

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 May 24, 2022 meeting will be conducted via telephone and/or videoconferencing.

May 24, 2022

10:00 a.m.

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|--------------------------------|----------------------|----------------------|
| PRESENT via Videoconferencing: | President: | Cynthia M. Ruiz |
| | Vice President: | Sung Won Sohn |
| | Commissioners: | Annie Chao |
| | | Elizabeth Lee |
| | | Sandra Lee |
| | | Nilza R. Serrano |
| | | Michael R. Wilkinson |
| | Legal Counselor: | Anya Freedman |
| | Manager-Secretary: | Neil M. Guglielmo |
| PRESENT at LACERS Office: | 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 – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there was one response. Mr. Ben Wolcott, member of the public and Senior Research Coordinator at United for Respect, stated the BC Partners' mismanagement at PetSmart is hurting the long-term value of the company and is hoping that LACERS will reach out to BC Partners and encourage them to meet with the committee of workers organizing with United for Respect.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF APRIL 26, 2022 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee

who noted a correction to page 4, Item VII-B, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn and President Ruiz -7; 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:

- Received a renewal quote on our Fiduciary Liability Side A Coverage Insurance
- LACERS met with LAFPP to discuss the cost sharing proposal of City Attorney expenses for FY 22-23
- LACERS conducted 3rd Quarter Safety Committee Meeting that was open to all staff
- LACERS conducted a kick-off meeting with the new Corporate Parking Garage operator – United Parking Service Inc.
- Update on LACERS HQ – 977 N. Broadway
- On June 16th LACERS will resume its annual meeting with Department Personnel Directors and Human Resources staff to provide education on the role employing departments play in the disability process and other relevant information
- Member Services statistics
- Cal State Los Angeles DEI projects
- Upcoming Events: Topical session on legal documents, Planning for Retirement and Retirement Application Portal demos, and various Wellness Events

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

- Benefits Administration Committee Meeting on June 28, 2022: Recommendation to award the Health Consultant contract and presentation by Keenan on the Health Management Dashboard

V

RECEIVE AND FILE ITEMS

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

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE MEETING VERBAL REPORT FOR THE MEETING ON MAY 10, 2022 – Vice President Sohn stated that the Committee approved the Real Estate Fiscal Year 2022-23 Strategic Plan, Investment Manager Contract with Lazard Asset Management LLC, Investment Manager Contract with State Street Global Advisors, and the Adaptive Asset Allocation Policy.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 24, 2022 – Commissioner Wilkinson stated that staff and consultants provided the Committee with an update on the Anthem Medicare Advantage Plan transition and the Health Plan Financial Dashboards.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. 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 – Commissioner Serrano moved approval of the following Resolution:

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

RESOLUTION 220524-A

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 or high levels of 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.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

- B. PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2022-23 AND POSSIBLE BOARD ACTION – Chhintana Kurimoto, Management Analyst, presented and discussed this item with the Board for 10 minutes. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.
- C. 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING MARCH 31, 2022 – Isaias Cantu, Chief Management Analyst, presented and discussed this item with the Board for 30 minutes.

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 \$21.48 billion as of May 23, 2022. Mr. June discussed the following items:
- Segall Bryant & Hamill, LLC was removed from the watch list on May 12, 2022
 - Chief Investment Officer will be attending the Hispanic Heritage Foundation Forum on June 8, 2022, and the GCM Grosvenor Consortium from June 14-15, 2022
 - Terry Ahern, CEO of the Townsend Group, is stepping down and transitioning his position to Anthony Frammartino
 - Pertaining to the Russian and Ukraine conflict update: LACERS continues to hold an approximate 3 basis point exposure equaling approximately \$6.5 million; Russian markets continue to be closed to foreign investors
 - Upcoming Agenda Items: Private Equity Portfolio Performance Review and the Private Real Estate Portfolio Performance Review, both for the period ending December 31, 2021
- B. REAL ESTATE FISCAL YEAR 2022-23 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

C. INVESTMENT MANAGER CONTRACT WITH LAZARD ASSET MANAGEMENT LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT EXTENSION
LAZARD ASSET MANAGEMENT LLC
ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS CORE
PORTFOLIO MANAGEMENT**

RESOLUTION 220524-C

WHEREAS, LACERS' current three-year contract with Lazard Asset Management LLC (Lazard) for active non-U.S. equities developed markets core portfolio management expires on September 30, 2022; and,

WHEREAS, Lazard was placed on "On Watch" status on August 27, 2021, for an initial one-year period expiring on August 26, 2022, for breaching the performance criteria of the LACERS Manager Monitoring Policy (based on performance as of June 30, 2021); and

WHEREAS, Lazard's performance has been in compliance with the Policy over the last three calendar quarters of the watch period; and,

WHEREAS, a contract extension will provide Lazard time to complete the watch period in consideration of Lazard's improving performance; and,

WHEREAS, on May 24, 2022 the Board approved the Investment Committee's recommendation for a one-year contract extension with Lazard.

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> | Lazard Asset Management LLC |
| <u>Service Provided:</u> | Active Non-U.S. Equities Developed Markets Core Portfolio Management |
| <u>Effective Dates:</u> | October 1, 2022 through September 30, 2023 |
| <u>Duration:</u> | One year |
| <u>Benchmark:</u> | MSCI EAFE Index |
| <u>Allocation as of April 30, 2022:</u> | \$ 538 million |

Which motion was seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

D. INVESTMENT MANAGER CONTRACT WITH STATE STREET GLOBAL ADVISORS REGARDING THE MANAGEMENT OF A PASSIVE GLOBAL INDEX STRATEGY AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT EXTENSION
STATE STREET GLOBAL ADVISORS
PASSIVE MSCI WORLD EX-U.S. IMI INDEX
PORTFOLIO MANAGEMENT**

RESOLUTION 220524-D

WHEREAS, LACERS' current five-year contract term with State Street Global Advisors (SSgA) for passive MSCI World ex-U.S. Investable Markets Index (IMI) portfolio management expires on June 30, 2022; and,

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

WHEREAS, a one-year contract extension with SSgA will allow the fund to maintain a diversified exposure to the non-U.S. equities markets while allowing time for the completion of the 2021-2022 U.S., Non-U.S., and Global Index Strategies investment management search; and,

WHEREAS, on May 24, 2022, the Board approved the Investment Committee's recommendation to approve a one-year contract extension with SSgA.

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 |
| <u>Service Provided:</u> | Passive MSCI World ex-U.S. IMI Index Portfolio Management |
| <u>Effective Dates:</u> | July 1, 2022 through June 30, 2023 |
| <u>Duration:</u> | One year |
| <u>Benchmark:</u> | MSCI World ex-U.S. IMI Index |
| <u>Allocation as of April 30, 2022:</u> | \$1.9 billion |

Which motion was seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

- E. ADAPTIVE ASSET ALLOCATION POLICY AND STATUS REPORT AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN LIGHTBAY INVESTMENT PARTNERS II, L.P. AND POSSIBLE BOARD ACTION – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$80 MILLION IN THOMA BRAVO FUND XV, L.P. – This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO \$45 MILLION IN THOMA BRAVO DISCOVER FUND IV, L.P. – This report was received by the Board and filed.
- I. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN HG SATURN 3 A L.P. – This report was received by the Board and filed.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN 1315 CAPITAL III, L.P. – This report was received by the Board and filed.
- K. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN FRANCISCO PARTNERS VII, L.P. – This report was received by the Board and filed.
- L. NOTIFICATION OF COMMITMENT OF UP TO \$17.5 MILLION IN FRANCISCO PARTNERS AGILITY III, L.P. – This report was received by the Board and filed.
- M. AUTHORIZATION FOR GENERAL MANAGER, CHIEF INVESTMENT OFFICER, OR THEIR DESIGNEE(S) TO ACT ON BEHALF OF LACERS AT INSTITUTIONAL LIMITED PARTNERSHIPS ASSOCIATION (ILPA) ELECTIONS, INCLUDING BOARD OF DIRECTOR ELECTIONS, BYLAW AMENDMENTS, AND OTHER ADMINISTRATIVE MATTERS, AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, June 14, 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.

XI

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



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary