AGENDA

BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

September 19, 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) 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** for more information.

Request for Services: As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities. Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing sign language interpreters, five or more business days' notice is strongly recommended. For additional information, please contact the Department of Fire and Police Pensions: (213) 279-3000 voice; (213) 628-7713 TDD; and/or email pensions@lafpp.com.

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

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** 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 tiffany.west@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 CASES

Alternative 1

1. Retired Police Officer II Sergio H. Ruedas. Mr. Ruedas will be represented by Thomas J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin & Lee, LLP.

2. Retired Firefighter III Dimitrius J. Tsarofski. Mr. Tsarofski will be represented by Thomas
   J. Wicke, Esq. of Lewis, Marenstein, Wicke, Sherwin & Lee, LLP.

D. REPORTS TO THE BOARD

1. INTRODUCTIONS OF RVK CEO-ELECT AND CO-PRESIDENT

2. REAL ESTATE VIEW OF THE WORLD BY THE TOWNSEND GROUP

3. REAL ESTATE ANNUAL STRATEGIC PLAN BY THE TOWNSEND GROUP

4. REAL ESTATE SEPARATE ACCOUNT ANNUAL PORTFOLIO REVIEW BY AEW

5. AUDIT OF SURVIVOR PENSION BENEFITS AND POSSIBLE BOARD ACTION

E. GENERAL MANAGER'S REPORT

1. Monthly Report

2. Marketing Cession Information

3. Benefits Actions approved by General Manager on September 5, 2024

4. Other business relating to Department operations

F. <u>CONSIDERATION OF FUTURE AGENDA ITEMS</u>

G. <u>CLOSED SESSION</u>

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF ONE (1) PARTICULAR, SPECIFIC INVESTMENT 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: SEPTEMBER 19, 2024 **ITEM: D.1**

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: INTRODUCTIONS OF RVK CEO-ELECT AND CO-PRESIDENT

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

BACKGROUND

Since 2010, RVK has served as the Board's General Investment Consultant, providing services such as assistance with investment policy and asset allocation, performance measurement and attribution, strategic planning, investment strategy and manager evaluation, and investment-related Board education. RVK's current five-year contract expires on February 28, 2029.

As discussed in the attached February 1, 2024 Board report (Attachment I), RVK announced on January 10, 2024 that Rebecca "Becky" Gratsinger and Jim Voytko would be transitioning out of their roles as Chief Executive Officer (CEO) and President, respectively. They would remain active employees of the firm after the transition and, importantly, continue to serve as key members of the consulting team assigned to the Board. Effective May 1, 2024, Anthony "Tony" Johnson and Spencer Hunter, senior consultants who have been with the firm since 2008, became the new Co-Presidents of RVK. Effective January 1, 2025, Joshua "Josh" Kevan, a senior consultant who has been with the firm since 2000, will become the new CEO of RVK.

DISCUSSION

At the June 6, 2024 meeting, Co-President Tony Johnson introduced himself to the Board and discussed his new role and responsibilities. Today, CEO-Elect Josh Kevan and Co-President Spencer Hunter will appear before the Board to introduce themselves and provide the Board an opportunity to ask questions about their new roles and responsibilities. The current biographies of Messrs. Kevan, Hunter, and Johnson are attached to this report (Attachment II).

BUDGET

There is no budget impact related to this report.

POLICY

There is no policy change related to this report.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

Bryan Fujita, Chief Investment Officer
Investments Division

JS:BF

Attachments: I – February 1, 2024 Board Report re: Leadership Transition at RVK
II – RVK CEO-Elect and Co-President Biographies as of September 19, 2024

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: **FEBRUARY 1, 2024** **ITEM: D.5**

FROM: **JOSEPH SALAZAR, GENERAL MANAGER**

SUBJECT: **DISCUSSION OF LEADERSHIP TRANSITION AT RVK, INC. AND POSSIBLE BOARD ACTION**

RECOMMENDATION

That the Board consider the recently announced leadership changes at RVK, Inc. (RVK) and affirm its January 4, 2024 action to extend the contract with RVK for General Investment Consulting services for a five-year period.

BACKGROUND

Since 2010, RVK has served as the Board's General Investment Consultant, providing services such as assistance with investment policy and asset allocation, performance measurement and attribution, strategic planning, investment strategy and manager evaluation, and investment-related Board education. RVK's current five-year contract expires on February 29, 2024. At the January 4, 2024 meeting, the Board authorized a five-year extension to RVK's contract (expiring February 28, 2029) based on a staff report discussing RVK's exceptional service to the Board and Staff, organizational strength, depth of resources, and other factors (Attachment I).

On January 10, 2024, shortly after the Board authorized RVK's contract extension, RVK publicly announced a forthcoming organizational change involving its current CEO, Rebecca Gratsinger, and current President, Jim Voytko (Attachment II). Over the next year, Ms. Gratsinger and Mr. Voytko will transition their roles as CEO and President to the next generation of RVK talent as a result of a planned succession strategy; both will remain with the firm as senior consultants and serve in other roles. In light of this new development, the Board may desire to reconsider its recent action to extend RVK's contract.

DISCUSSION

As discussed in the attached press release (Attachment II), effective May 1, 2024, Mr. Voytko will transition out of his current role as President of RVK. Anthony "Tony" Johnson and Spencer Hunter, senior consultants who have been with RVK since 2008, will succeed Mr. Voytko as Co-Presidents. Thereafter, Mr. Voytko will dedicate his time to client consulting and research initiatives.

Effective January 1, 2025, Ms. Gratsinger will transition out of her current role as CEO of RVK. Josh Kevan, a senior consultant who has been with RVK since 2000, will succeed Ms. Gratsinger as CEO. Thereafter, Ms. Gratsinger will dedicate her time to client consulting while continuing to serve as Chair of the RVK Board of Directors. The biographies for CEO-Elect Josh Kevan and Co-Presidents-Elect Tony Johnson and Spencer Hunter are attached to this report (Attachment III).

Based on Staff's discussion with Ms. Gratsinger, Mr. Voytko, and Ryan Sullivan, these pending organizational changes are the result of a planned leadership succession strategy. After 15 years of serving as RVK's senior leadership and guiding the firm through a period of significant growth and success, Ms. Gratsinger and Mr. Voytko (and the RVK Board) believe the time is right to initiate an orderly change of leadership at RVK that will provide an opportunity for the next generation of talent to guide the firm. Ms. Gratsinger and Mr. Voytko will remain active employees and shareholders of RVK upon transitioning their leadership roles and, importantly, they will continue to be key members of the consulting team assigned to the Board. Both have expressed a strong commitment to RVK's business and have no intention of departing the firm. Accordingly, Staff does not anticipate any negative impact to the level or quality of service RVK provides to the Board. Staff considers the orderly succession plan to be positive for RVK as a firm. Therefore, Staff recommends that the Board affirm its January 4, 2024 action to extend RVK's contract for an additional five-year period. Staff will monitor the effects of these organizational changes over the next contract term and report back to the Board as necessary and appropriate.

Mr. Voytko will attend the Board meeting in-person to address any questions the Board may have about RVK's leadership transition. At the Board's direction, staff will coordinate an in-person introduction of RVK's new leadership for a future meeting.

BUDGET

Approval of this recommendation is not anticipated to affect LAFPP's budget as RVK's consulting fees have already been projected and included in the FY 2023-24 budget.

POLICY

Approval of this recommendation will have no policy impact.

CONTRACTOR DISCLOSURE INFORMATION

The contractor complied with LAFPP's Contractor Disclosure Policy regarding campaign contributions, charitable contributions, intermediaries, gifts, and contacts on October 31, 2023. Internal Audit Section reviewed the provided information and determined there was nothing new to report under this policy.

This report was prepared by:

Bryan Fujita, Chief Investment Officer
Investments Division

JS:BF:AC

Attachments:
I. Board Report Dated January 4, 2024 Regarding RVK Contract Extension
II. RVK's Press Release on Leadership Transition
III. Biographies of RVK's CEO-Elect and Co-Presidents-Elect

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: **JANUARY 4, 2024** **ITEM: D.2**

FROM: **JOSEPH SALAZAR, GENERAL MANAGER**

SUBJECT: **APPROVAL OF FIVE-YEAR CONTRACT EXTENSION WITH RVK, INC. FOR GENERAL INVESTMENT CONSULTING SERVICES AND POSSIBLE BOARD ACTION**

RECOMMENDATION

That the Board:

1. Approve a five-year contract extension with RVK, Inc. for General Investment Consulting services;

2. Authorize the General Manager to negotiate and approve the terms and conditions of a contract extension with RVK, Inc. for General Investment Consulting services for the period March 1, 2024, to February 28, 2029; and,

3. Authorize the General Manager, on behalf of the Board, to execute the contract extension with RVK, Inc. for general investment consulting services, subject to the approval of the City Attorney as to form.

BACKGROUND

The Board's General Investment Consultant performs a variety of tasks, including assisting the Board and Staff with investment policy and asset allocation, performance measurement and attribution, strategic planning, assessing new investment products and services, and investment-related Board education. The General Investment Consultant attends all Board meetings where investment-related items are scheduled to be considered.

RVK, Inc. (RVK) was selected as the Board's General Investment Consultant following a national search in February 2010. Their contract was renewed in 2013, 2016, and 2019. RVK is currently on a five-year contract that will expire on February 29, 2024.

DUE DILIGENCE REVIEW

Staff requested RVK complete a comprehensive questionnaire as a component of the due diligence process. The review focused on ownership, personnel, types of services offered to clients, assets under advisement, reporting, consulting philosophy, and the process used in providing general investment consulting services such as asset allocation, manager research, and searches.

Staff conducted an on-site due diligence review at RVK's headquarters in Portland, Oregon on November 13, 2023. Staff met with the RVK team to review the firm resources and gain an overview of the services provided by RVK to LAFPP, including but not limited to the firm's background, business model and work culture; ownership of the firm, the team and succession planning; RVK's approach to asset liability and asset allocation studies; portfolio performance review; and investment manager research.

CLIENTS / ASSETS UNDER ADVISEMENT

RVK provides investment consulting services primarily to institutional investors, which includes corporate, state and local government pension plans, Taft-Hartley (union) pension plans, non-profit organizations, foundations, and endowments. Within their client base, they also serve several high net worth individuals that they treat as institutional clients due to the size of assets under advisement (AUA).

As of March 31, 2018, RVK reported 182 clients and $2,174 billion in AUA. As of June 30, 2023, the firm had 204 clients and $3,396 billion in AUA. This represents an increase of 22 clients and $1,222 billion in AUA.

In 2022, RVK was ranked by "Pension & Investments" as one of the five largest consulting firms based on total worldwide AUA. Unlike many of its larger peers that also generate revenue from other investing activities, RVK's sole business is non-discretionary investment consulting.

OWNERSHIP

RVK, formerly known as R.V. Kuhns & Associates, Inc., was founded in 1985. The firm is based in Portland, Oregon with regional offices in Boise, Chicago, and New York City. RVK was originally founded and owned by Russell V. Kuhns. Mr. Kuhns retired in 2010 and is no longer associated with the firm. RVK is 100% employee-owned by 33 active shareholders. RVK added eleven new shareholders in 2021 and two more in 2022. The firm plans to continue expanding its ownership base to employees who significantly contribute to the success of the company.

PERSONNEL

RVK currently employs 145 employees of which 109 are consulting and investment professionals in roles such as consultants, researchers, performance analysts, and associates. Most professionals are based in the firm's main office in Portland, Oregon, with five employees in the Boise office, four employees in the Chicago office, and seven employees in the New York office.

Rebecca Gratsinger, CEO and Senior Consultant, and Ryan Sullivan, Senior Consultant, jointly serve as co-lead consultants responsible for managing the Board's account. While both share the accountability for maintaining the client relationship and delivering a comprehensive range of investment consulting services, Mr. Sullivan takes on the primary day-to-day interaction with LAFPP. Jim Voytko, President and Senior Consultant, acts as a Senior Advisor, providing oversight for the overall working relationship with the Board. Jason Hinton and Jordan Masukawa, both of whom are Investment Associates, provide back-end support by fulfilling requests for reports and deliverables. Tanner Ono, Investment Analyst, is responsible for generating performance reports and analytics. Notably, both Ms. Gratsinger and Mr. Voytko have been dedicated to serving the Board since the inception of RVK's assignment in 2010, with Mr. Sullivan joining the team in 2013.

TYPES OF SERVICES

Non-discretionary investment consulting is RVK's sole line of business. Its standard consulting services include portfolio evaluation, governance structure review, investment policy development and review, asset allocation review, asset class structure studies, investment manager search and selection, investment performance analysis and reporting, and ongoing client education. The firm also offers specialized consulting services including asset/liability studies, strategic planning review, fee assessment, securities lending program evaluation, and custody searches. While LAFPP's scope of services with RVK is limited to general investment consulting services, RVK also provides alternative and real estate investment evaluation and consulting services.

PHILOSOPHY AND PROCESS

RVK's firmwide culture is based on five tenets: 1) Dedication to Client Service, 2) Innovation, 3) Commitment to Ethics, 4) Employee Ownership, and 5) Collaborative and Team-Based Approach. Its priority is to serve its clients based on their needs and preferences, which includes customization of all the consulting services. As RVK does not manage assets or investment programs, the firm only accepts non-discretionary assignments. Its objective is to provide clients with accurate information and thoughtful, well-supported recommendations. RVK seeks to function as an extension of the client's investment staff by assisting with issues as they arise, fostering efficiencies, and facilitating sound portfolio management.

RVK's consulting process is built upon a team concept, with each group composed of consultants, investment associates, performance measurement analysts, and investment management research analysts. The composition of the team is determined by the needs of the client. Teams work collaboratively to provide the client with the specific services required. Having multiple individuals assigned to each account allows for continuity of knowledge on the team and for RVK to be responsive to each client's various needs as they arise.

To avoid potential conflicts of interest, RVK does not have any affiliations with financial institutions such asset management firms, investment or commercial banks, or insurance companies. This enables its sole non-discretionary investment consulting business to offer unbiased investment advice. Since RVK is an independent and employee-owned firm, the ownership structure incentivizes employees to stay with the firm.

CONCLUSION

In addition to providing ongoing monitoring and guidance to the Board and Staff, RVK has assisted with several significant projects during the contract period, including but not limited to:

- Asset/Liability study
- Public Fund Universe analysis
- Asset Allocation review (both education and analysis)
- Review of emerging markets equities exposures, risks, and alternative portfolio positioning
- Detailed structural reviews of various asset classes
- Annual review of investment policies
- Manager searches for index providers and Global Fixed Income
- Search for Private Credit consultant and Private Equity consultant
- Assistance with CIO candidate review

Staff is pleased with the quality of service provided by RVK during the current contract period. The firm has responded promptly and professionally to all Staff requests, has led or assisted in various manager and consultant searches, and has provided several educational presentations to the Board. The General Investment Consultant Survey result for 2023, which was presented to the Board on May 18, 2023, also indicated that RVK either exceeded the expectations of the Board and Staff or were outstanding in the various areas they were rated on. RVK received an average score of 4.65 out of 5.00, with 4.45 from the Board and 4.84 from Staff.

In view of the above, Staff recommends that the Board renew RVK's contract for General Investment Consulting services for a five-year period ending February 28, 2029.

BUDGET

RVK charges a flat $375,000 annual general investment consultant fee. By contract, RVK may also charge certain project-based fees depending on the Board's needs. Approval of this recommendation is not anticipated to affect LAFPP's annual budget, as RVK's consulting fees have already been projected and included in the budget for FY 2023-24.

POLICY

Approval of this recommendation will have no policy impact.

CONTRACTOR DISCLOSURE LANGUAGE

The contractor complied with LAFPP's Contractor Disclosure Policy regarding campaign contributions, charitable contributions, intermediaries, gifts, and contacts on October 31, 2023. Internal Audit Section reviewed the provided information and determined there was nothing new to report under this policy.

This report was prepared by:

Miki Shaler, Investment Officer
Investments Division

JS:BF:AC:MS

ATTACHMENT II

FOR IMMEDIATE RELEASE

January 10, 2024

Contact: Gayle Butcher
Director, Business Development
503.802.6130
Gayle.Butcher@RVKInc.com

RVK Board Selects New Leadership

PORTLAND, Ore.-The RVK Board of Directors selects Josh Kevan as RVK's CEO-Elect effective immediately, assuming full responsibility on January 1, 2025. Current CEO Rebecca Gratsinger remains the leader of the firm until January 1, 2025. Going forward, she will serve as chair of the RVK Board, CEO Emeritus, and senior consultant to RVK's clients. This key leadership development signifies the culmination of a meticulously-planned succession strategy.

Effective May 1, 2024, the RVK Board selects Tony Johnson and Spencer Hunter as co-Presidents of the firm. Current President Jim Voytko will transition to the role of President Emeritus and continue to serve RVK's clients as a senior consultant. Gratsinger and Voytko remain deeply committed to RVK's mission and will continue to serve as active shareholders of the firm.

CEO-Elect Josh Kevan, a senior consultant and shareholder with RVK since 2000, is based in Boise, Idaho. Widely regarded for his dedication and expertise, he consistently delivers outstanding results within the consulting industry. Kevan expressed his honor in leading an organization rooted in client-focused service by expressing, "I'm thankful for the privilege to lead a world-class investment organization and also for Becky and Jim's leadership and partnership over the last 15 years. They led us to remarkable growth in size, expertise, and expansion of services. Tony, Spencer, and I are committed to upholding the longstanding vision of prioritizing our clients and professionals."

Co-Presidents Tony Johnson and Spencer Hunter, who have been with the firm since 2008, will remain senior consultants, shareholders, and board members. Johnson will be based in Chicago, Ill., and Hunter in Portland, Ore. Each will have specific areas of focus while continuing to collaborate on strategic initiatives, consistent with their approach since joining the firm.

Reflecting on RVK's legacy and future, Johnson and Hunter shared, "RVK remains distinct in our industry and we are extremely proud of the organization we have become, but we will not rest on past success. This transition, with support from Becky, Jim, and RVK's Board, enhances our ability to manage the firm while bringing a fresh perspective in a continually-changing market."

In regards to the evolution of RVK's leadership, Becky Gratsinger, with RVK since 1994, shared, "While it has been rewarding to lead such a great organization, I am enthusiastic to support our very talented and capable next generation as they lead us into the future. Josh and I have worked closely together for the past 23 years. I have complete confidence that he will lead RVK to new heights while holding fast to the foundational principles that make RVK unique."

Jim Voytko, a member of RVK since 2004, will retain a pivotal role in nurturing key client relationships while spearheading research initiatives. Voytko expressed that he is, "Excited about the evolution of the presidential role. The firm has grown significantly during my tenure at RVK. Tony and Spencer are exceptionally well-positioned with complementary skills to guide the firm forward into its next chapter."

About RVK

RVK's mission is to provide unbiased investment advice and long-term solutions to institutional investors, based on their cornerstones of professional expertise, trust, and client service. One of the largest fully independent and employee-owned investment consulting firms in the US, RVK provides strategic investment advice to approximately 200 clients representing over $3T of assets under advisement, including corporate and public retirement systems, Taft-Hartley funds, nonprofit organizations, operating funds, and high-net-worth individuals/families. The heart of RVK is their team-centered approach to client service, provided by their experienced team of consulting professionals. RVK is a national firm with headquarters in Portland, Oregon, and regional offices in Boise, Chicago, and New York City.

RVK Bios for CEO-Elect and Co-Presidents-Elect

Joshua Kevan, CFA
CEO-Elect, Senior Consultant, Principal

Joshua (Josh) Kevan is a Senior Consultant with RVK. He joined RVK in 2000 and leads our Boise, Idaho office. As a Senior Consultant, Josh advises a diverse mix of clients that include defined benefit plans, defined contribution plans, endowments and foundations, insurance companies, and other special purpose funds.

Josh earned a BA degree in Business from the University of Washington. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Idaho. Josh is a shareholder of the firm.

Anthony Johnson
Co-President-Elect, Director of Midwest Consulting, Senior Consultant, Principal

Located in our Chicago office, Anthony (Tony) serves as RVK's Director of Midwest Consulting and as a Senior Consultant. He joined the firm in 2008 and has over 25 years of industry experience. In addition to his consulting responsibilities, Tony leads the general consulting operations in the Chicago office.

His experience prior to RVK includes oversight of the City of Philadelphia's then-$4 billion Public Employees Retirement System and Deferred Compensation Program, where he served as the Chief Investment Officer for over four years.

During his career, Tony served as a Senior Consultant with Franklin Park Associates researching and providing consulting services to institutional investors on private equity partnerships. He also served as an investment consultant with Mercer on corporate and healthcare investment plans serviced from the Philadelphia and New York offices. Tony started his career as a risk analyst with an insurance brokerage firm.

Tony earned his BS degree in Business Administration with dual majors in Finance and Risk Management & Insurance, with honors, from Temple University in Philadelphia. Tony is a shareholder of the firm and a member of the Board of Directors.

Spencer Hunter
Co-President-Elect, Senior Consultant, Principal

Spencer is a Board member and Senior Consultant located in RVK's Portland headquarters, having joined the firm in 2008. He works with complex public pension and sovereign wealth fund clients regarding strategic asset allocation, portfolio construction and implementation, and policy development. In addition, Spencer serves as an active member of RVK's Investment Program Review team, focusing on governance considerations and management of world class investment organizations. He also leads a group of 20+ associates, charged with the creation and ongoing improvement of the firm's asset allocation, risk monitoring, and portfolio construction systems and processes.

Previous responsibilities at RVK include performing quantitative portfolio modeling and leading the performance monitoring and reporting efforts for many of the firm's largest and most complex clients.

Spencer graduated with honors from Linfield University, earning a degree in Finance. He is a shareholder of the firm and has served on the Board of Directors since 2018.

ATTACHMENT II

RVK CEO-ELECT and CO-PRESIDENT BIOGRAPHIES
AS OF SEPTEMBER 19, 2024

Josh Kevan, CFA – CEO-Elect, Senior Consultant, Principal
Josh is CEO-Elect and a Senior Consultant with RVK. He leads our Boise, Idaho office, and will step into the role of CEO in January 2025. Josh joined RVK in 2000 and has over 25 years of experience in investment consulting and capital markets. As a Senior Consultant, he advises a diverse mix of clients that include defined benefit plans, defined contribution plans, endowments and foundations, insurance companies, and other special purpose funds.

Josh earned a BA degree in Business from the University of Washington. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and the CFA Society of Idaho. Josh is a shareholder of the firm.

Spencer Hunter – Co-President, Senior Consultant, Principal
Located in our Portland headquarters, Spencer serves as a Board member, Co-President, and Senior Consultant. He joined the firm in 2008 and works with complex public pension and sovereign wealth fund clients regarding strategic asset allocation, portfolio construction and implementation, and policy development. In addition, Spencer serves as an active member of RVK's Investment Program Review team, focusing on governance considerations and management of world class investment organizations.

As Co-President, Spencer is tasked with the management of day-to-day operations at RVK, along with leadership of the associate, analyst, and business development professionals. Previous responsibilities at RVK include performing quantitative portfolio modeling and leading the performance monitoring and reporting efforts for many of the firm's largest and most complex clients.

Spencer graduated with honors from Linfield University, earning a degree in Finance. He is a shareholder of the firm and has served on the Board of Directors since 2018.

Tony Johnson – Co-President, Senior Consultant, Principal

Located in our Chicago office, Tony serves as a Board member, Co-President, and Senior Consultant. He joined the firm in 2008 and has 30 years of industry experience. In addition to his consulting responsibilities, Tony leads the general consulting operations in the Chicago office and co-leads our firm's OCIO Evaluation & Monitoring Team.

His experience prior to RVK includes oversight of the City of Philadelphia's Public Employees Retirement System and Deferred Compensation Program, where he served as the Chief Investment Officer for over four years. Tony also served as a Senior Consultant with Franklin Park Associates researching and providing consulting services to institutional investors on private equity partnerships. He previously served as an investment consultant with Mercer on corporate and healthcare investment plans and as a risk analyst with an insurance brokerage firm.

Tony earned his Bachelor of Business Administration with dual majors in Finance and Risk Management & Insurance, with honors, from Temple University in Philadelphia. Tony is a shareholder of the firm and has served on the Board of Directors since 2016.

TOWNSEND GROUP

View of the World

Townsend Global and Regional Market Outlook

September 2024

The Townsend Group
Cleveland • San Francisco • London • Hong Kong

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01

Global Economic Outlook

Global Economic Conditions: Inflation Gradually Abating

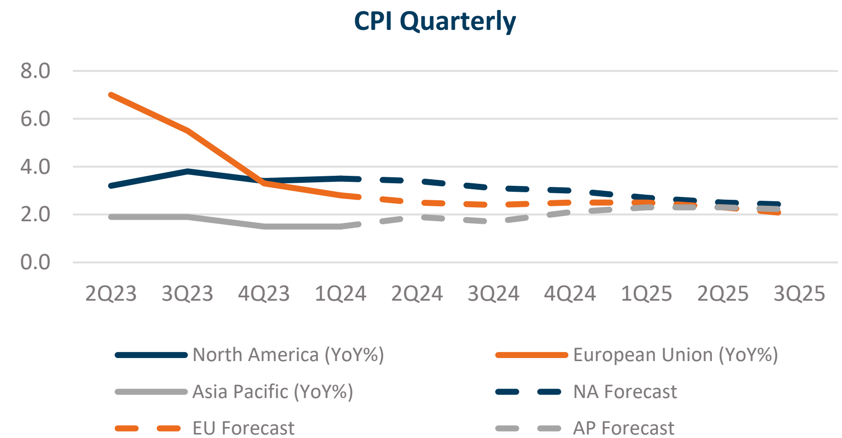
- The global economy has remained remarkably resilient this year
- But inflation has remained stubbornly higher than hoped for by Central Banks driven by post-pandemic supply-side disruptions, and war on two fronts (Ukraine/Russia, Gaza/Israel)
- Higher services, goods and shelter inflation have led to stickier inflation rates in the U.S.
- However, so far global inflation is trending gradually lower due to a globally synchronized tightening of monetary policies, but the monetary policies around the world have started to diverge
- In contrast to the recent European Central Bank (ECB) and Bank of Canada rate cuts, the Federal Reserve Bank (Fed) and the Bank of Japan took a more cautious path. Fed guidance signaled only one 25 basis points (bp) interest rate cut this year, down from the three rate cuts it signaled back in March
- After growing 2.8% in 2023, global growth is anticipated to downshift marginally to 2.6% this year and 2.3% in 2025
- Global unemployment levels continue to be low complicating the task of central banks to lower rates
- Debt burden is rising across most developed nations which could lead to more fiscal discipline down the road and perhaps a higher interest rate than we have seen in the past
- Increase in protectionism is inflationary in nature which could lead to higher than longer interest rates

ECONOMIC GROWTH OUTLOOK REMAINS POSITIVE

Real GDP Forecasts (YoY%)

Major Regions	2023	2024	2025	2026
North America	2.5	2.3	1.8	2.0
European Union	0.5	1.0	1.7	1.8
Asia Pacific	4.3	4.3	4.1	3.9
Selected Markets	**2023**	**2024**	**2025**	**2026**
United States	2.5	2.4	1.8	2.0
United Kingdom	0.1	0.6	1.2	1.4
Germany	-0.2	0.2	1.2	1.3
China	5.2	4.9	4.5	4.2
Japan	1.9	0.4	1.1	0.9
Australia	2.0	1.3	2.2	2.5

INFLATION IS PROJECTED TO STABILIZE



Source: The Townsend Group, Bloomberg (June 2024), Chatham Financial CPI Forecast (June 2024).
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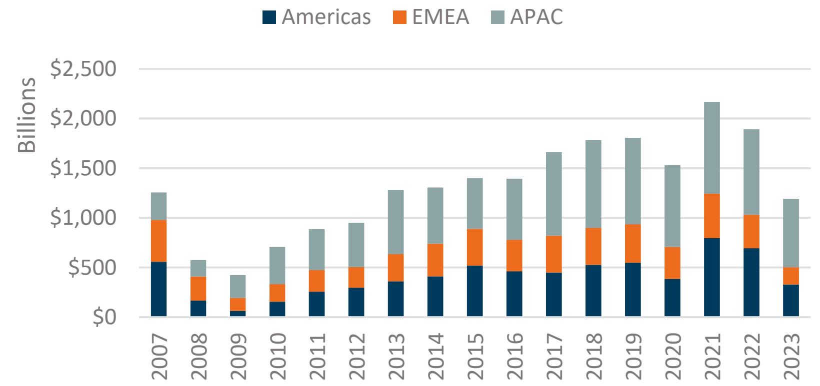
Negative Spreads Present Risk, Mitigated By Good Economic Fundamentals

- Borrowing costs may remain elevated for longer, but solid economic fundamentals can help Commercial Real Estate (CRE) withstand them in select sectors
- High rates can be a short-term headwind for valuations, driving up cap rates. But investors need to consider the offsetting and beneficial effects of a strong economy
- If interest rates remain high due to the strength of the economy, as is the case currently, stronger CRE fundamentals for certain property types may very well outweigh any negative impact caused by higher rates
- The office sector has lagged other property types (multifamily, industrial and retail) both due to cyclical (high interest rates) and structural (remote work) reasons
- Vacancy rates across the other three property types are stable, despite the prospects for higher-for-longer rates
- Low supply has also been another positive for U.S. property market fundamentals
- In the short-term, fundamentals may improve ahead of any meaningful decline in borrowing costs

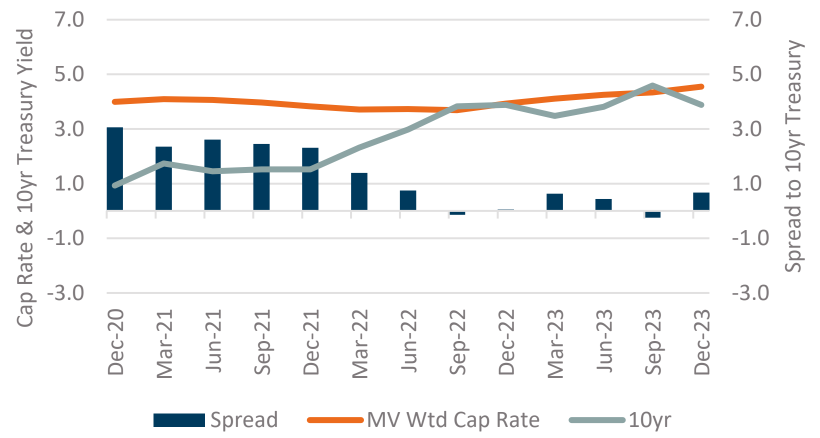
TRANSACTION VOLUME DOWN BUT SIGNS OF PICKUP

Global Commercial Real Estate Transaction Volume



PRIVATE REAL ESTATE SPREADS COMPRESSING

NPI Current Value Cap Rate versus 10yr Treasury



Source: The Townsend Group, NCREIF (December 2023), MSCI Real Assets, St. Louis Fed, KKR, JP Morgan Research (April 2024).

Townsend's Real Estate Investment Themes

PROPERTY TYPE THEMES:

1 Residential Distress

Housing is undersupplied across developed economies and build-to-rent (BTR) strategies are compelling. Multifamily lenders/operators are distressed leading to attractive entry point

2 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 Future Core: Niche Areas

Underlying drivers of traditional thematics like storage (IOS, cold storage), entertainment (studios), etc. are gaining institutional acceptance leading to risk premium reduction

4 Global Supply Chain

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

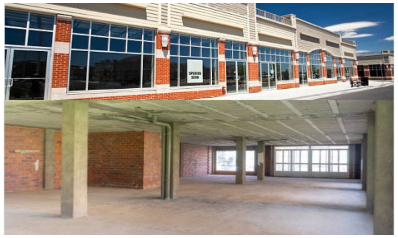
CAPITAL MARKET THEMES:

1 LP/GP Illiquidity: Secondaries

Limited transaction activity and evolving investor allocations are creating favorable opportunity for liquidity providers to LPs and GPs alike

2 GP Consolidation: GP Staking

Stress in the real estate debt and equity markets are creating funding gaps, shifting negotiating power toward those with strategic and/or growth capital



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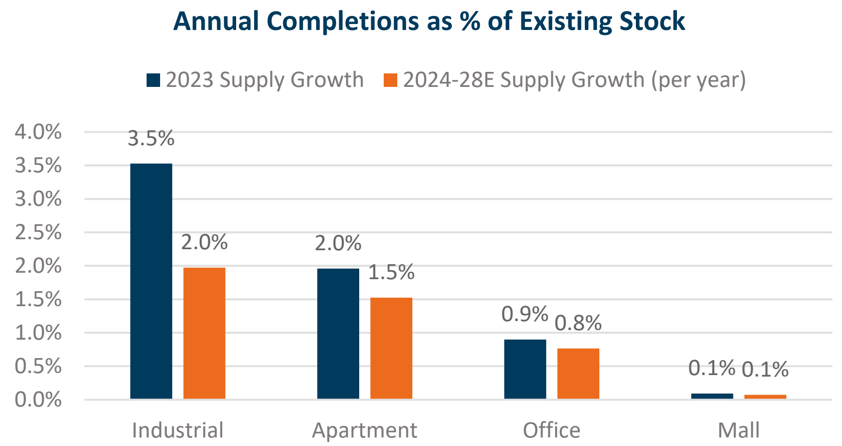
02
United States

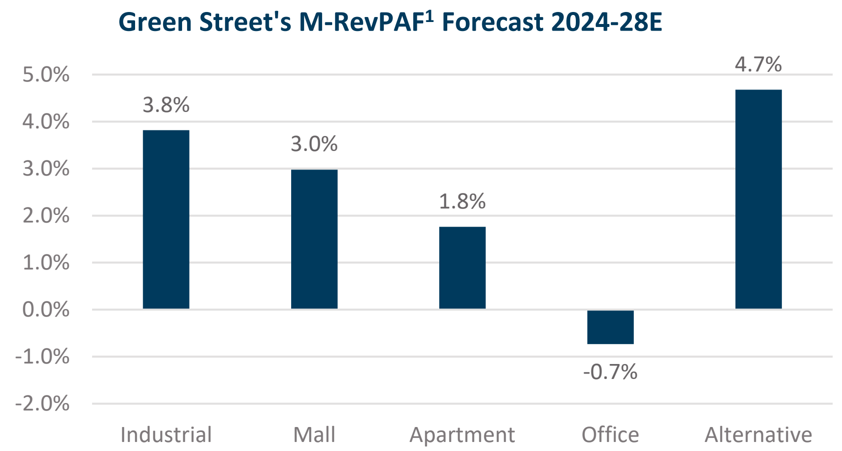
U.S. Real Estate Market Conditions: Approaching Bottom

- U.S. economic activity likely to moderate as fiscal stimulus fades and financial conditions remain tight. On the positive side, U.S. businesses have been quite profitable and are hiring
- Low supply has also been another positive for U.S. property market fundamentals
- Higher rates remain a risk but better than anticipated fundamentals likely to help the real estate market
- Higher for longer interest rates in the U.S. are being factored in due diligence scenarios
- The strength of the underlying U.S. economy will support recovery in fundamentals across the three core sectors (multifamily, industrial, and retail), but office will still face prolonged headwinds
- Short-term, additional opportunities may rest outside of the core property subtypes in the alternate real estate sectors

SUPPLY GROWTH CONTRACTING MEANINGFULLY



GO FORWARD GROWTH OUTLOOK IS QUITE POSITIVE



Source: The Townsend Group, MSCI Real Assets (March 2024), Green Street (March 2024).
[1]Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies.
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U.S. Real Estate Sector Opportunity Set

Most Compelling Sectors Today

Data Centers

Digital data creation, usage, and storage has been growing exponentially. On-going 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

Single Family Rental/Build-to-Rent

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

Sectors Exhibiting Attractive Entry Point

Industrial

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

Apartments

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

Sectors to Remain Cautious On

Retail

Retail yields stabilizing after significant expansion over the past decade. High quality malls generating strong sales per square foot. Neighborhood & grocery-anchored space demonstrated strongest performance in 2023. Investors need to revisit investment case in the next 6 months

Office

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

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U.S. Real Estate Sector Metrics

U.S. Sectors	Entry Yield[1] Private / Public		Growth Forecast[2] SS NOI / RevPAF		Cap Ex % NOI[3]	Investment Preference
Overweight:						
Data Center	-	6.0%	5.5%	10.1%	25%	Development
Single Family Rental	4.5%	4.7%	4.6%	4.2%	14%	Build-to-rent
Logistics/Warehouse	3.8%	4.9%	7.6%	3.8%	14%	Lease MTM Coastal/Port Centric
Industrial Outdoor Storage (IOS)	3.7%	3.7-5.0%	6.5-11.0%	-	5-8%	Development
Cold Storage	-	6.1%	7.5%	5.2%	16%	Development
Senior Housing	5.2%	4.5-5.7%	13.1%	3.7-5.9%	23%	Stabilized/Development
Student Housing	5.5-6.0%	-	6.5-8.6%[2]	-	10-12%[3]	Stabilized/Development
Affordable Housing	5.4-5.8%	-	6-9%	-	7%[3]	Stabilized/Development
Manufactured Housing	3.2%	5.2%	4.6%	4.8%	13%	Stabilized/Development
Neutral:						
Apartment	4.3%	5.6%	2.8%	1.8%	15%	Sunbelt Suburban/Garden
Retail	5.5%	6.9-7.8%	3.0-3.8%	2.3-3.0%	17-22%	Grocery-Anchored
Medical Office	5.5%	7.0%	5.5%	-	13%	High Credit/Long-term WALT
Life Sciences	5.0%	5.6%	2.8%	0.4%	14%	Primary Healthcare Central Business Districts (CBDs)
Self-Storage	4.4%	5.6%	1.8%	4.1%	8%	Stabilized/Development
Underweight:						
Office	6.0%	7.9%	0.9%	-0.7%	29%	Class A

Source: The Townsend Group, NCREIF, Green Street (May 2024).

[1] Private: forward cap rate (Townsend/NCREIF). Public: nominal cap rate before capex (Green Street).

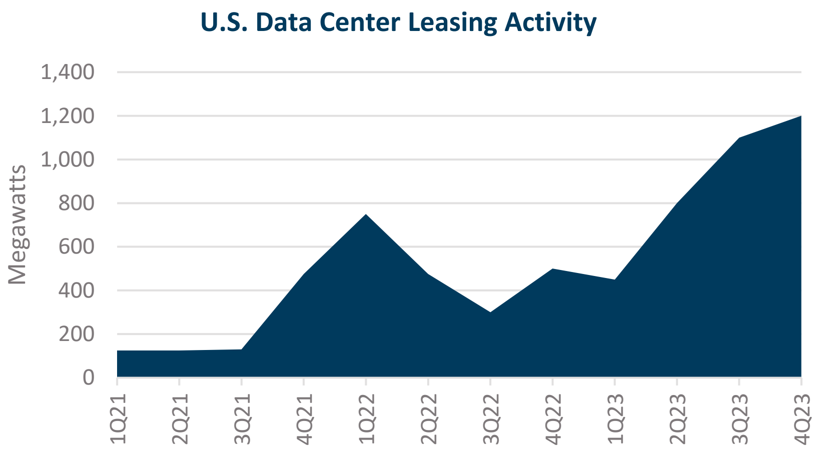
[2] SS NOI Growth and M-RevPAF Forecast (2024-28 annualized unless noted). Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies.

[3] CapEx figures sourced from Green Street's review of public REITs (May 2024).

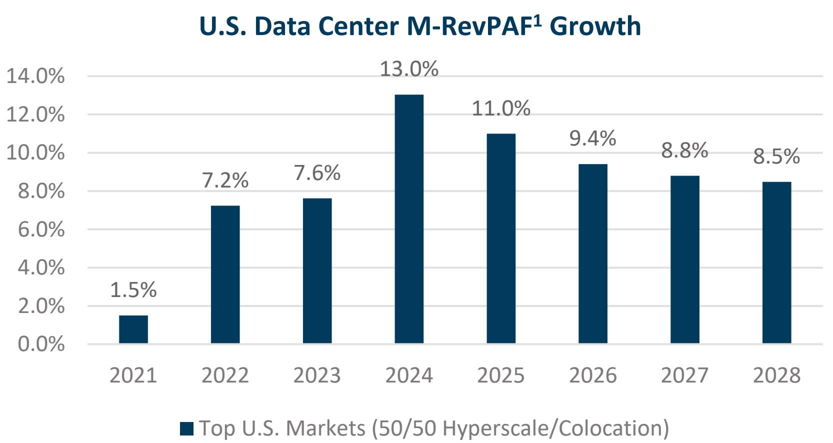
Data Center: Digital Trends & AI Driving Strong Fundamentals

- Data center fundamentals are forecasted to be the best among major property sectors
- AI and continued traditional digitization of the economy (cloud, autonomous vehicles, Internet of Things, etc.) is fueling data center demand
- AI training workloads require massive scale, but latency (lag between production and consumption of data) is not important. These data centers can be located away from dense areas
- Traditional computation and AI inference demand tends to have lower tolerance for latency and are typically located close to dense markets
- The strong tailwinds will lead to high growth in leasing activity but is also fueling demand for new development
- Power and capital limitations to restrict development activity to the best positioned operators. Hyperscalers on the margin leaning towards smaller more nimble players over large established entities

LEASING ACTIVITY HAS GROWN SIGNIFICANTLY



GROWTH FORECASTS REMAIN ELEVATED



Source: BofA Global Research (April 2024), Green Street (March 2024), Principal (April 2024).
[1]Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies.
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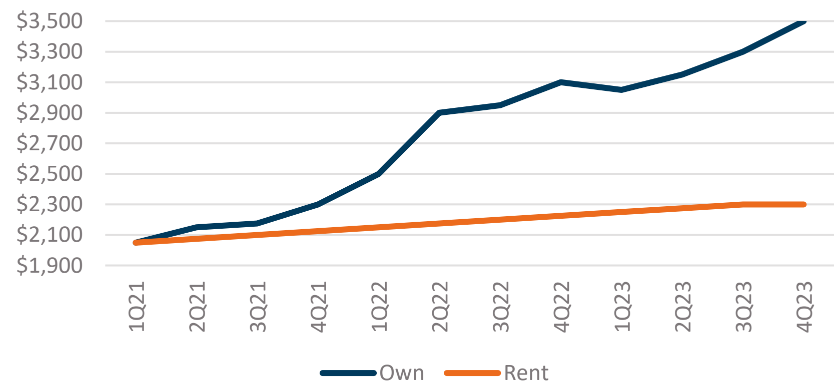
Single Family Rental: Strong Demand And Supply Shortage

TOWNSEND® GROUP

- Need for additional housing space has been rising as millennials age, live with partners, and have kids. Further, adoption of work-from-home is adding to that rising housing space demand
- Due to higher mortgage rates, the cost of ownership in most growth cities is $600-1,500 per month higher than renting
- Preference is shifting to contiguous communities that can be managed like apartments vs. scattered homes that present challenges in building scale
- The occupancy levels in Single Family Residence (SFR) is hovering around 96% leading to healthy environment for continued rent growth
- The smaller SFR product, also called horizontal apartments, more directly competes with the traditional apartments where the supply has been elevated recently and as a result witnessed a slight reduction in occupancy level from 96% to 94%
- Post GFC[2] scale back in supply has led to a deficit of 2.1 million housing units which will take several years to address. As such, we expect the demand tailwind to continue over the medium to long-term

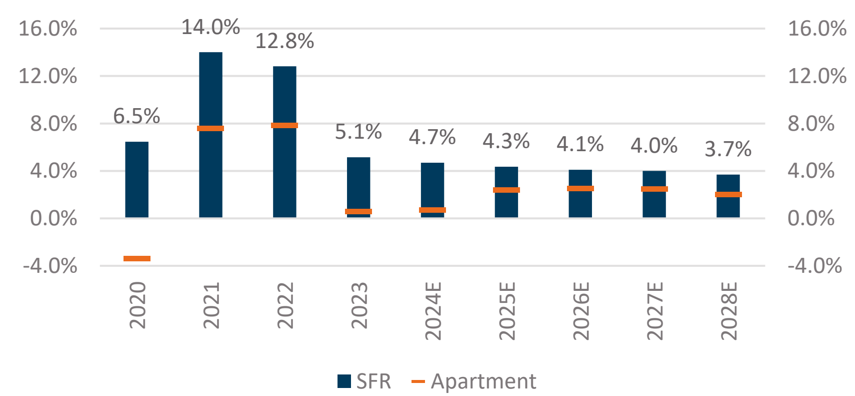
MORTGAGE RATES DRIVING HIGH COST OF HOME OWNERSHIP

Monthly Ownership vs. Rental Payment



SFR GROWTH FORECASTS ABOVE TRADITIONAL MULTIFAMILY

SFR Market RevPAF[1] Growth - Top 25 MSAs



Source: U.S. Census Housing Vacancy Survey (December 2023), Pretium (March 2024), Green Street (March 2024), John Burns Consulting (January 2024)
[1]Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies.
[2]Global Financial Crisis ("GFC") represents the time period beginning mid-2007 and ending in early 2009.
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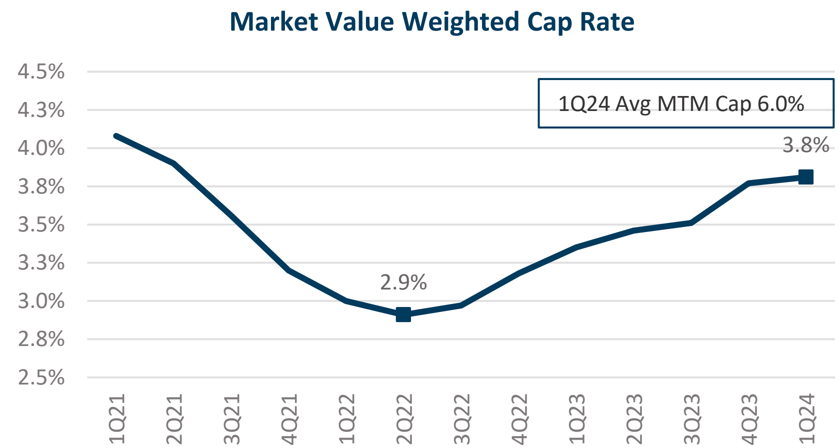
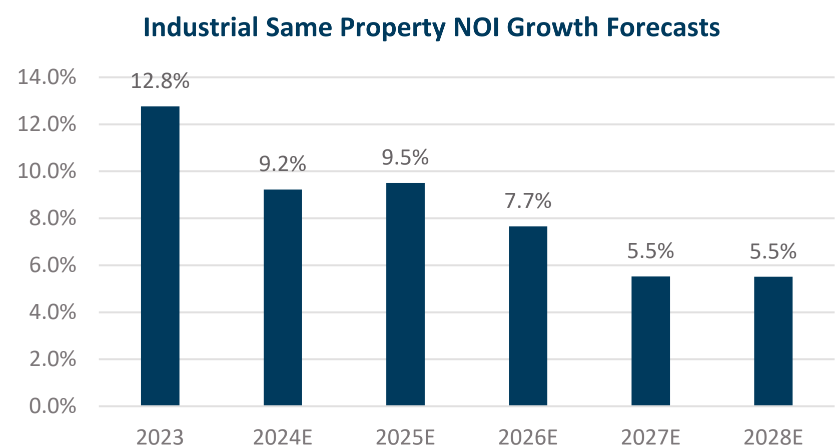
Logistics & Industrial Warehouse: Value Correction Offers Good Entry Point

- Demand normalizing and rising supply leading to moderating of industrial fundamentals towards a more normal inflationary level of rent growth
- Across various funds tracked by Townsend the in-place rent discount to market is ranging in 24-55%
- While the cap rates are still very low based on in-place rents, the mark-to-market cap rates are closer to 6%
- Near-term we anticipate further valuation pressure as new supply gets absorbed and the gap between cap rates and cost of debt continues to be negative
- The occupancy levels have come down only marginally from record 97% to 95%, highlighting still healthy level of demand in the market
- Medium-term rent growth forecasts are generally in the 4% per annum range range which is much below the levels achieved over the last few years but higher than inflation forecasts

VALUE RESET OFFERS HIGHER ENTRY YIELD



NOI GROWTH FORECASTS ARE COMPELLING



Source: The Townsend Group, NCREIF (April 2024), Green Street (March 2024).

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Industrial Outdoor Storage (IOS) & Cold Storage Present Good Fundamentals

Outdoor Storage

- Outdoor storage demand continues to rise as moderated e-commerce growth continues. Occupancy levels remain closer to 97-98% highlighting limiting supply and vibrant demand
- While the market cap rates are low, the rent growth is anticipated to be robust especially in the infill locations
- The sector remains highly fragmented, and a few key players are actively engaged in aggregating most productive assets and capture the retail-to-wholesale valuation spread

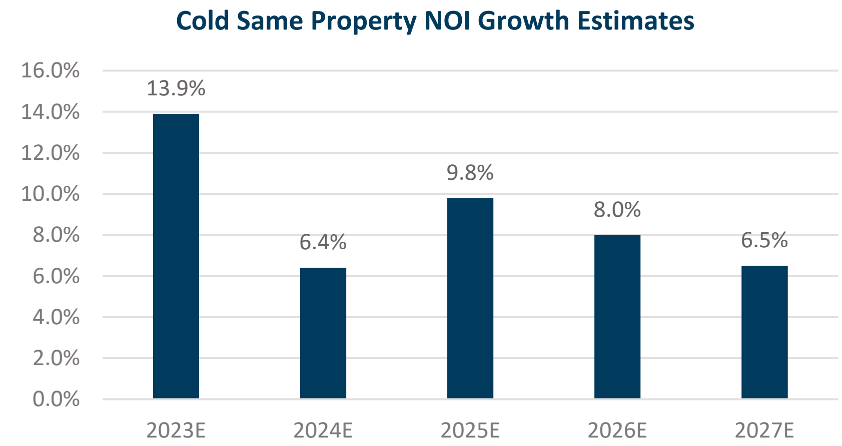
Cold Storage

- Growth in preference for fresh food, rising e-commerce in perishables, and population growth is leading to secular growth
- Obsolete stock and limited supply is leading to vacancy rates in the sub-4% range and enabling higher than inflation rent growth
- Limited group of competent operators and high cost of new facilities is further constraining supply and enhancing fundamentals

INFILL IOS OFFERS ATTRACTIVE RETURN PROFILE; LOW CAPEX

Metric	Industrial	Infill IOS	Low Barrier IOS
Nominal Cap Rate	4.3%	3.7%	5.0%
CapEx % NOI	14.0%	5.0%	8.0%
Economic Cap Rate	3.7%	3.5%	4.6%
24-27 SS NOI Growth	10.7%	11.0%	6.5%

RISING FOOD SALES DRIVING POSITIVE NOI GUIDANCE



Source: Stockbridge (December 2023), AEW (March 2024), CBRE Data Analytics (December 2023), Green Street (March 2024).
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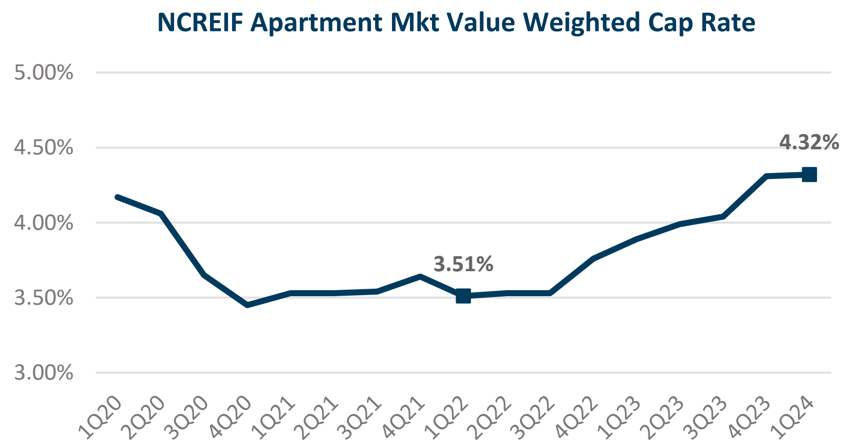
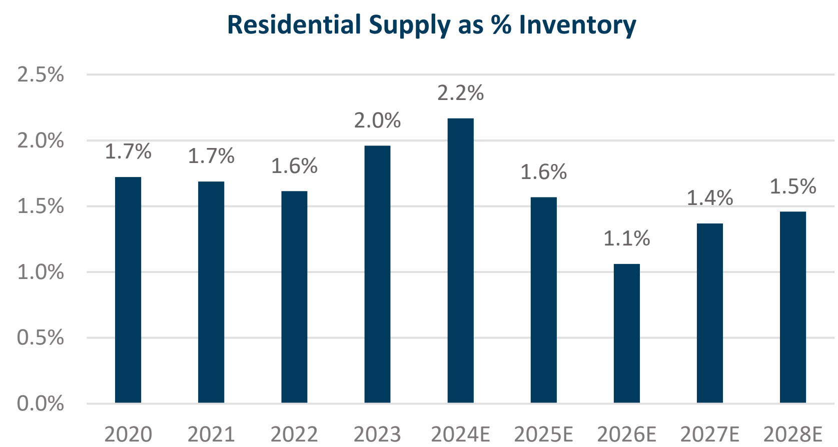
Apartment: Value Correction Offers Good Entry Point

- Various factors contributing to short-term headwinds in the apartment sector leading to valuation declines in the sector. Cap rates have expanded by around 80 bps and slight further fall in values can be expected
- Elevated supply is likely to abate as developers are struggling to find construction financing, and taking a cautious approach on leasing activity
- High mortgage cost combined with elevated home values will continue to fuel demand for renting over the medium-term even as this demand in the short-term can remain muted due to still elevated, but improving, affordability
- Negative cap rate spreads to borrowing cost combined with equity re-up necessary to hit bank's loan to value targets will keep the value rises in check leading to a good window to aggregate assets
- Continued caution in the sunbelt markets where the supply is taking longer to adjust. Investors should seek deeper discounts to historical pricing

APARTMENT CAP RATES RESET +80 BPS FROM 2022 LOW



NEAR-TERM SUPPLY REMAINS ELEVATED



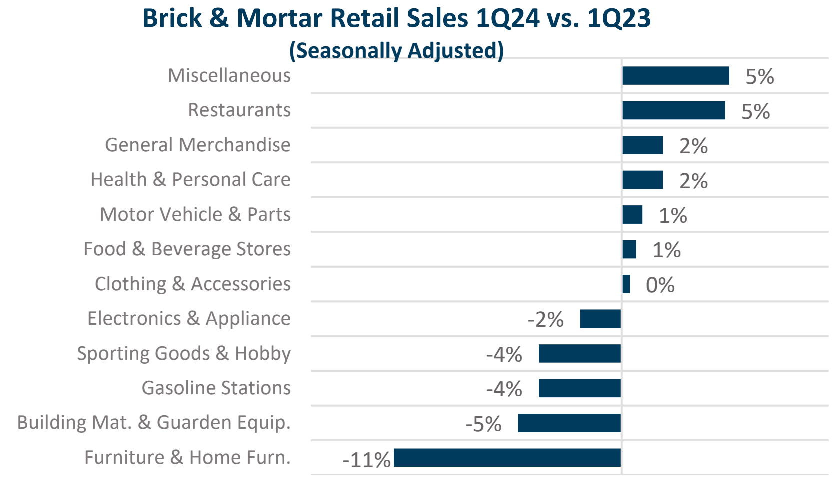
Source: NCREIF (April 2024), Green Street (March 2024), GID Multifamily Investment Management LLC (March 2024).

Retail: Sector Still In Flux, But Some Signs Of Stabilization and Growth Emerge

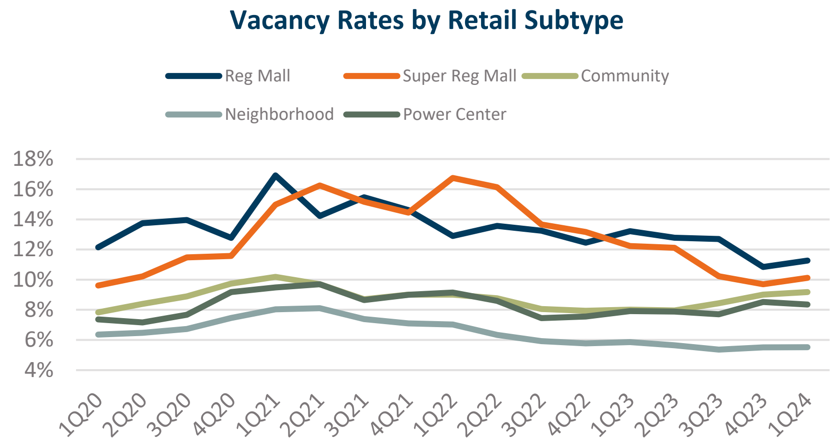
TOWNSEND® GROUP

- Shopping habits continue to evolve making it difficult to accurately predict the fundamentals in the space. However, retail real estate fundamentals are stabilizing after a few years of decline, particularly, the neighborhood strip centers are exhibiting signs of growth
- Brick & mortar retail sales growth rate in 1Q24 was 0.3% YoY, compared to 1.3% in 2023 (total retail sales growth rate were 1.5% and 2.4% respectively)
- However, the growth is focused in select areas with services and experiences driving the growth. Retail assets that cater to these specific areas of demand growth are likely to be the winners
- The supply in the strip center space has shrunk to very low levels of 0.2-0.3% and likely to remain there, a trend that will help rebalance demand and supply
- Malls have seen eight quarters of positive leasing volume. While the risk of tenant bankruptcies remains elevated, we are evaluating potential distressed investment opportunities on an opportunistic basis

SALES GROWTH MIXED BY SEGMENT



VACANCIES HIGHLIGHT BIFURCATION OF SUBTYPE HEALTH



Source: NCREIF (April 2024), Green Street (March 2024).

Office: Sector Will Take Longer To Stabilize

- Office demand is still adjusting to partial or full work-from-home trend. While return to office trend is bouncing back from the post-Covid lows the demand for office space remains well below the 2019 pre-Covid levels

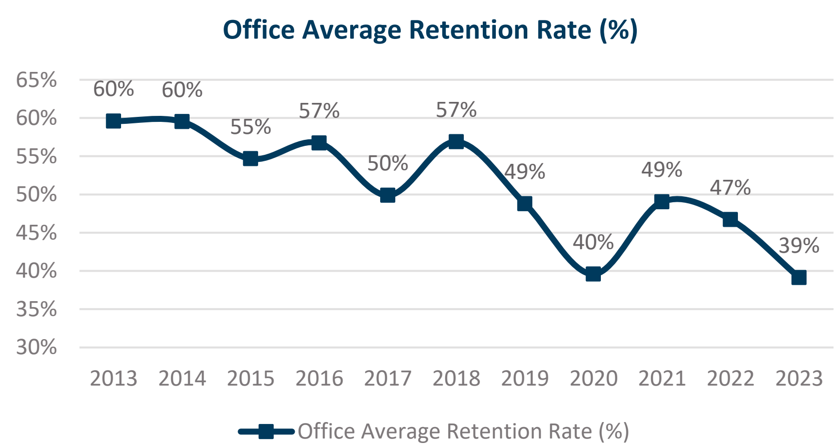
- Office values have corrected by 40% for the A- quality assets and 65% for B/B+ quality assets, still anemic to negative rent growth, lack of demand, and heavy capex burden is not justifying distress buying of such assets at large scale, even though some opportunistic investments can be made

- Across the key markets, the office utilization rates are 48% below 2019 levels; this number is higher in Los Angeles and San Francisco, lower in Austin and Dallas, and about average in New York

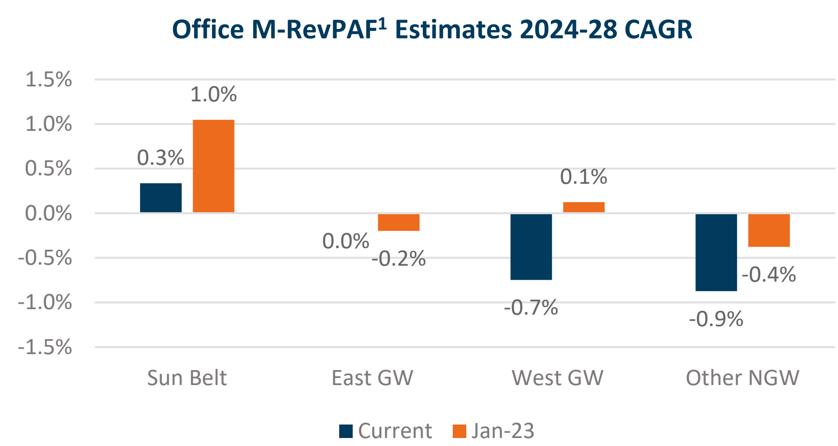
- The supply has shrunk dramatically, as anticipated, but the existing stock is still too high for the new work-for-home preference

- Large scale debt distress is likely to hit the sector as rescue capital for office sector remains limited; regional banks might have to take write-downs that can cause banking stress

OFFICE RETENTION RATES REMAIN LOW



SUNBELT, NEW YORK, BOSTON PROJECTED TO OUTPERFORM



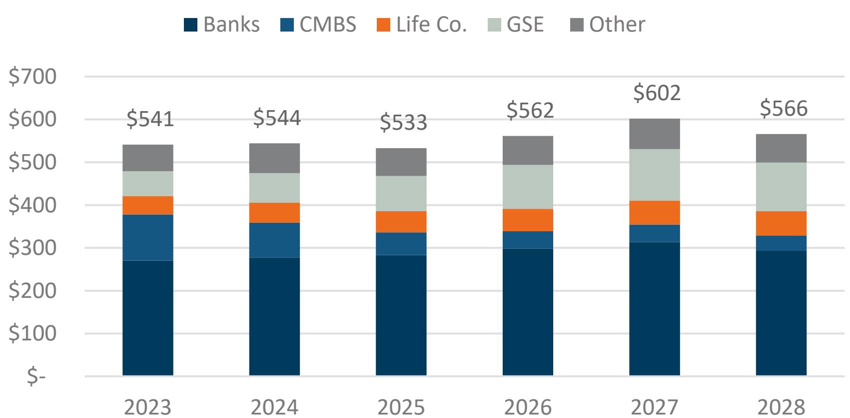
Source: Kastle (March 2024), Green Street (March 2024).[1]Market Revenue per Available Foot (M-RevPAF) is a Green Street metric combining changes in rents with changes in occupancies.

Credit: The Imminent Wall of Real Estate Debt Maturities

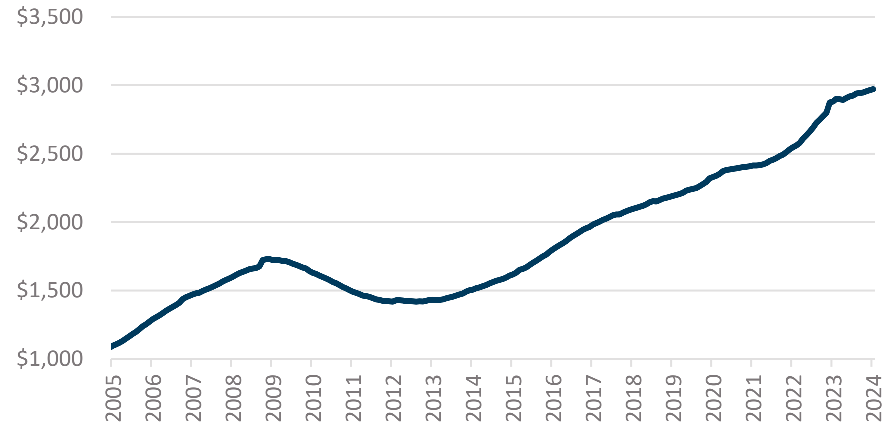
TOWNSEND® GROUP

$2.8 trillion of commercial real estate debt is maturing from 2024 to 2028

Commercial Mortgage Maturities by Lender Type (USD Billions)



Commercial Real Estate Loans by Banks (USD Billions)



- Over the next five-years, $1.7 trillion of commercial real estate debt held by banks is set to mature, which has created concern among market participants because banks appear to be under regulatory pressure to reduce exposure to real estate
  - Through 2023, the total outstanding commercial real estate loans held by banks has grown which is contrary to the media narrative
  - Federal regulators provided new guidance on extensions and restructuring to minimize losses
- In the current environment, Green Street* estimates 10-30% additional equity will need to be invested to refinance upcoming maturities
- Historically, capital constrained periods have been some of the most attractive vintages to deploy capital
  - Between 2009-2013, non-core close-ended funds tracked by Townsend produced a median net IRR of 14.5%

Source: Trepp (December 2023), St. Louis Fed (January 2024), Green Street (*Assumes leverage, property sector and maturities profiles for all CRE debt is consistent with CMBS) and the Office of the Comptroller of Currency. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

03

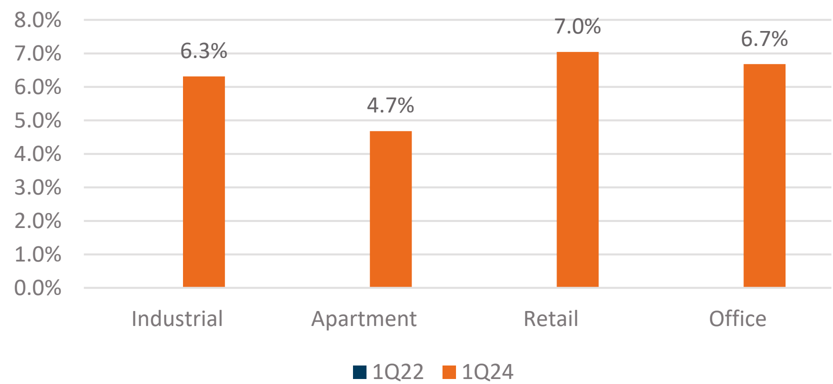
Europe

Europe Real Estate Market Conditions: At Or Approaching Bottom

- While ECB has initiated the rate cuts, inflation remains fickle; EU and the UK are expected to witness gradual economic recovery, but it is subject to various geopolitical factors
- Real estate values have corrected sharply in Europe over the last two years by over 20%; Green Street's European commercial price index is reflecting a stabilization in values resetting to 2008 levels
- The decline has been sharpest in the office sector, but sectors like industrial and residential that had seen a recent run up in values have also seen meaningful declines, creating attractive entry points
- We anticipate a gradual rise in property values, much in line with the multi-year slow trend witnessed post the GFC[1]
- The current property yields combined with future rent growth expectations puts overall real estate valuations at an attractive level relative to bonds
- Medium-term rent growth forecasts are attractive, and the valuations are stabilizing leading to an attractive investment window

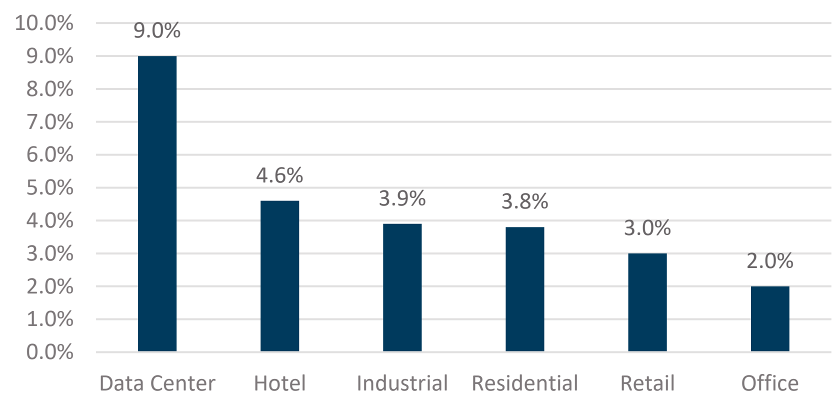
VALUATIONS HAVE RESET CONSIDERABLY FROM 2022 LOWS

Europe Average Cap Rate



FORWARD GROWTH OUTLOOK STRONG FOR DATA, INDUSTRIAL

5-Year M-RevPAM Growth Forecast



[1]Global Financial Crisis ("GFC") represents the time period beginning mid-2007 and ending in early 2009.

Source: The Townsend Group, MSCI Real Assets (April 2024), Green Street (March 2024). [1]Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

European Real Estate Sector Metrics

European Sectors	Nominal Cap Rate	5yr RevPAM[1]	Cap Ex % NOI	Target Markets	Investment Preference
Overweight:					
Data Center	4.9-6.9%	9.0%	33%	C. Europe – Amsterdam, Frankfurt United Kingdom – Dublin, London W. Europe – Paris, Madrid	Development
Logistics	5.0-7.0%	3.9%	11%	C. Europe – Prague, Warsaw, Brussels W. Europe – Paris, Lyon, Barcelona United Kingdom – London, Manchester, Birmingham	Value-Add/Development
Residential	4.0-5.0%	3.8%	12%	C. Europe – Prague, Warsaw, Berlin, Munich, Frankfurt W. Europe – Barcelona, Madrid N. Europe – Stockholm, Copenhagen, Oslo UK & Ireland – Dublin, Edinburgh	Core/Value-Add/Development Student Housing
Neutral:					
Retail	7.6-8.6%	3.0%	20%	C. Europe – Prague, Warsaw UK & Ireland – Dublin, London, Manchester W. Europe – Lyon, Paris S. Europe – Milan, Rome	Neighborhood parks
Underweight:					
Office	6.1-8.1%	2.0%	18%	S. Europe – Milan, Rome C. Europe – Prague, Amsterdam, Hamburg, Munich United Kingdom – London, Edinburgh W. Europe – Lisbon, Madrid	Class A green buildings

Source: The Townsend Group, Green Street (April 2024). [1]Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies.

European Real Estate Sector Opportunity Set

Most Compelling Sectors Today

Data Centers

Data center development activity in Europe has lagged that in the U.S. Third-party ownership of data centers also lags the U.S. Both imply an extended period of growth in the sector. The development yields are attractive but capital formation is still slow

Niche Property Types

This is an emerging area in Europe with select investment opportunities in sectors like student housing, senior housing, self-storage, and life-sciences. While the returns are attractive, the number of competent institutional-grade operators are limited

Sectors Exhibiting Attractive Entry Point

Residential

Chronic shortage of housing in key European cities, combined with recent significant reduction in development activity has caused a multi-year demand/supply mismatch. Values have reduced materially making entry point attractive, however, regulatory issues limit opportunity set

Logistics

Supply has increased recently which has led to an increase in vacancy and slowing of rent growth to more normal levels. However, demand continues to be robust. The recent decline in asset values have created a good entry point for investors

Sectors to Remain Cautious On

Office

Work-from-home continues to impact the sector with office utilization in key cities still much below pre-pandemic levels. While the values have corrected significantly, the rent growth outlook is still bleak, and capex burden is high. High-quality green buildings are better positioned

Retail

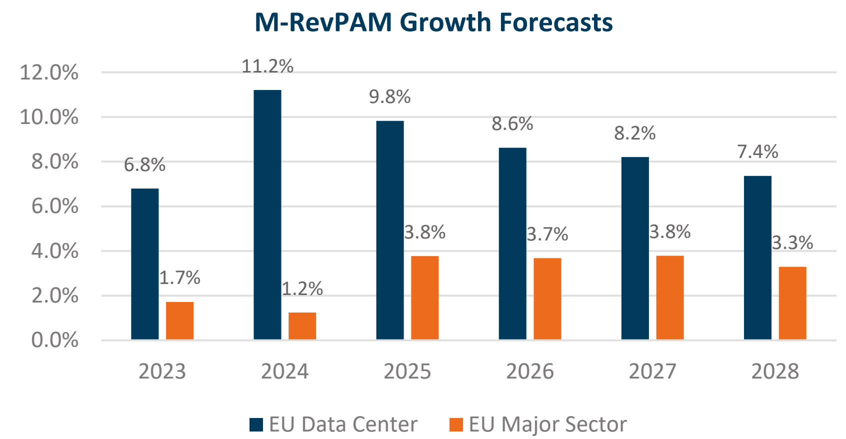
Sector has recently outperformed in the recent real estate downturn. Values seem to be stabilizing but consumer confidence is low, retail sales growth uncertain, and e-commerce is continuing to impact the sector. Investors should revisit the sector in 6 months

Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

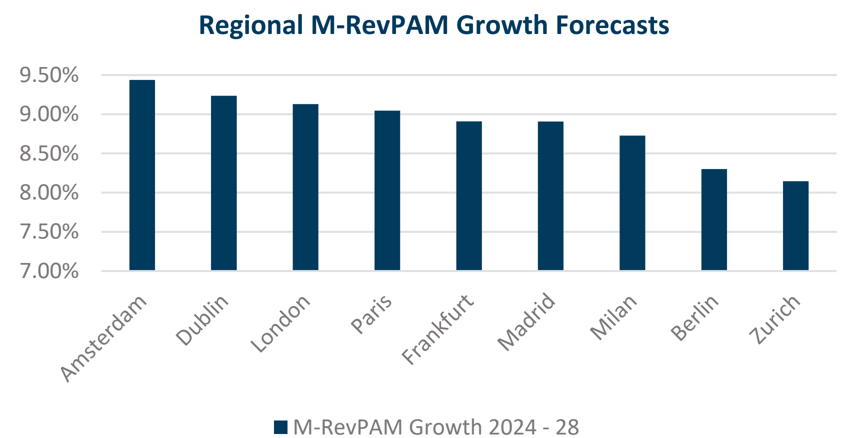
Data Center: Activity Gaining Momentum

- Key locations for data center growth include London, Frankfurt, Amsterdam, Paris and Dublin, while other growth markets are Oslo, Berlin, Madrid, Stockholm and Zurich
- While the leasing activity is fast growing in the European markets, currently the level of activity is around 20-25% that of U.S. volumes, implying an extended period of demand tailwind
- In Europe, the third-party ownership of the data centers is around two-thirds while that in the U.S. is around half
- Average colocation developments yields around 12%, while hyperscale ones are around 10%; given the much lower cap rates of stabilized data centers, they offer attractive margins
- Continued digitization in Europe and AI trend leads to one of the highest rent growth forecasts for this sector in Europe
- The emphasis on clean energy is much greater in Europe

GROWTH FORECASTS HIGH THROUGH 2028



CENTRAL EUROPE AND UK LEADING GROWTH REGIONS



Source: The Townsend Group, Green Street (April 2024).Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies.

Logistics & Industrial Warehouse: Value Correction Offers Good Entry Point

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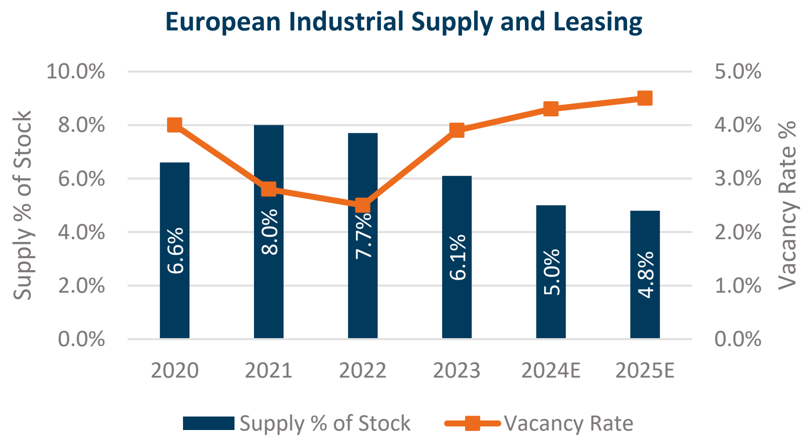
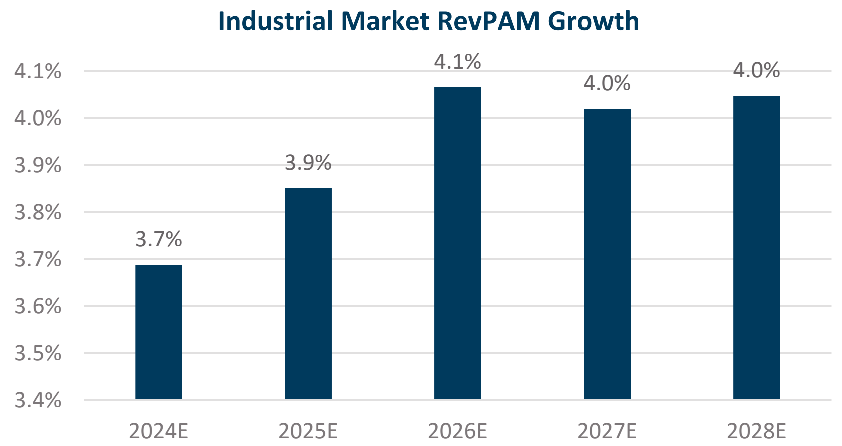
- Private market industrial values have corrected by around 20-25% from its recent peak driven by factors like higher cost of debt, slight sluggishness in leasing activity, and elevated supply; however, the capital values are up 25-30% on a five-year basis
- Vacancy rates have marginally increased from record lows in 2022 but remain below 5%
- Driven by higher cost of debt and lack of capital availability, supply is shrinking from 8% to 5% of stock
- Demand is anticipated to remain robust over the medium-term driven by continued growth in e-commerce and redrawing of supply routes, given the geopolitical situation and protectionism
- Development economics are attractive as tenants prefer new product that conforms to modern logistics specs; Value-Add and Core strategies are also attractive for lower-risk investment objectives given the lower basis today versus two years ago

SUPPLY AND DEMAND REMAINS IN BALANCE



GROWTH FORECASTED TO INCREASE



Source: The Townsend Group, Green Street, Clarion Partners Investment Research (April 2024).Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

Residential: Chronic Shortage But Regulations Limit Opportunity Set

- Residential values have corrected sharply by 20-25% on average since its last peak in 2022; current initial yield stands at around 4.4-4.8% on average which, given the low-risk inherent in this asset class, is an attractive entry point

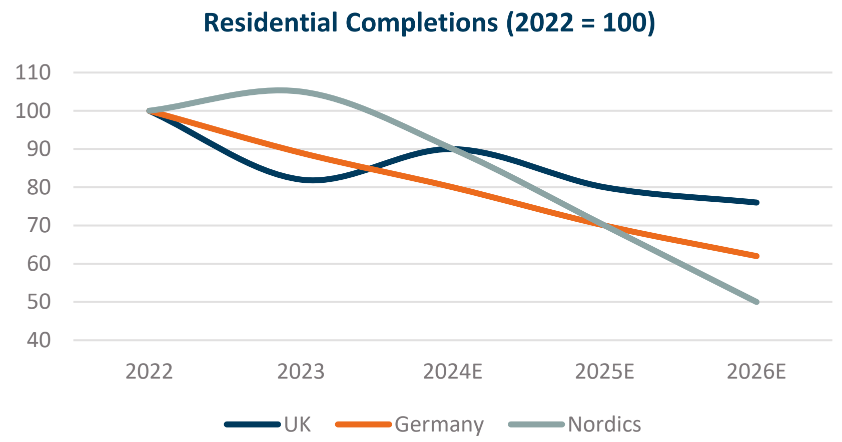
- Lack of capital availability coupled with a restrictive regulatory environment across many countries is leading a very sharp decline in much needed supply as the region in general was short on housing units to begin with

- Given the acute housing need development activity is needed but opportunities to do so are limited

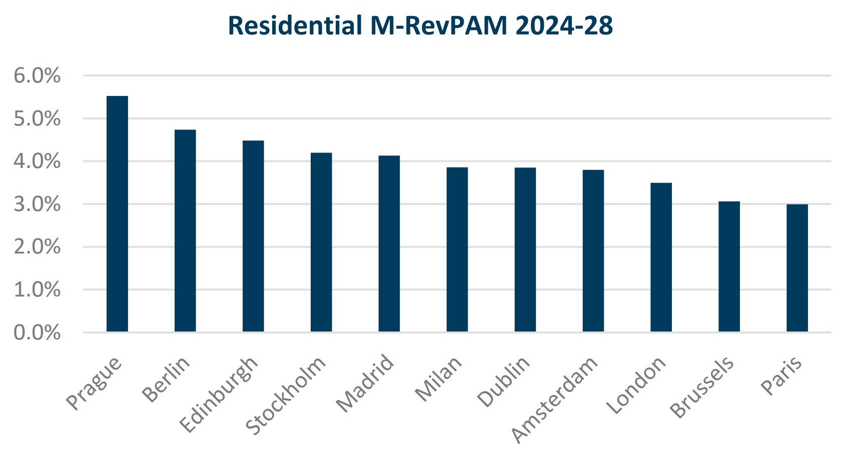
- Value-Add opportunities are also limited due to rent growth restrictions in various countries; however, limited opportunity set exists in countries like the UK

- Core strategies have performed poorly as the market values corrected and the potential to increase rents is limited; however, given the current entry points core return expectations should be achievable especially as the rates decline

RESIDENTIAL SUPPLY DECLINING ACROSS MAJOR REGIONS



GROWTH FORECASTS HIGHEST IN CENTRAL EUROPE

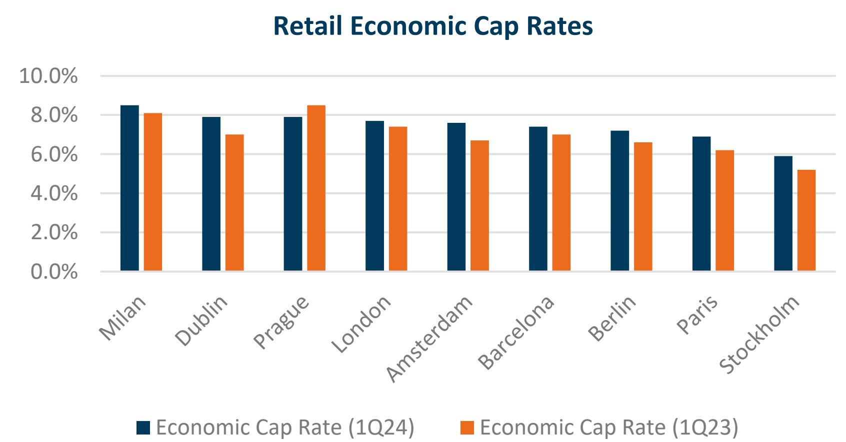


Source: The Townsend Group, Green Street (April 2024). Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies.

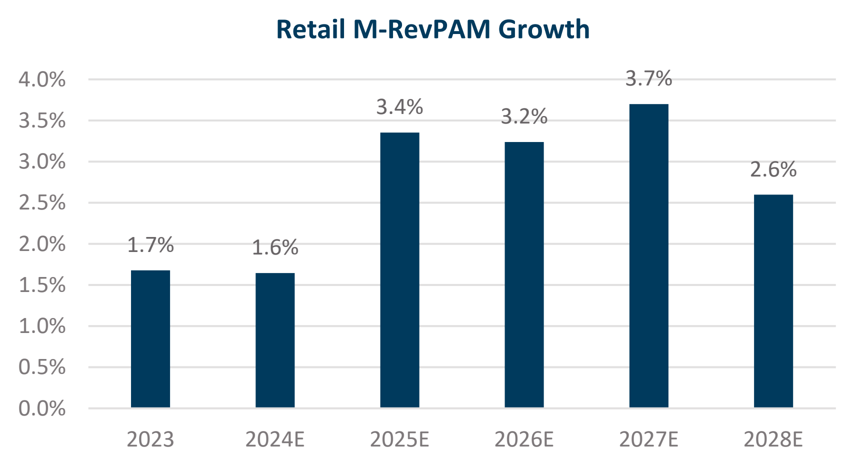
Retail: Signs Of Stabilization But Some Caution Still Warranted

- After a few years of underperformance, the sector has outperformed in the recent decline with values falling by 12-15% since 2022 vs. real estate values down by 22-25% overall; the sector has lost ~45% value since 2016
- The overall fundamentals of the European retail sector were anticipated to be better than the U.S. given much less retail space in Europe per capita than the U.S.
- With the consumer confidence still low across Europe and retail sales subsiding from the post-pandemic stimulus the outlook for retail rent growth, while positive, remains shaky
- The occupancy levels in UK and the key markets of Europe remain in the range of 94-98%, which along with limited supply in the pipeline bodes well for the rent growth fundamentals
- Starting net initial yields in the 6-8% range offer attractive entry points and select Value-Add strategies are worth considering

RETAIL YIELDS REMAIN ATTRACTIVE IN KEY MARKETS



RETAIL GROWTH FORECASTS TO NORMALIZE IN 2028

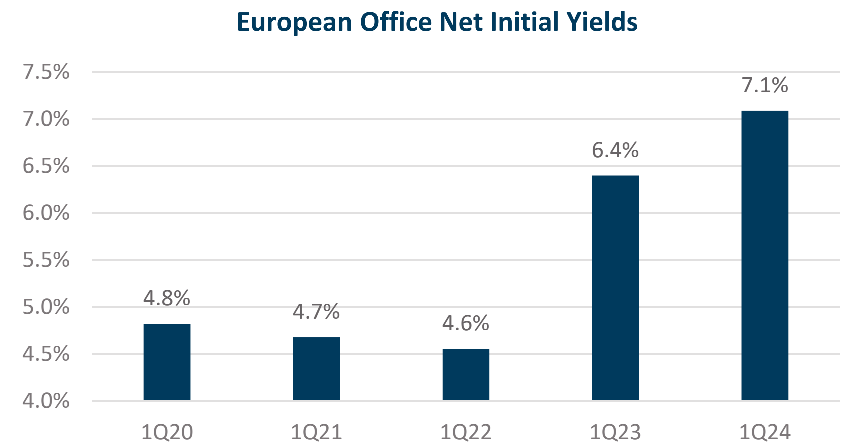


Source: The Townsend Group, Green Street (April 2024). Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies.

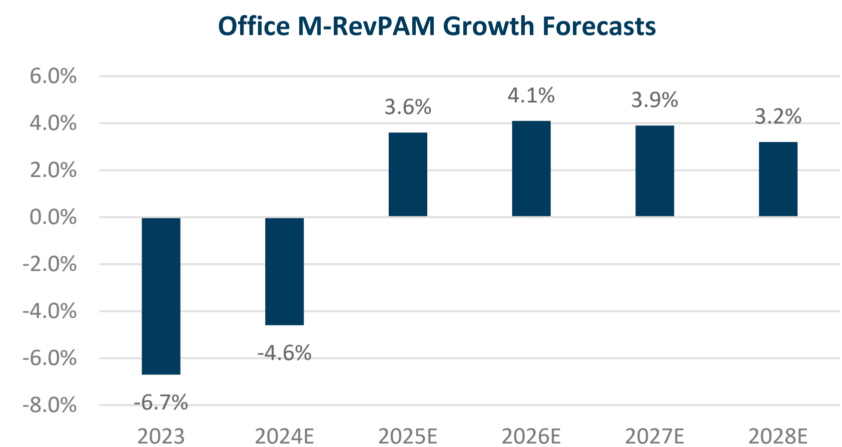
Office: Sector Will Take Longer To Stabilize

- European office values have corrected 37% from their recent peak but the investor interest in the asset class is still limited
- The work-from-home trends are not that dissimilar to the U.S. across key regions of Europe; in the U.S. fully in office and four days in the office account for 57% of the workforce. The same number for UK, France, and Germany is 51%, 60% and 58% respectively
- While many research outlets are forecasting positive NOI growth, these forecasts are subject to downward revisions as tenants continue to rationalize office space requirements in a mixed in-office and work-from-home trend
- Further, the capex burden to renovate space is high and, given the leasing uncertainty and high cost of capital, landlords are cautious in taking on such projects
- The only bright spot are high quality buildings in the heart of CBD that are green and well leased; however, that deal flow continues to be limited

EUROPEAN OFFICE YIELDS CONTINUE TO CLIMB HIGHER



OFFICE GROWTH FORECASTED TO STABILIZE IN 2028



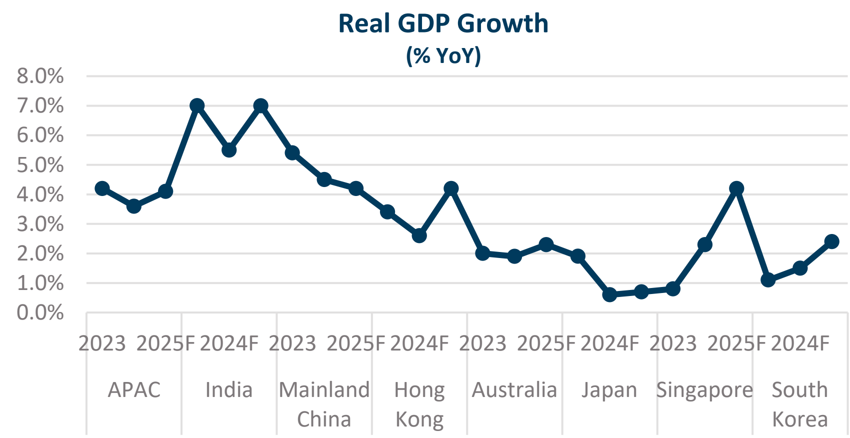
Source: The Townsend Group, Green Street, PGIM Real Estate (April 2024).Market Revenue per Available Metre (M-RevPAM) is a Green Street metric combining changes in rents with changes in occupancies. Townsend's views are as of the date of this publication and may be changed or modified at any time and without notice. Past performance is not indicative of future results. Actual results and developments may differ materially from those expressed or implied herein.

04
Asia Pacific

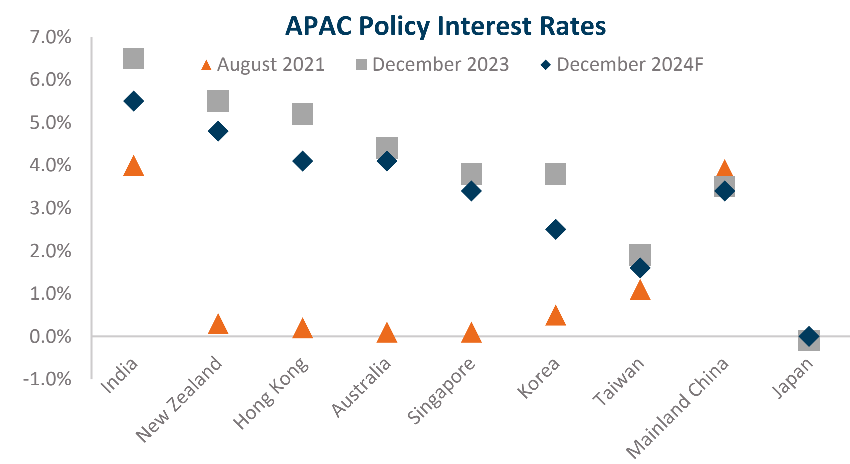
Asia Pacific Real Estate Market Conditions: Opportunities In Select Sectors/Regions

- The growth outlook for the region remains cautious in the very near-term. Modest growth is expected for most countries starting in 2025, except China where growth is slowing
- Australia and Japan are still witnessing higher inflation which is likely to ease out gradually
- Japan is still seeking to remove years of monetary accommodation. As anticipated, the Bank of Japan announced a shift to balance sheet reduction, but the rates are still expected to be lower than most developed markets
- The Australian economy is underperforming expectations by a slight margin. Economic growth remains subdued in the near term as inflation and higher interest rates weigh on demand
- Recent incoming data for China have been disappointing. The economy continues to suffer from the enduring downturn in its property sector. Activity decelerated sharply in Q2 with both manufacturing and the non-manufacturing sector weakening

GDP GROWTH OUTLOOK VARIED BY COUNTRY



INTEREST RATES FORECAST TO DECLINE BY YEAR-END



Source: The Townsend Group, CBRE (December 2023), Reserve Bank of Australia (January 2024), Macrobond (December 2023)

APAC Real Estate Sector Opportunity Set

Most Compelling Sectors Today

Asia Data Center

Continued digitization and AI growth fueling growth pan-Asia. Japan is the largest market where the cap rates have compressed making development economics attractive. Australia is moving to colocation model creating opportunities for developers/operators

Australian Credit

Traditional banks dominate lending, but their share is falling rapidly due to increased caution and regulatory changes. Significant “gap” financing is needed as values have corrected and rates have risen. Non-bank lenders can achieve attractive returns

Sectors Exhibiting Attractive Entry Point

Asia Industrial

Japan industrial values have corrected, and financing cost remains low leading to positive yield to cost of debt spread. But supply is elevated and rent growth outlook is positive but low. On the other hand, in Australia, the yield spread is negative but rent growth outlook is better

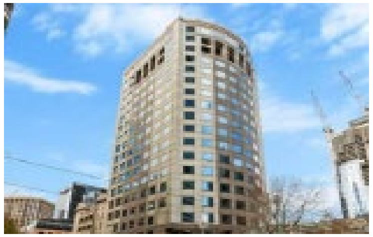
Japan Office

Office utilization in Tokyo and Osaka is one of the highest among major cities around the world. While the rent growth outlook is low, Value-Add strategies aided by low cost of debt are interesting as the stock of B+ grade assets is old and tiered

Sectors to Remain Cautious On

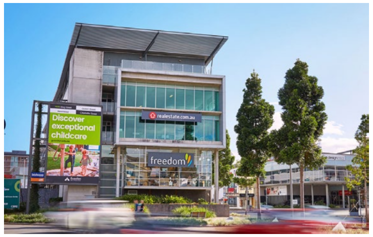
Australian Office

Even though the values have corrected sharply, work-from-home trend continues to lead to a very weak leasing environment. While some select good investment opportunities may exist for high-quality assets, in general the investment case remains risky



Australian Retail

Retail real estate assets have sharply corrected in value. The supply is limited and the occupancy levels in general are healthy. However, the consumer confidence is low and on a per capita basis real retail sales growth is negative. Additionally, buying behavior is also evolving



Australian Credit: Non-Bank Lenders Gaining Share As Banks Retreat

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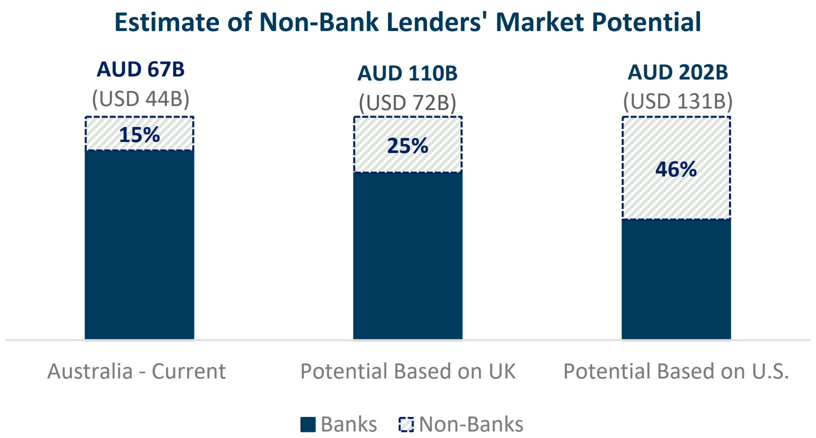
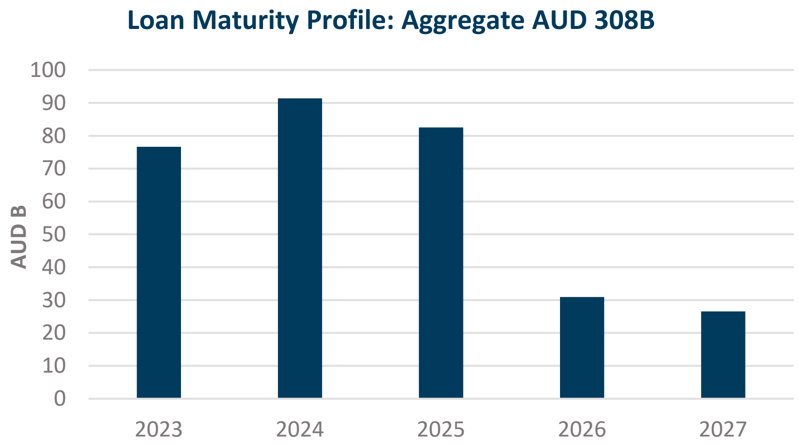
- Bank's share of CRE lending in Australia dropped from 90% to 85% from 2020 to 2022. Regulatory pressures have forced banks to pivot away from CRE investment and development loans to residential mortgages
- There is further opportunity for non-bank CRE lenders to capture a larger market share due to flexibly in financing structures and lending options. Relative to developed markets such as the U.S. and UK, Australia remains far behind in terms of non-bank lenders' share of the CRE market
- Significant "gap" financing is needed to account for correction in capital values upon refinancing due to the higher loan to value of the same given loan amount
- This financing is anticipated to be priced at opportunistic levels given the lack of capital: development senior is being priced at 9.5-10.5%, while mezzanine is in the mid to high teens; Value-Add gap financing is also indicated to have high returns
- Approximately AUD 308 billion ($200 billion USD) will require repayment / refinancing in the next five years, representing nearly 83% of the total CRE bank loan exposure
- Finding the right platform to originate, structure, and monitor such loans is critical and the opportunity set is expected to be attractive

NON-BANK CRE LENDING REMAINS UNDERPENETRATED



GROWING OPPORTUNITY SET FOR NON-BANK LENDERS

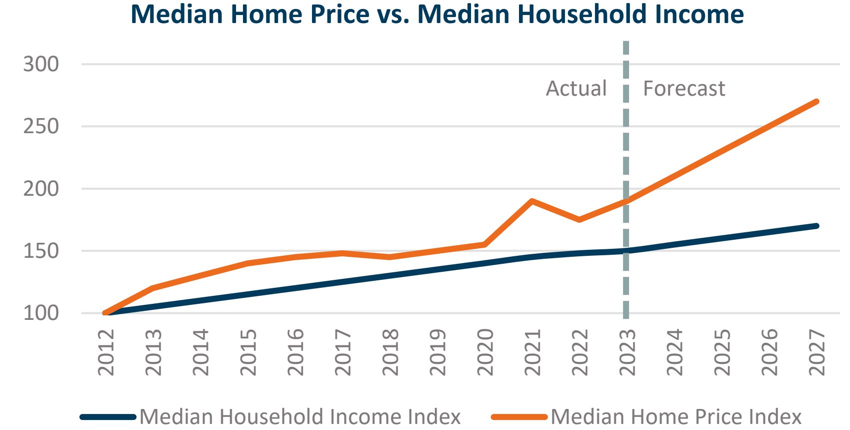


Source: CBRE Research (June 2023), Real Capital Analytics (June 2023), Australian Prudential Regulation Authority (APR) (July 2023), Fund Data, PGIM Real Estate (July 2023), Reuters (April 2023).

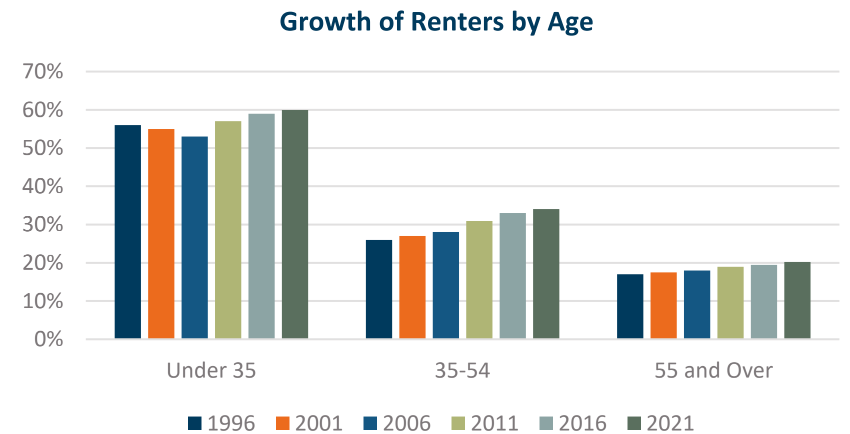
Australian Residential: Strong Demographic Trend And Limited Supply

- Driven by sustained population growth of 1.2% fueled by immigration, the Australian Residential sector exhibits strong fundamentals and consistent demand
- Australian household growth is forecast to reach 18% over the next ten years, including 15% in Sydney and 21% in Melbourne with similar growth across other major markets
- While the Australian population and households continue to exhibit growth, housing supply growth has slowed rapidly. Residential investment approvals, commencements and completions are down 50.5%, 46.2% and 46.7%, respectively, from peak levels. Additionally, foreign investment in Australian Residential real estate has fallen 92.1% from peak values
- The Australian renter population has grown out of necessity as median home prices have rapidly out paced median household incomes. All age cohorts continue to see growth in total renters because of population growth and general home unaffordability
- The cities of Sydney, Melbourne, Brisbane, Perth and Adelaide have captured 78% of the population growth concentrating investment opportunities in these five cities
- Core and Value-Add strategies are likely to produce reliable cash flow, total return and lower volatility
- Built-to-rent sector is fast gaining momentum amidst a historic low national vacancy rate of circa 1% and solid rent growth prospects going forward

HOME PRICES HAVE OUTPACED INCOME



RENTER POPULATION HAS GROWN OVER TIME



Source: Australian Bureau of Statistics (September 2023), CBRE (September 2023), (Sentinel (July 2024), Real Estate Institute of Australia (July 2024), Oxford Economics (July 2024), The Reserve Bank of Australia (July 2024), Australian Institute of Health and Welfare (July 2023).

Australian Retail: As Shopping Preferences Evolve Some Signs Of Stabilization

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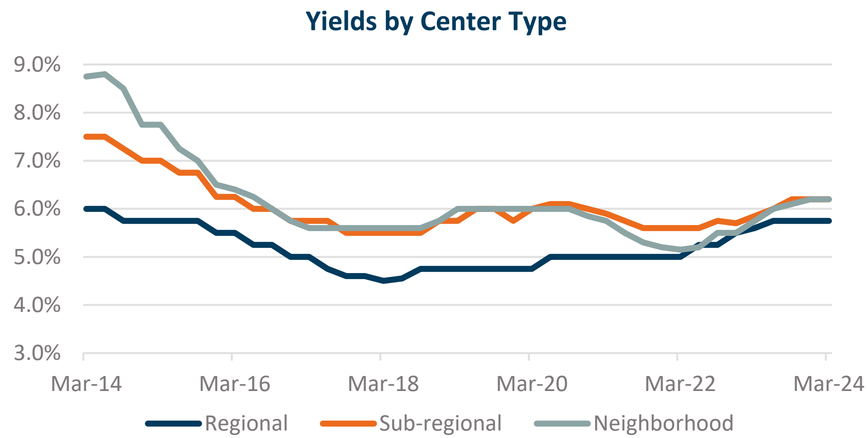
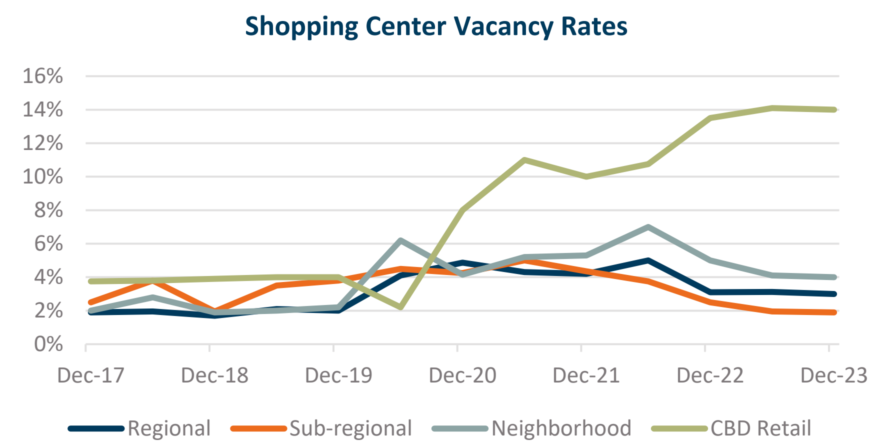
- The cost of living in Australia continues to weigh on retail sales. While necessity sectors such as food and beverage have seen some growth, there has been a decline in household goods and liquor sales
- While the nominal retail sales growth is marginally positive, the real retail sales per capita has seen a 4% decline in FY 2023 and a further 1% decline in FY 2024
- Additionally, e-commerce is gradually taking share away from bricks & mortar stores which is making retail rent growth challenging; currently, e-commerce accounts for just above 13% of all retail sales, a number that is likely to grow
- YoY rent growth in various retail formats was largely non-existent; but given low vacancy rates and shrinking supply some rent growth can be expected even though the outlook looks modest
- Retail real estate assets have declined in value by 15-25% depending upon the format and region due to stalling rent growth and higher cost of capital
- While a macro case for retail real estate investing remains weak, some opportunistic investments are starting to look attractive

YIELDS STEADY ACROSS RETAIL SUBTYPES



CBD RETAIL REMAINS CHALLENGED



Source: ABS (June 2024), Dexus Research (June 2024), JLL Research (June 2024).

Australian Office: Sector Will Take Longer To Stabilize

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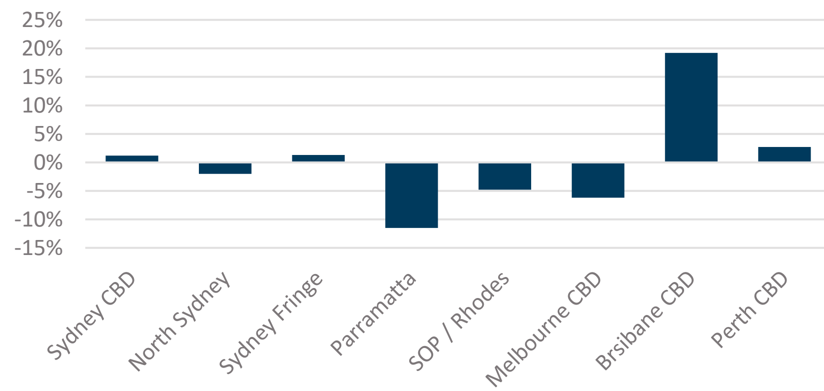
- The case for investing in the Australian office sector remains weak as the values are still falling, net effective rent growth is still negative, and the vacancies are rising
- Work-from-home is leading to rationalization of space by tenants and remains more pronounced in Melbourne
- Some signs of improving fundamentals are now visible like positive net absorption in Sydney in 1Q24, but more data needs to emerge before an investment case can be considered

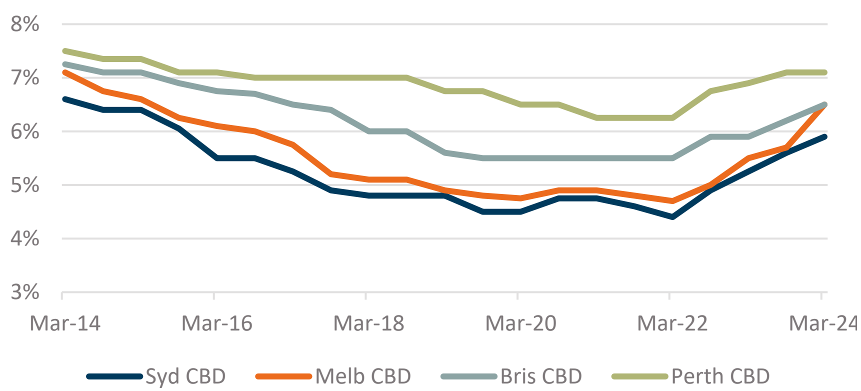
RENT GROWTH MUTED ACROSS MOST MAJOR MARKETS

Net Effective Office Rent Growth (% pa)



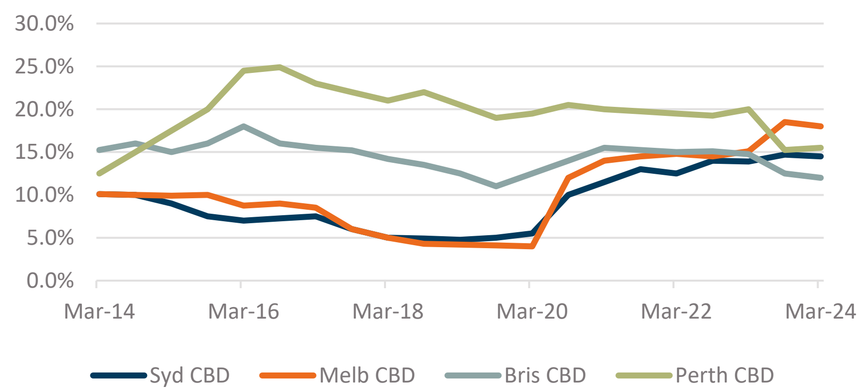
YIELDS INCREASING ACROSS ALL CITIES

Prime Yields by CBD Market



VACANCY STABILIZING BUT REMAINS HIGH

Vacancy Rates by CBD Market

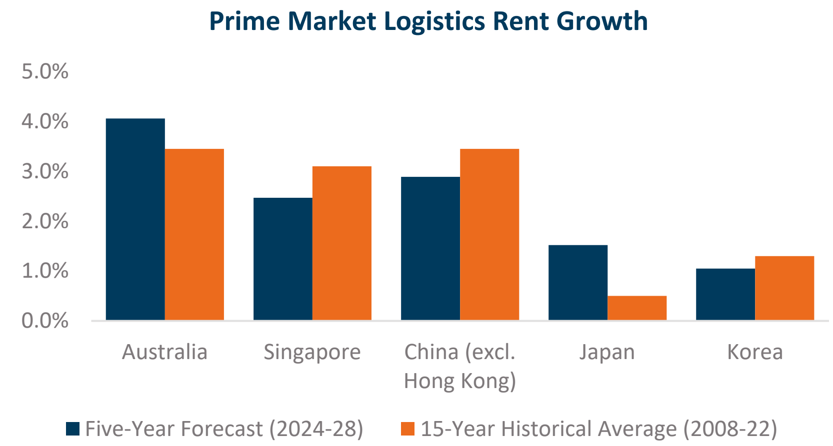


Source: Dexus Research (June 2024), JLL Research (June 2024).

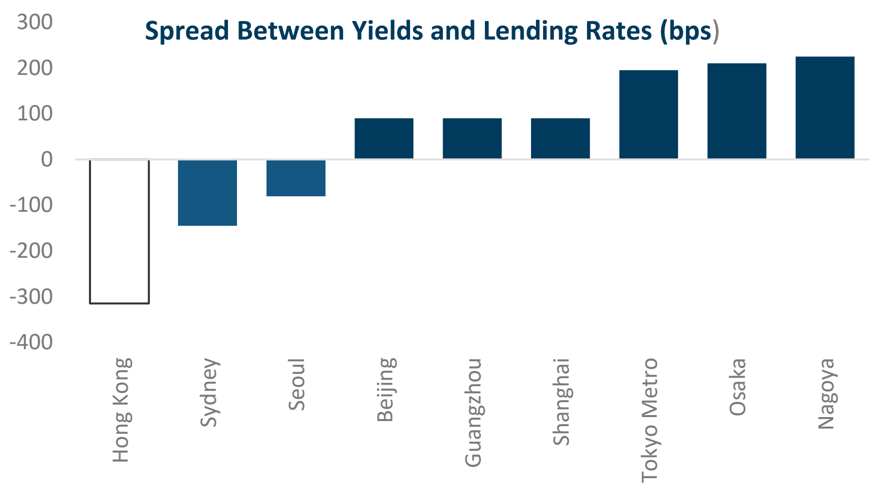
Logistics & Industrial Warehouse: Japan And Australia Offer Good Opportunities

- In Japan, the spread between the industrial yield and borrowing cost is positive, helping the investment case in the asset class
- However, the supply in key markets of Tokyo and Osaka continues to be elevated and is likely to remain so for several years
- Vacancy rates have inched up from 5.6% in 2022 to 9.3% in 2023. Given continued strong demand, the vacancy rate is anticipated to decline to approximately 8%
- Therefore, the rent growth outlook in Japan is muted, but the positive yield spread is helpful
- By contrast, in Australia, the spread between the yield and borrowing cost is negative
- However, the demand/supply situation is more balanced, and the vacancy rates are sub 2%
- Rental growth is anticipated to remain high, building a case for investment in this sector
- Finally, given the high cost of borrowing, the industrial asset values have corrected sharply, making the entry basis attractive

RENT GROWTH OUTLOOK POSITIVE IN MAJOR MARKETS



SPREADS POSITIVE IN JAPAN; NEGATIVE IN AUSTRALIA



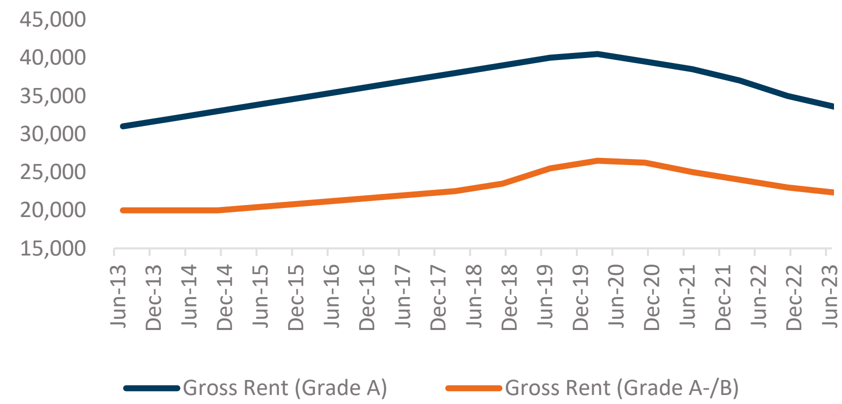
Source: CBRE (June 2024), DWS (June 2024), Dexus Research (June 2024).

Japan Office: Better Positioned Relative To Other Major Global Markets

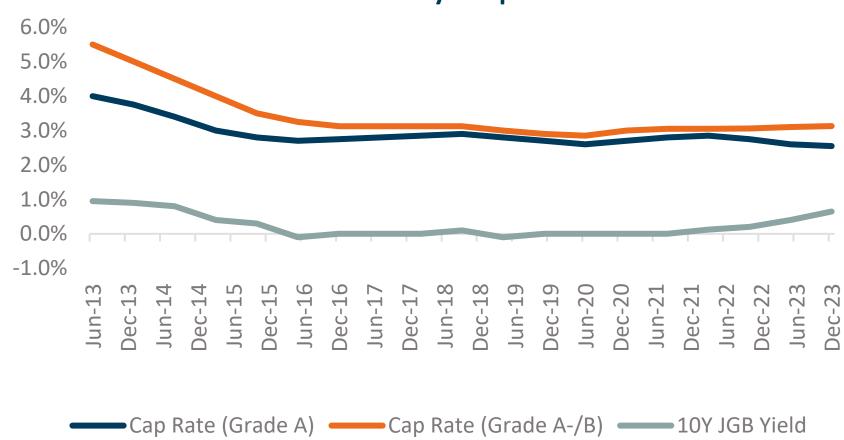
TOWNSEND® GROUP

- Office utilization rate in Tokyo is one of the highest among large global cities at around 80% currently compared to 90% pre-Covid
- Additionally, average office space per employee is one of the lowest among large global cities at 118 sf/employee compared to Europe, Middle East & Africa and Americas at 172 and 291, respectively
- Japanese corporate profits have been steadily rising leading to a slightly growing healthy demand for renovated or new office space
- Vacancy rates at the end of last year in Tokyo and Osaka were around 4.7% and 2.9%, respectively, compared with 12%, 17% and 10% for Sydney, New York and London
- Average age of Japan small to medium size offices is 34 years and many of these older buildings need repair and renovation
- Much of office ownership is with non-institutional investors or corporates themselves. Many of these assets have been neglected and in need for Value-Add renovation
- Value-Add strategies that enhance going-in yields and require leverage can generate attractive returns

RENTS HAVE SLOWLY DECLINED SINCE COVID



OFFICE CAP RATES HAVE HELD STEADY



*Tsubo is a unit of area, one tsubo is equivalent to approximately 35.5 square feet.
Source: JLL, CBRE, Xymax Real Estate Institute (as of 2023).
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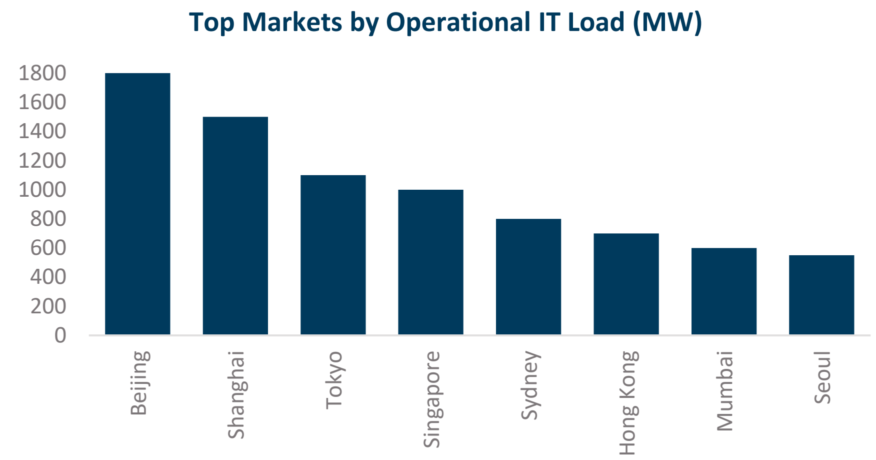
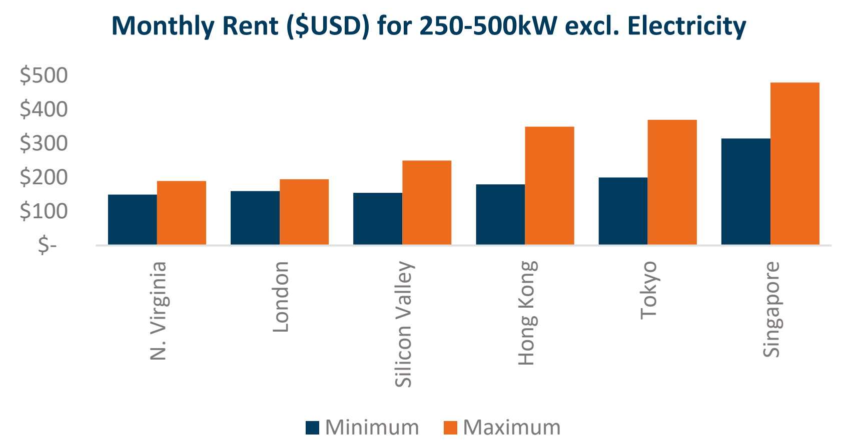
Data Centers: Activity Gaining Momentum

- Demand growth factors of digitization and AI-development, and power supply constraints are similar to the U.S. and European regions
- Outside of China, Japan is the largest data center market, where demand from hyperscalers is strong and supply is likely to rise through 2026
- High power, construction, and MEP (Mechanical, Electrical & Plumbing) costs are pushing cap rates down requiring rent growth to build the economic case for development activity; exit cap rates of stabilized assets are hovering around 4% providing good development margin
- In Australia, telecommunication companies own and operate legacy data centers, but are now shifting away from this model due to high capital investment outlay
- Australian corporates are moving to a colocation and cloud-based approach leading to high demand from data center operators for development activity
- Additionally, in Australia traditional industrial developers are undertaking powered shell data center developments which might lead to forging new relationship between them and the operators

MAJOR MARKETS POSITIONED FOR DATA CENTER GROWTH



RENTS HIGHEST IN SINGAPORE AND JAPAN



Source: Cushman & Wakefield (June 2024), CBRE (June 2024).

05
Disclosures and Definitions

Disclosures

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There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results.

Disclosures and Definitions

General Disclosures

There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Returns reflect the equal-weighted returns calculated during the periods indicated. Note: If including Core, this is value-weighted. In addition, the valuations reflect various assumptions, including assumptions of actual unrealized value existing in such investments at the time of valuation. As a result of portfolio customization/blending and other factors, actual investments made for your account may differ substantially from the investments of portfolios comprising any indices or composites presented.

Due to the customized nature of Townsend's client portfolios, the performance stated may be considered "hypothetical" as it does not reflect the experience of individual client portfolios, but rather aggregate client positions in the stated investment strategy.

Non Regulatory Assets Under Management

As of December 31, 2023, Townsend had assets under management of approximately $21.5 billion. When calculating assets under management, Townsend aggregates net asset values and unfunded commitments on a quarterly basis. Townsend relies on third parties to provide asset valuations, which typically takes in excess of 90 days after the quarter end. Therefore, assets under management have been calculated using December 31, 2023 figures where available but may also include September 30, 2023 figures. Assets under management are calculated quarterly and includes discretionary assets under management and non-discretionary client assets where the client's contractual arrangement provides the client with the ability to opt out of or into particular transactions, or provides other ancillary control rights over investment decision-making (a/k/a "quasi-discretionary"). Regulatory AUM is calculated annually and can be made available upon request.

Advised Assets

As of December 31, 2023, Townsend provided advisory services to clients who had real estate/real asset allocations exceeding $218.2 billion. Advised assets includes real estate and real asset allocation as reported by our clients for whom Townsend provides multiple advisory services—including strategic and underwriting advice for the entire portfolio. Advised assets are based on totals reported by each client to Townsend or derived from publicly available information. Advised assets are calculated quarterly. Select clients report less frequently than quarterly in which case we roll forward prior quarter totals. The recent change in Advised Assets is due to a change in the reporting of certain special projects.

Global Non-core Special Situations Strategies employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

U.S. Core/Core-plus Strategy and U.S. Core/Core-plus Strategy – ERISA employ a global core/core plus multi strategy approach investing in primary funds, joint ventures, co-investments, secondaries, direct investments, debt strategies and REITs. Strategies are diversified by geography, sector, property type, manager and vintage year.

Separate Accounts includes all Townsend active discretionary accounts which invest in a variety of investment styles and structures.

Disclosures and Definitions

Townsend Real Estate Capital Solutions Strategies

Townsend's Global Non-Core Special Situations Strategies employ a global non-core multi strategy approach with 90% or more of the investments invested in non primary fund investments such as secondaries, recapitalizations, joint ventures, platform investments, and co-investments. Strategies are diversified by geography, sector, property type, manager and vintage year.

Global Opportunistic Strategy

Townsend's 2007 vintage Global Non-Core Special Situations Strategy Program was comprised of one closed end single limited partner vehicle (U.S. Public Pension Fund-of-One).

Townsend Real Estate Capital Solutions Strategy (Value-Add)

- Townsend's 2007 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One).
- Townsend's 2010-11 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund (HNW Investor Fund).
- Townsend's 2012 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One).
- Townsend's 2015 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund.
- Townsend's 2018 vintage Townsend Real Estate Capital Solutions Strategy Program was comprised of one closed end single limited partner vehicle (Fund-of-One) and one commingled fund.

Note: Investment level net IRR's and equity multiples are reported. Net IRR is the net return earned by an investor over a particular time frame, including the performance of both realized and unrealized investments, at fair value. The Net IRR is based upon daily investor level cash flows, current quarter net asset value as hypothetical liquidation mark, and is after the deduction of fees. Investment performance data is reported to Townsend on a quarterly basis by the underlying investment manager. The value of unrealized investments is subject to change.

Net Investment Multiple: Based upon daily investor level cash flows. Calculated as ([Since Inception Distributions + Since Inception Withdrawals + Net Asset Value])/Paid in Capital).

The Townsend Group's Investment Committee (IC) collaboratively makes all strategic investment decisions affecting Townsend's client portfolios.

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GROUP

ITEM: D.3

TOWNSEND® GROUP

2025 Real Estate Annual Investment Plan

September 2024

LAFPP
To Serve Those Who Protect
LOS ANGELES FIRE AND POLICE PENSIONS

Executive Summary

Executive Summary

TOWNSEND GROUP

LAFPP Annual Investment Plan 2025

Private Real Estate Portfolio

Core Portfolio

Target Up to $150M*

- Commit capital to specialist core and/or core plus funds and consider thematic investments to manage the core exposure and adjust for return and risk purposes

Non-Core Portfolio

Target Up to $300M

- Selectively commit capital to four – five new investments at an average amount of $60-75 million per fund; continue vintage year diversification
- Continue to build relationships with top performing managers

- *Align pacing to reach new private real estate target allocation*
- *Maintain an increased non-core investment size per fund*
- *Focus on high conviction thematic opportunities and continue to further diversify the portfolio*

*Target up to $150M in *new fund* investments, subject to potential new core acquisitions by separate account manager

Review of 2024 Investment Plan

TOWNSEND® GROUP

- The 2024 Investment Plan was presented and approved in September 2023.

	Real Estate Planning Objectives	Results and Commentary
Core Portfolio	• Maintain current portfolio mix and overweight in the near term to increase overall private real estate exposure; Rebalance as non-core positions fund to align with allocation targets • Consider up to \$65M in commitments to existing specialist core funds or investments in new core and/or core plus funds • Look for attractive secondary market opportunities for advantageous entry into core funds • Continue to monitor AEW's Separate Account and ensure that investment activity is accretive to the Total LAFPP Real Estate Portfolio returns and diversification	• Core Portfolio overweight at 70% of the private real estate portfolio • Risk profile continues to track the benchmark • No new core commitments were made due to continued valuation adjustments in core funds • Secondaries market was monitored for attractive opportunities, but no transactions were pursued • AEW refinanced a loan for an apartment asset and received approval to acquire an industrial and a retail asset
Non-Core Portfolio	• Target up to \$225M in new non-core commitments • Focus on Buy-rated funds with high conviction managers • Consider adding to and diversifying industrial and multifamily exposures further (e.g. through adding new regions or differentiated strategies) • Consider niche investment opportunities to enhance diversification such as industrial outdoor storage, life sciences, cold storage, data centers, and single-family residential strategies as well as credit strategies	• Committed \$120M to three new non-core funds that presented attractive opportunities and niche sector exposure including data centers, cold storage, industrial outdoor storage and manufactured housing • Townsend negotiated attractive fee savings for all three offerings • Additional \$75M is planned for a re-up non-core fund in 2024 bringing the total non-core commitments to \$195M with the remaining \$30M to be included in the next year's pacing
General	• Manage private exposures and core/non-core split to target allocations	• Private exposure and core/non-core split are projected to reach respective targets over 3-5 years

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Recent Commitments and Strategic Initiatives

Multifamily Core Open-End
- $100M GID Mainstay Fund

Diversified Core Open-End
- $100M Principal USPA

Non-Core Niche Strategy
- $75M Almanac Realty Securities IX
- $40M Oaktree Real Estate Opportunities Fund VIII
- $60M Oaktree Real Estate Opportunities Fund IX
- $50M Asana Partners Fund III
- $40M Principal Data Center Growth & Income
- $40M Jadian RE Fund II
- $40M WCP NewCold III

Non-Core Global Strategy
- $50M Brookfield Strategic Real Estate Partners IV
- $75M TPG Real Estate Partners IV
- $30M Cerberus Institutional Real Estate Partners Fund V
- $60M Cerberus Institutional Real Estate Partners Fund VI

Non-Core Industrial
- €25M Exeter Europe Logistics Value Fund IV
- $60M LBA Logistics Value Fund IX
- $75M Exeter Industrial Value VI

Non-Core Multifamily
- $35M Wolff Credit Partners III
- $75M Abacus Multifamily Partners VI

Industrial Core-Plus Strategy
- $80M RREEF Core Plus Industrial Trust

LAFPP Current Portfolio

Real Estate Portfolio Overview

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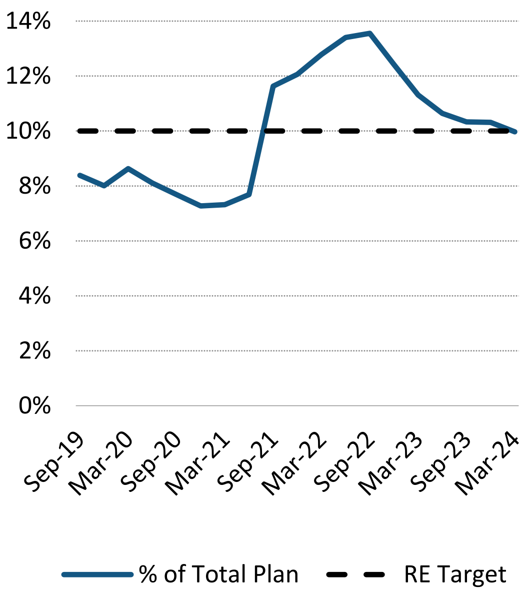
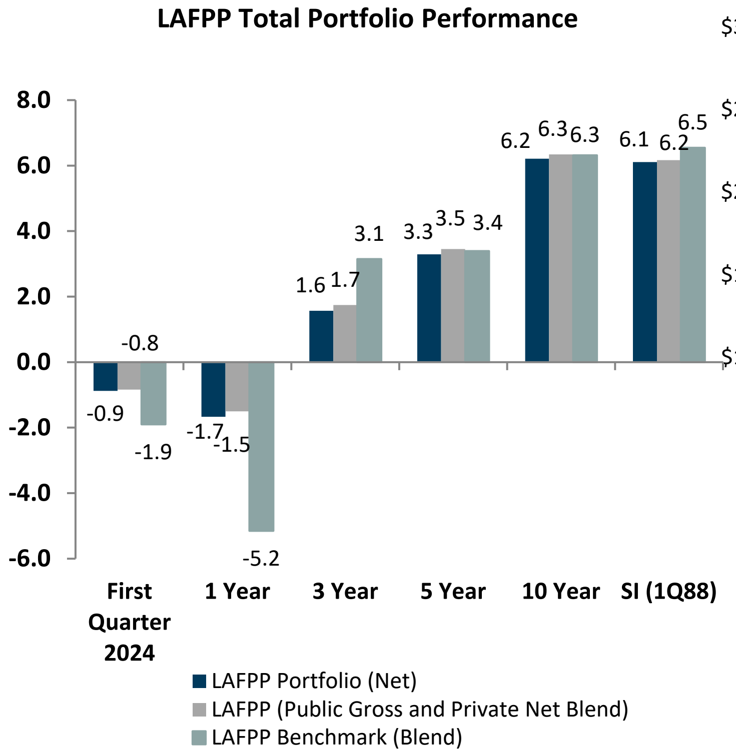
Real Estate Allocation



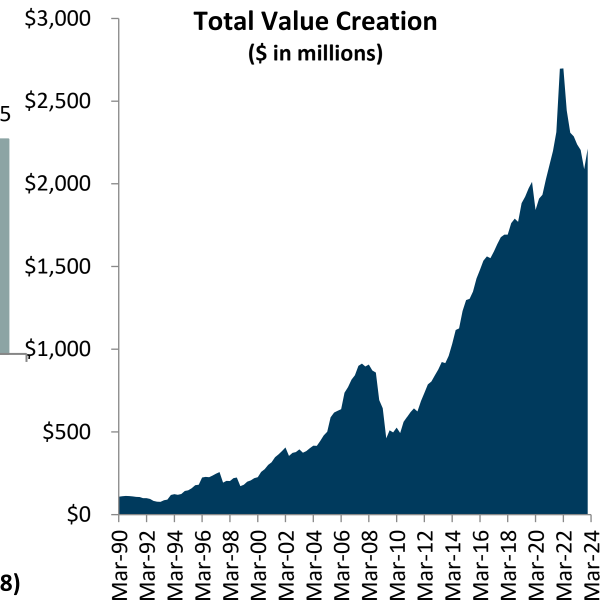
Over the last five years, the LAFPP real estate portfolio has grown and is now in line with the 10% target allocation

+ Performance



Total portfolio performance has been mixed driven by the volatility in the public portfolio performance while the private portfolio has outperformed its benchmark over the long-term

= Portfolio Growth



As a result of the robust performance, the portfolio generated $301 million in net profit over the past five years

Source: The Townsend Group. As of March 31, 2024.

Portfolio Funding Status

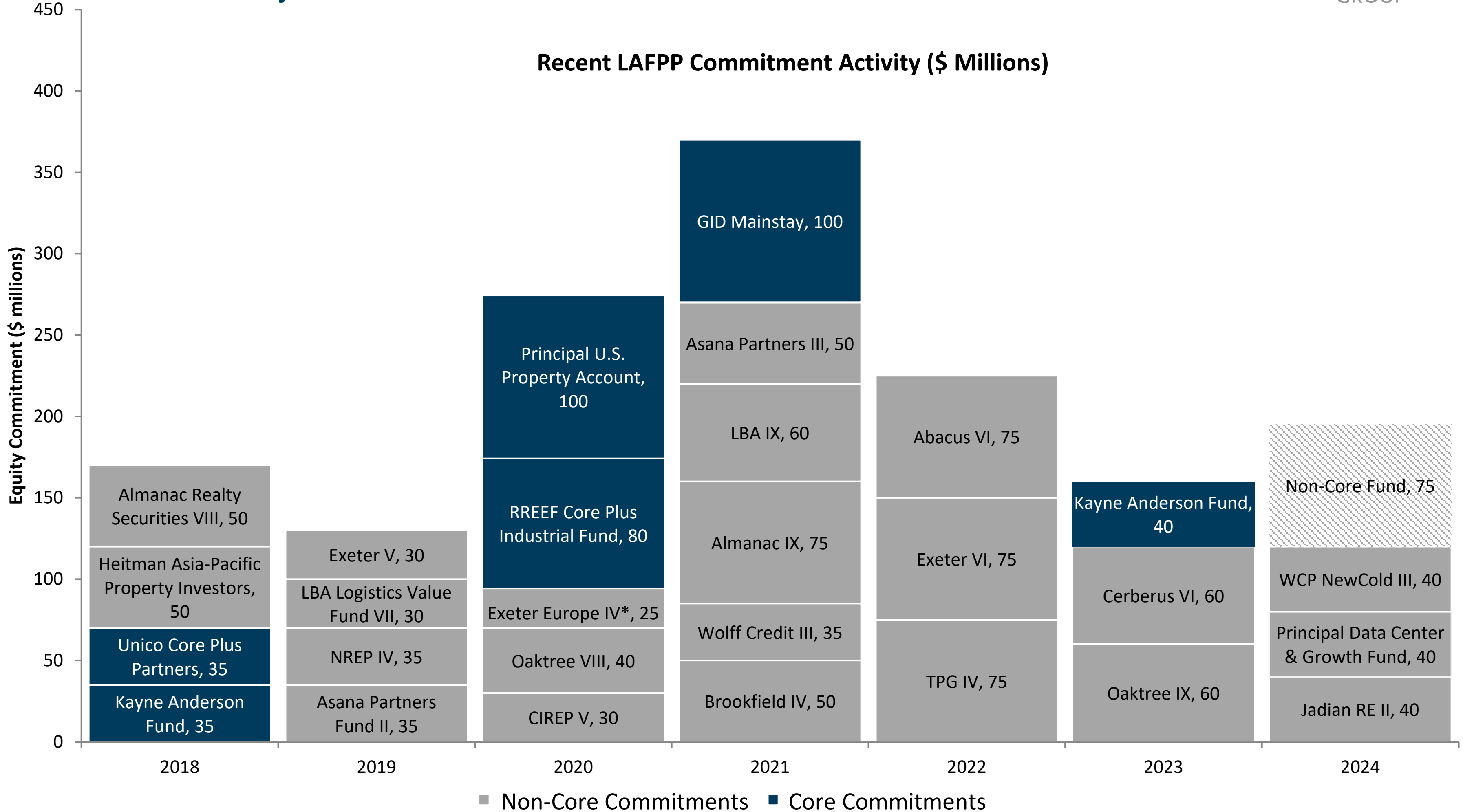
Portfolio Funding Status	Market Value ($ millions)*	% LAFPP Plan
LAFPP Total Plan Assets	**$31,403**	
Real Estate Target	**$3,140**	**10.00%**
RE Market Value		
Public	$1,337	4.26%
Private	$1,799	5.73%
Core	$1,259	4.01%
Non-Core	$540	1.72%
LAFPP Real Estate Market Value	**$3,136**	**9.99%**
Unfunded Commitments	$586	1.87%
RE Market Value & Unfunded Commitments	**$3,722**	**11.85%**
Remaining Allocation	**-$581**	**-1.85%**

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 March 31, 2024.
- 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 below 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 45 investment vehicles managed by 32 investment partners.

Source: The Townsend Group. Data as of March 31, 2024. 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.
*Figures may not add due to rounding

Fund Activity Per Year

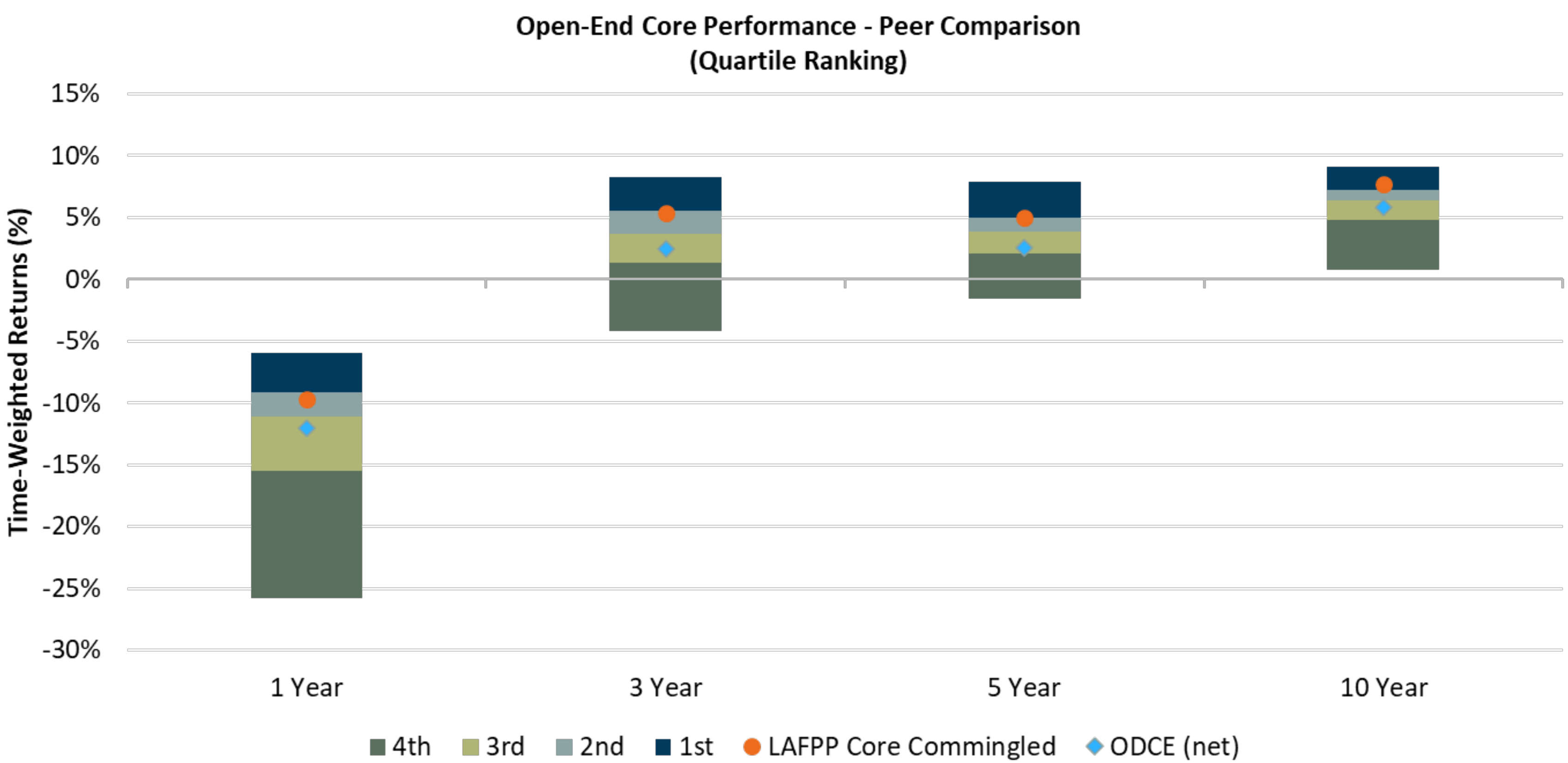


- LAFPP committed just over $1.6 billion to private real estate since 2018. Commitment sizes have increased over historical norms and will create a larger concentration in recent vintage years.
- Commitment classifications are based on LAFPP's approval of the commitment in a given year.

*Commitment value is in euros

Core Commingled Funds Real Estate Program Performance

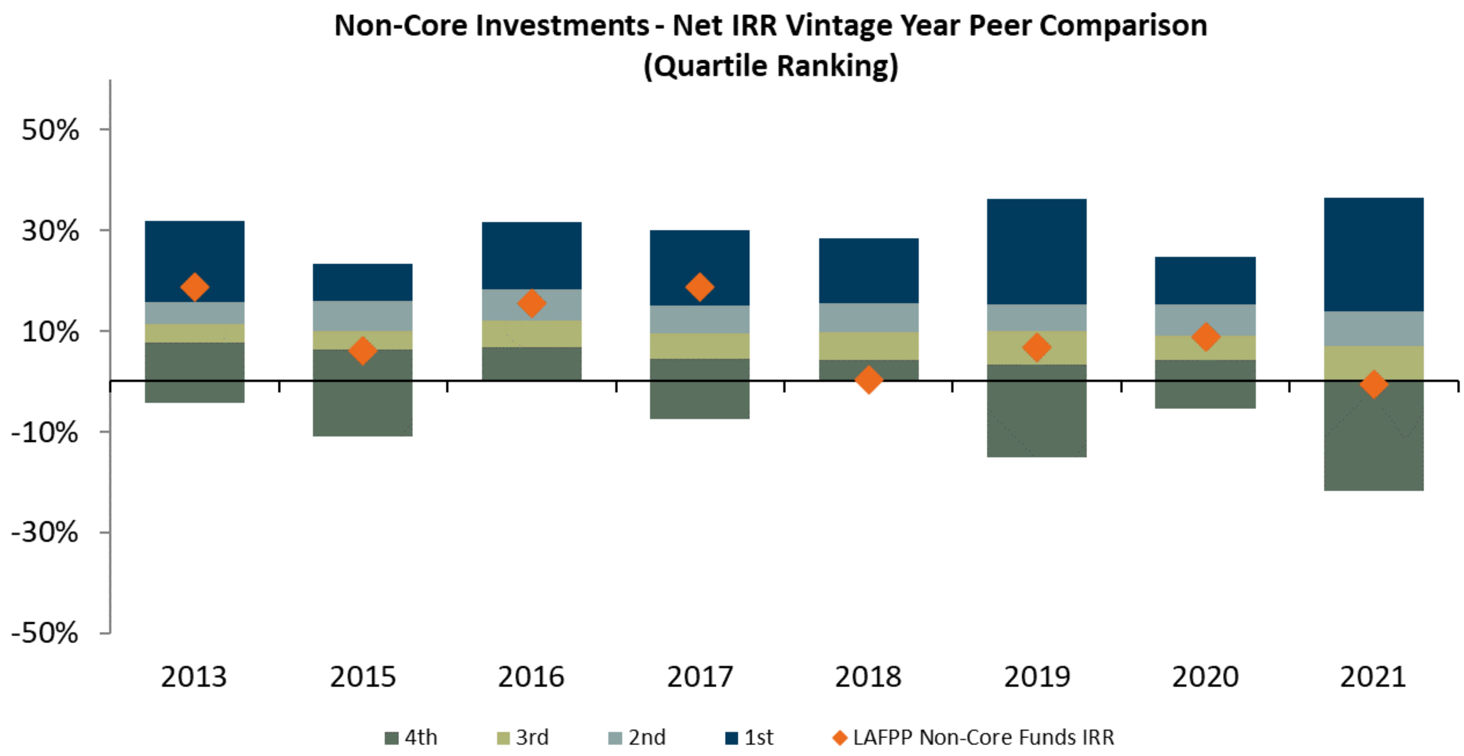
- Approximately 27% of LAFPP's real estate total plan is invested in core open-end funds; approximately 47% of the private portfolio.
- As shown in all time periods below, LAFPP's Core commingled funds have collectively performed above the benchmark average and the median of peers over all time periods.
  - Tactical allocations to property specific funds have played a key role in the outperformance.



*The orange marker represents the net time-weighted return of LAFPP's core open-end funds (weighted average). Source: NCREIF. NFI-ODCE is net of fees and value-weighted. Performance as of March 31, 2024.

Non-Core Commingled Funds Real Estate Program Performance

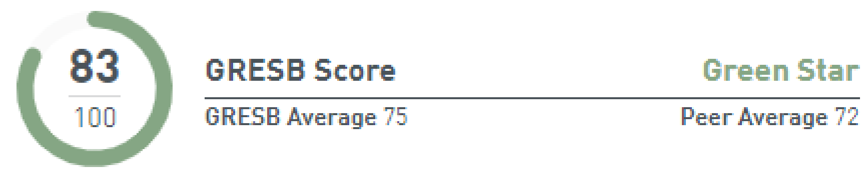
- Non-core real estate funds pursuing higher returns are generally offered in closed-end limited partnership structures with limited liquidity.
  - Non-core funds make up 30% of the private real estate Portfolio and more than 17% of LAFPP's total real estate Portfolio.
  - Over 74% of the non-core commitments were value-add strategies. The post global financial crisis non-core investments have produced 8.0% net IRR and 1.19x net multiple.

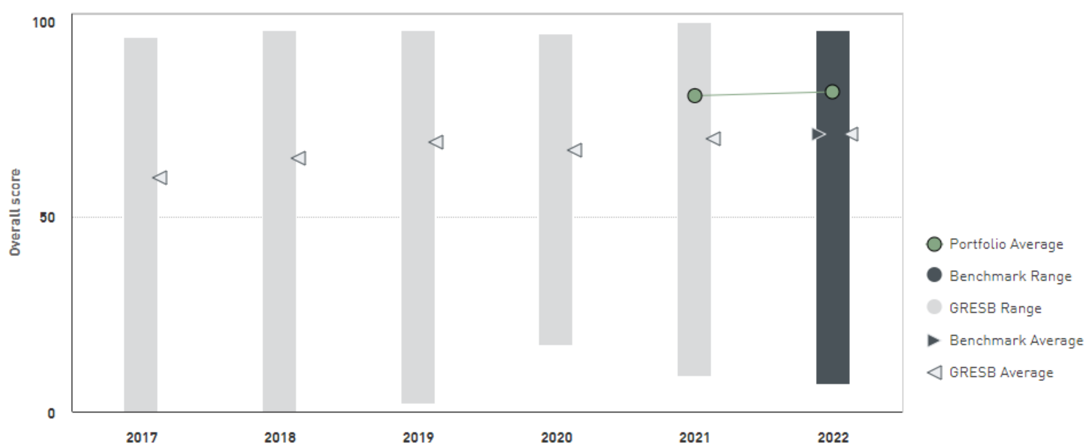


*The orange markers are LAFPP's investment composites for each vintage year.
*The Net IRR by vintage year is a total Net IRR for all investments made in each respective vintage year based on actual cash flows and the XIRR calculation. Vintage Year is based on the year in which LAFPP first contributed capital to an investment. Source: Townsend Non-Core fund database as of March 31, 2024. Range shown is 95th to 5th percentile. 2019, 2020 and 2021 vintage years are not yet material and have a wide range of results. Furthermore, the j-curve has affected the returns since the funds are relatively early in their fund life.

LAFPP Core Portfolio - ESG Reporting

- CORE Real ESTATE GRESB Report





- GRESB is the global environmental, social and governance (ESG) benchmark for real assets. GRESB defines standards for sustainability performance in real assets by collecting and providing standardized and validated ESG data from institutional investors and their asset managers.

  The report includes 9* of LAFPP's Core open-ended funds ($751M) making up (60%) of the Core Portfolio in market value. All funds were awarded GRESB Green Star status. On a weighted average the LAFPP Core portfolio score is 83, noticeably higher than the GRESB global average of 72.

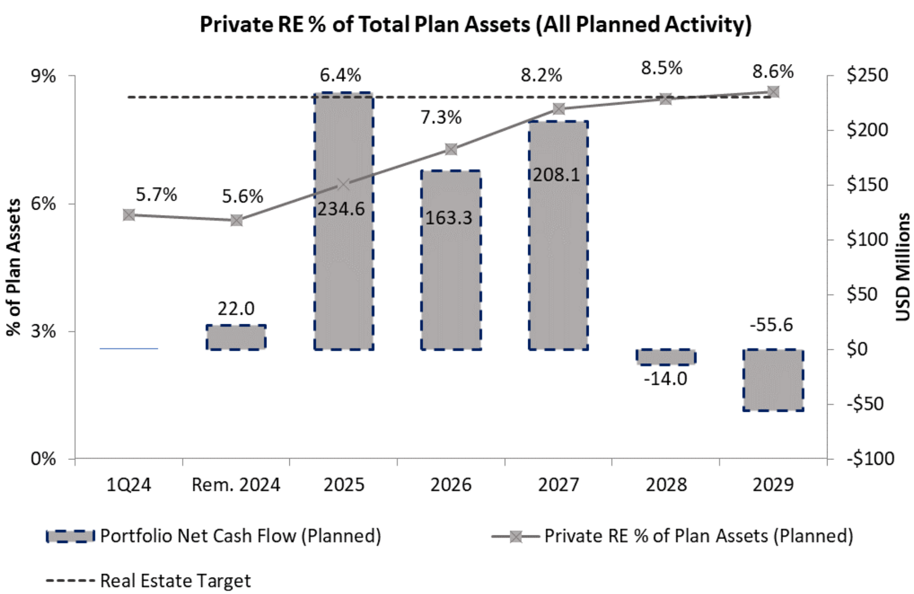
*Funds in the ESG analysis include: Berkshire Multifamily Income Realty Fund, Jamestown Premier Property Fund, Heitman HART, Kayne Anderson Core Real Estate Fund, Lion Industrial Trust – 2007, MetLife Core Property Fund, PRISA SA, Principal US Property Account and RREEF Core Property Industrial Fund. GID Mainstay will be included next year. AEW IMA is excluded from the analysis as the properties do not report to GRESB.

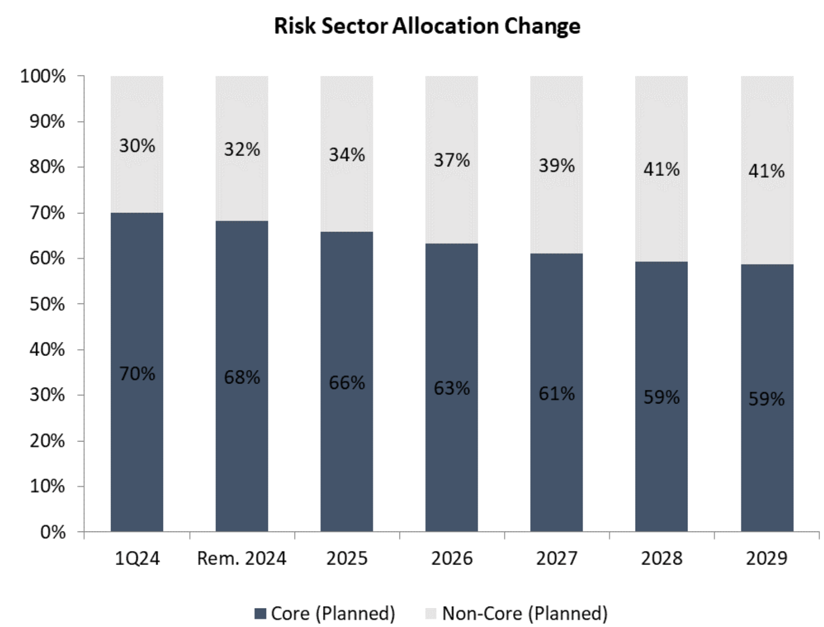
- Source: Townsend, GRESB

LAFPP Forward-Looking Portfolio Considerations

LAFPP Private Portfolio Projections

- To build future private portfolio projections for LAFPP, Townsend collected forecasted capital calls and distributions from all managers in LAFPP's portfolio.
- The 'Planned Private Portfolio' below includes new commitments needed to reach the target allocation. These planned commitments are detailed on the following pages and will increase Non-Core exposure to move towards the long-term **60% Core/40% Non-Core target** (% of Private Portfolio) by 2028. Given LAFPP's benchmark is based on the above Core/Non-Core targets, LAFPP risks underperforming if deviating too much from these targets.
- The LAFPP Private Real Estate portfolio is 5.7% of the total plan assets and below the new 8.5% target allocation for Private Real Estate which was recently approved by the board. However, with continued commitments and investment planning the portfolio will reach the target by 2028.





Source: The Townsend Group. As of March 31, 2024.

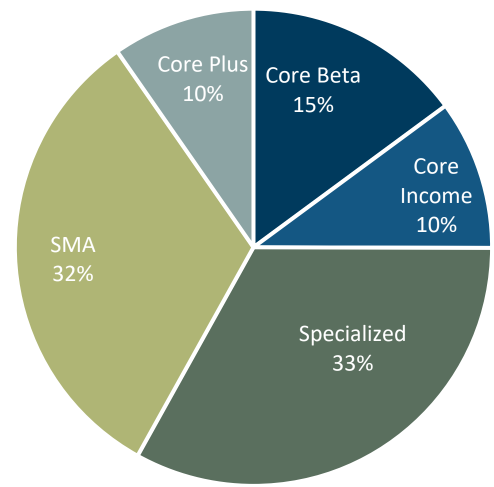
Core Portfolio Execution

COMMIT UP TO $150 MILLION TO CORE IN 2025

During 2023-2024, LAFPP only made one top-up investment to an existing core fund in the alternative sector and remained in the redemption queues for two core open-end funds ($30 million outstanding). For the upcoming year, Townsend recommends the following for the Core portfolio*:

1. Consider up to $150M in commitments to core/core-plus funds to manage the core exposure. Evaluate the appropriate method of execution through:
   - New blind pool core open-end fund launches positioned to buy high quality properties at favorable valuations.
   - Specialist managers with exposure to the alternative space or niche sectors to which LAFPP does not currently have exposure to.
2. Maintain current portfolio mix and overweight in the near term to increase overall private real estate exposure; rebalance as non-core positions fund to align with allocation targets.
3. Identify opportunities to rebalance the Core portfolio to optimize fees, increase exposure to outperforming managers and desired property types.
4. Continue to monitor AEW's Separate Account and ensure that investment activity is accretive to the Total LAFPP Real Estate Portfolio returns and diversification.

Current Core Portfolio



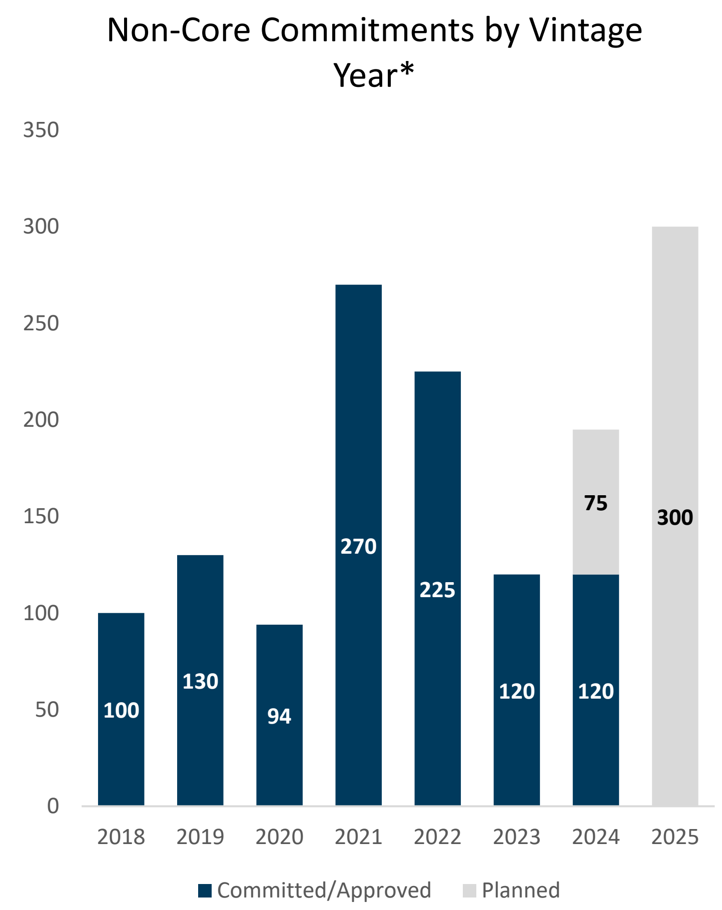
*Recommended capital commitments are for the core commingled fund portfolio. Pacing model assumes separate account acquisitions are funded through dispositions
Source: The Townsend Group. As of March 31, 2024.

Non-Core Portfolio Execution

COMMIT UP TO $300 MILLION TO NON-CORE IN 2025

LAFPP's Non-Core portfolio currently represents 30% of the total real estate exposure within the established range of 30%-50%. Townsend expects this exposure to increase over the near-term and move closer towards the 40% target.

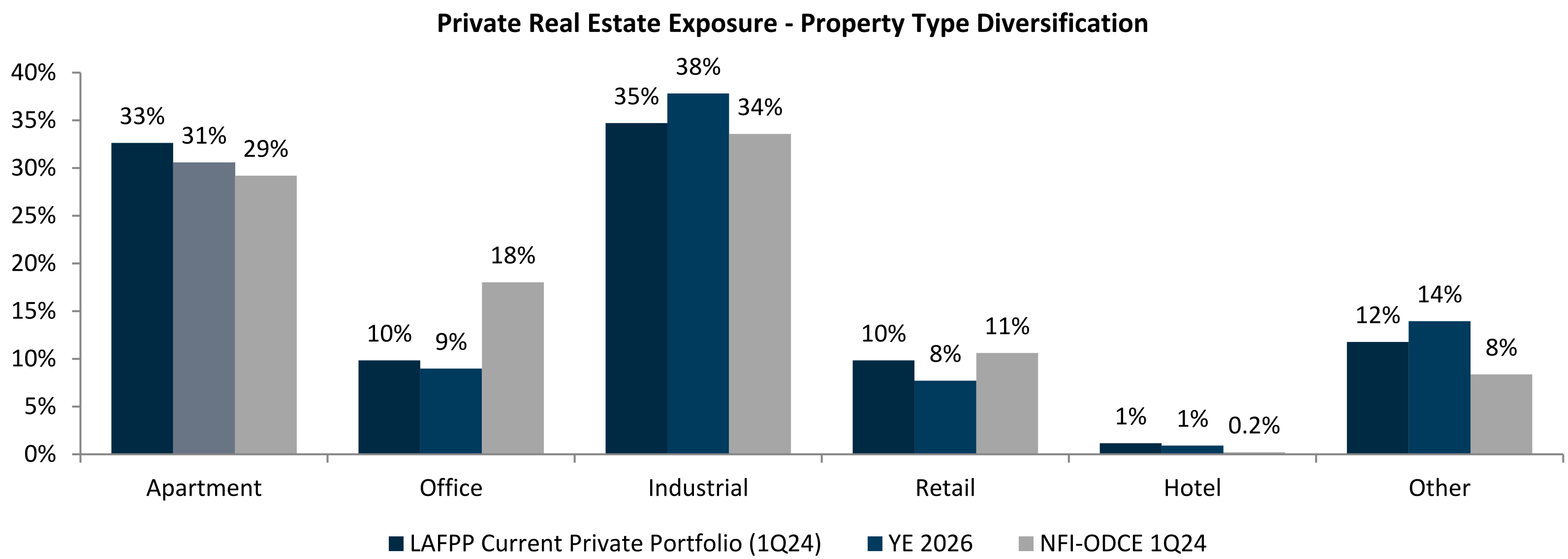
1. Target four to five new commitments with a range of $60-$75 million per fund to attractive opportunities with a focus on niche property sectors (e.g. data centers), residential (including single family/built-to-rent), industrial (including industrial outdoor storage), and secondaries.
2. Further explore investment opportunities that are expected to generate outsized risk-adjusted returns, and/or provide a level of diversification to the portfolio (downside protection, sector exposure, etc.).
   - Consider investments in the secondaries space to take advantage of market dislocation.
   - Consider alternative execution methods through co-investments.
3. Consider re-up commitments to high conviction managers already represented in the portfolio.
4. Focus on maximizing fee savings to boost net returns when possible.
5. Adjust based upon specific opportunities presented. The allocation target is intended to provide a general guideline for investment pace, not a mandate.



*Based upon year of investment approval at LAFPP Board.

Portfolio Diversification Projections

SECTOR DIVERSIFICATION

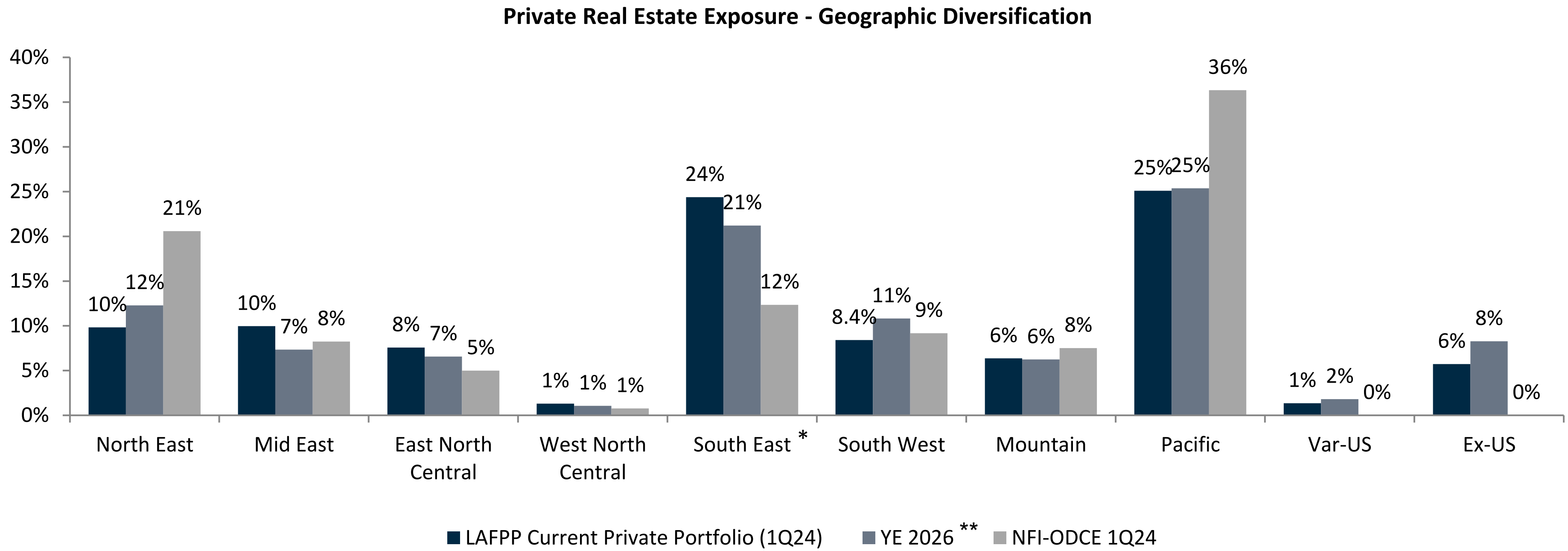


- Continuation of the plan to overweight the industrial, multifamily, and the other sectors.
  - E-commerce is likely to drive strong demand for warehouse space and cold storage.
- Maintain underweight position in office.
  - An office underweight is supported by Townsend's View of the World, due to the sector's correlation to the economic cycle and current market conditions.
- Seek tactical opportunities to access attractive opportunities in retail, but do not plan to overweight the sector.
- Other exposure includes medical offices, senior living, self storage, land, data centers and health care.

*Projection for 2026 include current and future commitments.

Portfolio Diversification Projections

GEOGRAPHIC DIVERSIFICATION

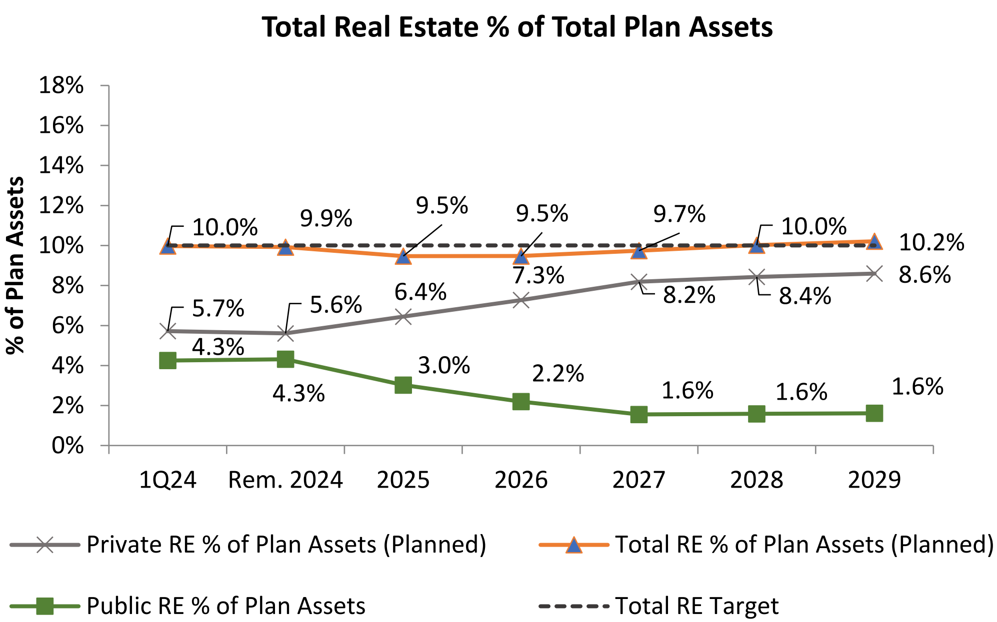


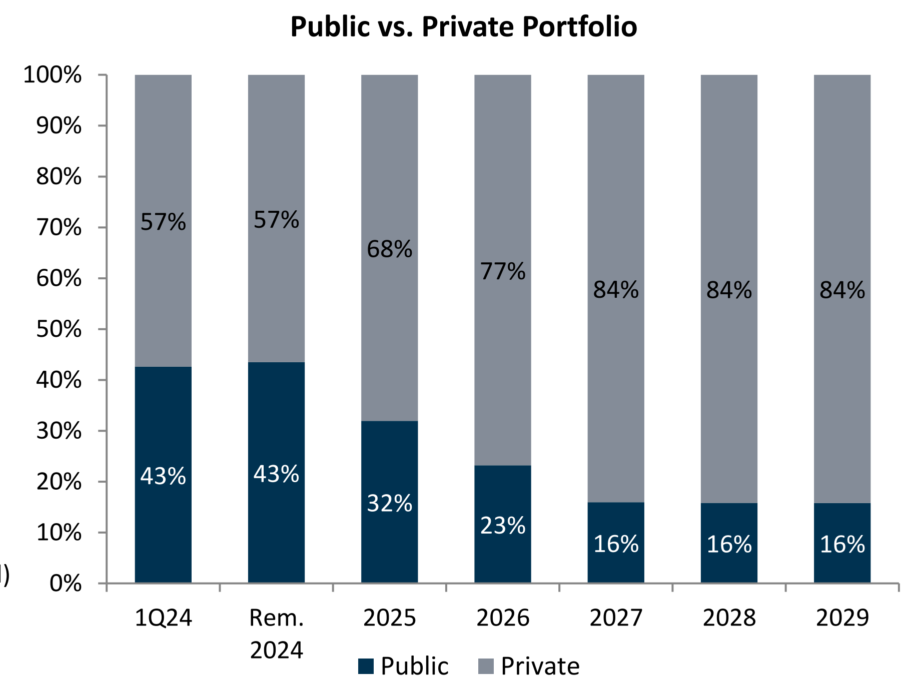
- LAFPP continues to be underweight to the North East and Pacific regions. Continued emphasis is placed on investments focused to the Pacific.
  - Manage exposure to Sunbelt regions.
  - Look for opportunities to increase exposure in the Pacific region.
  - Consider modest tactical opportunities in the North East.
- Consider additional Ex-US opportunities to enhance geographic diversification and returns.

*Overweight to the South East region is due to the concentration of the separate account assets in the South East region
**Projection for 2026 include current and future commitments

LAFPP Public vs. Private Projections

- LAFPP recently approved a plan to increase the private exposure to 85% and reduce public exposure to 15% of the 10% allocation to real estate. The projections below assume the public Real Estate Investment Trusts (REITs) are gradually sold as private real estate investments are funded to maintain a 10% exposure to real estate. The Public allocation is the most liquid investment in the real estate portfolio providing the ability to be nimble over time.
- Based on the pacing plan, the LAFPP is expected to reach the new target goals by 2028.





Investment Policy Overview

Overview - Current Policy Objectives and Guidelines

- LAFPP's Real Estate program is governed by a real estate Investment Policy, which establishes long-term objectives and risk controls.

Program Framework

Allocation to Real Estate

- 10% of total plan assets

Core/Non-Core Blend

- Public: 25%-35%
- Private: 65%-100%
  - Core: 50%-70%
  - Non-Core: 30%-50%

Strategic Goals

Return Objective

- Enhance the diversification of the Plan while achieving a long-term risk-adjusted return that is consistent with the General Consultant's expected return.

Benchmark

- Primary: Meet or exceed a blend of 70% Private benchmark and 30% Public over a five-year period.
- Public: Exceed blend of 50% Dow Jones US Real Estate Securities Index (Gross) and 50% FTSE EPRA/NAREIT Developed Index (Gross) over a 5-yr period.
- Private: Exceed ODCE plus 50 basis points net of fees over a 5-yr period.

Diversification

- Low or negative correlation with stock and bond returns.

Risk Controls

Investment Diversification

- Single Manager: $\leq$ 30%
- Single Investment (at purchase):
  - Open-End Core: 10%*
  - Closed-End: 5%*
  - SMA: 5%*

*of private real estate portfolio market value

Geographic Diversification

- Maximum of 30% outside the United States.
- For each U.S. region:
  No more than 40% of the Real Estate Portfolio

Diversification by Property Type

- For each property type:
  No more than 40% of the Real Estate Portfolio

Leverage Limit

- Total Portfolio: LTV $\leq$ 60%
- Core: 40%
- Non-core: None

Mechanics

Permitted Vehicles

- Wide range of permitted structures and vehicles.
- Focus on public and private vehicles.

Roles and Responsibilities

- Collaborative approach between Staff and Consultant, with Board oversight and control.

"ODCE" is an index of U.S., core-oriented, open-end funds.
"LTV" is loan-to-value ratio.

Overview - Proposed Policy Objectives and Guidelines

- Policy revisions are currently being evaluated by Staff and Townsend and will be presented in more detail at a later date. Below is a summary of proposed changes related to the newly approved Private/Public split of 85%/15%.

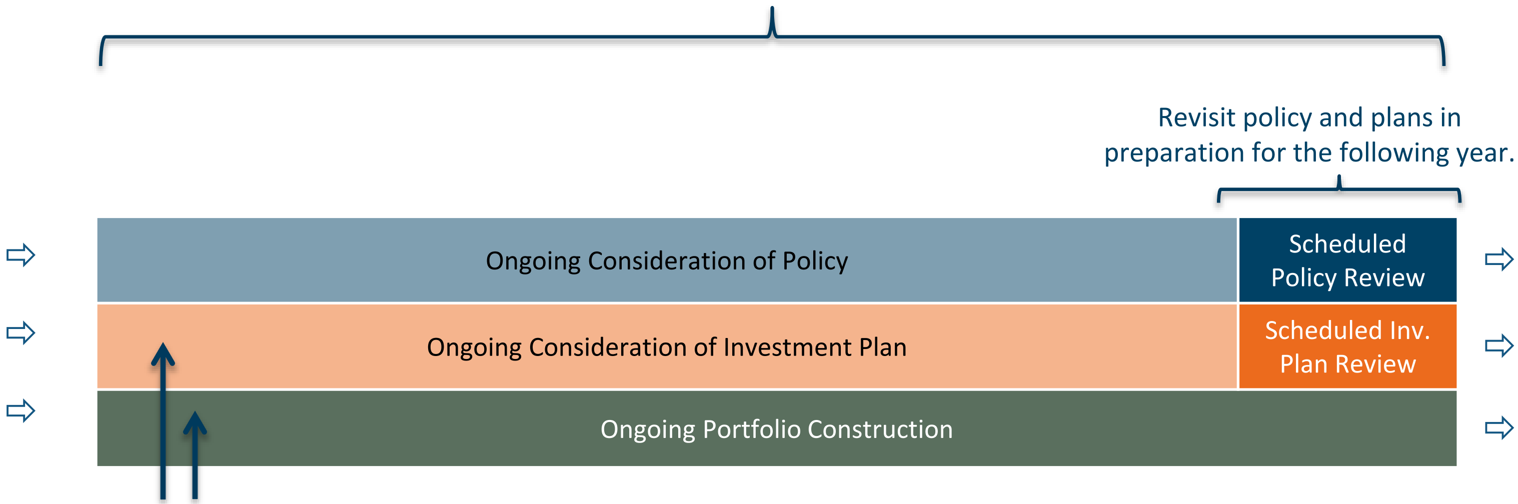
Program Framework	Strategic Goals	Risk Controls	Mechanics
Allocation to Real Estate • 10% of total plan assets	**Return Objective** • Enhance the diversification of the Plan while achieving a long-term risk-adjusted return that is consistent with the General Consultant's expected return.	**Investment Diversification** • Single Manager: ≤ 30% • Single Investment (at purchase): Open-End Core: 10%* Closed-End: 5%* SMA: 5%* *of private real estate portfolio market value	**Permitted Vehicles** • Wide range of permitted structures and vehicles. • Focus on public and private vehicles.
Core/Non-Core Blend • Public: ***5%-25%*** • Private: ***75%-95%*** • Core: 50%-70% • Non-Core: 30%-50%	**Benchmark** • Primary: Meet or exceed a blend of ***85%*** Private benchmark and ***15%*** Public over a five-year period. • ***New benchmark should be phased in over three-year period.*** • Public: Exceed blend of 50% Dow Jones US Real Estate Securities Index (Gross) and 50% FTSE EPRA/NAREIT Developed Index (Gross) over a 5-yr period. • Private: Exceed ODCE plus 50 basis points net of fees over a 5-yr period.	**Geographic Diversification** • Maximum of 30% outside the United States. • For each U.S. region: No more than 40% of the Real Estate Portfolio	**Roles and Responsibilities** • Collaborative approach between Staff and Consultant, with Board oversight and control.
	Diversification • Low or negative correlation with stock and bond returns.	**Diversification by Property Type** • For each property type: No more than 40% of the Real Estate Portfolio	
		Leverage Limit • Total Portfolio: LTV ≤ 60% • Core: 40% • Non-core: None	

"ODCE" is an index of U.S., core-oriented, open-end funds.
"LTV" is loan-to-value ratio.

Overview - Process

- Strategic Planning, Investment Planning, and Portfolio Construction are an ongoing process.

Typical Annual Cycle



- Review of investment opportunities.
- Review of market conditions.
- Review of portfolio composition/evolution.

Appendix

Advisory Disclosures & 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.

Advisory Disclosures & Definitions

The "Townsend Peer Comparison" of aggregated performance represents existing Townsend advisory clients(1) over which we do not have discretion nor meaningful investment decision making(2). The attached performance does not represent Townsend's track record nor Townsend's advisory track record.

(1) It is important to note that not all advisory client agreements include the full range of services. Select advisory clients do not utilize Townsend for performance reporting as the scope of the engagement could be focused on either bench consulting, underwriting, or special project work etc. Existing active Townsend advisory clients represent client investment positions which present as of the date of this analysis and does not include any prior client portfolios that are no longer under contract.

(2)It is important to note this analysis includes investment positions from prior consultants, clients, and other parties that were made prior to Townsend's inception with the client. Therefore, all performance needs to be considered at the discretion of the client and not the discretion or guidance of Townsend.

All data is as of date marked on cover page and represents each client's historical investment activity and attendant performance. The Townsend Peer Comparison universe represents other institutional investors, comprised of peers with varying portfolio sizes, strategies, goals and objectives. Institutional investors have varying since inception dates.

Advisory Disclosures & 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.

- This document has been prepared solely for informational purposes and is not to be construed as investment advice or an offer or solicitation for the purchase or sale of any financial instrument. While reasonable care has been taken to ensure that the information contained herein is not untrue or misleading at the time of preparation, The Townsend Group makes no representation that it is accurate or complete. Some information contained herein has been obtained from third-party sources that are believed to be reliable. The Townsend Group makes no representations as to the accuracy or the completeness of such information and has no obligation to revise or update any statement herein for any reason. Any opinions are subject to change without notice and may differ or be contrary to opinions expressed by other divisions of The Townsend Group as a result of using different assumptions and criteria. No investment strategy or risk management technique can guarantee returns or eliminate risk in any market environment.

- Statements contained in this Presentation that are not historical facts and are based on current expectations, estimates, projections, opinions and beliefs of the general partner of the Fund and upon materials provided by underlying investment funds, which are not independently verified by the general partner. Such statements involve known and unknown risks, uncertainties and other factors, and undue reliance should not be placed thereon. Additionally, this Presentation contains "forward-looking statements." Actual events or results or the actual performance of the Fund may differ materially from those reflected or contemplated in such forward-looking statements.

- Neither Townsend nor any of its affiliates have made any representation or warranty, express or implied, with respect to the fairness, correctness, accuracy, reasonableness, or completeness of any of the information contained herein (including but not limited to information obtained from third parties unrelated to them), and they expressly disclaim any responsibility or liability therefore. Neither Townsend nor any of its affiliates have any responsibility to update any of the information provided in this summary document. The products mentioned in this document may not be eligible for sale in some states or countries, nor suitable for all types of investors; their value and the income they produce may fluctuate and/or be adversely affected by exchange rates, interest rates, or other factors. Prospective investors in the Fund should inform themselves as to the legal requirements and tax consequences of an investment in the Fund within the countries of their citizenship, residence, domicile, and place of business.

- There can be no assurance that any account will achieve results comparable to those presented. Past performance is not indicative of future results. Investing involves risk, including possible loss of principal.

Attachment A - LAFPP Compliance Matrix

LAFPP Compliance Matrix (as of 1Q24)			
Objective for Real Estate			
To enhance the diversification of the LAFPP Total Plan while achieving a long-term risk-adjusted return that is consistent with the General Consultant's expected return.			
Investment Style Allocations	**Strategic Constraint / Guideline**	**Funded**	**Projected 2027**
Total Real Estate Allocation	Target of 10.0%; allowable range of ± 1.5%	*In Compliance (10.0% of Total Plan)*	*In Compliance (9.8%)*
Public	Target of 30.0%; range of 25% - 35% (Recently approved new target of 15.0%; new range to be approved)	***Out of Compliance (42.6%)***	*In Compliance (16.0%)*
Private	Target of 70.0%, range of 65% - 100% (Recently approved new target of 85.0%; new range to be approved)	***Out of Compliance (57.4%)***	*In Compliance (84.0%)*
Private Core	Private Core Target = 60% with range of 50% - 70%	*In Compliance (70.0%)*	*In Compliance (60.5%)*
Private Non-Core	Private Non-Core Target = 40% with range of 30% - 50%	*In Compliance (30.0%)*	*In Compliance (39.5%)*
Risk Policies			
Manager/Fund Diversification	Open-end fund commitments limited to 10% of private real estate market value, closed-end fund commitments limited to 5%.	In Compliance	In Compliance
Risk Policies (Continued)			
Max LP share of fund	No investment shall represent more than 20% of the total commingled fund.	In Compliance	In Compliance
Diversification	No property type or geographic location may represent more than 40% of the private real estate portfolio.	In Compliance	In Compliance
International Exposure	International investments may not represent more than 30% of the total targeted private real estate portfolio.	In Compliance	In Compliance
Leverage	Core real estate investment may not utilize (in aggregate) more than 40% leverage. *Also a 60% governor on Total Portfolio leverage not to exceed 60% (not a constraint but a governor)*	In Compliance	In Compliance
Separate Account Appraisals	External appraisals once every 3 years, performed on a rotational basis (or 33.33% of total portfolio each year)	In Compliance	In Compliance
Return Targets (Measured over rolling 5-year time periods)			
Private	NFI-ODCE + 50 basis points (net of fees)	In Compliance (4.5% vs. 3.1%)	N/A
Public	50% Dow Jones US Select Real Estate Securities Index (Gross of fees) and 50% FTSE EPRA / NAREIT Developed Index (Gross of fees)	In Compliance (4.0% vs. 2.1%)	N/A
Total Portfolio	**LAFPP Benchmark**; weighted 30.0% Public Benchmark; 70.0% Private Benchmark New benchmark split will move to 15.0% Public, 85.0% Private. Proposed phase-in over 3-years.	***Out of Compliance (3.3% vs. 3.4%)*****	N/A

*Private and public portfolios each outperform their respective benchmarks over the 5-year period, but overweight to public led to overall underperformance.

ITEM: D.4

Los Angeles Fire and Police Pensions

Annual Portfolio Review

September 2024

AEW Invested. In every square foot.

Table of Contents

Speakers

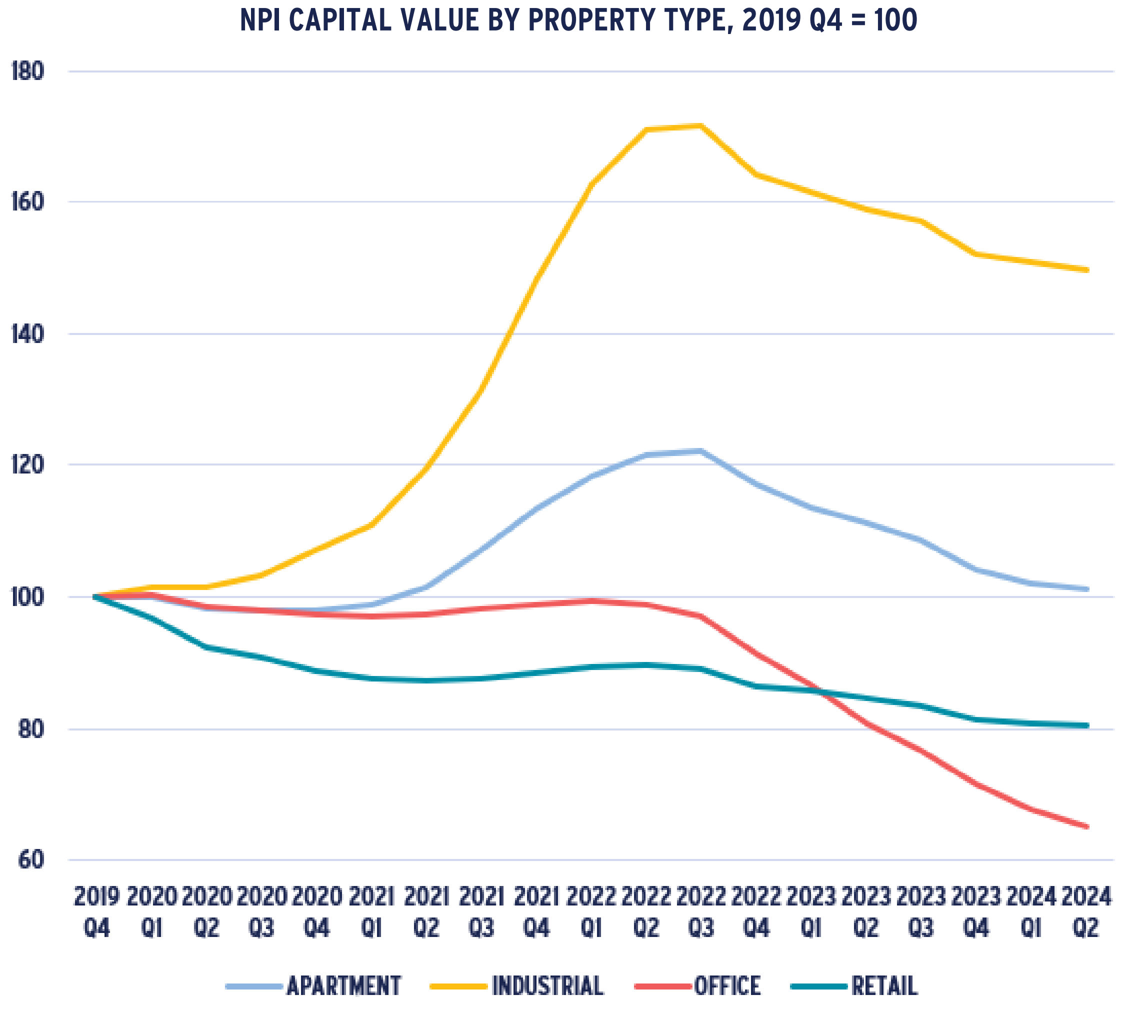
MARK MORRISON
Portfolio Manager

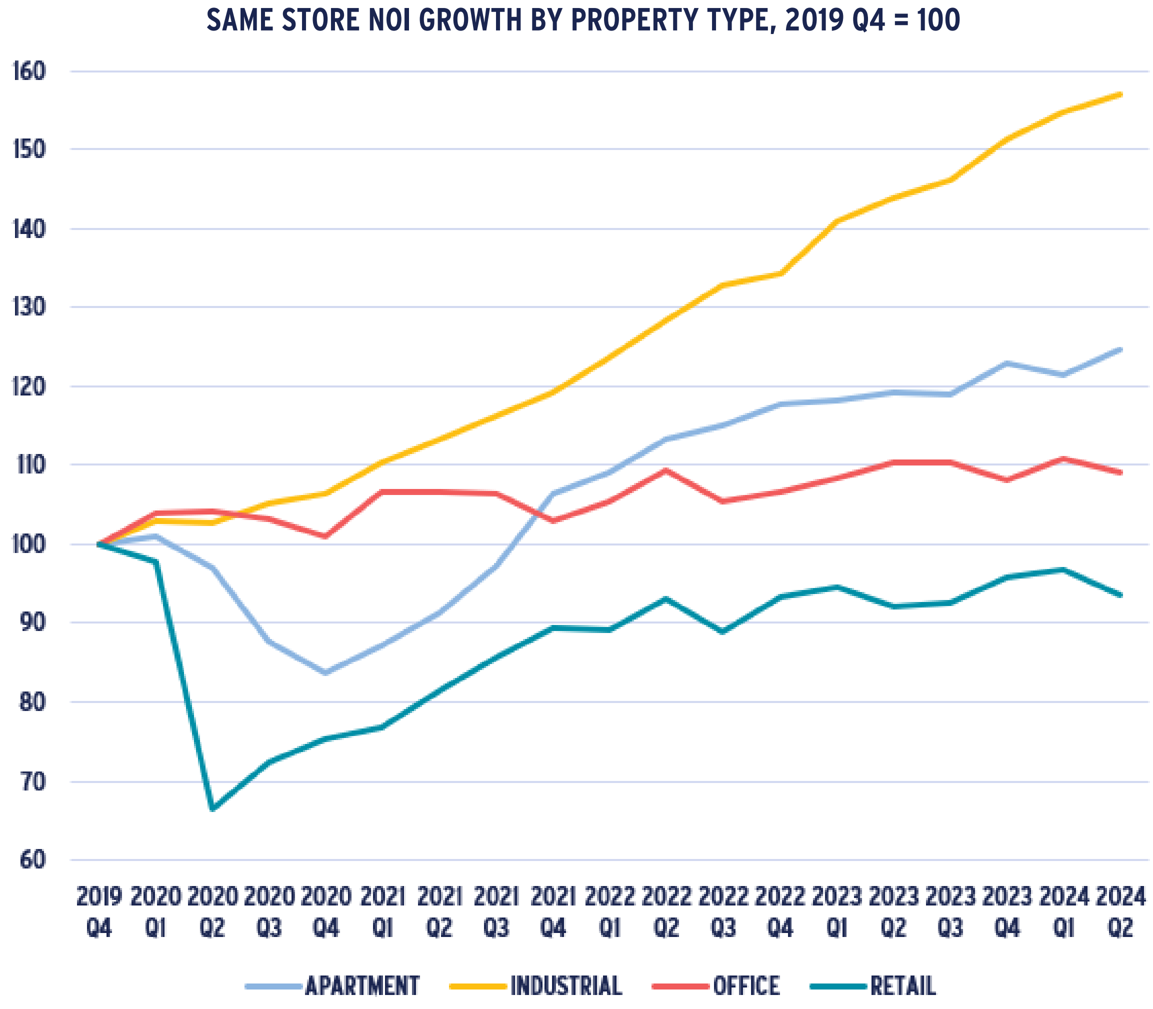
SHIRLEY MCCROHAN
Portfolio Manager

SECTION I

Market Outlook

Values Under Pressure, Not NOI (Yet)

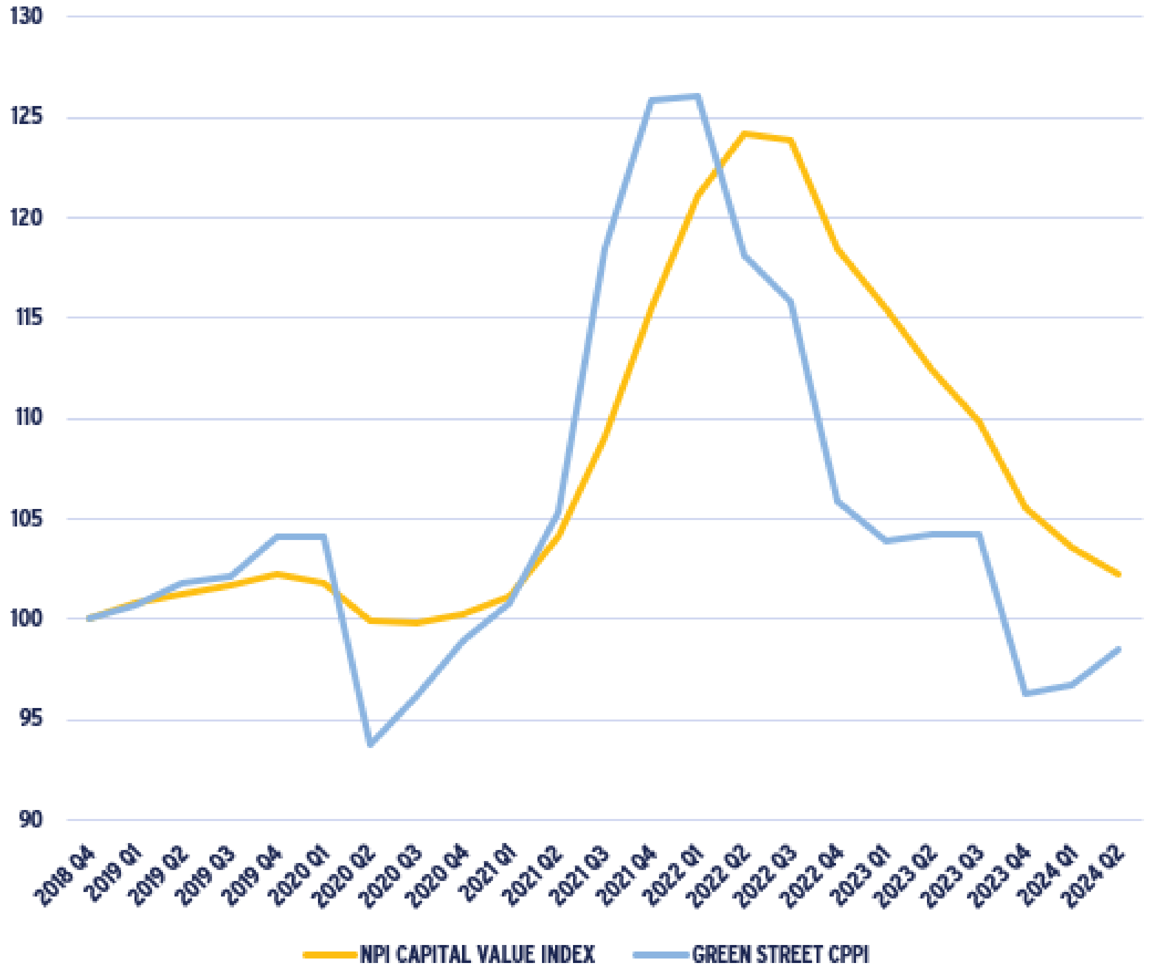




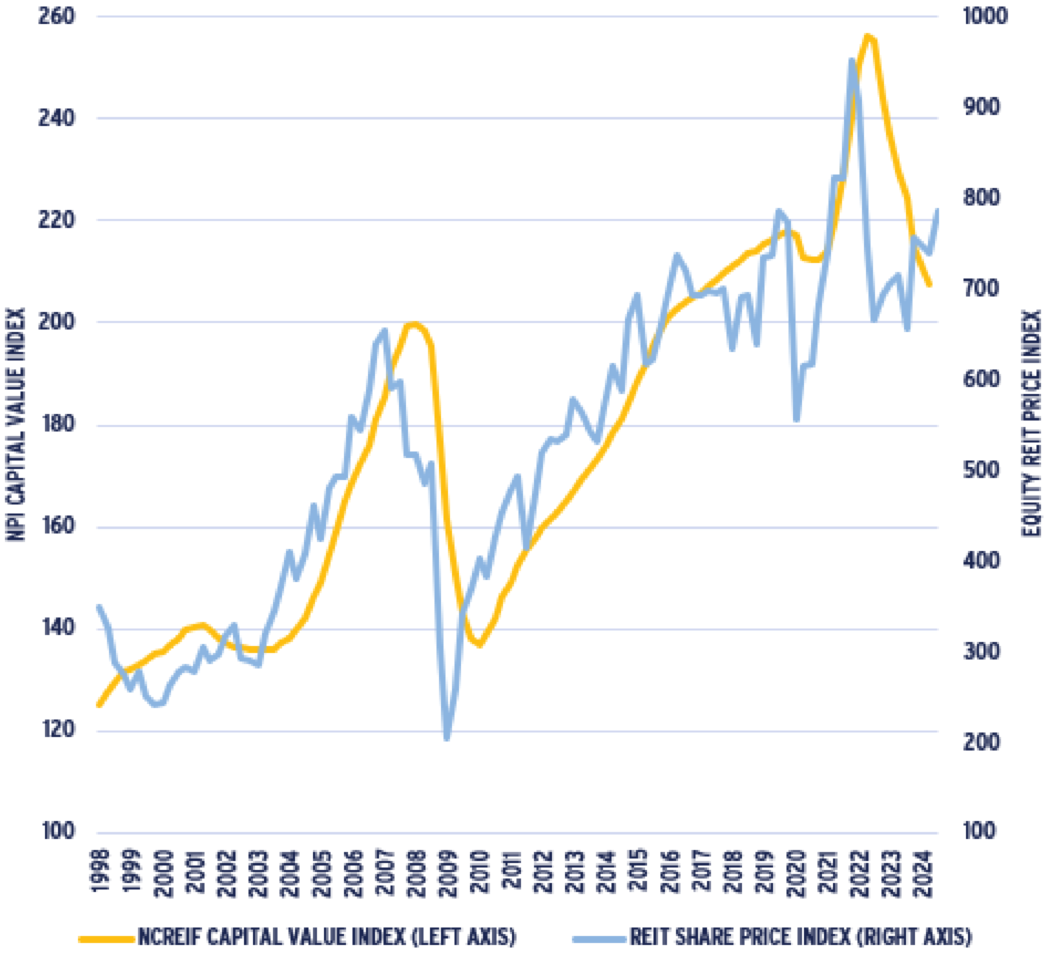
Source: NCREIF

Bottom Forming for Valuations

AVERAGE VALUE INDEX, 2018 Q4 = 100

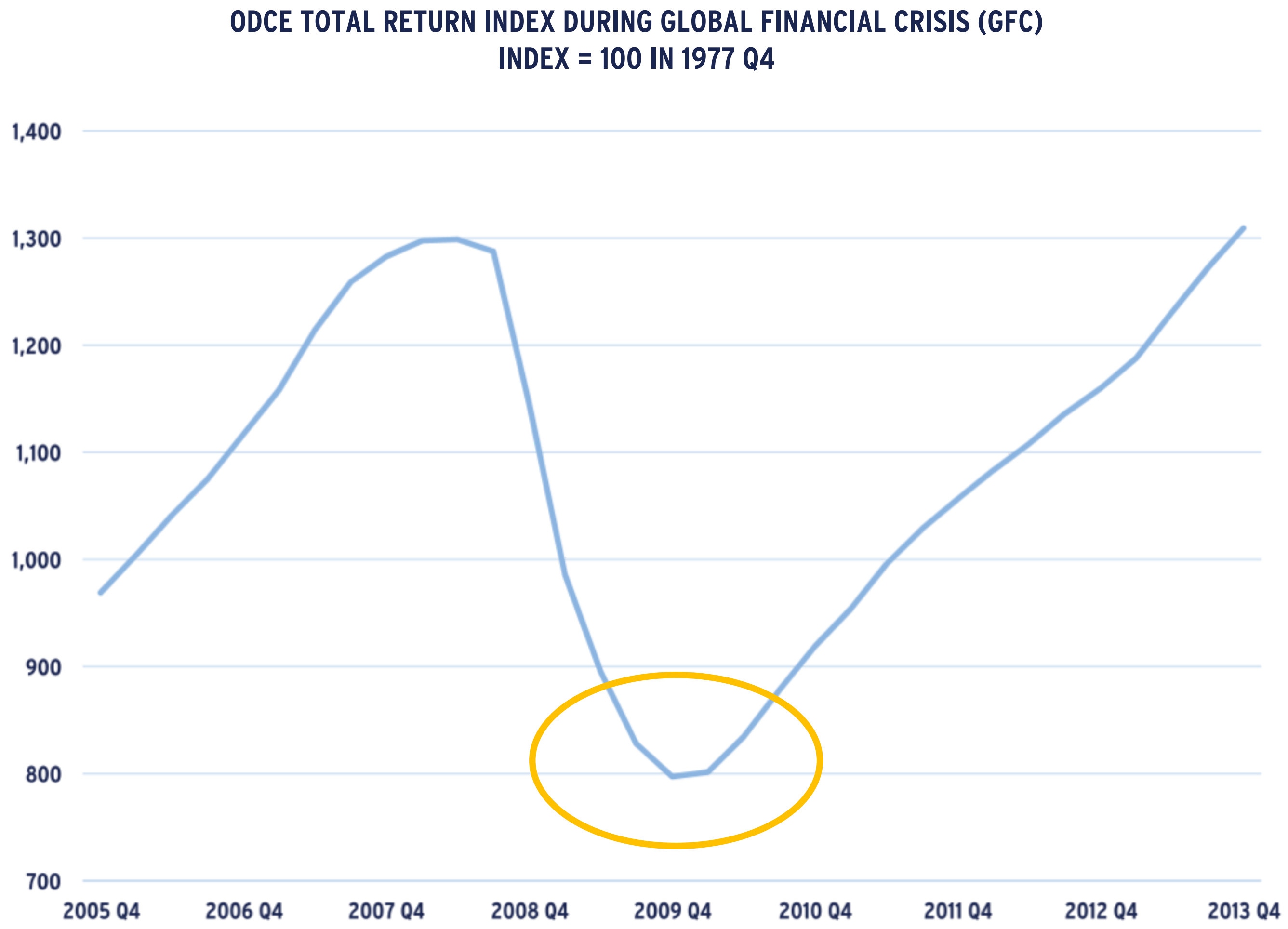


REIT SHARE PRICES AND NCREIF CAPITAL VALUE INDICES



Sources: NCREIF, Green Street

Long-Term Investors Don't Need to Call the Bottom



Early 1990s		5 Year Return
	1995 Q2	11.92%
	1995 Q3	12.30%
Trough	**1995 Q4**	**12.99%**
	1996 Q1	12.97%
	1996 Q2	12.69%

Tech Crash		5 Year Return
	2002 Q1	12.68%
	2002 Q2	13.51%
Trough	**2002 Q3**	**14.01%**
	2002 Q4	14.04%
	2003 Q1	12.50%

Financial Crisis		5 Year Return
	2009 Q3	11.34%
	2009 Q4	12.85%
Trough	**2010 Q1**	**13.44%**
	2010 Q2	13.33%
	2010 Q3	12.94%

Source: NCREIF

Investment Outlook

Property Market Fundamentals Moderating

- Industrial sector fundamentals are healthy, but moderating. Select markets witnessing meaningful pullback
- Housing fundamentals are varied as demand proves resilient in the face of heavy supply
- Retail sector continues slow and steady improvement
- Office sector facing serious market headwinds and uncertainty

Price Discovery in Process

- Divergent property market fundamentals driving dislocation in asset pricing and risk/return opportunities
- Attractive entry points vs. historical valuations and replacement cost.
- Yields reconciling with broader capital markets
- Investors evaluating rent durability, and in many places, rent growth opportunities

Macro Trends Dominating Investor Focus and Capital Formation

- Property continues to become more purpose oriented, and often provides specialized service to its tenants
- Data Centers – Digitalization/Artificial Intelligence
- Cold Storage – Critical Modern Infrastructure
- Seniors Housing – Aging Demographic

Capital Markets are Healing

- Debt capital availability modestly improving
- Credit spreads tightening
- Liquidity still constrained, but largely due to uncertainty and price discovery. Less to do with capital availability

The Changing Benchmark

- Pivot from Office & Retail heavy composition, to Housing and Logistics has happened
- Sector overweights to Housing and Logistics no longer pure Alpha, now Beta
- Office exposure needs to be curated aggressively or will challenge returns for a longtime
- Benchmark composition will continue migrating towards non-traditional property sectors and that needs to be considered

Investing With a Higher Cost of Capital

- Attractive opportunities will often be based on bottom-up, asset specific, considerations
- Evaluating risk/return requires more judgment, experience
- Value-added strategies require real business plan execution
- Environment creates opportunity to fund truly under-valued assets

SECTION II

Portfolio Review

Portfolio Overview

AS OF JUNE 30, 2024

INCEPTION DATE
1/1/2018

GROSS PROPERTY VALUE
$563M

NET ASSET VALUE
$398M

NUMBER OF INVESTMENTS
9

TOTAL UNITS/SQUARE FEET
1,380/850,872

CURRENT OCCUPANCY
91%

LOAN-TO-VALUE RATIO
33%

AVERAGE INTEREST RATE
3.05%

PORTFOLIO NET IRR
5.35%

PORTFOLIO NET EQUITY MULTIPLE
1.24

✓ FY 2024 TAKEAWAYS

- Executed sale of Walmart Building at a value above the debt balance returning capital to LAFPP and reducing portfolio risk
- Portfolio same store property NOI grew 1% year-over-year and is projected to grow 2.6% in FY 2025, despite declining NOI at the office properties
- Property values declined 7% from FY 2023 but the portfolio outperformed the 1-year total net return for the benchmark by 392 bps overall

✓ DEBT CAPITAL STRUCTURE

- Low interest fixed rate debt with limited near-term maturities generating strong income and cash yields and insulation against volatile interest rate environment

✓ FOCUS

- Active management through acquisition and sales to position portfolio for future performance
- Exercise prudence in capital expenditures
- Dispositions: focus on reducing micro-market, asset age and sector risk primarily focused on reducing exposure to assets that have more downside risk

Portfolio Map

AS OF JUNE 30, 2024

PORTFOLIO CONSTRUCTION

- Multifamily providing opportunities for growth and appreciation
  - Primarily located in desirable, suburban locations with strong demand
  - Near-term headwinds in markets with heavy supply
- Office could continue to be a drag on performance
  - Only represents 10.6% of the NIV
  - Generating a strong income return
  - Limited near-term cash risk, with cash flow covering operating expenses by a wide margin
- Significantly overweight to South region which should continue to benefit from outsized economic growth

Account Overview and Strategy

Active Management key to portfolio performance - sold functionally obsolete assets and acquired high-quality assets in markets with strong economic growth

Inception to Date Outperformance of 86 Basis Points

$703M GPV[2] — 2018

2020

$563M GPV[3] — 2024

DISPOSITIONS
$328M[1] / 10 INVESTMENTS


GALLERIA PALMS


CORRIDOR PARK POINT


EXELON ENERGY PARK


SHADELAND STATION


ST. LOUIS INDUSTRIAL


RIVERPLACE OFFICE

WOODLAND PLAZA


TWIN CREEK VILLAGE


NORTHPOINTE EXECUTIVE PARK


WALMART AT WATER RIDGE

ACQUISITIONS
$166M[1] / 3 INVESTMENTS


SYCAMORE HILLS PLAZA


HEARTWOOD AT LOCKWOOD GLEN


I-4 LOGISTICS


AUSTIN, TX RETAIL *ACQUISITION IN PROCESS*

[1] Property valued at transaction price
[2] Represents gross property value of portfolio at transfer January 1, 2018
[3] Represents gross property value as of June 30, 2024

FUND STRATEGY

- ✓ CREATE DIVERSIFIED PORTFOLIO THAT WILL DRIVE OUTPERFORMANCE
- ✓ INVEST IN TOP-TIER MARKETS AND SUBMARKETS POSITIONED FOR OUTSIZED ECONOMIC GROWTH
- ✓ INVEST IN BEST-IN-CLASS ASSETS WITH EMPHASIS ON DURABLE INCOME WITH UPSIDE THROUGH LONG-TERM GROWTH
- ✓ ACTIVELY SELLING ASSETS WITH RISK OF UNDERPERFORMANCE

Portfolio Performance

NET RETURNS - June 30, 2024

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION (6.5 YEARS)
INCOME	5.2%	5.2%	5.6%	5.9%
APPRECIATION	(10.2%)	(3.1%)	(2.1%)	(1.3%)
TOTAL NET	(5.6%)	2.0%	3.4%	4.5%
NFI-ODCE + 50bps	(9.5%)	1.5%	2.8%	3.7%
OVER/(UNDER) bps	392	47	60	86

Portfolio outperforming across all time periods

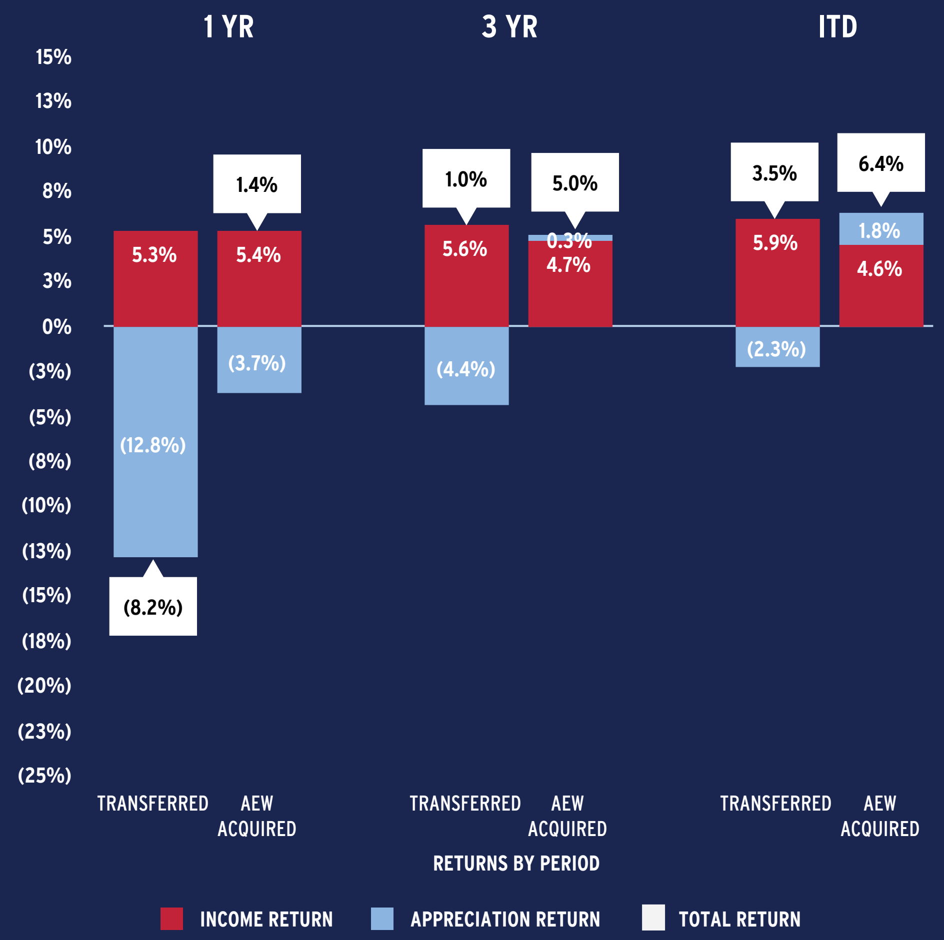
NET RETURNS BY PROPERTY TYPE - June 30, 2024

	1 YEAR	3 YEAR	5 YEAR	SINCE INCEPTION (6.5 YEARS)
INDUSTRIAL	3.9%	2.9%	N/A	4.1%
OFFICE	(28.7%)	(19.6%)	(11.1%)	(7.9%)
MULTIFAMILY	(3.5%)	8.8%	7.7%	9.3%
RETAIL	5.2%	3.7%	4.0%	3.0%

Multifamily portfolio is a key performance driver

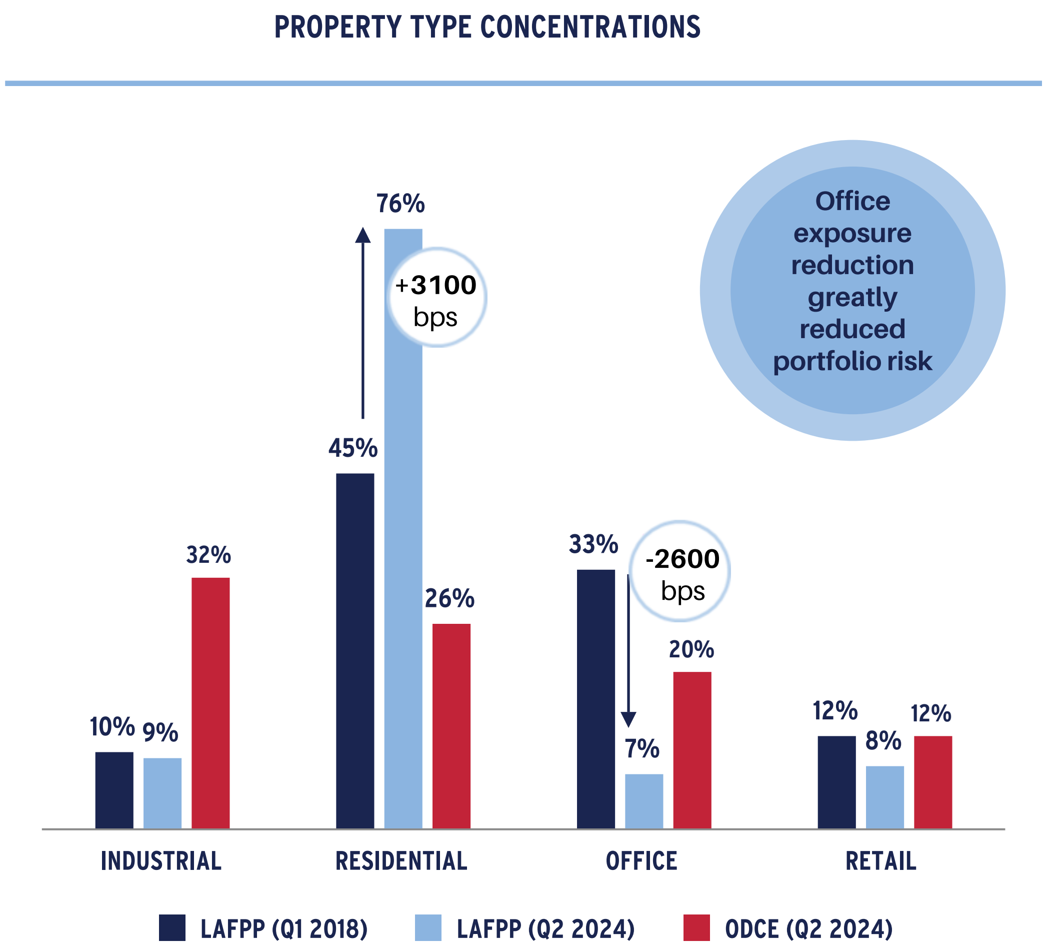
AEW acquired assets outperforming

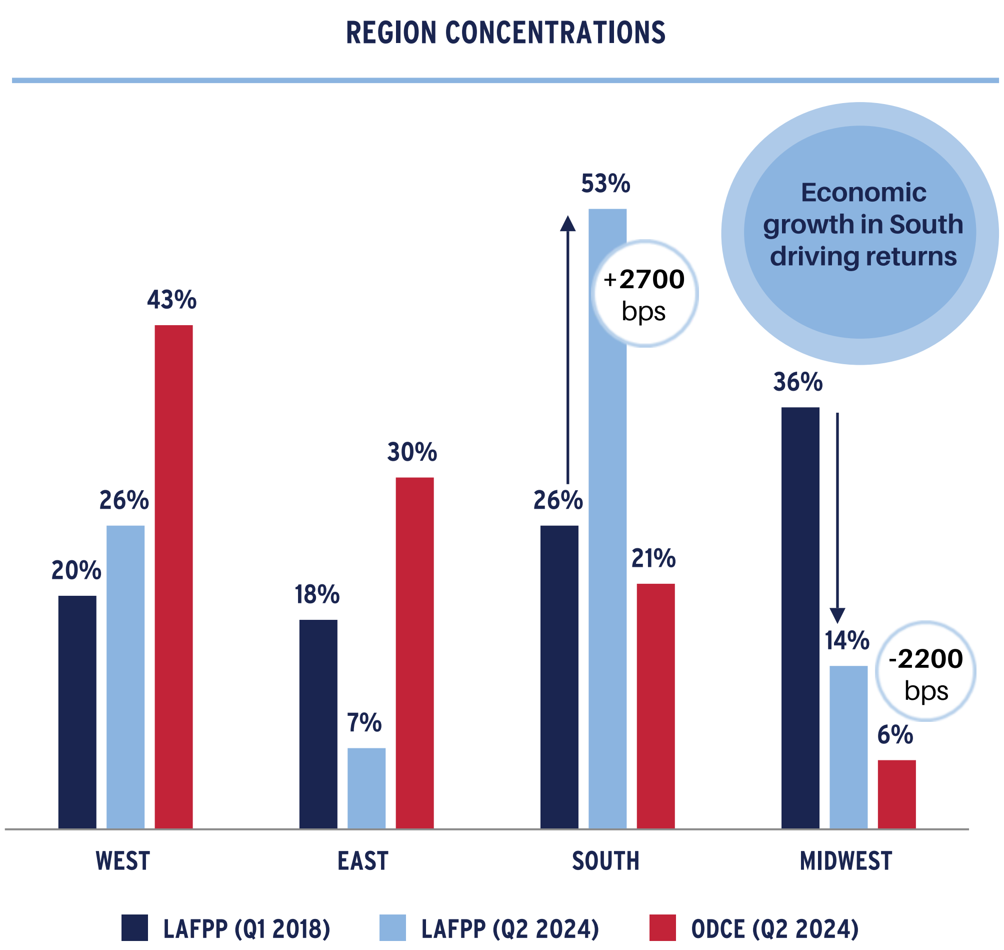
NET RETURNS - TRANSFERRED VS ACQUIRED ASSETS



Diversification - Strategic Shift Driving Returns

Strategic overweight to sectors and markets with strong long-term fundamentals

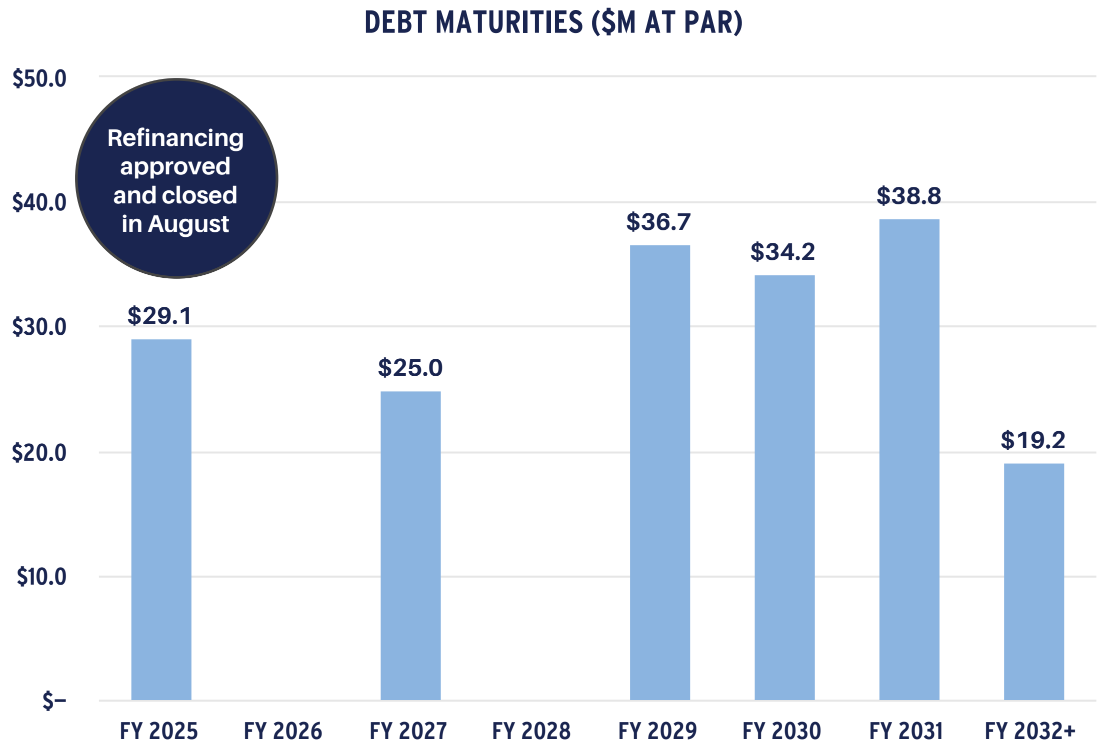




Based on GPV for comparison to NCREIF ODCE

Debt Profile

Minimal exposure to interest rate volatility with long-term fixed rate debt locked in at low interest rate.



As of June 30, 2024

DEBT STATISTICS	
NUMBER OF LOANS	7
LEVERAGE RATIO	33.0%
WEIGHTED AVERAGE INTEREST RATE	3.1%
WEIGHTED AVERAGE MATURITY (YEARS)	4.5
TOTAL DEBT PAR VALUE ($ MILLIONS)	$183.0

DEBT HIGHLIGHTS

- 100% fixed rate loans
- Limited near-term maturities

FY 2025 MATURITIES

Sea Isle Apartments
August 2024

Four year, interest only, cash neutral refinance at 5.71% closed end of August

Acquisition Plan

Market conditions present opportunity to deploy capital into core real estate assets that have re-priced and offer an attractive entry point.

Over the near-term, our focus will be to:

- Pay particular attention to balancing income return, with opportunity for near and long-term capital appreciation.
- Manage the underwriting challenge of sourcing high-quality assets at attractive entry points, with the risks associated with the moderating economic environment.
- Prioritize credit and quality when acquiring in-place cash flow from income-producing assets.
- Be highly selective about submarket selection with a deep understanding of near-term supply risk.
- Consider increasing exposure to alternative property sectors with favorable long-term secular tailwind (Cold Storage, Build for Rent, Student Housing and Seniors Housing).

FY 2025 ACQUISITION TARGETS

Goal: 1-2 Investments primarily focused on increasing exposure to industrial, necessity retail and well-located multifamily

Transaction Plan

ACQUISITION TARGETS
GOAL: 1-2 INVESTMENTS

INDUSTRIAL
- Stabilized core product. Infill locations and emerging U.S. submarkets

MULTIFAMILY
- Stabilized core product
- Acquire Build for Rent strategy in growing markets

RETAIL

UNDER CONTRACT AUSTIN TX

- Grocery-anchored/necessity in core markets

OFFICE
- Not recommended at this time

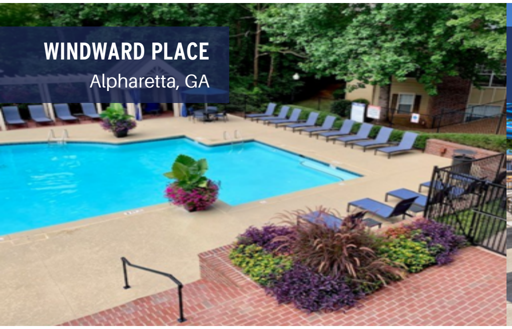
DISPOSITION TARGETS

PROPERTY	LOCATION	PROPERTY TYPE	PROJECTED SALE PERIOD
AERIAL CENTER I and II	MORRISVILLE, NC	OFFICE	FY 2025-27
CHESTNUT TOWER	CHICAGO, IL	MULTIFAMILY	FY 2025-27
SEA ISLE	ORLANDO, FL	MULTIFAMILY	FY 2025-27

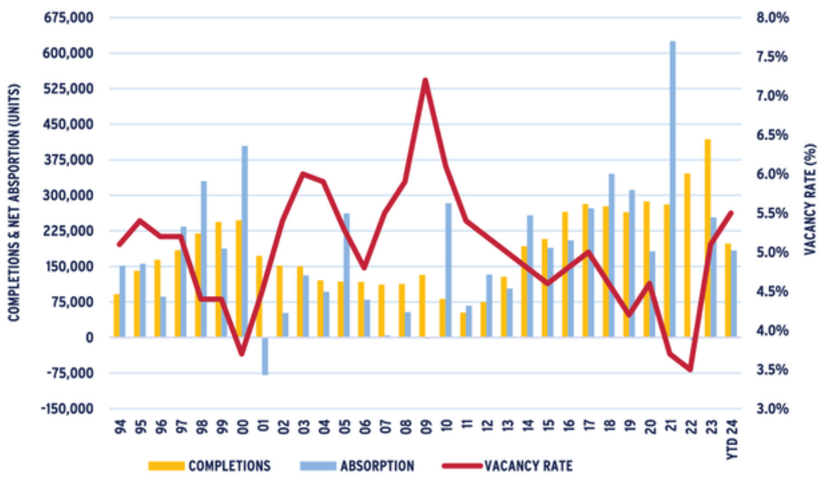
Multifamily Portfolio

Maintain Quality of Portfolio

5	1,380	76%	94%
INVESTMENT COUNT	TOTAL UNITS	MULTIFAMILY EXPOSURE	LEASED OCCUPANCY



MULTIFAMILY MARKET FUNDAMENTALS



PORTFOLIO HIGHLIGHTS:

- Driver of ITD outperformance
- Assets in high premium-to-own markets
- NOI growth may be challenging in high-supply markets during the near-term
- Mostly garden style mid-level affordable product; defensive and well-positioned
- 60% of the portfolio is more than 20 years old; higher capital costs and operating expenses

PORTFOLIO STRATEGY:

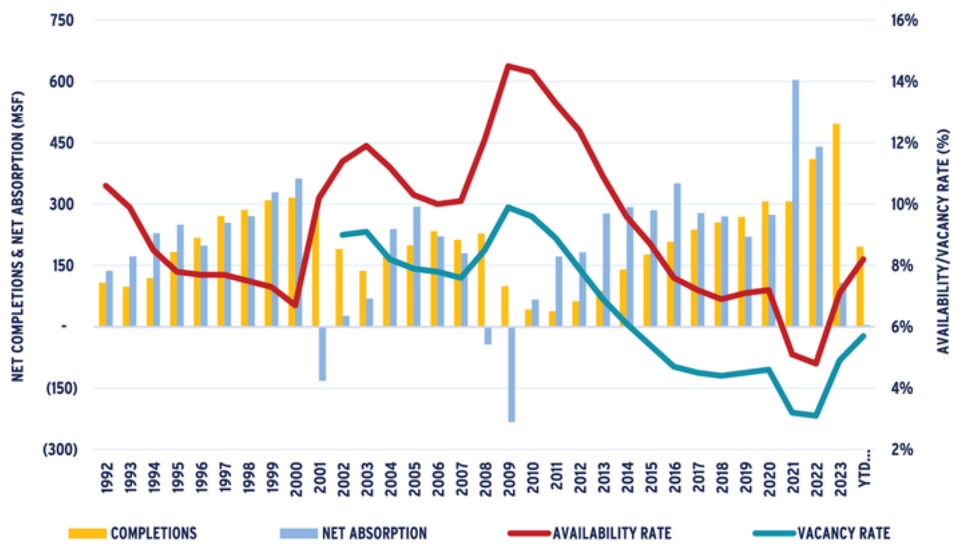
- Assess ideal timing for sales on assets with higher risk (age, competitive positioning, market risk)
- Acquire high-quality in growth markets with strong economic diversity and employment growth

Industrial Portfolio

Increase Exposure to Quality Industrial in Markets with Strong Fundamentals

1	424,550	9%	100%
INVESTMENT COUNT	TOTAL SQUARE FOOTAGE	INDUSTRIAL EXPOSURE	LEASED OCCUPANCY

INDUSTRIAL MARKET FUNDAMENTALS



PORTFOLIO HIGHLIGHTS:

- Underweight benchmark
- Quality asset in a strong growth market leased to a credit tenant on a long-term basis with 26% below market rents
- Strong ITD performance
- Recent transactions indicate strong buyer appetite

PORTFOLIO STRATEGY:

- Increase sector exposure through acquisitions in markets poised to benefit from strong economic, population and manufacturing growth

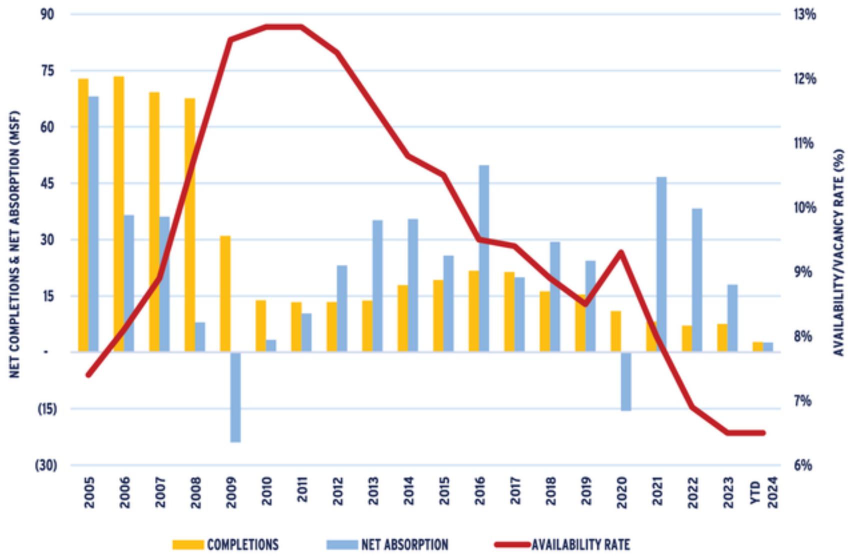
I-4 LOGISTICS CENTER
Seffner, FL

Retail Portfolio

Increase Exposure to High Quality Necessity Based Retail

1	77,394	8%	95%
INVESTMENT COUNT	TOTAL SQUARE FOOTAGE	RETAIL EXPOSURE	LEASED OCCUPANCY

RETAIL MARKET FUNDAMENTALS



PORTFOLIO HIGHLIGHTS:

- Quality asset providing durable income
- E-commerce resistant tenancy
- Grocery-anchored; necessity based
- Mod-pizza bankruptcy drag on NOI growth in FY 2024
- New lease executed on long-standing vacancy

PORTFOLIO STRATEGY:

- Acquire best-in-class, grocery-anchored and necessity retail community centers in markets with strong economic and population growth

SYCAMORE HILLS PLAZA

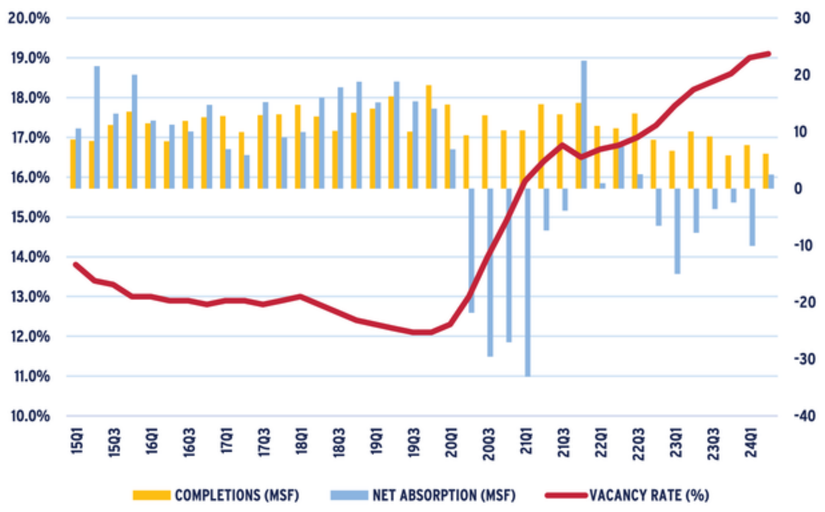
Claremont & Upland, CA

Office Portfolio

Reduced Exposure to Assets with Risk of Long-term Underperformance

2	348,928	7%	65%
INVESTMENT COUNT	TOTAL SQUARE FOOTAGE	OFFICE EXPOSURE	LEASED OCCUPANCY

NATIONAL OFFICE MARKET



PORTFOLIO HIGHLIGHTS:

- Underweight benchmark
- Held without debt providing flexibility in the business plan
- Significant lease rollover in FY 2025; in early conversations on renewals with 3 major tenants
- Covering operating expenses by a margin of 2x

PORTFOLIO STRATEGY:

- Position Aerial Center I&II for exit when liquidity returns
- Secure extended development rights to streamline future project timelines

AERIAL CENTER I & II
Morrisville, NC

Final Comments

- ✓ Actively de-risking portfolio by selling assets with risk of underperforming.
- ✓ Current portfolio construction should continue to drive outperformance.
- ✓ Minimal debt exposure in the near-term positions the portfolio to weather challenges in a moderating economic environment.
- ✓ Cyclical opportunity to acquire re-priced core at attractive risk adjusted basis.
- ✓ Focused on increasing exposure to industrial, high quality residential and grocery-anchored retail.

SECTION III

Appendix

LAFPP / AEW Team

MICHAEL BYRNE
Chief Investment Officer
Head of Private Equity & Debt

AL DELLA PORTA
Head of Capital Markets
5 Additional Professionals

LILY KAO
Head of Asset Management
55+ Additional Professionals

SARA CASSIDY
Head of Portfolio Management

JOSH HELLER
Head of Eastern U.S. Acquisitions
20+ Additional Professionals

TOM MULLAHEY
Head of Western U.S. Acquisitions
10+ Additional Professionals

MARK MORRISON, CFA®
Senior Portfolio Manager

SHIRLEY MCCROHAN, CFA®
Co-Portfolio Manager

ROBIN MCELLIGOTT
Portfolio Controller

DANIEL RIGG
Assistant Controller

ADDITIONAL LAFPP RESOURCES

FUND OPERATIONS

DANA SPIRES
45+ Professionals

RESEARCH

MIKE ACTON
8 Professionals

RESILIENCE

JESS BISSEY
5+ Professionals

ASSET RESILIENCE DEVELOPMENT

MATT CHRISTY
4 Professionals

INSURANCE RISK MANAGEMENT

ROSS MARKOWITZ
5 Professionals

LEGAL

CARRIE BELLERBY

NEAL SHARMA

10+ Professionals

INVESTOR RELATIONS

JAY STRUZZIERY, CFA®
10+ Professionals

FY 2024 Review & FY 2025 Goals

FINANCIAL

($ MILLIONS)	FY 2024 BUDGET	FY 2024 ACTUAL	FY 2025 BUDGET
NET OPERATING INCOME	$31.3M	$29.6M	$29.5M
DEBT SERVICE	$7.6M	$6.0M	$6.1M
INCOME DISTRIBUTIONS	$17.5M	$17.2M	$17.1M
CAPITAL CONTRIBUTIONS – CAP EX	$4.3M	$0.5M	$4.5M
CAPITAL CONTRIBUTIONS – ACQ/REFI	$25.0M	$0.5M	$50.0M

FY 2024 RESULTS

- Achieved or exceeded NOI goals in multifamily, industrial and office; retail NOI lower due to tenant bankruptcy and slower leasing
- Capital was lower mostly due to delaying projects to limit capital investment in current market environment in addition to lower leasing costs at Aerial Center

FY 2025 GOALS

- FY2025 budgeted NOI decrease due to sale of Walmart Building - same store NOI budgeted to increase 2.6% in 2025
- Budgeted FY2025 capital expenditures include work for unit and amenity upgrades within the multifamily portfolio as well as proposed repositioning of Aerial Center I & II

[1]Total leased percentage is weighted by GPV for consistent unit of measure between property types

OPERATIONS

	FY 2024 BUDGET	FY 2024 ACTUAL	FY 2025 BUDGET
MULTIFAMILY	95%	94%	94
OFFICE	69%	65%	76%
RETAIL	100%	95%	100
INDUSTRIAL	100%	100	100
TOTAL [1]	92%	92%	94%
LEASING	53,232 SF	62,631 SF	80,478 SF

Strong stabilized occupancy in FY 2024 outside of office:

- Slightly below FY 2024 budget
- Leasing over budget at Aerial Center I

Significant FY 2025 leasing goals at:

- Aerial Center I & II; aggressive but achievable

Portfolio Photos

SYCAMORE HILLS PLAZA
Claremont & Upland, CA


WINDWARD PLACE
Alpharetta, GA


I-4 LOGISTICS CENTER
Seffner, FL

AERIAL CENTER I
Morrisville, NC


CHESTNUT TOWER
Chicago, IL

Portfolio Photos

LOCKWOOD GLEN APARTMENTS
Franklin, TN

AERIAL CENTER II
Morrisville, NC

PASEO AT TOWN CENTER
Valencia, CA

SEA ISLE APARTMENTS
Orlando, FL

Notes

AUM - Assets Under Management

NPI - NCREIF Property Index

Cap Rate - First year net operating income divided by value

NCREIF - National Council of Real Estate Investment Fiduciaries

MSCI - Third-party provider, MSCI Real Estate, engaged to help AEW better understand the resiliency of its properties

REIT - Real Estate Investment Trust

NFI-ODCE - NCREIF Fund Index–Open-End Diversified Core Equity

CRE - Commercial Real Estate

MSA - Metropolitan Statistical Area

NIV - Net Investment Value

GPV - Gross Property Value

NAV - Net Asset Value

IRR - Internal Rate of Return

LTV - Loan to Value

NOI - Net Operating Income

SFR - Single Family Rental

BFR - Build for Rent

ITD - Inception to Date

WALT - Weighted Average Lease Term

Thank You

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: SEPTEMBER 19, 2024 **ITEM: D.5**

FROM: JOSEPH SALAZAR, GENERAL MANAGER

SUBJECT: AUDIT OF SURVIVOR PENSION BENEFITS AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board review, receive, and file the Audit of Survivor Pension Benefits.

BACKGROUND

Internal Audit Section (IAS) conducted this audit of survivor pension benefits in accordance with the fiscal year 2023-2024 annual audit plan. IAS has not previously reviewed this subset of pension benefits available to members. Survivor benefits are defined as pension benefits paid to eligible survivors of Los Angeles Fire and Police Pensions (LAFPP) members. Benefits are authorized by the Los Angeles City Charter and Administrative Code and may be payable to surviving spouses and domestic partners, eligible minor children, dependent children, and dependent parents.

DISCUSSION

Audit Objectives
The overall objective of the audit was to evaluate the effectiveness of the procedures to process survivor pension benefits to ensure eligibility, timeliness, and payment accuracy. IAS achieved this through the following subobjectives:

1. Reviewed survivor benefit procedures to determine whether they were adequate to ensure eligibility, accurate and timely payments, and conformance with legal requirements.
2. Tested a sample of new survivor pension benefits to confirm procedures were followed and that benefits were paid in conformance with legal requirements, accurately, timely, and only to eligible survivors.

Audit Scope
The scope included new survivor pension benefits processed between January 2021 and December 2023 and only considered gross amounts paid to survivors with no verification of deductions. IAS notes that the selected scope period includes applications that were submitted and processed under challenging conditions during the COVID-19 emergency.

Audit Findings and Recommendations

In our evaluation, IAS observed that at the time only one staff member in the Retirement Services Section (RSS) was fully trained in processing survivor pension benefits. Additionally, although there was a detailed desk manual on the process that could moderate this risk, it was not up to date and did not include the most recent systems and policies and the shifts in the work environment. Together, these factors create a risk of the loss of institutional knowledge that would impact survivor pension benefits processing if the Section were to experience staff transitions.

To guard against these risks, IAS recommends that: (1) RSS create a plan to ensure that institutional knowledge of the survivor pension benefits process is retained and (2) ensure that training materials are up to date. In their response to this audit finding, RSS indicated that the training of additional staff in the process has been prioritized and is currently in progress.

Overall, IAS found that the survivor benefit process had adequate controls to ensure eligibility and accuracy. For the sample tested, 100% were correctly calculated and only paid to eligible survivors, and 72% were paid within a 60-day processing goal set by the Section. In our review of timeliness, IAS focused on the overall time it took for a survivor to receive a payment, and measured the percentage of survivors that were paid within sixty days from the department notification of the retired member's death. This approach was intended to focus on customer service and overall process improvements rather than just staff processing time. We found that 72% of sampled survivors were added to the pension roll within 60 days of death notification.

RSS noted that they only measure staff time and performance for this processing goal and through additional review were able to show the cases taking more than 60 days were attributable to external factors outside of staff's control, such as delayed application submittals and external reviews. With consideration of only staff processing time, IAS found the sampled survivor benefits all took less than 60 days to process.

To refine the Department's measurement and understanding of timely payments to survivors, IAS recommends that the Department (1) define the purpose of their timeliness metric or metrics, (2) set reasonable and achievable benchmarks for timeliness in processing survivor pension benefits, and (3) collect the data required to be able to assess efficacy of the process and identify areas for targeted improvements.

Management expressed general agreement with the results and conclusions of this audit and began implementation of some of the recommendations during the audit. Their full comments are included in the Management Response section of the report.

Assessment of Priority Levels for Findings

As an enhancement to IAS' audit reports, findings identified in this audit were assigned a priority level[1] in consideration of factors such as financial impact, internal controls, compliance, reputation/stakeholder experience, value-add opportunities, and alignment with Department strategic goals, guiding principles, operational priorities, and available resources. The rankings are intended to assist the Department with prioritizing resources when implementing recommendations. The full ranking criteria are included as Appendix A of the Report.

BUDGET

There is no budget impact associated with this report.

POLICY

There is no policy impact associated with this report.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

Jennifer Van, Internal Auditor
Internal Audit Section

JS: RT: JV

Attachment: Audit of Survivor Pension Benefits

[1] Global Internal Auditing Standard 14.3 requires IAS to rank engagement findings based on significance and to help the Board and Management prioritize corrective action planning efforts.

ATTACHMENT

LAFPP
To Serve Those Who Protect
LOS ANGELES FIRE AND POLICE PENSIONS

LOS ANGELES FIRE AND POLICE PENSIONS

September 2024

AUDIT OF THE SURVIVOR PENSION BENEFITS PROCESS

To Serve Those Who Protect

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

AUDIT OF THE SURVIVOR PENSION BENEFITS PROCESS
September 2024

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AUDIT SUMMARY

Why We Did This Audit | Internal Audit Section (IAS) conducted this audit of survivor pension benefits in accordance with the fiscal year 2023-2024 annual audit plan. IAS has not previously reviewed this subset of pension benefits available to members. IAS performed this audit to assess the overall eligibility, accuracy, and timeliness of survivor pension benefits processing.

What We Found | IAS observed that only one staff member in RSS was fully trained on processing survivor pension benefits. Although RSS had a detailed desk manual on the process that could moderate this risk, it was not up to date and did not include the most recent systems and policies and the shifts in the work environment. Together, these factors create a risk of the loss of institutional knowledge that would impact survivor pension benefits processing if the Section were to experience staff transitions.

In our evaluation of procedures, we found that the survivor benefit process had adequate controls in place to ensure eligibility and accuracy. For the sample tested, benefits were correctly calculated and only paid to eligible survivors. IAS found that 72% of the sample was paid within a 60-day processing goal set by the section with delays attributable to external factors such as late submissions from survivors or legal reviews. Without a target percentage to evaluate this against, IAS could not determine whether survivor pension benefits were processed within management's expectations.

A summary of our priority ranking criteria is included as Appendix A on page 10 of this report.

What We Recommend | IAS recommends that RSS create a plan to ensure that institutional knowledge of the survivor pension benefits process is retained, and continuity of the process is not affected if ever faced with staff transitions. This should include training or cross training more staff to have a working knowledge of the process and keeping training materials up to date. IAS also recommends that the Department set reasonable and achievable benchmarks for timeliness in processing survivor pension benefits. Setting benchmarks and collecting data on different events in the process is the first step to assessing effectiveness of the process and identifying areas for targeted improvements.

Acknowledgement | We wish to thank the Retirement Services Section (RSS) and Active Member Services (AMS) staff for their assistance, collaboration, and valued input throughout the course of this audit.

AUDIT OF THE SURVIVOR PENSION BENEFITS PROCESS
September 2024

BACKGROUND

Survivor benefits are defined benefit pensions paid to eligible survivors of Los Angeles Fire and Police Pensions (LAFPP or the Department) members. Benefits are authorized by the Los Angeles City Charter and Administrative Code and may be payable to beneficiaries including surviving spouses and domestic partners, eligible minor children, dependent children, and dependent parents.

Although survivor pension benefits are a subset of broader benefits paid by LAFPP, they present unique challenges. Eligibility and benefit levels for survivors change with factors such as member tier, years of service, marital status, pension type[1], and financial dependency. The process also requires department staff intervention to prepare application documents, verify survivor eligibility, and perform benefit recalculations to ensure accurate and appropriate payments are made to survivors.

Furthermore, in 2020, the Retirement Services Section (RSS) implemented policy changes to streamline and improve timelines for survivor pension benefits processing. This included the introduction of the overpayment policy, which allows the member's last payment before their death to be processed after obtaining the survivor's consent to collect an overpayment against their future benefit. This step was introduced to lessen the financial burden on survivors during the survivor application processing time period. An overpayment form acknowledging this agreement is required to be collected from the survivor prior to the approval of an overpayment.

As of March 31, 2024, there were 2,507 survivor pensioners receiving an average monthly benefit of $5,429. This consisted of 2,415 surviving spouses, 33 domestic partners, and 59 other dependents with total survivor pension payments budgeted at $169.1 million for the fiscal year.

AUDIT OBJECTIVES, SCOPE, AND PROCEDURES

The overall objective of the audit was to evaluate the effectiveness of the procedures to process survivor pension benefits to ensure eligibility, timeliness, and payment accuracy.

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[1] Types include regular service pensions and service/non-service-connected disability pensions.

Internal Audit Section (IAS) achieved this through the following subobjectives:

1. Reviewed survivor benefit procedures to determine whether they were adequate to ensure eligibility, accurate and timely payments, and conformance with legal requirements.
2. Tested a sample of new survivor pension benefits to confirm procedures were followed and that benefits were paid in conformance with legal requirements, accurately, timely, and only to eligible survivors.

The scope included new survivor pension benefits processed between January 2021 and December 2023. IAS notes that the selected scope period includes applications that were submitted and processed during the COVID-19 emergency under challenging conditions such as an abrupt transition to telework, an increase in survivor applications, and delays in receiving applications or documents. Finally, the audit only considered gross amounts paid to survivors and did not include any verification of deductions.

Audit procedures included interviews of RSS staff and reviews of written desk manuals and educational materials. These were used to document and understand processes and controls in place in the survivor benefit process and assess whether they were adequate to confirm eligibility, accuracy, timeliness, and conformance with the Los Angeles City Charter, Los Angeles Administrative Code, and LAFPP Board policies.

IAS also selected a random statistical sample of 81 survivors representing various beneficiary types added to the pension roll within the scope period[2]. The sample was used to test for conformance with legal requirements, payment accuracy, eligibility, and timeliness. For the sample of 81 survivors, IAS recalculated their survivor pension benefits to ensure they were calculated accurately and in conformance with authorized benefits. Additionally, IAS confirmed eligibility of sampled survivors by reviewing documents collected that supported whether the overpayment policy was followed and whether a survivor's identity and qualified status were confirmed before a benefit was processed. Finally, IAS assessed the timeliness of survivor pension benefits, using the section established benchmark of 60 calendar days as a target.

This performance audit was conducted in accordance with *Generally Accepted Government Auditing Standards* and the *International Standards for the Professional Practice of Internal Auditing*. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings

[2] The sample chosen was statistically representative of the population. Additional stratified sampling was performed to ensure the sample was representative of all tiers and beneficiary types

and conclusions based on our audit objectives. IAS believes that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

MANAGEMENT RESPONSE

Management recognizes the urgency in addressing the findings from the Audit of the Survivor Pension Benefits Process and concurs with the recommendations presented by IAS.

Concerning Finding No. 1, RSS has been training a new Benefits Specialist since December 2023 on various benefits processes within the section. The training became more focused on the Survivor Pension Benefits process in June. The individual has been trained on the different phases of the Survivor Application process, including calculating survivor pension estimates for qualified survivors and post-retirement spouses/domestic partners. They have placed six surviving spouses on pension roll, the last two of which were done independently, and processed one pensioner’s Survivor Benefit Purchase Program election. The plan is to continue this training, giving the individual cases to process each month to increase their knowledge, experience, and confidence with the Survivor Pension Benefits process.

Staff will begin updating the procedures manual for the Survivor Pension Benefits process and plans to complete the update by Spring 2025. The update will incorporate the processing steps under the new Pension Administration System (PAS), the recent policies that were implemented in 2020 for streamlining the process, as well as document various scenarios where the use of our third-party search service, through LexisNexis, may be appropriate to help confirm the validity of a survivor.

Concerning Finding No. 2, RSS will continue to use the new tracking features implemented in the PAS on June 30, 2024 for the requests and receipt of Death Certificates and Survivor Applications. To help refine the target for ensuring the 60-day survivor pension processing metric, Staff agrees with the value in tracking the time attributed to external delays. Staff will work with the PAS vendor to enhance the tracking features, and in the interim, start tracking these external delays in a spreadsheet.

FINDINGS AND RECOMMENDATIONS

Finding No. 1 – The survivor pension benefit process is reliant on one key staff person to initiate and maintain the survivor benefit process

Priority Ranking: High

Eligibility requirements for survivor pension benefits requires consideration of many factors such as the member's years of service, marital or domestic partnership status at the time of the members' death and/or retirement, and financial dependency based on a member's tier and type of pension. As a result, the survivor pension benefits process requires staff to prepare and verify documents, perform recalculations, and process applications.

The section relies on a small number of staff to complete this process with only one staff member within RSS fully trained on how to process a survivor application from start to finish. As the process requires a high amount of staff intervention and direct communication with survivors, having knowledgeable and experienced staff is vital to ensure the Section can weather staff transitions and that the survivor pension benefits process remains accurate, appropriate, and timely.

In tandem with this risk, although RSS had a survivor desk manual that is detailed and would support continuity in the survivor application process, the manual has not been updated since 2016. Since then, the survivor application process has had to adjust to major shifts with the addition of the overpayment policy, a new pension administration system, and the implementation of a hybrid work environment. The desk manual can continue to be a valuable resource in documenting knowledge of section processes once it has been updated.

During the course of the audit, the supervisors that review key events processed for survivor pension benefits left to take on other roles in the Department. However, current supervisors have working knowledge of the process, and the Section began addressing the risk of institutional knowledge loss by cross-training staff to perform the application processing and review of survivor pension benefits performed by current and former staff.

Recommendation No. 1 – Retirement Services Section should create a plan to ensure institutional knowledge of the survivor pension benefits process is not lost

RSS should create a plan and timeline to ensure institutional knowledge of the survivor pension benefits process is not lost, including:

a. Training or cross-training staff within the Section to ensure that more than one person has a working knowledge of how to process a survivor application.
b. Updating the survivor desk manual to reflect the current working environment and continuing to maintain it in the face of other major policy changes, pension administration system upgrades or replacements, or the introduction of new technology to collect member data and documentation.

Finding No. 2 – 100% of survivor pension benefits sampled were accurately calculated and appropriately paid, with 72% placed on the pension roll within 60 days of notification of the member's death.

Priority Ranking: Medium

For the 81 survivors in the sample, benefit payments were tested to confirm that they were paid accurately and in conformance with legal requirements, only to those eligible, and in a timely manner.

First, benefits were recalculated to confirm their accuracy and conformance with the Los Angeles City Charter and Administrative Code and LAFPP Board Policies. Benefit levels are determined by many factors including the member's tier, years of service, pension type, and the survivor's relationship to the member. IAS found that 100% of benefit payments in the sample were accurate and within the Section's rounding threshold when recalculated by IAS.

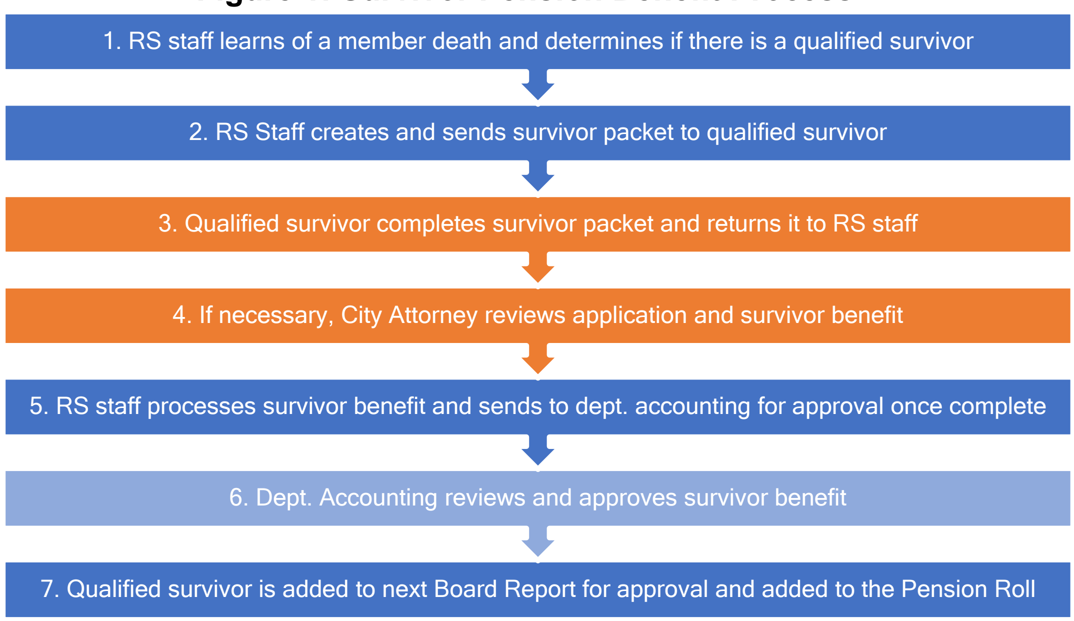
IAS also verified that benefits were only paid to eligible survivors by reviewing supporting documents that verify identity (e.g. IDs, notarized applications), eligibility for benefits (e .g. marriage certificates, birth certificates, death certificates, etc.), and eligibility for payments (e.g. overpayment forms). Survivor pension benefits were not processed unless an identity document was collected along with required notarization of applications. Eligibility for benefits was also confirmed through a review of survivor documents on file. IAS also verified that no survivor received an overpayment unless the form was first collected. Overall, IAS found that sufficient supporting documents were collected and reviewed during survivor pension benefits processing to verify that all benefit payments in the sample were made only to those eligible.

Finally, IAS evaluated the timeliness of survivor pension benefits processing, using an RSS established goal as a guideline for timeliness. The goal is to process a survivor application within 60 days which is measured as the time between RSS notification of the member date of death and the date the survivor is placed on the next available pension roll. Using this measure, 58 (72%) of the 81 of survivor applications tested met this

Section goal, taking less than 60 days to process. An overview of the key steps of the survivor pension benefits process is included in Figure 1.

For the remaining 23 applications that exceeded the 60-day goal, IAS performed further procedures including consulting with RSS to identify causes of delays. IAS notes that RSS uses the 60-day metric to measure staff's performance and therefore excludes cases that are delayed due to external factors. In all cases reviewed, delays could be attributed to external factors such as delayed notification of a member's death, long wait times to receive completed survivor applications and supporting materials, and other delays such as the need for external legal reviews. IAS also noted the challenges that the COVID-19 emergency brought during this scope period for LAFPP members and staff. The additional review showed that actual application processing steps performed by staff were consistently under the 60-day goal.

Figure 1: Survivor Pension Benefit Process



IAS notes that positive policy changes were implemented by RSS prior to the scope period of this audit to improve the timeliness of application processing such as introducing the use of email to readily transmit documents and accepting unofficial copies of death certificates or doctor pronouncements of death in lieu of waiting to receive official certified death certificates that could further delay the process.

However, the Section at present is only measuring and reporting on performance of events in the control of RSS. There have not been any measurements of or analysis on the performance that considers the wait times of receiving information from survivors or potential legal or other reviews noted in Steps 3-4 of Figure 1, or other events not in the control of RSS that are required for a survivor to be placed on the pension roll. As a result, the current measurement of survivor pension benefits processing timeliness is incomplete.

In contrast, IAS measured timeliness in the context of service provided to members, with the intent of measuring the total time it took for the Department to pay an applicant for survivor pension benefits. This measurement is not intended to hold staff accountable for events outside of their control, but to allow the Department to measure the overall timeliness of the survivor pension benefit process, to better identify and address bottlenecks in the process (including external events) that could be targeted and improved upon, and to provide increased transparency to stakeholders.

While our analysis identified that 72 percent of eligible survivor applicants were placed on the pension roll within 60 days, in the absence of a specific target or measures of achievement by RSS staff and other events outside of their control, we are not able to assess if this percentage is in line with Senior Management's expectations in providing timely benefits to survivors.

As an example of a potential target to measure timeliness and effectiveness more fully, the Social Security Administration has established a goal of processing 83 percent of new benefit applications within their processing goal of two weeks of filing for benefits[3]. This goal implies that achieving 100 percent of applications processed within their desired processing timeframe may not be achievable and requires the agency to collect sufficient data to understand how long it takes to process an application at all measurable steps in the process. By beginning to collect timeliness data on all of the key events outlined in Figure 1, RS staff may be able to identify a target goal within the sixty-day measure that is feasible and in line with the expectations of the Board and management.

Recommendation No. 2 – Retirement Services Section should establish a benchmark of timeliness in order to effectively assess processing times of survivor benefit applications

In order to meet the Department's expectations to provide timely benefits to survivors, RSS should refine their strategic goals and metrics.

IAS recommends that the section work to:

1. Define the intent of any goals and metrics implemented,

[3] Source: https://www.ssa.gov/securitystat/processing-time-benefits

2. Define what constitutes timely application processing such as establishing a percentage target of applications processed within 60 days, and
3. Collect additional measures of events in the control of the Department and events requiring survivor action or additional reviews.

This would allow the Section to better understand how the process is performing, identify the cause of delays in the process for improvement, and create achievable goals that hold staff accountable only for their work.

OTHER OBSERVATION

While we did not identify any specific instances of fraud, waste, or abuse in our testing of survivor pension benefits, we did identify an inherent fraud risk related to the verification of a surviving spouse’s marital status.

IAS assessed the controls in place in the survivor benefit process and their ability to prevent and detect fraud and errors. At present, RSS does not have a procedure in place to assess and verify whether a former spouse or domestic partner is attempting to claim benefits as a current spouse or domestic partner. The Section relies on the documentation currently on file for the member prior to their death including spousal or domestic partner status. To detect an attempt of an ineligible survivor claiming benefits, the section would have to rely on another party coming forward to provide recent evidence of the current legal marital/partnership status of the survivor in question.

Internal Audit encourages the Section to consider utilizing a third-party verification service when a survivor’s marital status may not be sufficiently supported with available member documentation or other circumstances when the survivor’s eligibility comes into question.

APPENDIX A: PRIORITY RANKING CRITERIA FOR FINDINGS

Findings identified during the course of the audit are assigned a priority level by the Internal Audit Section based on their professional judgment and consideration of factors such as financial impact, internal controls, compliance, reputation/stakeholder experience, and value-add opportunities. Findings are also evaluated based on their alignment with the Los Angeles Fire and Police Pensions' (LAFPP) strategic goals, guiding principles, operational priorities, and available resources.

Priority	Attributes
High	• Potential for significant financial/operational losses to LAFPP or members. • Significant internal control weaknesses that may affect LAFPP's operations and fail to identify fraud, noncompliance, errors, or misappropriations. • Non-compliance with laws, regulations, or ordinances. • Potential significant impact to LAFPP's reputation or member/stakeholder perceptions of the Department (e.g. impact to member experience, impact on stakeholder confidence in Department) **Implementation Timeline**: Recommendations require immediate attention.
Medium	• Potential for moderate financial/operational losses to LAFPP or members. • Internal control weaknesses that may result in non-compliance with policies. • Inconsistent compliance with laws, regulations, or ordinances or non-compliance with contractual agreements. • Potential impacts to LAFPP's reputation or member/stakeholder perceptions of the LAFPP (e.g. impact to member experience, impact on stakeholder confidence in Department) • Opportunities for process improvement or operational efficiencies which could result in <u>significant</u> improvements to cost-savings, member experiences or alignment with other LAFPP strategic goals or guiding principles. **Implementation Timeline**: Recommendations may or may not require immediate attention.
Low	• Low financial/operational impact to LAFPP or members. • Control weaknesses exist but are mitigated by other controls and/or elimination or reengineering of controls in place would benefit productivity or effectiveness. • General compliance with laws, regulations, or municipal code/ordinance or contractual agreements. • Low probability of impact to LAFPP's reputation or member/stakeholder experience. • Opportunities for process improvements or operational efficiencies which could result in potential improvements to cost-savings, member experiences or alignment with other LAFPP strategic goals or guiding principles. **Implementation Timeline**: Recommendations do not require immediate attention.

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: **SEPTEMBER 19, 2024** **ITEM: E.1**

FROM: **JOSEPH SALAZAR, GENERAL MANAGER**

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

THIS REPORT IS PROVIDED TO THE BOARD FOR INFORMATIONAL PURPOSES.

DISCUSSION

The August 2024 Monthly Report includes the following notable items:

1. New Members Enrolled in the LAFPP Plan – A new chart has been added to the Active Member Services portion of the report to provide data on the number of new Academy/Drill Tower graduates added to the Plan each month.

2. Fiscal Year 2024-25 General Manager Authority for Transfers Between Intra-Departmental Accounts - On June 20, 2024, the Board delegated 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 City Administrative Officer (CAO) each year pursuant to Charter Section 343(c) and Administrative Code Section 5.36. On August 15, 2024, the CAO notified departments that in Fiscal Year (FY) 2024-25, the intra-departmental transfer limit amount has increased to $67,865 (from $65,624 in FY 2023-24). This transfer limit permits transfers between department accounts in an amount not to exceed said limit or one percent (1.0%) of the budget for the receiving account, whichever is greater. Any fund transfers made by the General Manager under this authority will be reflected in the applicable Quarterly Budget Report for this fiscal year.

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

   On June 20, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to $50 million in the following alternative investment: Searchlight Capital IV, L.P. The investment closed on August 2, 2024. Board vote: Ayes - 7, Nays - 0.

   On July 18, 2024, the Board, in closed session pursuant to Government Code Section 54956.81, approved a commitment of up to $15 million in the following alternative investment: Fika Ventures IV, L.P. The investment closed on August 23, 2024. Board vote: Ayes - 5, Nays - 0.

4. Real Estate – There are no real estate funds that have closed since the last meeting announcement.

5. Private Credit – There are no private credit funds that have closed since the last meeting announcement.

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

Vendor / Contract	Contract Start Date	Contract Expiration Date	Marketing Cessation Start Date
Scout Investments, Inc. - Reams Asset Management Division (Fixed Income)	12/01/21	11/30/24	09/01/24
Glass, Lewis & Co., LLC (Proxy Voting Services)	01/01/22	12/31/24	10/01/24

*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

August 2024

Los Angeles Fire and Police Pensions

Portfolio as of August 31, 2024

EQUITIES	STOCKS	BONDS	CASH	TOTAL	ALLOC.
AllianceBernstein (S&P 500 Index)	2,793.9	-	5.9	2,799.8	
AllianceBernstein (Systematic Value)	838.2	-	2.0	840.2	
Rhumbline (Russell 1000 Growth Index)	1,951.8	-	1.8	1,953.5	
NTI S&P 500 Equal Weight	1,304.6	-	6.1	1,310.7	
NTI Stoxx USA 900	616.2	-	1.4	617.6	
Boston Partners (Value)	655.4	-	16.5	671.9	
Terminated/Transition Domestic Equity Managers	-	-	0.0	0.0	
Core Equity Managers (23%)	8,160.1	-	33.7	8,193.8	24.80%
Target Differential	1.80%				593.5
Rhumbline (S&P 600 Index)	157.9	-	0.3	158.2	
Frontier Capital Mgt. (Growth)	654.2	-	20.4	674.7	
Channing Capital Mgt. (Value)*	81.9	-	1.4	83.3	
Denali Advisors (Value)*	97.8	-	1.5	99.2	
Eastern Shore Capital (Core)*	62.6	-	0.7	63.3	
Lisanti Capital (Growth)*	58.6	-	2.6	61.3	
PIMCO Stocks Plus (Core)	225.4	-	-	225.4	
Palisade Capital Management (Core)	91.6	-	3.4	95.0	
Phocas Financial (Value)*	82.7	-	2.1	84.8	
Westwood Management (Value)	257.2	-	2.5	259.6	
AllianceBernstein (Value)	242.7	-	2.0	244.7	
Terminated/Transition Small Cap Equity Managers	-	-	0.0	0.0	
Small Cap. Equity Mgrs (6%)	2,012.6	-	36.9	2,049.6	6.20%
Target Differential	0.20%				66.9
Brandes Investment Partners (Value)	1,823.6	-	53.1	1,876.6	
Blackrock (Core Passive)	2,063.5	-	7.9	2,071.3	
Baillie Gifford (Growth)	1,213.4	-	37.7	1,251.1	
Boston Common (ESG)	0.1	-	41.7	41.7	
Principal Global Int'l Small Cap	227.3	-	3.4	230.7	
Victory Capital Mgt.	271.6	-	3.3	274.9	
Terminated/Transition Int'l Equity Managers	-	-	0.1	0.1	
Int'l Equity Mgrs (18%)	5,599.4	-	147.0	5,746.5	17.39%
Target Differential	(0.61)%				(201.5)
TOTAL EQUITIES MANAGERS (47%)	15,772.1	-	217.7	15,989.8	48.39%
Int'l Tax Reclaims	3.3	0.1	2.5	5.8	

FIXED INCOME	STOCKS	BONDS	CASH	TOTAL	ALLOC.
Northern Trust (Fixed Income Index)	-	841.0	0.4	841.5	
Reams Asset Mgmt. (Opportunistic)	-	937.5	-	937.5	
LM Capital (Opportunistic)	-	842.1	13.1	855.2	
GIA Partners (Opportunistic)*	0.0	104.9	0.5	105.4	
Medalist Partners (MBS)*	-	108.2	0.5	108.7	
Loomis Sayles (Long Duration)	-	678.9	10.7	689.6	
Reams Asset Mgmt. (Passive TIPS)	-	1,047.1	0.8	1,048.0	
Terminated/Transition Fixed Income Managers	-	-	-	-	
Core Bond Mgrs (14.3%)	0.0	4,559.8	26.1	4,585.9	13.88%
Target Differential	(0.42)%				(139.4)
MacKay Shields (High Yield)	12.0	716.3	28.8	757.1	2.29%
Loomis Sayles Global Credit	-	920.2	61.6	981.9	2.97%
Credit Fixed Income (5.5%)	12.0	1,636.5	90.4	1,739.0	5.26%
Target Differential	(0.24)%				(78.5)
Reams Asset Mgmt. (Unconstrained)	-	381.0	-	381.0	
Payden & Rygel (Unconstrained)	-	380.2	-	380.2	
Unconstrained Fixed Income (2.2%)	-	761.2	-	761.2	2.30%
Target Differential	0.10%				34.2
TOTAL FIXED INCOME MGRS (22%)	12.0	6,957.6	116.5	7,086.1	21.44%

* - Denotes Emerging Manager

PRIVATE EQUITY	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
Abbott Capital	1.0	-	-	1.0	
Hamilton Lane	0.5	-	-	0.5	
PCA	0.4	-	-	0.4	
Fairview Capital	240.1	-	-	240.1	
Portfolio Advisors	4,893.9	-	-	4,893.9	
Aldus Equity	126.6	-	-	126.6	
TCP	148.0	-	-	148.0	
Greycroft Growth IV LP	10.9	-	-	10.9	
Baillie Gfd PVC GP II	27.2	-	-	27.2	
Stepstone Group	42.9	-	-	42.9	
TOTAL PRIVATE EQUITY MGRS (15%)	5,491.6	-	-	5,491.6	16.62%
Target Differential	1.62%				534.9

PRIVATE CREDIT	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
Stepstone Private Credit	58.9	-	-	58.9	
TOTAL PRIVATE CREDIT MGRS (3%)	58.9	-	-	58.9	0.18%
Target Differential	(2.82)%				(932.4)

REAL ESTATE	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
Alliance REIT	234.7	-	0.9	235.6	
Principal Global REIT	213.0	-	2.9	215.9	
Principal U.S. REIT	418.5	-	5.4	423.9	
Cohen & Steers U.S. REIT	499.9	-	3.2	503.1	
REIT Managers (1.5%)	1,366.1	-	12.4	1,378.5	4.17%
Target Differential	1.17%				882.8
REAL ESTATE COMMINGLED FUNDS SUMMARY					
Total Pooled Funds	1,468.4	-	-	1,468.4	4.44%
REAL ESTATE SEPARATE ACCT. SUMMARY BY MANAGER					
AEW (Heitman, Sentinel)	391.6	-	-	391.6	
Neptune Building	21.1	-	-	21.1	
Real Estate Equity Mgrs	412.7	-	-	412.7	1.25%
Private Real Estate (8.5%)	1,881.2			-	5.69%
TOTAL REAL ESTATE (10%)	3,247.2	-	12.4	3,259.7	9.86%
Target Differential	(0.14)%				(44.8)

COMMODITIES	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
Alliance (Commodities, Public Equity) CLOSED	-	-	(0.0)	(0.0)	
Rhumbline (Commodities, Public Equity)	98.7	-	0.1	98.8	
PA (Commodities, Private Equity)	170.1	-		170.1	
TOTAL COMMODITIES (2%)	268.8	-	0.0	268.9	0.81%
Target Differential	(1.19)%				(392.0)

CASH	STOCKS / EQUITY / RE	BONDS	CASH	TOTAL	ALLOC.
HOUSE ACCOUNTS					
Tier 1 (Article 17)	-	-	30.6	30.6	
Tier 2 (Article 18)	-	-	420.5	420.5	
Tier 3 (Article 35)	-	-	2.0	2.0	
Tier 4 (New)	-	-	9.7	9.7	
Tier 5 (New)	-	-	403.3	403.3	
Tier 6 (New)	-		17.5	17.5	
Transition Account	-	-	0.0	0.0	
115 Trust	-	-	0.2	0.2	
CASH SUMMARY					
Unallocated Cash Reserve (1%)	-	-	883.7	883.7	2.67%
Target Differential	1.67%				553.3

TOTAL FUND

	PRIVATE CREDIT	COMMODITIES	PRIVATE EQUITY	STOCKS	BONDS	REAL ESTATE	CASH	TOTAL
ACTUAL ASSET MIX								
Current Month	58.9	268.8	5,491.6	15,787.4	6,957.6	3,247.2	1,232.8	33,044.4
	0.18%	0.81%	16.62%	47.78%	21.06%	9.83%	3.73%	100.00%
Last Month	56.8	261.5	5,474.3	15,544.0	6,907.8	3,157.9	1,197.0	32,599.3
% Change	3.68%	2.80%	0.32%	1.57%	0.72%	2.83%	2.99%	1.37%

Notes
City Pension Contribution received on 7/12/24
Subtotals & totals may not sum up exactly due to rounding.
Data is unaudited; Dollars expressed in Millions.
Asset allocation updated by Board on 8/15/2024. Currently executing implementation plan.

Los Angeles
Fire and Police Pensions

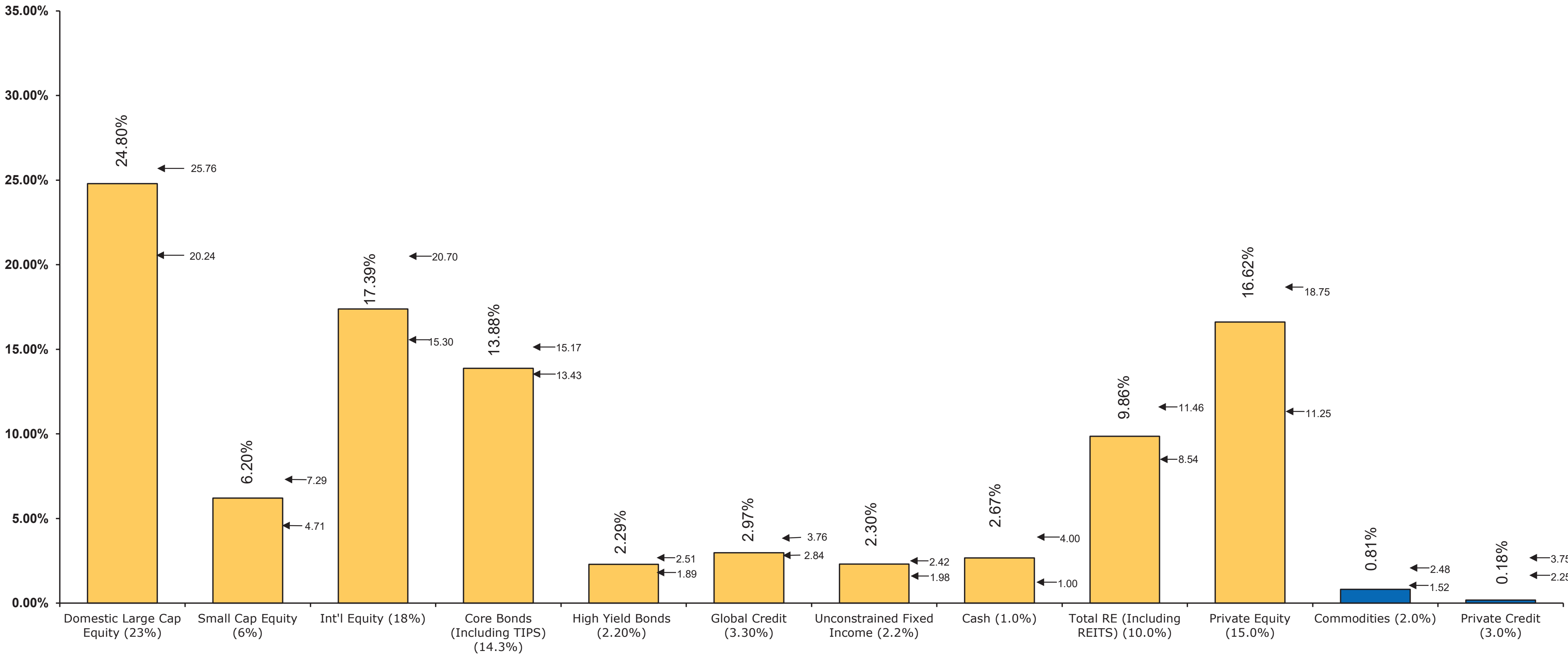
Real Estate Summary

COMMINGLED FUNDS	EQUITY	POOLED	CASH	TOTAL
Abacus Multi-Family Partners VI	NA	26.5	-	26.5
Almanac Realty Securities VII	NA	27.2	-	27.2
Almanac Realty Securities VIII	NA	40.3	-	40.3
Almanac Realty Securities IX	NA	15.9	-	15.9
Asana Partners Fund I	NA	40.7	-	40.7
Asana Partners Fund II	NA	34.5	-	34.5
Asana Partners Fund III	NA	22.3	-	22.3
Berkshire Multifamily Income Realty Fund	NA	29.2	-	29.2
Brookfield Strategic Real Estate Partners IV	NA	33.2	-	33.2
California Smart Growth Fund IV	NA	0.1	-	0.1
Capri Urban Investors	NA	-	-	-
Cerberus Institutional Real Estate Partners Fund V	NA	30.1	-	30.1
Cerberus Institutional Real Estate Partners Fund VI	NA	12.8	-	12.8
CIM Real Estate Fund III	NA	8.1	-	8.1
Clarion Lion Industrial Trust 2007	NA	211.0	-	211.0
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	44.3	-	44.3
Exeter Industrial Value Fund VI	NA	17.6	-	17.6
Exeter Europe Logistics	NA	9.4	-	9.4
Gerrity Retail Fund 2	NA	26.5	-	26.5
GID Mainstay Fund	NA	105.1	-	105.1
Heitman Asia Pacific Property Investors HAPI	NA	25.7	-	25.7
Heitman HART	NA	9.0	-	9.0
Jamestown Premier	NA	18.4	-	18.4
Kayne Anderson Core Real Estate Fund KACORE	NA	76.0	-	76.0
LBA Logistics Value Fund VII	NA	35.9	-	35.9
LBA Logistics Fund IX	NA	37.2	-	37.2
MetLife Core Property Fund	NA	128.4	-	128.4
NREP Nordic Strategies Fund IV	NA	22.8	-	22.8
Oaktree Real Estate Opportunities Fund VIII	NA	27.4	-	27.4
Principal Data Center Growth & Income Fund, LP	NA	28.0	-	28.0
Principal Green I	NA	-	-	-
Principal US Core USPA	NA	96.4	-	96.4
Prudential PRISA	NA	77.1	-	77.1
RREEF Core Plus Industrial Fund	NA	94.6	-	94.6
Rothschild Five Arrows Realty V (Almanac)	NA	0.0	-	0.0
Starwood Opportunity Fund IX	NA	2.8	-	2.8
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	14.5	-	14.5
Unico Core Plus Partners	NA	7.5	-	7.5
Unico Partners I	NA		-	-
WCP NewCold Fund III	NA	11.9	-	11.9
Wolff Credit Fund III	NA	16.3	-	16.3
Total		**1,468.4**	**-**	**1,468.4**

SEPARATE ACCOUNT PROPERTIES	EQUITY	POOLED	CASH	TOTAL
AEW (Heitman) - 121 W. Chestnut	57.2	NA	-	57.2
AEW (Heitman) - Twin Creeks Village	-	NA	-	-
AEW (Heitman) - Sea Isle	57.7	NA	-	57.7
AEW (Sentinel) - Walmart Building at Water Ridge	0.1	NA	-	0.1
AEW (Sentinel) - Windward Place	60.2	NA	-	60.2
AEW (Sentinel) - Town Center	63.0	NA	-	63.0
AEW (Sentinel) - Northpointe Executive Park	0.0	NA	-	0.0
AEW (Sentinel) - Aerial Center Executive Park	40.3	NA	-	40.3
AEW - I-4 Logistics Center	33.2	NA	-	33.2
AEW - Sycamore Hills Plaza	33.9	NA	-	33.9
AEW - Lockwood Glen Apartments	46.0	NA	-	46.0
Real Estate Managers Total Committed				
AEW [Heitman, Sentinel (Urdang)]				**391.6**
Neptune Building	**21.1**	**NA**	**-**	**21.1**
Total				**412.7**

Los Angeles Fire and Police Pensions

Portfolio Allocation



Over-allocated (Red), Under-allocated (Blue)

*Board approved allocation updated 8/15/2024

Los Angeles
Fire and Police Pensions

Preliminary Return Information as of August 31, 2024

Manager	1-month	3-month	1-year	3-years	5-years	FYTD
Total Fund	1.61 %	4.52 %	13.74 %	3.70 %	9.38 %	3.80 %
S & P 500 Index	2.43 %	7.39 %	27.14 %	9.38 %	15.92 %	3.67 %
Total Equity[1]	2.23 %	5.88 %	22.87 %	5.67 %	12.60 %	5.32 %
S & P 500 Index	2.43 %	7.39 %	27.14 %	9.38 %	15.92 %	3.67 %
Total Domestic Equity	1.65 %	6.51 %	23.69 %	7.28 %	14.67 %	4.52 %
Russell 3000 Index	2.18 %	7.30 %	26.14 %	7.87 %	15.19 %	4.08 %
Total Large Cap Equity	2.41 %	6.95 %	25.26 %	8.36 %	15.33 %	4.09 %
S & P 500 Index	2.43 %	7.39 %	27.14 %	9.38 %	15.92 %	3.67 %
Total Small Cap	-1.30 %	4.82 %	17.55 %	2.93 %	11.84 %	6.27 %
Russell 2000 Index	-1.49 %	7.51 %	18.47 %	0.60 %	9.68 %	8.51 %
Total International Equity	3.30 %	4.76 %	21.07 %	2.97 %	9.11 %	6.77 %
MSCI ACWI ex-US	2.87 %	5.22 %	18.79 %	2.63 %	8.08 %	5.28 %
Total International Developed Markets	3.30 %	4.77 %	20.51 %	3.79 %	9.57 %	6.78 %
MSCI ACWI ex-US	2.87 %	5.22 %	18.79 %	2.63 %	8.08 %	5.28 %
Total Fixed Income[2]	1.31 %	4.25 %	8.26 %	-0.40 %	2.31 %	3.34 %
Bloomberg Barclays Universal	1.47 %	4.72 %	7.92 %	-1.78 %	0.34 %	3.78 %
Total Core Fixed Income	1.55 %	5.26 %	7.86 %	-3.01 %	0.46 %	4.18 %
Bloomberg Barclays Aggregate	1.44 %	4.79 %	7.30 %	-2.11 %	-0.04 %	3.81 %
Total High Yield	1.29 %	3.64 %	11.47 %	3.35 %	5.35 %	2.71 %
LAFPP HY Benchmark[3]	1.59 %	4.58 %	12.47 %	2.54 %	4.26 %	3.58 %
Total Global Credit	1.48 %	4.19 %	11.20 %	N/A	N/A	3.46 %
Loomis Global Credit Blend	1.43 %	3.89 %	10.57 %	N/A	N/A	3.28 %
Total REITs [4]	5.61 %	14.52 %	21.63 %	0.06 %	5.02 %	12.71 %
LAFPP REIT Benchmark[5]	5.97 %	14.54 %	20.10 %	-0.59 %	3.50 %	13.00 %
Other Public Commodities	0.56 %	-0.01 %	6.46 %	N/A	N/A	7.76 %
Bloomberg Commodities Index TR	0.05 %	-5.47 %	-4.39 %	3.70 %	7.02 %	-3.99 %

Footnotes:

[1] Total Equity: Does not include Private Equity.

[2] Total Fixed Income: Does not include Private Credit.

[3] LAFPP HY Benchmark: CS HY Index thru 12/31/11 and BofA ML US HY Master II Cnst Index thereafter.

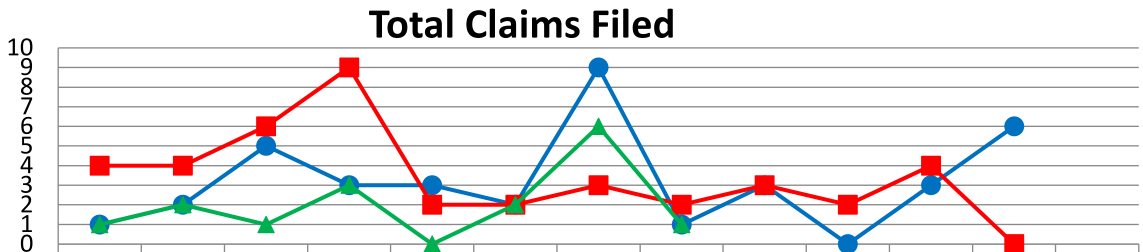
[4] Total REITs: Does not include Private Real Estate.

[5] LAFPP REIT Benchmark: Dow Jones US Select RE Securities Index thru 12/31/13, 50% FTSE EPRA/NAREIT Global RE Index and 50% Dow Jones US Select RE Securities Index thereafter.

PENSIONS DIVISION

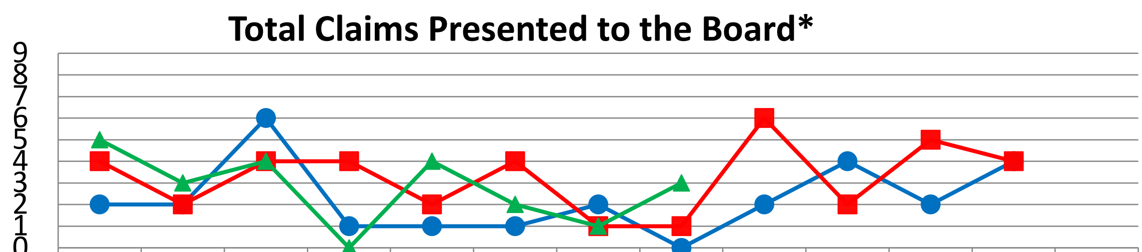
(Data through August 31, 2024)

DISABILITY PENSIONS



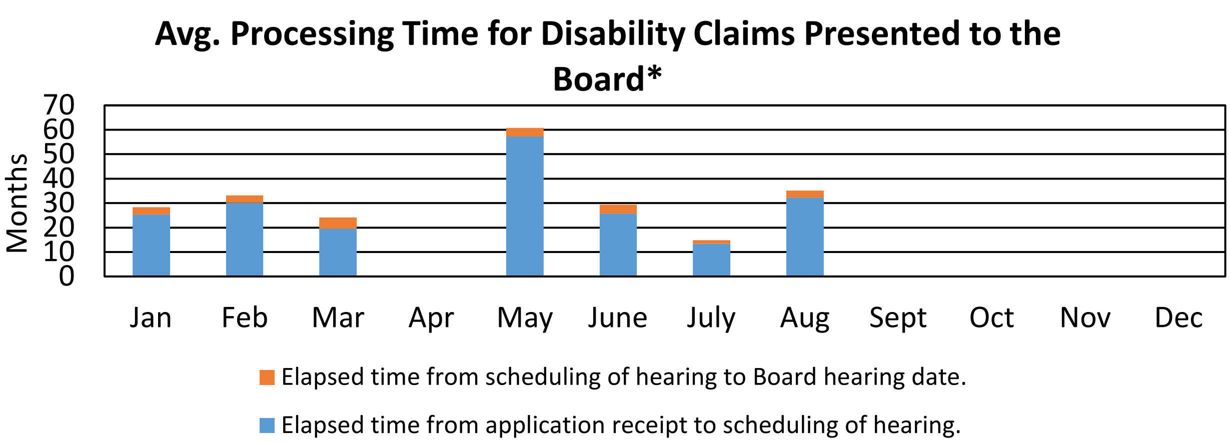
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2022	1	2	5	3	3	2	9	1	3	0	3	6	38
2023	4	4	6	9	2	2	3	2	3	2	4	0	41
2024	1	2	1	3	0	2	6	1					16

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



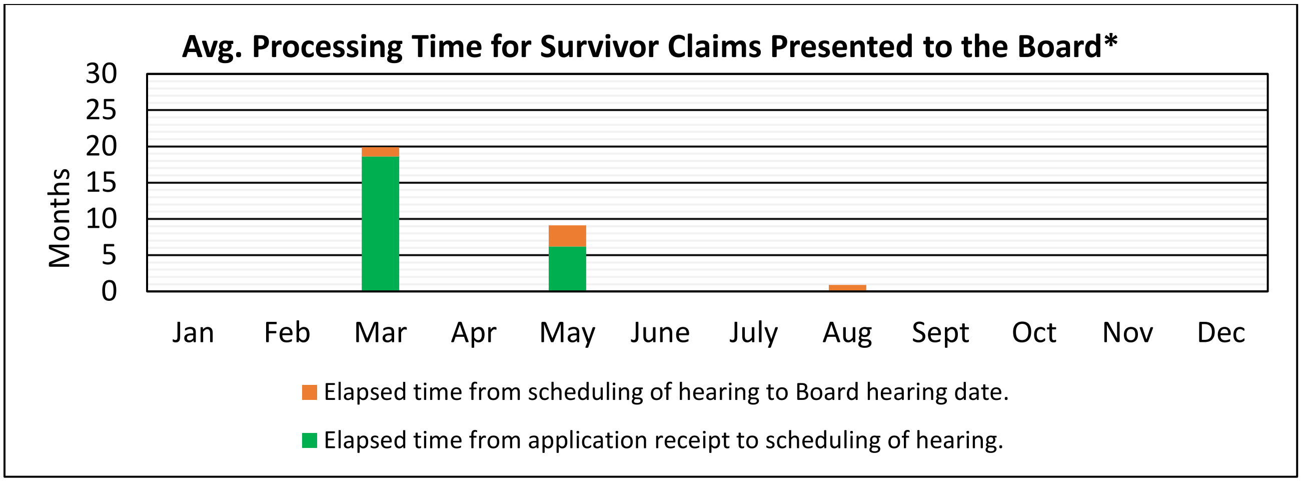
	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Total
2022	2	2	6	1	1	1	2	0	2	4	2	4	27
2023	4	2	4	4	2	4	1	1	6	2	5	4	39
2024	5	3	4	0	4	2	1	3					22

*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
2021					
Dependent Child/Parent	0	0	0	0	**0**
Surviving Spouse/Domestic Partner/Minor Children	0	0	0	0	**0**
Disability (New/Review)	1	2	0	0	**3**
2022					
Dependent Child/Parent	0	0	0	0	**0**
Surviving Spouse/Domestic Partner/Minor Children	0	0	0	0	**0**
Disability (New/Review)	5	14	0	0	**19**
2023					
Dependent Child/Parent	0	0	0	0	**0**
Surviving Spouse/Domestic Partner/Minor Children	1	3	0	0	**4**
Disability (New/Review)	4	20	0	0	**24**
2024					
Dependent Child/Parent	0	1	0	0	**1**
Surviving Spouse/Domestic Partner/Minor Children	0	2	0	0	**2**
Disability (New/Review)	4	8	0	0	**12**
TOTAL	**15**	**50**	**0**	**0**	**65**

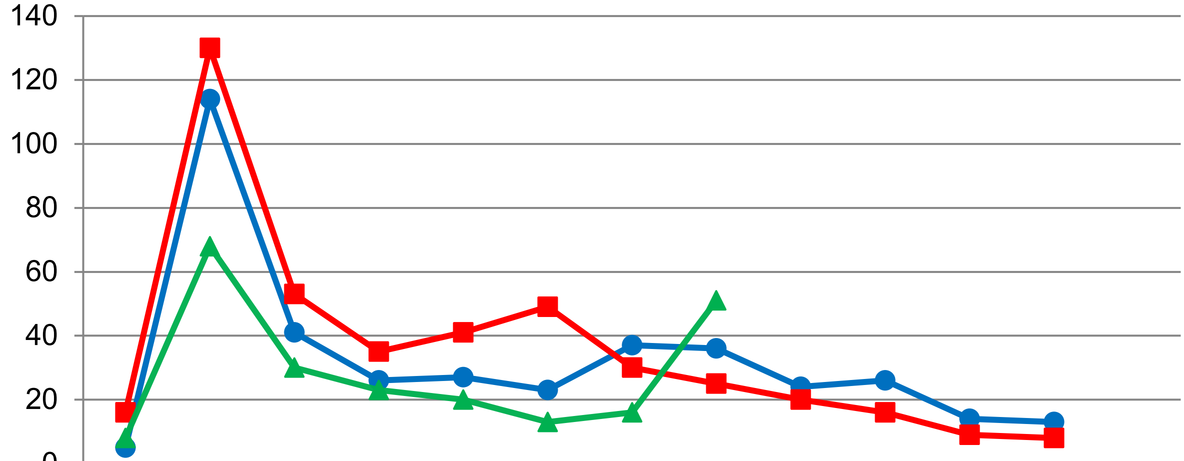
CURRENT STATUS OF PENDING CLAIMS	
Collecting/Reviewing records	25
Manager reviewing admin file / creating appendix	12
Medical Desk (pension physician appointments and reports)	18
Board Package (Board report, pension physician reports, and admin file)	8
Ready to schedule for Board hearing	1
Case on hold (pending surgery / litigation / WC hearing)	1
TOTAL	**65**

PENSIONS DIVISION

DROP/SERVICE PENSIONS

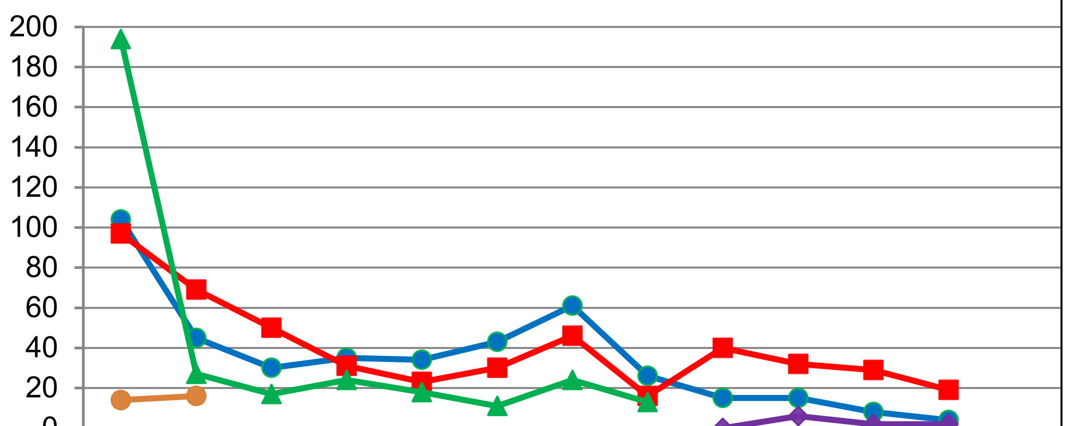
*Data may change due to timing of processing transactions.

DROP Entries



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	5	114	41	26	27	23	37	36	24	26	14	13	386
2023	16	130	53	35	41	49	30	25	20	16	9	8	432
2024	8	68	30	23	20	13	16	51					229

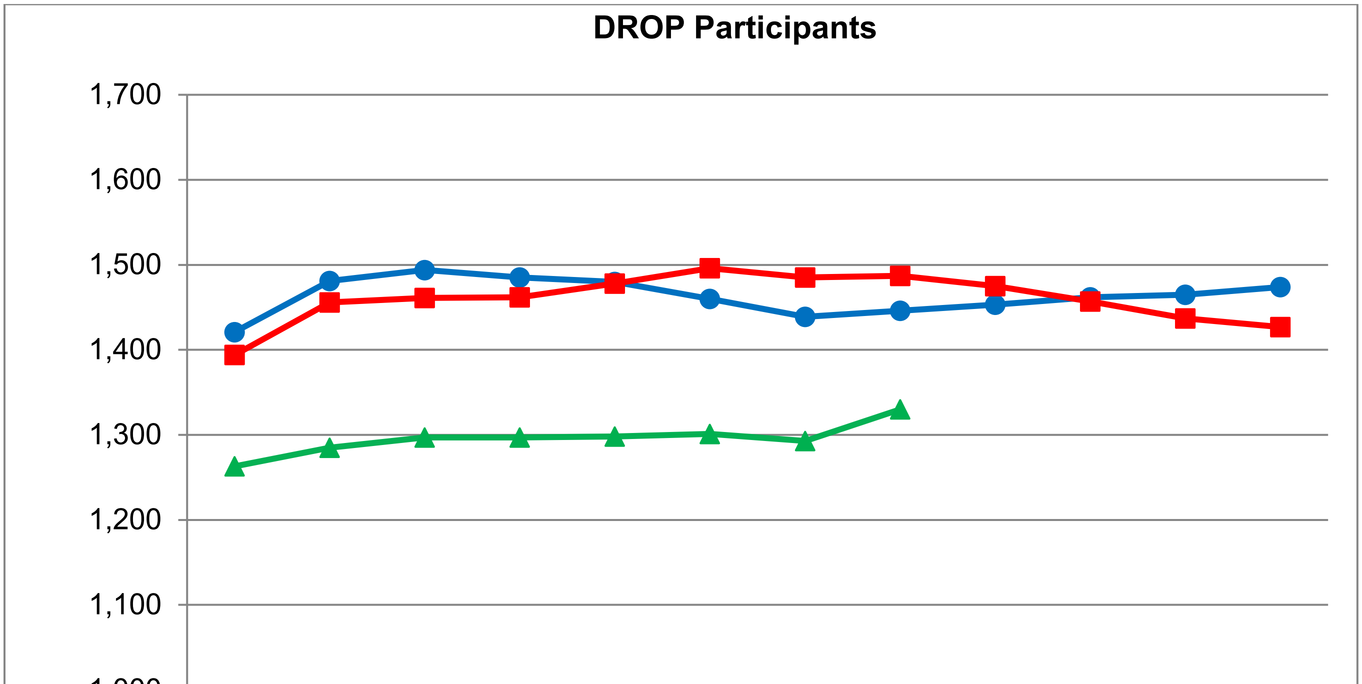
DROP Exits



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	104	45	30	35	34	43	61	26	15	15	8	4	420
2023	97	69	50	31	23	30	46	16	40	32	29	19	482
2024	194	27	17	24	18	11	24	13					328
Projected 2024									0	6	2	2	
Projected 2025	14	16											

NOTE: Projected DROP Exit numbers reflect mandatory exits only.

PENSIONS DIVISION

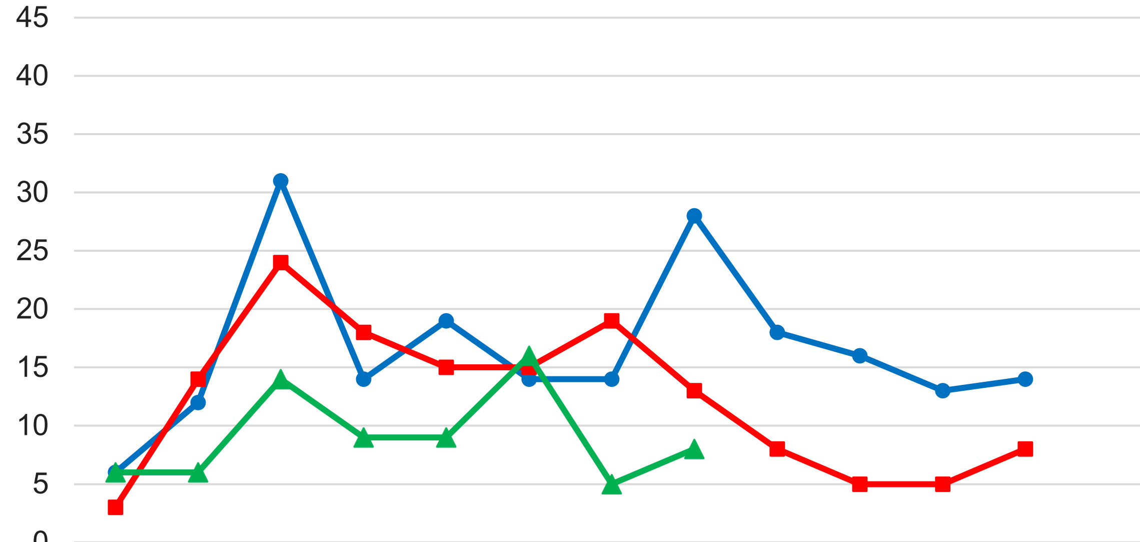


	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2022	1,421	1,481	1,494	1,485	1,480	1,460	1,439	1,446	1,453	1,462	1,465	1,474
2023	1,394	1,456	1,461	1,462	1,478	1,496	1,485	1,487	1,475	1,457	1,437	1,427
2024	1,263	1,285	1,297	1,297	1,298	1,301	1,293	1,330				

DROP Participants by Department

2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fire	179	190	190	193	197	198	195	195				
Police	1,083	1,094	1,106	1,103	1,100	1,102	1,097	1,134				
Harbor	1	1	1	1	1	1	1	1				
Airport	0	0	0	0	0	0	0	0				

Service Pensions
(by Approval Date)



	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2022	6	12	31	14	19	14	14	28	18	16	13	14	199
2023	3	14	24	18	15	15	19	13	8	5	5	8	147
2024	6	6	14	9	9	16	5	8					73

Service Pensions by Department												
2024	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Fire	1	0	3	0	0	5	1	2				
Police	5	6	11	9	9	11	4	6				
Harbor	0	0	0	0	0	0	0	0				
Airport	0	0	0	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	9	31	16
Survivor Benefit Purchase Program	1	5	2

ACTIVE MEMBER SERVICES

	Current Month	Fiscal Year To Date	12 Month Moving Avg.
New Members Enrolled in the Plan			
Fire	0	0	14
Police	0	23	29
Harbor	0	0	0
Airport	3	3	1
Basic Training Purchases (completed)			
Fire	2	12	6
Police	14	40	15
Harbor	0	0	0
Airport	0	0	0
Public Service Purchases (PSP)			
Completed Purchases	0	0	0
Avg. Years of Service (YOS) Purchased	N/A	N/A	0.75
Avg. Cost per YOS Purchased	N/A	N/A	$86,371
Refund of Contributions			
Fire	1	2	2
Police	4	10	8
Harbor	0	0	0
Airport	2	2	1

PENSIONS DIVISION

MEMBER OUTREACH ACTIVITIES

Date	Type of Outreach	Number of Participants	Tier
08/02/24	Recruit Talk – LAPD	28	Tier 6
08/05/24	Info Table: LAPD Wellness Day – Training Division	106	Multiple
08/08/24	Benefits Information Webinar – "Health Benefits in Retirement"	28	Multiple
08/12/24	Info Table: LAFD Wellness Day – Behavioral Health Day 1	54	Multiple
08/13/24	Info Table: LAFD Wellness Day – Behavioral Health Day 2	48	Multiple
08/14/24	Info Table: LAFD Wellness Day – Behavioral Health Day 3	39	Multiple
08/14/24	Benefits Information Webinar – "Understanding Your Plan"	38	Multiple
08/15/24	Benefits Information Webinar – "Service Retirement and DROP Entry"	23	Multiple
08/20/24	LAFD Benefits Presentation – FS 18C	7	Multiple
08/22/24	Info Table: LAPD Wellness Day - Central	105	Multiple
08/28/24	Financial Planning Education Seminar	53	Multiple
08/30/24	Recruit Talk – LAPD	18	Tier 6
Upcoming Events			
09/03/24	Recruit Talk – LAFD	TBD	Tier 6
09/05/24	LAFD Benefits Presentation – FS 97A	TBD	Multiple
09/06-07/24	2024 LAPPL Delegate's Conference	TBD	Multiple
09/09/24	Info Table: LAPD Wellness Day – Metro Division	TBD	Multiple
09/10/24	LAFD Benefits Presentation – FS 8A	TBD	Multiple
09/11/24	LAFD Benefits Presentation – FS 82C	TBD	Multiple
09/12/24	LAFD Benefits Presentation – FS 85A	TBD	Multiple
09/12/24	Benefits Information Webinar – "Health Benefits in Retirement"	TBD	Multiple
09/18/24	LAFD Benefits Presentation – FS 112C	TBD	Multiple
09/18/24	Benefits Information Webinar – "Understanding Your Plan"	TBD	Multiple
09/18/24	Info Table: LAPD Wellness Day – Employment Division	TBD	Multiple
09/19/24	Info Table: LAPD Wellness Day – Valley Traffic	TBD	Multiple
09/19/24	Benefits Information Webinar – "Service Retirement and DROP Entry"	TBD	Multiple
09/25/24	Financial Planning Education Seminar	TBD	Multiple
09/26/24	Info Table: LAPD Wellness Day – 77th	TBD	Multiple
09/26/24	Info Table: LAPD Wellness Day – LAPD Admin	TBD	Multiple
09/27/24	Recruit Talk – LAPD	TBD	Tier 6
Outreach Activity Totals			

PENSIONS DIVISION

	Current Month	Fiscal Year to Date
Members Reached	547	662
-# of Recruit Talks	2	3
-# of Financial Planning Education Seminars (live)	1	1
-# of Financial Planning Education Webinars (virtual)	0	0
-# of Benefits Information Webinars (virtual)	3	3
-# of Other Outreach Events	6	12

NEW PROJECTS

None.

UPDATED PROJECTS

None.

UNCHANGED 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 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. The City Council had until July 3, 2024 to approve the measure for the November ballot. The City Attorney prepared the text of the proposed Charter amendment, ballot ordinances, and transmittal letter for City Council. Those documents had to be provided to City Council on or before June 14, 2024.

On June 25, 2024, the City Council approved placing the measure on the November 5, 2024 ballot to amend the Los Angeles City Charter to allow for a new transfer of peace officers from LACERS to Tier 6.

WORKDAY - ACTIVE MEMBER PAYROLL FILE

Workday, the City's new payroll system, provides Active Members' payroll information necessary to interface with LAFPP's pension administration system for pension calculation purposes. The first Workday payroll file was received on July 5, 2024. Upon review and reconciliation of the data file, staff identified approximately 3,000 pension contribution and salary credit discrepancies. The majority of these discrepancies are due to differences in how Workday calculates bonuses and rounding compared to the City's legacy payroll system, PaySR. All errors discovered by staff have been reported so that corrections can be made. For errors that are the result of a data entry error made by the employing departments (LAFD, LAPD, etc.), staff has notified the employing departments. Staff continues to review the data from Workday and is diligently working to identify any additional errors.

There are two Enterprise Interface Builders (EIB) that staff uses for Workday: Change Benefits and Payroll Input. The Change Benefits EIB is used to do mass benefit election changes (e.g., Tier 6/new recruit graduate classes and Tier 3/4/5 maximum service/contribution cessation) and the Payroll Input EIB is used to enter deductions to be taken from or refunded to members (contributions). Some issues encountered thus far include testing issues with Workday Test Sites, information being overridden, and effective date confusion. Working on the EIBs is very time consuming, as staff needs to check every single entry, every pay period, to ensure that the deduction amounts are correct and to properly project when a deduction is supposed to end. When adding new entries, staff needs to ensure that the deductions being taken (or refunded) are the correct amount and for the proper amount of time. Staff has been informed that fixes for issues identified by staff are being worked on by the City's vendor and project team.

ADMINISTRATIVE OPERATIONS DIVISION

NEW PROJECTS

FISCAL YEAR 2024-25 GENERAL MANAGER AUTHORITY FOR TRANSFERS BETWEEN INTRA-DEPARTMENTAL ACCOUNTS

On June 20, 2024, the Board delegated 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 City Administrative Officer (CAO) each year pursuant to Charter Section 343(c) and Administrative Code Section 5.36.

On August 15, 2024, the CAO notified departments that in Fiscal Year (FY) 2024-25, the intra-departmental transfer limit amount has increased to $67,865 (from $65,624 in FY 2023-24). This transfer limit permits transfers between department accounts in an amount not to exceed said limit or one percent (1.0%) of the budget for the receiving account, whichever is greater, upon the approval of the board for a department with control of its own funds. The CAO calculates annual adjustments to this limit based on adjustments to the Consumer Price Index for All Urban Consumers in the Los Angeles area, as published by the U.S. Department of Labor, Bureau of Labor Statistics.

Any fund transfers made by the General Manager under this authority will be reflected in the applicable Quarterly Budget Report for this fiscal year.

UPDATED PROJECTS

None.

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 2023 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 in fiscal year 2024 for LAFPP.

In April 2024, the CAO directed proprietary departments to review preliminary estimates of reimbursement for COVID-19 response and reconstitution. Staff's review identified $20,550 in remaining eligible reimbursements and request for reimbursement was sent to the CAO in May 2024. In June 2024, the CAO responded that a recommendation to reimburse LAFPP for $20,550 is in progress. Staff will continue to monitor and report back when funds are received.

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.

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.

ADMINISTRATIVE OPERATIONS DIVISION

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.

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.

On July 23, 2024, the JLMC-COP considered a report to exclude LACERS and LAFPP from the Successor Special MOU. The Committee expressed fiscal concerns from such action and requested Personnel Department staff to meet with the City Administrative Officer's (CAO) Employee Relations Division (ERD) to determine the feasibility of excluding LACERS and LAFPP from the Successor Special MOU and to report back on the fiscal impacts.

On August 14, 2024, LACERS and LAFPP staff met with ERD and Personnel. In this meeting, LACERS and LAFPP staff presented arguments for why there would be no fiscal impact and also addressed potential labor concerns raised by ERD. Personnel Department and CAO staff will next prepare their report and analysis to the JLMC-COP. As such, staff is suspending the development of the in-house parking and transit subsidy reimbursement program until this matter is resolved.

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date[1]	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/ Candidate Finalist Date	Contract Award / Renewal Date	
INVESTMENTS								
735PEN	Northern Trust Company (Custodian Bank)	10/01/19	09/30/24				07/18/24	On 07/18/24, the Board approved a five-year contract extension through 09/30/29 with Northen Trust Company. Contract amendment is pending.
776PEN	Boston Common Asset Management, LLC (International Equity Emerging Manager)	10/01/21	09/30/24					On 08/01/24, the Board voted to not renew the contract with Boston Common Asset Management, LLC.
778PEN	Loomis, Sayles & Co., LP (Fixed Income)	10/01/21	09/30/24				08/01/24	On 08/01/24, the Board approved a three-year contract extension through 09/30/27 with Loomis, Sayles & Co., LP. Contract amendment is pending.
780PEN	GIA Partners, LLC (Domestic Fixed Income)	10/01/21	09/30/24				08/01/24	On 08/01/24, the Board approved a one-year contract extension through 09/30/25 with GIA Partners, LLC. Contract amendment is pending.
807PEN	Medalist Partners, L.P. (Fixed Income)	10/01/23	09/30/24				07/18/24	On 07/18/24, the Board approved a three-year contract extension through 09/30/27 with Medalist Partners, LP. Contract amendment is pending.
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	09/01/24				Staff recommendation to the Board is tentatively scheduled for 09/19/24.
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	10/01/24				Staff recommendation to the Board is tentatively scheduled for 10/17/24.
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					

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date[1]	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/ Candidate Finalist Date	Contract Award / Renewal Date	
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					
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					
771PEN	Frontier Capital Management Company, LLC (Domestic Equity)	07/01/21	06/30/27					
774PEN	LM Capital Group, LLC (Fixed Income)	09/01/21	08/31/27					
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					
ADMINISTRATIVE OPERATIONS								
SEARCH	Cyber Liability Insurance D&O Insurance	tbd	tbd				09/05/24	On 09/05/24, the Board approved a one-year sole-source contract through 10/31/25 with Segal Select Insurance Services, Inc.
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					
ADMINISTRATIVE SERVICES								
808PEN	Stericycle, Inc. (Shred-It) (Secure Document Shredding Services)	02/01/24	01/31/25					
BOARD OF FIRE & POLICE PENSION COMMISSIONERS								
809PEN	TurningWest (Strategic Planning Consulting Services)	10/19/23	10/18/24					
C-137251	Reed Smith, LLP (Independent Conflict Counsel)	09/01/20	08/31/25					

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date[1]	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/ Candidate Finalist Date	Contract Award / Renewal Date	
CITY ATTORNEY'S OFFICE								
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. Four contracts have been executed. 5) Foley & Lardner, LLP and 6) Nossaman LLP contracts are still pending execution. 7) Maynard Nexsen PC will not execute a contract with LAFPP.
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-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-138738	Kutak Rock, LLP (Outside Real Estate and Investment Counsel)	07/01/21	06/30/25					
C-138739	Nossaman, LLP (Outside Real Estate and Investment Counsel)	07/01/21	06/30/25					
C-137236	Kutak Rock, LLP (Independent Conflict Counsel)	09/01/20	08/31/25					
C-137238	Kutak Rock, LLP (Fiduciary Counsel)	09/01/20	08/31/25					
C-137243	Nossaman, LLP (Fiduciary Counsel)	09/01/20	08/31/25					
C-137247	Nossaman, LLP (Independent Conflict Counsel)	09/01/20	08/31/25					
C-137988	Foley & Lardner, LLP (Independent Conflict Counsel)	09/01/20	08/31/25					
C-137989	Foley & Lardner, LLP (Fiduciary Counsel)	09/01/20	08/31/25					
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					

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

Contract	Vendor / Services	Contract Term		Marketing Cessation Start Date[1]	Board Authorization Date			Comments
		Start Date	Expiration Date		New Search Date	Vendor/ Candidate Finalist Date	Contract Award / Renewal Date	
	COMMUNICATIONS & EDUCATION							
790PEN	Geographics (Graphic Design Services)	06/16/22	06/15/25					
811PEN	Digital Deployment, Inc. (Website Design and Support Services)	10/01/21	06/30/25					
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					
	DISABILITY PENSIONS							
810PEN	Argus West, Inc. (Investigative Services)	11/01/23	10/31/26					
818PEN	US Legal Support (Court Reporting Services)	07/01/24	06/30/27					
820PEN	QTC Medical Group, Inc. (Independent Medical Exam Services)	07/01/24	06/30/27					
821PEN	Crosspoint Evaluations, LLC. (Independent Medical Exam Services)	07/01/24	06/30/27					
822PEN	IMA Evaluations, LLC (Independent Medical Exam Services)	07/01/24	06/30/27					
	INTERNAL AUDIT							
773PEN	Simpson & Simpson Certified Public Accountants (Annual Financial Statements Audits)	07/18/21	07/17/25					
	MEDICAL & DENTAL BENEFITS							
N/A	Los Angeles City Employee Retirement System (Health and Dental Plan Subgroups)	01/01/24	12/31/26					
819PEN	USI Insurance Services (Health Consulting Services)	06/07/24	06/06/27					
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					
	PENSIONS DIVISION							
767PEN	The Segal Company (Western States), Inc. (Actuarial Consulting Services)	07/01/21	06/30/27					
	SYSTEMS							
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					

[1]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.