

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 10, 2023 meeting will be conducted via telephone and/or videoconferencing.

January 10, 2023

10:01 a.m.

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PRESENT via Videoconferencing:	President:	Nilza R. Serrano
	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

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*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 Serrano asked if any persons wanted to make a general public comment to which there was no response.

II

BOARD PRESIDENT VERBAL REPORT – President Serrano welcomed everyone to 2023 and stated if she or Vice President Lee lose connection, Commissioner Wilkinson will chair the meeting in their absence.

III

## GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Government Finance Officers Association announced that LACERS has received GFOA's Award for Outstanding Achievement
  - ERIP Liability Payments – Quarter ending 12/31/2022
  - LACERS HQ Update
  - Retirement Services Division Update
  - Health Benefits Administration Update
  - Member Services Update
- B. UPCOMING AGENDA ITEMS – There were no items discussed.

## IV

### RECEIVE AND FILE ITEMS

- A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- C. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR NOVEMBER 2022 – This report was received by the Board and filed.

Vice President Lee lost connection to the meeting at 10:21 a.m. and rejoined the meeting at 10:25 a.m.

*Item V-A taken out of order.*

## VI

### CONSENT ITEM(S)

Commissioner Chao moved approval of Consent Items VI-A and VI-B, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF NOVEMBER 22, 2022 AND DECEMBER 13, 2022 AND POSSIBLE BOARD ACTION
- B. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

**CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS  
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE**

**RESOLUTION 230110-A**

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial or high community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. EXTEND CONTRACT WITH MOSS ADAMS LLP (MOSS ADAMS) FOR ONE YEAR AND AMEND CONTRACT'S SCOPE OF SERVICES TO INCLUDE THE ANNUAL FINANCIAL AUDIT OF 977 BUILDING OPERATIONS AND POSSIBLE BOARD ACTION – Melani Rejuso, Departmental Audit Manager, presented and discussed this item with the Board. After a five minute discussion, Commissioner Wilkinson moved approval of the following Resolution:

**CONTRACT EXTENSION WITH MOSS ADAMS LLP (MOSS ADAMS)  
FOR FINANCIAL AND OTHER AUDIT SERVICES**

## **RESOLUTION 230110-B**

WHEREAS, LACERS currently has a three-year contract from July 1, 2020 to June 30, 2023 with Moss Adams, LLP (Moss Adams) to provide financial and other audit services;

WHEREAS, LACERS implemented a competitive bidding process in 2020 that resulted in the selection of Moss Adams to provide audit services;

WHEREAS, Moss Adams provided audit services and required audit reports related to LACERS financial statements, 115 Trust Account (Health/Dental accounts), and employers' (City, Airports and Harbor) allocations and pension amounts;

WHEREAS, LACERS continues to require a competent Financial Auditor for the purpose of providing audited financial information for annual actuarial valuation and for the issuance of LACERS' and the City's Annual Comprehensive Financial Reports;

WHEREAS, Charter Section 371(e)(10) provides exemption from the competitive bidding process for contracts that are "undesirable, impractical or impossible";

WHEREAS, the quality and reliability of audit reports increase over time as an auditor becomes more familiar with the subject matter of its audits, and industry best practices recommend retaining an auditor for at least five years;

WHEREAS, conducting a competitive bidding process requires the expenditure of LACERS resources and trust funds and devotion of time by LACERS' Board of Administration;

WHEREAS, the foregoing supports a finding that conducting a competitive bidding process at this time is undesirable and impractical;

WHEREAS, LACERS requires financial auditing services related to its ownership of the headquarters building located at 977 North Broadway Boulevard; and

WHEREAS, LACERS and Moss Adams LLP are both amenable to amending the current contract and extending it for an additional one year.

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Make a determination that a competitive bidding process for financial and other audit services would not be advantageous pursuant to City Charter Section 371(e)(10);
2. Approve a one-year extension to LACERS' contract with Moss Adams LLP for financial and other audit services, for the period beginning July 1, 2023, and ending June 30, 2024. The period extension includes an annual fee adjustment of \$1,000;
3. Approve amendments to the scope of services for Moss Adams' contract to include the annual financial audit of 977 building operations starting with the audit of FY2022. The annual audit fee starts at \$29,500 with an annual fee adjustment of \$1,000;
4. Authorize the General Manager to approve and execute the necessary contract amendment documents with Moss Adams LLP, subject to the approval of the City Attorney as to form, and make

any necessary clerical, typographical, or technical corrections to this document.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

*Item V-A taken out of order.*

## V

### COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON DECEMBER 13, 2022 - Vice President Lee stated that Northern Trust presented a report to the Committee regarding the Securities Lending Activity Report for the period July 1, 2021 to June 30, 2022. The Committee also approved a contract with Institutional Shareholder Services Inc. and discussed a commitment to NB Partners Fund IV, LP in closed session.

## VII

### BOARD/DEPARTMENT ADMINISTRATION

- B. TRIENNIAL BOARD POLICY REVIEW: SECTION 2.0 GOVERNING STATUTES AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented this item to the Board. Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

## VIII

### 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 \$21.13 billion as of January 9, 2023. Mr. June discussed the following items:
- Jennifer Choi appointed CEO of Institutional Limited Partners Association (ILPA) in December 2022; Allison Nankivell is the Chair of the Board of Directors
  - Kroner Center for Financial Research annual meeting to be held on January 20, 2023 at UCSD
  - National Association of Securities Professionals (NASP) “A Day of Education in Private Equity” conference is being held on March 23, 2023, in Los Angeles
  - Future Agenda Items: Presentation of the Real Estate Portfolio ending June 30, 2022; Contract with Principal Global investors; and Contract with Dimensional Fund Advisors

Mr. June shared that the current Russian exposure for LACERS is 1.4 basis points.

- B. PRESENTATION BY AKSIA CA LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2022 – Jeff Goldberger,

Managing Director, Heidi Poon, Managing Director, and Trevor Jackson, Managing Director, with Aksia CA LLC, presented and discussed this item to the Board for 30 minutes.

- C. CONTRACT WITH INSTITUTIONAL SHAREHOLDER SERVICES INC. REGARDING PROXY VOTING SERVICES AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented this item to the Board. Vice President Lee moved approval of the following Resolution:

**CONTRACT RENEWAL  
INSTITUTIONAL SHAREHOLDER SERVICES INC.  
PROXY VOTING SERVICES**

**RESOLUTION 230110-C**

WHEREAS, LACERS' current five-year contract with Institutional Shareholder Services Inc. (ISS) for proxy voting services expires on February 28, 2023; and,

WHEREAS, a contract renewal with ISS will allow LACERS to uphold good governance practices by managing and exercising LACERS' proxy voting rights; and,

WHEREAS, on December 13, 2022, the Investment Committee considered and concurred with a staff recommendation for a five-year contract renewal with ISS; and

WHEREAS, on January 10, 2023, the Board approved the Investment Committee's recommendation for a five-year contract renewal with ISS.

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:

<u>Company Name:</u>	Institutional Shareholder Services Inc.
<u>Service Provided:</u>	Proxy Voting Services
<u>Effective Dates:</u>	March 1, 2023 through February 28, 2028
<u>Duration:</u>	Five years
<u>Annual Fee:</u>	\$71,910

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

President Serrano recessed the Regular Meeting at 11:20 a.m. to convene in Closed Session discussion.

- D. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO NB PARTNERS FUND IV, LP AND POSSIBLE BOARD ACTION**

President Serrano reconvened the Regular Meeting at 11:27 a.m.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 24, 2023, 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.

XII

ADJOURNMENT – There being no further business before the Board, President Serrano adjourned the Meeting in honor of Scott Miner, who passed away on December 21, 2022, and was the Chief Investment Officer at Guggenheim Partners and helped to improve the homeless problem in Los Angeles, at 11:30 a.m.



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Nilza R. Serrano  
President



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Neil M. Guglielmo  
Manager-Secretary