

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

March 26, 2024

10:00 a.m.

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| PRESENT: | President: | Annie Chao |
| | Vice President: | (left at 12:24 p.m.) 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 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:

- CAO Third Financial Status Report
- LACERS 115 Trust and Annual Financial Statements
- Headquarters Building Card Readers Permit
- City Human Resources & Payroll System
- Cease and Desist Letter
- Benefit Operations Update

- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Board Meeting on April 9, 2024: 2024 Open Enrollment Closeout Report
 - Board Meeting on April 23, 2024: Board Strategic Planning Session
- C. RECOGNITION OF SERVICE FOR PAUL ANGELO OF SEGAL – Neil M. Guglielmo, General Manager, Todd Bouey, Executive Officer, and the Commissioners recognized Paul Angelo's 18 years as an Actuary for LACERS.

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR FEBRUARY 2024 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 12, 2024 – Commissioner Lee stated the contracts with Loomis, Sayles & Company, L.P. and Dimensional Fund Advisors LP were approved by the Committee.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MARCH 26, 2024 – Commissioner Wilkinson stated the Committee was presented with the 2025 Health Plan Contract Renewal Strategy and Timeline. The report was received by the Committee and filed.

V

Commissioner Roten moved approval of Consent Agenda Items V-A and V-B, seconded by Commissioner Sohn, 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 MEETING OF FEBRUARY 27, 2024 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JUAN VIDAURI AND POSSIBLE BOARD ACTION

**APPROVAL OF DISABILITY RETIREMENT BENEFIT
FOR JUAN VIDAURI**

RESOLUTION 240326-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 Juan Vidauri is unable to perform his usual and customary duties as a Special Program Assistant 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 Juan Vidauri is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing his duties as a Special Program Assistant 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 Juan Vidauri based upon his claimed disabling condition.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. ACTUARIAL RISK ASSESSMENT BASED ON THE ACTUARIAL VALUATION AND REVIEW OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2023 – Paul Angelo, Senior Vice President and Actuary with Segal, and Todd Tauzer, Senior Vice President and Actuary with Segal, presented and discussed this item with the Board for 1 hour and 50 minutes.

President Chao recessed the meeting for a break from 10:29 a.m. to 10:46 a.m. during a technical issue.

Vice President Sohn left the meeting at 12:24 p.m.

- B. PRELIMINARY PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2024-25 AND POSSIBLE BOARD ACTION – Todd Bouey, Executive Officer, presented and discussed this item with the Board for 35 minutes. After discussion and direction from the Board, 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

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, presented on the following items:

1. Valuation - \$23.07 billion, VIX -13.02

- 2. Non-US Exposures - No material changes since last report on March 12, 2024;
 - a. Staff will monitor exposures for Russia, Ukraine, China, and Israel.
 - b. Only significant and material changes in valuation will be reported verbally to the Board going forward.
- 3. LACERS plans to hold its Emerging Manager Networking Forum jointly with LAFPP
 - a. This is an in-person event to meet and greet emerging managers.
 - b. No date has been set but will most likely take place in the Fall 2024
- 4. Future Agenda Items:
 - a. Asset Allocation and Infrastructure Education
 - b. Contract Extension

- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING DECEMBER 31, 2023 – Carolyn Smith, Partner, and Kevin Novak, Principal, with NEPC, LLC, presented and discussed this item with the Board for 25 minutes.
- C. APPROVAL OF 3-YEAR CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL
LOOMIS, SAYLES & COMPANY, L.P.
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 240326-B

WHEREAS, LACERS’ current three-year contract with Loomis, Sayles & Company, L.P. (Loomis) for active core fixed income portfolio management expires on May 31, 2024; and,

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

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

WHEREAS, on March 26, 2024, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with Loomis.

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> | Loomis, Sayles & Company, L.P. |
| <u>Service Provided:</u> | Active Core Fixed Income Portfolio Management |
| <u>Effective Dates:</u> | June 1, 2024 through May 31, 2027 |

Duration: Three years
Benchmark: Bloomberg U.S. Aggregate Bond Index
Allocation as of January 31, 2024: \$643 million

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.

D. APPROVAL OF 3-YEAR CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS) PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Lee moved approval of the following resolution:

**CONTRACT RENEWAL
DIMENSIONAL FUND ADVISORS LP
ACTIVE U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS)
PORTFOLIO MANAGEMENT**

RESOLUTION 240326-C

WHEREAS, LACERS’ current three-year contract with Dimensional Fund Advisors LP (DFA) for active U.S. TIPS portfolio management expires on June 30, 2024; and,

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

WHEREAS, a contract renewal with DFA will allow the LACERS total portfolio to maintain a diversified exposure to the public real assets market; and,

WHEREAS, on March 26, 2024, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with DFA.

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: Dimensional Fund Advisors LP
Service Provided: Active U.S. TIPS Portfolio Management
Effective Dates: July 1, 2024 through June 30, 2027
Duration: Three years
Benchmark: Bloomberg U.S. TIPS Index
Allocation as of

January 31, 2024: \$806 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.

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 9, 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 1:00 p.m.

Annie Chao

Annie Chao
President

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary