

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
September 8, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Oct. 13, 2020

Item No: II

September 8, 2020

10:00 a.m.

PRESENT via Zoom Meeting:	President: Vice President:	Cynthia M. Ruiz Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
ABSENT:	Commissioner:	Sandra Lee
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

BOARD PRESIDENT VERBAL REPORT – President Ruiz expressed her gratitude to staff and the Commissioners during these challenging times.

III

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- COVID-19 Update
 - LAWA SIP Retirements
 - City SIP
 - SIP related Ordinance
 - The Aging Mastery Program (AMP)
 - Planning for Retirement (PFR) Seminars
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:
- Actuarial Retiree Health Assumptions

IV

RECEIVE AND FILE ITEMS

- A. MARKETING CESSATION 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 FISCAL YEAR 2019-20 – This report was received by the Board and filed.

Items VII-A and VII-B taken out of order.

President Ruiz recessed the Regular Meeting at 10:28 a.m. to convene in Closed Session. Joshua Geller, Deputy City Attorney, was present during the Closed Session discussion. Justyne Johnson, Court Reporter, was present during the Closed Session Hearing.

VII

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ABEL BURBOA AND POSSIBLE BOARD ACTION (HEARING)**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF MARJORIE MOSS AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 10:42 a.m. and announced that the Board unanimously approved the Disability Retirement Applications of Abel Burboa and Marjorie Moss.

V

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value at \$19.4 billion as of September 4, 2020. Mr. June discussed the following items:
- Active US Small Cap and High Yield and Hybrid High Yield/Bank Loan Investment Manager Searches have been completed and contracts have been executed
 - Private Credit and Emerging Market Small Cap Equities contracts currently in negotiation
 - Emerging Market Debt Investment Manager Search in progress; seeking Board approval of finalists today
 - Core Fixed Income Investment Manager Search in progress; presenting semi-finalist list to the Investment Committee today
 - Quantitative Management Associates, LLC, an active emerging markets core manager, is on watch due to performance, organizational changes, and loss of assets
 - Upcoming agenda items: Total Fund Performance Review as of June 30, 2020 and contract consent for one of the LACERS non-US investment managers

Items VII-C and VII-D taken out of order.

VII

DISABILITY RETIREMENT APPLICATION(S)

- C. CONSIDERATION OF THE DISABILITY RETIREMENT APPLICATION OF DOUGLAS WATSON AND POSSIBLE BOARD ACTION (HEARING) – Douglas Watson, member, was present during the hearing and Justyne Johnson, court reporter, was present as well. After discussion, Commissioner Elizabeth Lee moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.
- D. ADOPTION OF FINDINGS OF FACT FOR VIVECA BUTLER AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.

V

INVESTMENTS

- B. FINALIST FIRMS OF THE EMERGING MARKET DEBT INVESTMENT MANAGER SEARCH AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Bryan Fujita, Chief Operating Officer, and Jeremiah Paras, Investment Officer I, presented this item to the Board.

After a 10-minute discussion, Commissioner Serrano moved approval of the following Resolutions:

**CONTRACT AUTHORIZATION
PGIM, INC.
ACTIVE EMERGING MARKET DEBT
PORTFOLIO MANAGEMENT**

RESOLUTION 200908-A

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal process to evaluate the current marketplace for active emerging market blended local and hard currency debt investment managers 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 February 11, 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 August 19, 2020, the Investment Committee interviewed the three finalists recommended by staff: Ashmore Investment Management Limited; PGIM, Inc.; and Wellington Management Company LLP; and recommended PGIM, Inc. to the Board for consideration for hire; and,

WHEREAS, on September 8, 2020, the Board approved the Investment Committee's recommendation to award a contract to PGIM, Inc.

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>	PGIM, Inc.
<u>Service Provided:</u>	Active Emerging Market Debt
<u>Estimated Effective Date:</u>	November 1, 2020 through October 31, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	50% JPM EMBI Global Diversified and 50% JPM GBI-EM Global Diversified
<u>Estimated Allocation:</u>	\$400 million

**CONTRACT AUTHORIZATION
WELLINGTON MANAGEMENT COMPANY LLP
ACTIVE EMERGING MARKET DEBT
PORTFOLIO MANAGEMENT**

RESOLUTION 200908-A

WHEREAS, on October 23, 2018, the Board of Administration (Board) authorized a Request for Proposal process to evaluate the current marketplace for active emerging market blended local and hard currency debt investment managers 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 February 11, 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 August 19, 2020, the Investment Committee interviewed the three finalists recommended by staff: Ashmore Investment Management Limited; PGIM, Inc.; and Wellington Management Company LLP; and recommended Wellington Management Company LLP to the Board for consideration for hire; and,

WHEREAS, on September 8, 2020, the Board approved the Investment Committee's recommendation to award a contract to Wellington Management Company LLP.

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>	Wellington Management Company LLP
<u>Service Provided:</u>	Active Emerging Market Debt
<u>Estimated Effective Date:</u>	November 1, 2020 through October 31, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	50% JPM EMBI Global Diversified and 50% JPM GBI-EM Global Diversified
<u>Estimated Allocation:</u>	\$400 million

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

- C. DISCUSSION OF PROPOSED AMENDMENTS TO THE LACERS PROXY VOTING POLICY AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, and Ellen Chen, Investment Officer I, presented this item to the Board. After a 15-minute discussion, Commissioner Chao moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Nays, None.
- D. CONTINUED DISCUSSION OF IMPLEMENTATION OF PRIVATE EQUITY INVESTMENT MANAGEMENT – CO-INVESTMENTS AND SECONDARIES – Rod June, Chief Investment Officer, introduced this item to the Board. David Fann, Vice Chairman, Jeffrey Goldberger, Managing Director, and Heidi Poon, Managing Director, with Aksia-TorreyCove Partners LLC, presented and discussed this education with the Board for 30 minutes.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. PRESENTATION BY INVESCO REAL ESTATE OF THE 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING JUNE 30, 2020 FOR LOS ANGELES CITY EMPLOYEES’ RETIREMENT SYSTEM – Kristina Lewison, Director-Asset Management with Invesco Real Estate, Neil M. Guglielmo, General Manager, and Isaius Cantu, Senior Management Analyst II with the Administration Division, presented and discussed this item with the Board for 30 minutes.

VIII

LEGAL/LITIGATION

- A. LEGAL UPDATE REGARDING CALIFORNIA SUPREME COURT DECISION IN *ALAMEDA COUNTY DEPUTY SHERIFF’S ASS’N V. ALAMEDA COUNTY EMPLOYEES’ RETIREMENT ASS’N* (S247095) – Miguel Bahamon, Deputy City Attorney, presented this item to the Board.

IX

OTHER BUSINESS – No other business was discussed.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 22, 2020 at 10:00 a.m. at LACERS, 977 N. Broadway, Suite 260, Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while responding to 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 12:05 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary