

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 9, 2018

10:03 a.m.

**Agenda of: JAN. 23, 2018**

**Item No: II-A**

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| PRESENT: | President:   | Jaime L. Lee                                      |
|          | Vice President:  | Michael R. Wilkinson                              |
|          | Commissioners:   | Annie Chao<br>Cynthia M. Ruiz<br>Nilza R. Serrano |
|          | Manager-Secretary: (Acting General Manager)                    | Lita Payne  |
|          | Executive Assistant:   | Ani Ghoukassian                                   |
|          | Legal Counsel: (Left at 11:54 p.m.)<br>(Arrived at 12:11 p.m.) | Alan Manning<br>Joshua Geller                     |
| ABSENT:  | Commissioners:   | Elizabeth L. Greenwood<br>Sung Won Sohn           |

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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 Lee asked if there were any persons who wished to speak on matters within the Board's jurisdiction, to which there was no response; no comment cards were received.

II

CONSENT AGENDA

- A. APPROVAL OF MINUTES FOR BOARD MEETINGS OF DECEMBER 12, 2017 AND JANUARY 2, 2018 AND POSSIBLE BOARD ACTION – A Motion to approve the minutes of December 12, 2017 and January 2, 2018 was moved by Vice President Wilkinson, seconded by Commissioner Serrano, and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Vice President Wilkinson, and President Lee –5; Nays, None.

- B. RECEIVE AND FILE – BENEFITS PAYMENTS APPROVED BY GENERAL MANAGER – This report was received by the Board and filed.
- C. RECEIVE AND FILE – MARKETING CESSATION NOTIFICATION – This report was received by the Board and filed.
- D. RECEIVE AND FILE – COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR FISCAL YEAR ENDED JUNE 30, 2017 – This report was received by the Board and filed.

### III

#### COMMITTEE REPORT(S)

- A. INVESTMENT COMMITTEE VERBAL REPORT ON THE MEETING OF DECEMBER 12, 2017 – Commissioner Serrano stated they discussed the Blackrock renewal, a presentation from Northern Trust, and reviewed the Private Equity Strategic Plan.
- B. BENEFITS ADMINISTRATION COMMITTEE VERBAL REPORT ON THE MEETING OF JANUARY 9, 2018 – Vice President Wilkinson stated they discussed the contract with Health and Welfare consultant Keenan, a receive and file on the 2018 Medicare Part B premium, the Committee will forward a recommendation to the full Board regarding the Survivor Benefit Purchase Program for retired members, discussed the status of the Pension Administration System, and a report on a meeting with the Joint Labor Management Committee and Alex Rabrenovich, Division Manager of Health Benefits and Communication, about the Wellness Program for active as well as retired members.

### IV

#### INVESTMENTS

- A. CHIEF INVESTMENT OFFICER VERBAL REPORT – Rod June, Chief Investment Officer reported on the portfolio value, \$17.45 billion as of January 8, 2018, a new highwater mark. He reported the Co-CIO of Rhumbline, one of our index managers, will be retiring and the other Co-CIO will take over as sole CIO. He stated future Board Meeting items include several investment manager contracts and continued discussion of the asset allocation.
- B. INVESTMENT MANAGER CONTRACT WITH BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A. AND POSSIBLE BOARD ACTION – Bryan Fujita, Chief Operating Officer and Eduardo Park, Investment Officer I discussed this item. After discussion by the Board and staff, a motion to adopt staff's recommendation was moved by Commissioner Chao:

**CONTRACT EXTENSION  
BLACKROCK INSTITUTIONAL TRUST COMPANY, N.A.  
FOR MULTI PASSIVE INDEX PORTOFLIO MANAGEMENT**

**RESOLUTION 180109-A**

WHEREAS, LACERS' current two-year contract with Blackrock Institutional Trust Company, N.A. (BlackRock) for passive management of multiple index strategies expires on May 31, 2018; and,

WHEREAS, a contract extension with BlackRock will allow LACERS to maintain a diversified passive exposure in various equity and fixed income markets; and,

WHEREAS, on January 9, 2018, the Board approved the Investment Committee's recommendation for a two-year contract extension with BlackRock; 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: BlackRock Institutional Trust Company, N.A.

Service Provided: Multi Passive Index Portfolio Management

Effective Date: June 1, 2018 through May 31, 2020

Duration: Two years

Benchmark: S&P 500 Index  
Russell 1000 Growth Index  
Russell 1000 Value Index  
Russell 2000 Index  
Russell 2000 Growth Index  
Russell 2000 Value Index  
MSCI World ex-U.S. Index  
MSCI EAFE Growth Index  
MSCI EAFE Value Index  
MSCI Emerging Markets Index  
MSCI EAFE Small Cap Index  
Barclay's U.S. Aggregate Bond Index

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

- C. PRESENTATION BY NEPC, LLC REGARDING ASSET ALLOCATION AND POSSIBLE BOARD ACTION – Carolyn Smith, Partner at NEPC, made a presentation to the Board. The Board discussed and provided comments but took no action.

V

#### BENEFITS ADMINISTRATION

- A. CONSIDERATION OF CONTINUANCE BENEFIT TO THE SURVIVING ELIGIBLE SPOUSE OF DECEASED MEMBER BRISCO BRYANT JR., AND BOARD RULE ON CONTINUANCE BENEFIT, AND POSSIBLE BOARD ACTION – Ferralyn Sneed, Assistant Division Manager of

Retirement Services and Rozine Kalaidjian, Supervisor for Survivor Benefits Unit presented this item to the Board. A motion to approve staff's recommendation was moved by Commissioner Serrano:

**APPROVAL OF ONE HUNDRED PERCENT CONTINUANCE BENEFIT TO THE SURVIVING ELIGIBLE SPOUSE OF DECEASED MEMBER BRISCO BRYANT JR. AND BOARD RULE ON NON-ELECTION OF CONTINUANCE BENEFIT**

**RESOLUTION 180109-B**

WHEREAS, the General Manager presented certain information establishing Brisco Bryant Jr. did not provide the required documentation to complete his retirement application with a retirement effective date of April 7, 2017; nor did Mr. Bryant make a continuance election as required for his application to be considered filed in regular and proper form;

WHEREAS, Briscoe Bryant died on August 22, 2017, before he was able to complete the retirement application process;

WHEREAS, the Board after some discussion and consideration of the evidence received, granted a one hundred percent continuance benefit to Terrie Bryant, the eligible surviving spouse of Brisco Bryant Jr.;

WHEREAS, the Board after some discussion and consideration of the evidence received, adopted the Board rule in cases where a member applies for retirement but dies before making a continuance election, providing the General Manager authority to approve granting the surviving eligible spouse or domestic partner a one hundred percent continuance consistent with the intent of Los Angeles Administrative Code Section 4.1011(c);

NOW, THEREFORE, BE IT RESOLVED that the Board hereby approves a one hundred percent continuance benefit to Terrie Bryant, the eligible surviving spouse of Brisco Bryant Jr., and the Board rule providing the General Manager authority to approve granting an eligible surviving spouse or domestic partner a one hundred percent continuance benefit in cases where the member has failed to make a continuance election due to death.

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

President Lee adjourned the Regular Meeting for a break at 11:54 p.m. The Board reconvened after the break into Closed Session at 12:11 p.m. City Attorney Joshua Geller was present during Closed Session Item VI. City Attorney Alan Manning was present during the Closed Session Items VII and VIII-A.

VI

**DISABILITY RETIREMENT APPLICATION(S)**

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

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

VII

LEGAL/LITIGATION

- A. CLOSED SESSION PURSUANT TO SUBDIVISIONS (a) AND (d)(1) OF GOVERNMENT CODE SECTION 54956.9 TO CONFER WITH, AND/OR RECEIVE ADVICE FROM, LEGAL COUNSEL REGARDING PENDING LITIGATION, AND POSSIBLE BOARD ACTION. CASE: AMERICAN FEDERATION OF STATE, COUNTY, AND MUNICIPAL EMPLOYEES, ET AL. v. CITY OF LOS ANGELES, ET AL. (SUPERIOR COURT OF CALIFORNIA, COUNTY OF LOS ANGELES CASE NO. BS166535)**

VIII

INTERIM GENERAL MANAGER SEARCH/SELECTION

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE APPOINTMENT OF AN INTERIM GENERAL MANAGER FOR THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM AND POSSIBLE BOARD ACTION**

IX

GENERAL MANAGER SEARCH/SELECTION

- A. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957(b) TO CONSIDER THE APPOINTMENT OF A GENERAL MANAGER FOR THE LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM AND POSSIBLE BOARD ACTION**
- B. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54957.6 TO MEET WITH AND INSTRUCT THE BOARD'S DESIGNATED REPRESENTATIVE(S) FOR NEGOTIATION OF THE NEW GENERAL MANAGER'S SALARY AND FRINGE BENEFITS**

President Lee reconvened the Regular Meeting at 1:11 p.m. and announced that during Closed Session the Board unanimously approved the Disability Retirement Applications of Eva Galvan and David Jackson. President Lee stated there was no pending litigation update. President Lee announced that the Board appointed a new General Manager for LACERS, Neil Guglielmo, and appointed an Interim General Manager for LACERS, Lita Payne.

This item taken out of order.

VIII

- B. CONSIDERATION OF THE SALARY AMOUNT OF THE INTERIM GENERAL MANAGER AND POSSIBLE BOARD ACTION – Ruth Perry, Senior Personnel Analyst II discussed this item and stated Ms. Payne's salary as Interim General Manager would be approximately \$230,000 which is 15% higher than the highest paid subordinate which is Assistant General Manager Mr. Li Hsi.**

A motion to approve staff's recommendation was moved by Commissioner Chao, seconded by Vice President Wilkinson and adopted by the following vote: Ayes, Commissioners Chao, Ruiz, Serrano, Vice President Wilkinson, and President Lee –5; Nays, None.

X

MANAGER VERBAL REPORT

- A. PENSION ADMINISTRATION SYSTEM PROJECT COSTS – Lita Payne, Acting General Manager stated that the project costs are within budget. She also stated that the parallel processing has begun with no major issues.
- B. REPORT ON DEPARTMENT OPERATIONS – Ms. Payne stated the new Enhanced Benefits for Airport Peace Officers went into effect on Sunday, January 7, 2018.
- C. UPCOMING AGENDA ITEMS – Ms. Payne stated that the recommendation from the Benefits Administration Committee on the Health and Welfare Consultant RFP will be coming to the Board at its next meeting as well as the recommendation from the Benefits Administration Committee to consider a possible inequity in our plan with a suggested course of action.

XI

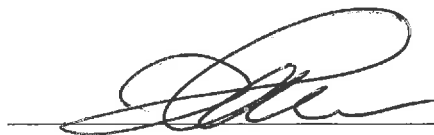
OTHER BUSINESS – There was no other business.

XII


NEXT MEETING: The next Regular Meeting of the Board is scheduled for Tuesday, January 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 Lee adjourned the meeting at 1:16 p.m.



Jaime L. Lee  
President

  
Thomas Moutes  
Manager-Secretary