

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

August 22, 2023

10:02 a.m.

PRESENT:	President:	Annie Chao
	Vice President:	Sung Won Sohn
	Commissioners:	Thuy Huynh Elizabeth Lee Janna Sidley Michael R. Wilkinson
	Legal Counselor:	Miguel Bahamon
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Commissioner:	Gaylord "Rusty" Roten

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 – President Chao asked if any persons wanted to make a general public comment to which there were 9 public comment cards received. The following members of the public made public comments with respect to LACERS investment in Advent International and in support of restaurant/hotel workers: Susan Minato, Erendira Saucedo, Kerin Garcia, Jesse Gutierrez, Antonio Alvati, Ana Salinas, Rocqual Fina, Gary Williams, and Jordan Fein.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- 977 HVAC Issues
 - Tropical Storm Hillary
 - Duplicate Check Error
 - Discretionary COLA

- 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:

- September 26, 2023 Board Meeting: Income Related Monthly Adjusted Amount (IRMAA) report back to the Board
- October 10, 2023 Benefits Administration Committee and Board Meetings: Year-End Accounting Report

III

DISABILITY RETIREMENT APPLICATION(S)

A. CONSIDERATION OF DISABILITY RETIREMENT APPLICATION FOR RAUL RODRIGUEZ AND POSSIBLE BOARD ACTION – Susann Hernandez, Benefits Analyst, presented and discussed this item with the Board. Commissioner Lee moved approval, seconded by Commissioner Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.

IV

RECEIVE AND FILE ITEMS

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

V

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 8, 2023 – Commissioner Lee stated the Committee heard a presentation by Bain Capital, approved a contract with Wellington Management Company, and was presented with the Annual Report on LACERS Emerging Investment Manager Program for the period ending December 31, 2022.

B. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 22, 2023 – Commissioner Sidley stated the Committee was presented with Triennial Board Policy Review of Sections 1.2 and 4.0. The Committee provided staff with direction and requested these items be brought back to the Committee at a future meeting.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. FISCAL YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2023 – Edwin Avanesian, Chief Management Analyst, and Lisa Li, Management

Analyst, presented this item to the Board for 5 minutes. The report was received by the Board and filed.

VII

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 \$22.12 billion as of August 21, 2023. Mr. June discussed the following items:

- Volatility Index at 16.9
- Mr. June will be attending the Kroner Center for Financial Research at UCSD on September 8, 2023.
- Staff is working on several investment policy amendments that are in various development stages.
- President Biden’s Executive Order on “United States Investments in Certain National Security Technologies and Products in Countries of Concern”. Staff will await the final ruling from the U.S. Treasury before taking action.
- Future Agenda Items: NEPC Presentation on Total Fund Performance as of June 30, 2023

Mr. June shared that Russian exposure for LACERS stands at \$1.298 million.

B. APPROVAL OF 3-YEAR CONTRACT WITH WELLINGTON MANAGEMENT COMPANY LLP REGARDING THE MANAGEMENT OF AN ACTIVE EMERGING MARKET DEBT PORTFOLIO AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Lee moved approval of the following Resolution:

**CONTRACT RENEWAL
WELLINGTON MANAGEMENT COMPANY LLP
ACTIVE EMERGING MARKET DEBT PORTFOLIO MANAGEMENT**

RESOLUTION 230822-B

WHEREAS, LACERS’ current three-year contract with Wellington Management Company LLP (Wellington) for active emerging market debt portfolio management expires on November 30, 2023; and,

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

WHEREAS, a contract renewal with Wellington will allow the LACERS total portfolio to maintain a diversified exposure to emerging market debt; and,

WHEREAS, on August 22, 2023, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with Wellington.

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>	Wellington Management Company LLP
<u>Service Provided:</u>	Active Emerging Market Debt Portfolio Management
<u>Effective Dates:</u>	December 1, 2023 through November 30, 2026
<u>Duration:</u>	Three years
<u>Benchmark:</u>	50% J.P. Morgan Emerging Market Bond Index Global Diversified Index and 50% J.P. Morgan Government Bond Index-Emerging Markets Global Diversified Index
<u>Allocation as of June 30, 2023:</u>	\$452 million

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

- C. MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING REQUEST FOR PROPOSAL AND POSSIBLE BOARD ACTION – Jeremiah Paras, Investment Officer I, presented and discussed this item with the Board for 5 minutes. Commissioner Wilkinson moved approval, seconded by Commissioner Huynh, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.
- D. PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer II, presented and discussed this item with the Board for 20 minutes. Commissioner Sidley moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Sidley, Wilkinson, Vice President Sohn, and President Chao -6; Nays, None.
- E. ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM FOR THE PERIOD ENDING DECEMBER 31, 2022 – This report was received by the Board and filed.

The following Notification of Commitment items VIII-F to VIII-N were received by the Board and filed.

- F. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN OCEANSOUND PARTNERS FUND II, LP
- G. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN ULU VENTURES FUND IV, L.P.

- H. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN ICG STRATEGIC EQUITY FUND V (USD) LP
- I. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN GENSTAR CAPITAL PARTNERS XI, L.P.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN GENSTAR XI OPPORTUNITIES FUND I, L.P.
- K. NOTIFICATION OF COMMITMENT OF UP TO \$5 MILLION IN MAYFIELD SELECT III, A DELAWARE LIMITED PARTNERSHIP
- L. NOTIFICATION OF COMMITMENT OF UP TO \$5 MILLION IN MAYFIELD XVII, A DELAWARE LIMITED PARTNERSHIP
- M. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN KPS SPECIAL SITUATIONS FUND VI, LP
- N. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN KPS SPECIAL SITUATIONS MID-CAP FUND II, LP

VIII

OTHER BUSINESS – Commissioner Sidley requested future discussion with staff and City Attorney on Administrative Code 21.19.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 12, 2023, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:00 p.m.

Annie Chao

Annie Chao
President

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary