

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

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

January 25, 2022

10:00 a.m.

PRESENT via Videoconferencing:	President:	Cynthia M. Ruiz
	Vice President:	Sung Won Sohn
	Commissioners:	Annie Chao Sandra Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Elizabeth Lee

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

I

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

II

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the current market volatility and reminded everyone that LACERS is a long-term investor and she is not concerned.

III

GENERAL MANAGER VERBAL REPORT

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

- Special Member Recognition for Carrie Adelia Gabriel
- Retiree COLAs
- FY 22/23 Budget Development
- Management Audit Preliminary Findings
- 977 Broadway Building status update
- Retirement Services updates
- Health Benefits Administration updates
- Member Services updates including Upcoming Events and Wellness Events

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

- 977 N. Broadway Headquarters Project Quarterly Report

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR DECEMBER 2021 – This report was received by the Board and filed.

B. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDED SEPTEMBER 30, 2021 – This report was received by the Board and filed.

C. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2021 – This report was received by the Board and filed.

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON JANUARY 11, 2022 – Commissioner Serrano stated the Committee heard presentations by Dimensional Fund Advisors LP and Principal Global Investors, LLC. Commissioner Serrano also stated that the Committee approved the Semi-Finalists of the Real Estate Consultant Request for Proposal, General Fund Consultant Contract with NEPC, and the Private Equity Benchmark Change.

VI

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Investment Officer III, reported on the portfolio value of \$23.19 billion as of January 24, 2022. Mr. Fujita discussed the following items:
- Real Estate Consultant RFP update
 - Private Credit Consultant RFP update
 - DDJ Capital Management placed on watch list on December 22, 2021 due to pending acquisition by Polen Capital Management
 - Rod June, Chief Investment Officer, President Ruiz, and Commissioner Chao, attended the Pacific Center for Asset Management (PCAM) meeting on January 20, 2022
 - Today’s agenda: General Fund Consultant Contract, Consent to Assignment of the DDJ Contract, Private Equity Benchmark Change, and Transition Manager RFP
 - Upcoming Agenda Items: Presentation on Active vs. Passive Management
- B. GENERAL FUND CONSULTANT CONTRACT WITH NEPC, LLC AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution, as amended:

**CONTRACT RENEWAL
NEPC, LLC
GENERAL FUND CONSULTING SERVICES**

RESOLUTION 220125-A

WHEREAS, LACERS’ current five-year contract with NEPC, LLC (NEPC) for general consulting services expires on June 30, 2022; and,

WHEREAS, NEPC has provided a satisfactory level of service in meeting LACERS’ needs and objectives; and,

WHEREAS, on January 25, 2022, the Board approved the Investment Committee’s recommendation for five-year contract renewal with NEPC.

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

<u>Company Name:</u>	NEPC, LLC
<u>Services Provided:</u>	General Fund Consulting Services
<u>Effective Dates:</u>	July 1, 2022 through June 30, 2027
<u>Duration:</u>	Five years
<u>Fee:</u>	Fiscal Year 2022-23 - \$465,000
	Fiscal Year 2023-24 - \$485,000

Fiscal Year 2024-25 - \$485,000

Fiscal Year 2025-26 - \$485,000

Fiscal Year 2026-27 - \$510,000

Which Resolution was amended by staff to reflect the updated fee schedule as follows:

Fee: Fiscal Year 2022-23 - \$465,000

Fiscal Year 2023-24 - \$480,000

Fiscal Year 2024-25 - \$480,000

Fiscal Year 2025-26 - \$480,000

Fiscal Year 2026-27 - \$504,000

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

C. CONSENT OF ASSIGNMENT OF DDJ CAPITAL MANAGEMENT, LLC CONTRACT AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONSENT TO ASSIGN CONTRACT WITH
DDJ CAPITAL MANAGEMENT, LLC**

RESOLUTION 220125-B

WHEREAS, LACERS has an existing contract with DDJ Capital Management, LLC (DDJ) for management of an active hybrid high yield fixed income and U.S. floating rate bank loans portfolio; and,

WHEREAS, DDJ has entered into an agreement to be acquired by Polen Capital Management, LLC (Polen Capital), a U.S.-based growth equity asset management firm; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with DDJ, the change in control of DDJ is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of DDJ.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with DDJ to Polen Capital; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

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

- D. PRIVATE EQUITY BENCHMARK CHANGE AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Officer III, Robert King, Investment Officer II, and David Fann, Vice Chairman with Aksia TorreyCove Partners LLC, presented and discussed this item with the Board for 10 minutes. After discussion, Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

Item VII-A taken out of order.

President Ruiz recessed the Regular Meeting at 10:56 A.M. to convene in Closed Session.

VII

CLOSED SESSION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(A) TO CONSULT WITH INTERNAL AUDITOR, EXTERNAL AUDITOR GRANT THORNTON, AND LEGAL COUNSEL REGARDING THREAT TO PUBLIC SERVICES OR FACILITIES AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 11:46 a.m.

VI

INVESTMENTS

- E. REQUEST FOR PROPOSAL FOR TRANSITION MANAGEMENT SERVICES AND POSSIBLE ACTION – James Wang, Investment Officer I, presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

VIII

OTHER BUSINESS – There was no other business.

IX

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

X

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:47 a.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary