



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



Board of Administration Agenda

REGULAR MEETING
TUESDAY, APRIL 12, 2022
TIME: 10:00 A.M.
MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's April 12, 2022 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public
Information to call-in to listen and or participate:
Dial: (669) 254-5252 or (669) 216-1590
Meeting ID# 160 455 1021

- Instructions for call-in participants:**
- 1- Dial in and enter Meeting ID
 - 2- Automatically enter virtual "Waiting Room"
 - 3- Automatically enter Meeting
 - 4- During Public Comment, **press *9** to raise hand
 - 5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Board Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

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
Executive Assistant:	Ani Ghokassian
Legal Counsel:	City Attorney's Office Public Pensions General Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghokassian@lacers.org.

Disclaimer to Participants

Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

- 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*
- II. [APPROVAL OF MINUTES FOR THE MEETING OF MARCH 8, 2022, AND POSSIBLE BOARD ACTION](#)
- III. BOARD PRESIDENT VERBAL REPORT
- IV. GENERAL MANAGER VERBAL REPORT
 - A. REPORT ON DEPARTMENT OPERATIONS
 - B. UPCOMING AGENDA ITEMS
- V. RECEIVE AND FILE ITEMS
 - A. [ETHICAL CONTRACT COMPLIANCE REPORT NOTIFICATION TO THE BOARD](#)
 - B. [BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER](#)
- VI. COMMITTEE REPORT(S)
 - A. GOVERNANCE COMMITTEE VERBAL REPORT FOR THE MEETING ON APRIL 12, 2022
- VII. BOARD/DEPARTMENT ADMINISTRATION
 - A. [FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON, AND POSSIBLE BOARD ACTION](#)
 - B. [PROPOSED AMENDMENT TO KEENAN & ASSOCIATES CONTRACT NO. 4177 AND POSSIBLE BOARD ACTION](#)
 - C. [CONTRACT WITH MONDAY.COM FOR PRODUCTIVITY SOFTWARE AND POSSIBLE BOARD ACTION](#)
- VIII. INVESTMENTS
 - A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS
- IX. LEGAL/LITIGATION
 - A. [BOARD FIDUCIARY EDUCATION: LEGAL UPDATE](#)

X. OTHER BUSINESS

XI. NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, April 26, 2022, at 10:00 a.m. at LACERS, 202 West 1st Street, Suite 500, 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.

XII. ADJOURNMENT

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

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Board of Administration's March 8, 2022 meeting will be conducted via telephone and/or videoconferencing.

March 8, 2022

10:02 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
	Executive Assistant:	Ani Ghoukassian

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

II

APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 8, 2022, AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Vice President Sohn, with an amendment by Commissioner Elizabeth Lee to correct a typographical error on Item VI-A, 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 recognized International Women's Day and all the women who have served on the LACERS Board since 1937. Commissioners Chao, Elizabeth Lee, Sandra Lee, and Serrano also shared their thoughts on the special day recognizing women.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Russian invasion of Ukraine
 - Federal sanctions and divestment actions by some public pension plans
 - Cybersecurity
 - LA Times Complex Control Access System
 - LACERS Offices Re-opening
 - Diversity, Equity and Inclusion (DEI) Initiative
 - Challenging Member Interactions
 - Health Plan Renewals for 2023
 - Status of transition to the Anthem Medicare Preferred PPO Plan
 - Member Services statistics
 - LACERS YouTube channel update
 - Upcoming events: Seminars & Demos
 - Upcoming Wellness events: Mom’s Computer Technology Class, Fitness Made Simple Exercise Class, Brain Health Class, and LACERS *Well* Purposeful Campaign
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, advised the Board of the following items:
- Actuarial Risk Assessment and Review of Funded Status of the Retirement and Health Plans as of June 30, 2021
 - Preliminary Proposed Budget, Personnel and Annual Resolutions for FY 2022-23
- C. 2022 STRATEGIC PLAN UPDATE REPORT – Kristen Szanto, Management Analyst, presented this item to the Board.
- D. RECOGNITION OF SERVICE FOR DENISE MALOSH – President Ruiz, Neil M. Guglielmo, General Manager, Karen Freire, Chief Benefits Analyst, and Jamie Roberts, Benefits Specialist recognized Denise Malosh, Administrative Clerk, for her service to the City and LACERS. Ms. Malosh also shared her future plans in retirement.

V

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 MICHAEL R. WILKINSON EDUCATION EVALUATION ON NCPERS-2021 PUBLIC RETIREMENT SYSTEMS STUDY & ITS DASHBOARD; VIRTUAL; FEBRUARY 15, 2022 – This report was received by the Board and filed.

- D. COMMISSIONER MICHAEL R. WILKINSON EDUCATION EVALUATION ON MSCI/PREA U.S. QUARTERLY PROPERTY FUND INDEX Q4, 2021; VIRTUAL; FEBRUARY 17, 2022 – This report was received by the Board and filed.

Item I taken out of order

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.

VI

BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT FOR THE MEETING ON FEBRUARY 22, 2022 – Commissioner Wilkinson stated the Committee received a verbal update on the Anthem transition and discussed the Benefits Administration resource needs for fiscal year 2022-2023.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON, AND POSSIBLE BOARD ACTION – Commissioner Elizabeth Lee moved approval of the following Resolution:

**CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE**

RESOLUTION 220308-A

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with substantial levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.

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

B. 977 N. BROADWAY PROJECT REPORT FOR THE QUARTER ENDING DECEMBER 31, 2021 AND POSSIBLE BOARD ACTION – Commissioner Wilkinson moved approval of the following Resolution:

**AUTHORIZATION TO TRANSFER FUNDS
FROM THE HQ PROJECT'S CAPITAL BUDGET ACCOUNT
TO THE ADMINISTRATIVE BUDGET ACCOUNT**

RESOLUTION 220308-B

WHEREAS, on October 23, 2019, LACERS closed escrow on the purchase of an office building at 977 North Broadway ("Broadway Building"), Los Angeles California at the price of \$33,750,000; the property is a real estate asset held in a separate account in the LACERS Trust Fund, and the LACERS Board of Administration has sole and exclusive plenary authority over the assets of the trust fund;

WHEREAS, the Broadway Building goals for Fiscal Year 2021-22 (FY22) include LACERS' full occupancy in 2022, and completion of necessary improvements prior to move-in;

WHEREAS, LACERS Board of Administration (Board) previously approved \$19,577,987 for the Capital Budget, including \$2,700,000 for the Owner Technology portion line item within the Capital Budget;

WHEREAS, the funds for the purchase of technology was originally approved by the Board as part of the Capital Budget Account;

WHEREAS, \$628,583.44 in funds from the Administrative Budget Account were used to commence the establishment of the Broadway Building's network infrastructure, and \$48,953.64 to procure

asset-tracking technologies;

WHEREAS, both Networking and Asset-Tracking expenditures leverage the City's contract and discount prices with Dell Technologies;

WHEREAS, the purchase of both Networking and Asset Tracking equipment would require a transfer of \$677,537.08 from the Capital Budget Account to the Administration Budget Account; and

WHEREAS, pursuant to the City Charter, the Board has full control of LACERS' budget,

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

1. Approve the reallocation of \$677,537.08 from HQ Project in the Capital Budget to the Administrative budget by increasing Appropriation 167300 – Furniture, Office, and Technical Equipment by \$677,537.08; and
2. Authorize the General Manager to correct any clerical or typographical errors in this document.

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

C. SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 31, 2021 – Chhintana Kurimoto, Management Analyst, provided a brief overview to the Board. The report was received by the Board and filed.

VIII

INVESTMENTS

A. CHIEF INVESTMENT OFFICER VERBAL REPORT INCLUDING DISCUSSION BY NEPC, LLC ON THE PORTFOLIO EXPOSURE TO GLOBAL EVENTS – Rod June, Chief Investment Officer, reported on the portfolio value of \$22.15 billion as of March 7, 2022. Mr. June discussed the following items:

- Private Equity allocation is at 16.6% actual weighting, which is above the policy target of 16%; staff and consultant will monitor
- Staff will update the Private Equity, Credit Opportunities, Real Assets, and Public Real Assets benchmark references in the Investment Policy Manual on the LACERS website
- Sonic restaurant update: Tips are in addition to the hourly wage and servers are given the full benefit of the tip
- Trustees are invited to two conferences on March 24, 2022: ALTSLA and NASP

Rod June, Chief Investment Officer, and Carolyn Smith, Partner with NEPC, LLC, presented information on the Russian/Ukraine conflict and its impact on the LACERS investment portfolio. After discussion with the Board, Mr. June stated that staff will continue to follow developments on this crisis and return to the Board with more information at future meetings.

President Ruiz recessed the Regular Meeting at 12:00 p.m., to convene in Closed Session discussions.

IX

LEGAL/LITIGATION

- A. **CLOSED SESSION PURSUANT TO CALIFORNIA GOVERNMENT CODE SECTIONS 54956.9(a) AND (d)(4) TO CONFER WITH LEGAL COUNSEL REGARDING THE INITIATION OF LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9 (A) AND (D)(4) TO CONFER WITH AND RECEIVE ADVICE FROM LEGAL COUNSEL REGARDING THE INITIATION OF LITIGATION (ONE CASE) AND POSSIBLE BOARD ACTION**
- C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(a) AND (d)(1) TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION IN THE CASE ENTITLED HUBBARD v. LACERS (Case no. 21STCPO02219) AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 12:50 p.m.

X

OTHER BUSINESS – There was no other business.

XI

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, March 22, 2022, at 10:00 a.m. at LACERS, 202 W. 1st Street, Suite 500, 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.

XII

ADJOURNMENT – There being no further business before the Board, President Ruiz adjourned the Meeting at 12:51 p.m.

Cynthia M. Ruiz
President

Neil M. Guglielmo
Manager-Secretary

**LACERS’ ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

RESTRICTED SOURCES

The Board’s Ethical Contract Compliance Policy was adopted in order to prevent and avoid the appearance of undue influence on the Board or any of its Members in the award of investment- related and other service contracts. Pursuant to this Policy, this notification procedure has been developed to ensure that Board Members and staff are regularly apprised of firms for which there shall be no direct marketing discussions about the contract or the process to award it; or for contracts in consideration of renewal, no discussions regarding the renewal of the existing contract.

Name	Description	Inception	Expiration	Division
Agility Recovery	Business Continuity Services	September 20, 2021	September 19, 2022	Administration
K&L Gates LLP	Outside Investment & Real Estate Counsel	N/A	N/A	City Attorneys
Best Best & Krieger LLP	Outside Tax Counsel	N/A	N/A	City Attorneys
Ice Miller LLP	Outside Tax Counsel	N/A	N/A	City Attorneys
Wellington Gregory LLP	Outside Tax Counsel	N/A	N/A	City Attorneys
Anthem	Medical HMO & PPO	January 1, 2022	December 31, 2022	Health Benefits Administration
Kaiser	Medical HMO	January 1, 2022	December 31, 2022	Health Benefits Administration
SCAN	Medical HMO	January 1, 2022	December 31, 2022	Health Benefits Administration
United Healthcare	Medical HMO	January 1, 2022	December 31, 2022	Health Benefits Administration
Delta Dental	Dental PPO and HMO	January 1, 2022	December 31, 2022	Health Benefits Administration
Anthem Blue View Vision	Vision Services Contract	January 1, 2022	December 31, 2022	Health Benefits Administration
CEM Benchmarking, Inc.	Investment Benchmarking Services	April 1, 2022	March 31, 2023	Investments

Also viewable online [here](#).

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

Name	Description	Inception	Expiration	Division
NEPC, LLC	General Pension Fund Consulting Services	July 1, 2017	June 30, 2022	Investments
MFS Institutional Advisors, Inc.	Active Non-U.S. Equities Developed Markets Growth	October 2, 2013	September 30, 2022	Investments
Townsend Holdings LLC	Real Estate Consulting Services	April 1, 2014	March 31, 2022	Investments
Box, Inc.	Retirement Application Portal Custom Consulting Services	December 1, 2021	November 30, 2022	Systems

Also viewable online [here](#).

**LACERS' ETHICAL CONTRACT COMPLIANCE REPORT
NOTIFICATION TO THE BOARD**

ACTIVE RFPs

Description	Respondents	Inception	Expiration	Division
Real Estate Consultant	Aksia LLC, ORG Portfolio Management LLC, RCLCO Fund Advisors, RVK, Inc., StepStone Group LP, The Townsend Group	September 8, 2021	November 8, 2021	Investments
Passive U.S., Non-U.S., and Global Index Strategies Search	Blackrock, Inc., Mellon Investments Corporation, Northern Trust Securities, Inc., RhumbLine Advisers, State Street Global Advisors, Xponance, Inc.	September 9, 2021	November 9, 2021	Investments
Private Credit Consultant		January 24, 2022	March 25, 2022	Investments
Transition Manager		February 14, 2022	August 31, 2022	Investments
Actuarial Consulting Services	Cheiron, Inc.; Gabriel, Roeder, Smith & Company; Milliman; Segal	January 31, 2022	March 9, 2022	Administration
Securities Monitoring/Litigation Counsel	Barrack, Rodos & Bacine; Berman Tabacco; Bernstein Litowitz Berger & Grossmann LLP; Bleichmar Fonti & Auld LLP; Block & Leviton, LLP; Cohen Milstein Sellers & Toll PLLC; Grant & Eisenhofer P.A.; Kaplan Fox & Kilsheimer LLP; Kasowitz Benson Torres LLP; Kessler Topaz Meltzer & Check LLP; Levi & Korsinsky LLP; Lieff Cabraser Heimann & Bernstein LLP; Motley Rice LLC; Pomerantz LLP; Robbins Geller Rudman & Dowd LLP; Saxena White, P.A.; Scott + Scott LLP	February 14, 2022	March 14, 2022	City Attorneys
Health Consulting Services		April 1, 2022	April 29, 2022	Health Benefits Administration

Also viewable online [here](#).

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

SERVICE RETIREMENTS

<u>Member Name</u>	<u>Service</u>	<u>Department</u>	<u>Classification</u>
Franklin, Kenneth L	38	PW - Sanitation	Water Biologist
Thomas, Dorine A	36	Police Dept. - Civilian	Sr Police Serv Rep
Gonzalez, Patricia Debra	36	Personnel Dept.	Sr Administrative Clerk
Bonner, Alan M	35	PW - Clean Water Div	W/Wtr Coll Supervisor
Tan, Erkan Mark	35	PW - Engineering	Structrl Engrg Assc
Canning, Charles H	34	Dept. of Bldg. & Safety	Office Engrg Tech
Oke, Richard A	34	Dept. of Bldg. & Safety	Sr Safety Eng Elevators
Reed, Leticia L	33	PW - Street Use	St Svc Investigator
Rodriguez, Sergio	33	Dept. of Bldg. & Safety	Build Mech Inspector
Chacon, Alfred T	33	PW - Sanitation	Ref Coll Truck Oper
Ball, Stacy Lynn	32	Police Dept. - Civilian	Police Service Rep
Barnes, Bridgette R	32	Dept. of Airports	Accounting Clerk
Diaz, Jose C	32	Dept. of Rec. & Parks	Light Equip Operator
Zermeno, Susan J	32	City Planning Dept.	City Planner
Nnuro, Augustine K	32	PW - Sanitation	Envrmtl Engineer
Wong, Susanna	32	City Attorney's Office	Sr Legal Clerk
Jew, Kevin	32	PW - General Office	Sr Mgmt Analyst
Abalos, James T	32	Personnel Dept.	Ch Personnel Analyst
Briscoe, Wortham F	32	PW - Sanitation	Ref Coll Truck Oper
Mason, Pamela M	32	Library Dept.	Library Asst
Castillo, Jesus A	31	Dept. of Animal Svcs.	Animal Control Ofcr
Valenzuela, Phillip	31	PW - Sanitation	Ref Coll Truck Oper
Smith, Dawn M	31	Dept. of Airports	Ch Communications Oper
Watson, Robert Craig	31	PW - Sanitation	Ref Coll Truck Oper
Navarrete, Georginnah	31	Dept. of Airports	Ch Management Analyst
Rivera, Louis Reynaldo	31	Dept. of Rec. & Parks	Aquatic Facility Mgr
Nickelson, Bridget K	30	Dept. of Airports	Sr Mgmt Analyst
Shackelford, David O	30	Dept. of Airports	Security Officer
Evangelista, Gary C	30	PW - Contract Administration	Sr Constr Inspector
Brents, Karen L	30	Police Dept. - Civilian	Police Service Rep
Franklin, Venus L	30	Dept. of Transportation	Traf Officer
Cook, Beverly A	28	City Attorney's Office	Asst City Attorney
Sierra, Annette M	28	City Attorney's Office	Deputy City Atty
Luera, Roberto	28	Dept. of Bldg. & Safety	Build Mech Inspector
Abesamis, Romeo A	26	Police Dept. - Civilian	Sr Detention Officer
Zelaya, Edith M	26	Police Dept. - Civilian	Sr Administrative Clerk

Smith, Darryl V	26	Police Dept. - Civilian	Police Service Rep
Westling, Robert R	24	Dept. of Airports	Airport Police Ofcr
Castro, Viola M	23	Library Dept.	Administrative Clerk
Hernandez, Eddie	23	Harbor Dept.	Port Police Sergeant
Williams, Anthony M	22	Harbor Dept.	Security Officer
Perez, Bernardo J	22	Dept. of Rec. & Parks	Gardener Caretaker
Yeganeh, Koorosh	22	ITA	Systems Programmer
Calaycay, Lupo A	22	Library Dept.	Administrative Clerk
Tongson, Henry Barroga	21	Dept. of Bldg. & Safety	Accounting Clerk
Ramirez, Raudel	21	PW - Sanitation	Maintenance Laborer
O Bryan, Patricia A	21	Library Dept.	Administrative Clerk
Hastings, Norene A	20	Dept. of Airports	Environmental Supvr
Ferreira, Robert	20	PW - Contract Administration	Sr Constr Inspector
Matheney, Iris W	20	GSD - Bldg. Fac Mgmt.	Custodian
Tirado, Elias Jose	20	Police Dept. - Civilian	Sr Systems Analyst
Sheedy, Eve F	19	City Attorney's Office	Deputy City Atty
Cordon, John Thomas	19	Dept. of Bldg. & Safety	Build Mech Inspector
Yapp, Kim Marie	18	Dept. of Environmental Affairs	Environmental Supvr
Macias, Richard	18	Harbor Dept.	Pile Driver Worker
Liang, Shan	18	Library Dept.	Sr Librarian
Lee Mc Adory, Auvia Pamela	18	Police Dept. - Civilian	Police Service Rep
Labrador, Manuel Frank	18	GSD - Fleet Services	Sr Equipment Mechanic
Webber, Amy	18	City Attorney's Office	Deputy City Attorney
Brown, Rhonda Lee	18	Police Dept. - Civilian	Police Service Rep
German, Peter	17	PW - Sanitation	W/Wtr Coll Worker
Ching, Eugene I	17	PW - Engineering	Land Surveying Asst
Campana, Glenn A	17	Dept. of Rec. & Parks	Recreation Fac Dir
Johnson, Michelle	16	GSD - Bldg. Fac Mgmt.	Custodian
Cavanagh, John V	16	Dept. of Airports	Constr Inspector
Van Cise, Eugene A	16	Office of the City Clerk	Management Analyst
Arimura, Tsukasa	16	PW - St. Maint.	Motor Sweeper Operator
Martin, Booker	16	GSD - Bldg. Fac Mgmt.	Custodian
Montanez, Oscar J	16	GSD - Fleet Services	Heavy Duty Equip Mech
Halstead, Jeffrey	15	Dept. of Rec. & Parks	Sr Gardener
Wahls, W Dean	15	Dept. of Airports	Sr Real Estate Officer
Smith, Ava H	15	Library Dept.	Messenger Clerk
Holland, David Eugene	15	Dept. of Transportation	Traf Officer
Villegas, Yolanda E	15	Library Dept.	Administrative Clerk
Johnson, Carlton H	14	Personnel Dept.	Background Investgr
Peck, Norman P	14	PW - Contract Administration	Constr Inspector
Ulloa, Glafira	14	Dept. of Transportation	Crossing Guard
Jones, Maurice Tiers	14	Dept. of Airports	Airport Police Ofcr
Abercrombie, Linda	14	PW - St. Lighting	Administrative Clerk
Rodriguez, Mary Dolores	13	Council	Council Aide
Engel, Joseph William	13	Dept. of Airports	Build Operating Engr

Cachon, Phil Santiago	13	GSD - Fleet Services	Equipmnt Mechanic
Mohandie, Krishnan R	13	Police Dept. - Civilian	Police Psychologist
Carr, Yolanda	12	GSD - Bldg. Fac Mgmt.	Custodian
Kimble, Bobby N	12	GSD - Bldg. Fac Mgmt.	Custodian
Lopez, Patricia Maria	10	El Pueblo	Comnty/Admn Sup Wkr
Settle, Andrew Thomas	10	Dept. of Transportation	Signal System Electrcn
Granados, Lida C	10	Mayor's Office	Mayoral Aide
Afary, Frieda	10	Library Dept.	Librarian
Caudillo, Jose A	9	Dept. of Rec. & Parks	Special Prog Asst
Henry, Phillip J	9	Dept. of Rec. & Parks	Recreation Asst
Mihalevsky, Svetlana	9	Dept. of Rec. & Parks	Recreation Asst
Roberson, Nanette	7	Dept. of Rec. & Parks	Recreation Asst
Salehpour, Hamid R	7	Personnel Dept.	Asst Inspector
Sheeran, Margaret A	7	Dept. of Rec. & Parks	Recreation Asst
Rodriguez, Marcial	6	Dept. of Rec. & Parks	Special Prog Asst
Hyams, Michael Thomas	6	Police Dept. - Civilian	Police Admn.
Baldwin, Thomas Z	6	LA Housing Dept.	Civil Engr Asst
Unger, Bren I	5	City Attorney's Office	Law Clerk
Rios, Myra	5	City Attorney's Office	Legal Secretary
Huntington, Gary D	5	Dept. of Rec. & Parks	Asst Park Svcs Attnd
Campos, Gabriel	5	Dept. of Rec. & Parks	Special Prog Asst
Arrecis, Maria Herlinda	5	Dept. of Rec. & Parks	Special Prog Asst
Olsen, Steven J	5	Dept. of Rec. & Parks	Sr Gardener
Evans, Michael E	5	Dept. of Airports	Elev Mech
Williams, Christopher	4	Dept. of Rec. & Parks	Museum Guide
Rodriguez, Edward	4	Council	Council Aide
Guzman, Maria	4	Dept. of Transportation	Crossing Guard
Rice, Paula	2	Library Dept.	Messenger Clerk
Tamuri, Maureen Theresa	2	Dept. of Rec. & Parks	Asst Gen Mgr Rec & Pks
Cutts, Stephen Paul	1	PW - Sanitation	Environmental Spec

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased
TIER 1

Beneficiary/Payee

Adams, Mildred J

Patrice R Harris-Riley for the payment of the
Accrued But Unpaid Continuance Allowance

Anschultz, Earl D

Maureen S Anschultz for the payment of the
Accrued But Unpaid Service Retirement Allowance

Arevalo, Danny Fernando

Donna Arevalo for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Arnold, Linda J

David Allan Arnold for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Michelle Lynn Forbes for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Baker, Ashton E

Ashton E Baker Jr for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Banks, Anthony Carl Eva Lopez Banks for the payment of the
Accrued But Unpaid Vested Retirement Allowance
Burial Allowance

Boyd, Carolyn Dante L Hoskins for the payment of the
Accrued But Unpaid Continuance Allowance

Devin Boyd for the payment of the
Accrued But Unpaid Continuance Allowance

Stacey Hoskins for the payment of the
Accrued But Unpaid Continuance Allowance

Burks, Lawrence H Charles N Burks for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Burley, Earnestine Howard J Burley for the payment of the
Burial Allowance

Carew, Will A Mary C Carew for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Castillo, Edward Barbara Marie Adair for the payment of the
Burial Allowance

Cervantes, Raoul	<p>Leo Crespo-Cervantes for the payment of the Accrued But Unpaid Vested Retirement Allowance Unused Contributions</p> <p>Rebecca Cervantes for the payment of the Burial Allowance</p> <p>Sofia Cervantes for the payment of the Accrued But Unpaid Vested Retirement Allowance Unused Contributions</p>
Chiarolla, Nancy	Christy Richardson for the payment of the Accrued But Unpaid Continuance Allowance
Chow, Marie	Karen Denise Chow for the payment of the Accrued But Unpaid Service Retirement Allowance
Daniel, Ralph E	Andre Daniel for the payment of the Burial Allowance
Edwards, Lynn B	Thai Lyn Edwards for the payment of the Accrued But Unpaid Disability Retirement Allowance
Erlandson, Irving T	Mary L Erlandson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Greene, Fredrick M	Frene Michelle Greene for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Gurrola, Leona M	Maureen J Rice for the payment of the Accrued But Unpaid Continuance Allowance
Hanna, Pamela G	Heather Hanna for the payment of the Burial Allowance
	Kimberly Hanna for the payment of the Burial Allowance
Harris, Ronald C	Selina E Malwah for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Harris, Russell T	Laurel Elizabeth Harris for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Hawley, James P	Lisa A Hawley for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
High, Joseph W	Jovette M High for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jacobs, Ladda	John Barney for the payment of the Accrued But Unpaid Continuance Allowance

Johnson, Brenda Regina	Martell Johnson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Jones, Larry Leon	Inisha Xochitl Smith for the payment of the Burial Allowance
Kerkis, Berte	Susan L Stern for the payment of the Accrued But Unpaid Continuance Allowance
Khawar, Saleem	Naila Khawar for the payment of the Accrued But Unpaid Vested Retirement Allowance Burial Allowance
Landrum, Robert J	Robert Drew Landrum for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Little, Rebecca	Leon Davis Burton for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Lopez, Roxanne	Rhonda Haub for the payment of the Burial Allowance
Lynch, Margaret Sumiko	Kenneth Lynch for the payment of the Accrued But Unpaid Continuance Allowance

Martinez, John	Clarisse Martinez for the payment of the Burial Allowance
O'neal, Margie R	Mary Yvonne Patterson for the payment of the Accrued But Unpaid Disability Retirement Allowance
Otell, Margaret Ann	Michael John Otell for the payment of the Accrued But Unpaid Service Retirement Allowance
Parayno, Emilda A	<p>Pamela P Osial for the payment of the Accrued But Unpaid Service Retirement Allowance</p> <p>Pia P Beckers for the payment of the Accrued But Unpaid Service Retirement Allowance</p> <p>Portia Parayno Mandapat for the payment of the Burial Allowance</p>
Powell, James B	Ginger D Powell for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
Quirola, Diana	Michelle M Garcia for the payment of the Accrued But Unpaid Service Retirement Allowance Unused Contributions

Rendon, Honorato Oleta	<p>Joshua Matthew Rendon for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p> <p>Maria L Rendon DeJesus for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance</p>
Ross, Faye B	Edward J Ross for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sanders, Chester F	Audrey Horn for the payment of the Burial Allowance
Shapiro, Elaine J	Bruce L Adams for the payment of the Accrued But Unpaid Continuance Allowance
Sims, La Wanda D	Shontel S Sims for the payment of the Accrued But Unpaid Survivorship (Retirement) Allowance
Singmaster, James O	Randolph A Conner for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance

Stohlmann, Grace M	James Ray Shaffer for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
	Janice Lynn Jackson for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Sullivan, Helen F	Robert A Lane for the payment of the Accrued But Unpaid Continuance Allowance
Tucker, Leon	April Tucker for the payment of the Accrued But Unpaid Disability Retirement Allowance Burial Allowance
	Jordan Cannon for the payment of the Accrued But Unpaid Disability Retirement Allowance
Walker, John	Phillis M Walker for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Walton, Charles E	Elizabeth A Randolph-Livingston for the payment of the Accrued But Unpaid Service Retirement Allowance Burial Allowance
Walton, Marion L	Jaja Azikiwe for the payment of the Accrued But Unpaid Continuance Allowance
Watson, Earlene	Donald Ray Lee for the payment of the Burial Allowance Unused Contributions

Whitcomb, Jean R Last Will of Jean Rae Whitcomb for the payment of the
Accrued But Unpaid Service Retirement Allowance
Burial Allowance

Willingham, Clinton L Carrine Maria Lavett for the payment of the
Accrued But Unpaid Service Retirement Allowance

Willingham, Dariel Elizabeth Carrine Maria Lavett for the payment of the
Accrued But Unpaid Continuance Allowance

TIER 3
NONE

BENEFIT PAYMENTS APPROVED BY GENERAL MANAGER: ITEM V-B

Pursuant to the authority delegated to the General Manager under Board Rule GMA 1, General Manager Authorization, adopted by the Board of Administration on June 14, 2016, the following benefit payments have been approved by the General Manager:

Approved Death Benefit Payments

Deceased

TIER 1

Active

Beneficiary/Payee

Carter, William
(Deceased Active)

Zachary V Carter for the payment of the
Accumulated Contributions

Carvajal Kung, Nora
(Deceased Active)

Jessica Carvajal for the payment of the
Accumulated Contributions

Martin, Steven
(Deceased Active)

Lisa Marie Zavala Andrews for the payment of the
Accumulated Contributions

Rodriguez, Omar E
(Deceased Active)

Maria Alvarez for the payment of the
Service Retirement Survivorship Allowance

Ryan, Cynthia L
(Deceased Active)

Katrina L Hale for the payment of the
Accumulated Contributions

TIER 3

Lewis, Mary Claire
(Deceased Active)

Krystle Danielle Brewster for the payment of the
Accumulated Contributions

Disclaimer: The names of members who are deceased may appear more than once due to multiple beneficiaries being paid at different times.



REPORT TO BOARD OF ADMINISTRATION
From: Neil M. Guglielmo, General Manager

MEETING: APRIL 12, 2022
ITEM: VII-A

Neil M. Guglielmo

SUBJECT: FINDINGS TO CONTINUE TELECONFERENCE MEETINGS AND DETERMINATION THAT COVID-19 STATE OF EMERGENCY CONTINUES TO DIRECTLY IMPACT THE ABILITY OF MEMBERS TO MEET SAFELY IN PERSON AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve continuing to hold LACERS Board and Committee meetings via teleconference and/or videoconference, under Government Code Sections 54953(e)(1)(B)-(C) and 54953(e)(3)(A) and (B)(i).

Discussion

LACERS is committed to preserving public access and participation in meetings of the Board of Administration. All LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business. The Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions. The COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active: COVID-19 remains a public health concern in Los Angeles, with moderate or substantial levels of community transmission.

The Board met via teleconference on October 12, 2021, and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees.

Strategic Plan Impact Statement

The Board’s action on this item aligns with the LACERS Strategic Plan Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Ani Ghoukassian, Commission Executive Assistant II

CONTINUE HOLDING LACERS BOARD AND COMMITTEE MEETINGS
VIA TELECONFERENCE AND/OR VIDEOCONFERENCE

PROPOSED RESOLUTION

WHEREAS, LACERS is committed to preserving public access and participation in meetings of the Board of Administration; and

WHEREAS, all LACERS Board and Committee meetings are open and public, as required by the Ralph M. Brown Act (Cal. Gov. Code 54950 – 54963), so that any member of the public may attend and participate as the LACERS Board and Committees conduct their business; and

WHEREAS, the Brown Act, Government Code Section 54953(e), makes provisions for remote teleconferencing participation in meetings by members of a legislative body, subject to the existence of certain conditions; and

WHEREAS, the COVID-19 State of Emergency proclaimed by the Governor on March 4, 2020 remains active; and

WHEREAS, on October 12, 2021, the Board met via teleconference and determined by majority vote, pursuant to Government Code Section 54953(e)(1)(B)-(C), that due to the COVID-19 State of Emergency, meeting in person would present imminent risks to the health or safety of attendees; and

WHEREAS, the Board has reconsidered the circumstances of the State of Emergency; and

WHEREAS, COVID-19 remains a public health concern in Los Angeles, with moderate or substantial levels of community transmission;

NOW THEREFORE, BE IT RESOLVED that pursuant to Government Code Section 54953(e)(1)(B)-(C), the Board finds that holding Board and Committee meetings in person would present imminent risks to the health or safety of attendees.

BE IT FURTHER RESOLVED that pursuant to Government Code Section 54953(e)(3)(A) and (B)(i), the Board finds that the COVID-19 State of Emergency continues to directly impact the ability of Board and Committee members to meet safely in person.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: APRIL 12, 2022

ITEM: VII-B

SUBJECT: PROPOSED AMENDMENT TO KEENAN & ASSOCIATES CONTRACT NO. 4177 AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board approve to extend the Health and Welfare Consultant contract with Keenan & Associates (“Keenan”) for six-months, through December 31, 2022, not-to-exceed \$169,000, in compliance with the annual limits established in the Los Angeles Administrative Code Section 10.5(b)(2); and authorize the General Manager to negotiate and execute the amendment.

Executive Summary

The Health and Welfare Consultant contract with Keenan was effective March 1, 2018 through February 28, 2021. On August 11, 2020, the Board approved an amendment to extend the contract for an additional sixteen (16) months, with a new expiration date of June 30, 2022, allowing staff to focus on implementation and completion of the City Separation Incentive Program (CSIP) and delay preparation to conduct the Retiree Health Plan Procurement and Administration Consulting Services Request for Proposal (RFP).

A second amendment is recommended to extend the contract with Keenan for six (6) months to provide a reasonable timeline to conduct a thorough Retiree Health Plan Procurement and Administration Consulting Services RFP without the risk of lapse in services between contracts, and/or the inability to access Keenan in the event of a transition to the new consultant(s). Keenan agrees with keeping the current terms and conditions in place, including the current rates. Although the proposed budget starting in fiscal year 2022-23 for the Health and Welfare Consultant is \$700,000, staff is recommending the contract amendment amount of \$169,000 to comply with City contract compliance requirements.

Discussion

Keenan has been LACERS’ Health and Welfare Consultant since 2012 and has provided excellent service. The recommended second amendment to extend Keenan's contract term will help ensure continuity of services while LACERS completes its competitive bid process. Due to shifting of staff resources to priority projects including the Separation Incentive Programs, the replacement of one of

LACERS' health plans, and new implementation of the self-funded vision plan, the release of the RFP for the Retiree Health Plan Procurement and Administration Consulting Services was delayed by two months. The RFP was released April 1, 2022, with proposal submission deadline on April 29, 2022. A recommendation to award a contract resulting from the RFP is anticipated in mid-June 2022. This tight deadline does not include allowance for contingencies in the case issues arise that may require the RFP deadline to be extended. Staff intends to conduct a robust RFP process, which includes advertising the RFP to various possible participants; examining and analyzing submitted proposals; verifying the due diligence of proposals; and recommending an approval to the Benefits Administration Committee and the Board. If issues arise that require the RFP deadline to be extended, it could impact the execution of the new Retiree Health Plan Procurement and Administration Consulting Services contract, of which is essential in providing retiree health benefits to Members.

Extending the contract with our current provider will also ensure continuity in the Annual Health Plan Renewal Process launched in March and concluding approximately in August. The underwriting and actuarial review of premiums is an important part of LACERS' health plan renewal process. The review of premiums directly impacts timely delivery of benefits since the outcome of the renewals not only impact the Medical, Dental, and Vision premium and subsidy rates but also the benefit design offerings. Moreover, the results of the Annual Health Plan Renewal Process directly impact the Open Enrollment Process, which involves and requires LACERS to publish new rates and changes made to retiree health benefits so that Members are informed of new benefit offerings before the Annual Open Enrollment in October. Further, Keenan has continued to provide expertise in underwriting and monthly claims review services required for LACERS self-funded programs. Therefore, it is essential that there is no gap of consulting service between the current contract and the inception of the new contract.

Finally, because LACERS staff does not have the expertise nor the resources to conduct the underwriting, actuarial reviews, and monthly claims review services that is currently being provided by Keenan, staff is recommending the contract extension to ensure accurate and timely delivery of benefits, so members are not impacted.

Strategic Plan Impact Statement

Extending the current contract with Keenan until December 31, 2022, supports LACERS Strategic Plan to deliver accurate and timely Member benefits, improve value, and minimize costs of Members' health and wellness benefits.

Prepared By: Karen Freire, Chief Benefits Analyst, and Rainbow Sun, Benefits Analyst, of the Health, Wellness, and Buyback Division

NMG/DW:kf/rs

Attachments: 1. Proposed Resolution

ATTACHMENT 1

**PROPOSED AMENDMENT NO. 2 TO CONTRACT NO. 4177
WITH KEENAN & ASSOCIATES**

PROPOSED RESOLUTION

WHEREAS, LACERS' Health and Welfare Consultant contract with Keenan & Associates ("Keenan") was initially in place effective March 1, 2018 through February 28, 2021;

WHEREAS, to allow staff to focus on significant workload related to the Separation Incentive Programs and various health-related benefits projects, the Board approved, on August 11, 2020, a contract amendment to extend the contract for sixteen (16) months, which expires June 30, 2022;

WHEREAS, Health, Wellness, and Buyback Division (HWABD) is in the process of conducting the Annual Renewal Process, which is supported by the current LACERS Health Consultant, Keenan. The underwriting and actuarial review of premiums, which is an important part of the renewal process, directly impacts timely delivery of benefits since the outcome of the renewals impact Health, Dental, and Vision premium and subsidy rates, as well as the benefit design offerings;

WHEREAS, Keenan has also been providing expertise in underwriting and monthly claims review services required for LACERS' self-funded programs;

WHEREAS, it is essential that there is no gap of consulting service, between the current contract and the inception of the new contract upon completion of the Retiree Health Plan Procurement and Administration Consulting Services RFP, which could impact accurate and timely delivery of health benefits.

WHEREAS, LACERS staff alone do not have the expertise nor the resources to provide the health and welfare services LACERS currently operates at without assistance from a Consultant;

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

Approve to extend the Health and Welfare Consultant contract with Keenan & Associates through December 31, 2022 not-to-exceed \$169,000; and authorize the General Manager to negotiate and execute the contract amendment.



REPORT TO BOARD OF ADMINISTRATION

From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: APRIL 12, 2022

ITEM: VII – C

SUBJECT: CONTRACT WITH MONDAY.COM FOR PRODUCTIVITY SOFTWARE AND POSSIBLE BOARD ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Board:

1. Find that, pursuant to City Charter Section 371(e)(10), the proposed contract is for technical, special services for which competitive bidding is not desirable or practical;
2. Approve a three-year, sole-source contract with Monday.com for productivity software and related services, for a period beginning April 1, 2022 and ending March 31, 2025 in accordance with annually budgeted funds, as authorized by the Board;
3. Authorize the General Manager to negotiate and execute up to a three-year (or three annual) contract(s) with Monday.com subject to the approval of the City Attorney as to form.

Executive Summary

Over the last two years (since February 2020), LACERS has utilized the Monday.com productivity platform to coordinate projects, track performance, and improve productivity. During that time, LACERS' Divisions have thoroughly integrated Monday.com into their operations and have realized significant efficiencies. LACERS has shared its Monday.com license with the Public Pensions General Counsel Division, which has further enhanced productivity and LACERS' access to timely legal services.

LACERS originally relied on the City of Los Angeles' Information Technology Agency's "piggyback" contract with the County of Fairfax, Virginia to purchase the Monday.com licenses through Insight Public Sector, Inc. ("Insight"). In the last week of March this year, and the week before expiry of the existing agreement with Monday.com, Insight informed LACERS that it would no longer be able to source the product and that LACERS would have to procure licensing directly from Monday.com. LACERS has spent \$64,000 on Monday.com licenses over the past two years, and will actually receive a slight discount from Insight's pricing over the next several months (\$2,800 per month directly from Monday.com vs. \$2,905 per month charged by Insight). We are optimistic that LACERS can negotiate discounted pricing for the new Enterprise licenses directly with Monday.com. There are sufficient

budgeted funds to cover remaining Monday.com licensing costs this fiscal year and funding for next fiscal year is incorporated to LACERS Proposed Fiscal Year 2022-23 Budget.

Discussion

Why Monday.com?

LACERS is constantly searching for ways to coordinate projects, track performance, and improve productivity. In the months preceding the pandemic, LACERS staff test drove several productivity management applications including Slack, Trello, Asana, and Monday.com.

LACERS Divisions tested the applications and found the Monday.com application to be the most user-friendly, adaptable for staff needs, and compatible with LACERS' Box.com content management platform. Staff that tested Monday.com found the application to be straightforward for developing custom tables and dashboards for tracking projects, assignments, and related documents and correspondence. Staff quickly found that Monday.com tools they developed for one Division, could be easily copied and repurposed for use by other Divisions without the need to reinvent the wheel. The utility to build on prior iterations and quickly customize tools to fit their needs led to quick integration by staff. Moreover, Monday.com's ability to easily and securely link files stored in our Box.com environment and manage workflow made the solution very attractive.

How We've Used Monday.com

LACERS began work with the Monday.com platform with limited licenses in the days preceding the pandemic "Safer at Home Orders" issued in March 2020, and the tool proved itself to be vital to managing and operating throughout this period as LACERS gradually increased licenses to encompass more staff over the first-year period.

The positive experience prompted LACERS to seek the purchase of 175 Monday.com annual software licenses through the City of Los Angeles Information Technology Agency's (ITA) piggyback contract with the County of Fairfax, Virginia ("Fairfax Contract"). The Fairfax Contract allows more than 55,000 public agencies to procure over \$1.8 billion in products, services, and solutions annually through Insight Public Sector, Inc. By leveraging the Insight contract, LACERS was able to purchase 175 licenses from Monday.com and put those licenses to great use over the past year developing productivity tools that have enabled LACERS to work and communicate more efficiently. To date, Monday.com has become the tool of choice in managing our HQ migration, scheduling staff, work assignments, contracting processes, and monitoring processes.

Example 1 – Reporting Processes and Procedures

CEA Resolution finalization deadline for staff distribution - Thursdays after Board meetings.

See More ▾

Main Table | Table | +

Integrate Automate / 7

New Item ▾ Search Person Filter Sort

Emailed Pulses

Item No.	Section	Lead	Presenters	Division/Unit	Reporting Frequency	Board/Cr
+ Add Item						

Upcoming Board

Item No.	Section	Lead	Presenters	Division/Unit	Reporting Frequency	Board/Cr
BOARD/CMte Approved Agendas						
	Consent Agenda		Julie Guan	ADMINISTRATION	MONTHLY	Apr 12, 2
	Department Admi...		Isaias Cantu	ADMINISTRATION	ONE-TIME	Apr 12, 2
	Consent Agenda		Rahool Oyewole	FISCAL	QUARTERLY	Apr 26, 2
	Department Admi...		Chhintana KurL...	ADMINISTRATION	MID-YEAR	Apr 26, 2
	Department Admi...		Alex Lombardo ...	ADMINISTRATION	AS-NEEDED	Apr 26, 2
	Department Admi...			ADMINISTRATION	QUARTERLY	
+ Add Item						

Pending Sub-Tasks

Item No.	Section	Lead	Presenters	Division/Unit	Reporting Frequency	Board/Cr
COST-OF-LIVING ADJUSTMENT FOR JULY 2022 AND POSSIBLE BOARD ACTION						
	Department Admi...		Rahool Oyewol...	FISCAL	ANNUAL	Feb 22, 2
	Department Admi...		Chhin	ADMINISTRATION	ANNUAL	Mar 22, 2
+ Add Item						

Board Report Reference

Item No.	Section	Lead	Presenters	Division/Unit	Reporting Frequency	Board/Cr
Report Submission Deadline Schedule 2022						
BOARD and CMTE Report Templates and Instructions						

Example 2 – Resource Scheduling

This board is visible to anyone on the web with a shareable link

Spanish Translator Schedule

Last seen 42 Invite / 5 Activity + Add to board

En español, por favor

Main Table | Form | Calendar | +

Integrate Automate / 2

New Item ▾ Search Person Filter Sort

Today's Translator TOD

Date	Proficiency	Person	Category	Phone	Job Classification	Division	Translator
Today							

Monthly Level 2 Translator

Date	Proficiency	Person	Category	Phone	Job Classification	Division	Translator
Feb 15, '21 - Feb 28, '21	Speak & Write		Level 2	(213) 462-9905	Sr Management Analyst I	Admin Services	
Mar 1, '21 - Mar 31, '21	Speak		Level 2		Office Svcs Asst	Admin Services	
Apr 1, '21 - Apr 30, '21	Speak & Write		Level 2		Sr Benefits Analyst	Retirement Servic...	
May 1, '21 - May 31, '21	Speak & Write		Level 2	(213) 964-0708	Sr Benefits Analyst II	Member Services	
Jun 1, '21 - Jun 30, '21	Speak & Write		Level 2		Sr Benefits Analyst	Retirement Servic...	
Jul 1, '21 - Jul 31, '21	Speak & Write		Level 2		Sr Admin Clerk	Admin Services	
Aug 1, '21 - Aug 31, '21	Speak & Write		Level 2		Office Trainee	Exec	
Sep 1, '21 - Sep 30, '21	Speak & Write		Level 2		Benefits Specialist	Retirement Servic...	

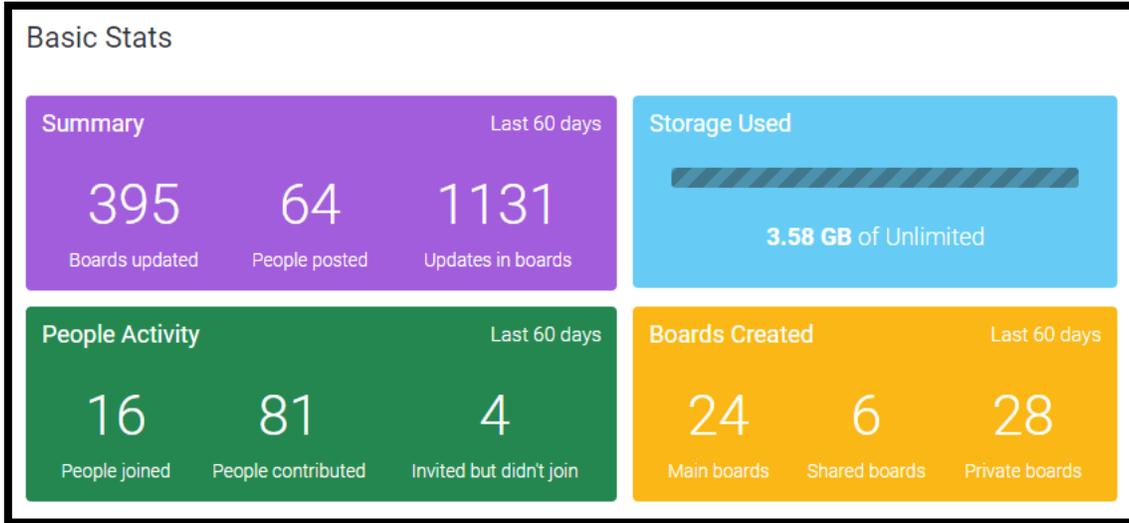
Future Assignments TOD

Date	Proficiency	Person	Category	Phone	Job Classification	Division	Translator
Taneda Test							

Roster of Spanish Speakers

Date	Proficiency	Person	Category	Phone	Job Classification	Division	Translator
	Speak & Write		Level 1		Accounting Clerk	Service Purchase ...	
	Speak & Write		Level 1		Benefits Specialist	Service Purchase ...	

Example 3 – Usage Statistics



Current State of Contract

On March 30, 2022, during the tail end of negotiations to renew several software licenses, Insight informed LACERS that it would no longer be sourcing the Monday.com product. The timing of the announcement left LACERS in a predicament as the Monday.com licenses expired on March 31. Despite LACERS’ attempts to have the decision reconsidered, our Insight representative advised LACERS that it would have to purchase the licenses directly through Monday.com. Further dialogue with ITA resulted in the same conclusion as Insight is the City’s only contracted software vendor who would be able to procure the licenses on LACERS’ behalf.

Consequently, LACERS reached out to Monday.com to purchase the licenses. Resulting negotiations with Monday.com have provided many positive outcomes including Monday.com agreeing to provide LACERS a temporary reprieve in the termination of its software licenses, a month-to-month payment option while LACERS evaluates how to pay for the licenses, and a price reduction per license.

Next Steps

Staff is requesting to continue to purchase and use the Monday.com product. This software is integral to LACERS’ operations and the success of initiatives to improve serving its Members. Conversely, cancelling use of the Monday.com product would be a detriment to operations and set back the progress that has been made over the past two years of utilizing the software. Moreover, any transition to a new product would require time and effort on the part of LACERS to rethink how to integrate new software into our Box.com environment, rebuild Monday.com tools, retrain staff and socialize buy-in into the new product.

Given this, LACERS requests that the Board make the determination that initiating a competitive bidding process for this service is “undesirable, impractical, or impossible” in accordance with Charter Section 371(e)(10). In this case, a competitive bid is both impractical and impossible given the time needed to

prepare an RFP, post it, evaluate responses, and prepare a contract as soon as possible given that the Monday.com licenses expired March 31, 2022.

Strategic Plan Impact Statement

The Monday.com software supports Strategic Plan Goal of Organizational effectiveness, efficiency, and resiliency by providing LACERS staff the tools purpose built to support these specific organizational objectives.

Prepared By: Isaias Cantú, Chief Management Analyst

NMG/TB:ic

Attachments: 1. Proposed Board Resolution

CONTRACT WITH MONDAY.COM FOR PRODUCTIVITY SOFTWARE
AND POSSIBLE BOARD ACTION

PROPOSED RESOLUTION

WHEREAS, in 2020 LACERS first procured Monday.com and continued to utilize City of Los Angeles' Information Technology Agency's piggyback contract with the County of Fairfax, Virginia to purchase the Monday.com licenses through Insight Public Sector, Inc. ("Insight");

WHEREAS, LACERS' staff thoroughly vetted various productivity products and determined Monday.com to be the most user-friendly, adaptable for staff needs, and compatible with other applications, and thus was recommended as the productivity software of choice for LACERS;

WHEREAS, LACERS' Divisions have thoroughly integrated Monday.com into their operations and have achieved significant efficiencies using the software's project management, workflow automation, and document and correspondence accessibility tools;

WHEREAS, LACERS attempted to purchase Monday.com licenses prior to the March 31, 2022 expiration date but was informed by Insight that it would no longer be able to source the product and that LACERS would have to purchase the product directly from Monday.com;

WHEREAS, Insight is the City of Los Angeles' sole contract software vendor who could procure the Monday.com licenses on behalf of LACERS;

WHEREAS, LACERS has had a positive experience with the Monday.com product and desires to continue to use the Monday.com product;

WHEREAS, initiating a competitive bidding process for these services would not be advantageous for LACERS due to the time required to implement the process and the operational impact that not having access to the software would have on LACERS' operations;

WHEREAS, time is of the essence as Monday.com has provided LACERS a limited amount of time to use their product after the expiration of the annual license;

WHEREAS, Charter Section 371(e)(10) provides exemption from the competitive bidding process when the process would be "undesirable, impractical, or impossible";

WHEREAS, a competitive bid is both impractical and impossible given the time needed to prepare an RFP, post it, evaluate responses, and prepare a contract as soon as possible given that the Monday.com licenses expired on March 31, 2022.

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

1. Find that, pursuant to City Charter Section 371(e)(10), the proposed contract is for technical, special services for which competitive bidding is not desirable or practical;

2. Approve a three-year, sole-source contract with Monday.com for productivity software and related services, for a period beginning April 1, 2022 and ending March 31, 2025 in accordance with annually budgeted funds, as authorized by the Board;
3. Authorize the General Manager to negotiate and execute up to a three-year (or three annual) contract(s) with Monday.com subject to the approval of the City Attorney as to form.

OFFICE OF THE CITY ATTORNEY
202 W. FIRST STREET, STE. 500
LOS ANGELES, CA 90012-4401



PUBLIC PENSIONS GENERAL COUNSEL
(213) 978-6800 TEL
WWW.LACITY.ORG/ATTY

MICHAEL N. FEUER
City Attorney

Board Mtg.: 04/12/22
Item No.: IX-A

MEMORANDUM

To: Board of Administration of the Los Angeles Employees' Retirement System

From: Anya Freedman, Assistant City Attorney ^{AF}
Gina Di Domenico, Deputy City Attorney ^{GD}

Date: April 12, 2022

Re: Board Fiduciary Education: Legal Update

Cc: Neil Guglielmo, General Manager

<i>Hughes v. Northwestern University</i>	
Case Number:	<i>Hughes v. Northwestern University</i> , 142 S.Ct. 737 (2022)
Dates:	<ul style="list-style-type: none"> • Filed: August 17, 2016 • Decided: January 24, 2022
Questions:	Did plan participants state plausible claims against plan fiduciaries for violations of ERISA’s duty of prudence by failing to monitor investments and offering retail investment products or services that had substantially higher fees than equivalent alternatives available to institutional investors?
Location:	United States Supreme Court
Facts:	Three plan participants sued Northwestern University, which offers two defined contribution retirement plans to eligible employees. Plan participants choose how to invest their funds by selecting from a menu of investment options picked by the plan fiduciaries. Plan participants claimed that Northwestern University fiduciaries violated ERISA’s duty of prudence by: (1) failing to monitor and control recordkeeping fees, resulting in unreasonably high administrative costs to plan participants; (2) offering mutual funds and annuities in the form of “retail” share classes that carried higher fees than those charged by otherwise identical equivalent “institutional” share classes of the same investments, which were available to Northwestern; and (3) offering options that were likely to confuse investors—over 400 in total—causing some participants to make poor investment choices.
Court Ruling:	The Supreme Court sent the case back to the Seventh Circuit to determine whether the plan participants adequately alleged that plan fiduciaries violated the duty of prudence by failing to monitor investments. The Seventh Circuit erred when it ruled that plan participants had not stated a claim for relief, looking to the plan participants’ ultimate investment selections to excuse allegedly imprudent decisions by plan fiduciaries.
Reasoning:	Applying <i>Tibble v. Edison Int’l</i> , 575 U.S. 523, 523 (2015), the Court explained that plan fiduciaries must independently evaluate which investments continue to be prudently included in the plan’s menu of options, even in a defined-contribution plan where participants choose from the menu selected by trustees. If the fiduciaries fail to remove an imprudent investment from the plan within a reasonable time, they breach their duty. The Court ruling establishes that it is not sufficient for a retirement plan to simply offer a diverse array of investment options. Each of those investment options must also be prudently selected and monitored. ERISA’s statute of limitations did not run from the investments’ purchase date to bar the claims since under trust law, a fiduciary has a continuing duty to monitor investments and remove imprudent ones.
Takeaways:	A fiduciary has a duty to assemble a diverse menu of investment options and is also required to conduct a regular review of its investments on an ongoing basis. Trustees cannot presume that investments appropriate when initially selected will remain so indefinitely; continuous oversight is required.
Notable Issues:	Fiduciary Duty of Prudence; Continuing Duty to Monitor Investments

<i>Tibble v. Edison International</i>	
Case Number:	<i>Tibble v. Edison Int'l</i> , 575 U.S. 523, 523 (2015) (<i>Tibble IV</i>)
Dates:	<ul style="list-style-type: none"> • Filed: August 16, 2007 • Decided: May 18, 2015
Question(s):	<ul style="list-style-type: none"> • Can allegations that a fiduciary failed to properly monitor investments and remove imprudent investments state a claim for a breach of the fiduciary duty of prudence? • May fiduciaries breach the duty of prudence by relying solely on investment consultant recommendations?
Location:	United States Supreme Court
Facts:	Beneficiaries of a 401(k) savings plan sued plan fiduciaries, alleging that they “acted imprudently by offering six higher priced retail-class mutual funds as plan investments when materially identical lower priced institutional-class mutual funds were available.”
Court Ruling:	The Supreme Court remanded the case to the Ninth Circuit, holding that they erred and must reconsider the beneficiaries’ claims that plan fiduciaries breached their duties.
Reasoning:	<ul style="list-style-type: none"> • A plaintiff may allege that a fiduciary breached the duty of prudence by failing to properly monitor investments and remove imprudent ones. The existence of low-cost investments as plan options does not eliminate the need for plan fiduciaries to independently monitor and remove imprudent options, including options with higher fees but “no salient differences in the investment quality or management.” • The Court looked to principles rooted in trust law, determining that a trustee has a “continuing duty to monitor trust investments and remove imprudent ones. This continuing duty exists separate and apart from the trustee’s duty to exercise prudence in selecting investments at the outset. The trustee cannot assume that if investments are legal and proper for retention at the beginning of the trust, or when purchased, they will remain so indefinitely. Rather, the trustee must systematically consider all the investments of the trust at regular intervals to ensure that they are appropriate.” • To satisfy the fiduciary duty of prudence, trustees may not rely solely on an outside investment consultant’s recommendations. Trustees must probe the expert’s qualifications, provide the expert with reliable and complete information, and make certain that the expert’s advice is “reasonably justified under the circumstances.” (<i>Tibble v. Edison Int'l</i> (9th Cir. 2013) 729 F.3d 1110, 1138) (<i>Tibble III</i>)
Subsequent Proceedings:	After the Supreme Court issued its decision, the Ninth Circuit reviewed the case and decided <i>en banc</i> to vacate the lower court’s decision in 2016. The Ninth Circuit sent the case back to the district court for trial on the claim that even without a change in circumstance for an investment fund, the duty of prudence required the plan fiduciary to reevaluate funds and switch from retail-class fund shares to institutional-class fund shares. <i>Tibble v. Edison Int'l</i> , 843 F.3d 1187, 1198 (9th Cir. 2016) (“ <i>Tibble VP</i> ”). After trial, in

	2018, the district court ordered the Defendants to pay \$13,161,491, holding them liable for breaching their fiduciary duties of care and loyalty by retaining retail share classes and not disposing of them immediately after the institutional share classes were made available. (CV 07-5359 SVW (AGRx)) (“ <i>Tibble VII</i> ”)
Takeaways:	The continuing duty to monitor and remove imprudent trust investments is rooted in trust law, which applies to non-ERISA governmental plans like Los Angeles City plans. Trustees must independently probe the recommendations of consulting experts; blindly relying on those experts falls short of their fiduciary duties.
Notable Issues:	Fiduciary Duty of Prudence; Continuing Duty to Monitor.

AJF/GD:np

Encl.

Fiduciary Duty Training Update

(04.12.22)



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Gina Di Domenico, Deputy City Attorney
PUBLIC PENSIONS GENERAL COUNSEL DIVISION

April 12, 2022



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Learning Objectives

After this training you will be better prepared to fulfill your fiduciary duty of prudence by:

- ❖ Refreshing your understanding of the fiduciary principles governing LACERS Board investment decisions.
- ❖ Independently probing expert consultant recommendations to ensure they are reasonably justified before relying on that advice.
- ❖ Regularly reviewing investment decisions to ensure they remain prudent for LACERS.
- ❖ Acting promptly to modify investment options that are no longer prudent for LACERS.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

OVERVIEW

1. Review:
 - a) The Prudent Expert Rule
 - b) The Principles of Prudent Delegation
 - c) The Duty to Monitor
2. Legal Update: [Tibble v. Edison International](#), 575 U.S. 523 (2015)
3. Legal Update: [Hughes v. Northwestern University](#), 142 S.Ct. 737 (2022)
4. Pop Quiz!



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- 1. Review:** The Prudent Expert Rule, the Principles of Prudent Delegation, the Duty to Monitor.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

- ❖ Los Angeles City Charter Section 1106(c),
 - ❖ Board must “Discharge its duties with respect to its system with the **care, skill, prudence, and diligence** under the circumstances then prevailing that a prudent person **acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.**”
- ❖ Cal. Const. art. VI, Section 17(c)
 - ❖ “The members of the retirement board of a public pension system shall discharge their duties with respect to the system with the **care, skill, prudence and diligence** under the circumstances then prevailing that a prudent person **acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.**”



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ FIDUCIARY DUTY OF PRUDENCE:

❖ Prudent Expert Rule

- ❖ The Trustee has a duty to administer the trust as a prudent person would, in light of the purposes, terms, and other circumstances of the trust.
 - ❖ The duty of prudence requires the exercise of reasonable care, skill, and caution.
 - ❖ If the Trustee possesses, or procured appointment by purporting to possess, special facilities or greater skill than that of a person of ordinary prudence, the trustee has a duty to use such facilities or skill.
- ❖ Restatement 3d Trusts, §§ 77, 227



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ Prudent Delegation:

❖ “To the extent necessary or appropriate to the making of informed investment judgments by the particular trustee, care also involves securing and considering the advice of others [such as legal, actuarial, and investment counsel] on reasonable basis.”

❖ Restatement 3d Trusts, § 227, p. 15, comment d.

❖ Deviating from the advice of professional consultants requires an informed, reasonable, prudent rationale.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ Prudent Delegation: Consulting Expert Advice is not a "Whitewash"

❖ The Fiduciary cannot solely rely on expert opinion, but must also:

- (1) investigate the expert's qualifications;
- (2) provide the expert with complete and accurate information; and
- (3) make certain that reliance on the expert's advice is reasonably justified under the circumstances.
Howard v. Shay, 100 F.3d 1484, 1489. (9th Cir. 1996)

❖ Prudent fiduciaries should question methods and assumptions that do not make sense or are not supported.

❖ Relying on an expert opinion is not a substitution for the Board's **fiduciary duty to monitor investments**.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ The Duty to Monitor

- ❖ The duty to monitor and take corrective action when reasonably appropriate is fundamental to a trustee's exercise of the duty of care.
- ❖ The duty of care requires the trustee to exercise reasonable effort and diligence in making and monitoring investments for the trust, with attention to the trust's objectives.
 - ❖ Restatement 3d Trusts, § 227, p. 14



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2. Legal Update: *Tibble v. Edison International*, 575 U.S. 523 (2015).



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

- ❖ *Tibble* establishes that Plan Fiduciaries have a **continuing duty to monitor investments** and reiterates that uncritical reliance on an expert is insufficient to **satisfy duty of prudence**.



Breach of Fiduciary Duty?



401(k) Beneficiaries sued Edison, alleging it acted imprudently by offering retail-class mutual funds when materially identical lower priced institutional-class mutual funds were available.

Edison argued that it reasonably relied on expert advice from investment consultant.

Investment staff criteria included:
(1) fund stability/management,
(2) diversification,
(3) performance relative to benchmarks,
(4) expense ratio relative to the peer group,
(5) the accessibility of public information on the fund.

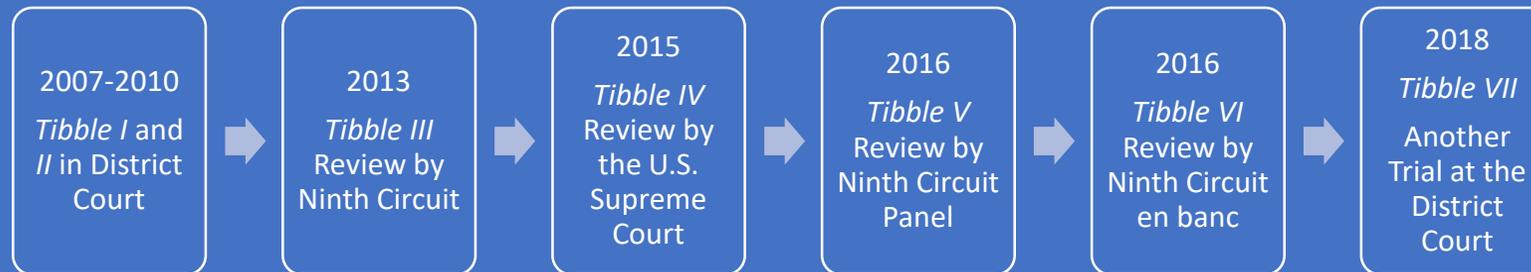


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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

❖ The litigation spanned over a decade:





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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

- ❖ The Court was unconvinced by Edison, pointing to the principles of **prudent delegation**:
 - ❖ The investment consultant is not the fiduciary. The buck stops with the Board.
 - ❖ "Reflexively and uncritically" adopting investment recommendations is not reasonable reliance on an expert opinion.
 - ❖ "Engaging consultants, even well-qualified and impartial ones, will not alone satisfy the duty of prudence."
 - ❖ Plan fiduciaries must "make certain that reliance on the expert's advice is reasonably justified under the circumstances."



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

- ❖ The Court held Edison **had not reasonably relied** on its expert investment consultant's advice:
 - ❖ The trial evidence showed that a prudent, experienced investor would have reviewed all available share classes and the relative costs of each, including retail and institutional classes for the funds litigated.
 - ❖ Despite the core investment criteria including "expense ratio," Edison failed to show whether its expert even considered the possibility of institutional classes, what the scope of the consultant's review was, and what due diligence or evaluation investments staff pursued to evaluate the consultant's recommendations.
 - ❖ This did not show the fiduciaries made an "'honest, objective effort' to grapple with the expert advice given and, if need be, 'question the methods and assumptions that did not make sense.'"



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

- ❖ In a series of decisions, the Court emphasized the fiduciary's **duty to monitor**:
 - ❖ A trustee has a “continuing duty to monitor trust investments and remove imprudent ones.”
 - ❖ “This continuing duty exists separate and apart from the trustee’s duty to exercise prudence in selecting investments at the outset.”
 - ❖ “The trustee cannot assume that if investments are legal and proper for retention at the beginning of the trust, or when purchased, they will remain so indefinitely.”
 - ❖ “Rather, the trustee must systematically consider all the investments of the trust at regular intervals to ensure that they are appropriate.”



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International



**EDISON
INTERNATIONAL®**

❖ What happened to the Beneficiaries in *Tibble*?

- ❖ The Beneficiaries got a second chance to make the case at trial.
- ❖ The district court held Edison liable for a breach of the fiduciary duties of care and loyalty, by not disposing of retail share classes *immediately* after institutional share classes were made available.
- ❖ The duty of loyalty was implicated because in a *defined contribution* plan, excessive costs had a direct impact on the retirement benefits that members received.
- ❖ **Defendants were liable for \$13,161,491.**



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Tibble v. Edison International

- ❖ According to *Tibble*, how rapidly must a fiduciary address an imprudent investment?
 - ❖ A fiduciary would not “breach their duty the day a fund becomes imprudent.”
 - ❖ “Reasonable fiduciaries are not expected to take a daily accounting of all investments,” but there must be a “**systematic consideration of all investments at some regular interval.**”
 - ❖ While a significant change in circumstances may trigger a review, a prudent fiduciary would conduct a review regardless at regular intervals.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ Examples of LACERS' Regular Intervals for Review:

Investment Reviews	Frequency of Review	Corrective Action
<u>Total Fund Portfolio Performance Review</u> (NEPC)	Quarterly	Watch List & Announcement @ Board Meeting
<u>Portfolio Performance Review</u> Private Real Estate (Townsend), Private Equity (Aksia)	Periodically (e.g., quarterly or semi-annually)	Board Monitors the Managers
<u>Asset Allocation Review</u>	3 Years	-



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

❖ Examples of LACERS' Regular Intervals for Review:

Investment Reports & Manager Monitoring	Frequency
<u>Public Market Investment Manager Presentations to Investment Committee</u>	Once Per Contract Period
<u>Disclosure Report of Fees, Expenses, and Carried Interest of Alternative Investment Vehicles</u> (pursuant to Government Code Section 7514.7)	Annual



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3. Legal Update: *Hughes v. Northwestern University*, 142 S.Ct. 737 (2022)



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Hughes v. Northwestern University

- ❖ Plan participants sued Northwestern University alleging a **breach of the duty of prudence for failing to monitor investments** and offering more expensive retail investment products or services.



Breach of Fiduciary Duty?



Expensive fees for recordkeeping

Confusing options – 400+

Expensive “retail” share classes v.
“institutional” share classes

ERISA does not dictate recordkeeping
arrangements

Lower fee options were among the 400+
options

Plan Participants were not forced to choose
and did not choose expensive options



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

Hughes v. Northwestern University

- ❖ In *Hughes*, the Supreme Court reaffirms the Court's decision in *Tibble*. Plan fiduciaries must undertake an independent and ongoing assessment of the plan menu options.

The Duty to Monitor
is Rooted in Trust
Law and Part of
Fiduciary Duty of
Prudence

Insufficient to Simply
Offer Broad Array of
Investment Options

Fiduciaries Must
Conduct
Independent
Evaluations of
Investment Options

Fiduciaries Must
Remove Imprudent
Options from Plan
Within a Reasonable
Time

Court Ruling:

Remanded to
Seventh Circuit—
Plan Participants
May Have Alleged a
Breach of the
Duty of Prudence



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4. Pop Quiz



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

- ❖ LACERS contracted with an investment consultant fifteen years ago. Performance has been excellent and staff are very busy. Should the Board forego the RFP process and extend this contract for another five years?
 - a) Yes. The Board has plenary authority to contract for investment services.
 - b) Yes. Ordinarily, the Board would not extend this contract, but given the time constraints on staff, it should authorize the extension.
 - c) The Board can consider extending the contract for a reasonable length to give staff enough time to conduct a robust RFP.
 - d) No. Under no circumstances should the Board extend this contract.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

- ❖ One of the investment funds is not meeting its benchmarks. An investment consultant advises the Plan to stay the course and wait for the market to correct. Can the Board deviate from the investment consultant's advice?
 - a) No. The Board cannot deviate from her advice because she has specialized training and that would be imprudent.
 - b) No. The investment fund was a prudent decision at the outset.
 - c) Yes. The Board can act on gut feelings indicating that the investment consultant is wrong.
 - d) Yes. If the Board finds that reliance on this advice would be unreasonable under the circumstances, it may deviate from the advice.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

- ❖ Two of LACERS' public market investment managers changed their names because of a change in ownership, and a third manager's strategy has changed. Do these changes constitute a significant change such that the Board should take corrective action?
 - a) Maybe. LACERS' investment consultant should provide a briefing on the potential impact of these changes. The Board should consider the findings and decide if corrective action is needed.
 - b) Yes. These changes are significant, requiring LACERS to take immediate corrective action.
 - c) No. These changes are not significant enough to trigger a review or corrective action.



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BOARD FIDUCIARY EDUCATION: LEGAL UPDATE

- ❖ A new commissioner wants to know what factors they should consider as they revisit investment decisions that were made before their term. What should you highlight?
 - a) An expert's methods should be properly documented.
 - b) A trustee's decisions should be properly supported.
 - c) Reviews should be done at regular intervals.
 - d) The City Attorney can provide excellent trainings on the fiduciary duties.
 - e) All of the above.



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THANK YOU!

More questions?

Gina.m.didomenico@lacity.org