

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

LACERS Ken Spiker Boardroom
202 West First Street, Fifth Floor
Los Angeles, California

February 25, 2020

10:01 a.m.

Agenda of: Mar. 10, 2020

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioner:	Sandra Lee

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF FEBRUARY 11, 2020 AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz stated that she attended the PPI 2020 Winter Roundtable at the Langham in Pasadena.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Executive Officer, discussed the following items:
- Mayor’s Executive Directive #25 – LA’s Green New Deal: Leading by Example
 - On track to move first group of 25 staff to new LACERS HQ
 - Retiree health plan year 2020 confirmation statements will be sent to participating members in early March
 - Wellness Extravaganza on February 12th in Monrovia had 183 attendees
 - Wellness Program Manager interviews were held with eight candidates
 - LACERS is reviewing the new tax requirements from the Secure Act
- B. LACERS WEBSITE DEMO – Taneda Larios, Senior Management Analyst II with Health Benefits Administration & Communications Division, presented a demo of the new LACERS website to the Board.
- C. CONTINUANCE METHODOLOGY CHANGE AND LACERS INFO BULLETIN – Lita Payne, Executive Officer, provided the Board a briefing on the Continuance Methodology Change. The Board provided staff with direction.
- D. UPCOMING AGENDA ITEMS – Ms. Payne stated the following items will be on an upcoming Board agenda:
- Blockchain technology primer from a guest speaker
 - Initial Capital Expense Program related to new LACERS HQ
- E. RECOGNITION OF SERVICE FOR LUCY ARTINIAN – Lita Payne, Executive Officer, recognized Lucy Artinian’s 37 years of City service.

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2020 – This report was received by the Board and filed.
- B. OPEN ENROLLMENT CLOSEOUT REPORT – This report was received by the Board and filed.

VI

CONSENT AGENDA

- A. TRAVEL AUTHORITY – COMMISSIONER NILZA SERRANO; HARVARD KENNEDY SCHOOL EXECUTIVE EDUCATION – LEADERSHIP DECISION MAKING; OPTIMIZING ORGANIZATIONAL PERFORMANCE PROGRAM, CAMBRIDGE, MASSACHUSETTS; JUNE 7-12, 2020 AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval of the following Resolution:

**TRAVEL AUTHORITY
HARVARD KENNEDY SCHOOL EXECUTIVE EDUCATION
LEADERSHIP DECISION MAKING; OPTIMIZING ORGANIZATIONAL PERFORMANCE
JUNE 7-12, 2020
CAMBRIDGE, MASSACHUSETTS**

RESOLUTION 200225-A

WHEREAS, Board approval is required for all international travel requests and travel not included in the Approved List of Educational Seminars;

WHEREAS, the Harvard Kennedy School Executive Education: Leadership Decision Making; Optimizing Organizational Performance program in Cambridge, Massachusetts is not included in the Approved List of Educational Seminars for Fiscal Year 2019-20, and exceeds the annual education travel budget of \$10,000.00, and therefore requires individual approval;

WHEREAS, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties;

THEREFORE, BE IT RESOLVED, that Commissioner Serrano is hereby authorized to attend the Harvard Kennedy School Executive Education: Leadership Decision Making; Optimizing Organizational Performance program from June 7-12, 2020 in Cambridge, Massachusetts;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$10,459.25 is hereby authorized for reasonable expenses in connection with participation.

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

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. ACTUARIAL RISK ASSESSMENT AND REVIEW OF FUNDED STATUS OF THE RETIREMENT AND HEALTH PLANS AS OF JUNE 30, 2019 – Todd Bouey, Assistant General Manager and Paul Angelo, Actuary with Segal Consulting presented this item to the Board and discussed the report findings for one hour. The report was received by the Board and filed.
- B. REQUEST FOR PROPOSALS FOR EXTERNAL AUDIT SERVICES AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Vice President Wilkinson and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

VIII

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF FEBRUARY 11, 2020 – Commissioner Sohn stated the Committee approved a contract with

AEGON U.S.A. Investment Management and approved staff's recommendation of the Semi-Finalists of the Active Emerging Market Debt Investment Manager Search.

IX

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18.784 Billion as of February 24, 2020. Mr. June discussed the following items:
- Staff is making adjustments on the PRI Action Plan
 - Ellen Chen, Investment Officer I, attended Pension Bridge ESG Conference
 - Rod June attending the ESG-IQ Conference on February 26
 - Wilkin Ly, Investment Officer III, attending Texas Emerging Manager Conference on February 26
 - Rod June attending the SEO Emerging Manager Alternative Investment Conference on March 4
 - NASP's A Day of Education in Private Equity in Downtown Los Angeles on March 26
 - Future agenda items: Education on Blockchain Technology, staff report on Private Equity-Co-Investment Program, and Performance Review-Quarter Ending December 31, 2019
- B. INVESTMENT MANAGER CONTRACT WITH AEGON U.S.A. INVESTMENT MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. HIGH YIELD FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolution:

**CONTRACT EXTENSION
AEGON USA INVESTMENT MANAGEMENT, LLC
ACTIVE U.S. HIGH YIELD FIXED INCOME
PORTFOLIO MANAGEMENT**

RESOLUTION 200225-B

WHEREAS, LACERS' current one-year contract extension with Aegon USA Investment Management, LLC (AUIM) for active U.S. high yield fixed income portfolio management expires on March 31, 2020; and,

WHEREAS, AUIM rebid for its mandate in the current High Yield Fixed Income and Hybrid High Yield Fixed Income/U.S. Floating Rate Bank Loan Mandate Search but was not advanced for Board consideration and contract award; and,

WHEREAS, a contract extension with AUIM will allow the fund to maintain a diversified exposure to the U.S. high yield fixed income market until a contract with the firm hired through the current search is executed; and,

WHEREAS, on February 25, 2020, the Board approved the Investment Committee's recommendation to approve a one-year contract extension with AUIM.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Officer 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>	Aegon USA Investment Management, LLC
<u>Service Provided:</u>	Active U.S. High Yield Fixed Income Portfolio Management
<u>Effective Dates:</u>	April 1, 2020 through March 31, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	Bloomberg Barclays U.S. Corporate High Yield 2% Issuer Capped Index
<u>Allocation as of January 31, 2020:</u>	\$392 million

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

C. CONSENT OF ASSIGNMENT OF TORREYCOVE CAPITAL PARTNERS LLC CONTRACT AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolution:

**CONSENT TO ASSIGN CONTRACT WITH
TORREYCOVE CAPITAL PARTNERS LLC**

RESOLUTION 200225-C

WHEREAS, LACERS has an existing contract with TorreyCove Capital Partners LLC (TorreyCove) for private equity consulting services; and,

WHEREAS, TorreyCove has entered into an acquisition agreement with Aksia LLC (Aksia), a privately held company that provides alternative investment research and portfolio advisory solutions to institutional investors; and,

WHEREAS, Aksia will acquire a 100% interest in TorreyCove; and,

WHEREAS, under the Investment Advisers Act of 1940, a change in control of an investment advisory firm is deemed to be a contract assignment that requires written consent of the client; and,

WHEREAS, staff has conducted appropriate due diligence on Aksia and its acquisition of TorreyCove.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby consents to the assignment of LACERS existing contract with TorreyCove to Aksia; and, authorizes the Executive Officer to approve and execute the necessary documents, subject to satisfactory business and legal terms.

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

- D. TRAVEL AUTHORITY – EDUARDO PARK, INVESTMENT OFFICER II; RBC GLOBAL ASSET MANAGEMENT, ASHMORE INVESTMENT MANAGEMENT, AND LAZARD ASSET MANAGEMENT, LLC, LONDON, UK; MARCH 9-11, 2020, AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**TRAVEL AUTHORITY
DUE DILIGENCE OF EMERGING MARKET SMALL CAP EQUITIES MANDATE SEARCH;
EMERGING MARKET DEBT MANDATE SEARCH; ROUTINE DUE DILIGENCE ON EXISTING
LACERS MANAGER
MARCH 9-11, 2020
LONDON, UNITED KINGDOM**

RESOLUTION 200225-D

WHEREAS, Board approval is required for all international travel requests; and,

WHEREAS, the due diligence of the Emerging Market Small Cap Equities Mandate Search semi-finalist, RBC Global Asset Management; the due diligence of the Emerging Market Debt Mandate Search semi-finalist, Ashmore Investment Management; and routine due diligence on existing LACERS manager, Lazard Asset Management; requires international travel to London, United Kingdom, and therefore requires approval; and,

WHEREAS, the request to conduct due diligence conforms to the LACERS Strategic Plan Board Governance Goal of upholding good governance practices which affirm transparency, accountability, and fiduciary duty.

NOW, THEREFORE, BE IT RESOLVED, that Eduardo Park, Investment Officer II is hereby authorized to travel to London, United Kingdom to conduct due diligence of the Emerging Market Small Cap Equities Mandate Search semi-finalist, RBC Global Asset Management; due diligence of the Emerging Market Debt Mandate Search semi-finalist, Ashmore Investment Management; and routine due diligence on existing LACERS manager, Lazard Asset Management, on March 9-11, 2020 (travel dates March 7-12, 2020).

BE IT FURTHER RESOLVED, that the reimbursement of up to \$6,500 for Eduardo Park, Investment Officer II is hereby authorized for reasonable expenses in connection with participation and will be applied to the 2019-20 Fiscal Year budget.

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

- E. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN KPS SPECIAL SITUATIONS FUND V, LP – This report was received by the Board and filed.

- F. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN KPS SPECIAL SITUATIONS MID-CAP FUND, LP – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN CLEARLAKE CAPITAL PARTNERS VI, LP – This report was received by the Board and filed.
- H. CORRECTION OF NOTIFICATION OF COMMITMENT OF UP TO €31.591 MILLION IN NREP NORDIC STRATEGIES FUND IV, LP SCSP AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval of the following Resolution that rescinds Resolution 191022-D:

**AUTHORIZATION TO COMMIT
NREP NORDIC STRATEGIES FUND IV, LP SCSP**

RESOLUTION 200225-E

WHEREAS, NREP Nordic Strategies Fund IV, LP SCSP (Fund), a value add closed-end investment vehicle managed by NREP AB (NREP or GP) seeks to invest in logistics, student and senior housing, and serviced living real estate assets in Denmark, Finland, Norway, and Sweden; and,

WHEREAS, The Townsend Group, LACERS' Real Estate Consultant, has conducted extensive due diligence and has recommended that LACERS consider a commitment to the Fund to which staff, after a review of the consultant findings, concurs; and,

WHEREAS, such a commitment is consistent with LACERS' Real Estate Fiscal Year 2019-2020 Strategic Plan; and,

WHEREAS, on October 8, 2019, the Investment Committee, after reviewing staff's recommendation and hearing a presentation from staff, The Townsend Group, and the GP, directed staff to refer the fund commitment recommendation to the Board for consideration; and,

WHEREAS, on October 22, 2019, the Board authorized up to a \$35 million commitment to the Fund; and,

WHEREAS, on February 25, 2020, the Board amended the authorization to up to a €31.591 million commitment to the Fund to reflect the currency that the fund is denominated in.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes a commitment of up to €31.591 million to the Fund; and, authorizes the Executive Officer to approve and execute the necessary documents, subject to satisfactory business and legal terms.

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

X

OTHER BUSINESS – Commissioner Serrano asked staff to email retirees regarding the Coronavirus outbreak.

XI

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, March 10, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XII

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:28 p.m.



Cynthia M. Ruiz
President



Lita Payne
Manager-Secretary