

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

March 27, 2018

10:04 a.m.

Agenda of: <u>APR. 10, 2018</u>

Item No: <u>II-A</u>

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

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; no comment cards were received.

President Lee shared that she has been appointed to the Harbor Board of Commissioners by the Mayor and will be going through a confirmation process with City Council. She stated she is honored by the appointment and will continue to serve the LACERS Board as she has until her confirmation. She stated that she does not know when her last LACERS Board Meeting will be.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR BOARD MEETING OF MARCH 13, 2018 AND POSSIBLE BOARD ACTION – A Motion to approve the minutes of March 13, 2018 was moved by Commissioner Serrano, seconded by Commissioner Ruiz, 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 FEBRUARY 2018 – This report was received by the Board and filed.
- C. RECEIVE AND FILE – VICE PRESIDENT WILKINSON BOARD EDUCATION EVALUATION ON THE CALAPRS GENERAL ASSEMBLY, MARCH 3-6, 2018 – This report was received by the Board and filed.
- D. RECEIVE AND FILE – PRESIDENT LEE BOARD EDUCATION EVALUATION ON THE PENSION REAL ESTATE ASSOCIATION CEO LEADERSHIP FORUM AND SPRING CONFERENCE, MARCH 7-9, 2018 – This report was received by the Board and filed.
- E. TRAVEL AUTHORITY – COMMISSIONER CYNTHIA RUIZ; PENSION BRIDGE ANNUAL CONFERENCE, SAN FRANCISCO, CALIFORNIA; APRIL 10-11, 2018 AND POSSIBLE BOARD ACTION – Approval was moved by Vice President Wilkinson:

**TRAVEL AUTHORITY
PENSION BRIDGE ANNUAL CONFERENCE
APRIL 10-11, 2018
SAN FRANCISCO, CALIFORNIA**

RESOLUTION 180327-A

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

WHEREAS, the Pension Bridge Annual Conference in San Francisco, California 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 Ruiz is hereby authorized to attend the Pension Bridge Annual Conference on April 10-11, 2018, in San Francisco, California.

BE IT FURTHER RESOLVED, that the reimbursement of up to \$2,000 for Commissioner Ruiz is hereby authorized for reasonable expenses in connection with participation.

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

III

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF MARCH 13, 2018 – Vice President Wilkinson stated the Committee had presentations on the Health Plan Renewal Contract Timeline and the LACERS *Well* Website and Facebook page.

IV

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Chief Operating Officer, reported on the portfolio value, \$17 Billion as of March 26, 2018. He stated that staff has completed the onsite due diligence meetings with the three Private Equity Consultant Semi-Finalists. Mr. Fujita also shared that Rod June, Chief Investment Officer, will be speaking at the National Association of Securities Professionals (NASP) Day of Education in Private Equity on March 29, 2018, in Los Angeles. Mr. Fujita stated there will be continued discussion on the Asset Allocation focusing on Hedge Funds at today's Board Meeting. He stated future Board Agenda items are investment manager contracts and continued discussion on the Asset Allocation.
- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Ms. Carolyn Smith, Partner at NEPC and Dulari Pancholi, Principal at NEPC discussed Hedge Fund investing with the Board. Chief Operating Officer Fujita commented on the information presented. Additional education and discussion will be presented at the next Board Meeting.

V

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED BUDGET, PERSONNEL, AND ANNUAL RESOLUTIONS FOR FISCAL YEAR 2018-19 – Dale Wong-Nguyen, Chief Benefits Analyst presented this item to the Board. After some discussion, Ms. Wong-Nguyen stated the final budget will be presented to the Board for approval at a future meeting.

VI

BENEFITS ADMINISTRATION

- A. REQUEST FOR PROPOSAL FOR INVESTIGATIVE SERVICES AND POSSIBLE BOARD ACTION – A motion to approve staff's recommendation 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. REQUEST FOR PROPOSAL FOR PRINTING AND FULFILLMENT SERVICES AND POSSIBLE BOARD ACTION – A motion to approve staff's recommendation was moved by Commissioner Chao, seconded by Commissioner Serrano, and adopted by the following vote:

Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

President Lee recessed the Regular Meeting at 11:35 a.m., and reconvened the Regular Meeting at 11:54 a.m. in Closed Session.

VII

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ANTONIO HERMANO AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF GLORIA VALENCIA GAMEZ AND POSSIBLE BOARD ACTION**
- C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ALEX LOAIZA AND POSSIBLE BOARD ACTION**

VIII

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)**

President Lee reconvened the Regular Meeting at 11:56 a.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Applications of Antonio Hermano and Gloria Valencia Gamez. President Lee also announced the Disability Retirement Application of Alex Loaiza has been deferred to the next Board Meeting. President Lee stated there was no pending litigation update.

IX

MANAGER VERBAL REPORT

- A. **REPORT ON DEPARTMENT OPERATIONS – Neil Guglielmo, General Manager, shared the successful completion of parallel processing for the Pension Administration System. Regarding the implementation of the Enhanced Benefits for Airport Peace Officers, LACERS has completed counseling for 559 Airport Peace Officers, of whom 90% elected to remain with LACERS as of January 2018. Staff is continuing to meet with the Core Team and LRS, the consultant, to**

implement this tier benefit in the system. In February, there were 71 Service Retirements and five Deferred Vested Retirements and total retirements are up 17% compared to last fiscal year. In addition, the Member Service Center answered 50,000 calls last year. There were 350 new enrollments and 88 coverage changes during open enrollment. The LACERS Portfolio produced an investment return of 17.37% net of fees for year ending December 31, 2017. Investment Division will be partnering with Girls Who Invest to recruit an intern. Staff is working on website updates and enhancements for better viewing on smart phones and tablets. The March retiree benefit checks and direct deposits have been processed using the new Pension Administration System. In addition, Mr. Guglielmo stated the plan on an offsite meeting for Strategic Plan Discussion and Strengths, Weaknesses, Opportunities, Threats (SWOT) Analysis has begun. Mr. Guglielmo asked the Board to provide ideas for the Strategic Plan and suggestions for locations for the meeting.

B. UPCOMING AGENDA ITEMS – Neil Guglielmo, General Manager, stated future agenda items are the Liquidity and Management Fee Analysis and Asset and Liability Modeling.

X

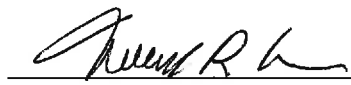
OTHER BUSINESS – Commissioner Chao stated during her campaigning for re-election to the Board, members have raised questions on a chart on the LACERS.org website for early retirement estimates.

XI

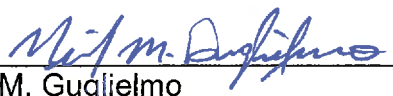
NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, April 10, 2018, at 10:00 a.m., in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XII

ADJOURNMENT – There being no further discussion before the Board, President Lee adjourned the meeting at 12:08 p.m.



Jaime L. Lee
President
Michael R. Wilkerson
Vice President



Neil M. Guglielmo
Manager-Secretary