

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

SEPTEMBER 15, 2011, 11:55 A.M. – 12:30 P.M.

COMMITTEE MEMBERS

PRESENT: Yves Chery, Chair
William de la Garza, Vice Chair
Shawn R. Kehoe
Ed C. Morris
Simon S. Russin, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Sadonya Antebi

STAFF, ADVISORS, PARTICIPANTS

Janice Golden
Beulah Auten
Kimberly Hines
Justin Stewart

The meeting was called to order by Chairman Chery at 11:55 a.m.

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT

All regular members of the Committee were present.

II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF AUGUST 11, 2011

A motion was made by Mr. Morris, seconded by Mr. Kehoe, to approve the minutes of the regular meeting of August 11, 2011. The motion passed with Mr. Kehoe abstaining.

III. FOR INFORMATION

A. Remote Check Deposit (*oral presentation*)
Beulah Auten

Beulah Auten gave an overview of how incoming payments are deposited using Remote Check Deposit, an image based technology. Check 21 is federal legislation adopted to enable a faster, more efficient, more reliable check clearing process. It was designed to encourage banks to use image based technology to process checks, making the digital image of a check legally acceptable. Prior to Check 21, the check clearing process was labor intensive, requiring the check to be physically delivered to the paying bank. The check clearing system relied heavily on transportation of the checks via truck or plane, at significant cost and risk. With Remote Check Deposit, deposits can be made from a remote location, using a scanner, and transmitting the electronic image to the bank.

The two major types of incoming check payments received by LACERA are from active members for additional contributions, and insurance payments from retirees. Currently the average monthly deposit is \$11.6 million, with approximately 500 checks being processed on a daily basis.

Once payments are received, Administrative Services initiates the deposit and scans the checks. Financial and Accounting Services reconciles the deposits, making any necessary corrections, then the total deposit is transmitted to the bank electronically. On the rare occasions checks are unsuitable and cannot be scanned, they are handled on an exception basis and mailed directly to LACERA's bank, BNY Mellon. The scanned checks, which are sprayed with processing information so they cannot be renegotiated, are stored securely for 180 days before being destroyed. The scanned images are available for seven years.

The benefits of using this technology include better internal control, daily deposit flexibility, accelerated cash flow, and the ability to produce reports electronically.

III. FOR INFORMATION (Continued)

B. Microfiche Conversion Project Status Report (oral presentation)
Kimberly Hines/Justin Stewart

Kimberly Hines and Justin Stewart presented a status report on the microfiche conversion project. The purpose of converting the microfiche is to preserve member records, to have the ability to recover records following a disaster, and to improve operational efficiency. The project objectives were to collect all relevant microfiche, convert the microfiche into electronic image files, and capture index data for the converted images.

Our conversion vendor, National Business Systems did an outstanding job producing good quality images in spite of the "less than perfect" condition of some of LACERA's microfiche.

The duration of this project was 21 months, at a final cost of \$781,382, converting 69,857 slides and 19,497,783 frames, with an average accuracy rate of 99.9%.

Now that the fiche is converted and the database created, Systems is currently developing a microfiche image viewer to enable users to view the data on their desktop computers. The final step will be to determine the destruction process for the microfiche records.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 12:30 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.**