

MINUTES OF THE REGULAR MEETING  
**BOARD OF ADMINISTRATION**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Ken Spiker Boardroom  
202 West First Street, Fifth Floor  
Los Angeles, California

March 10, 2020

10:02 a.m.

**Agenda of: Mar. 24, 2020**

**Item No: II**

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PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee (left at 1:27 p.m.) Sandra Lee (arrived at 11:01 a.m.) Nilza R. Serrano
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioner:	Sung Won Sohn

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*The Items in the Minutes are numbered to correspond with the Agenda.*

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF FEBRUARY 25, 2020 AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Vice President Wilkinson, and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz reminded Commissioners to complete the online Ethics training due on March 17, 2020. President Ruiz also discussed the current economic climate.

IV

## GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Executive Officer, discussed the following items:
- Lakewood Extravaganza on February 26<sup>th</sup> had 151 attendees
  - Wellness Program Manager, finalizing hiring process
  - Medicare Requirements seminar scheduled for March 17<sup>th</sup> at the California Endowment
  - Air travel for staff curtailed due to current health crises
  - Active City employees will receive a retroactive pay increase on March 25<sup>th</sup>
  - On track with moving Investment Division and Member Engagement Section to new LACERS HQ this weekend
  - Update on the Member communications related to Board Assumption changes
  - Holding weekly meetings to address COVID-19 situation and discussed how LACERS is addressing this issue for staff and Members
  - Holding a future Special Board Meeting remotely
- B. UPCOMING AGENDA ITEMS – Ms. Payne stated the following items will be on an upcoming Board agenda:
- March 24, 2020 Board Meeting - Preliminary Department budget
  - June 23, 2020 Board Meeting – Experience Study

V

## RECEIVE AND FILE ITEMS

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. MARKETING CESSATION NOTIFICATION – This report was received by the Board and filed.
- C. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING DECEMBER 31, 2019 – This report was received by the Board and filed.

*Items VII-B and VII-C taken out of order.*

VII

- B. RECOGNITION OF SERVICE FOR JENNIFER STEVENS OF THE TOWNSEND GROUP – The Commissioners, Rod June, Chief Investment Officer, Lita Payne, Executive Officer, Anya Freedman, Assistant City Attorney, and Carolyn Smith, Partner with NEPC, recognized Ms. Stevens contributions to LACERS.
- C. PRESENTATIONS BY STAFF ON CRYPTOCURRENCY AND PROFESSOR BHASKAR KRISHNAMACHARI, UNIVERSITY OF SOUTHERN CALIFORNIA, ON BLOCKCHAIN

TECHNOLOGY – Jimmy Wang, Investment Officer and Robert King, Investment Officer, presented this item on Cryptocurrency to the Board for 50 minutes.

Commissioner Serrano arrived at the Regular Meeting at 11:01 a.m.

Professor Bhaskar Krishnamachari with the University of Southern California, presented this item on Blockchain Technology to the Board for 20 minutes.

President Ruiz recessed the Regular Meeting at 11:39 a.m. for a break and reconvened the Regular Meeting at 11:53 a.m.

## VI

### BOARD/DEPARTMENT ADMINISTRATION

- A. 977 N. BROADWAY PROPERTY BUDGET AND POSSIBLE BOARD ACTION – Dale Wong-Nguyen, Chief Benefits Analyst with Administration Division, Isaias Cantu, Senior Management Analyst II with Administration Division, and Kristina Lewison, Director, Asset Management with Invesco US, presented this item to the Board for 18 minutes. After further discussion, Commissioner Elizabeth Lee moved approval of the following Resolution:

**APPROVAL OF THE ASSET MANAGEMENT BUDGET FOR THE PERIOD OF NOVEMBER 2019  
THROUGH JUNE 2020  
FOR 977 NORTH BROADWAY  
AND  
DELEGATION OF AUTHORITY TO THE GENERAL MANAGER TO APPROVE/TRANSFER  
BUDGETED EXPENDITURES**

**RESOLUTION 200310-A**

Whereas, in October 2019, the LACERS Board of Administration authorized and completed the purchase of an office building and underground parking structure located at 977 N. Broadway (“Broadway Building”), Los Angeles, California, at the final negotiated purchase price of \$33,750,000;

Whereas, the Broadway Building, a five-story building built in 1984, totaling 64,585 square feet with a 131-space subterranean parking structure, will serve a dual purpose as the headquarters for LACERS offices, and as a separate account holding in our Investment Trust Fund;

Whereas, as a property owner, LACERS has an ongoing legal obligation to maintain a habitable and safe environment for all occupants of the Broadway Building, including LACERS staff;

Whereas, property expenditures for capital expenses, operational expenses, and administrative expenses have been prepared by LACERS’ Asset Manager, Invesco Advisers, Inc. in collaboration with LACERS staff, for the period of November 2019 through June 2020; and the such expenditures are reasonable and consistent with LACERS’ objectives for the management of the property;

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

1. Authorize the General Manager to reallocate \$133,617 approved in the Fiscal Year 2019-20 *Administrative Expense Budget* for office expansion expenses at the Times building to expenses related to the move to 977 Broadway;
2. Authorize the General Manager to transfer \$133,617 to various appropriation accounts within the *Administrative Expense Budget*, and to the *Building Operating Budget* in the LACERS Trust Fund or official property account, as necessary;
3. Approve the interim *Capital Expense Budget* of \$966,323;
4. Delegate authority to the General Manager to approve the *Building Operating Budget*, prepared by LACERS' Asset Manager, Invesco, not to exceed \$550,000 per quarter beginning with the effective date of LACERS' Asset Management agreement.

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.

## VII

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.320 Billion as of March 9, 2020. Mr. June discussed the following items:
- RFP search schedule pushed back one month due to curtailed travel
  - Lazard and Oberweis, both non-US equity investment managers, went on watch on March 2, 2020
  - Clarion Lion Industrial Trust real estate fund of which LACERS is a limited partner sustained property damage to a building located in Nashville as a result of tornado activity
  - AON, parent of Townsend Group, will buy Willis Towers Watson in a \$30 billion transaction closing in 2021
  - Investment staff travel has been halted
  - Conferences are being canceled due to pandemic concerns
  - Upcoming Agenda items: Investment Manager Contracts, Investment Policy, and Investment Committee Charter

*Item X-A, IX-B, and IX-C taken out of order*

President Ruiz recessed the Regular Meeting at 12:36 p.m. to convene in Closed Session.

## X

### LEGAL/LITIGATION

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING INITIATION OF LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**

## IX

## DISABILITY RETIREMENT APPLICATION(S)

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DEFERRAL REQUEST FOR DISABILITY RETIREMENT APPLICATION OF VIVECA BUTLER AND POSSIBLE BOARD ACTION**
- C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF NADINE WARREN AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 1:16 p.m. and announced that the Board unanimously approved the Deferral Request for Disability Retirement Application of Viveca Butler, the Disability Retirement Application for Nadine Warren, and conferred with legal counsel.

## VII

### INVESTMENTS

- D. IMPLEMENTATION OF PRIVATE EQUITY INVESTMENT MANAGEMENT – CO-INVESTMENT – Wilkin Ly, Investment Officer III, and Robert King, Investment Officer, presented this item to the Board. The Board provided direction and staff will bring this back to the Board at a future meeting for action.**

Commissioner Sandra Lee left the Regular Meeting 1:27 p.m.

- E. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING DECEMBER 31, 2019 – President Ruiz stated this item will be deferred to the March 24, 2020, Board Meeting.**

## VIII

### RETIREMENT SERVICES

- A. DELEGATION OF SUBPOENA REQUEST AUTHORITY FOR UNRECOVERED FUNDS CASES – Ferralyn Sneed, Senior Management Analyst with Retirement Services Division, presented this item to the Board. Commissioner Chao moved approval of staff's recommendation, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Vice President Wilkinson, and President Ruiz - 5; Nays, None.**

## IX

### DISABILITY RETIREMENT APPLICATION(S)

- A. ADOPTION OF FINDINGS OF FACT FOR AZAR NEJAD AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Serrano, Vice President Wilkinson, and President Ruiz -5; Nays, None.**

XI

OTHER BUSINESS – There was no other business.

XII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, March 24, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIII

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 2:03 p.m.



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Cynthia M. Ruiz  
President



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Lita Payne  
Manager-Secretary