

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
July 28, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Aug. 25, 2020

Item No: II

July 28, 2020

10:00 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
		(left at 10:20 a.m.)
	Manager-Secretary:	Todd Bouey
	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 wanted to make a general public comment to which there was no response.

II

APPROVAL OF MINUTES FOR THE REGULAR BOARD MEETING OF JULY 14, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of July 14, 2020, seconded by Commissioner Sohn and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

Item IX-B was taken out of order.

IX

- B. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION – President Ruiz advised that the nominations for Vice President was being considered and then President Ruiz nominated Commissioner Sung Won Sohn. Commissioner Chao nominated Vice President Wilkinson. President Ruiz called for the vote on the first nomination of Commissioner Sung Won Sohn as Vice President, seconded by Commissioner Sandra Lee, and was 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. The first nomination of Sung Won Sohn for Vice President passed and, therefore the second nomination was not considered.

President Ruiz advised that the nominations for President was being considered and then Commissioner Serrano nominated Commissioner Cynthia Ruiz for Board President. There were no other nominations for President. President Ruiz called for the vote on the nomination of Commissioner Ruiz as President, seconded by Vice President 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.

Commissioner Sohn left the Regular Meeting at 10:20 a.m.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz emphasized the importance of LACERS Members to name their beneficiaries and to ensure such reminders are part of LACERS processes.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Todd Bouey, Assistant General Manager, advised the Board of the following items:
- City Separation Incentive Program
 - June 30, 2020 Actuarial Valuation
 - Jellyvision Contract
 - Retiree Health Plan Premiums for 2021
 - Open Enrollment Planning
 - Aging Masters' Program (AMP) Zoom 10-week class
 - LACERS Well Video
 - Thank you to our LACERS Wellness Champions
 - Electronic Forms Processing
 - LACERS YouTube
 - LACERS' Virtual Member Services Center/Amazon Connect
 - Electronic Communications
 - CalAPRS Presentation
 - All Staff Meeting of 7/15

- MSC Stats

B. UPCOMING AGENDA ITEMS – Todd Bouey, Assistant General Manager, advised the Board of the following items:

- Benefits Administration Committee – August 11
 - 2021 Maximum Health Plan Premium Subsidies
- Board – August 11 - Forwarded from BAC:
 - Final 2021 health plan premium rates and recommended added services
 - Year-End Accounting (Anthem and Delta PPO)
 - Extension of Keenan contract

C. RECEIPT OF THE CITY'S CONTRIBUTION FOR FISCAL YEAR 2020-21 - Todd Bouey, Assistant General Manager, advised that LACERS received the FY2020-21 Contribution and it has been deployed.

Items VII-A & VII-B were taken out of order.

Deputy City Attorney James Napier was present during the Disability Retirement Application items.

VII

DISABILITY RETIREMENT APPLICATION(S)

A. RECONSIDERATION OF RETURN TO WORK REQUEST FOR DISABILITY RETIREE HAGOP TCHAKERIAN AND LOS ANGELES WORLD AIRPORTS OBJECTION TO SUBPOENA AND MOTION TO QUASH AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Senior Management Analyst II and Carol Rembert, Management Assistant with Retirement Services Division, Court Reporter Tami Comet, Retiree Hagop Tchakerian, Dr. Benjamin LaBrot, Deputy City Attorney with LAWA Patricia Mor, and Keylaundra McClelland with LAWA HR, were virtually present to discuss this item. After a one and half hour discussion, Commissioner Serrano moved to approve LAWA staffs' recommendation to quash, 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. Commissioner Serrano moved to accept LACERS staff recommendation to extend Disability Retirement Benefits for Disability Retiree Hagop Tchakerian, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.

B. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RICHARD CARDENAS AND POSSIBLE BOARD ACTION – Susann Hernandez, Benefits Specials with Retirement Services Division presented this item to the Board. Commissioner Serrano moved to approve staff's recommendation, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.

V

RECEIVE AND FILE ITEMS

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

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 14, 2020 – Commissioner Serrano reported out that the Committee was presented with an Investment Manager Contract with Axiom International Investors, LLC regarding the management of an active emerging markets growth equities portfolio and heard one Closed Session Item to consider a commitment to Cerberus Institutional Real Estate Partners V, L.P.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 28, 2020 – Benefits Administration Committee Chair Wilkinson reported that the Committee was presented with the 2021 Health Plan Contract Renewals, the Anthem Blue Cross 2019 Year-End Accounting, and the Health and Welfare Consultant Contract Extension. The Committee also received and filed a report on the Delta Dental DPPO 2019 Year-End Accounting, and heard a Verbal Report on Open Enrollment.

Item IX-C was taken out of order.

IX

- C. YEAR-END REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING JUNE 30, 2020 – Todd Bouey, Assistant General Manager and Dale Wong Nguyen, Chief Benefits Analyst presented this report to the Board.

X

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18.98 billion as of July 27, 2020. Mr. June discussed the following items:
- City Contribution allocated evenly to managers
 - The new RFP/RFI notification service is available on the LACERS website
 - News Event: SEC issue Final Proxy Voting Ruling; SEI, an investment administrator, was hacked; one of the LACERS general partners is a client. Staff will determine impact, if any.
 - Upcoming Agenda items: PRI Action Plan and Proxy Voting Policy
- B. APPROVAL OF AMENDMENT TO CONTRACT WITH NOSSAMAN LLP FOR INVESTMENT COUNSEL SERVICES AND POSSIBLE BOARD ACTION – Anya Freedman, Assistant City Attorney, Wilkin Ly, Investment Officer III, Robert King, Investment Officer I, and Clark Hoover, Investment Officer I, presented this item to the Board. Vice President Wilkinson moved approval of the following Resolution:

**CONTRACT AMENDMENT
NOSSAMAN LLP
INVESTMENT LEGAL SERVICES**

RESOLUTION 200728-D

WHEREAS, the current two-year extension contract with Nossaman LLP (Nossaman) for investment legal services became effective on June 16, 2019 and expires on June 15, 2021; and,

WHEREAS, the current two-year extension contract with Nossaman allows an annual expenditure of \$200,000; and,

WHEREAS, legal expenditures were approximately \$433,000 during the first year of the contract term and are expected to increase significantly in the second year of the contract term due to unanticipated demand for specialized legal services such as the acquisition of the new LACERS' headquarters and increased private markets activity; and,

WHEREAS, a contract amendment with Nossaman will allow for continued investment legal services for LACERS' headquarters and private markets investments; and,

WHEREAS, on July 28, 2020, the Board approved an amendment to the contract with Nossaman to increase authorized expenditures by an additional \$750,000 for the final year of the two-year contract.

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

<u>Company Name:</u>	Nossaman LLP
<u>Service Provided:</u>	Investment Legal Services
<u>Effective Dates:</u>	June 16, 2020 through June 15, 2021
<u>Maximum Expenditure Amount:</u>	\$750,000

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

C. INVESTMENT MANAGER CONTRACT WITH AXIOM INTERNATIONAL INVESTORS, LLC REGARDING THE MANAGEMENT OF ACTIVE EMERGING MARKETS GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Bryan Fujita, Investment Officer III and Ellen Chen, Investment Officer I presented this item to the Board. Commissioner Chao moved approval of the following Resolution:

**CONTRACT EXTENSION
AXIOM INTERNATIONAL INVESTORS, LLC**

**ACTIVE EMERGING MARKETS GROWTH EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 200728-E

WHEREAS, LACERS' current one-year contract extension with Axiom International Investors, LLC (Axiom) for active emerging markets growth equities portfolio management expires on December 31, 2020; and,

WHEREAS, Axiom is currently "On Watch" for performance pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, Axiom's current benchmark, the MSCI Emerging Markets Growth Index, is concentrated in three stocks and does not properly reflect the diversification and risk-return profile of Axiom's strategy, as governed by LACERS' investment management guidelines; and,

WHEREAS, the MSCI Emerging Markets Index will serve as a more suitable benchmark by which to measure Axiom's performance and risk; and,

WHEREAS, a one-year contract extension will provide the necessary time to evaluate Axiom for consistency with its stated growth strategy relative to a new benchmark; and,

WHEREAS, on July 28, 2020, the Board approved the Investment Committee's recommendations to approve a one-year contract extension with Axiom and to approve a benchmark change to the MSCI Emerging Market Index effective end of business day July 31, 2020.

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>	Axiom International Investors, LLC
<u>Service Provided:</u>	Active Emerging Markets Growth Equities Portfolio Management
<u>Effective Dates:</u>	January 1, 2021 through December 31, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	MSCI Emerging Markets Index
<u>Allocation as of June 30, 2020:</u>	\$464 million

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

D. FINALIST FIRMS OF THE ACTIVE EMERGING MARKETS SMALL CAP EQUITIES INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION – Eduardo Park,

Investment Officer I presented this item to the Board. Commissioner Elizabeth Lee moved approval of the following Resolution:

**CONTRACT AUTHORIZATION
WASATCH ADVISORS INC.
ACTIVE EMERGING MARKETS SMALL CAP EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 200728-F

WHEREAS, on June 10, 2019, the Board of Administration (Board) authorized a Request for Proposal for the Emerging Markets Small Cap Equities Mandate investment manager search pursuant to the asset allocation policy approved by the Board on April 10, 2018; and,

WHEREAS, staff and NEPC, LLC (NEPC), LACERS' General Fund Consultant, performed an evaluation of the 19 proposals submitted; and,

WHEREAS, on January 14, 2020, the Investment Committee reviewed NEPC's evaluation report of the proposals and concurred with the staff recommendation to advance four firms as semi-finalists in the search; and,

WHEREAS, staff and NEPC conducted further due diligence on the four semi-finalists; and,

WHEREAS, on July 8, 2020, the Investment Committee interviewed three finalists recommended by staff: RBC Global Asset Management (U.S.) Inc., Wasatch Advisors Inc. (Wasatch), and Macquarie Investment Management Advisers, and recommended Wasatch to the Board for consideration for hire; and,

WHEREAS, on July 28, 2020, the Board approved the Investment Committee's recommendation to award a contract to Wasatch.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to execute the necessary documents, subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	Wasatch Advisors Inc.
<u>Service Provided:</u>	Active Emerging Markets Small Cap Equities Portfolio Management
<u>Estimated Effective Date:</u>	October 1, 2020 through September 30, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI Emerging Markets Small Cap
<u>Estimated Allocation:</u>	\$230 million

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

Items VII-C, X-E, and VIII-A taken out of order.

President Ruiz recessed the Regular Meeting at 12:54 p.m. to convene in Closed Session.

VII

- C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PAUL AGUILAR AND POSSIBLE BOARD ACTION**

X

- E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO CERBERUS INSTITUTIONAL REAL ESTATE PARTNERS V, L.P. AND POSSIBLE BOARD ACTION**

VIII

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2019-20 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 1:54 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Paul Aguilar.

Item IX-A taken out of order.

IX

- A. CONSIDERATION OF 2019-20 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION** – Elizabeth Lee stated that she was in support of giving the General Manager the full 5% raise as other City General Managers were given a COLA this year, Vice President Wilkinson also voiced his support, a robust discussion regarding equitable pay and the process of merit raises lasted for 24 minutes at which time Commissioner Chao moved to table the item until the next Board meeting, seconded by Commissioner Serrano. President Ruiz tabled this discussion until the next or future meeting of the Board of Administration and directed staff to report back with comparison data from other local and City retirement plans actions during this fiscal crisis.

XI

OTHER BUSINESS – Commissioner Chao asked that staff report to Board the process of filing benefits related claims with LACERS.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 11, 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.

XIII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 2:20 p.m.



Cynthia M. Ruiz
President



Todd Bouey
Manager-Secretary