

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

October 9, 2018

10:02 a.m.

Agenda of: <u>Oct. 23, 2018</u>
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Item No: <u>II</u>

PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	(arrived at 10:18 a.m.) Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
	Acting Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman
ABSENT:	Commissioners:	Sandra Lee

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

I

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

II

APPROVAL OF MINUTES FOR REGULAR BOARD MEETING OF SEPTEMBER 25, 2018 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of September 25, 2018 was moved by Commissioner Serrano, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz stated that she is looking forward to the Environmental, Social, Governance (ESG) presentation on the agenda for the Board.

IV

GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager, discussed the following items:
- Off-Site Strategic Plan Workshop on October 16, 2018 at 9:00 a.m. at the Los Angeles Zoo.
 - New call-back feature for incoming calls to LACERS is now active.
 - Early career retirement counseling has been requested by newer members.
 - Open Enrollment begins on Monday, October 15, 2018, meetings in various locations are scheduled.
 - Ad-Hoc Cyber Security Meeting planned for November 2018.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the Divisional Spotlight on the agenda is for the Service Retirement Unit. Mr. Guglielmo stated this item will continue to appear on the agenda with a different unit every month.

V

CONSENT AGENDA

- A. BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – The report was received by the Board and filed.
- B. MARKETING CESSATION NOTIFICATION – The report was received by the Board and filed.
- C. RECEIVE AND FILE – COMMISSIONER RUIZ BOARD EDUCATION EVALUATION ON THE PRINCIPLES FOR RESPONSIBLE INVESTMENT (PRI) – The report was received by the Board and filed.

VI

BOARD/DEPARTMENT ADMINISTRATION

- A. SOLE SOURCE CONTRACT WITH CEM BENCHMARKING, INC. FOR PENSION ADMINISTRATION BENCHMARKING SERVICES AND POSSIBLE BOARD ACTION – Edeliza Fang, Senior Management Analyst II and Dan Goto, Management Analyst with Administrative Services Division, presented this item to the Board. After discussion, Commissioner Elizabeth Lee moved approval of the following Resolution:

**CONTRACT WITH
CEM BENCHMARKING INC.
FOR PENSION ADMINISTRATION BENCHMARKING SERVICES**

RESOLUTION 181009-A

WHEREAS, the CEM Benchmarking Inc. (CEM) study will provide LACERS with an objective cost and performance benchmarking analysis of its pension administration costs;

WHEREAS, LACERS staff lacks the expertise necessary to perform this work;

WHEREAS, CEM has expertise and accumulated datasets in this area that are unique and cannot be acquired through any other service provider;

WHEREAS, the Board determined CEM to be a sole source for this work due to the unique nature of professional services to be provided and the impracticality of engaging in a competitive bidding or Request for Proposal process given the relatively low contract amount;

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby authorizes an expenditure of \$25,000 to CEM to perform a cost and performance benchmarking analysis of the LACERS Plan; and, authorizes the General Manager to approve and execute a contract subject to satisfactory business and legal terms and consistent with the following:

<u>Company Name:</u>	CEM Benchmarking Inc.
<u>Service Provided:</u>	Pension Administration Comparison and Analysis
<u>Duration:</u>	One year
<u>Contract Ceiling:</u>	\$25,000

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

- B. LEGISLATIVE UPDATE OF OCTOBER 2018 – Dale Wong-Nguyen, Chief Benefits Analyst and Chhintana Kurimoto, Management Analyst with Administrative Services Division presented this item to the Board and the report was received by the Board and filed.
- C. SPOTLIGHT – SERVICE RETIREMENT UNIT – Karen Freire, Chief Benefits Analyst and Ferralyn Sneed, Senior Management Analyst II with Retirement Services Division introduced the presenters for the Spotlight. Delia Hernandez and James Kawashima, Management Analysts with Retirement Services Division presented the Spotlight on the Service Retirement Unit to the Board.

VII

INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$17.44 Billion as of October 8, 2018. Mr. June stated that the Private Credit RFP and a report on Environmental, Social, Governance (ESG) are on the Board Agenda today. He stated that during the December 2017 Investment Committee Meeting Portfolio Advisers introduced a strategic plan to increase LACERS commitment to Private Equity to \$400 to \$450 million in 2018 and wanted the Board to be aware of that figure. Mr. June reviewed the Asset Allocation with the Board. He stated future Board Agenda items include multiple RFP's and the Private Equity Program Strategic Plan.
- B. INVESTMENT MANAGER SEARCH FOR PRIVATE CREDIT MANDATE AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer and Jimmy Wang, Investment Officer

presented this item to the Board. Commissioner Serrano requested disclosures on Sexual Harassment Policies and Vice President Greenwood requested clarification on what the code of conduct covers. Vice President Greenwood moved approval, as amended, seconded by Commissioner Wilkinson, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood and President Ruiz -6; Nays, None.

- C. REPORT ON ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) FACTORS – Rod June, Chief Investment Officer and Ron Aubert, Investment Officer, presented this item to the Board. After discussion, President Ruiz requested a legal briefing from the City Attorney regarding this issue.

VIII

BENEFITS ADMINISTRATION

- A. ALEX ONLINE BENEFITS COUNSELOR DEMONSTRATION – Alex Rabrenovich, Chief Benefits Analyst with Health Benefits & Communications Division, demonstrated the Alex Online Benefits Counselor program to the Board.

President Ruiz adjourned the Regular Meeting at 12:02 p.m. to convene in Closed Session. Jim Napier, Deputy City Attorney, was present for the Closed Session items for Disability Retirement Applications.

IX

DISABILITY RETIREMENT APPLICATION(S)

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION FOR ADRIENNE ELLOIE AND POSSIBLE BOARD ACTION**
- B. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE DISABILITY RETIREMENT APPLICATION FOR ARNOLD STOVALL AND POSSIBLE BOARD ACTION**

X

LEGAL/LITIGATION

Assistant City Attorney Anya Freedman was present for the Closed Session item for Legal/Litigation.

- A. **CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.9(d)(4) TO CONFER WITH COUNSEL REGARDING PENDING LITIGATION IN ONE CASE AND POSSIBLE BOARD ACTION:**
 - 1. **IN RE: PROPOSED OPT-IN INVESTOR GROUP ACTION IN THE NETHERLANDS AGAINST STEINHOFF INTERNATIONAL HOLDINGS N.V.**

President Ruiz reconvened the Regular Meeting at 12:28 p.m. and announced that during Closed Session the Board unanimously approved the the Disability Retirement Applications of Adrienne Elloie

and Arnold Stovall. President Ruiz also announced that the Board conferred with City Attorney on pending litigation.

XI

OTHER BUSINESS – Vice President Greenwood stated that the annual renewal for Pacific Pension & Investment Institute (PPI) was not renewed by staff. She stated that this is an important and useful membership and requests that the membership be renewed. After discussion, the Board decided to add this item to a future agenda for discussion.


XII

NEXT MEETING: A Special Board Meeting is scheduled for Tuesday, October 16, 2018 at 9:00 a.m. at the Los Angeles Zoo, 5333 Zoo Drive, Los Angeles, CA 90027.

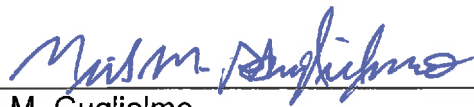
The next Regular meeting of the Board is scheduled for Tuesday, October 23, 2018 at 10:00 a.m. in the LACERS Ken Spiker Boardroom, 202 West First Street, Suite 500, Los Angeles, CA 90012-4401.

XIII

ADJOURNMENT – There being no further discussion before the Board, President Ruiz adjourned the meeting at 12:35 p.m.



Cynthia M. Ruiz
President



Neil M. Guglielmo
Manager-Secretary

