

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

June 27, 2023

10:00 a.m.

PRESENT:	President:	Vacant
	Vice President:	Elizabeth Lee
	Commissioners:	Thuy Huynh
		Janna Sidley
		(arrived at 10:04 a.m.) Sung Won Sohn
		Michael R. Wilkinson
Legal Counselor:	Anya Freedman	
Manager-Secretary:	Neil M. Guglielmo	
Executive Assistant:	Ani Ghoukassian	
ABSENT:	Commissioner	Annie Chao

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 Wilkinson nominated Commissioner Chao and Commissioner Huynh nominated Vice President Lee. Mr. Guglielmo called for the vote on the nomination of Commissioner Chao as President: Ayes, Commissioner Wilkinson -1; Nays, Commissioners Huynh, Sidley and Vice President Lee -3. Commissioner Chao did not receive the majority vote. Mr. Guglielmo called for the vote on the nomination of Vice President Lee as President: Ayes, Commissioner Huynh, Sidley, and Vice President Lee -3; Nays, Commissioner Wilkinson -1. Vice President Lee did not receive the majority vote. The Board Officer election 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.

Commissioner Sohn joined the Regular meeting at 10:04 a.m.

Vice President Lee recessed the Regular meeting at 10:04 a.m. to convene in closed session.

IV

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JESSE RODRIGUEZ AND POSSIBLE BOARD ACTION (HEARING)**

V

- A. ANNUAL LITIGATION REPORT: CLOSED SESSION PURSUANT TO SUBDIVISIONS (a), (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE FOLLOWING THREE (3) CASES, AND POSSIBLE BOARD ACTION:**
- a. In re ASHINC Corp, et al. v. Yucaipa American Alliance Fund I, LLC, et al. (Bankr. D. Del., Case No. 12-11564);**
 - b. Youngman v. Yucaipa American Alliance Fund I, LLC, et al. (LASC, Case No. 21STCV37137); and**
 - c. American Federation of State, County, and Municipal Employees et al. v. City of Los Angeles et al. (LASC, Case No. BS 166535)**

Vice President Lee reconvened the Regular meeting at 10:33 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Jesse Rodriguez.

VI

BOARD PRESIDENT VERBAL REPORT – Vice President Lee recognized LACERS staff and the Commissioners leadership with all the FY23 accomplishments.

VII

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:**
- Security breach affecting CalPERS records
 - IRMAA outreach

- Emergency Preparedness
- HQ updates
- Retirement Services updates
- Health Benefits Administration updates
- Communications and Stakeholder Relations updates
- Upcoming events

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

- July 11th Board: Consideration of Board Governance Consulting Services Finalists, Medical Plan RFP results, and Dental and Vision contract renewals.
- July 25th Governance Committee: Triennial Board Policy Review Continuation

VIII

RECEIVE AND FILE ITEMS

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

IX

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 13, 2023 – Vice President Lee stated the Committee heard a presentation by Centersquare Investment Management LLC. Vice President Lee added that the Committee approved contracts with Lazard Asset Management LLC, Polen Capital Credit, LLC, and Aksia CA LLC.

B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 27, 2023 – Commissioner Wilkinson stated the Committee approved the 2024 dental and vision contract renewals and medical plans request for proposal results.

X

Commissioner Sohn moved approval of Consent Agenda Item X-A, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, Vice President Lee -5; Nays, None.

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF MAY 23, 2023 AND POSSIBLE BOARD ACTION

XI

BOARD/DEPARTMENT ADMINISTRATION

- A. CONSIDERATION OF PROPOSED ASSUMPTION CHANGES BASED ON THE ACTUARIAL EXPERIENCE STUDY DURING THE PERIOD OF JULY 1, 2019 THROUGH JUNE 30, 2022 AND POSSIBLE BOARD ACTION – Paul Angelo, Actuary, and Andy Yeung, Actuary, with Segal Consulting, presented and discussed this item with the Board for 20 minutes. Commissioner Sohn chose to abstain. Commissioner Wilkinson moved approval, seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.
- B. STATUS OF LACERS IMPLEMENTATION PLAN AS IT RELATES TO RECOMMENDATIONS PROVIDED IN THE CITY'S 2022 MANAGEMENT AUDIT AND POSSIBLE BOARD ACTION – Melani Rejuso, Departmental Audit Manager, presented this item to the Board. Commissioner Sohn moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

XII

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 \$21.461 billion as of June 26, 2023. Mr. June discussed the following items:
- Volatility Index at 13.65
 - Staff working on private credit policy
 - Girls Who Invest Intern starts on July 5, 2023
 - Future Agenda Items: Performance for Private Equity, Performance for Real Estate, and Bank Custodian RFP

Mr. June shared that Russian exposure for LACERS was 1.5 basis points

- B. APPROVAL OF 3-YEAR CONTRACT WITH LAZARD ASSET MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE PORTFOLIO AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented this item to the Board. Commissioner Sidley moved approval of the following Resolution:

**CONTRACT RENEWAL
LAZARD ASSET MANAGEMENT LLC
ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE
PORTFOLIO MANAGEMENT**

RESOLUTION 230627-B

WHEREAS, LACERS' current three-year contract with Lazard Asset Management LLC (Lazard) for active non-U.S. equities developed markets core portfolio management expires on September 30, 2023; and,

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

WHEREAS, a contract renewal with Lazard will allow the LACERS total portfolio to maintain a diversified exposure to non-U.S. developed markets core equities; and,

WHEREAS, on June 27, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Lazard.

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>	Lazard Asset Management LLC
<u>Service Provided:</u>	Active non-U.S. equities developed markets core Portfolio Management
<u>Effective Dates:</u>	October 1, 2023 through September 30, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI EAFE Index
<u>Allocation as of May 31, 2023:</u>	\$550 million

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

C. APPROVAL OF 1-YEAR CONTRACT WITH POLEN CAPITAL CREDIT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented this item to the Board. Commissioner Huynh moved approval of the following Resolution:

**CONTRACT EXTENSION
POLEN CAPITAL CREDIT, LLC
ACTIVE HYBRID HIGH YIELD FIXED INCOME/U.S. FLOATING RATE BANK LOAN PORTFOLIO
MANAGEMENT**

RESOLUTION 230627-C

WHEREAS, LACERS' current three-year contract with Polen Capital Credit, LLC (Polen Credit) for management of an active hybrid high yield fixed income/U.S. floating rate bank loan portfolio expires on August 31, 2023; and,

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

WHEREAS, a contract extension with Polen Credit will allow the LACERS total portfolio to maintain a diversified exposure to the active high yield fixed income and U.S. floating rate bank loan markets; and,

WHEREAS, on June 27, 2023, the Board approved the Investment Committee’s recommendation to approve a one-year contract extension with Polen Credit.

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>	Polen Capital Credit, LLC
<u>Service Provided:</u>	Active Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan Portfolio Management
<u>Effective Dates:</u>	September 1, 2023 through August 31, 2024
<u>Duration:</u>	One year
<u>Benchmark:</u>	50% of the Bloomberg U.S. Corporate High Yield 2% Issuer Capped Index and 50% of the Credit Suisse Leveraged Loan Index
<u>Allocation as of May 31, 2023:</u>	\$231 million

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

D. APPROVAL OF 5-YEAR PRIVATE EQUITY CONSULTANT CONTRACT WITH AKSIA CA LLC AND POSSIBLE BOARD ACTION – Commissioner Huynh moved approval of the following Resolution:

**CONTRACT RENEWAL
AKSIA CA LLC
PRIVATE EQUITY CONSULTING SERVICES**

RESOLUTION 230627-D

WHEREAS, LACERS’ current five-year contract with AKSIA CA LLC (Aksia) for general consulting services expires on July 24, 2023; and,

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

WHEREAS, on June 27, 2023, the Board approved the Investment Committee’s recommendation for five-year contract renewal with Aksia.

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:

Company Name: Aksia CA LLC
Services Provided: Private Equity Consulting Services
Effective Dates: July 25, 2023 through July 24, 2028
Duration: Five years
Fee: Year 1 - \$825,000
Year 2 - \$860,000
Year 3 - \$895,000
Year 4 - \$930,000
Year 5 - \$970,000

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

XIII

OTHER BUSINESS – There was no other business.

XIV

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

XIV

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 12:44 p.m.



Elizabeth Lee
Vice President



Neil M. Guglielmo
Manager-Secretary