

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

July 25, 2023

10:04 a.m.

PRESENT:	President:	Vacant
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Thuy Huynh Gaylord "Rusty" Roten 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 no public comment cards received.

II

BOARD PRESIDENT VERBAL REPORT – Vice President Lee thanked staff and the Commissioners for their support during her tenure as Acting President. Vice President Lee introduced newly appointed Commissioner Gaylord "Rusty" Roten.

III

BOARD ELECTION

A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised the nominations for Board President were being considered. Commissioner Sohn nominated Commissioner Chao and Commissioner Huynh nominated Vice President Lee. Mr. Guglielmo called for the vote on the nomination of

Commissioner Chao as President: Ayes, Commissioners Chao, Roten, Sidley, Sohn, and Wilkinson -5; Nays, Commissioner Huynh and Vice President Lee -2. Commissioner Chao did receive the majority vote and was elected as Board President for FY 2023-24. There was no vote taken for the second nomination as the first nomination received the majority vote.

Mr. Guglielmo next advised the nominations for Board Vice President were being considered. Commissioner Sidley nominated Vice President Lee and Commissioner Chao nominated Commissioner Sohn. Mr. Guglielmo called for the vote on the nomination of Vice President Lee as Vice President: Ayes, Commissioners Huynh, Sidley, and Vice President Lee -3; Nays, Commissioners Chao, Roten, Sohn, and Wilkinson -4. Vice President Lee did not receive the majority vote. Mr. Guglielmo called for the vote on the nomination of Commissioner Sohn as Vice President: Ayes, Commissioners Chao, Huynh, Roten, Sidley, Sohn, Wilkinson, and Vice President Lee -7; Nays, None. Commissioner Sohn did receive the majority vote and was elected as Board Vice President for FY 2023-24.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- IRMAA Outreach Campaign update
 - HQ updates
 - ERIP Liability Payments
 - Health Benefits Administration updates
 - Retirement Services Division updates
 - Communications and Stakeholder Relations updates
 - Upcoming events
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- August 8 Board and Benefits Administration Committee Meetings: 2024 Medical Plan Premium rates and Maximum Subsidy and Reimbursement Amounts
 - August and September Board Meetings: 977 N. Broadway Building Project FY 23/24 Supplemental Capital Budget, Retirement Services Division will present Understanding the Retirement Process and an overview of the new benefits being provided to Public Safety Officers within LACERS
- C. RECEIPT OF THE CITY’S CONTRIBUTION FOR FISCAL YEAR 2023-24 – JoAnn Peralta, Department Chief Accountant IV, presented this item to the Board.
- D. INTRODUCTION OF CITY ATTORNEY SUMMER LAW CLERKS – Anya Freedman, Assistant City Attorney, introduced the two Summer Law Clerks, Olivia McGovern and Hannah Taub. The clerks each provided a brief bio to the Board.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JUNE 2023 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 11, 2023 – Commissioner Lee stated that Loomis, Sayles & Company and Garcia Hamilton & Associates made presentations to the Committee. The Committee also approved the contract with Barrow, Hanley, MeWhinney & Strauss.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 25, 2023 – Commissioner Wilkinson stated the Committee approved the Board Rules Related to Member and Benefits Administration, proposed change to Enhanced Disability Retirement Hearings, and proposed changes to Rating Schedule for Enhanced Disability Retirement Benefits.

VII

Commissioner Wilkinson moved approval of Consent Agenda Items VII-A and VII-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 JUNE 27, 2023 AND POSSIBLE BOARD ACTION
- B. GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION

SIGNATURE AUTHORITY FOR GENERAL MANAGER DESIGNEES

RESOLUTION 230725-A

WHEREAS, the Board may delegate authority to the necessary deputies, assistants, and employees of the department and define their duties under Los Angeles City Charter (LACC) Section 511(a); and,

WHEREAS, the General Manager is authorized under LACC Section 509 to administer the affairs of the department as its Chief Administrative Officer; and,

WHEREAS, the General Manager determines it is in the best interest of the department to ensure

department business is transacted expeditiously on occasions when they are absent or unable to act through the assignment of signature authorities over specific areas of expertise;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the signature authority resolution for the General Manager designees. If practicable, designees shall seek verbal concurrence from the General Manager. Authority is assigned to the position, rather than the individual. This resolution shall be endorsed by the designees, and should there be a change in personnel, a new endorsement certificate may be made and kept on file in the Board office; filed with any other necessary office of City government; or any agencies involved in processing LACERS' investment transactions and custodial responsibilities for the securities of LACERS. The proposed resolution will supersede any previously adopted resolutions related to General Manager Designee signature authority and is effective upon adoption.

1. Assistant General Manager(s) – for the approval of contracts in compliance with the contracting limitations established in the LACC; approval of expenditures; and approval of benefit payments and related transactions;
2. Chief Management Analyst of Administration Division (AD) – for the approval of contracts in compliance with the contracting limitations established in the LACC; for the approval of expenditures within the authorized AD budget, Performance Management Office budget, and the Actuarial program budget. The Chief Management Analyst may delegate to the Senior Management Analysts I and II in the Administrative Services Office the approval of expenditures within the established thresholds specified in the memorandum submitted to the Chief Accounting Employee of LACERS.
3. Chief Benefits Analyst of Health, Wellness, and Buyback Division (HWABD) – for the approval of retiree health and buyback-related benefits within the limits of Board Rule GMA-1; and approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the HWABD the approval of expenditures within the authorized HWABD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the Service Purchase Section the approval and execution of service purchase transactions including agreements with Members and certifications of service; and delegate to the Senior Benefits Analysts I and II in the Health Benefits Administration the signature authority for transactions related to the payment of approved retiree health benefits.
4. Chief Benefits Analyst of Retirement Services Division (RSD) – for the approval of retirement benefits authorized under Board Rule GMA-1; and approval of expenditures within the authorized RSD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the RSD the approval of expenditures within the authorized RSD budget.
5. Chief Benefits Analyst of Communications and Stakeholder Relations Division (CSRD) – for the approval of expenditures within the authorized CSRD budget. The Chief Benefits Analyst may further delegate to the Senior Benefits Analysts I and II in the CSRD the approval of expenditures within the established CSRD budget.
6. Information Systems Manager – for the approval of expenditures within the authorized Systems Division budget.

7. Chief Investment Officer or Investment Officer III – for the approval of investment transactions required within the scope of the contracts approved by the Board; and approval of expenditures within the authorized Investment Division budget.
8. Personnel Director or Senior Personnel Analyst II – for the approval of expenditures within the authorized Human Resources budget. The Personnel Director or Senior Personnel Analyst II may delegate to the Senior Personnel Analyst I in Human Resources Unit the approval of expenditures within the established Human Resources budget.
9. Departmental Audit Manager – for the approval of expenditures within the authorized Internal Audit budget.
10. Member Stewardship Section (MSS) Manager or Senior Benefits Analyst II – comprised of Active Member Accounts (AMA) and the Member Processing Unit (MPU) – for the approval of expenditures within the authorized budget. The MSS Senior Benefits Analyst II may further delegate to the Senior Benefits Analysts I the approval of expenditures within the established MSS budget.
11. Systems Operations Support Manager (SOS) or Senior Benefits Analyst II – for the approval of expenditures within the authorized SOS budget. The SOS Manager or Senior Benefits Analyst II may delegate to the Senior Benefits Analyst I in the SOS section the approval of expenditures within the established SOS budget.

Endorsed: _____ Todd Bouey
Assistant General Manager

Endorsed: _____ Dale Wong-Nguyen
Assistant General Manager

Endorsed: _____ Ferralyn Sneed
Chief Benefits Analyst of Retirement Services Division

Endorsed: _____ Karen Freire
Chief Benefits Analyst of Health, Wellness, and Buyback Division

Endorsed: _____ Taneda Larios
Chief Benefits Analyst of Communications and Stakeholder Relations Division

Endorsed: _____ Rodney June
Chief Investment Officer

Endorsed: _____ Edwin Avanesian
Chief Management Analyst of Administration Division

Endorsed: _____ Melani Rejuso
Departmental Audit Manager

Endorsed: _____ Thomas Ma

Information System Manager II

- Endorsed: _____ Wilkin Ly
Investment Officer III
- Endorsed: _____ Delia Hernandez
Senior Benefits Analyst II
- Endorsed: _____ Audrey Dymally
Senior Benefits Analyst II
- Endorsed: _____ Edeliza Fang
Senior Benefits Analyst II
- Endorsed: _____ Margaret Drenk
Senior Benefits Analyst II
- Endorsed: _____ Heather Ramirez
Senior Benefits Analyst II
- Endorsed: _____ Lauren McCall
Senior Benefits Analyst II
- Endorsed: _____ Isaias Cantú
Senior Management Analyst II
- Endorsed: _____ Lin Lin
Personnel Director I
- Endorsed: _____ Brittany Cotton
Senior Benefits Analyst I
- Endorsed: _____ Ada Lok
Senior Benefits Analyst I
- Endorsed: _____ Glen Malabuyoc
Senior Benefits Analyst I
- Endorsed: _____ James Kawashima
Senior Benefits Analyst I
- Endorsed: _____ Lourdes Quintos
Senior Benefits Analyst I
- Endorsed: _____ Maricel Martin
Senior Benefits Analyst I
- Endorsed: _____ Tiffany Obembe
Senior Benefits Analyst I

Endorsed: _____ Brian Cha
Senior Benefits Analyst I

Endorsed: _____ Kevin Hirose
Senior Benefits Analyst I

Endorsed: _____ Sevan Simonian
Senior Benefits Analyst I

Endorsed: _____ Horacio Arroyo
Senior Management Analyst I

Endorsed: _____ John Koontz
Senior Management Analyst I

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.

VIII

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 \$22.67 billion as of July 24, 2023. Mr. June discussed the following items:
- Volatility Index at 13.94
 - PRI Board Director nominations and election will be discussed with the Board later in the year
 - Deborah Kidd of CFA Institute will provide ESG education later in the agenda
 - Future Agenda Items: Private Credit Education provided by Aksia, discussion of the PRI Action Plan and ESG Risk Framework, and Bank Custodian RFP
- Mr. June shared that Russian exposure for LACERS stands at \$2.83 million.
- B. PRESENTATION BY THE CFA INSTITUTE REGARDING ESG CONSIDERATIONS IN THE INVESTMENT PROCESS – Deborah Kidd, Director, with CFA Institute, presented and discussed this item with the Board for 30 minutes.
- C. APPROVAL OF 3-YEAR CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE HON-U.S. DEVELOPED MARKETS VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented this item to the Board. Vice President Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC**

**ACTIVE NON-U.S. DEVELOPED MARKETS VALUE EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 230725-B

WHEREAS LACERS' current three-year contract with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for active non-U.S. developed markets value equities portfolio management expires on September 30, 2023; and,

WHEREAS, a contract renewal with BHMS will allow the LACERS total portfolio to maintain a diversified exposure to non-U.S. developed markets value equities; and,

WHEREAS, on July 25, 2023, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with BHMS.

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>	Barrow, Hanley, Mewhinney & Strauss, LLC
<u>Service Provided:</u>	Active Non-U.S. Developed Markets Value Equities Portfolio Management
<u>Effective Dates:</u>	October 1, 2023 through September 30, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI EAFE VALUE ND Index
<u>Allocation as of May 31, 2023:</u>	\$551 million

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

President Chao recessed the Regular Meeting at 11:22 a.m. to convene in Closed Session.

**D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO
CONSIDER A COMMITMENT TO WATERTON RESIDENTIAL PROPERTY VENTURE XV,
L.P. AND POSSIBLE BOARD ACTION**

IX

DISABILITY RETIREMENT APPLICATION(S)

A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANTHONY INGRAM AND POSSIBLE BOARD ACTION

President Chao reconvened the Regular Meeting at 11:33 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Anthony Ingram.

X

OTHER BUSINESS – Commissioner Lee requested a staff report including City Attorney input regarding the use of City time by the Employee Member of the Board for Trustee Education.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 22, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 11:34 a.m.

Annie Chao



Neil M. Guglielmo
Manager-Secretary

Annie Chao
President