

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

September 25, 2018

10:02 a.m.

<b>Agenda of: <u>Oct. 9, 2018</u></b>
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<b>Item No: <u>II</u></b>
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<b>PRESENT:</b>	<b>President:</b>	Cynthia M. Ruiz
	<b>Vice President:</b>	Elizabeth L. Greenwood
	<b>Commissioners:</b>	Elizabeth Lee Sandra Lee Nilza R. Serrano
	<b>Acting Manager-Secretary:</b>	Lita Payne
	<b>Executive Assistant:</b>	Ani Ghoukassian
	<b>Legal Counsel:</b>	James Napier
<b>ABSENT:</b>	<b>Commissioners:</b>	Sung Won Sohn Michael R. Wilkinson

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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 SPECIAL BOARD AND REGULAR BOARD MEETINGS OF SEPTEMBER 11, 2018 POSSIBLE BOARD ACTION** – A motion to approve the Special Board and Regular Board Meeting minutes of September 11, 2018 was moved by Vice President Greenwood, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Vice President Greenwood and President Ruiz -5; Nays, None.

III

**BOARD PRESIDENT VERBAL REPORT** – President Ruiz stated that she attended the largest Environmental, Social, Governance (ESG) Conference, Principles for Responsible Investment (PRI) in Person 2018, held in San Francisco from September 12-14, 2018. She stated that this Board will be

educated on these topics and there will be presenters invited to future Board Meetings to discuss these topics.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Assistant General Manager, discussed the following items:
- LACERS new office hours, 7:00 a.m. to 4:00 p.m. will be going live on October 1, 2018.
  - One business day response time by LACERS staff for voicemail inquiries by members.
  - Staff continuing to monitor and reach out to Airport Peace Officers to make themselves eligible for enhanced benefits. The Airport Peace Officers have until early January to respond.
- B. UPCOMING AGENDA ITEMS – Lita Payne, Assistant General Manager, stated there will be a request from staff to engage CEM Benchmarking for operational benchmarking. On October 16, 2018, the Board will hold a Strategic Planning Special Board Meeting at the Los Angeles Zoo.

V

CONSENT AGENDA

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR AUGUST 2018 – The report was received by the Board and filed.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. AMENDMENT TO CONTRACT NO. 4171 WITH CORTEX APPLIED RESEARCH, INC. AND POSSIBLE BOARD ACTION – Edeliza Fang, Senior Management Analyst II with Administrative Services, presented this item to the Board. After discussion, Commissioner Serrano moved approval of the following Resolution:

**AMENDMENT NO.1 TO CONTRACT NO. 4171  
WITH CORTEX APPLIED RESEARCH INC.  
FOR BOARD GOVERNANCE CONSULTING SERVICES**

**RESOLUTION 180925-A**

WHEREAS, Cortex Applied Research Inc. (“Cortex”) has been under contract with LACERS since June 13, 2017, providing board governance consulting services; and

WHEREAS, the original contract annual ceiling amount is \$60,000; and

WHEREAS, LACERS issued a Task Order Solicitation in July 2018 for strategic planning and Cortex was selected to provide the consulting services for a proposed fee of \$77,500; and

WHEREAS, it is recommended that an additional \$20,000 be authorized under this contract for a total maximum compensation amount of \$80,000 in Fiscal Year 2018-19; and

NOW, THEREFORE, BE IT RESOLVED, that the Board:

1. Approve a contract amendment to increase the Fiscal Year 2018-19 contract limit by \$20,000, with a total annual contract amount not to exceed \$80,000; and,
2. Authorize the General Manager to approve and execute the necessary contract amendment documents with Cortex.

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

VII

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF SEPTEMBER 11, 2018 – Commissioner Serrano stated that the Committee was presented with presentations by Lazard Asset Management, LLC, MFS Institutional Advisors, Inc. and Barrow, Hanley, Mewhinney & Strauss, LLC. The Committee also approved forwarding the Investment Manager Contract with AJO, LP to the Board.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.84 Billion as of September 24, 2018. Mr. June stated that the Investment Manager Contract with AJO, LP will go before the Board after his report. He stated there will be a report from staff regarding Environmental, Social, Governance (ESG) at the October 9, 2018 Board Meeting. Upcoming agenda items include RFP on private credit and Investment Policy Review with the Board. Mr. June stated that Amy Petrique, Senior Administrative Clerk with Investments Division, recently climbed Mt. Whitney. Ms. Petrique shared her experience with the Board.
- B. INVESTMENT MANAGER CONTRACT WITH AJO, LP REGARDING THE MANAGEMENT OF AN ACTIVE LARGE CAP VALUE EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – Barbara Sandoval, Investment Manager II and Rod June, Chief Investment Officer, presented this item to the Board. Vice President Greenwood moved approval of the following Resolution:

**CONTRACT EXTENSION  
AJO, LP  
ACTIVE LARGE CAP VALUE EQUITIES  
PORTFOLIO MANAGEMENT**

## RESOLUTION 180925-B

WHEREAS, LACERS current one-year contract extension with AJO, LP (AJO) for active large cap value equities portfolio management expires on October 31, 2018; and,

WHEREAS, AJO was placed "On-Watch" on July 26, 2016, for performance as of June 30, 2016, in accordance with the LACERS Manager Monitoring Policy (Policy); and,

WHEREAS, AJO has shown progress toward compliance with the Policy during the "On-Watch" period; and,

WHEREAS, on September 25, 2018, the Board approved the Investment Committee's recommendation for a one-year contract extension; 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>	AJO, LP
<u>Service Provided:</u>	Active Large Cap Value Equities Portfolio Management
<u>Effective Dates:</u>	November 1, 2018 through October 31, 2019
<u>Duration:</u>	One year
<u>Benchmark:</u>	Russell 1000 Value Index
<u>Allocation as of June 30, 2018:</u>	\$184 million

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

IX

### ACTUARIAL PROGRAM

- A. ASSUMPTIONS FOR THE JUNE 30, 2018 RETIREE HEALTH ACTUARIAL VALUATION AND POSSIBLE BOARD ACTION – Todd Bouey, Assistant General Manager and Andy Yeung from Segal Consulting discussed this item. Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Vice President Greenwood and President Ruiz -5; Nays, None.

BENEFITS ADMINISTRATION

- A. PROPOSED RATING SCHEDULE FOR ENHANCED DISABILITY RETIREMENT BENEFITS AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Senior Management Analyst II with Retirement Services Division presented this item to the Board. Vice President Greenwood moved approval of the following Resolution:

**APPROVAL OF DISABILITY RATING SCHEDULE  
FOR ENHANCED DISABILITY RETIREMENT BENEFIT**

**RESOLUTION 180925-C**

WHEREAS, Los Angeles Administrative Code (LAAC) Section 4.1008.1 pursuant to Ordinance No. 184853, establishes LACERS' Tier 1 Enhanced Benefits for sworn Airport Peace Officers who comply with the eligibility requirements under the plan;

WHEREAS, LAAC Section 4.1008.1(d) requires the Board of Administration to adopt a Disability Rating Schedule to assist in standardizing sworn Service-connected disability retirement awards;

WHEREAS, after review and discussion of the proposed Rating Schedule, the Board determined the schedule guidelines met the criteria for providing consistent standardized disability retirement awards;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves and adopts the Service-connected Disability Retirement Rating Schedule as required pursuant to LAAC Section 4.1008.1(d).

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

- B. BOARD TRAINING ON TIER 1 ENHANCED BENEFITS – Ferralyn Sneed, Senior Management Analyst II with Retirement Services and James Napier, Deputy City Attorney conducted this training for the Board. After discussion, President Ruiz requested staff to include the training material in all disability retirement applications for sworn personnel.

President Ruiz adjourned the Regular Meeting at 11:32 a.m. to convene in Closed Session.

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION FOR EMMETT JACKSON AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 11:34 a.m. and announced that during Closed Session the Board unanimously approved the the Disability Retirement Application of Emmett Jackson.

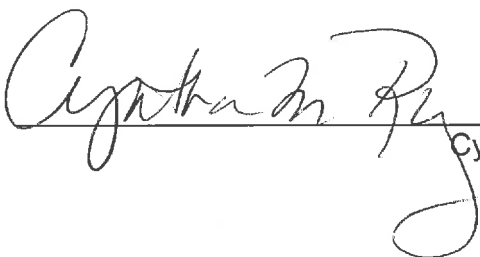
OTHER BUSINESS – There was no other business.

XIII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, October 9, 2018 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 11:35 a.m.

  
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Cynthia M. Ruiz  
President

  
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Lita Payne  
Acting Manager-Secretary