

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

March 28, 2023

10:01 a.m.

PRESENT:	President:	Vacant
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Thuy Huynh Janna Sidley Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Vice President Lee asked if any persons wanted to make a general public comment to which there was no public comment cards submitted.

II

ELECTION TO FILL UNEXPIRED TERM OF THE VACANT OFFICE OF THE BOARD PRESIDENT PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised that the nominations for Board President were being considered. Commissioner Sidley moved to wait on the vote for President until the new Commissioner is confirmed, seconded by Commissioner Huynh. Mr. Guglielmo called for the vote on the motion: Ayes, Commissioners Huynh and Sidley -2, Nays, Commissioners Chao, Sohn, Wilkinson, and Vice President Lee -4. The motion did not pass. Commissioner Wilkinson nominated Commissioner Chao, Commissioner Sidley nominated Vice President Lee, and Commissioner Chao nominated Commissioner Sohn. Mr. Guglielmo called for the vote on the nomination of Commissioner Chao as President: Ayes, Commissioners Chao, Sohn, and Wilkinson -3; Nays, Commissioners Huynh, Sidley, and Vice President Lee -3. The nomination for Commissioner Chao did not pass. Mr. Guglielmo called for the vote on the nomination of Vice President Lee as President: Ayes, Commissioners Huynh, Sidley, and Vice President Lee -3; Nays, Commissioners Chao, Sohn, and Wilkinson -3. The nomination for

Vice President Lee did not pass. Mr. Guglielmo called for the vote on the nomination of Commissioner Sohn as President: Ayes, Commissioners Chao, Sohn, and Wilkinson -3; Nays, Commissioners Huynh, Sidley, and Vice President Lee -3. The nomination for Commissioner Sohn did not pass. This item will be continued to the next Board meeting.

III

IF VACANCY CREATED IN OFFICE OF THE VICE PRESIDENT BY BOARD ACTION ON AGENDA ITEM II, ELECTION TO FILL UNEXPIRED TERM OF BOARD VICE PRESIDENT, PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION – No action was taken on this item and it will be continued to the next Board meeting.

IV

BOARD PRESIDENT VERBAL REPORT – There was no report.

V

GENERAL MANAGER VERBAL REPORT

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

- Departure of Board President, Nilza Serrano
- Decommissioning of leased space at former LA Times Complex
- Front desk operations
- Women’s History Month 2023
- Retirement Services updates
- Health Benefits Administration updates
- Communications and Stakeholder Relations
- Upcoming events

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

- Board of Administration – COLA Adjustment for July 2023

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2023 – This report was received by the Board and filed.

B. COMMISSIONER JANNA SIDLEY BOARD EDUCATION EVALUATION ON COUNCIL OF INSTITUTIONAL INVESTORS SPRING CONFERENCE; WASHINGTON, D.C.; MAY 6-8, 2023 – This report was received by the Board and filed.

VII

Commissioner Wilkinson moved approval of Consent Agenda Item VII-A, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee -6; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 28, 2023 AND POSSIBLE BOARD ACTION

VIII

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 14, 2023 – Vice President Lee stated the Committee approved the contract with Granahan Investment Management, Inc. and the Adaptive Asset Allocation Policy.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 28, 2023 – Commissioner Wilkinson stated the Committee was presented with an overview of the Anthem Medicare Preferred (PPO) Plan Member survey and the 2024 Health Plan Contract Renewal Timeline and Strategy.

IX

BOARD/DEPARTMENT ADMINISTRATION

- A. ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2022 – Paul Angelo, Actuary, and Andy Yeung, Actuary, with Segal Consulting, presented and discussed this item with the Board for one hour.
- B. PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, provided the Board with an overview and highlights of the proposed budget. After a brief discussion, Commissioner Sohn moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -6; Nays, None.
- C. TRIENNIAL BOARD POLICY REVIEW: SECTION 3.0 DUTIES AND RESPONSIBILITIES, SUBSECTIONS 3.1 THROUGH 3.5 AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented this item to the Board. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -6; Nays, None.

X

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$21.08 billion as of March 27, 2023. Mr. June discussed the following items:

- Volatility Index at 20.5
- Staff is evaluating the Adaptive Asset Allocation Policy at the direction of the Investment Committee
- LACERS’ public equity bank exposure is estimated at \$688 million; and of that amount, \$51 million is exposed to regional banks
- ESG update regarding President Biden’s veto of the bill that the House of Representatives tried to pass
- Future Agenda Items: Several investment manager contracts

Mr. June shared that Russian exposure for LACERS was 1.4 basis points and there were no material changes since March 24, 2023.

B. INVESTMENT MANAGER CONTRACT WITH GRANAHAN INVESTMENT MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, presented this item to the Board. Commissioner Wilkinson moved approval of the following Resolution:

**CONTRACT RENEWAL
GRANAHAN INVESTMENT MANAGEMENT, INC.
ACTIVE U.S. SMALL CAP GROWTH EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 230328-B

WHEREAS, LACERS’ current three-year contract with Granahan Investment Management, Inc. (Granahan) for active U.S. small cap growth equities portfolio management expires on July 31, 2023; and,

WHEREAS, Granahan is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Granahan will allow the LACERS total portfolio to maintain a diversified exposure to U.S. small cap growth equities; and,

WHEREAS, on March 28, 2023, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with Granahan.

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

Company Name: Granahan Investment Management, Inc.

Service Provided: Active U.S. Small Cap Growth Equities
Portfolio Management

Effective Dates: August 1, 2023 through July 31, 2026

Duration: Three years

Benchmark: Russell 2000 Growth Index

Allocation as of
January 31, 2023: \$124.2 million

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -6; Nays, None.

- C. ADAPTIVE ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, presented this item to the Board. Commissioner Sohn moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -6; Nays, None.

XI

OTHER BUSINESS – There was no other business.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 11, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XIII

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 12:34 p.m.



Elizabeth Lee
Vice-President



Neil M. Guglielmo
Manager-Secretary