

## 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

January 12, 2012 - 9:00 A.M.\*\*

#### COMMITTEE MEMBERS:

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

- I. APPOINTMENT OF VOTING MEMBER(S) IN THE EVENT ONE OR MORE REGULAR COMMITTEE MEMBERS ARE ABSENT
- II. APPROVAL OF THE MINUTES OF THE REGULAR MEETING OF DECEMBER 15, 2011
- III. FOR INFORMATION
  - A. Overpayment & Forgery Receivables (Period Ending September 30, 2011)  
Gloria Harriel/Susana Seeckts/Stephen Gibbs
  - B. Fiscal Year 2010-11: Financial Review (oral presentation)  
Beulah Auten/Ted Granger
  - C. Introducing the New Call Center (oral presentation)  
JJ Popowich
- IV. MISCELLANEOUS
- V. PUBLIC COMMENT
- VI. GOOD OF THE ORDER  

(For discussion purposes only)
- VII. 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

JANUARY 12, 2012, 11:50 A.M. – 12:35 P.M.

**COMMITTEE MEMBERS**

PRESENT: Yves Chery, Chair  
William de la Garza, Vice Chair  
Shawn R. Kehoe (*left at 12:05*)  
Ed C. Morris  
Simon S. Russin, Alternate

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Marvin Adams  
Sadonya Antebi  
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Janice Golden	Ted Granger
Robert Hill	Gloria Harriel
Beulah Auten	Susana Seeckts
Stephen Gibbs	JJ Popowich

The meeting was called to order by Chairman Chery at 11:50 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 DECEMBER 15, 2011

A motion was made by Mr. Russin, seconded by Mr. de la Garza, to approve the minutes of the regular meeting of December 15, 2011. The motion passed with Mr. Kehoe abstaining.

III. FOR INFORMATION

A. Overpayment & Forgery Receivables (Period Ending September 30, 2011)  
Gloria Harriel/Susana Seeckts/Stephen Gibbs

Susana Seeckts, Gloria Harriel, and Stephen Gibbs presented the status report on overpayment and forgery receivables for the six month period ending September 30, 2011. There are currently 394 overpayment and forgery cases. Overall, during the past six months we have decreased our overpayments by \$95,000, due to the joint efforts of Claims Processing, Financial and Accounting Services, Quality Assurance, and Systems.

Overpayments are broken out into three categories:

- Miscellaneous  
These are situations over which staff has no control, such as data system clean-up. There was a decrease in this category of about 16%. Even though this category remains high, we are working different reports to continue the decrease.
- Incorrect computation  
This category had a slight increase in the number of cases by about 1%, but a decrease of about \$15,000 in this period. In order to reduce the number of incorrect computations, we continue to work with our supervisors and Quality Assurance, identifying areas for spot training of staff.
- Death related as a result of late death notification  
The majority of the cases are as a result of late death notification. This occurs when we are notified one or more months after the member is deceased. We continue to take steps to become more aggressive in detecting deceased members.

We are using both Pension Benefit Information (PBI) and Berwyn Group to assist with early death notification. We are also on line with the Department of Health Services for Los Angeles County deaths, and are usually notified within a month of the death.

III. FOR INFORMATION (Continued)

In this category, we are now partnering with Retiree Health Care to assist them in recovering overpayments due to Part B reimbursements for Medicare, which are paid to the member one month in advance. This period we have had a slight decrease in this area. Our Systems Division, along with Retiree Health Care and Claims, has developed a program whereby if we find out the month death occurred, we can stop the premium payment so there will be no overpayment.

B. Fiscal Year 2010-11: Financial Review (*oral presentation*)  
Beulah Auten/Ted Granger

Beulah Auten and Ted Granger gave a brief financial review of the past fiscal year 2010-2011. This included an overview of LACERA's Comprehensive Financial Report (CAFR) process, with comments on the Letter of Transmittal and the Management Discussion and Analysis (MD&A).

In compiling the financial statements, Financial and Accounting Services (FASD) partners with other LACERA divisions to obtain data and/or review information. External to LACERA, FASD works with the custodian bank, investment managers and consultants, actuaries, and our external auditors.

Brown Armstrong, LACERA's external financial auditor, is responsible for conducting the audit of the financial statements. At the conclusion of their audit, we receive the "Report on Audited Financial Statements" to meet our statutory reporting deadline with the County Board of Supervisors of October 31. We then work with our Communications Division to transform our financials into the CAFR for consideration in the GFOA's Excellence in Financial Reporting Award Program by the December 31 deadline. LACERA has earned this award for the past 21 years. Brown Armstrong rendered a clean opinion of LACERA's FY 2011 financial statements. They found our financial statements to be in compliance with accounting and reporting requirements established by the Governmental Accounting Standards Board (GASB).

The Letter of Transmittal from the Chief Executive Officer serves as an introduction to LACERA's mission, discusses who is covered in our membership program, and the services we provide to our 156,000 members. It clearly communicates management's responsibility over maintaining proper internal controls and financial statement preparation. It also provides basic financial information, including the total fund return and funding ratio. Finally, it includes some big ticket customer service enhancements achieved during the year.

The MD&A supplements the financial statements. It is required by GASB, since it is an essential part of financial reporting for placing the financial statements in an appropriate operational, historical, and economic context. It also includes an overview of LACERA's financial statements.

III. FOR INFORMATION (Continued)

The MD&A provides financial highlights for fiscal year 2011. The total fund was \$39.5 billion, with \$8.3 billion in total additions and \$2.3 billion in total deductions. Milliman, LACERA's actuary, opined LACERA continues in sound financial condition with a funded ratio of 83.3% as of the June 30 valuation. Performance in fiscal year 2011 extended the recovery from fiscal year 2010, with a total fund return gross of fees of 20.4%.

The first of two basic financial statements is the Statement of Plan Net Assets, which is essentially LACERA's balance sheet. This is a snapshot of the account balances at fiscal year end.

The second basic financial statement is the Statement of Changes in Plan Net Assets, which is the income statement identifying any transactions that alter the net assets available for pension benefits. This includes additions to available benefits such as investment income, employer contributions, and any rental income. Deductions are also listed, including pension benefits paid out, death benefits, and administrative expenses.

Notes to the basic financial statements are the required disclosures which are an integral part of the statements, including plan description, plan sponsor and membership information, special programs, and certain activities that occur during the year.

Other Post-Employment Benefits (OPEB), are required to be reported on LACERA's balance sheet, but are maintained separately from the pension plan. The Statement of Changes in Assets and Liabilities for OPEB is recorded in the Other Supplementary Information.

The MD&A also includes financial analysis and economic factors. The economic factor that most impacts LACERA is the investment return earned in the financial markets.

The Popular Annual Financial Report (PAFR), which summarizes the CAFR and is sent to all LACERA members, has its own GFOA award. LACERA has received this award for the last 13 consecutive years. Both the CAFR and PAFR are available on LACERA's website.

C. Introducing the New Call Center (*oral presentation*)  
JJ Popowich

Mr. Popowich discussed the completed renovation and expansion of the Call Center. The goal was to expand the Call Center to accommodate additional staff and create an improved environment, including addressing chronic noise issues. There was minimal impact to members due to phased construction, and moves were conducted on weekends to minimize any downtime. Staff was very involved in the process, being given choices and kept informed of the progress.

III. FOR INFORMATION (Continued)

The new Call Center provides more space for staff, improved collaboration ability, and improved use of natural lighting. All walls are covered in carpet to absorb and deaden sound, a "white noise" sound system generates background noise which dampens bleed over conversations, and high density ceiling tiles also provide noise reduction.

Staff loves the new Call Center and there has been a noticeable improvement in morale.

Mr. Popowich invited the Committee to take a tour of the Call Center.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 12:35 p.m.

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