

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 July 26, 2022 meeting will be conducted via telephone and/or videoconferencing.

July 26, 2022

10:02 a.m.

PRESENT via Videoconferencing:	President:	Vacant
	Vice President:	Sung Won Sohn
	Commissioners:	Annie Chao Nilza R. Serrano Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Executive Assistant:	Ani Ghoukassian
	Manager-Secretary:	Neil M. Guglielmo
ABSENT:	Commissioners:	Elizabeth Lee Sandra Lee

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** – Vice President Sohn asked if any persons wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF JUNE 28, 2022 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – There was no report.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Update on Board appointments
 - Member and Staff Safety
 - Kaiser Data Breach
 - Strategic Plan Update
 - Update on LACERS HQ
 - Retirement Service Division updates
 - Health Benefits Administration updates
 - Member Services updates
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- August 9th Board and Benefits Administration Committee Meetings: Presentation of the Final Health Plan Renewal Report
 - August 9th Benefits Administration Committee Meeting: IRMAA Update
 - August 23rd Board and Benefits Administration Committee Meetings: Health Subsidy Report
- C. RECEIPT OF THE CITY'S CONTRIBUTION FOR FISCAL YEAR 2022-23 – Neil M. Guglielmo, General Manager, discussed this item with the Board.
- D. RECOGNITION OF SERVICE FOR KELLY DICKINSON – Neil M. Guglielmo, General Manager, recognized Ms. Dickinson's 35 years of City service and thanked her for her service.

V

RECEIVE AND FILE ITEMS

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

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETINGS ON JULY 12, 2022 AND JULY 14, 2022 – Vice President Sohn stated at the July 12th Meeting, the Committee approved the Semi-Finalists of the Transition Management Services RFP and the Unique Investment Opportunities Policy and listened to a presentation by Granahan Investment Management, Inc.

regarding the management of an Active U.S. Small Cap Growth Equities Portfolio. He also stated at the July 14th Meeting, the Committee conducted the Passive U.S., Non-U.S., and Global Index Strategies Semi-Finalist interviews and approved staff's recommendation for this item.

- B. AUDIT COMMITTEE VERBAL REPORT FOR THE MEETING ON JULY 19, 2022 – Vice President Sohn stated the Committee was presented with the PGOLD Vendor Assessment report and approved the findings.

Commissioner Serrano left the Regular Meeting at 10:31 a.m. As this caused a lack of a quorum, Vice President Sohn took Item X-A, a non-action item out of order.

Item X-A taken out of order

X

- 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 \$21.7 billion as of July 25, 2022. Mr. June discussed the following items:

- \$760 million of portfolio value came from the City Contribution
- Unaudited Performance for the Fiscal Year ending June 30, 2022, was -6.8571% on gross of fee basis, and -7.0081% on a net of fee basis
- LACERS Girls Who Invest intern Camille Wright
- Future Agenda items: PRI Action Plan and ESG Risk Framework Updates, Real Estate Notification

Mr. June stated the update on Russia holdings will be discussed later in the Board Agenda.

Commissioner Serrano returned to the Regular Meeting at 10:42 a.m. As this now made a quorum of the Board, Vice President Sohn took Item VII-A next.

VII

- A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION – Commissioner Serrano stated she would like to recuse herself from this item due to the absence of other Commissioners and left the meeting at 10:42 a.m. Vice President Sohn tabled Item VII-A to be presented at a future Board Meeting.

Commissioner Serrano rejoined the Regular Meeting at 10:50 a.m.

Vice President Sohn recessed the Regular Meeting at 10:52 a.m. to convene in Closed Session discussion.

VIII

CLOSED SESSION

- A. **CLOSED SESSION – PURSUANT TO GOVERNMENT CODE §54957(b)(1): GENERAL MANAGER 2021-22 PERFORMANCE EVALUATION REPORT AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO EQT EXETER INDUSTRIAL VALUE FUND VI. L.P. AND POSSIBLE BOARD ACTION**

Vice President Sohn reconvened the Regular Meeting at 11:20 a.m. and announced that Item VIII-A was tabled to be presented at a future Board Meeting.

IX

BOARD/DEPARTMENT ADMINISTRATION

- A. **CONSIDERATION OF 2022 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION – Vice President Sohn tabled this item to be presented at a future Board Meeting.**
- B. **CONSIDERATION OF GENERAL MANAGER'S COST OF LIVING ADJUSTMENT AND POSSIBLE BOARD ACTION – Vice President Sohn tabled this item to be presented at a future Board Meeting.**

X

INVESTMENTS

- B. **PRESENTATION BY AKSIA CA LLC AND DELOITTE & TOUCHE LLP REGARDING PRIVATE EQUITY PORTFOLIO VALUATION PROCESS – David Fann, Vice Chairman, with Aksia CA LLC, and Nate Bomberger, Senior Manager, with Deloitte & Touche LLP, presented and discussed this item with the Board for 30 minutes.**
- C. **FINALIST FIRMS OF THE PASSIVE U.S., NON-U.S., AND GLOBAL INDEX STRATEGIES INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, presented this item to the Board. Commissioner Serrano moved approval of the following Resolutions:**

**CONTRACT AWARD
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

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

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with BlackRock.

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: BlackRock Institutional Trust Company, N.A.

Service Provided: Multi Passive Index Portfolio Management

Effective Dates: September 1, 2022 through August 31, 2027

Duration: Five years

Strategies: Equity Index (S&P 500) Fund
Equity Index (S&P 500) Non-Lendable Fund
Russell 1000 Index Fund
Russell 1000 Index Non-Lendable Fund
Russell 1000 Growth Fund
Russell 1000 Growth Non-Lendable Fund
Russell 1000 Value Fund
Russell 1000 Value Non-Lendable Fund
Russell 2000 Index Fund
Russell 2000 Index Non-Lendable Fund
Russell 2000 Growth Fund
Russell 2000 Value Fund
BlackRock MSCI World ex-U.S. IMI Index Fund
BlackRock MSCI World ex-U.S. IMI Index Non-Lendable Fund
EAFE Equity Index Fund
BlackRock MSCI EAFE Equity Index Non-Lendable Fund
EAFE Equity Growth Index Fund
EAFE Equity Value Index Fund
BlackRock MSCI EAFE Small Cap Equity Index Fund
BlackRock MSCI EAFE Small Cap Equity Index Non-Lendable Fund
MSCI Emerging Markets Free Fund
Emerging Markets Index Non-Lendable Fund
Emerging Markets Small Cap Equity Index Fund
Emerging Markets Small Cap Equity Index Non-Lendable Fund
U.S. Debt Index (Bloomberg U.S. Aggregate Bond) Fund

U.S. Debt Index (Bloomberg U.S. Aggregate Bond)
Non-Lendable Fund
Bloomberg U.S. TIPS Index Fund
Bloomberg U.S. TIPS Non-Lendable Fund

**CONTRACT AWARD
RHUMLINE ADVISERS LIMITED PARTNERSHIP
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

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

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with RhumbLine.

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>	RhumbLine Advisers Limited Partnership
<u>Service Provided:</u>	Multi Passive Index Portfolio Management
<u>Effective Dates:</u>	September 1, 2022 through August 31, 2027
<u>Duration:</u>	Five years
<u>Strategies:</u>	S&P 500 Index (SMA) Russell 1000 Index (SMA) Russell 1000 Growth Index (SMA) Russell 1000 Value Index (SMA) Russell Mid Cap Index (SMA) Russell Mid Cap Growth Index (SMA) Russell Mid Cap Value Index (SMA)

S&P 400 Index (SMA)
S&P 400 Growth Index (SMA)
Russell 2000 Index (SMA)
Russell 2000 Growth Index (SMA)
Russell 2000 Value Index (SMA)
MSCI EAFE Index (SMA)
MSCI Emerging Markets Index (SMA)
Core Bond (Bloomberg U.S. Aggregate Bond) Index (SMA)

SMA = Separately Managed Account
NL CIT = Non-lending Commingled Investment Trust
SL CIT = Securities Lending Commingled Investment Trust

**CONTRACT AWARD
STATE STREET GLOBAL ADVISORS TRUST COMPANY
FOR MULTI PASSIVE INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 220726-B

WHEREAS, on August 24, 2021, the Board authorized a Request for Proposal for Passive U.S., Non-U.S., and Global Index Strategies Management; and,

WHEREAS, on February 8, 2022, the Investment Committee concurred with the recommendation from staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, to advance BlackRock Institutional Trust Company, N.A. (BlackRock); Mellon Investments Corporation; Northern Trust Investments, Inc.; RhumbLine Advisers Limited Partnership (RhumbLine); and State Street Global Advisors Trust Company (State Street) as semi-finalist candidates; and,

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

WHEREAS, based upon due diligence activities, staff and NEPC recommended BlackRock, RhumbLine, and State Street as qualified semi-finalists to be interviewed by the Investment Committee; and,

WHEREAS, on July 14, 2022, the Investment Committee interviewed BlackRock, RhumbLine, and State Street and subsequently recommended these three firms to the Board for consideration for hire; and,

WHEREAS, on July 26, 2022, the Board approved the Investment Committee's recommendation for a five-year contract with State Street.

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>	State Street Global Advisors Trust Company
<u>Service Provided:</u>	Multi Passive Index Portfolio Management
<u>Effective Dates:</u>	September 1, 2022 through August 31, 2027
<u>Duration:</u>	Five years

Strategies:

S&P 500 Index (SMA/NL CIT/SL CIT)
Russell 1000 Index (SMA/NL CIT/SL CIT)
Russell 1000 Growth Index (SMA/NL CIT/SL CIT)
Russell 1000 Value Index (SMA/NL CIT/SL CIT)
Russell MidCap (SMA)
S&P Mid Cap 400 (SMA/NL CIT/SL CIT)
Russell 2000 Index (SMA/NL CIT/SL CIT)
Russell 2000 Growth (SMA/NL CIT/SL CIT)
Russell 2000 Value (SMA/NL CIT/SL CIT)
MSCI World ex US IMI Index (SMA/NL CIT/SL CIT)
MSCI EAFE Index (SMA/NL CIT/SL CIT)
MSCI EAFE Small Cap Index (SMA/NL CIT/SL CIT)
MSCI Emerging Markets Index (SMA/NL CIT/SL CIT)
MSCI Emerging Markets Small Cap Index (SMA/NL CIT/SL CIT)
BB US Agg Bond Index (SMA/NL CIT/SL CIT)
BB U.S. TIPS Index (SMA/NL CIT/SL CIT)

SMA = Separately Managed Account

NL CIT = Non-lending Commingled Investment Trust

SL CIT = Securities Lending Commingled Investment Trust

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

Item X-E taken out of order.

- E. UNIQUE INVESTMENT OPPORTUNITIES POLICY AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III, and James Wang, Investment Officer I, presented and discussed this item with the Board for 20 minutes. After discussion, the Board directed staff to update the policy with the recommended changes and bring it back to the Board for review. No Board action was taken on this item.
- D. RESPONSE TO CITY CONTROLLER REGARDING RUSSIAN ASSET HOLDINGS AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, presented this item to the Board. Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Serrano, Wilkinson, and Vice President Sohn -4; Nays, None.

XI

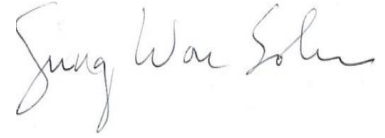
OTHER BUSINESS – Commissioner Serrano requested education on the Brown Act for the Board.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 9, 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.

XIII

ADJOURNMENT – There being no further business before the Board, Vice President Sohn adjourned the Meeting at 12:15 p.m.



Sung Won Sohn
Vice President



Neil M. Guglielmo
Manager-Secretary