

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

July 10, 2018

10:05 a.m.

Agenda of: July 24, 2018

Item No: II

PRESENT:	President:	Cynthia M. Ruiz
	Vice President	Michael R. Wilkinson
	Commissioners:	Elizabeth L. Greenwood Sandra Lee Nilza R. Serrano Sung Won Sohn
	Commissioner – Elect:	Elizabeth Lee
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Erin Knight (Acting)
	Legal Counsel:	Anya Freedman Joshua Geller

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

I

CEREMONIAL SWEARING-IN OF COMMISSIONER ELIZABETH LEE FOR THE TERM ENDING JUNE 30, 2023 – Commissioner Elizabeth Lee was sworn-in by a member of the City Clerk’s Office.

II

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD’S JURISDICTION – Public comment cards were received from the following: Mark Blunk, LACERS retiree, discussed Actuarial Assumptions, Tom Moutes, LACERS retiree, discussed Actuarial Assumptions, Ramon Rubalcava, member of SEIU Local 721, discussed Actuarial Assumptions, Jack Humphreville, member of NCBA, discussed Actuarial Assumptions. President Ruiz requested that a written statement from Mike Perez, LACERS retiree, regarding Actuarial Assumptions be entered into the record.

III

APPROVAL OF MINUTES FOR BOARD MEETING OF JUNE 26, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the minutes of June 26, 2018 was moved by Commissioner Serrano, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners

Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

IV

BOARD PRESIDENT VERBAL REPORT – President Ruiz welcomed and introduced the new LACERS Commissioners. President Ruiz also requested staff in the future if a report is not included in the hard copy packets to email the report and indicate in bold that this attachment needs to be printed and included with the packet.

V

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil Guglielmo, General Manager, discussed the following items:
- Locations for the Strategic Planning Offsite Meeting
 - All Commissioners are invited to attend the Guiding Principles Awards Luncheon on July 26, 2018, at 11:30 a.m., at the California Endowment
 - LACERS will be receiving the Employers Annual Contributions for FY 2018-19
 - The Annual IT and Financial Audits by Brown Armstrong will be beginning soon
 - 7,000 members have registered with the My LACERS portal
 - Alex software, benefit decision-support software, will be presented to the Benefits Administration Committee
 - Wifi will be available to the public in the public area
 - Tablets will be made available to the public in the public area
 - LACERS Website design changes including mobile access are being developed
- B. UPCOMING AGENDA ITEMS – No items were discussed.

VI

DISABILITY RETIREMENT APPLICATION(S)

- A. CONSIDER THE DEFERRAL REQUEST FOR THE DISABILITY RETIREMENT APPLICATION OF MICHAEL KARATSONYI AND POSSIBLE BOARD ACTION – Anna Ingram, Management Analyst, discussed this item. Vice President Wilkinson requested of staff moving forward to keep the Physician numbers consistent for each case brought to the Board. A motion to approve was moved by Commissioner Serrano, seconded by Commissioner Greenwood, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

President Ruiz adjourned the Regular Meeting at 10:42 a.m. to convene in Closed Session

- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO ADOPTION OF FINDINGS OF FACT FOR APRIL MOYA HUBBARD AND POSSIBLE BOARD ACTION**

- C. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF KIYOKO CLEMONS AND POSSIBLE BOARD ACTION
- D. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF LENFORD GEORGE AND POSSIBLE BOARD ACTION
- E. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF PEDRO RIVERA AND POSSIBLE BOARD ACTION
- F. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF SAMMY WONG AND POSSIBLE BOARD ACTION
- G. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION OF ROMELIA WORKNEH AND POSSIBLE BOARD ACTION

President Ruiz reconvened the Regular Meeting at 10:54 a.m. and announced that during Closed Session the Board unanimously approved the Adoption of Findings of Fact for April Moya Hubbard and approved the Disability Retirement Applications of Kiyoko Clemons, Lenford George, Pedro Rivera, Sammy Wong, and Romelia Workneh.

VII

BOARD GOVERNANCE

- A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2018-19 AND POSSIBLE BOARD ACTION – Commissioner Greenwood stated that pursuant to the City Charter the Election of Board Officers should be held the second meeting in July. This item was deferred to the July 24, 2018 Board Meeting.

VIII

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.

IX

COMMITTEE REPORT(S)

- A. GOVERNANCE COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 10, 2018 – Commissioner Serrano stated the Committee reviewed and made no major changes to the Governance Policy related to Board Governance and had a discussion with Almanac Realty.

X

ACTUARIAL PROGRAM

- A. ACTUARIAL 101 EDUCATION PRESENTATION BY THE SEGAL COMPANY – Todd Bouey, Assistant General Manager, introduced Paul Angelo, Actuary with Segal Company and Andy Yeung, Actuary with Segal Company. Mr. Angelo and Mr. Yeung presented this item to the Board.

Jack Humphreville, member of NCBA, made a public comment pertaining to Agenda Item No. X-B and made a general comment.

President Ruiz adjourned the Regular Meeting at 11:41 a.m. for a break. President Ruiz reconvened the Regular Meeting at 11:49 a.m.

- B. CONSIDERATION OF PROPOSED ASSUMPTION CHANGES BASED ON ACTUARIAL EXPERIENCE DURING THE PERIOD FROM JULY 1, 2014 THROUGH JUNE 30, 2017 AND POSSIBLE BOARD ACTION – Todd Bouey, Assistant General Manager, discussed this item. Paul Angelo, Actuary with Segal Company and Andy Yeung, Actuary with Segal Company discussed this item.

President Ruiz adjourned the Regular Meeting at 1:11 p.m. for a break. President Ruiz reconvened the Regular Meeting at 1:20 p.m.

Mr. Angelo and Mr. Yeung continued to discuss Item X-B with the Board. The Board decided to discuss this item further at the July 24, 2018 Board Meeting.

XI

BOARD/DEPARTMENT ADMINISTRATION

- A. LEGISLATIVE UPDATE OF JULY 2018 – Commissioner Greenwood requested the citation numbers be added to the chart in future reports. Neil Guglielmo, General Manager, discussed the HR4822 Bill, Public Employee Pension Transparency Act.

XII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.1 Billion as of July 9, 2018. He also reported the unaudited fiscal year returns of 9.20% gross of fees and 9.01% net of fees. Future Agenda items include

several real estate items and Board education. Mr. June introduced the new intern Brinda Patel, recruited from Girls Who Invest. Ms. Patel spoke about the Girls Who Invest non-profit organization, her education and goals.

- B. PRIVATE EQUITY CONSULTANT FINALIST INTERVIEW AND POSSIBLE BOARD ACTION – Rod June, Chief Investment Officer and Bryan Fujita, Investment Officer III, discussed this item. Commissioner Sohn moved approval of the following Resolution:

**CONTRACT FOR
TORREYCOVE CAPITAL PARTNERS LLC
PRIVATE EQUITY CONSULTING SERVICES**

RESOLUTION 180710-F

WHEREAS, on October 10, 2017, the Board authorized a Request for Proposal for Private Equity Consulting Services; and,

WHEREAS, on February 13, 2018, the Investment Committee considered staff's recommendation to approve Cambridge Associates LLC; Cliffwater LLC; and TorreyCove Capital Partners LLC as semi-finalist candidates; and,

WHEREAS, staff conducted due diligence on the three semi-finalist candidates; and,

WHEREAS, on May 8, 2018, the Investment Committee interviewed the semi-finalist candidates to understand the capabilities of each firm and recommended TorreyCove Capital Partners LLC to the Board for consideration for hire; and,

WHEREAS, on July 10, 2018, the Board approved the Investment Committee's recommendation for a five-year contract with TorreyCove Capital Partners LLC;

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

Company Name: TORREYCOVE CAPITAL PARTNERS LLC

Service Provided: Private Equity Consulting Services

Estimated Effective Dates: July 25, 2018 through July 24, 2023

Duration: Five years

Fee:
Year 1 - \$725,000
Year 2 - \$737,500
Year 3 - \$750,000
Year 4 - \$762,500
Year 5 - \$775,000

Which motion was seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, and President Ruiz -6; Nays, Vice President Wilkinson -1.

- C. PRESENTATION BY NEPC, LLC REGARDING RISK BUDGETING, ASSET CLASS REVIEWS, AND ASSET ALLOCATION IMPLEMENTATION PLAN AND POSSIBLE BOARD ACTION – This item was deferred.

Joshua Geller, Deputy City Attorney, was present for the remaining Board agenda items.

- D. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING MARCH 31, 2018 – This item was deferred.
- E. PRESENTATION BY PORTFOLIO ADVISORS, LLC OF THE PRIVATE EQUITY PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2017 – Todd Hughtes and Greg Garret, Managing Directors with Portfolio Advisors, discussed this item.
- F. RECEIVE AND FILE – NOTIFICATION OF COMMITMENT OF UP TO \$30 MILLION IN THOMA BRAVO FUND XIII, L.P. – This report was received by the Board and filed.
- G. RECEIVE AND FILE – NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN ASCRIBE OPPORTUNITIES FUND IV, L.P. – This report was received by the Board and filed.
- H. RECEIVE AND FILE – NOTIFICATION OF COMMITMENT OF UP TO \$25 MILLION IN PLATINUM EQUITY SMALL CAP FUND, L.P. – This report was received by the Board and filed.
- I. RECEIVE AND FILE – NOTIFICATION OF COMMITMENT OF UP TO \$10 MILLION IN ASTRA PARTNERS I, L.P. – This report was received by the Board and filed.

XIII

LEGAL/LITIGATION

- A. REQUEST FOR PROPOSAL FOR OUTSIDE TAX COUNSEL – Josh Geller, Deputy City Attorney, discussed this item.

XIV

OTHER BUSINESS – President Ruiz will be considering Commissioner Committee assignments and asked Commissioners to email her the Committees they are interested in.

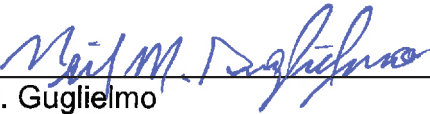
XV

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, July 24, 2018 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 2:41 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary

