

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 11, 2016 - 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 January 14, 2016

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing
Robert Hill/JJ Popowich

B. Fiscal Year 2014-15 Financial Review
Beulah Auten/Ted Granger/Calvin Chang

C. Overpayment & Forgery Receivables (Period Ended September 30, 2015)
Angel Calvo/David Bayha

IV. GOOD OF THE ORDER

(For information purposes only)

V. 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, JANUARY 14, 2016, 11:00 A.M. – 12:15 P.M.

COMMITTEE MEMBERS

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

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Alan Bernstein (*left at 11:30 a.m.*)
Vivian H. Gray
Shawn R. Kehoe
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	John Gaffney
JJ Popowich	Cynthia Guider
Gregg Rademacher	Holly Henderson
James Pu	

The meeting was called to order by Chair Kelly at 11:00 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of November 4, 2015

Mr. Chery made a motion, Mr. Bravo seconded, to approve the minutes of the special meeting of November 4, 2015. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Retirement Benefits Strategic Plan for Fiscal Years Ending 2017-2019
Gregg Rademacher

Mr. Rademacher discussed the Retirement Benefits Strategic Plan, including the current plan's strategic initiatives, making suggestions for improvement, and exploring new ideas to help achieve LACERA's mission to Produce, Protect, and Provide the Promised Benefits. Some key items being focused on are:

- Disability Retirement
- Workspace
- LACERA.com
- Knowledge and Content Management
- Advanced CERL Education Certification
- Succession Planning
- Member Centric Process Management

The Committee requested that the development of a student internship program be added as a milestone to the Plan.

The Strategic Plan will be reviewed at the Board Offsite to ensure that we have alignment before bringing it to the Board in February for adoption.

B. 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
- Report of Felony Forfeiture Cases Processed

III. FOR INFORMATION (Continued)

C. Fiscal Year 2014-2015 Budget Control Report as of June 30, 2015
Kaelyn Ung/Holly Henderson

Holly Henderson presented the Budget Control Report for fiscal year 2014-2015, based on actual expenditures through June 30, 2015. Total operating expenses for the LACERA Administrative Budget are projected to be \$62.9 million, an underexpenditure of approximately \$2.7 million from LACERA's operating budget.

The Retiree Healthcare Benefits Program Budget's total operating expenses are projected to be \$5.4 million. This represents an overexpenditure of approximately \$122,000 from the operating budget.

Total operating expenses for the OPEB Trust Budget are projected to be \$153,000, representing an overexpenditure of approximately \$19,000.

D. Member Portal: Upcoming New Look and Features
James Pu

Mr. Pu discussed the current rebuilding of LACERA's Member Portal interface, focusing on constructing a member experience that is both purposeful and inviting. Simultaneously we are creating an environment that will seamlessly scale with the growth of technology. John Gaffney followed with a presentation introducing the new look and capabilities of the Member Portal, including the Secure Message Center and digital document delivery.

E. Contract Verification for Vendor Payment Processing
JJ Popowich

Mr. Popowich discussed the current contract payment process and LACERA's action plan to improve that process to ensure that all goods and services have been received as expected, and that all terms and conditions of the contract have been met by the vendor, before payment is requested and issued. The proposed enhanced procedures will ensure LACERA properly manages contractual relationships and that payments are issued under the terms of an active contract.

January 14, 2016

Page 4

IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

The meeting adjourned at 12:15 p.m.

***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.**

FOR INFORMATION ONLY

February 2, 2016

TO: Operations Oversight Committee
Joseph Kelly, Chair
Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum
David Muir, Alternate

FROM: Robert R. Hill, Assistant Executive Officer *RRH*
JJ Popowich, Assistant Executive Officer *JJ*

FOR: February 11, 2016 Operations Oversight Committee Meeting

SUBJECT: **LACERA OPERATIONS BRIEFING**

The purpose of this briefing is to share insights on staff activities, updates on goals, and discuss opportunities and/or concerns. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive OOC presentation.

- Public Records Request Update
- Report of Felony Forfeiture Cases Processed
- 1099 Update

RRH:rrh

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-02-15	J. Hammond, RELAC	Monthly request of Benefit Approval List. <i>Transmitted, via email, the November 2015 list.</i>
12-02-15	J. Hammond, RELAC	Monthly request of Benefit Approval List. <i>Transmitted, via email, the October 2015 list.</i>
12-04-15	F. Massey, Individual	Monthly request for BOI agenda packet for the month of December, 2015. <i>Information sent via email.</i>
12-04-15	R. Spare, Individual	Monthly request for BOI agenda packet for the month of December, 2015. <i>Information sent via email.</i>
12-09-15	D. Kushner, Individual	Monthly request. Requested DVD copy of Board of Investment meeting held on December 9, 2015; DVD of all Committee Meetings held on December 2, 2015, and electronic copy of all materials provided at these meetings including Green Folder Items. <i>Legal submitted via email response letter and also sent via USPS mail DVDS for BOI meeting and Committee Meetings held December 2015. Also transmitted via email PCA Memorandum dated Dec. 9, 2015 re LACERA Risk Committee Meeting on Nov. 10, 2015: Follow-Up Comments.</i>
12-10-15	M. Morris, PERE	Did Board come to any decisions about real estate-related fund allocations, earmarks for next year? Requested meeting materials. <i>Responded via email: Real Estate Committee meeting was postponed under Jan. 13, 2016. BOI selected Townsend Group to continue to deliver real estate consulting services to LACERA. Also transmitted via email: 1. Agenda For Real Estate and BOI Investments meeting for Sept. 9, 2015; 2. Agenda Real Estate Committee and BOI Investments meeting for Dec. 9, 2015; 3. BOI memo dated Nov. 19, 2015 re Real Estate Consultant Search Interviews, Recommendation; 4. Real Estate memo dated Nov. 25, 2015 re Investment Policy Statement, Review of Real Estate Components, Recommendation; 5. Real Estate memo dated Nov. 25, 2015 BOI memo re Change of Practice, Real Estate Appraisals; 6. Real Estate memo dated Nov. 25, 2015 re Real Estate Priorities for 2015 – Update; 7. Real Estate memo dated Nov. 25, 2015 re Real Estate Staff Succession Plan-Draft; 8. Real Estate Memo dated Nov. 25, 2015 re Real Estate Committee Priorities for 2016 – Draft; Real Estate; 9. Management Fee Summary, December 2015, and 10. Real Estate Fees Transparency and Summary, December 2015.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-10-15	A. Jacobius Pensions and Investments	<p>Did the board (<i>email responses in italics</i>):</p> <ol style="list-style-type: none"> 1. Approve the Hedge Fund Allocation Plan which includes to <ol style="list-style-type: none"> 1) Move forward on the path to invest in hedge funds directly beginning in fiscal year 2016-2017; 2) Use the two existing hedge fund of funds managers as advisors for manager selection and termination decisions rather than hiring a separate independent hedge fund consultant; and 3) Add additional staff resources for direct hedge fund investing in upcoming fiscal year budget processes? If so, may I have a copy of the plan? <p><i>The report was received and filed. The matter will be taken up at a later date.</i></p> 2. Adopt the proposed Policy Governing the Use of Open and Closed Sessions to Consider the Purchase or Sale of Particular, Specific Investments? May I please see a copy of the policy? <p><i>Approved. Will send next week.</i></p> 3. Approve the proposed Minimum Qualifications, Evaluation Criteria, and Statement of Work for inclusion in the 2016 Private Equity Consultant Request for Proposals. <p><i>Approved, with one less minimum qualification.</i></p> <p>If so, who is the incumbent and when does the firm's contract expire? Grosvenor is the incumbent and the contract is evergreen. Will you be posting the RFP on LACERA's website and when will it be posted.</p> <p><i>Yes, most likely in January. When will responses be due and when to you expect the board will make a selection? Dates not set yet.</i></p> 4. Select a real estate consultant? <i>Who was selected? The Board selected The Townsend Group.</i> 5. Invite Meketa and Wilshire to interview as finalists in LACERA's search for a general investment consultant. <i>Yes. Which firm is the incumbent? Wilshire. When will they be interviewed? January Board meeting.</i> 6. What are LACERA's total assets? <i>\$47.5 billion as of 11/30/2015.</i> <p><i>Transmitted via email, December 15, 2015, the BOI memo dated Nov. 30. 2015 on Policy governing Use of Open and Closed Sessions Under the Brown Act and the California Public Records Act to Discuss and Act Upon Particular, Specific Proposed Investments.</i></p>
12-16-15	A. Jacobius Pensions and Investments	<p>Questions: Why is LACERA launching a search for a private equity consultant and can Grosvenor rebid?</p> <p><i>Response transmitted via email:</i></p> <p><i>We think it's good practice to revisit the relationship with key vendors (consultants, actuary, custodian) periodically. For example, we just concluded a search for a real estate consultant, and are about to conclude a search for a general investment consultant. The private equity consultant search was next in line. Certainly, Grosvenor can rebid.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-16-15	M. Cass, Money Management Intelligence	<p>Questions:</p> <ol style="list-style-type: none"> 1. Why is LACERA seeking to invest in hedge funds directly at this moment? 2. Why did the investment committee choose to recommend the current Fund of Fund managers to build a direct portfolio, rather than hire a separate consultant? 3. Will funding for the direct portfolio come from the hedge fund portfolio, or is it a separate allocation? <p>A. Separately, was any progress made either on selecting a real estate consultant or in the general investment consultant search?</p> <p><i>Transmitted via email regarding Questions 1,2, and 3: BOI memo dated Nov. 20, 2015 re Hedge Fund Allocation Plan re proposed allocation plan for adding direct hedge fund investing to LACERA's existing hedge fund of funds investments including its rationale. No action regarding hedge funds.</i></p> <p><i>Response Question A. The Townsend Group was affirmed by Board approval and will remain LACERA's real estate consultant. The recommendation to have the Board interview finalists Wilshire Associates and Meketa Investment Group at a future Board meeting was approved.</i></p>
12-17-15	G. Chung, Financial Investment News	<p>Information regarding recommended items and were recommended actions items approved?</p> <p><i>Response via email: All actions items approved except Hedge Fund Allocation Plan; this recommendation will be taken up at a future meeting. Board selected incumbent Townsend Group for Real Estate Consultant. Real Estate Performance Measure report was postponed to January due to time constraints. Real Estate Committee meeting was postponed to January.</i></p>
12-17-15	M. Alvarenga, Mandate Wire	<p>Request documents detailing recommendation that Board approve Hedge Fund Allocation Plan and confirm that LACERA is preparing to release Private Equity Consultant RFP in January.</p> <p><i>Response via email: Board received and filed memo but took no action. Recommendation to be taken up at a future meeting. Transmitted via the email: BOI memo dated Nov. 20, 2105 re Hedge Fund Allocation Plan; and, LACERA Plans to issue an RFP for a private equity consultant in January.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-22-15	D. Lim	<p>Document request re Nov. 10 meeting.</p> <ol style="list-style-type: none"> 1. II A. Private Equity Consultant Search Minimum Qualifications. 2. II B. Carryover of 2015 Uncommitted Private equity Allocation. 3. III A. Update, Private Equity Fee Verification Services. 4. III B. Update on Preferred Terms for Private Equity. <p>Request regarding the Dec. 9 meeting:</p> <ol style="list-style-type: none"> 5. Memo dated Nov. 30, 2015 re Policy Governing the Use of Open and Closed Sessions to Consider the Purchase or Sale of Particular, Specific Investments. 6. BOI Memo dated Dec. 1, 2015 re Relations Investors - Dissolution Plan Update. <p><i>Above documents transmitted via email.</i></p>
01-04-16	A. Mills, Pitchbook	<p>Requested copy of Q2 PE report.</p> <p><i>Response via email on January 4 that Q2 PE report would be available in the next Agenda package for the Board meeting.</i></p> <p><i>Transmitted via second email on January 15, the BOI memo dated January 4, 2016 re Private Equity Performance Report and BOI memo dated November 25, 2015 re Real Estate Performance Measurement Report 2nd Quarter 2015.</i></p>
01-06-16	LA County Sheriffs Department	<p>Monthly request for Fire & Sheriff Retirement lists.</p> <p><i>Transmitted via email monthly agenda reports for January, 2065. Date run for each report is December 31, 2015.</i></p>
01-07-16	D. Kushner, Individual	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	K. Burch-Garcia, LA County	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	P. Lighaam, Wilshire	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	A. Poe, ReedSmith	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	Fred, Magna Capital Group	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	N. Johnson, Individual	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>
01-07-16	F. Massey, Individual	<p>Monthly request for BOI agenda packet for the month of January, 2016.</p> <p><i>Information sent via email.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
01-07-16	R. Spare, Individual	Monthly request for BOI agenda packet for the month of January, 2016. <i>Information sent via email.</i>
01-07-16	S. Russin, Individual	Monthly request for BOI agenda packet for the month of January, 2016. <i>Information sent via email.</i>
01-11-16	D. Kushner, Individual	Monthly request. Requested information for all January 6, 2016 Board of Retirement and all Board Committee Meetings. <i>Executive office electronically submitted website link for the BOR Administrative/Disability</i>
01-11-16	G. Chung, Financial Investment News	Monthly request for BOI agenda packet for the month of January, 2016. <i>Information sent via email.</i>
01-12-16	T. Sturrock FundFire	Requested agenda item relating to David E. Kushner. Transmitted via email: There are no public documents available and LACERA has only exempt documents at this time. LACERA records area exempted by Government Code § 6254(b) because they pertain to pending litigation to which LACERA is a party. Records developed or created in connection with this matter are withheld to protect LACERA's interests pursuant to Government Code § 6254(b) of the CPRA.
01-13-16	M. Magee, Townsend Group	Requested copy of the real estate consultant Finalist Presentations. <i>Transmitted via email the BOI memo dated Nov. 19, 2105 re Real Estate Consultant Search, Recommendation: Select a Real Estate Consultant. Board approved inviting Callan Associates and The Townsend Group to interview for selection as RE Consultant.</i> Also requested video of the two presentations of possible. <i>BOI DVD hand delivered to Requested on January 21 at Offsite Board Meeting.</i>
01-13-16	D. Kushner, Individual	Requested Monthly request. Requested DVD copy of Board of Investment meeting held on January 13, 2016; DVD of all Committee Meetings held on January 6, and electronic copy of all materials provided at these meetings including Green Folder Items. <i>Legal submitted via email on January 22, 2016 notice that monthly DVDs request would be sent on January 25, 2016. Response letter and DVDS for BOI meeting and Committee Meetings held January 2016 sent via US Mail on January 25, 2016. Also transmitted via email Response Letter and the Green Folder Item, Board Offsite.</i>


DATE RECEIVED	REQUESTER	DOCS REQUESTED
01-14-16	D. Gregory	Requested documents from the Fixed Income/Hedge Fund and Real Estate Committee Meetings. <i>Transmitted via email BOI memo dated Nov. 25, 2015 re Real Estate Performance Measurement Report 2nd Quarter 2015 and Notice of Meeting and Agenda Package for Special Meeting of the Fixed income/Hedge Funds/Commodities Committee and Board of Investments.</i>
01-21-16	J. Hammond, RELAC	Monthly request of Benefit Approval List. <i>Transmitted, via email, the January 2016 list.</i>
01-21-16	K. Kansal, Individual	Requested updated Private Equity Information. <i>Transmitted via email Portfolio Investment Report as of June 30, 2015, Portfolio Investment Report as of March 31, 2015, and BOI Memo dated January 4, 2016 re Private Equity Performance Report (Grosvenor's 2015 mid-year update on LACERA's Private Equity Portfolio).</i>
01-22-16	O. Baumerder, Palico	Requested records concerning alternative investments for Q1 and Q2 2015. <i>Transmitted via email LACERA PE Holdings Portfolio Investment Report as of June 30, 2015 and RE Holdings Second Quarter 2 015 Report.</i>
01-25-16	M. Zachariason, IPREO	Request to provide the most recent holdings with the manager breakout. <i>Transmitted via email to following documents.</i> <ol style="list-style-type: none"> 1. LACERA Non-U.S. Equity Holdings as of September 30, 2015; 2. LACERA U.S. Equity Holdings as of September 30, 2015; 3. Fixed Income Positions as of September 30, 2015. 4. Manager Names as of September 30, 2015.
01-27-16	A. Jacobius, Pensions and Investments	<i>Questions re BOI Meeting:</i> <ol style="list-style-type: none"> 1. Did the board select a general investment consultant? Which firm was selected? 2. Did the board approve a commitment of up to \$100 million to be allocated between GGV Capital VI L.P., GGV Capital VI Plus L.P. and GGV Discovery I L.P.? How much was allocated to each fund? Have you invested with the manager in the past? May I please have a copy of the memo? 3. May I have a copy of the memos for the private equity performance review and performance report as well as the real estate performance measurement report? 4. What are LACERA's total assets? 5. Was there anything reported out of executive session?



FOR INFORMATION ONLY

February 1, 2016

TO: Each Member
Operations Oversight Committee

FROM: Beulah Auten, CPA, CGFM, CGMA 
Chief Financial Officer

FOR: February 11, 2016 Operations Oversight Committee Meeting

SUBJECT: **FISCAL YEAR 2014-15 FINANCIAL REVIEW**

Attached for your information are LACERA's financial highlights for fiscal year ending June 30, 2015. The update contains an overview of Net Position Restricted for Benefits, Additions and Deductions to Fiduciary Net Position, GASB 68 implementation, and upcoming GASB initiatives.

Some of the highlights of the financial review include the following:

- Net Position Restricted for Benefits ended the fiscal year at an all-time high of \$48.8 Billion.
- Net increase in Net Position of \$1.1 Billion, while the retiree payroll and other expenses remained relatively consistent with the prior year.
- Total fund returned 4.3% gross of fees and 4.1% net of fees, below the investment return assumption of 7.5%.
- Funded ratio increased to 79.5% despite investment returns below the assumption rate due to five-year smoothing actuarial asset valuation method used for calculation.

If you have any comments or questions regarding this update, please call me at (626) 564-6000, Extension 3475.

REVIEWED AND APPROVED:



ROBERT HILL
Assistant Executive Officer

OOC Fiscal Year 2014-15
RH:BA:tg

Fiscal Year 2014-15 Financial Review

OPERATIONS OVERSIGHT COMMITTEE MEETING
FEBRUARY 11, 2016

Presented By: Beulah Auten, Chief Financial Officer
Ted Granger, Assistant Financial Officer
Calvin Chang, Accounting Officer II

Agenda

- ▶ Comprehensive Annual Financial Report (CAFR)
 - ▶ Popular Annual Financial Report (PAFR)
- ▶ Financial Analysis and Reporting
- ▶ GASB 68 Implementation
- ▶ Looking Forward

CAFR and PAFR Preparation

- ▶ Record financial transactions during the year
- ▶ Prepare year-end schedules
- ▶ Draft financial statements, footnotes and required disclosures
- ▶ Complete annual financial audit
- ▶ Work with Communications to publish CAFR/PAFR

CAFR Theme FY 2015

- ▶ Working For You
 - ▶ Produce
 - ▶ Protect
 - ▶ Provide



Awards FY 2015

- ▶ GFOA Awards
 - ▶ CAFR = 25
 - ▶ PAFR = 17
- ▶ PPCC Awards = 12

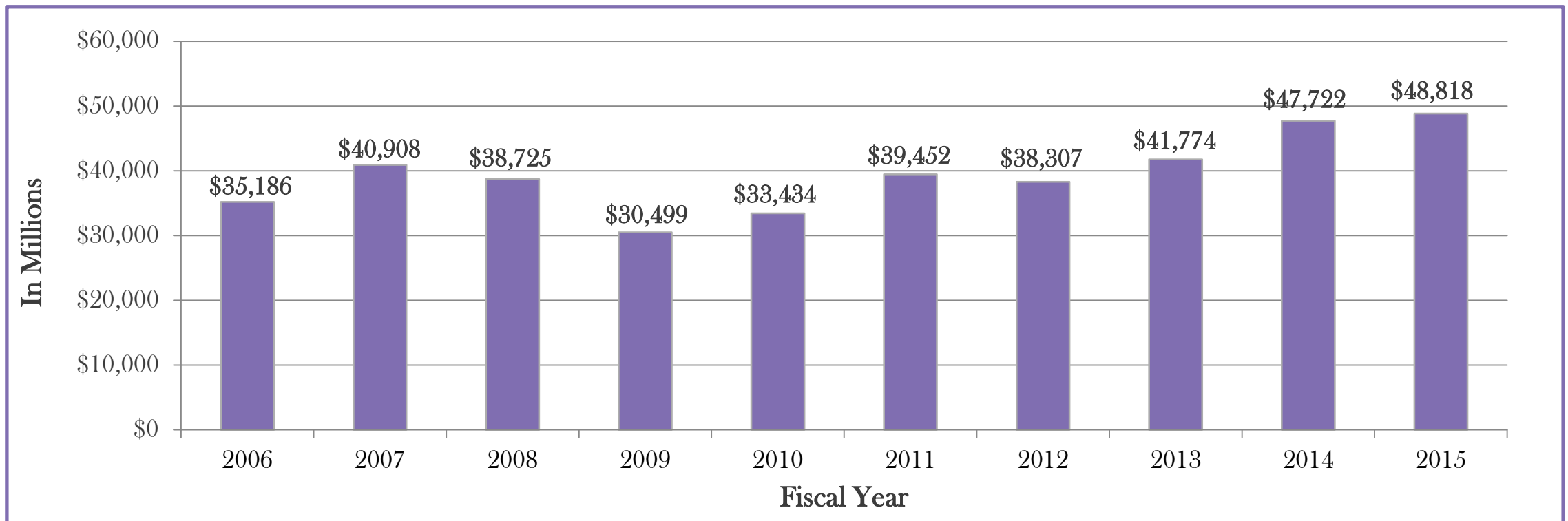


Financial Highlights FY 2015

- ▶ Net Position Restricted for Benefits = \$48.8 Billion
- ▶ Total Additions = \$3.9 Billion
- ▶ Total Deductions = \$2.8 Billion
- ▶ Total Fund Return = 4.3% (Gross of Fees)
- ▶ Funded Ratio = 79.5% (as of 6/30/14 Valuation)

Financial Analysis FY 2015

Net Position Restricted for Benefits



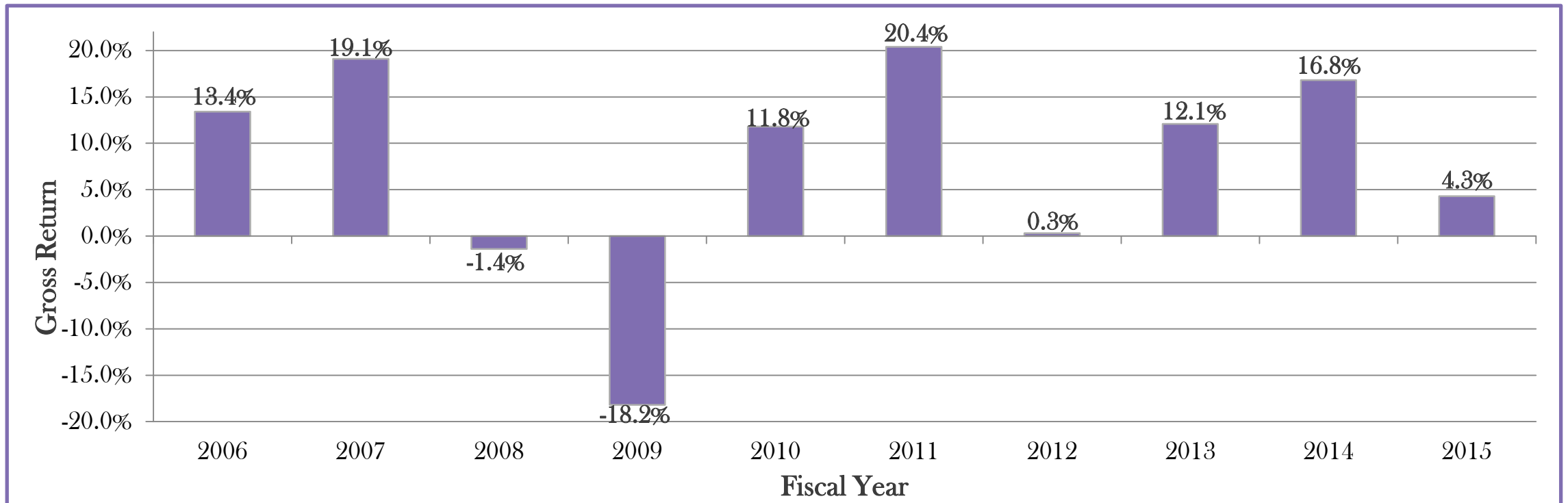
Financial Analysis FY 2015 (cont'd)

Additions and Deductions to Fiduciary Net Position

	2013	2014	2015
Contributions	\$ 1,403	\$ 1,759	\$ 1,936
Net Investment Income/(Loss)	4,659	6,911	1,991
Total Additions	6,062	8,670	3,927
Benefits and Refunds	(2,541)	(2,663)	(2,766)
Administrative Expenses and Miscellaneous	(54)	(59)	(65)
Total Deductions	(2,595)	(2,722)	(2,831)
Net Increase/(Decrease) During the Year	3,467	5,948	1,096
Net Position Restricted for Benefits at Beginning of Year	38,307	41,774	47,722
Ending Net Position Restricted for Benefits	\$ 41,774	\$ 47,722	\$ 48,818

Financial Reporting FY 2015

Total Fund Return (Gross of Fees)



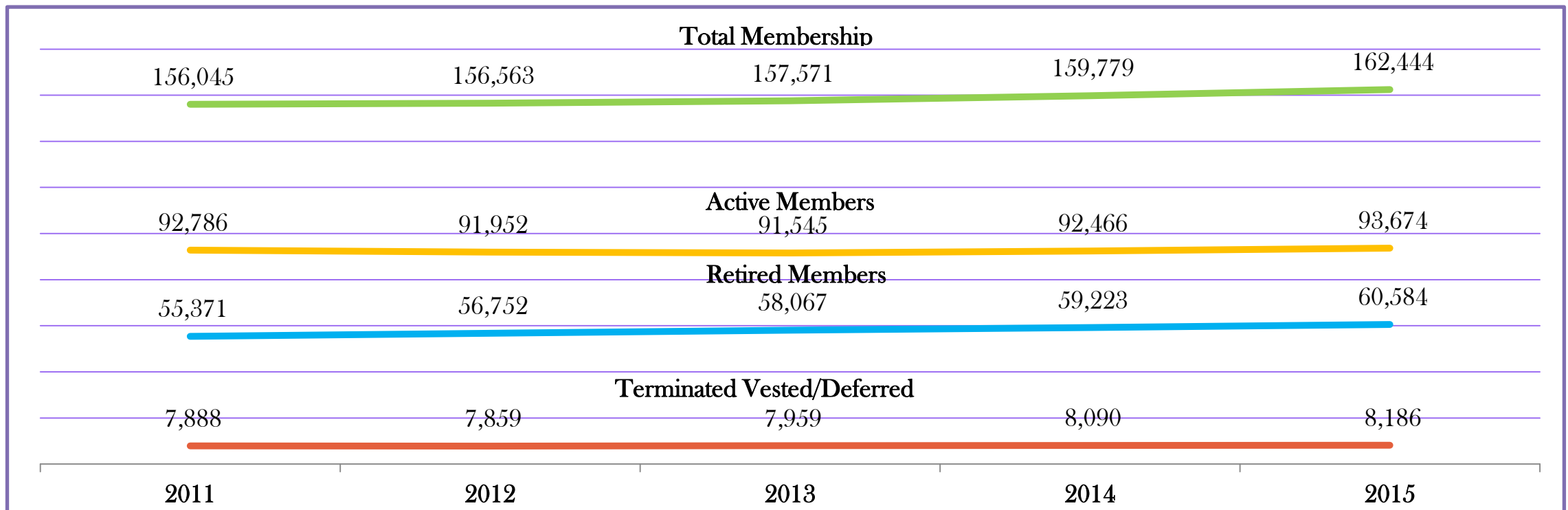
Financial Reporting FY 2015 (cont'd)

LACERA Funded Ratio

<u>Valuation Date</u>	<u>Funded Ratio</u>
June 30, 2012	76.8%
June 30, 2013	75.0%
June 30, 2014	79.5%

Financial Reporting FY 2015 (cont'd)

LACERA Membership



GASB 67 Reporting

Note E – Pension Actuarial Valuations

Schedule of Net Pension Liability

For the Year Ended June 30, 2015

(Dollars in Thousands)

Total Pension Liability	\$ 56,570,520
Less: Fiduciary Net Position	(48,818,350)
Net Pension Liability	\$ 7,752,170

Fiduciary Net Position as a Percentage Total

Pension Liability 86.3%

GASB 68 Implementation

- ▶ **GASB 67**
 - ▶ LACERA (June 30, 2014)
 - ▶ Plan level information reported
- ▶ **GASB 68**
 - ▶ Employer/Plan Sponsors (June 30, 2015)
 - ▶ Responsible for information specific to their agency (proportionate share)

GASB 68 Implementation (cont'd)

- ▶ Milliman prepared customized “GASB 68” report
- ▶ Report reviewed by:
 - ▶ Segal, LACERA’s auditing actuary
 - ▶ Brown Armstrong, LACERA’s external auditor
 - ▶ Macias, Gini, & O’Connell (MGO), LA County’s external auditor
- ▶ Report provided to:
 - ▶ Los Angeles County
 - ▶ Outside Districts
- ▶ Financial statements and disclosures

GASB 68 Implementation (cont'd)

- ▶ Employer Reporting Requirements:
 - ▶ Recognize proportionate share of
 - ▶ Net Pension Liability (NPL)
 - ▶ Collective pension expense
 - ▶ Deferred outflows/inflows
 - ▶ Notes to Financial Statements:
 - ▶ Information about NPL (discount rate, sensitivity analysis)
 - ▶ Changes in NPL
 - ▶ Actuarially Determined Contributions (ADC)

Looking Forward

- ▶ GASB 72: Fair Value Measurement and Application
 - ▶ Implementation for FY 2015-2016
- ▶ GASB 74: Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans
 - ▶ Applies to LACERA
 - ▶ Implementation for FY 2016-2017
- ▶ GASB 75: Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions
 - ▶ Applies to Employers/Plan Sponsors
 - ▶ Implementation for FY 2017-2018

Looking Forward (cont'd)

- ▶ GASB 74 & 75
 - ▶ Established Task Force for primary employers, preparers, actuaries, and auditors (first meeting held in February 2016)
 - ▶ Review published standards, implementation guides, and audit procedures
 - ▶ Preparation of preliminary schedules and review preliminary results
 - ▶ Participate in conference calls with other pension funds to discuss implementation issues

Questions

We're working for the 162,500 individuals who spend their lives working for Los Angeles County, to help ensure their retirement years are rewarding. We continue to listen and act upon our member's input as we develop and expand our service platforms. We will continue to offer personal, one-to-one counseling *and* offer more self-service options online. We're partnering with our members from day one, throughout their careers, working together through the retirement process, and steadily paying their monthly retirement benefits.

**FOR INFORMATION ONLY**

February 2, 2016

TO: Each Member
Operations Oversight Committee

FROM: Angel Calvo *AC*
Financial and Accounting Services Division
David Bayha *DB*
Benefits Division

FOR: February 11, 2016 Operations Oversight Committee Meeting

SUBJECT: OVERPAYMENT & FORGERY RECEIVABLES 6-MONTH PERIOD MONTH ENDED 12/31/2015.

Staff will be providing your committee with an update of the Overpayment & Forgery Receivables as of December 31, 2015. Some of the highlights of the presentation include the following:

- Cola Plan E Legacy cases clean-up.
- Reduction in percentage of Late Death Notification cases.

Staff will be happy to answer any questions you may have regarding this matter at the meeting.

REVIEWED AND APPROVED:

ROBERT HILL
Assistant Executive Officer

OOC OP & Forgery Receivables
RH:AC:db

Overpayment & Forgery Receivables 6 Month Period Ended December 31, 2015

A Strategic Partnership Between:
Benefits Division
Member Services
Financial & Accounting Services
Legal Office



Presented by:

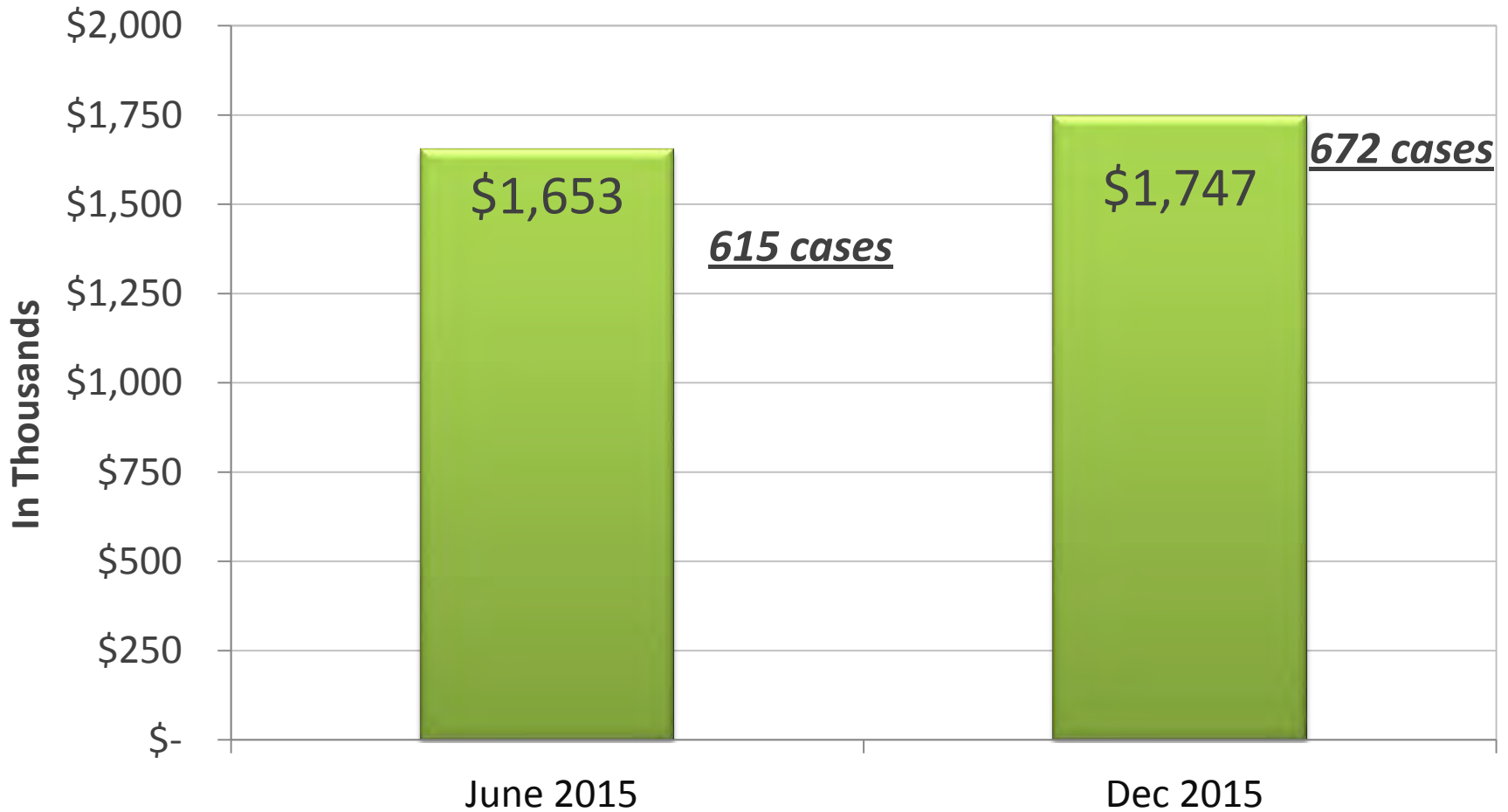
Angel Calvo & Edward Wong - *Financial & Accounting Services Division*

David Bayha – *Benefits Division*

February 11, 2016

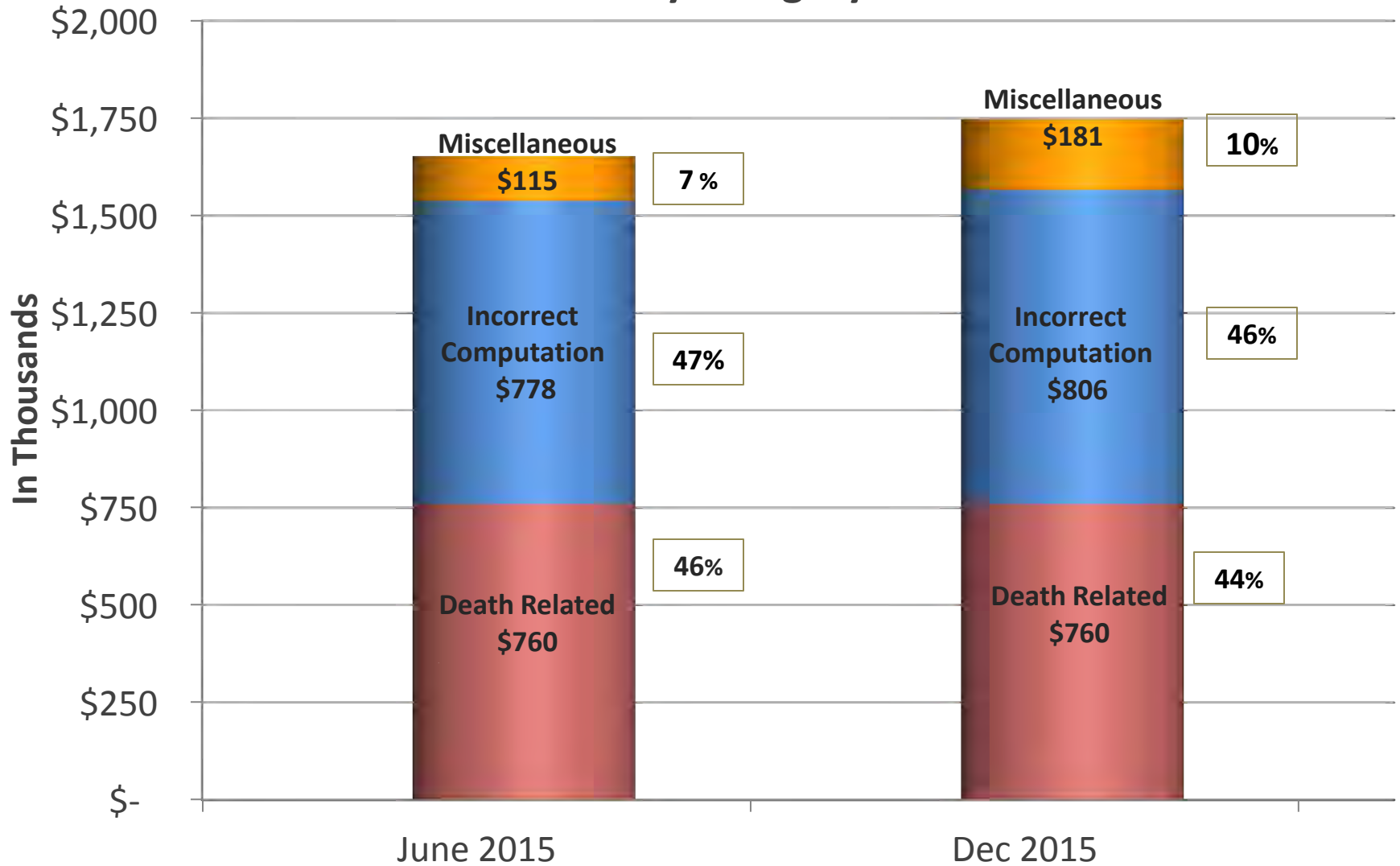
Overpayment & Forgery Receivables

Ending Balance Comparison



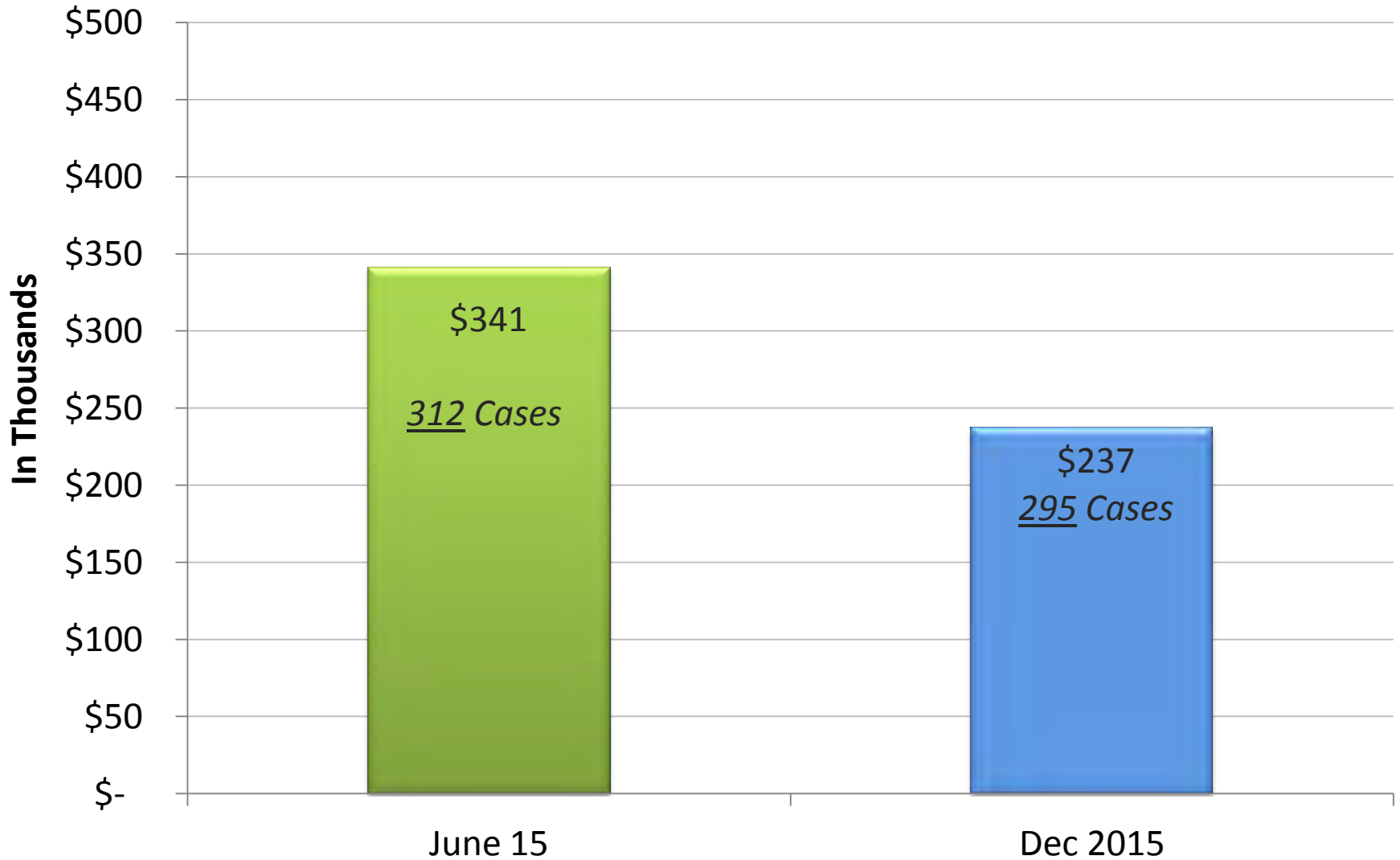
Overpayment & Forgery Receivables

Balance by Category



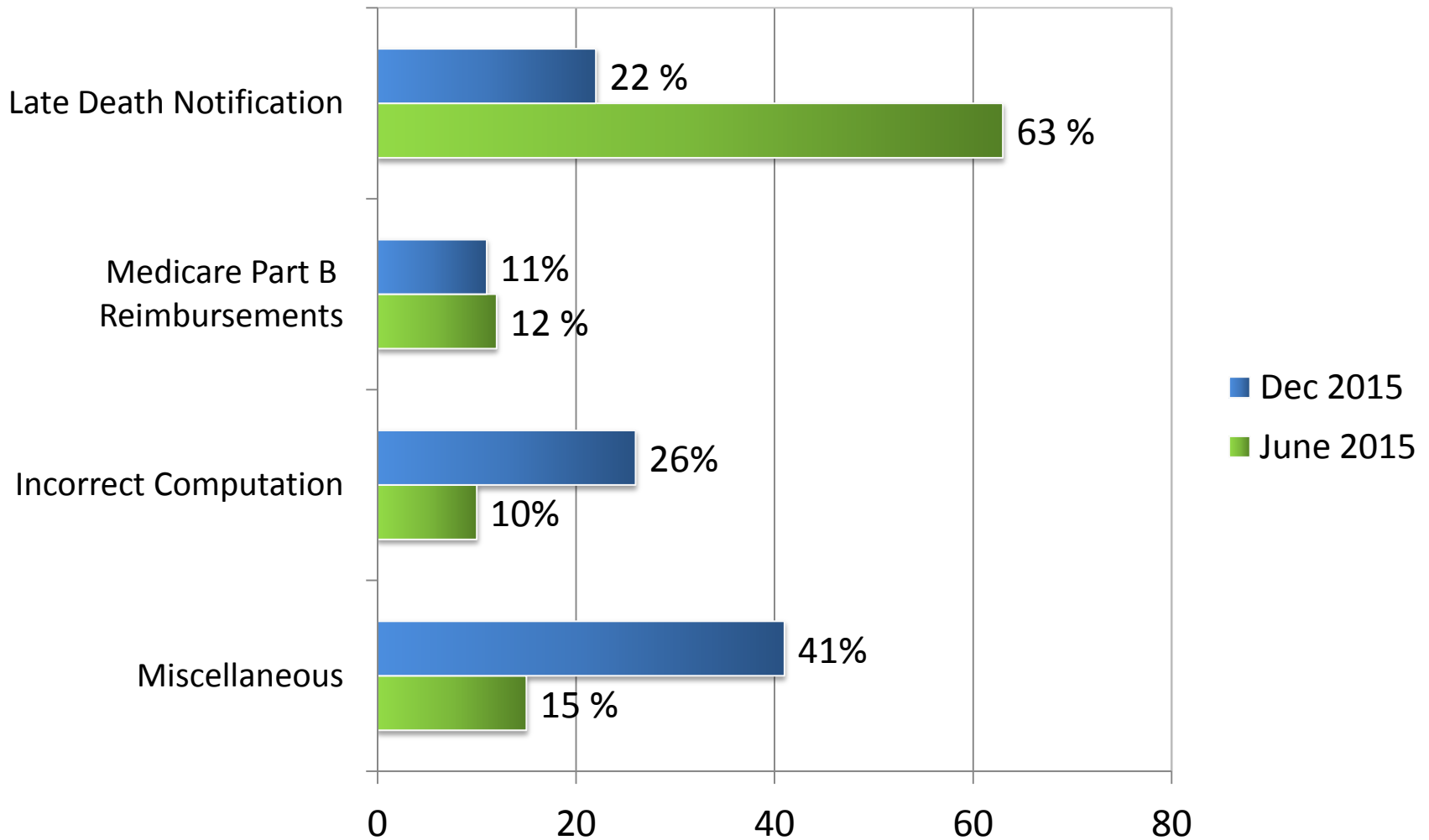
Overpayment & Forgery Receivables

New Cases Added Each Period Ended



Overpayment & Forgery Receivables

Breakdown of New Cases



Overpayment & Forgery Receivables

What have we been doing?

Medicare Part B Reimbursements

- 206 cases - \$25,000

Late Death Notification

- 17 cases - \$54,000

Incorrect Computation

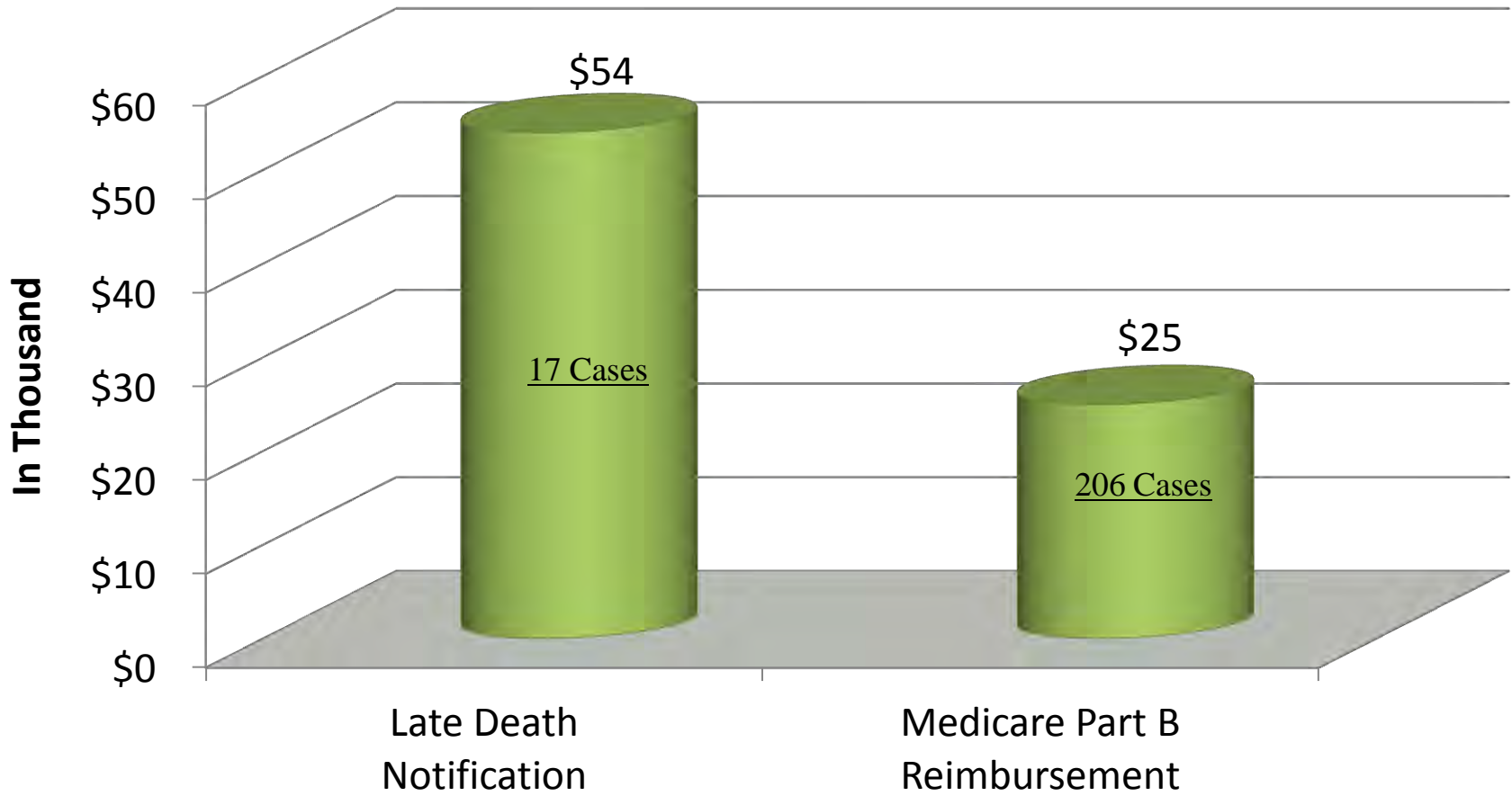
- 20 cases - \$61,000

Miscellaneous

- 52 case - \$97,000

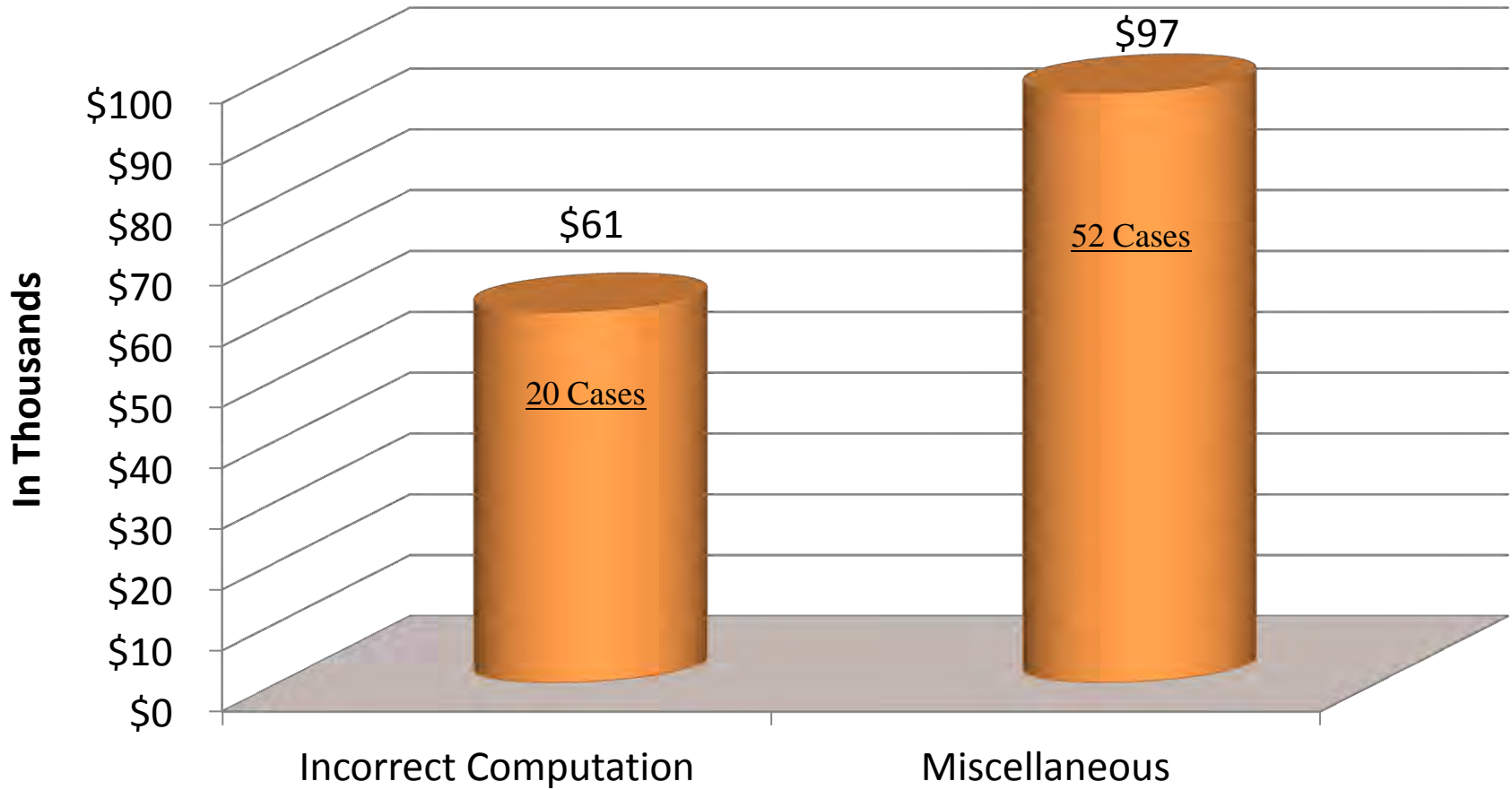
Overpayment & Forgery Receivables

New Cases – Beyond LACERA's Control



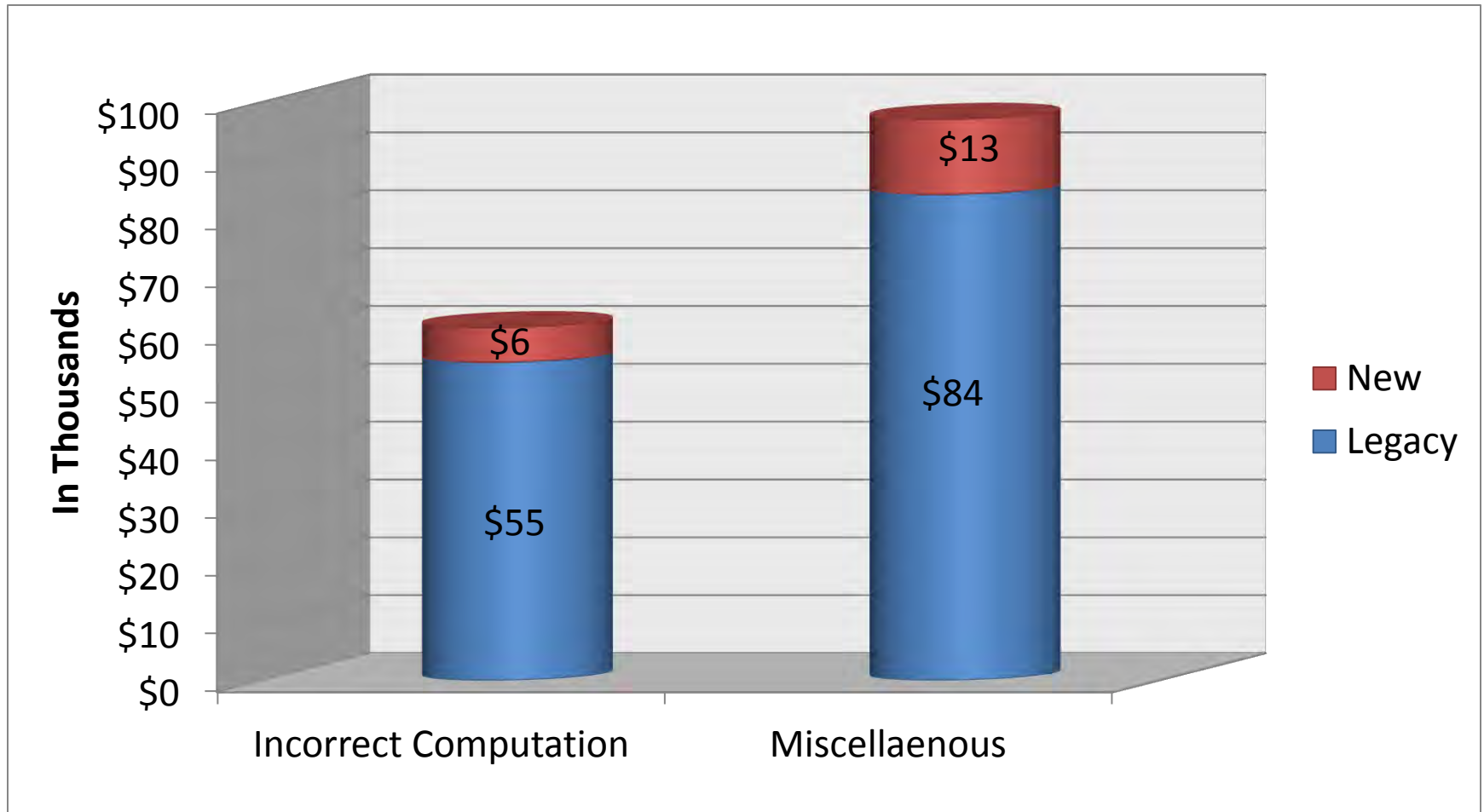
Overpayment & Forgery Receivables

New Cases – Within LACERA's Control



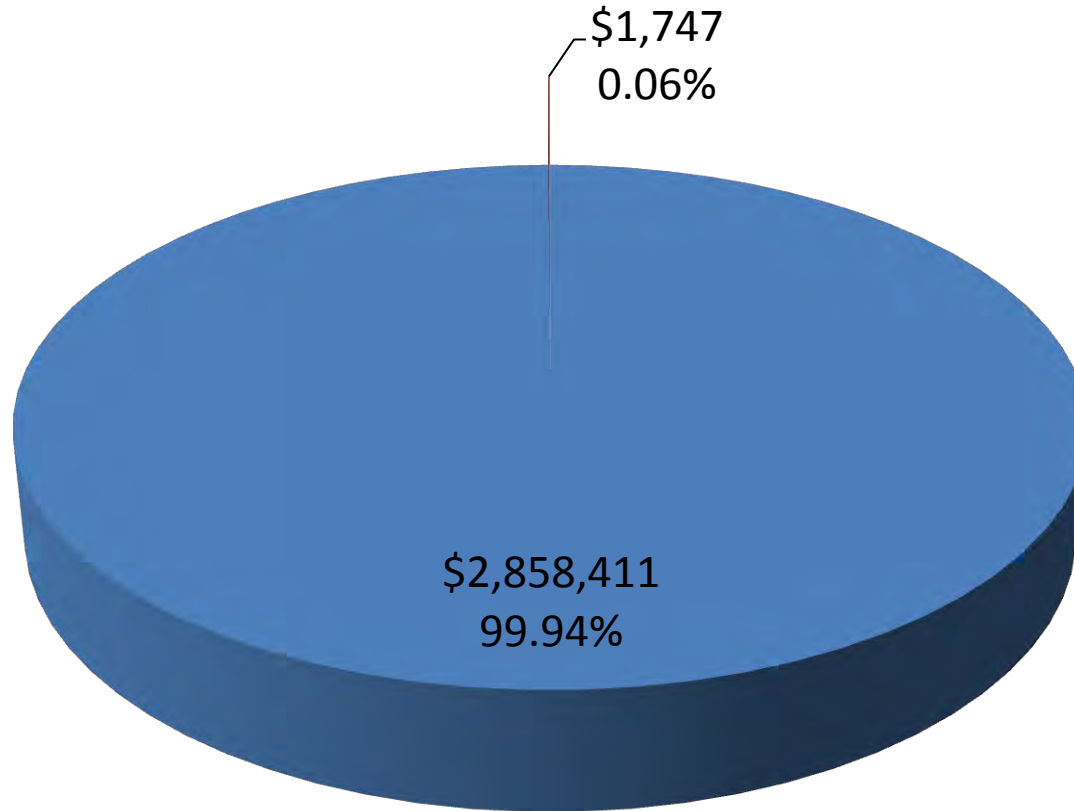
Overpayment & Forgery Receivables

New Cases – Within LACERA's Control



Overpayment & Forgery Receivables

Balance as a Percentage of Payroll



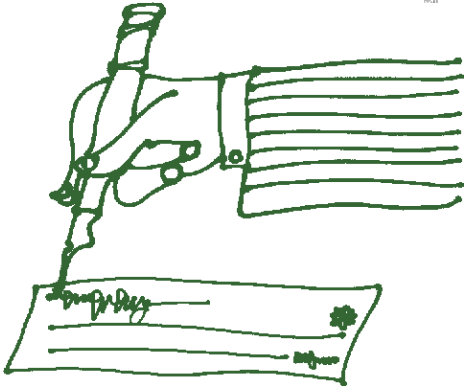
■ Payroll ■ Overpayment
(Dollars in Thousands)

Overpayment & Forgery Receivables

Collections for this Period



\$ 80,000 – Automatic Deduction/TTC



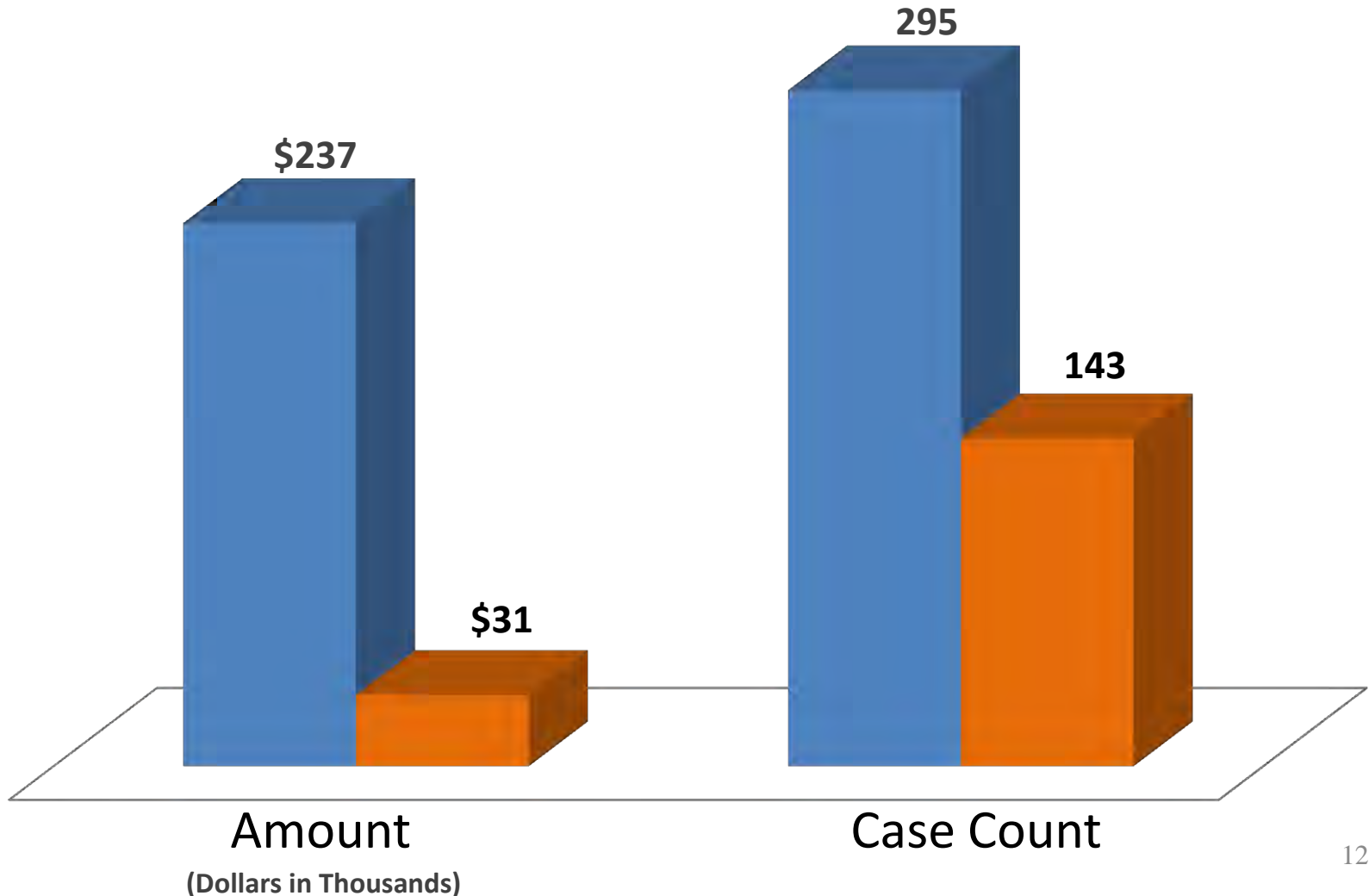
\$ 67,000 – Over the Counter Checks

\$ 147,000

Overpayment & Forgery Receivables

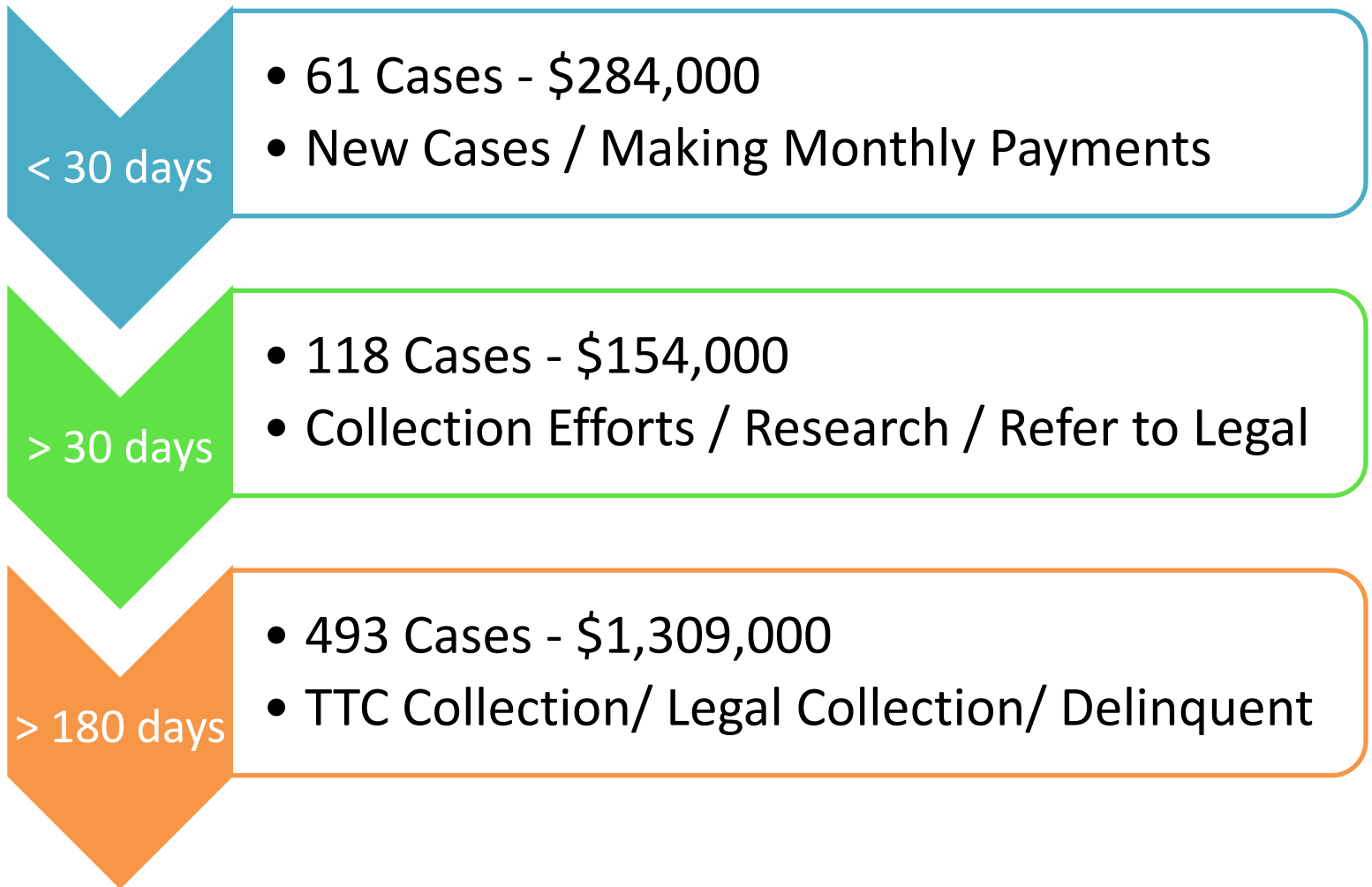
Collection Status: New Cases
For This Period

■ Set-up ■ Collected



Overpayment & Forgery Receivables

Aging Report



Overpayment & Forgery Receivables

Breakdown of Cases

< \$1,000

- 519 cases
- \$67 K

< \$10,000

- 123 cases
- \$417 K

> \$10,000

- 30 cases
- \$1,263 K

Underpayment of Contributions

Update for the current period

Waiver of Interest

Questions . . .

