

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, APRIL 4, 2018 - 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:

Marvin Adams, Chair
Thomas Walsh, Vice Chair
Alan Bernstein
William Pryor
Vivian H. Gray, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of March 15, 2018

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing
JJ Popowich/Bernie Buenaflor

B. Overpayment & Forgery Receivables (Period Ended December 31, 2017)
David Bayha

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, MARCH 15, 2018, 11:15 A.M. – 11:40 A.M.

COMMITTEE MEMBERS

PRESENT: Marvin Adams, Chair
Thomas Walsh, Vice Chair
Alan Bernstein
Vivian H. Gray, Alternate

ABSENT: William Pryor

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Keith Knox (Chief Deputy to Joseph Kelly)
Les Robbins
Gina Zapanta-Murphy

STAFF, ADVISORS, PARTICIPANTS

JJ Popowich
Bernie Buenaflor
Roxana Castillo
Cynthia Guider

Holly Henderson
Robert Morgan
Jill Rawal

The meeting was called to order by Chair Adams at 11:15 a.m. Due to the absence of Mr. Pryor, the Chair announced that Ms. Gray, 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 7, 2018

Ms. Gray made a motion, Mr. Walsh seconded, to approve the minutes of the regular meeting of February 7, 2018. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Jill P. Rawal, Staff Counsel: That the Operations Oversight Committee recommend the Board of Retirement (Board):

1. Determine that the Board wishes to exempt LACERA from possible business associate status under HIPAA; and
2. Approve and authorize staff to execute the HIPAA Privacy and Security Rule Requirements for Disclosure of PHI to LACERA Retiree Healthcare Program amendment to the Retiree Healthcare plan documents in order to take advantage of one of HIPAA's Plan Sponsor Exceptions.

(Memorandum dated March 5, 2018)

Mr. Bernstein made a motion, Mr. Walsh seconded, to approve the recommendation. The motion passed unanimously.

B. Recommendation as submitted by JJ Popowich, Assistant Executive Officer: That the Operations Oversight Committee recommend the Board of Retirement approve the LACERA Secured Workplace Policy. (Memorandum dated March 2, 2018)

Mr. Bernstein made a motion, Mr. Walsh seconded, to approve the recommendation. The motion passed unanimously.

IV. FOR INFORMATION

A. LACERA Operations Briefing
JJ Popowich/Bernie Buenaflor

Messrs. Popowich and Buenaflor 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
- Call Center Update
- Benefit Protection Unit
- PEPRA – Retirement Estimate Review

B. Water Intrusion Incident
Roxana Castillo/Cynthia Guider

Ms. Castillo and Ms. Guider discussed the water leak which occurred on Friday, February 23, 2018, involving the basement storage areas. The water was contained to the file and supply storage areas; the Uninterruptable Power Supply (UPS) equipment and Systems technology storage areas were not involved at any time during the event. This leak was relatively well-contained due to the immediate action of Systems and Administrative Services staff, the Executive Team, and the building management company, Avison Young. A short video of the incident was presented to the Committee.

C. FY 2016-2017 Final Budget Control Report
Robert Morgan/Holly Henderson

Robert Morgan and Holly Henderson presented the Budget Control Report for fiscal year 2016-2017, based on actual expenditures through June 30, 2017. Total operating expenses for the LACERA Administrative Budget are \$67.4 million, an underexpenditure of approximately \$9.4 million from LACERA's operating budget.

The Retiree Healthcare Benefits Program Budget's total operating expenses are \$5.3 million. This represents an underexpenditure of approximately \$1.2 million from the operating budget.

Total operating expenses for the OPEB Trust Budget are \$138,733, representing an overexpenditure of approximately \$15,213.

IV. FOR INFORMATION (Continued)

Total operating expenses for LACERA's portion of the OPEB Trust Budget are \$33,381, representing an overexpenditure of approximately \$8,186.

Total operating expenses for the Superior Court OPEB Trust Budget are \$104,946, representing an overexpenditure of approximately \$43,566.

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 11:40 a.m.

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FOR INFORMATION ONLY

March 26, 2018

TO: Operations Oversight Committee
Marvin Adams, Chair
Thomas Walsh, Vice Chair
Alan Bernstein
William Pryor
Vivian H. Gray, Alternate

FROM: JJ Popowich, Assistant Executive Officer 
Bernie Buenaflor, Interim Assistant Executive Officer 

FOR: April 4, 2018 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
02-22-18	S. Sutton, BuyOuts Insider	<p>Requested packets from the February 14/15 BOI and BOR meetings. Asked if \$100 million commitment to Morgan Stanley Alternative Investment Program was approved.</p> <p>Transmitted responsive comment via email:</p> <p>I have attached a link to the BOR and the BOI meeting items in response to your request. The Board approved the \$100 million commitment to the Morgan Stanley Alternative Investment Program.</p> <p>Link: http://www.lacera.com/about_lacera/board_retirement.html</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Board of Investments Agenda Package for meeting held on Wednesday, February 14, 2018.</i></p>
02-27-18	L. Rooney, LA County	<p>Requested a copy of the signed and approved letter for Item #VIII.G, Compensation Earnable and Pensionable Compensation that was on the December 14, 2017 BOR agenda.</p> <p>Requested on February 28, 2018 copy of the signed letters that includes signatures of Mr. Kehoe and Ms. Gray, in addition to Mr. Rice, in the Resolution.</p> <p>Transmitted 3 documents.</p> <p>Sent via email on February 28, 2018: Board of Retirement memo dated December 5, 2017 re Compensation Earnable & Pensionable Compensation, Corrective Payment (unsigned); Resolution No. 2017-BR006, captioned Resolution of the Board of Retirement Specifying Items of Remuneration as "Compensation Earnable," and Resolution No. 2017-BR007 captioned Resolution of the Board of Retirement Specifying Items of Remuneration as "Pensionable Compensation." Each resolution signed on December 14, 2017.</p>
03-08-18	M. McCue, FIN	<p>Questions:</p> <ol style="list-style-type: none"> 1. Did the plan approve a commitment of up to \$50 million to AG Europe Realty Fund II? 2. Did the plan approve Meketa's recommendation to include a broader group of investments in Credit and Inflation Hedging/Real Assets and specifically this recommendation? <ol style="list-style-type: none"> a. Meketa Investment Group believes that expanding LACERA's investment opportunity set by including TIPS, Infrastructure, and Natural Resources (Farmland, Timber, Oil & Gas E&P, and Mining) will increase the Fund's diversification and enhance the Fund's risk-adjusted returns. We recommend that the Board utilize explicit allocations to each of these asset classes/strategies in the Fund's asset allocation.

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>3. There was a note regarding the U.S. small-cap equity manager RFI in the CIO Report that said a recommendation is scheduled for the March meeting – when will that meeting be held?</p> <p><i>Transmitted responsive comments via email:</i></p> <p>1. The Board of Investments approved the commitment of up to \$50 million to AG Europe Realty Fund II.</p> <p>2. The Board of Investments approved the inclusion of Meketa’s recommendations in the asset allocation study that will happen later this year. They did not take specific action on the item.</p> <p>3. The small-cap equity manager will be selected at a later date; it is an ongoing search. There was no action taken.</p> <p>4.</p>
03-09-18	J. Gao, Bloomberg	<p>Requested latest reports shown below.</p> <ul style="list-style-type: none"> • Q2 2017 Private Equity report • Q2 2017 Hedge Fund report • Q2 & Q3 2017 Real Estate report. <p><i>Transmitted 3 documents.</i></p> <p><i>Sent via email the latest reports for each asset class: Portfolio Investment Report as of June 30, 2017 for Private Equity; 2017 Second Quarter Hedge Fund Performance September 11, 2017, and LACERA 2017 – 2Q17 Report for Real Estate.</i></p>
03-12-18	D. Gregory, Public Plan IQ	<p>Requested DVDs of the March 5, 2018 recordings for the open sessions of the Board of Investments and Committee Meetings.</p> <p><i>Sent via USPS mail on March 19, 2018: DVDs for the open sessions of the Board of Investments and Committee Meetings held on March 5, 2018.</i></p>



March 22, 2018

TO: Operations Oversight Committee
Marvin Adams, Chair
Thomas Walsh, Vice Chair
Alan Bernstein
William Pryor
Vivian H. Gray, Alternate

FROM: David Bayha
Benefits Division

FOR: April 4, 2018 - Operations Oversight Committee Meeting

SUBJECT: OVERPAYMENT & FORGERY RECEIVABLES 6-MONTH PERIOD MONTH ENDED 12/31/2017.

Staff will be providing your committee with an update of the Overpayment & Forgery Receivables as of December 31, 2017. Some of the highlights of the presentation include the following:

- Increase in Late Death Notifications & Incorrect Computation

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

REVIEWED AND APPROVED:

Bernardo Buenaflor
Assistant Executive Officer

OOC OP & Forgery Receivables
BB:DB:bb

Overpayment Receivables

6 Month Period Ended December 31, 2017

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



Presented by:

David Bayha – *Benefits Division*

April 4, 2018

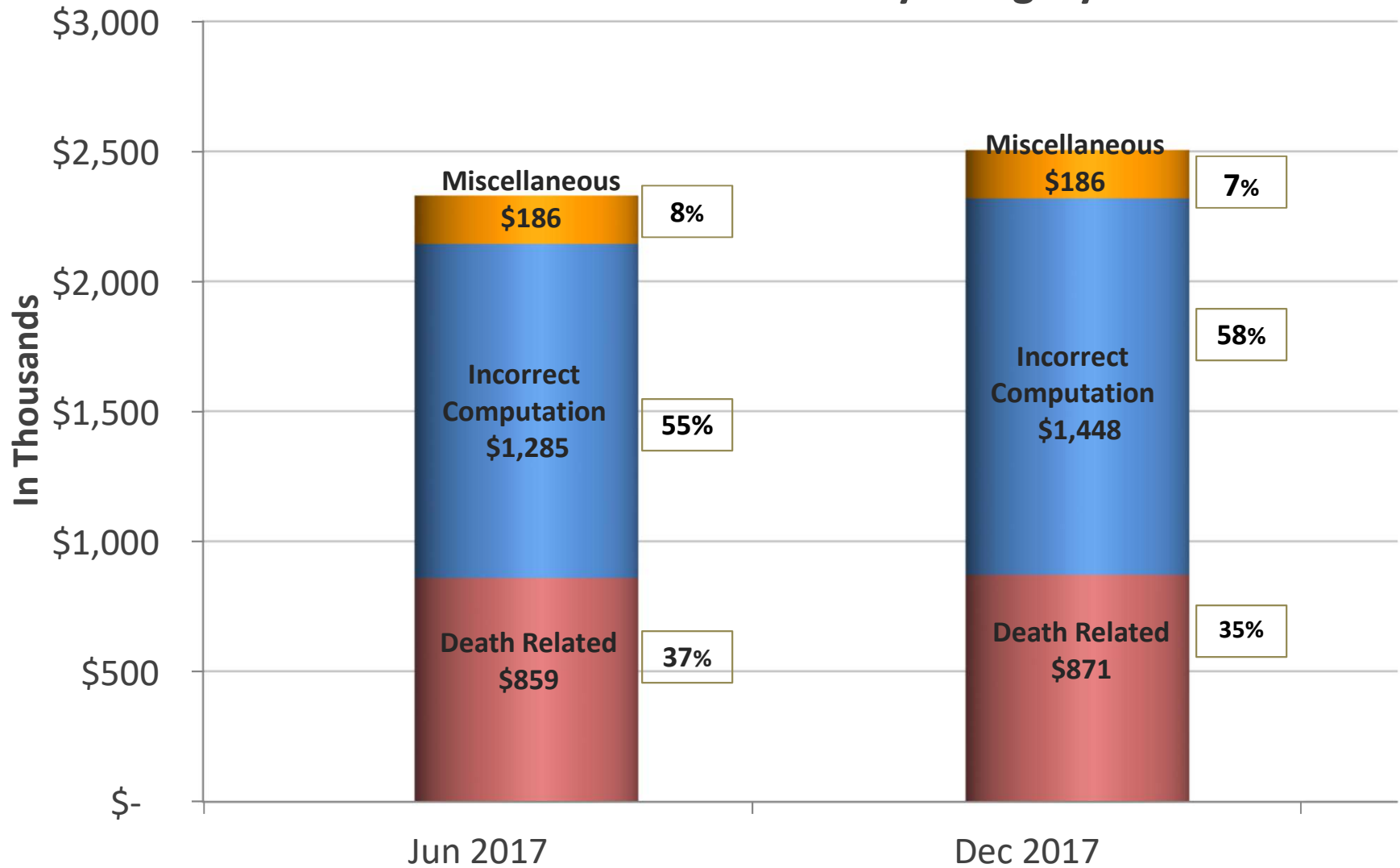
Overpayment Receivables

Ending Cumulative Balance Comparison



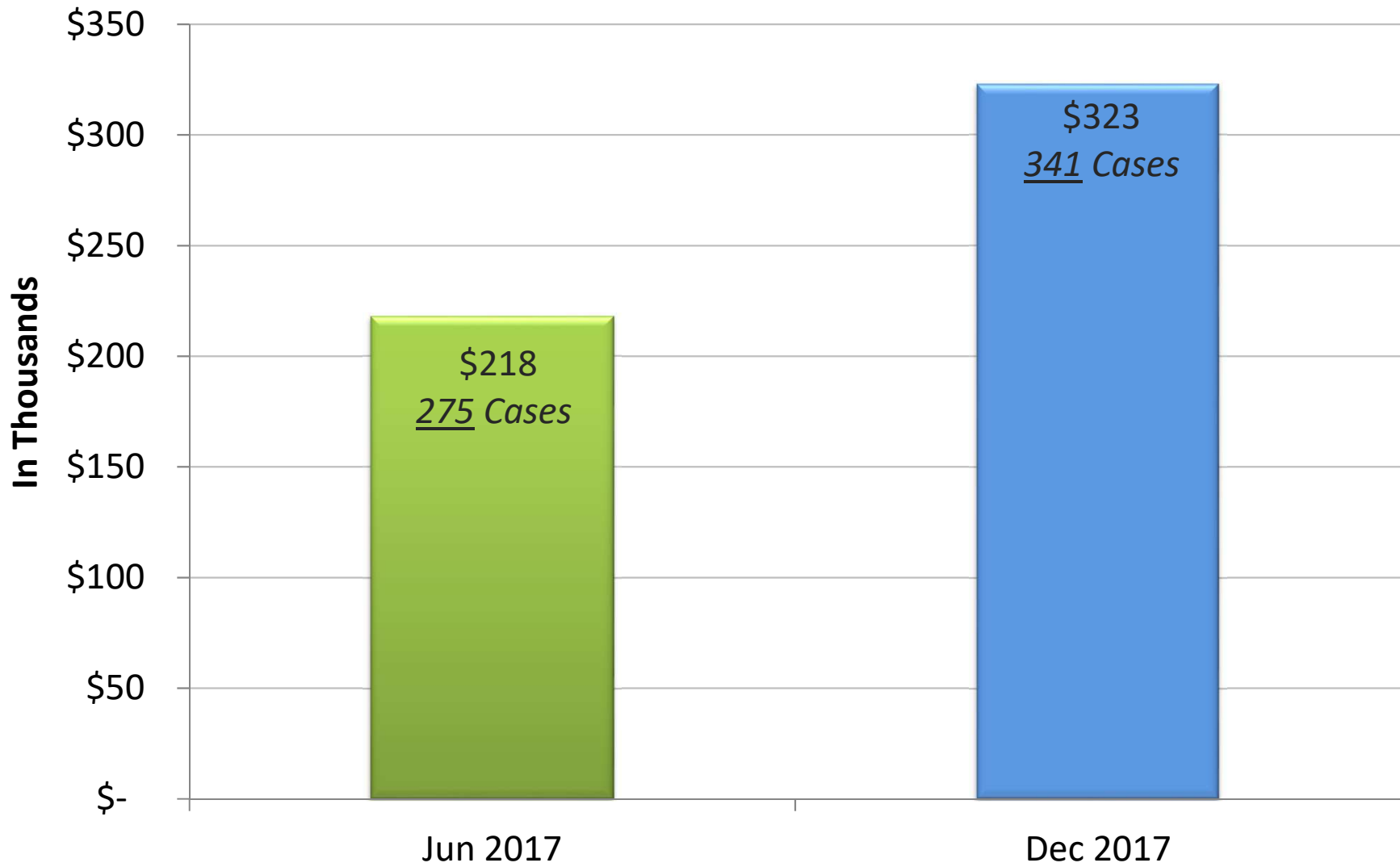
Overpayment Receivables

Cumulative Balance by Category



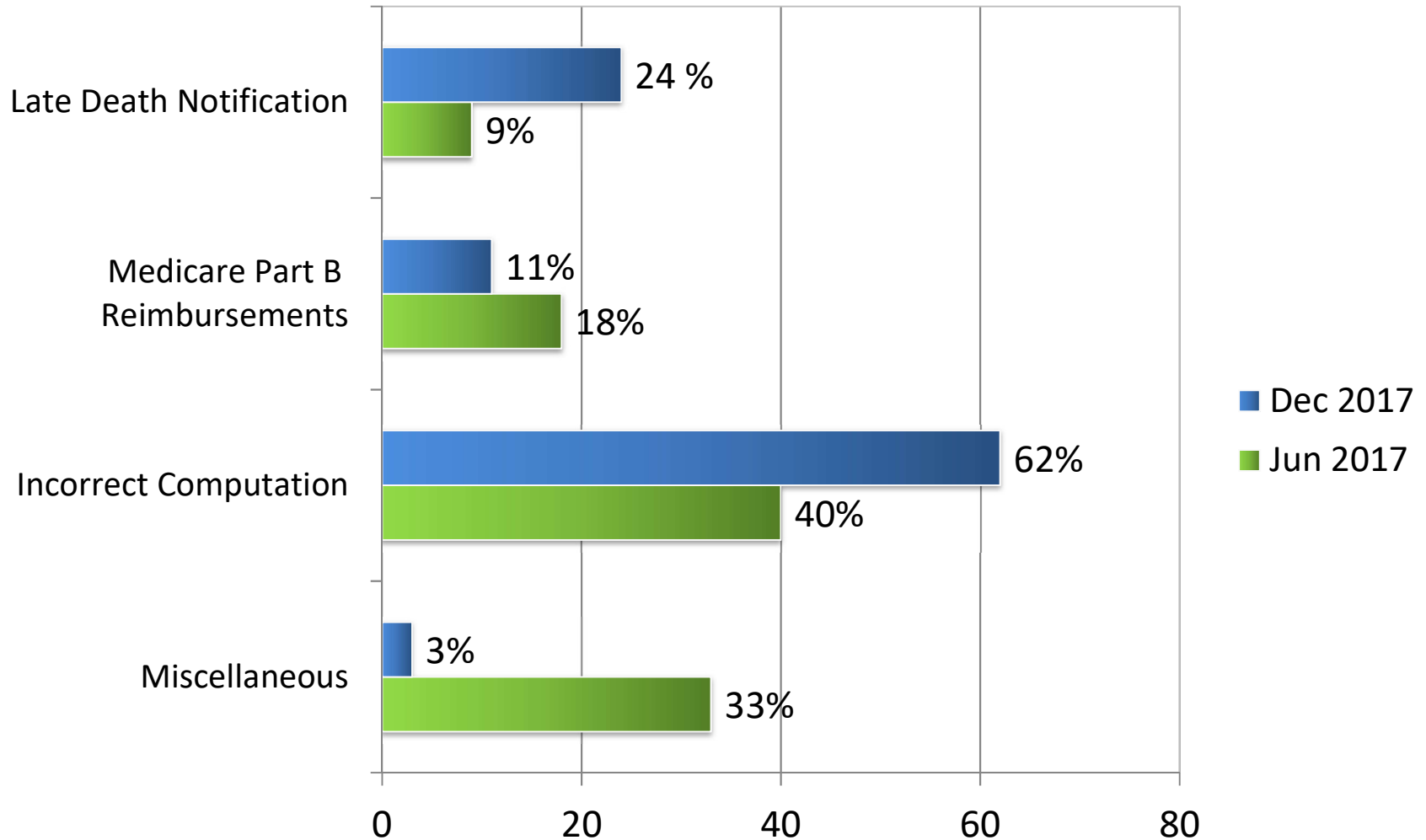
Overpayment Receivables

Total New Cases Added Each Period Ended



Overpayment Receivables

New Case Breakdown: Percentages of the Whole



Overpayment Receivables

New Case Breakdown: A Closer Look

Medicare Part B Reimbursements

- 302 cases - \$35,053

Late Death Notification

- 11 cases - \$76,564

Incorrect Computation

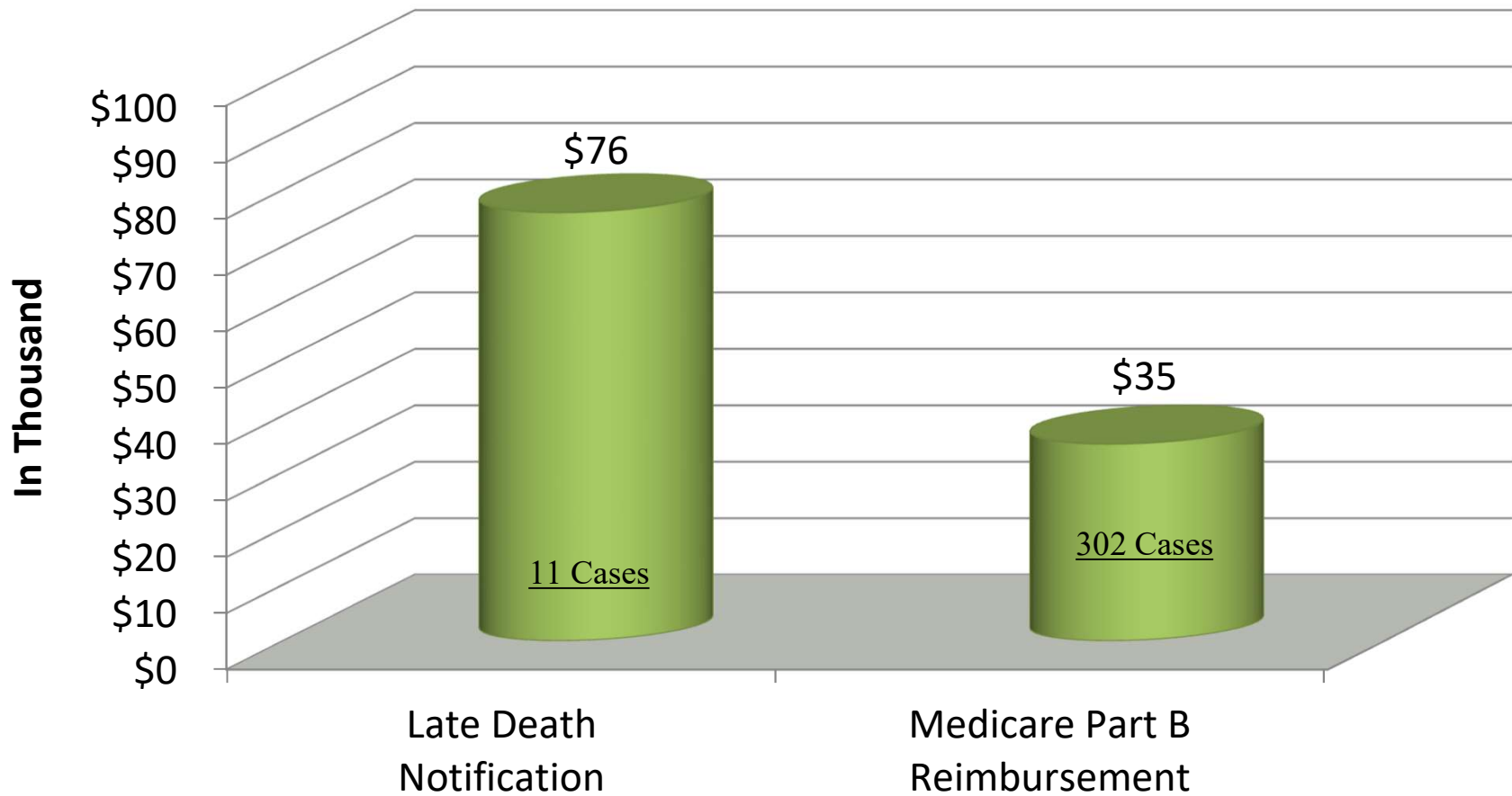
- 23 cases - \$201,998

Miscellaneous

- 5 cases - \$9,656

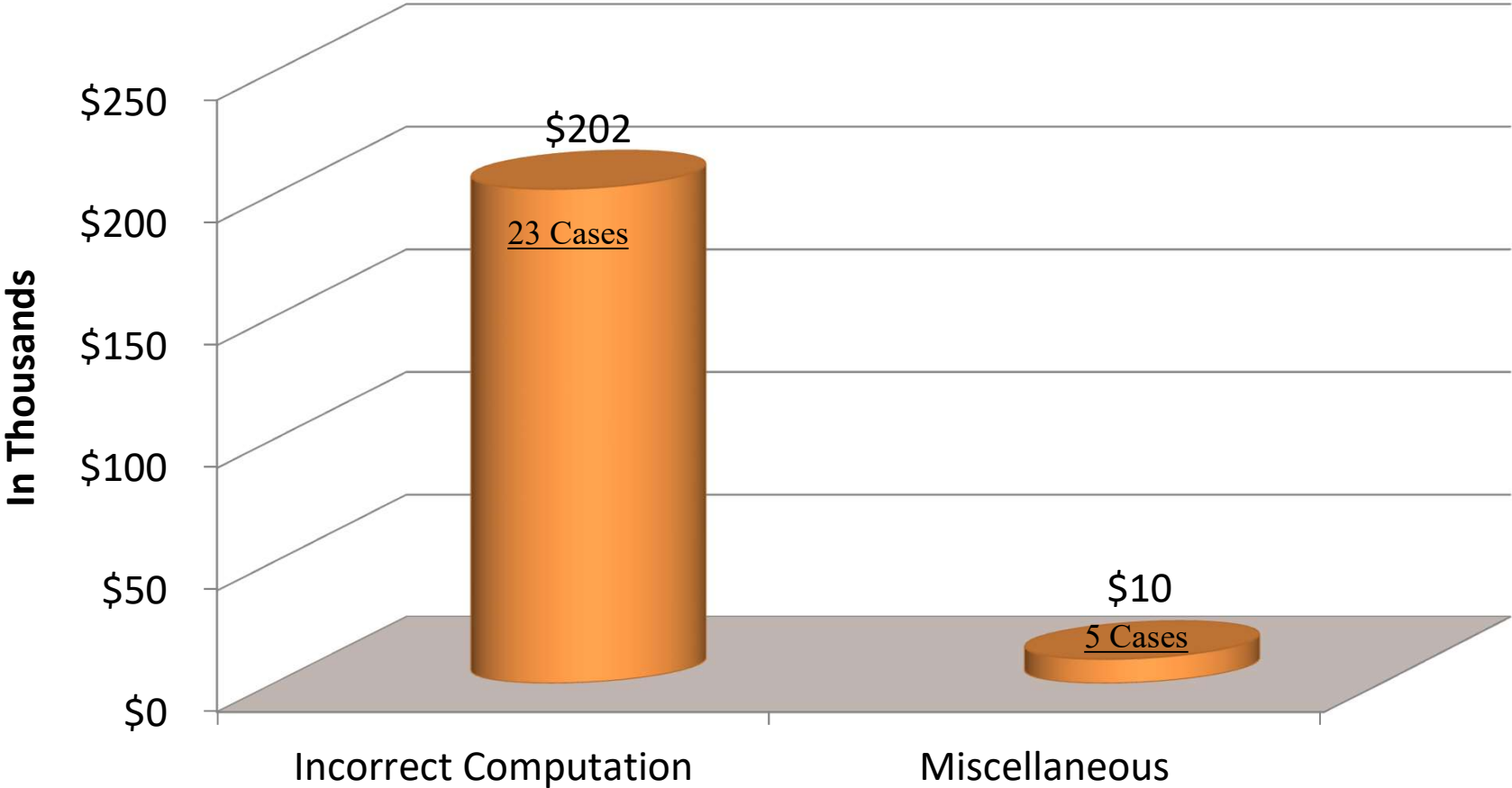
Overpayment Receivables

New Cases – Beyond LACERA's Control



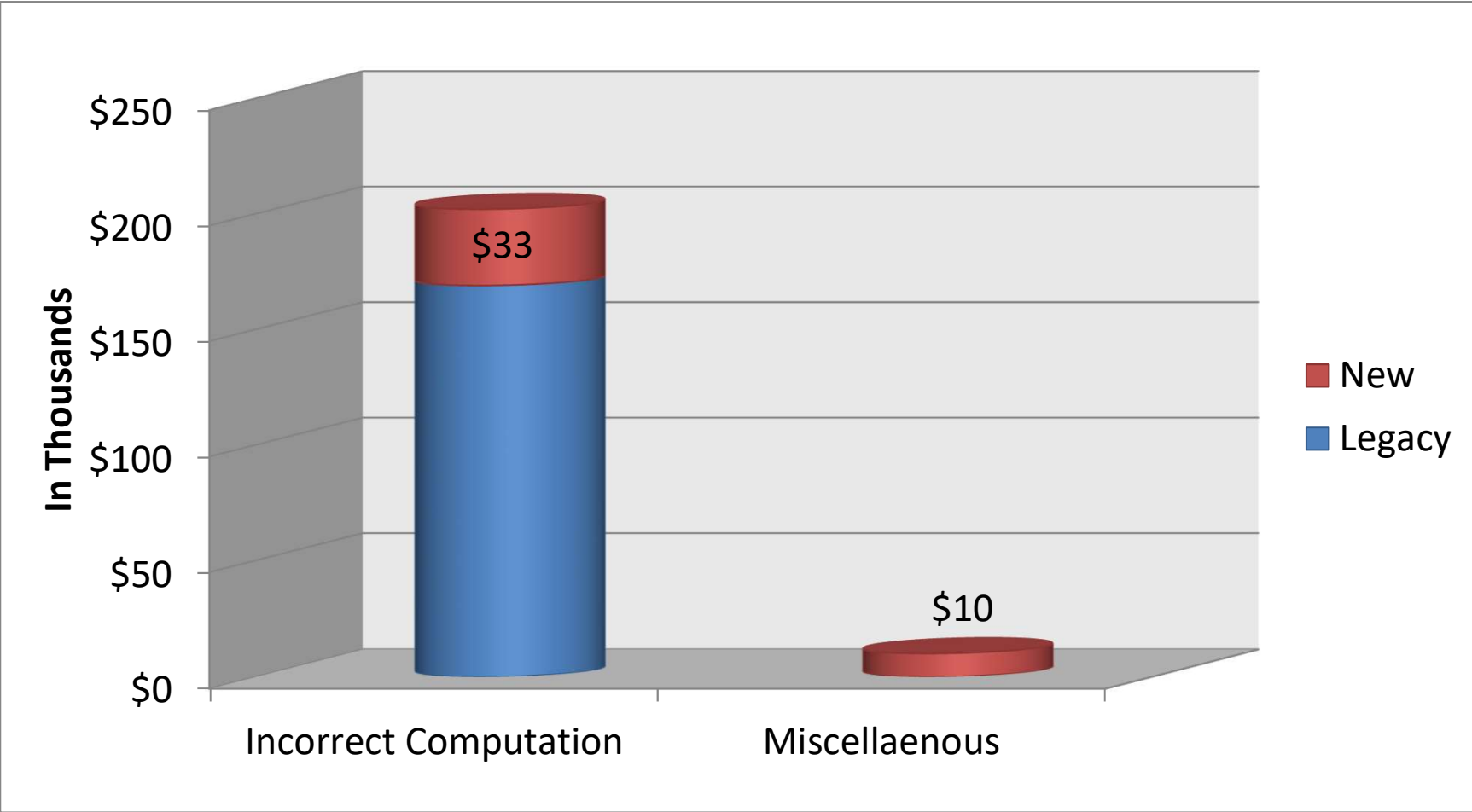
Overpayment Receivables

New Cases – Within LACERA’s Control



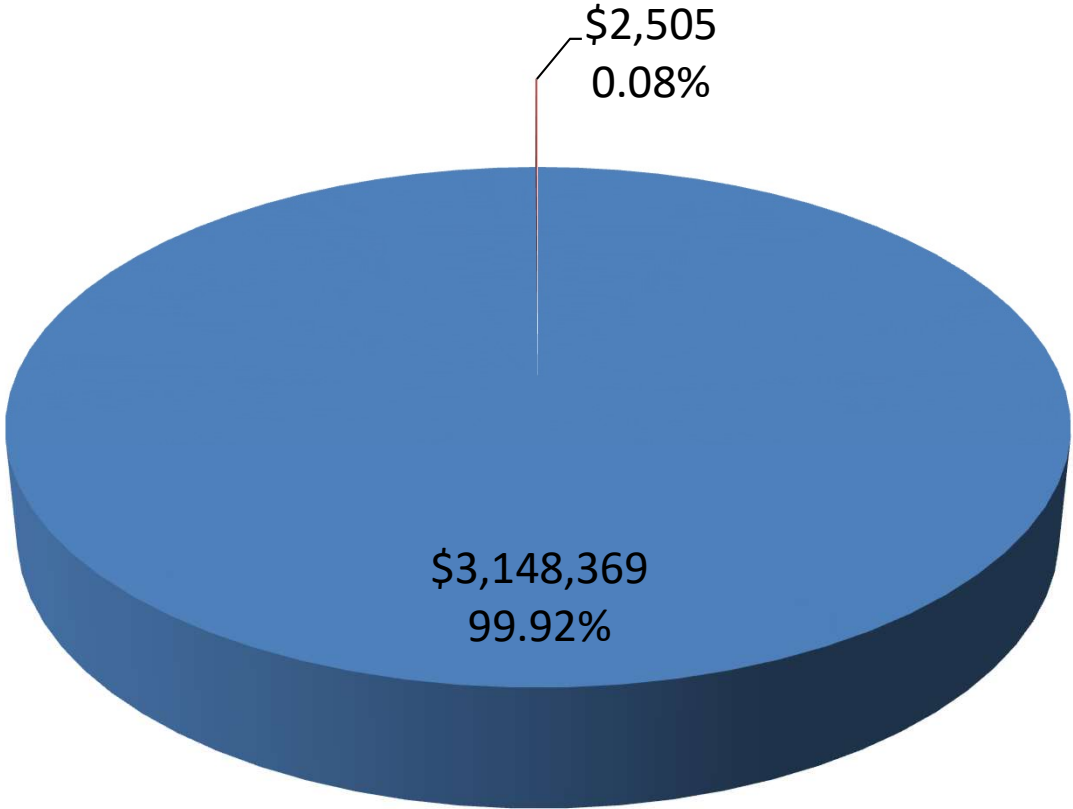
Overpayment Receivables

Within LACERA's Control – Current vs. Legacy



Overpayment Receivables

Balance as a Percentage of Payroll



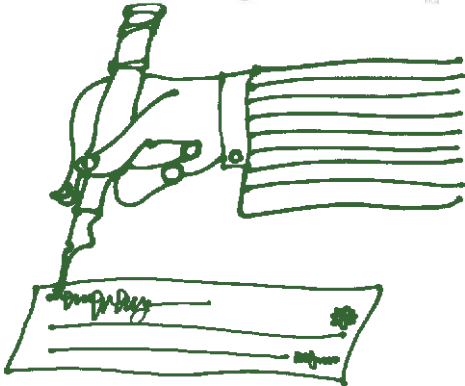
■ Payroll ■ Overpayment
(Dollars in Thousands)

Overpayment Receivables

Collections for this Period



\$ 67,000 – Automatic Deduction/TTC



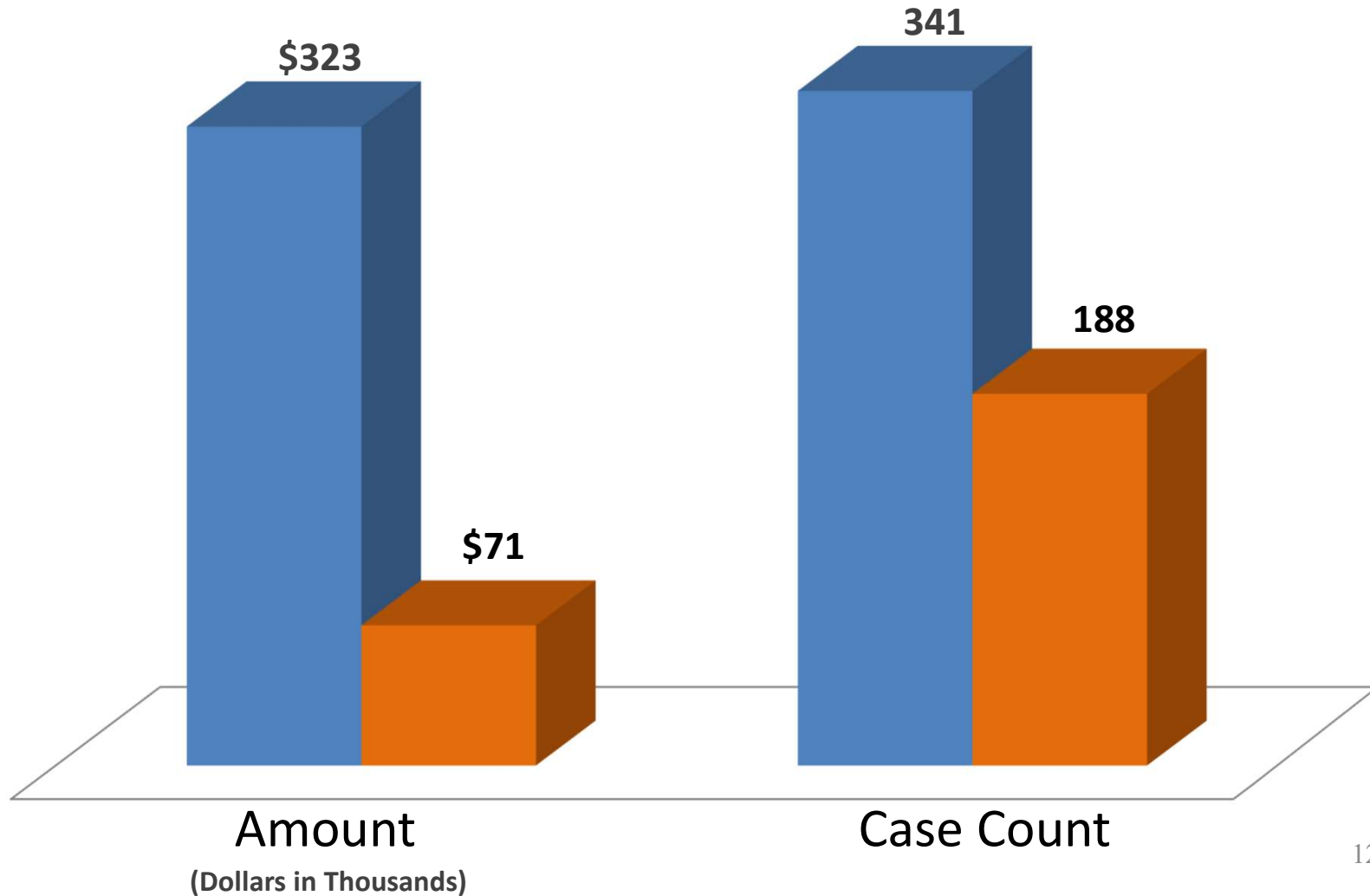
\$ 74,000 – Over the Counter Checks

\$ 141,000

Overpayment Receivables

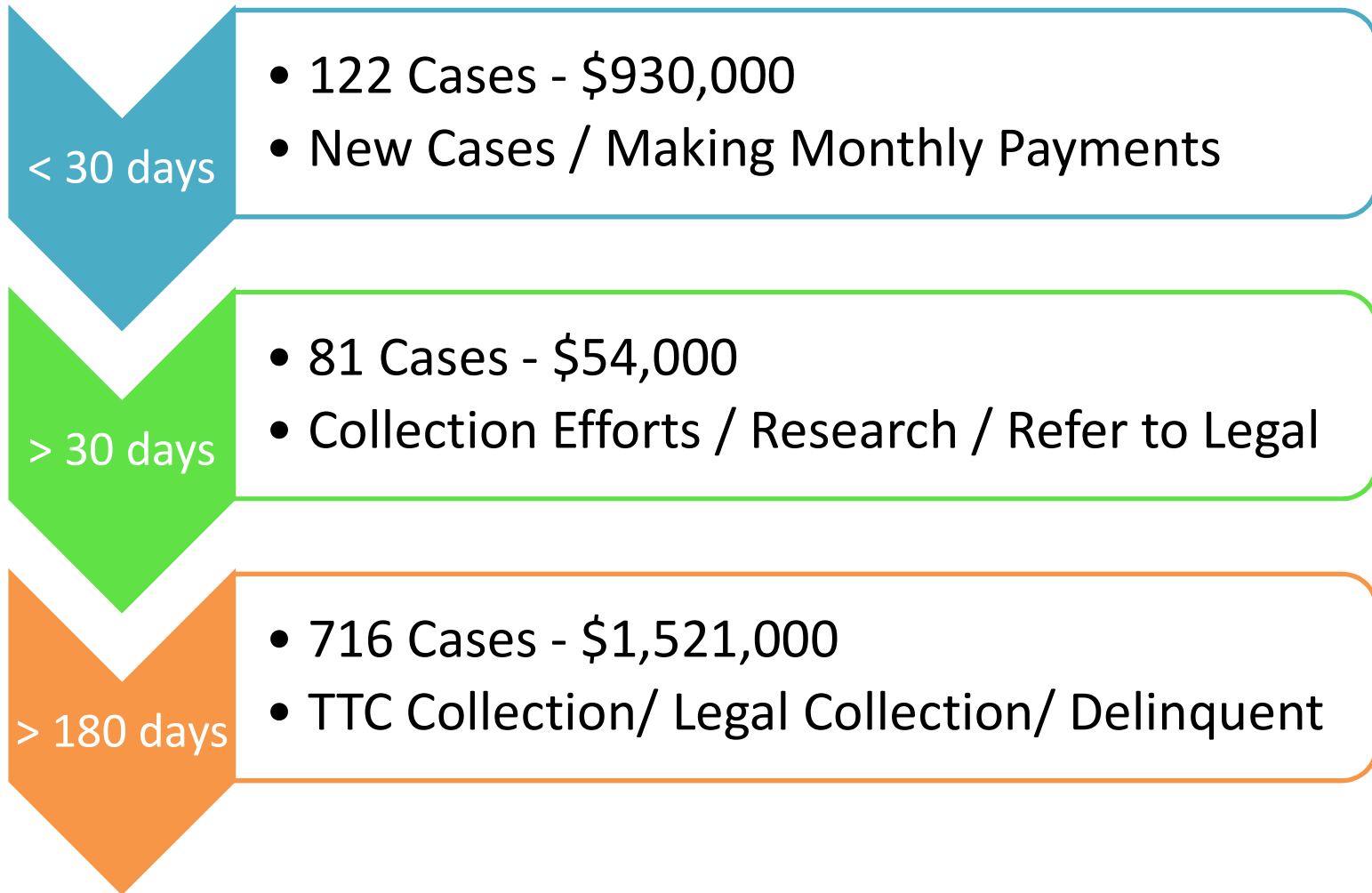
Collection Status: New Cases
For This Period

■ Set-up ■ Collected



Overpayment Receivables

Aging Report



Overpayment Receivables

Breakdown of Cases



Questions . . .

