

MINUTES OF THE REGULAR MEETING  
**BOARD OF ADMINISTRATION**  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020)  
and due to the concerns over COVID-19, the  
LACERS Board of Administration's  
June 23, 2020, meeting was conducted  
via telephone and/or videoconferencing.

**Agenda of: July 14, 2020**

**Item No: II**

June 23, 2020

10:00 a.m.

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PRESENT via Zoom Meeting:	President:	Cynthia M. Ruiz
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Legal Counselor:	Anya Freedman
PRESENT at LACERS offices:	Executive Assistant:	Ani Ghoukassian

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

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz asked if any persons wanted to make a general public comment to which there was no response and no comments from the public. President Ruiz will open public comment again prior to discussion of Item VIII-A.

II

APPROVAL OF MINUTES FOR THE REGULAR BOARD MEETING OF JUNE 9, 2020 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval of the minutes for the Regular Meeting of June 9, 2020, seconded by Commissioner Elizabeth Lee and adopted by the following vote:

Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

### III

BOARD PRESIDENT VERBAL REPORT – President Ruiz thanked all staff who work on the Zoom Board meeting process and thanked the Commissioners for their patience and participation.

### IV

#### GENERAL MANAGER VERBAL REPORT

A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:

- COLAs will be applied to Members' July paychecks
- LACERS Retired Elected Member, Commissioner Wilkinson, Swearing-In on June 10, 2020
- City Payroll System Replacement
- LAWA Separation Incentive Program (SIP)
- April Retirements
- Health-Open Enrollment
- Retirement Webinar
- Retirement Benefit Retro Calculations
- LACERS Reconstitution Plan
- Fiscal Year End work

B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board on the following upcoming agenda items:

- July 28<sup>th</sup> Benefits Administration Committee Meeting -
  - Final Health Plan Renewal rates and plan design
  - Year-end accounting for our cost sharing plans – Anthem PPO and Delta Dental PPO
  - Discussion of the extension of the Keenan contract
  - Longer introduction of the new Wellness Program Manager

### V

#### RECEIVE AND FILE ITEMS

A. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MAY 2020 – This report was received by the Board and filed.

### VI

#### COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE REGULAR MEETING OF JUNE 9, 2020 – Investment Committee Chair Sohn reported out that the Committee approved the contract with Barrow, Hanley, Mewhinney & Strauss, LLC and the Real Estate Fiscal Year 2020-21 Strategic Plan.

VII

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DISABILITY RETIREMENT APPLICATION OF RAYMOND GALOOSTIAN AND POSSIBLE BOARD ACTION (HEARING) – Carol Rembert, Management Assistant with Retirement Services Division, presented this item to the Board and introduced Mr. Galoostian’s legal representative, Thomas Wicke with Lewis, Marenstein, Wicke, Sherwin, Lee, LLP. After a 7 minute discussion, Commissioner Elizabeth Lee moved approval, seconded by Commissioner Chao, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Sohn, Vice President Wilkinson, and President Ruiz -6; Abstain, Commissioner Serrano - 1.

VIII

BOARD/DEPARTMENT ADMINISTRATION

*Item I repeated for comments on Item VIII-A.*

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD’S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – **THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS \*9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – President Ruiz stated a number of written public comments were emailed to staff regarding Agenda Item VIII-A. Ani Ghoukassian, Commission Executive Assistant II, stated the following members of the public submitted public comments via email: Susan Ozawa, Li Hsi, Tom Moutes, Mary Campos, Steve Montagna, Kelly Kadomatsu, Ruth Perry, Trina Unzicker, and Mark Blunk. President Ruiz asked if there were any public comments, to which there was one response. Ramon Rubalcava with SEIU Local 721 and member of the public stated his support, with modification of Segal’s recommendations regarding the actuarial assumptions.

- A. CONSIDERATION OF PROPOSED ASSUMPTION CHANGES BASED ON ACTUARIAL EXPERIENCE STUDY AND POSSIBLE BOARD ACTION – Paul Angelo, Senior Vice President and Actuary, Andy Yeung, Vice President, with Segal Consulting, Neil M. Guglielmo, General Manager, Todd Bouey, Assistant General Manager, presented this item to the Board. After a robust 1 hour, 10 minute discussion and instruction from the Board for staff to reach out to City management regarding whether a phase-in request was going to be submitted, Commissioner Chao moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.
- B. PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS FOR FISCAL YEAR 2020-21 AND POSSIBLE BOARD ACTION – Commissioner Serrano requested the

Harvard Kennedy School – Leadership Decision Making: Optimizing Organizational Performance program be added to the list of pre-approved Board educational seminars. Commissioner Elizabeth Lee moved approval of the list and addition of the Harvard Kennedy School program, seconded by Commissioner Sohn, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

C. EMERGENCY PURCHASES AND EXPENDITURES REPORT FOR COVID-19 AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

D. CONTRACT AWARD TO MOSS ADAMS FOR EXTERNAL AUDITING SERVICES AND POSSIBLE BOARD ACTION – Rahoof “Wally” Oyewole, Departmental Audit Manager presented this item to the Board and introduced Kory Hoggan with Moss Adams. After a 6 minute discussion, Commissioner Sohn moved approval of the following Resolution:

**CONTRACT WITH MOSS ADAMS LLP  
FOR EXTERNAL AUDITING SERVICES**

**RESOLUTION 200623-B**

WHEREAS, LACERS desires to engage the services of a public accounting firm to provide external auditing services, included but not limited to: (1) performing the audit to express an opinion on fair presentation of LACERS’ basic financial statements (Retirement Plan & Postemployment Health Care Plan); (2) performing the audit to express an opinion on schedules related to Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*; (3) issuing a separate audit opinion on Section 115 Trust Fund financial statements; and (4) providing ongoing advisory services regarding GASB pension accounting and reporting requirements, as well as technical matters related to filing for the Certificate in Excellence in Financial Reporting from the Governmental Finance Officers Association;

WHEREAS, LACERS issued a Request for Proposal for External Auditor on March 2, 2020 and received seven proposals for the external auditing engagement by the April 17, 2020 deadline;

WHEREAS, Moss Adams LLP was selected by a review panel as the best qualified firm to meet LACERS’ needs;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby approves a contract with Moss Adams, and authorizes the General Manager to execute the necessary documents, within the following terms, subject to City Attorney review:

EXTERNAL AUDITOR: Moss Adams LLP

TERM: July 1, 2020 to June 30, 2023

AMOUNT: \$277,500, as follows:

- FYE June 30, 2020 Audit Fee – \$91,500
- FYE June 30, 2021 Audit Fee – \$92,500
- FYE June 30, 2022 Audit Fee – \$93,500

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

## IX

### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.85 as of June 22, 2020. Mr. June discussed the following items:
- Wirecard news, lost €2 billion, LACERS exposure was at 11,200 shares or \$325K in market value
  - Upcoming Board agenda items: Finalists for the Emerging Markets Small Cap Equities Manager search and a legal contract amendment
- B. INVESTMENT MANAGER CONTRACT WITH BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS VALUE PORTFOLIO AND POSSIBLE BOARD ACTION – Ellen Chen, Investment Officer I, presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**CONTRACT RENEWAL  
BARROW, HANLEY, MEWHINNEY & STRAUSS, LLC  
ACTIVE NON-U.S. EQUITIES DEVELOPED MARKETS VALUE  
PORTFOLIO MANAGEMENT**

**RESOLUTION 200623-C**

WHEREAS, LACERS' current one-year contract extension with Barrow, Hanley, Mewhinney & Strauss, LLC (BHMS) for active non-U.S. equities developed markets value portfolio management expires on September 30, 2020; and,

WHEREAS, BHMS is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with BHMS will allow the fund to maintain a diversified exposure to the active non-U.S. equities developed markets; and,

WHEREAS, on June 23, 2020, the Board approved the Investment Committee's recommendation to approve a three-year contract renewal with BHMS.

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>	Barrow, Hanley, Mewhinney & Strauss, LLC
<u>Service Provided:</u>	Active Non-U.S. Equities Developed Markets Value Portfolio Management
<u>Effective Dates:</u>	October 1, 2020 through September 30, 2023
<u>Duration:</u>	Three years
<u>Benchmark:</u>	MSCI EAFE Value Index
<u>Allocation as of May 31, 2020:</u>	\$448 million

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

- C. REAL ESTATE FISCAL YEAR 2020-21 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – Felix Fels with Townsend/AON presented this item to the Board. Commissioner Sohn moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

X

#### LEGAL/LITIGATION

- A. APPROVAL OF CONTRACTS WITH KUTAK ROCK LLP, NOSSAMAN LLP, AND OLSON REMCHO LLP, FOR OUTSIDE FIDUCIARY COUNSEL SERVICES, AND POSSIBLE BOARD ACTION – Vice President Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

XI

OTHER BUSINESS – President Ruiz asked about the arrest of a City Council member and the ability for this member to collect a LACERS retirement even if convicted of the crimes to which the member is accused of. She asked if the Board has the right to change policy on a member collecting a pension if convicted. Anya Freedman, Assistant City Attorney, stated LACERS currently has no pension forfeiture provision in the Plan that would authorize the Board to forfeiture a member’s pension for a criminal conviction. She added this would be a change that would need to be made by the City Council by ordinance, and the City Attorney’s Office is prepared to assist Council upon request.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 14, 2020 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401 and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while public health concerns relating to the novel coronavirus continue.

XIII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 12:13 p.m.



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Neil M. Guglielmo  
Manager-Secretary



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Cynthia M. Ruiz  
President