

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 8, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: July 13, 2021

Item No: II

June 8, 2021

10:00 a.m.

PRESENT via Videoconferencing:	President:	Cynthia M. Ruiz
	Vice President:	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:	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 MAY 11, 2021 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked the LACERS Executive Team for the planting of a grove of trees they contributed to in her mother’s honor. President Ruiz also talked about the concerns over the recent cyber and ransomware attacks.

IV

GENERAL MANAGER VERBAL REPORT

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

- Retirement of Executive Officer Lita Payne
- Continuation of Governor’s Executive Order regarding Virtual Meetings
- CAL OSHA COVID Standards for the Workplace
- LACERS *Well* Events
- MSC Stats
- Reconstitution Plan

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

- June 22nd Governance Committee Meeting – Review and update the Marketing Cessation Policy

President Ruiz re-opened Item I, Public Comment. Item I taken out of order.

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 one response. Ruth Perry, member of the public and President of RLACEI, congratulated Lita Payne on her upcoming retirement. In addition, stated support for staff’s recommendation on HR 82, Item VI-A on the agenda.

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. COMMISSIONER ELIZABETH LEE EDUCATION EVALUATION ON SACRS ANNUAL SPRING CONFERENCE, VIRTUAL; MAY 11-14, 2021 – This report was received by the Board and filed.
- D. COMMISSIONER ELIZABETH LEE EDUCATION EVALUATION ON PENSIONS & INVESTMENTS' ESG INVESTING, VIRTUAL; MAY 17-20, 2021 – This report was received by the Board and filed.
- E. COMMISSIONER SERRANO EDUCATION EVALUATION ON PENSIONS & INVESTMENTS' ESG INVESTING, VIRTUAL; MAY 17-20, 2021 – This report was received by the Board and filed.

VI

BENEFITS ADMINISTRATION

- A. FEDERAL LEGISLATION IMPACTING RETIREE INCOME AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Wilkinson, 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

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON MAY 25, 2021 – Commissioner Serrano stated that the Committee approved the Member Information Release Policy and the Board Rule for Vendor Payroll Deduction.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON JUNE 8, 2021 – Commissioner Wilkinson stated that the Committee was presented with an update on the 2022 Health Plan Contract Renewals.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. CAPITAL, OPERATING, AND ADMINISTRATIVE BUDGETS RELATING TO PROPERTY AT 977 NORTH BROADWAY; CONTRACT AWARD TO HAWORTH, INC. FOR FURNITURE AND RELATED SERVICES; AND POSSIBLE BOARD ACTION – Isaius Cantu, Senior Management Analyst II, Horacio Arroyo, Senior Management Analyst, Michael Prabhu, Executive Real Estate Advisor with Twenty One 11 Ventures, and Carol Cathcart, Senior Project Manager with Cushman & Wakefield, presented and discussed this item with the Board for 30 minutes. After discussion ended, Commissioner Serrano moved approval of the following Resolutions:

**977 NORTH BROADWAY
FISCAL YEAR 2021-22 BUILDING BUDGET,
TRANSFER OF FUNDS FROM FISCAL YEAR 2020-21 TO FISCAL YEAR 2021-22,
AND**

**DELEGATION OF AUTHORITY TO THE GENERAL MANAGER TO TRANSFER FUNDS
BETWEEN ADMINISTRATION, OPERATING, AND CAPITAL ACCOUNTS TO FACILITATE
COMPLETION OF THE HEADQUARTERS PROJECT**

RESOLUTION 210608-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;

WHEREAS, the Broadway Building goals for Fiscal Year 2021-22 (FY22) include LACERS' full occupancy by early 2022, and completion of tenant and owner improvements prior to move-in;

WHEREAS, the Broadway Building budget for FY22, consisting of one-time expenditures for capital improvement projects for the building, on-going expenses for the daily operations of the building, and one-time administrative expenses related to the move-in process, has been prepared by LACERS' retained Property Management company, Cushman and Wakefield, in collaboration with LACERS staff, for the period of July 1, 2021 to June 30, 2022; and such expenditures are reasonable and consistent with LACERS' objectives for the management of the asset;

WHEREAS, budget for the administrative expenses are appropriated and processed using LACERS' HQ Administrative Budget maintained with the City, while Capital and Operational expenditures are funded through the separate Broadway Building account in LACERS' Trust Fund maintained with Northern Trust, LACERS' custodian bank;

WHEREAS, \$3,586,805 of the funds allocated by the LACERS Board of Administration to the Broadway Building administrative expense for the purchase of furniture and audio-visual equipment for the Headquarters (HQ) Project were not expended during Fiscal Year 2020-21 (FY21) due to an extended period for planning and designing of the furniture layout and technology plans. With delivery of furniture and technology expected after July 1, 2021, it is beneficial to transfer unused funds for furniture and technology from the LACERS Administrative Budget to the LACERS Trust Fund to allow for the ability to use these funds in Fiscal Year 2021-22;

WHEREAS, periodic transfers of funds between the Capital, Operating, and Administrative budgets are necessary to meet the time-sensitive nature for the completion of the HQ Project.

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

1. Approve the Capital Expense Budget of \$19,622,987, the Operating Budget of \$1,292,058, and Administrative Budget of \$415,396 for the implementation of the Broadway Building Annual Plan for FY22;
2. Approve the transfer of \$3,586,805 from the FY21 HQ Administrative Budget to the LACERS Trust Fund to be used for purchase of furniture and technology for the Broadway Building in FY22;
3. Authorize the General Manager to approve the transfer of funds between the Administrative, Operational, and Capital accounts to facilitate the implementation of the Broadway Building Annual Plan for FY22.

**FISCAL YEAR 2021-22 – SUPPLEMENTAL BUDGET APPROPRIATION
FOR THE HEADQUARTERS BUILDING MOVE**

LACERS FUND 800

**Supplemental Budget Appropriation
FY 2021-22**

SALARIES

As Needed	\$	47,133
Overtime	\$	22,435
Total Salaries	\$	<u>69,568</u>

EXPENSE

Printing and Binding	\$	8,000
Contracts	\$	96,141
Office and Administrative	\$	241,687
Total Expense	\$	<u>345,828</u>

EQUIPMENT

Furniture, Office and Technical Equipment	\$	<u>0</u>
Total Equipment	\$	<u>0</u>

TOTAL ADMINISTRATIVE EXPENSE	\$	415,396
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CONTRACT WITH HAWORTH, INC. (HAWORTH) FOR FURNITURE, INSTALLATION AND RELATED PRODUCTS AND SERVICES

RESOLUTION 210608-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;

WHEREAS, the Broadway Building goals for Fiscal Year 2021-22 (FY22) include LACERS’ full occupancy by early 2022, and completion of tenant and owner improvements prior to move-in;

WHEREAS, the Broadway Building budget for FY22, consisting of expenditures for the purchase of furniture related to the move-in process; and such expenditures are reasonable and consistent with LACERS’ objectives for the full occupancy of the Broadway Building;

WHEREAS, Haworth is part of the OMNIA Partners cooperative purchasing agreement for public and private sectors and leverages the agreement to provide lower rates that group purchasing allows;

WHEREAS, it is beneficial for LACERS to join the cooperative purchase service agreement separately and directly with Haworth as the City’s agreement would not provide full access to Haworth’s catalog nor the lower rates;

WHEREAS, initiating a competitive bidding process for these services would not be advantageous for LACERS due to the availability of the public sector cooperative purchasing agreement through Haworth and OMNIA Partners;

WHEREAS, time is of the essence as Haworth pricing increases will take effect on July 1 and LACERS would benefit from locking in the purchase rates at their current amounts;

WHEREAS, Charter Section 371(e)(8) and 371(e)(10) provides exemption from the competitive bidding process for contracts that leverage a “cooperative arrangement with other governmental agencies for the utilization of the purchasing contracts” and are “undesirable, impractical or impossible”;

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

1. Find that, pursuant to City Charter Section 371(e)(8) and Section 371(e)(10), a competitive bidding process for office furniture procurement and related repair services for 977 North Broadway would not be advantageous.
2. Approve a three-year, sole-source contract with Haworth, Inc. for office furniture procurement and related repair services, for the period beginning June 8, 2021 and ending June 7, 2024;
3. Authorize the General Manager to negotiate and execute a three-year contract with Haworth, Inc., subject to the approval of the City Attorney as to form.

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.

- B. PROPOSED BOARD RULES FOR VENDOR PAYROLL DEDUCTION AND POSSIBLE BOARD ACTION – Commissioner Chao moved approval with an amendment to require 100 or more LACERS’ retirees and beneficiaries to authorize the requested payroll deductions, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.
- C. MEMBER INFORMATION RELEASE POLICY AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, 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.
- D. CONSIDERATION OF CYBER LIABILITY INSURANCE POLICY AND POSSIBLE BOARD ACTION – Vikram Jadhav, Chief Information Security Officer, Susan Leung, Vice President, and Kristen DesCombes, Account Representative, with Alliant, presented and discussed this item with the Board for 1 hour. After the discussion ended, Commissioner Serrano moved approval of the following Resolution:

**AUTHORIZATION TO SECURE
CYBER LIABILITY INSURANCE COVERAGE**

RESOLUTION 210608-B

WHEREAS, the Board has determined that is prudent to secure cyber liability insurance coverage for the organization; and,

WHEREAS, at the June 8, 2021 meeting, the Board considered the proposal and selected the cyber and excess cyber policies; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board: 1) Approve the 12-month cyber liability and excess cyber insurance coverage with Zurich/Steadfast for the primary policy with the premium of \$30,676.61 and Corvus/Hudson for the excess policy with the premium of \$20,448.66, totaling \$51,125.27; and, 2) Direct and authorize the General Manager to negotiate and execute the required documents to secure coverage as necessary.

Which motion was seconded by Vice President Sohn, 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. MID-YEAR BUDGET ADJUSTMENTS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following Resolution:

**FISCAL YEAR 2020-21
MID-YEAR BUDGET ADJUSTMENTS**

RESOLUTION 210608-C

WHEREAS, on May 26, 2020, the Board adopted LACERS' departmental budget for the fiscal year 2020-21 in the amount of \$31,190,324; and a supplemental administrative budget of \$3,954,752 for the

Headquarters Project on June 9, 2020;

WHEREAS, the City implemented a City Separation Incentive Program to retire 1,300 within FY21, which required LACERS to secure additional part-time personnel, fill all vacant positions, and obtain suitable office space, thereby necessitating a supplemental budget of \$2,408,000 for preparations for the City Separation Incentive Program approved on July 14, 2020;

WHEREAS, upon reaching the threshold of 1,300 applicants eligible to retire under CSIP, the LACERS implementation plan required a supplemental budget of \$1,188,812, approved on November 10, 2020, to fund salaries for staff on-loan from other departments to assist with CSIP from June to December 2020, to provide additional overtime funds, one additional part-time position, and the necessary technical equipment for temporary staff;

WHEREAS, a supplemental budget appropriation to the Salaries General Account is needed and can be offset with a corresponding reduction to the Salaries As-Needed account;

WHEREAS, the Board has full control over increases and decreases to the LACERS budget pursuant to the Los Angeles City Charter;

NOW THEREFORE, BE IT RESOLVED, that the Board authorize the General Manager to increase in the Salaries General (APPR 161010) with a corresponding decrease to the Salaries As-Needed (APPR 161070) budgetary appropriation accounts for Fiscal Year 2020-21, as follows:

FUND	APPR NO.	ACCT/LINE NO.	ACCOUNT NAME	AMOUNT
800	161010	601	SALARIES GENERAL	\$400,000.00
800	161070	601	SALARIES AS NEEDED	(\$400,000.00)

Further, be it resolved that the General Manager is authorized to correct any typographical or technical errors within the intent of this Board action.

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.

IX

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.6 billion as of June 7, 2021. Mr. June discussed the following items:
- Upcoming policy updates - Securities Lending, Opportunistic Investment, Responsible Investment
 - Upcoming agenda items: Total fund portfolio review, portfolio risk budgeting, real estate strategic plan, passive investment management RFP, and real estate notification
- B. PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2020 – David Fann, Vice Chairman, Jeffrey Goldberger, Senior Vice President,

and Trevor Jackson, Senior Portfolio Advisor, with Aksia TorreyCove Partners LLC, presented and discussed this item with the Board for 45 minutes.

- C. PRIVATE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2020 – Felix Fels, Vice President with The Townsend Group, presented and discussed this item with the Board for 10 minutes.
- D. CONTINUED DISCUSSION OF TEMPORARY ASSET ALLOCATION AND REBALANCING POLICIES AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Vice President Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

X

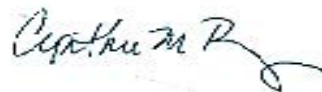
OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, June 22, 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.

XII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 1:00 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary