

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 11, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: June 8, 2021

Item No: II

May 11, 2021

10:03 a.m.

PRESENT via Videoconferencing:	President: Vice President:	Cynthia M. Ruiz Sung Won Sohn
	Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
PRESENT at LACERS offices:	Executive Assistant:	Erin Knight (Acting)

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 were three responses. The first speaker was Ruth Perry, member of the public, and stated opposition to Council Motion 21-0295 and in favor of staff's recommendation on this item. The second speaker was Jordan Ash, member of the public, stated concerns over the investing parent company of Sonic. The third speaker included two persons on the call, John Chalker and Luis Maizel, of LM Capital. They both opposed LACERS termination of the contract with LM Capital.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF APRIL 13, 2021 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Wilkinson,

and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -6; Abstention, Commissioner Elizabeth Lee -1.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked Mr. Ken Chenault for speaking to the Board.

IV

GENERAL MANAGER VERBAL REPORT

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

- Budget Hearings
- Health Plan Administration
- LACERS *Well* Events
- MSC Stats
- Retirement Application Portal
- HQ Items
- Service Disruption on May 5th
- Fiduciary Side A Insurance Policy Renewal

President Ruiz recessed Mr. Guglielmo’s verbal report at 10:26 a.m., and took Item VII-B out of order to allow for the special speaker to present.

Item VII-B taken out of order.

VII

B. PRESENTATION BY GENERAL CATALYST REGARDING LEADERSHIP, DIVERSITY AND INCLUSION, AND POST-PANDEMIC OUTLOOK – Rod June, Chief Investment Officer, introduced the guest speaker Ken Chenault, Chairman and Managing Director of General Catalyst and founder and member of OneTen, an organization that combines the power of committee American companies to upskill, hire and promote one million Black Americans over the next 10 years into family-sustaining jobs with opportunities for advancement. Mr. Chenault spoke and discussed issues with the Board for 1 hour and 10 minutes.

President Ruiz asked Mr. Guglielmo to continue his verbal report at 11:37 a.m.

Continuation of Items IV-A and IV-B.

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil Guglielmo, General Manager, continued to discuss the following items with the Board:

- Cyber Liability Insurance
- Member Communications
- SIP Update

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

- May 25th Board – Final Budget for FY 2021-22 for Adoption by the Board
- May 25th Board – Printing, Mailing, Website, and Graphic Design Services RFP Results
- June 8th Proposed Benefits Administration Committee – 2022 Health Plan Renewal Status Report

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.

VI

BENEFITS ADMINISTRATION

A. RESPONSE TO COUNCIL MOTION 21-0295; AN ANALYSIS OF HEALTH SAVINGS ACCOUNTS FOR RETIREE HEALTH COVERAGE AND POSSIBLE BOARD ACTION – Commissioner Wilkinson thanked speakers and all those who submitted written comments. Commissioner Serrano moved approval, seconded by Commissioner Sandra Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

VII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.18 billion as of May 10, 2021. Mr. June discussed the following items:

- Bryan Fujita, Investment Officer III, provided a report on the total fund rebalancing
- PRI Report submitted on May 10, 2021
- Storm Klyve-Underkofler leaving Townsend Group, no replacement has been named

C. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, shared with the Board of the replacement of page 4 of the presentation. Carolyn Smith, Partner, and Lynda Dennen Costello, from NEPC presented and discussed this item with the Board for one hour. Commissioner Serrano moved approval of Mix B, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners, Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -6; Nays, Vice President Sohn -1.

D. INVESTMENT MANAGER CONTRACT WITH NEUBERGER BERMAN INVESTMENT ADVISERS LLC REGARDING THE MANAGEMENT OF AN ACTIVE CORE FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT TERMINATION
NEUBERGER BERMAN INVESTMENT ADVISERS LLC
ACTIVE CORE FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210511-A

WHEREAS, LACERS’ current contract with Neuberger Berman Investment Advisers LLC (Neuberger Berman) for active core fixed income portfolio management expires on June 30, 2021; and,

WHEREAS, Neuberger Berman rebid for its mandate under the 2019-2021 Core Fixed Income Mandate Search and was among seven finalist firms interviewed by the Investment Committee at special meetings held on December 9 and 10, 2020; and,

WHEREAS, Neuberger Berman was not among the five firms recommended by the Committee to the Board for contract award; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee’s recommendation to award contracts to Robert W. Baird & Co., Inc. (Baird), Garcia Hamilton & Associates, L.P. (GHA), Income Research & Management (IRM), J.P. Morgan Asset Management (JPMAM), and Loomis, Sayles & Company, L.P. (Loomis Sayles); and,

WHEREAS, on May 11, 2021, the Board approved the staff recommendation to terminate the contract with Neuberger Berman and transition the assets to Loomis, Baird, GHA, IRM and JPMAM.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of the contract with Neuberger Berman and the transition of assets to Loomis, Baird, GHA, IRM and JPMAM.

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

E. INVESTMENT MANAGER CONTRACT WITH LM CAPITAL GROUP, LLC REGARDING THE MANAGEMENT OF AN ACTIVE DOMESTIC FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer, Bryan Fujita, Investment Officer III, and Jeremiah Paras, Investment Officer I, discussed this item with the Board for 10 minutes. After discussion, Commissioner Serrano moved approval of the following Resolution:

**CONTRACT TERMINATION
LM CAPITAL GROUP, LLC
ACTIVE DOMESTIC FIXED INCOME PORTFOLIO MANAGEMENT**

RESOLUTION 210511-B

WHEREAS, LACERS' current contract with LM Capital Group, LLC (LM Capital) for active domestic fixed income portfolio management expires on February 28, 2023; and,

WHEREAS, LM Capital rebid for its mandate under the 2019-2021 Core Fixed Income Mandate Search, but following an evaluation of proposals, was not among the firms selected as semi-finalists and thus received no further consideration in the search process; and,

WHEREAS, on January 26, 2021, the Board approved the Investment Committee's recommendation to award contracts to Robert W. Baird & Co., Inc. (Baird), Garcia Hamilton & Associates, L.P. (GHA), Income Research & Management (IRM), J.P. Morgan Asset Management (JPMAM), and Loomis, Sayles & Company, L.P. (Loomis Sayles); and,

WHEREAS, on May 11, 2021, the Board approved the staff recommendation to terminate the contract with LM Capital and transition the assets to Loomis, Baird, GHA, IRM and JPMAM.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves the termination of the contract with LM Capital and the transition of assets to Loomis, Baird, GHA, IRM and JPMAM.

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

VIII

OTHER BUSINESS – There was no other business.

IX

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, May 25, 2021, 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.

X

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 1:03 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary