

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

August 27, 2024

10:05 a.m.

PRESENT:	President:	Annie Chao
	Commissioners:	Elizabeth Lee Sung Won Sohn Michael R. Wilkinson
	Legal Counselor:	Joshua Geller
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	Vice President:	Janna Sidley
	Commissioners:	Thuy Huynh 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 no public comment cards received.

II

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- 977 Safety and Security Enhancements
 - HRP Status Update
 - Personnel Committee Report Back
 - RSD Succession Plan
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
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- Board Meeting on September 10, 2024: Presentation of required audit communications for fiscal year ended June 30, 2024 by external auditor, Moss Adams, and education and travel expenditure report

III

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2024 – This report was received by the Board and filed.
- B. LEGISLATIVE UPDATE FOR AUGUST 2024 – This report was received by the Board and filed.
- C. FISCAL YEAR END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2024 – This report was received by the Board and filed.

IV

Commissioner Wilkinson moved approval of Consent Agenda Item IV-A, and seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, and President Chao -4. Nays; None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 23, 2024 AND POSSIBLE BOARD ACTION

V

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 13, 2024 – Commissioner Lee stated the Committee approved the Master Trust/Custodial Services and Securities Lending Search Semi-Finalist and the Investment Manager Contract with Axiom Investors, LLC.

VI

DIVISION SPOTLIGHT

- A. SURVIVOR BENEFITS UNIT – Isaias Cantu, Chief Benefits Analyst, and Ursula Ruiz, Benefits Analyst, presented and discussed this item with the Board for 13 minutes.

VII

President Chao recessed the Regular meeting at 10:25 a.m. to convene in closed session.

CLOSED SESSION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2023-24 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: INTERNATIONAL BROTHERHOOD OF ELECTRICAL WORKERS, LOCAL 18 v. CITY OF LOS ANGELES ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCP02171)**
- C. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (A) AND (D)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM LEGAL COUNSEL AND POSSIBLE BOARD ACTION REGARDING PENDING LITIGATION IN THE CASE ENTITLED: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**

President Chao reconvened the Regular meeting at 12:32 p.m.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. **CONSIDERATION OF 2024 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION** – This item was tabled for a future Board meeting.
- B. **CONSIDERATION OF GENERAL MANAGER'S COST OF LIVING ADJUSTMENT AND POSSIBLE BOARD ACTION** – Commissioner Wilkinson moved approval of the following resolution:

SALARY COMPENSATION FOR GENERAL MANAGER NEIL M. GUGLIELMO

RESOLUTION 240827- A

APPROVAL OF COST-OF-LIVING INCREASE FOR LACERS' GENERAL MANAGER EFFECTIVE JUNE 30, 2024, DECEMBER 29, 2024, JUNE 29, 2025, DECEMBER 28, 2025, JUNE 28, 2026, DECEMBER 27, 2026, JUNE 27, 2027, DECEMBER 26, 2027 AND JULY 1, 2028.

WHEREAS, the Los Angeles City Council adopted City Ordinance 188307 (Council File 24-0777) amending Los Angeles Administrative Code Section 4.61 to update Schedule A classifications and salary adjustments for certain non-represented classes in Fiscal Years 2023-24 through 2028-29, which includes the General Manager Los Angeles City Employees' Retirement System; and

WHEREAS, these actions provided for the following cost of living adjustments: 4% effective June 30, 2024, 2% effective December 29, 2024, 4% effective June 29, 2025, 2% effective December

28, 2025, 4% effective June 28, 2026, 2% effective December 27, 2026, 2% effective June 27, 2027, 2% effective December 26, 2027, and 0% effective July 1, 2028; and

WHEREAS, Los Angeles City Charter Section 508(f) requires that the amount of compensation for the General Manager be adjusted by the appointing commission within guidelines established by the City Council; and

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration approves cost-of-living adjustments of 4% effective June 30, 2024, 2% effective December 29, 2024, 4% effective June 29, 2025, 2% effective December 28, 2025, 4% effective June 28, 2026, 2% effective December 27, 2026, 2% effective June 27, 2027, 2% effective December 26, 2027, and 0% effective July 1, 2028, for the General Manager Los Angeles City Employees' Retirement System.

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

- C. DISCUSSION ON BOARD GOVERNANCE POLICY REGARDING TEMPORARY PRESIDING OFFICERS FOR BOARD MEETINGS AND POSSIBLE BOARD ACTION – Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Board for 3 minutes. President Chao moved approval for Option 2 and alphabetized by Committee name, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, and President Chao -4. Nays; None.
- D. CONTRACT EXTENSION WITH TRUVIEW BSI, LLC FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION – Isaias Cantu, Chief Benefits Analyst, presented and discussed this item with the Board for 4 minutes. Commissioner Lee moved approval of the following resolution:

**CONTRACT EXTENSION WITH TRUVIEW BSI,
LLC FOR INVESTIGATIVE SERVICES**

RESOLUTION 240827- B

WHEREAS, LACERS has a three-year contract from October 1, 2021, to September 30, 2024, with TruView BSI, LLC. for investigative services to aid in the administration of retirement benefits as part of LACERS proactive risk management strategy;

WHEREAS, LACERS Contract 4241 expires September 30, 2024, and it is LACERS' desire to retain TruView BSI, LLC. to continue to provide investigative services;

WHEREAS, LACERS staff requests an extension to the TruView BSI, LLC. contract to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, and social media searches and other related services as part of LACERS' proactive risk management strategy;

WHEREAS, under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without

another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901; and,

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves the proposed Contract Amendment No. 1 with TruView BSI, LLC. and authorizes the General Manager to execute the necessary documents, within the following terms, and subject to City Attorney review:

COMPANY NAME:	TruView BSI, LLC.
SERVICES PROVIDED:	Investigative Services
TERM DATES:	October 1, 2024, to September 30, 2025
TOTAL EXPENDITURE AUTHORITY:	\$120,000 (\$30,000 per year of the contract)

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

- E. CONTRACT EXTENSION WITH FRASCO, LLC FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION – Isaias Cantu, Chief Benefits Analyst, presented and discussed this item with the Board for 4 minutes. Commissioner Lee moved approval of the following resolution:

**CONTRACT EXTENSION WITH FRASCO, INC.
TO PROVIDE INVESTIGATIVE SERVICES**

RESOLUTION 240827- C

WHEREAS, LACERS has a three-year contract from October 1, 2021, to September 30, 2024, with Frasco, Inc. for investigative services to aid in the administration of retirement benefits as part of LACERS proactive risk management strategy;

WHEREAS, LACERS Contract 4236 expires September 30, 2024, and it is LACERS' desire to retain Frasco, Inc. to continue to provide investigative services;

WHEREAS, LACERS staff requests an extension to the Frasco, Inc. contract to conduct the Alive and Well checks, complete the domestic Alive and Well audit, locate benefit recipients, request fraud investigations, request Sub Rosa surveillance, and social media searches and other related services as part of LACERS' proactive risk management strategy;

WHEREAS, under Los Angeles Administrative Code Section 10.5(b)(2), a contract extension to a firm awarded a contract through a competitive bidding process may be renewed without another competitive process so long as the contract amendment does not exceed the established annual limit, currently \$193,901; and,

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approved the proposed Contract Amendment No. 1 with Frasco, Inc. and authorizes the General Manager to execute the necessary documents, within the following terms, and subject to City Attorney review:

COMPANY NAME: Frasco, Inc.

SERVICE PROVIDED: Investigative Services

TERM: October 1, 2024, to September 30, 2025

TOTAL EXPENDITURE AUTHORITY: \$120,000

(\$30,000 per year of the contract)

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

IX

Items IX-A, IX-B, IX-C, IX-D, and IX-E taken out of order

INVESTMENTS

- C. FINALIST FIRM OF THE MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING SERVICES SEARCH, CONTRACT AUTHORIZATION AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Wilkin Ly, Investment Officer III, Brad Blackwell, Client Executive and Division Manager-Public Funds, and Mike O’Grady, Chairman & Chief Executive Officer, with The Northern Trust Company, presented and discussed this item with the Board for 8 minutes. President Chao moved approval of the following resolution:

**CONTRACT AWARD
THE NORTHERN TRUST COMPANY
MASTER TRUST/CUSTODIAL SERVICES AND SECURITIES LENDING**

RESOLUTION 240827- D

WHEREAS, on August 22, 2023, the Board authorized the Master Trust/Custodial Services and Securities Lending Request for Proposal (RFP) search to reassess the marketplace for custodial and securities lending services; and,

WHEREAS, on February 13, 2024, the Investment Committee considered staff’s evaluation report of the RFP respondents, including the two proposed semi-finalist candidates: The Northern Trust Company (Northern Trust) and State Street Corporation; and,

WHEREAS, staff subsequently conducted further due diligence on the semi-finalist candidates and deemed both firms capable of providing master trust/custodial services and securities lending program management services that meet LACERS requirements; and,

WHEREAS, staff, on the basis of the evaluation of its due diligence findings, found that Northern Trust is better matched to fulfill LACERS' custodial service needs, and recommended Northern Trust to advance as the sole finalist in the search; and,

WHEREAS, on August 13, 2024, the Investment Committee interviewed Northern Trust and advanced Northern Trust as the finalist for consideration by the Board for five-year contract awards; and,

WHEREAS, on August 27, 2024, the Board approved the Investment Committee's recommendation to rehire Northern Trust as LACERS' custodian and securities lending program manager.

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:	The Northern Trust Company
Services Provided:	Master Custody Securities Lending Performance Reporting and Risk Analytics Compliance Analytics Private Monitor Analytics Integrated Disbursements Fair Value Reporting
Effective Dates:	February 1, 2025 through January 31, 2030
Duration:	Five years

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

- D. APPROVAL OF 1-YEAR CONTRACT WITH AXIOM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – James Wang, Investment Officer I, presented and discussed this item with the Board for 2 minutes. Commissioner Lee moved approval of the following resolution:

**CONTRACT EXTENSION
AXIOM INVESTORS, LLC
ACTIVE NON-U.S. EMERGING MARKETS GROWTH EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 240827- E

WHEREAS, LACERS' current one-year contract extension with Axiom Investors, LLC (Axiom) for active non-U.S. emerging markets growth equities portfolio management expires on December 31, 2024; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom's performance with its stated growth strategy relative to its benchmark; and,

WHEREAS, on August 27, 2024 the Board approved the Investment Committee's recommendation to approve a one-year contract extension.

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:	Axiom Investors, LLC
Service Provided:	Active Non-U.S. Emerging Markets Growth Equities Portfolio Management
Effective Dates:	January 1, 2025 through December 31, 2025
Duration:	One year
Benchmark:	MSCI Emerging Markets Index
Allocation as of June 30, 2024:	\$323 million

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

- E. PRI ACTION PLAN AND ESG RISK FRAMEWORK STATUS AND UPDATES AND POSSIBLE BOARD ACTION – Daniel Becerra, Investment Officer I, presented and discussed this item with the Board for 3 minutes. Commissioner Lee moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Lee, Sohn, Wilkinson, and President Chao -4. Nays; None.
- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$24.714 billion as of August 26, 2024; and Volatility Index at 16.6. Rod June discussed the following items:
- No material change in valuations of Russia, Ukraine, China/Tech, and Israel.

FUTURE AGENDA ITEMS:

1. Asset Allocation risk budgeting and implementation
2. Total Fund Portfolio Performance Review for the period ending June 30, 2024
3. Notification of Private Equity Commitments
4. Real Estate Opportunities

Commissioner Sohn left the meeting at 1:02 p.m. and the quorum for this meeting was lost.

- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner, Kevin Novak, Principal, and Rose Dean, Partner with NEPC, LLC, presented and discussed this item with the Board for 50 minutes. After discussion, the Board took no action.

X

OTHER BUSINESS – There was no other business.

XI

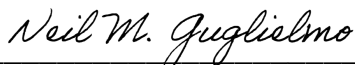
NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 10, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 1:43 p.m.



Annie Chao
President



Neil M. Guglielmo
Manager-Secretary