

NOTICE OF MEETING AND AGENDA

**SPECIAL 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, MAY 5, 2016 - 9:00 A.M.**

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

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 special meeting of March 2, 2016

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing
Robert Hill/JJ Popowich

B. Email Incident Report
Robert Hill

IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

May 5, 2016

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***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

WEDNESDAY, MARCH 2, 2016, 12:15 P.M. – 12:30 P.M.

COMMITTEE MEMBERS

PRESENT: Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum

ABSENT: Joseph Kelly, Chair
David L. Muir, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
William de la Garza
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill
JJ Popowich
Holly Henderson

The meeting was called to order by Chair Chery at 12:15 p.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 11, 2016

Mr. Okum made a motion, Mr. Bravo seconded, to approve the minutes of the regular meeting of February 11, 2016. The motion passed unanimously.

II. PUBLIC COMMENT

III. 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
- Report of Felony Forfeiture Cases Processed
- IT Support -- IT's Business As Usual

B. FY 2015-2016 Semi-Annual Budget Control Report as of December 31, 2015
Kaelyn Ung/Holly Henderson

Holly Henderson presented the Budget Control Report for fiscal year 2015-2016, based on actual expenditures through December 31, 2015. Total operating expenses for the LACERA Administrative Budget are projected to be \$70.1 million, an underexpenditure of approximately \$2.9 million from LACERA's operating budget.

The Retiree Healthcare Benefits Program Budget's total operating expenses are projected to be \$5.67 million. This represents an underexpenditure of \$220,000 from the operating budget.

Total operating expenses for the OPEB Trust Budget are projected to be \$156,000, representing an overexpenditure of \$989.

March 2, 2016

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IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

The meeting adjourned at 12:30 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

April 26, 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: May 5, 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

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-03-16	F. Massey, Individual	Requested agenda packet for BOI meeting to be held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	R. Spare, Individual	Requested agenda packet for BOI meeting to be held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	N. Johnson, Individual	Requested agenda packet for BOI meeting to be held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	S. Russin, Individual	Requested agenda packet for BOI meeting to be held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	Fred, Magna Capital Group	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	A. Poe, ReedSmith	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	K. Burch-Garcia, LA County	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	D. Kushner, Individual	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	V. Desikan, Services Employees International Union	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-03-16	D. Kushner, Individual	Requested agenda packet for BOR Disability/Administrative and Committee meetings scheduled for March, 2016. <i>Executive office electronically submitted website link for the BOR Administrative/Disability meeting.</i>
03-04-16	Rory Carrol (Reuters)	A list of all of the Private Equity managers LACERA works with. <i>Transmitted via e mail: List of LACERA's private equity managers as requested.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-07-16	M. Forman, Esq. Law Offices of David J. Weiss	Needs to obtain pension records and service credit information for Michael Ross, a former physician at Harbor-UCLA. Dr. Ross is a plaintiff in a lawsuit against the County. <i>Transmitted via email: Two page document that contains information that contains publicly available information about the member.</i>
03-09-16	G. Chung, Financial Investment News	Requested agenda packet for BOI meeting held on March 9, 2016. <i>Transmitted information via email.</i>
03-10-16	J. Hammond, RELAC	Monthly request of Benefit Approval List. <i>Transmitted, via email, the March 2016 list.</i>
03-10-16	D. Gregory, Public Plan IQ	Requested copies of: 1. March 9, 2016 Board of Investment Meeting, Agenda Item VII A. 2016 Private Equity Objectives, Policies and Procedures. 2. March 9, 2016 Board of Investment Meeting, Agenda Item VIII A. Investment Program Governance Project. 3. March 9, 2016 Board of Investment Meeting, Agenda Item VIII B. Behavioral Finance in Money Management. 4. March 9, 2016 Board of Investment Meeting, Agenda Item VIII C. 2015 Fourth Quarter Hedge Fund Performance. 5. March 9, 2016 Board of Investment Meeting, Agenda Item VIII E. CEO Report. <i>Documents referenced above transmitted via email.</i>
03-14-16	Stuart Mesnik, Individual	Request: Please email the following Board of Investments documents: <i>Transmitted via email: 2/10/16 Meeting: Item VII-B - All documents related to the Investment Program Governance 12/09/15 Meeting: Item VIII - The Pension Consulting Alliance Report. 10/14/15 BOI and Portfolio Risk Meeting: Item II - Best Practice Survey – PCA.</i>
03-16-16	J. Garcia, Individual	Requesting copies of Plan SPD, form 5500 Returns and plan relevant documents. <i>Response sent via email: We have no documents responsive to any of the 21 items that you have requested. LACERA is a filed Retiree Only Insured Plan and does not follow the ERISA or PPACA governing regulations. If further information is needed, such as member coverage dates; specific plan elections or Insurance Carrier choice we would provide upon request.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-18-16	LA County Sheriffs Department	<p>Monthly request for Fire & Sheriff Retirement lists.</p> <p><i>Transmitted via email monthly agenda reports for March 2016. Date run for each report is February 2, 2016.</i></p>
03-18-16	C. Thompson	<p>Requested copy of Clearlake Capital Partners IV Limited Partnership Agreement.</p> <p><i>Response via email: According to the California Public Records Act ("CPRA"), California Government Code §6254.26.(a)(6) Alternative investment agreements and all related documents are not subject to disclosure. The document you requested, "a copy of the Clearlake Capital Partners IV limited partnership agreement", is an alternative investment agreement. This document is exempt from disclosure. The record responsive to your request contains proprietary systems and information related to Clearlake Partners IV business. Therefore, they constitute trade secret and their disclosure is expressly prohibited by state law. Failure to assert this privilege and protect the documents from disclosure could subject LACERA to claims by the holder of these trade secrets.</i></p>
03-23-16	M. Zachariason, IPREO	<p>Requested most recent and complete portfolio of pension fund. Required CUSIP (or other identifies, Issue re Name, Coupon, Maturity, Par/Principal Value and Bond Value for each fixed income position held (internally or externally).</p> <p><i>Submitted via email the following documents: Los Angeles County Employees Retirement Association U.S. Equity Holdings as of December 31, 2015; Los Angeles County Retirement Association Non-U.S. Equity Holdings as of December 31, 2015; and Fixed Income Positions as of December 31, 2015.</i></p>
03-22-16	S. Favot, Los Angeles News Group	<p>Requested pension information on Dr. Lakshmanan Sathyavagiswaran, former LA County Coroner.</p> <p><i>Response via email: Monthly pension benefit of \$20,234.52. CA Government Code Section 7522.56 allows a retiree to return to employment provided the retiree is limited to 960 hours of service per year.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-23	T. Sturrock, FundFire	<p>Requested: "Any information related to a possible or pending lawsuit from David Kushner and any documents explaining the reason for his departure."</p> <p><i>Response transmitted via email: Email dated May 29, 2015 from LACERA's CEO explaining Mr. Kushner's departure.</i></p> <p><i>Also informed Requester via the email transmission that LACERA identified documents exempt from disclosure. These documents are exempt from public disclosure because they are "Personnel, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy" and thus are subject to Government Code §6254(c). Other documents we identified are exempt from disclosure because they are "Records, the disclosure of which is exempted or prohibited pursuant to federal or state law, including, but not limited to, provisions of the Evidence Code relating to privilege" and thus are subject to Government Code §6254(k)."</i></p>
03-24-16	E. Lee, PEI Media	<p>Requested supporting documents for Agenda Items under III. Reports.</p> <p><i>Transmitted via email the following documents:</i></p> <p><i>III. A. Real Estate memo dated Nov. 25, 2015, re Real Estate Priorities for 2015 – Update; III. B. Real Estate memo dated Nov. 25, 2015 re Change of Practice Real Estate Appraisals; III. C., Real Estate Fees Transparency and Summary dated Dec. 2015; IV. A. Real Estate memo dated Nov. 25, 2015 re Real Estate Staff Succession Plan Draft; IV. B. Real Estate Memo dated Nov. 25, 2015 re Real Estate Committee Priorities for 2016 – Draft Background.</i></p>
03-25-16	G. Morgensen, New York Times	<p>Requested copies of all responses to the RFP, including any related attachments. The RFP was entitled "Private Equity Fund Investment Management Fee, Expenses, and Carrier interest Recalculation and Verification Services."</p> <p><i>Transmitted via email the following documents:</i></p> <ol style="list-style-type: none"> <i>1. Conifer LACERA RFP Response;</i> <i>2. FTI Consulting Proposal, Redacted;</i> <i>3. Kreisler Miller LACERA Proposal;</i> <i>4. LP Capital Advisors, Redacted;</i> <i>5. Maples Fund Services Response to LACERA RFP, Redacted;</i> <i>6. Meketa Investment Group Proposal, Redacted;</i> <i>7. PEF Services LLC Proposal, Redacted;</i> <i>8. Real Estate Fiduciary Services, LLC RFP, Redacted.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-28-16 VERBAL REQUEST	B. Heath, Individual	Requested any reciprocity agreements between LACERA and LACERS. <i>Two documents transmitted via email: Document titled County/City of Los Angeles Retiree Health Care Reciprocity Program Effective 12/27/2004 and the document titled Service Credit Reciprocal Retirement System Effective Dates.</i>
03-29-16	K. Kensal, Individual	Requested Private Equity Q3 and Q4 Reports. <i>Response via email: Q4 Report will not be available until at least end of June. Investments Division reports two times per year. Reports lag about 6-7 months after the end of the quarter.</i>
03-31-16	J. Luong, Alta Assets	Requested most recent data on LACERA's private investments, including: private equity, venture capital, mezzanine, distressed, real estate/REIT, debt and infrastructure partnerships. <i>Transmitted via email: Townsend Group Third Quarter 2015 Report and LACERA Portfolio Investment Report as of June 30, 2015.</i>
04-04-16	D. Kushner, Individual	Requested agenda packet for BOR Disability/Administrative and Committee meetings scheduled for March, 2016. <i>Executive office electronically submitted website link for the BOR Administrative/Disability meeting.</i>
04-07-16	Fred, Magna Capital Group	Requested agenda packet for BOI meeting held on April 13, 2016. <i>Transmitted information via email.</i>
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04-07-16	S. Russin, Individual	<p>Requested agenda packet for BOI meeting to be held on April 13, 2016.</p> <p><i>Transmitted information via email.</i></p>
04-08-16	G. Chung, Financial Investment News	<p>Requested agenda packet for BOI and Committee meetings held on April 13, 2016.</p> <p><i>Transmitted information via email.</i></p>
04-08-16	J. Peterson, SBC Global	<p>Requested Board Meeting document, Item G. – Real Estate Manager Update, Cornerstone Real Estate Advisors</p> <p><i>Transmitted via email: BOI Memo dtd March 30, 2016 re Real Estate Manager Update, Cornerstone Real Estate Advisors with Attachment A informing LACERA of name change to Baring Asset Management.</i></p>
04-11-16	A. Kruk, Money-Media	<p>Requested documents related to equity partners JANA Partners, Cevian Capital and Symphony Partners. Also, why these three finalists were selected; when the search for an activist equity manager began and whether an RFP was released; why LACERA is looking for an activist equity manager at this time; whether a new hire will result in any existing manager terminations; and what the mandate size for the activist equity manager will be.</p> <p><i>Transmitted via email the responsive document titled LACERA Investments report titled Activist Equity Manager Search, dated April 13, 2016.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
04-14-16	D. Gregory, Public Plan IQ	<p>Requested copies of and received via email transmission the documents listed below related to the April 13, 2016 BOI Board Meeting.</p> <ol style="list-style-type: none"> 1. <i>Board of Investment Meeting, Agenda Item VII C. Recommendation for Activist Equity Mandate</i> 2. <i>Board of Investment Meeting, Agenda Item VIII B. Investment Beliefs Development: Review of Best Practices Globally</i> 3. <i>Board of Investment Meeting, Agenda Item VIII C. Asset Allocation: Opportunistic Bucket/Risk Parity Review</i> 4. <i>Board of Investment Meeting, Agenda Item VIII E. Opportunistic Non-U.S. Fixed Income Search Update - Emerging Market Debt</i> 5. <i>April 13, 2016 Board of Investment Meeting, Agenda Item VIII G. Real Estate Manager Update - Cornerstone Real Estate Advisers</i> 6. <i>Board of Investment Meeting, Agenda Item VIII J. CEO Report</i> 7. <i>Fixed Income/Hedge Fund Committee, Agenda Item IIA1. Goldman Sachs Alternative Investment and Manager Selection</i> 8. <i>Fixed Income/Hedge Fund Committee, Agenda Item IIA2. Grosvenor Capital Management</i> 9. <i>Real Estate Committee, Agenda Item IA. Real Estate committee Minutes 2/10/16</i> 10. <i>Real Estate Committee, Agenda Item II A. Real Estate Objective Policies & Procedures</i> <i>and</i> 11. <i>Real Estate committee, Agenda Item III A. Real Estate Structure – Townsend</i>


DATE RECEIVED	REQUESTER	DOCS REQUESTED
04-18-16	A. Kruk, Money-Media	<p><i>Transmitted via email the responsive documents shown below.</i></p> <ol style="list-style-type: none"> 1. <i>March 28, 2016 BOI Memo re Opportunistic Non-U.S. Fixed income Search Update 2 – Emerging Market Debt;</i> 2. <i>March 30, 2016 BOI Memo Re Real Estate Manager Update cornerstone Real Estate Advisers; and</i> 3. <i>Document titled Asset Allocation: Opportunistic Bucket/Risk Parity Review, 2016.</i> <p>Questions asked and answers transmitted via email are shown in red italics.</p> <ol style="list-style-type: none"> 1. What was discussed regarding the opportunistic/risk parity review? <i>The attached document was the basis for Meketa's presentation. This topic will be discussed further at the May meeting.</i> If you are able to distribute a copy of the presentation given by Stephen McCourt, Stacy Gooch, Laura Wirick, and Leandro Festino, I would really appreciate your emailing it to me as an attachment. 2. What was discussed during the opportunistic non-US fixed income search update? <i>Please see the attached memos, which address mandate size and time line.</i> Why is the search taking place at this time? What is the mandate size and how is the searching being conducted? What is the expected timeline for the search? 3. What was discussed during the real estate manager update presented by John McClelland? <i>The manager's name change. See attached memo.</i> 4. What was discussed regarding Green Equity Investors VII? Was a commitment made and if so, for how much? Why was a commitment being considered at this time? Is LACERA considering additional private equity investments in the near future (how much does LACERA have remaining for private equity investments this year?) <i>A commitment of up to \$150 million was approved The remaining allocation for this year is approximately \$900 million.</i> 5. Lastly, I wanted to confirm a fund size of \$45bn. <i>As of March 31, the fund's approximate market value was \$46.5 billion.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
04-19-16	S. Kaufman, Orange County Register	<p>Inquiry as to:</p> <p>A. How many public safety retirees are currently in your system?</p> <p>B. How many of those are retired on disability pensions?</p> <p><i>Response transmitted by Member Services is the number of our Safety members as of 3/28/16:</i> <i>Active – 12,561</i> <i>Retired – 9,982</i></p> <p><i>Response transmitted by Legal:</i> <i>We have the following data for the number of safety members on disability:</i> <i>Disability Retirements - 6,077</i> <i>Survivor Continuance of Disability Retirement - 1,173</i> <i>Minor Continuance of Disability Retirement - 28</i> <u><i>Total</i></u> <u><i>Safety Disability - 7,278</i></u></p>
04-21-16	A. Kruk, Money-Media	<p>Confirm that staff's recommendation for the activist equity award was accepted and LACERA will be awarding \$250m to Cevian, \$120m to JANA, and \$100m to Symphony Financial Partners.</p> <p><i>Response transmitted via email:</i> <i>The board approved staff's recommendation to invite the finalists to interview in May. Will not know until May whether the board decides to hire any of the three finalists, or how large the allocations will be.</i></p>

**FOR INFORMATION ONLY**

April 26, 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 

FOR: May 5, 2016 Operations Oversight Committee Meeting

SUBJECT: **EMAIL INCIDENT REPORT**

On March 16, 2016 an employee in Disability Retirement Services, who participates in the LACERA Telecommute program, inadvertently emailed two disability evaluation reports to an unintended recipient. The disability evaluation reports included confidential Personal Health Information (PHI). Upon discovering the error, the employee immediately self reported the incident to her supervisor. Staff contacted the recipient, a current County employee who formerly worked in the LA County Return to Work Unit of the Probation Department, and confirmed the email was not shared and subsequently deleted. The Board was informed of the incident, and notification letters were sent to the impacted members.

Protecting our members' private information is a fundamental value at LACERA that starts with an organizational commitment to safeguard private information, coupled with individual employee responsibilities to vigilantly protect private information. Safeguarding private information is a continuous process of improvement and an essential and integral part of "Protecting the Promised Benefits."

Staff will discuss the following items:

- Description of the incident
- Privacy and learning culture at LACERA
- Rapid Response Team
 - a. Incident management
 - b. Immediate and preventative actions
 - c. Training, policies, and procedures
- Email encryption and auto fill features
- Telecommute program