



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING

TUESDAY, MAY 9, 2023

TIME: 10:00 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Board in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Board or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Board meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a non-exempt record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

President:	Vacant
Vice President:	Elizabeth Lee
Commissioners:	Annie Chao Thuy Huynh Janna Sidley Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghokassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, **five** or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 855-9348 and/or email at lacers.board@lacers.org.

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA
- II. ELECTION TO FILL UNEXPIRED TERM OF THE VACANT OFFICE OF THE BOARD PRESIDENT PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION
- III. IF VACANCY CREATED IN OFFICE OF THE VICE PRESIDENT BY BOARD ACTION ON AGENDA ITEM II, ELECTION TO FILL UNEXPIRED TERM OF BOARD VICE PRESIDENT, PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION
- IV. DISABILITY RETIREMENT APPLICATION(S)
 - A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF WILLIAM HANDLEY AND POSSIBLE BOARD ACTION (HEARING)**
- V. BOARD PRESIDENT VERBAL REPORT
- VI. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- VII. RECEIVE AND FILE ITEMS
 - A. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
 - B. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - C. [977 N. BROADWAY PROJECT REPORT FOR QUARTER ENDING MARCH 31, 2023](#)
 - D. [NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE FIVE-YEAR TERM ENDING JUNE 30, 2028](#)
- VIII. CONSENT ITEM(S)
 - A. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF APRIL 11, 2023 AND POSSIBLE BOARD ACTION](#)
- IX. BOARD/DEPARTMENT ADMINISTRATION
 - A. [APPROVAL OF ONE-YEAR CONTRACT EXTENSION WITH PENSIONX FOR WEBSITE MAINTENANCE AND SUPPORT SERVICES AND POSSIBLE BOARD ACTION](#)

X. INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- B. [APPROVAL OF 3-YEAR CONTRACT WITH WASATCH ADVISORS, INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION](#)

XI. OTHER BUSINESS

- XII. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 23, 2023 at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XIII. ADJOURNMENT

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM VII-A

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Calvin, Jackie D	37	PW - Admin Div.	Management Analyst
Moore, Alma Virginia	37	Police Dept. - Civilian	Police Service Rep
Mangold, Steven L	37	Harbor Dept.	Dir Of Port Con & Mt
Galicia, Angeles Maria	36	Police Dept. - Civilian	Administrative Clerk
Aveson, David	35	PW - Contract Administration	Systems Analyst
Rodriguez, Felix Jose	35	Police Dept. - Civilian	Police Service Rep
Lehner, Mark P	35	Dept. of Rec. & Parks	Plumber
Tillman, Chrys M	34	Police Dept. - Civilian	Pr Clerk Police
Rayford, Kimberley Chelsee	34	Dept. of Transportation	Traf Officer
Lum, Edmund	32	Dept. of Bldg. & Safety	Build Mech Inspector
Ehrlich, Anat	32	City Attorney's Office	Asst City Atty
Gonzalez, Fernando F	31	PW - Sanitation	Sanitation Wstwater Mgr
Maxey, Rhonda Renee	30	Police Dept. - Civilian	Sr Mgmt Analyst
Zari, Ethelda Bautista	30	Police Dept. - Civilian	Sr Mgmt Analyst
Geihm, Eric J	30	Dept. of Airports	Airport Police Ofcr
Dinsay, Kelly Moon	30	Police Dept. - Civilian	Sr Administrative Clerk
Montenegro, Sylvia A	29	Dept. of Airports	Management Analyst
Crisan, Melissa Tugonon	27	PW - St. Improv Div.	Sr Administrative Clerk
Johnson, Petrona Socorro	26	Library Dept.	Administrative Clerk
Villanueva, Rolando D	26	Dept. of Animal Svcs.	Veterinary Technician
Luna, Albert Daniel	24	PW - St. Maint.	Warehouse & T/R Wkr
Biggs, Steven Wade	24	Office of the CAO	Management Analyst
De La Rosa, Gary Ruben	24	EWDD	Human Relations Advocate
Jones, Kenneth D	24	City Attorney's Office	Legal Assistant
Hoy, Douglas Erik	24	PW - Sanitation	Management Analyst
Meyer, Robert S	23	PW - St. Maint.	St Svcs Supvr
Tiongco, Edwin Nanar	22	EWDD	Pr Accountant
Guarnett, Victoria Lynn	21	Zoo Dept.	Animal Keeper
Go, Zenaida	21	LA Housing Dept.	Pr Accountant
Fitzgerald, Matthew F	21	Personnel Dept.	Sr Personnel Analyst
Price, David H	20	Dept. of Airports	Security Officer
Jackson, Jimmy Gerald	20	Fire Dept. - Civilian	Sheet Metal Worker
Nunley, Phillip Earl	19	PW - Engineering	Sr Mgmt Analyst
Woodard, Michael P	19	Dept. of Airports	Airport Police Ofcr
Loprino, Mary Ellen	18	Dept. of Rec. & Parks	Gardener Caretaker

Silva, Frank M	17	Dept. of Rec. & Parks	Gardener Caretaker
Hao, Judy Yenjih	17	Police Dept. - Civilian	Police Psychologist
Merriett, Nobel Madeline	16	Police Dept. - Civilian	Equine Keeper
Grimm, John R	16	PW - Sanitation	Ref Coll Truck Oper
Kirdsiri, Danny Sutha	16	Dept. of Airports	Maintenance Laborer
Lin, Charles Chi-Wei	15	ITA	Commun Engrg Assoc
Rosenthal, Walter A	14	PW - Contract Administration	Constr Inspector
Villa, Joaquin	9	Dept. of Rec. & Parks	Special Prog Asst
Polizzi, Jacqueline Jeanette	6	Police Dept. - Civilian	Sr Admin Clerk
Box, Stephen Marshall	6	Neighborhood Empowerment	Project Coordinator
Canales, Teresa	4	Dept. of Rec. & Parks	Special Prog Asst

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM VII-A

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Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Alayu, Orlando P

Teresita Q Alayu for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Ancheta, Lourdes C

Vania D Ancheta Enciso for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Armijo, Victor

John Santos Armijo for the payment of the
Accrued But Unpaid Disability Retirement Allowance
Burial Allowance
Unused Contributions

Ayson, Jesus F

Leilani Ayson for the payment of the
Burial Allowance

Marilou Cruz for the payment of the
Burial Allowance

Barnes, Henry S

Janice E Barnes for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Mark V Barnes for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Broderick, Carol Anthony Dane A Broderick for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Capucetti, Bruce S Andrew Capucetti for the payment of the
Burial Allowance

Carstairs, Kathryn Patricia A Anzures for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Castro, Viola M Elizabeth Castro for the payment of the
Burial Allowance

Clark, Ronald L Judy K Clark for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Cooper, Florence R Andrea Kaylor for the payment of the
Accrued But Unpaid Continuance Allowance

Jill Coe for the payment of the
Accrued But Unpaid Continuance Allowance

Dooner, Michael G	Amee Nicole Holder for the payment of the Accrued But Unpaid Service Retirement Allowance
	Kristi Michelle Larrimore for the payment of the Accrued But Unpaid Service Retirement Allowance
	Lynette M Smith for the payment of the Burial Allowance
	Michael D Dooner for the payment of the Accrued But Unpaid Service Retirement Allowance
Doucette, Michael J	Elayne Diane Doucette for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Douglas, Wilbert	Gina L Dorsette for the payment of the Accrued But Unpaid Service Retirement Allowance
Draper, Florence W.	Christian S Draper for the payment of the Accrued But Unpaid Continuance Allowance
	Scott Warren Draper for the payment of the Accrued But Unpaid Continuance Allowance
Drygas, Beulah E	Lee B Drygas for the payment of the Accrued But Unpaid Continuance Allowance
Dubin, Shirley	Diane Aguirre for the payment of the Accrued But Unpaid Continuance Allowance

Fiering, Dorothy E	Elizabeth Fiering Martinez for the payment of the Accrued But Unpaid Continuance Allowance
Figuerro, Albert K	Julianette Gruel for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Forrest, Robert A	Carol A Forrest for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Goldberg, Martin	David Goldberg for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance Scott Goldberg for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Goldstein, Andrew L	Kay Laura Behrens for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Golemb, Sherrill	Kristine Samii for the payment of the Burial Allowance Revocable Living Trust Of Sherrill Golemb for the payment of the Accrued But Unpaid Service Retirement Allowance
Gurrola, Leona M	Joann P Smith for the payment of the Accrued But Unpaid Continuance Allowance

Jackson, Ezell	Gloria D Jackson for the payment of the Accrued But Unpaid Service Retirement Allowance
Juatco, Manuel M	Luz C Juatco for the payment of the Accrued But Unpaid Service Retirement Allowance
Lang, Grace	Joanne Taylor for the payment of the Accrued But Unpaid Continuance Allowance
Lawson, Robert	Carol Keen Lawson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Lazerson, Jacob	Ronald S Lazerson for the payment of the Accrued But Unpaid Service Retirement Allowance
Lindenauer, Patricia Ann	Eric Lindenauer for the payment of the Accrued But Unpaid Continuance Allowance
Lutsey, Patricia A.	Carol A Rayburn for the payment of the Accrued But Unpaid Continuance Allowance
Magdaleno, Juan Manuel	Rosa Esteida Magdaleno for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Mc Connachie, George H	Crystle Ann Valdez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Miller, Gerald F	Joseph A Miller for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Mills, Robert A	Marvin Mills for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nevins, Katherine M	Michelle Ramage for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Nichols, Lewis R	Judith Jade Wong-Nichols for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Painter, Elaine E	Daniel Lee Painter for the payment of the Accrued But Unpaid Service Retirement Allowance
Palmer, C A	Tammalee T King Palmer for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Parra, Pete	Peter Parra for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Rangel, Laurencio P	Rafaela Rangel for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Riser, Callie	Emmett Deandre Riser for the payment of the Accrued But Unpaid Continuance Allowance
Rosales, Gloria S	Alice M Rosales for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance Cecilia Alcantar for the payment of the Accrued But Unpaid Service Retirement Allowance
Sanchez, Bernard Lloyd	Rebecca T Sanchez for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Shaw, James Arthur	Bonnie S Shaw for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sims, James	Olivia A Sims for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sprenger, Sharon Mcanally	George L Sprenger for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Stallworth, J F	James M Stallworth for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Stinson, Dwayne A	Yvonne Sida for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sullivan, John Michael	Kim Diane Smick for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Thomas, William D	Joanne Thomas for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Travis, Mae E	Michael T Travis for the payment of the Accrued But Unpaid Disability Continuance Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM VII-A

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

Beneficiary/Payee

TIER 1

Active

Burcelis, Jessie Lee
(Deceased Active)

Jason Randolph Burcelis for the payment of the
Accumulated Contributions

Crenshaw, Thomas O
(Deceased Active)

Amari Crenshaw for the payment of the
Accumulated Contributions

Epori Crenshaw for the payment of the
Accumulated Contributions

Lyles, Jenai Kristin
(Deceased Active)

Loi K English, Guardian for the minor child for the payment of the
Accumulated Contributions
Limited Pension

TIER 3

Active

Mendoza, John-Michael
(Deceased Active)

Nancy Mendoza for the payment of the
Disability Retirement Survivorship Allowance

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.

**LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
 NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

The Board’s Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment-related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Anthem	Medical HMO & PPO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Kaiser	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
SCAN	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
United Healthcare	Medical HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Delta Dental	Dental PPO and HMO	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Anthem Blue View Vision	Vision Services Contract	January 1, 2023	December 31, 2023	Health, Wellness, & Buyback
The Foundation for Senior Services	Senior Educational Seminar & Activity Services	June 1, 2023	December 31, 2023	Health, Wellness, & Buyback
Axiom Investors LLC	Active Growth Non-U.S. Emerging Markets Equities	January 1, 2022	December 31, 2022	Investments
BlackRock Institutional Trust Company, N.A.	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
RhumbLine Advisers Limited Partnership	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
State Street Global Advisors Trust Company	Multi Passive Index Portfolio Management	November 1, 2022	October 31, 2027	Investments
Principal Global Investors, LLC	Active U.S. Mid Cap Core Equities	July 1, 2014	June 30, 2023	Investments
Dimensional Fund Advisors, LP	Active Non-U.S. Equities Emerging Markets Value	July 1, 2014	June 30, 2023	Investments
Copeland Capital Management, LLC	Active U.S. Small Cap Core Equities	August 1, 2020	July 31, 2023	Investments
Segall Bryant & Hamill, LLC	Active U.S. Small Cap Value Equities	August 1, 2020	July 31, 2023	Investments
Granahan Investment Management, Inc.	Active U.S. Small Cap Growth Equities	August 1, 2020	July 31, 2023	Investments
Abel Noser, LLC	Investment Transition Management Services	N/A	N/A	Investments
Northern Trust Investments, Inc.	Investment Transition Management Services	N/A	N/A	Investments
Russell Investments Implementation Services, LLC	Investment Transition Management Services	N/A	N/A	Investments
Wasatch Advisors, Inc.	Active Emerging Markets Small Cap Equities	October 1, 2020	September 30, 2023	Investments
EAM Investors, LLC	Active U.S. Small Cap Growth Equities	September 1, 2020	August 31, 2023	Investments
Box, Inc.	Retirement Application Portal Custom Consulting Services	December 1, 2021	November 30, 2022	Systems
PensionX	Website Design, Maintenance, and Support Services	April 1, 2019	April 30, 2023	Systems
Seva, LLC	Knowledge Base Development	N/A	N/A	Retirement Services

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Medical Plans	Alignment Health Plan, Anthem Blue Cross, Blue Shield of California, Humana, Kaiser Foundation Health Plan, Inc., SCAN Health Plan, UnitedHealthcare Insurance Company	March 10, 2023	April 21, 2023	Health, Wellness, & Buyback
Board Governance Consulting Services		April 18, 2023	May 15, 2023	Administration



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: MAY 9, 2023
ITEM: VII – C

Neil M. Guglielmo

SUBJECT: 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING MARCH 31, 2023

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file this update report on the 977 N. Broadway Project and the attached presentation.

Executive Summary

Presented to the LACERS Board of Administration (“Board”) is the 977 N. Broadway Project Report for the Quarter Ending March 31, 2023. This is the third quarterly report issued since the Board approved the Fiscal Year 2022-23 Capital Budget and Operating Expense Budget for LACERS’ new Headquarters Building.

Discussion

The attached report provides detailed updates on the progress and status of the 977 N. Broadway Project.

Strategic Plan Impact Statement

Ownership in 977 North Broadway advances the Board Governance Goal and Organization Goal by being a cost-effective investment in the long-term as compared to leasing and provides LACERS with complete control over its administrative facilities adding to the organization’s efficiency, effectiveness, and resiliency.

Prepared By: Horacio Arroyo, Senior Management Analyst

NMG/TB:ha

Attachments: 1. 977 N. Broadway Project Report for the Quarter Ending March 31, 2023



BOARD Meeting:
Item: VII – C
Attachment 1

977 N. BROADWAY PROJECT REPORT FOR QUARTER ENDING MARCH 31, 2023

For Los Angeles City Employees' Retirement System



TABLE OF CONTENTS

- Executive Summary
- Capital Project Summary
- Ongoing Items
- Project Timeline
- Financial Overview



EXECUTIVE SUMMARY

LACERS has officially moved to 977 N. Broadway after receiving temporary occupancy status. While most of the construction-related scopes have been completed, LACERS continues to work closely with consultants on the remaining items for furniture, A/V, and security scopes.

Project Timeline

- ❖ LACERS completed our initial move from LA Times to 977 N. Broadway on December 22, 2022.
- ❖ The second and final move occurred on March 3, 2023.
- ❖ In mid-March, the LA Times suite was decommissioned and surrendered back to Onni Property Management.
- ❖ Final closeout for the LA Times space is expected to occur mid-May upon LACERS receiving the security deposit.

Budget

- ❖ LACERS has spent 94.00% of the capital budget for the 977 N. Broadway Project.
- ❖ Ongoing efforts to mitigate the effects of supply-chain disruption on budget and project schedule.

Completed Milestones

- ❖ Façade/Enclosure/Abatement construction
- ❖ Seismic strengthening construction
- ❖ IT infrastructure migration
- ❖ FitWel Certification application approved for 2 stars
- ❖ Office Furniture has been delivered and installed
- ❖ Transitioned all LACERS assets and operations to 977 N. Broadway



CAPITAL PROJECT SUMMARY



Cost Control

- ❖ Regular communications with contractors, vendors, manufacturers, and suppliers to prepare and mitigate supply-chain disruptions and cost increases.
- ❖ Change orders due to permitting and lead time delays in the project, modifications required after the tenant improvement work, and scope changes were reviewed to ensure the expense was justified and tracked.
- ❖ Began closing out line items associated with completed contracted scopes; consolidating funds and reappropriating to remaining work being performed.

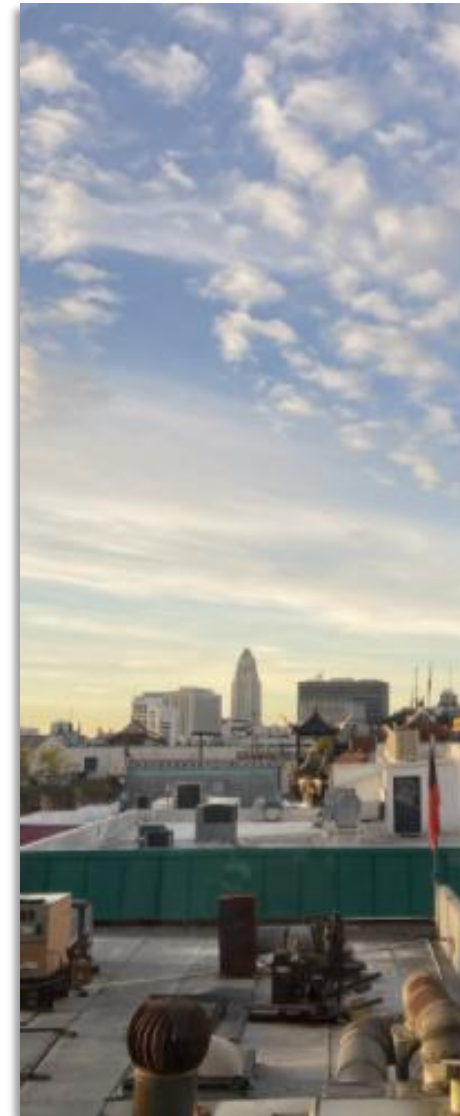
Permitting

- ❖ Permit applications approved by LADBS

All Floors packages
Mechanical
Plumbing
Diesel Generator
Electrical

HVAC
Parking Spaces
Fall Arrest Anchorage
Security Gate/Fence
Structural work for Nat Gas Generator

- ❖ SCAQMD Permit to operate new backup diesel generator – Approved
- ❖ LAFD Temporary Certificate of Occupancy - Approved



CAPITAL PROJECT SUMMARY

Construction Achievements

- ❖ Seismic reinforcement work has been completed.
- ❖ Façade/Enclosure/Abatement work has been completed.
- ❖ Roof replacement work has been completed.
- ❖ Parking Garage paint/restriping has been completed.
- ❖ New diesel generator with a 50-gallon tank and new fuel lines has been installed.
- ❖ Tenant Improvement work has been completed.
- ❖ Majority of furniture delivery and installation is complete.

Technology Milestones

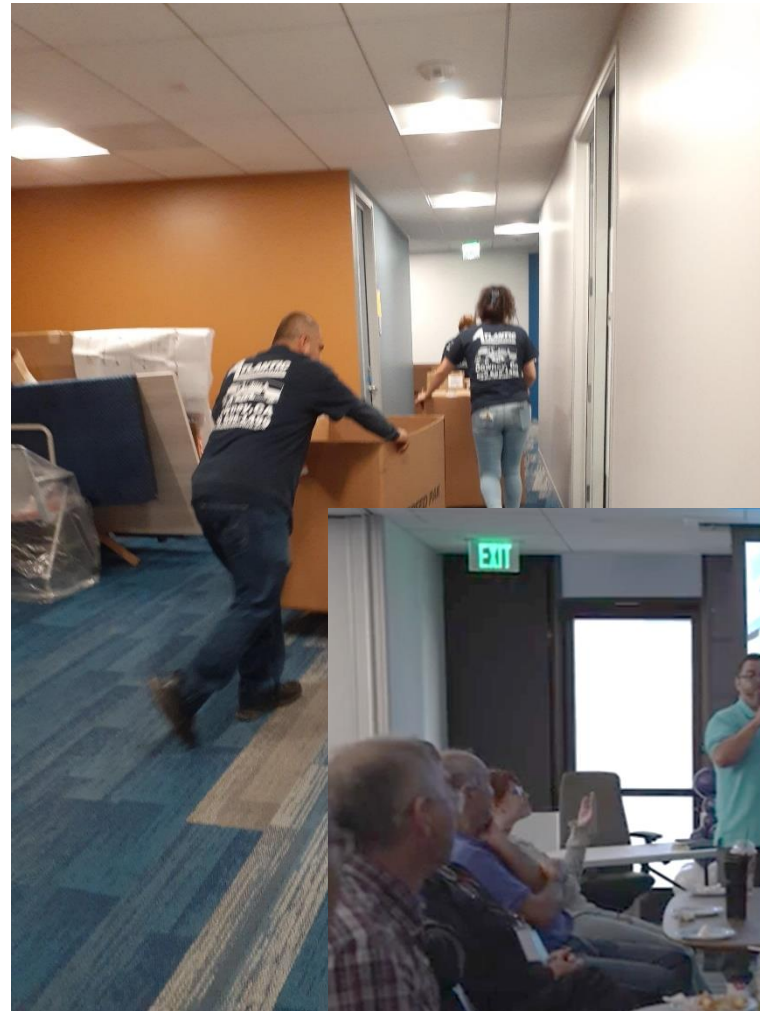
- ❖ **Security Equipment Installed** – Security cameras has been installed and configured. Panic button and Counseling Room camera installation has been completed in coordination with ITA.
- ❖ **AV Equipment Installation** – A/V equipment has been installed in all meeting rooms. Installation includes conference room monitors, video conferencing equipment, microphones, paging speakers, and mass communication equipment. Full functionality is still being configured.
- ❖ **Information Technology Migration** – The 977-server room has been turned over to LACERS Systems team.
- ❖ **Network Equipment Procurement** – The new headquarters has been equipped with the latest, best-of-breed, network appliances inclusive of routers, firewalls, switches, wireless access points, and security devices.



CAPITAL PROJECT SUMMARY

HQ Move Complete

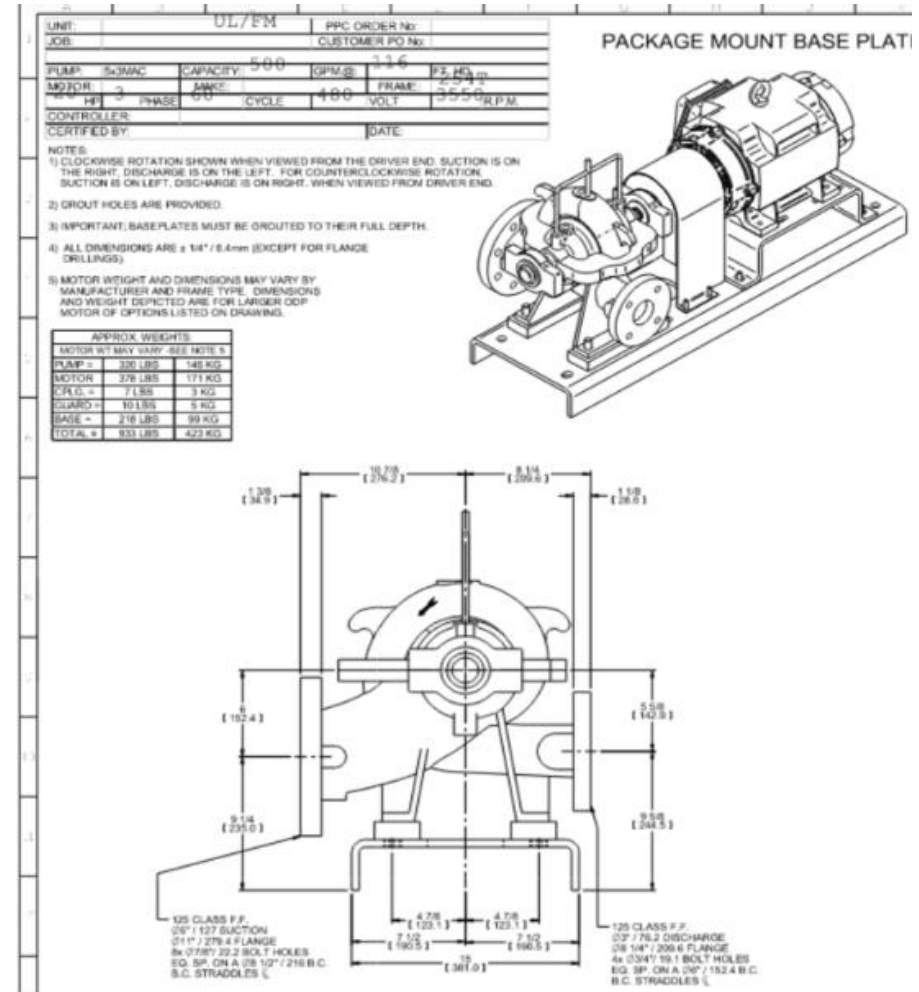
- ❖ On March 3, 2023, LACERS completed the second and final move from LA Times to 977 N. Broadway.
- ❖ LACERS subsequently began decommissioning the former suite at LA Times.
- ❖ The decommissioning scope lasted less than two weeks and the leased space was officially surrendered to Onni Property Management by March 31, 2023, per the lease agreement.
- ❖ Administration conducted a week-long Staff Welcome Orientation from March 7-9, 2023.
- ❖ Since our relocation, Administration has worked closely with Systems and Property Management to address issues as reported by LACERS staff and identified by LACERS Administration and Property Management.
- ❖ Since officially relocating to 977 N. Broadway, over 231 facility-related issues have been addressed.



CAPITAL PROJECT SUMMARY

Fire Pump Inspection Delays

- ❖ LACERS worked diligently with LAFD to address a Notice of Violations for Reg IV Non-compliance that has prevented LACERS from securing full Certificate of Occupancy.
- ❖ ARC Engineering, the General Contractor, and Electrical subcontractors successfully designed a permanent solution to address LADBS and LAFD's concerns.
- ❖ Coordinating efforts are underway with LADBS and LADWP to implement the permanent electrical enhancement to the building's power supply.
- ❖ Following the implementation of the permanent electrical solution, LACERS can continue to proceed with final project sign offs.



ONGOING ITEMS

Administration continues to monitor the following ongoing items that remain to be fully implemented.

Furniture

- ❖ Several Haworth furniture pieces and finishes have a long lead time which will be delivered and installed over the coming weeks.
- ❖ Initial patio furniture installations have begun and will continue over the coming weeks.

Technology

- ❖ Due to a manufacturer defect with existing cards, new access cards were ordered with a 90-day lead time; a mobile access control alternative is being deployed.
- ❖ Several A/V components have been delayed by several months, limiting the functionality of the Board Room and Training Room requiring additional programming workarounds.
- ❖ The installation of new mass notification system is still being configured with consultants.
- ❖ Fully room scheduling functionality is still being configured.
- ❖ Installation of a parcel locker for mail delivery and tracking will be installed in the coming weeks.

Final Project Sign off

- ❖ LACERS is working diligently to address fire pump-related inspection concerns including the electrical remedy to the building's main power supply.
- ❖ Once addressed, LAFD and LADBS will begin final project sign offs.



ONGOING ITEMS

In addition, the following planned enhancements to building operations are underway:

Furniture

- ❖ Add furniture to common areas and workspaces requiring additional furniture.
- ❖ Invest in workstation cable management solutions.
- ❖ Expand the use of furniture in the reception area.
- ❖ Invest in shelving equipment for storage room locations.

Technology

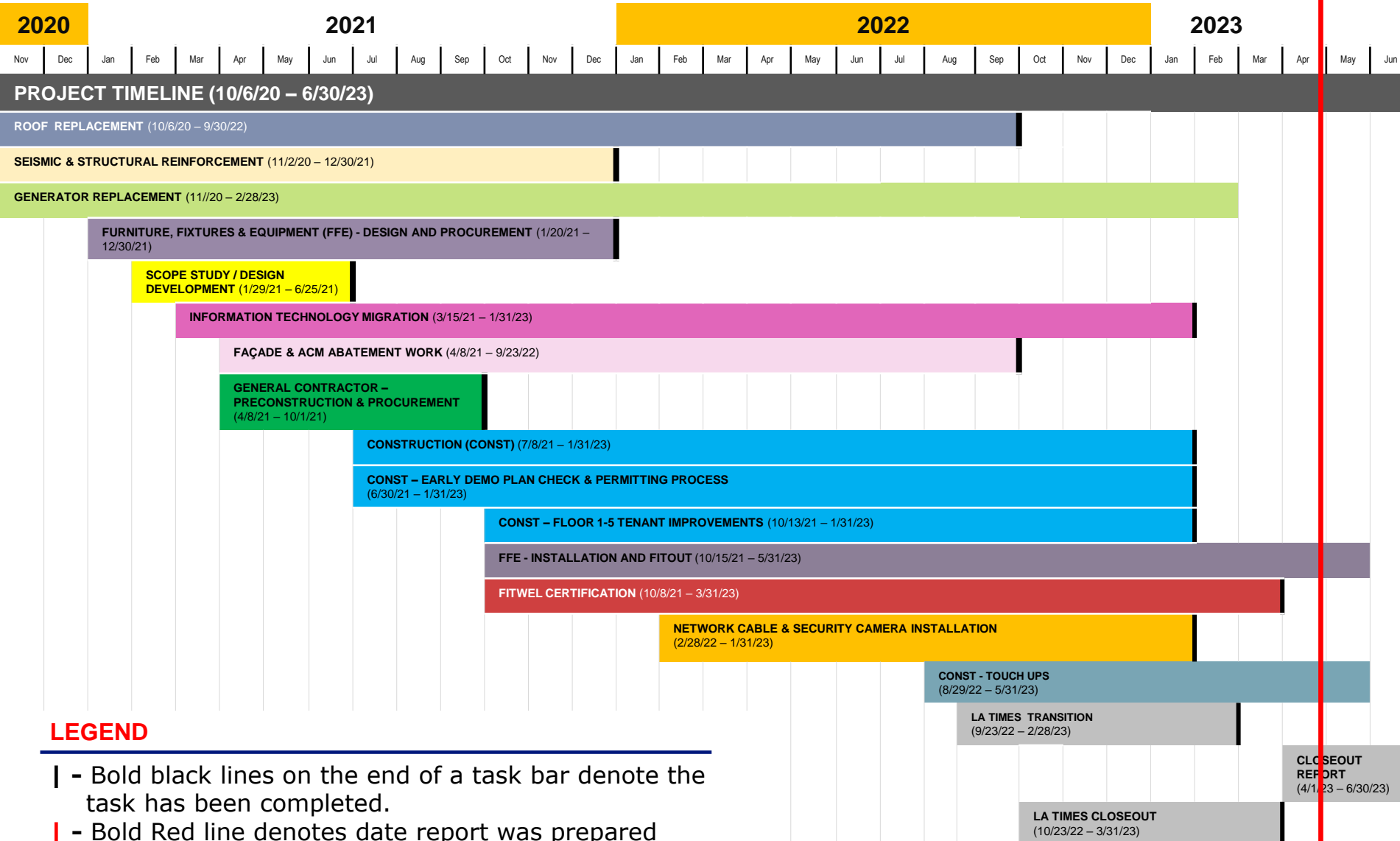
- ❖ Additional surveillance cameras and panic buttons to address blind spots.
- ❖ Improvements to Training and Board Room A/V experience.
- ❖ Provide additional video conferencing functionality.
- ❖ Implement asset-tracking technology for vital equipment.
- ❖ Deploy mobile access control solutions to all LACERS staff.

Facilities

- ❖ Improve building security by retrofitting doors with improved door-locking hardware.
- ❖ Deploy a mobile magnetometer for Board Meetings and as-needed events.



PROJECT TIMELINE



LEGEND

- |- Bold black lines on the end of a task bar denote the task has been completed.
- |- Bold Red line denotes date report was prepared

FINANCIAL OVERVIEW



FY 2022/23 Q3 Financial Status Report (January 2023 – March 2023)

Budget	Budgeted Amount	Actuals FYTD	% Budgeted Amount Expended FYTD	Budget Variance Comments
Operating	\$1,615,392	\$1,059,394	65.58%	
Capital	\$19,878,381	\$19,104,146	96.10%	
Capital Contingency ¹	\$100,000	\$134,705	134.70%	Additional contingency funds used to track LAFD inspection-related costs.
Total	\$21,593,773	\$20,298,245	94.00%	

NOTE: The data presented in this chart reflect expenses paid out through our Property Management Account.

¹: Expenses in excess of budget will be absorbed by the larger Capital Budget balance.

977 N BROADWAY



LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

202 W. FIRST STREET, SUITE 500
LOS ANGELES, CA 90012
(800) 779-8328 / RTT: (888) 349-3996
LACERS.ORG





LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: MAY 9, 2023
ITEM: VII - D

Neil M. Guglielmo

SUBJECT: NOTIFICATION OF CERTIFIED RESULTS OF THE EMPLOYEE-MEMBER OF THE BOARD OF ADMINISTRATION ELECTION FOR THE FIVE-YEAR TERM ENDING JUNE 30, 2028

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board receive and file the certified results of the Employee-Member of the Board of Administration Election for the five-year term ending June 30, 2028.

Discussion

On April 25, 2023, the Office of the City Clerk submitted the attached Letter of Certification of the results of the election on April 14, 2023. The results indicate that Elizabeth "Liz" Lee received 72.73% of the 1,456 votes cast. Arrangements will be made for the elected member, Elizabeth "Liz" Lee, to be officially sworn in.

Strategic Plan Impact Statement

The certified results of the Employee-Member of the Board of Administration Election meets LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

Attachment: 1. Letter of Certification from the Office of the City Clerk

HOLLY L. WOLCOTT
CITY CLERK

PETTY F. SANTOS
EXECUTIVE OFFICER

City of Los Angeles
CALIFORNIA



KAREN BASS
MAYOR

OFFICE OF THE
CITY CLERK

Election Division
Space 300
555 Ramirez Street
Los Angeles, CA 90012
(213) 978-0444
FAX: (213) 978-0376

JINNY PAK
DIVISION MANAGER

clerk.lacity.gov

April 25, 2023

Members of the Board of Administration
Los Angeles City Employees' Retirement System
977 N. Broadway
Los Angeles, CA 90012-1728

Board Mtg: 05/09/23
Item: VII-D
Attachment

Honorable Board Members:

Transmitted herewith are the certified results of votes cast in the Election for the Employee-Member of the Board of Administration of the Los Angeles City Employees' Retirement System (LACERS) held on April 14, 2023.

If you have any questions, please contact Javier Fontanilla or Victoria Gsell of the City Clerk at (213) 978-0444.

Sincerely,

Signed with ClerkSign

Apr 25, 2023 8:07AM



For Holly L. Wolcott
City Clerk

Attachments

STATE OF CALIFORNIA)
)
COUNTY OF LOS ANGELES) SS

I, HOLLY L. WOLCOTT, City Clerk of the City of Los Angeles, hereby certify to the Members of the Board of Administration that I have canvassed the returns for the Election for the Employee-Member of the Los Angeles Employees' Retirement System on April 14, 2023 and certify the attached canvass of returns to be a true, correct and complete canvass of the returns of said election.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my seal this 25th day of April 2023.

Sincerely,

Signed with ClerkSign



Apr 25, 2023 8:07AM



For HOLLY L. WOLCOTT
City Clerk

Attachment

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION**

**Election for the Employee-Member of the
Los Angeles City Employees' Retirement System (LACERS)**

Election Date - April 14, 2023

SUMMARY OF OFFICIAL TALLY RESULTS

CANDIDATE	VOTES CAST	PERCENT
ELIZABETH "LIZ" LEE (Incumbent)	1,059	72.73%
SUSAN LIEM	383	26.30%
NO VOTES	0	0.00%
OVER VOTES	11	0.76%
WRITE-IN CANDIDATES	3	0.21%
TOTAL BALLOTS CAST	1,456	

TOTAL BALLOTS MAILED	26,612
TOTAL BUSINESS REPLY MAIL (BRM) ENVELOPES RETURNED	1,488
TOTAL CHALLENGED	32
TOTAL BALLOTS CAST	1,456
VOTER TURNOUT	5.47%

Signed with ClerkSign



Jinny Pak, Division Manager
Election Division

04/25/2023

Date

**CITY OF LOS ANGELES
OFFICE OF THE CITY CLERK - ELECTION DIVISION**

**Election for the Employee-Member of the
Los Angeles City Employees' Retirement System (LACERS)**

Election Date - April 14, 2023

SUMMARY OF CHALLENGES

TYPES OF CHALLENGES UPON VERIFICATION/TALLY	QUANTITY
Ballot in business reply envelope without identification envelope	5
Identification envelope without any information	11
Identification Envelope without SSN	6
Name and SSN not on roster	4
Retired	3
Transferred to DWP	3
TOTAL	32

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

April 11, 2023

10:01 a.m.

PRESENT:	President:	Vacant
	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 – Vice President Lee asked if any persons wanted to make a general public comment to which there were two public comment cards submitted. Ruth Perry, with Retired Los Angeles City Employees, Inc., and Tom Moutes, with Protect LACERS, both made public comments supporting staff's recommendation for Item VIII-A.

II

ELECTION TO FILL UNEXPIRED TERM OF THE VACANT OFFICE OF THE BOARD PRESIDENT PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised that the nominations for Board President were being considered. Commissioner Sidley moved to wait on the vote for President until the new Commissioner is confirmed, seconded by Commissioner Huynh. Mr. Guglielmo called for the vote on the motion: Ayes, Commissioners Huynh and Sidley -2, Nays, Commissioners Chao, Sohn, Wilkinson, and Vice President Lee -4. The motion did not pass. Commissioner Sohn nominated Commissioner Chao and Commissioner Sidley nominated Vice President Lee. Mr. Guglielmo called for the vote on the nomination of Commissioner Chao as President: Ayes, Commissioners Chao, Sohn, and Wilkinson -3; Nays, Commissioners Huynh, Sidley, and Vice President Lee -3. The nomination for Commissioner Chao did not pass. Mr. Guglielmo called for the vote on the nomination of Vice President Lee as

President: Ayes, Commissioners Huynh, Sidley, and Vice President Lee -3; Nays, Commissioners Chao, Sohn, and Wilkinson -3. The nomination for Vice President Lee did not pass. This item will be continued to the next Board meeting.

III

IF VACANCY CREATED IN OFFICE OF THE VICE PRESIDENT BY BOARD ACTION ON AGENDA ITEM II, ELECTION TO FILL UNEXPIRED TERM OF BOARD VICE PRESIDENT, PURSUANT TO LOS ANGELES CITY CHARTER SECTION 503(A) AND POSSIBLE BOARD ACTION – No action was taken on this item and it will be continued to the next Board meeting.

Agenda Item X-A and X-B were taken out of order.

Vice President Lee recessed the Regular Meeting at 10:15 a.m. to convene in Closed Session discussion.

X

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JERRY PINEDA AND POSSIBLE BOARD ACTION**
- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JESSE RODRIGUEZ AND POSSIBLE BOARD ACTION (HEARING)**

Vice President Lee reconvened the Regular Meeting at 10:33 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Jerry Pineda and unanimously denied the service-connected disability retirement application of Jesse Rodriguez.

IV

BOARD PRESIDENT VERBAL REPORT – There was no report.

V

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
 - LACERS HQ updates
 - Over 100 public comments submitted via email supporting staff’s recommendation of Item VIII-A on the April 11, 2023, Board agenda
 - General updates
 - Retirement Services updates
 - Health Benefits Administration updates

- Communications and Stakeholder Relations updates
- Upcoming events

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

- Governance Committee 4/25/23 – Continuation of the Triennial Board Policy Review
- Presentation of the Actuarial Cost Study on reimbursement of Medicare Part B Premiums and IRMAAs – date to be determined

VI

RECEIVE AND FILE ITEMS

A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

B. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

VII

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

CONSENT ITEM(S)

A. APPROVAL OF MINUTES FOR THE MEETING OF MARCH 14, 2023 AND POSSIBLE BOARD ACTION

VIII

BOARD/DEPARTMENT ADMINISTRATION

A. COST-OF-LIVING ADJUSTMENTS FOR JULY 2023 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, provided the Board with a brief summary for this item. After a discussion with the staff and Commissioners, Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, Vice President Lee -6; 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 \$21.285 billion as of April 10, 2023. Mr. June discussed the following items:

- Garcia Hamilton & Associates placed on watch on March 23, 2023
- China technology exposure is \$20,592,253 and primarily consists of public markets holdings
- Emerging Manager Networking Forum will be held on June 8, 2023 at LACERS
- Jessica Chumak was extended an Investment Officer position in the Investments Division
- Future Agenda Items: Several investment manager contracts

Mr. June shared that Russian exposure for LACERS stands at \$3,378,813.

B. PRESENTATION OF LACERS EMERGING MANAGERS PERFORMANCE FOR THE PERIOD ENDING DECEMBER 31, 2022 – Rod June, Chief Investment Officer, presented this item to the Board.

Agenda Item X-A and X-B were taken out of order.

XI

OTHER BUSINESS – Commissioner Chao requested they look at changing the Ad-Code that caps the annual COLA at 3%.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 25, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XIII

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 11:48 a.m.

Elizabeth Lee
Vice-President

Neil M. Guglielmo
Manager-Secretary



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guadlielmo, General Manager

Neil M. Guadlielmo

MEETING: MAY 9, 2023

ITEM: IX-A

SUBJECT: APPROVAL OF ONE-YEAR CONTRACT EXTENSION WITH PENSIONX FOR WEBSITE MAINTENANCE AND SUPPORT SERVICES AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a contract extension with PensionX (formerly Digital Deployment Inc.) for website maintenance and support services for LACERS.org, amending the contract term by one year, and increasing the contact amount by \$24,000, for a total contract term of five years and total contract amount not-to-exceed \$256,750.
2. Authorize the General Manager to negotiate and execute the final contract amendment.

Executive Summary

Amending the existing contract allows LACERS to continue providing uninterrupted web services to Members and continue paying the same Maintenance & Support Services cost for one additional year. This Amendment is the third amendment and extends the contract by one year, for a total of five years, and increases the contract amount by \$24,000, for a contract ceiling of \$256,750. This is the second extension of the original three-year agreement, with the prior amendment also being for one year and \$24,000.

Discussion

Following a competitive bid process, PensionX, then known as Digital Deployment, was awarded a three-year contract by the Board on March 12, 2019, to design the LACERS website. LACERS' new website infrastructure was completed in June 2019. However, maintenance and support services continue at a cost of \$2,000 per month. The renewal of the contract is necessary to receive uninterrupted website maintenance and support services, which only PensionX can provide.

A second contract amendment extending the term by one year and increasing the contract amount by \$24,000 was approved and executed in April 2022. This term has expired, and continuation of services is offered at the same level and cost.

This would be the third contract amendment for website maintenance and support services for LACERS.org, amending the contract term by one year, and increasing the contact amount by \$24,000, for a total contract term of five years and total contract amount not-to-exceed \$256,750.

Under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bid process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$182,536.

Strategic Plan Impact Statement

This request supports the LACERS Strategic Plan, Customer Service Goal, by providing ease of access to retirement information and resources.

Prepared By:

Jason Leung, Senior Systems Analyst, Administration Division

NMG/TB:jl

Attachment: Proposed Resolution – Contract Amendment with PensionX

CONTRACT AMENDMENT
WITH PENSIONX
FOR WEBSITE DESIGN AND SUPPORT SERVICES

PROPOSED RESOLUTION

WHEREAS, on March 12, 2019, the Board approved contracting with PENSIONX (formerly DIGITAL DEPLOYMENT INC.) for website design and support services for the contract term beginning April 1, 2019, through April 30, 2022, not to exceed \$188,750;

WHEREAS, PensionX completed the website redesign in July 2019, and is the exclusive provider of website maintenance and support services to the websites it designs;

WHEREAS, on April 26, 2022, the contract between LACERS and PENSIONX was amended to increase the contract amount not-to-exceed \$232,750;

WHEREAS, it is LACERS' desire to continue providing ease of access to information and resources to its members, and as such, ongoing website maintenance and support services are required;

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to negotiate and execute a contract amendment subject to satisfactory business and legal terms; and to make any necessary clerical, typographical, or technical corrections to this document.

Company Name: PENSIONX (Formerly DIGITAL DEPLOYMENT INC.)

Service Provided: Website Design
Website Maintenance and Support

Term Dates: April 1, 2019, through April 30, 2024

Total Expenditure Authority: \$256,750



REPORT TO BOARD OF ADMINISTRATION

From: Investment Committee
Elizabeth Lee, Chair
Janna Sidley
Thuy Huynh

MEETING: MAY 9, 2023
ITEM: X - B

SUBJECT: APPROVAL OF 3-YEAR CONTRACT WITH WASATCH ADVISORS, INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Approve a three-year contract renewal with Wasatch Advisors Inc. (Wasatch) for management of an active emerging markets small cap equities portfolio.
2. Authorize the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Discussion

On April 11, 2023, the Committee considered the attached staff report (Attachment 1) recommending a three-year contract renewal with Wasatch. Wasatch has managed an active emerging markets small cap equities portfolio for LACERS since December 2020; the current contract expires on September 30, 2023. LACERS' portfolio was valued at approximately \$280 million as of March 31, 2023. Wasatch is in compliance with the LACERS Manager Monitoring Policy. Since inception, LACERS has paid Wasatch a total of \$4.4 million in investment fees.

Staff discussed the organization, investment strategy, performance, and fees. The Committee inquired about the strategy's underperformance relative to its benchmark since inception of LACERS' account in December 2020. Staff explained that rising interest rates and inflation negatively impacted Wasatch's growth portfolio, particularly within the technology sectors. In addition, the performance track record of LACERS' account is less than three years, which is an insufficient period of time to evaluate Wasatch's potential value-add. Following the discussion, the Committee concurred with the staff recommendation and directed staff to complete the scheduled onsite due diligence meeting at Wasatch's headquarters

prior to bringing this recommendation forth to the Board. Staff and NEPC conducted the onsite meeting with Wasatch on May 1, 2023 and found no adverse findings as a result of this meeting.

Strategic Plan Impact Statement

A contract renewal with Wasatch will allow the LACERS total portfolio to maintain a diversified exposure to the active emerging markets small cap equities markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's profile, strategy, performance, and management fee structure is consistent with Goal V (uphold good governance practices which affirm transparency, accountability, and fiduciary duty).

Prepared By: Ellen Chen, ESG Risk Officer, Investment Officer II, Investment Division

NMG/RJ/BF/EC:rm

Attachments: 1. Investment Committee Recommendation Report dated April 11, 2023
 2. Proposed Resolution



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO INVESTMENT COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: APRIL 11, 2023
ITEM: IV

SUBJECT: INVESTMENT MANAGER CONTRACT WITH WASATCH ADVISORS INC. D/B/A WASATCH GLOBAL INVESTORS REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKETS SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE COMMITTEE ACTION

ACTION: **CLOSED:** **CONSENT:** **RECEIVE & FILE:**

Recommendation

That the Committee recommend to the Board a three-year contract renewal with Wasatch Advisors Inc. for management of an active emerging markets small cap equities portfolio.

Executive Summary

Wasatch Advisors Inc. (Wasatch) has managed an active emerging markets small cap equities portfolio for LACERS since October 2020. LACERS' portfolio was valued at \$280 million as of February 28, 2023. Wasatch is in compliance with the LACERS Manager Monitoring Policy. Staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, recommend a three-year contract renewal.

Discussion

Background

Wasatch manages an active emerging markets small cap equities portfolio for LACERS benchmarked against the MSCI Emerging Markets (EM) Small Cap Index. Wasatch employs a team-based, bottom-up research approach seeking companies with high returns on capital, exceptional management teams, sustainable competitive advantages, and reasonable valuations. The portfolio is managed by a team of portfolio managers including Ajay Krishnan, CFA (28 years of experience), Dan Chace, CFA (24 years of experience), Scott Thomas, CFA, CPA (17 years of experience), Anh Hoang, CFA (10 years of experience), and Kevin Unger, CFA (10 years of experience). LACERS' portfolio was valued at \$280 million as of February 28, 2023.

The Board hired Wasatch through the 2020 Active Emerging Market Small Cap Equities Mandate investment manager search process and authorized a three-year contract on July 28, 2020; the contract became effective on October 1, 2020. The current contract expires on June 30, 2023. Representatives of Wasatch most recently presented a portfolio review to the Investment Committee on February 14, 2023.

Organization

Wasatch is an investment management firm located in Salt Lake City, Utah. The firm is 100% employee-owned and has over 91 employees, with 34 investment professionals. As of December 31, 2022, the firm managed over \$22.4 billion in total assets with over \$1.7 billion in the Emerging Markets Small Cap strategy.

Due Diligence

Staff conducts routine due diligence of the manager; since inception of the contract, quarterly due diligence meetings have been conducted virtually. Based upon these due diligence activities, as well as staff's and NEPC's continuous monitoring, Wasatch's organization, investment philosophy, strategy, and process have not changed materially over the contract period. The next comprehensive onsite due diligence visit to Wasatch's headquarters is currently being planned for the second calendar quarter of 2023.

Performance

As of February 28, 2023, Wasatch has underperformed the benchmark over all periods since inception periods, as presented in the table below.

Annualized Performance as of 2/28/23 (Net-of-Fees)				
	3-Month	1-Year	2-Year	Since Inception 12/30/20
Wasatch	1.32	-18.91	-8.35	-5.30
MSCI EM Small Cap Net	1.84	-9.48	-2.80	0.12
<i>% of Excess Return</i>	<i>-0.52</i>	<i>-9.43</i>	<i>-5.55</i>	<i>-5.42</i>

Most of Wasatch's underperformance came during the first half of 2022 as the Fed and global central banks raised interest rates, leading to underperformance in growth and technology stocks, in which Wasatch is meaningfully overweight relative to the benchmark. Significant underperformance in 2022 has more than offset the outperformance of LACERS' account prior to this period; at the beginning of 2022, the account had a since inception net of fee excess return of 2.65% (28.49% account return vs. 25.84% benchmark return). The companies currently held in the portfolio continue to post robust year-over-year revenue and earnings growth and Wasatch anticipates that this earnings growth will be rewarded over time, resulting in long term outperformance of the portfolio.

Wasatch is in compliance with the LACERS Manager Monitoring Policy; the short performance track record of the LACERS account does not provide adequate time to fully evaluate the effectiveness of the manager and strategy. Evaluating Wasatch's composite performance (performance of all accounts managed in the strategy) as presented in Attachment 1, Exhibit 1A, Wasatch has consistently outperformed over the 5-year, 7-year, 10-year, and since inception (October 2007) periods. Staff and NEPC recommend renewing Wasatch's contract for another three-year period and will continue to monitor the manager and strategy pursuant to the Policy.

Calendar year performance is presented in the table below as supplemental information.

Calendar Year Performance as of 12/31/22 (Net-of-Fees)			
	2022	2021	12/30/20- 12/31/20
Wasatch	-39.22	35.30	1.05
MSCI EM Small Cap Net	-18.02	18.75	0.09
<i>% of Excess Return</i>	<i>-21.20</i>	<i>16.55</i>	<i>0.96</i>

Fees

LACERS pays Wasatch an effective fee of 75 basis points (0.75%), which is approximately \$210,000 annually based on the value of LACERS' assets as of February 28, 2023. This fee ranks in the 13th percentile of fees charged by similar managers in the eVestment database (i.e., 87% of like-managers have higher fees). Since inception, LACERS has paid Wasatch a total of \$4.4 million in investment management fees as of December 31, 2022.

General Fund Consultant Opinion

NEPC concurs with this recommendation.

Strategic Plan Impact Statement

A contract renewal with Wasatch will allow the fund to maintain a diversified exposure to the active emerging markets small cap equities markets, which is expected to help optimize long-term risk adjusted investment returns (Goal IV). The discussion of the investment manager's organization, strategy, performance, and management fee structure aligns with the Strategic Plan Goal to uphold good governance practices that affirm transparency, accountability, and fiduciary duty (Goal V).

Prepared By: Ellen Chen, ESG Risk Officer, Investment Officer II, Investment Division

NMG/RJ/BF/EC:rm

Attachment: 1. Consultant Recommendation – NEPC, LLC



To: Los Angeles City Employees' Retirement System Investment Committee

From: NEPC, LLC

Date: April 11, 2023

Subject: Wasatch Global Investors - Contract Renewal

Recommendation

NEPC recommends Los Angeles City Employees' Retirement System (LACERS) renew the contract that is currently in place with Wasatch Global Investors ('Wasatch') for a period of three years from the date of contract expiry.

Background

Wasatch has been an investment manager for LACERS since December 30, 2020. As of December 31, 2022, Wasatch managed \$278.6 million, or 1.3% of Plan assets. The portfolio is benchmarked against the MSCI Emerging Markets Small Cap Index and has a performance objective of outperforming the benchmark, net of fees, annualized over a full market cycle (normally three-to-five years). The Wasatch portfolio is currently compliant with LACERS' manager monitoring policy.

Wasatch Global Investors was established in October 1975. The firm was formed to manage assets for clients in a style that relies on intensive, fundamental research of individual companies. The firm's research pointed to earnings growth as an essential indicator of future stock prices – a premise that remains the underlying core of Wasatch's investment culture. On January 1, 2023, Wasatch effected a corporate entity restructuring. Since its founding in 1975, Wasatch Advisors (d/b/a Wasatch Global Investors) has been a Utah corporation with Subchapter S tax status (S-Corp). To increase tax efficiency and flexibility in administering the employee equity program, the legal structure was converted to a Delaware limited partnership (Wasatch Advisors LP). Wasatch Advisors will continue to be registered with the U.S. Securities and Exchange Commission as an investment adviser and will continue to do business as Wasatch Global Investors.

As a result, Wasatch announced the addition of 17 new employee shareholders, bringing the total number of employee shareholders to 49. The new shareholders are employees from departments across the firm, including Investment Research, Operations, Compliance, Marketing and Sales. The new equity grants are intended to reward employees who have meaningfully contributed to Wasatch's success and ensure the firm will remain 100% employee-owned. Resulting from the new equity distribution, more than half of all employees at Wasatch are owners of the firm. All previous shareholders of the firm remain equity owners. As of December 31, 2022, Wasatch had \$22.35 billion in assets under management.

Wasatch believes in independent research, and they generate 90% of their research internally through bottom up fundamental work (company visits, channel checking, building proprietary earnings models and valuation metrics etc.). The Emerging Markets Small Cap portfolios source ideas from internal database as well as screening using their front-end multi-factor scoring model which narrows the universe down to top 10% quality roughly. The team further utilizes single

company Dupont model for quant screening. Even though sector and country weights are driven by bottom- up stock views, the team routinely evaluates country risk scores particularly for larger weight and overweight countries. Currency risk is also incorporated in their risk management framework. The Emerging Markets strategy does not hold over 5% of the float for any of the portfolio's securities. Wasatch has a policy of not owning more than 15% of a company across all of the firm's portfolios without prior approval from the Audit Committee.

Ajay Krishnan is the lead portfolio manager on the strategy. The portfolio manager is supported by over 10 other portfolio managers and analysts across the firm under the "Multiple Eyes" structure at Wasatch. Analysts and portfolio managers are incentivized to contribute to other strategies across the platform since a significant portion of their compensation is tied to the firm's overall success. Portfolio managers at Wasatch also have primary analyst responsibilities. Additional resources at the firm include investigative journalists.

Performance

Referring to Exhibit 1, as of January 31, 2023, since the portfolio's inception date of January 1, 2021, the portfolio has underperformed its benchmark by 7.7%. Over the last year, ended January 31, 2023, the portfolio has underperformed its benchmark by 18.3%. Referring to Exhibit 1A, over longer periods of time, Wasatch has been a more consistent performer. Noting that this performance is taken from a composite of all of Wasatch's clients in the Emerging Markets Small Cap portfolio and is not based on LACERS account data. Over the last 10 years, the portfolio has outperformed the benchmark by 0.70%. Over the last seven years, the portfolio has outperformed by 1.2% and over the last five years the portfolio has outperformed 3.3%.

Referring to Exhibit 2, as of December 31, 2022, since inception the portfolio has underperformed its benchmark by 8.0% and ranked in the 90th percentile in its peer group of small cap growth managers. Over the past one-year, the portfolio underperformed its benchmark by 21.2% and ranked in the 100th percentile among peers.

Referring to Exhibit 3, since inception, the cumulative effect of underperformance in the strategy has been stark. The portfolio has experienced strong drawdowns in 2022 that have overcome the cumulative outperformance prior to this period. The strong underperformance is driven by the growth orientation in the portfolio and overweight positions in Information Technology, Financials and Industrials. The portfolio typically holds 50-80 names and their active approach is subject to periods of underperformance. Over longer periods of time, the firm has been able to add value over and above their benchmark.

Fees

The portfolio has an asset-based fee of 0.75% annually. This fee ranks in the 13th percentile among its peers in the eVestment Global Emerging Markets Small Cap Equity universe. In other words, 87% of the products included in the peer universe have a higher fee than the LACERS account.

Conclusion

Wasatch has underperformed its benchmark index quite strongly since January 1, 2021. While the performance of the portfolio is disappointing, the outcomes experienced over the last year are not outside of expectation given the portfolio growth orientation. NEPC recommends a contract renewal for a period of three years from the period of contract expiry.

The following tables provide specific performance information, net of fees referenced above.

Exhibit 1: Performance Comparison Net of Fees as of January 31, 2023

	Market Value (\$)	1 Month	FTYD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Wasatch Global Investors	278,621,004	6.5	5.8	-27.4			-6.2	21-Jan
MSCI Emerging Markets Small Cap (Net)		5.9	8.6	-9.1			1.5	
Over/Under		0.6	-2.8	-18.3			-7.7	

Exhibit 1A: Performance Comparison Net of Fees Wasatch Separately Managed Accounts Composite Net of Fees as of January 31, 2023

	3 Months	1 Year	3 Year	5 years	7 Years	10 Years	Since Inception 15.33 Years 10/2007 - 01/2023
Wasatch Global Investors	6.8	-26.6	5.0	4.4	8.7	4.2	5.4
MSCI EM Small Cap-ND	5.9	-9.1	8.6	1.1	7.5	3.5	2.4
Over/Under	0.9	-17.4	-3.6	3.3	1.2	0.7	3.0

Source: eVestment





Exhibit 2: Universe Performance Comparison Net of Fees Ending December 31, 2022

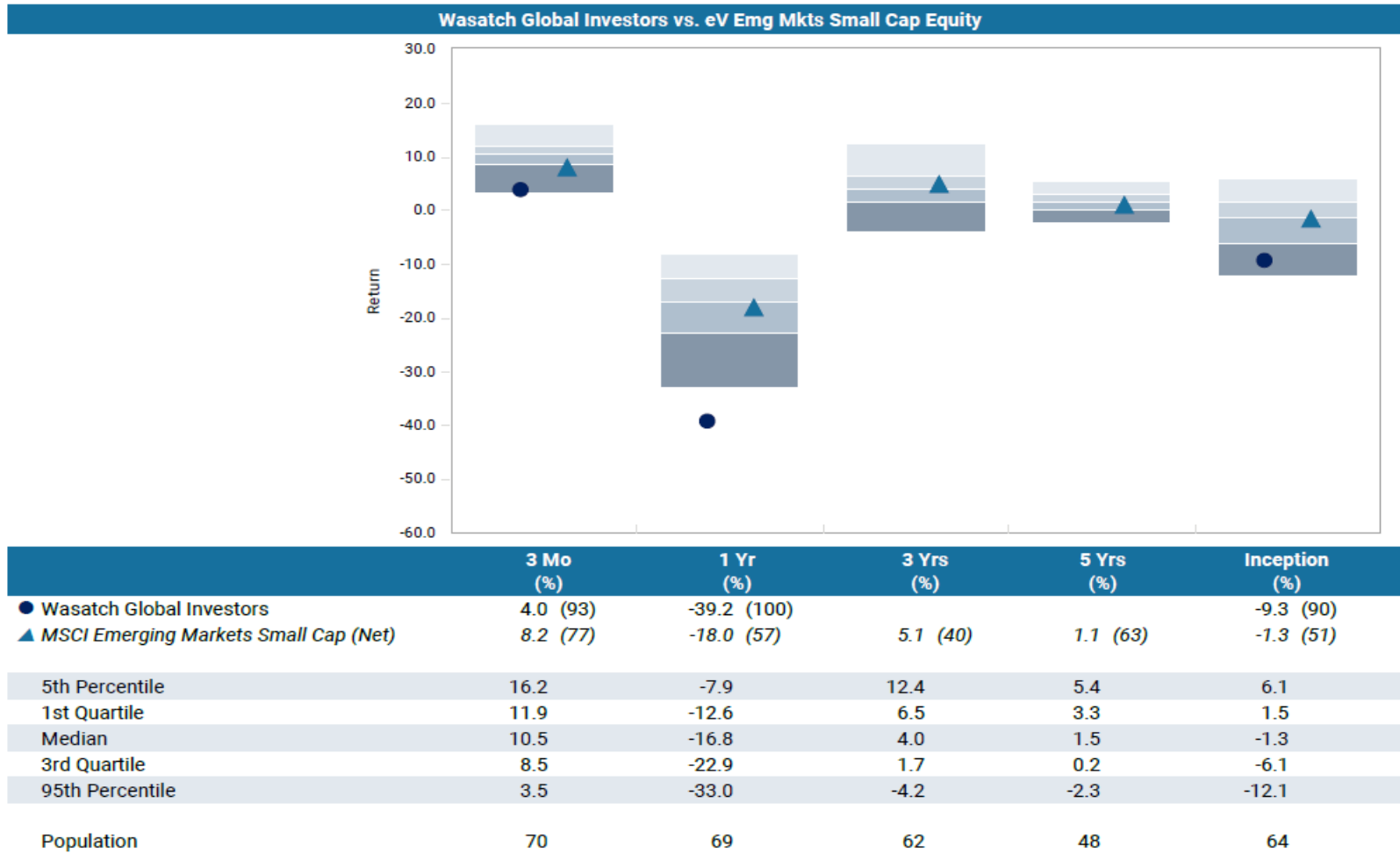
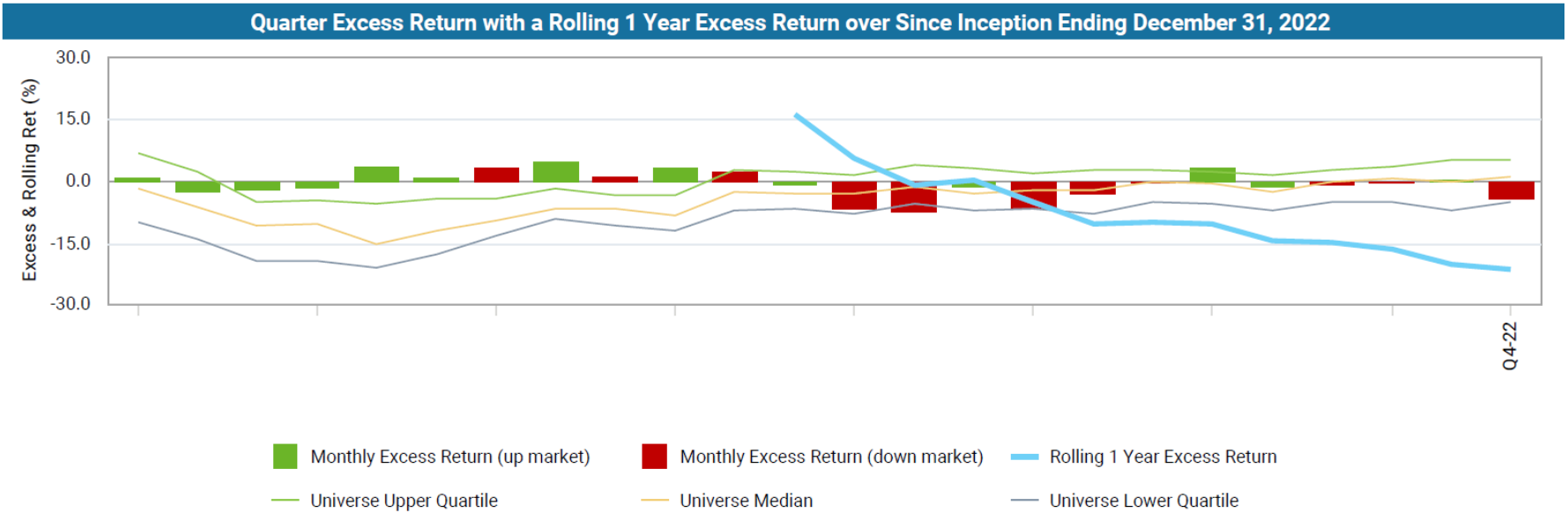


Exhibit 3: Cumulative Excess Performance Net of Fees Ending December 31, 2022



CONTRACT RENEWAL
WASATCH ADVISORS INC. D/B/A WASATCH GLOBAL INVESTORS
ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
PORTFOLIO MANAGEMENT

PROPOSED RESOLUTION

WHEREAS, LACERS' current three-year contract with Wasatch Advisors Inc. d/b/a Wasatch Global Investors (Wasatch) for active emerging markets small cap equities portfolio management expires on September 30, 2023; and,

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

WHEREAS, a contract renewal with Wasatch will allow the LACERS total portfolio to maintain a diversified exposure to emerging markets small cap equities; and,

WHEREAS, on May 9, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with Wasatch.

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>	Wasatch Advisors Inc. d/b/a Wasatch Global Investors
<u>Service Provided:</u>	Active Emerging Markets Small Cap Equities Portfolio Management
<u>Effective Dates:</u>	October 1, 2023 through September 30, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI Emerging Markets Small Cap Net Index
<u>Allocation as of March 31, 2023:</u>	\$280 million

May 9, 2023