

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

August 13, 2024

10:05 a.m.

PRESENT:	President Pro Tempore:	Sung Won Sohn
	Commissioners:	Elizabeth Lee Gaylord "Rusty" Roten Michael R. Wilkinson
	Legal Counselor:	Joshua Geller
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
ABSENT:	President:	Annie Chao
	Vice President:	Janna Sidley
	Commissioner:	Thuy Huynh

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

I

NOMINATION OF A PRESIDENT PRO TEMPORE TO PRESIDE OVER THE MEETING AND POSSIBLE BOARD ACTION – Neil M. Guglielmo, General Manager, advised that the nominations for President Pro Tempore for the August 13, 2024, Board Meeting were being considered and then Commissioner Wilkinson nominated Commissioner Sohn. Mr. Guglielmo called for the vote on the nomination of Commissioner Sohn as President Pro Tempore: Ayes, Commissioners Lee, Roten, Sohn, and Wilkinson -4; Nays, None. The nomination of Commissioner Sohn for President Pro Tempore passed.

II

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – President Pro Tempore Sohn asked if any persons wanted to make a general public comment to which there were no public comment cards received.

III

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Building Management Systems Enhancements at 977 N. Broadway (HQ)
 - Human Resources Payroll (HRP) Status Update
 - Government Finance Officers Association (GFOA) Certificate of Achievement to LACERS
 - Legislative Update
 - Retroactive Pay Increases update
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Board Meeting on August 27, 2024: Fiscal year end report of business plan initiatives

IV

RECEIVE AND FILE ITEMS

- A. ETHICAL CONTRACT COMPLIANCE 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. COMMISSIONER ELIZABETH LEE EDUCATION EVALUATION ON INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLANS ADVANCED INVESTMENTS MANAGEMENT – WHARTON SCHOOL; JULY 22-24, 2024; SAN FRANCISCO, CA – Commissioner Lee discussed her experience attending this program. This report was received by the Board and filed.

V

Commissioner Lee moved approval of Consent Agenda Item V-A, and seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Lee, Roten, Wilkinson, and President Pro Tempore Sohn -4. Nays; None.

CONSENT ITEM(S)

- A. APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 9, 2024 AND POSSIBLE BOARD ACTION

VI

COMMITTEE REPORT(S)

- A. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON AUGUST 13, 2024 – Commissioner Wilkinson stated the Committee approved the 2025 Health Plan Contract Renewals, the 2025 Maximum Subsidy and Reimbursement Amounts, and the Board Rules related to Member and Benefits Administration.

BOARD/DEPARTMENT ADMINISTRATION

- A. 2025 HEALTH PLAN CONTRACT RENEWALS AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst, presented and discussed this item with the Board for 5 minutes. Commissioner Wilkinson moved approval of the following resolution:

2025 LACERS MEDICAL PLAN PREMIUMS**RESOLUTION 240813-A**

WHEREAS, under Chapter 11 of the Los Angeles Administrative Code (LAAC), the Board of Administration (Board) of the Los Angeles City Employees' Retirement System (LACERS) has the authority to administer the health and welfare program and shall contract for suitable plans to be made available to eligible retirees, their eligible dependents, and their qualified survivors;

WHEREAS, during the annual health plan renewal process, LACERS staff and health plan consultant received the preliminary medical premium rates from the carriers and after thorough reviews and negotiations, recommends the Board accept the plan year 2025 medical, dental, and vision premium rates commencing on January 1, 2025, through December 31, 2025;

NOW, THEREFORE, BE IT RESOLVED, that the Board approve:

1. The 8% Anthem Blue Cross PPO premium arrangement;
2. The addition of the out-of-network hearing aid benefit for the Anthem Blue Cross Medicare Preferred (PPO) plan;
3. The proposed 2025 premium rates for LACERS medical, dental, and vision plans, allowing for minor premium adjustments;
4. Authorize the General Manager to negotiate and approve the final UnitedHealthcare (UHC) carrier rate changes and to utilize the 115 Trust fund to smooth the UHC Member rate increase; and,
5. Authorize the General Manager to make premium rate adjustments within the parameters established in the Los Angeles Administrative Code, as necessitated by updates or information received after this report and execute a one-year contract with the carriers, subject to satisfactory legal review by the City Attorney.

2025 CALIFORNIA MEDICAL PLAN PREMIUM RATES					
Medicare Status	Anthem Blue Cross PPO / Med Sup PPO	Anthem Blue Cross PPO / Passive PPO Med Adv	Kaiser Permanente HMO / Senior Advantage	Anthem Blue Cross HMO / UnitedHealthcare Med Adv HMO	Anthem Blue Cross / Senior Care Action Network (SCAN)
Single-Party Plan – Retiree Only					
U	\$1,711.36	\$1,711.36	\$1,117.28	\$1,365.00	\$1,365.00
M	\$572.42	\$426.12	\$262.47	\$302.97	\$217.79
Two-Party Plan – Retiree and One Dependent					
UU	\$3,422.71	\$3,422.71	\$2,234.56	\$2,730.00	\$2,730.00

UM	\$2,283.78	\$2,137.48	\$1,362.40	\$1,667.97	\$1,582.79
MU	\$2,283.78	\$2,137.48	\$1,362.40	\$1,667.97	\$1,582.79
MM	\$1,144.84	\$852.24	\$524.94	\$605.94	\$435.58
Family Plan – Retiree and Family					
UUU	\$4,021.69	\$4,021.69	\$2,904.92	\$3,549.00	\$3,549.00
UMU	\$2,882.76	\$2,736.46	\$2,032.76	\$2,486.97	\$2,401.79
MUU	\$2,882.76	\$2,736.46	\$2,032.76	\$2,486.97	\$2,401.79
MMU	\$1,743.82	\$1,451.22	\$1,160.60	\$1,424.94	\$1,254.58
MMM	\$1,717.26	\$1,278.36	\$786.81	\$908.91	\$653.37

2025 UNITED HEALTHCARE MEDICARE ADVANTAGE HMO NON-CALIFORNIA PREMIUM RATES		
Medicare Status	Arizona	Nevada
Single-Party Plan – Retiree Only		
U	N/A	N/A
M	\$367.94	\$258.26
Two-Party Plan – Retiree and One Dependent		
UU	N/A	N/A
UM	N/A	N/A
MU	N/A	N/A
MM	\$735.88	\$516.52
Family Plan – Retiree and Family		
UUU	N/A	N/A
UMU	N/A	N/A
MUU	N/A	N/A
MMU	N/A	N/A
MMM	\$1,103.82	\$774.78

2025 DENTAL PLAN PREMIUM RATES		
Dental Tiers	Delta Dental PPO Self-Funded	DeltaCare USA HMO
Retiree	\$51.16	\$15.70
Retiree + 1 Dependent	\$101.45	\$29.31
Retiree + Family	\$146.56	\$33.89

2025 VISION PLAN PREMIUM RATES	
Tiers	Anthem Blue View Vision Self-Funded
Retiree	\$9.14
Retiree + 1 Dependent	\$13.25
Retiree + Family	\$23.67

Which motion was seconded by Commissioner Roten and adopted by the following vote: Ayes, Commissioners Lee, Roten, Wilkinson, and President Pro Tempore Sohn -4; Nays, None

- B. 2025 MAXIMUM SUBSIDY AND REIMBURSEMENT AMOUNT AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following resolution:

**MAXIMUM HEALTH PLAN SUBSIDIES AND REIMBURSEMENT AMOUNTS
FOR PLAN YEAR 2025**

RESOLUTION 240813-B

WHEREAS, the Los Angeles Administrative Code establishes that the Los Angeles City Employees' Retirement System (LACERS) provide health and welfare programs for retired employees and their eligible dependents;

WHEREAS, Section 4.1111(b) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration may change the maximum monthly medical subsidy for eligible Tier 1 retirees who retired before July 1, 2011, so long as any increase does not exceed the dollar increase in the Kaiser two-party non-Medicare plan premium and the average percentage increase for the first year of the increase and the preceding two years does not exceed the average assumed actuarial medical trend rate for the same period;

WHEREAS, Section 4.1111(c) of the Los Angeles Administrative Code provides that by resolution, the Board of Administration shall, for Tier 1 retirees who at any time prior to retirement made additional contributions to LACERS as provided in Section 4.1003(c) of the Los Angeles Administrative Code, set the increase in the maximum medical plan premium subsidy at an amount not less than the dollar increase in the Kaiser two-party non-Medicare Part A and B premium;

WHEREAS, Sections 4.1112(b) and 4.1112(d) of the Los Angeles Administrative Code provide that by resolution, the Board of Administration may increase the monthly reimbursement maximum of eligible retirees participating in the Medical Premium Reimbursement Program;

WHEREAS, Section 4.1114(a) of the Los Angeles Administrative Code provides the Board of Administration may, in its discretion, decrease or increase the maximum retiree dental plan subsidy to reflect changes in the dental plan subsidy provided to active City of Los Angeles employees;

WHEREAS, on August 13, 2024, the 2025 health benefit subsidies and reimbursements were presented to the Benefits Administration Committee;

WHEREAS, on August 13, 2024, the Board of Administration approved the 2025 health benefit subsidies and reimbursements;

NOW, THEREFORE, BE IT RESOLVED, that the Board of Administration hereby adopts the following 2025 health benefit subsidies and reimbursements; and authorizes the General Manager to make subsidy and reimbursement adjustments within the limitations established in the Los Angeles Administrative Code, as necessitated by updates or information received after the report:

Benefit Type	Tier 1 Retired Before July 1, 2011 “Discretionary”	Tier 1 Retired On After July 1, 2011 “Vested”	Tier 3
Retiree Medical Subsidy, <65/Medicare Part B	\$2,318.58	\$2,318.58	-
Retiree MPRP Reimbursement, <65/Medicare Part B	\$2,318.58	\$2,318.58	-
Retiree MPRP Reimbursement, Medicare Parts A and B	\$581.56	\$581.56	\$581.56
Retiree Dental Subsidy	\$42.93	\$42.93	\$42.93

Which motion was seconded by Commissioner Roten and adopted by the following vote: Ayes, Commissioners Lee, Roten, Wilkinson, and President Pro Tempore Sohn -4; Nays, None

- C. BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval, seconded by Commissioner Roten, and adopted by the following vote: Ayes, Commissioners Lee, Roten, Wilkinson, and President Pro Tempore Sohn -4. Nays; None.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Wilkin Ly, Investment Officer III, reported on the portfolio value of 23.9 billion as of August 12, 2024; and Volatility Index at 19.4. Wilkin Ly discussed the following items:
- Since the last meeting there was a market sell off that occurred last Monday, August the 5th. During that market sell off, the VIX soared to 66, marking its third highest level since the COVID-19 spike at 85 and the global financial crisis spike in 2008 at 89. The VIX has now settled down now with it being approximately 70% lower.
 - In terms of global exposure, none of LACERS investments in Israel, Russia and China had any material changes.
 - Future board agenda items: PRI action plan and ESG risk framework, Q2 2024 total performance report, and private equity and private credit fund notifications.
 - Monae Gant will be ending her Girls Who Invest (GWI) Internship this Thursday, as she will be heading up north to Berkeley in the fall. Monae provided the Board with a summary of her experience at LACERS.

- B. PRESENTATION BY NEPC, LLC REGARDING CONTINUED DISCUSSION OF ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Presentation has been postponed to a future Board meeting.

IX

President Pro Tempore Sohn recessed the Regular meeting at 10:40 a.m. to convene in closed session.

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING PENDING LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**

President Pro Tempore Sohn reconvened the Regular meeting at 10:58 a.m.

X

OTHER BUSINESS – Commissioner Lee requested for the City Attorney provide the Board with an update on the LACERA court case.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 27, 2024, at 10:00 a.m., in the LACERS Boardroom, at 977 N. Broadway, Los Angeles, California 90012-1728.

XII

ADJOURNMENT – There being no further business before the Board, President Pro Tempore Sohn adjourned the Meeting at 11:00 a.m.

Neil M. Guglielmo

Neil M. Guglielmo
Manager-Secretary

Sung Won Sohn

Sung Won Sohn
President Pro Tempore