

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

December 10, 2024

10:06 a.m.

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|----------|----------------------|---|
| PRESENT: | President: | Annie Chao |
| | Vice President: | Janna Sidley |
| | Commissioners: | (arrived at 10:11 a.m.) Thuy Huynh Elizabeth Lee Gaylord "Rusty" Roten Sung Won Sohn Michael R. Wilkinson |
| | Legal Counselor: | Miguel Bahamon |
| | Manager-Secretary: | Neil M. Guglielmo |
| | 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 – 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:
- Windfall Elimination Provision (WEP) and Government Pension Offset (GPO) updates
 - Benefit Operations Update
 - General Manager announcement on upcoming retirement

III

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. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2024 – This report was received by the Board and filed.
- D. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR OCTOBER 2024 – This report was received by the Board and filed.
- E. COMMISSIONER SUNG WON SOHN EDUCATION EVALUATION ON HARVARD BUSINESS SCHOOL – COMPETING IN THE AGE OF AI; OCTOBER 3 - NOVEMBER 21, 2024; VIRTUAL – This report was received by the Board and filed.

Commissioner Wilkinson moved approval of Consent Agenda Items IV-A and IV-B and seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

IV

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETINGS OF OCTOBER 22, 2024 AND NOVEMBER 12, 2024 AND POSSIBLE BOARD ACTION
- B. APPROVAL OF DISABILITY RETIREMENT APPLICATION OF JUDITH CARRETINO AND POSSIBLE BOARD ACTION

APPROVAL OF DISABILITY RETIREMENT BENEFIT FOR JUDITH CARRETINO

RESOLUTION 241210-A

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Judith Carretino is unable to perform her usual and customary duties as a Gardner Caretaker with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Judith Carretino is incapacitated pursuant to the definition in Los Angeles Administrative Code §4.1008(b) and not capable of performing her duties as a Gardner Caretaker;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct; and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Judith Carretino based upon her claimed disabling condition.

V

BOARD/DEPARTMENT ADMINISTRATION

- A. LACERS WELL EDUCATION PROGRAMS FOR OLDER ADULTS REQUEST FOR PROPOSAL CONTRACT AWARD RECOMMENDATIONS FOR MOM'S COMPUTER, PERSONAL WELLNESS CORPORATION, AND FOUNDATION FOR SENIOR SERVICES AND POSSIBLE BOARD ACTION – James Kawashima, Senior Benefits Analyst II, and Alejandra Zuniga, Benefits Analyst, presented and discussed this item with the Board for four minutes. Vice President Sidley moved approval of the following Resolution:

LACERS WELL EDUCATION PROGRAMS FOR OLDER ADULTS CONTRACT AWARDS AUTHORIZATION

RESOLUTION 241210-B

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, on September 16, 2024, a Request for Proposal (RFP) was released to identify qualified vendors to provide education programs for older adults for fitness instruction, technology education and support services, and older adult education;

WHEREAS, on October 4, 2024, nine vendors responded to the RFP, with three vendors for each category;

WHEREAS, LACERS Health staff recommended, after reviewing and evaluating each proposal, to award contracts to Personal Wellness Corporation, Mom's Computer, and Foundation for Senior Services; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby awards three-year contracts, beginning on January 1, 2025, with an annual contract amount not to exceed \$25,000 for each category, to:

1. Personal Wellness Corporation for fitness instruction,
2. Mom's Computer for technology education and support services,
3. Foundation for Senior Services for older adult education; and

Delegate the authority to the General Manager to negotiate and execute these contracts, subject to City Attorney review.

Which motion was seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

- B. PRESENTATION OF LACERS AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2024 BY THE EXTERNAL AUDITOR MOSS ADAMS LLP AND POSSIBLE BOARD ACTION – Colin Tran, Internal Auditor III, and Aaron Hamilton, Senior Manager, with Moss Adams LLP, presented and discussed this item with the Board for 20 minutes. Commissioner Lee moved approval, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.
- C. APPROVAL FOR ENTERING INTO AN AGREEMENT WITH SEGAL SELECT INSURANCE SERVICES, INC. AS LACERS INSURANCE BROKER FOR THREE YEARS WITH TWO ONE-YEAR OPTIONS FOR RENEWAL AND POSSIBLE BOARD ACTION – Edwin Avanesian, Chief Management Analyst, presented and discussed this item with the Board for 6 minutes. Commissioner Lee moved approval of the following Resolution:

AUTHORIZATION TO CONTRACT WITH SEGAL SELECT INSURANCE SERVICES, INC. FOR INSURANCE BROKERAGE SERVICES

RESOLUTION 241210-C

WHEREAS, on August 27, 2024, LACERS issued Request for Information for Insurance Broker for Cyber Liability, Directors & Officers Liability, Commercial Property, Earthquake, and Other Similar Types Of Insurance to identify insurance brokerage services providers; and,

WHEREAS, on September 20, 2024, four firms responded to the Request for Information for Insurance Broker for Cyber Liability, Directors & Officers Liability, Commercial Property, Earthquake, and Other Similar Types of Insurance; and,

WHEREAS, on December 10, 2024, based on the staff's recommendation, after evaluating the submitted written proposals and interview responses, the Board approves entering into an Agreement with Segal Select Insurance Services, Inc. for insurance brokerage services;

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 with Segal Select Insurance Services, Inc. for insurance brokerage services with an initial term of three years with two one-year options to renew the agreement.

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

VI

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$24.769 billion as of December 9, 2024; and Volatility Index at 13.9. Rod June discussed the following items:

POLICY:

- a. Real Estate Investment Policy
- b. Emerging Investment Manager Policy

GLOBAL ISSUES:

- a. Ukrainian equities are up 40% in the past two months
- b. No material changes in valuation for Russia, Israel, China, China Tech
- c. No exposure to Syria

ESG/EMERGING MANAGERS:

- a. On-going review of Responsible Investment Policy and EM Policy and Program

FUTURE AGENDA ITEMS:

- a. Private Equity Strategic Plan
- b. Consent of Ownership Change
- c. Investment Policy Amendments
- d. Several private equity, private credit, and private real state notifications

MISCELLANEOUS:

- a. Asset Allocation decision
- b. 2024 Productivity Review
- c. Staff Acknowledgements

ANNOUNCEMENTS:

- a. Retirement of Carolyn Smith, NEPC, LLC

Carolyn Smith, Partner with NEPC, LLC, discussed her retirement from NEPC, LLC.

President Chao recessed the meeting at 11:32 a.m. for a break. President Chao readjoined the meeting at 11:49 a.m.

- 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 24 minutes. Commissioner Roten moved approval of the blended mix, seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.
- C. APPROVAL OF SIX-MONTH CONTRACT EXTENSION WITH THE NORTHERN TRUST COMPANY REGARDING MASTER CUSTODIAL SERVICES, SECURITIES LENDING, AND ANCILLARY SERVICES AND POSSIBLE BOARD ACTION – Vice President Sidley moved approval of the following Resolution:

**CONTRACT EXTENSIONS
THE NORTHERN TRUST COMPANY
MASTER TRUST CUSTODIAL SERVICES**

RESOLUTION 241210-D

WHEREAS, LACERS' current contracts with The Northern Trust Company (Northern Trust) for the following services: master custody, securities lending, performance reporting and risk analytics, compliance analytics, integrated disbursements, and fair value reporting expire on January 31, 2025; and,

WHEREAS, the contracts awarded to Northern Trust under the Board-approved request for proposal (RFP) for the Master Trust/Custodial Services and Securities Lending competitive process are currently being negotiated; and,

WHEREAS, staff anticipates contract negotiations and execution to be completed beyond the expiration of the current contracts; and,

WHEREAS, on December 10, 2024, the Board approved staff's recommendation for six-month contract extensions with Northern Trust; and,

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contracts subject to satisfactory business and legal terms and consistent with the following services and terms:

| | |
|---------------------------|--|
| <u>Company Name:</u> | The Northern Trust Company |
| <u>Services Provided:</u> | Master Custody Securities Lending Performance Reporting and Risk Analytics Compliance Analytics Integrated Disbursements Fair Value Reporting |
| <u>Effective Dates:</u> | February 1, 2025 through July 31, 2025 |
| <u>Duration:</u> | Six months |

Which motion was seconded by Commissioner Lee, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

- D. CONSENT OF ASSIGNMENT OF NEPC, LLC CONTRACT AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, presented and discussed this item with the Board for six minutes. Commissioner Lee moved approval of the following Resolution:

**CONSENT TO ASSIGN CONTRACT WITH
NEPC, LLC**

RESOLUTION 241210-E

WHEREAS, LACERS has a contract with NEPC, LLC to provide general pension fund consulting services (NEPC); and,

WHEREAS, NEPC has entered into an acquisition agreement with Hightower Advisors, LLC (Hightower); and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with NEPC, the change in control of NEPC is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted initial discussions with NEPC representatives and staff proposes on-going monitoring and due diligence of NEPC through the end of 2025,

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with NEPC to Hightower; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

- E. CONSENT OF ASSIGNMENT OF MONROE CAPITAL LLC CONTRACT AND POSSIBLE BOARD ACTION – Commissioner Lee moved approval of the following Resolution:

**CONSENT TO ASSIGN CONTRACT WITH
MONROE CAPITAL LLC**

RESOLUTION 241210-F

WHEREAS, LACERS has a private credit investment in Monroe Capital Private Credit Fund L LP, which is managed by Monroe Capital LLC (Monroe); and,

WHEREAS, Monroe has entered into an agreement to be acquired by Wendel, a Paris-based investment manager; and,

WHEREAS, under the Investment Advisers Act of 1940 and pursuant to LACERS' contract with Monroe, the change in control of Monroe is deemed to be a contract assignment that requires written consent of the Board; and,

WHEREAS, staff has conducted appropriate due diligence on the acquisition of Monroe.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS' existing contract with Monroe to Wendel; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

Which motion was seconded by Vice President Sidley, and adopted by the following vote: Ayes, Commissioners Huynh, Lee, Roten, Sohn, Wilkinson, Vice President Sidley, and President Chao -7; Nays, None.

- F. PRESENTATION BY AKSIA LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2024 – Jeff Goldberger, Managing Director,

and Trevor Jackson, Managing Director, with Aksia LLC, presented and discussed this item with the Board for 25 minutes.

- G. DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2024 PURSUANT TO GOVERNMENT CODE SECTION 7514.9 – This report was received by the Board and filed.

The Board did not discuss any Legal/Litigation items.

VII

LEGAL/LITIGATION

- A. **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)**
- 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: THOMAS CRAWLEY v. LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM ET AL., (LOS ANGELES SUPERIOR COURT CASE NO. 24STCV14282)**

VIII

OTHER BUSINESS – There was no other business.

IX

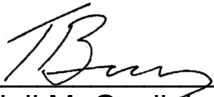
NEXT MEETING: The Regular meeting of the Board scheduled for December 24, 2024, is canceled. The next Regular meeting of the Board is scheduled for Tuesday, January 14, 2025, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012.

X

ADJOURNMENT – There being no further business before the Board, President Chao adjourned the Meeting at 12:50 p.m.

Annie Chao

Annie Chao
President



Neil M. Guglielmo
Manager-Secretary