

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
June 9, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: June 23, 2020

Item No: II

June 9, 2020

10:07 a.m.

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

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 – **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 no response.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF MAY 26, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of May 26, 2020, 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.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked staff and Commissioners for participation and hard work on continuing virtual Board Meetings.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board on the following items:
- Protests – Impact to staff and operations
 - All Staff Safety Committee Meeting - Addressing staff and questions about going forward with phasing back into office
 - NAPPA Presentation on setting Actuarial Assumptions
 - Retirement Benefit Retro Calculations
 - Retiree Health Insurance 2021 Renewals
 - Financial Resilience Zoom Workshops
 - LAWA Separation Incentive Program (SIP) Update
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:
- Experience Study on June 23rd for Board consideration

V

RECEIVE AND FILE ITEMS

- A. MARKETING CESSATION 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 MARCH 31, 2020 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF MAY 26, 2020 – Commissioner Serrano stated the Committee was presented with the proposed LACERS City Attorney Conflict of Interest Policy and the Board procedures on Officer Elections.

- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF JUNE 9, 2020 – Commissioner Wilkinson stated the Committee was presented with the 2021 Health Plan Contract renewal update and the Health Plan Financial and Health Management Dashboards.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED LACERS CITY ATTORNEY CONFLICT OF INTEREST POLICY AND POSSIBLE BOARD ACTION – Edeliza Fang, Senior Management Analyst II with Administration Division, presented this item to the Board highlighting the discussion points brought up at the Governance Committee. Commissioner Serrano 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.
- B. CAPITAL, OPERATING, AND ADMINISTRATIVE BUDGETS RELATING TO PROPERTY AT 977 NORTH BROADWAY AND POSSIBLE BOARD ACTION – This item was presented by Horacio Arroyo, Senior Management I, Isaias Cantu, Senior Management Analyst II with Administration Division, Kristina Lewison, Director-Asset Management with Invesco US, Neil M. Guglielmo, General Manager, Todd Bouey, Assistant General Manager, and Rod June, Chief Investment Officer. A robust one-hour discussion occurred examining the soft vs hard costs with recommendation from Commissioners Elizabeth Lee and Chao to reach out to other City departments for comparison to other Capitol Improvement Project budgets. Staff was directed by the Board to report back on the status on a quarterly basis. Commissioner Elizabeth Lee moved approval of the following Resolution:

**977 NORTH BROADWAY
APPROVAL OF THE CAPITAL, OPERATING, AND ADMINISTRATIVE BUDGETS
TOTALING \$22,519,976 FOR FISCAL YEAR 2020-21 (FY21) EXPENSES
AND
DELEGATION OF AUTHORITY TO THE GENERAL MANAGER TO APPROVE FUNDING
REQUESTS AND DOCUMENTS RELATED TO THE IMPLEMENTATION OF THE
FY21 BUILDING ANNUAL PLAN**

RESOLUTION 200609-A

Whereas, on October 23, 2019, LACERS closed escrow on a purchase of an office building at 977 North Broadway (“Broadway Building”), Los Angeles California; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund, including engaging an Asset Advisor to develop an Asset Annual Plan and Budget; to manage the asset; and select, engage, and oversee third-party service providers to execute the Plan; and to report to the Board, as necessary;

Whereas, Invesco Advisers, Inc. (“Invesco”) began performing Asset Services on October 31, 2019 and obtained Board approval on March 10, 2020 for Capital Projects and Expenses, Operating Expenses and Administrative Expenses for the partial year from October 2019 through June 2020;

Whereas, property expenditures for capital expenses, operating expenses, and administrative expenses have been prepared by Invesco in collaboration with LACERS staff, for the period of July 1, 2020 to June 30, 2021; and such expenditure are reasonable and consistent with LACERS' objectives for the management of the asset;

Whereas, the Capital and Operating Budgets for the Broadway Building will be funded by the LACERS Trust Fund to the external bank account in LACERS' name, administered by Invesco; while funding for the Building Administrative Budget will come from our Department Administrative Budget;

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Approve the Capital Expense Budget of \$17,086,432, and Operating Budget of \$1,478,793 for the implementation of the Broadway Building Annual Plan.
2. Authorize the General Manager to approve funding requests for the Capital and Operating Budgets; to approve transactions and execute documents as necessary to implement the Broadway Building Annual Plan; and to correct typographical or technical errors in the Budget.
3. Approve a Supplemental Appropriation of \$3,954,752 to Fund 800, LACERS Administrative Budget, as follows:

FISCAL YEAR 2020-21 – SUPPLEMENTAL BUDGET APPROPRIATION FOR THE HEADQUARTERS BUILDING MOVE

LACERS FUND 800

	Supplemental Budget Appropriation 2020-21
SALARIES	
As Needed	\$ 19,980
Overtime	18,238
Total Salaries	<u>\$ 38,218</u>
EXPENSE	
Printing and Binding	\$ 8,000
Contracts	912,688
Office and Administrative.	33,541
Total Expense	<u>\$ 954,229</u>
EQUIPMENT	
Furniture, Office and Technical Equipment	\$ 2,962,305
Total Equipment	<u>\$ 2,962,305</u>
Total Administrative Expense	<u>\$ 3,954,752</u>

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.

- C. BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE BOARD ACTION – Dale Wong Nguyen, Chief Benefits Analyst with Administration Division presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.
- D. TRANSMITTAL TO THE BOARD OF THE COMMISSION ON REVENUE GENERATION FINAL REPORT TO CITY COUNCIL – Todd Bouey, Assistant General Manager, discussed the findings and Transmittal to the Board for 15-minutes. This report was received by the Board and filed.

President Ruiz re-opened public comment at 11:55 a.m., and asked if any persons wished to speak on matters within the Board’s jurisdiction, to which there was no response.

VIII

A. CHIEF INVESTMENT OFFICER VERBAL REPORT

- Total Fund Valuation was \$18.01 billion at close of business June 8, 2020; was at \$15.1 billion 77 days ago and \$18.03 billion on October 7, 2019
- Unaudited fiscal year to date return is 3.0%
- Expect continued volatility in the markets despite the positive performance over the past several weeks
- Asset allocation discussion begins at the end of this year with Board education and continues with the Asset Allocation exercise in early 2021
- Presented the investment manager search report
- Notes on vandalism to several real estate properties but tenant insurance should cover losses
- Barrow Hanley, non-U.S. Developed Markets Value Equities manager was removed from watch this month

B. PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2019 – Chae Hong, Felix Fells and Storm Klyve-Underkofler, from Townsend/AON presented this item to the Board.

C. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING MARCH 31, 2020 – Caroyn Smith and Kevin Novak of NEPC presented this item to the Board.

D. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN WATERTON RESIDENTIAL PROPERTY VENTURE XIV, L.P. – This report was received by the Board and filed.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, June 23, 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 1:05 p.m.



Neil M. Guglielmo
Manager-Secretary



Cynthia M. Ruiz
President