

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

May 14, 2024

10:08 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 Miguel Bahamon
	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 seven public comment cards received. The following members of the public made public comments with respect to LACERS' investment in Advent International and Oaktree Capital Management and in support of restaurant/hotel workers: Jordan Fein, Carlos Jimenez, Olivi Skowronski, Cecilia Alvarado, Kevin Noble, Anabel Martinez, 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:
- LACERS Strategic Planning Session
 - City Budget
 - LACERS Commissioner Education
 - City Human Resources & Payroll System
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- LACERS Headquarters Improvements
- Benefit Operations Update

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

- Board Meeting on May 28, 2024: Proposed Budget, Personnel, and Annual Resolutions for Fiscal Year 2024-25
- Benefits Administration Committee Meeting on May 28, 2024: Health Plan Financial
- Governance Committee Meeting on May 28, 2024: Proposed Amendment to Board Governance Policy Article I, Section 4.1 Regarding Temporary Presiding Officers for Board Meetings

III

RECEIVE AND FILE ITEMS

- A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- C. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2024 – This report was received by the Board and filed.
- D. NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE FIVE-YEAR TERM ENDING JUNE 30, 2029 – This report was received by the Board and filed.

IV

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 9, 2024 – President Chao stated the contract with Bain Capital Senior Loan Fund, L.P., was approved by the Committee.
- B. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 14, 2024 – Commissioner Huynh stated the Committee was presented with Results of Internal Audit's Operational Risk Assessment Survey and Proposed Workplan through Fiscal Years 2024-26. The report was received by the Committee and filed.

V

Commissioner Sidley moved approval of Consent Agenda Item V-A, seconded by Commissioner Roten, 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 MEETINGS OF MARCH 26, 2024 AND APRIL 9, 2024 AND THE SPECIAL MEETING OF APRIL 23, 2024 AND POSSIBLE BOARD ACTION

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. BOARD RULES ON RECOUPMENT OF BENEFIT OVERPAYMENTS AND POSSIBLE BOARD ACTION – Dale Wong-Nguyen, Assistant General Manager, presented and discussed this item with the Board for 15 minutes. Commissioner Wilkinson moved approval of the following resolution:

APPROVAL OF BOARD RULES ON RECOUPMENT OF RETIREMENT BENEFIT OVERPAYMENTS AND AUTHORIZE THE GENERAL MANAGER TO STRUCTURE RECOUPMENT TERMS FOR OVERPAYMENTS OF \$20,000 OR LESS

RESOLUTION 240514-A

WHEREAS, the correction of erroneous overpaid retirement plan benefits is part of the administration of a tax-qualified retirement plan;

WHEREAS, the Internal Revenue Code developed the Employee Plans Compliance Resolution System (“EPCRS”), a comprehensive system of correction programs for plan sponsors that set forth a general principle for recoupment but also recognizes “flexibility” in recouping overpayments where there is no fraud or malfeasance on the part of the retirement plan recipients;

WHEREAS, to allow for efficiency in managing the recoupment from retirement benefit recipients, Board approval is sought to assign the General Manager the responsibility for fiduciary analysis of overpayment cases and the discretion to structure reasonable recoupment plans with benefit recipients;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the Board Rules governing the recoupment overpayments and authorizes the General structure recoupment terms for overpayments of \$20,000 or less.

Which motion was 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.

- B. APPROVAL OF 2-YEAR CONTRACT EXTENSION WITH EXPERIENCE INSTITUTE, LLC. FOR CONTINUED DESIGN AND DEVELOPMENT OF LACERS DEI PROGRAM AND POSSIBLE BOARD ACTION – Vikram Jadhav, Chief Information Officer, presented and discussed this item with the Board. Commissioner Lee moved approval of the following resolution:

**CONTRACT AMENDMENT WITH EXPERIENCE INSTITUTE, LLC
FOR DEI PROGRAM DESIGN AND DELIVERY**

RESOLUTION 240514-B

WHEREAS, on January 24, 2023, the Board approved contracting with EXPERIENCE INSTITUTE, LLC for program design and delivery services for LACERS DEI Fellowship program for the contract term beginning April 1, 2023 through April 30, 2024, not to exceed \$65,000;

WHEREAS, EXPERIENCE INSTITUTE, LLC successfully completed the delivery of an experiential learning program targeting Senior Managers, and has been working with LACERS staff to develop a program for all staff;

WHEREAS, on April 30, 2024, the contract between LACERS and EXPERIENCE INSTITUTE LLC expired;

WHEREAS, the total cost of a custom built program delivered to all staff is \$119,000;

WHEREAS, it is LACERS' desire to provide the LACERS DEI Fellowship to all staff;

NOW, THEREFORE, BE IT RESOLVED, that the contract with EXPERIENCE INSTITUTE LLC is retroactively reinstated and that the General Manager is hereby authorized to negotiate and execute a two-year and \$119,000 contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

<u>Company Name:</u>	EXPERIENCE INSTITUTE LLC
<u>Service Provided:</u>	DEI Program Design and Delivery
<u>Term Dates:</u>	April 1, 2023 through April 30, 2026
<u>Total Expenditure Authority:</u>	\$184,000

Which motion was seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Wilkinson, Vice President Sohn, and President Chao -7; Nays, None.

- C. DISCRETIONARY COST-OF-LIVING ADJUSTMENT FOR RETIREES AND BENEFICIARIES AND POSSIBLE BOARD ACTION – Edwin Avnessian, Chief Management Analyst, presented and discussed this item with the Board. Commissioner Sidley moved approval, 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. TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst I, presented and discussed this item with the Board for 15 minutes. Commissioner Sidley moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sidley, Vice President Sohn, and President Chao - 6; Nays, Commissioner Wilkinson -1. The Board also advised that this item be reintroduced at a future Board meeting with the requested updates from the Commissioners.

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 \$22.95 billion as of May 13, 2024; and Volatility Index at 13.78. Rod June discussed the following items:

- Acknowledged and thanked the supporters and volunteers of the Guiding Principles Event
- Total Fund Performance, 1 Year ending March 31, 2024, 10.15% Net of Fees

- OPERATIONAL:
 1. Barrow Hanley Mewhinney & Strauss - Emerging Markets Value Manager - AUM \$613 million
 - a. Placed on watch a year ago for departure of the portfolio manager.
 - b. NEPC and staff are comfortable with the new PM and stability of the organization.
 - c. Manger has been removed from Watch Status as of May 9, 2024.
 2. Townsend, LACERS real estate consultant, and currently owned by AON, announced that they will be acquired by The Riverside Company. Other investors in the transaction include Bluerock, MLC Private Equity and Ten Capital Management. Staff will conduct due diligence and return to the Board with its findings and recommendation.
- RUSSIA EXPOSURE: 2% decline since mid-April, approximately \$13,000 decline
- FUTURE AGENDA ITEMS:
 - a. Real Estate Portfolio Performance Review, period ending December 31, 2023
 - b. FY2024-25 Real Estate Strategic Plan
 - c. Adaptive Asset Allocation Policy renewal
- ANNNOUNCEMENTS:
 - a. Jeremiah Paras, CFA, FRM, and Investment Officer I, will receive a paygrade advancement to Investment Officer II, effective June 2, 2024.
 - b. Clark Hoover, Investment Officer I, passed level III of the Chartered Financial Analyst Examination, and has earned the right to use the CFA designation.

Miguel Bahamon, Deputy City Attorney, joined the meeting at 12:00 p.m. and Anya Freedman, Assistant City Attorney, left the meeting.

B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION, INFRASTRUCTURE INVESTMENTS AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner, and Kevin Novak, Principal, with NEPC, LLC, presented and discussed this item with the Board for 1 hour. After discussion, the Board took no action.

C. APPROVAL OF 3-YEAR CONTRACT WITH BAIN CAPITAL SENIOR LOAN FUND, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE U.S. BANK LOANS PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Roten moved approval of the following resolution:

CONTRACT RENEWAL

**BAIN CAPITAL SENIOR LOAN FUND, L.P.
ACTIVE U.S. BANK LOANS PORTFOLIO MANAGEMENT**

RESOLUTION 240514-C

WHEREAS, LACERS' current three-year contract with Bain Capital Senior Loan Fund, L.P. (SLF) for management of an active U.S. bank loans portfolio expires on June 30, 2024; and,

WHEREAS, a contract renewal with Bain will allow the fund to maintain a diversified exposure to the U.S. bank loans markets; and,

WHEREAS, on May 14, 2024, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with SLF.

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>	Bain Capital Senior Loan Fund, L.P.
<u>Service Provided:</u>	Active U.S. Bank Loans Portfolio Management
<u>Effective Dates:</u>	July 1, 2024 through June 30, 2027
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Credit Suisse Leveraged Loan Index
<u>Allocation as of February 29, 2024:</u>	\$274 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.

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

- D. PRESENTATION BY THOMAS LOMBARDI, ADJUNCT PROFESSOR OF FINANCE, PEPPERDINE UNIVERSITY, ON BITCOIN AS AN ASSET TYPE – Tom Lombardi, Professor, with Pepperdine University, presented and discussed this item with the Board for one hour.

VIII

OTHER BUSINESS – Commissioner Lee paid tribute to her former colleague and LACERS Retired Member Jay Shin, who passed away.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 28, 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 1:20 p.m. in honor of Jay Shin.

Annie Chao

Annie Chao
President

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary