

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

November 27, 2018

10:07 a.m.

Agenda of: Dec. 11, 2018

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Miguel Bahamon
ABSENT:	Vice President:	Elizabeth L. Greenwood

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

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF NOVEMBER 13, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of November 13, 2018 was moved by Commissioner Wilkinson, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

Item VIII-C taken out of order.

VIII

INVESTMENTS

- C. PRESENTATION BY LACERA REGARDING PRINCIPLES FOR RESPONSIBLE INVESTING (PRI) – Scott Zdrasil, Senior Investment Officer with Los Angeles County Employees Retirement Association, presented this item to the Board.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz requested an article in the State Association of County Retirement Systems magazine discussing Artificial Intelligence be shared with the Board Members.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- 2019 Premium rates were inadvertently applied to about 1,500 members. The error was caught in time by staff and there was no impact to members’ payroll. A report back will be made to the Board at the next meeting.
 - The Notice of Intention to amend the Conflict of Interest Code comment period is November 12, 2018 to December 11, 2018.
 - The 115 Trust file is currently with the City Administrative Officer.
 - Conducted formal business plan initiatives with staff and will continue in December.
 - Continuing to work with staff on the Strategic Plan initiatives.
 - Budget preparation for Fiscal Year 2019-20 will begin in December.
- B. UPCOMING AGENDA ITEMS – President Ruiz requested education for the Board Members in the 1st quarter of 2019 with presentations by the healthcare providers. Commissioner Sohn requested education on investments for the Board and an educational series on technology and Artificial Intelligence. Neil M. Guglielmo, General Manager, announced that staff is working with Information Technology Agency on providing live audio of the Board Meetings to the public.

V

CONSENT AGENDA

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – The report was received by the Board and filed.
- B. MARKETING CESSATION NOTIFICATION – The report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF NOVEMBER 27, 2018 – Commissioner Wilkinson reported that the Committee was provided with a LACERS *Well* update, report on the Alex software, and report on Open Enrollment.
- B. AUDIT COMMITTEE AND INTERNAL AUDIT CHARTER UPDATES AND POSSIBLE BOARD ACTION – Rahoof “Wally” Oyewole, Departmental Audit Manager, presented this item to the Board. Commissioner Elizabeth Lee moved approval, seconded by Commissioner Wilkinson,

and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

VII

BENEFITS ADMINISTRATION

- A. PROPOSED 2019 HEALTHCARE PREMIUM RATES FOR LAFPP MEMBERS AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst, presented this item to the Board. Commissioner Wilkinson moved approval of the following Resolution:

**LACERS UNITEDHEALTHCARE LAFPP SUBGROUP PREMIUMS
FOR PLAN YEAR 2019**

RESOLUTION 181113-A

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, Los Angeles Administrative Code Section 4.1100 states that the Board shall contract for suitable plans for LACERS retired Members and Los Angeles Fire and Police Pensions (LAFPP) retired Members who were enrolled in a health plan administered by the Personnel Department on December 31, 1999;

WHEREAS, in 1999, when LACERS took over from the Personnel Department the administration of retiree group health plans for its Members, health plan subgroups were created to allow retired sworn members of Los Angeles Fire and Police Pensions LAFPP that were enrolled in one of the Personnel Department's retiree health plans to continue their coverage under a LACERS plan as a retiree;

WHEREAS, on August 28, 2018, the Board approved the 2019 LACERS health plan premiums, some of which contained a premium reserve component to help offset future premium spikes and smooth the medical cost trend rate;

WHEREAS, the LACERS UnitedHealthcare (UHC) plan has an LAFPP subgroup, of which currently, there are eight people enrolled, and its 2019 premiums contain a premium reserve component;

WHEREAS, discussions were held with LAFPP regarding the 2019 premiums and it was agreed that their members would pay a premium without the reserve component;

WHEREAS, on November 27, 2018, the Board of Administration approved staff's recommendation to establish UHC LAFPP subgroup premiums without the premium reserve component;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2019 premiums for LAFPP members enrolled in the UHC LAFPP subgroup:

- Single-party: \$250.55

- Two-party: \$501.10
- Family: \$751.65

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$16.84 Billion as of November 26, 2018. Mr. June discussed the following items:
- RFP for Private Credit Strategies to be released on December 10, 2018.
 - Investment Manager firm Panagora placed on watch status about one week ago. Will continue to monitor for the next year.
 - Received additional letter from former Toys R Us employee for support from the LACERS Board on the Trust created for the employees laid off from Toys R Us. The Board requested additional information regarding this request.
 - Future Board Agenda items are Private Equity Portfolio Performance Review, Private Equity Notifications, Annual Report on Private Equity and Real Estate fees, expenses, and carried interest, education on Active versus Passive Investment Management, and discussion on becoming a PRI Signatory.
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2018 – Carolyn Smith, Partner with NEPC, presented this item to the Board. Commissioner Serrano requested a wider universe for page 32 of the presentation.

IX

OTHER BUSINESS – Commissioner Serrano asked if any LACERS members were effected by the wildfires. Neil M. Guglielmo, General Manager, stated there were two members that were known to have been effected. Karen Freire, Chief Benefits Analyst, reported that staff will attempt to cross reference the list of missing to the LACERS member list, as suggested by Commissioner Serrano.

Item I taken out of order.

I


PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – Neil M. Guglielmo, General Manager, announced that there were no public comment cards received.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, December 11, 2018 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XI

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:02 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary

