

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 10, 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 regular meeting of April 4, 2018

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing
JJ Popowich/Bernie Buenaflor

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

WEDNESDAY, APRIL 4, 2018, 1:25 P.M. – 1:35 P.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

JP Harris
Les Robbins
Herman B. Santos

STAFF, ADVISORS, PARTICIPANTS

JJ Popowich
Bernie Buenaflor
David Bayha

The meeting was called to order by Chair Adams at 1:25 p.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 special meeting of March 15, 2018

Mr. Bernstein made a motion, Mr. Walsh seconded, to approve the minutes of the special meeting of March 15, 2018. The motion passed unanimously.

II. PUBLIC COMMENT

III. 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

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

Mr. Bayha provided an update of the Overpayment & Forgery Receivables as of December 31, 2017. Highlights included the following:

- Increase in Late Death Notifications and Incorrect Computation
- Increase in new cases, specifically Medicare Part B Reimbursements
- Decrease in Miscellaneous category

IV. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 1:35 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

May 1, 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: May 10, 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
03-14-18 (Media)	A. Jacobius, P&I	<p>The reporter covers LACERA for P&I and called to discuss the March 5th BOI meeting.</p> <p><i>Transmitted responsive comment: I confirmed the actions taken by the Board. Arleen also asked questions about excesses in venture capital and if the market is at a peak. I shared my thoughts that all asset categories, including venture capital, have benefited from an extended period of central bank stimulus. Arleen asked if we are making any tactical shifts. I answered that as long term investors it is important for us to invest through cycles. I mentioned that investors who continued to commit capital during the great financial crisis captured attractive returns from private equity and venture capital. I also mentioned that it is difficult to time markets when you commit capital to investment vehicles that can stay in place for more a decade.</i></p>
03-15-18	T. Usher, HR, LA County	<p>Requested Disability Retirement List for March 2018.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Monthly Agenda for BrdSecs 180315.</i></p>
03-16-18	S. Slade Pageant Media	<p>Comment and question from Requestor: I was wondering if you could help me, I have recently read online that the board has approved a commitment of up to \$50 million to AG Europe Realty Fund II, in your board of investments meeting that took place on March 5th. Are you able to disclose if this approved commitment is accurate?</p> <p><i>Transmitted response comment: Yes, the Board approved the \$50 million commitment to AG Europe Realty Fund II, that statement is accurate.</i></p>
03-20-18	M. Pincher, Individual	<p>Requested BOR December 14, 2017 Board Minutes.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: BOR Minutes for meeting held on December 14, 2017.</i></p>
03-20-18	R. Rao, Media Pageant	<p>Questions regarding the secondary market advisor RFP.</p> <p>Is there an update on it and what kind of response did LACERA get?</p> <p>Given the timeline of the RFP, is LACERA considering selling all or part of its private equity portfolio?</p> <p>If so, how much of its portfolio is it looking to sell and why?</p> <p>Comments and questions: I also wanted to confirm that Jude Perez had joined LACERA as principal investment officer. I see that he has come from New Mexico PERA. Why was he hired and what will his role be?</p> <p><i>Transmitted responsive comment via email: According to the Investments division, LACERA hopes to have advisor(s) identified in Q2. LACERA is considering selling part of the portfolio.</i></p>
03-21-18	D. Kushner, Individual	<p>Send DVDs for the open sessions regarding LACERA's Board of Retirement meeting held on March 15, 2018.</p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		The DVDs were mailed via USPS First Class Mail.
03-30-18 (Received 04-09-18)	A. Ruta, PWC	<p>Requested information related to the next time LACERA will be soliciting health plans to provide Medicare Advantage coverage for eligible LACERA retirees.</p> <p>Specifically, provide your nearest approximation of the date on which an RFP or bid will be issued for health insurers to provide LACERA retiree Medicare coverage?</p> <p><i>Transmitted responsive comment: In response to your request below, LACERA has no plans to solicit new Medicare Advantage plan coverage for our retirees anytime in the near future. There are no documents responsive to your request.</i></p>
04-02-18	J. Peterson, IPE	<p>Requested the most recent valuations for the real estate portfolio and total plan assets for LACERA. Please state the date these values are based on.</p> <p><i>Transmitted responsive comment: As of December 31, 2017 the total plan assets had a market value of \$55.6 billion. The real estate portfolio was \$6.2 billion.</i></p>
04-05-18	S. Ayers, TriStar Group	<p>Requested BOR Retirement list for April 2018.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: BOR Retirement Benefit Approval List for April 2018.</i></p>
04-05-18	J. Hammond, RELAC	<p>Requested BOR Retirement list for April 2018.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: BOR Retirement Benefit Approval List for April 2018.</i></p>
04-05-18	LA County Sheriffs Dept.	<p>Requested Fire and Sheriff retirement list for April 2018.</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: Fire Department Monthly Agenda Report dated April 4, 2018 and Sheriff Department Monthly Agenda Report dated April 4, 2018.</i></p>
04-05-18	T. Usher, HR, LA County	<p>Requested BOR Disability Retirement list for April 2018.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: MonthlyAgendaforBrdSecs 180404.</i></p>
04-06-18	D. Mumford, SP Global	<p>Questions:</p> <p>Could you tell me if the Los Angeles County Employees Retirement Association made any hiring decisions regarding the search for emerging manager investment management firms that offer portfolio management services for active U.S. and non-U.S. equity strategies?</p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>Have any decisions been made regarding the RFI for US small cap equity managers?</p> <p><i>Transmitted responsive comment: LACERA has not made a decision regarding the active U.S. and non-U.S. equity strategies, the process is still in the due diligence phase. Regarding the RFI for US small cap equity managers, the item will appear on the April 11, 2018 meeting. I have attached the item for your review.</i></p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Small Cap RFI 2018-04-BOI Agenda-S1.</i></p>
04-09-18	S. Schupbach, American Transparency	<p>Requested an electronic copy of any and all retired employees which are paid a monthly pension annuity, in electronic format and emailed for the year 2017. This data should include the following data items: Year of 2017, Last Name, Years of Service, Zip Code of Residence. We do not need their pension amount</p> <p><i>Transmitted responsive comment: I am Staff Counsel to the Los Angeles County Employee Retirement Association (LACERA). I am writing in response to your request for public records pursuant to the California Public Records Act, set forth at California Government Code § 6250 et seq. ("CPRA") emailed to Mr. Robert Hill on April 9, 2018.</i></p> <p><i>You requested records for "any and all retired employees which are paid a monthly pension annuity, in electronic format and emailed for the year 2017. This data should include the following data items: Year of 2017, Last Name, Years of Service, Zip Code of Residence."</i></p> <p><i>Taking into account LACERA's obligation to narrowly construe statutes limiting disclosure, see Cal. Const., art. I, § 3, (b)(2), LACERA has nonetheless determined as discussed further below that certain of the records you requested are exempt from disclosure under the CPRA.</i></p> <p><i>Government Code §6254 (c) exempts "Personnel, medical, or similar files, the disclosure of which would constitute an unwarranted invasion of personal privacy." The "Zip Code of Residence" that you requested is part of the Personnel file information that this section exempts from disclosure.</i></p> <p><i>Government Code §6254.3 exempts "home addresses and other personal information from public disclosure." The "Zip Code of Residence" that you requested is part of the information that this section exempts from disclosure.</i></p> <p><i>Public records are exempt from disclosure under the CPRA if they are records, "the disclosure of which is exempted or prohibited pursuant to federal or state law." (Government Code §6254(k)). Here, disclosure of the records you requested is expressly prohibited by Section 31532 of the County Employees Retirement Law of 1937, set forth at California Government Code Section 31450 et seq., (the "Retirement Law").</i></p> <p><i>Section 31532 of the Retirement Law provides, in full:</i></p> <p><i>"Sworn statements and individual records of members shall be confidential and shall not be disclosed to anyone except insofar as may be necessary for the</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p><i>administration of [the Retirement Law] or upon order of a court of competent jurisdiction, or upon written authorization by the member."</i></p> <p><i>Accordingly, absent an order by a court of competent jurisdiction or member authorization, LACERA cannot provide the "Zip Code of Residence" information you requested. These records are thus also exempt from disclosure under Section 6254(k) of the CPRA. However, the other records you requested are not exempt from disclosure, including the "Year of 2017, Last Name, Years of Service" information. We have collected this information and attached it with this response in the format requested.</i></p> <p><i>As directed by Article 1, Section 3 of the California State Constitution, LACERA has narrowly construed the application of exemptions to the withholding of any records made under your request. Further, under Government Code §6253.1, if you believe we have misconstrued the nature or scope of your request, we offer to assist you in clarifying them.</i></p> <p><i>Pursuant to California Government Code Section 6253(d) and §6255, John R. Harrington, LACERA Staff Counsel is responsible for the partial denial of your request under the California Government Code Sections referenced above.</i></p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Small Cap RFI 2018-04-BOI-Agenda-S1.</i></p>
04-11-18	G. Chung, FIN	<p>Inquiry as to if all items were passed at the BOI meeting today.</p> <p><i>Transmitted responsive comment: All consent and non-consent items passed. Additionally the Board approved a commitment of up \$125 million to Juggernaut Capital Partners IV, L.P.</i></p>
04-11-18	D. Gregory, Public Plan IQ	<p>Requested April 11, 2018 DVD recordings for the open sessions of the Board of Investments and Corporate Governance Committee Meetings.</p> <p><i>Sent via USPS Mail: DVDS of the open sessions of the above requested recordings.</i></p>
04-11-18	R. Rao, Pageant Media	<p>Questions and responsive comments in bold italics.</p> <p>Were any managers put on the watch list as a result of LACERA's real estate review and short-term goal of eliminating and refocusing managers? <i>NO.</i></p> <p>Did the board accept changes to the hedge fund of funds' portfolios that would allow for a less liquid portfolio? <i>YES.</i></p> <p>I see that QMA and Systematic were invited to interview for the U.S. small-cap equity search this month? <i>Both firms will interview at a future meeting.</i></p> <p>How did the review go? <i>There has not been a review, only direction to bring the firms to a future meeting.</i></p> <p>Who did the board decide to interview next month? <i>The Board will interview both firms at a future meeting.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>Your consultant recommended adding a dedicated allocation to credit strategies such as high-yield bonds, emerging market debt, etc. Was this new strategic allocation discussed and approved? <i>The allocation was discussed as a report, however the items was not for action.</i></p> <p>Any update of the other active searches—hedge fund, emerging managers, private equity secondary advisor? <i>No decisions have been made.</i></p>
04-12-18	A. Kruk, Mandate Wire	<p>Questions and responsive comments shown in bold italics.</p> <ol style="list-style-type: none"> 1. Was the change in the cash sweep vehicle approved (Agenda item VII A)? <i>YES.</i> 2. Was the change to the hedge fund of funds guidelines approved (Agenda item VII B)? <i>YES.</i> 3. Was the recommendation to invite QMA and Systematic to interview for the US small cap mandate approved (Agenda item VIII A)? <i>YES.</i> 4. Was a commitment to Juggernaut Capital Partners IV approved? If so, what was the size of the commitment? <i>YES, up to \$125 million.</i>
04-19-18	D. Kushner, Individual	<p>Requested April 4, 2018, DVD recordings for the open sessions regarding Disability Procedure & Services Committee Meeting, Joint Board Meeting, Board of Retirement Disability Meeting, and Operations Oversight Committee Meeting. Also requested DVD open sessions recordings for April 11, 2018 Board of Investments, Real Estate Committee and Corporate Governance Committee Meeting. Request also includes DVDS of open sessions for the April 12, 2018 Board of Retirement Administrative Meetings.</p> <p><i>Sent via USPS Mail: DVDS of the open sessions of the above-requested recordings.</i></p>

