

**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

December 11, 2018

10:07 a.m.

Agenda of: <u>Jan. 8, 2019</u>

Item No: <u>II</u>

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
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 REGULAR BOARD MEETING OF NOVEMBER 27, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of November 27, 2018 was moved by Commissioner Serrano, seconded by Commissioner Sohn, 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 thanked the Commissioners for their service to the LACERS Board and recognized Neil M. Guglielmo, General Manager and staff for their service.

IV

GENERAL MANAGER VERBAL REPORT

- A. **REPORT ON DEPARTMENT OPERATIONS** – Neil M. Guglielmo, General Manager, recognized the consultants who work with LACERS and Northern Trust, the custodian bank. Mr. Guglielmo introduced Gary Guibert, Client Executive with Northern Trust. Mr. Guibert stated he is representing Michael O’Grady, President/CEO of Northern Trust who was unable to attend. Mr. Guibert presented LACERS with a plaque commemorating 25 years of service with Northern Trust.

President Ruiz adjourned the Regular Meeting at 10:16 a.m. for a break and reconvened the Regular Meeting at 10:19 a.m.

Mr. Guglielmo discussed the following items:

- Update on error on payroll run, back-up was recovered with staff and LRS assistance.
- LA City Council granted Historical Cultural Monument status to two of the five of the LA Times buildings.
- Live audio of Board Meetings is coming soon.
- City established contract with Gartner for Cybersecurity.
- LACERS Holiday Party to be held on December 13, 2018 at the Rococo Room in Pasadena, CA.
- 74% of Airport Peace Officers have made contributions to LACERS for enhanced benefits.
- LACERS has identified 52 persons that may be a member, active dependent, or beneficiary recipient that was impacted by the California wildfires.

- B. **UPCOMING AGENDA ITEMS** – Neil M. Guglielmo, General Manager, stated the RFP for Actuarial Services will be released in January or February 2019. The current contract with Segal Consulting expires on July 2019.

V

CONSENT AGENDA

- A. **BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER** – The report was received by the Board and filed.
- B. **MARKETING CESSATION NOTIFICATION** – The report was received by the Board and filed.
- C. **MONTHLY REPORT ON SEMINARS AND CONFERENCES (OCTOBER 2018)** – The report was received by the Board and filed.
- D. **RECEIVE AND FILE – COMMISSIONER WILKINSON BOARD EDUCATION EVALUATION ON STATE ASSOCIATION OF COUNTY RETIREMENT SYSTEMS (SACRS) FALL 2018 CONFERENCE, INDIAN WELLS, CALIFORNIA, NOVEMBER 13-16, 2018** – The report was received by the Board and filed.

- E. RECEIVE AND FILE – EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING SEPTEMBER 30, 2018 – The report was received by the Board and filed.
- F. TRAVEL AUTHORITY – COMMISSIONER SUNG WON SOHN; MASSACHUSETTS INSTITUTE OF TECHNOLOGY (MIT) PROFESSIONAL CERTIFICATE PROGRAM IN REAL ESTATE FINANCE AND DEVELOPMENT, CAMBRIDGE, MASSACHUSETTS; JUNE 17-21, 2019 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following Resolution:

**TRAVEL AUTHORITY
 MASSACHUSETTS INSTITUTE OF TECHNOLOGY PROFESSIONAL CERTIFICATE PROGRAM
 IN REAL ESTATE FINANCE AND DEVELOPMENT
 JUNE 17-21, 2019
 BOSTON, MASSACHUSETTS**

RESOLUTION 181211-A

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

WHEREAS, the Massachusetts Institute of Technology (MIT) Professional Certificate Program in Real Estate Finance and Development in Cambridge, Massachusetts is not included in the Approved List of Educational Seminars authorized by the Board Education and Travel Policy for Fiscal Year 2018-19, 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 Sohn is hereby authorized to attend the MIT Professional Certificate Program in Real Estate Finance and Development on June 17-21, 2019, in Cambridge, Massachusetts.

BE IT FURTHER RESOLVED, that the reimbursement of up to \$11,000.00 for Commissioner Sohn is hereby authorized for reasonable expenses in connection with participation.

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.

- G. PROPOSED REVISIONS TO LACERS CONFLICT OF INTEREST CODE AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

- A. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF NOVEMBER 27, 2018 – Commissioner Serrano stated the Committee discussed Governance Policy changes associated with public comments.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. RECEIVE AND FILE – PRESENTATION OF LACERS’ AUDITED FINANCIAL STATEMENTS FOR FISCAL YEAR ENDING JUNE 30, 2018 BY BROWN ARMSTRONG – Rahoof “Wally” Oyewole, Departmental Audit Manager and Rosalva Flores with Brown Armstrong, presented this item to the Board and the report was received by the Board and filed.

Commissioner Sohn left the meeting at 10:59 a.m.

- B. TRIENNIAL BOARD POLICY REVIEW: PUBLIC COMMENT, BOARD COMMUNICATIONS, THIRD PARTY MARKETER COMPLIANCE AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval, seconded by Commissioner Wilkinson and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -5; Nays, None.

Commissioner Sohn returned to the meeting at 11:03 a.m.

VIII

LEGAL/LITIGATION

- A. REQUEST FOR PROPOSALS FOR 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. Commissioner Wilkinson moved approval, 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.
- B. UPDATED ENGAGEMENT LETTER WITH MORGAN LEWIS & BOCKIUS LLP FOR REPRESENTATION IN TRIBUNE BANKRUPTCY LITIGATION AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Wilkinson and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, and President Ruiz -6; Nays, None.

President Ruiz adjourned the Regular Meeting at 11:14 a.m. to convene in Closed Session.

- C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTIONS 54956.9(a) AND (d)(1) IN ORDER TO CONFER WITH LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE FOLLOWING CASES: *IN RE TRIBUNE COMPANY FRAUDULENT CONVEYANCE LITIGATION*, MDL NO. 11 MD 2296 (S.D.N.Y.) (SULLIVAN, J.) (ON APPEAL TO THE UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT, CASE NUMBER: 13-3992.); *KIRSCHNER v. FITZSIMONS*, NO. 12-cv-02652 (S.D.N.Y.) (SULLIVAN, J.)**

IX

DISABILITY RETIREMENT APPLICATION(S)

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF TORLINE JACKSON AND POSSIBLE BOARD ACTION**
- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF GREGORY KEKAHUNA AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 11:21 a.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Applications of Torline Jackson and Gregory Kekahuna. She also announced that the Board conferred with legal counsel.

X

A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$16.56 Billion as of December 10, 2018. Mr. June discussed the following items:

- Private Credit RFP launched on December 10, 2018 and closes on January 18, 2019.
- Searches in 2019 include Small Cap Equities and High Yield.
- Interviewed candidates for college intern and have made a selection with a possible start date in January 2019.
- Future Board Agenda items include: Real Estate Performance Portfolio Review and investment Manager Contracts.
- Thanked Investment staff for hard work throughout the year.
- Recognized consultants that work with Investments.

B. PRESENTATION BY TORREYCOVE, LLC OF THE PRIVATE EQUITY PROGRAM PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING JUNE 30, 2018 – David Fann, President, Heidi Poon, Senior Vice President and Jeff Goldberger, Senior Vice President with TorreyCove Capital Partners presented this item to the Board.

President Ruiz adjourned the Regular Meeting at 12:34 p.m. for a break and reconvened the Regular Meeting at 12:49 p.m.

- C. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN THE BARING ASIA PRIVATE EQUITY FUND VII, L.P. – The report was received by the Board and filed.
- D. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN POLARIS GROWTH FUND I, L.P. – The report was received by the Board and filed.
- E. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN ABRY ADVANCED SECURITIES FUND IV, L.P. – The report was received by the Board and filed.
- F. NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN TCV X, L.P. – The report was received by the Board and filed.

- G. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN HELLMAN & FRIEDMAN CAPITAL PARTNERS IX, L.P. – The report was received by the Board and filed.
- H. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN VISTA EQUITY PARTNERS FUND VII, L.P. – The report was received by the Board and filed.
- I. PRESENTATION BY NEPC, LLC REGARDING ACTIVE VERSUS PASSIVE INVESTMENT MANAGEMENT – Carolyn Smith, Partner at NEPC presented this item to the Board.

Commissioner Sandra Lee left the Regular Meeting at 1:00 p.m.

President Ruiz left the Regular Meeting at 1:32 p.m. and appointed Commissioner Serrano as Acting President.

- J. DISCLOSURE REPORT OF FEES, EXPENSES, AND CARRIED INTEREST OF ALTERNATIVE INVESTMENT VEHICLES FOR THE FISCAL YEAR ENDING JUNE 30, 2018, PURSUANT TO GOVERNMENT CODE SECTION 7514.7 – Rod June, Chief Investment Officer and Bryan Fujita, Chief Operating Officer presented this item to the Board.

XI

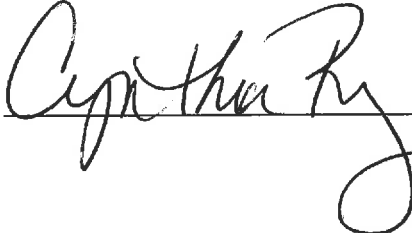
OTHER BUSINESS – There was no other business.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, January 8, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIII

ADJOURNMENT – There being no further discussion before the Board, Acting President Serrano adjourned the meeting at 1:39 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary