

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's October 25, 2022 meeting will be conducted via telephone and/or videoconferencing.

October 25, 2022

10:00 a.m.

PRESENT via Videoconferencing:	President:	Nilza R. Serrano
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Thuy Huynh Janna Sidley Sung Won Sohn 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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Serrano asked if any persons wanted to make a general public comment to which there was no response.

II

BOARD PRESIDENT VERBAL REPORT – President Serrano stated she is happy with the cooler weather in Los Angeles.

III

GENERAL MANAGER VERBAL REPORT

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

- Government Finance Officers Association (GFOA) Financial Reporting Award
- FY24 Budget Process
- Tax Withholding Changes
- Promotion of Ferralyn Sneed to a regular position as Chief Benefits Analyst and Division Manager over Retirement Services Division
- Promotion of Delia Hernandez to a regular position as Senior Benefits Analyst II and Assistant Division Manager of Retirement Services Division
- Promotion of Taneda Larios to Chief Benefits Analyst over new Communications and Stakeholder Relations Division
- Reg IV Non-compliance delays at LACERS HQ
- Parking status at LACERS HQ
- LACERS HQ status updates
- Retirement Services Division update
- Health Benefits Administration updates
- Member Services updates
- Upcoming events

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

- Proposed revisions to Benefits Administration Board Rules are tentatively scheduled for the Benefits Administration Committee in November
- LACERS Staff Parking and Commuter Options Survey Report
- Presentation by Segal Consulting of the Actuarial Valuation as of June 30, 2022 and Proposed City Contribution Rates for FY 2023-24

IV

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR SEPTEMBER 2022 – This report was received by the Board and filed.

B. COMMISSIONER LEE BOARD EDUCATION EVALUATION ON INSTITUTIONAL LIMITED PARTNERS ASSOCIATION – PRIVATE EQUITY FOR THE TRUSTEE, SAN FRANCISCO, CA; SEPTEMBER 28-29, 2022 – This report was received by the Board and filed.

C. LEGISLATIVE UPDATE FOR OCTOBER 2022 – Chhintana Kurimoto, Management Analyst, provided the Board with a brief overview of this report. After discussion, this report was received by the Board and filed.

V

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON OCTOBER 11, 2022 – Vice President Lee stated the Committee chose and approved the Private Credit Consultant Semi-Finalist and the Securities Lending Program Modifications. The Committee also received and filed the Proxy Voting Activity Report for the period of July 1, 2021 to June 30, 2022 and the Brokerage Activity Report for the period of July 1, 2021 to June 30, 2022.
- B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON OCTOBER 25, 2022 – Commissioner Sidley stated the Committee approved the Triennial Review of Board Governance and Administrative Policies.

VI

DIVISION SPOTLIGHT

- A. MEMBER SERVICES TEAMS – Taneda Larios, Chief Benefits Analyst, and Tiffany Obembe, Senior Benefits Analyst, presented this item to the Board for 10 minutes.

VII

CONSENT AGENDA

Commissioner Wilkinson moved approval of Consent Agenda Items VII-A and VII-B, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF SEPTEMBER 27, 2022 AND POSSIBLE BOARD ACTON
- B. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

**CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE**

RESOLUTION 221025-A

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. CONTRACT WITH BOX, INC. FOR RETIREMENT APPLICATION PORTAL PHASE TWO AND POSSIBLE BOARD ACTION – Vikram Jadhav, Chief Information Officer, presented and discussed this item with the Board for 10 minutes. After discussion, Vice President Lee moved approval of the following Resolution:

CONTRACT WITH BOX, INC. FOR BOX, INC DESIGN AND DEVELOPMENT SERVICES

RESOLUTION 221025-B

WHEREAS, on December 1, 2021, LACERS executed Contract No. 4245 for consulting services to be performed by Box, Inc. to implement, configure, customize, and integrate the newly released Federal and State tax forms in the Retirement Application Portal (RAP);

WHEREAS, the previous contract focused on making improvements to the RAP's Member-facing components while understanding that backend functionality would be iterated upon in future budget cycles;

WHEREAS, Box, Inc. understands the LACERS' vision for the RAP due to their involvement with its development and is uniquely qualified to continue to build and enhance a system of record within LACERS' Box environment due to the proprietary nature of the Box, Inc. platform;

WHEREAS, it is beneficial for LACERS to continue its partnership with Box, Inc. for the development of the RAP as this tool has produced results that have facilitated the process for LACERS' Members to apply for retirement;

WHEREAS, the Board has appropriated sufficient funds of \$45,000 for necessary enhancements to the RAP related to back-end workflow fixes and integrating updated tax forms for Members; and

WHEREAS, Charter Section 3711(2) and 3711(10) and Los Angeles Administrative Code Section 10.15(a)(2) and (a)(10) provide exemption from the competitive bidding process for contracts where the contracting authority determines that the desired service is of a proprietary nature and where the competitive bidding process would be “undesirable, impractical or impossible.”

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

1. Find that, pursuant to City Charter Sections 3711(2) and I(10), and Los Angeles Administrative Code Section 10.15(a)(2) and (a)(10), competitive bidding for the design and continued development of a system of record within Box, Inc. related to enhancements to the Retirement Application Portal would not be desirable, practicable, or advantageous; and
2. Approve an amendment to Contract No. 4245 with Box, Inc. related to the Retirement Application Portal, to extend the term of the contract for one year and to increase the expenditure limit of the contract from \$15,000 to \$45,000; and
3. Authorize the General Manager to negotiate and execute the Contract Amendment, subject to City Attorney approval as to form.

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

IX

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 \$20.13 billion as of October 24, 2022. Mr. June discussed the following items:
- LACERS won The Allocator Prize for Idea of the Year; Mr. June recognized Clark Hoover, Investment Officer I, for his work on promoting diversity at LACERS that led to this award.
 - Staff entered LACERS’ ESG Risk Framework and PRI Action Plan into the PRI Awards 2022 competition. PRI notified staff that LACERS did not advance in the competition, but is considering using LACERS’ work as a case study.
 - LACERS Emerging Manager Symposium will be held virtually on November 16, 2022.
 - Future Agenda Items: Aksia Key Person Presentation, PRI Board Member Election, and Transition Manager Recommendations

Mr. June shared that as of October 25, 2022, Russian exposure for LACERS is 2.2 basis points and volatility is still high.

- B. SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, and Jeremiah Paras, Investment Officer I, presented and

discussed this item with Board for 10 minutes. Commissioner Wilkinson moved approval, seconded by Vice President Lee, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.

- C. CONTRACT WITH AKSIA CA LLC, REPLACEMENT OF KEY PERSON, AND POSSIBLE BOARD ACTION – Clark Hoover, Investment Officer I, presented this item to the Board. Vice President Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee, and President Serrano -7; Nays, None.
- D. PRIVATE CREDIT CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Officer III, Robert King, Investment Officer II, Trevor Jackson, Managing Director, Mike Krems, Partner, and Tim Nest, Partner, with Aksia, LLC, presented and discussed this item with the Board for 20 minutes. Vice President Lee moved approval of the following Resolution:

**CONTRACT FOR
AKSIA LLC
PRIVATE CREDIT CONSULTING SERVICES**

RESOLUTION 221025-C

WHEREAS, on December 14, 2021, the Board authorized a Request for Proposal for Private Credit Consulting Services; and,

WHEREAS, on June 14, 2022, the Investment Committee approved Aksia LLC, Meketa Investment Group, Inc., and NEPC, LLC as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the three semi-finalist candidates; and,

WHEREAS, on October 11, 2022, the Investment Committee interviewed Aksia LLC and Meketa Investment Group, Inc. to understand the capabilities of each firm and subsequently recommended Aksia LLC to the Board for consideration for hire; and,

WHEREAS, on October 25, 2022, the Board approved the Investment Committee’s recommendation for a three-year contract with Aksia LLC.

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>	Aksia LLC
<u>Service Provided:</u>	Private Credit Consulting Services
<u>Effective Dates:</u>	November 1, 2022 through October 31, 2025

Duration: Three years

Fee: Year 1 – \$325,000
Year 2 – \$325,000
Year 3 – \$325,000

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

E. PRESENTATION BY NEPC, LLC REGARDING INFRASTRUCTURE INVESTMENT OPPORTUNITIES – Carolyn Smith, Partner, and Larissa Davy, Investment Director II, with NEPC, LLC, presented and discussed this item with the Board for 45 minutes.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, November 8, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to public health concerns relating to the novel coronavirus continue.

XII

ADJOURNMENT – There being no further business before the Board, President Serrano adjourned the Meeting at 12:30 p.m.



Nilza R. Serrano
President



Neil M. Guglielmo
Manager-Secretary