

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 24, 2018

10:04 a.m.

Agenda of: <u>Aug. 14, 2018</u>
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Item No: <u>II</u>

PRESENT:	President: Vice President	Cynthia M. Ruiz Michael R. Wilkinson
	Commissioners:	Elizabeth L. Greenwood Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman Joshua Geller

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

I

PUBLIC COMMENTS ON MATTERS WITHIN THE BOARD'S JURISDICTION – Public comment cards were received from the following: Mark Blunk, LACERS retiree, discussed Actuarial Assumptions. President Ruiz requested that written statements from Annie Chao, Angela Trinh, John Casselberry, Anna Vidal, Lorean Soo Hoo, Rhonda Ketay, Rina Segura, Mark Blunk, Nancy Cammarata, Fazeel Chauhan, Linda Nguyen, Theresa Jimenez, Becky Balbuena, and Jaime Escobar be entered into the record.

II

APPROVAL OF MINUTES FOR BOARD MEETING OF JULY 10, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the minutes of July 10, 2018 was moved by Commissioner Greenwood, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz attended and spoke at the 2018 AIF West Coast Women Investors’ Session in July. Brinda Patel, Investment Division Intern, who attended the Conference with President Ruiz, shared her experience as an attendee. President Ruiz also announced that Board Committee Assignments will be ready by the end of the week.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil Guglielmo, General Manager, discussed the following items:
 - July retiree checks will include the 2.8% COLA.
 - CPR/AED Training for LACERS staff was held last week.
 - Mr. Guglielmo attended the Labor Committee Meeting.
- B. RECEIPT OF CITY’S CONTRIBUTIONS FOR FISCAL YEAR 2018-19 – Neil Guglielmo, General Manager, discussed this item.
- C. UPCOMING AGENDA ITEMS – Neil Guglielmo, General Manager, stated the Environmental, Social, and Governance (ESG) investing education will be presented to the Board in the next couple of months.

Items VI and VII taken out of order

VI

CONSENT AGENDA

- A. RECEIVE AND FILE – LACERS CUSTOMER SERVICE SURVEY SEMI-ANNUAL REPORT, JANUARY – JUNE 2018 – President Ruiz congratulated staff on the exemplary results from the LACERS Customer Service Survey. This report was received by the Board and filed.
- B. TRAVEL AUTHORITY – COMMISSIONER ELIZABETH L. GREENWOOD; VALUE EDGE ADVISORS’ 2018 PUBLIC FUNDS FORUM, LAGUNA BEACH, CALIFORNIA; SEPTEMBER 4-6, 2018 AND POSSIBLE BOARD ACTION – Commissioner Sohn moved approval of the following Resolution:

**TRAVEL AUTHORITY
VALUE EDGE 2018 PUBLIC FUNDS FORUM
SEPTEMBER 4-6, 2018
LAGUNA BEACH, CALIFORNIA**

RESOLUTION 180724-A

WHEREAS, Board approval is required for all international travel requests and travel not included in the Approved List of Educational Seminars;

WHEREAS, the Approved List of Educational Seminars for Fiscal Year 2018-19 has not yet been adopted and this conference has not been included in previous Approved Lists of Educational Seminars, and therefore requires individual approval;

WHEREAS, the sound management of the assets and liabilities of a trust fund imposes a continuing need for all Board Members to attend professional and educational conferences, seminars, and other educational events that will better prepare them to perform their fiduciary duties;

THEREFORE, BE IT RESOLVED, that Commissioner Greenwood is hereby authorized to attend the Value Edge 2018 Public Funds Forum on September 4-6, 2018, in Laguna Beach, California;

BE IT FURTHER RESOLVED, that the reimbursement of up to \$1,203.00 for Commissioner Greenwood is hereby authorized for reasonable expenses in connection with participation.

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

VII

Item VII-B taken out of order.

COMMITTEE REPORT(S)

- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 19, 2018 – Commissioner Wilkinson reported that the Benefits Administration Committee approved the Investigative Services Contract with two firms, were presented with the Year-End Accounting from Anthem Blue Cross, a report on health, vision, and dental contract renewals, and approved a software contract with Jellyvision to help members make healthcare decisions online.
- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF JULY 10, 2018 – Commissioner Sohn reported that the Investment Committee was presented with a report regarding Almanac Realty Securities and decided to table the item for a future meeting. In addition, a report from EAM Investors and the Strategic Plan regarding real estate was presented to the Committee.

V

BOARD GOVERNANCE

- A. ELECTION OF BOARD OFFICERS FOR FISCAL YEAR 2018-19 AND POSSIBLE BOARD ACTION - Neil Guglielmo, General Manager called for nominations for the Office of President. Vice President Wilkinson nominated Commissioner Ruiz for the Office of President, which was seconded by Commissioner Serrano. Mr. Guglielmo asked if there were any further nominations, to which there was no response. Upon closing of the nomination process, Mr. Guglielmo called for votes in favor of Commissioner Ruiz as President for Fiscal Year 2018-19,

to which responded: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -7; Nays, None. Commissioner Ruiz was elected to the Office of President for Fiscal Year 2018-19 until replaced or re-elected at the next Board Officer election.

Neil Guglielmo, General Manager called for nominations for the Office of Vice President. Commissioner Sandra Lee nominated Commissioner Greenwood for the Office of Vice President. Mr. Guglielmo asked if there were any further nominations, to which there was no response. Upon closing of the nomination process, Mr. Guglielmo called for votes in favor of Commissioner Greenwood as Vice President for Fiscal Year 2018-19, to which responded: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None. Commissioner Greenwood was elected to the Office of Vice President for Fiscal Year 2018-19 until replaced or re-elected at the next Board Officer election.

VIII

BOARD/DEPARTMENT ADMINISTRATION

- A. CONSIDERATION OF ADJUSTMENT TO LACERS OFFICE HOURS AND POSSIBLE BOARD ACTION – Wendy Johnson, Chief Clerk and Sandra Ford-James, Senior Administrative Clerk with Health Benefits Administration & Communication Division presented this item to the Board. After further discussion, Commissioner Serrano moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.
- B. TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S GOVERNING STATUTES AND POSSIBLE BOARD ACTION – Commissioner Greenwood moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.
- C. TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S STATEMENT OF DUTIES AND RESPONSIBILITIES AND POSSIBLE BOARD ACTION – Commissioner Greenwood moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

IX

ACTUARIAL PROGRAM

- A. ACTUARIAL 101 EDUCATION PRESENTATION BY SEGAL COMPANY – Paul Angelo, Actuary with Segal Consulting and Todd Bouey, Assistant General Manager presented this item to the Board.
- B. AD HOC ADJUSTMENT TO THE ASSET SMOOTHING METHOD AND POSSIBLE BOARD ACTION – Paul Angelo, Actuary with Segal Consulting and Todd Bouey, Assistant General

Manager presented this item to the Board. Commissioner Serrano moved approval, seconded by Vice President Wilkinson, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Sohn, Vice President Wilkinson, and President Ruiz -7; Nays, None.

- C. GASB 68 AND GASB 75 ACTUARIAL VALUATIONS AS OF JUNE 30, 2017 AND POSSIBLE BOARD ACTION – Paul Angelo, Actuary with Segal Consulting and Todd Bouey, Assistant General Manager presented this item to the Board. Vice President Wilkinson moved approval, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Greenwood, Elizabeth Lee, Sandra Lee, Serrano, Vice President Wilkinson, and President Ruiz -6; Nays, None.

President Ruiz adjourned the Regular Meeting at 11:21 a.m. for a break. President Ruiz reconvened the Regular Meeting at 11:32 a.m.

- D. CONTINUED CONSIDERATION OF PROPOSED ASSUMPTION CHANGES BASED ON ACTUARIAL EXPERIENCE STUDY AND POSSIBLE BOARD ACTION – Paul Angelo, Actuary with Segal Consulting and Todd Bouey, Assistant General Manager presented this item to the Board. After further discussion, the Board decided to defer this item to the August 14, 2018, Board Meeting.

X

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Bryan Fujita, Chief Operating Officer, reported on the fund portfolio, \$17.72 billion as of July 23, 2018. He stated that Carolyn Smith and Kevin Novak from NEPC will be presenting to the Board on the Portfolio Performance Review and Risk Budgeting, Asset Class Reviews, and Asset Allocation Implementation Plan. Robert Miranda and Felix Fels from Townsend Group will be presenting regarding the Real Estate Portfolio Performance Review. There will be a presentation regarding the Investment Manager Contract with EAM Investors. Mr. Fujita reported future agenda items are the Investment Policy Manual Review and request for authorization to release some Requests for Proposals.
- B. PRESENTATION BY NEPC, LLC OF THE PORTFOLIO PERFORMANCE REVIEW REPORT FOR THE QUARTER ENDING MARCH 31, 2018 – Carolyn Smith, Partner at NEPC and Kevin Novak, Consultant at NEPC presented this item to the Board.
- C. PRESENTATION BY NEPC, LLC REGARDING RISK BUDGETING, ASSET CLASS REVIEWS, AND ASSET ALLOCATION IMPLEMENTATION PLAN AND POSSIBLE BOARD ACTION – The Board decided to table this item.
- D. PRESENTATION BY THE TOWNSEND GROUP OF THE REAL ESTATE PORTFOLIO PERFORMANCE REVIEW FOR THE PERIOD ENDING DECEMBER 31, 2017– The Board decided to table this item.
- E. REAL ESTATE FISCAL YEAR 2018-19 STRATEGIC PLAN AND POSSIBLE BOARD ACTION – The Board decided to table this item.

- F. INVESTMENT MANAGER CONTRACT WITH EAM INVESTORS, LLC REGARDING THE MANAGEMENT OF AN ACTIVE U.S. SMALL CAP GROWTH EQUITIES PORTFOLIO AND POSSIBLE BOARD ACTION – The Board decided to table this item.

XI

- A. ANTHEM BLUE CROSS 2017 YEAR-END ACCOUNTING AND POSSIBLE BOARD ACTION – The Board decided to table this item.
- B. INVESTIGATIVE SERVICES REQUEST FOR PROPOSAL-PROPOSER RECOMMENDATIONS AND POSSIBLE BOARD ACTION – The Board decided to table this item.
- C. CONTRACT WITH JELLYVISION FOR BENEFIT DECISION-SUPPORT SOFTWARE AND POSSIBLE BOARD ACTION – Alex Rabrenovich, Chief Benefits Analyst, presented this item to the Board. Pursuant to a request from the Benefits Administration Committee, Mr. Rabrenovich stated that Jellyvision has advised him that they can add the bi-lingual option to the LACERS contract for an additional \$25,000. Commissioner Greenwood moved approval as amended to add a bilingual option to the software for an additional cost of \$25,000, seconded by Vice President Wilkinson, 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 1:20 P.M. to convene in Closed Session

XII

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) CONSIDERATION OF DISABILITY RETIREMENT BENEFIT FOR THOMAS ALLEN AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) CONSIDERATION OF DISABILITY RETIREMENT BENEFIT FOR DEJI WANG AND POSSIBLE BOARD ACTION**

President Ruiz reconvened the Regular Meeting at 1:21 P.M. and announced that during Closed Session the Board unanimously approved the Disability Retirement Applications for Thomas Allen and Deji Wang.

XIII

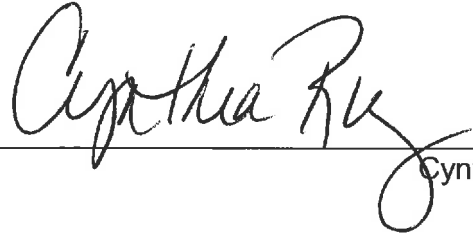
OTHER BUSINESS – There was no other business.

XIV

NEXT MEETING: The next Regular meeting of the Board is scheduled for Tuesday, August 14, 2018 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XV

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 1:23 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary

