

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

August 22, 2017

10:07 a.m.

Agenda of: SEPT 26, 2017

Item No: II-A

PRESENT:

President:	Jaime L. Lee
Vice President:	Michael R. Wilkinson
Commissioners:	Annie Chao
	<i>arrived at 10:09 a.m.</i> Elizabeth L. Greenwood
	Cynthia M. Ruiz
	Nilza R. Serrano
	Sung Won Sohn
Manager-Secretary:	Thomas Moutes
Executive Assistant:	Tanzi Cole
Legal Counsel:	Anya Freedman
	Joshua Geller

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Lee 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 comment cards were received.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF AUGUST 8, 2017 AND POSSIBLE BOARD ACTION – A Motion to approve the Minutes was moved by Commissioner Ruiz, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.
- B. RECEIVE AND FILE – MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2017 – This report was received by the Board and filed.

- C. RECEIVE AND FILE – LACERS CUSTOMER SERVICE SURVEY SEMI-ANNUAL REPORT: JANUARY – JUNE 2017 – After some discussion, the report was received by the Board and filed.

Commissioner Greenwood arrived at 10:09 a.m.

III

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 8, 2017 – Chair Sohn reported that Blackrock and CoreCommodity made presentations to the Committee. The Committee is forwarding a recommendation for a contract extension with AJO, which is on today's agenda for Board consideration.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 22, 2017 – Chair Wilkinson reported that the Committee approved forwarding a recommendation to the Board on the 2018 maximum health plan subsidy and reimbursement amounts, and the Anthem Blue Cross 2016 year-end accounting was reviewed and a premium defrayal for Anthem plans in 2018 was forwarded to the Board for approval.
- C. 2018 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION – Chief Benefits Analyst Alex Rabrenovich and Steve Gedestad, Keenen and Associates, reported on the health care contract renewal process. The proposed health care premium increases for medical, dental and vision is 5%. After some discussion by the Board, a Motion to approve the committee's recommendation was moved by Vice President Wilkinson, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -7; Nays, None.

IV

ACTUARIAL PROGRAM – President Lee asked if there were any persons who wished to speak on item IV-A, to which there was one response, and Mr. Ramon Rubalcava addressed the Board.

- A. CONTINUED CONSIDERATION OF PROPOSED ASSUMPTION CHANGES BASED ON ECONOMIC ASSUMPTIONS REVIEW AND POSSIBLE BOARD ACTION – Paul Angelo, Segal Consulting, and Assistant General Manager Li Hsi presented a Segal report reflecting additional information requested by the Board and staff, including a new option for the investment return assumption. After some discussion by the Board, this item was deferred by the Board to a future Board meeting for continued consideration.

President Lee recessed the Regular Meeting at 12:25 p.m., and reconvened at 12:43 p.m.

V

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer (CIO), reported on the portfolio value, \$16.42 billion, as of August 21, 2017. CIO June will be attending

the Association of Asian American Investment Managers Conference in New York. Future Board items: NEPC education on private equity, and investment manager contracts.

- B. INVESTMENT MANAGER CONTRACT WITH AJO, LP AND POSSIBLE BOARD ACTION – A Motion to approve the Investment Committee’s recommendation for a one-year contract extension and a one-year “on watch” extension was moved by Commissioner Serrano, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -7; Nays, None.
- C. FINALISTS FOR INVESTMENT TRANSITION MANAGEMENT SERVICES REQUEST FOR PROPOSAL AND POSSIBLE BOARD ACTION – A Motion to approve staff’s recommendation for Abel Noser, LLC; BlackRock Institutional Trust Company, N.A; Citigroup Global Markets Inc.; Loop Capital Markets, LLC; Macquarie Capital (USA) Inc.; and Penserra Transition Management, LLC; as the bench of investment transition managers for a term of five years was moved by Commissioner Chao, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -7; Nays, None.

VI

CONTRACT(S)

- A. CONTRACT AMENDMENT NO. 2 WITH QTC MEDICAL GROUP, INC. AND MEDICAL SUPPORT LOS ANGELES, A MEDICAL CORPORATION, FOR DISABILITY MEDICAL EVALUATION SERVICES AND POSSIBLE BOARD ACTION – After some discussion by the Board, a Motion to approve staff’s recommendation for contract amendments for QTC Medical Group, Inc., and Medical Support Los Angeles (MSLA) for the term ending December 31, 2020 was moved by Commissioner Serrano, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -7; Nays, None.

VII

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ROBERT WEEKLEY AND POSSIBLE BOARD ACTION – A Motion to approve staff’s recommendation regarding the disability application was moved by Commissioner Chao, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -7; Nays, None.

VIII

CLOSED SESSION

President Lee adjourned the Regular Meeting at 12:49 p.m., to convene in Closed Session. Deputy City Attorney Joshua Geller was present for Closed Session discussions.

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF GREGORY SEALE AND POSSIBLE BOARD ACTION**

- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF CHRISTINA SHIPMAN AND POSSIBLE BOARD ACTION**
- C. **CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION, AND POSSIBLE BOARD ACTION. CASE: AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ET AL. v. CITY OF LOS ANGELES, ET AL. (SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES CASE NO. BS166535)**
- D. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE APPOINTMENT OF A GENERAL MANAGER FOR LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM**

President Lee left the meeting at 1:37 p.m.

Vice President Wilkinson reconvened the Regular Meeting at 1:37 p.m. and announced that the Board unanimously (7-0) approved the Disability Retirement Applications of Gregory Seale and Christina Shipman, and confirmed with legal counsel on Item V-C, and discussed Item V-D.

IX

DEPARTMENT ADMINISTRATION

- A. **REIMBURSEMENT OF INTERVIEW TRAVEL EXPENSES FOR GENERAL MANAGER CANDIDATES AND POSSIBLE BOARD ACTION** – After some discussion by the Board, a Motion to approve staff's recommendation to reimbursement travel expenses for General Manager candidates was moved by Commissioner Serrano, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Sohn, and Vice President Wilkinson-6; Nays, None.

X

MANAGER VERBAL REPORT – Thomas Moutes, General Manager, thanked Commissioners Ruiz and Chao for attending and participating in LACERS' Guiding Principles Awards Ceremony. Upcoming agenda items: business continuity plan, retiree health program subsidy and reimbursement amounts, Anthem year-end accounting, and continued discussion of economic assumptions.

XI

OTHER BUSINESS – There was no other business.

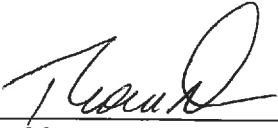
XII

NEXT MEETING – The next Meeting of the Board is scheduled as a Special Board Meeting on Tuesday, August 29, 2017, at 9:30 a.m., in the Equitable Life Building, 3435 Wilshire Boulevard, Suite 2700, Los Angeles, CA 90010.

ADJOURNMENT – There being no further discussion before the Board, the Board adjourned the meeting at 1:45 p.m.



Jaime L. Lee
President



Thomas Moutes
Manager-Secretary