

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

April 25, 2023

10:03 a.m.

PRESENT:

President:

Vacant

Vice President:

Elizabeth Lee

Commissioners:

Arrived at 10:29 a.m.

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 was no public comment cards submitted.

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, Sidley, Sohn, Wilkinson, and Vice President Lee -5, Nays, None. The motion passed.

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.

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:

- Unofficial results for the Active Member Commissioner Election
- Information being prepared for insurance policy carriers for renewal of policies
- Contract with Experience Institute, Inc. approved by the Board executed
- RFQ for Board Governance Consulting Services launched
- HQ 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 – 05/09/23 – Continuation of the Triennial Board Policy Review
- Presentation of the Actuarial Cost Study on reimbursement of Medicare Part B Premiums and IRMAAs – Date TBD

Commissioner Chao arrived at the meeting at 10:29 a.m.

C. RECOGNITION OF SERVICE FOR PRESIDENT NILZA R. SERRANO – Commissioners and staff recognized Ms. Serrano for her service to LACERS. Ms. Serrano expressed her gratitude and support for LACERS and staff.

IV

RECEIVE AND FILE ITEMS

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

B. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON THE 95TH INTERNATIONAL ATLANTIC ECONOMIC CONFERENCE; ROME, ITALY; MARCH 22-25, 2023 – Commissioner Sohn provided the Board with an overview of his experience attending this conference. This report was received by the Board and filed.

- C. ANNUAL CONTRACTOR DISCLOSURE COMPLIANCE REPORT FOR THE YEAR ENDED DECEMBER 31, 2022 – This report was received by the Board and filed.
- D. 2023 OPEN ENROLLMENT CLOSEOUT REPORT - This report was received by the Board and filed.

Item II was revisited and taken out of order.

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 – When Commissioner Chao arrived at the meeting, Commissioner Sidley stated that she understood if the Board wished to reconsider her previous motion to postpone the Board Officer election until a new appointed Commissioner is confirmed. Assistant City Attorney Anya Freedman stated that because a majority of the Board previously voted to approve the earlier motion to postpone the Board Officer election, a motion to reconsider that previous Board action was required. Commissioner Wilkinson moved to reconsider the Board’s previous action on this item, seconded by Commissioner Sohn.: Ayes, Commissioners Chao, Sohn, Wilkinson, and Vice President Lee -4; Nays, Commissioner Sidley and Huynh -2. The motion to reconsider passed. Mr. Guglielmo, advised that the nominations for Board President were being considered. 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, Commissioner Huynh, Sidley, and Vice President Lee -3. Commissioner Chao did not receive a majority vote. Mr. Guglielmo called for the vote on the nomination for Vice President Lee as President: Ayes, Commissioners Huynh, Sidley, and Vice President Lee -3; Nays, Commissioners Chao, Sohn, and Wilkinson -3. Vice President Lee did not receive a majority vote. The Board Officer election will be continued to the next Board meeting.

VII

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 11, 2023 – Commissioner Sidley reported that the Committee approved a contract with Wasatch Advisors, Inc. and EAM Investors, LLC.

VIII

Commissioner Wilkinson moved approval of Consent Agenda Item VIII-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 APRIL 11, 2023 AND POSSIBLE BOARD ACTION

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 \$21.46 billion as of April 24, 2023. Mr. June discussed the following items:

- Volatility Index at 18.5
- Axiom, LACERS Actively-managed Growth Non-US Emerging Markets manager, placed on watch on April 11, 2023 for performance reasons
- \$39 million in private market exposure to China technology
- CIO invited to speak on a panel at the Government Employees Pension Fund of South Africa (GEPF). Travel expenses will be absorbed by the GEPF
- Introduction of Jessica Chumak, newly hired Investment Officer I
- Future Agenda Items: Investment Manager Contract for Board consideration

Mr. June shared that Russian exposure for LACERS was 1.6 basis points and there were no material changes since March 24, 2023.

B. INVESTMENT MANAGER CONTRACT WITH EAM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Barbara Sandoval, Investment Officer II, presented this item to the Board. Commissioner Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
EAM INVESTORS, LLC
ACTIVE U.S. SMALL CAP GROWTH EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 230425-A

WHEREAS, LACERS' current three-year contract with EAM Investors, LLC (EAM) for active U.S. small cap growth equities portfolio management expires on July 31, 2023; and,

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

WHEREAS, a contract renewal with EAM will allow the LACERS total portfolio to maintain a diversified exposure to U.S. small cap equities; and,

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

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: EAM Investors, LLC

<u>Service Provided:</u>	Active U.S. Small Cap Growth Equities Portfolio Management
<u>Effective Dates:</u>	August 1, 2023 through July 31, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	Russell 2000 Growth Index
<u>Allocation as of February 28, 2023:</u>	\$86 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Huynh, Sidley, Sohn, Wilkinson, and Vice President Lee -6; Nays, None.

X

LEGAL/LITIGATION

- A. BOARD EDUCATION: FIDUCIARY DUTIES AND CORPORATE ENGAGEMENT – Julie Reiser, Suzanne Dugan, and Molly Bowen, counsel with Cohen Milstein, presented and discussed this education with the Commissioners.

Vice President Lee recessed the meeting for a break at 12:12 p.m. and convened the meeting at 12:16 p.m. Vice President Lee recessed the meeting at 12:17 p.m. to convene in Closed Session.

XI

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RUBEN MARQUEZ AND POSSIBLE BOARD ACTION**

Vice President Lee reconvened the meeting at 12:19 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Ruben Marquez.

XII

OTHER BUSINESS – There was no other business.

XIII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 9, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XIV

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 12:20 p.m.



Elizabeth Lee
Vice-President



Neil M. Guglielmo
Manager-Secretary