

## 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

February 9, 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 JANUARY 12, 2012
- III. FOR INFORMATION
  - A. Calculating Optional Forms of Disability Allowances  
Robert Hill
  - B. 2011-2012 Budget Control Report as of December 31, 2011  
Shamila Freeman, Kaelyn Ung
- 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

FEBRUARY 9, 2012, 2:10 P.M. – 2:20 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  
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Janice Golden	Shamila Freeman
Robert Hill	Kaelyn Ung

The meeting was called to order by Chairman Chery at 2:10 p.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 JANUARY 12, 2012

A motion was made by Mr. Kehoe, seconded by Mr. Morris, to approve the minutes of the regular meeting of January 12, 2012. The motion passed unanimously.

### III. FOR INFORMATION

#### A. Calculating Optional Forms of Disability Allowances Robert Hill

We recently discovered that members may be underpaid if they were granted an SCD or NSCD disability and selected a modified (optional retirement) benefit payment. This is due to the computer system using a different calculation for service retirement and disability retirement. A cross functional team has devised a solution to ensure our members are paid the promised benefit.

Mr. Hill discussed the type and frequency of occurrence, the actions necessary to correct time-forward calculations, and the process to retroactively adjust the retired members' allowances.

A member granted a disability retirement receives the greater of an amount equal to the earned service allowance or a set percentage of his final compensation. The computer system's operating tables used to calculate the disability allowance for optional forms of retirement use factors that are derived from disability assumptions even though the member is entitled to the greater service allowance. The result is a disability allowance that is lower than the retirement allowance the member earned and is eligible to receive.

We have discovered 79 members who received a benefit that is lower than the full allowance earned and eligible to receive. All members in this group may be entitled to a refund. We will not know the total amount until we manually recalculate the individual cases. However, many of the refunds appear to be modest in size as the majority of the impacted members are relatively new to our retiree payroll.

The implementation plan will include the following:

- Time-Forward Implementation – The disability operating table will be updated with service retirement factors.
- System Calculations – Systems will implement the updated table to ensure that all disability retirements are calculated with the appropriate factors.
- Member Clean-up – For those members eligible for a refund, LACERA will calculate the accrued difference of benefits paid and issue a payment along with a detailed explanation.
- Communications – Communication pieces will be reviewed and updated.
- Staff Development – Operating procedures will be updated.

III. FOR INFORMATION (Continued)

B. 2011-2012 Budget Control Report as of December 31, 2011  
Shamila Freeman, Kaelyn Ung

Shamila Alam and Kaelyn Ung presented the Budget Control Report for fiscal year 2011-2012, based on actual expenditures through December 31, 2011. Total operating expenses for the LACERA Administrative Budget are projected to be \$50 million, an underexpenditure of approximately \$1.8 million from LACERA's operating budget.

The Retiree Health Care Benefits Program Budget's total operating expenses are projected to be \$3.3 million. This represents an underexpenditure of \$69,000 from the operating budget.

IV. MISCELLANEOUS

V. PUBLIC COMMENT

VI. GOOD OF THE ORDER

(For discussion purposes only)

VII. ADJOURNMENT

The meeting adjourned at 2:20 p.m.

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