

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 April 26, 2022 meeting will be conducted via telephone and/or videoconferencing.

April 26, 2022

10:00 a.m.

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

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

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING AND THE SPECIAL MEETING OF MARCH 22, 2022 AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked all for the successful 2<sup>nd</sup> Emerging Manager Symposium held on April 20<sup>th</sup>. President Ruiz also shared that LACERS will continue to hold virtual Board and Committee Meetings until July 2022 and no final decision has been made yet on reconstituting in-person Board meetings. President Ruiz congratulated Commissioner Sandra Lee for her achievement on the Top 50 Women Leaders of Los Angeles 2022 list.

Item I taken out of order.

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 two responses. Beverly Ortiz and Susan Drury, with the non-profit organization Climate Finance Action, made comments on Item VIII-D, Proxy Voting Policy.

IV

GENERAL MANAGER VERBAL REPORT

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

- Budget
- City Banking Transition
- Liability Insurance
- Administrative Professionals Appreciation Day
- Emerging Manager Symposium
- Retirement Services update
- Health Benefits Administration update
- Member Services update
- Upcoming events: Seminars & Demos, Continuing Monthly Wellness Events

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

- 977 N. Broadway Project Report for the Quarter Ending March 31, 2022

C. PRESENTATION OF PRELIMINARY MANAGEMENT AUDIT RESULTS – Mr. Guglielmo provided the Board with a brief overview of the preliminary results and advised that staff will update the Board when the final results are published. He also thanked Melani Rejuso, Departmental Audit Manager, for her contribution to this report.

D. INTRODUCTION OF NEW DEPUTY CITY ATTORNEY FOR PUBLIC PENSIONS GENERAL COUNSEL DIVISION SERVING LACERS – Anya Freedman, Assistant City Attorney, introduced the newest member to the Public Pensions General Counsel Division, Alexandra de Rivera. Ms. de Rivera introduced herself to the Board.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2022 – This report was received by the Board and filed.
- B. FISCAL YEAR 2021-22 EDUCATION AND TRAVEL EXPENDITURE REPORT AS OF MARCH 31, 2022– This report was received by the Board and filed.
- C. ANNUAL CONTRACTOR DISCLOSURE COMPLIANCE REPORT FOR CALENDAR YEAR 2021– Neil M. Guglielmo, General Manager, and Melani Rejuso, Departmental Audit Manager, provided the Board with a briefing on this report. This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON APRIL 12, 2022 – Commissioner Serrano stated the Committee approved Townsend Holdings LLC as LACERS’ Real Estate Consultant and the Investment Manager contract with Oberweis Asset Management, Inc.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. MID-YEAR SUPPLEMENTAL BUDGET ADJUSTMENTS FOR FISCAL YEAR 2021-22 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**PROPOSED RESOLUTION  
FISCAL YEAR 2021-22  
MID-YEAR BUDGET ADJUSTMENTS**

**RESOLUTION 220426-A**

WHEREAS, on May 25, 2021, the Board adopted LACERS' departmental budget for the fiscal year 2021-22 in the amount of \$33.4 million, including \$16.7 million for Salaries General, reflecting a 9% salary savings rate;

WHEREAS, the City had postponed raises to prevent proposed layoffs through agreements with City employee unions in Fiscal Year 2020-21, recent agreements to the MOU with unions would provide a 4.77% cash payout based on the hourly rate of April 23, 2022's payroll annualized, thereby necessitating an estimated \$152,000 in preparation of the cash payout;

WHEREAS, multiple LACERS staff have retired including several senior-level staff, which has partially contributed to the deficit;

WHEREAS, a portion of the Salaries General account shortfall can be offset from savings in the Salaries As-Needed account due to turnover and vacancies in As-Needed staffing;

WHEREAS the Board has full control over the LACERS budget pursuant to the Los Angeles City

Charter;

NOW THEREFORE, BE IT RESOLVED, that the Board:

1. Approve a Supplemental Appropriation of \$720,000 to Fund 800, LACERS Administrative Budget, Salaries General (APPR 161010) for Fiscal Year 2021-22;
2. Authorize the General Manager to increase the Salaries General (APPR 161010) by an additional \$280,000 with corresponding decrease to the Salaries As-Needed (APPR 161070) budgetary appropriations accounts for Fiscal Year 2021-22;
3. Authorize the General Manager to correct any typographical or technical errors in this document.

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

B. CONTRACT AWARD TO SEGAL FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval of the following Resolution:

**CONTRACT WITH SEGAL CONSULTING FOR  
ACTUARIAL CONSULTING SERVICES**

**RESOLUTION 220426-B**

WHEREAS, LACERS desires to engage the services of a consulting actuary to provide expert technical actuarial services, including but not limited to: (1) Consulting and advising the Board as to those matters or questions of an actuarial nature, including educational sessions for the Board, recommendations to improve LACERS' funding, and reconciling LACERS' data file; (2) Annual valuations of the retirement benefits and health subsidy benefits; (3) an Experience Study; (4) Asset & Liabilities Study of the Family Death Benefit Program and Larger Annuity Program; (5) Annual financial reporting disclosures; (6) Other annual studies relating to the cost-of-living; and, (7) Any additional reporting requirements that may become necessary during the contracted period. Also included are ad-hoc services such as cost studies, presentations, funding policy reviews, and benefit calculations;

WHEREAS, LACERS issued a Request for Proposal for Actuarial Services on January 31, 2022 and received four proposals for the consulting actuary engagement by the March 9, 2022 deadline;

WHEREAS, Segal Consulting was selected by a review panel as the best qualified firm to meet LACERS' needs;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a contract with Segal Consulting, and authorizes the General Manager to execute the necessary documents, within the following terms, subject to City Attorney review:

CONSULTANT	Segal Consulting
TERM	August 1, 2022 to July 31, 2025

AMOUNT \$1,500,000

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

C. CONTRACT EXTENSION WITH PENSIONX FOR WEBSITE MAINTENANCE AND SUPPORT SERVICES AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT AMENDMENT WITH  
PENSIONX  
FOR WEBSITE DESIGN AND SUPPORT SERVICES**

**RESOLUTION 220426-C**

WHEREAS, on March 12, 2019, the Board approved contracting with PENSIONX (formerly DIGITAL DEPLOYMENT INC.) for website design and support services for the contract term beginning April 1, 2019 through April 30, 2022, not to exceed \$188,750;

WHEREAS, on November 9, 2021, the contract between LACERS and PENSION X was amended to increase the contract amount not-to-exceed \$208,750;

WHEREAS, PensionX completed the website redesign in July 2019, and is the exclusive provider of website maintenance and support services to the websites it designs;

WHEREAS, it is LACERS' desire to continue providing ease of access to information and resources to its members, and as such, ongoing website maintenance and support services are required;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

<u>Company Name:</u>	PENSIONX (Formerly DIGITAL DEPLOYMENT INC.)
<u>Service Provided:</u>	Website Design Website Maintenance and Support
<u>Term Dates:</u>	April 1, 2019 through April 30, 2023
<u>Total Expenditure Authority:</u>	\$232,750

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

## 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 \$22.20 billion as of April 25, 2022. Mr. June discussed the following items:
- Acknowledgment of Board, staff, consultants, and Miriam Rivera of Ulu Ventures for their efforts towards the Emerging Manager Symposium
  - Elon Musk buying Twitter, LACERS has exposure through an S&P 500 index account with a current market value of \$4.1 million
  - Ellen Chen, Investment Officer I, competed for, and received a paygrade advancement to Investment Officer II
  - Pertaining to the Russian and Ukraine conflict update: No material changes in holdings due to Russian stock market being closed to foreign investors. LACERS' emerging market small cap manager was able to sell some global depository receipt positions on a European exchange
  - Upcoming Agenda Items: ESG Education, Proposed SEC Rule on Climate-Related Disclosures, Consent to Investment Management Contract Change, Real Estate Notification
- B. REAL ESTATE CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT FOR  
TOWNSEND HOLDINGS LLC  
REAL ESTATE CONSULTING SERVICES**

**RESOLUTION 220426-D**

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Real Estate Consulting Services; and,

WHEREAS, on January 11, 2022, the Investment Committee approved Townsend Holdings LLC and StepStone Group Real Estate LP as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the two semi-finalist candidates; and,

WHEREAS, on April 12, 2022, the Investment Committee interviewed the semi-finalist candidates to understand the capabilities of each firm and subsequently recommended Townsend Holdings LLC to the Board for consideration for hire; and,

WHEREAS, on April 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with Townsend Holdings LLC.

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: Townsend Holdings LLC  
Service Provided: Real Estate Consulting Services  
Effective Dates: July 1, 2022 through June 30, 2027  
Duration: Five years  
Fee: Year 1 – \$225,000  
Year 2 – \$225,000  
Year 3 – \$225,000  
Year 4 – \$225,000  
Year 5 – \$225,000

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

- C. INVESTMENT MANAGER CONTRACT WITH OBERWEIS ASSET MANAGEMENT, INC. REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT RENEWAL  
OBERWEIS ASSET MANAGEMENT, INC.  
ACTIVE NON-U.S. SMALL CAP EQUITIES  
PORTFOLIO MANAGEMENT**

**RESOLUTION 220426-E**

WHEREAS, LACERS' current three-year contract term with Oberweis Asset Management, Inc. (Oberweis) for active non-U.S. small cap equities portfolio management expires on December 31, 2022; and,

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

WHEREAS, a three-year contract renewal with Oberweis will allow the fund to maintain a diversified exposure to the non-U.S. small cap equities markets; and,

WHEREAS, on April 26, 2022, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Oberweis.

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: Oberweis Asset Management, Inc.  
Service Provided: Active Non-U.S. Small Cap Equities Portfolio Management

Effective Dates: January 1, 2023 through December 31, 2025

Duration: Three years

Benchmark: MSCI EAFE Small Cap Index

Allocation as of  
March 31, 2022: \$275 million

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

D. DISCUSSION OF PROPOSED AMENDMENTS TO LACERS PROXY VOTING POLICY AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, presented and discussed this item with the Board. After a 20-minute discussion, Commissioner Serrano moved approval including additional direction to strengthen LACERS’ position on climate accountability, item 1.16, in the policy, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -6; Nays, None.

IX

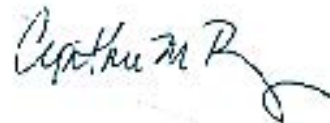
OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 10, 2022, at 10:00 a.m. at LACERS, 202 W. 1<sup>st</sup> 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.

XI

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 11:25 a.m., in Memoriam for the recent passing of active member Todd Gaydowski who served more than 30 years as a City employee.



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Cynthia M. Ruiz  
President



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Neil M. Guglielmo  
Manager-Secretary