

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
November 24, 2020, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Dec. 22, 2020

Item No: II

November 24, 2020

10:00 a.m.

PRESENT via Videoconferencing:	President:	Cynthia M. Ruiz
	Vice President:	Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
ABSENT:	Commissioners:	Sandra Lee Nilza R. Serrano
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 MEETING OF OCTOBER 27, 2020 AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked staff and the Commissioners and expressed her appreciation. She also spoke about the 2020 Women on Boards Virtual Conference held in November 2020.

IV

GENERAL MANAGER VERBAL REPORT

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

- Updates on Departmental Operations: MSC Stats, Website Stats, YouTube Stats
- SIP Update
- HQ Update
- City Council Motion CF 19-1577
- LACERS New Logo
- Plan Actuary/Phase-In Letters
- Ancillary Benefits Processing

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

- 2021 Medicare Part B Reimbursement Amount
- 977 Broadway – QE 9/30/20 Project Status
- LACERS' Audited Financial Statements for FYE June 30, 2020

V

RECEIVE AND FILE ITEMS

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

B. COMMISSIONER ELIZABETH LEE BOARD EDUCATION EVALUATION ON SACRS ANNUAL FALL CONFERENCE, VIRTUAL; NOVEMBER 10-13, 2020 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE VERBAL REPORT FOR THE MEETING ON NOVEMBER 10, 2020 – Vice President Sohn stated the Committee approved the Investment Manager Contracts with CenterSquare Investment Management LLC and RhumbLine Advisers Limited Partnership,

approved the Private Equity Program 2021 Strategic Plan and updates to the Investment Policy Manual.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED REVISION TO THE LACERS TRAVEL POLICY AND POSSIBLE BOARD ACTION – Edeliza Fang, Senior Benefits Analyst II with the Administration Division, presented this item to the Board. After a 10 minute discussion, Vice President Sohn moved approval with an amendment to allow travelers 72-hours to provide a quote for a flight, seconded by President Ruiz, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value at \$20.27 billion as of November 23, 2020. Mr. June discussed the following items:
- Small Cap Emerging Markets manager, Wasatch Global Investors, to be funded in about a week
 - Emerging Markets Debt manager, PGIM, LLC and Wellington Management Company LLC, still in contract negotiations
 - Core Fixed Income search Investment Committee presentations on December 9 & 10, 2020
 - Bernzott Capital Advisors' contract item was waived out of the Investment Committee due to time-sensitivity and being presented to Board for consideration today
 - 80% of ISS is being sold by the current owner, Genstar Capital, to Deutsche Borse; staff will evaluate this transaction and report to the Board any adverse impact to LACERS
 - Effective March 31, 2021, State Street Global Advisors will promote Lori Heinel to Global Chief Investment Officer. Rick Lacaille, current Global Chief Investment Officer, will assume the role of Senior Investment Advisor for the firm's ESG programs.
- B. INVESTMENT MANAGER CONTRACT WITH CENTERSQUARE INVESTMENT MANAGEMENT LLC REGARDING THE MANAGEMENT OF A U.S. REITS PORTFOLIO AND POSSIBLE BOARD ACTION – Vice President Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
CENTERSQUARE INVESTMENT MANAGEMENT LLC
ACTIVE U.S. REITS PORTFOLIO MANAGEMENT**

RESOLUTION 201124-A

WHEREAS, LACERS' current three-year contract with CenterSquare Investment Management LLC for management of an active U.S. REITS (Real Estate Investment Trust Securities) portfolio expires on March 31, 2021; and,

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

WHEREAS, a contract renewal with CenterSquare will allow the fund to maintain a diversified exposure to the U.S. REITS markets; and,

WHEREAS, on November 24, 2020, the Board approved the Investment Committee’s recommendation to approve a three-year contract renewal with CenterSquare.

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>	CenterSquare Investment Management LLC
<u>Service Provided:</u>	Active U.S. REITS Portfolio Management
<u>Effective Dates:</u>	April 1, 2021 through March 31, 2024
<u>Duration:</u>	Three years
<u>Benchmark:</u>	FTSE NAREIT All Equity REITS Index
<u>Allocation as of October 31, 2020:</u>	\$207 million

Which motion was seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

C. INVESTMENT MANAGER CONTRACT WITH RHUMLINE ADVISERS LIMITED PARTNERSHIP REGARDING THE MANAGEMENT OF MULTIPLE U.S. INDEX PORTFOLIO MANDATES AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval of the following Resolution:

**CONTRACT RENEWAL
RHUMLINE ADVISERS LIMITED PARTNERSHIP
MULTIPLE PASSIVE U.S. EQUITY INDEX PORTFOLIO MANAGEMENT**

RESOLUTION 201124-B

WHEREAS, LACERS’ current five-year contract with RhumbLine Advisers Limited Partnership (RhumbLine) for passive management of multiple U.S. equity index portfolios expires on March 31, 2021; and,

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

WHEREAS, a contract renewal with RhumbLine will allow the fund to access various passive U.S. equity index strategies on an as needed basis; and,

WHEREAS, on November 24, 2020, the Board approved the Investment Committee’s recommendation to approve a five-year contract renewal with RhumbLine.

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>	RhumbLine Advisers Limited Partnership
<u>Service Provided:</u>	Multiple Passive U.S. Equity Index Portfolio Management
<u>Effective Dates:</u>	April 1, 2021 through March 31, 2026
<u>Duration:</u>	Five years
<u>Indices:</u>	S&P 500 Index Russell 1000 Growth Index Russell 1000 Value Index Russell 2000 Index Russell 2000 Growth Index Russell 2000 Value Index
<u>Total Allocation as of October 31, 2020:</u>	\$3,679 million

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

D. INVESTMENT MANAGER CONTRACT WITH BERNZOTT CAPITAL ADVISORS REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Bryan Fujita, Investment Officer III, Barbara Sandoval, Investment Officer II, and Carolyn Smith, Partner with NEPC, presented and discussed this item with the Board for 20 minutes. Commissioner Chao moved approval of the following Resolution:

**CONTRACT TERMINATION
BERNZOTT CAPITAL ADVISORS
U.S. SMALL CAP VALUE EQUITIES
PORTFOLIO MANAGEMENT**

RESOLUTION 201124-C

WHEREAS, LACERS’ current three-year contract with Bernzott Capital Advisors (Bernzott) for active U.S. small cap value equities portfolio management expires on July 31, 2023; and,

WHEREAS, Bernzott was placed “On-Watch” on November 12, 2020, due to loss of several key investment personnel as of November 10, 2020, in accordance with the LACERS Manager Monitoring Policy (Policy); and,

WHEREAS, staff and NEPC, LLC (NEPC), LACERS General Fund Consultant, have conducted appropriate due diligence and have deemed that these organizational changes present undue risk to LACERS; and,

WHEREAS, staff and NEPC recommend a contract termination in accordance with the Policy; and,

WHEREAS, on November 24, 2020, the Board approved staff's recommendation to terminate the contract with Bernzott and redeploy Bernzott's assets to a passive small cap value equities strategy managed by RhumbLine Advisers Limited Partnership.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of the Bernzott contract and authorizes LACERS staff to redeploy Bernzott's assets to a passive small cap value equities strategy managed by RhumbLine Advisers Limited Partnership and to authorize staff to transfer in-kind securities to other LACERS active U.S. small cap equities portfolios for those managers who may wish to hold or increase such security exposures in order to reduce transaction costs to LACERS.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

- E. PRIVATE EQUITY PROGRAM 2021 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Wilkin Ly, Investment Officer III, and David Fann, Vice Chairman of Aksia TorreyCove, presented and discussed this item with the Board for 10 minutes. Vice President Sohn moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.
- F. CONTINUED DISCUSSION OF INVESTMENT POLICY MANUAL REVIEW AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, and Bryan Fujita, Investment Officer III, presented and discussed this item with the Board for 10 minutes. Commissioner Chao moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.
- G. PRI BOARD ELECTION AND BALLOT MEASURES AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, and Ellen Chen, Investment Officer I, presented this item to the Board. After a 5 minute discussion, President Ruiz nominated Dr. Renosi Denise Mokate for the open signatory representative candidate for the PRI Board, confirmed the appointment of the PRI Chair, received the PRI Annual Report and Accounts for year ended March 31, 2020, and approved the 2020 Signatory General Meeting (SGM) Minutes, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Wilkinson, Vice President Sohn, and President Ruiz -5; Nays, None.

President Ruiz recessed the Regular Meeting at 11:45 a.m. to convene in Closed Session.

- H. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER A COMMITMENT TO OAKTREE REAL ESTATE OPPORTUNITIES FUND VIII, L.P. AND POSSIBLE BOARD ACTION**

IX

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANDRES AVALOS AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ALONSA CALDERON AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 12:01 p.m. and announced that the Board unanimously approved the Disability Retirement Application of Alonsa Calderon and continued the Disability Retirement Application of Andres Avalos until the Department provides a response.

X

OTHER BUSINESS – No other business was discussed.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, December 8, 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 response to public health concerns relating to the novel coronavirus continue.

XII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting with gratitude at 12:03 p.m.



Neil M. Guglielmo
Manager-Secretary



Cynthia M. Ruiz
President