

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

LACERS Ken Spiker Boardroom
202 West First Street, Fifth Floor
Los Angeles, California

February 27, 2018

10:12 a.m.

Agenda of: MAR. 13, 2018

Item No: II-A

PRESENT:	President:	Jaime L. Lee
	Vice President:	Michael R. Wilkinson
	Commissioners:	Annie Chao Cynthia M. Ruiz Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Alan Manning James Napier
ABSENT:	Commissioner:	Elizabeth L. Greenwood

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – President Lee asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there were three comment cards received.

Mr. Jordan Fein, Ms. Laurel Fish, and Ms. Suly Meza (through a translator), members of Unite Here Local 11, made public comments regarding the treatment of employees at the Pullman San Francisco Bay Hotel owned by CBRE Group. Commissioner Serrano asked Rod June, Chief Investment Officer, to discuss this issue with CBRE Group.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR BOARD MEETING OF FEBRUARY 13, 2018 AND POSSIBLE BOARD ACTION – A Motion to approve the minutes of February 13, 2018 was moved by Commissioner Serrano, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee – 6; Nays, None.

- B. RECEIVE AND FILE – MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR JANUARY 2018 – This report was received by the Board and filed.

III

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF FEBRUARY 13, 2018– Commissioner Serrano stated they had a presentation from LM Capital and the Committee recommended approval of the contract renewal with Northern Trust.

IV

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.4 Billion as of February 26, 2018. He stated that staff is conducting on-site due diligence for the private equity consultant. A future agenda item is the total fund portfolio performance ending December 31, 2017. Mr. June shared that Investments Division will possibly be hiring a summer intern for a 6-week period from the Girls Who Invest Non-Profit Organization. In addition, Mr. June stated Investments Division will also hire a spring intern. Mr. June reminded the Board about the National Association of Securities Professionals (NASP) Southern California Conference – 8th Annual Day of Private Equity Education scheduled for March 29, 2018, in Los Angeles, CA. He asked that they notify Ani Ghoukassian, Commission Executive Assistant, if they are interested in attending.
- B. PRESENTATION BY CEM BENCHMARKING INC. OF INVESTMENT BENCHMARKING RESULTS FOR PERIOD ENDING DECEMBER 31, 2016 – Rod June, Chief Investment Officer discussed this item and introduced Ms. Kam Mangat, Vice President of CEM Benchmarking Inc. Ms. Mangat presented the investment benchmarking results for period ending December 31, 2016.
- C. PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Ms. Carolyn Smith, Partner at NEPC and Kevin Novak, Consultant at NEPC presented this item to the Board. After discussion, the Board requested additional education and took no action on this item.

President Lee adjourned the Regular Meeting at 12:31 p.m. for a break. President Lee reconvened the Regular Meeting at 12:50 p.m.

- D. CONTRACTS WITH THE NORTHERN TRUST COMPANY FOR CUSTODIAL AND OTHER MISCELLANEOUS SERVICES – Approval was moved by Commissioner Serrano:

**CONTRACT RENEWALS
THE NORTHERN TRUST COMPANY
MASTER TRUST CUSTODIAL SERVICES**

RESOLUTION 180227-A

WHEREAS, LACERS current three-year contract renewals with The Northern Trust Company (Northern Trust) for the following services: master custody, securities lending, compliance analyst, performance reporting and risk analytics, integrated disbursements, and fair value reporting expire on July 31, 2018; and,

WHEREAS, on February 13, 2018, the Board approved the Investment Committee's recommendation for three-year contract renewals with Northern Trust; and,

NOW, THEREFORE, BE IT RESOLVED, that the General Manager is hereby authorized to approve and execute the contracts subject to satisfactory business and legal terms and consistent with the following services and terms:

<u>Company Name:</u>	The Northern Trust Company
<u>Service Provided:</u>	Master Custody Securities Lending Compliance Analyst Performance Reporting and Risk Analytics Integrated Disbursements Fair Value Reporting
<u>Effective Dates:</u>	August 1, 2018 through July 31, 2021
<u>Duration:</u>	Three years

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

- E. DELEGATION OF AUTHORITY TO THE GENERAL MANAGER TO BIND LACERS IN CONTRACTS – Approval was moved by Commissioner Serrano:

**DELEGATION OF AUTHORITY TO THE GENERAL MANAGER
TO BIND LACERS IN CONTRACTS**

RESOLUTION 180227-B

WHEREAS, Los Angeles City Charter § 370(b) requires a contract to be signed by the Board, officer, or employee authorized to enter into the contract; and,

WHEREAS, the Board authorizes and assigns necessary deputies to carry out its responsibilities under Los Angeles City Charter § 511(a); and,

WHEREAS, the authority to administer the affairs of LACERS is assigned to the General Manager, pursuant to the Los Angeles City Charter § 509(a); and,

WHEREAS, Los Angeles City Charter § 1106(f) gives the Board authority to adopt any rules it deems necessary to administer the system;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager, Neil Guglielmo, to endorse and bind the Los Angeles City Employees' Retirement System in contracts.

Endorsed: _____
Neil Guglielmo, General Manager

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

V

DEPARTMENT ADMINISTRATION

- A. SALARY COMPENSATION FOR GENERAL MANAGER NEIL GUGLIELMO AND POSSIBLE BOARD ACTION – Approval was moved by Vice President Wilkinson as amended:

SALARY COMPENSATION FOR GENERAL MANAGER NEIL M. GUGLIELMO

RESOLUTION 180227-C

WHEREAS, the Board has the authorization to set the salary for the position of General Manager LACERS; and

WHEREAS, the salary is consistent with the range allowable and set by City Council;

NOW, THEREFORE BE IT RESOLVED, that the Board hereby approves a yearly salary of \$270,000 for Neil M. Guglielmo, General Manager, to be effective upon assuming office on March 5, 2018, pursuant to Charter Section 1108(c).

Which motion was amended by recommendation from the Controller's Office to reflect the corrected yearly salary of \$270,004.50 for Neil M. Guglielmo, General Manager, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

VI

BENEFITS ADMINISTRATION

- A. RECEIVE AND FILE – OPEN ENROLLMENT CLOSEOUT REPORT – Bernadette Molina, Senior Administrative Clerk with Health Benefits Administration and Communication Division, presented this item to the Board. This report was received by the Board and filed.

Deputy City Attorney James Napier was present for Items VII A-D.

VII

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE RETURN TO WORK REQUEST OF RETIREE JESSICA ARMOUR AND POSSIBLE BOARD ACTION – A motion to approve staff's recommendation was moved by Commissioner Chao:

CANCELATION OF DISABILITY RETIREMENT BENEFIT- JESSICA ARMOUR

RESOLUTION 180227-D

WHEREAS, the General Manager presented certain medical reports, and reported the reexaminations were conducted in a regular and proper manner;

WHEREAS, Physicians 1, 2, and 3 reexamined Jessica Armour and determined she is capable of performing her duties as a Principal Clerk without accommodation;

WHEREAS, the Office of Finance has been notified that Ms. Armour will be restored to duty in the position she held at the time of retirement, in accordance with Los Angeles Administrative Code Section 4.1008(e);

WHEREAS, after some discussion and consideration of the evidence received, it was the finding and determination of the Board that Jessica Armour is no longer physically incapacitated from performing her duties as a Principal Clerk; and,

NOW, THEREFORE, BE IT RESOLVED that the Board finds Jessica Armour is no longer incapacitated for the position she held at the time of her disability retirement and shall be restored to duty in the position she held at the time of said disability retirement; and, upon her return to active service, her disability retirement shall be canceled.

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

- B. ADOPTION OF FINDING OF FACT FOR ROSALYN SOILS AND POSSIBLE BOARD ACTION – A motion to approve staff's recommendation was moved by Vice President Wilkinson, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Sohn, Vice President Wilkinson, and President Lee -6; Nays, None.

President Lee adjourned the Regular Meeting at 1:00 p.m., to convene in Closed Session.

- C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF CONNIE ADAMSON AND POSSIBLE BOARD ACTION**

D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF BERNICE CLARKE AND POSSIBLE BOARD ACTION

VIII

LEGAL/LITIGATION

A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION, AND POSSIBLE BOARD ACTION. CASE: AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ET AL. v. CITY OF LOS ANGELES, ET AL. (SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES CASE NO. BS166535)

President Lee reconvened the Regular Meeting at 1:12 p.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Application of Bernice Clarke. President Lee also announced the Board referred the Disability Retirement Application of Connie Adamson for further medical review. President Lee stated there was no pending litigation update.

IX

MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Lita Payne, Interim General Manager, stated the Pension Administration System (PAS) will be going live on March 1, 2018 and will be the system of record while the old system will still be running for comparisons. There will be a retirement party for the old system on March 22, 2018.
- B. UPCOMING AGENDA ITEMS – Lita Payne, Interim General Manager, stated upcoming agenda items for the Board are two operational service RFPs: Investigative Services Contract and Printing and Fulfillment Contract.

X

OTHER BUSINESS – Commissioner Ruiz stated when an employee is receiving workers compensation benefits and then is granted a disability retirement, they receive retroactive pay. She is concerned with the overlap of payments and wants to evaluate the possibility of receiving credit back when an employee is granted a disability retirement and receives retroactive pay.

XI

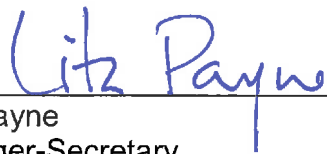
NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, March 13, 2018, at 10:00 a.m., in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XII

ADJOURNMENT – There being no further discussion before the Board, President Lee adjourned the meeting at 1:16 p.m.



Jaime L. Lee
President



Lita Payne
Manager-Secretary