

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

FRIDAY, MARCH 3, 2017, 1:10 P.M. – 2:30 P.M.

COMMITTEE MEMBERS

PRESENT: Alan Bernstein, Chair
Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum, Alternate

ABSENT: Joseph Kelly

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Vivian H. Gray
David L. Muir

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	Beulah Auten
JJ Popowich	Ted Granger
Gregg Rademacher	Ervin Wu
James Pu	Cynthia Guider
Steven Rice	Robert Morgan

The meeting was called to order by Chair Bernstein at 1:10 p.m. Due to the absence of Mr. Kelly, the Chair announced that Mr. Okum, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of February 1, 2017

Mr. Chery made a motion, Mr. Bravo seconded, to approve the minutes of the regular meeting of February 1, 2017. 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
- Hermosa Beach Annexation

B. Ransomware: Everyone's Problem
James Pu

Mr. Pu discussed the background of ransomware, why it is so dangerous and pervasive, how LACERA mitigates this risk, and the importance of the human factor in cybersecurity. Also shared were some practical tips for individual safety.

C. Reciprocity and Disability Retirement
Steven P. Rice

Mr. Rice discussed how LACERA applies the reciprocity provisions of the County Employees Retirement Law of 1937 to members at the time of their retirement for disability from a reciprocal system. Also discussed was a confirmed process for handling reciprocal disability retirements, including an operational change in providing for Board approval. The first disability retirement under the process will appear on the April Board agenda for ratification. Although Board approval is new, the rest of the process is similar, with limited exceptions, to the past handling of these retirements.

III. FOR INFORMATION (Continued)

D. Fiscal Year 2015-16 Financial Review
Beulah Auten

Ms. Auten, and Messrs. Ted Granger and Erwin Wu presented LACERA's financial highlights for the fiscal year ending June 30, 2016. This update included an overview of LACERA's Comprehensive Annual Financial Report (CAFR) and Popular Annual Financial Report (PAFR) preparation, financial analysis and reporting including historical trends, and implementation efforts as related to OPEB/GASB standards.

Some of the highlights included:

- Net Position Restricted for Benefits ended the fiscal year at \$47.8 billion
- Decrease in Net Position of \$1.0 billion
- Total fund returned 1.1% gross of fees and 0.7% net of fees
- Funded ratio increased to 83.3%

E. FY 2016-2017 Semi-Annual Budget Control Report as of December 31, 2016
Cynthia Guider

Cynthia Guider presented the Budget Control Report for fiscal year 2016-2017, based on actual expenditures through December 31, 2016. Total operating expenses for the LACERA Administrative Budget are projected to be \$68.3 million, an underexpenditure of approximately \$8.5 million from LACERA's operating budget.

The Retiree Healthcare Benefits Program Budget's total operating expenses are projected to be \$5.5 million. This represents an underexpenditure of approximately \$1 million from the operating budget.

Total operating expenses for the OPEB Trust Budget are projected to be \$164,000, representing an overexpenditure of approximately \$40,000. Total operating expenses for LACERA's portion of the OPEB Trust Budget are projected to be \$65,000, representing an overexpenditure of approximately \$40,000.

Total operating expenses for the Superior Court OPEB Trust Budget are projected to be \$157,000, with an overexpenditure of \$95,000.

IV. GOOD OF THE ORDER

(For information purposes only)

March 3, 2017

Page 4

V. ADJOURNMENT

The meeting adjourned at 2:30 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.**