

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

In conformity with the Governor's Executive Order N-08-21 (June 11, 2021)
and due to the concerns over COVID-19, the
LACERS Board of Administration's
September 14, 2021, meeting was conducted
via telephone and/or videoconferencing.

Agenda of: Oct. 12, 2021

Item No: II

September 14, 2021

10:01 a.m.

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

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.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF AUGUST 10, 2021 AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn and President Ruiz -7; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz congratulated Commissioner Serrano on being a published author of the book “Extraordinary Latinas”.

IV

GENERAL MANAGER VERBAL REPORT

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

- LACERS presented its report on diversity, equity, and inclusion to the City’s Budget and Finance Committee
- LACERS participated in LA Times Building’s Annual Fire Evacuation Drill on August 26, 2021
- Working with the City’s Department of Disability, LACERS completed the ADA inspection of our Times Building offices and the wheelchair path of travel
- Updates on the 977 Broadway Building construction
- LACERS has worked with Ernst & Young, hired by the City to assist with COVID reimbursement claims
- City Employees COVID-19 Vaccination Stats
- City Active Employee COVID-19 Stats
- Retirement Stats
- Member Communication Stats
- Top 5 Member Inquiries
- LACERS YouTube channel
- Fall Wellness Newsletter mailed to Members
- Estate Planning Webinar on September 8th attended by 184 Members

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

- Assumptions for the June 30, 2021 Retiree Health Actuarial Valuation
- Proposed Revisions to the Marketing Cessation Policy

V

BOARD/DEPARTMENT ADMINISTRATION

A. DESIGNATION OF LOCATION FOR REGULAR LACERS BOARD AND COMMITTEE MEETINGS EFFECTIVE OCTOBER 12, 2021: 200 N. SPRING STREET, ROOM 350, LOS ANGELES, CA 90012 (BOARD OF PUBLIC WORKS ROOM) AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval of the following Resolution:

**DESIGNATION OF LOCATION FOR REGULAR LACERS BOARD AND COMMITTEE MEETINGS
EFFECTIVE OCTOBER 12, 2021: 200 N. SPRING STREET, ROOM 350, LOS ANGELES, CA
90012 (BOARD OF PUBLIC WORKS ROOM) AND POSSIBLE BOARD ACTION**

RESOLUTION 210914-A

WHEREAS, the proposed designation of regular meeting location will aid LACERS in conducting business and provide effective and efficient Plan administration;

WHEREAS, the Ralph M. Brown Act, specifically Government Code Section 54954, subsection (a); states Each legislative body of a local agency, except for advisory committees or standing committees, shall provide, by ordinance, resolution, bylaws, or by whatever other rule is required for the conduct of business by that body, the time and place for holding regular meetings. and,

NOW, THEREFORE, BE IT RESOLVED that the Board hereby adopts the proposed Regular Meeting Location effective immediately, providing the Board of Administration and Committees a Regular Meeting Location.

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

VI

RECEIVE AND FILE ITEMS

- A. MARKETING CESSATION REPORT NOTIFICATION TO THE BOARD – This report was received by the Board and filed.
- B. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- C. EDUCATION AND TRAVEL EXPENDITURE REPORT FOR FISCAL YEAR 2020-21 – This report was received by the Board and filed.
- D. ANNUAL REPORT ON LACERS EMERGING INVESTMENT MANAGER PROGRAM – Bryan Fujita, Investment Officer III, discussed this report with the Board and the report was then received by the Board and filed.

VII

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 24, 2021 – Commissioner Wilkinson stated that the Committee approved the LACERS 2020 Anthem and Delta Year-End Accounting with Premium Reserve Funding Policy and the Board Rules related to member benefits administration.

VIII

BENEFITS ADMINISTRATION

- A. LACERS 2020 ANTHEM AND DELTA YEAR-END ACCOUNTING WITH PREMIUM RESERVE FUNDING POLICY AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst, presented and discussed this item with the Board for 10 minutes. After discussion, Commissioner Chao moved approval of the following Resolution:

LACERS' PREMIUM SURPLUS FUNDING POLICY

RESOLUTION 210914-B

WHEREAS, the Los Angeles City Employees' Retirement System (LACERS) administers a health and welfare program, which includes health insurance for retired Members and their eligible dependents;

WHEREAS, LACERS may enter into an experience-rated refunding contract with its health insurance carriers which requires year-end accounting after the close of a plan year to reconcile any differences between the amount of premiums paid to the carrier and the amount of claims and expenses associated with providing health coverage;

WHEREAS, should the year-end accounting result in a deficit, LACERS would need to resolve this;

WHEREAS, should the year-end accounting result in a surplus, LACERS would be refunded the excess funds;

WHEREAS, these types of contracts contain an interest-earning Claims Stabilization Fund (CSF), which is required to maintain a certain balance, as directed by the carrier, to fund any deficits that may be found in the year-end accounting;

WHEREAS, surplus premium funds remaining after the transfer of needed funds to the CSF shall be returned to LACERS after approval of the year-end accounting;

WHEREAS, of the surplus funds to be returned to LACERS, staff shall estimate the portions originally funded by medical subsidy dollars and Member monthly allowance deductions;

WHEREAS, the appropriate amount of surplus premium funds attributable to medical subsidies shall be deposited back to account from which the subsidy dollars were originally paid, which currently is LACERS 401(h) account, and the appropriate amount of surplus premium funds attributable to Member monthly allowance deductions shall be deposited in the 115 Trust account;

WHEREAS, LACERS may opt to enter into a self-funded arrangement with a health insurance carrier;

WHEREAS, self-funded arrangements enable LACERS to set premiums and receive premium payments, and utilize these payments to pay associated provider claims costs and administrative expenses;

WHEREAS, should accumulated premiums from self-funded plans be insufficient to cover annual claims costs, LACERS would be responsible for resolving the deficit;

WHEREAS, should accumulated premiums from self-funded plans result in a surplus after annual claims costs and related administrative expenses are paid, LACERS retains the surplus amount within its 115 Trust account;

WHEREAS, a minimum premium reserve balance should always be maintained and recalculated annually to offset possible year-end deficits from self-funded or refunding-contracted plans;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts a Premium Reserve Funding policy that 115 Trust accounts holding premium surpluses from self-funded or refunding-contracted plans retain a minimum balance of 15% of each health plan's projected premium cost for the coming year.

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

IX

RETIREMENT SERVICES

- A. BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn, and President Ruiz -7; Nays, None.

X

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value of \$23.912 billion as of September 13, 2021. Mr. June discussed the following items:
- U.S., Non-U.S., and Global Passive RFP released last week, deadline is November 9, 2021
 - Real Estate Consultant RFP released last week, deadline is November 8, 2021
 - Future Agenda Items: Private Equity Implementation Plan, Investor Agenda Letter – 2021 Global Investor Statement to Governments on the Climate Crisis
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW FOR THE QUARTER ENDING JUNE 30, 2021 – Carolyn Smith, Partner with NEPC, presented and discussed this item with the Board for 30 minutes.
- C. PRESENTATION BY NEPC, LLC REGARDING ASSET CLASS POLICY TARGETS AND RANGES AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner with NEPC, presented and discussed this item with the Board for 15 minutes. Commissioner Chao moved approval, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, Vice President Sohn and President Ruiz -7; Nays, None.

XI

OTHER BUSINESS – There was no other business.

XII

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, September 28, 2021, at 10:00 a.m. at Edward R. Roybal BPW Session Room, 200 N. Spring Street, Room 350 City Hall Los Angeles, CA 90012, and/or via telephone and/or videoconferencing. Please continue to view the LACERS website for updated information on public access to Board meetings while response to 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 11:48 a.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary