

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

August 8, 2023

10:00 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Joshua Geller
	Manager-Secretary:	Todd Bouey
	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 – President Chao asked if any persons wanted to make a general public comment to which there were 10 public comment cards received. The following members of the public made public comments with respect to LACERS investment in Advent International and in support of restaurant/hotel workers: Jordan Fine, Maria Hernandez, Maria Tinoco, Ana Salinas, Ana Liborio, Yeimy Vareno, Rocquel Finau, Gary Williams, Barbara Calhoun, and Vito Triglia.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, Executive Officer, advised the Board of the following items:
- Income Related Monthly Adjustment Amount (IRMAA) Outreach Campaign Update
 - Health Benefits Administration updates
 - Retirement Services Division updates
 - Communications and Stakeholder Relations updates

- Upcoming events

B. UPCOMING AGENDA ITEMS – Todd Bouey, Executive Officer, advised the Board of the following items:

- September 26, 2023 Board Meeting: IRMAA report back to the Board
- August 22, 2023 Board Meeting: Fiscal Year-End Report of Business Plan Initiatives
- August 22, 2023 Governance Committee Meeting: Triennial Board Policy Review: Voting Abstention and Board Education and Travel Policy

III

RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- C. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON SACRS UC BERKELEY PUBLIC PENSION INVESTMENT MANAGER PROGRAM; BERKELEY, CA; JULY 16-19, 2023 – This report was received by the Board and filed.
- D. 977 N. BROADWAY PROJECT REPORT FOR THE FISCAL YEAR ENDING JUNE 30, 2023 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 8, 2023 – Commissioner Wilkinson stated the Committee approved the 2023 Medical Plan Premium Rates and the 2023 Maximum Subsidy and Reimbursement Amounts.

V

President Chao noted a minor correction to the July 11, 2023 Meeting minutes. Commissioner Lee moved approval of Consent Agenda Item V-A, with the noted correction, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF JULY 11, 2023 AND JULY 25, 2023 AND POSSIBLE BOARD ACTION

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ADDITIONAL PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS AND TRAINING FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION – Commissioners and staff discussed this item.

Commissioner Lee left the meeting at 10:52 a.m.

Commissioner Wilkinson moved to table this item for further discussion, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao. Nays, None.

Commissioner Lee returned to the meeting at 10:59 a.m.

- B. 2024 MEDICAL PLAN PREMIUM RATES AND POSSIBLE BOARD ACTION – James Kawashima and Ada Lok, Senior Benefits Analysts, presented and discussed this item with the Board. Commissioner Sidley moved approval of the following Resolution:

2024 LACERS MEDICAL PLAN PREMIUMS

RESOLUTION 230808-A

WHEREAS, under Chapter 11 of the Los Angeles Administrative Code (LAAC), the Board of Administration (Board) of the Los Angeles City Employees’ Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary medical premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2024 medical premium rates commencing on January 1, 2024, through December 31, 2024;

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

1. The proposed 2024 premium rates for LACERS medical plans, allowing for minor premium adjustments;
2. Buy down 2.4% of the 14.4% Kaiser Permanente HMO rate increase, using the LACERS Health Care 115 Trust Fund;
3. Delegate the authority to the General Manager to modify the premium rates per month, based on updates of information received after this report, within the parameters established in the Request for Proposal and the Los Angeles Administrative Code; and,
4. Support of a change to the Los Angeles Administrative Code (LAAC) § 4.1111(b) to remove the requirement to seek City Council approval above the rate increase limitation due to the delays this process will have on the annual Open Enrollment process.

2024 CALIFORNIA MEDICAL PLAN PREMIUM RATES					
Medicare Status	Anthem Blue Cross PPO / Life &	Anthem Blue Cross PPO / Passive PPO	Kaiser Permanente	Anthem Blue Cross HMO / United	Anthem Blue Cross HMO/ SCAN

	Health Medicare Plan (Med Supp)	Medicare Advantage	HMO / Senior Advantage	Healthcare Med Advantage HMO	Med Advantage HMO
Single-Party Plan – Retiree Only					
U	\$1,584.59	\$1,584.59	\$1,051.78	\$1,263.89	\$1,263.89
M	\$540.02	\$426.12	\$262.47	\$238.42	\$217.79
Two-Party Plan – Retiree and One Dependent					
UU	\$3,169.18	\$3,169.18	\$2,103.56	\$2,527.78	\$2,527.78
UM	\$2,124.61	\$2,010.71	\$1,288.44	\$1,502.31	\$1,481.68
MU	\$2,124.61	\$2,010.71	\$1,288.44	\$1,502.31	\$1,481.68
MM	\$1,080.04	\$852.24	\$524.94	\$476.83	\$435.58
Family Plan – Retiree and Family					
UUU	\$3,723.79	\$3,723.79	\$2,734.63	\$3,286.11	\$3,286.11
UMU	\$2,679.22	\$2,565.32	\$1,919.50	\$2,260.64	\$2,240.01
MUU	\$2,679.22	\$2,565.32	\$1,919.50	\$2,260.64	\$2,240.01
MMU	\$1,634.65	\$1,406.85	\$1,107.84	\$1,235.16	\$1,193.91
MMM	\$1,620.06	\$1,278.36	\$786.81	\$715.25	\$653.37

2024 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$312.94	\$208.13
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$625.87	\$416.26
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$938.81	\$624.39

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

C. 2024 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION - James Kawashima and Ada Lok, Senior Benefits Analysts, presented and discussed this item with the Board. Commissioner Wilkinson moved approval of the following Resolution:

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2024**

RESOLUTION 230808-B

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 8, 2023, the 2024 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 8, 2023, the Board of Administration approved the 2024 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2024 health benefit subsidies and reimbursements; and authorizes the General Manager to make any necessary subsidy or reimbursement adjustments within the parameters established in the Los Angeles Administrative Code to reflect updated data:

Benefit Type	Tier 1 Retired Before July 1, 2011 "Discretionary"	Tier 1 Retired On After July 1, 2011 "Vested"	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$2,187.58	\$2,187.58	-

Retiree MPRP Reimbursement, <65/Medicare Part B	\$2,187.58	\$2,187.58	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$549.16	\$549.16	\$549.16
Retiree Dental Subsidy	\$42.94	\$42.94	\$42.94

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

- D. BOARD RULES RELATED TO MEMBER BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION – Marisel Martin, Senior Benefits Analyst, presented and discussed this item with the Board. Commissioner Lee moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

- E. PROPOSED CHANGE TO ENHANCED DISABILITY RETIREMENT HEARINGS AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Chief Benefits Analyst, presented and discussed this item with the Board. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

- F. PROPOSED CHANGES TO RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE BOARD ACTION – Carol Rembert, Benefits Analyst, presented this item to the Board. Commissioner Wilkinson moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

Commissioner Huynh left the meeting at 11:27 a.m.

- G. LEGISLATIVE UPDATE FOR AUGUST 2023 AND POSSIBLE BOARD ACTION – Chhintana Kurimoto, Management Analyst, presented this item to the Board. Commissioner Roten moved approval, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

Commissioner Huynh returned to the meeting at 11:29 a.m.

- H. 977 N. BROADWAY BUILDING PROJECT FISCAL YEAR 2023-24 SUPPLEMENTAL CAPITAL EXPENSE BUDGET AND OPERATIONS EXPENSE BUDGET REQUESTS AND POSSIBLE BOARD ACTION – Isaias Cantu, Senior Management Analyst II, presented and discussed this item with the Board. Commissioner Roten moved approval of the following Resolution:

**977 N. BROADWAY BUILDING PROJECT
FISCAL YEAR 2023-24 SUPPLEMENTAL
OPERATING AND CAPITAL EXPENSE BUDGET**

RESOLUTION 230808-C

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (977), Los Angeles California at the final negotiated purchase price of \$33,750,000; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, on May 23, 2023, the Board adopted the 977 Operating Budget of \$2,594,474, and Capital Budget of \$723,831 for the purpose of performing the maintenance and upkeep work delineated for Year 2 of LACERS' 10-Year Capital Plan;

WHEREAS, the recent spikes in Southern California temperatures have stressed the 977's cooling system causing intermittent shutdowns of the cooling units in the building making some spaces uncomfortable and unhealthy for staff;

WHEREAS, 977 Facility Personnel, working with heating, ventilation, and air conditioning (HVAC) vendors, have worked diligently to diagnose the cause for the cooling unit shutdowns, but need to perform more invasive tests requiring opening 977's Cooling System mechanical, plumbing, and electrical components to develop a comprehensive solution for resolving the issue;

WHEREAS, LACERS, in conferring with building support staff, reached out to HVAC vendors to request competitive bids for the scope of work required to diagnose the issue including performing additional evaluations on the water flow pressure in the building's cooling system plumbing, cleaning out sediment in the cooling towers, overhauling cooling tower components, and integrating a Building Management System;

WHEREAS, comprehensively diagnosing the extent of the issue impacting the cooling system requires shutting down the system throughout the whole building and opening the cooling towers;

WHEREAS, more invasive steps may be required to gauge the malfunction and LACERS cannot provide the Board a comprehensive approximation of the cost for the repairs to the system until the diagnostic work is performed;

WHEREAS, property management has not received quotes as of the writing of this report but have provided general estimates for the evaluation, diagnostic, and preliminary overhaul work needed to better understand the cooling system malfunction and these estimates have been compiled by LACERS and total \$120,000;

WHEREAS, property management requires an additional \$16,830 in operating costs to manage this project per contractual terms;

WHEREAS, LACERS will report back to the Board regarding the ongoing diagnostics and repairs including any updates to the budget required for the completion of the repair work on the cooling system;

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

1. Approve a budget increase of \$120,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to descaling and sediment removal of cooling towers and diagnosing issues of the 977 N. Broadway heating, ventilation, and air conditioning (HVAC) system for a total \$843,831 FY24 Capital Expense Budget;
2. Approve a budget increase of \$16,830 to the Operating Budget in Fund 800, LACERS Contractual Services (APPR 163040) in FY24 for Property Management's oversight over this project for a total \$2,611,304 FY24 Operating Budget; and,
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

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

VII

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 \$22.44 billion as of August 7, 2023. Mr. June discussed the following items:
- Volatility Index at 17.9
 - Private Credit Education to be provided to the Board on strategy and market outlook
 - Presentation by Salaidh Perez, LACERS Girls Who Invest summer intern
 - Future Agenda Items: PRI Action Plan and ESG Risk Framework, Bank Custodian RFP, Emerging Manager Annual Report, and Private Equity Notifications

Mr. June shared that Russian exposure for LACERS stands at \$2.38 million.

- B. PRESENTATION BY AKSIA LLC REGARDING PRIVATE CREDIT INVESTMENTS EDUCATION – Trevor Jackson, Managing Director, and Michael Krems, Partner, with Aksia LLC, presented and discussed this item with the Board.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 22, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:17 p.m.

Annie Chao

Annie Chao
President

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary