 820PEN with QTC Medical Group Inc., 2) Contract 821PEN with Crosspoint Evaluations, LLC, and 3) Contract 822PEN with IMA Evaluations, LLC are pending execution.
766PEN	QTC Medical Group, Inc. (Independent Medical Exam Services)	07/01/21	06/30/24					
751PEN	U.S. Legal Support (Court Reporting)	07/01/20	06/30/24					
810PEN	Argus West, Inc. (Investigative Services)	11/01/23	10/31/26					
<b>INTERNAL AUDIT</b>								
773PEN	Simpson & Simpson Certified Public Accountants (Annual Financial Statements Audits)	07/18/21	07/17/24				12/07/23	On 12/07/23, the Board approved a one-year extension through 07/17/25 with Simpson & Simpson.
<b>MEDICAL &amp; DENTAL BENEFITS</b>								
RFP	Health Consulting Services	tbd	tbd		02/01/24		05/02/24	On 05/02/24, the Board approved a new three-year contract with USI Insurance from 06/07/24 through 06/06/27. Contract execution is pending.
772PEN	USI Insurance Services (Health Consulting Services)	06/07/21	06/06/24					
N/A	Los Angeles City Employee Retirement System (Health and Dental Plan Subgroups)	01/01/24	12/31/26					
N/A	Los Angeles Police Protective League (Dental Insurance Administration)	07/01/23	06/30/28					
N/A	United Firefighters of Los Angeles City (Medical and Dental Insurance Administration)	07/01/23	06/30/28					
N/A	Los Angeles Firemen's Relief Association (Medical Insurance Administration)	07/01/23	06/30/28					
N/A	Los Angeles Police Relief Association (Medical and Dental Insurance Administration)	07/01/23	06/30/28					
<b>PENSIONS DIVISION</b>								
767PEN	The Segal Company (Western States), Inc. (Actuarial Consulting Services)	07/01/21	06/30/24					On 11/02/23, the Board approved a three-year contract extension through 06/30/27 with The Segal Company (Western States), Inc. On 02/01/24 the Board reaffirmed the contract extension in light of Paul Angelo's retirement in October 2024.
<b>SYSTEMS</b>								
616PEN	AT&T (CALNET4 Phone)	11/15/13	06/30/25					The contract has been extended as CALNET4 to 06/30/25 by the State of California.
617PEN	AT&T (CALNET4 Data)	11/15/13	06/30/25					The contract has been extended as CALNET4 to 06/30/25 by the State of California.
619PEN	Verizon (CALNET4 Phone)	11/15/13	06/30/25					The contract has been extended as CALNET4 to 06/30/25 by the State of California.
687PEN	Northern Trust Company (Integrated Disbursement Services)	10/05/17	10/04/25					
626PEN	Avenu Insights and Analytics, LLC. (Pension Administration System Replacement Project)	07/02/15	07/01/26					

<sup>1</sup>Marketing Cessation: The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members in the award of all Investments contracts. In accordance with Section 10.0 of the Investment Policy, from the time the search begins with the Board's approval of the minimum criteria for the search until the search ends with the selection of the firm(s) to receive the contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with the Los Angeles Fire and Police Pension System are allowed to continue contact related to the existing contract with Staff and Consultant.

\*Expired contracts are listed in red. Expired investments contracts will remain on the list if the marketing cessation period is active and until a new contract is awarded.