

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

THURSDAY, SEPTEMBER 13, 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 August 1, 2018
- II. PUBLIC COMMENT
- III. FOR INFORMATION
 - A. LACERA Operations Briefing
JJ Popowich/Bernie Buenaflor
 - B. Report on Non-Recurring Benefit Projects that May Impact Members
JJ Popowich/Bernie Buenaflor
- IV. REPORT ON STAFF ACTION ITEMS
- V. GOOD OF THE ORDER
(For information purposes only)
- VI. ADJOURNMENT

September 13, 2018

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***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, AUGUST 1, 2018, 2:30 P.M. – 2:32 P.M.

COMMITTEE MEMBERS

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

ABSENT: Alan Bernstein
William Pryor

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Herman B. Santos

STAFF, ADVISORS, PARTICIPANTS

JJ Popowich
Bernie Buenaflor
James Beasley

The meeting was called to order by Chair Adams at 2:30 p.m. Due to the absence of Messrs. Bernstein and 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 July 17, 2018

Mr. Walsh made a motion, Ms. Gray seconded, to approve the minutes of the special meeting of July 17, 2018. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

- A. Recommendation as submitted by James Beasley, Administrative Services Analyst III: That the Committee recommend the Board of Retirement approve the purchase of Fiduciary Liability and Cyber Liability Insurance, effective October 6, 2018, with Hudson Insurance Company, Westchester Fire Insurance Company, and NAS Insurance Company. (Memorandum dated July 18, 2018)

Mr. Walsh made a motion, Ms. Gray seconded, to approve the recommendation. The motion passed unanimously.

IV. 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

V. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

The meeting adjourned at 2:32 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

August 28, 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: September 13, 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
Date Rec'd	Requester	Info/Docs Requested
07-19-18	D. Kushner, Individual	<p>Requested DVD copies of the recordings for the open sessions of the Board of Investments and Committee Meetings.</p> <p><i>Sent 5 DVDs, listed below, via USPS First Class Mail DVDS for the open session LACERA meetings.</i></p> <ol style="list-style-type: none"> 1. Audit Committee Meeting dated July 18, 2018; 2. Disability Procedure & Services Committee Meeting dated July 17, 2018; 3. Joint Board Meeting dated July 17, 2018; 4. Insurance Benefits & Legislative Committee Meeting dated July 17, 2018, and 5. Operations Oversight Committee Meeting dated July 17, 2018. <p><i>Transmitted responsive comment:</i></p> <p><i>Recordings were not made for the offsite Board meetings held on July 9 -10, 2018.</i></p>
07-20-18	R. Montanez, LA Sheriffs Dept	<p>Per monthly request:</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: Monthly Agenda Reports for Sheriff Department Listing dated July 17, 2018 and Fire Department listing dated July 17, 2018.</i></p>
07-23-18 Media Contact	A. Parachini, Freelance Writer	<p>Media questions and responsive comments, in bold italics from, the CIO's office shown below.</p> <p>Where will the story be aired? <i>The Garden Island Newspaper and www.thegardenisland.com.</i></p> <p>When will the story appear? <i>July 26, 2018.</i></p> <p>Is the story for an opinion piece or a news story? <i>News story.</i></p> <p>What prompted the Reporter's interest? <i>Island rumors of the sale of the LACERA-owned St. Regis Princeville Hotel. Mr. Parachini also happens to be a retired member of LACERA.</i></p> <p>What topics were covered by the Reporter? <i>The reporter's email inquiry was received by Member Services and forwarded to the Investment Office. He wanted to know if a sale was pending, the name of the buyer and the selling price.</i></p> <p><i>While it is true that the St. Regis Princeville asset is in the process of being sold, a Purchase and Sale Agreement (PSA) has not been executed. Final negotiations are underway with a buyer. However, until the PSA is signed, there is no legal obligation between the parties. Until a sale transaction is concluded, staff treats</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p><i>all details relating to such transaction as confidential. Management and oversight of the sale is being handled by LACERA's separate account manager, Barings.</i></p> <p><i>My electronic response to the reporter was: "LACERA has received your request for information about the above mentioned property. I understand that you have also been in contact with and received comment from Mr. John Kolb, of Barings.</i></p> <p><i>Please be advised that Barings is LACERA'S external asset manager for the property and that LACERA has no additional comment on the subject besides what Mr. Kolb has already provided you at this time."</i></p> <p>The article written by Mr. Parachini is attached. Note that it incorrectly states that I "confirmed news of the sale."</p>
07-24-18	S. Ayers, Tristar Group	<p>Per monthly request:</p> <p><i>Transmitted one document:</i></p> <p><i>Sent via email: Board of Retirement Meeting of July 17, 2018 Benefit Approval List.</i></p>
07-24-18	J. Hammond, RELAC	<p>Per monthly request:</p> <p><i>Transmitted one document:</i></p> <p><i>Sent via email: Board of Retirement Meeting of July 17, 2018 Benefit Approval List.</i></p>
07-24-18	T. Usher, HR, LA County	<p>Per monthly request:</p> <p><i>Transmitted one document.</i></p> <p><i>Sent via email: MonthlyAgendafor BrdSecs 180629.</i></p>
07-25-18	R. Fellner, Transparent California	<p>Requested a copy of LACERA's actuarial valuation for the 1990, 1995 and 2000 years.</p> <p><i>Transmitted 3 documents.</i></p> <p><i>Actuarial Valuation for LACERA as of June 30, 1995.pdf; LACERA Actuarial Valuation as of June 30, 2000.pdf; Actuarial Valuation and Investigation 1990.pdf</i></p>
07-25-18	W. Lozano	<p>Requested the documents shown below.</p> <p>Presentation and/or RFP submission by each of the three (3) finalists for secondary advisor, Greenhill Capital Advisory ("Greenhill"), Evercore Group L.L.C. ("Evercore"), and Campbell Lutyens.</p> <p>Transmitted following responsive comment.</p> <p><i>Mr. Rice referred your California Public Record Act ("CPRA") request to me. I am the attorney responsible for CPRA requests. Please transmit future requests to my attention. I have attached the three redacted documents in response to your</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p><i>request. All code section references are to the California Government Code, unless noted otherwise.</i></p> <p><i>Please note that certain due diligence material is exempt (and therefore redacted from disclosure) by code §6254.26 (a) (1), and financial statements by code §6254.26 (a) (3). Additionally, certain redactions are made since they are trade secrets of the proposers. Code §6254(k) states that LACERA may withhold "[r]ecords, the disclosure of which is exempted or prohibited pursuant to federal or state law, including, but not limited to, provisions of the Evidence Code relating to privilege." One such law is §1060 of the California Evidence Code, which provides that "[i]f he or his agent or employee claims the privilege, the owner of a trade secret has a privilege to refuse to disclose the secret and to prevent another from disclosing it." Thus, the Evidence Code's privilege against disclosure of trade secrets is incorporated into the CPRA through §6254(k).</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 redaction of any records made under your request. Further, under Code §6253.1, if you believe we have misconstrued the nature or scope of your request, we offer to assist you in clarifying them. If you have any questions regarding this request, please contact me.</i></p> <p><i>Transmitted 3 documents.</i></p> <p><i>Greenhill Response to RFP Redacted.pdf; Evercore RFP Redacted.pdf; and CL Response to RFP Redacted.pdf</i></p>
07-28-18	K. Kansal, Individual	<p>Requested the Q2 2017 copy of PE report.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: LACERA 2017.12.30</i></p>
08-02-18	S. Ayers, Tristar	<p>Per monthly request:</p> <p><i>Transmitted 1 document:</i></p> <p><i>Sent via email: Board of Retirement Meeting of August 1, 2018 Benefit Approval List.</i></p>
08-02-18	J. Hammond, RELAC	<p>Per monthly request:</p> <p><i>Transmitted one document:</i></p> <p><i>Sent via email: Board of Retirement Meeting of August 1, 2018 Benefit Approval List.</i></p>
08-02-18	M. Jung, CRR PlanInfo	<p>Requested reports relating to the investment policy,</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: 2014 LACERA Investment Policy Statement and Investment Policy Statement March 11, 2009.</i></p>


DATE RECEIVED	REQUESTER	DOCS REQUESTED
08-02-18	N. Lee, Preqin	<p>From the Requester:</p> <p>Please will it be possible to have an update on any records that would show some or all of the following information:</p> <ol style="list-style-type: none"> 1. A list of ALL hedge funds and fund of hedge funds in which Los Angeles County Employees' Retirement Association is an investor; and 2. For each hedge fund and fund of hedge funds, may I please have a copy of any records that would show some or all of the following information: <ol style="list-style-type: none"> a. the month by month market value of Los Angeles County Employees' Retirement Association's holding in each fund from January 1, 2018 to June 30, 2018; b. the month by month amount invested by Los Angeles County Employees' Retirement Association in each fund from January 1, 2018 to June 30, 2018, and c. the month by month net returns (net of fees) earned by Los Angeles County Employees' Retirement Association on its investment in each fund from January 1, 2018 to June 30, 2018. <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: X.B.First Quarter Hedge Funds Perf.</i></p>
08-02-18	Usher, HR, LA County	<p>Per monthly request:</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: MonthlyAgendaForBrdSecs 180726.</i></p>
08-03-18	LA Sheriffs Dept.	<p>Per monthly request:</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: Monthly Agenda Reports for Sheriff Department Listing dated August 1, 2018 and Fire Department listing dated August 1, 2018.</i></p>
08-09-18	A. Calonder, S&P Global Market Intelligence	<p>Inquiry re outcome of the various non-consent items on yesterday's Board meeting agenda.</p> <p><i>Responsive comment transmitted on August 9, 2018.</i></p> <p><i>Sent via email: Items VIII. A. through F. were approved as presented. The Board approved an alternate motion to form a Committee to correct the issues that resulted in the dissolution of the JOGC standing committee for Item VIII. G.</i></p>
08-09-18	K. Doger, Fundmap	<p>Questions from the Requester and responsive comments in bold italics shown below.</p> <ul style="list-style-type: none"> • Commitment of up to €50 million to Aermont Capital Real Estate Fund IV. Was this approved by the board? <i>Yes.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<ul style="list-style-type: none"> • Were there any updates on the RFPs or their release timelines from the meeting. No updates to the items presented. No date was announced. <ul style="list-style-type: none"> ○ RFP for a Treasury Inflation Protected Securities (TIPS) manager. ○ RFP for a real assets completion portfolio manager search. ○ RFP for a consulting services for hedge funds, illiquid credit, and real assets. • Did the board make any more new investments during the meetings? No. If so, who are the hired managers, the amount managed and in which asset class? • Did the board terminate any manager during the June meeting? No. If so, who are the terminated managers? • Did the board add or remove any managers to the watch list during the meeting? No. If so, who are the added/removed managers? •
08-09-18	M. McCue, FIN	<p>Questions from the Requester and responsive answers in bold italics shown below.</p> <ol style="list-style-type: none"> 1. Were the hires of Matarin Capital Management, CornerCap Investment Counsel and Global Alpha Capital Management approved for the amounts included in the board documents. Yes. 2. Was the TIPS manager search approved? Yes. Was a specific date for the RFP decided on? No date was announced. 3. Were the minimum qualifications for the real assets completion strategy search approved as well as the RFI initiation? Yes. Was specific date for the RFI decided on? No date was announced. 4. Were the minimum qualifications for the specialized consultant services for hedge funds, illiquid credit and real assets approved as well as the RFP initiation? Yes. Was a specific date for the RFP decided on? No date was announced. 5. Was the Aermont commitment approved for the amount included in the board documents? Yes. 6.
08-14-18	D. Kushner, Individual	<p>Requested DVD copies recordings for the open sessions of the Board of Investments and Committee Meetings.</p> <p>Sent 4 DVDs, listed below, via USPS First Class Mail DVDS for the open session LACERA meetings.</p> <ol style="list-style-type: none"> 1. Board of Investments dated August 8, 2018; 2. Board of Investments, The Equity: Public/Private Committee Meeting, dated August 8, 2018; 3. Board of Retirement Administrative Meeting, dated August 9, 2018, and 4. Joint Board Meeting, dated August 1, 2018.

**INFORMATION ONLY**

September 4, 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: September 13, 2018 Operations Oversight Committee

SUBJECT: Report on Non-Recurring Benefit Projects that May Impact Members

EXECUTIVE SUMMARY

Each month LACERA processes member requests and standard payroll processes for thousands of members. Additionally, we undertake special projects to address groups of members with similar situations that are not part of the normal process. These projects can be triggered by:

- External events impacting LACERA members,
- A review of the types of escalations or administrative appeals received, or
- Normal quality control processes.

Each Member, Operations Oversight Committee

September 4, 2018

Re: Report on Non-Recurring Benefit Projects that May Impact Members

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We share key issues with your Committee to acquaint you with those impacting our members and to ensure the Committee that we are addressing projects in a reasonable manner. These one-time projects may also generate member inquiries and/or Administrative Appeals.

DISCUSSION

Sheriff Deputy Level II Bonus Project:

The County recently settled a dispute with Sheriff Deputies who receive or had received a Level II Bonus. It was determined by the County that they had overpaid the deputies for a period between April, 2012 and November, 2016. The Level II Bonus is pensionable, and deputies who were overpaid had contributions collected on those overpayments. Additionally, if the overpayment period occurred during a member's Final Average Compensation (FAC) period, the member's FAC may be inflated, and this would lead to a slightly inflated retirement benefit amount.

The Auditor-Controller has identified approximately 245 deputies who have been impacted. LACERA is currently evaluating data received from the Auditor Controller to determine what changes will need to be made to member records. Those changes are likely to result in one of three outcomes:

1. *Excess Contributions Paid by Active Members:* Active members will likely have a small amount of excess contributions. Due to IRS regulations prohibiting in-service distributions, these excess contributions will remain on deposit, earning interest, until the member terminates service. These amounts are likely to be too small to use to offset current contributions.
2. *Excess Contributions Paid by Retired Members:* If the overpayment occurred outside of the FAC period, and if the member had not reached 30 years of service (resulting in their contributions being canceled) the member will have excess contributions, with interest, paid out at termination.
3. *Excess Contributions Paid by Retired Members within the FAC Period:* If the overpayment occurred during the FAC period, the member would likely owe LACERA as a result of an inflated retirement benefit. It is possible that this may be offset by any excess contributions owed to the member.

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Re: Report on Non-Recurring Benefit Projects that May Impact Members

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Staff members are currently reviewing each member's case and drafting a communication plan. Once we have completed this step we will begin notifying members.

Pre-2003 Non-Vested Member Project:

Prior to January 1, 2003, a member who terminated service without vesting was required by Section 31628 of the County Employees Retirement Law of 1937 (CERL) to withdraw their funds, or forfeit those funds after five years.

The CERL required LACERA to notify these members within 90 days of their termination from County service that they must withdraw their funds or risk the forfeiture of those funds. Forfeiture, in this case, meant the funds would be moved to the pension reserve fund. Finally, since CERL requires any unclaimed funds to be moved to the pension reserve fund, they were not eligible to earn interest past the termination date.

Over the years LACERA made various attempts to contact these members. However, in some cases LACERA completed the notification, but did not document the completion, or may not have completed the final Certified Mail notification or transferred the funds to the reserve account as required by CERL. This can give these "inactive members" the impression they have funds on deposit, that have earned interest, or that if they reach age 70, that they may be eligible for a retirement benefit.

We have identified approximately 1,374 members who fit this profile. This project will review each member and take steps to complete the notification and account disposition process. Beginning September 7th and continuing through November 8th, we will send out Certified Notices to these members to advise them they must withdraw their funds, or their funds will be forfeited. Please note, while the forfeiture of funds means they will be transferred to the pension reserve fund, the CERL does allow for a member to request the funds be restored so they may be withdrawn if they come forward at a later date.

We have attached a copy of the letter with this memo. Please see attachment A.

Each Member, Operations Oversight Committee

September 4, 2018

Re: Report on Non-Recurring Benefit Projects that May Impact Members

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Temporary Training Programs - Non-Eligible Member Project

Recently, the Department of Human Resources (DHR) contacted LACERA to make us aware that a few members participating in a temporary internship program reported having LACERA deductions taken from their earnings. A review of the cases with DHR ultimately revealed approximately 56 members who had participated in various temporary training programs over the last decade, in various temporary classifications, who had been treated like members. The review indicated the classification had been incorrectly flagged in the County's payroll system with a sub-item of "A", which is a "Monthly – Permanent" item and eligible for membership. These classifications should have had a sub-item of "M", which is a "Monthly Temporary – Training", and therefore ineligible for membership.

The sub-item is what the Auditor-Controller uses to determine membership. LACERA uses the sub-item, in conjunction with the Member Sworn Statement (MSS), to verify membership eligibility. In many of these cases the members' department never submitted a MSS, or they did and the member elected a retirement plan. In both cases there is no way for LACERA to identify them as non-eligible for membership because the underlying classification was tagged as a permanent item.

LACERA will be revising the members' status in our system. This will result in one of the following outcomes:

1. Members who eventually transferred to a valid permanent item may see their membership date change. In addition, these members will have their service credit reduced, and may see a contribution rate change due to a new entry age at membership. Since members paid contributions towards this service, they will have excess funds on deposit and may be eligible to purchase the removed time as Temporary Time (assuming they are in a contributory plan).
2. Some members may lose their eligibility for a benefit due to the change in membership date. This includes those members who never transferred to a permanent item, and those members that transferred to a permanent item but left before they vested.

We are still in the process of reviewing these cases and determining the final impact. Once we have completed the review we will begin notifying members.

Each Member, Operations Oversight Committee

September 4, 2018

Re: Report on Non-Recurring Benefit Projects that May Impact Members

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PEPRA Final Average Compensation (FAC) Project

This project is part of our on-going strategic goal to finalize compliance with the Public Employees Pension Reform Act of 2013 (PEPRA). The following are some of the key areas for which we recently achieved clarification and for which we must now program LACERA's Benefits System:

1. Non-pensionable pay codes embedded in the general pay code ("Code 99")

PEPRA, Section 7522.32, directs LACERA to use a member's actual pensionable earnings to calculate the Final Average Compensation (FAC) amount that is used to calculate a member's retirement allowance. This is in contrast to CERL which directs LACERA to use the member's compensation earnable Scheduled Earnings to calculate the retirement benefit.

The Actual Earnings reported by the Auditor Controller as general pay ("Code 99) includes embedded pay codes that are non-pensionable. We are working with the Auditor Controller to address this concern on their end so that the actual general pay amount that is reported to us does not include any non-pensionable items. In the meantime, staff members in Benefits must manually remove the embedded pay codes before we can process a correct retirement benefit allowance.

2. Actual vs. Scheduled Earnings Used in FAC

Our System currently uses the Scheduled Earnings instead of the Actual Earnings to calculate a PEPRA member's retirement benefit. We are working with Systems to revise the programming to use the Actual Earnings.

We have identified 15 members who have retired with their retirement allowance calculated based on the Scheduled Earnings, rather than the Actual Earnings. Staff members are currently working on re-calculating these allowances using the corrected Actual Earnings.

Once this has been completed we will begin notifying the impacted members of the change in their benefit amount. These members may not see any change, or they may see their benefit amount reduced. In the event the amount is reduced LACERA will need to collect any overpaid benefit amount.

Each Member, Operations Oversight Committee

September 4, 2018

Re: Report on Non-Recurring Benefit Projects that May Impact Members

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In the meantime, we have taken steps to ensure that future PEPRA retirees have their benefits manually calculated until this is corrected. Additionally, we have disabled the My LACERA PEPRA benefit calculator that uses actual member data to provide a PEPRA retirement estimate. Once we have updated the system and the Auditor-Controller has filtered out the embedded non-pensionable pay codes, we will reactivate this feature. For now, we have placed a disclaimer on the website advising we cannot calculate the allowances online at this time.


3. FAC consists of 36 Consecutive Months

PEPRA's 36 month FAC calculation has raised concern about members who did not have enough actual continuous service to meet the 36 month FAC requirement. These business rules are now clarified but are not yet programmed into our System.

SUMMARY

Staff members are working together to address these projects. Each project includes a stringent quality control process coordinated by Quality Assurance to ensure any impacts are properly vetted before member notification. Member Services will be trained on each project so that we can help members understand the impacts and answer any of their questions.

REVIEWED AND APPROVED



James Brekk
Deputy Executive Officer

Attachment

JJP:jjp

Attachment A



Los Angeles County Employees Retirement Association



300 N. Lake Ave., Pasadena, CA 91101 / PO Box 7060, Pasadena, CA 91109-7060 / www.lacera.com / 626/564-6132 • 800/786-6464

[DATE]

[Member Name]
[Address Line 1]
[Address Line 2]

Employee: [000000]

You May Have an Unclaimed LACERA Account

Dear <Member Name>:

During a recent audit, we identified a dormant account associated with your past employment with Los Angeles County.

Who is LACERA?

The Los Angeles County Employees Retirement Association (LACERA) provides retirement benefits for eligible Los Angeles County (County) employees who meet certain age and minimum service requirements. All County employees who are permanent and work full time (3/4 time or more) are members of LACERA.

Our records indicate you were a member of one of our contributory plans. Contributory plan members required the County to deduct mandatory contributions from your gross earnings for the retirement plan. These contributions, and the combined interest they earned, are part of the funding for the retirement benefits.

Pre-2003 Mandatory Withdrawal

LACERA is governed by a section of the California Government Codes, called the County Employees Retirement Law of 1937 (CERL). CERL (§ 31628) required employees who were members of LACERA and terminated County service prior to 2003 to withdraw their contributions and accumulated interest within five years of termination. Any funds not withdrawn by the member are considered "Unclaimed" funds and forfeited by law. These funds become the property of the retirement fund.

Do I have any Unclaimed Funds?

Our records indicate you were a former Los Angeles County employee who left service on or before December 31, 2002, and therefore were required to withdraw your funds.

CORTM/SSN

Although, any balance left beyond the five-year deadline is considered "Unclaimed" and is subject to forfeiture, we encourage you to contact LACERA to determine what balance may still be available to you.

LACERA will research your account and verify if you have any available funds. Please note, the unclaimed funds left with LACERA on or before December 31, 2002, do not accrue interest under Section CERL § 31591 (b). This section states in part, "no interest shall be credited to a member's account after the membership of the member in the retirement association has ceased..."

If you would like to withdraw your contributions, please complete, sign and return the Withdrawal Application enclosed. Please also have this document notarized or you may visit our Member Service Center and present a government issued photo identification card in lieu of having the document notarized.

One Exception to Mandatory Withdrawal: Reciprocity

There is one exception to the mandatory withdrawal requirement. If you left County service and joined another public agency in California within six months you may be eligible for reciprocity. Reciprocity allows you to use your eligible service in reciprocal agencies to meet minimum vesting and retirement eligibility requirements for both agencies. It will also allow you to use the highest Final Average Compensation between the reciprocal agencies to calculate your retirement benefit. Reciprocity requires the member to have left service in one agency and begin working in the second agency with no more than a 6-month gap and to retire concurrently. If you believe you may be eligible for reciprocity, please contact us before completing the Withdrawal Application and we will assist you in making that determination.

If you have any questions or need assistance, please contact LACERA's Call Center at 800-786-6464 between 7:00 AM and 5:30 PM PST. You can also make an appointment to visit our Member Service Center in Pasadena by visiting lacera.com or email us at welcome@LACERA.com. A Retirement Benefits Specialist will gladly assist you.

Sincerely,

Benefits Division