

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

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020)  
and due to the concerns over COVID-19, the  
LACERS Board of Administration's  
May 26, 2020, meeting was conducted  
via telephone and/or videoconferencing.

**Agenda of: June 9, 2020**

**Item No: II**

May 26, 2020

10:04 a.m.

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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 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.*

II

APPROVAL OF MINUTES FOR THE REGULAR BOARD MEETING OF MAY 12, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of May 12, 2020, seconded by Commissioner Wilkinson and was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

*Item I was taken out of order.*

I

**PUBLIC COMMENTS AND GENERAL 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 – PRESS \*9 TO RAISE HAND DURING**

**PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wished to speak on matters within the Board’s jurisdiction, to which there was one response: Call from Mr. Lawrence Nash, member of the public, asked the Board about the information given at the prior Board meeting regarding the launch date of a LACERS virtual call center and about the status of direct deposits as the last day of May, 2020 falls on a Sunday. Assistant General Manager Todd Bouey fielded the response and shared that LACERS is looking into the software that is needed to provide a virtual call center at this time and no date has been set. General Manger Neil Guglielmo shared that at the top of the LACERS website there is a link for direct deposit that has date mailed and date of direct deposit for Members.

III

**BOARD PRESIDENT VERBAL REPORT** – President Ruiz thanked all staff who work on the Zoom Board meeting process.

IV

**GENERAL MANAGER VERBAL REPORT**

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

- LACERS partnership with US Department of Aging Mastery Program and City Department of Aging begins
- Financial Resilience Zoom Workshops
- LAWA SIP
- LACERS All Staff Meeting

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

- Benefits Administration Committee Meeting
  - Introduce New Wellness Program Manager
  - Preliminary 2021 health plan year premiums and Rates
  - Retiree health wellness and financial dashboards
- FY21 Capital, Operating and Administrative Budget for the 977 Broadway Building

V

**RECEIVE AND FILE ITEMS**

A. **MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR APRIL 2020** – This report was received by the Board and filed.

VI

**COMMITTEE REPORT(S)**

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF MAY 12, 2020 – Investment Committee Chair Sohn reported out the successful discussion of two items brought before the Investment Committee that were forwarded to the Board of Administration for consideration. The items discussed and approved were the Investment Manager Contract with Dimensional Fund Advisors LP and the Private Credit Mandate Update.

## VII

### BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION – Neil Guglielmo, General Manager, Todd Bouey, Assistant General Manager, and Dale Wong Nguyen, Chief Benefits Analyst, and Rod June, Chief Investment Officer, presented this item to the Board. After an hour of robust discussion, Commissioner Elizabeth Lee moved approval, seconded by Commissioner Chao and was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.
- B. EMERGENCY PURCHASES AND EXPENDITURES REPORT FOR COVID – 19 AND POSSIBLE BOARD ACTION - Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano and was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

## VIII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.2 billion as of May 22, 2020. Mr. June discussed the following items:
- Market significantly up today
  - \$300 million held in cash reserves or 1.7% of total fund
  - Security lending proposal close to finalization
  - Verbal update on value investing compared to growth investing
  - Upcoming Agenda Items: Total Fund Portfolio Performance Review – ending March 31, 2020, Real Estate Portfolio Performance Review – ending December 31, 2019, and Active Emerging Managers Small Cap Manager Finalists
- B. INVESTMENT MANAGER CONTRACT WITH DIMENSIONAL FUND ADVISORS LP REGARDING THE MANAGEMENT OF A U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS) PORTFOLIO AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer presented this item to Board and discussed this item for 15 minutes. Commissioner Elizabeth Lee moved approval of the following Resolution:

**CONTRACT EXTENSION  
DIMENSIONAL FUND ADVISORS LP  
ACTIVE U.S. TREASURY INFLATION PROTECTED SECURITIES (TIPS)**

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## PORTFOLIO MANAGEMENT

### RESOLUTION 200526-B

WHEREAS, LACERS' current three-year contract with Dimensional Fund Advisors LP (DFA) for active U.S. TIPS portfolio management expires on June 30, 2020; and,

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

WHEREAS, a contract extension with DFA will allow the fund to maintain a diversified exposure to the public real asset markets; and,

WHEREAS, on May 26, 2020, the Board approved the Investment Committee's recommendation to approve a one-year contract extension with DFA.

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>	Dimensional Fund Advisors LP
<u>Service Provided:</u>	Active U.S. TIPS Portfolio Management
<u>Effective Dates:</u>	July 1, 2020 through June 30, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	Bloomberg Barclays U.S. TIPS Index
<u>Allocation as of April 30, 2020:</u>	\$793 million

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, and President Ruiz -5; Nays, Commissioner Chao and Vice President Wilkinson -2.

- C. PRIVATE CREDIT MANDATE UPDATE AND POSSIBLE BOARD ACTION – This item was presented to the Board by Rod June, Chief Investment Officer and Clark Hoover and Robert King, Investment Officers. Vice President Wilkinson moved approval of the following Resolution:

### **RESCISSION OF CONTRACT AWARD TO ALCENTRA LIMITED FOR THE PRIVATE CREDIT MANDATE SEARCH**

### RESOLUTION 200526-C

WHEREAS, on July 23, 2019, the Board authorized contract awards to four finalists in the Private Credit Mandate search: Benefit Street Partners L.L.C. and Monroe Capital LLC for the U.S. portion of the

search; and Alcentra Limited (Alcentra) and Crescent Capital Group LP (Crescent) for the non-U.S. portion; and,

WHEREAS, on July 23, 2019, the Board approved initial funding of \$100 million to Alcentra; and,

WHEREAS, during the contracting process, staff and NEPC, LLC, LACERS' General Fund Consultant, were notified of significant and unexpected turnover of senior Alcentra personnel; and

WHEREAS, on May 12, 2020, the Investment Committee reviewed staff's and NEPC's assessment of Alcentra's organizational changes, concurred with the staff recommendation to terminate the contracting process with Alcentra and redeploy the \$100 million funding to Crescent, and referred the recommendation to the Board for consideration; and

WHEREAS, on May 26, 2020, the Board reviewed and approved the Investment Committee's recommendation to terminate the contracting process with Alcentra and redeploy the \$100 million funding to Crescent.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby rescinds the contract award to Alcentra and authorizes LACERS staff to redeploy Alcentra's initial funding of \$100 million to Crescent.

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

Commissioner Sandra Lee left the Regular Meeting at 12:20 p.m.

- D. PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2019 – This item was introduced by Rod June, Chief Investment Officer, and presented to the Board by David Fann, President, Heidi Poon, Managing Director, and Jeff Goldberger, Managing Director, with Aksia LLC. The Commissioners and staff discussed this item for 42 minutes.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN MBK PARTNERS FUND V, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN VISTA FOUNDATION FUND IV, L.P. – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO €17.5 MILLION (APPROXIMATELY \$19.0 MILLION) IN HG GENESIS 9 A L.P. – This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO \$20 MILLION IN HG SATURN 2 A L.P. – This report was received by the Board and filed.
- I. NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN GENERAL CATALYST GROUP X - EARLY VENTURE, L.P. – This report was received by the Board and filed.
- J. NOTIFICATION OF COMMITMENT OF UP TO \$11.7 MILLION IN GENERAL CATALYST GROUP X - ENDURANCE, L.P. – This report was received by the Board and filed.

- K. NOTIFICATION OF COMMITMENT OF UP TO \$16.7 MILLION IN GENERAL CATALYST GROUP X - GROWTH VENTURE, L.P. – This report was received by the Board and filed.
- L. NOTIFICATION OF PURCHASE OF PARTNERSHIP INTEREST OF UP TO \$50 MILLION IN SLC MANAGEMENT TALF PARTNERS FUND 2, LP – This report was received by the Board and filed.

President Ruiz recessed the Regular Meeting at 12:47 p.m. to convene in Closed Session.

**M. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO WATERTON RESIDENTIAL PROPERTY VENTURE XIV, L.P. AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 12:53 p.m.

IX

OTHER BUSINESS – Commissioner Elizabeth Lee asked staff about a document that was sent to the Commissioners. Rod June, Chief Investment Officer, stated the document was in regards to a private market investment.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, June 9, 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 12:54 p.m.



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Cynthia M. Ruiz  
President



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Neil M. Guglielmo  
Manager-Secretary