

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

January 9, 2024

10:03 a.m.

PRESENT:	President:	Annie Chao
	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
Absent:	Vice President:	Sung Won Sohn

*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 was no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

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

- NCPERS Award
- Discretionary COLA Update
- Year End Financial Reports
- City Employees Parking and Commute Options MOU
- LACERS staff vacancies
- Excess Benefit Notifications

- Required Minimum Distribution Notifications
- Member Questions for Health
- Data Breach
- Departmental Budget
- Actuarial Program
- Human Resources Payroll System Project
- Headquarters update

B. UPCOMING AGENDA ITEMS:

- Board Meeting of January 23, 2024: Triennial Board Policy Review: Board Education and Travel Policy
- Board Meeting of January 23, 2024: Annual Comprehensive Financial Report and Popular Annual Financial Report

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.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL FOR THE MEETING ON DECEMBER 12, 2023 – Commissioner Lee stated the Committee approved the Investment Policy regarding Private Credit Investments and the Enforcement Action and Litigation Reporting. She stated that Northern Trust made a presentation and the Committee approved the contract with Centersquare Investment Management LLC.

V

Commissioner Lee moved approval of Consent Agenda Items V-A, V-B, and V-C, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF NOVEMBER 28, 2023 AND DECEMBER 12, 2023 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF PETER CARDENAS AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT**

**FOR PETER CARDENAS**

**RESOLUTION 240109-A**

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Peter Cardenas is unable to perform his usual and customary duties as a Wastewater Collection Worker II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Peter Cardenas is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Wastewater Collection Worker II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Peter Cardenas based upon his claimed disabling condition.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

C. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF THOMAS HAMMERSLEY AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT  
FOR THOMAS HAMMERSLEY**

**RESOLUTION 240109-B**

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Thomas Hammersley is unable to perform his usual and customary duties as a Mechanical Repairer with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Thomas Hammersley is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Mechanical Repairer;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement

benefit for Thomas Hammersley based upon his claimed disabling condition.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ADOPTION OF 2024 EMPLOYEE MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION – Ani Ghoukassian, Commission Executive Assistant II, presented this item to the Board. Commissioner Roten moved approval, seconded by President Chao, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.
- B. FEE ADJUSTMENT AND CONTRACT EXTENSION WITH MOSS ADAMS, LLP (MOSS ADAMS) FOR ONE YEAR THROUGH JUNE 30, 2025 AND POSSIBLE BOARD ACTION – Melani Rejuso, Departmental Audit Manager, presented this item to the Board. Commissioner Roten moved approval of the following Resolution:

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

**RESOLUTION 240109-C**

WHEREAS, LACERS currently has a four-year contract from July 1, 2020 to June 30, 2024 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 one final 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, 2024, and ending June 30, 2025. The period extension includes an annual fee adjustment of \$3,000;
3. 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 Wilkinson and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; 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 \$22.6 billion as of January 8, 2024. Rod June discussed the following items:
- Governance – Investment Committee is reviewing the Investment Program Governance and Review Processes
  - Operational – Custody Search Update – Evaluation Phase and Timing
  - Russia Exposure – \$687,968, 0.3 bps
  - China Exposure – Tech = \$23.6 million, 10 bps; Total China = \$233 million, 104 bps
  - Israel Exposure - \$137.7 million, 60 bps
  - PRI Election update
  - Emerging Manager Symposium details
- B. APPROVAL OF 3-YEAR CONTRACT WITH CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. REITS PORTFOLIO AND POSSIBLE BOARD ACTION. Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL  
CENTERSQUARE INVESTMENT MANAGEMENT LLC  
ACTIVE U.S. REAL ESTATE INVESTMENT TRUST SECURITIES  
PORTFOLIO MANAGEMENT**

## **RESOLUTION 240109-D**

WHEREAS, LACERS' current three-year contract with CenterSquare Investment Management LLC (CenterSquare) for active U.S. REITS (Real Estate Investment Trust Securities) portfolio management expires on March 31, 2024; and,

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

WHEREAS, a contract renewal with CenterSquare will allow the LACERS total portfolio to maintain a diversified exposure to the U.S. REITS markets; and,

WHEREAS, on January 9, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with CenterSquare.

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: CenterSquare Investment Management LLC

Service Provided: Active U.S. REITS Portfolio Management

Effective Dates: April 1, 2024 through March 31, 2027

Duration: Three years

Benchmark: FTSE NAREIT All Equity REITS Index

Allocation as of  
November 30, 2023: \$489 million

Which motion was seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

- C. PROPOSED INVESTMENT POLICY REGARDING PRIVATE CREDIT INVESTMENTS AND POSSIBLE BOARD ACTION. Clark Hoover, Investment Officer I, and Trevor Jackson, Managing Director presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.
- D. PROPOSED INVESTMENT POLICY REGARDING ENFORCEMENT ACTION AND LITIGATION REPORTING AND POSSIBLE BOARD ACTION. James Wang, Investment Officer I, and Miguel Bahamon, Legal Counselor, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, and President Chao -6; Nays, None.

- E. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN WATERTON RESIDENTIAL PROPERTY VENTURE XV, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION KAYNE ANDERSON CORE REAL ESTATE, L.P. – This report was received by the Board and filed.

VIII

OTHER BUSINESS – Commissioner Sidley requested the status of the letter to the City Attorney regarding abstention voting. Commissioner Huynh asked if the request for the General Manager’s pay differential was transmitted and the status.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 23, 2024, 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 10:57 a.m.

*Annie Chao*

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Annie Chao  
President

*Neil M. Guglielmo*

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Neil M. Guglielmo  
Manager-Secretary