

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 28, 2018

10:01 a.m.

Agenda of: Sept. 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:	Anya Freedman James Napier
ABSENT:	Vice President:	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 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 BOARD MEETING OF AUGUST 14, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the minutes of August 14, 2018 was moved by Commissioner Serrano, seconded by Commissioner Sandra Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz had no verbal comments.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil Guglielmo, General Manager, discussed the following items:
- The 1-month premium defrayal for Anthem/LACERS members will in be in this months payroll.
 - Silver Sneakers and Silver & Fit Open Houses continuing for eligible members in August through November.
 - Briefing on the Retirement Eligibility Reports.
 - Possible dates for the Board Annual Off-site meeting have been sent to the Commissioners for consideration. The meeting will be held in October at the Los Angeles Zoo.
- B. UPCOMING AGENDA ITEMS – Neil Guglielmo, General Manager, stated there will be a presentation to the Board on September 11, 2018, by NEPC on the Portfolio Performance Review Report for Quarter ending June 30, 2018. The items that will be presented to the Investment Committee at the September 11, 2018 meeting are Investment Manager Contract with AJO, L.P., presentations by Barrow, Hanley, Mewhinney & Strauss, LLC, Lazard Asset Management, LLC, and MFS Institutional Advisors.

President Ruiz adjourned the Regular Meeting at 10:08 a.m. to convene in Closed Session.

V

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION FOR DARREL CAREY AND POSSIBLE BOARD ACTION**
- B. CLOSED SESSON PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION FOR APRIL DAVENPORT PIGGOTT AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 10:12 a.m. and announced that during Closed Session the Board unanimously approved the the Disability Retirement Applications of Darrel Carey and April Davenport Piggott.

VI

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 14, 2018 – Commissioner Sohn stated the Investment Committee considered a four year contract extension for the LM Capital Group.
- B. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 28, 2018 – Coimmissioner Serrano stated the Governance Committee considered minor revisions to the Board Governance policy.

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Chief Operating Officer, reported on the portfolio value, \$17.92 Billion as of August 29, 2018. Mr. Fujita discussed that the Pension Real Estate Association is reaching out to LACERS for endorsement of a program that provides educational and internship opportunities to college students from underrepresented backgrounds. Mr. Fujita stated that the LM Capital Group contract renewal will go before the Board today.

- B. INVESTMENT MANAGER CONTRACT WITH LM CAPITAL GROUP, LLC REGARDING THE MANAGEMENT OF AN ACTIVE DOMESTIC FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer, discussed this item with the Board. Commissioner Sohn moved approval of the following Resolution:

**CONTRACT RENEWAL
LM CAPITAL GROUP, LLC
ACTIVE DOMESTIC FIXED INCOME PORTFOLIO MANAGEMENT**

Commissioner Sohn moved approval of the following Resolution:

RESOLUTION 180828-C

WHEREAS, LACERS current four-year contract with LM Capital Group, LLC (LM Capital) for active management of an active domestic fixed income portfolio expires on February 28, 2019; and,

WHEREAS, LM Capital is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with LM Capital will allow LACERS to maintain a diversified exposure to the domestic fixed income markets; and,

WHEREAS, on August 28, 2018, the Board approved the Investment Committee's recommendation for a four-year contract renewal with LM Capital; 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:

<u>Company Name:</u>	LM Capital Group, LLC
<u>Service Provided:</u>	Active Domestic Fixed Income Portfolio Management
<u>Effective Dates:</u>	March 1, 2019 through February 28, 2023
<u>Duration:</u>	Four years

Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index

Allocation as of
June 30, 2018: \$271.4 million

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

BENEFITS ADMINISTRATION

- A. 2019 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION – Bruce Bernal, Senior Management Analyst and Borden Darm of Keenan & Associates presented this item to the Board. Commissioner Wilkinson moved approval, 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.
- B. 2019 MAXIMUM HEALTH SUBSIDY AND REIMBURSEMENT AMOUNTS AND POSSIBLE BOARD ACTION – Bruce Bernal, Senior Management Analyst presented this item to the Board. Commissioner Wilkinson moved approval of the following Resolution:

MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS FOR PLAN YEAR 2019

RESOLUTION 180828-E

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 who 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 14, 2018, the Benefits Administration Committee approved forwarding staff's recommended maximum medical plan premium subsidy, Medical Premium Reimbursement Program reimbursement amounts, and dental subsidy;

WHEREAS, on August 28, 2018, the Board of Administration approved the Committee's recommendations;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2019 health benefit subsidies and reimbursements:

Benefit Type	Tier 1 Retired Before July 1, 2011 "Discretionary"	Tier 1 Retired After July 1, 2011 "Vested"	Tier 3
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	\$542.51	\$542.51	\$542.51
Retiree Dental Subsidy	\$44.60	\$44.60	\$44.60

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.

- C. AMENDMENT TO THE BENEFITS ADMINISTRATION COMMITTEE CHARTER AND POSSIBLE BOARD ACTION – Bruce Bernal, Senior Management Analyst presented this item to the Board. Commissioner Wilkinson moved approval, 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.

IX

OTHER BUSINESS – There was no other business.

X

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 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 11:30 a.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary