

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

July 11, 2017

10:22 a.m.

Agenda of: JULY 25, 2017

Item No: III-A

PRESENT:	President:	Jaime L. Lee
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao
		<i>arrived 10:52 a.m.</i> Elizabeth L. Greenwood
		Cynthia R. Ruiz
		Nilza R. Serrano
	Manager-Secretary:	Thomas Moutes
Executive Assistant:	Tanzi Cole	
Legal Counselor:	Alan Manning	
ABSENT:	Commissioner:	Sung Won Sohn

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 public comment cards were received.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF JUNE 27, 2017, AND POSSIBLE BOARD ACTION – A Motion to approve the Minutes was moved by Vice President Wilkinson, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Vice President Wilkinson, and President Lee -5; Nays, None.
 - B. RECEIVE AND FILE – BENEFIT 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.
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Item V-A was taken out of order.

V

DEPARTMENT ADMINISTRATION – President Lee asked if there were any persons who wished to speak on item V-A to which there was no response, and no public comment cards were received.

- A. VERBAL UPDATE ON GENERAL MANAGER HIRING SEARCH – Leonard Torres and Janell Hata, Personnel Department, presented an update of the General Manager search, which included the General Manager search announcement to the following websites and publications: City Personnel; LACERS; Pension and Investment Careers; International Public Management Association for Human Resources; New America Alliance; National Association of State Retirement Administrators; National Conference on Public Employee Retirement Systems; International City County Management Association; National Association of Investment Companies; and Association of Asian American Investment Managers. Currently, approximately 20 resumes have been received. The tentative closing date is July 14, 2017.

Item IV-A was taken out of order.

IV

COMMITTEE REPORT(S) – President Lee asked if there were any persons who wished to speak on items IV-A to which there was no response, and no public comment cards were received.

- A. BENEFITS ADMINISTRATION COMMITTEE – HEALTH PLAN DEPENDENT AUDIT CLOSEOUT REPORT – Chair Wilkinson reported on a thorough report completed by staff.

III

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

Commissioner Greenwood arrived at 10:53 a.m.

- A. ECONOMIC ASSUMPTIONS REVIEW AND POSSIBLE BOARD ACTION – Paul Angelo, Segal Consulting, and Assistant General Manager Li Hsi presented the report on the first of a two phase approach. The first phase: Review of all economic assumptions was completed by Segal and presented to the Board. The second phase: Review of all demographic assumptions will be completed next year. After some discussion by the Board, this item was deferred by the Board to a future Board Meeting.
- B. GASB 68 ACTUARIAL VALUATION REPORT AS OF JUNE 30, 2016 AND POSSIBLE BOARD ACTION – A Motion to adopt staff's recommendation to adopt the GASB 68 actuarial valuation report as of June 30, 2016, was moved by Commissioner Chao, seconded by Commissioner Ruiz, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Vice President Wilkinson, and President Lee -6; Nays, None.

President Lee recessed the meeting at 12:24 p.m., and reconvened at 12:38 p.m.

VI

INVESTMENTS – President Lee asked if there were any persons who wished to speak on items VI-A through VI-B to which there was no response, and no public comment cards were received.

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer (CIO), reported on the portfolio value, \$15.7 billion as of July 10, 2017. CIO June welcomed LACERS new General Fund Consultants Carolyn Smith and Kevin Novak of NEPC. Future Board items: private equity notifications and performance review.

- B. CONTINUED DISCUSSION OF PRIVATE EQUITY CONSULTANT REQUEST FOR PROPOSAL AND POSSIBLE BOARD ACTION – After some discussion by the Board, and direction given to staff, a Motion to terminate the current Request for Proposal (RFP) was moved by Commissioner Greenwood, seconded by Commissioner Ruiz, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Ruiz, Serrano, Vice President Wilkinson, and President Lee - 6; Nays, None.

VII

CLOSED SESSION

President Lee announced that there were no legal updates on pending litigation. The Board did not meet in closed session.

- 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)**

VIII

MANAGER VERBAL REPORT – Thomas Moutes, General Manager, reported that the City’s Fiscal Year Contribution will be received this week. Funston Advisory Services has decided not to enter into a Board Governance consulting contract with LACERS. Upcoming agenda items: Benefits Administration Committee Meeting, Audit Committee Meeting, and Board Officer Elections.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING – The next Regular Meeting of the Board is scheduled for Tuesday, July 25, 2017 in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

ADJOURNMENT – There being no further discussion before the Board, the Board adjourned the meeting at 1:27 p.m.



Jaime L. Lee
President



Thomas Moutes
Manager-Secretary