

# IN PERSON & VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Board orally and in writing. To provide Public Comment, please visit the above link and complete the request form.

**Attention:** If you have any questions, you may email [PublicComment@lacera.gov](mailto:PublicComment@lacera.gov)

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

# AGENDA

## A REGULAR MEETING OF THE BOARD OF INVESTMENTS

### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., WEDNESDAY, MAY 13, 2026

*This meeting will be conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953.8.3.*

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

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

*Teleconference Locations for Trustees and the Public under California Government Code Section 54953.8.3.*

*Everline Resort Lake Tahoe - 400 Resort Road, Olympic Valley, CA 96146*

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER SB707
  - A. Just Cause (Section 54953.8.3)
  - B. Statement of Persons Present at SB707 Teleconference Locations
- IV. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Regular Meeting of April 8, 2026
- V. PUBLIC COMMENT

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

V. PUBLIC COMMENT (Continued)

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

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

VI. EXECUTIVE UPDATE

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

VII. CONSENT ITEMS

A. **Gateway Plaza- Reclassification from Investment to Capital Asset: Recommendation from JOGC**

Recommendation as submitted by Nicole Mi, Chair, Joint Organizational Governance Committee (JOGC): That the Board of Investments approve the following: Approve Option 4 as the preferred approach for the future financial reporting and legal structuring of LACERA's headquarters building, Gateway Plaza (Property), and the title holding company, LACERA Gateway Property, Inc. (THC), in which the Property is currently held, such that the Property is reclassified from an investment asset to a capital asset, and in a subsequent year, the THC is dissolved and the asset is transferred to LACERA. (Memo dated April 23, 2026)

B. **Updating LACERA's Code of Ethical Conduct**

Recommendation as submitted by Debbie Martin, Chair, Joint Audit, Compliance, Risk, and Ethics Committee and submitted by Steven Rice, Chief Counsel, Allison Barrett, Senior Staff Counsel, and Jessica Rivas, Staff Counsel: That the Board of Investments approve the update to LACERA's Code of Ethical Conduct. (Presentation) (Memo dated April 22, 2026)

VIII. NON-CONSENT ITEM

A. **Total Fund Cash Equivalents, Cash Overlay, and Currency Hedge Investment Guidelines – Recommendation**

Recommendation as submitted by Esmeralda del Bosque, Principal Investment Officer: That the Board approve the proposed investment guidelines for the total Fund's cash equivalents, cash overlay, and currency hedge programs.

(Presentation) (Memo dated April 29, 2026)

B. **OPEB Master Trust Cash Equivalents and Cash Overlay Investment Guidelines – Recommendation**

Recommendation as submitted by Esmeralda del Bosque, Principal Investment Officer: That the Board approve the proposed investment guidelines for the OPEB Master Trust's cash equivalents and cash overlay programs.

(Presentation) (Memo dated April 29, 2026)

IX. REPORTS

A. **Strategic Asset Allocation Process Review**

Jonathan Gabel, Chief Investment Officer  
Jude Pérez, Deputy Chief Investment Officer  
(Presentation) (Memo dated April 24, 2026)

B. **Board of Investments Offsite 2026 - Tentative Agenda**

Jonathan Gabel, Chief Investment Officer  
(Memo dated April 24, 2026)

C. **Comment Letter to the Securities and Exchange Commission Regarding Public Company Reporting Requirements**

Scott Zdrzil, Principal Investment Officer  
Piers Hugh Smith, Investment Officer  
(For Information Only) (Memo dated May 1, 2026)

D. **Legal Projects**

Christine Roseland, Senior Staff Counsel  
(For Information Only) (Memo dated May 5, 2026)

IX. REPORTS (Continued)

E. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Officer

(For Information Only) (Memo dated April 22, 2026)

F. **Monthly Trustee Travel & Education Report – March 2026**

Ted Granger, Chief Financial Officer

(For Information Only) (Memo dated April 23, 2026)

G. **April 2026 Fiduciary Counsel Contact and Billing Report**

Steven P. Rice, Chief Counsel

(For Information Only) (Memo dated April 27, 2026)

(Privileged and Confidential/Attorney-Client Communication/Attorney Work Product and Exempt from Disclosure under California Government Code Sections 7927.705, 54957.5(a))

X. ITEMS FOR STAFF REVIEW

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

XI. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

XII. GOOD OF THE ORDER

(For Information Purposes Only)

XIII. EXECUTIVE SESSION

A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

1. **Private Equity Investment Update**

Didier Acevedo, Senior Investment Officer

Adrian Gonzalez, Senior Investment Analyst

(For Information Only) (Memo dated April 20, 2026)

XIII. EXECUTIVE SESSION (Continued)

2. **Real Estate Investment Update - I**  
Terri Herubin, Senior Investment Officer  
(For Information Only) (Memo dated April 20, 2026)
3. **Real Estate Investment Update - II**  
Terri Herubin, Senior Investment Officer  
Mike Romero, Investment Officer  
(For Information Only) (Memo dated April 9, 2026)

XIV. ADJOURNMENT

***Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Investments that are distributed to members of the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Investments Trustees at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 8:00 a.m. to 5:00 p.m. Monday through Friday and will also be posted on [lacera.com](http://lacera.com) at the same time, [Board Meetings | LACERA](#).***

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

MINUTES OF A REGULAR MEETING OF THE BOARD OF INVESTMENTS

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

9:00 A.M., WEDNESDAY, APRIL 8, 2026

*This meeting was conducted by the Board of Investments both in person and by teleconference under California Government Code Section 54953.8.3.*

*Teleconference Locations for Trustees and the Public under California Government Code Section 54953.8.3.*

*El Monte City Hall - 11333 Valley Blvd, El Monte, CA 91731*

TRUSTEES PRESENT

Shawn R. Kehoe, Chair

Nicole Mi, Vice Chair

Mike Gatto, Secretary (Teleconference Due to Just Cause under Section 54953.8.3.)

Patrick Jones

Elizabeth Ginsberg

Aleen Langton

ABSENT

Debbie Martin

Alma Martinez

Trevor Fay

STAFF, ADVISORS, PARTICIPANTS:

Jonathan Gabel, Chief Investment Officer

STAFF, ADVISORS, PARTICIPANTS (Continued)

Jude Pérez, Deputy Chief Investment Officer

Luis A. Lugo, Chief Executive Officer

Steven P. Rice, Chief Counsel

JJ Popowich, Assistant Executive Officer

Ted Granger, Chief Financial Officer

Francis J. Boyd, Senior Staff Counsel

Didier Acevedo, Senior Investment Officer

Dale Johnson, Senior Investment Officer

Quoc Nguyen, Senior Investment Officer

Carly Ntoya, Director, Human Resources

Kathryn Ton, Investment Officer

Tolkyn Takishova, Senior Investment Analyst

Adrian Gonzalez, Senior Investment Analyst

Meketa Investment Group (General Investment Consultants)

Timothy Filla, Managing Principal

StepStone Group LP (Private Equity Consultant)

Natalie Walker, Partner

Albourne (Illiquid Credit, Real Assets and Hedge Funds Consultants)

James Walsh, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:13 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

Trustee Mi led the Trustees and staff in reciting the Pledge of Allegiance.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER SB707

A. Just Cause (Section 54953.8.3)

B. Statement of Persons Present at SB707 Teleconference Locations

Trustee Gatto requested to participate in the meeting via teleconference for Just Cause, pursuant to Government Code Section 54953.8.3(c)(1) (SB 707 – Childcare). A physical quorum was present at the noticed meeting location. Trustee Gatto confirmed that no individuals 18 years of age or older were present at the teleconference location.

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of March 11, 2026

A motion was made by Trustee Langton, seconded by Trustee Kehoe, to approve the minutes of the Board of Investments meetings of March 11, 2026. The motion passed by following roll call vote:

Yes: Gatto, Ginsberg, Jones, Kehoe, Langton, Mi

V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. EXECUTIVE UPDATE

A. Chief Investment Officer's Report

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

VI. EXECUTIVE UPDATE (Continued)

B. Member Spotlight

Mr. Popowich recognized LACERA member, Pamela Broom.

C. Chief Executive Officer's Report

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

VII. NON-CONSENT ITEM

A. **Private Equity Consultant Services Agreement**

Recommendation as submitted by Didier Acevedo, Senior Investment Officer: That the Board approve a one-year extension to LACERA's private equity investment consulting services agreement with StepStone Group LP. (Memo dated March 23, 2026)

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

Yes: Gatto, Ginsberg, Jones, Kehoe, Langton, Mi

B. **Recommendation for Approval of (1) Klausner Kaufman Jensen & Levinson, (2) Nossaman LLP, and (3) Reed Smith LLP as Fiduciary Counsel Panel**

Recommendation as submitted by the Ad Hoc Fiduciary Counsel RFP Committee: That the Board approve the engagement of (1) Klausner Kaufman Jensen & Levinson; (2) Nossaman LLP; and (3) Reed Smith LLP as LACERA's fiduciary counsel panel for a five-year term. (Memo dated March 11, 2026)

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

Yes: Gatto, Ginsberg, Jones, Kehoe, Langton, Mi

VII. NON-CONSENT ITEM (Continued)

C. **Approval of LACERA and SEIU MOU Bargaining Units 850 and 851 – Tentative Agreements**

Recommendation as submitted by Luis A. Lugo, Chief Executive Officer: That the Board direct management to join the Represented Staff Members in signing the Memorandums of Understanding (MOU) incorporating the Tentative Agreements for LACERA Administrative, Technical, Clerical, and Blue-Collar Bargaining Unit (Unit 850) and LACERA Supervisory Bargaining Unit (Unit 851) and request administrative approval from the Los Angeles County Board of Supervisors. Upon LACERA Boards' approval, the MOUs will be effective January 1, 2026, through December 31, 2028. (Memo dated March 11, 2026)

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

Yes: Gatto, Ginsberg, Jones, Kehoe, Langton, Mi

D. **Non-Represented and Management Staff Salary Adjustments**

Recommendation as submitted by Luis A. Lugo, Chief Executive Officer: That the Board approve salary adjustments for Non-Represented and Management Appraisal and Performance Plan (MAPP) classifications at levels consistent with those granted to Represented Staff Members, and direct management to request administrative approval from the Los Angeles County Board of Supervisors. This salary adjustment recommendation excludes LACERA's Chief Executive Officer classification, whose salary is determined independently by LACERA Boards. (Memo dated March 16, 2026)

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

Yes: Gatto, Ginsberg, Jones, Kehoe, Langton, Mi

## VIII. REPORTS

### A. **OPEB Master Trust - Implementation Update**

Esmeralda Del Bosque, Principal Investment Officer

Quoc Nguyen, Senior Investment Officer

Kathryn Ton, Investment Officer

Tolkyn Takishova, Senior Investment Analyst

(Presentation) (Memo dated March 23, 2026)

Mr. Nguyen and Mses. Ton and Takishova provided a presentation and answered questions from the Board. This item was received and filed.

### B. **Cash Equivalents, Cash Overlay, and Currency Hedge - Total Fund and OPEB Master Trust Overview**

Esmeralda Del Bosque, Principal Investment Officer

Quoc Nguyen, Senior Investment Officer

Dale Johnson, Senior Investment Officer

(Presentation) (Memo dated March 24, 2026)

Mr. Nguyen and Mr. Johnson provided a presentation and answered questions from the Board. This item was received and filed.

### C. **Upcoming Trustee Surveys for Board of Investments Offsite and Strategic Review**

Jonathan Grabel, Chief Investment Officer

(Presentation) (Memo dated March 19, 2026)

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

### D. **Building a Culture of Excellence and Engagement**

Luis A. Lugo, Chief Executive Officer

(Presentation)

Mr. Lugo and Mr. Grabel provided a presentation and answered questions from the Board. This item was received and filed.

VIII. REPORTS (Continued)

E. **Comment Letter to United Kingdom Financial Conduct Authority Regarding Proposed Sustainability Reporting Requirements**

Scott Zdrazil, Principal Investment Officer

Piers Hugh Smith, Investment Officer

(For Information Only) (Memo dated March 19, 2026)

This item was received and filed.

F. **Legal Projects**

Christine Roseland, Senior Staff Counsel

(For Information Only) (Memo dated March 31, 2026)

This item was received and filed.

G. **Monthly Status Report on Legislation**

Barry W. Lew, Legislative Affairs Officer

(For Information Only) (Memo dated March 17, 2026)

This item was received and filed.

H. **Monthly Trustee Travel & Education Report – February 2026**

Ted Granger, Chief Financial Officer

(For Information Only) (Memo dated March 18, 2026)

This item was received and filed.

I. **March 2026 Fiduciary Counsel Contact and Billing Report**

Steven P. Rice, Chief Counsel

(For Information Only) (Memo dated March 23, 2026)

(Privileged and Confidential/Attorney-Client Communication/Attorney Work Product and Exempt from Disclosure under California Government Code Sections 7927.705, 54957.5(a))

This item was received and filed.

IX. ITEMS FOR STAFF REVIEW

There were no items for staff review.

X. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

XI. GOOD OF THE ORDER  
(For Information Purposes Only)

There was nothing to report.

XII. EXECUTIVE SESSION

A. Conference with Staff and Legal Counsel to Consider the Purchase or Sale of Particular, Specific Pension Fund Investments  
(Pursuant to California Government Code Section 54956.81)

1. **Private Equity Investment Update - I**  
Didier Acevedo, Senior Investment Officer  
Adrian Gonzalez, Senior Investment Analyst  
(For Information Only) (Memo dated March 16, 2026)

The Board received an information only memo reporting that LACERA's Chief Investment Officer, consistent with Board parameters and policies, approved a \$190 million commitment to Bregal Sagemount V, L.P., which is a private equity growth fund focusing on investments in the software and tech-enabled services, business services, and information and data services sectors, primarily in North America.

XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 11:18 a.m.

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MIKE GATTO, SECRETARY

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SHAWN R. KEHOE, CHAIR





# Chief Investment Officer Monthly Report

Jonathan Grabel – Chief Investment Officer 

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Board of Investments Meeting  
May 13, 2026

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- 03** OPEB Master Trust Performance & Risk
- 04** Portfolio & Structural Updates
- 05** Appendix



Complete list of slide footnotes are included in the Appendix.



01

# Market Environment



# Notable Items and Market Themes to Watch



## Notable Items



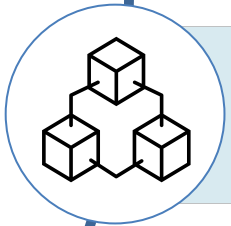
### Interest rates and central bank actions

- The Federal Reserve held its interest rates at 3.50%–3.75% at its April meeting



### Economic data and trends

- Inflation, tariffs, elevated trade tensions, and labor developments



### Artificial intelligence

- Research developments, applications, infrastructure investment, market impact, risk oversight and governance



### Stewardship and ESG-related developments

- Regulatory debates on corporate disclosures, proxy research firms, retail investor access to private market investments

## Market Themes

- **Tariff Impacts:** Trade policy uncertainty continued with ongoing U.S. tariffs, including the 10% global import surcharge, pressuring supply chains and business sentiment
- **Inflation:** Inflation remained elevated, with the March Consumer Price Index (CPI) at 3.3% year-over-year. The Producer Price Index (PPI) rose 4.0% year-over-year, driven by surging energy costs
- **Federal Reserve Policy:** The Federal Reserve held the federal funds rate at 3.50%–3.75% following its April meeting, marking the third consecutive pause in 2026
- **Geopolitical Uncertainty:** Escalated Middle East tensions and blockades in the Strait of Hormuz disrupted global oil flows, leading to tighter energy supply conditions and increasing market volatility
- **Corporate Earnings:** Q1 2026 earnings season is underway with positive but uneven results. The S&P 500 is tracking 13–15% year-over-year EPS growth, led by technology and AI strength, while higher energy costs are pressuring margins in select sectors

# Global Market Performance

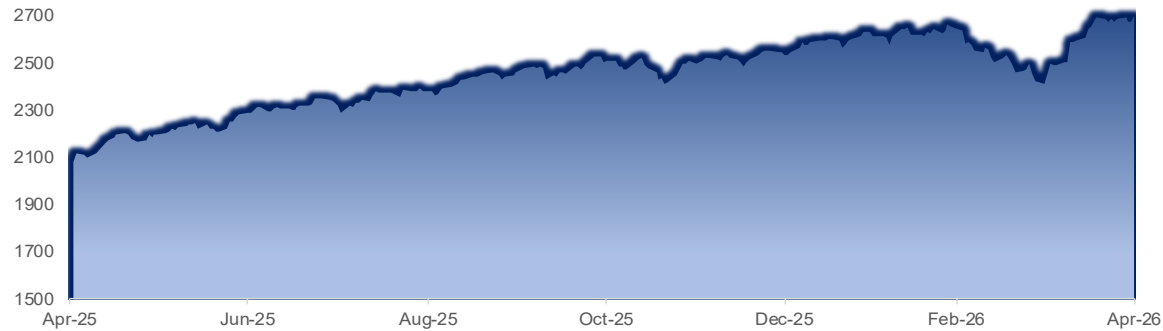
As of April 30, 2026



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

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
10.1	3.7	19.0	7.1	31.6	19.5	10.2	12.0

1 Year

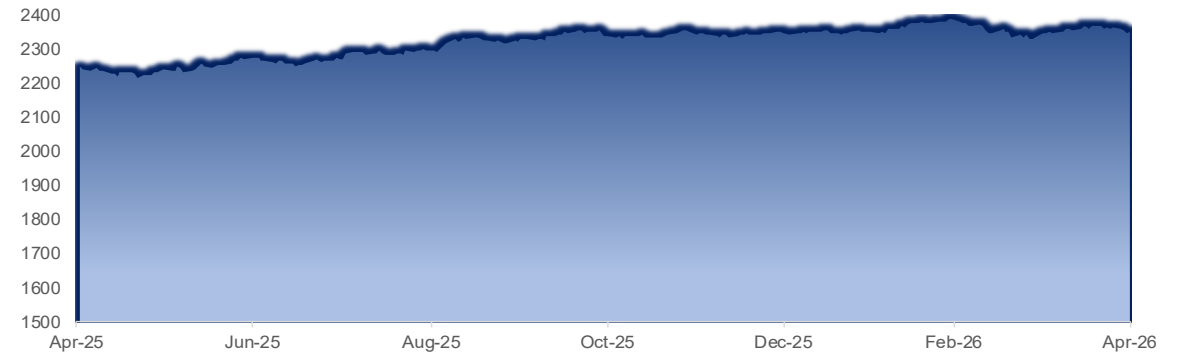


\*Global Equity Policy Benchmark - MSCI ACWIIMI Index

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

Trailing Returns (%)				Annualized Returns (%)			
1-Month	3-Month	FYTD	YTD	1Y	3Y	5Y	10Y
0.1	0.0	3.2	0.1	4.1	3.5	0.2	1.7

1 Year



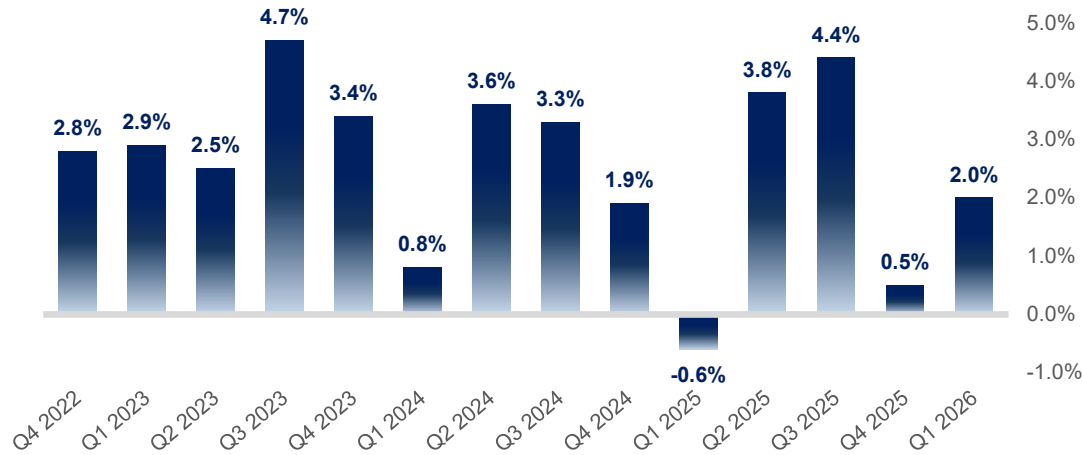
\*\*Investment Grade Bonds Policy Benchmark - Barclays U.S. Aggregate Bond Index

Market	Sub-Category	Index Name	1 M	3 M	FYTD	YTD	1 Y	3 Y	5 Y	10 Y
<b>Reference Portfolio</b>	60:40 Equity:Bond Portfolio	60% MSCI ACWI IMI/ 40% Bloomberg U.S. Aggregate Index	6.1	2.3	12.6	4.4	20.1	13.0	6.3	8.0
<b>Global Equity</b>	U.S. Large Cap	S&P 500 Total Return	10.5	4.2	17.3	5.7	31.1	21.7	13.1	15.3
	U.S. Small Cap	Russell 2000 Total Return	12.2	7.5	30.0	13.2	44.4	18.2	5.7	11.0
	Non-U.S. All Cap	MSCI ACWI-ex U.S. IMI Total Return	9.7	2.7	22.0	8.9	32.5	17.3	8.1	9.0
	Emerging Markets	MSCI Emerging Markets Total Return	14.7	5.2	32.7	14.5	46.7	20.7	6.1	9.2
<b>Private Equity</b>	Private Equity Buyout	Thomson Reuters PE Buyout Index	12.7	2.8	17.9	5.0	40.8	23.2	8.0	13.6
<b>Fixed Income</b>	U.S. Corporate High Yield Bonds	Bloomberg U.S. Corporate High Yield Total Return	1.7	0.7	5.1	1.2	8.8	8.8	4.3	5.9
	U.S. Long Term Treasury Bonds	Bloomberg Long Term U.S. Treasury Total Return Index	-0.7	-0.6	1.3	-1.1	0.9	-1.9	-5.1	-0.8
	Developed Markets Leveraged Loans	Credit Suisse Leveraged Loan Total Return	1.2	1.0	3.7	0.7	6.1	8.1	6.0	5.5
<b>Real Assets &amp; Inflation Hedges</b>	Natural Resources	S&P Global Natural Resources Total Return Index	0.2	8.8	40.5	20.1	49.9	14.0	12.0	10.9
	Global Infrastructure	Dow Jones Brookfield Global Infrastructure Composite Index	3.0	8.9	16.8	14.5	18.9	13.4	9.7	7.9
	Treasury Inflation-Protected Securities	Bloomberg U.S. Treasury TIPS 0-5 Years Total Return	0.9	1.4	3.9	1.9	4.0	4.9	3.5	3.2
	Real Estate	NCREIF Fund Index - ODCE (Net) <sup>1</sup>	—	1.0	2.3	1.0	3.1	-2.8	2.3	3.8

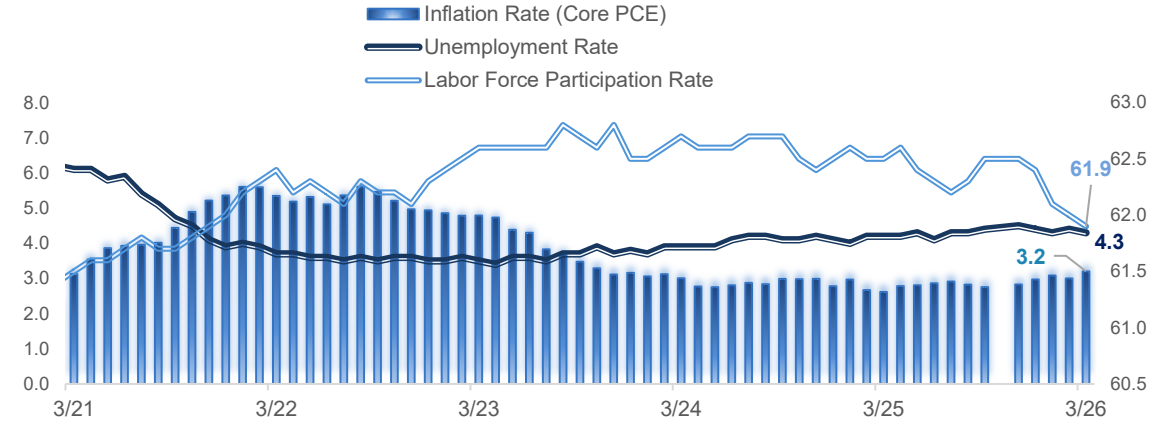
# Key Macro Indicators<sup>2</sup>



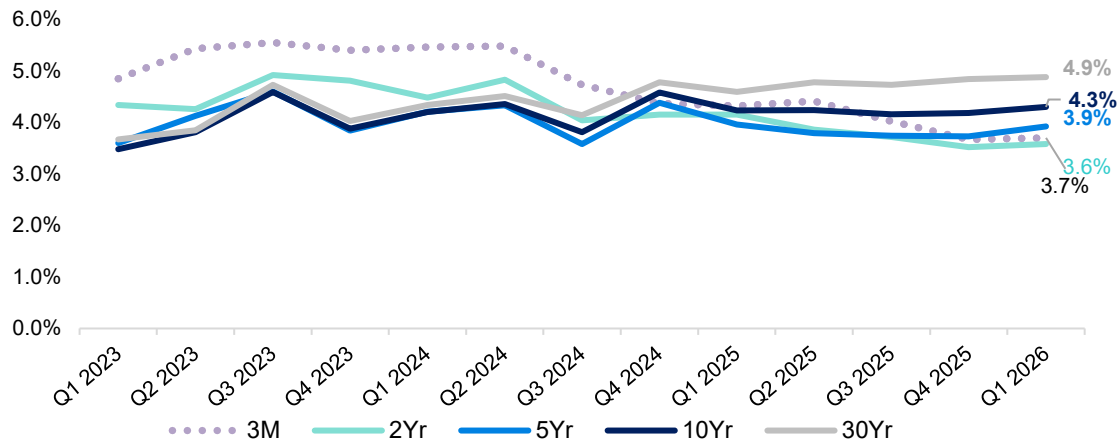
## Quarterly Real GDP Growth



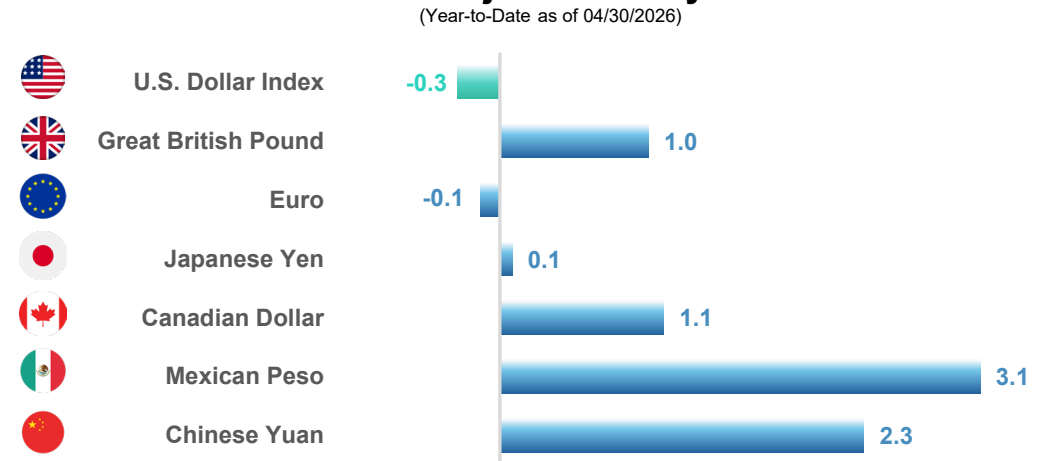
## Inflation, Unemployment, and Labor Participation



## Market Yields on U.S. Treasury Securities



## U.S. Dollar and Major Currency Performance



Sources: Bloomberg, St. Louis Federal Reserve



02

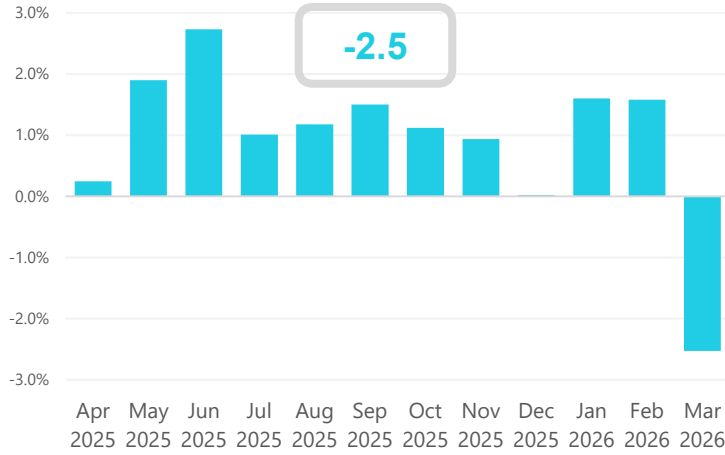


# Total Fund Performance and Risk

# Total Fund Performance Summary as of March 2026



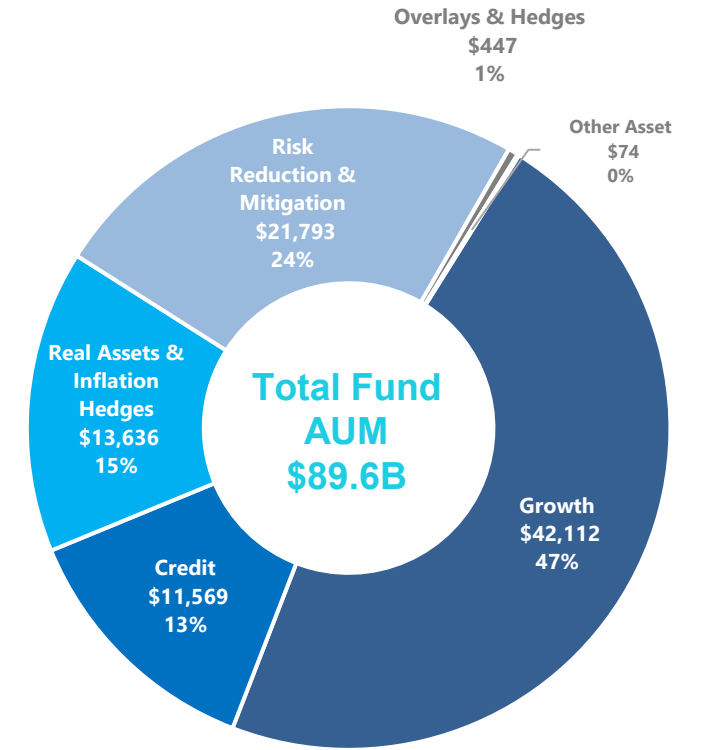
Monthly Return (net)



Growth of a Dollar (trailing 5Y)<sup>3</sup>



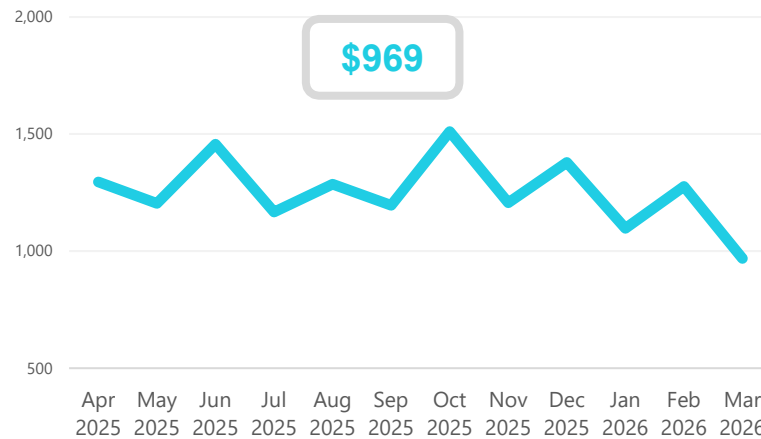
Asset Allocation (in millions)<sup>4</sup>



Total Market Value (in billions)



Cash Equivalents (in millions)

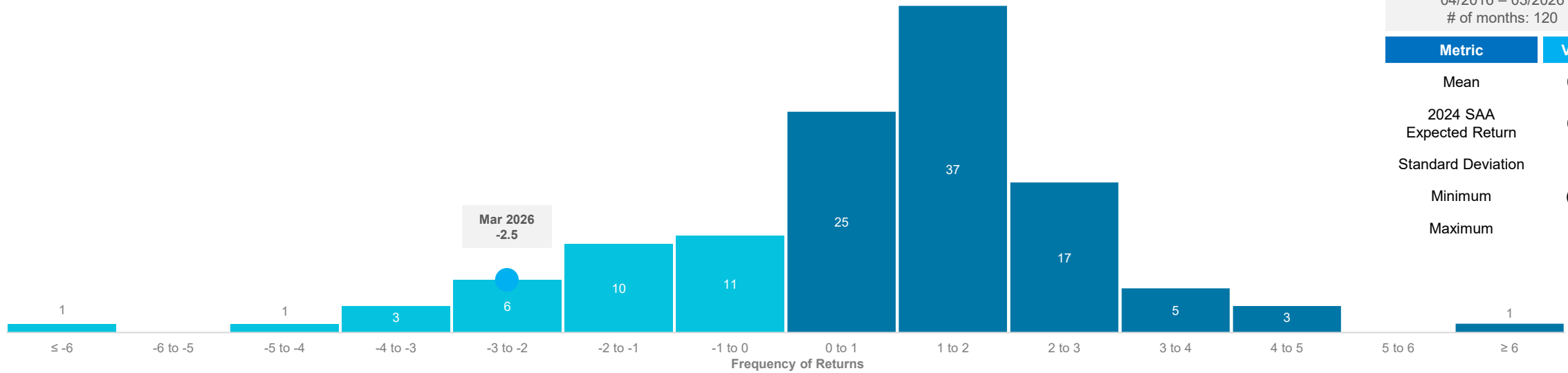


# Total Fund

## Historical Net Performance as of March 2026



### LACERA Pension Fund<sup>5</sup>



Monthly Returns (net)  
04/2016 – 03/2026  
# of months: 120

Metric	Value
Mean	0.72
2024 SAA Expected Return	0.60
Standard Deviation	1.93
Minimum	(6.9)
Maximum	6.6

	Market Value (\$ mm)	% of Total Fund	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>Total Fund</b>	<b>89,631</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-2.5%</b>	<b>0.6%</b>	<b>6.5%</b>	<b>0.6%</b>	<b>11.8%</b>	<b>9.2%</b>	<b>7.5%</b>	<b>8.7%</b>
Total Fund Policy Benchmark				-2.2%	0.3%	9.0%	0.3%	13.4%	11.0%	6.8%	8.3%
Total Fund Actuarial Hurdle				0.6%	1.7%	5.2%	1.7%	7.0%	7.0%	7.0%	7.0%
<b>Growth</b>	<b>42,112</b>	<b>47.0%</b>	<b>48.0%</b>	<b>-4.7%</b>	<b>-1.3%</b>	<b>7.3%</b>	<b>-1.3%</b>	<b>15.5%</b>	<b>12.0%</b>	<b>9.6%</b>	
Growth Policy Benchmark				-4.0%	-0.2%	14.0%	-0.2%	21.6%	17.3%	10.1%	
<b>Credit</b>	<b>11,569</b>	<b>12.9%</b>	<b>13.0%</b>	<b>-0.3%</b>	<b>2.0%</b>	<b>3.1%</b>	<b>2.0%</b>	<b>11.0%</b>	<b>12.4%</b>	<b>8.0%</b>	
Credit Policy Benchmark				-0.4%	0.3%	4.5%	0.3%	5.9%	9.1%	4.9%	
<b>Real Assets &amp; Inflation Hedges</b>	<b>13,636</b>	<b>15.2%</b>	<b>15.0%</b>	<b>-0.4%</b>	<b>3.8%</b>	<b>8.3%</b>	<b>3.8%</b>	<b>10.8%</b>	<b>4.1%</b>	<b>6.4%</b>	
RA & IH Policy Benchmark				0.3%	1.4%	5.6%	1.4%	9.0%	2.6%	5.2%	
<b>Risk Reduction &amp; Mitigation</b>	<b>21,793</b>	<b>24.3%</b>	<b>24.0%</b>	<b>-1.0%</b>	<b>1.1%</b>	<b>4.6%</b>	<b>1.1%</b>	<b>5.7%</b>	<b>4.0%</b>	<b>1.4%</b>	
RR & M Policy Benchmark				-1.1%	0.5%	3.6%	0.5%	4.7%	3.8%	1.0%	
<b>Overlays &amp; Hedges</b>	<b>447</b>	<b>0.5%</b>									
<b>Other Asset</b>	<b>74</b>	<b>0.1%</b>									

# Total Fund

## Forecast Volatility as of March 2026<sup>6</sup>



### VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

TOTAL FUND  
VOLATILITY

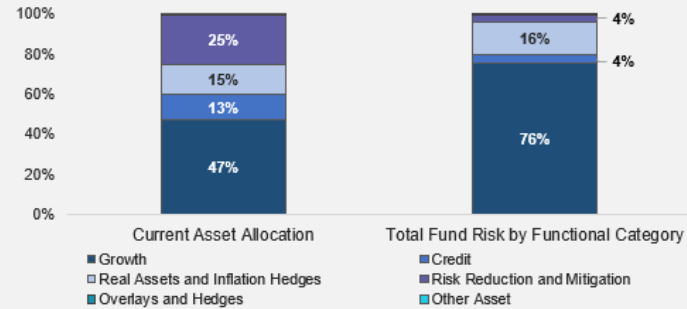
8.9%

BENCHMARK  
VOLATILITY

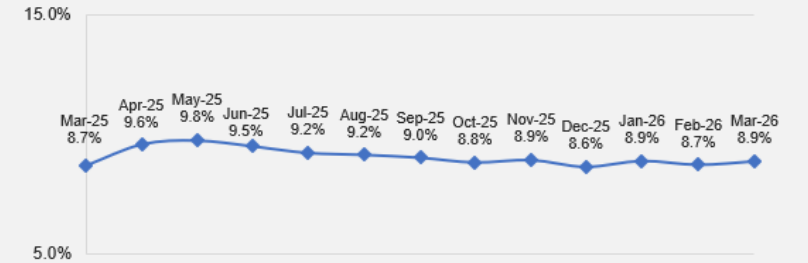
8.5%

### Total Fund Asset Allocation

Capital-based versus Risk-based



### Forecasted Total Fund Volatility Trend



### ACTIVE RISK

1Y forecast that measures how closely the portfolio tracks the benchmark

TOTAL FUND  
ACTIVE RISK

1.29%

ALLOCATION  
RISK

-0.04%

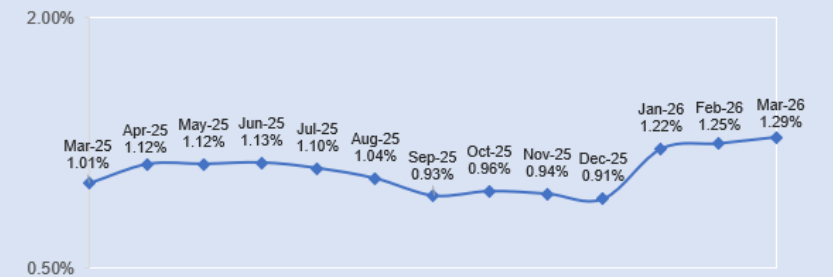
SELECTION  
RISK

1.32%

### Functional Category Contributions to Active Risk



### Forecasted Active Risk Trend



Source: MSCI BarraOne

# Total Fund

Geographic Exposure by AUM as of March 2026<sup>7,8</sup>

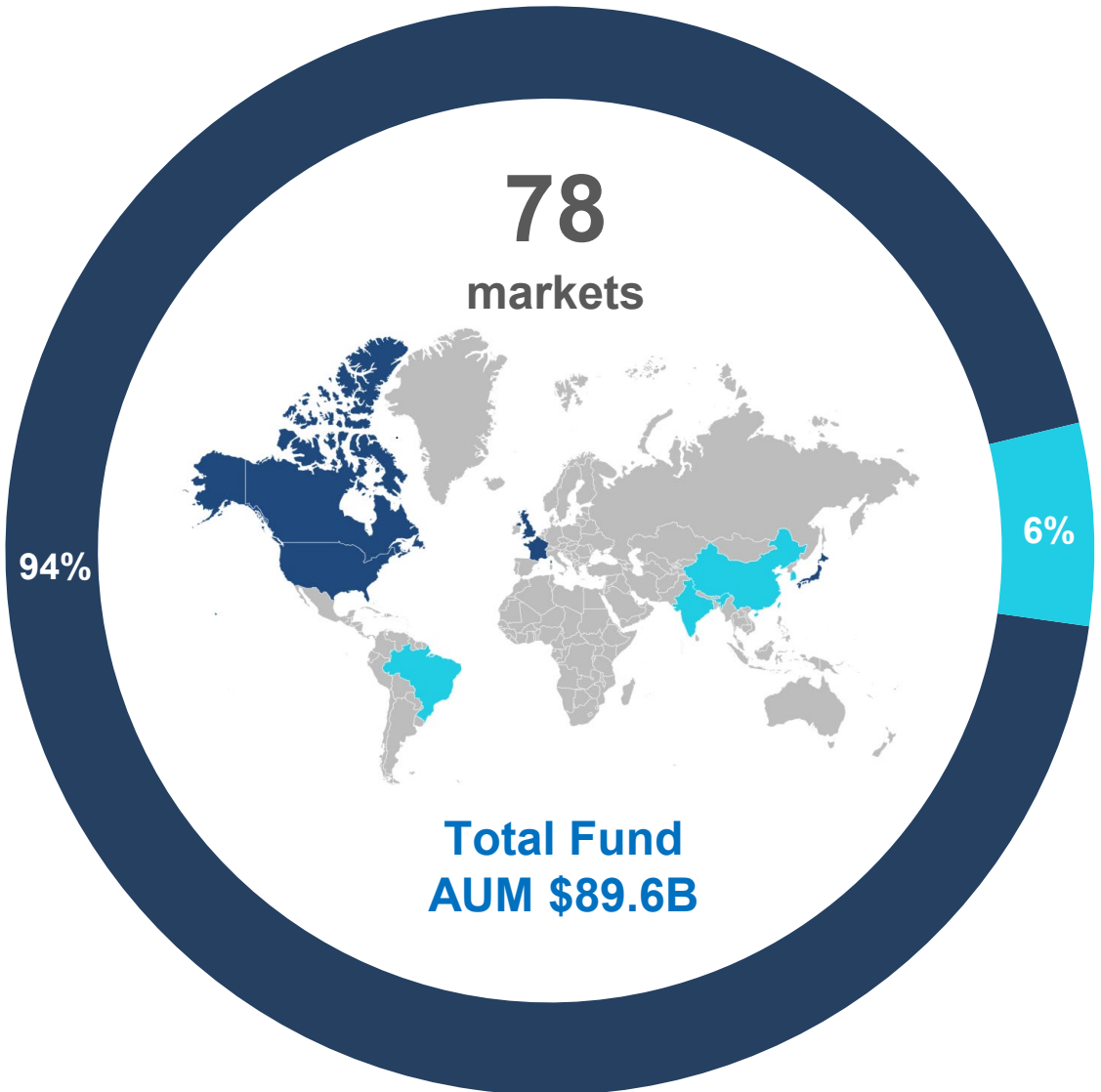


26

developed markets

Top 5 Countries	Portfolio
United States	75.3%
United Kingdom	4.4%
Canada	2.7%
Japan	1.8%
France	1.6%

78 markets



Total Fund  
AUM \$89.6B



52

emerging & frontier markets

Top 5 Countries	Portfolio
China	1.9%
Taiwan	0.8%
South Korea	0.6%
Brazil	0.6%
India	0.4%



03

# OPEB Master Trust Performance and Risk

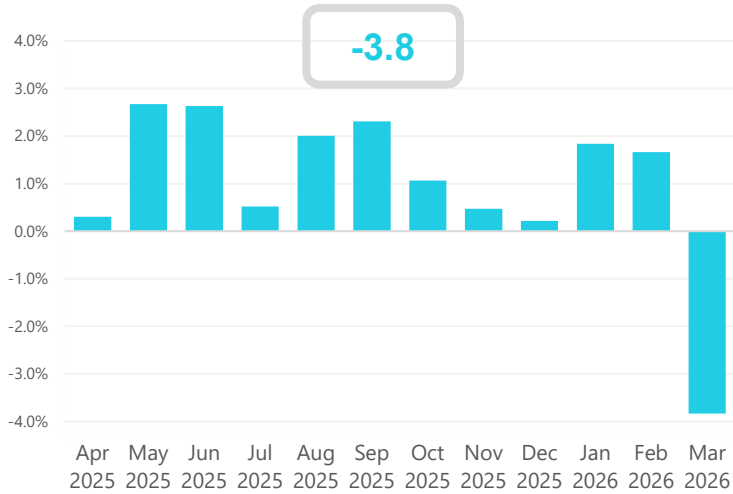


# OPEB Master Trust

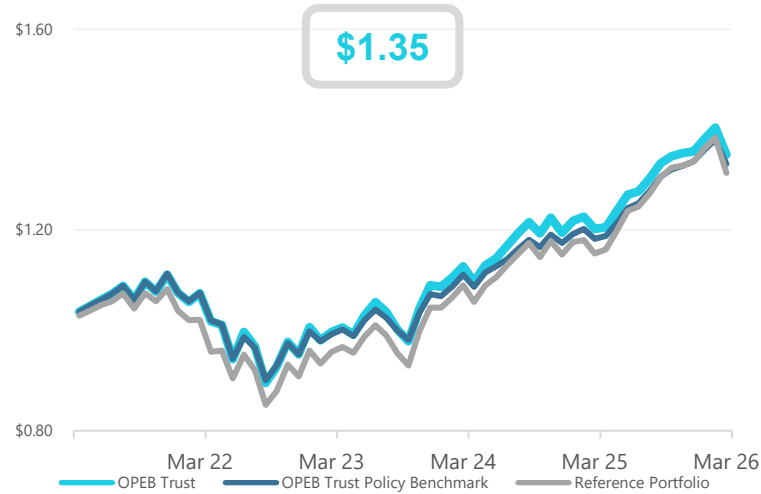
## Performance Summary as of March 2026



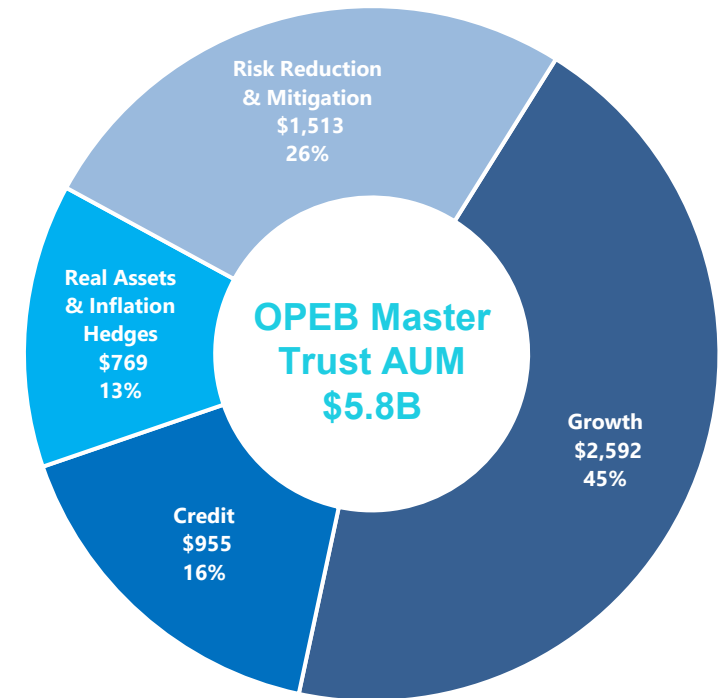
Monthly Return (net)



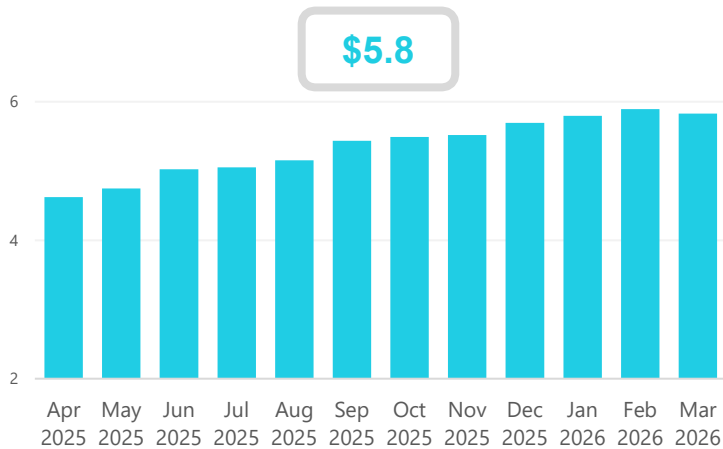
Growth of a Dollar (trailing 5Y)<sup>9</sup>



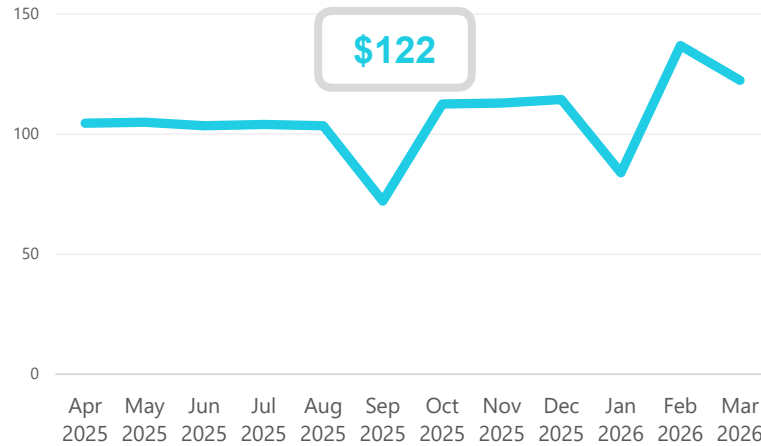
Asset Allocation (in millions)



Total Market Value (in billions)



Cash Equivalents (in millions)

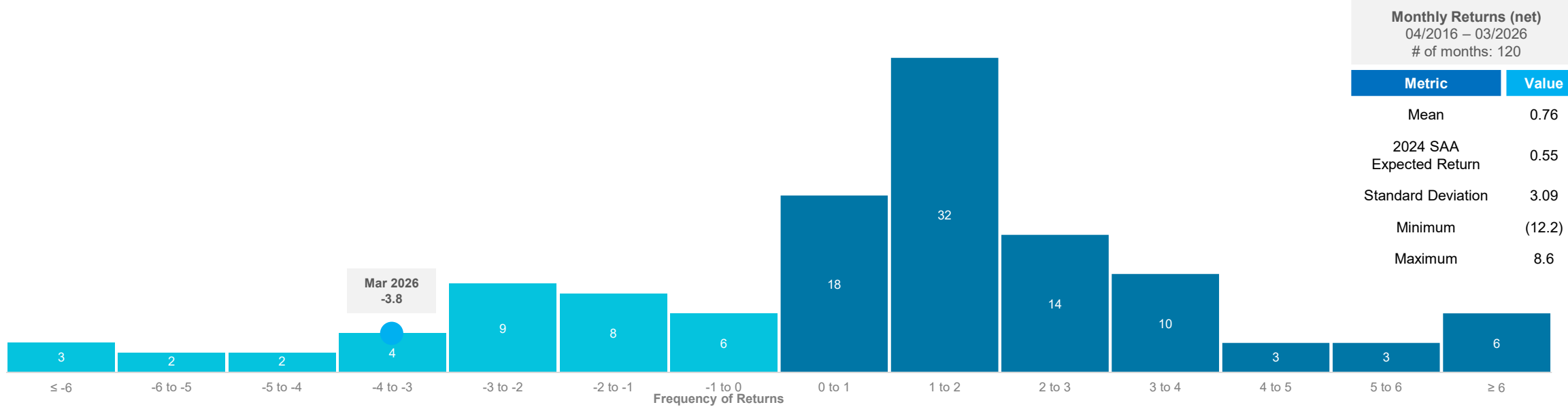


# OPEB Master Trust

## Historical Net Performance as of March 2026



### OPEB Master Trust



	Market Value (\$ mm)	% of Master Trust	Target	1 Month	3 Month	FYTD	YTD	1 Year	3 Year	5 Year	10 Year
<b>OPEB Master Trust</b>	<b>5,829</b>	<b>100.0%</b>	<b>100.0%</b>	<b>-3.8%</b>	<b>-0.4%</b>	<b>6.3%</b>	<b>-0.4%</b>	<b>12.3%</b>	<b>10.6%</b>	<b>6.2%</b>	<b>8.8%</b>
OPEB Master Trust Policy Benchmark				-3.5%	-0.4%	7.1%	-0.4%	12.7%	10.3%	5.9%	7.9%
OPEB Actuarial Hurdle				0.5%	1.5%	4.7%	1.5%	6.2%	6.1%	6.1%	6.0%
<b>OPEB Growth</b>	<b>2,592</b>	<b>44.5%</b>	<b>45.0%</b>	<b>-6.6%</b>	<b>-2.1%</b>	<b>9.1%</b>	<b>-2.1%</b>	<b>21.6%</b>	<b>16.8%</b>	<b>9.4%</b>	
OPEB Growth Policy Benchmark				-6.4%	-2.0%	10.0%	-2.0%	21.2%	17.0%	9.2%	
<b>OPEB Credit</b>	<b>955</b>	<b>16.4%</b>	<b>16.0%</b>	<b>-0.2%</b>	<b>-0.1%</b>	<b>3.9%</b>	<b>-0.1%</b>	<b>6.9%</b>	<b>7.6%</b>	<b>4.4%</b>	
OPEB Credit Policy Benchmark				-0.4%	0.3%	4.5%	0.3%	5.9%	8.9%	4.9%	
<b>OPEB Real Assets &amp; Inflation Hedges</b>	<b>769</b>	<b>13.2%</b>	<b>13.0%</b>	<b>-2.5%</b>	<b>2.8%</b>	<b>5.8%</b>	<b>2.8%</b>	<b>5.6%</b>	<b>6.1%</b>	<b>5.0%</b>	
OPEB RA & IH Policy Benchmark				-0.3%	3.6%	8.2%	3.6%	10.7%	3.7%	4.0%	
<b>OPEB Risk Reduction &amp; Mitigation</b>	<b>1,513</b>	<b>26.0%</b>	<b>26.0%</b>	<b>-2.0%</b>	<b>0.2%</b>	<b>3.0%</b>	<b>0.2%</b>	<b>3.8%</b>	<b>2.8%</b>	<b>0.5%</b>	
OPEB RR & M Policy Benchmark				-2.0%	0.0%	2.9%	0.0%	3.6%	2.6%	0.0%	
<b>OPEB HL PM Cash</b>	<b>0</b>	<b>0.0%</b>									

# OPEB Master Trust

## Forecast Volatility as of March 2026<sup>10</sup>



### VOLATILITY

Measures how much a portfolio can fluctuate over 1Y

OPEB TRUST  
VOLATILITY

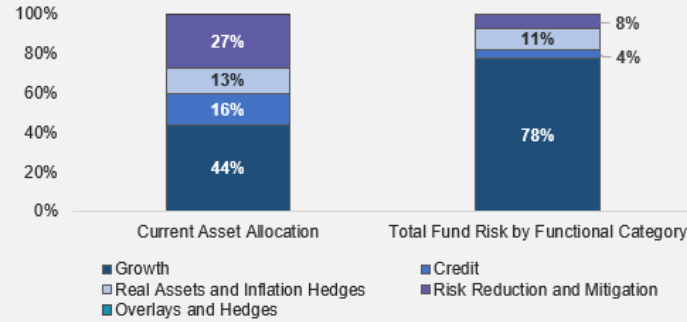
7.7%

BENCHMARK  
VOLATILITY

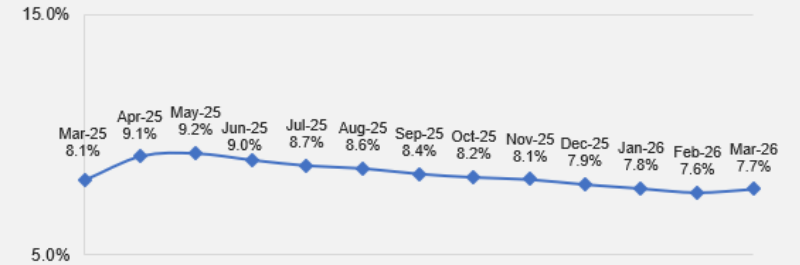
7.9%

### OPEB Master Trust Asset Allocation

Capital-based versus Risk-based



### Forecasted OPEB Master Trust Volatility Trend



### ACTIVE RISK

1Y forecast that measures how closely the portfolio tracks the benchmark

OPEB MASTER TRUST  
ACTIVE RISK

0.73%

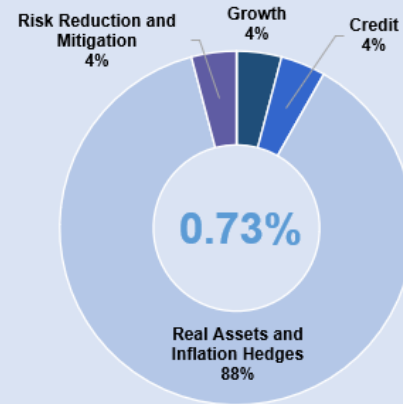
ALLOCATION  
RISK

0.09%

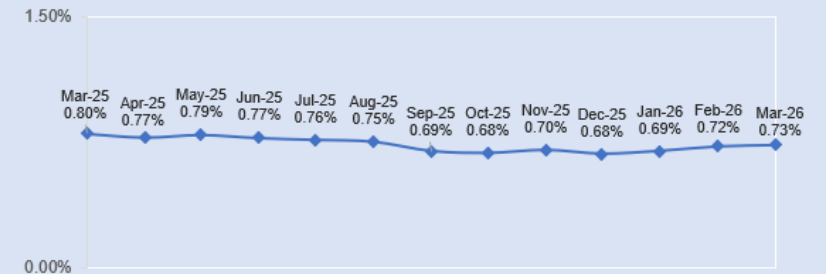
SELECTION  
RISK

0.64%

### Functional Category Contributions to Active Risk



### Forecasted Active Risk Trend



Source: MSCI BarraOne

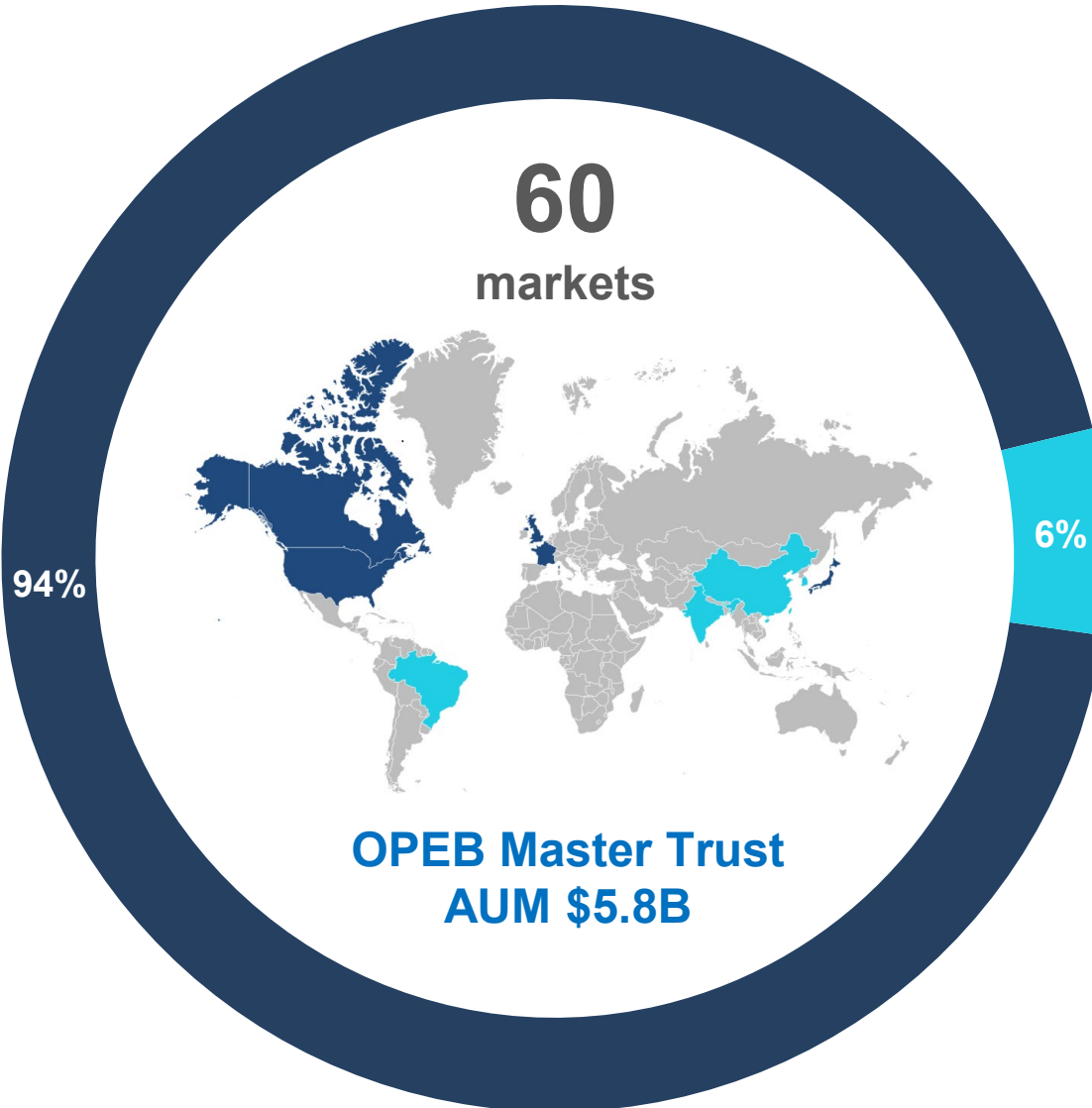
# OPEB Master Trust

Geographic Exposure by AUM as of March 2026<sup>11,12</sup>



**26**  
developed  
markets

Top 5 Countries	Portfolio
United States	79.8%
Japan	2.7%
Canada	2.4%
United Kingdom	2.1%
France	1.0%



**34**  
emerging &  
frontier markets

Top 5 Countries	Portfolio
China	1.3%
Taiwan	1.1%
South Korea	0.8%
India	0.8%
Brazil	0.2%



04

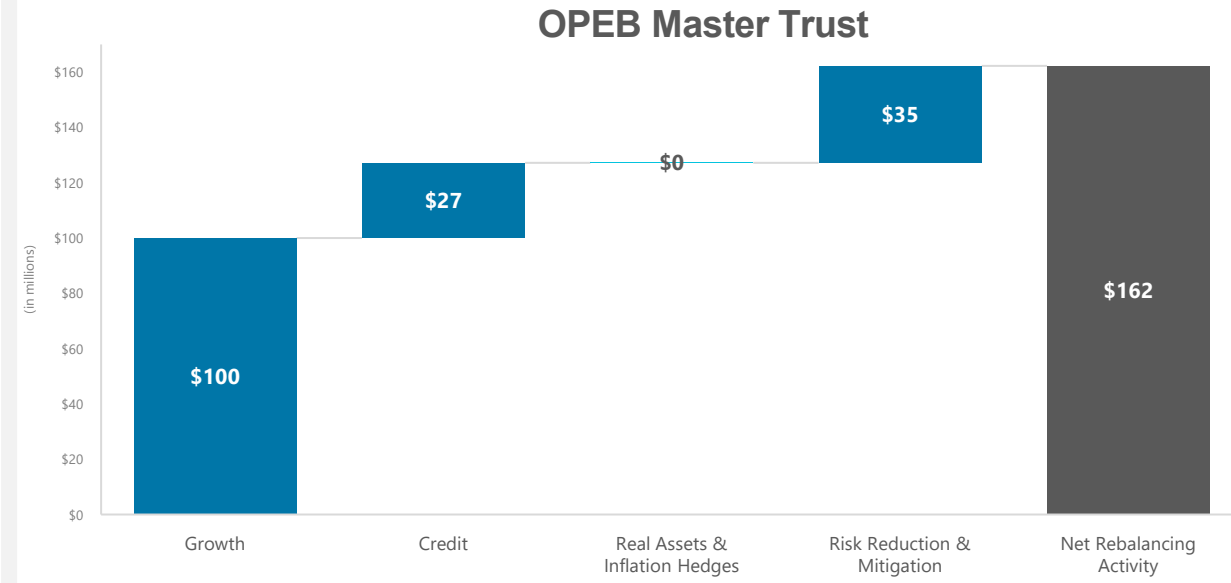
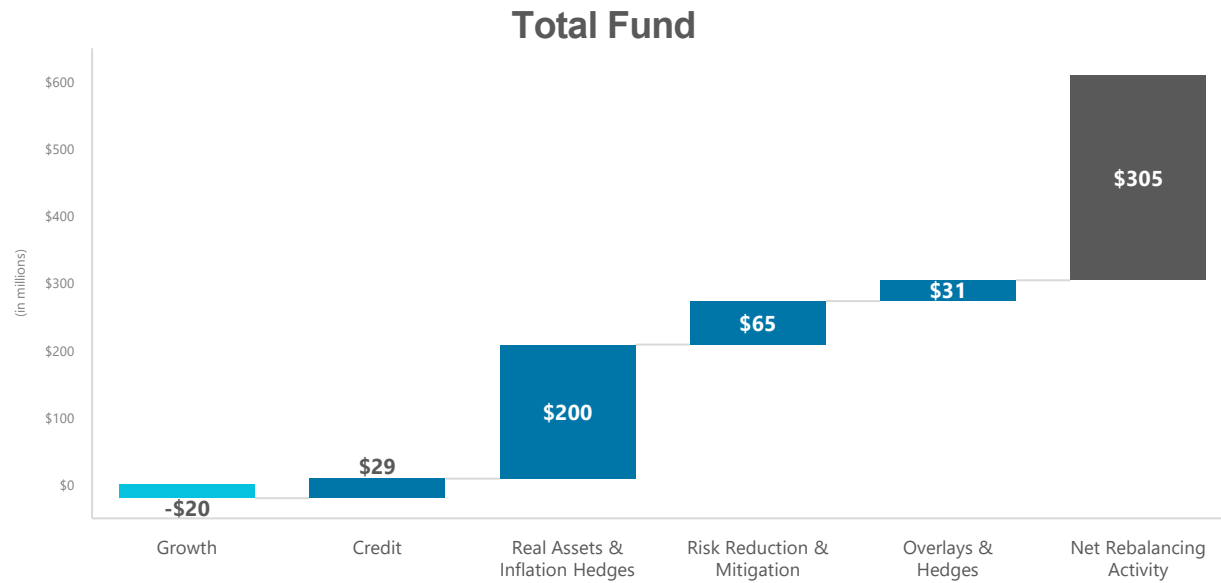
# Portfolio and Structural Updates



# Portfolio Updates



## March Rebalancing Activity



## Overlays and Hedges

Program	March Gain / (Loss) in \$ millions	Since Inception Gain / (Loss) in \$ millions
Currency Hedge	-31.0	1,518.6
Cash / Rebalance Overlay	-26.2	655.3

# Key Initiatives and Operational Updates



## Key Initiatives and Operational Updates

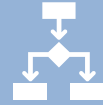
	Status
<b>Total Fund</b>	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Adhering to the BOI-approved 2026 Strategic Framework	In Progress
Planning for the Strategic Framework and Initiatives Refresh	In Progress
Risk system onboarding	In Progress
<b>OPEB Master Trust</b>	
April 2024 approved Strategic Asset Allocation implementation	In Progress
Risk system onboarding	In Progress



## Open Personnel Searches

	Status
<b>Investments Division</b>	
Principal Investment Officer – 1 position	In Development
Finance Analyst III – 4 positions	In Development
Finance Analyst III – 1 position	In Progress
Finance Analyst II – 1 position	In Progress
Finance Analyst Fellowship – 2 positions	In Progress

# Key Initiatives and Operational Updates



## Manager / Consultant Updates

Firm	Mandate	Asset Class	LACERA AUM (prior month end, in millions)	Update
------	---------	-------------	--	--------

No Material Updates

# Change In Fiduciary Net Position<sup>13</sup>



## FIDUCIARY NET POSITION

Additions  
+  
Deductions



## ADDITIONS

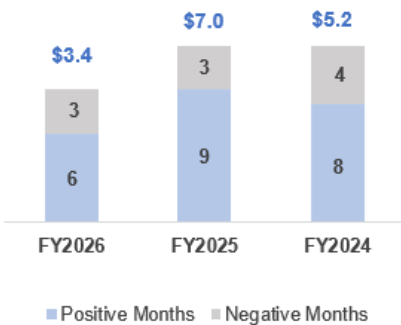
Employer and Employee Contributions  
Net Investment Income/(Loss)



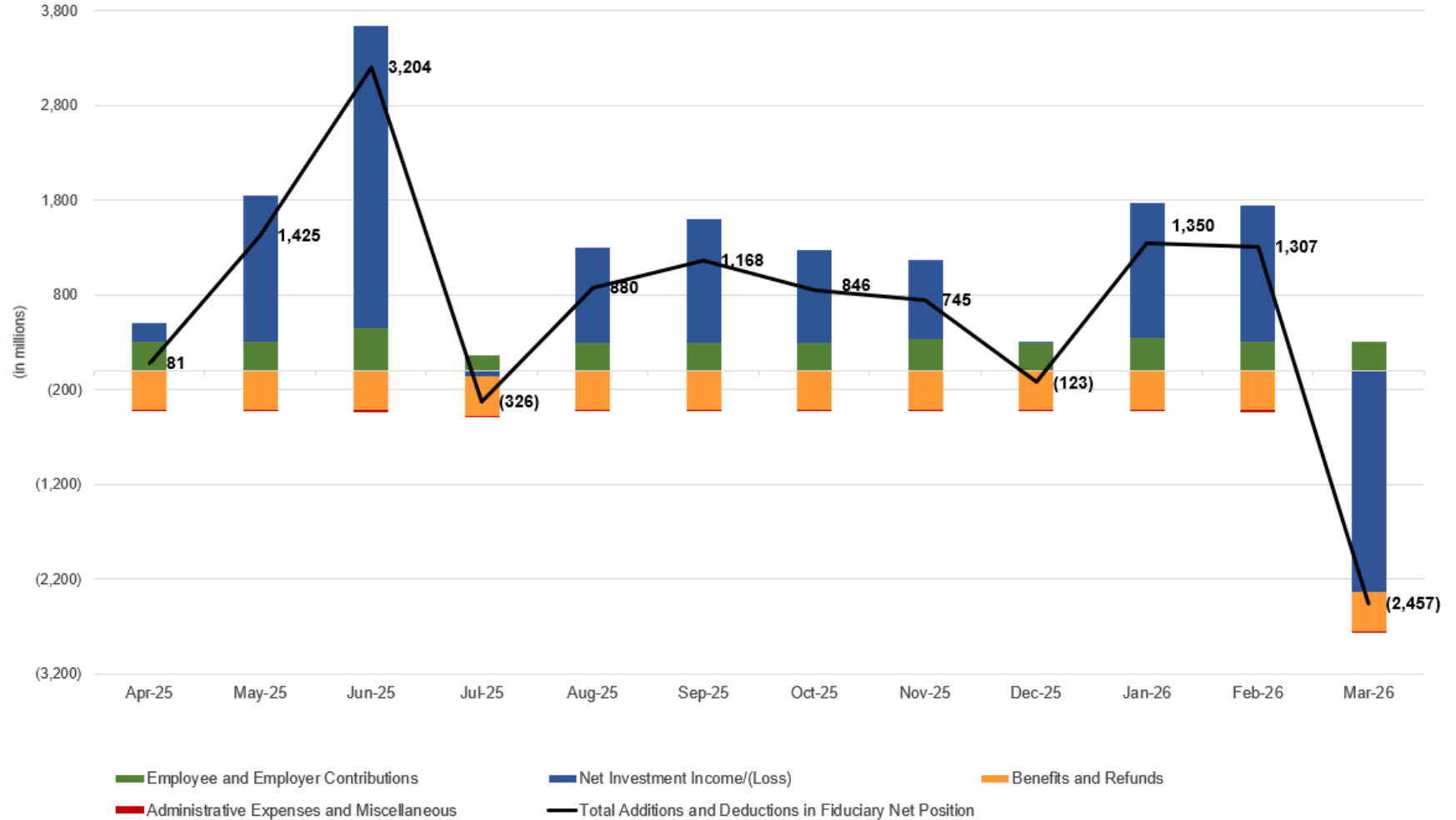
## DEDUCTIONS

Benefits and Refunds  
Administrative Expenses

## Total Net Position Change Trend (in billions)



## Additions and Deductions in Net Fiduciary Position (Unaudited)





05



# Appendix

# Staff Chart of the Month

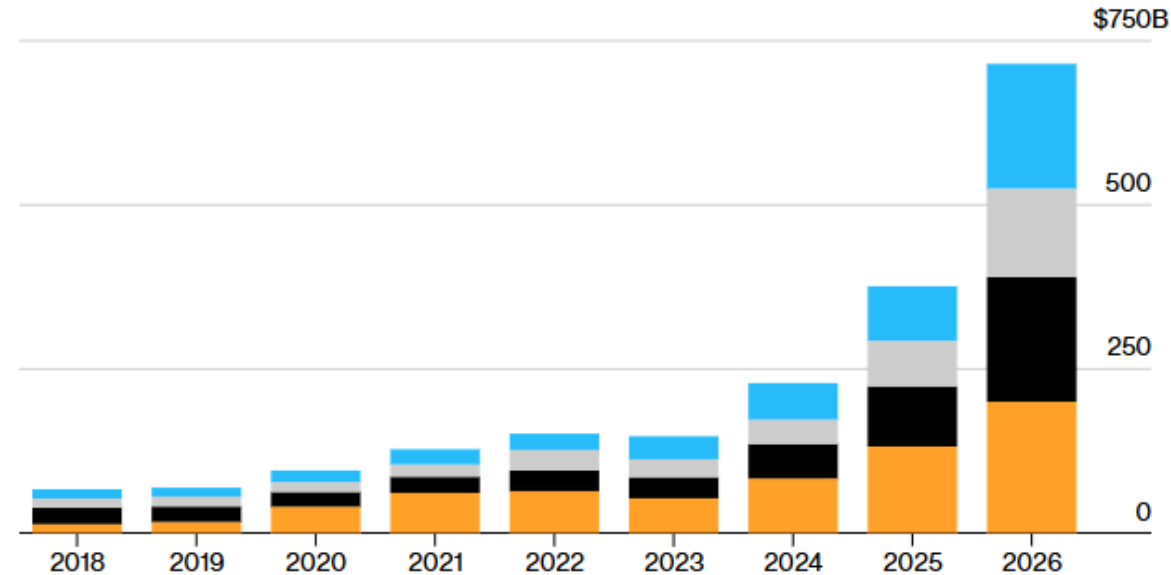
## AI-Driven Capital Spending by US Hyperscalers Continues to Increase



### US Hyperscalers Ratchet Up 2026 Capex Plans Past \$700 Billion

The four leading companies upped their AI spending plans after March quarter

Amazon capex Google Meta\* Microsoft



Note: 2026 figures represent company guidance, Meta's figure is midpoint of estimated range.  
Source: Bloomberg, company filings

Source: Bloomberg

# Quiet Period for Search Respondents



## Real Estate Consultant



- Albourne America, LLC
- Mercer Investment Consulting, Inc
- NEPC Investment Consulting, LLC
- RCLCO Fund Advisors, LLC
- StepStone Group LP
- Meketa Investment Group, Inc

# Disclosures and Definitions



Page / Footnote	Disclosure
Page 5 / Footnote 1	NCREIF Fund Index – ODCE (Net) returns represent the latest available quarterly performance.
Page 6 / Footnote 2	The information on the “Key Macro Indicators” charts is the best available data and may not reflect the current market and economic environment. The Unemployment and Labor Force Participation Rate used in the Inflation, Unemployment, and Labor Participation chart use the prior months data due to information not being published during the government shutdown.
Page 8, 13 / Footnote 3, 9	Reference portfolio = 60% MSCI ACWI IMI / 40% Bloomberg US Aggregate Bond Index.
Page 8, 9 / Footnote 4, 5	Other Asset represents an operational holding.
Page 10, 15 / Footnote 6, 10	Real estate and private equity data is based on best available cash flow adjusted market values. Exposure data is based on security level holdings and/or proxies.
Page 11, 16 / Footnote 7, 11	Geographic exposure ex-overlays and hedges is based on the domicile country of a given security/asset.
Page 11, 16 / Footnote 8, 12	Information displayed represents best available holdings level transparency. Based on MSCI Market Classification Framework.
Page 21 / Footnote 13	Includes unrealized and realized net investment income.
Term	Definition
Active risk	Risk that a managed portfolio creates to outperform the benchmark returns.
Allocation risk	Investment manager’s decision to overweight or underweight sector weights in the portfolio versus the benchmark.
Mean	Expected return of an asset over a specified period.
Selection risk	Investment manager’s selection of securities within the portfolio versus the benchmark.
Standard deviation	Statistical measure of dispersion around the mean.
Volatility	Statistical measure of dispersion of returns for a portfolio.



# Recognizing Our Members' Service and Accomplishments

LACERA has over 120,000 active members working in dozens of L.A. County departments, many of whom dedicate their entire working lives to serving the community. Meet one of our long-serving members, who recently began enjoying his well-earned retirement .



Retired Member  
**Richard  
Bendall**

**Chief, Internal Audit Division**

**Years of Service: 38 (County), 31 (LACERA)**



**MEMBER SPOTLIGHT**

**LACERA Career:** Internal Audit Chief Richard Bendall retired in February after 38 years of service with the County. His County career included a stint at the Auditor Controller's Office along with an impressive 31-year tenure at LACERA. Under his leadership, the Internal Audit team served to provide independent and objective assurance and consulting services to improve LACERA's operations.

**Proudest Accomplishments:** Among his many career accomplishments, Richard is most proud of the role he played in helping make Internal Audit an integral part of LACERA's operations. He is also proud of the many staff members who began their LACERA careers in Internal Audit and went on to serve in management positions across the organization.

**Retirement Plans:** In his retirement, Richard is looking forward to spending more time with his children and grandkids. He is also planning to learn how to play guitar and get into photography.



# Chief Executive Officer's Report

May 2026



# 01

SECTION ONE

# Organizational Updates

*Board initiatives, hiring, and key events*



# LACERA Updates

*Key initiatives and upcoming engagements across the organization*

## BOARD OF RETIREMENT OFFSITE

*May 18–19, 2026 | Long Beach*

### Bringing the Future into Focus

CEO Focus & Initiatives, Artificial Intelligence and Cybersecurity, Retiree Healthcare Landscape, and Other Emerging and Forward-Looking Topics.

## GENERAL ELECTIONS

*Three-Year Term Effective January 1, 2027 – December 31, 2029*

### 2026 Election Calendar

Election of the Second and Eighth Members and Alternate Retired Member of the Board of Retirement, and the Second and Eighth Members of the Board of Investments for LACERA.

Dates to Remember:

May 22 | Candidate Filing Period Begins

June 22 | Candidate Filing Period Ends

August 3 | Voting Begins

August 28 | Voting Ends

October 20 | Board of Supervisors Certifies Election Results



# Hiring Update

Reporting Period: March 16, 2026 – April 15, 2026

## RECRUITMENTS UNDERWAY

Active searches across divisions

- **Administrative Services** Document Processing Specialist
- **Investments** Finance Analyst II
- **Legal** Legal Analyst; Senior Staff Counsel
- **Systems** IT Manager I — App Development; IT Manager I — App Support
- **Various Divisions** Retirement Benefit Specialist III (Promotional); Sr. Retirement Benefit Specialist (Promotional); Section Head

## ONBOARDING SOON

- **Executive Office** Assistant Executive Officer
- **Various Divisions** Retirement Benefit Specialist I (Trainees)

## ADDITIONS TO THE TEAM

Welcome to LACERA

### Judith Cajulis

Accountant

Financial &  
Accounting  
Services

### Chona Labtic-Austin

Investment Accountant (Promotion)

Financial &  
Accounting  
Services

### Edward Tomita

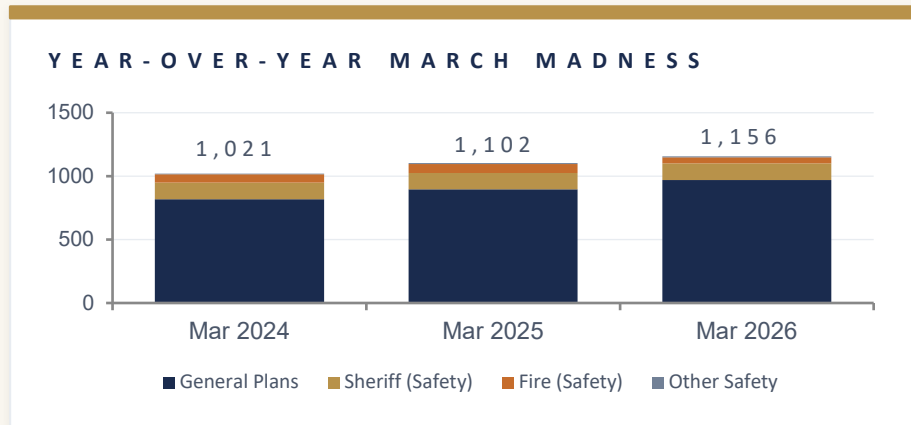
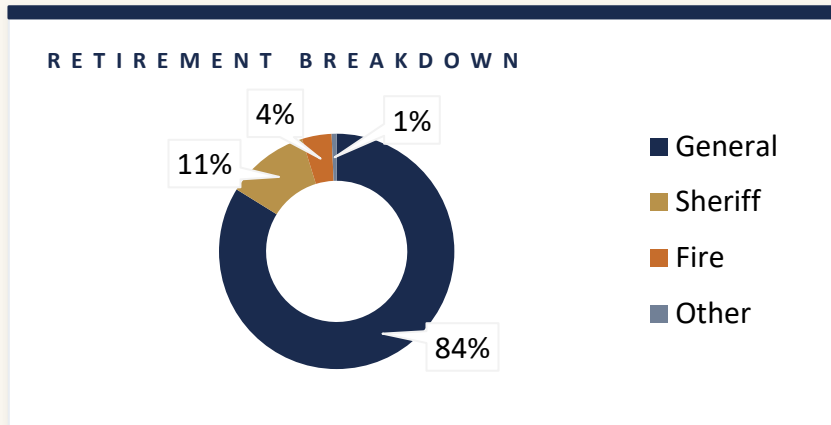
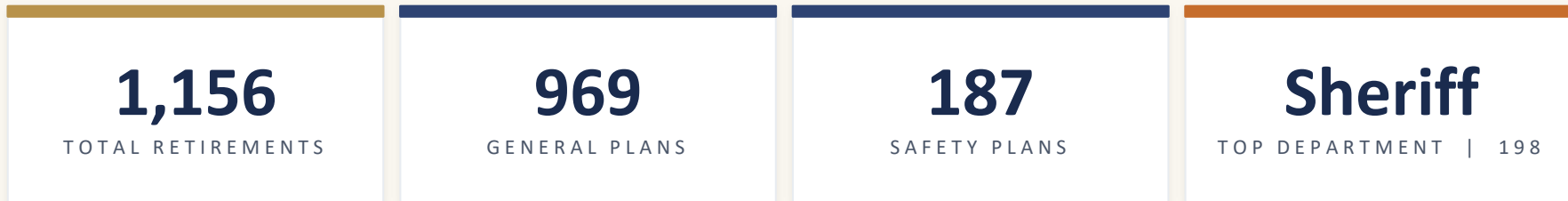
Investment Accountant (Promotion)

Financial &  
Accounting  
Services

# March Madness | Retirements



Reporting Period: March 1–31, 2026 | Includes processed and pending retirements





# 02

SECTION TWO

## CEO Dashboard

*Service metrics and operational performance*

# Disability Applications Snapshot

Reporting as of April 23, 2026



## May Disability Agenda

### KEY METRICS

Target: 12 months

**16.3**

AVERAGE PROCESSING (MONTHS)

**5%**

Processed in 12 months or less

**98**

APPLICATIONS PRESENTED TO BOARD

**553**

APPLICATIONS PRESENTED TO BOARD FYTD

**0**

APPEALS PRESENTED TO BOARD

**12**

APPEALS PRESENTED TO BOARD FYTD

## Disability Application Status

### APPLICATIONS

**1,099**

Pending in Process

**100**

New Applications

**702**

Received FYTD

### APPEALS

**65**

Pending in Process

**0**

New Appeals

**12**

Received FYTD

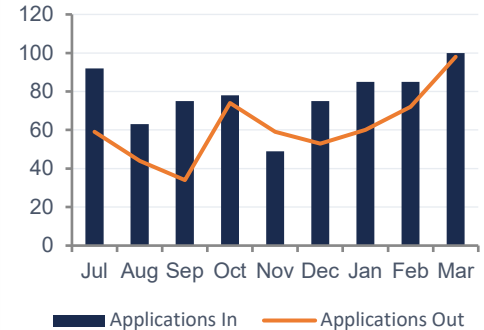
### PENDING APPLICATIONS BY MILESTONE

Intake Review	<b>82</b> (7%)
Records Request	<b>130</b> (12%)
File Indexing	<b>453</b> (41%)
Pending Interview	<b>105</b> (10%)
Drafting Report	<b>98</b> (9%)
Medical Review	<b>172</b> (16%)
Post Medical Review	<b>13</b> (1%)
Board Prep	<b>23</b> (2%)
Final Case Review	<b>23</b> (2%)

### PENDING APPLICATION BY DEPARTMENT | TOP 3

Sheriff | 491 (45%)    Probation | 208 (19%)  
 Fire | 169 (15%)

### APPLICATIONS IN vs. OUT | FYTD

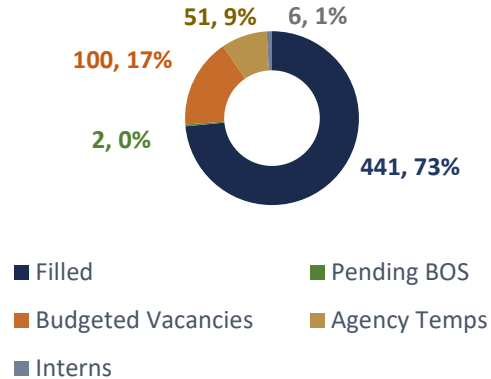


# Human Resources Snapshot



Reporting Period: March 16, 2026 – April 15, 2026

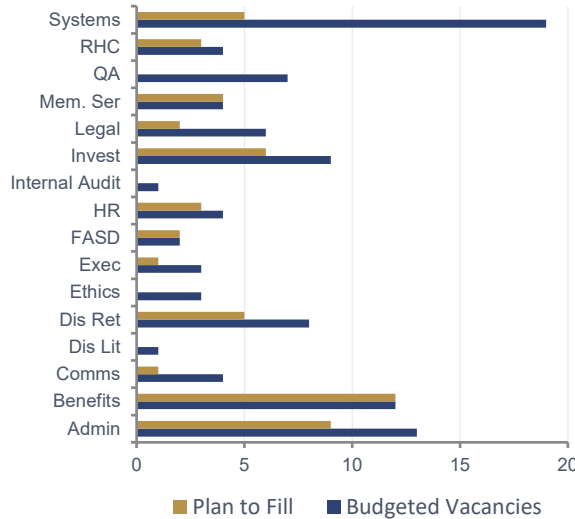
## POSITIONS BREAKDOWN



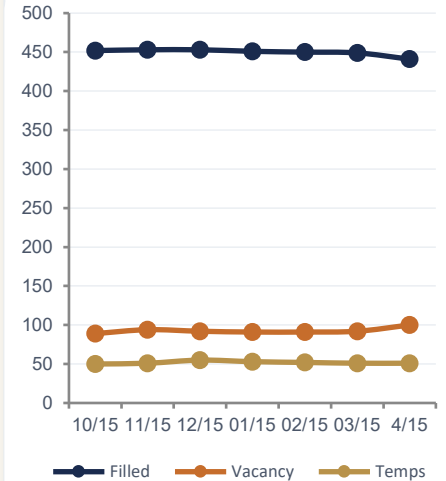
## VACANCY RATE



## VACANCIES BY DIVISION



## MONTH-TO-MONTH



# Key Financial Information

Fiscal Year End: June 30, 2025

**82.0%**

FUNDED RATIO

**7.0%**

ASSUMED RATE OF RETURN

**\$86.2B**

TOTAL NET ASSETS

**\$99.7B**

ACTUARIAL LIABILITY (AAL)

**\$17.9B**

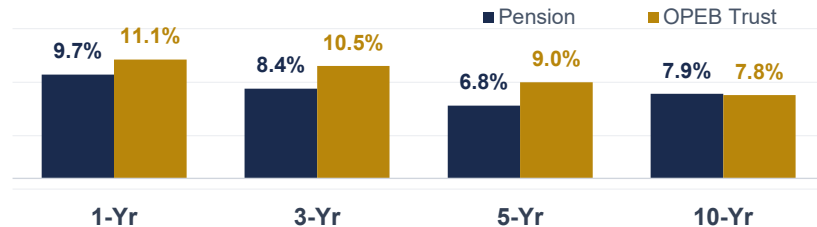
UNFUNDED LIABILITY (UAAL)

**\$607M**

STAR RESERVE

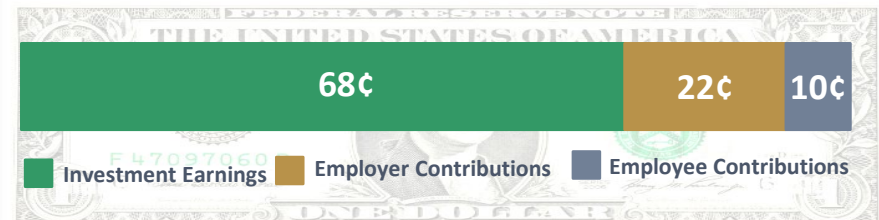
## ANNUALIZED INVESTMENT RETURNS

Net of Fees



## LACERA PENSION DOLLAR

WHERE EACH PENSION DOLLAR COMES FROM



# Membership Snapshot



Reporting Period: As of April 15, 2026

**200,309**

TOTAL MEMBERSHIP COUNT

**\$414.3M**

MONTHLY PAYROLL

*\$3.69B FYTD | 98.7% Direct Deposit*

**361**

NEW RETIRED PAYEES

*March 2026*

## MEMBERSHIP BY STATUS

	General	Safety	Total
<b>ACTIVE</b>	<b>87,178</b>	<b>12,095</b>	<b>99,273</b>
<b>RETIRED</b>	<b>63,757</b>	<b>15,328</b>	<b>79,085</b>
<b>INACTIVE</b>	<b>20,371</b>	<b>1,580</b>	<b>21,951</b>

## AVERAGE MONTHLY BENEFIT

### MEMBER

General Plans

**\$4,598**

Safety Plans

**\$10,161**

### SURVIVOR

General Plans

**\$3,969**

MONTHLY AVERAGE  
(ALL PLANS)

**\$5,665**

# Member Services Snapshot



Reporting Period: March 31, 2026

## MS CALL CENTER

Main Queue

**9,703**

Total Calls

Top Topics: Retirement Counseling, Taxes, MyLACERA

**93% Answered**

7% Abandoned

Avg Speed of Answer **3 min**

Avg Duration **16 min**

**Callback Queue**

955 | 99% Answered

## RHC CALL CENTER

Retiree Healthcare

**1,224**

Total Calls

Top Topics: Medical/Dental Enrollments, Medicare Part B, General Benefit Inquiries

**90% Answered**

10% Abandoned

Avg Speed of Answer **7 min**

Avg Duration **13 min**

**Callback Queue**

76 | 97% Answered

## MSC APPOINTMENTS

**1,271**

Month

**10,406**

FYTD

In-Person 645 | Virtual 607 | Phone 19

**98%** MSC Satisfaction

## EVENTS & WEBINARS

Events/Webinar

**19**  
Month

**241**  
FYTD

Attendance

**1,429**  
Month

**17,519**  
FYTD

MS Member Emails  
1,637

RHC Member Emails  
1,042

# Online Services | LACERA.gov & My LACERA



Reporting Period: March 31, 2026

**128,350**

TOTAL MEMBER ACCOUNTS

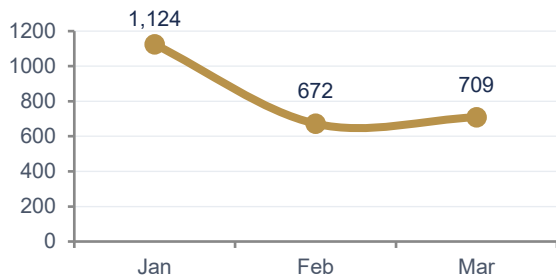
**65%**

PERCENTAGE OF TOTAL MEMBERS

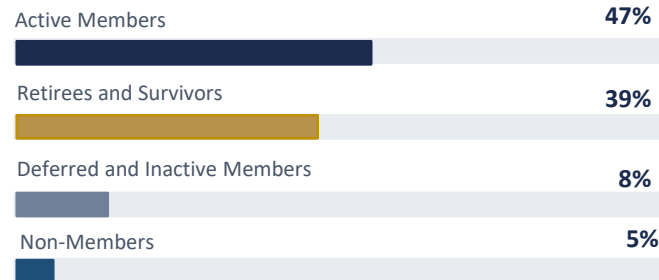
**709**

NEW ACCOUNTS IN MARCH

ANNUAL NEW MYLACERA ACCOUNTS



ACCOUNTS BY MEMBER TYPE





# Retiree Healthcare

Reporting Period: March 31, 2026

## RETIREE HEALTHCARE PROGRAM ENROLLMENTS

Dollars in millions | Employer Contribution, Member Contribution, and Enrollment count by benefit

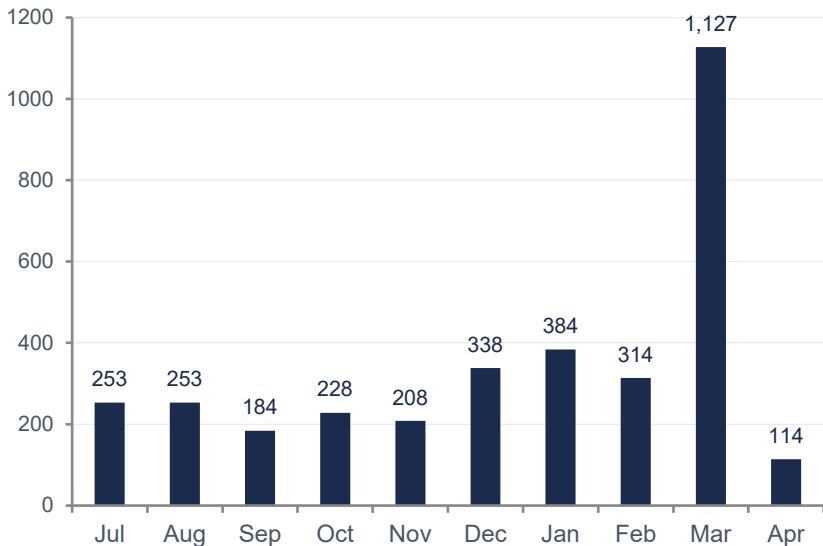
BENEFIT	EMPLOYER CONTRIBUTION	MEMBER CONTRIBUTION	ENROLLMENTS
Medical	\$569.7	\$40.1	57,993
Dental	\$41.6	\$3.7	60,500
Part B	\$84.7	—	40,514
Long Term Care	—	—	56
<b>TOTAL</b>	<b>\$696.0</b>	<b>\$43.8</b>	<b>159,063</b>

# Retirements | Member Snapshot

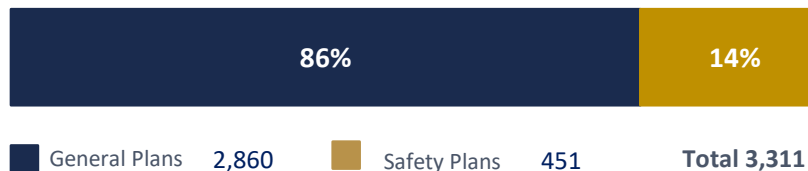


Reporting as of April 15, 2026

## MONTHLY RETIREMENTS



## TOTAL RETIREMENTS BY TYPE | FYTD



## FIRE RETIREMENTS | FYTD



## SHERIFF RETIREMENTS | FYTD





# 03

SECTION THREE

## Appendix

*Additional reports and supporting information*

# Quiet List | Overview



*Guidelines governing procurement communications*

## WHAT IS A QUIET PERIOD?

A quiet period is a period during which LACERA is prohibited from communicating with vendors about a specific procurement, typically to avoid conflicts of interest. The period begins when LACERA releases a solicitation (RFP, RFQ, etc.) and ends when the contract is awarded. During this time, trustees and staff are not allowed to have any contact with vendors — including phone calls, emails, or in-person meetings, other within permitted exceptions.

## PERMITTED EXCEPTIONS

*Trustees and staff may still communicate with vendors in these specific circumstances:*

- |  |  |   |  |                                     |
|--|--|---|--|-------------------------------------|
| <b>1</b> Clarifications  | <b>2</b> Pre-Bid Conference                                | <b>3</b> Post-Award                                 | <b>4</b> Existing Business                   | <b>5</b> POC Studies                |
| Responding in writing to authorized questions pursuant to the solicitation | Pre-scheduled conferences with authorized LACERA personnel | Contract negotiations after the award has been made | Conducting other existing unrelated business | Conducting Proof of Concept studies |

*When in doubt, err on the side of caution or contact the LACERA Legal Office.*

# Quiet List | Administrative & Operations

Reporting as of April 23, 2026 | \*Subject to change



Solicitation	Division	Released	Stage	Respondents
<b>Auditing &amp; Consulting Services Pool</b>	Internal Audit	2/13/2025	Contract Execution	Eide Bailly
<b>Chief Ethics and Compliance Officer Search Services</b>	Human Resources	3/02/2026	Bid Review	CPS HR Consulting, Energy Search Associates, Leonid Group, Major, Lindsey & Africa, Sarmark Enterprises, The Forum Group, The SR Group, WBCP, Conselium
<b>Digital Communications Governance &amp; Compliance</b>	Legal / InfoSec	12/1/2023	Contract Development	GlobalRelay, Smarsh
<b>Fiduciary Counsel Legal Services</b>	Legal Office	10/30/2025	Contract Development	Reed Smith LLP
<b>Knowledge Management Solution</b>	Disability Litigation	10/31/2025	Bid Review	Eccentex ,Quisitive LLC, Squirro Americas, Oxcyon Inc., Top Quadrant Inc., Work Methods Solutions Inc., Speridian Technologies LLC., Enterprise Knowledge LLC, Progress Federal Solutions, Upland RightAnswers.
<b>Quality Assurance &amp; Process Management Group Classification/Compensation Study</b>	Human Resources	7/21/2025	Contract Execution	CBIZ Benefits & Insurance Services, Inc., CPS HR Consulting, Gallagher Benefits Services, Inc., Segal Western States, Transformance Consulting
<b>Systems and InfoSec Classification and Compensation Study</b>	Human Resources	1/26/2026	Bid Review	Ascension Strategic People Solutions, CBIZ Business & Insurance Services, Segal Western States, Transformance Consulting
<b>SAAS Provider: Drupal Hosting</b>	Systems	8/11/2025	Bid Review	AIM Tech, Amazee.io, ATZ, Datanetiix Solutions, Dynamics Federal Technologies, Exemplifai LLC, Pantheon Systems, Inc., Smashing Infolabs Private Limited

# Quiet List | Investments

Reporting as of April 23, 2026 | \*Subject to change



Solicitation	Division	Released	Stage	Respondents
Real Estate Consulting Services Search	Investments	2/27/2026	Bid Review	Albourne America, LLC, Mercer Investment Consulting, Inc., NEPC Investment Consulting, LLC RCLCO Fund Advisors, LLC, StepStone Group LP, Meketa Investment Group, Inc
Passive Cash Overlay Investment Manager Search	Investments	6/13/2025	Contract Development	Legal & General Asset Management, NISA Investment Advisors, Parametric Portfolio Associates, Russell Investments, State Street Investment Management

## SEARCH CONTEXT

*The Passive Cash Overlay Manager Search is in the Contract Development stage. Five qualified investment firms are under review, each offering institutional-grade passive overlay strategies. Final selection is expected to follow standard LACERA vendor award protocols.*

# Upcoming Conferences

Trustee development opportunities | April – Jul 2026



May 12-15	SACRS Spring Conference	Olympic Valley, CA
May 16-20	NCPERS Accredited Fiduciary (NAF) Program and Annual Conference & Exhibition (ACE)	Las Vegas, NV
May 18-19	IFEBP Washington Legislative Update	Washington, D.C.
May 19-20	Pacific Pension Institute (PPI) Seminar	Paris, France
May 29	CALAPRS Trustee Round Table	Virtual
Jun 2-3	PREA Institute	Berkeley, CA
Jun 8-10	NASP Annual Financial Services Conferences	Detroit, MI
Jun 9-10	AHIP Conference	Las Vegas, NV
Jun 12	CALAPRS Benefits Round Table	Virtual
Jun 15-16	NASP Master Class – Technology and Innovation Oversight	Chicago, IL
Jun 15-17	NCPERS Chief Officers Summit	Orange County, CA
Jul 7-8	TIDE SPARK – The Investment Diversity Exchange	Rancho Palos Verdes, CA
Jul 20-21	Pacific Pension Institute (PPI) Leadership Lab	Toronto, Canada

# Report of Felony Forfeiture Cases

As of April 20, 2026



## CURRENT REPORTING STATUS

*\*One new felony forfeiture case added to the report for the period ending April 20, 2026.*

## ABOUT FELONY FORFEITURE

Under California Public Employees' Pension Reform Act (PEPRA) § 7522.72 and § 7522.74, public employees convicted of a felony arising from the performance of official duties may forfeit accrued pension benefits from the date of commission. LACERA monitors and reports such cases to the Board of Retirement. After LACERA decides that a forfeiture is warranted, the member has a right to appeal that decision to the Board.

## FELONY FORFEITURE CASES (PENDING)

Member Name	Dept.	Conviction Date	Member Name	Dept.	Conviction Date
*Tommy Trimble	Sheriff	3/12/2026	Michael Meiser	Sheriff	7/10/2025
Toni Pittmon	Child and Family Services	2/17/2026	Dannie T. Kamack	Probation	3/3/2025
Michael D. Coberg	Sheriff	9/29/2025	Eric C. Saavedra	Sheriff	1/16/2025
Christopher Cadman	Sheriff	7/14/2025	Joseph M. Benza	Sheriff	12/17/2024
David A. Rodriguez	Sheriff	7/14/2025	**Mark Ridley-Thomas	BOS	3/31/2023

\*\* Under Appeal

# Public Records Requests

Information and Documents Requested under California Public Records Act  
Reporting Period: March 15, 2026 – April 14, 2026

DATE	REQUESTOR	REQUEST SUMMARY
03-18-26	R. Renko, Individual	BLANK copies of the Deputies', Attorneys' application packet; with the dates of when the submission to obtain personnel files were implemented into the medical retirement application process.
03-23-26	J. Humphrey, FOIA	Copy of current contract(s) with proxy voting advisory service provider; any requests for RFP or RFI related to procurement of proxy voting advisory or research services from January 2021 to present; records showing total annual expenditures paid to proxy voting advisory service providers (FY 2023-2025), and fund's current proxy voting policy.
03-23-26	B. Schroeder, Individual	Listing in the investment reports showing calendar-year, net of fee and total plan returns, going back 15 years.
03-27-26	K. Simpson, Gain	Records of LACERA's private capital fund commitments quarterly from 2016 to the latest quarter available for Private Equity, Venture Capital, Real Estate, Infrastructure and Private Credit.
03-29-26	R. Renko, Individual	Copies of all disclosable records related to any executive or closed session discussions, or decisions, pertaining to my case, specifically 2018, with regards to Chair Kehoe and Legal Counsel Allison Barrett, Francis Boyd, and Vincent Lim.
04-01-26	E. Raasch, American Transparency	Electronic document which lists any and all retired employees (members) of LACERA and survivors which were paid a monthly pension annuity (payment) in fiscal or calendar year 2025.
04-02-26	R. Renko, Individual	Copy of December 6, 2023, and the title "Confidentiality-Control Policy" or "REVISED Summary of Evidence Procedures."
03-18-26	R. Renko, Individual	BLANK copies of the Deputies', Attorneys' application packet; with the dates of when the submission to obtain personnel files were implemented into the medical retirement application process.

# Thank *You.*

---

Chief Executive Officer's Report | May 2026

*Los Angeles County Employees Retirement Association*

*Questions and discussion*



April 22, 2026

TO: Each Trustee –  
Board of Retirement  
Board of Investments

FROM: Nicole Mi, Chair  
Joint Organizational Governance Committee

FOR: May 6, 2026 – Board of Retirement  
May 13, 2026 – Board of Investments

SUBJECT: **JOGC Recommendation – Approval of Option 4 (Gateway Plaza)**

### **RECOMMENDATION**

The Joint Organizational Governance Committee (JOGC) recommends to the Board of Retirement and the Board of Investments the following action:

Approve Option 4 as the preferred approach for the future financial reporting and legal structuring of LACERA's headquarters building, Gateway Plaza (Property), and the title holding company, LACERA Gateway Property, Inc. (THC), in which the Property is currently held, such that the Property is reclassified from an investment asset to a capital asset, and in a subsequent year, the THC is dissolved and the asset is transferred to LACERA.

### **PURPOSE**

This item is presented for Board action following review by the JOGC, to align the financial reporting classification of Gateway Plaza with its administrative use, while maintaining a thoughtful and controlled transition in accounting, operations, and legal structuring.

The information attached, including the staff memorandum, Crowe LLP reports, and privileged legal analysis, the result of a six-month long project to provide detailed analysis on operational, legal, and cost implications regarding the financial reporting treatment of the Gateway Plaza and the THC. Staff have summarized the reporting options evaluated by Crowe's Public Sector Consulting Group (Crowe) and are requesting the approval of Option 4.

### **EXECUTIVE SUMMARY**

At its April 20, 2026 meeting, the JOGC reviewed alternatives for the long-term governance and reporting structure of the Gateway Plaza building. After evaluating fiduciary obligations under the California Constitution and CERL, applicable GASB guidance, administrative expense considerations, as well as audit and operational impacts, the JOGC determined that Option 4 provides the most appropriate and thoughtful path forward.

Since the purchase of the THC and LACERA's headquarters, LACERA's administrative use has increased over time. LACERA currently occupies about 50.6% of the rentable space, and renovations are underway for a new first-floor boardroom to improve accessibility and accommodate meeting attendance.

This increased administrative use is not aligned with the building's current investment classification and raises financial reporting questions under GASB guidance. It also relates to prior Board of Investment direction (2021 and 2025 Real Estate Structure Reviews) to reduce separate account real estate holdings where appropriate.

An internal working group (Executive, Investments, Financial & Accounting Services, Legal, and Administrative Services, in consultation with fiduciary and tax counsel) engaged Crowe to assess the accounting, reporting, tax, legal, audit, and operational implications of reclassifying Gateway Plaza as an administrative (capital) asset and to identify viable paths forward.

Based on Crowe's analysis in Attachment II, staff recommended Option 4 to the JOGC which:

1. Transition the THC from FASB to GASB reporting, allow the THC to reclassify Gateway Plaza from an investment to a capital asset, and treat the THC as a blended component unit effective July 1, 2026, on LACERA's financials while the THC remains in place.
2. In a subsequent year, dissolve the THC and transfer ownership to LACERA. Beginning July 1, 2026, transition THC administration of the Property from the Investment Division to the Administrative Services Division.

This item follows prior Executive Session discussions with the Board of Investments (October 8, 2025) and the Board of Retirement (November 5, 2025).

## **BACKGROUND**

Gateway Plaza is held in LACERA's wholly owned THC, and was purchased in 1990. LACERA now occupies about 50.6% of the building, with the remainder leased to third-party tenants; for the fiscal year ended June 30, 2025, the THC generated approximately \$9 million in net investment income. Because Gateway Plaza administrative use has increased, LACERA evaluated whether its classification and reporting should change; Crowe was engaged to review viable financial reporting and structural alternatives for the Boards' consideration.

Each option presents different implications related to financial reporting complexity, audit risk, administrative expense impacts under CERL's 21-basis-point limitation, legal considerations, and operational burden as detailed in the attached report.

## **LEGAL AUTHORITY**

A privileged legal analysis is attached. The analysis concludes that a specific choice among the options presented is not legally mandated. The JOGC and the Boards may, after deliberation and consideration of all the information provided in this memo and its

attachments and the input of LACERA's staff and consultants, and weighing the advantages and risks of each option, prudently exercise their fiduciary duty to recommend and then approve an option from among those set forth in the analysis, including Option 4. The JOGC conducted such a deliberation before making its recommendation.

## **DISCUSSION**

The analysis provided by Crowe demonstrates that LACERA is proceeding with a solution that provides the same level of compliance with GASB standards, consistency with CERL fiduciary duties, and transparency for financial reporting.

The JOGC's recommendation is based on the following considerations:

- **Fiduciary Alignment:** Option 4 is consistent with the Boards' exclusive benefit obligations and fiduciary oversight responsibilities.
- **Accounting and Reporting Clarity:** Provides a clearer long-term reporting framework aligned with applicable GASB guidance.
- **Governance Simplicity:** Reduces structural complexity associated with maintaining a separate legal entity.
- **Administrative Cost Transparency:** Allows clearer identification and monitoring of administrative and operating costs.
- **Operational Practicality:** Supports continued use of the building as LACERA's administrative headquarters with appropriate controls.

Based on this review, the JOGC concluded that Option 4 best balances fiduciary, financial, operational, and compliance considerations. This approach is consistent with prior Board direction regarding thoughtful reduction of separate account real estate assets where appropriate while maintaining fiscal discipline and minimizing financial reporting and legal risks.

## **NEXT STEPS**

Upon Board approval, staff will proceed with implementation and execute the necessary changes to administration of the building, accounting and reporting, and legal structure.

Attachments:

- A. Staff Memo (including Attachments below) dated April 9, 2026 for the April 20, 2026 JOGC meeting
  - I. Crowe, LLP's Slide Deck
  - II. Crowe, LLP's Final Analysis with recommended Options
  - III. Crowe, LLP's January Preliminary Analysis
  - IV. CLA Letter
  - V. LACERA's Legal Analysis (Privileged and Confidential – Not for Public Distribution)

**REVIEWED AND APPROVED:**

  
\_\_\_\_\_  
Luis A. Lugo  
Chief Executive Officer

04/28/2026  
Date

LAL:TG, JT

c: JJ Popowich

Jonathan Grabel

Steven P. Rice

April 9, 2026

TO: Trustees – Joint Organizational Governance Committee

FROM: Luis A. Lugo *LL*  
Chief Executive Officer

Ted Granger *TG*  
Chief Financial Officer

FOR: April 20, 2026 – JOGC Meeting

SUBJECT: **Gateway Plaza – Reclassification from Investment to Capital Asset:  
Options and Related Financial Reporting Analysis**

### **RECOMMENDATION**

Staff recommend that the Joint Organizational Governance Committee (JOGC):

- (1) Review and recommend that the Board of Retirement and Board of Investments approve Option 4 as the preferred approach for the future financial reporting and legal structuring of the LACERA's headquarters building, Gateway Plaza (Property), and the title holding company, LACERA Gateway Property, Inc. (THC), in which the Property is currently held such that the Property is reclassified from an investment asset to a capital asset.

### **PURPOSE**

Presented for JOGC consideration are the results of a comprehensive evaluation performed by Crowe LLP (Crowe) in coordination with the internal working group, to evaluate financial reporting and legal structure options related to the LACERA headquarters, Gateway Plaza, and the wholly-owned THC, LACERA Gateway Property, Inc., that currently owns the building. Crowe is a public accounting and consulting firm engaged to provide assistance in evaluating the accounting and financial reporting options available with respect to the characterization of the Property as a capital asset. Crowe was selected due to the firm's experience in performing the financial statement audit of another large Californian public pension system with similar reporting for capital assets, and Crowe is a member of the audit pool approved by the Audit Compliance Risk and Ethics Committee.

Crowe's report, following this memorandum, is the result of a six-month long project to provide detailed analysis on accounting, operational, legal, and cost implications regarding the financial reporting treatment of the Gateway Plaza and the THC. Staff have summarized the reporting options evaluated by Crowe and are requesting the Joint Organizational Governance Committee (JOGC) to recommend Option 4.

## **EXECUTIVE SUMMARY**

LACERA's internal space needs have grown, due to the increase in workforce and retiree population in response to Los Angeles County's growth over the last 30 years, and the cost of customizing space for business administration purposes. This growth has led to rising tension between managing the THC, and its asset, Gateway Plaza, as investments of the pension fund versus the Property's use and operation as an administrative asset. LACERA recently executed a new lease in January 2026 that increased LACERA's occupancy to approximately 50.6% of rentable square footage consisting of office and storage space. Additionally, renovation is underway on the first floor for the new boardroom to increase accessibility and to accommodate the meeting attendees, both public and LACERA staff.

Continuing to hold individually owned real estate investment assets, including Gateway Plaza, does not align with the direction set by the 2021 and 2025 Real Estate Structure Reviews, and approved by the Board of Investments, which established a policy preference to reduce separate account real estate holdings in favor of real estate commingled fund investments, where appropriate.

To support an informed governance decision, an internal working group (composed of Executive, Investments, Financial & Accounting Services, Legal, and Administrative Services, in consultation with fiduciary and tax counsel) initiated a formal analysis and engaged Crowe to evaluate accounting, reporting, tax, legal, audit, and other implications associated with reclassifying Gateway Plaza from an investment to an administrative asset, and to identify viable paths forward for LACERA's JOGC and Boards' consideration.

By this memo, staff recommends Crowe's Option 4, which calls for the THC to be treated, under Governmental Accounting Standards Board (GASB) standards as a blended component unit of the Pension Fund for financial reporting purposes effective July 1, 2026, with the Property reported as a capital asset on LACERA's financial statements, and for the THC to be dissolved in a future year such that LACERA will become the direct owner of the Property at that time. Administration of the THC and the Property will be transferred beginning July 1, 2026 from the Investment Division to administrative staff.

This presentation follows Executive Session discussion about these matters with the Board of Investments at its October 8, 2025 meeting and the Board of Retirement at its November 5, 2025 meeting.

## **BACKGROUND**

Gateway Plaza is held by a THC, that is wholly owned by LACERA and was purchased as an investment asset by the pension plan in 1990. As LACERA grew both in terms of assets and staff, LACERA's occupancy of the building increased from 28% to 50.6% and the property continues to function as LACERA's administrative headquarters with the remaining 49% serving as an incoming producing investment asset occupied by third-party tenants. For the fiscal year ended June 30, 2025, the THC provided net annual

investment income of approximately \$9 million after deducting the cost of maintaining the building of \$4 million from lease revenue of \$13 million.

Given this increase in LACERA's proportionate share of the building's occupancy, the current investment classification and accounting treatment of the building has become misaligned with actual use. This misalignment raised questions regarding the appropriate financial reporting framework for the THC under recent applicable GASB guidance (GASB 72 and 90), as detailed in Crowe's attached report. In considering the change in reporting framework for the THC, other potential impacts on audit complexity, compliance with CERL's administrative expense limitation, and long-term operational flexibility were also assessed in the options presented below.

Crowe conducted a formal review, consistent with the October/November 2025 Board discussions and strategic plan of reducing the separate account real estate holdings of LACERA, to evaluate viable financial reporting and structural alternatives for Gateway Plaza.

### **SUMMARY OF OPTIONS**

Staff and key stakeholders from the internal working group evaluated five potential options for reporting and structuring Gateway Plaza. These options range from LACERA's financial statement presentation changes based on materiality, to changes in the THC's reporting framework to be reported as a component unit of LACERA, to dissolution of the THC, and to the sale of Gateway Plaza. Each option presents trade-offs related to:

- Financial statement presentation and audit effort
- Timing and recognition of depreciation and other administrative costs
- Compliance with County Employees Retirement Law of 1937 (CERL's) 21 basis points administrative expense limitation
- Legal structure and risk exposure
- Implementation complexity and operational burden

The five potential options for reporting and structuring Gateway Plaza are summarized below by staff and detailed discussion of each option is provided in the attached analysis by Crowe. At a high level, the options are:

Option 1 – Reclassify the Asset Due to Immateriality for Financial Statement Reporting  
Reclassify Gateway Plaza from an investment to a capital asset in LACERA's financial statements based on plan-wide materiality, while retaining the existing THC structure.

Option 2 – Report the THC as a Blended Component Unit

Transition the THC from Financial Accounting Standards Board (FASB) to GASB reporting and blend the THC into LACERA's financial statements, with the building reported as a capital asset.

Option 3 – Dissolve the THC and Transfer the Asset to LACERA

Fully dissolve the THC and transfer Gateway Plaza directly to LACERA, recording the asset at its carrying value and recognizing associated depreciation and administrative costs.

Option 4 – Report the THC as a Blended Component Unit, with Planned Dissolution in a Future Year

This Option includes a combination of both Options 2 and 3 above. Transition the THC to GASB reporting and treat it as a blended component unit in the near term, allowing capital asset reporting and depreciation to occur within the THC structure. In year 2, the THC would be dissolved and the asset transferred to LACERA.

Option 5 – Sell Gateway Plaza and Lease Comparable Space

Sell the property, reinvest the proceeds in accordance with LACERA's investment strategy, and lease administrative space as a tenant.

Each option presents different implications related to financial reporting complexity, audit risk, administrative expense impacts under CERL's 21 basis-points limitation, legal considerations, and operational burden as detailed in the attached report. Reclassifying Gateway Plaza from an investment asset to a capital asset will result in a non-cash write-down of approximately \$30 million to the investment book of record, reflecting a reduction from the reported fair value to the accounting value of the asset. This write-down will impact investment performance by an estimated 8 basis points and has a de minimus effect on the Plan's funded status. Overall, this accounting change does not affect the Fund's cash flows, liquidity, or ability to meet benefit obligations.

**LEGAL AUTHORITY**

A privileged legal analysis is attached. The analysis concludes that a specific choice among the options presented is not legally mandated. The JOGC and the Boards may, after deliberation and consideration of all the information provided in this memo and its attachments and the input of LACERA's staff and consultants, and weighing the advantages and risks of each option, prudently exercise their fiduciary duty to recommend and then approve an option from among those set forth above, including Option 4.

**CONCLUSION**

The internal working group and LACERA's external auditor, CliftonLarsonAllen, LLP (CLA) has evaluated multiple reporting alternatives for Gateway Plaza presented by Crowe and has selected the most technically sound, legally defensible, and operationally aligned solution for LACERA. The analysis provided by Crowe demonstrates that LACERA is proceeding with a solution that provides the same level of compliance with GASB standards, consistency with CERL fiduciary duties, and transparency for financial reporting. Proceeding with this solution supports clear, compliant reporting; aligns with longstanding fiduciary obligations; and reflects how LACERA currently uses its headquarters.

Staff Recommendation and Rationale

After evaluating the accounting guidance, audit implications, administrative cost impacts, and implementation risks, staff recommend Option 4 as the most balanced and prudent approach to explore reporting changes that will align with LACERA’s operations and investment objectives.

Option 4 provides a phased transition that:

- Aligns financial reporting with Gateway Plaza’s growing administrative use
- Allows the necessary accounting transition to occur in a controlled manner
- Limits near term impacts on LACERA’s administrative expense limitation (21 basis-points) by initially retaining changes in reporting within the THC structure; and
- Preserves flexibility to dissolve the THC and transfer the asset directly to LACERA in year 2, once the reporting transition has stabilized.

This approach is consistent with prior Board direction regarding thoughtful reduction of separate account real estate assets where appropriate while maintaining fiscal discipline and minimizing financial reporting and legal risks.

**NEXT STEPS**

If the recommended option is endorsed by the JOGC, staff will prepare and present Option 4 to both the Board of Retirement and the Board of Investments for their independent consideration and approval.

Attachments:

- I. Crowe, LLP’s Slide Deck
- II. Crowe, LLP’s Final Analysis with recommended Options
- III. Crowe, LLP’s January Preliminary Analysis
- IV. CLA Letter – LACERA Gateway Plaza
- V. LACERA’s Legal Analysis (Privileged and Confidential – Not for Public Distribution)

**REVIEWED AND APPROVED:**

  
\_\_\_\_\_  
Luis A. Lugo  
Chief Executive Officer

04/12/2026  
\_\_\_\_\_  
Date

- c: Board of Retirement and Board of Investments, LACERA
- |                 |                    |                 |
|-----------------|--------------------|-----------------|
| Jonathan Grabel | Jude Perez         | Steven P. Rice  |
| JJ Popowich     | Bonnie Nolley      | Terri Herubin   |
| Judy Tran       | Christine Roseland | Ricki Contreras |

Re: Gateway Plaza – Reclassification from Investment to Capital Asset: Options and  
Related Financial Reporting Analysis

April 9, 2026

Page **6** of **6**

Leisha Collins

Ashley K. Dunning, Nossaman, Fiduciary Counsel

Jenni Krengel, Buchalter, LLP, Tax Counsel



# LACERA Gateway Plaza Reporting Options



April 20, 2026

Smart decisions. Lasting value.™

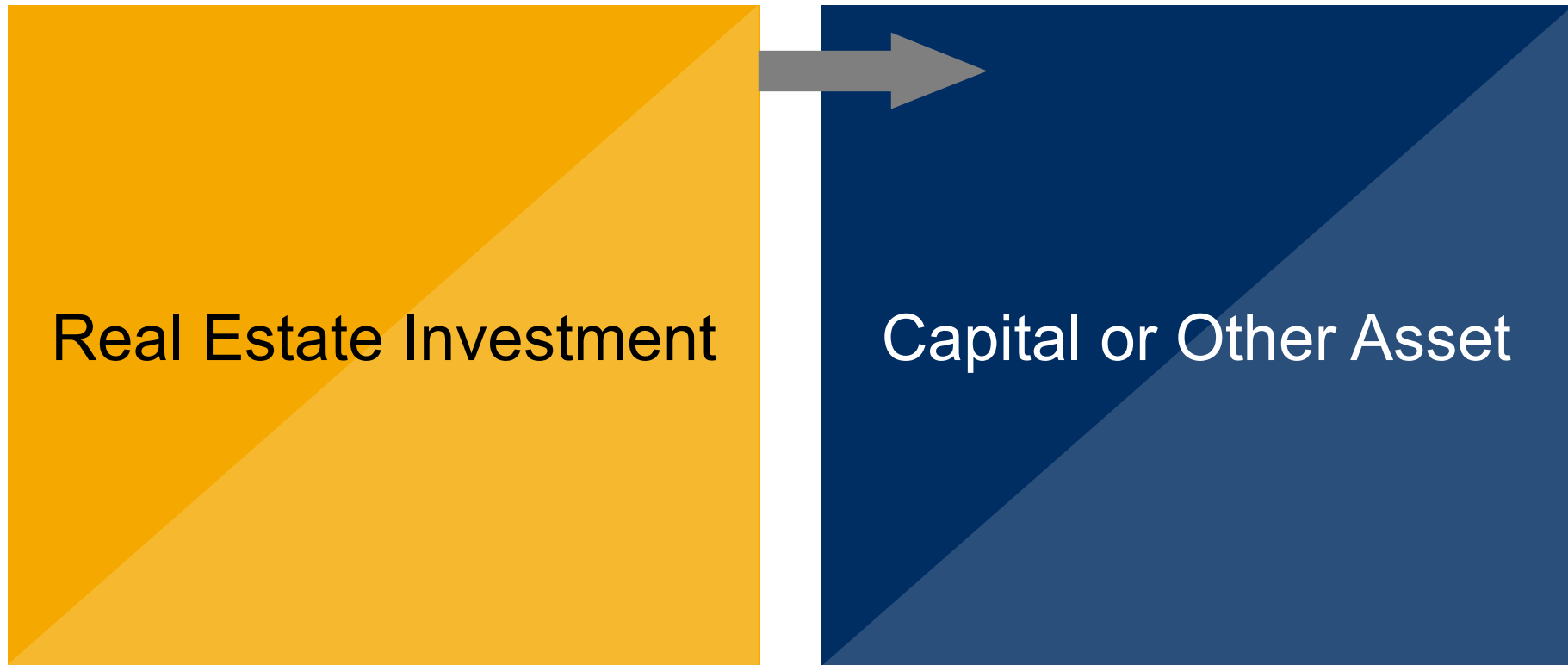


# Background on Gateway Plaza

- Gateway Plaza was purchased in 1990 for approximately \$66.8M.
- Valuation of the property has fluctuated over time – 2025 valuation totaled \$77.9 million.
- The property has been held and operated as an investment asset, through a wholly-owned Title Holding Company consistent with LACERA's legacy real estate strategy and for liability protection.
- LACERA's occupancy of the building has increased over time, with occupancy of 50.6% in 2026.
- The remaining 49% of the property is leased to other tenants, representing an income stream for LACERA.
- The THC is a California corporation. The THC's Board of Directors consists of a LACERA executive, elected by the sole shareholder, with officers appointed from LACERA staff. The THC holds annual meetings, makes required state filings, and respects other corporate formalities..



# Analysis – Are there reporting options?



# Methodology

- Crowe worked with LACERA to develop an understanding of how the Gateway Plaza is currently being reported by LACERA, including the structure of the Gateway Plaza THC.
- Through review of published annual financial statements, Crowe developed an understanding of how other retirement systems, including California systems, are reporting their system headquarters properties.
- Crowe reviewed current authoritative guidance (such as Government Accounting Standards Board (GASB) Pronouncements) and held conversations with GASB to determine reporting options.
- LACERA's legal team and outside fiduciary and tax counsel analyzed and provided perspective on various legal aspects of changing the THC structure.
- LACERA executives and Crowe have collaborated on reporting options with a goal of understanding impact to financial reporting, operations, and legal exposure.



# Key Takeaways

- **Other Systems**

Most CERL systems (five out of eight) reported leasing their headquarters. Many non-CERL systems are reporting their owned headquarters as a capital asset. Few are reporting as an investment.

- **GASB 72**

GASB 72 is clear that once reported as an investment or capital asset, the classification should not be changed.

- **Materiality**

To be calculated by LACERA, including both qualitative and quantitative factors. Range of 2-5% of assets. 2% as of June 30, 2025 would be \$1.7B. As confirmed with the LACERA auditors, the Gateway Plaza is immaterial to LACERA's financial reporting.

- **Legal Protections**

LACERA's legal team concluded the THC provides an element of legal protection to LACERA. If the THC were to dissolve, LACERA should evaluate the need for additional insurance coverage for losses. Both THC and LACERA should have statutory immunity from property-based claims.



# Accounting – Gateway Plaza THC

- **Current Financial Reporting:**

- The Gateway Plaza THC currently presents their financial statements aligned with Financial Accounting Standards Board (FASB) framework.
  - The Gateway Plaza property is reported as an investment at fair value in the THC financial statements.
  - The net income of the THC flows through to the LACERA financial statements as investment income.

- **Authoritative Guidance on THC Reporting Framework:**

- The AICPA State and Local Government Audit Guide provides context for when entities should report under a Government Accounting Standards Board (GASB) framework.
- One of the criterion outlined by the AICPA is “The potential for unilateral dissolution by a government with the net assets reverting to a government.” In this case, the net assets of the THC would revert to LACERA (a government) upon dissolution and the criterion is met.

- **Avenue for Changing the Asset for Financial Reporting:**

- Since the THC should be reporting under a GASB framework, it provides an opportunity to reclassify the Gateway Plaza property from an investment to a capital asset through implementation of GASB 72, an option that would not otherwise be available.
- The THC would report an error correction in their financial statements upon implementation of the change. The error correction would essentially represent the difference between the fair value of the investment property (today) and the depreciated value of the capital asset property (future).

# Accounting – LACERA

- **Current Financial Reporting:**

- LACERA currently reports the Gateway Plaza THC as an investment in the LACERA financial statements aligned with the majority equity interest provisions of GASB 90.
  - LACERA reports the Gateway Plaza THC as a real estate investment asset.
  - The net income of the THC flows through to the LACERA financial statements as investment income.

- **Authoritative Guidance for LACERA’s Reporting of the Gateway Plaza THC:**

- GASB 90, issued in 2018 and effective for fiscal year 2020, clarified scenarios where governments have 100% ownership of separate organizations that are not being held as investments. The Gateway Plaza is being used by LACERA and would not be considered solely an investment property.
- GASB 90 goes on to explain these ownership situations should be evaluated for blended component unit reporting. The Gateway Plaza THC meets the blended component unit criteria outlined in GASB.
  - Note: Other THCs held solely for investment purposes do not apply.

- **Impact to LACERA’s Financial Statements:**

- **THC Remains Intact:** The impact to LACERA’s financial statements would be driven by the financial reporting change in the THC. If the THC changes their financial reporting to GASB and classifies the Gateway Plaza property as a capital asset, LACERA would report the same through the component unit blending exercise.
- **THC Dissolves:** LACERA would report a transfer in of assets from the dissolved THC which would trigger an opportunity for LACERA to classify the Gateway Plaza property as a capital asset.
- Both options present different impact on LACERA’s administrative expense which will be discussed.

# Options

1

## Reclassify Asset – Immaterial

- GASB need not be applied to immaterial items.
- Auditor involvement to align with materiality considerations.

2

## Report THC as Blended Component Unit

- The THC would change to reporting under GASB framework.
- LACERA would blend the THC into financial reporting.
- THC and LACERA would report a capital asset.

3

## Dissolve THC

- Dissolution of THC would result in asset reverting to LACERA.
- THC would report a transfer out of assets.
- LACERA would report a transfer in of assets.
- Upon dissolution, LACERA could report the asset as a capital asset under GASB 72.

4

## Year 1 – THC Component Unit Year 2 – Dissolve THC

- In year 1, the THC would change to reporting under GASB framework and LACERA would blend the THC into LACERA financial reporting.
- In year 2, the THC would dissolve and transfer all assets to LACERA.
- The THC structure absorbs the financial reporting change limits impact on LACERA admin expense.

5











## Sell Gateway Plaza

- The THC would market and sell the Gateway Plaza.
- Upon receipt of sale proceeds, the THC would dissolve and transfer assets to LACERA.
- LACERA would invest the sale proceeds in other investment vehicles.
- LACERA would lease office space, which may require relocation.











# Impact Overview

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
Financial Statements – LACERA	<p> Low</p> <p>A simple reclassification in the LACERA financials would be low effort.</p>	<p> High</p> <p>LACERA would blend the THC to their financial statements resulting in multiple adjustments to the LACERA financial statements.</p>	<p> High</p> <p>LACERA would record a transfer of assets from the THC upon dissolution of the THC. LACERA would also reclassify the Gateway Plaza asset. This would require multiple adjustments to the LACERA financial statements.</p>	<p> High</p> <p>In year 1, LACERA would have multiple financial statement adjustments to blend the THC into the LACERA financial statements. Effort would continue in year 2 to record the transfer of assets upon dissolution of the THC.</p>	<p> Low</p> <p>The reallocation of cash proceeds from the sale to other investments within the portfolio has limited impact on LACERA financial reporting activities.</p>
Financial Statements – Gateway Plaza THC	<p> Low</p> <p>There would be no change to the THC financial statements.</p>	<p> High</p> <p>The THC would change their financial reporting from FASB to GASB reporting framework resulting in multiple adjustments to the THC financial statements.</p>	<p> Moderate</p> <p>The THC would record a transfer of assets to LACERA upon dissolution of the THC.</p>	<p> High</p> <p>The THC would have significant reporting changes covering two years. In year 1, to change from FASB to GASB reporting structure. In year 2, to record a transfer of assets to LACERA upon dissolution of the THC.</p>	<p> Low</p> <p>Upon sale of the property, the THC would record a transfer of assets to LACERA and dissolve the THC.</p>











# Impact Overview

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
External Audit – LACERA	<p> Moderate</p> <p>The audit will have ongoing materiality considerations resulting from the immaterial reclassification. If the fair value of the Gateway Plaza increases significantly over time, it could warrant a passed audit adjustment which would be noted but not impact the overall audit opinion.</p>	<p> Moderate</p> <p>The auditors will review the blending of the component unit to the LACERA financials.</p>	<p> High</p> <p>The auditors will review the transfer of assets from the THC and perform procedures over LACERA's change to capital assets reporting for the Gateway Plaza.</p>	<p> Moderate</p> <p>The auditors will review the blending of the component unit to the LACERA financials. The transfer of assets upon THC dissolution in year 2 likely would not warrant substantial audit procedures.</p>	<p> Low</p> <p>There would be little impact to LACERA's external audit. The sale of the property may be tested within the investment procedures performed by the auditors.</p>
External Audit – Gateway Plaza THC	<p> Low</p> <p>There would be no impact to the THC audit.</p>	<p> High</p> <p>The THC would need to select a new auditor and there would likely be significant audit procedures performed in the initial year of change to the THC financial statements.</p>	<p> Low</p> <p>Once the THC is dissolved, there would be no annual audit of the THC.</p>	<p> Moderate</p> <p>In year 1, the THC would need to select a new auditor and there would likely be significant procedures performed over the change in THC reporting. Upon dissolution of the THC, there would be no annual audit necessary.</p>	<p> Low</p> <p>Once the property is sold and the THC is dissolved, there would be no annual audit of the THC.</p>

# Impact Overview

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
Operations	 Moderate  Internal operational structure for THC may require refinement to move operational aspects out of investments team to LACERA administrative operations.	 High  Internal operational structure for THC may require refinement to move operational aspects out of investments team to LACERA administrative operations	 High  Internal operational structure for THC would no longer be required by LACERA since THC will no longer exist.	 High  With the goal of this option being eventual dissolution of the THC, the internal operational structure for the THC would no longer be required by LACERA.	 High  Internal operational structure changes may be necessary as LACERA would move from building ownership to property lease activities.
CERL 21 Basis Point Compliance	 Low  There would be no change to the administrative costs factored into LACERA's CERL 21 basis points compliance calculation.	 Low  There would be no change to the administrative costs factored into LACERA's CERL 21 basis points compliance calculation.	 High  Dissolution of the THC would result in LACERA taking over the annual THC expenses which would be factored into LACERA's administrative expense budget (CERL 21 basis points). Additionally, LACERA may need to absorb a large error correction (\$30M+) in a single year.	 Low  This option limits impact on CERL 21 basis points compliance as the financial reporting change (moving the Gateway Plaza from an Investment to a Capital Asset) occurs within the THC structure.	 Low  There would be minimal impact to administrative costs factored into CERL 21 basis points compliance. The lease payment LACERA makes to the THC today would approximate the lease payment LACERA would continue to make in order to lease property.

# Impact Overview

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
Legal Risk	<p> Low</p> <p>There would be no change to the legal structure of the THC.</p>	<p> Low</p> <p>There would be no change to the legal structure of the THC.</p>	<p> Moderate</p> <p>The THC legal structure would dissolve. LACERA would need to mitigate any legal exposure perhaps through insurance coverage.</p>	<p> Moderate</p> <p>The THC legal structure would ultimately dissolve. LACERA would need to mitigate any legal exposure perhaps through insurance coverage.</p>	<p> Low</p> <p>LACERA would no longer be owner of the Gateway Plaza property.</p>
Implementation Complexity	<p> Moderate</p> <p>There would be required ongoing monitoring for audit materiality concerns and additional reporting/audit requirements with higher asset valuation.</p>	<p> High</p> <p>Going through the first-year audit for the THC would require additional efforts. Effort required to adjust LACERA's reporting of a component unit is minimal, with updates being made to various LACERA financial statement accounts to blend the THC reporting to LACERA's reporting.</p>	<p> High</p> <p>Dissolution of the THC would require operational changes including short-term impact of managing the dissolution. Long-term, LACERA will absorb the administrative components of managing the building.</p>	<p> High</p> <p>Dissolution of the THC would require operational changes including short-term impact of managing the dissolution. Long-term, LACERA will absorb the administrative components of managing the building.</p>	<p> High</p> <p>Selling the Gateway Plaza would have short-term impact of managing the sale of the building. Additionally, if LACERA were to lease space in a different building, there would be effort associated with relocation. Long-term, managing a lease is less complex.</p>

# Overview of Financial Impact

- **Option 1: Reclassify Asset – Immaterial**
  - LACERA Assets: Decrease due to change from investment to depreciated asset
  - LACERA Administrative Expense: No change
- **Option 2: Report the THC as a Component Unit**
  - LACERA Assets: Decrease due to change from investment to depreciated asset
  - LACERA Administrative Expense: No change due to error correction occurring within the THC.
- **Option 3: Dissolve the THC**
  - LACERA Assets: Decrease due to change from investment to depreciated asset
  - LACERA Administrative Expense: Will be impacted by error correction and absorption of THC expenses
- **Option 4: Y1 – THC Component Unit / Y2 – Dissolve THC**
  - LACERA Assets: Decrease due to change from investment to depreciated asset
  - LACERA Administrative Expense: No change for year 1 due to error correction occurring within the THC. In year 2, variability in administrative expenses for LACERA's operation of building.
- **Option 5: Y1 – Sell Gateway Plaza**
  - LACERA Assets: No change (or relatively consistent depending on sale price)
  - LACERA Administrative Expense: No change (or relatively consistent if space can be leased for a similar cost to what LACERA is paying the THC today.



# Management Recommendation

## Option 4:

- Year 1: Report Gateway Plaza Inc. as a component unit of LACERA.
  - Year 2: Dissolve Gateway Plaza Inc. and transfer assets to LACERA.
- 
- **Benefits:**
    - Aligns with investment strategy – Gateway Plaza will be reported as a capital asset instead of real estate investment.
    - Consistency of administrative expenses – Reduces impact to LACERA administrative expenses due to the change in year 1 being reported through the THC structure.
- 
- **Challenges:**
    - Liability protections – Dissolving the legal form of the THC exposes trust assets to residual risk above statutory immunity and insurance coverage.
    - New THC auditor – LACERA will need to select a new auditor to audit the THC under GASB framework.
    - Accounting complexity – Will impact the financial reporting team over a two-year period.
- 
- **Implementation Timeline:**
    - If approved, year 1 implementation effective July 1, 2026. Would require additional planning efforts to commence by May 2026.



# Questions



# Thank you.



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## Background

### Background on Gateway Plaza

Gateway Plaza, located in Pasadena, California, serves as the headquarters for the Los Angeles County Employees Retirement Association (LACERA). The property was purchased in April 1990 for approximately \$66.88 million, including related fees, improvement reserve, and closing costs, through LACERA Gateway Property, Inc., a title-holding company (THC) established to manage the asset as an investment under LACERA's real estate investment program. The building comprises about 274,000 square feet of rentable office space across 13 floors, along with 14,000 square feet of storage and an attached 10-level parking structure. Originally managed by Heitman Financial, LACERA assumed direct management in 1998, gradually expanding its occupancy from 28% in 1991 to 50.6% in early 2026.

### Historical and Structural Context

Gateway Plaza's THC structure was designed to mitigate liability and streamline operations by isolating real estate risks at the entity level. LACERA created many similar legal structures primarily for the purpose of holding wholly-owned real estate assets as part of LACERA's investment portfolio. The THC is a corporation wholly-owned by LACERA and organized under Internal Revenue Code Section 501(c)(25) to hold and operate real property on behalf of governmental retirement systems. It is a legally separate and tax-exempt entity and mainly functions as a special purpose investment vehicle within LACERA's real estate investment program. In accordance with GASB Statement No. 90, *Majority Equity Interests — an amendment of GASB 14 and GASB 61* (GASB 90), paragraph 6, and GASB Statement No. 72, *Fair Value Measurement and Application* (GASB 72), paragraph 64, LACERA currently reports its 100-percent ownership interest in the corporation at fair value within the fiduciary fund (LACERA's financial statements), rather than as a blended or discretely presented component unit. The reported amount represents the fair value of the THC, which, because the entity's only significant asset is Gateway Plaza, effectively equals the property's appraised value net of the company's working-capital accounts. The THC holds a minimal amount of other assets. Gateway Plaza is its sole property and operating activity. As is discussed below, GASB 90, which was issued in 2018, required governmental entities to evaluate situations in which they hold a majority equity interest in other legal structures to determine proper reporting. At the time of implementing GASB 90, LACERA Management determined the impact to be immaterial to LACERA.

The THC is solely directed by LACERA's Chief Investment Officer, with other officers drawn from LACERA executive and legal teams. Over the years, the property has undergone capital improvements (about \$40 million in total), including lobby renovations, HVAC replacements, elevator upgrades, and substantial tenant improvements to suit LACERA's administrative needs. Despite these investments, the building's valuation has declined from a peak of \$126 million in 2022 to \$77.9 million in 2025. This was exacerbated by the COVID-19 pandemic and resulting prevalence of hybrid working models.

### Current Efforts and Next Steps

To explore reporting changes that will align with LACERA's operations and investment objectives, LACERA formed an internal working group with representatives from its Executive, Investments, Legal, Accounting, and Administrative Services divisions to evaluate reclassifying Gateway Plaza from an investment to an administrative or capital asset. Crowe LLP was selected to lead the accounting and financial analysis, including a review of Governmental Accounting Standards Board (GASB) guidance, audit and tax implications, and procedural steps for reclassification.

## Accounting Analysis

### Rationale for the Potential Accounting Change

As LACERA's internal occupancy and customization of the building grew, the distinction between Gateway Plaza as an investment property and as an operational headquarters became increasingly blurred. The dual purpose of the asset—serving both as a tenant investment and as a workspace—created accounting and fiduciary challenges. Moreover, LACERA's 2021 and 2025 Real Estate Structure Reviews established a policy preference for divesting from individually held real estate title holding companies in favor of commingled funds. Continuing to treat Gateway Plaza as an investment is inconsistent with this policy and with the asset's administrative usage profile.

### Guidance on Future Reporting by the THC

As described above, the THC is a corporation wholly-owned by LACERA and organized under Internal Revenue Code Section 501(c)(25) to hold and operate real property on behalf of governmental retirement systems. The THC has historically reported its financial statements in accordance with the financial reporting framework required by the Financial Accounting Standards Board (FASB).

The AICPA State and Local Government Audit Guide, Chapter 1, Section 1.01, states that governmental organizations are subject to generally accepted accounting principles (GAAP) for state and local governments if one of more of the following characteristics exist:

1. Popular election of officers or appointment (or approval) of a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
2. The potential for unilateral dissolution by a government with the net assets reverting to a government; or
3. The power to enact and enforce a tax levy.

Based upon the structure of the THC, criterion number 2 above applies, as dissolution of the THC would result in any net assets reverting to LACERA. Meeting this criterion would require the THC to report financial statements in accordance with the GASB financial reporting framework. A change in the reporting framework of the THC would likely result in restatement of the THC financial statements through an error correction.

If a change to the financial reporting framework of the THC is enacted, the THC would be required to adopt GASB 72, *Fair Value Measurement and Application*, thus enacting a requirement to determine whether the Gateway Plaza asset should be reported as a capital asset or as an investment.

### Guidance on Future Reporting by LACERA

GASB 90, paragraphs 5 and 6, provides that if the majority equity interest is held solely for investment purposes, it should be measured at fair value and reported as an investment under GASB 72.

LACERA owns 100 percent of LACERA Gateway Property, Inc., which exists to hold and operate Gateway Plaza within LACERA's real-estate investment portfolio. As noted in the previous section, a portion of the Gateway Plaza is being occupied by LACERA and should be treated as a capital asset under a GASB reporting model, as it would not be held solely for investment purposes. Use of the balance of the building is driven in large part by LACERA's administrative interests, such as the recently approved conversion of remaining space on the ground floor into a board room. Under GASB 72, LACERA classified the THC as an investment, a decision made by the Board of Investments in 1990, which locked in the classification at acquisition and later changes in use will not change the original classification. The proposed change in guidance and classification came about as a result of a review of the THC under GASB 90 that, if implemented, will allow for the THC to change its reporting framework from FASB to GASB. Thus, creating an opportunity to reclassify the asset under GASB 72 as a capital asset.

Because the ownership interest is 100 percent, rather than a majority, the provisions of GASB 90, paragraph 9, should be considered for reporting the THC in the LACERA financial statements. Paragraph 9 states that governments acquiring a 100% equity interest in a legally separate entity such as the THC should report the entity as a component unit on LACERA's financial statements.

It is important to recognize LACERA currently maintains several additional THC's to hold real estate investment properties. As these THC's are holding properties that are only for investment purposes (i.e. LACERA does not occupy/use any of the real estate), reporting of these properties as investments will not change.

### **Guidance on Potential Capital Asset Valuation**

Based upon the guidance described above, if the THC were to report a capital asset under GASB framework, the THC would need to determine a carrying value for the capital asset. Reflecting on historical activity impacting the cost of the asset as well as the useful life of the asset will be necessary in order to determine the carrying value.

### **Guidance on Dissolution of THC and Transfer of Asset to LACERA**

Should LACERA ultimately decide to dissolve the THC, a transfer of the capital asset from THC into the LACERA financial statements would be required. LACERA would apply the provisions of GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which provides authoritative guidance for transfers of assets within the same financial-reporting entity.

Paragraph 15 specifies that when a capital asset is transferred between related funds, departments, or component units of a single reporting entity, the transfer is reported by the transferring entity as a transfer (rather than a sale) and by the receiving entity at the carrying amount of the asset as reported by the transferring entity at the time of the transfer.

## Reporting Options

As described in the attached January Preliminary Analysis prepared by Crowe, four options for reporting the Gateway Plaza were initially identified. LACERA Management reviewed the options and collaborated through a series of discussions with relevant parties including their external auditor, CliftonLarsonAllen, LLP. LACERA Management ultimately determined five viable options for reporting, as described below.

### Option 1 – Reclassify the Asset due to Immateriality for Financial Statement Reporting

Although GASB 72, paragraph 68, indicates that asset classification is determined at acquisition and ordinarily retained, GASB's conceptual framework recognizes that materiality governs the application of all financial-reporting requirements. Because Gateway Plaza's fair value of approximately \$77.9 million represents less than 0.1 percent of LACERA's total plan assets of \$85 billion, any difference between investment accounting at fair value and capital-asset accounting at cost less depreciation would likely be considered immaterial to LACERA's consolidated financial statements.

Under this approach, LACERA would reclassify its equity interest in the THC from "Investments – Real Estate" to "Capital Assets – Buildings and Improvements." The fair value of the property on the reclassification date would establish the new cost basis for capitalization and depreciation would begin prospectively over the building's remaining useful life. The THC could continue to hold legal title and maintain its own books, but LACERA would treat the building as an administrative capital asset for administrative operations because its primary function is to support LACERA's internal operations rather than to generate investment income. This option would result in no change to the THC's current financial reporting.

This change would likely be immaterial in the context of total plan assets and therefore would not require restatement of prior financial statements. LACERA should prepare a materiality assessment, both quantitative and qualitative, and obtain auditor concurrence that the reclassification does not materially affect the plan's financial position or results of operations. The change would be accounted for prospectively, with no note disclosure required since the change would be considered immaterial.

Because this approach relies on materiality, implementation would focus on documenting Management's judgment and auditor concurrence, updating financial-statement presentation, and disclosing the rationale for reclassification. No legal transaction or new fund structure would be required, but LACERA would begin recognizing depreciation of the capital asset.

### Option 2 – Report THC as a Blended Component Unit

Based upon the analysis above, the THC meets the criteria outlined in the AICPA State and Local Government Audit Guide for reporting their financial statements in accordance with the GASB financial reporting framework. The THC could revise their financial reporting in line with GASB requirements and thus, would apply the provisions of GASB 72 and report the Gateway Plaza asset as a capital asset, either wholly or bifurcated, in the THC financial statements. This change in reporting would likely flow through an error correction reported in the THC financial statements. This error correction would represent the difference between the current fair value of the investment vs. the depreciated value of the capital asset upon the change in reporting.

Subsequent to the THC revising their financial reporting, LACERA could consider reporting the THC as a blended component unit in the LACERA financial statements. In doing so, LACERA would blend the THC financial reporting into LACERA's financial statements, with appropriate accounting eliminations. If determined to be immaterial, this would not require an error correction to the LACERA financial statements and would be reported prospectively.

### Option 3 – Dissolve the THC and Transfer Asset to LACERA

Dissolution of the THC would likely result in THC assets being transferred to LACERA. Should LACERA seek formal dissolution of the THC, the THC would report a transfer out of the Gateway Plaza building and

other assets (for example, cash). LACERA would apply the provisions of GASB 48 to report a transfer in of assets from the THC at the carrying value of the assets as reported by the THC. In doing so, LACERA would implement the provisions of GASB 72 in identifying how the Gateway Plaza building would be reported on the LACERA financial statements. LACERA could report the Gateway Plaza as a capital asset, either wholly or bifurcated, in the LACERA financial statements. If the Gateway Plaza were to be reported as a capital asset, the difference between the current fair value of the investment vs. the depreciated value of the capital asset would be considered an error correction but likely determined to be immaterial to the LACERA financial statements.

#### **Option 4 – Report the THC as a Blended Component Unit / Dissolve the THC and Transfer Asset to LACERA in Future Year**

In consideration of options 2 and 3, this option represents a combination of the two. An advantage to initially maintaining the separate legal structure of the THC includes the budgeting and incurrence of expenses in the THC legal structure and still treating the THC as a blended component unit and reflecting the building as a capital asset in LACERA's financial statements. In keeping this process within the THC structure, it limits the impact on the LACERA administrative expenses threshold. In changing the financial reporting of the Gateway Plaza building from an investment asset to a capital asset, the difference between the current fair value of the investment vs. the depreciated value of the capital asset will be an adjustment in the year of change. Keeping this adjustment within the THC structure may be preferable to limit impact on LACERA administrative expenses, while maintaining transparency of reporting. In a future year, LACERA could dissolve the THC and transfer the asset to LACERA, with limited impact to LACERA administrative expenses.

#### **Option 5 – Sell the Gateway Plaza and Lease Similar Space**

As was noted in the Crowe analysis, many other retirement systems lease administrative as an alternative to ownership. LACERA may consider selling the Gateway Plaza building and investing the proceeds in an investment vehicle aligned with the LACERA investment strategy. LACERA could enter into a lease agreement for similar space, perhaps even within the same space, and would incur administrative lease expense at a rate similar to what LACERA is paying to lease space from the THC today.

## Legal Analysis

Analysis provided by the LACERA legal division, the analysis concludes there is no legally mandated outcome between maintaining the existing THC ownership structure or dissolving it in favor of direct ownership by LACERA; rather, the decision is fundamentally a business judgment. Fiduciary duty requires that LACERA's Boards and Management be fully informed, deliberate the options and risks, and act prudently in the best interests of members and beneficiaries.

Operational and administrative implications represent a key differentiator between the options. Dissolving the THC introduces complexities related to property tax notifications and communication with tenants, while also eliminating ongoing corporate maintenance costs. Retaining the THC avoids disruption to existing leases and preserves continuity but maintains ongoing compliance obligations. If the building is treated as a capital asset, wholly or in part, LACERA's legal division has identified issues related to the transfer of responsibility that administrative staff must be prepared to address and manage on an ongoing basis.

## **Financial Statement Audit Impact**

### **Financial Statement Audit Materiality**

Audit materiality is a consideration of the maximum financial statement misstatement that would not reasonably influence financial statement users' decisions. Materiality is set using a benchmark (e.g., total assets, revenue, or net position) and adjusted for qualitative factors such as volatility, risks, and public interest.

If LACERA were to pursue any change in the financial-reporting treatment of Gateway Plaza through a presentation change based on materiality, auditors would focus on whether the accounting and disclosures comply with GASB 72 and GASB 34. Their review would include evaluation of the underlying transaction, evidence supporting fair-value measurement, and the completeness of journal entries and note disclosures. If the change were immaterial at the plan-wide level, the audit focus would be on Management's documentation of its materiality analysis.

### **Discussions with Financial Statement Auditors**

LACERA Management has held meetings with the current auditors of both the Gateway Plaza THC and LACERA.

KPM & Associates (KPM) audited the Gateway Plaza THC financial statements for the fiscal year ended June 30, 2025. LACERA Management discussed the potential change in financial reporting framework from FASB to GASB reporting with KPM. The representative from KPM explained that they do not currently perform GASB financial statement audits and would not be equipped to perform the audit of Gateway Plaza THC if the financial statements move to a GASB reporting framework. The Gateway Plaza THC would need to select a new audit firm to perform the financial statement audit.

For the fiscal year ended June 30, 2026, Clifton Larson Allen (CLA) will audit the financial statements of LACERA. LACERA Management discussed the impact of change on the LACERA financial statements with CLA. As is noted in the attached communication from CLA, the auditors are aligned with the options but noted LACERA Management should consider the ongoing materiality impact of moving forward with option 1.





















## Expense Impact to LACERA

The table below evaluates the five options and their related impact to the 21 basis-points administrative expense limitation as well as the overall impact to LACERA's net income.

	Today	Option 1 (Immaterial)		Option 2 (THC Component Unit)		Option 3 (Dissolve THC)		Option 4 (THC Component Unit) (Dissolve THC)		Option 5 (Building Sale)	
		Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
<b>Administrative Expenses (21 BPS Limitation)</b>											
Annual lease payment from LACERA to THC (estimated)	(6,400,000)	(6,400,000)	(6,400,000)	(6,400,000)	(6,400,000)	-	-	(6,400,000)	-	(6,400,000)	(6,400,000)
Future capital improvements to Gateway Plaza for LACERA space (estimated)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)	(1,500,000)
Annual expenses incurred by THC (real estate taxes, property management fees, administrative and other operating expenses) (estimated)						(4,200,000)	(4,200,000)		(4,200,000)		
Additional expenses related to THC dissolution						TBD	TBD		TBD		
Annual depreciation of the Gateway Plaza building (estimated)						(1,000,000)	(1,000,000)		(1,000,000)		
THC financial reporting error correction (estimated)						(30,000,000)					
<b>Total Administrative Expenses</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>	<b>(36,700,000)</b>	<b>(6,700,000)</b>	<b>(7,900,000)</b>	<b>(6,700,000)</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>
<b>Expenses for financial reporting only</b>											
THC net income (estimated)	9,000,000	9,000,000	9,000,000								
THC lease income (other building tenants) (estimated)				6,800,000	6,800,000	6,800,000	6,800,000	6,800,000	6,800,000		
Elimination of lease payment from LACERA to THC for CU blending				6,400,000	6,400,000			6,400,000	-		
Annual expenses incurred by THC (real estate taxes, property management fees, administrative and other operating expenses) (estimated)				(4,200,000)	(4,200,000)			(4,200,000)			
Annual depreciation of the Gateway Plaza building (estimated)		(1,000,000)	(1,000,000)	(1,000,000)	(1,000,000)			(1,000,000)			
THC financial reporting error correction (estimated)		(30,000,000)		(30,000,000)				(30,000,000)			
<b>Total Non-Administrative Financial Reporting Net Revenue/Expense</b>	<b>9,000,000</b>	<b>(22,000,000)</b>	<b>8,000,000</b>	<b>(22,000,000)</b>	<b>8,000,000</b>	<b>6,800,000</b>	<b>6,800,000</b>	<b>(22,000,000)</b>	<b>6,800,000</b>	<b>-</b>	<b>-</b>
<b>Total LACERA Income Statement Impact</b>	<b>1,100,000</b>	<b>(29,900,000)</b>	<b>100,000</b>	<b>(29,900,000)</b>	<b>100,000</b>	<b>(29,900,000)</b>	<b>100,000</b>	<b>(29,900,000)</b>	<b>100,000</b>	<b>(7,900,000)</b>	<b>(7,900,000)</b>

## Level of Effort and Risk Analysis

This heat map summarizes the level of effort required from the LACERA and THC teams as related to the five options.

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
Financial Statements – LACERA	<p> Low</p> <p><i>A simple reclassification in the LACERA financials would be low effort.</i></p>	<p> High</p> <p><i>LACERA would blend the THC to their financial statements resulting in multiple adjustments to the LACERA financial statements.</i></p>	<p> High</p> <p><i>LACERA would record a transfer of assets from the THC upon dissolution of the THC. LACERA would also reclassify the Gateway Plaza asset. This would require multiple adjustments to the LACERA financial statements.</i></p>	<p> High</p> <p><i>In year 1, LACERA would have multiple financial statement adjustments to blend the THC into the LACERA financial statements. Effort would continue in year 2 to record the transfer of assets upon dissolution of the THC.</i></p>	<p> Low</p> <p><i>The reallocation of cash proceeds from the sale to other investments within the portfolio has limited impact on LACERA financial reporting activities.</i></p>
Financial Statements – Gateway Plaza THC	<p> Low</p> <p><i>There would be no change to the THC financial statements.</i></p>	<p> High</p> <p><i>The THC would change their financial reporting from FASB to GASB reporting framework resulting in multiple adjustments to the THC financial statements.</i></p>	<p> Moderate</p> <p><i>The THC would record a transfer of assets to LACERA upon dissolution of the THC.</i></p>	<p> High</p> <p><i>The THC would have significant reporting changes covering two years. In year 1, to change from FASB to GASB reporting. In year 2, to record a transfer of assets to LACERA upon dissolution of the THC.</i></p>	<p> Low</p> <p><i>Upon sale of the property, the THC would record a transfer of assets to LACERA and dissolve the THC.</i></p>
External Audit – LACERA	<p> Moderate</p> <p><i>The audit will have ongoing materiality considerations resulting from the immaterial reclassification. If the fair value of the Gateway Plaza increases significantly over time, it could warrant a passed audit adjustment which would be noted but not impact the overall audit opinion.</i></p>	<p> Moderate</p> <p><i>The auditors will review the blending of the component unit to the LACERA financials.</i></p>	<p> High</p> <p><i>The auditors will review the transfer of assets from the THC and perform procedures over LACERA’s change to capital assets reporting for the Gateway Plaza.</i></p>	<p> Moderate</p> <p><i>The auditors will review the blending of the component unit to the LACERA financials. The transfer of assets upon THC dissolution in year 2 likely would not warrant substantial audit procedures.</i></p>	<p> Low</p> <p><i>There would be little impact to LACERA’s external audit. The sale of the property may be tested within the investment procedures performed by the auditors.</i></p>
External Audit – Gateway Plaza THC	<p> Low</p>	<p> High</p>	<p> Low</p>	<p> Moderate</p>	<p> Low</p>

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
	<i>There would be no impact to the THC audit.</i>	<i>The THC would need to select a new auditor and there would likely be significant audit procedures performed in the initial year of change to the THC financial statements.</i>	<i>Once the THC is dissolved, there would be no annual audit of the THC.</i>	<i>In year 1, the THC would need to select a new auditor and there would likely be significant procedures performed over the change in THC reporting. Upon dissolution of the THC, there would be no annual audit necessary.</i>	<i>Once the property is sold and the THC is dissolved, there would be no annual audit of the THC.</i>
Operations	<p>● Moderate</p> <p><i>Internal operational structure for THC may require refinement to move operational aspects out of investments team to LACERA administrative operations.</i></p>	<p>● High</p> <p><i>Internal operational structure for THC may require refinement to move operational aspects out of investments team to LACERA administrative operations.</i></p>	<p>● High</p> <p><i>Internal operational structure for THC would no longer be required by LACERA since THC will no longer exist.</i></p>	<p>● High</p> <p><i>With the goal of this option being eventual dissolution of the THC, the internal operational structure for the THC would no longer be required by LACERA.</i></p>	<p>● High</p> <p><i>Internal operational structure changes may be necessary as LACERA would move from building ownership to property lease activities.</i></p>
CERL 21 Basis-Points Compliance	<p>● Low</p> <p><i>There would be no change to the administrative costs factored into LACERA's CERL 21 basis-points compliance calculation.</i></p>	<p>● Low</p> <p><i>There would be no change to the administrative costs factored into LACERA's CERL 21 basis-points compliance calculation.</i></p>	<p>● High</p> <p><i>Dissolution of the THC would result in LACERA taking over the annual THC expenses which would be factored into LACERA's administrative expense budget (CERL 21 basis-points). Additionally, LACERA may need to absorb a large error correction (\$30M+) in a single year.</i></p>	<p>● Low</p> <p><i>This option limits impact on CERL 21 basis-points compliance as the financial reporting change (moving the Gateway Plaza from an Investment to a Capital Asset) occurs within the THC structure, including the error correction.</i></p>	<p>● Low</p> <p><i>There would be minimal impact to administrative costs factored into CERL 21 basis-points compliance. The lease payment LACERA makes to the THC today would approximate the lease payment LACERA would continue to make in order to lease property.</i></p>
Legal Risk	<p>● Low</p> <p><i>There would be no change to the legal structure of the THC.</i></p>	<p>● Low</p> <p><i>There would be no change to the legal structure of the THC.</i></p>	<p>● Moderate</p> <p><i>The THC legal structure would dissolve. LACERA would need to mitigate any legal exposure perhaps through insurance coverage.</i></p>	<p>● Moderate</p> <p><i>The THC legal structure would ultimately dissolve. LACERA would need to mitigate any legal exposure perhaps through insurance coverage.</i></p>	<p>● Low</p> <p><i>LACERA would no longer be owner of the Gateway Plaza property.</i></p>

Area	Option 1 (Immaterial)	Option 2 (THC Component Unit)	Option 3 (Dissolve THC)	Option 4 (THC Component Unit Y1 – Dissolve THC Y2)	Option 5 (Sell the Gateway Plaza)
Implementation Complexity	<p>● Moderate</p> <p><i>There would be required ongoing monitoring for audit materiality concerns and additional reporting/audit requirements with higher asset valuation.</i></p>	<p>● High</p> <p><i>Going through the first-year audit for the THC would require additional efforts. Additional effort required to adjust LACERA's reporting of a component unit is minimal.</i></p>	<p>● High</p> <p><i>Dissolution of the THC would require operational changes including short-term impact of managing the dissolution. Long-term, LACERA will absorb the administrative components of managing the building.</i></p>	<p>● High</p> <p><i>Dissolution of the THC would require operational changes including short-term impact of managing the dissolution. Long-term, LACERA will absorb the administrative components of managing the building.</i></p>	<p>● High</p> <p><i>Selling the Gateway Plaza would have short-term impact of managing the sale of the building. Additionally, if LACERA were to lease space in a different building, there would be effort associated with relocation. Long-term, managing a lease is less complex.</i></p>

## Conclusion

Based upon the analysis described above, LACERA Management determined **Option 4 – Report the THC as a Blended Component Unit with Dissolution in a Future Year** to be the most balanced and strategically prudent approach. This option aligns with proper stewardship, improves transparency, and allows the Board and Management to thoughtfully manage legal, financial, and operational risks over time rather than through an immediate structural change through dissolution of the THC. Option 4 preserves the existing THC structure in the near term, maintaining limited liability protections and operational continuity. This will position LACERA for an eventual THC dissolution that is deliberate and well controlled. With option 4, LACERA will ultimately budget for and control the administrative costs of operating the Gateway Plaza, which is a consideration for the 21 basis-points limitation imposed by CERL.

From a financial and administrative perspective, Option 4 provides a phased approach that mitigates key risks identified across the analysis. By initially retaining the THC, LACERA can absorb significant accounting changes within the THC structure, thereby minimizing immediate pressure on LACERA's administrative expense cap. The subsequent dissolution in a future year allows for a more manageable transfer of assets and operational responsibilities once financial reporting impacts have stabilized. This approach balances compliance with accounting standards, reduces implementation risk, and supports long-term alignment with LACERA's investment strategy.

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[www.crowe.com](http://www.crowe.com)*January, 2026***Introductory Background****Background on Gateway Plaza**

Gateway Plaza, located in Pasadena, California, serves as the headquarters for the Los Angeles County Employees Retirement Association (LACERA). The property was purchased in April 1990 for approximately \$68 million through LACERA Gateway Property, Inc., a title-holding company (THC), established to manage the asset as an investment under LACERA's real estate investment program. The building comprises about 274,000 square feet of rentable office space across 13 floors, along with 14,000 square feet of storage and an attached 10-level parking structure. Originally managed by Heitman Financial, LACERA assumed direct management in 1998, gradually expanding its occupancy from 28% in 1991 to an anticipated 52% by early 2026.

**Historical and Structural Context**

Gateway Plaza's THC structure was designed to mitigate liability and streamline operations by isolating real estate risks at the entity level. LACERA created many similar legal structures primarily for the purpose of holding wholly-owned real estate assets as part of LACERA's investment portfolio. The THC is a corporation wholly owned by LACERA and organized under Internal Revenue Code Section 501(c)(25) to hold and operate real property on behalf of governmental retirement systems. It is a legally separate and tax-exempt entity, and mainly functions as a special purpose investment vehicle within LACERA's real-estate investment program. In accordance with GASB Statement No. 90, *Majority Equity Interests — an amendment of GASB 14 and GASB 61*, paragraph 6, and GASB Statement No. 72, *Fair Value Measurement and Application*, paragraph 64, LACERA currently reports its 100-percent ownership interest in the corporation at fair value within the fiduciary fund, rather than as a blended or discretely presented component unit. The reported amount represents the fair value of the THC, which, because the entity's only significant asset is Gateway Plaza, effectively equals the property's appraised value net of the company's working-capital accounts. The THC holds a minimal amount of other assets. Gateway Plaza is its sole property and operating activity.

The THC is solely directed by LACERA's Chief Investment Officer, with other officers drawn from LACERA executive and legal teams. Over the years, the property has undergone capital improvements (about \$40 million in total) including lobby renovations, HVAC replacements, elevator upgrades, and substantial tenant improvements to suit LACERA's administrative needs. Despite these investments, the building's valuation has declined from a peak of \$126 million in 2022 to \$77.9 million in 2025.

### **Rationale for the Potential Accounting Change**

As LACERA's internal occupancy and customization of the building increased, the distinction between Gateway Plaza as an investment property and as an operational headquarters became increasingly blurred. The dual purpose of the asset—serving both as a tenant investment and as a workspace—created accounting and fiduciary challenges. Moreover, LACERA's 2021 and 2025 Real Estate Structure Reviews established a policy preference for divesting from individually held real estate title holding companies in favor of commingled funds. Continuing to treat Gateway Plaza as an investment is inconsistent with this policy and with the asset's administrative usage profile.

### **Current Efforts and Next Steps**

To address these issues, LACERA formed an internal working group with representatives from its Executive, Investments, Legal, Accounting, and Administrative Services divisions to evaluate reclassifying Gateway Plaza from an investment to an administrative or capital asset. Crowe LLP was selected to lead the accounting and financial analysis, including a review of Governmental Accounting Standards Board (GASB) guidance, audit and tax implications, and procedural steps for reclassification.

### **Accounting Background**

#### **Current Accounting Treatment**

LACERA prepares its financial statements on a fiduciary-fund basis, consistent with GASB Statement No. 84, *Fiduciary Activities*. As a public employee retirement system established under the County Employees Retirement Law of 1937 (CERL), LACERA's activities are reported within a pension (and other post-retirement employee benefit) trust fund, which is a type of fiduciary fund. The fiduciary-fund financial statements present only the plan's

assets, liabilities, and changes in fiduciary net position and are separate from the County of Los Angeles' government-wide and governmental-fund financial reporting.

Gateway Plaza is currently reported as an investment within the Gateway Plaza THC financial statements which are separate from LACERA. LACERA's financial statements report an investment in the Gateway Plaza THC as a real estate investment within the LACERA financial statements, consistent with GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB 90. The property is measured at fair value, with changes in value recognized through investment income. As the asset is held in a THC structure within LACERA's real estate program, no depreciation is recorded under the fair value model.

#### **Asset Investment Value (FY 2025 Financial Reporting)**

The Gateway Plaza THC June 30, 2025 financial statements reported net assets of \$74,942,902, including a net unrealized loss on real-estate investments of \$46,664,307. In LACERA's fiduciary-fund financial statements, LACERA reports its 100% ownership interest in this entity as a real-estate investment measured at fair value. This has historically been believed by LACERA to be consistent with GASB 72 and GASB 90, which require majority-owned entities held solely for investment purposes to be reported as investments rather than blended component units.

#### **Lease Asset and Liability**

LACERA has evaluated the applicability of GASB Statement No. 87, *Leases*, to its occupancy of Gateway Plaza and concluded that recognition of a lease asset and liability is not required. The arrangement, in which LACERA leases space from a title-holding company it controls, meets the definition of a lease under GASB 87. However, management performs an annual analysis of all organizational leases to assess materiality and disclosure requirements. Based on that review, the lease activity is immaterial to LACERA's financial statements.

Accordingly, no leases or related disclosures are presented in LACERA's financial statements.

#### **Guidance on Future Reporting by THC**

As described above, the THC is a corporation wholly owned by LACERA and organized under Internal Revenue Code Section 501(c)(25) to hold and operate real property on

behalf of governmental retirement systems. The THC has historically reported its financial statements in accordance with the financial reporting framework required by the Financial Accounting Standards Board (FASB).

The AICPA State and Local Government Audit Guide, chapter 1, section 1.01, states governmental organizations are subject to generally accepted accounting principles (GAAP) for state and local governments if one of more of the following characteristics exist:

1. Popular election of officers or appointment (or approval) or a controlling majority of the members of the organization's governing body by officials of one or more state or local governments;
2. The potential for unilateral dissolution by a government with the net assets reverting to a government; or
3. The power to enact and enforce a tax levy.

Based upon the structure of the THC, dissolution of the THC would result in any net assets reverting to LACERA. Meeting this criterion would require the THC to report financial statements in accordance with the GASB financial reporting framework. A change in the reporting framework of the THC would likely result in restatement of the THC financial statements through an error correction.

If a change to the financial reporting framework of the THC is enacted, the THC would be required to adopt GASB 72, *Fair Value Measurement and Application*, thus enacting a requirement to determine whether the Gateway Plaza asset should be reported as a capital asset or as an investment.

GASB 72, paragraph 64, defines an investment as “a security or other asset that the government holds primarily for the purpose of income or profit and has a present service capacity based solely on its ability to generate cash or to be sold to generate cash.” Based upon this definition, the THC would likely conclude that the Gateway Plaza property, as a whole, does not meet the definition of an investment.

GASB 72, paragraph B47, describes the evaluation governments should perform when determining reporting for “mixed-use” assets. This paragraph is relevant to the THC as the Gateway Plaza building is used both for government office space and revenue generating leases. Since the Gateway Plaza's usage by LACERA is gradually increasing and expected to exceed 50% in 2026, the THC may conclude that the Gateway Plaza should be a capital asset. However, the THC would also have the ability to analyze usage of the Gateway Plaza

and bifurcate the building to be reported as both capital asset and investment. Once this determination is made, the THC is not permitted, under GASB 72 guidance, to change the reporting of the asset. A change in reporting would not limit LACERA's ability to sell the Gateway Plaza.

### **Guidance on Future Reporting by LACERA**

As described above, in accordance with GASB 90, paragraph 6, LACERA has historically reported its 100-percent ownership interest in the THC at fair value within their fiduciary fund, rather than as a blended or discretely presented component unit.

GASB 90, paragraphs 5 and 6, provides that if the majority equity interest is held solely for investment purposes, it should be measured at fair value and reported as an investment under GASB 72.

LACERA owns 100 percent of LACERA Gateway Property, Inc., which exists to hold and operate Gateway Plaza within LACERA's real-estate investment portfolio. As noted in the previous section, a portion of the Gateway Plaza is being occupied by LACERA and should be treated as a capital asset under a GASB reporting model as it would not be held solely for investment purposes.

Because the ownership interest is 100 percent, rather than a majority, the provisions of GASB 90, paragraph 9, should be considered for reporting the THC in the LACERA financial statements. Paragraph 9 states that governments acquiring a 100% equity interest in a legally separate entity such as the THC should report the entity as a component unit.

GASB Codification 2600.15 discusses instances in which a government holds a majority equity interest in a legally separate organization that does not meet the definition of an investment and requires reporting of the separate organization as a component unit.

GASB Codification 2600.12 discusses when a component unit should be blended into a reporting entity's financial statements. Blending is required when a component unit exclusively (or almost exclusively) benefits the reporting entity even though it does not provide services directly to it. This would provide for LACERA reporting the THC as a blended component unit in the LACERA financial statements.

If blending the THC into the LACERA financial statements, LACERA would report the financial statement balances of the THC in the LACERA financial statements, with necessary eliminations occurring for activity between the two entities.

### **Guidance on Potential Capital Asset Valuation**

Based upon the guidance described above, if the THC were to report a capital asset under GASB framework, the THC would need to determine a carrying value for the capital asset. Reflecting on historical activity impacting the cost of the asset as well as the useful life of the asset will be necessary in order to determine the carrying value.

### **Guidance on Dissolution of THC and Transfer of Asset to LACERA**

Should LACERA ultimately decide to dissolve the THC, a transfer of the capital asset from THC into the LACERA financial statements would be required. LACERA would apply the provisions of GASB 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, which provides authoritative guidance for transfers of assets within the same financial-reporting entity.

Paragraph 15 specifies that when a capital asset is transferred between related funds, departments, or component units of a single reporting entity, the transfer is reported by the transferring entity as a transfer (rather than a sale) and by the receiving entity at the carrying amount of the asset as reported by the transferring entity at the time of the transfer.

### **Additional GASB Guidance**

Under GASB 72, paragraph 68, the determination of whether an asset is an investment is made at the time of acquisition, based on management's intent and actions. Once that determination is made, the classification should be retained, even if usage changes. Accordingly, the property remains an investment measured at fair value if determined upon implementation of GASB 72.

If the THC changes to a GASB reporting model and decides to change the reporting of Gateway Plaza to a capital asset, the accounting treatment would shift from fair value measurement to the historical-cost model under GASB 34, *Basic Financial Statements – and Management's Discussion and Analysis for State and Local Governments*. GASB 34, paragraph 18, states that "capital assets should be reported at historical cost," including all ancillary charges necessary to place the asset into its intended location and condition for use. Should the Gateway Plaza THC change to a GASB reporting model, the capital asset should be evaluated to determine the initial cost with application of depreciation over the life of the asset (for example, if the capital asset were purchased in 1990, depreciation

would begin on that date). Any historical improvement costs should be considered in determining the net book value of the asset as of the date of the change in reporting.

LACERA management should make a determination regarding the useful life of the asset. Historical depreciation would be reflected in the beginning error correction adjustment within the THC financial statements. With the blending of the THC financial statements to LACERA, the annual capital asset depreciation expense would be reported in the LACERA financial statements as administrative expense.

Subsequent accounting follows the capital-asset model under GASB 34. The building is reported at cost (or fair value on the acquisition date, if applicable) and depreciated systematically, and no longer subject to annual fair-value measurement if reported as a capital asset instead of an investment. Consistent with GASB 34, paragraphs 22–23, depreciation should begin over the asset’s estimated remaining useful life, based on its present condition and expected future service.

GASB 34 requires depreciation over estimated useful lives using a systematic and rational method but does not prescribe specific lives; management establishes useful lives based on professional judgment, considering the asset’s condition, expected period of service, maintenance practices, and experience with comparable assets, and applies depreciation prospectively.

### **GASB Materiality and Reporting Considerations**

GASB’s conceptual literature does not prescribe numeric thresholds for materiality and offers limited explicit guidance. The clearest statement appears in GASB Concepts Statement No. 1, paragraph 64, which requires that “nothing material should be omitted ... nor should anything be included that would cause the information to be misleading.” Consistent with GASB’s principles-based framework and the GAAP hierarchy in GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, (which makes GASB Statements and Implementation Guides authoritative), materiality remains a matter of professional judgment applied to recognition, measurement, presentation, and disclosure. Accordingly, standards are applied to the extent the outcome is material to the financial statements; immaterial differences need not be adjusted or disclosed. Where a reclassification is immaterial at the plan-wide level, management may apply this principle to justify presentation changes that

better reflect operational reality, provided the treatment and rationale are documented and reviewed with the external auditor.

### **Financial Statement Audit Implications**

Audit materiality is a consideration of the maximum financial statement misstatement that would not reasonably influence financial statement users' decisions. Materiality is set using a benchmark (e.g., total assets, revenue, or net position) and adjusted for qualitative factors such as volatility, risks, and public interest).

Auditors assess financial statement materiality by considering what magnitude and nature of misstatements could reasonably influence the decisions of financial statement users. They typically establish an overall materiality threshold using relevant benchmarks (for example, a percentage of total assets, revenue, or net position), then refine it for the entity's context, volatility, users' needs, and qualitative factors.

From there, auditors set lower levels such as performance materiality (to reduce the risk that undetected misstatements aggregate to a material amount) and tolerable misstatement at the account or assertion level to design procedures. Materiality is not static: auditors reassess it as they learn more during the engagement, and they may set specific materiality levels for particular classes of transactions or disclosures, as well as component-level thresholds in group audits. Ultimately, the evaluation of identified misstatements—both individually and in the aggregate—considers quantitative size and qualitative aspects before concluding whether the financial statements are fairly presented.

While each government and audit firm will have their own perspective of qualitative factors impacting materiality, a typical range for quantitative consideration would be 2-5% of total assets. As of June 30, 2024, the Pension Plan had assets totaling \$85,171,212,000. A 2% materiality assessment would be \$1,703,424,000.

Assessing materiality at an individual account level, as of June 30, 2024 total real estate investments were \$4,406,609,000. A 2% materiality assessment would be \$88,132,000.

If LACERA were to pursue any change in the financial-reporting treatment of Gateway Plaza through a presentation change based on materiality, auditors would focus on whether the accounting and disclosures comply with GASB 72 and GASB 34. Their review would include

evaluation of the underlying transaction, evidence supporting fair-value measurement, and the completeness of journal entries and note disclosures. If the change were immaterial at the plan-wide level, the audit focus would be on management’s documentation of its materiality analysis.

**California Employee Retirement Law (CERL) Implications**

CERL limits annual administrative expenses to 21 basis points. Footnote L of the 2025 LACERA financial statements describes the annual LACERA budgeting process considers the 21 basis point limitation in CERL and that both budgeted and actual administrative expenditures were less than the 21 basis point limitation. LACERA should continue considering annual rent payments and other cash expenditures to the THC relative to the 21 basis point CERL limitation.

**Other Public Retirement System Research**

To support the evaluation of how public retirement systems account for and disclose their headquarters properties, research was conducted on a range of comparable public retirement systems. This analysis focused on identifying the reporting methods used in financial statements and accompanying disclosures, particularly regarding classification within fiduciary funds. The table below summarizes the reporting approaches of various systems, providing a benchmark for assessing current practices and informing potential updates to reporting practices.

California Systems		Other US Systems	
System	Accounting Treatment	System	Accounting Treatment
CalPERS (California Public Employees’ Retirement System)	Capital Asset	New York State Teachers’ Retirement System (NYSTRS)	Capital Asset
CalSTRS (California State Teachers’ Retirement System)	Capital Asset	NYC Employees’ Retirement System (NYCERS)	Lease
LAFPP (Los Angeles Fire & Police Pensions)	Capital Asset	Teacher Retirement System of Texas (TRS)	Capital Asset
LACERS (Los Angeles City Employees’ Retirement System)	Capital Asset	State of Wisconsin Investment Board (SWIB)	Lease
SFERS (San	Lease	Pennsylvania Public	Investment

California Systems		Other US Systems	
System	Accounting Treatment	System	Accounting Treatment
Francisco Employees' Retirement System)		School Employees' Retirement System (PSERS)	
SDCERA (San Diego County Employees Retirement Association)	Investment / Lease	New York State Common Retirement Fund (NYS CRF)	Lease
SDCERS (San Diego City Employees' Retirement System)	Lease	Colorado Public Employees' Retirement Association (PERA)	Capital Asset
OCERS (Orange County Employees Retirement System)	Capital Asset	Arizona State Retirement System (ASRS)	Capital Asset
SBCERA (San Bernardino County Employees' Retirement Association)	Lease	Oregon Public Employees Retirement System (PERS)	Capital Asset
ACERA (Alameda County Employees' Retirement Association)	Lease	Minnesota State Retirement System (MSRS)	Capital Asset
CCCERA (Contra Costa County Employees' Retirement Association)	Lease	Minnesota Public Employees Retirement Association (PERA MN)	Capital Asset
VCERA (Ventura County Employees' Retirement Association)	Lease	Minnesota Teachers Retirement Association (TRA MN)	Capital Asset
SCERS (Sacramento County Employees' Retirement System)	Lease	Maryland State Retirement & Pension System (SRPS)	Lease
KCERA (Kern County Employees' Retirement Association)	Capital Asset	Indiana Public Retirement System (INPRS)	Capital Asset
TCERA (Tulare County Employees' Retirement	Capital Asset	Virginia Retirement System (VRS)	Capital Asset

California Systems		Other US Systems	
System	Accounting Treatment	System	Accounting Treatment
Association			
MCERA (Marin County Employees' Retirement Association)	Capital Asset	Ohio Public Employees Retirement System (OPERS)	Capital Asset
		State Teachers Retirement System of Ohio (STRS Ohio)	Capital Asset
		Retirement Systems of Alabama (RSA)	Capital Asset

**Next Steps**

As LACERA looks ahead with the next steps for reporting the THC, four options have been identified.

**Option – Reclassify the Asset due to Immateriality**

Although GASB 72 paragraph 68 indicates that asset classification is determined at acquisition and ordinarily retained, GASB’s conceptual framework recognizes that materiality governs the application of all financial-reporting requirements. Because Gateway Plaza’s fair value of approximately \$74 million represents less than 0.1 percent of LACERA’s total plan assets of \$85 billion, any difference between investment accounting at fair value and capital-asset accounting at cost less depreciation would likely be considered immaterial to LACERA’s consolidated financial statements.

Under this approach, LACERA would reclassify its equity interest in the THC from “Investments – Real Estate” to “Capital Assets – Buildings and Improvements.” The fair value of the property on the reclassification date would establish the new cost basis for capitalization and depreciation would begin prospectively over the building’s remaining useful life. The THC could continue to hold legal title and maintain its own books, but LACERA would treat the building as an administrative capital asset for administrative operations because its primary function is to support LACERA’s internal operations rather than to generate investment income.

This change would likely be immaterial in the context of total plan assets and therefore would not require restatement of prior financial statements. LACERA should prepare a materiality assessment, both quantitative and qualitative, and obtain auditor concurrence that the reclassification does not materially affect the plan's financial position or results of operations. The change would be accounted for prospectively, with no note disclosure required since the change would be considered immaterial.

This option would achieve the objective of removing Gateway Plaza from the investment portfolio and reporting it as a capital asset on LACERA's books, while avoiding a legal transfer or dissolution of the THC. However, management would need to monitor the administrative-expense ratio annually to ensure continued compliance with the 21-basis-point statutory limit in CERL.

Gateway Plaza would become a non-investable operational asset, which changes the composition of plan assets but does not impair LACERA's ability to pay benefits. Similar to other CERL systems (e.g., CalPERS, OCERS), the building would simply appear as an administrative capital asset with depreciation included in administrative costs. A simple footnote disclosure should clarify that plan assets include property used for administrative purposes.

Because this approach relies on materiality, implementation would focus on documenting management's judgment and auditor concurrence, updating financial-statement presentation, and disclosing the rationale for reclassification. No legal transaction or new fund structure would be required, but LACERA would begin recognizing depreciation and related administrative costs subject to the CERL Section 31580.2 limit.

Additionally, as described above, the THC is currently reporting their financial statements using a FASB model. Based upon the structure of the THC with dissolution reverting assets back to LACERA, the THC is required to report their financial statements using a GASB model. This is likely a material reporting issue for the THC and should be considered in evaluation of options.

### **Option – Report THC as a Blended Component Unit**

Based upon the analysis above, the THC meets the criteria outlined in the AICPA State and Local Government Audit Guide for reporting their financial statements in accordance with

the GASB financial reporting framework. The THC could revise their financial reporting in line with GASB requirements and thus, would apply the provisions of GASB 72 and report the Gateway Plaza asset as a capital asset, either wholly or bifurcated, in the THC financial statements. This change in reporting would likely flow through an error correction reported in the THC financial statements.

Subsequent to the THC revising their financial reporting, LACERA could consider reporting the THC as a blended component unit in the LACERA financial statements. In doing so, LACERA would blend the THC financial reporting into LACERA's financial statements, with appropriate eliminations. If determined to be immaterial, this would not require an error correction to the LACERA financial statements and would be reported prospectively.

See Appendix A for an example financial statement related to this option.

#### **Option – Report THC as a Blended Component Unit with Materiality Considerations**

Aligned with options 1 and 2, LACERA could consider reporting the THC as a blended component unit in the LACERA financial statements. In doing so, LACERA would blend the THC financial reporting into LACERA's financial statements, with appropriate eliminations. Should the THC choose to report the Gateway Plaza as a capital asset, either wholly or bifurcated, LACERA could apply the materiality concepts discussed in option 1 to report the capital asset within another asset class that does not align with investments or capital assets. For example, LACERA could choose to report the capital asset as an "other asset" as it would likely be considered immaterial.

#### **Option – Dissolve the THC and Transfer Asset to LACERA**

Dissolution of the THC would likely result in THC assets being transferred to LACERA. Should LACERA seek formal dissolution of the THC, the THC would report a transfer out of the Gateway Plaza building and other assets (for example, cash). LACERA would apply the provisions of GASB 48 to report a transfer in of assets from the THC at the carrying value of the assets as reported by the THC. In doing so, LACERA would implement the provisions of GASB 72 in identifying how the Gateway Plaza building would be reported on the LACERA financial statements. LACERA could report the Gateway Plaza as a capital asset, either wholly or bifurcated, in the LACERA financial statements.

**Appendix A**

Example financial statement changes. See supplemental notes.

	<b>LACERA Financial Statements</b>			
	<b>Previous</b>	<b>Updated</b>		
			<u>Depreciation Calculation</u>	
Real estate investment	\$ 76,210	\$ 40,667	Asset Balance	\$ 35,000
Capital asset	-	35,000	Annual Depreciation (40 years)	875
Cash	-	1,549		
Prepaid and other assets	-	261		
Net appreciation in fair value of investments	\$ (8,567)	TBD	<u>Administrative Expenses</u>	
Rental income	-	6,833	LACERA lease payment to THC	\$ 6,364
Administrative expenses	(6,364)	(5,100)	Blending elimination	(6,364)
			THC expenses	4,225
			THC depreciation	875
			Total	\$ 5,100

**Notes:**

1. *The example financial statements included above assume the THC will choose to bifurcate the Gateway Plaza asset.*
2. *The figures above are presented as an example only and may not reflect actual financial statement balances post-change.*
3. *The THC will likely report an error correction for the change from FASB to GASB reporting in the initial year of change.*



CliftonLarsonAllen LLP  
CLAconnect.com

April 9, 2026

Mr. Ted Granger, CPA, CFO  
Los Angeles County Employees Retirement Association (LACERA)  
300 N Lake Avenue  
Pasadena, CA 91109-7060

Mr. Granger:

As you know, CliftonLarsonAllen (CLA) was recently engaged to perform LACERA's annual financial statement audit beginning June 30, 2026. CLA is aware of LACERA's consideration of potential changes in financial reporting for Gateway Plaza and participated in several discussions with LACERA management and Crowe LLP.

We have reviewed the options with management as identified in Crowe LLP's memorandum to the Board for the April 20, 2026, Joint Organizational Governance Committee meeting, and do not have any concerns with the approaches identified.

Sincerely,

A handwritten signature in cursive script that reads "Christian J. Rogers". The signature is written in black ink and is positioned above the typed name and title.

Christian J. Rogers, CPA  
Managing Principal  
CLA

Cc: LACERA Management



April 22, 2026

TO: Each Trustee,  
Board of Retirement  
Board of Investments

FROM: Steven P. Rice *SPR*  
Chief Counsel

Allison E. Barrett *ASB*  
Senior Staff Counsel

Jessica Rivas *JR*  
Staff Counsel

FOR: May 6, 2026 Board of Retirement Meeting  
May 13, 2026 Board of Investments Meeting

SUBJECT: Updating LACERA's Code of Ethical Conduct

## **RECOMMENDATION**

That, with the recommendation of the Audit, Compliance, Risk, and Ethics Committee, the Board of Retirement and Board of Investment approve LACERA's updated Code of Ethical Conduct.

## **INTRODUCTION**

LACERA's current Code of Ethical Conduct (Code) was approved in November 2021 and has a three-year review cycle. Since late 2024, staff has shared with the Audit, Compliance, Risk, and Ethics (ACRE) Committee and both Boards a vision for a reimagined code that is comprehensive in scope, has improved clarity, organization, and effectiveness, and is accessible through multiple channels. At its February 23, 2026 meeting, the ACRE Committee recommended approval of a proposed revised and restated Code to both Boards, with revisions that have now been made. A final draft is attached as *Exhibit A* for both Boards' review and approval.

## **BACKGROUND**

A code of conduct is a fundamental component of an effective ethics and compliance program. Accordingly, the ACRE Committee and Ethics and Compliance Program Charters provide for Committee and Program oversight of LACERA's Code.<sup>1</sup>

The purpose of the Code is to set Board- and ACRE-approved expectations and norms in alignment with LACERA's Mission, Vision, and Values and serve as an ethical decision-

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<sup>1</sup> ACRE Committee Charter, Section VII, B4; B5b; 7a-b; Ethics and Compliance Program Charter, Sections VII, D2; G; IX,A-B.

making guide for the entire organization. It also is essential for supporting and stating LACERA's commitment to an organizational culture rooted in ethics and compliance. Finally, maintaining and reviewing LACERA's Code is central to the implementation and success of the Ethics and Compliance Program.

## **PROCESS**

The proposed Code incorporates best practices in ethics and compliance programs, based on the Ethics and Compliance Program team's research, which includes LACERA's Ethics and Compliance consultant, Rebecca Walker, the ACRE Committee's consultant, Larry Jensen, fiduciary counsel Ashley Dunning, and resources such as the Society of Corporate Compliance and Ethics (SCCE), Gartner, Inc. (a consultant service used by LACERA), as well as a wide-scale review of codes of conduct from other pension systems, American universities, and corporations on Ethisphere's "World's Most Ethical Companies in 2024."<sup>2</sup> Additionally, throughout the process, we worked with key internal stakeholders (Executive Team, Leadership Steering Council, Management Action Team, Supervisory Action Team, and the Ethics and Compliance Committee), held a staff focus group in November 2025, and worked closely with the ACRE Committee. The ACRE Committee reviewed final versions of the proposed Code at both its November 20, 2025 and February 23, 2026 meetings, making a recommendation for approval at the February meeting, with certain revisions.

A summary of changes made based on the ACRE Committee's feedback is attached as *Exhibit B*.

## **KEY CHANGES**

Major changes from the prior version of the Code are as follows:

### **Organization**

The proposed Code is organized around LACERA's Values – *Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency* (I ACT). LACERA is an organization guided by its Values (which are inherent to ethical conduct) and how we define our culture. Accordingly, the new Code directly reflects the I ACT model.

### **Style**

Linguistically, the proposed Code uses simpler, less technical language to aid with comprehension. It avoids legalese where possible (considering LACERA is regulated by CERL, PEPRA, and other laws and regulations). The Code also uses Trustee and employee-centric language (as opposed to organization-centric language) to express that the Code sets individual expectations that are jointly held and for which there is joint accountability. It also uses first person plural ("we," "us", and "our") where appropriate, which have both been shown to be more successful at affecting behavior and supporting

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<sup>2</sup> <https://ethisphere.com/worlds-most-ethical-companies/>.

inclusivity and collaboration. Visually, the proposed Code seeks to strike a balance between being a visually appealing document that will encourage users to engage with it while still serving as a comprehensive reference with serious authority. The proposed Code also accompanies the text with aids to communication and application to make the Code relevant and accessible. Accordingly, the Code uses colors, headings, call out boxes, links, photographs, and other design elements throughout.

### Content

The proposed Code continues to address and further define fiduciary duties, ethical judgment, conflicts of interest, confidentiality, reporting roles and responsibilities, and LACERA's investigative process for instances of misconduct. To that end and in furtherance of the Ethics and Compliance Program, we have added the following new topics that are not covered in depth in the current Code:

- Responsible Risk Management
- Values: I ACT
- General Ethical Guidance
- Material Non-Public Information
- Equity, Diversity, and Inclusion, and Accessibility
- Respectful Communication
- Responsiveness
- Anti-Discrimination and Harassment Policy
- Safe and Healthy Work Environment
- Drug and Alcohol-Free Work Environment
- Professional Attire and Appearance
- Speak Up, Listen Up
- Ethics Hotline/Reporting Channels
- Investigative Process for Misconduct
- Commitment to Non-Retaliation
- Telework
- We Always Bring Our Best
- Training & Education
- Transparent Communication (Accurate Information, Specific Guidance for Trustees, Media Policy, Social Media)
- Confidentiality and Privacy
- Public Records Act and Other Requests for Information
- Records Retention
- Artificial Intelligence
- Information Security and Acceptable Use

### Key Substantive Changes

While the proposed Code largely re-states our existing ethics and compliance practices and addresses the additional topics set out above, there are two substantive changes that we would like to bring to your attention, in addition to the new elements of content outlined immediately above:

First, the section on Gifts, Honoraria, Travel, Loans (page 10) in the proposed Code now sets a higher standard on gifts for staff. Rather than allow gifts up to the FPPC limit (currently \$630 per source per calendar year), staff members are not permitted to accept

any gifts and LACERA must pay for all staff members' legitimate business expenses. The intent is to set a higher ethical standard that will greatly reduce the appearance of conflicts of interest and improper influence. Trustees are held to the standards and gift limits set forth in the Political Reform Act and Fair Political Practices Commission regulations.

Second, the proposed Code expands and clarifies the Nepotism Policy (page 15). The policy now applies to both hiring and contracting. The policy also applies not only to relatives, but also to "personal relationships," which include cohabitation, a romantic partnership or dating relationship, or a financial partnership unrelated to official job duties. Additionally, the proposed Code directs Trustees and staff who become aware that someone they know (beyond a relative or other personal relationship) is applying for employment or a contract with LACERA, to disclose that to Human Resources so that the situation can be evaluated and remediated if necessary. The intent with these changes is to ensure that we capture all relevant (potentially conflict-laden) relationships so that LACERA hires and contracts with the best candidates, without regard to any personal connection or relationship that might cause undue influence or the appearance of it.

## **NEXT STEPS**

Following approval by both Boards, we will begin rolling out the Code to the entire organization in a deliberate and sustained effort to support staff's understanding of the Code and foster LACERA's culture of ethics and compliance. Roll-out will consist of the following:

### **Pre-Launch**

- Engage with LACERA leadership (Board and ACRE Committee Chairs, Executive Team, Leadership Steering Council, Management Action Team, and Supervisory Action Team) to discuss plans and top-level support for launch activities.
- Identify staff-level champions throughout the organization to assist with Code adoption and ongoing engagement.

### **Launch Week**

- Announce
  - At the beginning of the week, we will distribute the Code via an e-mail from the CEO to each LACERA trustee and staff member. We will also publish a page on our intranet (LACERA Connect).
- Socialize
  - Digital Campaign – We will coordinate with Communications on branding, use of slogan, and daily messages aligned with the five main sections of the Code based on LACERA's Values (We Serve with Integrity, We Are Inclusive and Collaborative, We Hold Ourselves Accountable, We Are Transparent, and We Are Innovative).
  - In Person Event – We will hold engaging activities and teambuilding focused on ethics and compliance. We plan to include distribution of a flyer highlighting

- key ethics and compliance principles as well as limited distribution of hard copies of the Code.
- Train
    - Legal Staff will work with Communications and Human Resources to prepare a training video for all staff to view on NeoGov within a predetermined timeframe and which will include an attestation. Legal staff will provide live training to both Boards.

### Ongoing Programming

- Socialize
  - Digital Campaign – We plan to send periodic e-mail messages, at least quarterly or as necessary based on new developments, focusing on one of the five sections of the Code based on LACERA's Values.
  - Engagement through Existing Channels – We plan to include items on periodic Code themes through the CEO's All Staff meetings (at least quarterly) and staff newsletter *The Pulse* (also quarterly).
- Train
  - Training will continue to be required annually for Trustees and staff and will include an attestation.

### CONCLUSION

Based on this memo, the attached Code, and the recommendation of the ACRE Committee, staff recommends that the Board of Retirement and Board of Investments jointly approve the updated Code.

Considering policies are regularly updated between Code review cycles, we also request Board approval to update the links in the Code document as needed based on changes in Board or executive policy so that readers always have access to the most up to date version of the linked policies.

### Attachments

C: Luis A. Lugo  
Jonathan Grabel  
JJ Popowich  
Ted Granger  
Chaitanya Errande  
Leisha Collins  
Carly Ntoya, Ph.D.  
Christina Logan  
Cynthia Martinez  
Erika Heru  
Veronica Yi-Martinez

# **EXHIBIT A**



# CODE OF **ETHICAL** CONDUCT

ETHICS FIRST, COMPLIANCE ALWAYS

**L//CERA**  
Los Angeles County Employees Retirement Association



## ABOUT LACERA

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 (PEPRA). Under the California Constitution, we have a fiduciary duty to serve our members and their beneficiaries above all other interests.

Our **Mission** is to produce, protect, and provide the promised benefits to our members.


Our **Vision** is to empower our members to enjoy a healthy and secure retirement.

Our **Values** are Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency (I ACT).

## RESOURCES FOR ETHICS & COMPLIANCE ISSUES

Always ask for help with any questions and consult any of these key resources: Legal Division, Ethics and Compliance Office, Human Resources, your supervisor, your division manager, or the Executive Office.

Anonymously report any concerns about ethical or compliance issues to the LACERA Ethics Hotline (844-794-9416 or [lacera.ethicspoint.com](https://lacera.ethicspoint.com)).



To LACERA Trustees and Staff:

LACERA proudly performs its public service lawfully and ethically. In October 2024, we chartered a new Ethics and Compliance Program to further promote a strong and engaged culture of ethical conduct and compliance with all applicable laws, regulations, policies, and procedures. This Code is a foundational document for the program and our entire organization.

Together, we create a culture of accountability for ethics and compliance. No matter our position at LACERA, we each play a key role in fostering LACERA's institutional integrity and our standing as a well-managed public pension system for our members and their beneficiaries, our plan sponsors (the County of Los Angeles and other participating employers), and other stakeholders.

We have organized the Code around our Values—*Integrity, Inclusivity, Innovation, Accountability, Collaboration, and Transparency (I ACT)*—which guide our work and define our culture. The Code outlines the standards of ethical conduct required of LACERA Trustees and all LACERA staff, including temporary employees and contractors. This ensures that we live up to our Values, ethical responsibility, and comply with the law, regulations, policies, and procedures. *Please read the Code carefully and ask questions whenever something is not clear.*

By holding ourselves and each other accountable, we deliver on our promise to build a strong ethical and compliant culture at LACERA in service of our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.

Very truly yours,



Luis A. Lugo  
Chief Executive Officer

To LACERA Trustees and Staff:

This Code provides ethical standards for LACERA Trustees and all LACERA staff, including temporary employees and contractors. It provides guidance for common situations that we encounter, serves as an ethical decision-making guide, and establishes a values-based framework for approaching the issues that arise in our diverse roles as we perform our day-to-day operations.

Please review this Code carefully, remember to use it as a resource, and recognize the vital role that you play in promoting LACERA's culture of ethics and compliance in serving our members and meeting our Mission.

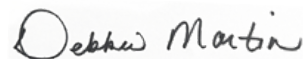
Thank you,



James P. Harris  
Chair, Board of Retirement



Shawn R. Kehoe  
Chair, Board of Investments



Debbie Martin  
Chair, Audit, Compliance, Risk,  
and Ethics Committee

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# INTRODUCTION

## Purpose and Scope

This Code provides ethical standards for LACERA Board Trustees and all staff, including temporary employees and contractors. It guides us to:

- Use ethical judgment to do the right thing no matter the circumstances.
- Comply with laws, regulations, policies, and procedures.
- Create a culture in which everyone shares responsibility for being ethical and compliant.
- Earn and build trust and respect among LACERA Boards and all staff, members, and other stakeholders.
- Be aware of and take action to reduce risks that may disrupt our operations.
- Accomplish our Mission, Vision, and Values, act in service of our members, and continuously improve.

This Code and our Values are the foundation for everything we do. They provide a framework to guide us when we face challenges or change.

## Fiduciary Duties

A fiduciary duty is a responsibility to act in the best interests of another. Each of us has a fiduciary duty to our members and their beneficiaries. This means ***we always act in the best interests of our members and beneficiaries, ahead of our personal interests and the interests of other organizations and individuals.***

No matter our role at LACERA, we are each responsible for living by our Values and being professional, honest, and ethical. We review the Code, attend Code training, and make sure we understand it. We follow the Code, consult the links to the other policies and references throughout, and ask questions when we are unsure about anything.

We also have a duty to speak up and report issues that do not align with our Mission, Vision, and Values. We listen to those who report problems and take their concerns seriously. We can report concerns or suspected misconduct to our supervisor, division manager, the Legal Division, Ethics and Compliance Office, Human Resources, Internal Audit, or the Executive Office. We can also report issues to the LACERA Ethics Hotline (844-794-9416 or [lacera.ethicspoint.com](https://lacera.ethicspoint.com)). Reports can be made anonymously. *LACERA absolutely prohibits retaliation for making a good-faith report of suspected misconduct.*

The Board of Retirement (BOR) and Board of Investments (BOI) Trustees' fiduciary duties and other legal duties are set out in the California Constitution and CERL. LACERA and its staff support the Trustees in fulfilling these duties, which include:

- *Duty of loyalty:* We act in the overall best interest of our members and their beneficiaries when administering LACERA and investing its assets, so as to timely pay their benefits.
- *Duty of prudence:* We use the care, skill, prudence, and diligence that a prudent public pension trustee or employee would use when faced with similar issues or circumstances.
- *Duty to defray reasonable administrative expenses of administering the system and secondary responsibility to minimize employer contributions:* We have processes in place to control administrative expenses and minimize employer contributions. We understand that every dollar spent to administer LACERA is a dollar not invested to pay benefits.
- *Duty to administer the LACERA pension plan in accordance with plan terms and other applicable law:* We follow plan terms at all times, as found in

CERL, PEPRA, Internal Revenue Code, and all other laws, regulations, and LACERA policies and procedures.

- *Duty to diversify investments:* The assets of the retirement system are trust funds. We diversify investments of the system to minimize the risk of loss and to maximize the rate of return, unless it is clearly not prudent to do so under the circumstances.

In addition to the Boards and all LACERA staff, some LACERA contractors have a fiduciary duty to LACERA under applicable law and/or the terms of their contracts.

In short, we always act in the best interests of our members and their beneficiaries, in all circumstances, regarding LACERA's business. This duty is the first and last consideration in every decision that we make. All that we do is in service of our members and their beneficiaries.

## Responsibilities of Trustees, Leaders, Managers, Supervisors, and Staff

Every staff member has a responsibility to perform their job with the highest ethical standards, align their actions with LACERA's Values, and follow all laws, regulations, policies and procedures. Staff have a duty to understand risk and report activity or behavior that falls below LACERA's standards or may impede its operations.

LACERA trustees, leaders, supervisors, and managers are responsible for creating a team environment in which

ethics and compliance are recognized and valued as performance expectations. Like our Values, ethics and compliance are not just words we say but are reflected in the decisions we make and actions we take. Our leaders model LACERA's Values, and LACERA's Values shape our culture. Managing risk is a central part of ethics and compliance and a core duty for all LACERA leaders and managers. They are responsible for ensuring that every member of their team is risk aware.

## Responsibilities of Contractors

We expect our contractors, vendors, and other business partners to perform to the highest ethical standards and consistent with our Values and the Code in their work with LACERA. In addition, some LACERA vendors have a fiduciary duty to LACERA under applicable law or the terms of their contracts.

## Other LACERA Policies

The Code provides standards and expectations but does not address the details of every legal and policy requirement that we follow. Please be sure to consult any other applicable policies, procedures, charters, or forms.

# WE ARE GUIDED BY OUR VALUES

At LACERA, our Values guide us every day, in all that we do. Our Values define our culture and represent who we are as an organization. We strive to **do the right thing**, in every situation, following all policies, procedures, laws, and regulations that apply to LACERA and our operations. We always exercise

good judgment in each of our roles as we perform our daily work. Together, through unwavering ethical conduct, we accomplish our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.



## GUIDE FOR ETHICAL DECISION-MAKING

When making a decision, exercising good ethical judgment requires that we:

- 1 Identify the issue.
- 2 Gather necessary information, including all relevant facts, and applicable policies, procedures, laws, and regulations.
- 3 Consider ethical principles and our Values.
- 4 Consider our fiduciary and other legal duties to do what is best for our members.
- 5 Work together with our team and other staff members with knowledge of who may be affected and seek guidance from our supervisor, manager, and other LACERA leadership for any questions.
- 6 Explore possible solutions and think creatively.
- 7 Evaluate consequences.
- 8 Make a decision.
- 9 Plan, implement, and document our decision and the supporting process with ethics and compliance in mind.
- 10 Reflect, review, and adjust our course when necessary to continually improve.

## Values - I ACT

Our six core Values are not just words, but actions we model in the way we solve problems and interact with each other, members, and other stakeholders and business partners. LACERA's Values form the basis of our culture and guide us in fulfilling our fiduciary duties and accomplishing our Mission. This is why the Code is organized around these ethical guides. Each Value is principles-based. Please be sure to review the Values below and the link to the Organizational Guiding Principles that support each Value. Collectively, they establish expectations for our conduct.

- *Integrity:* We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and the way we treat each other.
- *Inclusivity:* We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization and teams in meeting our Mission and strategic priorities.
- *Innovation:* We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.
- *Accountability:* We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our Mission and duty as prudent stewards of the pension funds.
- *Collaboration:* We are most effective when we work together across all levels of the organization.
- *Transparency:* We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.



 [Our Organizational Guiding Principles](#)

# Ethics and Compliance

This Code is a foundational document for LACERA's Ethics and Compliance Program. Ethics and compliance support our Values and are an essential part of our fiduciary duties to our members and beneficiaries.

**Ethics** means using good judgment and applying LACERA's Values to do the right thing, even when it is hard or inconvenient. **Compliance** means following

all applicable laws, regulations, policies, procedures, and LACERA's Code of Ethical Conduct.

Ethics guides compliance because we make decisions based on what **should** be done, not just on what **can** be done. We are all, at every level of the organization, responsible for upholding ethics and compliance at LACERA.




## BEING ETHICAL AND COMPLIANT IN COMPLEX SITUATIONS

We understand that many situations can be complex. Ethics is not an excuse for non-compliance, and compliance is not an excuse for unethical behavior. Below are some ways to balance ethics and compliance so that we achieve both, no matter what type of law, rule, policy, or requirement we follow:

- If we are *required* to do something by law or policy, we must follow that requirement and speak up in advance with our manager, supervisor, or other leadership if we have questions about any ethical issues.
- If we are *allowed* to do something by law or policy and have a choice about whether or how to do it, we must apply ethical judgment and act in the best interest of our members, meaning that we will seek the most efficient and effective alternative in order to best align our conduct with our fiduciary duty and ethical responsibilities without regard to our personal preference.
- If we are *not allowed* to do something, we must obey that prohibition and speak up in advance to discuss any ethical concerns about compliance.

# General Ethical Guidance

This Code addresses various situations that may arise as we perform our duties. It cannot cover every possible scenario, so always ask for support when needed. The following lists provide general ethical guidance to live up to our Values.

	<b>General Ethical Standards</b>	<b>Unethical Acts or Omissions</b>
	<ul style="list-style-type: none"> <li>• Follow LACERA’s Values, and all applicable laws, regulations, LACERA policies, and this Code</li> <li>• Avoid conflicts of interest and the appearance of conflicts of interest</li> <li>• Be respectful, professional, and courteous to all LACERA Trustees, staff, members, and all people and entities with which LACERA interacts or does business</li> <li>• Maintain confidentiality of all confidential or privileged information</li> <li>• Report actions of any person or entity that violate or may violate applicable laws, regulations, LACERA policies, or this Code</li> </ul>	<ul style="list-style-type: none"> <li>• Using or allowing others to use any LACERA property, resources, information, or opportunity for personal gain or anything other than LACERA business</li> <li>• Engaging in activities involving dishonesty, fraud, deceit, or misrepresentation</li> <li>• Falsifying or failing to record proper entries in any LACERA records</li> <li>• Engaging in outside employment or activities that interfere with our duties to LACERA</li> <li>• Discriminating against, bullying, or harassing anyone</li> <li>• Any other acts or omissions that conflict with our public service</li> </ul>





# WE SERVE WITH INTEGRITY

## Value & Guiding Principles

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**INTEGRITY:** We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.

### GUIDING PRINCIPLES

- We choose to do the right thing even when no one is looking.
- When we are aware of something that may be wrong, inappropriate, or create organizational risk, we speak up.
- We make decisions based on facts and the law.
- When presented with two or more valid choices on how to address a challenge or issue, we choose the one that is most beneficial to LACERA's members.
- When we make an error, we own up to it and work to correct it.

Integrity is the primary LACERA Value, on which the other Values depend. Integrity guides all our work and work relationships.

# Avoiding Conflicts of Interest

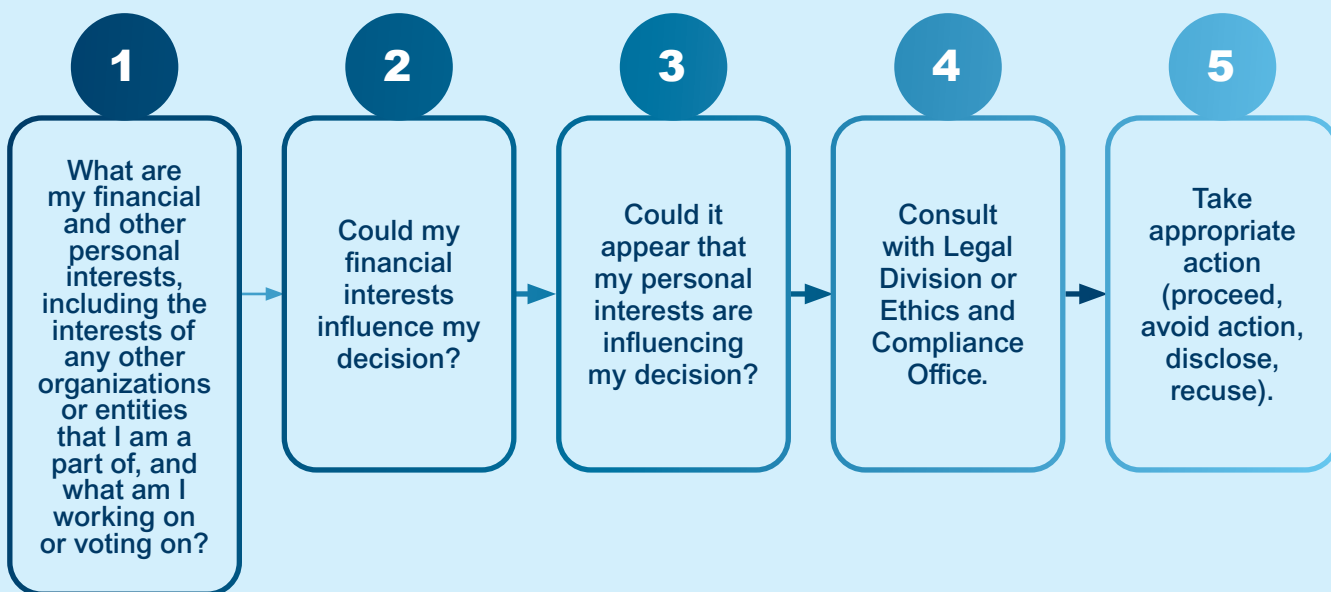
A conflict of interest means putting our financial or other personal interests of any kind, as well as the interests of any other organizations or entities, ahead of the interests of LACERA, our members, and their beneficiaries. There are *actual* conflicts, *potential* conflicts, and situations that give the *appearance* of a conflict.

LACERA Trustees and staff must avoid all three types of conflict in all aspects of our work so that members and their beneficiaries are confident that we act ethically and in their best interests.

Conflicts of interest are illegal under California law and carry significant penalties.

We remain aware of how our financial or other personal interests (including those of our family members) may interact with our work at LACERA, so we can readily identify conflicts and take appropriate action to evaluate, avoid, or remove the conflict as soon as possible. We look out for conflicts at the beginning and every stage of any project, all the way through to final approval by the Boards or other leadership and through project completion.

## How to Avoid Conflicts



Conflicts of interest issues are complex and have high organizational risk, so always consult with the Legal Division or Ethics and Compliance Office about all actual, apparent, or potential conflicts.

## Contracts

We cannot participate in making any LACERA contract in which we have a financial or other personal interest, whether directly or indirectly. This includes any part of the contracting process, such as:

- Developing or identifying the need for the goods or services being purchased or the investment of LACERA funds.
- Issuing a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation (set out in LACERA’s Policy for the Procurement of Goods and Services and the separate Investment-Related Services Procurement Policy).
- Developing criteria used to select the provider of goods or services.
- Evaluating prospective contracting parties, selecting contracting parties, or negotiating the terms of the contract.
- Monitoring the implementation and performance of the contract.

Other conflict of interest issues related to contracts include:

- **Conflicts of Contractors:** We conduct due diligence with every contract and remain aware



of contractors’ conflicts of interest involving LACERA, its Trustees and staff, or other parties from solicitation through the entire term of the contract. During the contracting process, we require potential contracting parties to disclose actual and potential conflicts. We also conduct our own due diligence to identify any actual or potential contractor conflicts. LACERA’s contracts include provisions requiring the contracting parties to represent there are no actual or potential conflicts of interest during the contracting process and the entire term and performance of a contract and to disclose any conflicts that arise later.

 [Policy for the Procurement of Goods and Services](#)

 [Investment-Related Services Procurement Policy](#)

 [FPPC Quick Guide to Section 1090](#)



## SERIOUS CONSEQUENCES OF CONFLICT-OF-INTEREST VIOLATIONS WITH CONTRACTS

Conflicts of interest during contracting can have serious consequences, such as:

- Preventing LACERA from entering the contract
- Causing the contract to become void

Undisclosed conflicts may result in staff discipline as well as lead to civil and/or criminal penalties. When in doubt, ask the Legal Division or Ethics and Compliance Office.



## Q & A – VENDORS

**Q: I am attending a conference and a vendor asks me to promote their company or give them access to other LACERA decision-makers. What should I do?**

A: We should refer the vendor to follow the normal contracting process:

- For investments matters, they should email [NewOpportunities@LACERA.gov](mailto:NewOpportunities@LACERA.gov)
- For all other matters, they should email [VendorManagement@LACERA.gov](mailto:VendorManagement@LACERA.gov)

Additionally, if there is a pending RFP, the party should be encouraged to follow the process set out in the RFP.

- **No Contact during Contracting Process (Quiet Period):** We avoid all contact with people or companies responding to an RFP, RFI, purchase order, or other contract solicitation to maintain a fair and transparent process. LACERA's RFPs, RFIs, and other contract solicitations explain that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party. During the quiet period, Trustees and staff are *not permitted to contact* potential contracting parties, and vice versa. Quiet period lists are available for Trustees and all LACERA staff in monthly Board meeting materials. Contact during the quiet period is only allowed as stated in the published terms of the contracting process or limited to contact necessary to carry out ongoing LACERA business under an existing contract.
- **Follow All Policies and Procedures:** We follow all LACERA policies and procedures and the published terms of the contract process. We avoid any action that could influence or attempt to influence LACERA to enter into a contract with anyone outside of established policies and procedures. Trustees and staff should refer people or companies to reach out to [NewOpportunities@LACERA.gov](mailto:NewOpportunities@LACERA.gov) for Investment matters and to [VendorManagement@LACERA.gov](mailto:VendorManagement@LACERA.gov) for all other matters.

### Gifts, Honoraria, Travel, and Loans

We hold ourselves to the highest standards to avoid actual conflicts, potential conflicts, and the

appearance of conflicts. We make unbiased decisions to serve our members and their beneficiaries' best interests.

- **Gifts:** A "gift" is any payment or other benefit that confers a personal benefit for which a public official does not provide payment or services of equal or greater value. A gift includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public.
  - Trustees: Trustees may only accept gifts subject to the FPPC limit (totaling no more than \$630 in a calendar year from any single source for 2026). The \$630 limit could change in future years. Please be aware that accepting gifts over the limit will require disclosure and recusal and could lead to an enforcement action by the FPPC. Any gift received over \$50 must be disclosed on the Trustee's Form 700.
  - Staff: To avoid any appearance of actual or potential conflicts, we do not accept any gifts and pay our way for all legitimate business expenses.
  - Exceptions: Please note that there are numerous exceptions to the definition of "gift." Some of the most common exceptions are set out below. Please consult the *FPPC Fact Sheet on Limitations and Restrictions on Gifts, Honoraria, Travel and Loans for Local Officials* for other exceptions. Always ask the Legal Division and Ethics and Compliance Office



## Q&A - GIFTS

**Q: I am attending a conference and LACERA paid my cost of admission. An individual or organization at the conference offers me food, beverages, or other items. Can I accept?**

**A: Trustees** – You can accept anything included with the cost of admission to the conference because LACERA has paid for those items. You may also accept small items (pens, notepads, light refreshments, etc.) made available to all attendees without regard to official status. Anything else that you receive must be disclosed on your Form 700 if it is from one source and more than \$50 and cannot exceed the gift limit (currently \$630 for 2025-2026).

**Staff** – You can accept anything included with the cost of admission to the conference because LACERA has paid for those items. You may also accept small items (pens, notepads, light refreshments, etc.) made available to all attendees without regard to official status. However, you cannot accept anything else. When in doubt, do not accept and consult with the Legal Division or Ethics and Compliance Office before accepting anything more than one of those small items.

regarding FPPC exceptions and any questions concerning gifts.

- *Gifts from Family* – Gifts from the public official's spouse (or former spouse), child, parent, grandparent, grandchild, brother, sister, current or former parent-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, or first cousin or the spouse of any such person, unless they are acting as an agent or intermediary for another person who is the true source of the gift.
- *Employee Gift Exchange* – Items received by an employee during an employee gift exchange, as long as the items received are provided by another employee of the agency and the gifts are not substantially disproportionate in value.
- *Reciprocal Exchanges* – Reciprocal exchanges between an official and another individual that occur on an ongoing basis as long as the total value of payments received by the official within the calendar year is not substantially disproportionate to the amount paid by the official and no single payment is \$630 or more. For example, if two people take turns buying lunch for one another so that overall each pays half the total value during the calendar year.
- *Dating Relationships, Long-Time Friends, and Existing Personal Relationships* – Please

see the FPPC Fact Sheet and ask the Legal Division and Ethics and Compliance Office about any questions.

- **Honoraria:** We cannot accept any payment or benefit for any speech we make, article we write, or our attendance at any public or private conference, convention, meeting, social event, meal, or similar gathering. Any questions about whether something is an honorarium should be directed to the Legal Division.
- **Travel:** LACERA Trustees and staff may only accept payments or reimbursement from a third party for transportation, lodging, and related meals if LACERA is allowed to receive them under relevant Fair Political Practices Commission (FPPC) regulations and if we receive advance approval from the Legal Division, which verifies all legal requirements are met before the trip. In these situations, we complete FPPC Form 801 Payments to Agency Report. We must also follow LACERA's own policies when traveling for LACERA business.
- **Loans:** Trustees and staff may accept loans from commercial lending institutions made in the lender's regular course of business on terms available to members of the public without regard to our position at LACERA. For any other type of loan, consult the Legal Division.

## Investments

LACERA Trustees and staff may not have any direct or indirect financial or other personal interest in any investment made by LACERA. We do not sell or provide any investment product to LACERA, whether directly or indirectly, for ourselves or as an agent or partner of others.

## Bribes and Kickbacks

Giving or receiving any payment or gift as a bribe or kickback is absolutely prohibited.

## Material Non-Public Information (MNPI)

MNPI is confidential information about a company that, if disclosed, would likely impact the market value of its securities. Using this type of information to buy or sell securities is illegal. It is “insider trading” and against the law. If circumstances require Trustees or staff to receive any MNPI as part of their LACERA duties, the Trustees and/or staff will receive instructions on their legal obligation to maintain the confidentiality of the MNPI and will be required to sign an acknowledgment form.

## Form 700 Statement of Economic Interests

*What:* The California Fair Political Practices Commission (FPPC) Form 700 Statement of Economic Interests is how many of us are required to disclose our economic interests that could lead to a conflict. Form 700s are public documents and help promote transparency into public officials’ potential conflicts. Filers complete their Form 700s on time and accurately.

*Why:* Form 700 is required by state law and regulations and is an essential tool to identify actual and potential conflicts of interest.

*Who:* Not everyone files a Form 700 or must disclose the same information on their form. Filing depends on our position at LACERA. LACERA’s *Conflict of Interest Code* lists the positions that are required to file and the information that must be disclosed. To see the complete list of positions that file and the information required of each filer, please check our Conflict of Interest Code. The list includes all LACERA Trustees, Executive management and

division managers, and certain other staff, as well as consultants advising the Boards and most financial managers.

*When:* Assuming office statements for required filers are due within 30 days of our first day with LACERA. Annual statements are due yearly on April 1. Leaving office statements are due within 30 days of our last day with LACERA. Any late statement can lead to fines of \$10 per day, up to a maximum of \$100, and referral to the FPPC Enforcement Division, which may investigate and impose additional penalties.

*How:* We use a convenient e-filing system that saves our information, so we do not have to re-enter everything each year. If we are required to file, we will receive timely notices and reminders with filing instructions at our LACERA email address.

*Where:* Some filers file with LACERA, while others must file with the FPPC. If we need to file a Form 700, we will hear from the applicable agency.

## Disclosure and Recusal

Trustees and staff always look out for and **disclose** actual and potential conflicts of interest based on our own financial or other personal interests with any matters that we work on (or if we are a Trustee, that come before the Boards). To determine whether **recusal** or disqualification is required, please consult the Legal Division. LACERA is not allowed to enter into contracts that are impacted by Trustee and/or staff conflicts when such conflicts cannot be dealt with by disclosure and/or recusal.

Trustees and staff *must* consult with the Legal Division or Ethics and Compliance Office about any actual or potential conflicts of interest to ensure that the right steps are taken.

## Outside Activities, Employment, and Offices

LACERA supports Trustees and staff serving as active members of our communities. However, we cannot engage in activities, employment, or hold other offices that are incompatible with our LACERA duties. This is to ensure we uphold our fiduciary duty of loyalty to our members and their beneficiaries. We always act in our members’ best interests by avoiding

conflicts of interest or any unreasonable interference with the performance of our duties. These prohibitions are statutory and apply to both Trustees and staff:

- **Incompatible Activities & Employment:** Activities, including outside employment, that are inconsistent, incompatible, in conflict with, or prevent us from performing our LACERA duties to the best of our abilities. An outside activity may be incompatible based on the time commitment required.

- **Incompatible Offices:** Two public offices (serving as an appointed or elected member of a governmental board, commission, committee, or other body) are incompatible when their functions are inconsistent or in conflict with one another.

Trustees and staff may contact the Legal Division or Ethics and Compliance Office if they have questions about their outside employment and activities. Please also closely review the next section on the use of LACERA position, resources, and information.



## OUTSIDE ACTIVITIES Q&A

**Q: I am a staff member and was asked to serve on the board of a charity, nonprofit, or other community organization. I may also be appointed to, or run for, public office. What should I do?**

**A:** Please consult with the Legal Division, Ethics & Compliance Office, and Human Resources. They will discuss your specific situation to determine whether there will be any conflicts with your work at LACERA.

## Use of LACERA Position, Resources, and Information

Our fiduciary duties include a responsibility to defray the costs of administering the retirement system. LACERA's commitment to ethical conduct therefore extends to responsible, efficient, and sustainable use of our resources. We are committed to using only the resources necessary, in the judgment of the Boards and management, to administer the system in furtherance of LACERA's fiduciary duty. We avoid excessive costs and expenses when more economic options are available with equal or better quality. These considerations extend to organizational expenses, including agency operations, education and travel, contracts, and supplies procurement.

Our LACERA positions, resources, and information may only be used for LACERA business and not for personal gain or advantage. This includes:

- Our position, title, or status with LACERA;
- LACERA property, funds, or other resources, including LACERA's letterhead, logo and email addresses; and

- LACERA information, including plan member information, investment information (including MNPI), and any other information concerning LACERA's business. LACERA controls the use of and access to its information to support the performance of its fiduciary duty and the best interests of our members.

Trustees may send letters to non-LACERA individuals or entities using LACERA letterhead only if the communication is authorized by the Board on which they serve.

We only use LACERA funds or deposits to make authorized payments of the retirement system.

We do not speak for LACERA or give the appearance of speaking on behalf of LACERA while serving in any non-LACERA roles. *Please see Media Policy and Social Media in We Are Transparent on page 29 for more information.*

# Political Activities

We are not just public servants, but active participants in our democracy. However, we keep our political activity separate from our LACERA work. Please note that nothing in this section restricts Trustees’ and staff’s political activities as allowed by California law.

 Permissible Political Activities (Staff)

 Permissible Political Activities (Trustees)



## Allowed

- Work on candidate and ballot campaigns during our *personal* time
- Attend campaign events during our *personal* time
- Make campaign contributions using our personal funds, subject to applicable campaign finance laws
- Use our LACERA position only as required to *identify* ourselves when making an endorsement as long as we do not indicate that we represent LACERA or that the endorsement is the position of LACERA. We also include the disclaimer: “For identification purposes only.”
- Elected Trustees – work with the Legal Division and the Ethics and Compliance Office for any potential behested payments.

## Not Allowed

- We may not use LACERA time, funds, property, technology, letterhead, logo, or other resources in our personal political activities.
- We may not use our influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote, financial support, or other support for a candidate or ballot campaign.



# Nepotism Policy

Nepotism means giving jobs, contracts, or other favorable treatment to someone because they are a relative or based on our personal relationship with them, not on merit. We avoid nepotism and the appearance of nepotism because it is unfair, creates conflicts of interest, and prevents LACERA from being an equitable workplace. Our goal is to select the best candidates, without regard to personal connection or relationship.

## Definitions of Personal Relationship and Relative

For the purposes of this policy, **personal relationship** is defined as a current relationship between persons because they live together, have a romantic partnership or are dating, or have a financial partnership unrelated to official job duties.

For purposes of this policy, **relative** is defined as any known relationship formed by blood, marriage, or adoption, such as an individual's:

- Spouse, domestic partner
- Parent, stepparent, adoptive parent, legal guardian, foster parent
- Grandparent, grandchild, step or adoptive grandparent, step or adopted grandchild
- Child (including stepchild, adopted child, child of domestic partner, foster child)
- Sibling (including stepsibling, adoptive sibling, half-sibling)
- First degree aunt, uncle, spouse of aunt or uncle, cousin, niece, or nephew
- Any "step" or "in-law" variant of the above relationships

## Trustees and Other LACERA Senior Leadership

LACERA does not employ (in full-time, part-time, or temporary positions) or contract with anyone who has a personal relationship or is a relative of:

- A Trustee
- The Chief Executive Officer
- The Deputy Chief Executive Officer
- Assistant Executive Officer

- Any staff reporting directly to the Chief Executive Officer or Deputy Chief Executive Officer
- Division managers

There are two limited exceptions to this rule. LACERA staff who already serve in a full-time and non-probationary capacity can continue their employment if:

- Their relative or someone they have a personal relationship with later begins serving as a Trustee or in a LACERA senior leadership position; or
- They later become related to a Trustee or an individual in a LACERA senior leadership position.

Even with these exceptions, if a LACERA employee is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

## Other LACERA Staff

LACERA may consider applicants who are a relative of or in a personal relationship with other LACERA staff for employment or as a contractor if the applicant meets all the stated qualifications for employment or the contract. However, we will still ensure there are no conflicts of interest and that the new hire or contractor is not given any preferential or unfair treatment based on any relationship. LACERA will not hire or award a contract to such an applicant if it results in any of the following:

- A direct or indirect supervisor/subordinate relationship with the LACERA staff member they are in a personal relationship with or a relative of; or
- An actual or potential conflict of interest or the appearance of a conflict of interest; or
- The applicant has control or inspection of the work of the person they are in a personal relationship with or a relative of, or vice versa. This includes, but is not limited to, control or inspection of the relative's work through Quality Assurance, Internal Audit, the Legal Division, Ethics and Compliance, or Human Resources.

These criteria are also considered when assigning,

transferring, or promoting staff or contractors to another position or division within LACERA.

## Participation in Hiring or Contracting Process

Trustees and staff will not participate in any process—or attempt to influence any process—to hire, evaluate, promote, or award a contract to someone they are in a personal relationship with or a relative of under any circumstances. Trustees and staff may participate in the hiring process for any other person only in accordance with established LACERA policies and procedures and shall not participate outside of their individual hiring or contracting authority. Trustees and staff may refer individuals interested in potential employment or contracts to LACERA’s Human Resources, [NewOpportunities@LACERA.gov](mailto:NewOpportunities@LACERA.gov) for Investment matters, or [VendorManagement@LACERA.gov](mailto:VendorManagement@LACERA.gov) for all other matters.

## Leaving LACERA

As public servants, our duties and responsibility to LACERA and our members and their beneficiaries continue after our service with LACERA ends.

Trustees and staff will continue to respect the confidentiality of LACERA information and will not share or use it for any purpose. Trustees and staff will comply with the following “revolving door” rules upon leaving our LACERA position:

### Prospective Employment After LACERA

If, while still in service with LACERA, Trustees and staff begin looking for new employment with a non-governmental employer, we will not make or participate in any LACERA decision that directly relates to that prospective employer.

Additionally, please note that a new state law requires certain Form 700 filers to disclose prospective employment on their Form 700.

If these circumstances arise, contact the Legal Division or Ethics and Compliance Office for guidance.

Additionally, if a LACERA staff member is aware that someone they know (other than a relative or someone with whom they have a personal relationship) is applying for a LACERA position or contract, the staff member should disclose that relationship to Human Resources immediately so that the circumstances can be evaluated. Our goal is to ensure a fair hiring and contracting process, avoid giving unfair preference to anyone, and select the best candidates based on merit and what is in LACERA’s best interests.

### Late Discovery of Staff Member’s Personal Relationship or Relative

If a staff member’s personal relationship or relative is not discovered until after an applicant has been hired or promoted, or after a contractor has been engaged, the situation will be addressed as soon as possible to avoid actual or potential conflicts of interests, up to and including separation or termination.

### Lobbying LACERA After Leaving Employment

Lobbying means attempting to influence decisions made by LACERA and is specifically defined by California law for these purposes as: *acting as an agent or attorney for, or otherwise representing, any person, by making any formal or informal appearance before, or by making any oral or written communication to LACERA, the Board of Retirement, the Board of Investments, any Trustee, any staff member, for the purpose of influencing action by LACERA, including any action involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property.*

If we served as a Trustee or worked in certain positions, we cannot lobby LACERA for any form of compensation for two years after leaving our position. Those positions are: *Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, Chief Deputy Legal Officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer.* However, this prohibition does not include acting on behalf of the County of Los Angeles.

# WE ARE INCLUSIVE AND COLLABORATIVE



## Values & Guiding Principles

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**INCLUSIVITY:** We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our Mission and strategic priorities.

**COLLABORATION:** We work together across all levels of the organization to deliver on our strategic priorities and objectives.

### GUIDING PRINCIPLES

- We welcome and encourage different views, creating a safe environment to share our thoughts.
- We are professionals and are courteous, patient, and empathetic.
- We recognize that almost no task can be accomplished alone and seek out those with knowledge and skills to help us be successful in our work.
- We work together to reach common goals—the essence of LACERA's success.

We are inclusive and collaborative because it leads to better solutions and the best outcomes for LACERA and our members and their beneficiaries. These two Values are central to our work culture and speak to the heart of teamwork—we welcome and respect everyone's contribution and recognize that our different experiences, views, perspectives, and areas of expertise make us stronger, more effective, productive, and innovative.

# Inclusion, Diversity, Equity and Accessibility

Inclusion, diversity, equity and accessibility directly align with LACERA's Values and support our Mission to produce, protect, and provide the promised benefits to our members and their beneficiaries.

- **Inclusion** allows teams with diverse backgrounds and perspectives to work together, leading to innovative thought, better performance, and a welcoming and dynamic working environment.
- **Diversity** of background, experience, and ideas promotes well-informed decisions and better solutions, enhances problem solving, and improves our ability to navigate challenging situations,

leading to the best operational results and work environment.

- **Equity** ensures that everyone is treated fairly and that Trustees and staff members are empowered to maximize their strengths and contributions to LACERA.
- **Accessibility** means that our working environment, policies, and systems may be used by everyone regardless of ability. We remove barriers that may prevent full participation in the workplace.



Statement of LACERA's Commitment to Inclusion, Diversity, Equity, and Accessibility



## Responsiveness

We are a team working together to achieve the best results for our members and their beneficiaries. We communicate with our colleagues in a timely, professional, and mindful manner. We actively listen and thoughtfully engage when others seek guidance. Whether we are responding to a simple question

via email or working on a larger team project, we are accountable to one another by always being responsive and respectful of each other's time and efforts. We recognize our common goal and serve as each other's advocates in promoting our Mission.

## Respectful Communication

We are polite, respectful, thoughtful, and professional in all communications, spoken or written, with everyone—Trustees, staff, members, beneficiaries, contractors, and all other individuals and entities—even when we are expressing different points of view. We treat others as we would like to be treated. In meetings, we are present, engaged, prepared, and have a public service mindset. We are active listeners and encourage all perspectives. We welcome those with different backgrounds and experiences into every conversation. This creates a collaborative and

inclusive environment where we work together to achieve the best results for our members and their beneficiaries in furtherance of our fiduciary duties. Respectful communication applies to all of us, no matter our division or position. We are all held to the same standard of respect and consideration.

Disrespect, profanity, crude language, and other inappropriate and unprofessional conduct are not only ineffective, but also disruptive, contrary to our Values, and interfere with our ability to accomplish our Mission.



### DIFFICULT CONVERSATIONS

We sometimes must have difficult conversations, but we are always respectful of differing opinions and viewpoints. We do that by:

- Remaining curious and open minded to make the most informed decisions.
- Being mindful of our language and tone, even in stressful or complex situations.
- Assuming everyone is acting in good faith and raising legitimate issues that should be respectfully considered.
- Recognizing that we may have different perspectives on how to carry out our fiduciary duties to our members and beneficiaries, but we all share the same goal.
- Embracing that vigorous discussion leads to better solutions by ensuring that all perspectives and options are considered.

# Anti-Discrimination and Prevention of Harassment Policy

LACERA is an equal opportunity employer. We are committed to providing a work environment where everyone is treated with respect and dignity, free of discrimination, harassment, and retaliation. LACERA does not tolerate discrimination, harassment, retaliation, or any mistreatment of staff or others in the LACERA workplace, including members, beneficiaries, applicants, contractors, volunteers, interns, and visitors. Such behavior goes against our Values.

Any staff member who believes they have been discriminated against, harassed, retaliated against, or subjected to inappropriate conduct or mistreatment is strongly encouraged to make a report (verbally or in writing) to any supervisor, manager, Human Resources,

or LACERA's Internal Audit Division. The Ethics Hotline (844-794-9416 or [lacera.ethicspoint.com](https://lacera.ethicspoint.com)), discussed in *We Hold Ourselves Accountable* on page 23, is another way to report.

**LACERA has an absolute commitment to non-retaliation.** Retaliating against anyone for reporting an incident, filing a complaint, or speaking up about unethical or noncompliant actions is grounds for discipline, up to and including discharge. Upon receiving a report, LACERA will conduct a timely, fair, and thorough investigation, and consider any needed discipline if a report is determined to be supported by the evidence. *Please see the following memorandum for additional information on the investigative process.*



## Anti-Discrimination, Harassment, and Retaliation Policy and Complaint and Investigation Procedures

# Safe and Healthy Work Environment

LACERA is committed to providing a safe, healthy, and accessible work environment for everyone, including Trustees, staff, members, beneficiaries, and visitors. We protect each other and our members. Please report any health or safety concerns to Administrative Services.

We do not tolerate any violent behavior or threats of

violence, direct or implied. This applies whether at LACERA, off-site work-related activities, or LACERA-sponsored events. It also applies on any social media, other media, or electronic channel. Engaging in acts or threats of violence is grounds for discipline, up to and including discharge, along with a report to law enforcement if appropriate.



## HOW TO REPORT WORKPLACE VIOLENCE

- If we witness, or become aware of a violent incident, threat (direct or implied), or any other workplace violence concern against ourselves or anyone else in the workplace or that arises from or relates to our work, we immediately report it to our Supervisor, Manager, the Executive Office, Workplace Violence Prevention Committee ([WorkplaceViolenceCommittee@lacera.gov](mailto:WorkplaceViolenceCommittee@lacera.gov)), the Director of Human Resources, or Human Resources' Employee Center.
- If there is an immediate safety threat or a serious injury has occurred, immediately contact 9-1-1 and report the incident to law enforcement, security, and/or emergency medical services.
- Reports of workplace violence are also covered by LACERA's strict non-retaliation policy.



## Workplace Violence Prevention Plan Policy, and Procedures

## Drug and Alcohol-Free Work Environment

LACERA has a strict, zero-tolerance policy against staff possessing, selling, using, or being under the influence of non-prescription intoxicating or illegal substances on LACERA time or property, including cars used for LACERA business, or abusing prescription medication in the workplace. Substance abuse in the workplace is extremely disruptive and harmful. It negatively affects our work and poses serious safety and health risks. LACERA requires all

staff to report to work fit to perform their job duties (including while teleworking). We cannot use or have alcohol, non-prescription intoxicating drugs, or illegal drugs in the office. We also may not use alcohol, non-prescription intoxicating drugs, or illegal drugs at home or other off-site teleworking location during work hours. Finally, we follow all laws on drug and alcohol use at all times, including while not working.

## Professional Attire and Appearance

Professional attire and appearance are essential to maintaining a business image that reflects LACERA's standards. LACERA allows staff members the flexibility to dress and maintain an appearance reflecting personal style as long as it is professional, respectful, and appropriate to the nature of the event and audience. *Please see the policy for more details.*

### Professional Attire and Appearance Policy



# WE HOLD OURSELVES ACCOUNTABLE

## Value & Guiding Principles

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**ACCOUNTABILITY:** We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our Mission and duty as prudent stewards of the pension funds.

### GUIDING PRINCIPLES

- We always show up for our colleagues and follow through on our promises to provide high-quality, efficient, and accurate service to our members.
- We recognize that we are human and make errors. When we make an error, we recognize it, correct it, learn from it, and look to find ways to prevent future errors.
- We take the initiative to continually develop and improve our skills to get the job done.
- We address performance, inappropriate conduct, or actions not in line with our Values in a timely manner.

Accountability means holding ourselves, and each other, to high standards and taking responsibility if we fall short of those standards. True accountability means we are all held to the same high standards, regardless of title, position, function, or division. Being accountable makes us better teammates, improves operations, and best serves the fiduciary duty we owe to our members and their beneficiaries.

## Speak Up, Listen Up

We have a duty to speak up and report issues that do not align with our Mission, Vision, and Values. We have a duty to create a safe space for and listen respectfully to those who report problems and take their concerns seriously. We identify problems early so we can perform at the highest level, with the

strongest ethical standards, and foster a work culture that embodies our values. We welcome and look for helpful ideas and feedback so we continually improve ourselves and our processes and create an accountable workplace.

## Ethics Hotline/Reporting Channels

Our Ethics Hotline and reporting channels help ensure we have a workplace based on integrity, transparency, and accountability. We each have a duty to look out for and report misconduct or conduct unbecoming to the positions of trust we have as fiduciaries for our members and their beneficiaries.

### Staff

Report misconduct and illegal acts of any kind (including, but not limited to theft, fraud, embezzlement, extortion, or misappropriation of property, as well as harassment, discrimination, bullying, or retaliation) as follows:

- Promptly discuss the situation with your manager, supervisor, Human Resources, or other LACERA management, including the Executive Office, Internal Audit, Legal Division, and Ethics and Compliance Office. Managers and supervisors are responsible for handling and escalating staff concerns, reports, and allegations. Managers' and supervisors' failure to follow up on staff reports and allegations may result in disciplinary action depending on the circumstances.
- If you are uncomfortable reporting misconduct or illegal acts to any of the above individuals or offices, or do not feel that your concern is adequately addressed, the following resources are available:

- *Call the Toll-Free EthicsPoint Hotline (844-794-9416).* The Ethics Hotline is hosted by EthicsPoint, LACERA's third-party service provider, dedicated to taking calls on an anonymous basis 24 hours a day, 7 days a week.
- *File a Report on-line with EthicsPoint ([lacera.ethicspoint.com](https://lacera.ethicspoint.com)).* You can use an external device to ensure anonymity.
- *Reports will be treated confidentially to the extent feasible in light of LACERA's obligation to conduct an investigation or review and otherwise follow up on any concerns.*
- *Any staff member making a report through the hotline is protected by LACERA's non-retaliation policy.*
- *Any LACERA staff member engaging in any form of retaliation in response to a report is subject to disciplinary action, up to and including termination.*

### Trustees

Trustees may make use of the hotline and may also report concerns to their Board Chair as well as the Chief Executive Officer, Chief Counsel, Chief Ethics and Compliance Officer, or the Chief Audit Executive. Board Regulations also provide procedures for censuring a Trustee.

# Investigative Process for Claims of Misconduct

Management will promptly acknowledge receipt of reports, directly to the complaining party (if known) or through the EthicsPoint website for anonymous reports. All reports will be taken seriously. Actions taken will depend on the facts and circumstances of

each report. The complaining party, and those against whom a complaint was made, will be informed of the outcome when the investigation is completed.



## OUR ROLE IN INVESTIGATIONS

If someone reports misconduct and we are asked to participate in the investigation by giving an interview or producing records, we cooperate fully, respond truthfully and completely, and maintain confidentiality. This is part of accountability. Participating in investigations helps ensure LACERA can determine what, if anything, went wrong and how we can fix it or prevent it from happening again. You cannot be retaliated against for participating in any investigation.

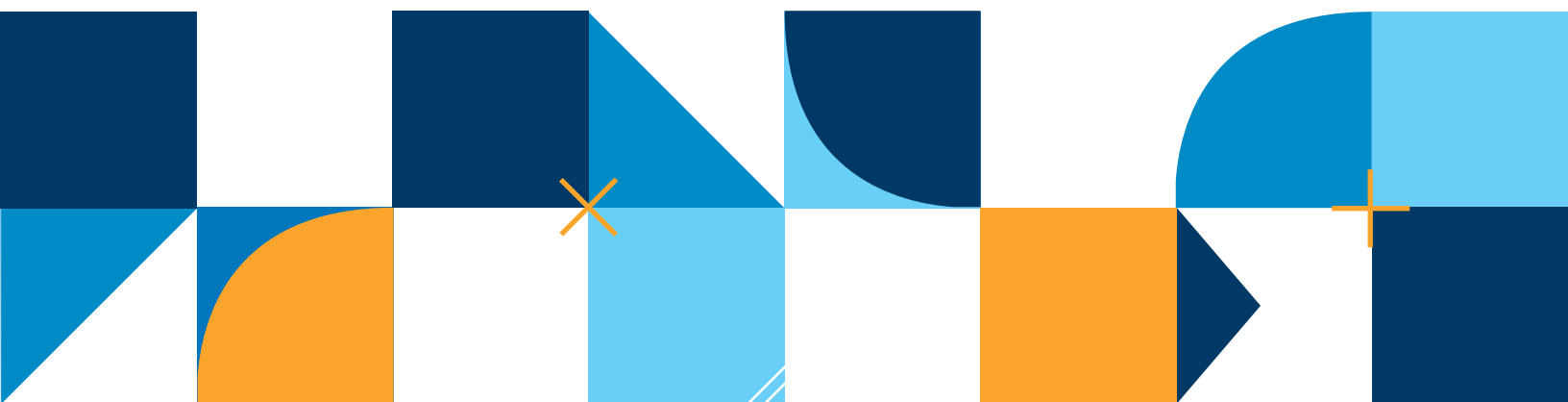
## Commitment to Non-Retaliation

Retaliation is *any kind of negative action* against a staff member that takes the form of punishment or creates a hostile, threatening, inequitable, or uncomfortable work environment as a result of the staff member reporting a concern or participating in an investigation. LACERA prohibits and does not tolerate any form of retaliation against staff for making reports in good faith or otherwise cooperating in an investigation. Staff who are found to have

retaliated in any respect will be subject to disciplinary action that may result in termination.

LACERA's commitment to non-retaliation supports our ethical culture. We can confidently uphold our duty to report unethical behavior or illegal conduct, without fear of negative action being taken against us.

If you believe you have been retaliated against, you may file a complaint, and action will be taken where the complaint is substantiated.



# Responsible Risk Management

We are accountable to LACERA, our colleagues, and our members by being risk aware. Risk is anything that may interfere with our ability to accomplish our Mission, Vision, and Values, and that undermines our culture and ethical standards. Cutting corners, failing to speak up or act promptly create operational risk. We are responsible for reducing risks that can disrupt our business or lead to mistakes, misconduct, harm to LACERA's members and their trust in us, or loss of funds. To manage risk, all staff:

- Are risk aware—we know about divisional and organization-wide risks.
- Identify, report, prioritize, and manage risks, and potential process improvements and other controls, related to our role.
- Follow controls and adjust them as needed to address risk. A control is a process, measure, or action that reduces risk. LACERA's Mission, Vision, and Values and its policies and procedures are examples of controls.
- Seek guidance on effectiveness of controls from Internal Audit, the Legal Division, the Ethics and Compliance Office, or the Executive Office.
- Report risks and mitigation efforts to your supervisor and manager, Human Resources, the Executive Office, ACRE Committee, or Boards when appropriate.
- Conduct continuous risk assessments because risks change and require that our controls to address them must also evolve.



# Telework







LACERA has embraced hybrid work as a permanent part of our operations. It balances work quality, productivity, staff morale, disaster recovery and business continuity plans, air quality and traffic reduction goals. Telework is a privilege, not a benefit or right. This privilege may be granted, modified, denied, or terminated at LACERA's sole discretion. We hold ourselves accountable when working

outside of the office by following all requirements in our Telework Policy. Whether in the office or working remotely, we work effectively, efficiently, and act in accordance with our Values and this Code. We are reliable team members and provide excellent service to each other and our members no matter where we work.

## Telework Policy for LACERA Staff Members



### TELEWORK DO'S AND DON'TS

-  DO: Follow your telework schedule and use leave for personal activities
-  DO: Be available during working hours
-  DO: Be responsive to email, Teams calls, and Teams messages whether in the office or teleworking
-  DO: Follow LACERA's Privacy and Confidentiality Policy while teleworking
-  DON'T: Don't change your telework schedule without your supervisor's approval
-  DON'T: Don't forget to immediately tell your supervisor about any connectivity or device issues



# WE ARE TRANSPARENT



## Value & Guiding Principles

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**TRANSPARENCY:** We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.

### GUIDING PRINCIPLES

- We create a healthy work environment by sharing information, listening to each other's ideas, and giving constructive feedback.
- We recognize that good decisions are made based on knowledge and data and seek to share and provide both freely.
- We recognize that we are a public institution and freely share knowledge (when appropriate) with our peer organizations.

Transparency builds trust. We are transparent with our teams, our members, and all others with whom we interact. A transparent culture best serves our staff, members, their beneficiaries, and the public.

# Transparent Communication

We are transparent in our communication and are committed to the free flow of information to the extent permitted by law and our Privacy and Confidentiality Policy, both internally and externally.

Internally, we readily share information between divisions and discuss all sides of an issue to best serve each other, our Mission, our members, and their beneficiaries, and to promote collegiality and collaboration. Transparent communication is an essential component of teamwork and working toward our common Mission.

Externally, we provide accurate, timely, and complete information to the extent allowed and legally required to carry out our important public service for our members and their beneficiaries.

## Accurate Information

As fiduciaries, we give members accurate, complete, and understandable information so they can make informed decisions about their benefits. Trustees and staff do not provide information or advice about a member's rights, benefits, or obligations, unless we are knowledgeable about and authorized to communicate with members on such matters. LACERA has 16 divisions, each with its own roles, responsibilities, knowledge, and skill sets. We consult with or refer members to relevant divisions on any issues outside the scope of our own expertise and day-to-day duties to ensure members always receive the most up-to-date and accurate information from the most reliable source. We may also refer member questions and concerns to the Chief Executive Officer or their designee when necessary.

## Specific Guidance for Trustees

Trustees may send letters to non-LACERA individuals or entities using LACERA letterhead only if the communication is authorized by the Board on which they serve.

When staff receives written communications addressed to the Boards or individual Trustees, they promptly open and review it if it is not marked "personal" or "confidential." Staff will determine the



appropriate course of action in accordance with the *Board of Retirement Correspondence Policy*, provide a copy to the trustee, and indicate the division, process, or staff member assigned to respond.

Board of Retirement Trustees who receive written communications directly from members should provide the original correspondence to the LACERA Executive Office for processing by the appropriate staff member.

When Trustees make or receive any written communications regarding LACERA's business involving a current LACERA service provider or person or entity related to that provider, Trustees will provide a copy of that communication to the Chief Executive Officer or Chief Investment Officer for distribution to all Trustees of the Board on which the Trustee serves.



**Board of Retirement Correspondence Policy**

All communication with vendors, including meetings and phone calls, should also be disclosed to the Chief Executive Officer or Chief Investment Officer. Trustees do not need to disclose purely personal or social correspondence, routine announcements, generally distributed newsletters, and other similar correspondence.

## Media Policy

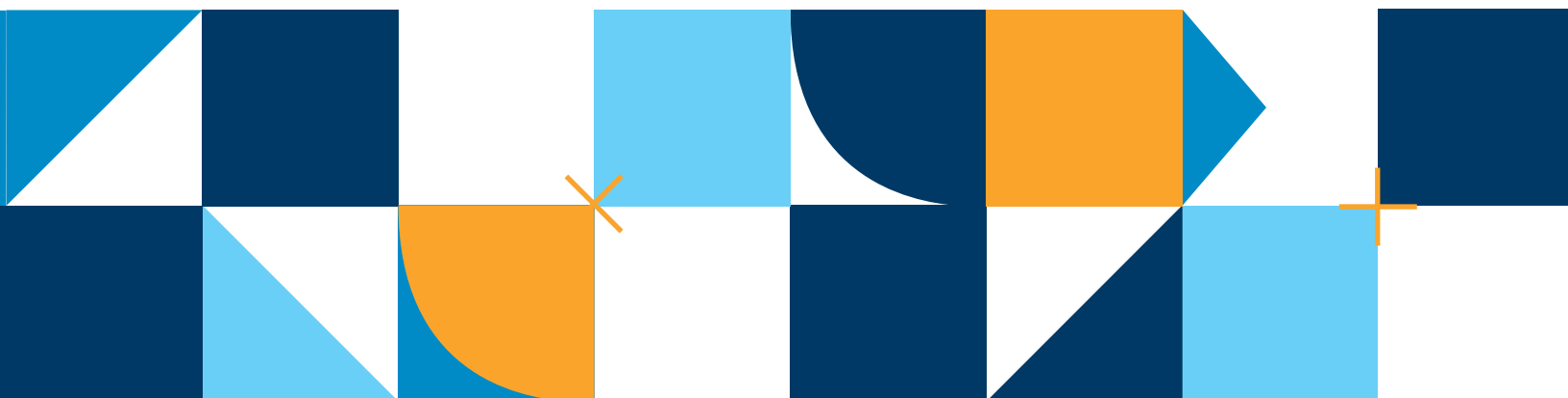
LACERA accurately communicates the policies and actions of LACERA and the Boards of Retirement and Investments to legitimate representatives of the media.

The general spokesperson for LACERA is the Chief Executive Officer or their designee. For Board of Investments policies and practices, the Chief Investment Officer or their designee is the primary spokesperson. Staff forward all inquiries and requests from the media to the Chief Executive Officer, or to the Chief Investment Officer if the inquiry or request involves LACERA investments. Trustees are encouraged to do the same.

LACERA staff do not initiate any media contact without specific Board direction. LACERA staff share any written press releases with the relevant Board Chair(s) for review. Please see the full Media Policy for more detail.

## Social Media

Whether we are a Trustee or staff member, we do not hold ourselves out as representatives of LACERA on social media. Our *Communications Division* is responsible for LACERA's social media presence. Nothing in this section prohibits Trustees or staff from sharing content posted by LACERA's social media accounts, though Trustees must be mindful of limitations imposed by the Brown Act to avoid participation by a majority of Trustees on either Board (see *Brown Act on page 31*). We also do not use social media for any workplace discussions. We are mindful that we are public employees and our conduct on social media, even outside of our LACERA roles, can still reflect on LACERA and our reputation.



# Confidentiality and Privacy

We protect the privacy of confidential information entrusted to us. Improper use or disclosure presents serious risks to our members, staff, Trustees, LACERA as a whole, the County of Los Angeles, our other participating employers, and those with whom we do business. We all access confidential information in our work, and we are each responsible for protecting it. Trustees and staff are responsible for reviewing and following the policy that applies to their role.

“Confidential Information” means any information not publicly available that belongs to LACERA or is related to LACERA business operations and includes the following:

- Member Records & Sworn Statements
- Personally Identifiable Information (PII)
- Protected Health Information (PHI)
- Security Information
- Proprietary Information, including Material Non-Public Information (MNPI)
- Privileged Information and Information Exempt from Disclosure under the Public Records Act
- Information shared during closed session meetings of the Board of Retirement and Board of Investments, unless the respective Board takes action to authorize disclosure

## BOR & BOI Policy on Board Member Protection of Confidential Information



### Q & A – CONFIDENTIAL INFORMATION

**Q: I need to discuss confidential information with a colleague. How should I do that?**

A: Make sure your colleague has a business reason to know the information, and find an area where you will not be overheard by others (avoiding hallways, restrooms, and other public areas of the building). If you have a conversation over the phone or Teams in the office, close the door to your office or the conference room. Trustees, and staff working with Trustees, should exercise care to avoid a serial meeting in violation of the Brown Act.

## Public Records Act and Other Requests for Information

LACERA complies with the California Public Records Act and all other lawful requests for information (subpoenas, discovery requests, etc.). If we receive one of these requests, immediately refer them to

the Legal Division. Messages on our own personal electronic devices about LACERA business are subject to disclosure under the Public Records Act.

## Records Retention

Information and records, in all formats—electronic or physical—are important LACERA assets. They are used for ongoing operations and as a historical record of past business decisions, activities, member information, and transactions. We preserve the right information, in the right place, for the right period of time. We follow the Records & Information Management (RIM) Policy and Retention Schedule, which is another way we uphold our fiduciary duties and manage risk. We do not conduct LACERA business on messaging systems that automatically delete messages (e.g., WhatsApp) before the timeframes set out in our RIM Policy.



## Brown Act

The Ralph M. Brown Act (Brown Act) governs open meetings for local legislative bodies in California and guarantees the public's right to attend and participate in these meetings. It applies to the Board of Retirement, Board of Investments, and any standing committee of either Board.

The Brown Act requires our Boards and their standing committees to hold meetings in an open forum but recognizes the need to meet in private to carry out their responsibilities in the best interests of the public under limited circumstances (including personnel matters, anticipated and pending litigation, labor negotiation, purchase or sale of pension fund investments, information technology, and security issues). Trustees and staff shall not disclose information from a closed session of the Board unless the Board takes action to allow disclosure.

A serial meeting is a series of communications, each of which involves less than a quorum of the legislative body, but which taken together involves a majority of the body's members. Trustees should be mindful to avoid serial meetings when communicating amongst themselves, including electronically (via email, text, or social media). On social media, commenting, liking, or sharing the post of another Trustee constitutes communication between Trustees and could give rise to a serial meeting if a majority of the Trustees on either LACERA Board participates. Staff are mindful of this as well when communicating with Trustees about agenda items or other issues which may be subject to board deliberation because the Brown Act also prohibits staff and others from being a conduit of information between Board members that results in a serial meeting.

# WE ARE INNOVATIVE



## Value & Guiding Principles

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**INNOVATION:** We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.

### GUIDING PRINCIPLES

- We challenge ourselves daily to develop new solutions, taking advantage of our diverse knowledge and perspectives.
- We are judicious and willing to take measured risks to test out new ideas.
- We are not afraid to fail, understanding that failure is a step toward better solutions.
- We make an effort to seek out new knowledge, remaining aware of what is happening in our industry and similar industries.

We continually find new and better ways to serve our members. Our culture is open to and welcomes change. We embrace and leverage new technologies and the latest ideas to stay ahead of the curve and evolve our operations.

## We Always Bring Our Best

We bring our best ideas, creativity, and introspection to every task, decision, and interaction to fulfill our Mission, Vision, and Values. We make tomorrow our best day and are constantly improving, through our own initiative as well as through continual learning and collaboration with our colleagues.

## Artificial Intelligence (AI)

AI is a new and rapidly evolving technology that requires safeguards. At a minimum, staff must obtain authorization before using AI for LACERA business. While staff may use AI (if authorized) as a research tool, AI is not a substitute for original thought, ideas, and individual skill sets.

Additionally, do not enter confidential or privileged information into online AI prompts, as it carries serious cybersecurity and privacy risks. *Please see LACERA's AI Policy for more information and contact the Information Security Office with any questions or concerns.*



### [Public Summary of LACERA's Artificial Intelligence Policy](#)

## Information Security and Acceptable Use

As we embrace technology and innovate new ways to effectively serve our members, we protect all confidential or privileged information from unauthorized access, use, or disclosure and manage any associated risk. We follow all applicable policies for using hardware and software. We use LACERA technological resources like computers, tablets,

phones, email, and other systems for LACERA business purposes only, though incidental personal use is allowed as set out in our *Acceptable Use Policy*. Staff should always be sure to follow the *LACERA End-User Information Security Policies & Standards Manual*.

### [Non-LACERA Managed Devices \(Bring Your Own Device \(BYOD\)\) Acceptable Use Policy](#)



## INFORMATION SECURITY DO'S AND DON'TS

- ✓ DO: Have separate and distinct passwords for LACERA systems versus personal accounts. Commit passwords to memory or maintain them in a LACERA approved password management application on a LACERA device. Do not write them down.
- ✓ DO: If you use a personal device to access email or Teams, enroll in the Bring Your Own Device (BYOD) program. Any LACERA communications on a personal device are subject to disclosure under the Public Records Act.
- ✓ DO: If you suspect that your LACERA issued or personal device with access to LACERA information has been compromised, report the incident immediately to the LACERA IT Help Desk and your supervisor or manager.
- ✓ DO: Complete annual Information Security Awareness training.
- ✗ DON'T: Tamper with or change the settings for updates on LACERA issued devices.
- ✗ DON'T: Access personal email from any LACERA electronic equipment.
- ✗ DON'T: Use third-party cloud storage and sharing services such as Dropbox, Box, Google Drive, iCloud, etc.

## Training and Education

We are each expected to attend training and educational programs for continuous professional development to improve ourselves, our knowledge, and skills and to effectively contribute to our colleagues, members and their beneficiaries.

LACERA encourages staff to undertake educational opportunities relevant to the performance of their duties and for career development. Travel by staff for education is governed by the *Staff Travel Policy*. LACERA's Employee & Organizational Development (EOD) unit in Human Resources facilitates staff

education and training ([eod@lacera.gov](mailto:eod@lacera.gov)). If our position requires us to maintain professional licenses or certifications, those are kept current as well.

CERL requires Trustees to complete at least 24 hours of education biennially on topics relevant to public retirement system trustees in California. Trustees may pursue additional relevant education consistent with performance of their fiduciary duties. Trustees are governed by the *Trustee Education Policy and Trustee Travel Policy*.

 [Trustee Education Policy](#)

 [Trustee Travel Policy](#)

 [Staff Travel Policy](#)



# CODE ADMINISTRATION

## Enforcement

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**Staff:** LACERA's Chief Executive Officer and their designees are responsible for communicating, implementing, and enforcing the Code. Violations of LACERA's Values and any Code provisions, their spirit and intent, may result in disciplinary action as the situation may warrant, up to and including termination of employment.

**Trustees and Chief Executive Officer:** The Boards are responsible for enforcing the Code with respect to Trustees and the CEO in accordance with Board regulations, policies, and applicable law.

## Training and Attestation

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The Legal Division and Ethics and Compliance Office will provide training on the Code during each Trustee and staff member's orientation upon joining LACERA and annually thereafter. Representatives of other divisions may also participate in training to speak on their areas of expertise. With orientation and each training, Trustees and staff will attest to receiving, reading, understanding, and committing to follow the Code. Additionally, we all have an obligation to read periodic compliance updates and participate in compliance-related activities.

## Review

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The Chief Ethics and Compliance Officer will review the Code annually and report their findings to the Audit, Compliance, Risk, and Ethics (ACRE) Committee, Board of Retirement, and Board of Investments. The LACERA Legal Division, Ethics and Compliance Office, and Internal Audit monitor applicable laws, regulations, and best practices on an ongoing basis and will recommend amendments to the Code when necessary and appropriate. The Boards may amend the Code at any time. If you have any suggestions for the Code, please contact the Ethics and Compliance Office.

## Exceptions

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Nothing in this Code frees us from following all applicable federal, state, and local laws and regulations. In any situation where it appears there may be a valid reason for an exception to any requirement in the Code, contact your supervisor or manager, the Executive Office, Human Resources, the Legal Division, or the Ethics and Compliance Office. Final authority to grant exceptions belongs to the Chief Executive Officer or designee.

Any request for an exception to this Code must be in writing and demonstrate that the action taken is ethical, in compliance with applicable federal, state, and local laws and regulations, and would be in the best interest of LACERA, our members, and their beneficiaries, as pertains to LACERA business.

## Disclaimer

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The Code does not create any rights in members, beneficiaries, staff, Trustees, vendors, other stakeholders, or others.







L//CERA

CODE OF  
**ETHICAL**  
CONDUCT

*ETHICS FIRST, COMPLIANCE ALWAYS*

# **EXHIBIT B**

## **Exhibit B to Memorandum on Updating LACERA's Code of Ethical Conduct**

Summary of Revisions to Code Made Following the February 23, 2026 ACRE Committee Meeting

### **Formatting**

1. Maintained organization without roman numerals or other numbering and removed references to sections with roman numerals.
2. Worked with Communications on adding embedded links throughout document.
3. Worked with Communications to ensure no sentences were cut off at the beginning or end of sections and addressed all other formatting or typographical error issues.

### **Substantive**

1. *Gifts, Honoraria, Travel, and Loans* (page 10)
  - Returned to standard in current Code for Trustees (FPPC limits) and maintained “no gifts” standard for employees in draft presented to ACRE.
2. *Outside Activities, Employment, and Offices* (page 12)
  - Added language to clarify that these restrictions are statutory and apply to all Trustees and staff. Specifically, the language on incompatible activities and employment is from Government Code section 1126 and the language on incompatible offices is from Government Code section 1099.
  - Removed reference and link to the *Outside Employment and Activities Policy*, which will apply to staff, because it has not yet been finalized. This was previously included in the draft presented to the ACRE Committee.
  - In summary, this section in the proposed draft remains aligned substantively with the language in the current Code after the above revisions.
3. *Speak Up, Listen Up* (page 23)
  - Removed sentence: “We listen to and observe those around us and speak up to report any inappropriate behavior.”
  - This section is an update from the draft presented to ACRE (and a core component of an effective ethics and compliance program with respect to “culture”); there is no Speak Up, Listen Up section in the current Code.
4. *Social Media* (page 29)
  - Added sentence: “Nothing in this section prohibits Trustees or staff from sharing content posted by LACERA's social media accounts, though Trustees must be mindful of limitations imposed by the Brown Act to avoid participation by a majority of Trustees on either Board (see *Brown Act* on page 31).”
  - This is an update from the draft presented to ACRE; there is no Social Media section in the current Code.
5. *Brown Act* (page 31)
  - Added sentence: “On social media, commenting, liking, or sharing the post of another Trustee constitutes communication between Trustees and could give

- rise to a serial meeting if a majority of the Trustees on either LACERA Board participates.”
- This is an update from the draft presented to ACRE due to updates to the Brown Act that went into effect January 1, 2026, and is not in the current Code.
6. *Ethics Hotline/Reporting Channels* (page 23)
- Revised language to clearly state that Trustees, not only staff, can use the Ethics Hotline.
  - This is a minor update from the draft presented to ACRE and is consistent with the current Code.
7. *Artificial Intelligence (AI)* (page 33)
- Revised sentence: “AI is a new and rapidly evolving technology that requires ~~some~~ safeguards. At a minimum, staff ~~need~~ must ~~to~~ obtain authorization before using AI for LACERA business.”
  - This is an update from the draft presented to ACRE; there is no AI section in the current Code.
8. *Being Ethical and Compliant in Complex Situations* (page 5)
- Revised language for clarity.
  - This is an update from the draft presented to ACRE; there is no similar section in the current Code.
9. *Links to Other Policies* (throughout)
- All policies referenced in the proposed Code have been added to LACERA.gov and links in the proposed Code now direct readers to documents on LACERA.gov. The reference to *Compass*, the internal staff policy library, has been removed.
  - Removed links to several policies that are not currently suitable (based on security, legal, or other business reasons) for publication on LACERA.gov [Employee Handbooks (Represented and Non-Represented), LACERA Written Information Security Program (WISP) Charter, and LACERA End-User Information Security Policies & Standards Manual, Privacy & Confidentiality Policy]. The link to the Artificial Intelligence Policy has been replaced with a public summary.
  - This is an update from the draft presented to ACRE; the current Code did not include links to other policies.
10. *Code Enforcement & Review* (page 35)
- Updated timing of review of Code from every two years by ACRE Committee to annually by Chief Ethics and Compliance Officer, who will report their findings to the ACRE Committee.
  - This is an update from the draft presented to ACRE and the current Code.



# Updating LACERA's Code of Ethical Conduct

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Steven Rice, Allison Barrett, and  
Jessica Rivas  
*Legal Office*



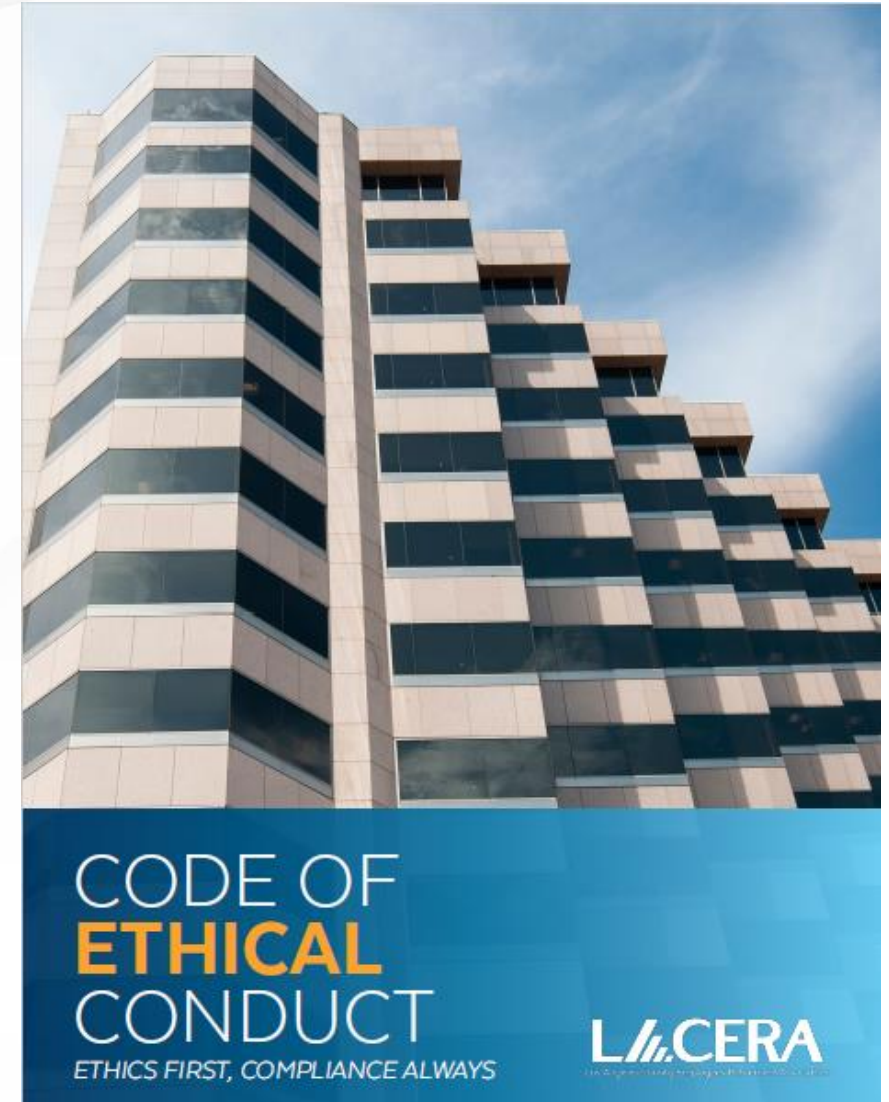
- ***What is a Code of Conduct?***
  - Key document that establishes standards of conduct and internal controls designed to reduce ethics and compliance risk.
- ***Current Code***
  - Last updated in November 2021.
- ***Update Process***
  - Final draft ready for both Boards' approval, based on ACRE Committee's recommendation.



- Review of best practices
- Review of samples across industries
- Complete re-write
- Extensive Collaboration
  - Internal stakeholders
  - External consultants, counsel, and other experts
  - Staff Focus Group
  - ACRE Committee



- Incorporates suggestions from a staff focus group ACRE Committee.
- Policy Links
  - Now to LACERA.gov, with some exceptions for those policies that are not yet ready for public posting.
  - Approval to update links as policies are updated.



# Key Changes



## Organization

- LACERA's Values

## Style

- Linguistic
- Visual

LACERA

### Telework

LACERA has embraced hybrid work as a permanent part of our operations. It balances work quality, productivity, staff morale, disaster recovery and business continuity plans, and air quality and traffic reduction goals. Telework is a privilege, not a benefit or right. This privilege may be granted, modified, denied, or terminated at LACERA's sole discretion. We hold ourselves accountable when working outside of the office by following all requirements in our Telework Policy. Whether in the office or working remotely, we work effectively, efficiently, and act in accordance with our Values and this Code. We are reliable team members and provide excellent service to our members no matter where we work.

We recognize that it may be necessary to be physically present in the office to complete our work, collaborate with others, and attend business meetings. We work in the office when we are required to do so and when, on our own initiative and with the permission of our supervisor, it is necessary to properly perform our work.

[2022 Telework Policy for LACERA Staff Members](#)

### ! OUR ROLE IN INVESTIGATIONS

- Follow your telework schedule and use leave for personal activities
- Be available during working hours
- Be responsive to email, Teams calls, and Teams messages whether in the office or teleworking
- Follow LACERA's Privacy and Confidentiality Policy while teleworking
- Don't change your telework schedule without your supervisor's approval
- Don't forget to immediately tell your supervisor about any connectivity or device issues



LACERA | Code of Ethical Conduct 26

# Key Changes



## Content – New Topics

- Responsible Risk Management
- I ACT
- General Ethical Guidance
- Material Non-Public Information
- Diversity, Equity, Inclusion, and Accessibility
- Respectful Communication
- Responsiveness
- Anti-Discrimination and Harassment Policy
- Safe and Healthy Work Environment
- Drug and Alcohol Free Work Environment
- Speak Up, Listen Up
- Ethics Hotline/Reporting Channels
- Investigative Process for Misconduct
- Commitment to Non-Retaliation
- Telework
- Training & Education
- Transparent Communication (Accurate Information, Specific Guidance for Trustees, Media Policy, Social Media)
- Confidentiality and Privacy
- Public Records Act and Other Requests for Information
- Records Retention
- Artificial Intelligence
- Information Security and Acceptable Use



## Content – Key Substantive Proposed Changes

- Gifts, Honoraria, Travel, Loans (p. 10)
  - Maintain standard on Gifts in current Code for Trustees (FPPC limits).
  - Establishes new no gifts standard for employees.
- Nepotism Policy (p. 15)
  - Applies to both hiring and contracting.
  - Applies to relatives and “personal relationships” – based on cohabitation, romantic partnership or dating relationship, or a financial partnership unrelated to official job duties.
- Review Cycle (p. 35)
  - From every 3 years to annually by the Chief Ethics and Compliance Officer.



## Following Joint Board Approval:

- ***Pre-Launch***
  - Engage with LACERA leadership (Board and ACRE Chairs, Executive Team, Leadership Steering Council, Manager and Supervisor Action Teams) to discuss top-level support and participation.
  - Identify staff-level champions throughout the organization to assist with Code adoption and ongoing engagement.
- ***Launch Week***
  - Announce
  - Socialize
  - Train
- ***Ongoing Programming***
  - Socialize
  - Train

# Questions



- Any questions?

April 29, 2026

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque   
Principal Investment Officer

FOR: May 13, 2026 Board of Investments Meeting

SUBJECT: **Total Fund Cash Equivalents, Cash Overlay, and Currency Hedge Investment Guidelines – Recommendation**

### RECOMMENDATION

Approve the proposed investment guidelines for the total Fund's cash equivalents, cash overlay, and currency hedge programs.

### SUMMARY

In late 2025, LACERA completed its cash overlay request for proposal ("RFP"), resulting in the retention of Parametric Portfolio Associates as the cash overlay manager. The Board of Investments ("Board" or "BOI") was notified that following completion of the RFP, an update would be provided.

At the April 2026 BOI meeting, an update was provided alongside education on the total Fund's cash equivalents, cash overlay, and currency hedge programs.

Today, Trustees will be provided a presentation reviewing the proposed guideline parameters for the three programs.

**Attachment 1** is the investment guideline presentation for the Board's consideration and approval.

These guidelines are consistent with the Board-approved Investment Policy Statement, strategic asset allocation, and policy benchmarks, and they follow the same established governance process applied to all previously approved total Fund functional-category guidelines.

Meketa's concurrence memo is **Attachment 2**, and the April 2026 education item is included as **Attachment 3**.

Attachments

Noted and Reviewed:

  
Jonathan Grabel  
Chief Investment Officer

## Cash Equivalents, Cash Overlay and Currency Hedge Investment Guidelines

### Total Fund

---

Board of Investments Meeting  
May 13, 2026

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## Recommendation

Approve the proposed investment guidelines for the total Fund's cash equivalents<sup>1</sup>, cash overlay, and currency hedge programs

## Overview

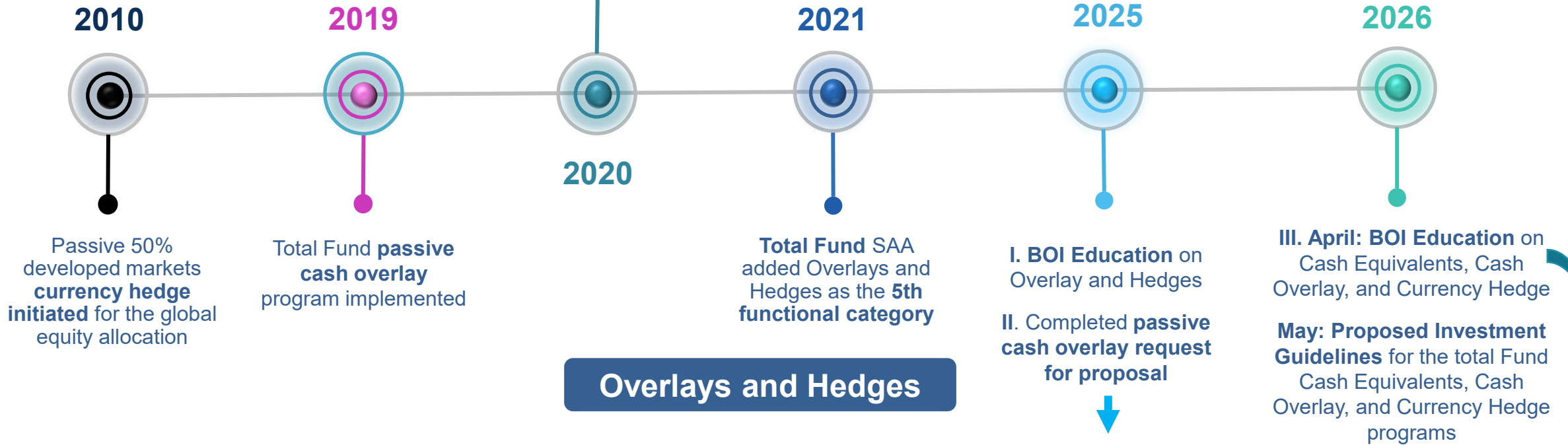
- The Board of Investments (“Board”) was notified that following completion of the cash overlay RFP, an update would be provided
  - The update was provided at the April 2026 BOI meeting, alongside education on the total Fund's cash equivalents, cash overlay, and currency hedge programs
  - Today's item advances that progression with proposed guideline parameters for the three programs
- This recommendation:
  - Formalizes the guidelines currently utilized and follows the established Board approval process previously used across all other functional categories
  - Is consistent with the Board-approved Investment Policy Statement, strategic asset allocation (“SAA”), and policy benchmarks
- Meketa's concurrence memo is included as **Attachment 2**.

<sup>1</sup> The total Fund Investment Policy Statements identify cash equivalents as “Cash”. Cash equivalents is a more representative name for the cash asset category.



## Cash Equivalents

Cash equivalents mandate updated to support business continuity



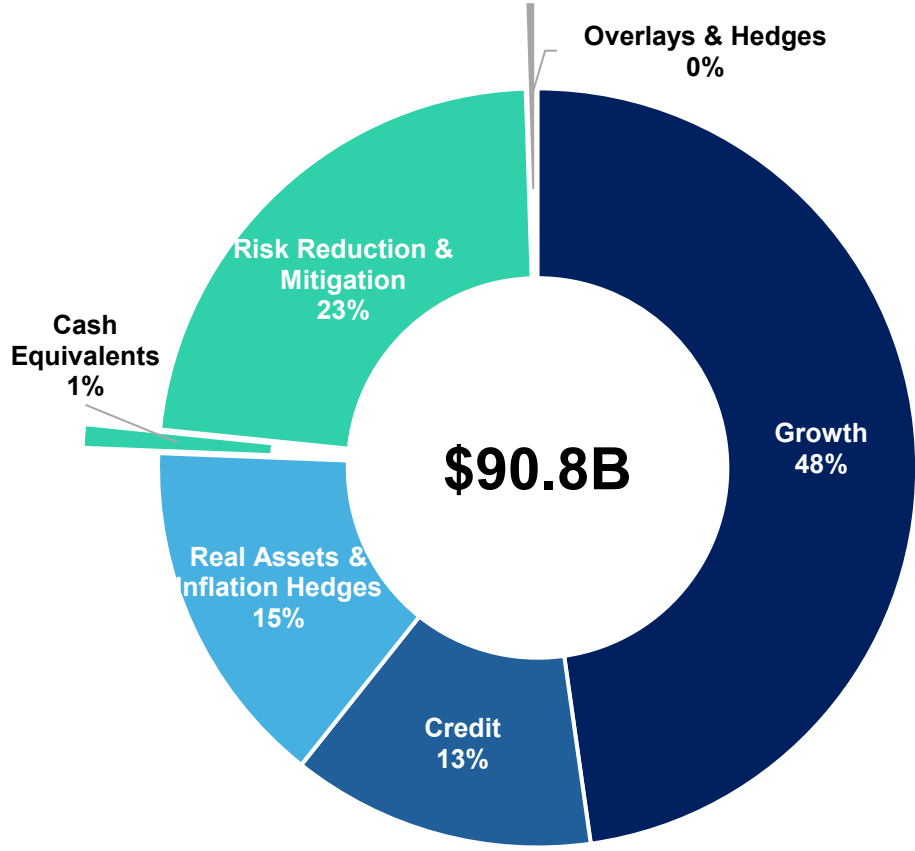
## Overlays and Hedges

I. Meeting Link: [Board of Investments | June 11, 2025 – YouTube Timestamp: 28:25](#)

II. Meeting Link: [Board of Investments | November 12, 2025](#) – Executive Session item A.1. Selection notice

III. Meeting Link: [Board of Investments | April 8, 2026 – YouTube Timestamp: 1:02:11](#)

# Strategic Asset Allocation – Policy Targets



**Total Fund**

## Cash Equivalents

- **Cash** falls within the **Risk Reduction and Mitigation** functional category with a 1% target allocation
- Investment guidelines for the Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation functional categories have already been approved by the Board

## Overlays and Hedges

- The **Overlays and Hedges** functional category includes the **total Fund Cash Overlay** and **Global Equity Currency Hedge** mandates

*Reflects total Fund policy targets and market values as of January 31, 2026.*

# Program Roles



## Functional Category

### Risk Reduction and Mitigation

### Overlays and Hedges

## Program

### Cash Equivalents

### Cash Overlay

### Global Equity Currency Hedge

## Objectives

- As the least volatile asset class, cash equivalents provide stability and risk mitigation for the total Fund
- Primary source of liquidity
- Support portfolio activity and operational needs

Increase portfolio efficiency:

- Adhere to the SAA functional category policy target weights
- Reduce tracking error

Strategically manage cash equivalent balances:

- Minimize drag on returns (cash drag)
- Maintain liquidity for cash flow and operational needs

- Minimize active non-U.S. equity markets exchange rate risk relative to the index
- Improve risk-adjusted results by reducing volatility from currency exposure
- Preserve returns by protecting against currency depreciation

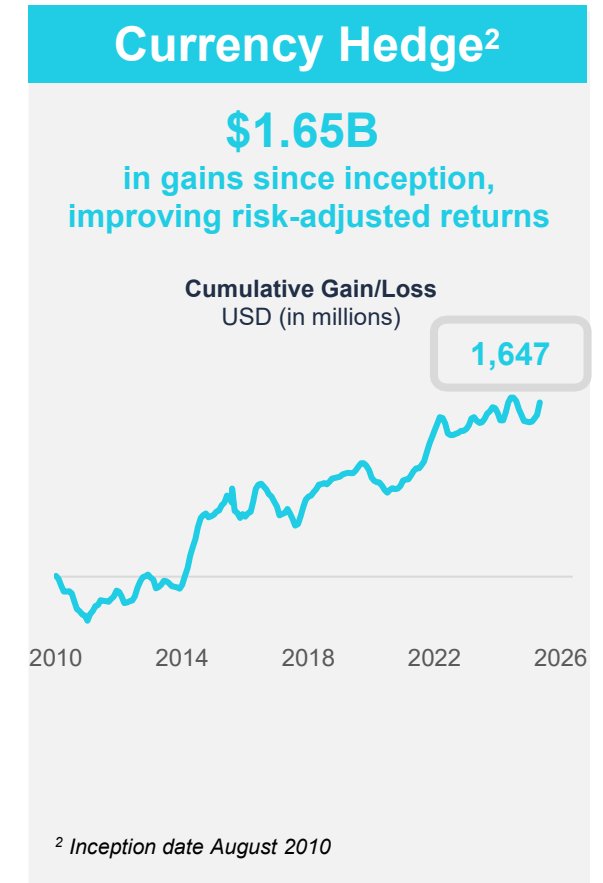
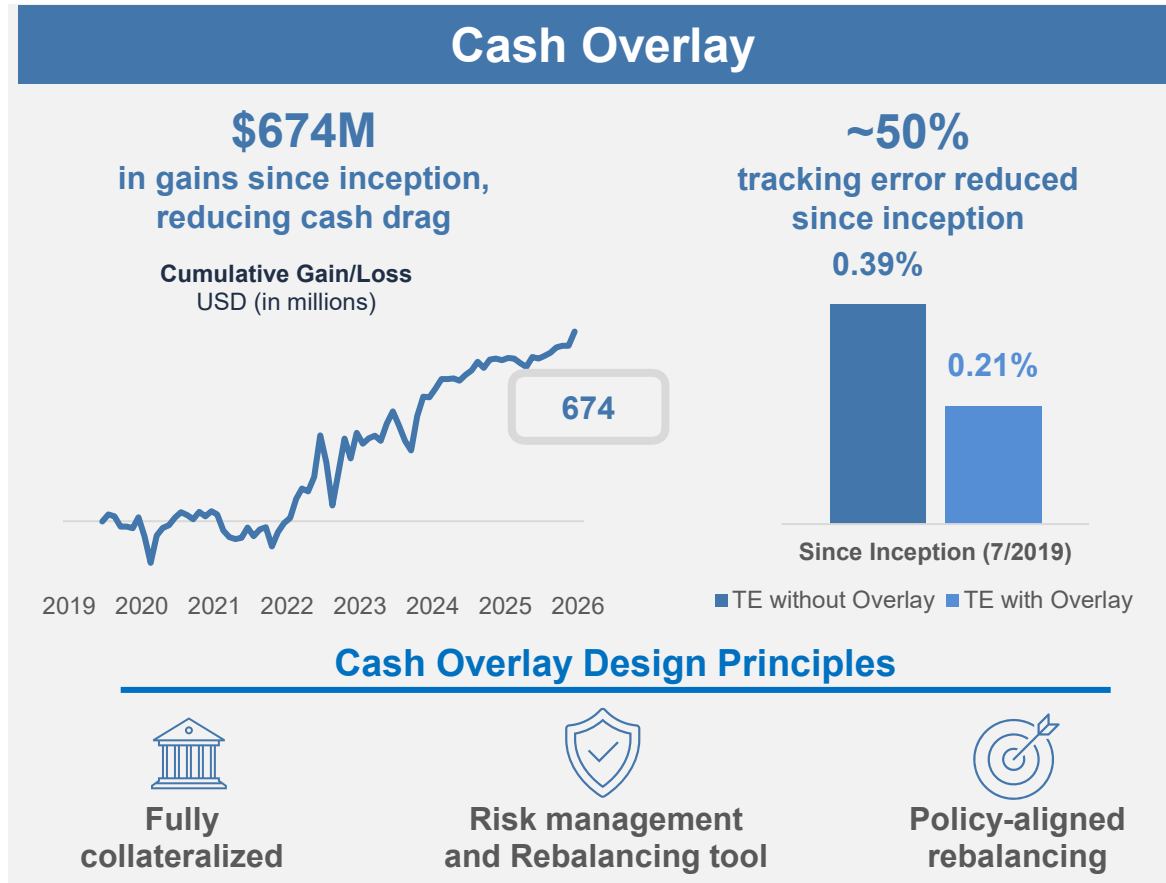
# Current Guideline Implementation



The proposed investment guidelines mirror those currently governing the cash equivalents, cash overlay and currency hedge programs

	TODAY		GOING FORWARD
<b>Cash Equivalents</b>	Guidelines established to ensure liquidity and support operational needs	➔	✔ Proposed investment guidelines reflect current implementation
<b>Cash Overlay</b>	Guidelines promote adherence to the Board-approved strategic allocation and LACERA's rebalancing protocol	➔	✔ Proposed investment guidelines formalize current portfolio construction, adding one permissible instrument type
<b>Currency Hedge</b>	Guidelines are designed so that currency exposures remain at appropriate levels and pre-defined risk controls	➔	✔ Proposed investment guidelines codify the current approach

# Results (As of January 2026)

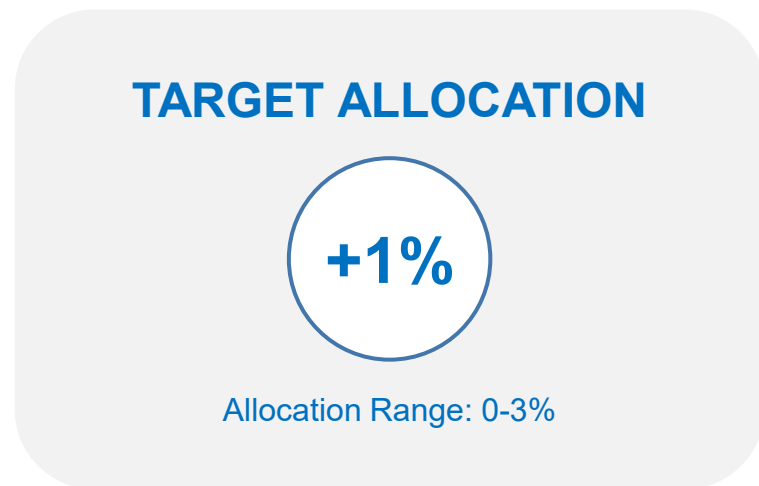


The three programs have:



# Cash Equivalents

(within Risk Reduction and Mitigation Functional Category)



# Investment Guidelines



## Cash Equivalents

<i>Mirrors Existing Guideline?</i>	<b>Proposed Guideline</b>	<b>Description</b>
✓	<b>Objective</b>	Serves as the total Fund's primary source of liquidity, providing stability and risk mitigation while supporting ongoing portfolio activity and operational needs
✓	<b>Benchmark</b>	FTSE 3-Month US Treasury Bill Index
✓	<b>Investment Type</b>	Securities limited to U.S. Treasury and U.S. Government agency issues, and repurchase agreements <i>(collateralized with Treasury, agency, or agency mortgage-backed securities)</i>
✓	<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Daily liquid assets (sold within 1 day) – at least 75% of the total</li> <li>Weekly liquid assets (sold within 5 days) - at least 95% of the total</li> <li>Liquid assets sold within 7 days – maximum 5% of the total</li> </ul>
✓	<b>Maturity Schedule</b>	<ul style="list-style-type: none"> <li>Weighted average maturity will not exceed 60 days</li> <li>Weighted average life will not exceed 120 days</li> <li>Securities must have a remaining maturity of 397 days or less</li> </ul>
✓	<b>Leverage</b>	Prohibited
✓	<b>Mandate Requirements</b>	<ul style="list-style-type: none"> <li>No short sales</li> <li>Securities must be U.S. dollar denominated</li> <li>Holdings of State Street securities are prohibited</li> <li>Trading with State Street Global Markets, LLC is prohibited</li> <li>Transactions with designated countries, individuals and entities listed on Office of Foreign Assets Control (“OFAC”) Sanctions Lists are prohibited</li> </ul>
✓	<b>Prohibited Investments</b>	Any securities issued by the following counties, districts and agencies: Los Angeles County, Little Lake Cemetery District, South Coast Air Quality Management District, Los Angeles County Office of Education, Local Agency Formation Commission
✓	<b>Economic Substitution</b>	Refrain from purchasing securities in tobacco, Sudan, and Iran when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

# Cash Overlay

(within Overlays and Hedges Functional Category)

TARGET ALLOCATION

+0%



# Investment Guidelines



## Cash Overlay

<i>Mirrors Existing Guideline?</i>	<u>Proposed Guideline</u>	<u>Description</u>
✓	<b>Objective</b>	Support adherence to functional category policy target weights, maintain liquidity for operational needs, and minimize cash drag
✓	<b>Benchmark</b>	Custom benchmark based on the Board-approved policy benchmarks and allocation target weights in the Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation functional asset categories as indicated in the total Fund's Investment Policy Statement
✓	<b>Implementation</b>	Reflects Board-approved SAA functional category policy target weights and benchmarks, while balancing cost and execution efficiency
✓ <i>Bilateral OTC contracts are new (see next page)</i>	<b>Permissible Instruments</b>	<ul style="list-style-type: none"> <li>• Domestic and international equity futures</li> <li>• Domestic and international fixed income futures</li> <li>• Foreign currency futures, forwards, and physical holdings</li> <li>• Domestic and international equities</li> <li>• Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)</li> <li>• Exchange Traded Options on Equities, ETFs and indexes</li> <li>• U.S. Government/Agency Securities</li> <li>• Centrally cleared over-the-counter (“OTC”) contracts</li> <li>• <b>Bilateral OTC contracts</b></li> <li>• Commodity Futures and Commodity Index Futures</li> </ul>
✓	<b>Excess Cash Deployment</b>	Invests in unallocated cash above 1% of the total Fund
✓	<b>Margin</b>	Cash and/or physical securities can be used as collateral to support overlay exposure
✓	<b>Fund Leverage</b>	Prohibited
✓	<b>Economic Substitution</b>	Refrain from purchasing securities in tobacco, Sudan, and Iran when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

# Bilateral OTC Contracts



**Bilateral OTC contracts are a standard instrument type used by the cash overlay manager. Guideline inclusion would allow for future use when beneficial to LACERA**

Bilateral OTC Contracts defined: A contract privately negotiated and executed directly between two counterparties, without an exchange or central clearinghouse

### KEY CHARACTERISTICS

#### Private Negotiation

Executed directly between two counterparties; no exchange or intermediary involved



#### Customizable Terms

Structure and terms tailored to both parties' specific needs



#### Counterparty Credit Risk

Each party is exposed to the other's risk of default; no central clearinghouse guarantee



### BENEFITS

#### Tailored Hedging

Match exposure with bespoke structures unavailable on centrally cleared exchanges

#### Flexibility

Utilized to access instruments and payoff profiles not offered through standardized markets

#### Confidentiality

Trade terms remain private between the two contracting parties

# Global Equity Currency Hedge

(within Overlays and Hedges Functional Category)

TARGET ALLOCATION

0%



# Investment Guidelines



## Global Equity Currency Hedge

<i>Mirrors Existing Guideline?</i>	<b><u>Proposed Guideline</u></b>	<b><u>Description</u></b>
✓	<b>Objective</b>	Provide a 50% passive currency hedge, back to the U.S. Dollar, of the non-U.S. foreign currency exposure of LACERA's international holdings in accordance with the currency weights of the MSCI World ex-U.S. IMI USD Index
✓	<b>Benchmark</b>	The return over a period of one calendar month that results from hedging 50% of LACERA's international holdings with one-month forward contracts in accordance with the currency weights as of the end of the previous calendar month
✓	<b>Permissible Instruments</b>	Spot and forward currency contracts of countries in the MSCI World IMI Index with maturities limited to 110 days
✓	<b>Counterparties</b>	Six (6) approved (by Currency Hedge Manager and LACERA) investment grade rated counterparties regulated by the appropriate regulatory body of at least one of the countries included in the MSCI World IMI Index
✓	<b>Counterparty Exposure Limit</b>	Individual counterparty exposure limited to 33% of gross notional amount of the exposure of the currency hedge at the time of the currency hedge adjustment or rebalance activity
✓	<b>Rebalancing</b>	Monthly to adjust or rebalance exposures (90-day currency forwards with 1/3rd rolled monthly)
✓	<b>Economic Substitution</b>	Refrain from purchasing securities in tobacco, Sudan, and Iran when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

# Summary and Recommendation



## Summary

The cash equivalents, cash overlay, and currency hedge programs have benefited the total Fund since program inception. They have supported adherence to the Board-approved SAA, maintained liquidity for operational needs, and improved risk-adjusted returns.

Importantly, the proposed program guidelines mirror those currently used in practice. Therefore, ratifying the guidelines is expected to continue to enhance the Fund's financial performance and operational efficiency.

## Recommendation

Approve the proposed investment guidelines for the total Fund's cash equivalents, cash overlay, and currency hedge programs



# Appendix

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# Glossary of Terms



Term	Definition
Bilateral OTC Contracts	A contract privately negotiated and executed directly between two counterparties, without an exchange or central clearinghouse
Cash Drag	The negative impact on portfolio performance of holding cash in lieu of investing it
Cash Equivalents	Short-term, highly liquid investments that can be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value
Centrally cleared OTC contracts	Over-the-counter derivatives that are cleared through a central clearinghouse, which intermediates between counterparties to mitigate counterparty credit risk
Counterparty	Any individual, institution, or legal entity that participates in a financial transaction with another party. In most financial agreements, there are at least two counterparties: one that buys and one that sells, or one that lends and one that borrows
Currency Forward	An agreement to exchange a specific amount of one currency for another at a predetermined exchange rate on a future date.
Currency Hedge Manager	External investment manager retained to manage passive global equity currency hedge – currently BlackRock
Currency/Exchange Rate Risk	Potential for financial loss resulting from fluctuations in exchange rates between fund's local currency and the currencies in which its underlying assets are denominated
Currency Weights	The market capitalization weights of the MSCI World ex-U.S. IMI USD Index, aggregated by each individual currency.
Exchange Traded Futures	Standardized financial contracts to buy or sell an asset at a predetermined price on a future date, traded on regulated exchanges such as the Chicago Mercantile Exchange (CME) or Intercontinental Exchange (ICE)
Exchange Traded Notes	Unsecured debt securities that trade on an exchange and provide returns linked to the performance of an underlying index or benchmark, subject to issuer credit risk
Fully Collateralized	A financial obligation that is secured by sufficient collateral (cash and cash equivalents) to cover its full value in the event of default. The value of the collateral is at least equal to, or greater than, the face value of the obligation

# Glossary of Terms (continued)



Term	Definition
Futures Contract	Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date
International Holdings	Developed equity asset holdings of the Global Public Equity portfolio within the Growth Functional Asset Category
Notional Exposure	Total market value of a position controlled through derivatives (e.g., futures), which may exceed the actual cash invested
Office of Foreign Assets Control (“OFAC”)	A division of the U.S. Department of the Treasury that administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals
Repurchase Agreements	Short-term, collateralized loan where one party sells securities – typically U.S. treasuries or agency MBS – to another party while simultaneously agreeing to buy them back later at a higher, pre-specified price
Tracking Error	The volatility of a manager’s excess return. It is measured by subtracting the benchmark return from the manager’s return and calculating the standard deviation

## MEMORANDUM

**TO:** LACERA Board of Investments  
**FROM:** Tim Filla, Aysun Kilic, Alex Khorsandian, Imran Zahid, Meketa  
**CC:** Jon Grabel, CIO - LACERA  
**DATE:** April 23, 2026  
**RE:** Total Fund Cash Equivalents, Cash Overlay, and Currency Hedge Investment Guidelines

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### Background

The purpose of this memo is for Meketa Investment Group to formalize its support for Staff's recommendation to approve the proposed Investment Guidelines for the Total Fund's Cash Equivalents, Cash Overlay, and Global Equity Currency Hedge programs.

### Evaluation of Recommendation

The guidelines are well-constructed, consistent with LACERA's Investment Policy Statement and Strategic Asset Allocation and align with the established governance framework previously approved for other Total Fund functional categories.

The proposed guidelines follow the same governance process used for previously approved investment guidelines across the Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation functional categories. Cash Equivalents are appropriately designated within the Risk Reduction and Mitigation functional category, while the Cash Overlay and Global Equity Currency Hedge programs fall within the Overlays and Hedges functional category, consistent with the Board-approved SAA.

The guidelines are also consistent with the Total Fund's policy benchmarks and risk controls, and appropriately reflect the operational realities of managing liquidity, rebalancing, and derivative exposures at the Total Fund level.

#### Cash Equivalents

The proposed Cash Equivalents guidelines emphasize capital preservation, liquidity, and operational support for the Total Fund. Key elements—including the use of high-quality US government securities, strict maturity limits, daily and weekly liquidity thresholds, and a prohibition on leverage—are consistent with best practices for institutional cash management. Meketa believes the guidelines strike an appropriate balance between maintaining liquidity and minimizing long-term cash drag.

#### Cash Overlay

The Cash Overlay guidelines reflect the program's role as a passive, futures-based overlay designed to improve portfolio efficiency, manage cash balances, and support policy-aligned rebalancing. The permissible instruments, margin and collateral provisions, and leverage restrictions are consistent with the Fund's existing derivative usage and applicable regulatory requirements.

Importantly, the overlay invests only in unallocated cash above the 1% policy allocation, ensuring that it enhances portfolio efficiency without introducing incremental leverage at the Total Fund level. The guidelines appropriately allow flexibility for centrally cleared and bilateral OTC instruments, which is necessary for effective implementation.



### Global Equity Currency Hedge

The Global Equity Currency Hedge guidelines clearly define the program's objective of providing a 50% passive hedge of non-US equity currency exposure relative to the MSCI World ex-US IMI Index. The use of short-dated forward contracts, defined counterparty limits, and systematic monthly rebalancing provides a disciplined and transparent framework for managing currency risk. Meketa concurs that the guidelines appropriately balance risk reduction with implementation simplicity.

### **Conclusion**

Overall, Meketa believes the proposed Investment Guidelines are thoughtfully designed and are consistent with LACERA's long-term Total Fund objectives. The guidelines provide clear parameters for implementation and risk management while preserving necessary operational flexibility.


Accordingly, Meketa concurs with staff's recommendation and supports approval of the proposed Investment Guidelines for the Cash Equivalents, Cash Overlay, and Global Equity Currency Hedge programs.

If you have any questions or would like additional information, please email or call us at (760) 795-3450.

TF/AK/AK/IZ/sf

March 24, 2026

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque   
Principal Investment Officer

FOR: April 8, 2026 Board of Investments Meeting

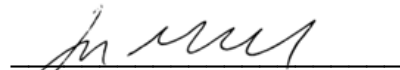
SUBJECT: **Cash Equivalents, Cash Overlay, and Currency Hedge -  
Total Fund and OPEB Master Trust Overview**

The attached presentation provides an overview of the cash equivalents, cash overlay, and currency hedge programs in advance of formal investment guideline recommendations to be presented to the Board of Investments (“BOI”) in a future BOI meeting (**Attachment**).

The presentation reviews each program’s objectives and summarizes their operations, evolution, and high-level results in supporting overall total plan effectiveness. The purpose of this presentation is to provide Trustees with a further understanding of the intent and function of these programs ahead of bringing formal guideline considerations.

#### Attachments

Noted and Reviewed:



Jonathan Gabel  
Chief Investment Officer

## **Cash Equivalents, Cash Overlay, and Currency Hedge - Total Fund and OPEB Master Trust Overview**

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Board of Investments Meeting

April 8, 2026

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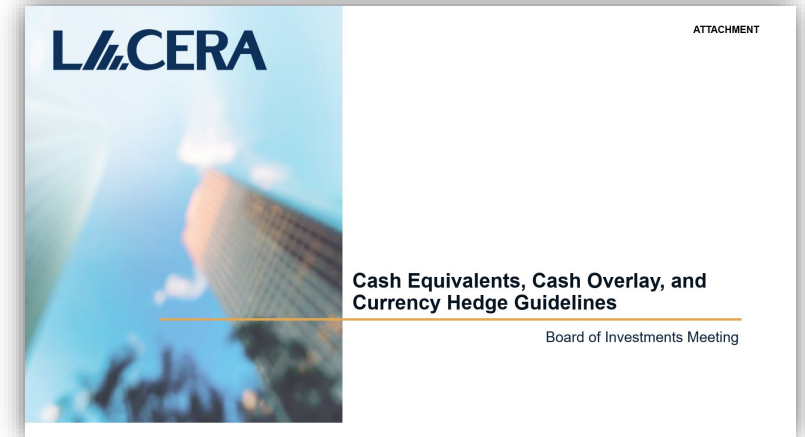


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## Objective

Provide education and context on the total Fund and OPEB Master Trust cash equivalents, cash overlay, and currency hedge programs in advance of formal investment guideline recommendations to be brought to a future Board of Investments (“BOI”) meeting<sup>1</sup>



## Today's presentation will cover:



### Roles and Function:

Review the objectives of the cash equivalents, cash overlay, and currency hedge programs



### Program Overview:

Summarize program operations, evolution, and high-level results in supporting total plan effectiveness



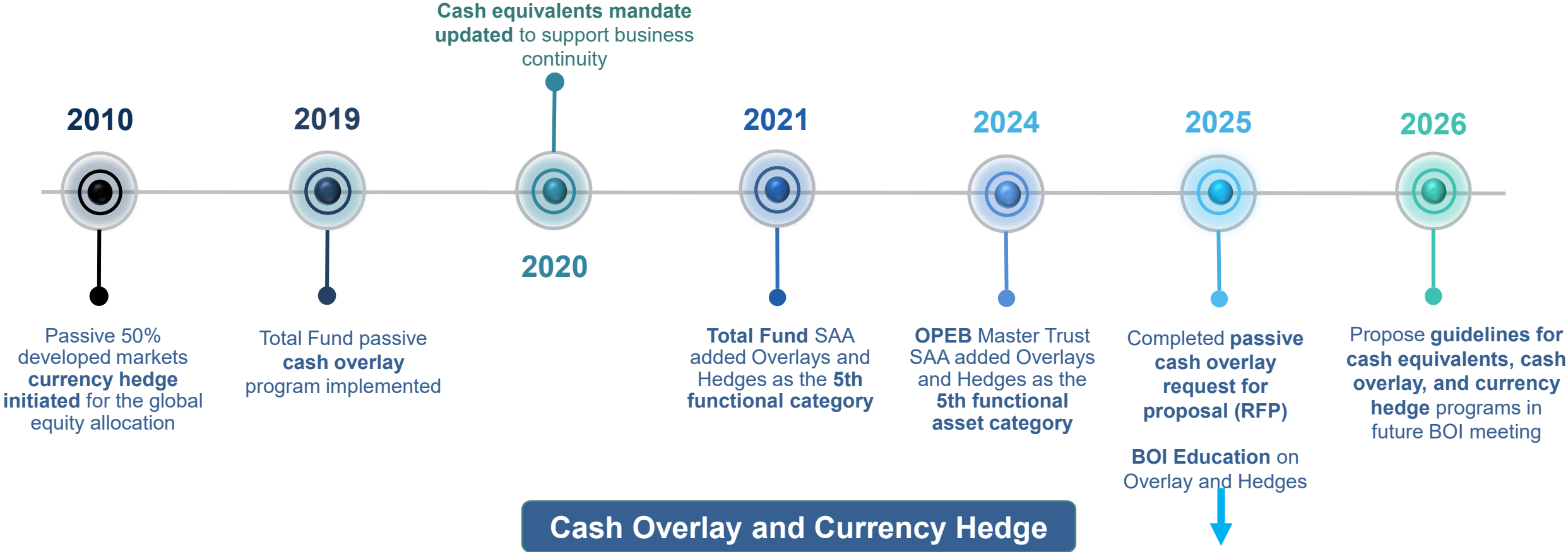
### Next Steps:

Outline upcoming actions and milestones

<sup>1</sup> The total Fund and OPEB Master Trust Investment Policy Statements identify cash equivalents as “Cash”. Cash equivalents is a more representative name for the cash asset category.



## Cash Equivalents



Meeting Link: [Board of Investments | June 11, 2025 – YouTube](#) Timestamp: 28:25

# Program Roles



## Functional Category

### Risk Reduction and Mitigation

### Overlays and Hedges

## Program

### Cash Equivalents

### Cash Overlay<sup>1</sup>

### Global Equity Currency Hedge<sup>2</sup>

## Objectives

- As the least volatile asset class, cash equivalents provides stability and risk mitigation for the total Fund
- Primary source of liquidity
- Supports portfolio activity and operational needs

Increase portfolio efficiency:

- Adhere to the SAA functional category policy target weights
- Reduce tracking error

Strategically manage cash equivalent balances:

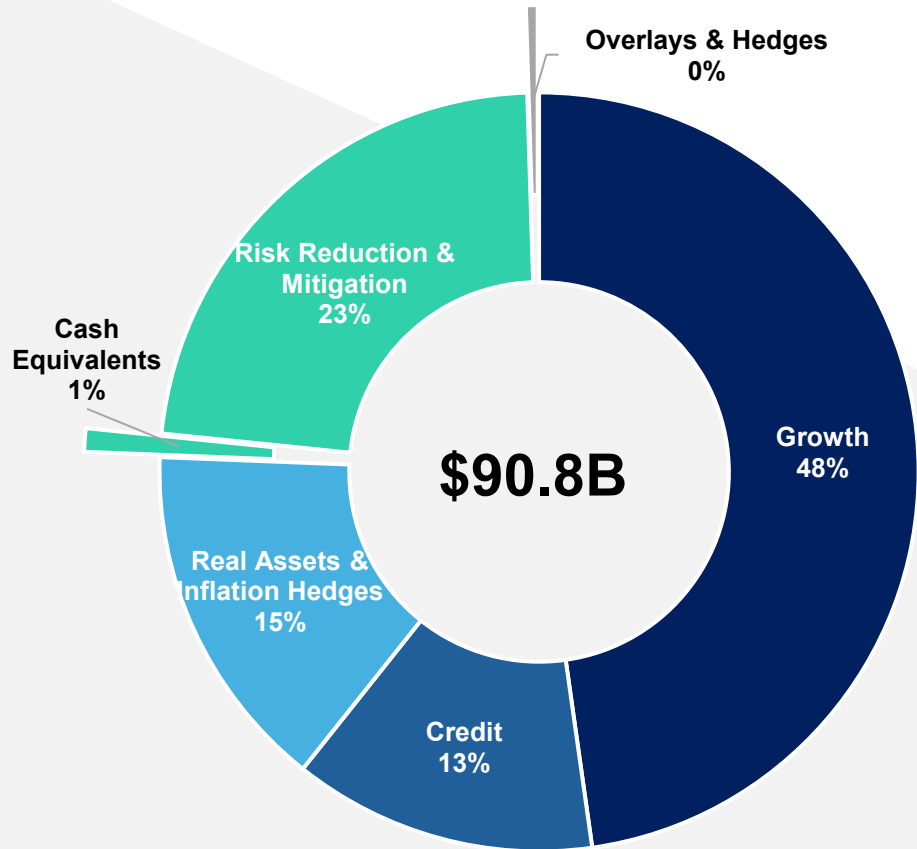
- Minimize drag on returns (cash drag)
- Maintain liquidity for cash flow and operational needs

- Minimize active non-U.S. equity markets exchange rate risk relative to the index
- Improve risk-adjusted results by reducing volatility from currency exposure
- Preserve returns by protecting against currency depreciation

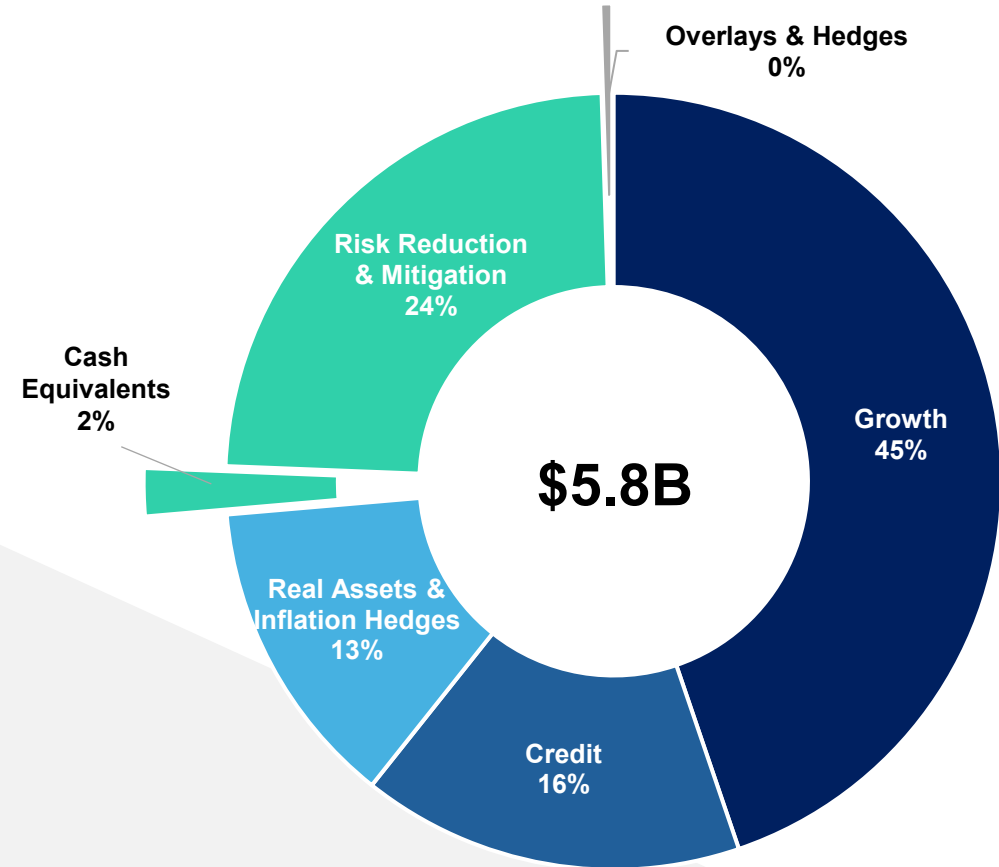
<sup>1</sup> Board-approved; pending OPEB Master Trust implementation

<sup>2</sup> Applicable to the total Fund

# Strategic Asset Allocation – Policy Targets



**Total Fund**



**OPEB Master Trust**

Reflects total Fund and OPEB Master Trust policy targets and market values as of January 31, 2026



# Review: Cash Equivalents

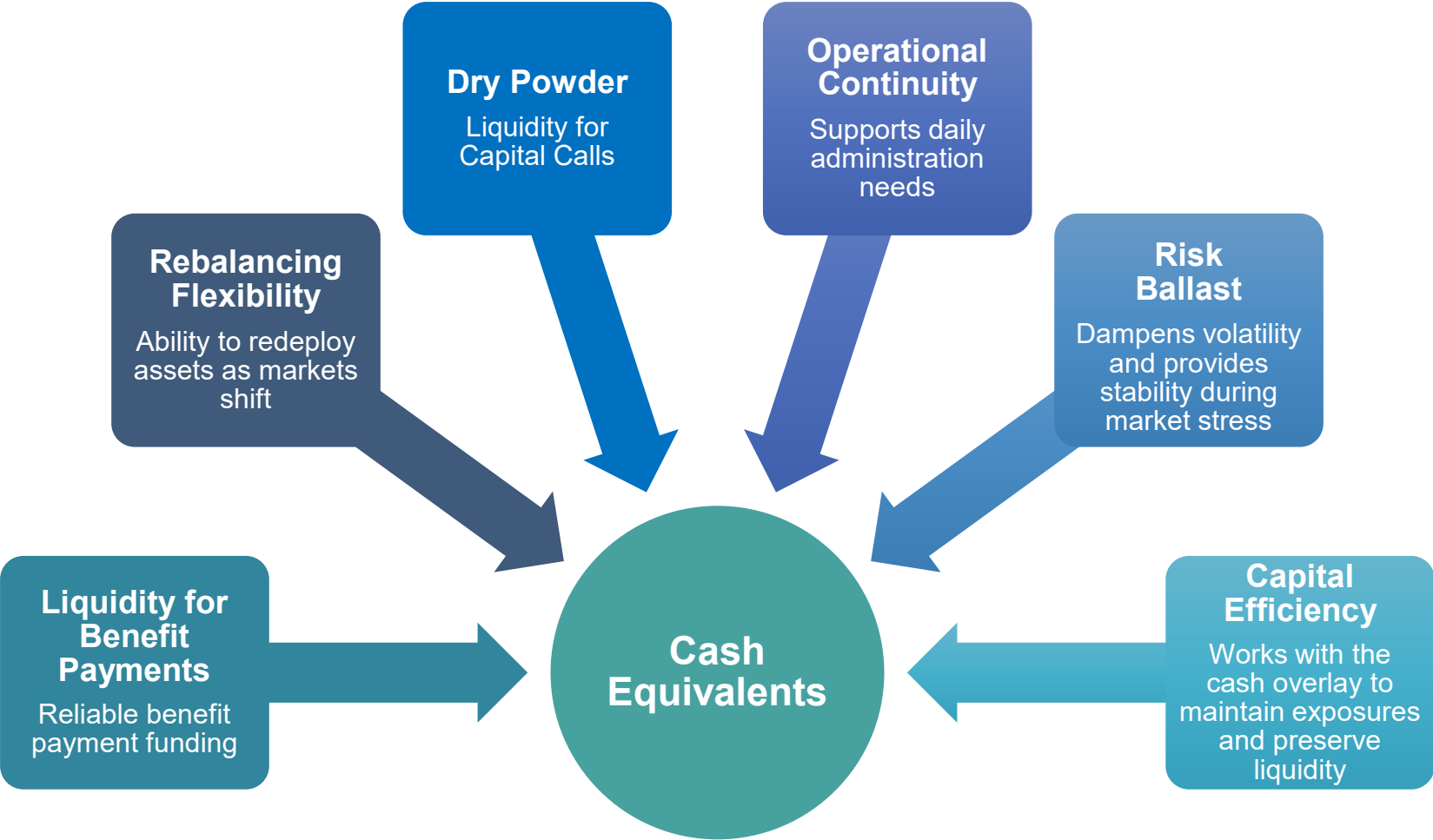
# LACERA's Cash Equivalents Program



Cash equivalents is a foundational element of each plan, serving as a key risk mitigator, diversifier, and the operational backbone supporting all asset classes



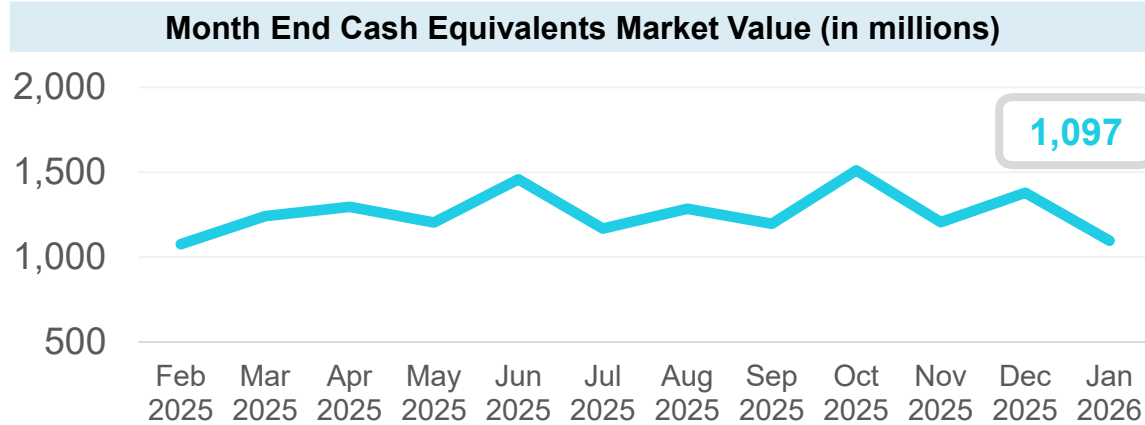
# The Strategic Importance of Cash Equivalents



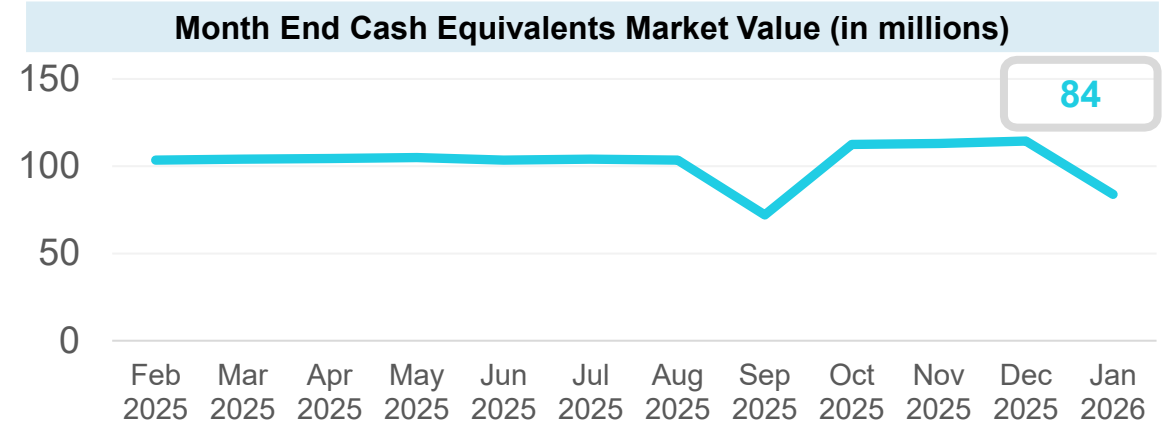
# Cash Equivalents – Program Characteristics



## Total Fund



## OPEB Master Trust



Characteristics	Total Fund and OPEB Master Trust
Assets Liquid within 1 Day	100%
Asset Quality	90%+ S&P rating A or above
Cash and Cash Equivalent Exposures	U.S. Treasury, U.S. Agency, including repurchase agreements
Country	~90% U.S.

### Observations

Total Fund and OPEB Master Trust Cash Equivalents:

- Maintains sufficient balances to support portfolio and operational needs
- Invests in liquid, high-quality, short-term investments
- Serves as the most liquid and least volatile asset

### Next steps

- Cash equivalents investment guideline recommendations will be presented at a future BOI meeting

Inception Date: June 2001 total Fund/February 2013 OPEB Master Trust; Results are as of January 2026

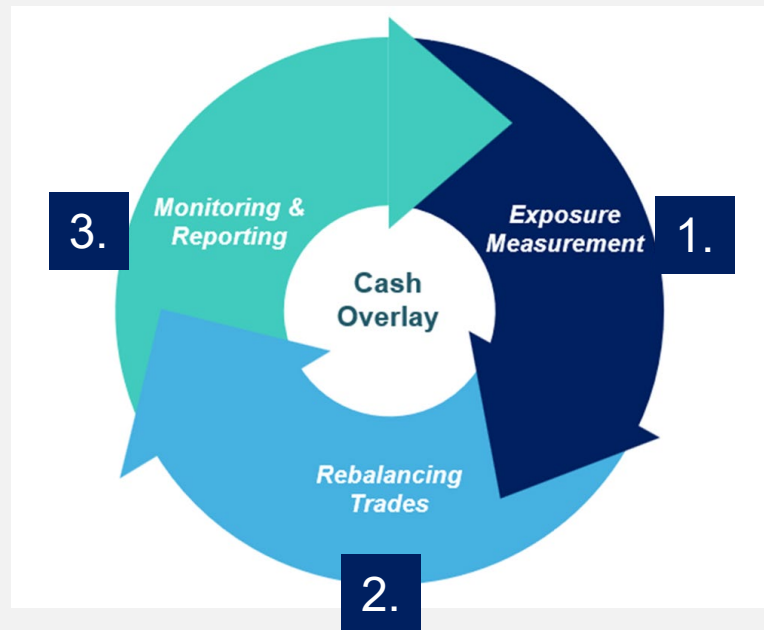


# Review: Cash Overlay

# Cash Overlay Program Overview



The cash overlay process is implemented in **three** steps:



In alignment with LACERA's Investment Beliefs, the overlay complements the cash allocation by **supporting rebalancing *and* adherence to the Board-approved SAA**



## Monthly

**Rebalance monthly or as necessary in accordance with the SAA:**

Primary Objective

Maintain cash levels to cover at least three months of benefit payments

Secondary Objective

Adjust portfolio asset allocations to policy target weights

## Daily

**The cash overlay manager monitors functional category weights:**

Primary Objective

Recalibrate allocation drift due to market movements

Secondary Objective

Minimize cash drag

# Cash Overlay Program – Implementation

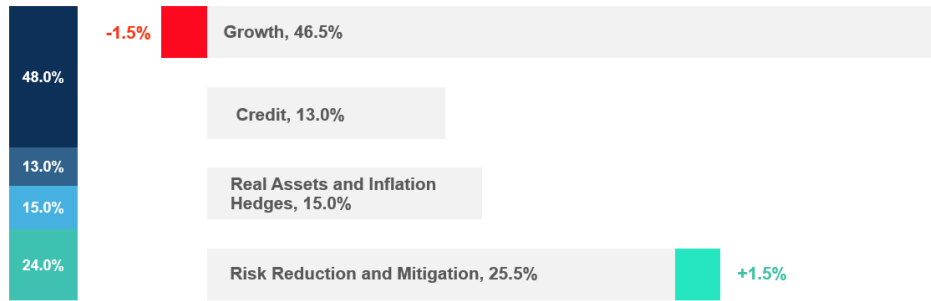


## 1. Measure Exposures

### Exposure Example

Growth is **Underweight** 1.5%, or \$600 mm  
 Risk Reduction and Mitigation is **Overweight** 1.5%, or \$300 mm

Policy Target Weights



- Growth
- Credit
- Real Assets & Inflation Hedges
- Risk Reduction & Mitigation

■ Allocation ■ Underweight/Overweight

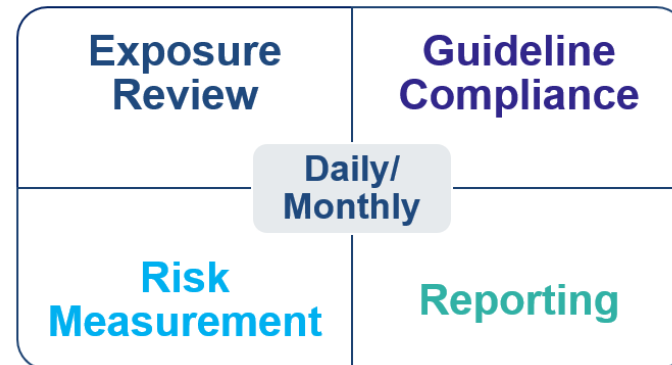
## 2. Rebalancing Trades

The overlay manager utilizes **exchange-traded futures** to replicate the risk/return profile of each functional asset category

Exposures are cash-backed and **fully collateralized**; no leverage is employed



## 3. Ongoing Monitoring and Reporting



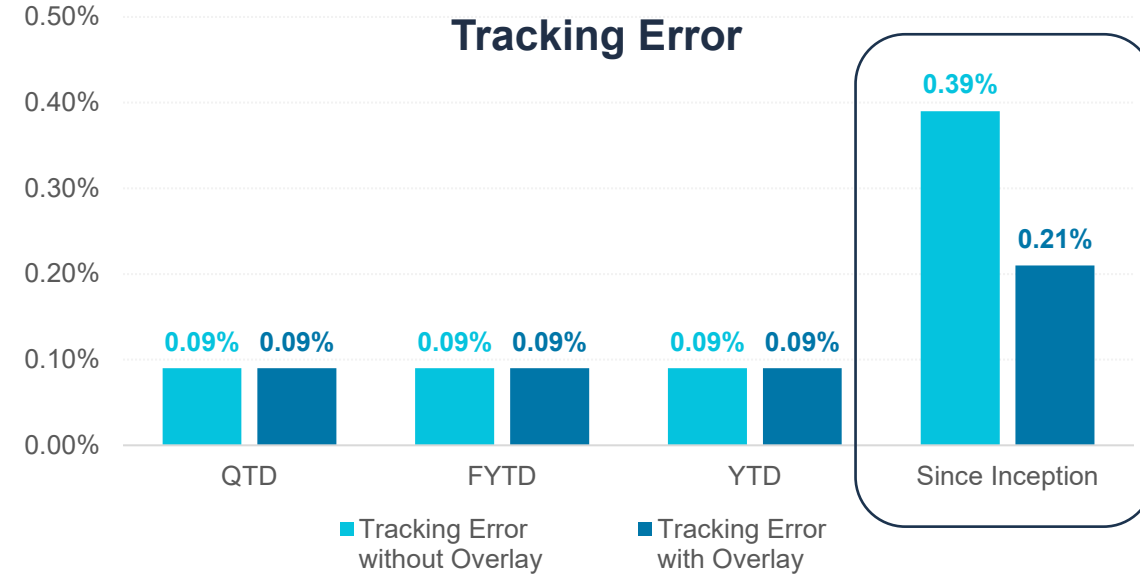
# Program Results

## Cash Overlay Program



	Total Gain/Loss USD (in millions)
QTD	50.6
YTD	50.6
FYTD	90.4
<b>Since Inception</b>	<b>673.7</b>

Inception Date: July 2019; Results are as of January 2026



### Observations

The cash overlay has achieved its total Fund program objectives

Since inception, it has:

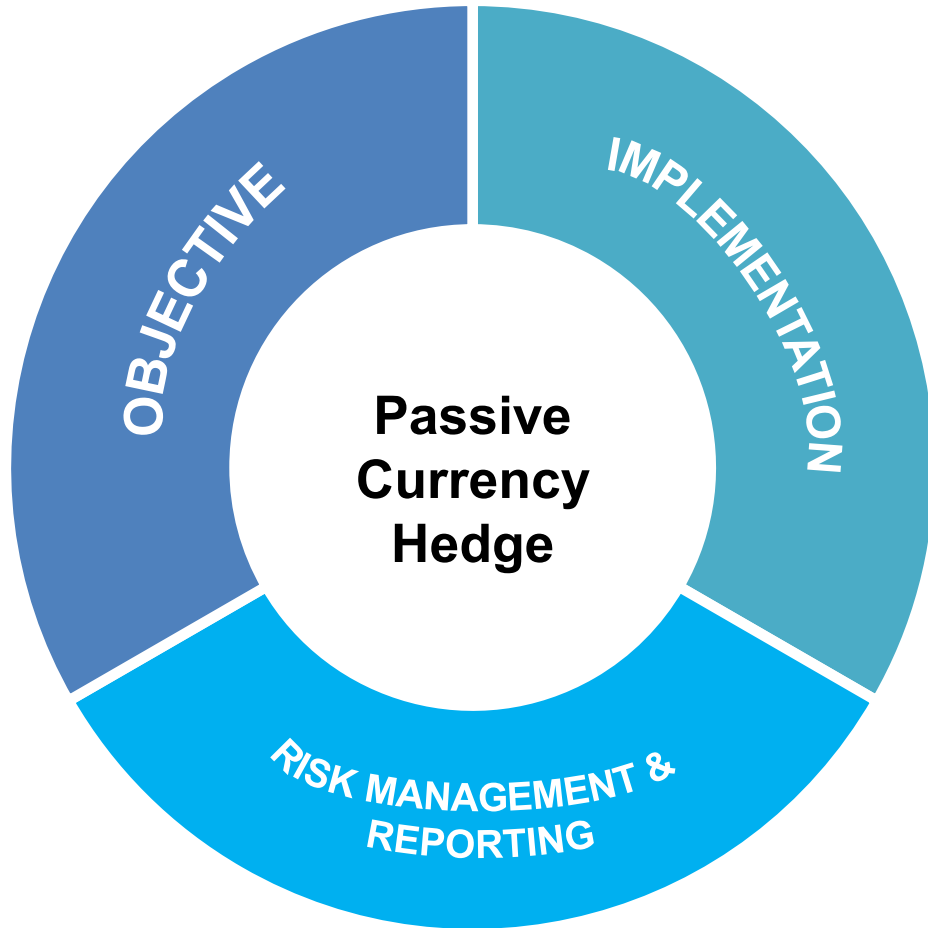
- Reduced tracking error by approximately 50%
- Earned \$674 million in gains, thereby reducing cash drag

### Next steps

- Completed passive cash overlay RFP in 4Q2025
- Working with cash overlay manager to:
  - Enhance total Fund implementation to further reduce tracking error
  - Implement a cash overlay program for the OPEB Master Trust
- Propose cash overlay guidelines at a future BOI meeting



# **Review: Global Equity Currency Hedge**



### Objective

- Minimize exchange rate risk in non-U.S. markets.
- Improve risk-adjusted returns by reducing currency volatility
- Reduce currency risk while maintaining diversification benefits of global stocks

### Implementation

- **Strategy:** 50% hedge on developed market currencies
  - No hedge on emerging markets due to high costs
- **Manager:** External passive currency overlay manager
- **Hedging Instruments:** Currency forwards for cost-effective hedging
- **Rebalancing:** Monthly (90-day currency forwards with 1/3<sup>rd</sup> rolled monthly)

### Risk Management & Reporting

- **Diversification:** Six approved counterparties
- **Exposure Limits:** 33% per counterparty
- **Contract Maturities:** Limited to 110 days
- **Hedged amount:** \$3.9 billion
  - 49.3% of Non-US Developed Markets portfolio (\$7.9 billion)
- **Reporting:** Monthly updates to LACERA
  - Forward positions
  - Account performance
  - Counterparty information

# Implementation

## Global Equity Currency Hedge



# Program Results

## Global Equity Currency Hedge



### Cumulative Gain/Loss

USD (in millions)

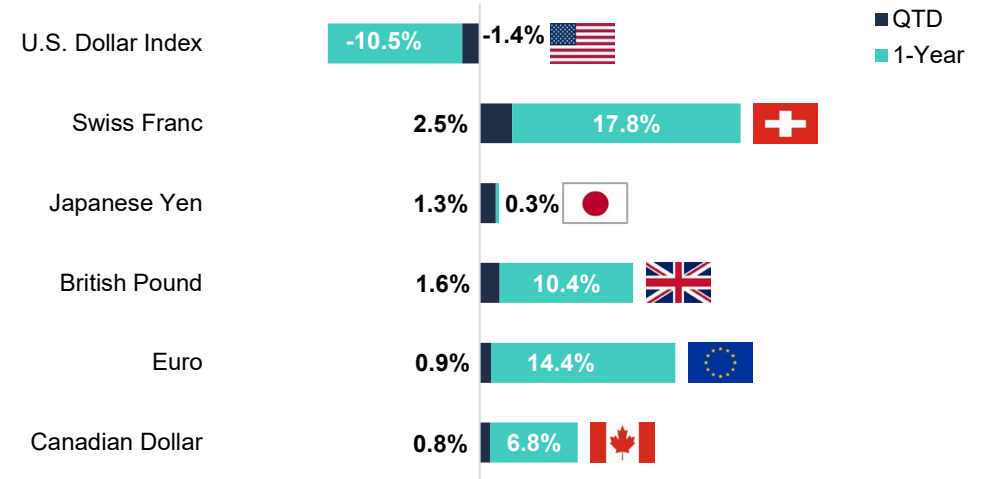


### Total Gain/Loss

USD (in millions)

	Total Gain/Loss USD (in millions)
QTD	22.5
YTD	22.5
FYTD	22.3
<b>Since Inception</b>	<b>1,646.9</b>

### Currency Performance



### Observations

The currency hedge has achieved its total Fund program objectives

Since inception, it has:

- Minimize active non-U.S. developed market equity exchange rate risk
- Earned \$1.65 billion in gains, thereby improving risk-adjusted returns

### Next steps

- Propose global equity currency hedge guidelines at a future BOI meeting

Inception Date: August 2010; Results are as of January 2026

# Summary and Next Steps



## Summary

The cash equivalents, cash overlay, and currency hedge programs have:



**Since inception, the cash overlay and currency hedge programs have resulted in ~\$2.3 billion in gains to LACERA's total Fund**

## Next Steps

1. In 4Q2025, LACERA completed an RFP for a passive cash overlay manager
  - The incumbent provider was retained for the total Fund and was hired to implement and manage a cash overlay program for the OPEB Master Trust
  - Design and implementation for the OPEB Master Trust program is underway as well as enhancements to the total Fund
2. Investment Guidelines for the cash equivalents, cash overlay, and currency hedge programs will be presented at a future BOI meeting



# Appendix



Term	Definition
Cash Drag	The negative impact on portfolio performance of holding cash in-lieu of investing it.
Cash Equivalents	Short-term, highly liquid investments that can be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Typically have an original maturity date of three months or less.
Counterparty	Any individual, institution, or legal entity that participates in a financial transaction with another party. In most financial agreements, there are at least two counterparties: one that buys and one that sells, or one that lends and one that borrows.
Currency Forward	An agreement to exchange a specific amount of one currency for another at a predetermined exchange rate on a future date.
Currency/Exchange Rate Risk	Potential for financial loss resulting from fluctuations in exchange rates between fund's local currency and the currencies in which its underlying assets are denominated.
Exchange-Traded Futures	Standardized financial contracts to buy or sell an asset at a predetermined price on a future date, traded on regulated exchanges such as the Chicago Mercantile Exchange (CME) or Intercontinental Exchange (ICE).
Fully Collateralized	A financial obligation that is secured by sufficient collateral (cash and cash equivalents) to cover its full value in the event of default. The value of the collateral is at least equal to, or greater than, the face value of the obligation.
Futures Contract	Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date.
Repurchase Agreements	Short-term, collateralized loan where one party sells securities – typically U.S. treasuries or agency MBS – to another party while simultaneously agreeing to buy them back later at a higher, pre-specified price.
Tracking Error	The volatility of a manager's excess return. It is measured by subtracting the benchmark return from the manager's return and calculating the standard deviation.

# Sample Manager Reports



## Cash Overlay

**Parametric Overlay Solutions Performance Summary - 3/31/2025**  
Los Angeles County Employees Retirement Association - Main

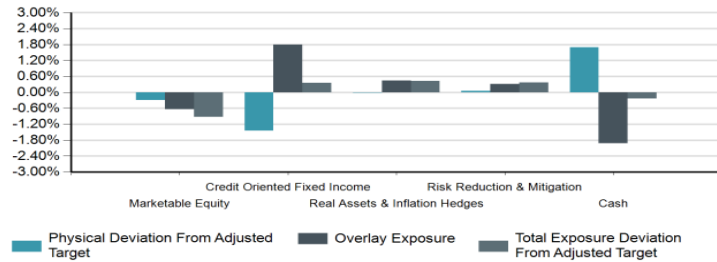
Relationship Inception Date: 7/30/2019  
Base Currency: USD



### Month End Exposure

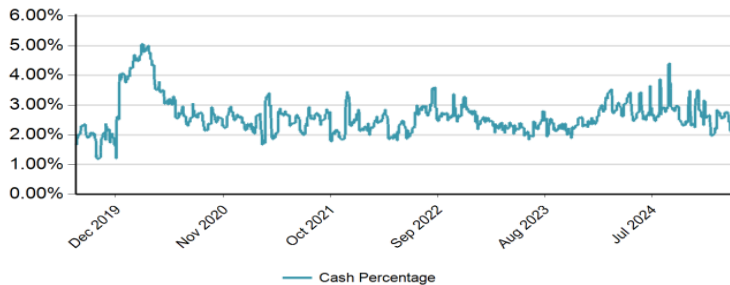
Daily Parametric Overlay Solutions reporting captures an estimate of the physical exposures of the fund. The Total Exposure Comparison provides a graphical representation of how the program effectively reduces deviations from fund target allocation.

### Total Exposure Comparison



### Cash Exposure

One of the primary goals of Parametric Overlay Solutions is to reduce expected cash drag while maintaining access to "on demand" liquidity. The cash exposure graph is a historical depiction of cash levels within the fund. The table illustrates the effect of the overlay program by comparing active cash exposures versus effective cash exposures with the overlay project in place.



## Global Equity Currency Hedge

As of 31 March 2025

### LACERA Currency Hedge Strategy Characteristics

#### Fund information

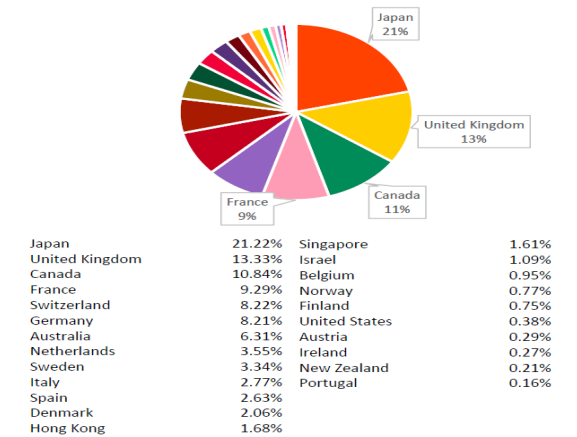
Benchmark	MSCI World ex US IMI Index 50% Hedged to USD
Total fund value	\$6.72B
Number of securities in fund	3,008
Number of securities in benchmark	3,008

#### Top 10 holdings

	Country	Weight (%)
SAP	Germany	1.25%
NESTLE SA	Switzerland	1.20%
ASML HOLDING NV	Netherlands	1.17%
ROCHE HOLDING PAR AG	Switzerland	1.04%
ASTRAZENECA PLC	United Kingdom	1.02%
SHELL PLC	United Kingdom	1.00%
NOVO NORDISK CLASS B	Denmark	0.99%
NOVARTIS AG	Switzerland	0.99%
HSBC HOLDINGS PLC	United Kingdom	0.99%
SIEMENS N AG	Germany	0.79%

Fund inception date 31 July 2010  
Data is used for analytical purposes only. Breakdowns may not sum to 100 percent due to rounding, exclusion of cash, STIF and statistically immaterial factors. Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.  
Sources: BlackRock, MSCI Inc.

#### Country allocation (%)



### BlackRock

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### Developed International Equity Valuations

3/31/2025

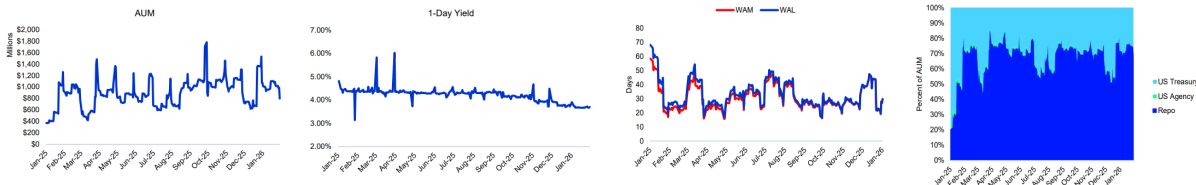
BLACKROCK

#### LACERA MSCI World Ex-US IMI Currency Hedge

Previous Month-End Value	2/28/2025	6,717,166,629
Benchmark Period Return	MSCI World ex-US IMI Index Return	3/31/2025 (0.4130)
Projected Current Month-End Value	3/31/2025	ESTIMATE 6,689,423,884




## Cash Equivalents Report





April 29, 2026

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque   
Principal Investment Officer

FOR: May 13, 2026 Board of Investments Meeting

SUBJECT: **OPEB Master Trust Cash Equivalents and Cash Overlay Investment Guidelines – Recommendation**

### RECOMMENDATION

Approve the proposed investment guidelines for the OPEB Master Trust's cash equivalents and cash overlay programs.

### SUMMARY

In 2024, the Board of Investments (“Board” or “BOI”) added Overlays & Hedges as the fifth functional category within the OPEB Master Trust's strategic asset allocation. The cash overlay program was designated under this new category.

In late 2025, LACERA completed its cash overlay request for proposal (“RFP”), resulting in the selection of Parametric Portfolio Associates as the cash overlay manager. The Board of Investments was notified that following completion of the RFP, an update would be provided.

At the April 2026 BOI meeting, an update was provided alongside education on LACERA's cash equivalents and cash overlay programs.

Today, Trustees will be provided a presentation reviewing the proposed guideline parameters for these two programs.

**Attachment 1** is the investment guideline presentation for the Board's consideration and approval.

These guidelines are consistent with the Board-approved Investment Policy Statement, strategic asset allocation, and policy benchmarks, and they follow the same established governance process applied to all previously approved total Fund functional category guidelines.

Trustees – Board of Investments

April 29, 2026

Page 2 of 2

Meketa's concurrence memo is **Attachment 2**, and the April 2026 education item is included as **Attachment 3**.

Attachments

Noted and Reviewed:

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

Jonathan Grabel  
Chief Investment Officer

## Cash Equivalents and Cash Overlay Investment Guidelines

### OPEB Master Trust

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Board of Investments Meeting  
May 13, 2026

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<b>Timeline</b>	<b>4</b>
<b>Strategic Asset Allocation – Policy Targets</b>	<b>5</b>
<b>Program Roles</b>	<b>6</b>
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<b>Results and Key Characteristics</b>	<b>8</b>
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# Recommendation and Overview



## Recommendation

Approve the proposed investment guidelines for the OPEB Master Trust (or “Trust”) cash equivalents<sup>1</sup> and cash overlay programs

## Overview

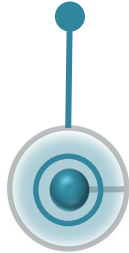
- In 2024, the Board of Investments added Overlays & Hedges as the fifth functional category within the OPEB Master Trust’s strategic asset allocation. In 2025, LACERA issued an RFP for a cash overlay manager
- The Board of Investments (“Board”) was notified that following completion of the cash overlay RFP, an update would be provided
  - The update was provided at the April 2026 BOI meeting, alongside an education on LACERA’s cash equivalents and cash overlay programs
  - Today’s item advances that progression with proposed guideline parameters for the two OPEB Master Trust programs
- This recommendation:
  - Mirrors the total Fund investment guidelines for the cash equivalents and cash overlay programs. The implementation of the cash overlay program for the OPEB Master Trust is underway
  - Follows the established Board approval process previously used across all other functional categories for the total Fund
  - Is consistent with the Board-approved Investment Policy Statement, strategic asset allocation (“SAA”), and policy benchmarks
- Meketa’s concurrence memo is included as **Attachment 2**

<sup>1</sup> The OPEB Master Trust Investment Policy Statements identify cash equivalents as “Cash”. Cash equivalents is a more representative name for the cash asset category.



## Cash Equivalents

Cash equivalents mandate updated to support business continuity



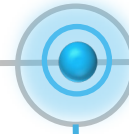
2020

2024



OPEB Master Trust SAA added Overlays and Hedges as the **5th functional asset category**

2025



I. **BOI Education** on Overlay and Hedges  
II. Completed **passive cash overlay request for proposal (RFP)**  
**Parametric was hired** to implement and manage a cash overlay program for the OPEB Master Trust

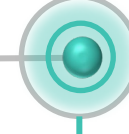


I. Meeting Link: [Board of Investments | June 11, 2025 – YouTube Timestamp: 28:25](#)

II. Meeting Link: [Board of Investments | November 12, 2025](#) – Executive Session item A.2. Selection notice

III. Meeting Link: [Board of Investments | April 8, 2026 – YouTube Timestamp: 1:02:11](#)

2026

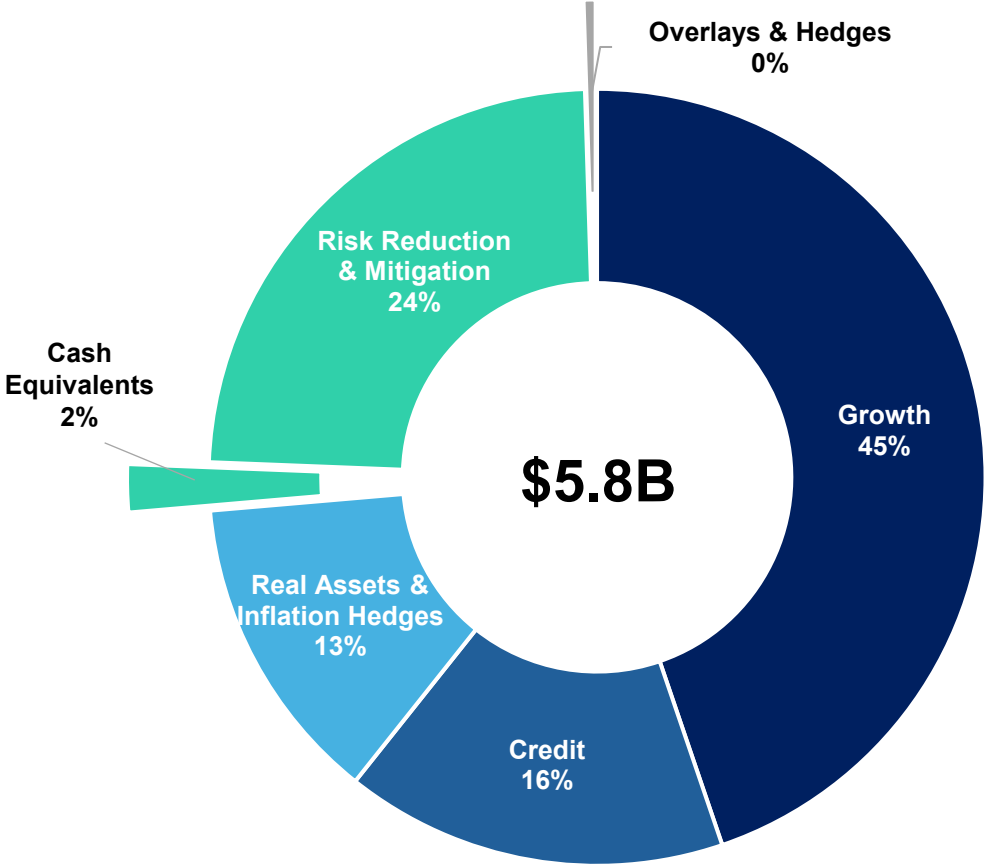


III. **April: BOI Education** on Cash Equivalents and Cash Overlay  
**May:** Proposed Investment Guidelines for cash equivalents, cash overlay programs



## Overlays and Hedges

# Strategic Asset Allocation – Policy Targets



## OPEB Master Trust

### Cash Equivalents

- OPEB Master Trust Cash falls within the Risk Reduction and Mitigation functional category with a 2% target allocation

### Overlays and Hedges

- The Overlays and Hedges functional category includes the OPEB Master Trust Cash Overlay mandate

Reflects OPEB Master Trust policy targets and market values as of January 31, 2026.

# Program Roles



## Functional Category

**Risk Reduction and Mitigation**

**Overlays and Hedges**

## Program

**Cash Equivalents**

**Cash Overlay**

## Objectives

- As the least volatile asset class, cash equivalents provide stability and risk mitigation for the OPEB Master Trust
- Primary source of liquidity
- Support portfolio activity and operational needs

Increase portfolio efficiency:

- Adhere to the SAA functional category policy target weights
- Reduce tracking error

Strategically manage cash equivalent balances:

- Minimize drag on returns (cash drag)
- Maintain liquidity for cash flow and operational needs



## The proposed investment guidelines for cash equivalents mirror current implementation

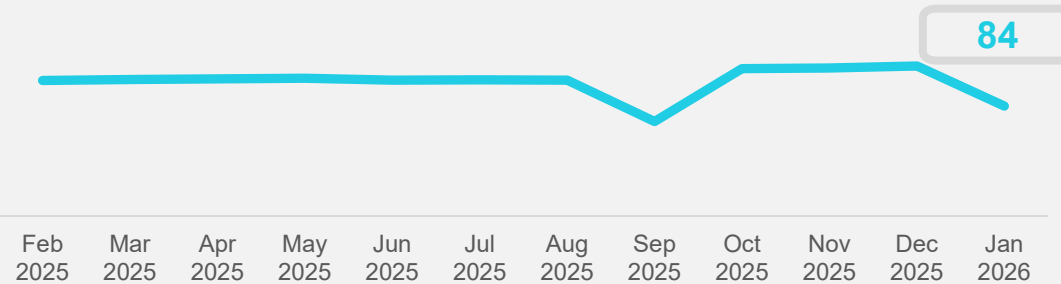
	TODAY		GOING FORWARD
<b>Cash Equivalents</b>	Guidelines designed to ensure liquidity and support operational needs	➔	✔ Proposed investment guidelines reflect current implementation
<b>Cash Overlay</b>	There is no cash overlay in place; proposed guidelines mirror total Fund overlay program, as applicable	➔	✔ Proposed guidelines to establish the OPEB Master Trust will promote adherence to the Board-approved SAA and LACERA's rebalancing protocol

# Results and Key Characteristics



## Cash Equivalents<sup>1</sup>

Month End Cash Equivalents Market Value (in millions)



<sup>1</sup> Reflects data for the period from February 2025 to January 2026.

## Key Characteristics



Invests in liquid, high-quality, short-term investments



Maintains sufficient balances to support portfolio and operational needs



Serves as the least volatile asset class

The program has:

Assisted in adhering to total Fund policy allocation targets

Met asset class-specific objectives

Managed portfolio risk

# Cash Equivalents

(within Risk Reduction and Mitigation Functional Category)

**TARGET ALLOCATION**

**+2%**

Allocation Range: 0-4%



# Investment Guidelines



## Cash Equivalents

<i>Mirrors Existing Guideline?</i>	<b>Proposed Guideline</b>	<b>Description</b>
✓	<b>Objective</b>	Serves as the OPEB Master Trust's primary source of liquidity, providing stability and risk mitigation while supporting ongoing portfolio activity and operational needs
✓	<b>Benchmark</b>	FTSE 3-Month US Treasury Bill Index
✓	<b>Investment Type</b>	Securities limited to U.S. Treasury and U.S. Government agency issues, and repurchase agreements <i>(collateralized with Treasury, agency, or agency mortgage-backed securities)</i>
✓	<b>Liquidity</b>	<ul style="list-style-type: none"> <li>Daily liquid assets (sold within 1 day) – at least 75% of the total</li> <li>Weekly liquid assets (sold within 5 days) - at least 95% of the total</li> <li>Liquid assets sold within 7 days – maximum 5% of the total</li> </ul>
✓	<b>Maturity Schedule</b>	<ul style="list-style-type: none"> <li>Weighted average maturity will not exceed 60 days</li> <li>Weighted average life will not exceed 120 days</li> <li>Securities must have a remaining maturity of 397 days or less</li> </ul>
✓	<b>Leverage</b>	Prohibited
✓	<b>Mandate Requirements</b>	<ul style="list-style-type: none"> <li>No short sales</li> <li>Securities must be U.S. dollar denominated</li> <li>Holdings of State Street securities are prohibited</li> <li>Trading with State Street Global Markets, LLC is prohibited</li> <li>Transactions with designated countries, individuals and entities listed on Office of Foreign Assets Control (“OFAC”) Sanctions Lists are prohibited</li> </ul>
✓	<b>Prohibited Investments</b>	Any securities issued by the following counties, districts and agencies: Los Angeles County, Little Lake Cemetery District, South Coast Air Quality Management District, Los Angeles County Office of Education, Local Agency Formation Commission
✓	<b>Economic Substitution</b>	Refrain from purchasing securities in tobacco, Sudan, and Iran when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

# Cash Overlay

(within Overlays and Hedges Functional Category)

TARGET ALLOCATION

+0%



# Investment Guidelines



## Cash Overlay

<i>Mirrors total Fund Guideline?</i>	<u>Proposed Guideline</u>	<u>Description</u>
✓	<b>Objective</b>	Support adherence to functional category policy target weights, maintain liquidity for operational needs, and minimize cash drag
✓	<b>Benchmark</b>	Custom benchmark based on the Board-approved policy benchmarks and allocation target weights in the Growth, Credit, Real Assets and Inflation Hedges, and Risk Reduction and Mitigation functional asset categories as indicated in the OPEB Master Trust's Investment Policy Statement
✓	<b>Implementation</b>	Reflects Board-approved SAA functional category policy target weights and benchmarks, while balancing cost and execution efficiency
✓ <i>Bilateral OTC contracts are new (see next page)</i>	<b>Permissible Instruments</b>	<ul style="list-style-type: none"> <li>• Domestic and international equity futures</li> <li>• Domestic and international fixed income futures</li> <li>• Foreign currency futures, forwards, and physical holdings</li> <li>• Domestic and international equities</li> <li>• Exchange Traded Funds (ETFs) and Exchange Traded Notes (ETNs)</li> <li>• Exchange Traded Options on Equities, ETFs and indexes</li> <li>• U.S. Government/Agency Securities</li> <li>• Centrally cleared over-the-counter (“OTC”) contracts</li> <li>• <i>Bilateral OTC contracts</i></li> <li>• Commodity Futures and Commodity Index Futures</li> </ul>
✓	<b>Excess Cash Deployment</b>	Invests in unallocated cash above 1% of the OPEB Master Trust
✓	<b>Margin</b>	Cash and/or physical securities can be used as collateral to support overlay exposure
✓	<b>Fund Leverage</b>	Prohibited
✓	<b>Economic Substitution</b>	Refrain from purchasing securities in tobacco, Sudan, and Iran when the same investment goals concerning risk, return, and diversification can be achieved through the purchase of another security

# Bilateral OTC Contracts



**Bilateral OTC contracts are a standard instrument type used by the cash overlay manager. Guideline inclusion would allow for future use when beneficial to LACERA**

Bilateral OTC Contracts defined: A contract privately negotiated and executed directly between two counterparties, without an exchange or central clearinghouse

## KEY CHARACTERISTICS

### Private Negotiation

Executed directly between two counterparties; no exchange or intermediary involved



### Customizable Terms

Structure and terms tailored to both parties' specific needs



### Counterparty Credit Risk

Each party is exposed to the other's risk of default; no central clearinghouse guarantee



## BENEFITS

### Tailored Hedging

Match exposure with bespoke structures unavailable on centrally cleared exchanges

### Flexibility

Utilized to access instruments and payoff profiles not offered through standardized markets

### Confidentiality

Trade terms remain private between the two contracting parties

# Summary and Recommendation



## Summary

Following the cash overlay education session in June 2025, an RFP was launched and completed to establish a cash overlay program for the OPEB Master Trust. At last month's Board of Investments meeting, additional education on cash overlay and cash equivalents was provided in preparation for today's recommendation.

Notably, the OPEB Master Trust's existing cash equivalents guidelines have met their objectives. In addition, the proposed cash overlay guidelines for the Trust mirror the total Fund's proven framework. Therefore, ratifying the guidelines currently in practice is expected to continue to benefit the Trust's financial performance and operational efficiency.

## Recommendation

Approve the proposed investment guidelines for the OPEB Master Trust cash equivalents and cash overlay programs



# Appendix

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# Glossary of Terms



Term	Definition
Bilateral OTC Contracts	A contract privately negotiated and executed directly between two counterparties, without an exchange or central clearinghouse
Cash Drag	The negative impact on portfolio performance of holding cash in lieu of investing it
Cash Equivalents	Short-term, highly liquid investments that can be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value
Centrally cleared OTC contracts	Over-the-counter derivatives that are cleared through a central clearinghouse, which intermediates between counterparties to mitigate counterparty credit risk
Counterparty	Any individual, institution, or legal entity that participates in a financial transaction with another party. In most financial agreements, there are at least two counterparties: one that buys and one that sells, or one that lends and one that borrows
Exchange Traded Futures	Standardized financial contracts to buy or sell an asset at a predetermined price on a future date, traded on regulated exchanges such as the Chicago Mercantile Exchange (CME) or Intercontinental Exchange (ICE)
Exchange Traded Notes	Unsecured debt securities that trade on an exchange and provide returns linked to the performance of an underlying index or benchmark, subject to issuer credit risk
Fully Collateralized	A financial obligation that is secured by sufficient collateral (cash and cash equivalents) to cover its full value in the event of default. The value of the collateral is at least equal to, or greater than, the face value of the obligation
Futures Contract	Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date
Notional Exposure	Total market value of a position controlled through derivatives (e.g., futures), which may exceed the actual cash invested
Office of Foreign Assets Control ("OFAC")	A division of the U.S. Department of the Treasury that administers and enforces economic and trade sanctions based on U.S. foreign policy and national security goals
Repurchase Agreements	Short-term, collateralized loan where one party sells securities – typically U.S. treasuries or agency MBS – to another party while simultaneously agreeing to buy them back later at a higher, pre-specified price
Tracking Error	The volatility of a manager's excess return. It is measured by subtracting the benchmark return from the manager's return and calculating the standard deviation

## MEMORANDUM

**TO:** LACERA Board of Investments  
**FROM:** Tim Filla, Aysun Kilic, Alex Khorsandian, Imran Zahid, Meketa  
**CC:** Jon Grabel, CIO - LACERA  
**DATE:** April 23, 2026  
**RE:** Investment Guidelines - OPEB

---

### Background

The purpose of this memo is for Meketa Investment Group to formalize its support for Staff's recommendation to approve the proposed Investment Guidelines for the LACERA OPEB Master Trust's Cash Equivalents, and Cash Overlay program.

### Evaluation of Recommendation

In 2024, the Board of Investments approved the addition of Overlays and Hedges as a functional asset category within the OPEB Master Trust's SAA. Subsequently, LACERA conducted a Cash Overlay RFP and, in 2025, retained Parametric Portfolio Associates to implement and manage a passive cash overlay program.

At the April 2026 Board meeting, Trustees received education regarding both Cash Equivalents and Cash Overlay programs in advance of formal guideline adoption. The proposed guidelines represent the final step in implementing these programs within LACERA's established governance and policy structure.

#### Cash Equivalents

The proposed Cash Equivalents guidelines clearly define the role of cash as the Trust's primary source of liquidity, emphasizing capital preservation, stability, and operational flexibility. Permissible instruments are appropriately limited to high-quality, short-duration U.S. government and agency securities, repurchase agreements, and strict liquidity and maturity constraints.

The guidelines' maturity, liquidity, and leverage constraints appropriately limit risk, align with the 2% policy target allocation, and support the Cash Equivalents program's role within the Risk Reduction and Mitigation functional category.

#### Cash Overlay

The Cash Overlay guidelines appropriately support the objective of minimizing cash drag while maintaining liquidity and adherence to functional category policy targets. The framework limits overlay activity to unallocated cash above 1% of Trust assets, prohibits leverage, and requires exposures to be fully collateralized by available cash or securities. Permitted instruments and risk controls are consistent with a passive, implementation-focused overlay program and align with the Board-approved SAA. The guidelines clearly define the role of the overlay in improving portfolio efficiency without materially increasing risk.



## Conclusion


Meketa believes the proposed Cash Equivalents and Cash Overlay Investment Guidelines are well-structured, clearly articulated, and consistent with the OPEB Master Trust's long-term objectives. The guidelines appropriately balance liquidity, risk management, and return efficiency and reflect sound institutional investment practices. Accordingly, Meketa concurs with staff's recommendation and supports Board approval of the proposed Investment Guidelines.

If you have any questions or would like additional information, please email or call us at (760) 795-3450.

TF/AK/AK/IZ/sf

March 24, 2026

TO: Trustees – Board of Investments

FROM: Esmeralda del Bosque   
Principal Investment Officer

FOR: April 8, 2026 Board of Investments Meeting

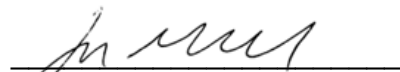
SUBJECT: **Cash Equivalents, Cash Overlay, and Currency Hedge -  
Total Fund and OPEB Master Trust Overview**

The attached presentation provides an overview of the cash equivalents, cash overlay, and currency hedge programs in advance of formal investment guideline recommendations to be presented to the Board of Investments (“BOI”) in a future BOI meeting (**Attachment**).

The presentation reviews each program’s objectives and summarizes their operations, evolution, and high-level results in supporting overall total plan effectiveness. The purpose of this presentation is to provide Trustees with a further understanding of the intent and function of these programs ahead of bringing formal guideline considerations.

#### Attachments

Noted and Reviewed:



Jonathan Gabel  
Chief Investment Officer

## **Cash Equivalents, Cash Overlay, and Currency Hedge - Total Fund and OPEB Master Trust Overview**

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Board of Investments Meeting

April 8, 2026

# Table of Contents

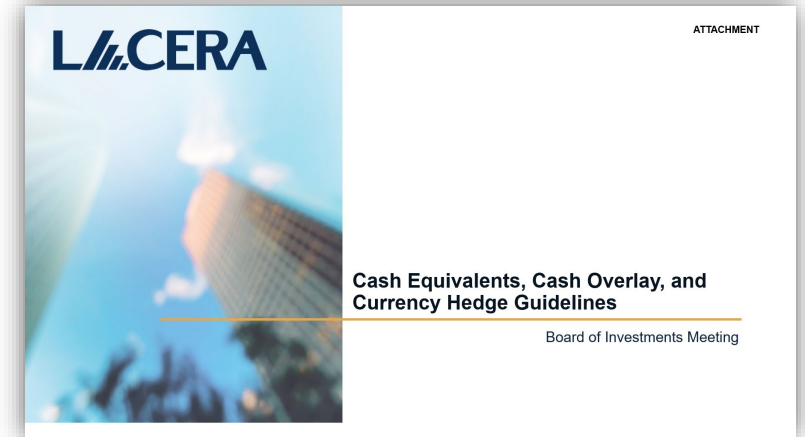


<b>TITLE</b>	<b>SLIDE</b>
Introduction	<b>3</b>
Timeline	<b>4</b>
Program Roles	<b>5</b>
Strategic Asset Allocation – Policy Targets	<b>6</b>
Review: Cash Equivalents	<b>7</b>
Review: Cash Overlay	<b>11</b>
Review: Global Equity Currency Hedge	<b>15</b>
Summary and Next Steps	<b>19</b>
<b>Appendix</b>	
Glossary	<b>21</b>
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## Objective

Provide education and context on the total Fund and OPEB Master Trust cash equivalents, cash overlay, and currency hedge programs in advance of formal investment guideline recommendations to be brought to a future Board of Investments (“BOI”) meeting<sup>1</sup>



## Today’s presentation will cover:



### Roles and Function:

Review the objectives of the cash equivalents, cash overlay, and currency hedge programs



### Program Overview:

Summarize program operations, evolution, and high-level results in supporting total plan effectiveness



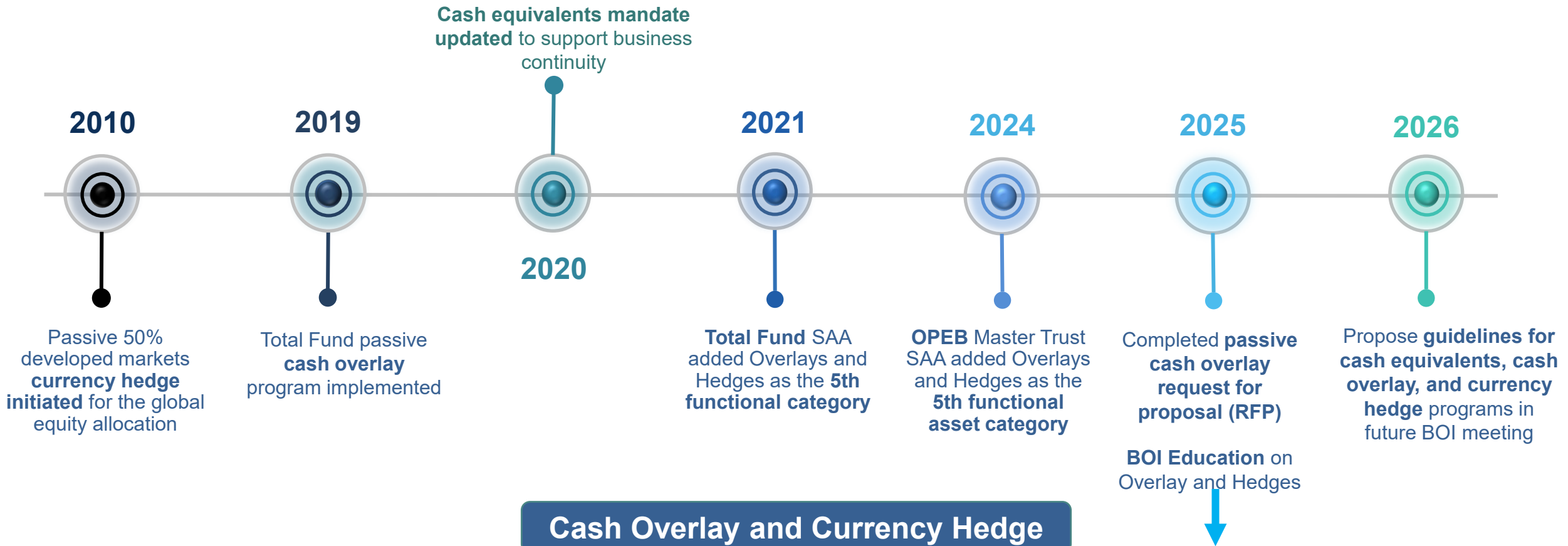
### Next Steps:

Outline upcoming actions and milestones

<sup>1</sup> The total Fund and OPEB Master Trust Investment Policy Statements identify cash equivalents as “Cash”. Cash equivalents is a more representative name for the cash asset category.



## Cash Equivalents



Meeting Link: [Board of Investments | June 11, 2025 – YouTube](#) Timestamp: 28:25

# Program Roles



## Functional Category

### Risk Reduction and Mitigation

### Overlays and Hedges

## Program

### Cash Equivalents

### Cash Overlay<sup>1</sup>

### Global Equity Currency Hedge<sup>2</sup>

## Objectives

- As the least volatile asset class, cash equivalents provides stability and risk mitigation for the total Fund
- Primary source of liquidity
- Supports portfolio activity and operational needs

Increase portfolio efficiency:

- Adhere to the SAA functional category policy target weights
- Reduce tracking error

Strategically manage cash equivalent balances:

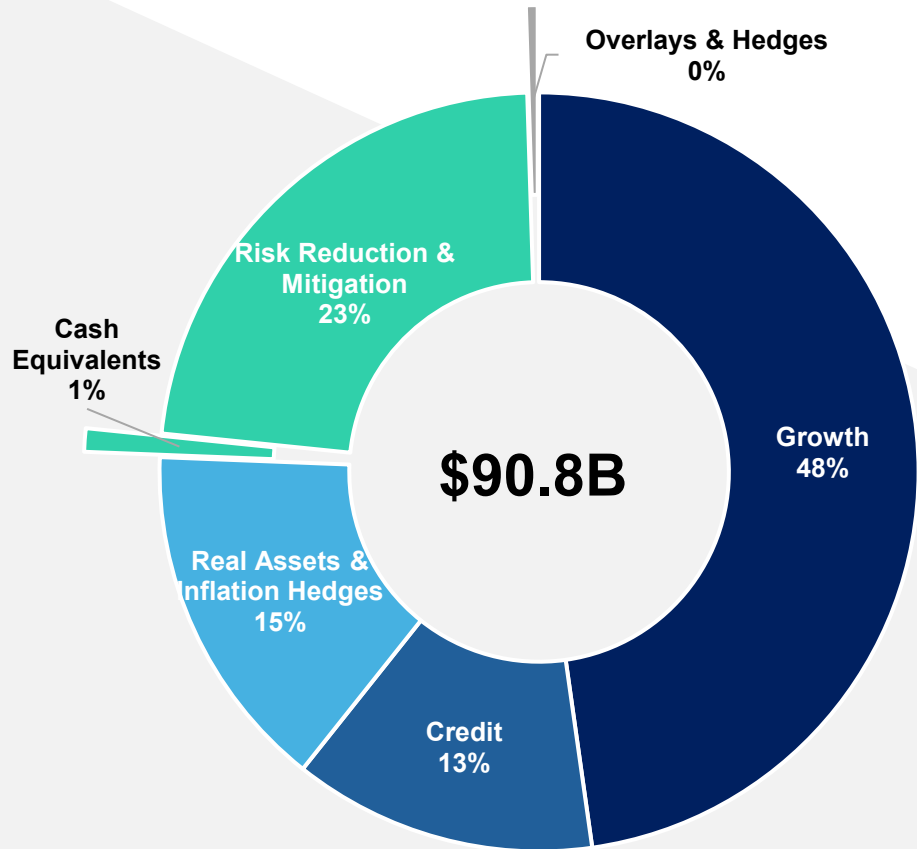
- Minimize drag on returns (cash drag)
- Maintain liquidity for cash flow and operational needs

- Minimize active non-U.S. equity markets exchange rate risk relative to the index
- Improve risk-adjusted results by reducing volatility from currency exposure
- Preserve returns by protecting against currency depreciation

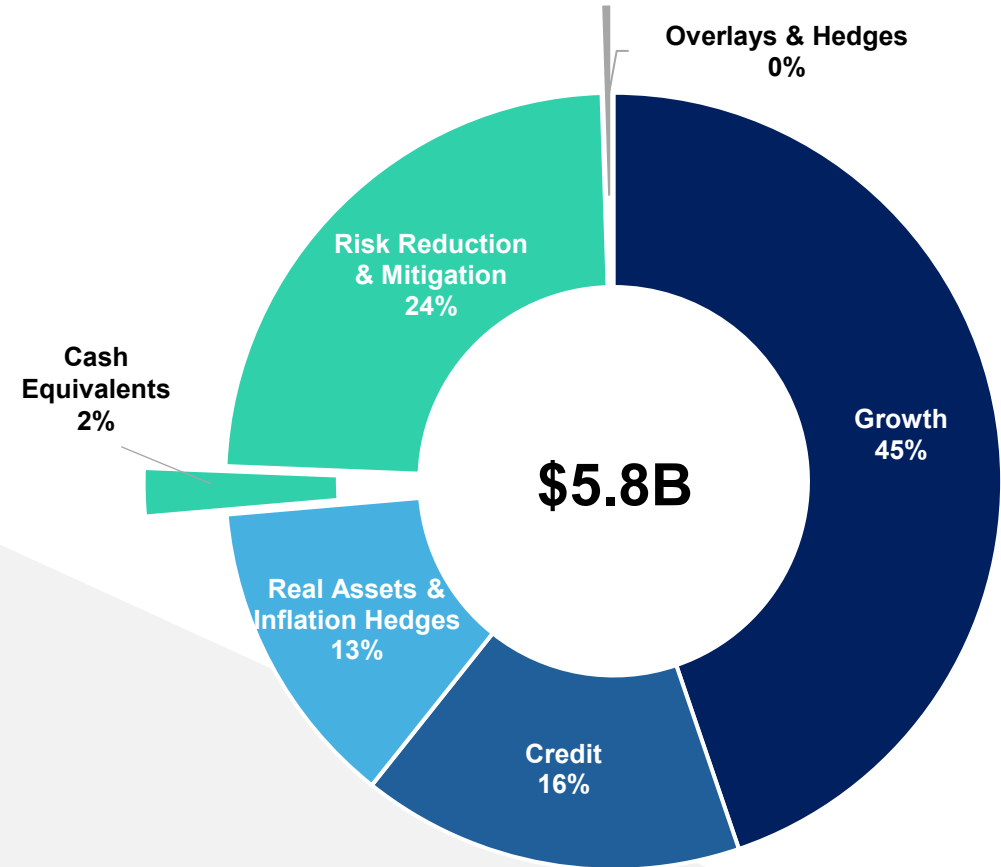
<sup>1</sup> Board-approved; pending OPEB Master Trust implementation

<sup>2</sup> Applicable to the total Fund

# Strategic Asset Allocation – Policy Targets



**Total Fund**



**OPEB Master Trust**

Reflects total Fund and OPEB Master Trust policy targets and market values as of January 31, 2026



# Review: Cash Equivalents

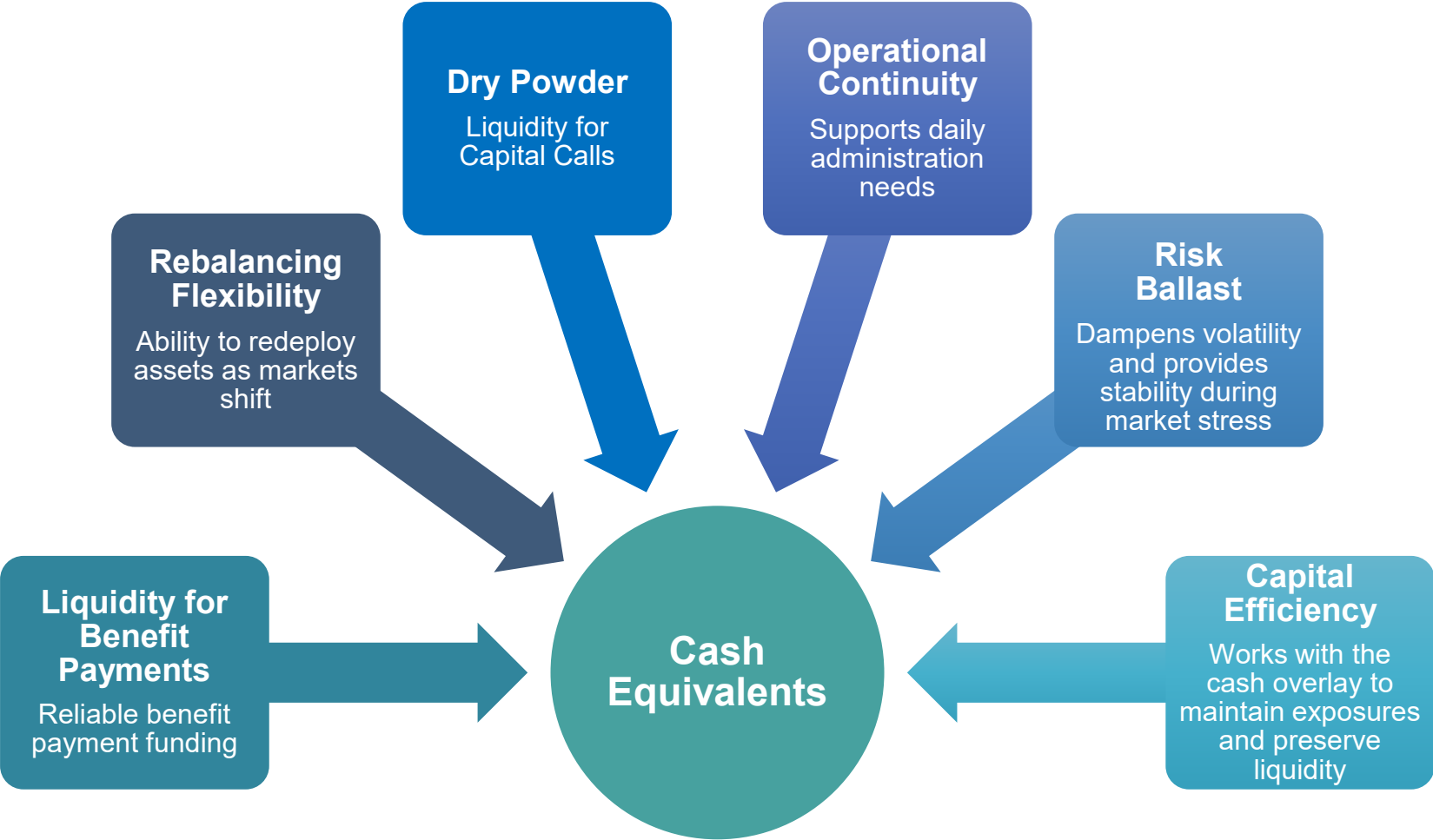
# LACERA's Cash Equivalents Program



Cash equivalents is a foundational element of each plan, serving as a key risk mitigator, diversifier, and the operational backbone supporting all asset classes



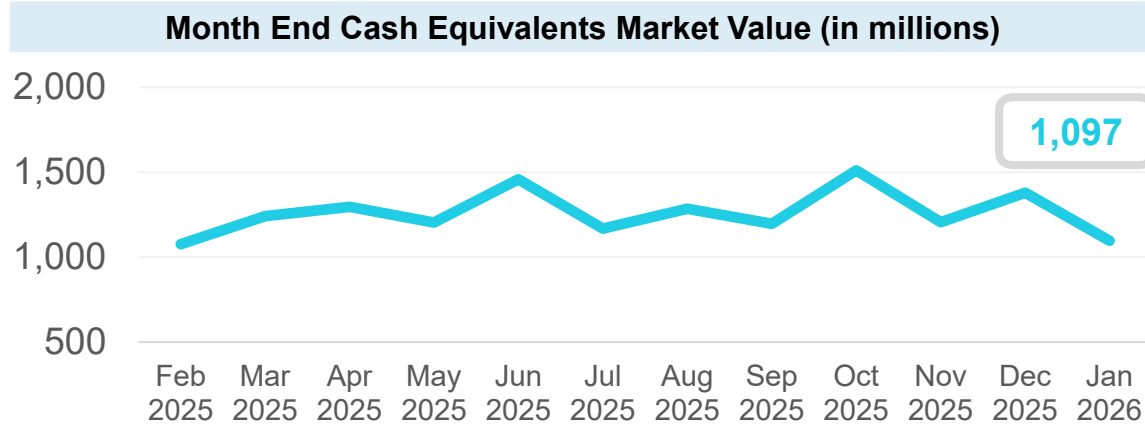
# The Strategic Importance of Cash Equivalents



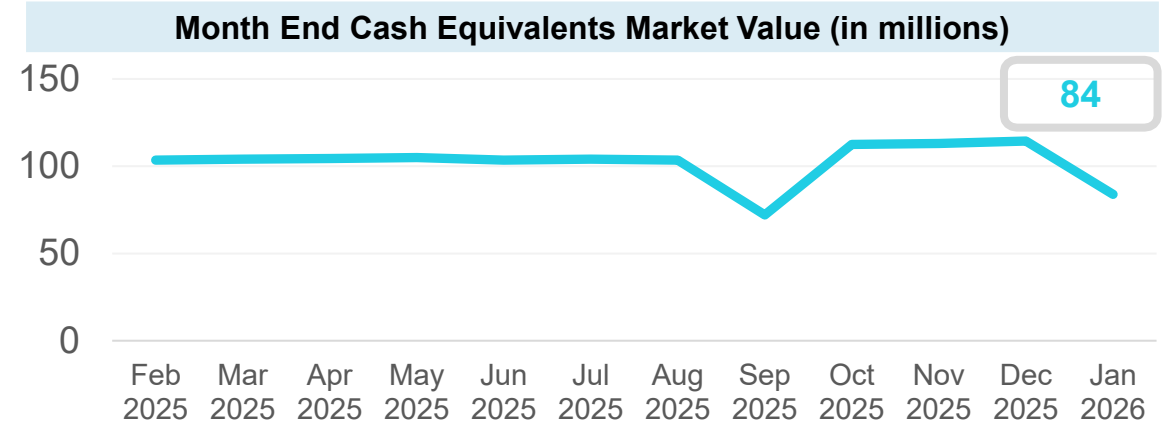
# Cash Equivalents – Program Characteristics



## Total Fund



## OPEB Master Trust



Characteristics	Total Fund and OPEB Master Trust
Assets Liquid within 1 Day	100%
Asset Quality	90%+ S&P rating A or above
Cash and Cash Equivalent Exposures	U.S. Treasury, U.S. Agency, including repurchase agreements
Country	~90% U.S.

### Observations

Total Fund and OPEB Master Trust Cash Equivalents:

- Maintains sufficient balances to support portfolio and operational needs
- Invests in liquid, high-quality, short-term investments
- Serves as the most liquid and least volatile asset

### Next steps

- Cash equivalents investment guideline recommendations will be presented at a future BOI meeting

Inception Date: June 2001 total Fund/February 2013 OPEB Master Trust; Results are as of January 2026

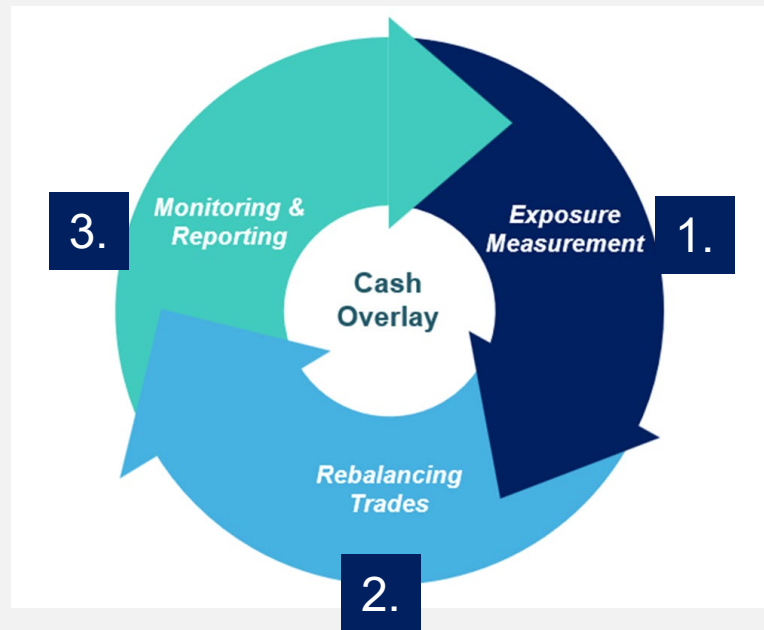


# Review: Cash Overlay

# Cash Overlay Program Overview



The cash overlay process is implemented in **three** steps:



In alignment with LACERA's Investment Beliefs, the overlay complements the cash allocation by **supporting rebalancing *and* adherence to the Board-approved SAA**



## Monthly

**Rebalance monthly or as necessary in accordance with the SAA:**

Primary Objective

Maintain cash levels to cover at least three months of benefit payments

Secondary Objective

Adjust portfolio asset allocations to policy target weights

## Daily

**The cash overlay manager monitors functional category weights:**

Primary Objective

Recalibrate allocation drift due to market movements

Secondary Objective

Minimize cash drag

# Cash Overlay Program – Implementation

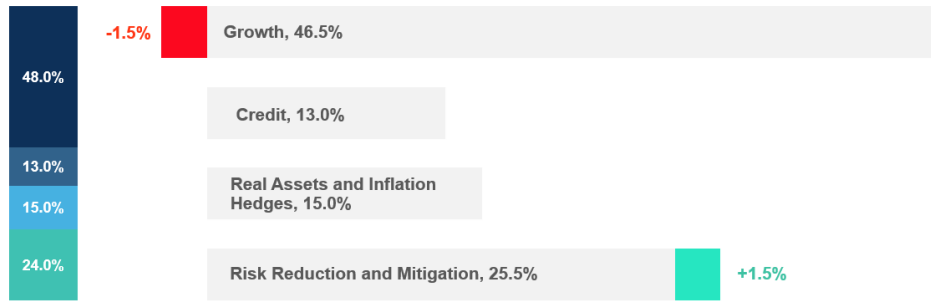


## 1. Measure Exposures

### Exposure Example

Growth is **Underweight** 1.5%, or \$600 mm  
 Risk Reduction and Mitigation is **Overweight** 1.5%, or \$300 mm

Policy Target Weights



- Growth
- Credit
- Real Assets & Inflation Hedges
- Risk Reduction & Mitigation

■ Allocation ■ Underweight/Overweight

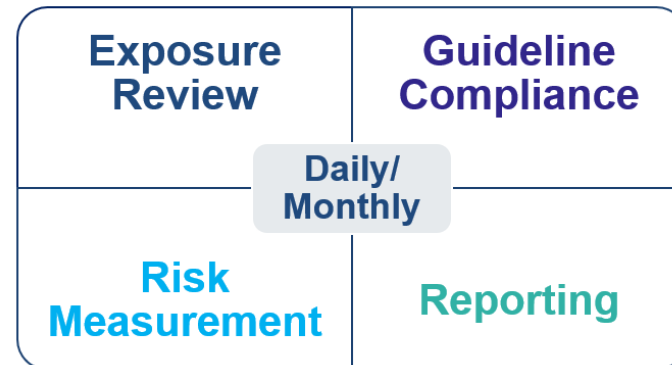
## 2. Rebalancing Trades

The overlay manager utilizes **exchange-traded futures** to replicate the risk/return profile of each functional asset category

Exposures are cash-backed and **fully collateralized**; no leverage is employed



## 3. Ongoing Monitoring and Reporting



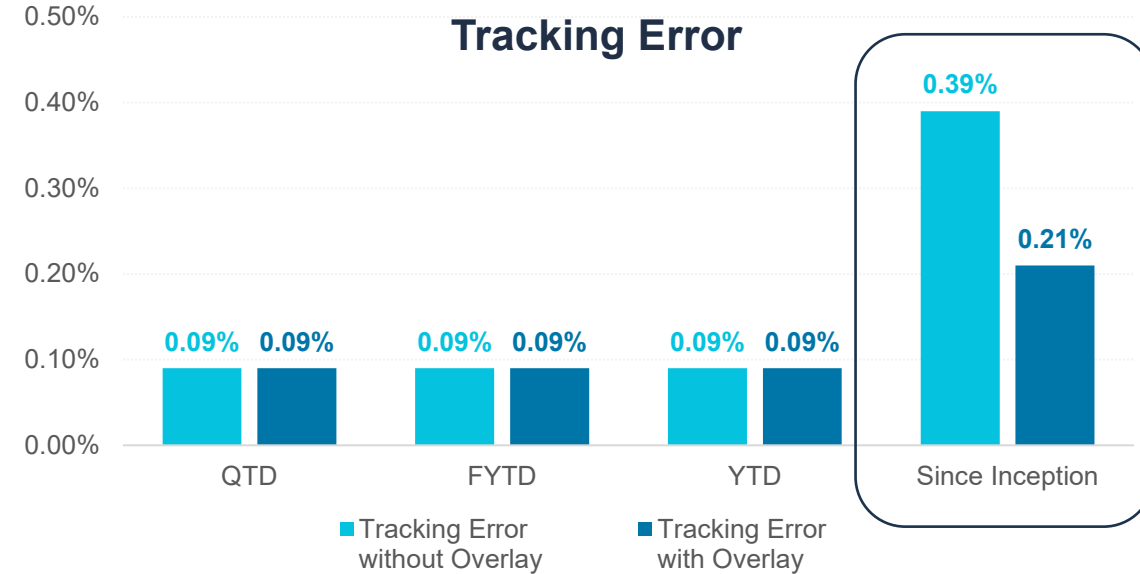
# Program Results

## Cash Overlay Program



	Total Gain/Loss USD (in millions)
QTD	50.6
YTD	50.6
FYTD	90.4
<b>Since Inception</b>	<b>673.7</b>

Inception Date: July 2019; Results are as of January 2026



### Observations

The cash overlay has achieved its total Fund program objectives

Since inception, it has:

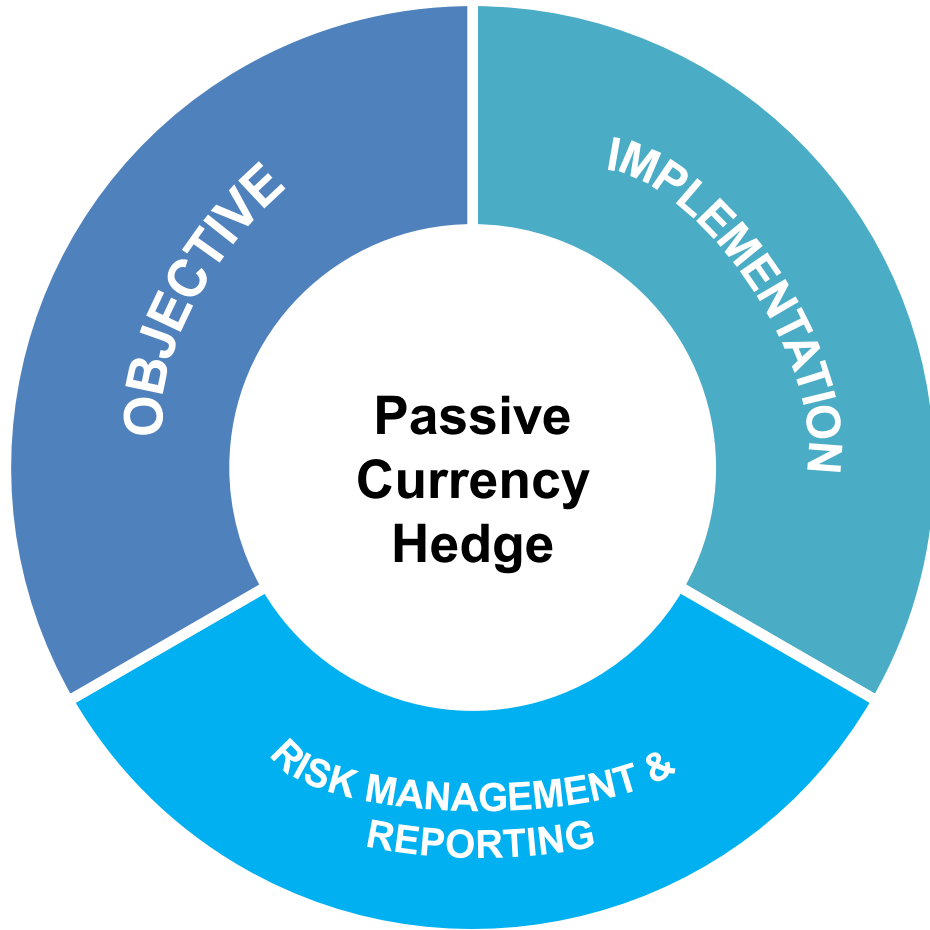
- Reduced tracking error by approximately 50%
- Earned \$674 million in gains, thereby reducing cash drag

### Next steps

- Completed passive cash overlay RFP in 4Q2025
- Working with cash overlay manager to:
  - Enhance total Fund implementation to further reduce tracking error
  - Implement a cash overlay program for the OPEB Master Trust
- Propose cash overlay guidelines at a future BOI meeting



# **Review: Global Equity Currency Hedge**



### Objective

- Minimize exchange rate risk in non-U.S. markets.
- Improve risk-adjusted returns by reducing currency volatility
- Reduce currency risk while maintaining diversification benefits of global stocks

### Implementation

- **Strategy:** 50% hedge on developed market currencies
  - No hedge on emerging markets due to high costs
- **Manager:** External passive currency overlay manager
- **Hedging Instruments:** Currency forwards for cost-effective hedging
- **Rebalancing:** Monthly (90-day currency forwards with 1/3<sup>rd</sup> rolled monthly)

### Risk Management & Reporting

- **Diversification:** Six approved counterparties
- **Exposure Limits:** 33% per counterparty
- **Contract Maturities:** Limited to 110 days
- **Hedged amount:** \$3.9 billion
  - 49.3% of Non-US Developed Markets portfolio (\$7.9 billion)
- **Reporting:** Monthly updates to LACERA
  - Forward positions
  - Account performance
  - Counterparty information

# Implementation

## Global Equity Currency Hedge



# Program Results

## Global Equity Currency Hedge



### Cumulative Gain/Loss

USD (in millions)

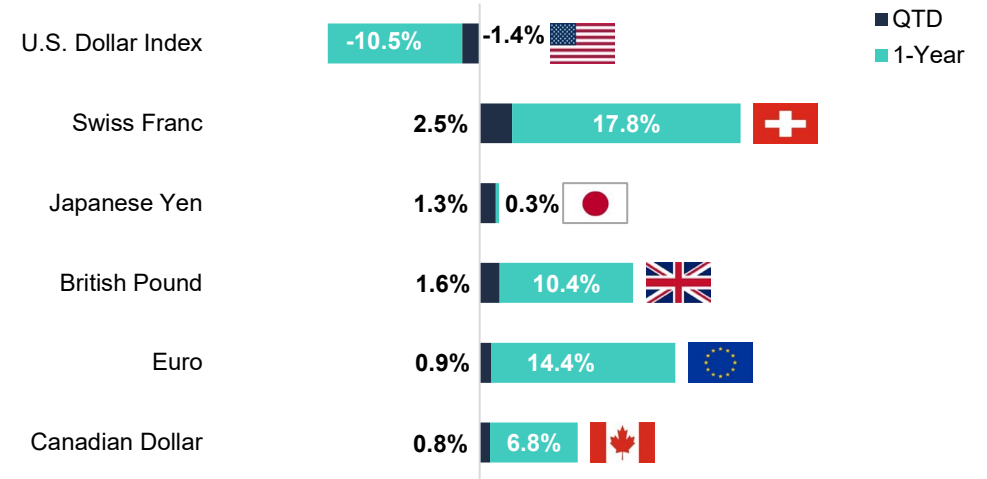


### Total Gain/Loss

USD (in millions)

	Total Gain/Loss USD (in millions)
QTD	22.5
YTD	22.5
FYTD	22.3
<b>Since Inception</b>	<b>1,646.9</b>

### Currency Performance



### Observations

The currency hedge has achieved its total Fund program objectives

Since inception, it has:

- Minimize active non-U.S. developed market equity exchange rate risk
- Earned \$1.65 billion in gains, thereby improving risk-adjusted returns

### Next steps

- Propose global equity currency hedge guidelines at a future BOI meeting

Inception Date: August 2010; Results are as of January 2026

# Summary and Next Steps



## Summary

The cash equivalents, cash overlay, and currency hedge programs have:



**Since inception, the cash overlay and currency hedge programs have resulted in ~\$2.3 billion in gains to LACERA's total Fund**

## Next Steps

1. In 4Q2025, LACERA completed an RFP for a passive cash overlay manager
  - The incumbent provider was retained for the total Fund and was hired to implement and manage a cash overlay program for the OPEB Master Trust
  - Design and implementation for the OPEB Master Trust program is underway as well as enhancements to the total Fund
2. Investment Guidelines for the cash equivalents, cash overlay, and currency hedge programs will be presented at a future BOI meeting



# Appendix



Term	Definition
Cash Drag	The negative impact on portfolio performance of holding cash in-lieu of investing it.
Cash Equivalents	Short-term, highly liquid investments that can be readily convertible to known amounts of cash and subject to an insignificant risk of changes in value. Typically have an original maturity date of three months or less.
Counterparty	Any individual, institution, or legal entity that participates in a financial transaction with another party. In most financial agreements, there are at least two counterparties: one that buys and one that sells, or one that lends and one that borrows.
Currency Forward	An agreement to exchange a specific amount of one currency for another at a predetermined exchange rate on a future date.
Currency/Exchange Rate Risk	Potential for financial loss resulting from fluctuations in exchange rates between fund's local currency and the currencies in which its underlying assets are denominated.
Exchange-Traded Futures	Standardized financial contracts to buy or sell an asset at a predetermined price on a future date, traded on regulated exchanges such as the Chicago Mercantile Exchange (CME) or Intercontinental Exchange (ICE).
Fully Collateralized	A financial obligation that is secured by sufficient collateral (cash and cash equivalents) to cover its full value in the event of default. The value of the collateral is at least equal to, or greater than, the face value of the obligation.
Futures Contract	Agreement to buy or sell a specific amount of a commodity or financial instrument at a particular price on a stipulated future date.
Repurchase Agreements	Short-term, collateralized loan where one party sells securities – typically U.S. treasuries or agency MBS – to another party while simultaneously agreeing to buy them back later at a higher, pre-specified price.
Tracking Error	The volatility of a manager's excess return. It is measured by subtracting the benchmark return from the manager's return and calculating the standard deviation.

# Sample Manager Reports



## Cash Overlay

**Parametric Overlay Solutions Performance Summary - 3/31/2025**  
Los Angeles County Employees Retirement Association - Main

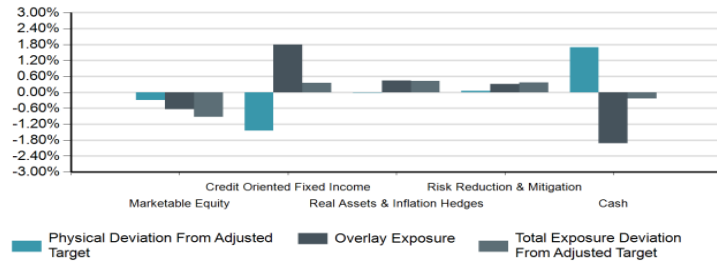
Relationship Inception Date: 7/30/2019  
Base Currency: USD



### Month End Exposure

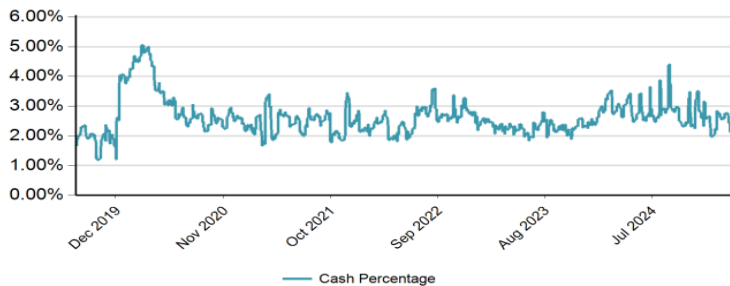
Daily Parametric Overlay Solutions reporting captures an estimate of the physical exposures of the fund. The Total Exposure Comparison provides a graphical representation of how the program effectively reduces deviations from fund target allocation.

### Total Exposure Comparison



### Cash Exposure

One of the primary goals of Parametric Overlay Solutions is to reduce expected cash drag while maintaining access to "on demand" liquidity. The cash exposure graph is a historical depiction of cash levels within the fund. The table illustrates the effect of the overlay program by comparing active cash exposures versus effective cash exposures with the overlay project in place.



## Global Equity Currency Hedge

As of 31 March 2025

### LACERA Currency Hedge Strategy Characteristics

#### Fund information

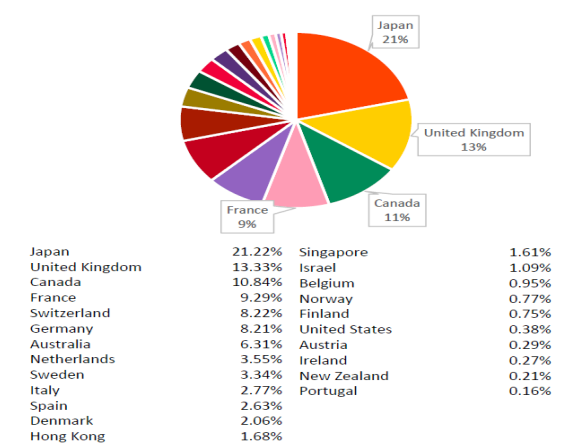
Benchmark	MSCI World ex US IMI Index 50% Hedged to USD
Total fund value	\$6.72B
Number of securities in fund	3,008
Number of securities in benchmark	3,008

#### Top 10 holdings

	Country	Weight (%)
SAP	Germany	1.25%
NESTLE SA	Switzerland	1.20%
ASML HOLDING NV	Netherlands	1.17%
ROCHE HOLDING PAR AG	Switzerland	1.04%
ASTRAZENECA PLC	United Kingdom	1.02%
SHELL PLC	United Kingdom	1.00%
NOVO NORDISK CLASS B	Denmark	0.99%
NOVARTIS AG	Switzerland	0.99%
HSBC HOLDINGS PLC	United Kingdom	0.99%
SIEMENS N AG	Germany	0.79%

Fund inception date 31 July 2010  
Data is used for analytical purposes only. Breakdowns may not sum to 100 percent due to rounding, exclusion of cash, STIF and statistically immaterial factors. Portfolio holdings are subject to change and are not intended as a recommendation of individual securities.  
Sources: BlackRock, MSCI Inc.

#### Country allocation (%)



### BlackRock

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### Developed International Equity Valuations

3/31/2025

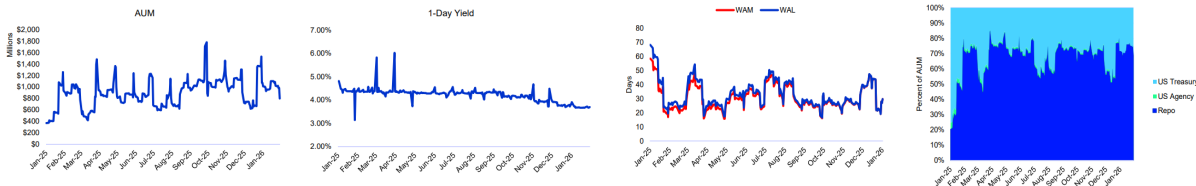
BLACKROCK

#### LACERA MSCI World Ex-US IMI Currency Hedge

Previous Month-End Value	2/28/2025	6,717,166,629
Benchmark Period Return		
MSCI World ex-US IMI Index Return	3/31/2025	(0.4130)
Projected Current Month-End Value	3/31/2025	ESTIMATE 6,689,423,884



## Cash Equivalents Report



April 24, 2026

TO: Trustees – Board of Investments

FROM: Jonathan Grabel   
Chief Investment Officer

Jude Pérez   
Deputy Chief Investment Officer

FOR: May 13, 2026 Board of Investments Meeting

SUBJECT: **Strategic Asset Allocation Process Review**

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

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

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

Per the Investment Policy Statement ("IPS"), comprehensive asset allocation studies are conducted every three to five years or at the BOI's request. The last SAA studies were completed and approved in 2024. In accordance with the IPS standard and as outlined in the 2026 Work Plan, the upcoming SAA review cycle will begin promptly near the fiscal year-end.

Over the next few months, Meketa and the investment team will deliver a series of educational sessions covering different aspects of the SAA study. Topics will include an introduction to SAA modeling and methodologies, comparisons between asset allocation models, analysis of current return expectations and market dynamics, methods for measuring climate risk and its effects on the total Fund, evaluations of capital market expectations, benchmarking analysis,

Page Two  
Trustees-Board of Investments  
April 24, 2026

and other implementation considerations for the total Fund and OPEB. These educational presentations will help shape recommendations for the BOI as part of the SAA study.

The following is a presentation (**ATTACHMENT 1**) that will cover the role and importance of asset allocation as well as provide the steps and a timeline for completing the upcoming SAA process. Staff will review the presentation at the May 2026 BOI meeting.

Attachment

## **Strategic Asset Allocation Process Overview**

## **Total Fund and OPEB Master Trust**

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Board of Investments Meeting  
May 13, 2026

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<b>TITLE</b>	<b>SLIDE</b>
Background	3
Investment Beliefs – Strategic Asset Allocation	4
Role of Strategic Asset Allocation	5
Why Asset Allocation is Important	6
Factors & Considerations for Deliberation	7
Proposed Steps and Timeline	8



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## LACERA MISSION STATEMENT

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Produce, Protect, and Provide  
the Promised Benefits  
to our Members

How do we fulfill  
our mission?

**Prudent investment and conservation of plan assets**, in accordance with its Investment Beliefs and in consideration of actuarial analysis.

Do we have a  
framework to fulfill  
our mission?

LACERA's **Investment Policy Statement ("IPS")** defines the framework by which LACERA manages the assets of the total Fund and OPEB Master Trust in order to fulfill its mission.

Who approves this  
framework to fulfill  
our mission?

LACERA's **Board of Investments ("BOI")** is responsible for establishing investment policy and objectives for both the total Fund and the OPEB Master Trust.

When was our last  
asset allocation  
study?

Asset allocation reviews were performed in **2024 for the total Fund and OPEB Master Trust.**

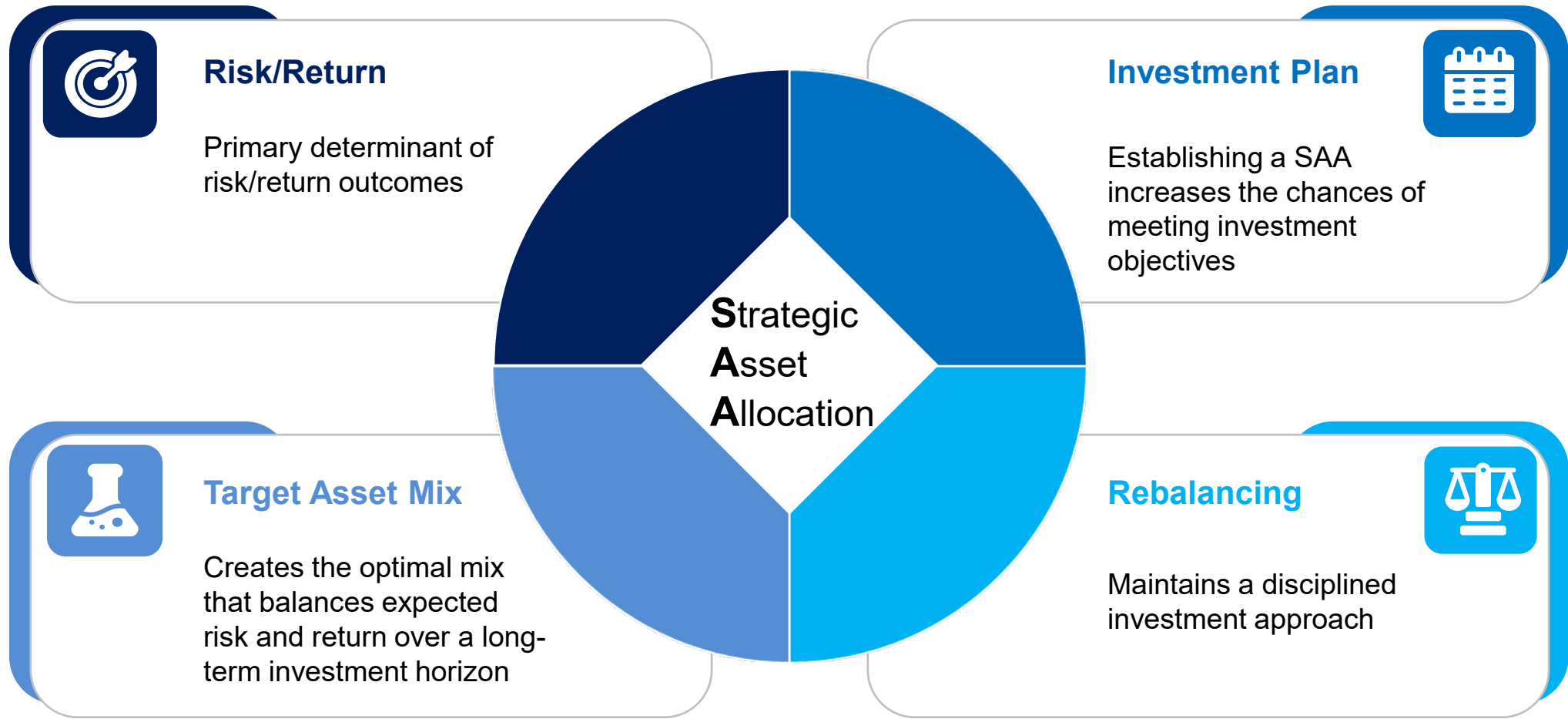
# Investment Beliefs – Strategic Asset Allocation



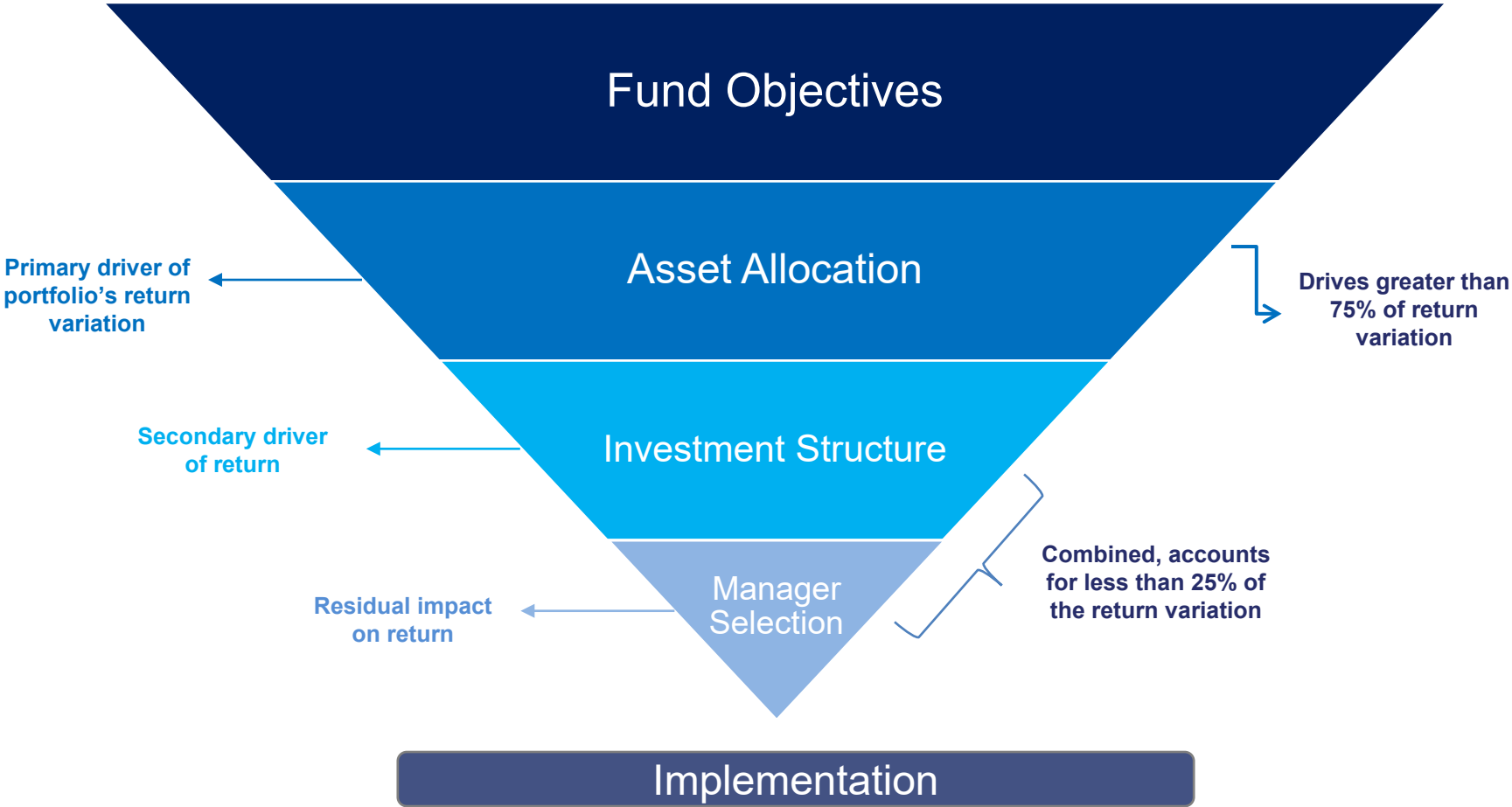
LACERA fundamentally believes **long-term strategic asset allocation (“SAA”)** will be the **primary determinant of risk/return outcomes** and therefore establishes a strategic asset allocation to meet its mission and investment objectives.

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

# Role of Strategic Asset Allocation



# Why Asset Allocation is Important



The seminal asset allocation study "Determinants of Portfolio Performance" by Gary Brinson, Randolph Hood, Gilbert Beebower in 1986/1991 introduced this concept and its main theme has been supported by various academic studies since then.

# Factors and Considerations for Deliberation



LACERA conducts a comprehensive asset allocation study every three to five years, or at the BOI's request. The asset allocation study considers several factors.

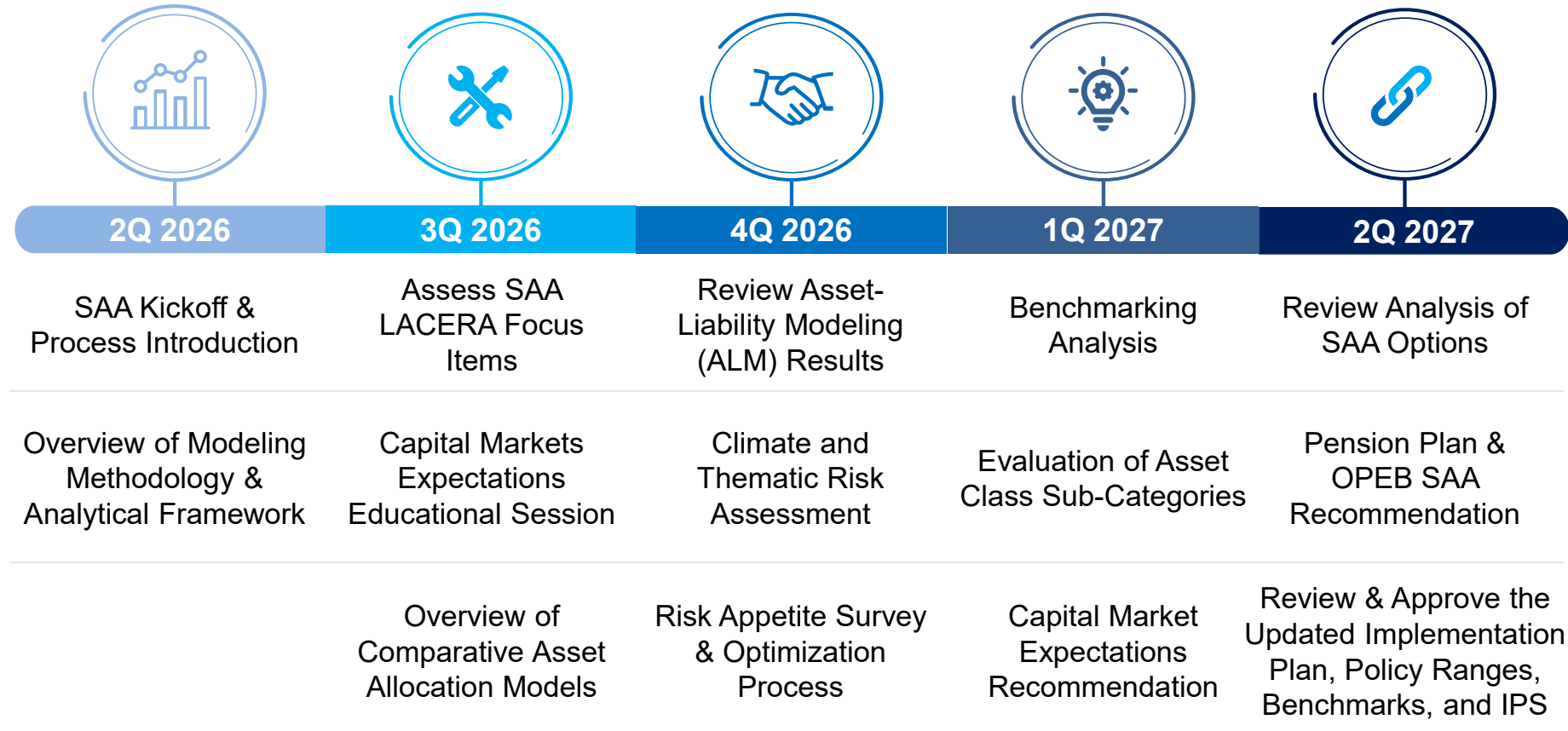
## Core Factors

- A projection of actuarial assets, liabilities, benefit payments, contributions, and the actuarial rate of return for the total Fund, as well as its current and projected funded status
- Historical results and expected long-term capital market risk, return, and correlation forecasts
- Assessment of future economic conditions, including inflation and interest rate levels
- Review and analysis of benchmarks across asset classes
- Various risk/return scenarios
- The total Fund's liquidity requirements

## Considerations

- Implications of using the past to predict the future
  - SAA typically uses historical performance to inform future forecasting
  - Past performance is not indicative of future returns
- Market environment
  - Growth outlook and recession risk
  - Monetary policy and financing conditions
  - Inflation regime and implications
- Exogenous factors
  - Geopolitical
    - Trade Regime Fragmentation
  - Climate risks
  - Technological Progress/AI Growth
- Risk tolerance and capacity assessment
  - Risk-based allocation framework
  - Alignment of risk appetite with funded status and liability profile

# Proposed Steps and Timeline



**Board approved SAA commences July 1, 2027**

Dates and topics may be adjusted to accommodate BOI requests and ensure a thorough SAA process

**FOR INFORMATION ONLY**

April 24, 2026

TO: Trustees – Board of Investments

FROM: Jonathan Grabel   
Chief Investment Officer

FOR: May 13, 2026 Board of Investments Meeting

SUBJECT: **Board of Investments Offsite 2026 - Tentative Agenda**

**SUMMARY**

The annual offsite meeting of the LACERA Board of Investments will take place at the Hyatt Regency in Long Beach on September 15 and 16 of 2026. A regular meeting of the Board of Investments is scheduled at the same venue in the afternoon of the 16<sup>th</sup>, following the conclusion of the offsite meeting.

The following is a tentative high-level agenda that reflects Trustee rankings from an online survey<sup>1</sup>:

Tuesday, September 15, 2026*Morning*

- Strategic Framework (CIO Grabel)
- Investment Implications of AI or Venture Capital: Roles, Risks, and Portfolio Fit

*Afternoon*

- Board Governance (Meketa)
- Investment Implications of AI or Venture Capital: Roles, Risks, and Portfolio Fit

Wednesday, September 16, 2026*Morning*

- Fireside Chat w/ State Street Investment Management CEO (DCIO Perez)
- Strategic Asset Allocation (Meketa)

*Afternoon*

- Board of Investments Meeting

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<sup>1</sup> The order of agenda topics is subject to change.

## BACKGROUND

In March, Trustees completed a survey by selecting their top subjects from a list of eleven potential topics, with the option to add a topic of their choice. The leading two responses from the survey are presented below.

1. **Investment Implications of AI:** Discussion of AI's productivity vs. its potentially disruptive effects and what it means for long-term allocation, valuations, and risk across public and private markets.
2. **Venture capital: Role, Risks and Portfolio Fit:** Overview of venture capital's risk/return dispersion, liquidity and governance dynamics, and the value it adds to a private equity portfolio.


Over the next several months, staff will work with key partners to develop content for all six topics and invite knowledgeable speakers. We look forward to collaborating with numerous business partners and advisors to arrange for an insightful and productive meeting.

Additional information regarding logistics will be provided in the future.

**FOR INFORMATION ONLY**

May 1, 2026

TO: Trustees – Board of Investments

FROM: Scott Zdrzil   
Principal Investment Officer

Piers Hugh Smith   
Investment Officer

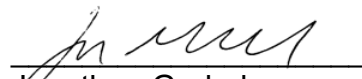
FOR: May 13, 2026, Board of Investments Meeting

SUBJECT: **Comment Letter to the Securities and Exchange Commission  
Regarding Public Company Reporting Requirements**

Please find attached a comment letter (**Attachment**) submitted by LACERA to the U.S. Securities and Exchange Commission (SEC) in response to the SEC's request for public comment regarding prospective reforms to public company reporting requirements. The letter provides brief comments to support timely, comparable, and reliable reporting of financially material performance information to support investment analysis, investor protections, and efficient capital market functioning, consistent with the provisions of LACERA's Corporate Governance and Stewardship Principles. It was prepared consistent with LACERA policies, is being provided to Trustees for informational purposes, and is available on [lacera.gov](http://lacera.gov).

Attachment

Noted and Reviewed:



Jonathan Grabel  
Chief Investment Officer

April 10, 2026

Ms. Vanessa Countryman  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-0609  
via email at [rule-comments@sec.gov](mailto:rule-comments@sec.gov)

RE: Request for Comment on Statement on Reforming Regulation S-K (File CLL-15)

Dear Ms. Countryman:

The Los Angeles County Employees Retirement Association (LACERA) appreciates the opportunity to submit comments in response to Securities and Exchange Commission (SEC or Commission) Chair Paul S. Atkins's January 13, 2026, statement on reforming Regulation S-K.<sup>1</sup> We welcome the Chair's solicitation of feedback. Facilitating effective disclosures to prospective and current investors is central to the SEC's ability to further its mission to protect investors, promote fairness and efficiency in financial markets, and facilitate capital formation. The Chair's invitation for public comment comes at a crucial moment as institutional investors' allocations among public and private markets evolve, as policymakers deliberate availing access for retail investors to private markets while balancing investor protections, and as issuers and investors alike deliberate the best approach to facilitate decision-useful, cost-effective reporting practices.

By way of background, LACERA manages nearly \$100 billion in a defined benefit pension plan and other post-employment benefits, as of March 31, 2026. Our investments span publicly listed and private portfolio companies across industries, including equity holdings in about 2,400 public U.S. companies. LACERA's exclusive mission is "to produce, protect, and provide the promised benefits" for over 200,000 members and beneficiaries who serve the most populous county in the nation. We encourage public policies governing financial markets that promote durable value to enhance our ability to fulfill our mission in both the near-term and well into the future in order to support generations of LACERA members to come.

Our comments to the Commission are guided by the investment beliefs and principles outlined in LACERA's [Investment Policy Statement](#)<sup>2</sup> and [Corporate Governance and Stewardship Principles](#).<sup>3</sup>

### 1. **Timely, reliable, comparable information**

LACERA believes financial markets work most efficiently when investors have *timely, reliable, and comparable* information about *material* aspects of a firm's performance.<sup>4</sup>

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<sup>1</sup> Paul S. Atkins, Chair. "Statement on Reforming Regulation S-K." U.S. Securities and Exchange Commission. January 13, 2026. Available at: <https://www.sec.gov/newsroom/speeches-statements/atkins-statement-reforming-regulation-s-k-011326>.

<sup>2</sup> LACERA. Investment Policy Statement (or IPS). June 12, 2024. Available at: [https://www.lacera.gov/sites/default/files/assets/documents/board/Governing%20Documents/BOI%20Policies/invest\\_policy\\_stmt.pdf](https://www.lacera.gov/sites/default/files/assets/documents/board/Governing%20Documents/BOI%20Policies/invest_policy_stmt.pdf).

<sup>3</sup> LACERA. Corporate Governance and Stewardship Principles (or "Principles"). March 2023. Available at: <https://www.lacera.gov/sites/default/files/assets/documents/board/Governing%20Documents/BOI%20Policies/CorpGovPrinciples.pdf>.

<sup>4</sup> LACERA. Principles. Page 22. Emphases added.

Transparency of a firm's key financial and operating performance is critical for investors to assess the firm's financial viability and prospects.<sup>5</sup> Facilitating effective disclosure of performance and risks supports the SEC's mission to protect investors and facilitate capital formation, as reliable information helps instill investor confidence, which itself underpins healthy financial markets.

As the Commission considers prospective reforms to the disclosure requirements of public companies, we encourage emphasis on materiality. We echo the policies and input of the Council of Institutional Investors that define materiality as information that a reasonable investor would consider important in making investment or voting decisions.<sup>6</sup> We believe investment outcomes are determined by risk, returns, and costs, and all three must be managed to enhance investment outcomes.<sup>7</sup> Current risk factor disclosures under Regulation S-K (Item 105) do not clearly distinguish material risks from low-probability, low-impact risks. We support guidance to clarify the risks investors should consider when investing and voting; in particular, guidance to emphasize the most material risks would make disclosures more decision-useful and help reduce boilerplate language that reads as liability mitigation and reduces the clarity of disclosures.

We also support policies that facilitate timeliness of disclosures. We note current debates among policymakers to prospectively reduce the frequency of required financial disclosures.<sup>8</sup> We believe routine, regular reporting—including through quarterly reporting of financial results—helps level the playing field for all investors (retail and institutional investors alike) regardless of an investor's access to specialized data systems. Technology is making reporting less costly for companies. Moreover, routine reporting is consistent with market practice across public and private markets, where debt covenants, for example, are reviewed on a quarterly basis. We urge the SEC to support greater timeliness, not less, in any prospective rulemaking proposals.

## 2. Disclosure to Assess Alignment of Interests

LACERA believes executive compensation should align senior executives' interests with those of capital providers.<sup>9</sup> We rely on Regulation S-K Item 402 disclosures to assess whether incentives are aligned and compensation risks are prudently mitigated at firms in which we invest. We encourage guidance under Item 402 that supports clear, comprehensive disclosure of executives' total compensation, including incentive pay, perquisites, and risk-mitigating features. As long-term investors, we believe transparency is more effective than prescriptive pay rules, and anything short of full transparency can push compensation into undisclosed channels. We also support disclosure of risk-mitigating policies (for example, whether executive hedging of equity is prohibited) to help identify pay practices that may undermine alignment. We encourage the SEC to continue pursuing comprehensive disclosure of pay design and practices to enable investors to evaluate alignment of interests.

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<sup>5</sup> LACERA. Principles. Page 22.

<sup>6</sup> Council of Institutional Investors (CII). Letter to Securities and Exchange Commission, April 2, 2026. Available at: <https://www.sec.gov/comments/cii-15/cii15-739427-2297494.pdf>.

<sup>7</sup> LACERA. IPS. Page 5.

<sup>8</sup> Carlos E. Juarez. "Across the Board: Quarterly versus Semi-annual Reporting." Mayer Brown. October 13, 2025. Available at: <https://acrosstheboard.mayerbrown.com/2025/10/quarterly-versus-semi-annual-reporting>.

<sup>9</sup> LACERA. Principles. Page 18.

### 3. Disclosure of Key Operating and Sustainability Performance Metrics

As providers of long-term capital to financial markets, LACERA believes risk can be multi-faceted and must be evaluated holistically, including incorporating both quantitative and qualitative measures.<sup>10</sup> We also consider that a host of operating risks (cybersecurity, talent management) and other environmental, social, and governance factors (such as energy efficiency and legal compliance) can impact firm performance.<sup>11</sup> Such risks are complex and may vary in their materiality by industry, geographic exposure, and investment time horizon.<sup>12</sup> As a diversified investor with exposures across industries and geographic markets, it is an integral component of our fiduciary duty to identify, diversify, and mitigate known investment risks in our portfolio. To the extent that a risk is not expected to be rewarded over the long-term or mitigated through diversification, LACERA endeavors to minimize it. Adequate information to identify and assess risks is therefore of paramount importance to fulfill our fiduciary duty.

Current Regulation S-K requirements pertaining to operating metrics are mostly limited to cybersecurity measures and talent, in the form of headcount alone, despite human capital often being cited as most companies' most important asset. LACERA considers that effective talent management—including the development, incentives, and retention of a firm's workforce—is vital to any firm's success. We believe core metrics can help illuminate investment risks and strengths at portfolio companies and reiterate our 2019 letter to the SEC encouraging incorporation of baseline disclosures for key human capital metrics for all companies, including indicators for workforce composition (part vs full-time and contingent), stability (such as turnover), and investment (such as training expenditures).<sup>13</sup>

Additionally, LACERA is a global investor with investment exposures in over 65 markets. About a quarter of our assets are invested with entities domiciled outside of the U.S. Among the U.S. domiciled firms, many portfolio companies have operations in various non-U.S. markets. As global investors, we encourage the Commission to consider effective measures to harmonize regulatory guidance with significant international efforts to facilitate reporting of material operating metrics, such as the current effort by the International Financial Reporting Standards (IFRS) Foundation through the International Sustainability Standards Board (formerly the SASB Standards).<sup>14</sup> ISSB standards articulate industry-specific operating metrics that are specific to 77 industries and were developed with the input of companies and investors. In the U.S., over 90% of large, public companies use some ISSB standards to guide their reporting; while outside of the U.S., jurisdictions covering 75% of market capitalization outside of the U.S. require public companies to report metrics that align with the ISSB framework provisions. Facilitating reporting that is consistent with industry-based frameworks that are widely established in multiple jurisdictions can enhance comparability while reducing reporting costs and burdens for companies and investors alike.

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<sup>10</sup> LACERA. IPS. Page 5.

<sup>11</sup> LACERA. IPS. Page 5; LACERA. Principles. Page 24.

<sup>12</sup> LACERA. IPS. Page 10.

<sup>13</sup> LACERA. Letter to the Securities and Exchange Commission Regarding Modernization of Regulation S-K and Human Capital Disclosures. October 22, 2019. Available at:

[https://www.lacera.gov/sites/default/files/assets/documents/general/lacera\\_letter\\_to\\_sec.pdf](https://www.lacera.gov/sites/default/files/assets/documents/general/lacera_letter_to_sec.pdf).

<sup>14</sup> IFRS Foundation International Sustainability Standards Board. Available at:  
<https://www.ifrs.org/groups/international-sustainability-standards-board/>.

#### 4. Public Input

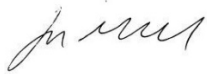
Lastly, LACERA recognizes that capital markets are complex and any reforms to the Commission's requirements and guidance regarding disclosure rules benefit from market input. Accordingly, as the Commission evaluates whether to pursue any revisions to existing disclosure rules, we encourage the Commission to conduct a formal notice-and-comment process with adequate time for market input before amending or otherwise revising Regulation S-K.

...

We commend the Commission for soliciting market input. We reiterate our belief that disclosure effectiveness is wholly in line with the SEC's mission to protect investors; maintain fair, orderly, and efficient markets; and facilitate capital formation.

Please contact the undersigned at [jgrabel@lacera.gov](mailto:jgrabel@lacera.gov) if you would like to further discuss any of the above remarks.

Sincerely,



Jonathan Grabel  
Chief Investment Officer

CC: The Honorable Paul S. Atkins, Chair  
The Honorable Hester M. Peirce, Commissioner  
The Honorable Mark T. Uyeda, Commissioner

**FOR INFORMATION ONLY**

May 5, 2026

TO: Trustees,  
Board of Investments

FROM: Christine Roseland *CR*  
Senior Staff Counsel

FOR: May 2026 Board of Investments Meeting

SUBJECT: **Legal Projects**

Attached is the monthly report on the status of investment related projects that are either Board directed or reported out pursuant to the Investment Policy Statement and handled by the Legal Division as of May 5, 2026.

Attachment

c: Luis A. Lugo  
Jonathan Grabel  
Esmeralda Del Bosque  
Vache Mahseredjian  
Jude Perez  
Christopher Wagner  
Scott Zdrazil  
Steven Rice  
Avi Herescu  
Susan Wang  
Lisa Garcia



**LACERA Legal Division**  
**Board of Investments Projects**  
**Monthly Status Report - Pending as of May 5, 2026\***




	Project/ Investment	Description	Amount	Board Approval Or Report Out Date	Completion Status	% Complete	Notes
OPEB	Parametric Portfolio Associates, LLP - Passive Cash Overlay	Investment Management Agreement	\$0	November 12, 2025	In Progress	15%	Legal negotiations in process.
PORTFOLIO ANALYTICS	State Street Bank and Trust Co.	Global Custody and Commercial Banking Services Agreement for LACERA's Pension Plan and OPEB Master Trust	\$72,000,000,000	August 10, 2022	In Progress	99%	Legal negotiations in process.
PORTFOLIO ANALYTICS	Parametric Portfolio Associates, LLP - Passive Cash Overlay	Investment Management Agreement	\$0	November 12, 2025	In Progress	15%	Legal negotiations in process.
PRIVATE EQUITY	Bregal Sagemount V, LP	Subscription	\$190,000,000	April 8, 2026	Completed	100%	Completed.

\*= This list does not include Real Estate separate account transactions, consents and amendments and other investment related legal work that arise during the life of an investment unless it is a BOI approved item or is otherwise reported out.

**FOR INFORMATION ONLY**

April 22, 2026

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Barry W. Lew   
Legislative Affairs Officer

FOR: May 6, 2026 Board of Retirement Meeting  
May 13, 2026 Board of Investments Meeting

SUBJECT: **Monthly Status Report on Legislation**

Attached is the monthly report on the status of legislation that staff is monitoring. Bills on which LACERA has adopted a position are highlighted in yellow. Bills from the 2025 legislative session that were enacted, vetoed, or died are no longer being tracked.

**Reviewed and Approved:**



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**Luis Lugo, Chief Executive Officer**

**Attachments**

LACERA Legislative Report Index  
LACERA Legislative Report

cc: Luis Lugo  
JJ Popowich  
Steven P. Rice  
Jon Grabel  
Scott Zdrzil  
Tony Roda, Williams & Jensen  
Naomi Padron, MKP Government Relations

CATEGORY	BILL	AUTHOR	TITLE	BOR POSITION	PAGE
BROWN_ACT	AB 2498	Phillip Chen (R)	Exempt Surplus Land: Surplus Land		14
BROWN_ACT	AB 259	Blanca E. Rubio (D)	Open Meetings: Local Agencies: Teleconferences		1
BROWN_ACT	AB 409	Joaquin Arambula (D)	Open Meetings: Teleconferences: Community College		3
BROWN_ACT	AB 467	Mike Fong (D)	Open Meetings: Teleconferences: Neighborhood Councils		4
BROWN_ACT	SB 1159	Christopher Cabaldon (D)	Artificial Intelligence: Transparency and Governance		20
BROWN_ACT	SB 1187	Maria Elena Durazo (D)	Open Meetings: Majority		21
BROWN_ACT	SB 239	Jesse Arreguin (D)	Open Meetings: Teleconferencing: Subsidiary Body		17
PUBLIC_EMPLOYMENT	AB 1564	Patrick Ahrens (D)	Employer-employee relations: Confidential Communication		8
PUBLIC_EMPLOYMENT	AB 340	Patrick Ahrens (D)	Employer-Employee Relations: Confidential Communication		2
PUBLIC_INVESTMENT	AB 1439	Robert Garcia (D)	Public Retirement Systems: Development Projects: Labor		7
PUBLIC_INVESTMENT	SB 1319	Lena A. Gonzalez (D)	California Public Records Act: Public Investment Funds		22
PUBLIC_RETIREMENT	AB 1054	Mike A. Gipson (D)	Public Employees Retirement: Deferred Retirement Option		5
PUBLIC_RETIREMENT	AB 1383	Tina McKinnor (D)	Public Employees Retirement Benefits: Safety Members	Watch	6
PUBLIC_RETIREMENT	AB 1601	Chris Rogers (D)	County Employees' Retirement: Cost-of-Living Adjustment		9
PUBLIC_RETIREMENT	AB 1619	Avelino Valencia (D)	County Employees' Retirement: Administration		10
PUBLIC_RETIREMENT	AB 1660	Pilar Schiavo (D)	Public Guardians and Public Administrators		11
PUBLIC_RETIREMENT	AB 1844	Blanca Pacheco (D)	Judges Retirement System II: Beneficiaries		12
PUBLIC_RETIREMENT	AB 2336	Alexandra Macedo (R)	Personal Income Tax Law: Exclusions from Income		13
PUBLIC_RETIREMENT	AB 2780	Public Employment and Retirement	Public Employees' Retirement		15
PUBLIC_RETIREMENT	ACA 2	Corey Jackson (D)	Legislature: Retirement		16
PUBLIC_RETIREMENT	SB 538	Megan Dahle (R)	Public Employees' Retirement System: Teaching		18
PUBLIC_RETIREMENT	SB 850	Mike McGuire (D)	Prisons		19
SOCIAL_SECURITY	HR 1700	Valerie Hoyle (D)	Social Security Benefits		24
SOCIAL_SECURITY	HR 904	Jeff Van Drew (R)	Gross Income SS Benefit Inclusion Repeal		23
SOCIAL_SECURITY	S 1504	Bill Cassidy (R)	Social Security Administration		26
SOCIAL_SECURITY	S 1505	Bill Cassidy (R)	Social Security Beneficiaries		27
SOCIAL_SECURITY	S 770	Bernard Sanders (I)	Social Security Benefits		25

## State Net® Search Results

### Term:

No term applied.

### Tracking

Include tracked measures only

1.

## California Assembly Bill 259 (2025-2026)

CAA 259 | [Blanca E. Rubio \(D-048\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) |  
Senate Local Government Committee

### Open Meetings: Local Agencies: Teleconferences

Provides that existing law, until the specified date, authorizes the legislative body of a local agency to use alternative teleconferencing under certain conditions. Extends the alternative teleconferencing procedures until the specified date.

### Code:

An act to amend and repeal Sections 54953 and 54954.2 of the Government Code, relating to local government.

### Status:

**May 14, 2025:** To SENATE Committees on LOCAL GOVERNMENT and JUDICIARY.

[+ Show full status history](#)

### BROWN\_ACT

| No tags, commentary, or attachment applied

2.

## California Assembly Bill 340 (2025-2026)

CAA 340 | [Patrick Ahrens \(D-026\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) |  
Senate Appropriations Committee

### Employer-Employee Relations: Confidential Communication

Prohibits a public employer from compelling a public employee, a representative of a recognized employee organization, or an exclusive representative to disclose confidential communications to a third party. Provides that this would not apply to a criminal investigation or when a public safety officer is under investigation and certain circumstances exist.

#### Code:

An act to ~~amend Sections 3506.5, 3519, 3543.5, and 3571 of the Government Code, and to amend Section 28858 of the Public Utilities~~ add Section 3558.9 to the Government Code, relating to employer-employee relations.

#### Status:

**Aug 29, 2025:** In SENATE Committee on APPROPRIATIONS: Held in committee.  
[+ Show full status history](#)



**PUBLIC\_EMPLOYMENT**

| No tags, commentary, or attachment applied

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3.

## California Assembly Bill 409 (2025-2026)

CAA 409 | [Joaquin Arambula \(D-031\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Senate Local Government Committee

### Open Meetings: Teleconferences: Community College

Provides that existing law authorizes a California community college student body association or student-run community college organization to use alternate teleconferencing provisions if, among other things, at least a quorum of the members of the body participate from a singular physical location that is accessible to the public. Exempts from the quorum, physical location, and accommodation requirements the California Online Community College.

#### Code:

An act to amend Section 54953.9 of the Government Code, relating to open meetings.

#### Status:

**June 23, 2025:** In SENATE. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

**June 23, 2025:** From SENATE Committee on LOCAL GOVERNMENT with author's amendments.

[+ Show full status history](#)

 BROWN\_ACT

| No tags, commentary, or attachment applied

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4.

## California Assembly Bill 467 (2025-2026)

CAA 467 | [Mike Fong \(D-049\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) |  
Senate Local Government Committee

### Open Meetings: Teleconferences: Neighborhood Councils

Provides that existing law authorizes specified neighborhood city councils to use alternate teleconferencing provisions related to notice, agenda, and public participation if, among other requirements, the city council has adopted an authorizing resolution and 2/3 of the neighborhood city council votes to use alternate teleconference provisions. Extends the authorization for specified neighborhood city councils to use the alternate teleconferencing provisions until the specified date.

#### Code:

An act to amend Section 54953.8 of the Government Code, relating to local government.

#### Status:

**May 14, 2025:** To SENATE Committees on LOCAL GOVERNMENT and JUDICIARY.

[+ Show full status history](#)

 BROWN\_ACT

| No tags, commentary, or attachment applied

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5.

## California Assembly Bill 1054 (2025-2026)

CAA 1054 | [Mike A. Gipson \(D-065\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | SENATE

### Public Employees Retirement: Deferred Retirement Option

Establishes the Deferred Retirement Option Program as a voluntary program within the Public Employees Retirement System for employees of State Bargaining Units 5 (Highway Patrol) and 8 (Firefighters). Requires certain actions to occur, including completion of an actuarial analysis to determine the proposed program will be cost neutral, before the program becomes effective and applicable. Requires members who elect to participate in the program to meet certain requirements.

#### Code:

An act to add Chapter 20 (commencing with Section 21717) to Part 3 of Division 5 of Title 2 of the Government Code, relating to retirement.

#### Status:

**Jan 26, 2026:** In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE.

[+ Show full status history](#)



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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6.

## California Assembly Bill 1383 (2025-2026)

CAA 1383 | [Tina McKinnor \(D-061\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | SENATE

### Public Employees Retirement Benefits: Safety Members

Provides that existing law, the Teachers' Retirement Law, establishes the State Teachers' Retirement System (STRS) and creates the Defined Benefit Program of the State Teachers' Retirement Plan. Requires a retirement system subject to PEPRA to adjust pensionable compensation limits to be consistent with specified percentages of the contribution and benefit base under the specified federal law with respect to old age, survivors, and disability insurance benefits.

#### Code:

An act to amend Sections ~~7522.10, 7522.25, and 7522.30~~ 7522.10 and 7522.25 of, and to add Sections 7522.19 and 7522.26 to, the Government Code, relating to public employees' retirement, and making an appropriation therefor.

#### Status:

**Jan 29, 2026:** In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE.

[+ Show full status history](#)

#### PUBLIC\_RETIREMENT

##### Tags:

**Staff\_Recommendation:** Neutral

**IBLC\_Recommendation:** Watch

**BOR\_Position:** Watch

##### Commentary:

###### Comment:

Jul 1, 2025 - 10:46 A.M. (PDT)

Bill was held in the Appropriations Committee and will not move for the rest of 2025. Bill will be reconsidered in the 2026 legislative year.

7.

## California Assembly Bill 1439 (2025-2026)

CAA 1439 | [Robert Garcia \(D-050\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | SENATE

### Public Retirement Systems: Development Projects: Labor

Requires the boards of Public Employees' Retirement System (PERS) and the State Teachers' Retirement System (STRS) to contract with the University of California Labor Centers to conduct an independent study to determine the impacts on public employee retirement funds of prohibiting the board of a public pension or retirement system, as defined, from investing in development projects in California that do not provide labor standards protections for workers.

#### Code:

An act to add Section 7513.77 to the Government Code, relating to public retirement systems.

#### Status:

**Jan 29, 2026:** In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE.

[+ Show full status history](#)



#### PUBLIC\_INVESTMENT

Commentary:

**Comment:**

Apr 25, 2025 - 2:03 P.M. (PDT)

The bill has been pulled from further consideration for 2025 and will be revisited in 2026.

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8.

## California Assembly Bill 1564 (2025-2026)

CAA 1564 | [Patrick Ahrens \(D-026\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) |  
Assembly Appropriations Committee

### Employer-employee relations: Confidential Communication

Prohibits a public employer from questioning a public employee, a representative of a recognized employee organization, or an exclusive representative regarding communications made in confidence between an employee and an employee representative in connection with representation relating to any matter within the scope of the recognized employee organization's representation.

#### Code:

An act to ~~amend, repeal, and add Sections 26071, 26321, 26322, and 26323 of, and to add and repeal Section 26072 of, the Business and Professions Code, relating to cannabis.~~ add Section 3558.9 to the Government Code, relating to employer-employee relations.

#### Status:

**Mar 18, 2026:** From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS.

[+ Show full status history](#)



PUBLIC\_EMPLOYMENT

| No tags, commentary, or attachment applied

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9.

## California Assembly Bill 1601 (2025-2026)

CAA 1601 | [Chris Rogers \(D-002\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | SENATE

### County Employees' Retirement: Cost-of-Living Adjustment

Permits the county board of supervisors for Sonoma County to authorize a cost-of-living adjustment to the retirement allowances, optional death allowances, or annual death allowances payable by the retirement system. Requires the board of supervisors to take actions, including collaborating with the retirement board to identify the eligible retired members, survivors, beneficiaries, or successors in interest designated, or a subset of those benefit recipients, to receive the cost-of-living adjustment.

#### Code:

An act to add Section 31874.7 to the Government Code, relating to public employees' retirement.

#### Status:

**Apr 16, 2026:** In ASSEMBLY. Read third time. Adopted by ASSEMBLY. \*\*\*\*\*To SENATE.

[+ Show full status history](#)



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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10.

## California Assembly Bill 1619 (2025-2026)

CAA 1619 | [Avelino Valencia \(D-068\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Assembly Second Reading File

### County Employees' Retirement: Administration

Authorizes the compensation rate for members of boards of retirement and boards of investment to be increased by the board of retirement to not more than \$320 per meeting, and would provide that this provision would not be operative in any county until it is adopted by a majority vote of the board of supervisors.

**Code:**

An act to amend Section 31521 of the Government Code, relating to public employees' retirement.

**Status:**

**Apr 22, 2026:** From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass as amended.

[+ Show full status history](#)

**Hearing Dates:**

**04/22/2026** Public Employment and Retirement



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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11.

## California Assembly Bill 1660 (2025-2026)

CAA 1660 | [Pilar Schiavo \(D-040\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Assembly Third Reading File

### Public Guardians and Public Administrators

AI-generated

This bill amends sections of the California Probate Code relating to public guardians and public administrators. It addresses the powers of public guardians to take control of property and issue written certifications, and the powers of public administrators to handle decedent estates. The bill modifies the enforcement mechanisms for compliance by financial institutions and other entities with requirements to provide information and surrender property.

[Show more](#) ▾

 AI-generated content should be reviewed for accuracy.

 [Submit feedback](#)



#### Code:

An act to amend Sections 2901, 2901.5, 7603, and 7660~~and~~ of the Probate Code, relating to probate.

#### Status:

**Apr 13, 2026:** In ASSEMBLY. Read second time. To third reading.

[+ Show full status history](#)

#### Hearing Dates:

**04/22/2026** Assembly Third Reading File

 PUBLIC\_RETIREMENT

| No tags, commentary, or attachment applied

12.

## California Assembly Bill 1844 (2025-2026)

CAA 1844 | [Blanca Pacheco \(D-064\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | SENATE

### Judges Retirement System II: Beneficiaries

AI-generated

This bill addresses the Judges' Retirement System II by allowing judges to designate beneficiaries other than their spouse to receive retirement benefits and survivor allowances. The bill proposes to provide the same survivor benefits that are currently available to surviving spouses to designated beneficiaries. The bill also removes the minimum 20-year service requirement for certain survivor allowances.

[Show more](#) ▾

 AI-generated content should be reviewed for accuracy.

 [Submit feedback](#)



#### Code:

An act to amend Sections 75522.5, 75570, 75570.5, 75571.5, 75590, and 75591 of, and to add Section 75574 to, the Government Code, relating to judges' retirement.

#### Status:

**Mar 26, 2026:** In ASSEMBLY. Read third time. Passed ASSEMBLY. \*\*\*\*\*To SENATE.

[+ Show full status history](#)

 PUBLIC\_RETIREMENT

| No tags, commentary, or attachment applied

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13.

## California Assembly Bill 2336 (2025-2026)

CAA 2336 | [Alexandra Macedo \(R-033\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | Assembly Revenue and Taxation Committee

### Personal Income Tax Law: Exclusions from Income

Excludes under the Personal Income Tax Law, for taxable years beginning on or after January 1, 2026, and before January 1, 2031, from gross income the first \$25,000 of overtime pay received by a taxpayer during the taxable year. Excludes from gross income the first \$25,000 received by a taxpayer as proceeds from a defined benefit plan, as defined.

#### Code:

An act to add and repeal Sections 17147 and 17147.1 of the Revenue and Taxation Code, relating to taxation, to take effect immediately, tax levy.

#### Status:

**Apr 13, 2026:** In ASSEMBLY Committee on REVENUE AND TAXATION: To Suspense File.  
[+ Show full status history](#)

#### Hearing Dates:

**04/27/2026** Revenue and Taxation



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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14.

## California Assembly Bill 2498 (2025-2026)

CAA 2498 | [Phillip Chen \(R-059\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Assembly Local Government Committee

### Exempt Surplus Land: Surplus Land

AI-generated

This bill proposes to amend Section 54221 of the Government Code relating to local government surplus land disposal. The bill addresses the definition of exempt surplus land and specifically clarifies what constitutes valid legal restrictions. The amendment specifies that option agreement requirements are included among contractual obligations that can make surplus land exempt from certain disposal requirements.

[Show more](#) ▾

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#### Code:

~~An act to amend Section 54952.2 of the Government Code, relating to local government.~~

[An act to amend Section 54221 of the Government Code, relating to local government.](#)

#### Status:

**Mar 19, 2026:** In ASSEMBLY. Read second time and amended. Re-referred to Committee on LOCAL GOVERNMENT.

**Mar 19, 2026:** From ASSEMBLY Committee on LOCAL GOVERNMENT with author's amendments.

**Mar 19, 2026:** To ASSEMBLY Committees on LOCAL GOVERNMENT and HOUSING AND COMMUNITY DEVELOPMENT.

[+ Show full status history](#)

#### BROWN\_ACT

Commentary:

**Comment:**

Mar 17, 2026 - 2:06 P.M. (PDT)

Spot bill with nonsubstantive change.

15.

## California Assembly Bill 2780 (2025-2026)

CAA 2780 | Public Employment and Retirement | Pending | Fiscal Committee (Yes) | Urgency Clause (No)  
| Assembly Appropriations Committee

### Public Employees' Retirement

AI-generated

This bill modifies provisions of the State Teachers' Retirement System and the County Employees Retirement Law of 1937. The bill addresses retirement benefit calculations, investment duties, membership definitions, application procedures, and board composition requirements. Changes are made to notification timeframes, limitation periods for erroneous payments, and compensation limits for certain participants.

[Show more](#) ▾

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#### Code:

An act to amend Sections ~~22156.07~~, 22170.5, 22250, 22455.5, 24201.5, 24204, 24209, 24209.3, 24210, 25006, 25009, 26300, and 26606 of, and to amend, repeal, and add Sections 22164.5, 26004, 26113, 26135.7, 26139, and 26139.5 of, the Education Code, and to amend Sections 31520, 31520.1, 31520.2, 31621.7, 31622, 31639.3, 31641, 31641.2, 31641.6, 31641.20, 31641.21, and 31835 of, and to add Sections 31540.5 and 31789.6 to, the Government Code, relating to retirement, and making an appropriation therefor.

#### Status:

**Apr 22, 2026:** From ASSEMBLY Committee on PUBLIC EMPLOYMENT AND RETIREMENT: Do pass to Committee on APPROPRIATIONS.

[+ Show full status history](#)

#### Hearing Dates:

**04/22/2026** Public Employment and Retirement

 PUBLIC\_RETIREMENT

| No tags, commentary, or attachment applied

16.

## California Assembly Constitutional Amendment 2 (2025-2026)

CAACA 2 | [Corey Jackson \(D-060\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | ASSEMBLY

### Legislature: Retirement

Creates the Legislative Diversification Act, to repeal a prohibition of members of the Legislature accruing any pension or retirement benefit as specified and instead require the Legislature to establish a retirement system for members elected to or serving in the Legislature on specified date.

#### Code:

A resolution to propose to the people of the State of California an amendment to the Constitution of the State, by repealing and adding Section 4.5 of Article IV thereof, relating to the Legislature.

#### Status:

Dec 2, 2024: INTRODUCED.



PUBLIC\_RETIREMENT

| No tags, commentary, or attachment applied

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17.

## California Senate Bill 239 (2025-2026)

CAS 239 | [Jesse Arreguin \(D-007\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | ASSEMBLY

### Open Meetings: Teleconferencing: Subsidiary Body

Provides that the Ralph M. Brown Act requires that all meetings of a legislative body be open and public and that all persons be permitted to attend and participate. Authorizes a subsidiary body to use alternative teleconferencing provisions and imposes requirements for notice, agenda, and public participation. Requires the subsidiary body to post the agenda at each physical meeting location designated by the subsidiary body.

#### Code:

An act to add and repeal Section 54953.05 of the Government Code, relating to local government.

#### Status:

**Jan 27, 2026:** In SENATE. Read third time. Passed SENATE. \*\*\*\*\*To ASSEMBLY.

[+ Show full status history](#)

#### BROWN\_ACT

| No tags, commentary, or attachment applied

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18.

## California Senate Bill 538 (2025-2026)

CAS 538 | [Megan Dahle \(R-001\)](#) | Failed | Fiscal Committee (Yes) | Urgency Clause (No) | SENATE

### Public Employees' Retirement System: Teaching

Authorizes member providing services as a substitute teacher, as defined, under certain circumstances to elect to retain coverage under the Public Employees' Retirement System.

#### Code:

An act to amend Section 20309 of the Government Code, relating to public employee's retirement.

#### Status:

**Feb 2, 2026:** In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

[+ Show full status history](#)



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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19.

## California Senate Bill 850 (2025-2026)

CAS 850 | [Mike McGuire \(D-002\)](#) | Failed | Fiscal Committee (Yes) | Urgency Clause (No) | SENATE

### Prisons

Requires a correctional officer or other prison staff member employed by the Department of Corrections and Rehabilitation who is a current member of a public retirement system, convicted of sexually assaulting an inmate within the prison system, to forfeit all rights and benefits in the retirement system. Requires an officer or staff member who first becomes a member of a system on or after the specified date, who is convicted of sexually assaulting an inmate, to forfeit all rights and benefits.

#### Code:

An act to add Section 7522.75 to the Government Code, and to add Section 5030 to, and to add Article 8 (commencing with Section 2049) to Chapter 1 of Title 1 of Part 3 of, the Penal Code, relating to prisons.

#### Status:

**Feb 2, 2026:** In SENATE. Returned to Secretary of Senate pursuant to Joint Rule 56.

[+ Show full status history](#)



**PUBLIC\_RETIREMENT**

| No tags, commentary, or attachment applied

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20.

## California Senate Bill 1159 (2025-2026)

CAS 1159 | Christopher Cabaldon (D-003) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Senate Third Reading File

### Artificial Intelligence: Transparency and Governance

AI-generated

This bill proposes to clarify that artificial intelligence systems, autonomous agents, robots, and other nonhuman entities are not included in the definition of 'person,' 'interested person,' 'participant,' 'member of the public,' and similar terms under California's transparency and governance laws. The bill addresses concerns that AI systems could overwhelm governmental processes through automated mass engagement such as submitting thousands of public records requests or generating mass public comments. The bill would modify multiple acts including the California Public Records Act, the Bagley-Keene Open Meeting Act, the Ralph M. Brown Act, the Political Reform Act of 1974, the Administrative Procedure Act, and the California Environmental Quality Act.

[Show more](#) ▾

ⓘ AI-generated content should be reviewed for accuracy.

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#### Code:

An act to amend Sections 7920.520, 11405.70, 11500, and 82047 of, and to add ~~Section 17.5 to Sections 11121.5, 11342.575, 11370.1.5, and 54951.5 to,~~ the Government Code, and to amend Section 21066 of the Public Resources Code, relating to artificial intelligence.

#### Status:

**Apr 8, 2026:** In SENATE. Read second time. To third reading.  
[+ Show full status history](#)

#### Hearing Dates:

**04/22/2026** Senate Third Reading File

BROWN\_ACT

| No tags, commentary, or attachment applied

21.

## California Senate Bill 1187 (2025-2026)

CAS 1187 | [Maria Elena Durazo \(D-026\)](#) | Pending | Fiscal Committee (No) | Urgency Clause (No) | Senate Local Government Committee

### Open Meetings: Majority

Defines majority for purposes of the Ralph M. Brown Act to mean the number of members of the legislative body equaling more than half of the total number of seats on the legislative body. Specifies that if a seat on the legislative body is vacant, that seat is to still be counted as a seat on the legislative body.

#### Code:

An act to add Section 54952.65 to the Government Code, relating to local government.

#### Status:

**Mar 4, 2026:** To SENATE Committee on LOCAL GOVERNMENT.

[+ Show full status history](#)

#### Hearing Dates:

**04/29/2026** Local Government

 BROWN\_ACT

| No tags, commentary, or attachment applied

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22.

## California Senate Bill 1319 (2025-2026)

CAS 1319 | [Lena A. Gonzalez \(D-033\)](#) | Pending | Fiscal Committee (Yes) | Urgency Clause (No) | Senate Labor, Public Employment and Retirement...

### California Public Records Act: Public Investment Funds

AI-generated

This bill amends the California Public Records Act regarding disclosure requirements for alternative investments made by public investment funds. The bill modifies what information must be disclosed to the public about alternative investment vehicles while maintaining exemptions for certain proprietary records. The bill adds new disclosure requirements and clarifies existing exemptions for records containing portfolio position information.

[Show more](#) ▾

ⓘ AI-generated content should be reviewed for accuracy.

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#### Code:

An act to amend Section 7928.710 of the Government Code, relating to public records.

#### Status:

**Apr 15, 2026:** In SENATE. Read second time and amended. Re-referred to Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT.

**Apr 15, 2026:** From SENATE Committee on LABOR, PUBLIC EMPLOYMENT AND RETIREMENT with author's amendments.

[+ Show full status history](#)

#### Hearing Dates:

**04/22/2026** Labor, Public Employment and Retirement

#### PUBLIC\_INVESTMENT

Commentary:

**Comment:**

Apr 22, 2026 - 3:41 P.M. (PDT)

The SACRS Board of Directors adopted an "oppose" position on the bill on 4/17/2026. Plan sponsor organizations such as the California State Association of Counties (CSAC), Urban Counties Caucus (UCC),

| and Rural County Representatives of California (RCRC) have also registered their opposition.

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23.

## United States House Bill 904 (2025-2026)

US H 904 | [Jeff Van Drew \(R-NJ 02\)](#) and 2 Co-sponsors | Pending | House Ways and Means Committee

### Gross Income SS Benefit Inclusion Repeal

Amends the Internal Revenue Code of 1986 to repeal the inclusion in gross income of Social Security benefits.

#### Status:

**Jan 31, 2025:** To HOUSE Committee on WAYS AND MEANS.

**Jan 31, 2025:** INTRODUCED.

[+ Show full status history](#)

#### Related:

US S 2716

 SOCIAL\_SECURITY

| No tags, commentary, or attachment applied

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24.

## United States House Bill 1700 (2025-2026)

US H 1700 | [Valerie Hoyle \(D-OR 04\)](#) and 35 Co-sponsors | Pending |  
House Transportation & Infrastructure Committee

### Social Security Benefits

Enhances Social Security benefits and ensure the long-term solvency of the Social Security program.

#### Status:

- Feb 27, 2025:** To HOUSE Committee on TRANSPORTATION AND INFRASTRUCTURE.
- Feb 27, 2025:** To HOUSE Committee on EDUCATION AND THE WORKFORCE.
- Feb 27, 2025:** To HOUSE Committee on WAYS AND MEANS.
- Feb 27, 2025:** INTRODUCED.

[+ Show full status history](#)

#### Identical:

US S 770

 SOCIAL\_SECURITY

| No tags, commentary, or attachment applied

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25.

## United States Senate Bill 770 (2025-2026)

US S 770 | [Bernard Sanders \(I-VT\)](#) and 10 Co-sponsors | Pending | Senate Finance Committee

### Social Security Benefits

Enhances Social Security benefits and ensure the long-term solvency of the Social Security program.

#### Status:

**Feb 27, 2025:** To SENATE Committee on FINANCE.

**Feb 27, 2025:** In SENATE. Read second time.

**Feb 27, 2025:** INTRODUCED.

[+ Show full status history](#)

#### Identical:

[US H 1700](#)

 SOCIAL\_SECURITY

| No tags, commentary, or attachment applied

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26.

## United States Senate Bill 1504 (2025-2026)

USS 1504 | [Bill Cassidy \(R-LA\)](#) and 12 Co-sponsors | Pending | Senate Finance Committee

### Social Security Administration

Requires the Social Security Administration to make changes to the social security terminology used in the rules, regulation, guidance, or other materials of the Administration.

#### Status:

**Apr 29, 2025:** To SENATE Committee on FINANCE.

**Apr 29, 2025:** In SENATE. Read second time.

**Apr 29, 2025:** INTRODUCED.

[+ Show full status history](#)

#### Identical:

[US H 5284](#)



**SOCIAL\_SECURITY**

| No tags, commentary, or attachment applied

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27.

## United States Senate Bill 1505 (2025-2026)

USS 1505 | [Bill Cassidy \(R-LA\)](#) and 3 Co-sponsors | Pending | Senate Finance Committee

### Social Security Beneficiaries

Ensures that Social Security beneficiaries receive regular statements from the Social Security Administration.

#### Status:

**Apr 29, 2025:** To SENATE Committee on FINANCE.

**Apr 29, 2025:** In SENATE. Read second time.

**Apr 29, 2025:** INTRODUCED.

[+ Show full status history](#)



SOCIAL\_SECURITY

| No tags, commentary, or attachment applied

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**FOR INFORMATION ONLY**

April 23, 2026

TO: Each Trustee  
Board of Retirement  
Board of Investments

FROM: Ted Granger   
Chief Financial Officer

FOR: May 6, 2026 Board of Retirement Meeting  
May 13, 2026 Board of Investments Meeting

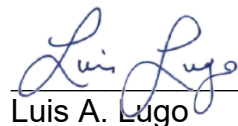
SUBJECT: **Monthly Trustee Travel & Education Report – March 2026**

Attached for your review is the monthly Trustee Travel & Education Report. This report includes all events (i.e., attended and canceled) from the beginning of the fiscal year July 1, 2025 through March 31, 2026.

Trustees' attendance of monthly Board and Committee meetings at LACERA's office are considered administrative meetings per the Trustee Travel Policy. In order to streamline report volume and information, these regular meetings, category M, are excluded from the monthly travel reports but are included in the quarterly travel expenditure reports.

Staff travel and education expenditure reports are provided to the Chief Executive Officer monthly and to the Boards quarterly.

REVIEWED AND APPROVED:



Luis A. Lugo  
Chief Executive Officer

TG/JT/EW/AC/SE/gj

**Attachments**

c: J. Popowich  
J. Gabel  
S. Rice  
R. Contreras

**TRUSTEE TRAVEL AND EDUCATION REPORT  
FOR FISCAL YEAR 2025 - 2026  
MARCH 2026**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Nancy Durazo</b>			
A	1 Edu - Harvard Business School Executive Education Program: Audit Committees in a New Era of Governance - Boston MA	07/23/2025 - 07/25/2025	Attended
V	- Edu - National University: Ethics (Weekly Course) - VIRTUAL	08/04/2025 - 10/14/2025	Attended
	- Edu - National University: Public Admin, Urban Planning, Redevelopment (Weekly Course) - VIRTUAL	09/02/2025 - 10/02/2025	Attended
	- Edu - National University: Compensation and Benefits (Weekly Course) - VIRTUAL	02/02/2026 - 02/28/2026	Attended
<b>Bobbie Fesler</b>			
B	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended
<b>Mike Gatto</b>			
B	- Edu - iGlobal Forum 28th Real Estate Private Equity Summit: West - Los Angeles CA	09/25/2025 - 09/25/2025	Attended
	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended
<b>Elizabeth Ginsberg</b>			
A	1 Edu - Harvard Business School Executive Education Program: Audit Committees in a New Era of Governance - Boston MA	07/23/2025 - 07/25/2025	Attended
B	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended
<b>Jason Green</b>			
A	1 Edu - 2025 SuperReturn Europe - Amsterdam Netherlands	11/04/2025 - 11/07/2025	Attended
B	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended
X	- Edu - NCPERS Legislative Conference & Policy Day - Washington DC	01/26/2026 - 01/28/2026	Canceled
<b>Patrick Jones</b>			
A	1 Edu - Goldman Sachs the Garland Summit: Enduring Legacy - New York City NY	10/29/2025 - 10/30/2025	Attended
	2 Edu - Infrastructure Investor Global Summit - America Forum - New York City NY	11/04/2025 - 11/05/2025	Attended
	3 Edu - 2025 Public Funds - Austin TX	11/18/2025 - 11/20/2025	Attended
	4 Edu - 2026 Infrastructure Investor Global Summit - Berlin Germany	03/24/2026 - 03/27/2026	Attended
B	- Edu - 2025 The Investment Diversity Exchange (TIDE) Spark - Dana Point CA	07/09/2025 - 07/10/2025	Attended
	- Edu - Locust Point Capital INC Business Dinner - Los Angeles CA	08/07/2025 - 08/07/2025	Attended
	- Edu - The Toigo Foundation Presents Industry Insights - Los Angeles CA	12/04/2025 - 12/04/2025	Attended
	- Edu - 12th Annual Northern California Institutional Forum - Berkeley CA	12/08/2025 - 12/09/2025	Attended
	- Edu - 2026 Forward Together Conference - Laguna Beach CA	03/18/2026 - 03/20/2026	Attended
X	- Edu - Harvard Kennedy School - AI in Action (Weekly Course) - VIRTUAL	10/10/2025 - 11/10/2025	Canceled

**TRUSTEE TRAVEL AND EDUCATION REPORT  
FOR FISCAL YEAR 2025 - 2026  
MARCH 2026**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Shawn Kehoe</b>			
B	- Admin - Retirement Benefits Meeting with Professional Peace Officers Association - San Dimas CA	11/01/2025 - 11/01/2025	Attended
	- Admin - Professional Peace Officers Association (PPOA) Board Offsite - Dana Point CA	01/30/2026 - 01/30/2026	Attended
V	- Edu - 2025 CALAPRS Trustee Round Table - VIRTUAL	10/03/2025 - 10/03/2025	Attended
<b>Aleen Langton</b>			
A	1 Edu - IFEBP: Public Plan Trustees Institute – Level I - Chicago IL	07/15/2025 - 07/16/2025	Attended
	2 Edu - PREA's 2026 Spring Conference - Nashville TN	03/26/2026 - 03/27/2026	Attended
B	- Edu - 2025 UC Irvine Audit Committee Summit - Irvine CA	09/19/2025 - 09/19/2025	Attended
	- Edu - iGlobal Forum 28th Real Estate Private Equity Summit: West - Los Angeles CA	09/25/2025 - 09/25/2025	Attended
	- Edu - NAIC Amplify Alts Forum 2025 - Los Angeles CA	10/01/2025 - 10/01/2025	Attended
	- Edu - CFA Society Los Angeles (Conversations that Connect) - Los Angeles CA	11/06/2025 - 11/06/2025	Attended
	- Edu - 2026 PPI La Jolla Roundtable - San Diego CA	02/25/2026 - 02/27/2026	Attended
	- Edu - 2026 NASP Southern California "Day of Education in Private Equity Conference" - Los Angeles CA	03/18/2026 - 03/19/2026	Attended
V	- Edu - Wharton Asset Allocation Program (Weekly Course) - VIRTUAL	08/01/2025 - 10/01/2025	Attended
	- Edu - 2025 CALAPRS Trustee Round Table - VIRTUAL	10/03/2025 - 10/03/2025	Attended
	- Edu - Wharton Fundamentals of Portfolio Management (Weekly Course) - VIRTUAL	01/01/2026 - 02/01/2026	Attended
	- Edu - Wharton Investment Products (Weekly Courses) - VIRTUAL	01/02/2026 - 02/02/2026	Attended
	- Edu - NCPERS 2026 Public Retirement Systems Study - VIRTUAL	02/24/2026 - 02/24/2026	Attended
	- Edu - NCPERS Policy and Budget Outlook: What's Ahead for Public Pensions in 2026 - VIRTUAL	02/26/2026 - 02/26/2026	Attended
	- Edu - Nasdaq The New Proxy Playbook: Practical Board Oversight After the 2026 Regulatory Shift - VIRTUAL	03/16/2026 - 03/16/2026	Attended
X	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Canceled
	- Edu - NCPERS Legislative Conference & Policy Day - Washington DC	01/26/2026 - 01/28/2026	Canceled
<b>Debbie Martin</b>			
A	1 Edu - Invest in Yourself SACRS Public Pension Investment Management Program - Berkeley CA	07/13/2025 - 07/16/2025	Attended
B	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended

**TRUSTEE TRAVEL AND EDUCATION REPORT  
FOR FISCAL YEAR 2025 - 2026  
MARCH 2026**

Attendee	Purpose of Travel - Location	Event Dates	Travel Status
<b>Alma Martinez</b>			
V	- Edu - Wharton Asset and Portfolio Management Certificate Program (Weekly Course) - VIRTUAL	07/01/2025 - 09/30/2025	Attended
	- Edu - Wharton Executive Education - Investment Products (Weekly Course) - VIRTUAL	07/01/2025 - 09/30/2025	Attended
	- Edu - Harvard Business School - Alternative Investments (Weekly Course) - VIRTUAL	08/13/2025 - 09/17/2025	Attended
<b>Nicole Mi</b>			
A	1 Edu - Invest in Yourself SACRS Public Pension Investment Management Program - Berkeley CA	07/13/2025 - 07/16/2025	Attended
	2 Edu - 2nd Annual AAPI LEAD Summit - Atlanta GA	07/23/2025 - 07/25/2025	Attended
B	- Edu - 2025 The Investment Diversity Exchange (TIDE) Spark - Dana Point CA	07/09/2025 - 07/10/2025	Attended
	- Edu - 2025 UC Irvine Audit Committee Summit - Irvine CA	09/19/2025 - 09/19/2025	Attended
	- Edu - 2025 NACD PSW Corporate Directors Symposium - Los Angeles CA	11/13/2025 - 11/13/2025	Attended
	- Edu - 2026 Pension Bridge Private Credit - San Diego CA	02/02/2026 - 02/04/2026	Attended
	- Edu - 2026 PPI La Jolla Roundtable - San Diego CA	02/25/2026 - 02/27/2026	Attended
	- Edu - 2026 NASP Southern California "Day of Education in Private Equity Conference" - Los Angeles CA	03/18/2026 - 03/19/2026	Attended
V	- Edu - Wharton Asset Allocation Program (Weekly Course) - VIRTUAL	01/02/2026 - 03/02/2026	Attended
X	- Edu - NCPERS Legislative Conference & Policy Day - Washington DC	01/26/2026 - 01/28/2026	Canceled
<b>Lisa Proft</b>			
B	- Edu - 2025 SACRS Fall Conference - Huntington Beach CA	11/11/2025 - 11/14/2025	Attended
<b>David Ryu</b>			
B	- Edu - Emerging Managers Summit 2025 - Laguna Niguel CA	12/07/2025 - 12/08/2025	Attended
	- Edu - Pension Power - Sacramento CA	12/12/2025 - 12/12/2025	Attended

Category Legend:

A - Pre-Approved/Board Approved Educational Conferences  
 B - 1) Board Approved Administrative Meetings and 2) Pre-Approved Educational Conferences in CA where total cost is no more than \$3,000 provided that a Trustee may not incur over \$15,000 for all expenses of attending all such Educational Conferences and Administrative Meetings in a fiscal year per Trustee Travel Policy; Section III.A  
 V - Virtual Event  
 X - Canceled events for which expenses have been incurred.



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**Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.**

**For further information, contact:  
LACERA  
Attention: Public Records Act Requests  
300 N. Lake Ave., Suite 620  
Pasadena, CA 91101**



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