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

WEDNESDAY, JULY 5, 2017 - 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:

Alan Bernstein, Chair Anthony Bravo, Vice Chair Joseph Kelly Ronald Okum David Muir, Alternate

- I. APPROVAL OF THE MINUTES
 - A. Approval of the minutes of the special meeting of June 1, 2017
- II. PUBLIC COMMENT
- III. FOR INFORMATION
 - A. <u>LACERA Operations Briefing</u> Robert Hill/JJ Popowich
 - B. <u>Leveraging the Process Management Group to Build an Operational</u>
 Compliance Program
 Bernie Buenaflor/Louis Gittens
 - C. <u>Diversity Training for LACERA Staff</u> John Nogales/Ana Ronquillo

- IV. REPORT ON STAFF ACTION ITEMS
- 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, JUNE 1, 2017, 11:20 A.M. – 11:55 A.M.

COMMITTEE MEMBERS

PRESENT: Alan Bernstein, Chair

Anthony Bravo, Vice Chair

Ronald Okum

David Muir, Alternate

ABSENT: Joseph Kelly

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams Vivian H. Gray Shawn R. Kehoe

STAFF, ADVISORS, PARTICIPANTS

Robert Hill Michael Cordial
JJ Popowich John Nogales
Connie Chan Steven Rice

Annette Cleary

The meeting was called to order by Chair Bernstein at 11:20 a.m. Due to the absence of Mr. Kelly, the Chair announced that Mr. Muir, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of May 11, 2017

Mr. Okum made a motion, Mr. Bravo seconded, to approve the minutes of the special meeting of May 11, 2017. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Michael Cordial, Senior Human Resources Analyst, and John Nogales, Director Human Resources, that the Committee recommend the Board of Retirement approve the LACERA Internship Program. (Memo dated May 23, 2017)

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

IV. FOR INFORMATION

A. <u>LACERA Operations Briefing</u> 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
- ➤ GASB 74-75 Update
- B. <u>2017 Seal of Distinction Recognition</u> Connie Chan

LACERA's investment in creating a positive work environment earned the prestigious WorldatWork 2017 Seal of Distinction. LACERA was chosen to receive this nationally recognized award for our commitment to cultivating a culture that promotes a highly engaged, professional workforce based on our shared values in support of our mission to Produce, Protect, and Provide the Promised Benefits to our members. Ms. Chan gave a short presentation providing an overview of the Seal of Distinction and LACERA's Total Rewards portfolio.

V. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:55 a.m.

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FOR INFORMATION ONLY

June 26, 2017

TO: Operations Oversight Committee

Alan Bernstein, Chair Anthony Bravo, Vice Chair

Joseph Kelly Ronald Okum

David Muir, Alternate

FROM: Robert R. Hill, Assistant Executive Officer

JJ Popowich, Assistant Executive Officer

FOR: July 5, 2017 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

RRH:rrh

DATE RECEIVED	REQUESTER	DOCS REQUESTED					
05-04-17	J. Rossi, Bloomberg	Requested data periods 09/30/2016 - Current.					
	S .	1. Requested alternative portfolio and performance data, specifically for private equity, real estate, and hedge funds.					
		2. Requested committed capital, invested capital, distribution, market value, since inception net IRR, and MOIC, etc. For private equity and real estate funds.					
		3. Requested information such as hedge fund share class, returns, exposures (net/gross/ short/ long), terms (soft lock, hard lock, high water mark, redemption frequency, hurdle rate etc.), net asset value, allocation size, allocation date etc for hedge funds.					
		Transmitted 3 documents.					
		Sent via email: LACERA 3Q 2016 PMR; Portfolio Investment as June 30, 2016; and Q3 2015 Hedge Fund Performance Report.					
05-12-17	F. Massey, Individual	Requested copy of Budget Book.					
	mulviddai	Transmitted 1 document.					
		Sent via email: The Budget Book.					
05-17-17	G. Howard	Requested names, addresses, contact telephone numbers and email addresses of the domestic and international real estate managers under the umbrella of LACERA.					
		Transmitted 1 document.					
		Sent via email: Document titled Manager's Contact Information.					

DATE RECEIVED	REQUESTER	DOCS REQUESTED				
05-23-17 06-01-17	K. Kansal, Individual	Requested private equity fund performance data for Q3 2016. Response transmitted via email: LACERA does not have any responsive documents to your request for Q3 2016. Previously explained that our staff only prepares the Q2 and Q4 data for the Board. LACERA's previous Private Equity Consultant prepared Q1 and Q3. This was not a Board requirement. The reporting was for information only and not part of a Board Report. The new consultant does not provide this information. Sent to Requestor LACERA's Private Equity Objectives, Policies and Procedures because it addresses reporting to the Board. Advised to refer to Page 9, Section E. VI. VI. Monitoring and Reporting Portfolio Performance. This section requires reporting on a semi-annual basis. Transmitted 1 document. Sent via email: LACERA's Private Equity Objectives, Policies and Procedure. Transmitted 1 document. Sent via email: LACERA's Private Equity Objectives, Policies and Procedure. 06-02: Requestor asked for private equity fund performance data for Q4 2016.				
05-31-17	Suzy Xu, Progressive Public Affairs	Would like to know if a policy is in place to minimize climate risks with pension investments. Would like to know if the LA pension system has in place ESG investments evaluation, and what are the particulars of that policy. If a policy is not in place, is LA pension system considering implementing/developing one? Transmitted 2 documents. Sent via email: 1. U.S. Proxy Voting Guidelines attached. The section addressing environmental and social issues is on page 51. 2. LACERA's Investment beliefs Policy Statement. See Page 2, Section 5. a. vii.				
06-02-17	Jack, Promote Transparency	Requested the current (as of January 1, 2017) salary information of all personnel in LACERA's Disability Litigation department pursuant to the Public Records Act. Transmitted 1 document. Sent via email: Document titled Disability Litigation Salaries 01/01/17.				
06-02-17	J. Hammond, RELAC	Transmitted monthly request for Retiree's Benefit Approval List. Transmitted 1 document. Sent via email: LACERA's Retiree list dated June 1, 2017.				

DATE RECEIVED	REQUESTER	DOCS REQUESTED				
06-02-17	S. Ayers Tristar Group	Transmitted monthly request for Retiree's Benefit Approval List.				
	Tristal Group	Transmitted 1 document.				
		Sent via email: LACERA's Retiree list dated June 1, 2017.				
06-02-17	Les Robbins, LASD	Transmitted monthly request for Retiree's Benefit Approval List.				
		Transmitted 1 document.				
		Sent via email: LACERA's Retiree list dated June 1, 2017.				
06-02-17	LA County Sheriffs Dept.	Transmitted two reports: Sent via email:				
		Monthly Sheriff Department Listing and Monthly Fire Department Listing each dated				
		6/1/2017. Each with a date run of May 31, 2017.				
06-05-17	R. Campanaro, Buyouts Magazine	Working on a project compiling data on the returns of many private equity and venture capital investment funds for a feature in the magazine. Found the information posted on your website. Has a few have a few questions:				
		Is the posted IRR net or gross of fees and carried interest?				
		2. Is the posted investment multiple net or gross of fees and carried interest?				
		3. Are all of the numbers posted up to date? And if not, when are you expecting to post the updated numbers?				
		Transmitted response via email on June 6, 2017: All LACERA reports are net of fees and carried interest, unless noted otherwise. LACERA is not sure the source of the numbers that you have cited. The next Private Equity Report will be available after the June 14th, 2017 meeting. If you would like to request a copy of the report, please make it after that date.				
06-07-17	C. Devereaux, Bison	Requested Q4 2014 performance reports for Private Equity and Real Estate Portfolios.				
		Transmitted 1 document.				
		Sent via email: Portfolio Investment Report dated as of December 31, 2016.				
06-09-17	S. Moomjean, CEO,	Requested agenda packet for BOI meeting held on, Wednesday, June 14, 2017.				
	LA County	Transmitted information via email.				
06-09-17	Requested agenda packet for BOI meeting held on, Wednesday, June 14, 2017. Transmitted information via email.					
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DATE RECEIVED	REQUESTER	DOCS REQUESTED							
06-09-17	F. Massey, Individual	Requested agenda packet for BOI meeting held on, Wednesday, June 14, 2017. Transmitted information via email.							
06-09-17	A. Poe, Reedsmith	Requested agenda packet for BOI meeting held on, Wednesday, June 14, 2017. Transmitted information via email.							
06-09-17	D. Kushner, Individual	Requested agenda packet for BOI meeting held on, Wednesday, June 14, 2017. Transmitted information via email.							
06-13-17	M. McCue, FIN	Requested agenda packets for BOI and Portfolio Risk Committee meetings held on, Wednesday, June 14, 2017. Transmitted information via email.							
06-09-17	J. Peterson, IPE	Requested board meeting documents regarding the following: Board approve proposed real estate investment plan for fiscal year 2017-18 and allocation of up to \$600 million for investment by the fund's equity real estate managers LACERA Asset Allocation education Real Estate Performance measurement report 4th Quarter 2016 CityView Western Fund I- Update Transmitted 6 documents. Sent via email: RE Recommendation 2017-2018 Investment Plan Email from Investments re GBOF V Feeder SCS – AGM 2015 Annual Accounts dated 12-16-16. XII.A. – Exec Session – RE Recommendation RREEF Core Fund XII.A. – Exec Session – RE Recommendation Sale of Industrial Portfolio IX.G. Real Estate Info only – CityView Western IX.A. – Report Meketa Asset Allocation Education IX.B. – Real Estate Report, Q4 2016 PMR, V3							

DATE RECEIVED	REQUESTER	DOCS REQUESTED					
06-14-17	D. Gregory, Public Plan IQ	Requested copy of:					
		1. June 14, 2017 Regular Meeting Board of Investments: All investment related discussion materials;					
		2. June 14, 2017 Corporate Governance Committee: All investment relate discussion materials;					
		3. June 14, 2017 Portfolio Risk Committee: All investment related discussion materials; and					
		4. June 14, 2017: DVD recording of the Board of Investments and Committee Meetings.					
		Transmitted 3 documents.					
		Sent via email:					
		Three Agenda Packages for BOI, Corporate Governance and Portfolio Risk, meetings held on Wednesday, June 14,					
		2017. DVDs mailed via USPS First Class mail on June 21, 2017.					
06-14-17	G. Chung, FIN	Question: If all items were approved by the BOI meeting today.					
		Response via email: All items on the June 14, 2017 BOI Agenda were approved. For Item VIII.C the Board approved option A.					



Report of Felony Forfeiture Cases Processed June 26, 2017

CASE #	MEMBER'S LAST NAME	MEMBER'S FIRST NAME	DEPT.	CONVICTION DATE	LACERA NOTIFIED	MEMBER NOTIFIED BY LACERA	FINAL STATUS	DISABILITY STATUS	IMPACT NOTIFICATION SERVICE LEVEL
36	BRANUM	JASON	SHERIFF	12/14/2016	5/16/2017				
35	BRUNSTING	BRYAN	SHERIFF	12/14/2016	5/16/2017				





DATE: June 29, 2017

TO: Operations Oversight Committee

Alan Bernstein, Chair Anthony Bravo, Vice Chair

Joseph Kelly Ronald Okum

David Muir, Alternate

FROM: Bernie Buenaflor, Benefits Division Manager

Louis Gittens, Benefits Section Head; Process Management Group

FOR: July 5, 2017 Operations Oversight Committee Meeting

SUBJECT: Leveraging the Process Management Group to Build an Operational

Compliance Program

Executive Summary

LACERA's Retirement Benefits Strategic Plan for fiscal years ending 2018-2020 calls for the introduction of a formalized Operational Compliance program. The program is charged with developing a structured and transparent framework through which operational processes, policies, and key organizational training regimens will be properly and uniformly performed. As noted in the Strategic Plan, the program's ultimate success will be achieved when LACERA's daily business practices routinely reflect a culture where compliance and ethical business practices are integrated into Operational Compliance.

An Organization-Wide Partnership

As described in the Strategic Plan, an Organizational Compliance Committee (OCC) consisting of the Executive Office and several operational divisions will oversee the development of the program. The Benefits Division's Process Management Group (PMG) will assist the OCC in developing the policies and procedures used to manage the program, including a Compliance Program Charter.

First Steps

The OCC is now undertaking the implementation of the recommendations included in the September 2016 Final Privacy & Data Security Legal Compliance Assessment Report (2016 Privacy Report) prepared by Alston & Bird. Due to its organization-wide scope, rigorous compliance requirements, and direct connection to LACERA's fiduciary duty, the OCC believes that this is an excellent opportunity to "field test" the new Operational Compliance Program.

Conclusion

At the July 5, 2017, Operations Oversight Committee Meeting, Staff will share how the OCC and PMG are leveraging best practices learned at LACERA and throughout the Compliance Industry to build LACERA's Operational Compliance Program, and how the implementation of the 2016 Privacy Report recommendations will be the Operational Compliance Program's pilot project.

BB:bb

Attachment

REVIEWED AND APPROVED

JJ Popowich

Assistant Executive Officer

Compliance Program

Bernie Buenaflor and W. Louis Gittens

Introduction

- 2016 Privacy Audit
- Audit report affects multiple divisions
- Requires organization—wide oversight
- Springboard for Compliance Program

Process Management Group

Process
 Management Group
 (PMG) has created
 tools to ensure
 compliance within
 Benefits Division



Compliance Program

- Pilot PMG concept on organization wide scale
- Application to Privacy Recommendations

- ComplianceProgram Committee
- Made up of members from:
 - Legal
 - Systems
 - Communications
 - Human Resources
 - Benefits
 - Internal Audit/QA
 - Executive Office

Compliance Program

- Compliance Matters
 - Scope of Recommendation
 - Closer Board Oversight Deemed Prudent
 - Magnitude of Impact
 - Fiduciary risk
 - Financial
 - Legal
 - Public trust

Process Flow

- 1) Privacy Audit Report
- 2) Compliance Committee determines responsible party
- 3) Development of Compliance Project Plan
- 4) Compliance Committee reviews Project Plan; reports to upper management and Boards

Process Flow, continued

- 5) Responsible party moves forward with Plan; transmittal and training provided
- 6) Management supplies ongoing updates on project status

Compliance Documents

Project Plan Summary

Summary of steps taken and current status

Worksheet

Documentation of project development

Project Plan

 Details steps, individual tasks, target dates, responsible parties

Approvals

Documentation of approval process

Compliance Documents, continued

Plan Transmittal

Confirms delivery to each user

Audit Plan

Confirms preceding steps were completed

Monitoring Request

 Triggers and schedules future monitoring activity and reporting

Plan Report

Project summary

Tools under Development

PMG documents serve as models for these Compliance Tools:

- Worksheet
- Project Plan
- 3 Approvals
- 4 Plan Transmittal
- 5 Audit Plan
- 5 Plan Report
- 6 Monitoring Request







INFORMATION ONLY

June 26, 2017

TO:

Operations Oversight Committee

Alan Bernstein, Chair

Anthony Bravo, Vice Chair

Joseph Kelly Ronald Okum

David Muir, Alternate

FROM:

John Nogales

Ana Ronquillo Coordinator

FOR:

July 5, 2017 Operations Oversight Committee Meeting

SUBJECT: Diversity Training for LACERA Staff

Diversity is important at LACERA. We acknowledge that the greater goal for diversity in the workplace is about nurturing a cultural acceptance. We realize that our focus on diversity helps all employees to better understand the individual experiences of their co-workers. To assist in creating an inclusion type of environment at LACERA, the Employee and Organizational Development Unit (EOD) of Human Resources (HR) offers multiple opportunities for diversity education.

In the current fiscal year, Employee and Organizational Development offered the following training opportunities for staff related to diversity:

- Harassment Prevention Training
- Generations in the Workplace Training
- Los Angeles County Consortium Diversity Training
- > Emotional Intelligence Training
- > LACERA Self Directed Mentoring Program

Each Member, Operations Oversight Committee

June 26, 2017

Re: Diversity Training

Page 2 of 2

Diversity Training focuses on the employee side of the organization with a goal for improving our human resources issues. These issues include improving employee retention, increasing morale, reducing workplace harassment, and improving recruitment efforts to create a more diverse workforce.

Diversity Training provides the knowledge, skills and tools to assist employees with having a better understanding of each other's differences, thereby creating a stronger relationship. This helps to create change that provides a more diverse, inclusive, respectful and productive organization. We realize that if LACERA employees feel valued and understood their desire to excel in the workplace increases.

This presentation will provide an overview of the Diversity initiatives that the Employee and Organizational Development unit of Human Resources has conducted.

REVIEWED AND APPROVED

Assistant Executive Officer

Attachment

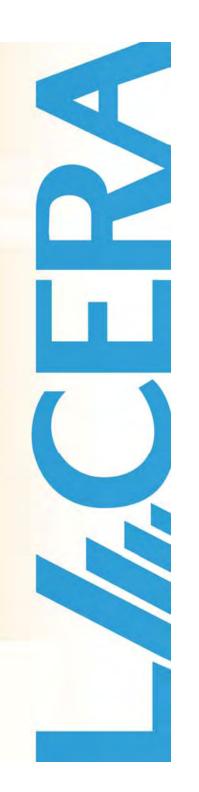
JJP:jjp

How Employee and Organizational Development Is Managing Diversity

Building an Inclusive Workplace Environment

Presented By: John Nogales and Ana Ronquillo Human Resources Division

Here for You!



<u>Agenda</u>

- Elements of Diversity
- What is Diversity Management and why is it important?
- Diversity Trainings conducted this Fiscal Year
- What are LACERA employees saying about our Diversity Training?
- Future Diversity Management Plans

Elements of Diversity

- Gender
- Ethnicity
- Age
- Sexual Orientation
- Race

- Geographic Location
- Income
- Education
- Religious Beliefs
- Physical Characteristics
- Personality Type
- Values
- Ethics
- ❖ Workplace Culture
- ❖ Work and Learning Styles

Here for You!

What is Diversity Management?

- Moving beyond meeting the basics
 - ➤ learn, value, celebrate, manage, harness and leverage individual differences
- Respect and Inclusion

Diversity Success Formula

Valuing Differences + Respected Staff

Increased Member Satisfaction



Charge Forward And Diversify!

- According to a study by SHRM (Society for Human Resources) and Fortune Magazine, 52% of employers say a good diversity initiative improves relationships with clients
- 79% of the respondents said diversity improves their corporate culture
- More than half said it decreases interpersonal conflict among employees (58%), increases creativity (59%) and productivity (52%)

Valuing Diversity by Building Inclusion Diversity Trainings Conducted

- Harassment Prevention
- Mentoring Program
 - Myers Brigg Personality Instrument
- Emotional Intelligence
- Los Angeles County Consortium Diversity
- Generations In the Workplace

Mentoring Program

- Diversity Learning Objectives
 - "Know Thy Colleague" Myers Brigg Personality Instrument
 - The Keirsey Model of Temperament Understanding
 - Understanding the different types of diversity that exist
 - ➤ Encourage cross-generational interaction and the sharing of "war stories"
 - Create a communal environment and reduce workplace conflict by using better communication strategies

Generations In The Workplace Training

- Learning Objectives
 - ➤ Latest demographics for the Generations currently in the workplace
 - How each Generation formed and the values they hold
 - > Practical tips for working with the different Generations
 - Latest trends in Generational Differences and how these impact organizational performance

Generations Training Employee Feedback

"I most enjoyed the way the facilitator was able to provide tangible examples of how values of each generation shape their attitudes at work."

"Yes, the event was very useful to me since I work with different generations at LACERA." "This training helped me understand better the mentality and expectations from different colleagues from different generations."

"I most valued the understanding of the various elements of the different generations, which informs ways of thinking and requires adjusted communication styles to be effective in the workplace."

Here for You!

Future Diversity Training Plans

- Generations in the Workplace Part #2
- Embracing Diversity in the Workplace
- Organizational Assessment Employee perceptions of the work environment on diversity
- Human Resources staff attending Diversity and Inclusion Conference in October of 2017

Embracing Diversity Training

- Learning Objectives
 - Create a culture of respect
 - Confront prejudices
 - Manage differences
 - Understand the power of diversity
 - Avoid stereotypes
 - Use "people first" language

Closing Thoughts

"Diversity is being invited to the party; Inclusion is being asked to dance"

> -Howard J. Ross Chief Learning Officer, Cook Ross Consulting

> > Here for You!

References

 Where Diversity Really Works; America's Best Companies for Minorities" Fortune Magazine, 2000

The End

Thank you for the opportunity to present to you today.