

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 27, 2019

10:10 a.m.

Agenda of: Sept. 10, 2019

Item No: II

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PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Sandra Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioner:	Elizabeth Lee

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Ruiz 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

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF AUGUST 13, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of August 13, 2019 was moved by Commissioner Serrano, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz congratulated all the LACERS Guiding Principles Award winners and thanked all the Commissioners who attended the event.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- Medicare prescription drug catastrophic phase.
  - LACERS Strategic Plan Annual Report FY 2019-20 is available online.
  - LACERS Guiding Principles Event.
  - LACERS *Well* events.
- B. UPCOMING AGENDA ITEMS – Mr. Guglielmo stated the following items will be on an upcoming Board agenda:
- September 10<sup>th</sup> Board: Anthem Year-End Accounting

V

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JULY 2019 – The report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 13, 2019 – Commissioner Sohn stated the Committee was presented with Investment Manager Contracts with AQR Capital Management, LLC and Quantitative Management Associates, LLC, Semi-Finalists of the High Yield/Bank Loan Credit Investment Manager Search, and the Annual Report on LACERS Emerging Investment Manager Program.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. TRAVEL AUTHORITY – COMMISSIONER SANDRA LEE; COUNCIL OF INSTITUTIONAL INVESTORS PENSION FUND TRUSTEE TRAINING – FIDUCIARY FITNESS, BERKELEY, CA; OCTOBER 4, 2019 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**TRAVEL AUTHORITY  
COUNCIL OF INSTITUTIONAL INVESTORS  
PENSION FUND TRUSTEE TRAINING – FIDUCIARY FITNESS  
OCTOBER 4, 2019  
BERKELEY, CALIFORNIA**

**RESOLUTION 190827-A**

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

WHEREAS, the Council of Institutional Investors (CII) Pension Fund Trustee Training – Fiduciary Fitness in Berkeley, California is not included in the Approved List of Educational Seminars, 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 Sandra Lee is hereby authorized to attend the CII Pension Fund Trustee Training – Fiduciary Fitness on October 4, 2019 in Berkeley, California;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$1,500 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 Chao, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

VIII

**BENEFITS ADMINISTRATION**

A. 2020 HEALTH PLAN PREMIUMS AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration & Communications Division and Borden Darm with Keenan and Associates presented this item to the Board. Commissioner Chao moved approval of the following Resolution:

**2019 LACERS HEALTH PLAN PREMIUMS  
RESOLUTION 190827-B**

<b>2019 CALIFORNIA MEDICAL PLAN PREMIUM RATES</b>				
<b>Medicare Status</b>	<b>Anthem Blue Cross PPO/ Med Supplement</b>	<b>Kaiser Permanente HMO / Senior Advantage</b>	<b>Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO</b>	<b>Anthem Blue Cross / Senior Care Action Network (SCAN)</b>
<b>Single-Party Plan – Retiree Only</b>				
U	\$1,262.42	\$853.39	\$944.07	\$944.07
M	\$534.12	\$262.47	\$265.30	\$259.81
<b>Two-Party Plan – Retiree and One Dependent</b>				
UU	\$2,524.84	\$1,706.78	\$1888.14	\$1888.14
UM	\$1,796.54	\$1,115.86	\$1,209.37	\$1,203.88
MU	\$1,796.54	\$1,115.86	\$1,209.37	\$1,203.88
MM	\$1,068.24	\$524.94	\$530.60	\$519.62
<b>Family Plan – Retiree and Family</b>				

UUU	\$2,966.69	\$2,218.82	\$2,454.58	\$2,454.58
UMU	\$2,238.39	\$1,627.90	\$1,775.81	\$1,770.32
MUU	\$2,238.39	\$1,627.90	\$1,775.81	\$1,770.32
MMU	\$1,510.09	\$1,036.98	\$1,097.04	\$1,086.06
MMM	\$1,602.36	\$786.81	\$795.90	\$779.43

<b>2019 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES</b>		
<b>Medicare Status</b>	<b>Arizona</b>	<b>Nevada</b>
<b>Single-Party Plan – Retiree Only</b>		
U	N/A	N/A
M	\$336.24	\$236.47
<b>Two-Party Plan – Retiree and One Dependent</b>		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$672.48	\$472.94
<b>Family Plan – Retiree and Family</b>		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,008.72	\$709.41

<b>2019 DENTAL PLAN PREMIUM RATES</b>		
<b>Dental Tiers</b>	<b>Dental Dental PPO</b>	<b>DeltaCare USA HMO</b>
Retiree	\$51.16	\$13.57
Retiree + 1 Dependent	\$101.45	\$25.33
Retiree + Family	\$146.56	\$29.28

<b>2019 VISION PLAN PREMIUM RATES</b>	
<b>Tiers</b>	<b>Anthem Blue View Vision</b>
Retiree	\$8.39
Retiree + 1 Dependent	\$12.18
Retiree + Family	\$21.75

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

- B. 2020 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION – Bruce Bernal, Senior Management Analyst II with Health Benefits Administration & Communications Division presented this item to the Board. Commissioner Chao moved approval of the following Resolution:

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS  
FOR PLAN YEAR 2020**

**RESOLUTION 190827-C**

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, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees what at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 13, 2019, the Benefits Administration Committee approved forwarding staff's recommended maximum medical plan premium subsidy, reimbursement amounts, and dental subsidy;

WHEREAS, on August 27, 2019, the Board of Administration approved the Committee's recommendations;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2020 health benefit subsidies and reimbursements:

<b>Benefit Type</b>	<b>Tier 1 Retired Before July 1, 2011 "Discretionary"</b>	<b>Tier 1 Retired After July 1, 2011 "Vested"</b>	<b>Tier 3</b>
Retiree Medical Subsidy, <65/Medicare Part B	\$1,790.80	\$1,790.80	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$1,790.80	\$1,790.80	-

Retiree MPRP Reimbursement, Medicare Parts A and B	\$550.57	\$550.57	\$550.57
Retiree Dental Subsidy	\$44.60	\$44.60	\$44.60

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

Commissioner Sohn left the Regular Meeting at 10:33 a.m.

- C. BOARD RULE FOR MEDICAL PREMIUM REIMBURSEMENT PROGRAM DEPENDENT REIMBURSEMENT AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration & Communications Division presented this item to the Board. Vice President Wilkinson moved approval of the following Resolution:

**MEDICAL PREMIUM REIMBURSEMENT PROGRAM  
DEPENDENT REIMBURSEMENT**

**RESOLUTION 190827-D**

WHEREAS, the Medical Premium Reimbursement Program (MPRP) was established to provide Members that reside outside of California or within California, but outside a LACERS HMO zip code service area greater options in finding a medical insurance plan and receiving their medical plan premium subsidy;

WHEREAS, Members participating in the MPRP may enroll in and pay the monthly premiums of a qualified non-LACERS medical plan, and receive a quarterly reimbursement of their monthly premium costs up to their medical subsidy amount;

WHEREAS, the maximum amount of reimbursements available to MPRP participants is equal to the maximum medical subsidies available to Members enrolled in a LACERS medical plan, with the exception of those Members with Medicare Parts A and B;

WHEREAS, Members with Medicare Parts A and B are provided a reimbursement that is equal to the single-party premium of the highest-cost LACERS Medicare plan, but there is no provision of a reimbursement to cover the premium cost of a dependent;

WHEREAS, Members with Medicare Parts A and B that are enrolled in a LACERS medical plan are provided a subsidy to be applied toward the cost of a dependent;

WHEREAS, at the August 13, 2019, Benefits Administration Committee meeting, the Committee approved forwarding a Board rule that provides Members with Medicare Parts A and B a reimbursement of premium costs associated with their medical plan dependent;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the following Board rule effective July 1, 2019:

HBA 5(h): A Member enrolled in Medicare Parts A and B, providing medical coverage for an eligible dependent, and participating in the MPRP, will be eligible to receive a total reimbursement that shall not exceed the amount of subsidy available to Members enrolled in the LACERS Kaiser Permanente Senior Advantage plan covering a non-Medicare dependent in the LACERS Kaiser Permanente HMO plan (for 2019, this amount is \$1,115.86).

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

D. **DISABILITY MEDICAL EVALUATION SERVICE PROVIDER REQUEST FOR PROPOSAL – PROPOSER RECOMMENDATIONS AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Senior Management Analyst II with Retirement Services Division, presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:**

**CONTRACT AWARD TO  
QTC MEDICAL GROUP, INC. AND MITCHELL INTERNATIONAL DBA MCN  
TO PROVIDE DISABILITY MEDICAL EVALUATION SERVICES**

**RESOLUTION 190827-E**

WHEREAS, LACERS requires the services of a disability medical evaluation firm to assist with the administration of retirement benefits by securing professional and affordable medical evaluation services in determining the medical status of disability retirement applicants;

WHEREAS, on August 13, 2019, the Benefits Administration Committee reviewed the qualifications and services provided by QTC Medical Group, Inc. and Mitchell International dba MCN and the recommendations of staff on the efficiency and efficacy of procuring disability medical evaluation services through an outside contractor;

WHEREAS, the Committee, after some discussion, concluded that QTC Medical Group, Inc. and Mitchell International dba MCN were the most qualified respondents to provide disability medical evaluation services to LACERS;

NOW, THEREFORE BE IT RESOLVED that the Board:

(1) Approve contract awards to QTC Medical Group, Inc. and Mitchell International dba MCN for Disability Medical Evaluation Services; and,

Authorize the General Manager to negotiate terms and execute the contracts with the chosen providers in the amount not to exceed \$220,000 per year for three years with the option to renew the contracts for an additional three years.

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

Commissioner Sohn returned to the Regular Meeting at 10:41 a.m.

IX

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.92 Billion as of August 26, 2019. Mr. June discussed the following items:

- Staff created a multi-page tutorial to help respondents of RFPs.
- Mr. June attending the Association of Asian American Investment Managers Conference in New York from September 4-5, 2019.
- Future Agenda Items: Total Fund Performance Review for the period ending June 30, 2019

Mr. June introduced the newest member of the Investments Division, Robert King, Investment Officer I. Mr. King introduced himself and shared his past experience and education.

B. INVESTMENT MANAGER CONTRACT WITH AQR CAPITAL MANAGEMENT, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. SMALL CAP EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer and Barbara Sandoval, Investment Officer II, presented this item to the Board. Commissioner Sohn moved approval of the following Resolution:

**CONTRACT EXTENSION  
AQR CAPITAL MANAGEMENT, LLC  
ACTIVE NON-U.S. SMALL CAP EQUITIES  
PORTFOLIO MANAGEMENT**

**RESOLUTION 190827-F**

WHEREAS, LACERS current three-year contract with AQR Capital Management, LLC (AQR) for active non-U.S. small cap equities portfolio management expires on January 31, 2020; and,

WHEREAS, on May 13, 2019, AQR was placed on “On Watch” status pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract extension with AQR will allow the fund to maintain a diversified exposure to non-U.S. developed markets equities; and,

WHEREAS, on August 27, 2019, the Board approved the Investment Committee’s recommendation to approve a one-year contract extension with AQR; and,

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: AQR Capital Management, LLC

Service Provided: Active Non-U.S. Small Cap Equities



Portfolio Management

Effective Dates: February 1, 2020 through January 31, 2021

Duration: One year

Benchmark: MSCI EAFE Small Cap Index

Allocation as of  
July 31, 2019: \$266 million

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -5; Nays, Commissioner Chao -1.

- C. INVESTMENT MANAGER CONTRACT WITH QUANTITATIVE MANAGEMENT ASSOCIATES, LLC REGARDING MANAGEMENT OF AN ACTIVE EMERGING MARKETS CORE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the following Resolution:

**CONTRACT EXTENSION  
QUANTITATIVE MANAGEMENT ASSOCIATES, LLC  
ACTIVE EMERGING MARKETS CORE EQUITIES  
PORTFOLIO MANAGEMENT**

**RESOLUTION 190827-G**

WHEREAS, LACERS current three-year contract with Quantitative Management Associates, LLC (QMA) for active emerging markets core equities portfolio management expires on December 31, 2019; and,

WHEREAS, on July 29, 2019, QMA was placed on “On Watch” status pursuant to the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract extension with QMA will allow the fund to maintain a diversified exposure to non-U.S. equities emerging markets; and,

WHEREAS, on August 27, 2019, the Board approved the Investment Committee’s recommendation to approve a one-year contract extension with QMA; and,

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following services and terms:

Company Name: Quantitative Management Associates, LLC

Service Provided: Active Emerging Markets Core Equities  
Portfolio Management

<u>Effective Dates:</u>	January 1, 2020 through December 31, 2021
<u>Duration:</u>	One year
<u>Benchmark:</u>	MSCI Emerging Markets Index
<u>Allocation as of July 31, 2019:</u>	\$436 million

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

- D. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN FS EQUITY PARTNERS VIII, L.P. – This report was received by the Board and filed.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$45 MILLION IN ADVENT INTERNATIONAL GPE IX, L.P. – This report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN ADVENT GLOBAL TECHNOLOGY, L.P. – This report was received by the Board and filed.
- G. NOTIFICATION OF COMMITMENT OF UP TO \$50 MILLION IN PLATINUM EQUITY CAPITAL PARTNERS V, L.P. – This report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN TA XIII, L.P. – This report was received by the Board and filed.
- I. NOTIFICATION OF COMMITMENT OF UP TO \$35 MILLION IN NEW ENTERPRISE ASSOCIATES 17, L.P. – This report was received by the Board and filed.
- J. CONTINUED DISCUSSION ON PRIVATE EQUITY INVESTMENT MANAGEMENT – David Fann, Heidi Poon, and Jeff Goldberger with Torrey Cove presented this item to the Board.

X

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DEFERRAL REQUEST FOR DISABILITY RETIREMENT APPLICATION OF AZAR NEJAD AND POSSIBLE BOARD ACTION – Estella Priebe, Management Analyst II with Retirement Services Division presented this item to the Board. Commissioner Serrano moved approval, seconded by Vice President Wilkinson and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.
- B. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF KIRSTEN PEREZ AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by

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

President Ruiz recessed the Regular Meeting at 11:44 a.m. to convene in Closed Session. James Napier, Deputy City Attorney was present during the Closed Session Disability Retirement Application items.

**C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANDRES HERRERA AND POSSIBLE BOARD ACTION**

**D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF WILLIAM KEOGH AND POSSIBLE BOARD ACTION**

XI

LEGAL/LITIGATION

**A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.81 TO CONSIDER THE PURCHASE OF TWO (2) PARTICULAR, SPECIFIC INVESTMENTS AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 11:52 a.m. and announced that the Board unanimously approved the Disability Retirement Applications of Andres Herrera and William Keogh. President Ruiz also announced that Item XI-A was withdrawn.

**B. ENGAGEMENT OF OUTSIDE COUNSEL WITH EXPERTISE IN HEALTH LAW AND DATA PRIVACY AND POSSIBLE BOARD ACTION** – Anya Freedman, Assistant City Attorney presented this item to the Board. After discussion, Commissioner Serrano moved approval, seconded by Commissioner Chao and adopted by the following vote: Ayes, Commissioners Chao, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -6; Nays, None.

XII

OTHER BUSINESS – There was no other business.

XIII

**NEXT MEETING** – The next Regular meeting of the Board is scheduled for Tuesday, September 10, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIV

**ADJOURNMENT** – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:05 p.m.

*Neil M. Guglielmo*

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Neil M. Guglielmo  
Manager-Secretary

*Cynthia M. Ruiz*

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Cynthia M. Ruiz  
President