

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

January 23, 2024

10:00 a.m.

PRESENT:	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
Absent:	President:	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 Sohn asked if any persons wanted to make a general public comment to which there were eight public comment cards received. Samuel Portillo, member of the public, shared his experience and issues in making a medical reimbursement inquiry. 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 Fein, Evelyn Rodriguez, Cecilia Alvarado, Mayra Velasquez, Eddie Diaz, Kevin Noble, and Robin Lynch.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Discretionary COLA Update
 - LACERS Employees Parking and Commute Options Update
 - Abstentions Council File status

- Benefit Operations Update
- Actuarial Program Update
- Departmental Budget Update
- Human Resources Payroll System Project Update
- Headquarters Update

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

- Board meetings in February 2024: COLA, Organizational Diversity Survey, NEPC key person change and process
- Benefits Administration Committee meeting in February: Board Rules update

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES NOVEMBER AND DECEMBER 2023 – This report was received by the Board and filed.
- B. ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) AND POPULAR ANNUAL FINANCIAL REPORT (PAFR) FOR FISCAL YEAR ENDED JUNE 30, 2023 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL FOR THE MEETING ON JANUARY 9, 2024 – Commissioner Lee stated that the Committee approved the contract with Garcia Hamilton & Associates, L.P. and the contract with Income Research & Management. She also shared that the Committee tabled the item on the Investment Program Governance and Review Processes.

V

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

CONSENT ITEM(S)

- A. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF LATONYA DAWSON AND POSSIBLE BOARD ACTION

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR LATONYA DAWSON

RESOLUTION 240123-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 LaTonya Dawson is unable to perform her usual and customary duties as a Security Officer 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 LaTonya Dawson is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing her duties as a Security Officer;

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 LaTonya Dawson based upon her claimed disabling condition.

B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF MICHAEL WARD POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT
FOR MICHAEL WARD**

RESOLUTION 240123-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 Michael Ward is unable to perform his usual and customary duties as a Polygraph Examiner 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 Michael Ward is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Polygraph Examiner;

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 Michael Ward based upon his claimed disabling condition.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION. John Koontz, Sr. Management Analyst I, presented this item to the Board. After a 30-minute discussion, the Board provided the following direction:

- 1- Commissioner Sidley moved to leave the international travel policy as written, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Roten, Sidley, and Vice President Sohn -4; Nays, Commissioners Lee and Wilkinson -2.
- 2- Commissioner Sidley moved to keep the current budget of \$10,000 per Commissioner per fiscal year, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners, Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.
- 3- Commissioner Sidley moved to approve the new process in adding items to the Pre-Approved list of Seminars, seconded by Wilkinson, and adopted by the following vote: Ayes, Commissioners, Huynh, Lee, Roten, Sidley, Wilkinson, and Vice President Sohn -6; Nays, None.
- 4- Commissioner Sidley moved to rescind the Wharton School's exemption from the \$10,000 limit per Commissioner, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and Vice President Sohn -4; Nays, Commissioners Huynh and Roten -2.

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 \$22.62 billion as of January 22, 2024. Rod June discussed the following items:
- Unaudited Return 1 Year ending Dec 31, 2023 + 11.49
 - Russia Exposure - \$688K, 0.3 bps
 - China Exposure - \$203 million, 90 bps; China Tech Only, \$21.6 million, 10 bps,
 - Israel Exposure - \$140.6 million, 63 bps
 - Future Board Item – Introduction to Asset Allocation and Capital Market Assumptions
- B. APPROVAL OF 3-YEAR CONTRACT WITH GARCIA HAMILTON & ASSOCIATES, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME 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
GARCIA HAMILTON & ASSOCIATES, L.P.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240123-C

WHEREAS, LACERS' current three-year contract with Garcia Hamilton & Associates, L.P. (GHA) for active core fixed income portfolio management expires on April 30, 2024; and,

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

WHEREAS, a contract renewal with GHA will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on January 23, 2024, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with GHA.

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>	Garcia Hamilton & Associates, L.P.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	May 1, 2024 through April 30, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg U.S. Aggregate Bond Index
<u>Allocation as of December 31, 2023:</u>	\$376 million

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

C. APPROVAL OF 3-YEAR CONTRACT WITH INCOME RESEARCH AND MANAGEMENT REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 3 minutes. Commssioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL
INCOME RESEARCH & MANAGEMENT
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240123-D

WHEREAS, LACERS’ current three-year contract with Income Research & Management (IRM) for active core fixed income portfolio management expires on April 30, 2024; and,

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

WHEREAS, a contract renewal with IRM will allow the LACERS total portfolio to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on January 23, 2024, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with IRM.

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: Income Research & Management
Service Provided: Active Core Fixed Income Portfolio Management
Effective Dates: May 1, 2024 through April 30, 2027
Duration: Three years
Benchmark: Bloomberg U.S. Aggregate Bond Index
Allocation as of December 31, 2023: \$452 million

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

D. PRESENTATION BY NEPC, LLC ON ACTIVE VERSUS PASSIVE INVESTMENT MANAGEMENT – Carolyn Smith, Partner, with NEPC, LLC, presented and discussed this item with the Board for 40 minutes.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, February 13, 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, Vice President Sohn adjourned the Meeting at 12:13 p.m.

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary

Sung Won Sohn

Sung Won Sohn
Vice President