

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 26, 2019

10:00 a.m.

Agenda of: Mar. 12, 2019

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioners:	Sandra Lee Michael R. Wilkinson

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 FEBRUARY 12, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of February 12, 2019 was moved by Commissioner Serrano, seconded by Vice President Greenwood, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Greenwood and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the Board Education Plan and thanked General Manager Neil M. Guglielmo and the Executive team for designing and implementing a comprehensive education plan for each Commissioner.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager discussed the following items:
- Fiduciary Liability Coverage expiring May 2019.
 - Office safety improvements at LACERS office.
 - LACERS made first payment for claims and administrative fees for the self-funded Delta Dental PPO Plan.
 - LACERS *We// Living Life to the Fullest* introductory packets mailed out to retirees.
 - Wellness Extravaganza events scheduled for three different locations in March.
 - LACERS All Staff Meeting on February 27, 2019 in the Chandler Auditorium at 9:00 a.m.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the following future agenda items:
- March 12 Board – Legislative Update
 - March 12 Board – Board education on Role of the Health and Welfare Consultant
 - March 12 Board – Website redesign
 - March 26 Benefits Administration Committee – 2020 Health Plan Contract renewal timeline and strategy
 - March 26 Board – FY 19-20 preliminary budget
 - March 26 Board – RFP for medical evaluations

V

RECEIVE AND FILE ITEMS

- A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2019 – The report was received by the Board and filed.
- B. OPEN ENROLLMENT CLOSEOUT REPORT – The report was received by the Board and filed.

VI

CONSENT AGENDA

- A. COST-OF-LIVING ADJUSTMENT FOR JULY 2019 AND POSSIBLE BOARD ACTION – Vice President Greenwood moved approval, seconded by Commissioner Serrano and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Vice President Greenwood and President Ruiz -5; Nays, None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.33 Billion as of February 25, 2019. Mr. June discussed the following items:
- Active Small-Cap Equities Search and High Yield Bank Loan Search released on February 25, 2019.
 - Emerging Markets Small Cap Search will be released end of March or April 2019.
 - Emerging Market Debt local currency search will be released in April 2019.
 - Fixed Income Core Search being released in the Summer of 2019.
 - Future agenda items: Private Credit Semi-Finalist to Investment Committee on March 12, 2019. Continued discussion on the Tactical Asset Allocation and letter being drafted to the Securities Exchange Commission for Board review to the Board on March 12, 2019. Presentation by CII regarding ESG to the Board on March 26, 2019.

Item VII-A taken out of order.

VII

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF FEBRUARY 12, 2019 – Commissioner Sohn stated the Committee heard presentations from Dimensional Fund Advisors regarding the management of an active U.S. treasury inflation protected securities portfolio and the management of an active non-U.S. emerging markets value equities portfolio. They also heard a presentation from Oberweis Asset Management Inc. regarding the management of an active non-U.S. small cap equities portfolio and were presented with a report on LACERS commission recapture program and soft dollars.

VIII

INVESTMENTS

- B. NOTIFICATION OF COMMITMENT OF UP TO \$15 MILLION IN ROARK CAPITAL PARTNERS V, L.P. AND UP TO \$10 MILLION IN ROARK CAPITAL PARTNERS II SIDECAR, L.P. – This report was received by the Board and filed.
- C. NOTIFICATION OF COMMITMENT OF UP TO \$40 MILLION IN ABRY PARTNERS IX, L.P. – This report was received by the Board and filed.
- D. NOTIFICATION OF COMMITMENT OF UP TO €34.9 MILLION (APPROXIMATELY \$40 MILLION) IN ASTORG VII, L.P. – This report was received by the Board and filed.
- E. CONTRACT WITH CEM BENCHMARKING INC. AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer and Bryan Fujita, Chief Operating Officer presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**CONTRACT FOR
CEM BENCHMARKING INC.
INVESTMENT BENCHMARKING SERVICES**

RESOLUTION 190226-A

WHEREAS, the CEM Benchmarking Inc. (CEM) study will provide LACERS with an objective analysis of investment management and administration services costs and investment performance and risk;

WHEREAS, LACERS staff lacks the expertise necessary to perform this work;

WHEREAS, CEM has expertise in this area that is unique and such services cannot be acquired from any other provider;

WHEREAS, the one-time fee of \$35,000 covers the cost of the benchmarking study;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves payment of a one-time fee of \$35,000 to CEM to perform an objective investment cost and performance benchmarking analysis of the LACERS portfolio; and, authorizes the General Manager to approve and execute the necessary documents, subject to satisfactory business and legal terms.

<u>Company Name:</u>	CEM Benchmarking Inc.
<u>Service Provided:</u>	Investment Benchmarking
<u>Duration:</u>	One-time occurrence

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

IX

DIVISION SPOTLIGHT

- A. HEALTH DIVISION – ENROLLENT UNIT – Ada Lok, Management Analyst and Adrienne Hobbs, Benefits Specialist with Health Benefits Administration and Communications Division presented this item to the Board.

Item XII-B taken out of order.

Commissioner Greenwood left the Regular Board Meeting at 10:40 a.m.

XII

BOARD/DEPARTMENT ADMINISTRATION

- B. **REQUEST FOR PROPOSALS FOR ACTUARIAL SERVICES AND POSSIBLE BOARD ACTION** – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, and President Ruiz -4; Nays, None.

President Ruiz adjourned the Regular Meeting at 10:43 a.m. to convene in Closed Session.

X

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF BLANCA GONZALEZ AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LOUIS HERRON AND POSSIBLE BOARD ACTION**

Commissioner Greenwood returned to the Regular Meeting at 10:50 a.m.

XI

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 OF PAYMENT FOR PROPOSED LEASE

- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b)(1): GENERAL MANAGER 2018-19 PERFORMANCE EVALUATION AND POSSIBLE BOARD ACTION**

Vice President Greenwood left the Regular Meeting during Closed Session at 11:17 a.m. President Ruiz reconvened the Regular Meeting at 11:23 a.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Application of Blanca Gonzalez and Louis Herron.

XII

BOARD/DEPARTMENT ADMINISTRATION

- A. **CONSIDERATION OF 2018-19 GENERAL MANAGER'S MERIT PAY AND POSSIBLE BOARD ACTION** – Commissioner Serrano moved approval to increase General Manager Neil M.

Guglielmo's merit pay by 3.5%, seconded by Commissioner Elizabeth Lee and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, and President Ruiz -4; Nays, None.

XII

OTHER BUSINESS – There was no other business.

XIV

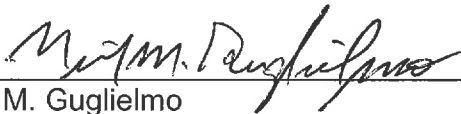
NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, March 12, 2019 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XV

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 11:24 a.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary