



July 1, 2015

To: Members of the Operations Committee  
From: Dale Amaral, Chair  
Subject: Summary of the July 1, 2015 Operations Committee Meeting

Operations Committee Chair Dale Amaral called the July 1, 2015 Operations Committee Meeting to order at 9:30 a.m. Committee members present were Dale Amaral, Chair, Ophelia Basgal, Tarrell Gamble and Liz Koppenhaver. The other Board members present were Elizabeth Rogers and George Wood; and alternate members David Safer and Darryl Walker. Staff present were Kathy Foster, Interim Chief Executive Officer; Joseph Fletcher, Chief Counsel; Margo Allen, Fiscal Services Officer; Betty Tse, Chief Investment Officer; Latrena Walker, Project and Information Services Manager; Harsh Jadhav, Chief of Internal Audit; and Sandra Duenas-Cuevas, Benefits Manager.

**ACTION ITEM**

**1. Discussion and possible motion to approve the 2015 Board Off-Site agenda**

Staff presented the final version of the 2015 Board Off-Site agenda for approval. Trustee Basgal stated that the discussion of the Business Plan should be expanded. She commented that several of the listed agenda items were operational and should either be presented to the Operations Committee or be combined into the discussion of the Business Plan and emphasized that the Off-Site is an opportunity to dive deeper into significant issues, which cannot be addressed fully at the Committee meetings. She added that the Off-Site should be the time to look at the bigger picture, to present policy questions and discuss the strategic direction that Staff needs from the Board. Several of the Trustees agreed.

There was no action taken. Staff was directed to revise the Off-Site agenda and bring it back to the committee.

**INFORMATION ITEMS**

**1. Operating Expenses – Budget vs Actual as of May 31, 2015**

Staff presented the year-to-date operating expenses – budget vs. actual. As of May 31, 2015, actual expenses are \$1,095,905 under budget. Trustee Amaral directed Staff to provide a report on ACERA's hiring process and an expanded vacancy report.

**2. 2015 Board Election**

Staff announced that an election is being conducted in 2015 for the second member to represent the general membership of ACERA on the Board of Retirement. The Notice of Election begins on July 20<sup>th</sup>. The ballots will be mailed on November 9<sup>th</sup> and must be returned to the Registrar of Voters by December 16<sup>th</sup> at 5:00 p.m.

**3. Member Underpayments and Overpayments Reports**

Staff presented three reports on member underpayments and overpayments. The active member overpayment and underpayment of contributions report covers years 2012 through 2014, and includes 101 active members who have an amount due to them and 147 active members who owe

an amount to ACERA. Collections are made through payroll deduction, and refunds are made through the employer based on notice from ACERA.

The retiree member overpayment report includes eight retirees and survivors whose benefits were overpaid at some point in time during the years 1999 through 2013 due to an error. Half of these overpayment situations have already been resolved through payment plans or adjustments to death benefits.

For the retired death overpayments, two reports were presented, which included a fiscal services receivables report representing dates of deaths from 1996 to 2015, and a retirement allowance paid after death report for 2012 through 2014. It was reported that there is approximately \$15K in overpayments for 22 deceased members that may be brought to the Board for its approval to write-off once a write-off policy is approved by the Board.

#### **4. Error Correction Policy Update**

Staff recapped that prior to a review and approval of the draft Error Correction Policy, the committee directed Staff to present a report of the overpayments and underpayments made to active and retired members. The policy addresses procedures and requirements for corrections of errors in either member contributions made to ACERA or benefits paid by ACERA to members or their beneficiaries. After a discussion, Trustee Amaral directed Staff to bring the policy to the committee next month as an action item for possible approval.

Trustee Basgal stated that it is critical that benefit errors and their cause are identified by performing routine internal audits. In response, Staff reported that an internal audit plan was approved in June by the Audit Committee to perform a parallel audit to review underpayments and overpayments resulting from both death benefits and active member benefits. The plan seeks to detect any systemic issues, and to identify opportunities for automation and improvements in benefits processes.

#### **TRUSTEE/PUBLIC INPUT**

- None

#### **ESTABLISHMENT OF NEXT MEETING DATE**

The next meeting is scheduled for August 5, 2015 at 9:30 a.m.

#### **MEETING ADJOURNED**

The meeting adjourned at 11:08 a.m.