

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

February 27, 2024

10:01 a.m.

PRESENT:	President:	Annie Chao
	Commissioners:	Elizabeth Lee Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Gaylord "Rusty" Roten

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 seven 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: Natasha Wong, Silvia Godinez, Cecilia Alvarado, Raul Macias, Jeremy Miller, Eddie Diaz, and Nicole Pompilus.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Calculation Correction Notification Update
 - Dashboard with reports for Commissioners
 - Board Voting Abstention Consideration of the City Council Update
 - LACERS Transit Program Update

- Benefit Operations Update
- Strategic Planning Update

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

- Board meetings on March 12, 2024: Education and Travel Expenditure Report for the Quarter Ending December 31, 2023
- Benefits Administration Committee meeting in March 2024: Health Plan Contract Renewal Timeline and Strategy

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2024 – This report was received by the Board and filed.
- B. SEMI-ANNUAL REPORT ON BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2023 – Todd Bouey, Executive Officer, presented and discussed this report with the Board. This report was received by the Board and filed.
- C. 2023 ANNUAL REPORT ON LACERS ORGANIZATION DIVERSITY SURVEY – Rod June, Chief Investment Officer, and Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Board. This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL FOR THE MEETING ON February 13, 2024 – Commissioner Lee stated that the Committee approved the Private Credit Program 2024 Strategic Plan, Semi-Finalists of the Master Trust/Custodial Services and Securities Lending Search, and contracts with Robert W. Baird & Co. and with J.P. Morgan Investment Management Inc.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 27, 2024 – Commissioner Wilkinson stated that there was no quorum and thus no action taken, however, James Kawashima, Senior Benefits Analyst II, and Kristal Baldwin, Benefits Analyst, presented and discussed this item.

V

Commissioner Wilkinson moved approval of Consent Agenda Items V-A and V-B, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE MEETING OF JANUARY 23, 2024 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF KIM TATARSKY AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT
FOR KIM TATARSKY**

RESOLUTION 240227-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 Kim Tatarsky is unable to perform her usual and customary duties as a Custodian 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 Kim Tatarsky is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing her duties as a Custodian;

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 Kim Tatarsky based on her claimed disabling condition.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. 2024 LACERS WELL UPDATE, WORKPLAN, BUDGET, WELLNESS FUNDS POLICY AND POSSIBLE BOARD ACTION – James Kawashima, Senior Benefits Analyst II, and Kristal Baldwin, Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Wilkinson moved approval of the following resolution:

**2024 BUDGET AND POLICIES FOR LACERS WELLNESS PROGRAM AND DELEGATION OF
AUTHORITY TO THE GENERAL MANAGER**

RESOLUTION 240227-B

WHEREAS, the Los Angeles City Employees' Retirement System (LACERS) developed the LACERS *Well* program to support and improve the health of Retired Members;

WHEREAS, the health plan carriers provide annual funding to the LACERS *Well* programs;

WHEREAS, LACERS *Well* has contracted with vendors to provide services and activities to help Retired Members better manage their health while minimizing long-term healthcare costs;

WHEREAS, the Calendar Year 2024 Wellness Program budget provides funds for expenditures related to wellness events;

WHEREAS, the LACERS Wellness Funds Policy provides guidance on the usage of wellness funds to support the overall objective of the program;

WHEREAS, Charter Section 343(b) and Administrative Code Section 5.36, provides authority to the head of the department, the LACERS Board of Administration, to transfer between budgetary items, within limits prescribed by the City Administrative Officer;

WHEREAS, the Board is authorized to delegate to the General Manager to move funds in order to meet priorities in the most efficient and timely manner;

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

1. Approve the 2024 LACERS *Well* Budget;
2. Approve the LACERS Wellness Funds Policy;
3. Delegate authority to the General Manager or designee to make adjustments to the 2024 Wellness Budget including transfers between Wellness budget accounts.

Which motion was seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

B. COST-OF-LIVING ADJUSTMENT FOR JULY 2024 AND POSSIBLE BOARD ACTION – Andy Yeung, Actuary with Segal, and Todd Bouey, Executive Officer, presented and discussed this item with the Board for 15 minutes. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

C. CONTRACT WITH LANGUAGES4YOU TRANSLATION AGENCY FOR TRANSLATION, INTERPRETATION, AND TRANSCRIPTION SERVICES AND POSSIBLE BOARD ACTION – Commissioner Sidley moved approval of the following resolution:

APPROVAL OF CONTRACT WITH LANGUAGES4YOU FOR TRANSLATION, INTERPRETATION AND TRANSCRIPTION SERVICES

RESOLUTION 240227-C

WHEREAS, the City desires to utilize the services of a qualified firm to provide interpreting and translation services and related matters, which are handled by the Los Angeles City Employees' Retirement System; and

WHEREAS, the City of Los Angeles, Office of the City Clerk issued a Request for Qualifications (RFQ) on January 12, 2023, for Interpretation and Translation Services, which included and exceeded the scope of services the Department requires; and

WHEREAS, it is in the City's best interest to take advantage of the City's recent procurement and award of contract process to the extent that it is relevant to the Department's requirements and hire the City's selected contractor, Lanugages4You, Contract Number 144013, for the services stated therein; and

WHEREAS, the Parties wish to enter into an agreement pursuant to which the Contractor agrees, for consideration and upon the terms and conditions provided within the contract, to perform the services stated therein;

NOW, THEREFORE BE IT RESOLVED, that the General Manager is authorized to negotiate and execute the Contract, subject to City Attorney approval as to form, and consistent with the following service and terms:

Company Name: LANGUAGES4YOU

Service Provided: TRANSLATION, INTERPRETATION AND TRANSCRIPTION SERVICES

Effective Dates: February 27, 2024, through February 26, 2027

Duration: Three Years

Estimated Cost: \$75,000

Which motion was seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

D. APPROVAL OF 5-YEAR CONTRACT RENEWAL WITH LEVI, RAY & SHOUP, INC. FOR CONTINUED MAINTENANCE AND SUPPORT OF LACERS' PENSION ADMINISTRATION SYSTEM AND POSSIBLE BOARD ACTION – Brian Cha, Senior Benefits Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Sidley moved approval of the following resolution:

**CONTRACT AMENDMENT
WITH LEVI, RAY & SHOUP, INC.
PENSIONGOLD PENSION ADMINSTRATION SOFTWARE SERVICES**

RESOLUTION 0240227-D

WHEREAS, LACERS implemented its upgraded pension administration software, known as PensionGold Version 3, on March 1, 2018 and acquired other functions and services such as maintenance and support related to PensionGold Version 3 from Levi, Ray & Shoup, Inc. beginning on March 1, 2019; and

WHEREAS, the current five-year term of LACERS' contract with Levi, Ray & Shoup, Inc. for maintenance, support, and business continuance planning services expires on February 29, 2024 and it is desirable to extend the existing contract with Levi, Ray & Shoup, Inc. for five additional years from March 1, 2024 to February 28, 2029 to include the following rates and services:

1. Maintenance and Support Services Fees: Invoiced annually per rates (PensionGold M&S Fee) provided in table below for a total of \$1,596,641.22 over the span of a five-year contract set to terminate on February 28, 2029.
2. Further customizations/Additional Services: LRS will provide a discount on the hourly rate for a volume of Support Services hours purchased that exceeds 250 hours; Billed at \$150 per hour for years 1-2, \$155 per hour for years 3-4, and \$160 per hour for year 5 of the contract.

Begin Date	End Date	PensionGold M&S Fee	Time & Material Hourly Rate	Bulk Services Rate/Hr.
3/1/2024	2/28/2025	\$292,490.10	\$155.00	\$150.00
3/1/2025	2/28/2026	\$307,114.61	\$155.00	\$150.00
3/1/2026	2/28/2027	\$319,399.19	\$160.00	\$155.00
3/1/2027	2/29/2028	\$332,175.16	\$160.00	\$155.00
3/1/2028	2/28/2029	\$345,462.16	\$165.00	\$160.00

3. Business Continuation Planning Services Fee: Invoiced annually per rates (Business Continuation Planning Services Annual Fee) provided in table below for a total cost of \$78,356.86 over the span of a five-year contract set to terminate on February 28, 2029.
4. Third Party Product Fees: Includes fees for the following third-party products that are associated with various system processes related to the PensionGold Version 3 software:
 - a. AgilePoint Workflow Maintenance
 - b. VMWare
 - c. Veeam

Calendar Year When Payment is Due	Business Continuation Planning Services Annual fee (3/1 - 2/28)	AgilePoint Workflow Maintenance Annual fee (9/16 - 9/15)	VMWare* Annual fee (10/18 - 10/17)	Veeam* Annual fee (10/2- 10/1)
Calendar Year 2024	\$14,758.87	\$9,212.70	\$7,472.00	\$4,758.80
Calendar Year 2025	\$15,201.64	\$9,673.34	TBD*	TBD*
Calendar Year 2026	\$15,657.69	\$10,157.00	TBD*	TBD*
Calendar Year 2027	\$16,127.42	\$10,664.85	TBD*	TBD*
Calendar Year 2028	\$16,611.24	\$11,198.09	TBD*	TBD*

*Pricing for these years has not yet been established by the manufacturer. As a reseller of these products, LRS is therefore unable to quote a set price for these products in these years. LRS expects the price of these products to increase approximately 5% per year, as is industry standard.

Thus, LACERS estimates the total cost of third-party products fees included in this contract (AgilePoint, VMWare, Veeam) to be \$118,488.87.

WHEREAS, Levi, Ray & Shoup Inc. developed and implemented the upgraded PensionGold Version 3 system using its proprietary development platform and switching to a new vendor for maintenance and support services would be difficult and risks significant disruption to LACERS' ability to provide timely delivery of benefits and unforeseeable expenses. Therefore, it is neither desirable nor practical for the LACERS Board to procure these services through a competitive bidding process.

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 service and terms:

Company Name: Levi, Ray & Shoup, Inc.
Service Provided: Maintenance and Support Services for LACERS' Pension Administration System
Effective Dates: March 1, 2024, through February 28, 2029
Duration: Five Years
Estimated Cost: \$2,563,486.95

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; 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 \$22.82 billion as of February 26, 2024 and VIX at 13.71. Rod June discussed the following items:

- Policy: Staff continues its work on manager selection, monitoring, and contracting
- Exposures to Global Events:
 - a. Russia - \$666,000, 0.3 bps
 - b. Ukraine - \$3.85 million 1.7 bps
 - c. China - \$223 million, 98 bps
 - d. China Tech - \$22.8 million, 10 bps
 - e. Israel - \$143 million, 63 bps
- Future Agenda Items:
 - a. Continued Discussion of Asset Allocation Study
 - b. Contract with NEPC, LLC regarding a Key Person Provision
- Announcements:
 - a. Jessica Chumak, Investment Officer I, accepted as a fellow in the John W. Koza Leadership Program sponsored by PREA.
 - b. Job offers made and accepted by Ms. Wendy Norman and Mr. Daniel Becerra.
 - I. Wendy will work in public markets under supervision of Wilkin Ly, Investment Officer III
 - II. Daniel will work in private markets under supervision of Ellen Chen, Investment Officer II

B. PRESENTATION BY AKSIA LLC OF THE PRIVATE CREDIT PROGRAM 2024 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Trevor Jackson, Managing Director, and Mike Krems, Partner, with Aksia LLC, and Clark Hoover, Investment Officer I, presented and discussed this item with the Board for 10 minutes. Commissioner Lee moved approval,

seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None

- C. APPROVAL OF 3-YEAR CONTRACT WITH ROBERT W. BAIRD & CO. 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. Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL
ROBERT W. BAIRD & CO., INC.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240227-E

WHEREAS, LACERS' current three-year contract with Robert W. Baird & Co., Inc. (Baird) for active core fixed income portfolio management expires on May 31, 2024; and,

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

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

WHEREAS, on February 27, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Baird.

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>	Robert W. Baird & Co., Inc.
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	June 1, 2024 through May 31, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Bloomberg U.S. Aggregate Bond Index
<u>Allocation as of January 31, 2024:</u>	\$640 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

- D. APPROVAL OF 3-YEAR CONTRACT WITH J.P. MORGAN INVESTMENT MANAGEMENT INC. 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
J.P. MORGAN INVESTMENT MANAGEMENT INC.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240227-F

WHEREAS, LACERS' current three-year contract with J.P. Morgan Investment Management Inc. (J.P. Morgan) for active core fixed income portfolio management expires on May 31, 2024; and,

WHEREAS, J.P. Morgan is in compliance with the LACERS Manager Monitoring Policy; and,

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

WHEREAS, on February 27, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with J.P. Morgan.

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: J.P. Morgan Investment Management Inc.

Service Provided: Active Core Fixed Income Portfolio Management

Effective Dates: June 1, 2024 through May 31, 2027

Duration: Three years

Benchmark: Bloomberg U.S. Aggregate Bond Index

Allocation as of
January 31, 2024: \$438 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sidley, Wilkinson, and President Chao -4; Nays, None.

- E. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN CLEARLAKE CAPITAL PARTNERS VIII, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN FS EQUITY PARTNERS IX, L.P. – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN GENERAL CATALYST GROUP XII - CREATION, L.P. – This report was received by the Board and filed.

- H. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN GENERAL CATALYST GROUP XII - IGNITION, L.P. – This report was received by the Board and filed.
- I. NOTIFICATION IN OF COMMITMENT OF UP TO \$22.5 MILLION IN GENERAL CATALYST GROUP XII- ENDURANCE, L.P. – This report was received by the Board and filed.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$7.5 MILLION IN GENERAL CATALYST GROUP XII - HEALTH ASSURANCE, L.P. – This report was received by the Board and filed.
- K. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN MBK PARTNERS FUND VI, L.P. – This report was received by the Board and filed.
- L. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN 3 BOOMERANG CAPITAL I, L.P. – This report was received by the Board and filed.
- M. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN PLATINUM EQUITY SMALL CAP FUND II, L.P. – This report was received by the Board and filed.

VIII

President Chao recessed the Regular meeting at 12:16 p.m. to convene in closed session.

LEGAL/LITIGATION

CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(A) AND (D)(1) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LIGATION (ONE CASE), THOMAS CRAWLEY V. LOS ANGELES CITY EMPLOYEE’S RETIREMENT SYSTEM (LACERS); CITY OF LOSE ANGLS (U.S.D.C, C.D. CAL. CASE NO.: 2-24-CV-00638-FLA-RAO), AND POSSIBLE BOARD ACTION.

President Chao reconvened the Regular meeting at 12:25 p.m.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 12, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XI

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:26 p.m.

Annie Chao

Annie Chao
President

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary