

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

February 13, 2018

10:07 a.m.

Agenda of: **FEB. 27, 2018**

Item No: **II-A**

PRESENT:	Vice President:	Michael R. Wilkinson
	Commissioners:	(arrived at 10:25 a.m.) Elizabeth Greenwood Cynthia M. Ruiz Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Joshua Geller (arrived at 10:45 a.m.) Jim Napier
ABSENT:	President:	Jaime L. Lee
	Commissioner:	Annie Chao

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

I

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

Vice President Wilkinson recognized Ruth Perry, Senior Personnel Analyst II, for both her City and LACERS service and upcoming retirement. He also shared his great experience in working with Ms. Perry when he was a City Attorney and the Board Vice President. He presented her with a plaque from the Los Angeles City Employees' Club recognizing her 24 years as a member and 29 years with the City.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR BOARD MEETING OF JANUARY 23, 2018 AND POSSIBLE BOARD ACTION – A Motion to approve the minutes of January 23, 2018 was moved by Commissioner Serrano, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Ruiz, Serrano, Sohn, and Vice President Wilkinson –4; Nays, None.

- B. RECEIVE AND FILE – BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- C. RECEIVE AND FILE – MARKETING CESSATION NOTIFICATION – This report was received by the Board and filed.
- D. TRAVEL AUTHORITY – COMMISSIONER NILZA SERRANO; HARVARD MEDICAL SCHOOL EXECUTIVE EDUCATION PROGRAM IN EVIDENCE, INSIGHT AND STRATEGY FOR OPTIMIZING HEALTH BENEFITS, BOSTON, MASSACHUSETTS; MAY 8-10, 2018 AND POSSIBLE BOARD ACTION – Approval was moved by Commissioner Ruiz:

RESOLUTION 180213-A

WHEREAS, Board approval is required for all international travel requests and travel not included in the Approved List of Educational Seminars;

WHEREAS, the Harvard Medical School Executive Education Program in Evidence, Insight and Strategy for Optimizing Health Benefits in Boston, Massachusetts is not included in the Approved List of Educational Seminars authorized by the Board Education and Travel Policy for Fiscal Year 2017-18, and therefore requires individual approval;

WHEREAS, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties;

THEREFORE, BE IT RESOLVED, that Commissioner Serrano is hereby authorized to attend the Harvard Medical School Executive Education Program in Evidence, Insight and Strategy for Optimizing Health Benefits on May 8-10, 2018, in Boston, Massachusetts.

BE IT FURTHER RESOLVED, that the reimbursement of up to \$8,000 for Commissioner Serrano is hereby authorized for reasonable expenses in connection with participation.

Which motion was seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Ruiz, Serrano, Sohn, and Vice President Wilkinson -4; Nays; None.

III

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF FEBRUARY 13, 2018 – Vice President Wilkinkinson stated they had a presentation on the LACERS *Well* Program and they were briefed on diabetes disease trends and demographic factors.

IV

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer reported on the portfolio value, \$16.9 Billion as of February 12, 2018, approximately \$900 Million less than the high water mark. Carolyn Smith with NEPC also shared her view on the current market conditions. Mr. June also shared information on the National Association of Securities Professionals (NASP) Southern California Conference - 8th Annual Day of Private Equity Education scheduled for March 29, 2018, in Los Angeles, CA. Mr. June stated future Board agenda items are Investment Manager Contracts, Asset Allocation, and CEM Benchmarking Report.
- B. PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION AND POSSIBLE BOARD ACTION – This item was deferred.

V

BENEFITS ADMINISTRATION

- A. RECEIVE AND FILE – CUSTOMER SERVICE SATISFACTION SURVEY RESULTS, JULY – DECEMBER 2017 – Heather Ramirez, Senior Management Analyst with Health Benefits Administration and Communications Division presented this item and the report was received by the Board and filed.
- B. COST-OF-LIVING ADJUSTMENT FOR JULY 2018 AND POSSIBLE BOARD ACTION – Dale Wong-Nguyen, Chief Benefits Analyst with Administrative Services Division presented this item to the Board. A motion to approve staff's recommendation was moved by Commissioner Greenwood:

RESOLUTION 180213-B

WHEREAS, each year LACERS' consulting actuary computes the change in the Consumer Price Index in accordance with the requirements of the Los Angeles Administrative Code; and

WHEREAS, in calendar year 2017 the annual average Consumer Price Index increased 2.8%, thereby providing eligible Tier 1 Retired Members and beneficiaries with a 2.8% Cost-of-Living-Adjustment (COLA) increase and accumulated banked COLA remaining at 0%;

WHEREAS, Tier 1 Retired Members and beneficiaries with an initial retirement date on or before July 1, 1980 are eligible for the maximum allowable 3.0% COLA increase and accumulated banked COLA is applied when the CPI changes are less than 3.0%;

WHEREAS, Tier 3 Retired Members and beneficiaries are capped at 2.0% and COLA bank is not available;

NOW THEREFORE, BE IT RESOLVED, that the Board hereby adopts the retiree Cost-of-Living Adjustment, effective July 1, 2018, as follows:

Membership	Initial retirement date	COLA Limitations	COLA effective July 1, 2018
Tier 1 Members and beneficiaries	On or before July 1, 1980	<ul style="list-style-type: none"> • 3.0% maximum increase • Use of available COLA bank (Banked COLA benefit balances were available) 	3.0%
Tier 1 Members and beneficiaries	July 2, 1980 to June 30, 2017	<ul style="list-style-type: none"> • 3.0% maximum increase • Use of available COLA bank (Banked COLA benefit balances are currently zero) 	2.8%
Tier 1 Members and beneficiaries with less than one full year of retirement	July 1, 2017 to June 30, 2018	<ul style="list-style-type: none"> • Prorated COLA increase of 1/12th for each full month of retirement 	1/12 th of 2.8% each full month retired
Tier 3 Members and beneficiaries	Any	<ul style="list-style-type: none"> • 2.0% maximum increase • No COLA bank 	2.0%

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Greenwood, Ruiz, Serrano, Sohn, and Vice President Wilkinson -5, Nays, None.

VI

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF KELLY HEATON AND POSSIBLE BOARD ACTION – A motion to approve staff's recommendation was moved by Commissioner Greenwood:

RESOLUTION 180213-C

WHEREAS, the General Manager presented certain medical reports and other evidence, and reported that the application filed was in regular and proper form;

WHEREAS, Physicians 1, 2, and 3 examined and concluded Kelly Heaton is unable to perform her usual and customary duties as a Legal Secretary II with the City of Los Angeles;

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of this Board that Kelly Heaton is incapacitated pursuant to the definition in Los Angeles Administrative Code § 4.1008(b) and not capable of performing her duties as a Legal Secretary II;

WHEREAS, an investigation of the employment record established the age, final compensation, and period of continuous service in accordance with the Los Angeles Administrative Code, and such disability is not the result of the applicant's intemperance or willful misconduct;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the disability retirement benefit for Kelly Heaton based upon her claimed disabling conditions.

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Greenwood, Ruiz, Serrano, Sohn, and Vice President Wilkinson -5; Nays, None.

Vice President Wilkinson adjourned the Regular Meeting at 10:45 a.m., to convene in Closed Session. Deputy City Attorney James Napier was present for Closed Session discussions.

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JEFFREY HINSON AND POSSIBLE BOARD ACTION**
- C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ALICIA MALLARI AND POSSIBLE BOARD ACTION**

VII

LEGAL/LITIGATION

- A. 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)**

Vice President Wilkinson reconvened the Regular Meeting at 10:51 a.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Applications of Jeffrey Hinson and Alicia Mallari. Vice President Wilkinson stated there was no pending litigation update.

VIII

MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Interim General Manager, stated Los Angeles World Airports sent commendations to LACERS staff for their efforts in counseling over 500 Airport Peace Officers who had the option to transfer to LAFPP. The 2018 Health Plan Confirmation Statements will be mailed to members on February 22, 2018. The LACERS *Well* Newsletter with information on diabetes prevention and management was mailed to members last month. Ms. Payne also introduced the final Election Calendar for the office of employee member of the Board of Administration.**
- B. UPCOMING AGENDA ITEMS – Lita Payne, Interim General Manager, stated an upcoming agenda item for the Benefits Administration Committee is the Health Financial and Wellness Dashboard Reports and the Open Enrollment Closeout Report will be presented to the Board at the February 27, 2018 meeting. Ms. Payne stated with the renewal of the contract with Keenan**

& Associates approaching, LACERS will utilize Keenan's remaining photography services to take pictures of staff at work and new pictures of any of the Board members who choose to take a new photo. The photographer will be at LACERS on February 27, 2018.

IX

OTHER BUSINESS – There was no other business.

X

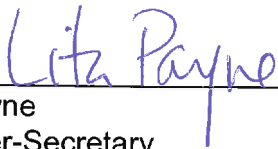
NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, February 27, 2018, at 10:00 a.m., in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XI

ADJOURNMENT – There being no further discussion before the Board, Vice President Wilkinson adjourned the meeting at 10:55 a.m.



Michael R. Wilkinson
Vice President



Lita Payne
Manager-Secretary