

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

January 22, 2019

10:01 a.m.

**Agenda of: Feb. 12, 2019**

**Item No: II**

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PRESENT:	President:	Cynthia M. Ruiz
	Vice President:	(arrived at 10:20 a.m.) Elizabeth L. Greenwood
	Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano (arrived at 10:27 a.m.) Sung Won Sohn Michael R. Wilkinson
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counsel:	Anya Freedman

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*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 JANUARY 8, 2019 AND POSSIBLE BOARD ACTION – A motion to approve the Regular Board Meeting minutes of January 8, 2018 was moved by Commissioner Serrano, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Wilkinson, and President Ruiz -5; Nays, None.

III

BOARD PRESIDENT VERBAL REPORT – President Ruiz discussed the following items:

- January 14, 2019 press release on sexual harassment.
- Wellness and diabetes risk and prevention.

## IV

### GENERAL MANAGER VERBAL REPORT

- A. REPORT ON DEPARTMENT OPERATIONS – Neil M. Guglielmo, General Manager discussed the following items:
- Martin Luther King day observance.
  - Live audio coverage extended to Committee Meetings starting with January 22, 2019 Governance Committee Meeting.
  - The Pension Administration System (PAS) moving from administration to maintenance and support on April 1, 2019.
  - Annual Carrier Summit on January 7, 2019 at SCAN's offices.
  - Wellness Gala to be held on January 23, 2019.
  - Tech Workshop to be held on January 24, 2019.
  - Medicare Part B Premium will be \$135.50 per month.
  - Revenue Generation Committee still discussing pension fees.
  - Strategic Plan and Initiative will be introduced to the Board in February 2019.
  - 1099R scheduled to be mailed on January 22, 2019.
  - Office space expansion being planned.
  - Additional card access doors being installed at LACERS offices.
  - Exit orientation workshop for Council District 12 staff on January 12, 2019.
- B. UPCOMING AGENDA ITEMS – Neil M. Guglielmo, General Manager, stated the following future agenda items:
- February – Overpayments and relinquishment report
  - February – Health benefits education
  - February – Semi-Annual Customer Service Report
  - February – Spotlight on Health Division-Enrollment Unit
  - February – 2019 Open Enrollment results
  - February – Alex Benefit Software updated information
  - February Benefits Administration Committee – LACERS *Well* 2018 Annual Report
- C. LACERS NEW OFFICE HOURS STATUS VERBAL REPORT – Wendy Johnson, Chief Clerk and Sandra Ford-James, Senior Administrative Clerk discussed this item with the Board.

## V

### RECEIVE AND FILE ITEMS

- A. RECEIVE AND FILE – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2018 – The report was received by the Board and filed.
- B. MONTHLY REPORT ON SEMINARS AND CONFERENCES (NOVEMBER 2018) – The report was received by the Board and filed.

- C. MONTHLY REPORT ON SEMINARS AND CONFERENCES (DECEMBER 2018) – The report was received by the Board and filed.

VI

CONSENT AGENDA

- A. ADOPTION OF 2019 EMPLOYEE MEMBER OF THE BOARD ELECTION CALENDAR AND POSSIBLE BOARD ACTION – Vice President Greenwood moved approval, seconded by Commissioner Elizabeth Lee, and adopted by the following vote: Ayes, Commissioners Elizabeth Lee, Sandra Lee, Serrano, Sohn, Wilkinson, Vice President Greenwood, and President Ruiz -7; Nays, None.

VII

COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF JANUARY 8, 2019 – Commissioner Sohn reported that the Committee discussed the Loomis, Sayles & Co. contract, Robert W. Baird contract, and the Investment Policy Statement Review.

VIII

BENEFITS ADMINISTRATION

- A. BOARD RULES RELATED TO MEMBER AND BENEFITS ADMINISTRATION AND POSSIBLE BOARD ACTION – Karen Freire, Chief Benefits Analyst presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM  
PROPOSED BOARD RULES RELATED TO THE  
ADMINISTRATION OF BENEFITS**

**RESOLUTION 190122-A**

WHEREAS, the proposed Board Rules serve to codify LACERS' administrative practices and provide necessary guidance for effective and efficient Plan administration;

WHEREAS, the Los Angeles Charter Section 1106(f) authorizes the Board of Administration to adopt rules governing the administration of benefits for the Plan; and,

NOW, THEREFORE, BE IT RESOLVED, that the Board hereby adopts the proposed Board Rules as presented.

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

X

## INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer, reported on the portfolio value, \$16.86 Billion as of January 21, 2019. Mr. June discussed the following items:
- Private Credit RFP responses were due January 18, 2019 and 45 responses have been received.
  - Real estate opportunities can be brought to the Board in Closed Session and City Attorney confirmed that fund name can be included in the title of the Closed Session item. Mr. June reported that in October 2018, the Board moved approval to commit up to \$35 million with Kayne Anderson Core Real Estate LP. Board vote: Ayes 4 (Ruiz, Greenwood, Serrano, Wilkinson), Nays 0.
  - The Trump Administration is proposing to change the reporting of 10K reports from quarterly to semi-annually. This item will be agendized at a future Board Meeting so the Board can discuss and take possible action. The public comment period for this item is March 21, 2019.
  - The Dodd-Frank Act of 2010 impacts the financial banking system. The Trump Administration has raised the threshold in bank assets from \$50 billion to \$250 billion and therefore fewer banks will fall under the scrutiny of the Dodd-Frank Act.
  - Recognizing teamwork in the Investments Division with a 12-month team building campaign.
  - New team members in Investments Division introduced themselves: Saira Ghandi, Management Analyst and Alejandra Zuniga, College Intern.
- B. INVESTMENT MANAGER CONTRACT WITH ROBERT W. BAIRD & CO., INC. REGARDING THE MANAGEMENT OF AN ACTIVE CORE DOMESTIC FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer and Jimmy Wang, Investment Officer I presented this item to the Board. Commissioner Serrano moved approval of the following Resolution:

**CONTRACT RENEWAL  
ROBERT W. BAIRD & CO. INCORPORATED  
ACTIVE DOMESTIC FIXED INCOME  
PORTFOLIO MANAGEMENT**

**RESOLUTION 190122-C**

WHEREAS, LACERS' current contract with Robert W. Baird & Co. Incorporated (Baird) for active domestic fixed income portfolio management expires on February 28, 2019; and,

WHEREAS, Baird is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Baird will allow the fund to maintain a diversified exposure to the core fixed income markets; and,

WHEREAS, on January 22, 2019 the Board approved the Investment Committee's recommendation for a four-year contract renewal with Baird; and,

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: Robert W. Baird & Co. Incorporated  
Service Provided: Active Domestic Fixed Income  
Portfolio Management  
Effective Dates: March 1, 2019 through February 28, 2023  
Duration: Four years  
Benchmark: Bloomberg Barclays U.S. Intermediate  
Government/Credit Bond Index.  
Allocation as of  
December 31, 2018: \$259 million

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

- C. INVESTMENT MANAGER CONTRACT WITH LOOMIS, SAYLES & COMPANY, L.P. REGARDING THE MANAGEMENT OF AN ACTIVE DOMESTIC FIXED INCOME PORTFOLIO AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer and Jimmy Wang, Investment Officer I presented this item to the Board. Vice President Greenwood moved approval of the following Resolution:

**CONTRACT RENEWAL  
LOOMIS, SAYLES & COMPANY, L.P.  
ACTIVE CORE DOMESTIC FIXED INCOME  
PORTFOLIO MANAGEMENT**

**RESOLUTION 190122-D**

WHEREAS, LACERS' current contract with Loomis, Sayles & Company, L.P. (Loomis Sayles) for active core domestic fixed income portfolio management expires on July 31, 2019; and,

WHEREAS, Loomis Sayles is in compliance with the LACERS Manager Monitoring Policy; and,

WHEREAS, a contract renewal with Loomis Sayles will allow LACERS to maintain a diversified exposure to core fixed income; and,

WHEREAS, on January 22, 2019, the Board approved the Investment Committee's recommendation for a four-year contract renewal with Loomis Sayles; and,

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: Loomis, Sayles & Company, L.P.  
Service Provided: Active Core Domestic Fixed Income Portfolio Management  
Effective Dates: August 1, 2019 through July 31, 2023  
Duration: Four years  
Benchmark: Bloomberg Barclays U.S. Aggregate Bond Index.  
Allocation as of December 31, 2018: \$741 million

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

- D. PRESENTATION BY NEPC, LLC REGARDING ESG/IMPACT INVESTING OVERVIEW – Carolyn Smith and Kevin Novak with NEPC presented this item to the Board.

*Item IX-A taken out of order.*

President Ruiz adjourned the Regular Meeting at 12:37 p.m. to convene in Closed Session.

IX

DISABILITY RETIREMENT APPLICATION(S)

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

President Ruiz reconvened the Regular Meeting at 12:47 p.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Application of Juana Alamillo.

XI

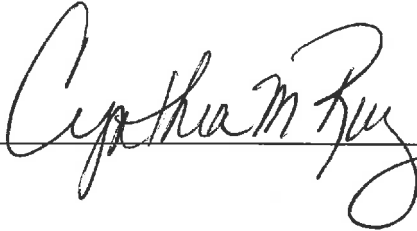
OTHER BUSINESS – There was no other business.


XII

NEXT MEETING – The next Regular meeting of the Board is scheduled for Tuesday, February 12, 2019 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 12:48 p.m.

  
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Cynthia M. Ruiz  
President

  
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Neil M. Guglielmo  
Manager-Secretary

