

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

June 26, 2018

10:07 a.m.

Agenda of: Aug. 14, 2018

Item No: II

PRESENT:	Vice President	Michael R. Wilkinson
	Commissioners:	Annie Chao Elizabeth L. Greenwood (left at 12:09 p.m.) Nilza R. Serrano (left at 12:39 p.m.) Sung Won Sohn Vacant Position
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	James Napier
ABSENT:	President:	Cynthia M. Ruiz

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – Vice President Wilkinson asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response; no public comment cards were received.

II

APPROVAL OF MINUTES FOR BOARD MEETING OF MAY 22, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the minutes of May 22, 2018 was moved by Commissioner Chao, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Serrano, Sohn, and Vice President Wilkinson -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – Vice President Wilkinson recognized Commissioner Chao's service as a Board Member. Neil M. Guglielmo, General Manager, also recognized Commissioner Chao's contribution and service to the Board and presented her with a LACERS bag including a polo shirt and folio.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, reported the following items:
- Rod June, Chief Investment Officer presented at the Girls Who Invest event held at the University of Notre Dame.
 - The Board approved the Cost of Living increase on February 13, 2018, effective July 1, 2018
 - The Family Death Benefit Plan contribution rate was reduced from \$3.70 to \$3.00 per month effective July 1, 2018.
 - A notification letter was sent to members on June 15, 2018, regarding the MyLACERS Web Portal enrollment and pin number.
 - LACERS staff are attending the Wellness Festival at the LA Mall on June 26, 2018.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated Actuarial items will be presented to the Board on July 10, 2018. The Benefits Administration Committee will meet on July 19, 2018, and the agenda items include Retiree Health Plan Renewal Updates and the Year-End Accounting.

Commissioner Wilkinson requested information from staff on passive investing.

V

CONSENT AGENDA

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- B. MARKETING CESSATION NOTIFICATION – This report was received by the Board and filed.
- C. RECEIVE AND FILE – EDUCATION AND TRAVEL EXPENDITURE REPORT FOR THE QUARTER ENDING MARCH 31, 2018 – This report was received by the Board and filed.
- D. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MARCH 2018 (REVISED) – This report was received by the Board and filed.
- E. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR APRIL 2018 – This report was received by the Board and filed.
- F. MONTHLY REPORT ON SEMINARS AND CONFERENCES FOR MAY 2018 – This report was received by the Board and filed.
- G. RECEIVE AND FILE – COMMISSIONER SERRANO BOARD EDUCATION EVALUATION ON THE INTERNATIONAL FOUNDATION OF EMPLOYEE BENEFITS PLAN EVIDENCE, INSIGHT AND STRATEGY FOR OPTIMIZING HEALTH BENEFITS, BOSTON, MASSACHUSETTS, MAY 8 – 10, 2018 – This report was received by the Board and filed.

- H. RECEIVE AND FILE – COMMISSIONER SUNG WON SOHN BOARD EDUCATION EVALUATION ON THE NATIONAL CONFERENCE ON PUBLIC EMPLOYEES RETIREMENT SYSTEMS TRUSTEE EDUCATIONAL SEMINAR AND ANNUAL CONFERENCE, NEW YORK, NEW YORK, MAY 12 – 16, 2018 – This report was received by the Board and filed.

VI

COMMITTEE REPORT(S)

- A. AUDIT COMMITTEE VERBAL REPORT ON THE MEETING OF MAY 22, 2018 – Commissioner Chao stated the Audit Committee was presented with the Contract Amendment with Brown Armstrong and the Reliability of Internal Rate of Return Report.
- B. AUDIT COMMITTEE – CONTRACT AMENDMENT WITH BROWN ARMSTRONG FOR FINANCIAL AUDIT SERVICES AND POSSIBLE BOARD ACTION – Wally Oyewole, Departmental Audit Manager, discussed this item with the Board. Approval was moved by Commissioner Serrano:

FOR FINANCIAL AUDIT SERVICES

RESOLUTION 180626-A

WHEREAS, in May 2016, following an unsuccessful request for proposal (RFP) process, the Board extended the contract with Brown Armstrong for two years to June 2018.

WHEREAS, staff now recommends extending the contract for two additional years to accommodate ongoing organizational changes, then releasing an RFP for external audit services in the fall of 2019; and,

WHEREAS, staff believe a two-year contract extension is optimal to allow staff to become proficient in the use of the recently implemented Pension Administration System which would help facilitate a smooth transition to a potential new external auditor; and,

WHEREAS, Brown Armstrong demonstrated high quality of their professional work and has been responsive in serving LACERS over the years; and,

WHEREAS, on May 22, 2018, the Audit Committee considered staff's report and recommend Board's approval.

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes the General Manager to negotiate and execute a contract extension in accordance with the following services and terms:

Company Name: Brown Armstrong Accountancy Corporation

Service Provided: Financial Audit Services

Duration: 2 years – Audits of FY 2018 and FY 2019

Total Fees: Fixed Fees for 2 years Not to Exceed \$195,000

Which motion was seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Serrano, Sohn, and Vice President Wilkinson -5; Nays, None.

- C. AUDIT COMMITTEE – INTERNAL AUDIT REPORT ON RELIABILITY OF INTERNAL RATE OF RETURN (IRR) REPORTED FOR LACERS PRIVATE EQUITY AND REAL ESTATE INVESTMENTS – Wally Oyewole, Departmental Audit Manager, discussed this item with the Board and the report was received by the Board and filed.

VII

BOARD/DEPARTMENT ADMINISTRATION

- A. PROPOSED LIST OF PRE-APPROVED BOARD EDUCATIONAL SEMINARS FOR FISCAL YEAR 2018-19 AND POSSIBLE BOARD ACTION – After discussion and direction from the Board and staff, this item was deferred.
- B. ADOPTION OF CERTIFIED RESULTS FROM 2018 EMPLOYEE MEMBER OF THE BOARD RUN-OFF ELECTION AND POSSIBLE BOARD ACTION – Commissioner Serrano moved approval, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Serrano, Sohn, and Vice President Wilkinson -5; Nays, None.
- C. GENERAL MANAGER DESIGNEE SIGNATURE AUTHORITY AND POSSIBLE BOARD ACTION – Approval was moved by Commissioner Serrano:

**SIGNATURE AUTHORITY
FOR GENERAL MANAGER DESIGNEES**

RESOLUTION 180626-B

WHEREAS, the Board may delegate its authority to the General Manager to execute contracts and approve pension benefit payments under Los Angeles City Charter (LACC) Section 509(h); and

WHEREAS, the General Manager is authorized under LACC Section 509 to administer the affairs of the department as its Chief Administrative Officer; and,

WHEREAS, the General Manager determines it is in the best interest of the department to ensure department business is transacted expeditiously on occasions when he is absent or unable to act, through the assignment of signature authorities over specific areas of expertise;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the signature authority resolution for the General Manager designees, provided that if practicable, there is concurrence from the General Manager. Authority is assigned to the position, rather than the individual. This resolution shall be endorsed by the designees and should there be a change in personnel, a new endorsement certificate may be made and kept on file in the Board office; filed with any other necessary office of City government; or any agencies involved in processing LACERS' investment transactions and custodial responsibilities for the securities of LACERS. The proposed resolution will supersede any previously

adopted resolutions related to General Manager designee signature authority and is effective upon adoption.

1. Assistant General Manager(s) – for the approval of contracts in compliance with the contracting limitations established in the LACC; approval of expenditures; and approval of benefit payments and related transactions;
2. Chief Benefits Analyst of Administrative Services Division – for the approval of contracts in compliance with the contracting limitations established in the LACC and approval of expenditures; and,
3. Chief Benefits Analyst of Retirement Services Division or Chief Benefits Analyst of Health Benefits Administration and Communications Division – for the approval of benefit payments and related transactions;
4. Chief Investment Officer or Investment Officer III – for the approval of investment transactions required within the scope of the contracts approved by the Board;

Endorsed: _____
Lita Payne
Assistant General Manager

Endorsed: _____
Todd Bouey
Assistant General Manager

Endorsed: _____
Dale Wong Nguyen
Chief Benefits Analyst of Administrative Services

Endorsed: _____
Karen Freire
Chief Benefits Analyst of Retirement Services

Endorsed: _____
Alex Rabrenovich
Chief Benefits Analyst of Health Benefits Administration
and Communications

Endorsed: _____
Rodney June
Chief Investment Officer

Endorsed:

Bryan Fujita
Investment Officer III

Which motion was seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Chao, Greenwood, Serrano, Sohn, and Vice President Wilkinson -5; Nays, None.

- D. RECEIVE AND FILE – LEGISLATIVE UPDATE – Neil Guglielmo, General Manager and Dale Wong Nguyen, Chief Benefits Analyst presented this item to the Board. James Napier, Deputy City Attorney, presented an update on the case of Vincent Krolikowski v. San Diego City Employees’ Retirement System. After further discussion, the report was received by the Board and filed.

VIII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Chief Operating Officer, reported on the portfolio value, \$16.98 Billion as of June 25, 2018. Mr. Fujita reported that Rod June, Chief Investment Officer, was on business travel and was joining the meeting via teleconference. The new Intern from Girls Who Invest program will be starting at LACERS on Monday, July 2, 2018. The Private Equity Consultant finalist interview is on the current Board Agenda. Future Agenda items include Investment Manager Contracts, Real Estate Strategic Plan for FY19, and Portfolio Advisers reporting on the Private Equity Performance Review.
- B. PRIVATE EQUITY CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer and Wilkin Ly, Investment Officer II presented this item to the Board.

Commissioner Greenwood moved for approval of staff’s recommendation. After further discussion and clarification, Vice President Wilkinson stated this motion is out of order due to confusion on the Board Agenda Item number being discussed. Vice President Wilkinson tabled this item for a future meeting.

Commissioner Serrano left the Regular Meeting at 12:09 p.m.

Vice President Wilkinson adjourned the Regular Meeting at 12:10 p.m. for a break. Vice President Wilkinson reconvened the Regular Meeting at 12:36 p.m.

Commissioner Sohn left the Regular Meeting at 12:39 p.m. Due to a lack of quorum item VIII-B was deferred.

- C. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING MARCH 31, 2018 – This item was deferred due to lack of a quorum.
- D. PRESENTATION BY NEPC, LLC REGARDING RISK BUDGETING, ASSET CLASS REVIEW, AND ASSET ALLOCATION IMPLEMENTATION PLAN AND POSSIBLE BOARD ACTION – This item was deferred due to lack of a quorum.

IX

LEGAL/LITIGATION

- A. REQUEST FOR PROPOSAL FOR OUTSIDE TAX COUNSEL AND POSSIBLE BOARD ACTION – Due to a lack of quorum, the Board did not take action on this item.

X

- A. CONSIDER THE DEFERRAL REQUEST FOR DISABILITY RETIREMENT APPLICATION OF MICHAEL KARATSONYI AND POSSIBLE BOARD ACTION – This item was deferred due to lack of a quorum.
- B. ADOPTION OF FINDINGS OF FACT FOR APRIL MOYA HUBBARD AND POSSIBLE BOARD ACTION – This item was deferred due to lack of a quorum.
- C. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LENFORD GEORGE AND POSSIBLE BOARD ACTION** – This item was deferred due to lack of a quorum.
- D. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PEDRO RIVERA AND POSSIBLE BOARD ACTION** – This item was deferred due to lack of a quorum.

XI

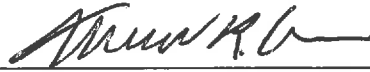
OTHER BUSINESS – There was no other business.

XII

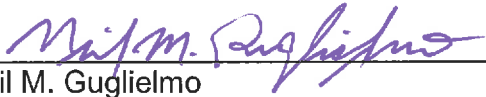
NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, July 10, 2018, at 10:00 a.m., in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIII

ADJOURNMENT – There being no further discussion before the Board, Vice President Wilkinson adjourned the meeting at 12:40 p.m.



Michael R. Wilkinson
Vice President



Neil M. Guglielmo
Manager-Secretary