

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

LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California

March 24, 2020

10:11 a.m.

Agenda of: April 28, 2020

Item No: II

PRESENT via Zoom Meeting:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
	General Manager:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman Joshua Geller Miguel Bahamon
PRESENT at LACERS offices:	Manager-Secretary	Lita Payne
	Executive Assistant	Ani Ghoukassian

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

Item I was taken out of order.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF MARCH 10, 2020 AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval of the minutes for the Regular Meeting of March 10, 2020, seconded by Commissioner Serrano and was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the success of LACERS innovative approach to holding a Board meeting via a Zoom Meeting due to the COVID-19 pandemic crisis. She remarked the Board was treading in uncharted territory and requested the patience of participants in this new meeting venue.

IV

GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Executive Officer, advised the Board of the following measures LACERS has undertaken in response to the Covid-19 pandemic, so that LACERS can still conduct business:

- New website was launched prematurely to allow more flexibility
- Acquisition of Zoom licenses (10) to allow remote web meetings
- Telephonic meetings held with all health carriers to ensure continued enrollment
- Changed message on the general line to advise members to send inquiries through email
- Medicare Workshop on March 17, 2020, at California Endowment offered as a webinar was canceled due to venue shutdown
- Staff remotely picking up and responding to any voicemails on general line
- Response to all calls and emails within two business days
- Finalizing the Planning for Retirement video for posting it to LACERS website
- Ballots for the LACERS Retired Member of the Board Election were mailed out to retirees today. While the City Clerk - Election Division Offices are closed to the public, members can call and make an appointment if they want to drop off their ballots or request a replacement ballot
- The 2020 health plan confirmation statements will be mailed out in two batches; one went out yesterday and the balance will be mailed on March 30, 2020
- Potential cancelation of the April 14, 2020 Board and Committee Meetings and will be discussed with President Ruiz before confirming

A. UPCOMING AGENDA ITEMS – There were no items discussed.

V

RECEIVE AND FILE ITEMS

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

VI

COMMITTEE REPORT(S)

A. INVESTMENT COMMITTEE REPORT FROM MEETING OF MARCH 10, 2020 – Commissioner Serrano stated that the Committee discussed the Investment Manager Contract with Neuberger

Berman Investment Advisers LLC, the Investment Manager Contract with Blackrock Institutional Trust Company and the Investment Committee Charter Review.

Item I was taken out of order.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz asked if any persons wished to speak on matters within the Board's jurisdiction, to which there was one response via phone. Mr. Lawrence Nash, LACERS retired member, asked if the Call Center could be open longer hours. Lita Payne, Executive Officer, responded that LACERS is in the process of purchasing equipment to get the Call Center up and running remotely.

VII

DISABILITY RETIREMENT APPLICATION(S)

President Ruiz recessed the Regular Meeting at 10:29 a.m. to convene in Closed Session. Joshua Geller, Deputy City Attorney, was present during the Closed Session items.

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO RECONSIDER THE DISABILITY RETIREMENT APPLICATION OF NORBERT STYLC AND POSSIBLE BOARD ACTION (HEARING)**
- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF VIVECA BUTLER AND POSSIBLE BOARD ACTION (HEARING)**

President Ruiz reconvened the Regular Meeting at 11:10 a.m. and announced that the Board unanimously approved the Disability Retirement Application of Norbert Stylc and unanimously denied the Disability Retirement Application of Viveca Butler.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION –Dale Wong Nguyen, Chief Benefits Analyst, Todd Bouey, Assistant General Manager, Chief Benefits Analysts Karen Freire and Alex Rabrenovich, presented this item to the Board. The discussion lasted thirty-four minutes. Commissioners Elizabeth Lee and Chao both suggested amendments to the staff recommendation. Commissioner Chao moved approval of staff's recommendation with amendments, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.**

IX

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer reported that the Total Portfolio Value was \$15.11 billion as of March 23, 2020 and discussed the following items:

- LACERS investment program and policies
- Securities Lending Program
- Anticipated delays in the investment managers searches; staff will proceed to the point of contracting; timing and amount of funding will be determined at a later point in time

President Ruiz recessed the Board meeting at 12:50 p.m. for a break and reconvened the Board meeting at 12:58 p.m.

B. TEMPORARY MODIFICATIONS TO THE ASSET ALLOCATION AND REBALANCING POLICIES AND POSSIBLE BOARD ACTION – Rod June, Chief Investment officer and Bryan Fujita, Investment Officer III, presented this item to the Board. Commissioner Serrano moved approval of staff’s recommendation, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

C. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING DECEMBER 31, 2019 – Carolyn Smith with NEPC presented this item to the Board virtually using Zoom and the discussion lasted twenty-two minutes.

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. President Ruiz asked if any persons wished to speak on matters within the Board’s jurisdiction, to which there was no response and no public comment notifications received.

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

RESOLUTION 200324-C

WHEREAS, LACERS’ current two-year contract extension with Neuberger Berman Investment Advisers LLC (Neuberger Berman) for active core fixed income portfolio management expires on June 30, 2020; and,

WHEREAS, Neuberger Berman was placed “On Watch” for an initial one-year period effective March 21, 2019 pursuant to LACERS’ Manager Monitoring Policy; and,

WHEREAS, staff, in concurrence with NEPC, LLC, LACERS’ General Fund Consultant, have determined to maintain Neuberger Berman’s current “On Watch” status for an additional one-year period based on Neuberger Berman’s performance as of February 29, 2020; and,

WHEREAS, a one-year contract extension will provide the necessary time to complete an ongoing investment manager search to evaluate the marketplace of active core fixed income strategies in which Neuberger Berman is a participant; and,

WHEREAS, a contract extension with Neuberger Berman will allow the fund to maintain a diversified exposure to the active core fixed income market; and,

WHEREAS, on March 24, 2020, the Board approved the Investment Committee's recommendation to approve a one-year contract extension with Neuberger Berman.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Officer 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>	Neuberger Berman Investment Advisers LLC
<u>Service Provided:</u>	Active Core Fixed Income Portfolio Management
<u>Effective Dates:</u>	July 1, 2020 through June 30, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	Bloomberg Barclays Capital U.S. Aggregate Bond Index
<u>Allocation as of February 29, 2020:</u>	\$829 million

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

- E. INVESTMENT MANAGER CONTRACT WITH BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. REGARDING MANAGEMENT OF MULTIPLE PASSIVE INVESTMENT MANDATES AND POSSIBLE BOARD ACTION - Commissioner Serrano moved approval of the following Resolution. President Ruiz asked if any persons wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment notifications received.

**CONTRACT RENEWAL
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.
MULTIPLE PASSIVE INDEX
PORTOFLIO MANAGEMENT**

RESOLUTION 200324-D

WHEREAS, LACERS' current two-year contract extension with BlackRock Institutional Trust Company, N.A. (BlackRock) for passive management of multiple index strategies expires on May 31, 2020; and,

WHEREAS, a contract renewal with BlackRock will allow LACERS to maintain a diversified passive exposure in various equity and fixed income markets; and,

WHEREAS, on March 24, 2020, the Board approved the Investment Committee's recommendation for a three-year contract renewal with BlackRock.

NOW, THEREFORE, BE IT RESOLVED, that the Executive Officer 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>	BlackRock Institutional Trust Company, N.A.
<u>Service Provided:</u>	Multiple Passive Index Portfolio Management
<u>Effective Dates:</u>	June 1, 2020 through May 31, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	S&P 500 Index Russell 1000 Growth Index Russell 1000 Value Index Russell 2000 Index Russell 2000 Growth Index Russell 2000 Value Index MSCI World ex-U.S. Index MSCI EAFE Growth Index MSCI EAFE Value Index MSCI Emerging Markets Index MSCI EAFE Small Cap Index Barclay's U.S. Aggregate Bond Index

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

F. INVESTMENT COMMITTEE CHARTER REVIEW AND POSSIBLE BOARD ACTION - Commissioner Serrano moved approval, seconded by Commissioner Chao. President Ruiz asked if any persons wished to speak on matters within the Board's jurisdiction, to which there was no response and no public comment notifications received. The item was adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

X

LEGAL/LITIGATION

A. DISCUSSION OF OUTSIDE SECURITIES MONITORING COUNSEL CONTRACT WITH LABATON SUCHAROW LLP AND POSSIBLE BOARD ACTION – Anya Freedman, Assistant City Attorney, presented this item. Discussion lasted nine minutes and Vice President Wilkinson moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes,

Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

- B. ENGAGEMENT WITH PAPA JOHN'S INTERNATIONAL, INC. REGARDING CORPORATE GOVERNANCE ISSUES – Deputy City Attorney Miguel Bahamon and partners with Bernstein Litowitz Berger and Grossmann LLP, Edward Timlin and Hannah Ross, presented this item to the Board. President Ruiz read the statement issued by the City Attorney that will be posted to the LACERS website.

XI

OTHER BUSINESS- There was no other business.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 14, 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 business before the Committee, President Ruiz adjourned the Meeting at 1:58 p.m.

Lita Payne

Lita Payne
Manager-Secretary

Cynthia M. Ruiz

Cynthia M. Ruiz
President