

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 November 8, 2022 meeting will be conducted via telephone and/or videoconferencing.

November 8, 2022

10:00 a.m.

PRESENT via Videoconferencing:	President:	(left at 10:59 a.m.) Nilza R. Serrano
	Vice President:	Elizabeth Lee
	Commissioners:	Annie Chao Janna Sidley Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Anya Freedman
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Thuy Huynh

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD* – President Serrano asked if any persons wanted to make a general public comment to which there was no response.

II

BOARD PRESIDENT VERBAL REPORT – President Serrano reminded everyone to vote.

III

GENERAL MANAGER VERBAL REPORT

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

- Public Pensions Standards Award for Funding and Administration
- Smart City Showcase
- Update on LACERS HQ
- Update on Retirement Services Division
- Update on Health Benefits Administration
- Update on Member Services and Upcoming Events

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

- 977 N. Broadway Project Report for the Quarter Ending September 30, 2022

Items X-A and XI-A taken out of order

President Serrano recessed the Regular Meeting at 10:17 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 JONEL GOODMAN AND POSSIBLE BOARD ACTION**

XI

A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a),(d)(2), AND (e)(1), AND POSSIBLE BOARD ACTION**

President Serrano reconvened the Regular Meeting at 10:58 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Jonel Goodman.

President Serrano left the Regular Meeting at 10:59 a.m. and announced that Vice President Lee will Chair the remainder of the meeting.

IV

BOARD/DEPARTMENT ADMINISTRATION

A. PRESENTATION BY SEGAL CONSULTING OF THE ACTUARIAL VALUATIONS AS OF JUNE 30, 2022 AND PROPOSED CITY CONTRIBUTION RATES FOR FISCAL YEAR 2023-24 AND POSSIBLE BOARD ACTION – Todd Bouey, Executive Officer, introduced this item to the Board.

Paul Angelo, Actuary, and Andy Yeung, Actuary, with Segal Consulting, presented and discussed this item with the Board for 15 minutes. After discussion, Commissioner Sidley moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

- B. TRIENNIAL REVIEW OF BOARD GOVERNANCE AND ADMINISTRATIVE POLICIES AND POSSIBLE BOARD ACTION – John Koontz, Senior Management Analyst, presented and discussed this item with the Board for five minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.
- C. 977 N. BROADWAY BUILDING PROJECT FISCAL YEAR 2022-23 SUPPLEMENTAL OPERATING BUDGET REQUEST FOR SECURITY AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst, presented and discussed this item with the Board for 20 minutes. Commissioner Sidley moved approval of the following Resolution:

**977 N. BROADWAY BUILDING PROJECT
FISCAL YEAR 2022-23 SUPPLEMENTAL
SECURITY OPERATING BUDGET REQUEST**

RESOLUTION 221108-A

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (“Broadway Building”), Los Angeles California at the final negotiated purchase price of \$33,750,000; the property is a real estate asset of the LACERS Trust Fund, and the LACERS Board of Administration (Board) has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, on June 8, 2021, the Board adopted the 977 N. Broadway Project’s Capital Expense Budget of \$19,707,987, the Operating Budget of \$1,292,058, and Administrative Budget of \$415,396 for the purpose of completing tenant and owner improvements prior to move-in and LACERS occupying the building in Fiscal Year 2022-23;

WHEREAS, the Broadway Building is implementing improvements to enhance the security and safety of Members and staff at the HQ Building including surveillance cameras, access control, mass communication solutions, Fire and Life Safety devices, and on-site security guard services;

WHEREAS, at the request of the Board during the September 27, 2022 meeting of the Board, LACERS prepared security options for the deployment of magnetometers, armed security personnel, and costs associated with their deployment;

WHEREAS, the Broadway Building currently contracts an unarmed security guard tasked with both physical security of the building and the required 24-hour patrol of all areas of the building while the fire protection system is out of service, creating ongoing gaps in safeguarding the building perimeter, controlling access into the building, and deterring crime; and

WHEREAS, LACERS recommends increasing the Broadway Building’s Expense Budget by \$72,192 for two additional unarmed security guards to provide a continuous security presence at the entrance to the building and perform visitor vaccine verification in accordance with the Board Meeting Safety Standards from November 1, 2022 through June 30, 2023;

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

1. Consider and provide feedback or direction to staff on the enhanced security option(s) to pursue;
2. Approve the appropriation of \$72,192 to the Property Management – Operations expense budget in Fiscal Year 2022-23 for interim security personnel; and
3. Authorize the General Manager to correct any clerical or typographical errors in this document.

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

D. LACERS STAFF PARKING AND COMMUTER OPTIONS SURVEY REPORT AND POSSIBLE BOARD ACTION – Isaias Cantu, Chief Management Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Sidley moved approval of the following Resolution:

**LACERS STAFF PARKING AND COMMUTER OPTIONS SURVEY REPORT
AND POSSIBLE BOARD ACTION**

RESOLUTION 221108-B

WHEREAS, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (“Broadway Building”), Los Angeles California at the final negotiated purchase price of \$33,750,000; the property is a real estate asset of the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, the City of Los Angeles’ Special Memorandum of Understanding on City Employee Parking and Commute Options (“MOU”) memorializes the City’s right to collect parking fees from City employees who park in lots owned or leased by the City and the authorized amounts the City may charge for parking based on geographic location;

WHEREAS, by virtue of LACERS’ LA Times HQ being located within the MOU’s Downtown Los Angeles geographic area, LACERS staff who want to participate in the Parking Program administered by the Personnel Department’s Employee Benefits Division (“EBD”) are currently required to pay \$50.30 per month to park in lots immediately adjacent to City Offices or Covered Lots;

WHEREAS, LACERS will be moving its operations to the new HQ Building located at 977 N. Broadway which is located outside of the geographic areas established in the MOU;

WHEREAS, following consultation with City Attorney, staff have determined that the LACERS Board has the authority to determine whether or not it is prudent to charge full-time employees to park at the new HQ Building and, if it decides to do so, to set the monthly rate for full-time employee parking at the new HQ Building;

WHEREAS, when comparing the potential \$121,500 of income generated by a LACERS-centric parking program to the \$101,000 potential costs of administering the program, it becomes clear that program costs would significantly reduce the potential income from the program;

WHEREAS, the possibility of generating income could serve to offset operational expenses at the new HQ Building, the potential \$20,500 in surplus funds collected by LACERS from its employees would come with an administrative burden in excess of any financial benefit;

WHEREAS, LACERS proposes that complimentary parking would be an incentive that could not only help to retain LACERS staff but could also attract other City employees who work in and around the Civic Center;

WHEREAS, 107 LACERS employees are currently paying to park at the LA Times Building and the total potential parking demand at the new HQ Building is 179 according to responses collected through LACERS' 977 N. Broadway Employee Commute and Parking Survey leaving LACERS with a deficit of 69 parking spots; higher than the parking capacity at the HQ Building;

WHEREAS, the deficit of 69 parking spots could be mitigated by telecommuting and entering into a contract with a nearby parking lot in Chinatown for up to 30 parking spots at a monthly rate of \$75 per parking spot for an annualized cost of \$27,000 and \$500 in parking validations for daily rate parking, along with \$2,500 in contingency for minor overages;

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

- 1) Make a determination that onsite and adjacent parking for 977 N. Broadway, Los Angeles, CA 90012 will be complimentary to LACERS full-time staff;
- 2) Approve the appropriation of \$30,000 to the Property Management - Operations expense budget in Fiscal Year 2022-23 for expenses related to the rental of up to 30 parking spots annually and/or to pay for parking validations in the Chinatown area;
- 3) Authorize the General Manager to work with Cushman & Wakefield Property Management to rent up to 30 parking spots annually and enter into an agreement for validated parking in the Chinatown area; and,
- 4) Authorize the General Manager to negotiate and execute any contracts required to effectuate Recommendations 1 through 3.

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

V

RECEIVE AND FILE ITEMS

- A. ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.

- C. COMMISSIONER SOHN BOARD EDUCATION EVALUATION ON HARVARD BUSINESS SCHOOL – BEHAVIORAL ECONOMICS, VIRTUAL; OCTOBER 10-21, 2022 – This report was received by the Board and filed.
- D. COMMISSIONER LEE BOARD EDUCATION EVALUATION ON PENSION REAL ESTATE ASSOCIATION (PREA) 32ND ANNUAL INSTITUTIONAL INVESTOR CONFERENCE, WASHINGTON, D.C.; OCTOBER 19-21, 2022 – This report was received by the Board and filed.
- E. COMMISSIONER HUYNH BOARD EDUCATION EVALUATION ON INSTITUTIONAL INVESTOR – ESG AND SUSTAINABLE RETURNS FORUM 2022, NEW YORK, NY; OCTOBER 25-26, 2022 – This report was received by the Board and filed.
- F. COMMISSIONER SIDLEY BOARD EDUCATION EVALUATION ON CALIFORNIA ASSOCIATION OF PUBLIC RETIREMENT SYSTEMS (CALAPRS) TRUSTEES’ ROUNDTABLE, VIRTUAL; OCTOBER 28, 2022 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE SPECIAL MEETING ON NOVEMBER 3, 2022 – Vice President Lee stated the Committee conducted Transition Manager Semi-Finalist interviews.

VII

CONSENT AGENDA

Commissioner Sidley moved approval of Consent Agenda Items VII-A and VII-B, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Sidley, Sohn, Wilkinson, and Vice President Lee -5; Nays, None.

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 9, 2022 AND POSSIBLE BOARD ACTON
- B. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

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

RESOLUTION 221108-C

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

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

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

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

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

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

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

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

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

VIII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Bryan Fujita, Investment Officer III, reported on the portfolio value of \$20.35 billion as of November 7, 2022. Mr. Fujita discussed the following items:

- Axiom Investors, which manages an Emerging Markets Growth Equities strategy for LACERS was removed from “On Watch” status.
- Emerging Manager Symposium Virtual Event to be held on Wednesday, November 16, 2022.
- Today’s Agenda Items: Board to interview Thomas Martin, the proposed key person replacement at LACERS Private Equity Consultant, Aksia CA LLC and recommendation from staff regarding the 2022 Principles for Responsible Investment Board Annual Elections.

Mr. Fujita shared that the current Russian exposure for LACERS is 1.5 basis points.

IX

LEGAL/LITIGATION

A. UPDATE ON TELECONFERENCE OPTION FOR BOARD MEETINGS PURSUANT TO ASSEMBLY BILL 361 AND NEW ASSEMBLY BILL 2449 – Sheri Cheung, Deputy City Attorney, presented and discussed this item with the Board for 15 minutes.

XII

OTHER BUSINESS – There was no other business.

XIII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, November 22, 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.

XIV

ADJOURNMENT – There being no further business before the Board, Vice President Lee adjourned the Meeting at 12:26 p.m.



Elizabeth Lee
Vice-President



Neil M. Guglielmo
Manager-Secretary