

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

February 12, 2019

10:10 a.m.

Agenda of: **Feb. 26, 2019**

Item No: **II**

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	(arrived at 10:28 a.m.) Elizabeth L. Greenwood
	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

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 JANUARY 22, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of January 22, 2019 was moved by Commissioner Serrano, 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.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed that Vice President Greenwood has been on the news lately regarding the typhus issue. Neil M. Guglielmo, General Manager, stated that employee, member, and the public's health is most important when dealing with this issue.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager discussed the following items:
- Looking at ways to improve member experience.
 - City of Los Angeles will be going through ADA Compliance Review.
 - Working with Segal Consulting on the Larger Annuity Program.
 - 115 Trust update.
 - Excess Benefits Payments and retro pay automation to the Controller.
 - Starting January 28, 2019 online appointments available for Wellness events, Technology events, and walks.
 - 6-year financial illustration, working with Segal consulting.
 - Staff working on reports from new PAS system
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the following future agenda items:
- Actuarial RFP coming soon.
 - Fiscal year 19-20 budget going to the Board in March.
 - Spotlight on Health Benefits Division-Enrollment Unit being presented to the Board on February 26, 2019.
 - Open Enrollment results for 2019.

V

RECEIVE AND FILE ITEMS

- 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. LACERS CUSTOMER SERVICE SURVEY SEMI-ANNUAL REPORT, JULY – DECEMBER 2018 – The report was received by the Board and filed.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. AMENDMENT NO. 4 TO CONTRACT NO. 4075 WITH LINEA SOLUTIONS, INC. AND POSSIBLE BOARD ACTION – Brian Cha, Management Analyst and Todd Bouey, Assistant General Manager, presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**CONTRACT AMENDMENT NO. 4 WITH
LINEA SOLUTIONS, INC.
FOR PROJECT MANAGEMENT SERVICES
OVERSEEING THE PENSION ADMINISTRATION SYSTEM PROJECT**

RESOLUTION 190212-A

WHEREAS, Linea Solutions, Inc. ("Linea") has been under contract with LACERS since June 1, 2011, facilitating and providing expert advice on the selection of the new pension administration system (PAS) and providing project management services during the implementation and warranty phases of the PAS project; and

WHEREAS, it is LACERS' desire to continue utilizing Linea's project consultation and management services for the duration of the 2019 calendar year, inclusive of the new system's support and maintenance phase, to provide system stabilization, enhancement management and transitional services; and

WHEREAS, Linea has agreed to continue providing their project consultation and management services through December 31, 2019 for a fixed monthly fee and transitioning to an hourly fee as the need for project oversight winds down; and

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

<u>Company Name:</u>	LINEA SOLUTIONS, INC.
<u>Service Provided:</u>	Pension Administration System Project Management Services
<u>Term Dates:</u>	April 1, 2019 through December 31, 2019
<u>Total Expenditure Authority:</u>	\$336,888

Which motion was seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood, and President Ruiz -7; Nays, None.

- B. SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 2018 – Staff presented this item to the Board.
- C. PROPOSED LACERS STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Commissioner Sohn commented that outperformance means something higher than the average. Commissioner Serrano moved approval, seconded by Commissioner Sandra Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood, and President Ruiz -7; Nays, None.

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF JANUARY 22, 2019 – Commissioner Serrano stated the Committee was presented with minor changes to the Governance Policy.
- B. TRIENNIAL BOARD POLICY REVIEW: BOARD PROCEDURES, BOARD EDUCATION AND TRAVEL POLICY, CORPORATE GOVERNANCE ACTIONS RESPONSE PROTOCOL AND POSSIBLE BOARD ACTION – Edeliza Fang, Senior Management Analyst II, presented this item to the Board. Commissioner Serrano moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Greenwood, and President Ruiz -6; Nays, None.
- C. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF FEBRUARY 12, 2019 – Commissioner Wilkinson stated the Committee was presented with a report on the LACERS *Well* 2018.

VIII

BENEFITS ADMINISTRATION

- A. BOARD EDUCATION: HEALTH PLAN ADMINISTRATION OVERVIEW – Alex Rabrenovich, Chief Benefits Analyst, presented this education to the Board.

President Ruiz adjourned the Regular Meeting at 12:19 p.m. for a break and reconvened the Regular Meeting at 12:27 p.m.

IX

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$16.96 Billion as of February 11, 2019. Mr. June discussed the following items:
 - Active Small Cap Equity Search and High Yield Bank Loan Search RFP will be released on February 25, 2019
 - Future agenda items: Private Equity Notification, Real Estate Fund opportunities, and presentation by Council of Institutional Investors regarding ESG.

Item IX-D taken out of order.

- D. INVESTMENT POLICY MANUAL REVIEW AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Sohn and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood, and President Ruiz -7; Nays, None.

Items XI-A and XII-A taken out of order.

XI

President Ruiz adjourned the Regular Meeting at 12:48 p.m. to convene in Closed Session. President Ruiz left the Regular Meeting at 1:02 p.m and Vice President Greenwood presided over the meeting.

CLOSED SESSION

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8 TO CONFER WITH REAL PROPERTY NEGOTIATOR AND POSSIBLE BOARD ACTION.**

PROPERTY: 202 WEST FIRST STREET, LOS ANGELES, CA 90012; AGENCY NEGOTIATORS: JAMES N. TRAVERS, DENNIS SMITH NEGOTIATING PARTIES: LACERS, ONNI TIMES SQUARE UNDER NEGOTIATION: PRICE AND TERMS PAYMENT FOR PROPOSED LEASE

XII

DISABILITY RETIREMENT APPLICATION(S)

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

Vice President Greenwood reconvened the Regular Meeting at 1:25 p.m. and announced that during Closed Session the Board conferred with the real property negotiator and unanimously approved the Disability Retirement Application of Mayra Martinez.

Commissioner Sandra Lee left the Regular Meeting at 1:25 p.m.

IX

INVESTMENTS

- B. REAL ESTATE PORTFOLIO REVIEW – Eduardo Park, Investment Officer I and Jennifer Young-Stevens with Townsend Group presented this item to the Board.**
- C. PRESENTATION BY NEPC, LLC REGARDING TACTICAL ASSET ALLOCATION – Carolyn Smith with NEPC presented this item to the Board. The Board decided to defer further discussion on this item to a future Board Meeting.**

X

LEGAL/LITIGATION

- A. BOARD EDUCATION: LEGAL FRAMEWORK FOR IMPLEMENTING ESG FACTORS INTO INVESTMENT STRATEGY – Miguel Bahamon, Deputy City Attorney, presented this item to the Board.**

XIII

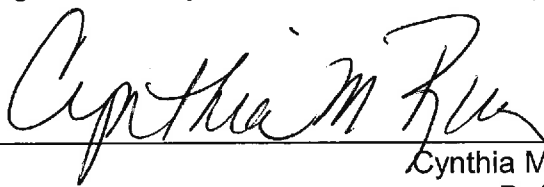
OTHER BUSINESS – Vice President Greenwood and staff discussed the emails from Jim Baker, Private Equity Stakeholder Project regarding the LACERS investments with American Securities, a private equity manager and Platinum Equity, a private equity manager.

XIV

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, February 26, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XV

ADJOURNMENT – There being no further discussion before the Board, Vice President Greenwood adjourned the meeting in honor of Jason Kitahara, Management Analyst with LACERS at 2:32 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary