

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 10, 2019

10:04 a.m.

Agenda of: Sept. 24, 2019

Item No: II

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

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – Vice President Wilkinson 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 AUGUST 27, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of August 27, 2019 was moved by Commissioner Serrano, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, and Vice President Wilkinson -6; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – Vice President Wilkinson stated the Bike with Mike event held on September 5, 2019 was very successful and he thanked all the organizers.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- Building evacuation drill
 - LACERS Tabletop Exercise
 - Business Continuity Planning
 - Comprehensive Annual Financial Report (CAFR) Award
 - Side A Policy payments
 - Space planning
 - Member Services Center (MSC) Spotlight
- B. UPCOMING AGENDA ITEMS – Mr. Guglielmo stated the following items will be on an upcoming Board agenda:
- September 24, 2019 – Segal to present actuarial assumptions for June 30, 2019 Retiree Health Actuarial Valuation.

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.

VI

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF AUGUST 27, 2019 – Vice President Wilkinson stated the Committee was presented with the Anthem Blue Cross 2018 Year-End Accounting report.
- B. BENEFITS ADMINISTRATION COMMITTEE REPORT – ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits Administration & Communications Division and Borden Darm with Keenan & Associates presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

ANTHEM BLUE CROSS 2018 YEAR-END ACCOUNTING AND TRANSFER OF PREMIUM STABILIZATION RESERVE FUNDS

RESOLUTION 190910-A

WHEREAS, LACERS has participating contracts with Anthem Blue Cross (Anthem), which means that at the end of each plan year, an accounting is performed to determine total premium funds versus total claims costs and administrative expenses;

WHEREAS, if the year-end accounting results in a deficit of premium funds, LACERS must pay Anthem the shortfall; if the accounting results in a surplus, those funds may be returned to LACERS;

WHEREAS, LACERS maintains a Premium Stabilization Reserve (PSR) account with Anthem and premium surpluses are placed in this account to be used at a later time, usually to fund a premium defrayal for Anthem Members;

WHEREAS, the 2018 accounting showed that the PSR had an accumulated balance of \$11,956,924;

WHEREAS, the PSR funds are not required to be retained with Anthem and at the September 10, 2019 Board of Administration meeting, the Board approved a recommendation to return the PSR funds to LACERS' Section 115 Trust account;

WHEREAS, tax law requires that only the portion of the PSR funds that is estimated to have been paid out of pocket by Members can be transferred to the Section 115 Trust account, and the portion that is estimated to have been paid by LACERS as medical plan subsidy dollars must be returned to LACERS' 401(h) account, the account from which these monies originated;

WHEREAS, on August 27, 2019, the Benefits Administration Committee approved forwarding a recommendation to transfer the entire balance of the PSR to LACERS' Section 115 Trust and 401(h) accounts;

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves the transfer of Anthem PSR funds to LACERS' Section 115 Trust and 401(h) accounts, apportioned in amounts to be determined by staff.

Which motion was seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, and Vice President Wilkinson -6; Nays, None.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR FISCAL YEAR 2018-19 – This report was received by the Board and filed.

VIII

BENEFITS ADMINISTRATION

- A. HEALTH LEGISLATION UPDATE – Borden Darm with Keenan & Associates discussed the following items: Cadillac Tax, Assembly Bill (AB) 290, and Senate Bill (SB) 343.

IX

DIVISION SPOTLIGHT

- A. MEMBER SERVICE CENTER – Alex Rabrenovich, Chief Benefits Analyst, Wendy Johnson, Chief Clerk, and Gabriel Perez, Benefits Specialist with Health Benefits Administration & Communications Division presented this spotlight of the Member Service Center to the Board.

X

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$18.2 Billion as of September 9, 2019. Mr. June discussed the following items:
- LACERS staff sponsoring a table at the CSULA Meet the Industries night at the Quiet Cannon Restaurant in Montebello, September 19, 2019.
 - Agenda item on September 10, 2019 Board Agenda is Total Fund Performance Review for the period ending June 30, 2019.
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING JUNE 30, 2019 – Carolyn Smith, Partner with NEPC presented this item to the Board.

Vice President Wilkinson recessed the Regular Meeting at 11:56 a.m. for a break. Vice President Wilkinson reconvened the Regular Meeting at 12:05 p.m. and convened in Closed Session at 12:06 p.m.

XI

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF JOSEFINA AGUAYO SANTANA AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RAFAEL ZARAGOZA AND POSSIBLE BOARD ACTION**

Vice President Wilkinson reconvened the Regular Meeting at 12:07 p.m. and announced that the Board unanimously approved the Disability Retirement Applications of Josefina Aguayo Santana and Rafael Zaragoza.

XII

OTHER BUSINESS – Commissioner Serrano shared that September is Latino Heritage month and Councilmember Nury Martinez is having a celebration in front of City Hall steps this weekend.

XIII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, September 24, 2019 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, Vice President Wilkinson adjourned the meeting at 12:10 p.m.



Neil M. Guglielmo
Manager-Secretary



Michael R. Wilkinson
Vice President

