

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

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California

April 28, 2020

10:05 a.m.

Agenda of: May 12, 2020

Item No: II

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PRESENT via Zoom Meeting:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano (arrived at 12:09 p.m.) Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghoukassian

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

*Item I was taken out of order*

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF MARCH 24, 2020 AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval of the minutes for the Regular Meeting of March 24, 2020, seconded by Commissioner Serrano and was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked the Commissioners and staff with their support and patience with using Zoom to conduct the Board Meetings.

*Item I was taken out of order.*

I

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* – President Ruiz asked if any persons wished to speak on matters within the Board's jurisdiction, to which there was three responses via phone. Pastor Paul Sinnott, Brenda Morisette, and Steve Shrag, members of the public, made comments about LACERS investment in Leonard Green and Partners/Prospect Medical Holdings. Pastor Sinnott also stated that he would email related information to LACERS.

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- Thanked the Commissioners for leadership and staff for dedication
- LACERS COVID responses: Costs, adapting the LACERS workplace, LACERS innovates the path forward, Wellness Champions Reaching Out, vendor pricing reductions request
- LACERS Retired Member Election
- Mayor's Proposed Budget and City Council budget process
- Managed Retirement
- Los Angeles World Airports Separation Incentive Program (SIP)
- Legislative Compliance
- LACERS Website launch and Planning for Retirement Seminar video
- ERIP Liability Payments (QE 3/31/2020)

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:

- FY 20/21 Budget – final budget submission by staff for Board consideration
- LACERS Retired Member Election – official results
- Health Renewals – Benefits Administration Committee to hear preliminary information in late May or early June

V

RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2020 – 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. MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.

VI

BOARD/DEPARTMENT ADMINISTRATION

A. MID-YEAR BUDGET ADJUSTMENTS FOR FISCAL YEAR 2019-20 AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, presented this item to the Board. Commissioner Elizabeth Lee moved approval of the following Resolutions:

**FISCAL YEAR 2019-20 BUDGET  
SUPPLEMENTAL APPROPRIATION**

**RESOLUTION 200428-A**

WHEREAS on May 14, 2019, the Board adopted the 2019-20 Budget in the amount of \$28,045,067; and,

WHEREAS salary negotiations between the City and unions resulted in retroactive salary increases for City employees, at the cost of \$368,000 for LACERS staff; and prospective salary increases for employees through June 30, 2020 at the cost of an additional \$131,000, or a 4.5% increase; and

WHEREAS the 2019-20 Budget increased the Salary Savings rate from 6% to 9%, representing a total \$1.4 million in salary reduction versus base salaries. Despite the actualized salary savings in the past three years, LACERS' effective hiring, with few vacancies currently, have yielded lower salary savings;

WHEREAS Salary Savings are used to pay for employee retirement payouts and part-time salaries, expected total no less than \$500,000; as well as for substitute authority positions;

WHEREAS the Board has full control over increases and decreases to the LACERS budget pursuant to Los Angeles City Charter Section 1106(b)(2);

NOW THEREFORE, BE IT RESOLVED, that the Board:

- 1) Authorize an increase of \$1,300,000 to the Salaries-General Account (APPR 161010) for regular and temporary staffing;
- 2) Authorize the General Manager to correct any typographical or technical errors within the intent of this Board action.

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

**FISCAL YEAR 2019-20 BUDGET  
REDUCTIONS IN APPROPRIATIONS**

**RESOLUTION 200428-A**

WHEREAS on May 14, 2019, the Board adopted the 2019-20 Budget in the amount of \$28,045,067; and,

WHEREAS a supplemental budget appropriation of \$1,300,000 to the Salaries Account was approved by the Board on April 28, 2020;

WHEREAS offsets have been pre-identified in the appropriation accounts for travel, contractual services, printing, office expense, and equipment; however the pandemic crisis environment has changed LACERS' operations drastically in a few short weeks; and it would be prudent to proceed with reductions to budgetary accounts when there is absolute certainty that no other unanticipated expenses will arise before the closing of the fiscal year;

WHEREAS the Board has full control over increases and decreases to the LACERS' budget pursuant to Los Angeles City Charter 1106(b)(2);

NOW THEREFORE, BE IT RESOLVED, that the Board authorize the General Manager to reduce appropriations by \$1,300,000 and to determine the timing, frequency, and reduction amounts to each appropriation account for Fiscal Year 2019-20.

Further, be it resolved that the General Manager is authorized to correct any typographical or technical errors within the intent of this Board action.

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

- B. COST-OF-LIVING ADJUSTMENT FOR JULY 2020 AND POSSIBLE BOARD ACTION – Todd Bouey, Assistant General Manager and Mikyong Jang, Department Chief Accountant IV, presented this item to the Board. After a 10 minute discussion, Commissioner Elizabeth Lee moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.
- C. PRESENTATION BY INVESCO REAL ESTATE OF THE 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING MARCH 31, 2020 – Kristina Lewison, Director with Invesco US and Isaias Cantu, Senior Management Analyst, presented and discussed this item with the Board for 20 minutes.
- D. PRESENTATION OF THE AUDIT OF LACERS' JUNE 30, 2019 ACTUARIAL VALUATION AND REVIEW OF THE EXPERIENCE STUDY BY CHEIRON – Rahoof "Wally" Oyewole, Departmental Audit Manager, Anne Harper, Principal Consulting Actuary, Graham Schmidt, Consulting Actuary with Cheiron Inc., and Paul Angelo, Actuary and Andy Yeung, Actuary, with Segal Consulting, presented and discussed this item with the Board for 33 minutes. The Board provided staff and consultants with guidance and this item will be re-introduced at a future Board Meeting for action.

Commissioner Sohn arrived at the meeting at 12:09 p.m.

- E. EMERGENCY PURCHASES AND EXPENDITURES REPORT FOR COVID-19 AND POSSIBLE BOARD ACTION – Mikyong Jang, Department Chief Accountant IV, Neil Guglielmo, General Manager, and Rahoof “Wally” Oyewole, Department Audit Manager, presented this item to the Board. After an eight minute discussion, Commissioner Serrano moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

## VII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.07 billion as April 27, 2020. Mr. June discussed the following items:
- Cash account stands at \$376 million or 2.2% of total fund
  - RFP Investment Managers searches are delayed by approximately two months
  - Special Investment Committee Meeting may be requested in mid-May to early June to conduct Small Cap Emerging Market manager interviews
  - Upcoming Agenda Items: May 26, 2020 – will have approximately 10 items, most are non-action items
- B. SECURITIES LENDING PROGRAM MODIFICATIONS AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Bryan Fujita, Chief Operating Officer, Jeremiah Paras, Investment Officer I, and Carolyn Smith, Partner with NEPC, presented this item to the Board for 22 minutes. After discussion, Commissioner Sohn moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

President Ruiz recessed the Regular Meeting at 12:50 p.m. for a break and reconvened at 12:55 p.m. and immediately entered Closed Session.

## VIII

### DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF GERARDO LOPEZ AND POSSIBLE ACTION**

President Ruiz reconvened the Regular Meeting at 1:02 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Gerardo Lopez.

## IX

OTHER BUSINESS- There was no other business.

## X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 12, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while 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 1:03 p.m.



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Cynthia M. Ruiz  
President



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Neil M. Guglielmo  
Manager-Secretary