

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**

TUESDAY, JULY 17, 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 June 14, 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

THURSDAY, JUNE 14, 2018, 12:35 P.M. – 12:40 P.M.

COMMITTEE MEMBERS

PRESENT: Marvin Adams, Chair
Thomas Walsh, Vice Chair
William Pryor
Vivian H. Gray, Alternate

ABSENT: Alan Bernstein

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

JP Harris
Joseph Kelly
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

JJ Popowich	Robert Morgan
Bernie Buenaflor	Steven Rice
Robert Hill	

The meeting was called to order by Chair Adams at 12:35 p.m. Due to the absence of Mr. Bernstein, 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 May 10, 2018

Mr. Walsh made a motion, Mr. Pryor seconded, to approve the minutes of the special meeting of May 10, 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. Update on the European Union's General Data Protection Regulation
Steven P. Rice

Mr. Rice gave an update on the European Union's (EU) General Data Protection Regulation (GDPR) which went into effect on May 25, 2018.

C. FY 2017-2018 Semi-Annual Budget Control Report as of December 31, 2017
Robert Morgan

Robert Morgan presented the Budget Control Report for fiscal year 2017-2018, based on actual expenditures through December 31, 2017. Total operating expenses for the LACERA Administrative Budget are projected to be \$76.6 million, an underexpenditure of approximately \$6.9 million from LACERA's operating budget.

IV. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

June 14, 2018

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V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 12:40 p.m.

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FOR INFORMATION ONLY

July 6, 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 *JJ*
Bernie Buenaflor, Interim Assistant Executive Officer *BBS*

FOR: July 17, 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
04-25-18	D. Schwartz, Baker, Curtis and Schwartz, P.C.	<p>Comments from Requestor:</p> <p>I want to see the records. Please call me at the above phone number when the records are ready for viewing. Do not make copies on my behalf. I will review the documents first and then indicate those documents I wish copied.</p> <p>I want copies of the pages in the records that I have marked. I want the entire records copied. I want the information mailed to the address above. If payment is required before releasing copies, please let me know.”</p> <p><i>Transmitted responsive comment: Thank you for the phone call this morning regarding your April 25th, 2018 Public Record Act request. We appreciate your guidance in focusing your request to the documents that you require. In furtherance to our discussion my understanding is that the documents that you seek should be contained in the following “universes”:</i></p> <ol style="list-style-type: none"> <i>1. The settlement agreement between Justin Caldbeck and LACERA;</i> <i>2. All documents provided by Jonathan Teo or Binary Capital to LACERA relating to the litigation or settlement, including those in possession of LACERA’s outside counsel, and</i> <i>3. All documents provided to LACERA from any source regarding the settlement or litigation.</i> <p><i>I want to ensure you that I have captured your requirements accurately and that I have helped to assist you in focusing your request. Please confirm that these are the documents that you request. Feel free to modify or add to this list if I am mistaken in my understanding. We did discuss that you may expand your request to require more documents should this request not uncover the documents that you seek.</i></p> <p><i>Once confirmed, I will begin the process of document retrieval and review. I will require additional time to provide a response due to the complexity and volume of documents that will result from your request. I must review responsive documents for potential redactions or exemptions. I estimate that we should be able to provide you documents by May 18, 2018.</i></p> <p><i>Please respond via email to confirm my understanding as well as if you agree to the May 18th date as reasonable time for production.</i></p> <p><i>Transmitted 14 documents.</i> <i>Sent, on May 18, 2018, via email:</i></p> <ol style="list-style-type: none"> <i>1. Stipulation for Settlement (03-29-18);</i> <i>2. Settlement Agreement (LACERA counterpart);</i> <i>3. Fully Executed LACERA-Caldbeck Settlement;</i> <i>4. Baker 9501818</i> <i>5. 2018-04-30 request for dismissal as to Caldbeck;</i> <i>6. 2018-03-22 Stip to Extend to Serve Complaint;</i> <i>7. 2017-11-27 Notice of Case Management conference;</i> <i>8. 2017-11-21 Order Granting Ex Parte Application;</i> <i>9. 2017-11-21 Ex Parte App to Continue Service Deadline (conformed);</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>10. 2017-09-26 Summons; 11. 2017-09-26 Complaint; 12. 2017-09-26 Civil Lawsuit Notice; 13. 2017-09-26 Civil Case Cover Sheet, and 14. 04-25-18 Public Record Act request – Ann Lai Justin Caldbeck Jonathan Teo Binary Capital Fund II.</p> <p><i>Transmitted responsive email on June 20, 2018.</i></p> <p><i>Sent final responsive letter and 52 responsive documents on DVD via USPS First Class Mail. DVD mailed on June 20, 2018.</i></p>
05-21-18	A. Cami, MandateWire	<p>From the Requestor:</p> <p>Just writing because I was wondering if a final selection has been made on the \$200-400m US small cap equity search?</p> <p>Last time we spoke, the board had selected QMA and Systematic Financial Management as finalists, with Meketa suggesting hiring both.</p> <p>If no decision has been reached, was wondering when one might be anticipated for?</p> <p><i>Transmitted responsive comment: I confirmed with the Investments Division that the Board approved the recommendation to hire both managers.</i></p> <p>Follow-up question from the Requestor:</p> <p>Do you know if more concrete mandate sizes were chosen? (You had originally said a \$200-400m range.)</p> <p><i>Transmitted second responsive comment: We have not funded either as of this date. The commitment is up to \$400m.</i></p>
05-24-18	N. Peppe, Cooley	<p>Please send us the documents relating to BN Capital Fund II, L.P. (formerly Binary Capital Fund II, L.P.) that LACERA intends to disclose pursuant to the request prior to such disclosure so that we can determine whether any additional action by the general partner of BN Capital Fund II, L.P. is warranted.</p> <p><i>Transmitted responsive comment:</i></p> <p><i>I am the attorney that handles Public Record Act (PRA) requests for LACERA. David Chu forwarded your May 24th email to my attention. I have attached Mr. Chris Baker's PRA request.</i></p> <p><i>Since receiving Mr. Baker's PRA request, LACERA has worked with him to more narrowly define the scope of his request. Mr. Baker is particularly interested in documents that mention his client, Ann Lai. His request also seeks LACERA's settlement agreement with Justin Caldbeck, documents provided by Jonathan Teo or Binary Capital relating to the litigation or settlement, and other documents relating to the settlement or litigation. Additionally, we clarified that, at this point, Mr. Baker does not seek documents relating to LACERA's entire due diligence process on its investment in BN Capital Fund II, L.P. (f/k/a Binary Capital Fund II,</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p><i>L.P.), although he has reserved his right to request production of all non-exempt documents in LACERA's files concerning Binary Capital.</i></p> <p><i>LACERA has transmitted a letter to Mr. Baker that outlines the exemptions under the PRA that LACERA intends to rely on to not disclose certain records. I have also attached a copy of the letter for your reference. We have determined that the court filings and related materials are public documents and we have transmitted them to Mr. Baker, along with LACERA's settlement agreements with Mr. Caldbeck and Mr. Teo.</i></p> <p><i>The exemptions that LACERA noted apply to certain other responsive documents. However, other documents remain subject to production. The categories of documents that LACERA will release to Mr. Baker are (1) publicly available Board documents; (2) documents received from or previously transmitted to Ann Lai's counsel; (3) an email from the former general partner of BN Capital Fund II, L.P. concerning allegations of sexual harassment against Mr. Caldbeck; and (4) the pleadings in the removal arbitration proceedings for BN Capital Fund I, L.P. (f/k/a Binary Capital Fund I, L.P.) and BN Capital Fund II, L.P.</i></p> <p><i>Finally, we note that, although we are providing this information to you, the partnership agreement for BN Capital Fund II, L.P. permits LACERA to respond to PRA requests as required under the law, without further notice or prior approval, and LACERA reserves its rights under the partnership agreement.</i></p> <p><i>Transmitted two documents.</i></p> <p><i>Sent via email: LACERA Public Records Request (002) and Baker 051818.</i></p> <p><i>Transmitted, on May 30, 2018, status comment to Mr. Baker: I would like to update you as to the supplemental production of documents outlined in my May 18, 2018, email to you. LACERA is still in conversation with the new GP's counsel, our supplemental production will be delayed. We are trying to expedite these conversations so we can complete our production as soon as possible. If you have any questions, please contact me at your convenience.</i></p>
05-29-18	C. Devereaux, Bison	<p>Requested performance reports for private equity and real estate portfolios updated as of December 31, 2017.</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: LACERA 2017.12.30 and LACERA 2017 – 4Q17 PMR.</i></p>
06-01-18	D. Kushner, Individual	<p>Transmitted the agenda packets link for the BOR meetings for April and May.</p> <p>http://www.lacera.com/about_lacera/board_retirement.html</p>
06-04-18	H. Parker, Preqin	<p>Requested the following information:</p> <ol style="list-style-type: none"> 1. Commitment, Contribution, Distribution, Value and IRR as of December 31, 2017, including private equity, venture capital, distressed debt, mezzanine, fund of funds, infrastructure, real estate, natural resources and private debt partnerships;

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>2. Any available documents detailing the investment plans of the Los Angeles County Employees' Retirement Association for the next 12 months including number of commitments to each of the aforementioned asset classes, and</p> <p>3. An up to date account of your current asset allocations and target allocations to the above asset classes (including direct investments) as well as to any equity, alternatives and fixed income investments you may have (I have attached a template that can be completed in relation to this request).</p> <p><i>Transmitted 3 documents.</i></p> <p><i>Sent via email: Glidepath; LACERA 2017.12.30, and Asset Allocation Table.</i></p>
06-04-18	A. Zorman, George Washington University	<p>From the Requestor: In accordance with your state's Access to Public Records Act, we are respectfully requesting the most recent and complete portfolio of your pension fund. Specifically, we require the CUSIP (or other identifiers), Issuer Name, Coupon, Maturity, Par/Principal Value and Bond Value for each fixed income position held (internally or externally), as well as the CUSIP (or other identifiers), Issuer Name, Shares Held, and Value for each equity position held (internally or externally).</p> <p>Additionally, if any of your Emerging Market portfolio positions are managed externally, please provide the name of the external manager responsible for these assets, and indicate which positions they manage.</p> <p><i>Transmitted responsive comment: I have embedded a link to LACERA's Comprehensive Annual Financial Report for your use. Additionally, please find the attached Fixed Income Holdings Report.</i></p> <p>http://www.lacera.com/investments/Annual_Report/cafr.html</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Fixed Income Holdings Detail 06_2018.</i></p>
6-13-18	R. Rao, Pageant Media	<p>Questions from the Requester and responsive answers in bold italics.</p> <p><i>I see that the asset allocation policy changes were reviewed at the meeting, were they approved? Yes.</i></p> <p><i>Are there any updates on the active searches? No updated information was presented.</i></p> <p><i>Did the board discuss any additional, potential searches to be conducted in the second half of the year? None were discussed.</i></p> <p><i>Were any other managers hired or terminated by LACERA? No.</i></p> <p>Additional questions from Requester:</p> <p>I see that there was an update in the CIO report about staff working on finalizing things for the next batch of the emerging managers. So are new managers being actively sought for the program? How much money is reserved for the emerging managers program?</p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>Regarding hedge funds, I see there's work being done for a direct portfolio based on manager recommendations. Is there a mandate size of roughly how much money will go toward these direct investments?</p> <p>Responsive comments transmitted to Requester regarding last two questions shown above:</p> <p>No details of the emerging manager were discussed. The report was presented with no questions from the Board of Investments.</p> <p>The ultimate goal is to move the Hedge Fund program to direct investment. The Hedge Fund mandate will be determined after the asset allocation study in July.</p> <p>Two more questions submitted by Requestor, and in bold text, the transmitted responsive comment:</p> <p>Do you know how much money has already been moved to direct? What is the current value of the hedge fund program?</p> <p>Transmitted responsive comment on June 18, 2018.</p> <p>The total LACERA Hedge Fund program is 1.352B. As of the latest 1Q 2018 Report, no money had been moved into direct program.</p>
06-14-18	S. Ayers, Tristar Group	<p>Per monthly request:</p> <p>Transmitted one document:</p> <p>Sent via email: Board of Retirement Meeting of June 14, 2018 Benefit Approval List.</p>
06-14-18	G. Chung, FIN	<p>Question from Requester re BOI meeting held on June 13, 2018:</p> <p>Can you tell me if all consent and non-consent items were approved?</p> <p>Transmitted responsive comment: Yes, the Board of Investments approved all consent and non-consent items.</p>
06-14-18	J. Hammond, RELAC	<p>Per monthly request:</p> <p>Transmitted one document:</p> <p>Sent via email: Board of Retirement Meeting of June 14, 2018 Benefit Approval List.</p>
06-14-18	LA Sheriffs Department	<p>Per monthly request:</p> <p>Transmitted 2 documents.</p> <p>Sent via email: Monthly Agenda Reports for Sheriff Department Listing dated June 14, 2018 and Fire Department listing dated June 14, 2018.</p>
06-14-18	T. Usher, LA County, HR	<p>Per monthly request:</p> <p>Transmitted one document.</p> <p>Sent via email: Monthly Agenda for BrdSecs 180531.</p>

