

AGENDA

MEETING OF THE OPERATIONS OVERSIGHT COMMITTEE and BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

THURSDAY, FEBRUARY 12, 2015 - 9:00 A.M.**

COMMITTEE MEMBERS:

Joseph Kelly, Chair
Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum
David Muir, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of December 11, 2014

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by James Pu, Chief Information Officer: That the Committee recommend the Board of Retirement authorize and instruct the Chief Executive Officer to execute an agreement with AT&T to provide voice and internet service at \$180,000 per year for five years with a two-year extension, subject to approval by LACERA legal counsel. (Memorandum dated February 2, 2015)

IV. FOR INFORMATION

A. LACERA Operations Briefing
Robert Hill/JJ Popowich

B. Fiscal Year 2013-2014 Financial Review
Beulah Auten/Ted Granger/Calvin Chang

C. Fiscal Year 2014-2015 Budget Control Report as of December 31, 2014
Kaelyn Ung

February 12, 2015

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V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

***The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.**

****Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626)-564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

MINUTES OF THE MEETING OF THE
OPERATIONS OVERSIGHT COMMITTEE
and
BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

THURSDAY, FEBRUARY 12, 2015, 12:10 P.M. – 1:05 P.M.

COMMITTEE MEMBERS

PRESENT: Joseph Kelly, Chair
Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum
David Muir, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Alan Bernstein (*left at 12:30 p.m.*)
Vivian H. Gray
David L. Muir
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	Calvin Chang
JJ Popowich	Ted Granger
James Pu	Kaelyn Ung
Beulah Auten	

The meeting was called to order by Chair Kelly at 12:10 p.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of December 11, 2014

Mr. Chery made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of December 11, 2014. The motion passed with Mr. Kelly abstaining.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by James Pu, Chief Information Officer: That the Committee recommend the Board of Retirement authorize and instruct the Chief Executive Officer to execute an agreement with AT&T to provide voice and internet service at \$180,000 per year for five years with a two-year extension, subject to approval by LACERA legal counsel. (Memorandum dated February 2, 2015)

Mr. Chery made a motion, Mr. Okum seconded, to approve the recommendation. The motion passed unanimously.

IV. FOR INFORMATION

A. LACERA Operations Briefing
Robert Hill/JJ Popowich

Messrs. Hill and Popowich presented the monthly briefing on LACERA's operations. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive OOC presentation.

- Public Records Request Update
- Department Head Retroactive Salary Adjustment
- Physicians MOU Update
- Forgery: Teamwork Prevents Loss
- Training Update

IV. FOR INFORMATION (Continued)

B. Fiscal Year 2013-2014 Financial Review
Beulah Auten/Ted Granger/Calvin Chang

Beulah Auten, Ted Granger, and Calvin Chang presented the fiscal year 2013-2014 financial review. This included an overview of LACERA's Comprehensive Annual Financial Report (CAFR) preparation, financial analysis and reporting, and GASB implementation.

In compiling the financial statements, Financial and Accounting Services (FASD) partners with other LACERA divisions to obtain data and/or review information. External to LACERA, FASD works with the custodian bank, investment managers and consultants, actuaries, and our external auditors.

Brown Armstrong, LACERA's external financial auditor, is responsible for conducting the audit of the financial statements. At the conclusion of their audit, we receive the "Report on Audited Financial Statements" to meet our statutory reporting deadline with the County Board of Supervisors of October 31. We then work with our Communications Division to transform our financials into the CAFR for consideration in the GFOA's Excellence in Financial Reporting Award Program. LACERA has earned this award for the past 24 years. Brown Armstrong rendered a clean opinion of LACERA's FY 2014 financial statements. They found our financial statements to be in compliance with accounting and reporting requirements established by the Governmental Accounting Standards Board (GASB).

The Popular Annual Financial Report (PAFR), which summarizes the CAFR and is sent to all LACERA members, has its own GFOA award. LACERA has received this award for the last 16 consecutive years. Both the CAFR and PAFR are available on LACERA's website.

The Public Pension Coordinating Council (PPCC) has recognized LACERA for meeting professional standards for plan design and administration according to the public pension standards. To date, LACERA has received this PPCC award for 11 consecutive years.

For fiscal year 2014, the total fund was \$47.7 billion, with \$8.7 billion in total additions, and \$2.7 billion in total deductions. Milliman, LACERA's actuary, determined LACERA's funded ratio of 75.0% as of the June 30, 2013 valuation, with a total fund return of 16.8%.

GASB 67 (LACERA) was implemented effective fiscal year ending June 30, 2014. Financial statements and related disclosures were prepared with the new GASB 67 standards for that reporting period, which included additional information to Note B-Summary of Significant Accounting Policies, Note E-Pension Actuarial Valuations, and Required Supplementary Information (RSI).

IV. FOR INFORMATION (Continued)

GASB 68 (Los Angeles County) is effective for fiscal year ending June 30, 2015. A task force was established for primary employers, preparers, actuaries, and auditors. We reviewed the published standards and implementation guide and prepared preliminary schedules. We also participated in conference calls with other pension funds to discuss implementation issues.

C. Fiscal Year 2014-2015 Budget Control Report as of December 31, 2014
Kaelyn Ung

Kaelyn Ung presented the Budget Control Report for fiscal year 2014-2015, based on actual expenditures through December 31, 2014. Total operating expenses for the LACERA Administrative Budget are projected to be \$63.3 million, an underexpenditure of approximately \$2.3 million from LACERA's operating budget.

The Retiree Healthcare Benefits Program Budget's total operating expenses are projected to be \$5.2 million. This represents an underexpenditure of \$48,978 from the operating budget.

Total operating expenses for the OPEB Trust Budget are projected to be \$151,716, representing an overexpenditure of \$17,891.

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 1:05 p.m.

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