

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

September 26, 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:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	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 two public comment cards received. Ruth Perry and Tom Moutes, members of the public and the Retired Los Angeles City Employees, Inc. (RLACEI) organization, made public comments with respect to supporting staff's recommendation on item VIII-D – transmittal of a letter to the Mayor and City Council for consideration of increasing reimbursements to LACERS Retired Members with Medicare Part B premiums.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Discretionary COLA
 - Correspondence with General Partner (Advent)
 - Human Resources & Payroll Project (HRP) update
 - Government Finance Officers Association Award
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- 977 HQ mural
- FitWell Plaque
- LACERS front desk operations
- Promotion of Isaias Cantu to Chief Benefits Analyst
- Health Benefits Administration updates
- Retirement Services Division updates
- Communications and Stakeholder Relations updates
- Upcoming events

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

- Year-End Accounting Report – Report to the Benefits Administration Committee and Board planned for the October 10th meeting date

President Chao recessed the Regular Meeting at 10:40 a.m. to convene in Closed Session discussion and that Item IX-C will be taken out of order.

III

DISABILITY RETIREMENT APPLICATION(S)

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PATRICIA ROSTOMIAN AND POSSIBLE BOARD ACTION

IV

LEGAL/LITIGATION

A. CLOSED SESSION TO CONFER WITH AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL, PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),(d)(2), AND (e)(1) AND POSSIBLE BOARD ACTION

Item IX-C taken out of order.

IX

C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO OAKTREE REAL ESTATE OPPORTUNITIES FUND IX, L.P. AND POSSIBLE BOARD ACTION

President Chao reconvened the Regular Meeting at 11:52 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Patricia Rostomian.

V

RECEIVE AND FILE ITEMS

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

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 12, 2023 – Commissioner Lee stated the Committee approved an investment manager contract with PGIM, Inc., received and filed the proxy voting activity report, and approved to continue the discussion on the proposed investment policy regarding private credit investments.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON SEPTEMBER 26, 2023 – Commissioner Wilkinson stated the Committee approved the proposed change to disability presentations.

VII

Vice President Sohn moved approval of Consent Agenda Item VII-A, seconded by Commissioner Sidley, 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 MEETING OF AUGUST 22, 2023 AND POSSIBLE BOARD ACTION

VIII

BOARD/DEPARTMENT ADMINISTRATION

Item VIII-B was taken out of order.

- B. DISCUSSION OF LOS ANGELES ADMINISTRATIVE CODE PROHIBITION ON ABSTENTION VOTING AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented this item to the Board. Commissioner Sidley moved approval to direct staff to send a correspondence to the City Attorney for amendment of LAAC section 21.19, 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.
- A. ASSUMPTIONS FOR JUNE 30, 2023 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION – Andy Yeung, Actuary with Segal, presented and discussed this item with the Board for 10 minutes.
- C. BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND REPLACEMENTS AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst, presented this item to the Board. Commissioner Sidley moved approval of the following Resolution:

**BUDGET REQUEST FOR ENHANCING OR REPLACING 977 N. BROADWAY BUILDING
MANAGEMENT SYSTEM, ADDRESSING IDENTIFIED AIR CONDITIONING REPAIRS AND
REPLACEMENTS
AND POSSIBLE BOARD ACTION**

RESOLUTION 230926-B

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, worked diligently to diagnose the cause for the cooling unit shutdowns, and have cleaned out sediment from the cooling towers;

WHEREAS, most of the cooling units have improved functionality after the extensive maintenance work, 14 cooling units still remain inoperable and require specialized plumbing and electrical work;

WHEREAS, the current Building Management System (BMS) has been found to be inadequate to manage our current HVAC equipment and lacks features and integrations vital to 977 Facility Personnel;

WHEREAS, LACERS' 10-Year Capital Plan included a full retrofit of the BMS system in Fiscal Year 2025-26 with an anticipated allocation of \$360,000;

WHEREAS, LACERS recommends repairing the 14 malfunctioning cooling units and carrying out a comprehensive retrofit of the current BMS system estimated to cost \$500,000 to modernize the building's HVAC system with tools that monitor, control, diagnose, and timely address HVAC issues, while benefiting from a more efficient system operation that promotes equipment longevity and minimizes operational interruptions;

WHEREAS, at the Board's discretion, LACERS can repair the 14 malfunctioning cooling units but delay a full retrofit of the BMS and instead opt to enhance the current system for an estimated cost of \$60,000 that will enhance the BMS with critical connectivity to existing HVAC infrastructure while postponing a full retrofit;

WHEREAS, LACERS will report back to the Board regarding the ongoing diagnostics and repair work on the cooling system;

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

- 1) Approve a budget increase of \$500,000 to the Capital Expense Budget in Fund 800, LACERS Contractual Services (APPR 163040) in Fiscal Year 2023-24 (FY24) for expenses related to the full retrofit of the 977 N. Broadway Building Management System (BMS) and cooling unit repairs; and,
- 2) Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was 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.

- D. INCOME-RELATED MONTHLY ADJUSTMENT AMOUNT (IRMAA) AND MEDICARE PART B ONLY REIMBURSEMENT MEMBER FEEDBACK AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst, James Kawashima, Senior Benefits Analyst, and Vi Duong, Benefits Analyst, presented and discussed this item with the Board. Commissioner Sidley moved approval of staff’s recommendation, 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.
- E. PROPOSED CHANGE TO DISABILITY RETIREMENT PRESENTATION AND POSSIBLE BOARD ACTION – Susann Hernandez, Benefits Analyst, presented this item to the Board. Commissioner Wilkinson moved approval of staff’s recommendation, 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.

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 \$21.8 billion as of September 25, 2023. Mr. June discussed the following items:
- Volatility Index at 17.35
 - Staff working on Private Credit Policy
 - Gary Guibert, LACERS Client Executive and Senior Vice President at Northern Trust, leaving the bank on October 13, 2023
 - Ellen Chen, Investment Officer II, attending PRI in Person in Tokyo, Rod June, Chief Investment Officer, attending the Government Employees’ Pension Fund of South Africa Conference
 - China Technology Exposure \$24.7 million
 - Status of lawsuit filed by Attorney Generals of 25 states, have been dismissed by a federal judge
 - Future Agenda Items: Notification of Real Estate opportunity
 - Mr. June shared that Russian exposure for LACERS stands at \$1,273,437.
 - Overall China exposure, which includes public and private markets exposure, is \$254 million
- B. APPROVAL OF 3-YEAR CONTRACT WITH PGIM, INC. REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION

– Jeremiah Paras, Investment Officer I, presented this item to the Board. Commissioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL
PGIM, INC.
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT**

RESOLUTION 230926-C

WHEREAS, LACERS' current three-year contract with PGIM, Inc. (PGIM) for active emerging market debt portfolio management expires on December 31, 2023; and,

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

WHEREAS, a contract renewal with PGIM will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on September 26, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with PGIM.

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>	PGIM, Inc.
<u>Service Provided:</u>	Active Emerging Market Debt Portfolio Management
<u>Effective Dates:</u>	January 1, 2024 through December 31, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	50% J.P. Morgan Emerging Market Bond Index Global Diversified Index and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index
<u>Allocation as of July 31, 2023:</u>	\$469 million

Which motion was 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.

Item IX-C taken out of order.

X

OTHER BUSINESS – There was no other business.

XI

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

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:40 p.m.

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary

Annie Chao

Annie Chao
President