

**NOTICE OF MEETING AND AGENDA**

**SPECIAL 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**

**WEDNESDAY, NOVEMBER 4, 2015 - 9:00 A.M.\*\***

**COMMITTEE MEMBERS:**

Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

**I. APPROVAL OF THE MINUTES**

A. Approval of the minutes of the regular meeting of September 10, 2015

**II. PUBLIC COMMENT**

**III. ACTION ITEMS**

A. Recommendation as submitted by Carlos Barrios, CEBS, Section Head, Michael Peterson, Supervisor, and Vanessa Gonzalez, Supervisor: That the Committee recommend the Board of Retirement adopt the following proposed business model for the Member Service Center (MSC) to accommodate an 80% appointment allocation.

1. Offer one hour appointments
2. One hour closure for lunch, 12:00 PM-1:00 PM, while allowing for drop-offs
3. Appointment availability in-line with peak times and staff availability
4. Saturday in-house workshops and appointments
5. Neighborhood workshops
6. Advance bookings up to 90 days
7. Partner with Retiree Healthcare Division for their staff support
8. Focus Outreach events on high attendance events
9. Encourage members to use self-service options
10. Progressive implementation plan with February 28, 2016 goal

(Memorandum dated November 4, 2015)

III. ACTION ITEMS (Continued)

- B. Recommendation as submitted by Ted Granger, Assistant Financial Officer: That the Committee recommend the Board of Retirement and the Board of Investments adopt the LACERA OPEB Funding Policy, which would allow LACERA, as an independent entity, to begin pre-funding its share of the Retiree Healthcare Program's liability for its employees. (Memorandum dated October 1, 2015)

IV. FOR INFORMATION

- A. Retirement Benefits Strategic Plan for Fiscal Years Ending 2017-2019  
Gregg Rademacher
- B. LACERA Operations Briefing  
Robert Hill/JJ Popowich
- C. Update on ZDI Contract  
JJ Popowich

V. EXECUTIVE SESSION

- A. Conference with Legal Counsel – Anticipated Litigation  
(Initiation of Litigation Pursuant to Paragraph (4) of Subdivision (d) of California Government Code Section 54956.9)

- 1. Number of Potential Cases: 1

VI. GOOD OF THE ORDER

(For information 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

THURSDAY, SEPTEMBER 10, 2015, 12:00 P.M. – 12:55 P.M.

**COMMITTEE MEMBERS**

PRESENT: Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum (*left at 12:20 p.m.*)  
David L. Muir, Alternate

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Alan Bernstein  
William de la Garza  
Vivian H. Gray  
Shawn R. Kehoe  
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

JJ Popowich	Carlos Barrios
James Pu	Louis Gittens

The meeting was called to order by Chair Kelly at 12:00 p.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of August 13, 2015

Mr. Chery made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of August 13, 2015. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Carlos Barrios, Outreach Section Head, Member Services Department: That the Committee recommend the Board of Retirement instruct the Division Manager of Member Services to do the following:

1. Maintain the current number of appointment allocations until enough staff can be hired and trained so as not to increase wait times further, and increase appointment allocation to 23 per day once the division has filled at least 4 of the vacant staff positions – assuming no further attrition of staff.
2. Continue efforts to work with Systems staff to identify appropriate queue management and forecasting software for use in the MSC and report back to the Board on the progress of this effort as part of the Operations Oversight Committee briefing.
3. Increase the expected Service Level goal for wait time in the Member Service Center from 100% in 8 minutes to 80% of all members within 15 minutes of arrival. Service Levels should be measured monthly and reported to the Board as part of the monthly CEO's report. In addition, the Division will closely monitor the service levels in the MSC and continue to identify adjustments to reduce the length of time members must wait for an appointment.

Mr. Kelly made a motion, Mr. Chery seconded, to refer this item back to staff for reconsideration, specifically related to increasing the percentage of appointment allocations available to be scheduled on line. The motion passed unanimously.

IV. FOR INFORMATION

A. LACERA Operations Briefing  
Robert Hill/JJ Popowich

Mr. Popowich 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

B. LACERA's Process Management Group  
Louis Gittens

Mr. Gittens gave a presentation on the origin and mission of LACERA's Process Management Group, and discussed one of the major projects this group is currently working on. The Process Management Group was established within the Benefits Division as a way to centralize and standardize process documentation and oversight functions, harmonizing with strategic partners throughout LACERA.

C. 2015 HR Resources Conference: Retirement Empowerment  
Jeannine Smart

The Committee directed staff to hold this item over until the October meeting.

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 12:55 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.**



November 4, 2015

**TO:** Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

**FROM:** Carlos Barrios, CEBS, Section Head  
Michael Peterson, Supervisor  
Vanessa Gonzalez, Supervisor

**FOR:** Operations Oversight Committee Meeting—November 4, 2015

**SUBJECT: Member Service Center—Transition Plan to a New Business Model**

### **RECOMMENDATION**

We recommend the Operations Oversight Committee recommend the Board of Retirement adopt the following proposed business model for the Member Service Center (MSC) to accommodate an 80% appointment allocation.

1. Offer one hour appointments
2. One hour closure for lunch, 12:00 PM - 1:00 PM, while allowing for drop-offs
3. Appointment availability in-line with peak times and staff availability
4. Saturday in-house workshops and appointments
5. Neighborhood workshops
6. Advance bookings up to 90 days
7. Partner with Retiree Healthcare Division for their staff support
8. Focus Outreach events on high attendance events
9. Encourage members to use self-service options
10. Progressive implementation plan with February 28, 2016 goal

### **BACKGROUND**

The Member Service Center (MSC) provides in-person one-on-one counseling to LACERA members and beneficiaries. Members may walk-in anytime between 7:00 AM and 5:00 PM, Monday through Friday (excluding holidays) to receive counseling from a Retirement Benefits Specialist. Historically counseling sessions last about one hour, however we do not currently have any time limits. Staff are encouraged to work at the speed that makes members comfortable and satisfied.

In February of 2013, the Appointment Plus System was incorporated within the LACERA website, to allow members to make appointments for one-on-one counseling and to register to attend educational workshops in-house or at external locations, in advance.

In recent months, the Board of Retirement and Operations Oversight Committee members have expressed concerns regarding member's not being able to get an appointment in a reasonable amount of time. On September 10, 2015, the Operations Oversight Committee provided management with direction to increase the allocation of appointments to at least 20% of visits, but expressed a long-term preference for 80% of visits to be by appointment. Additionally, the Committee directed staff to reduce the ability to make an appointment to less than the current 180 days into the future.

## **PROPOSED PLAN OF ACTION**

In response to the committee's direction, Member Services management took a closer look at the MSC operations and determined the following business model to be the most feasible in accomplishing the 80% appointment allocation.

1. Offer one hour appointments
2. One hour closure for lunch, 12:00 PM - 1:00 PM, while allowing for drop-offs
3. Appointment availability in-line with peak times and staff availability
4. Saturday in-house workshops and appointments
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### ***Offer One Hour Appointments***

We plan to set appointments for one hour counseling sessions in order to increase efficiency in servicing members. The goal is to pre-direct members as much as possible to our online pre-retirement topics, videos, the member portal, or to contact the Call Center before selecting an appointment, so they may prepare themselves with relevant information which can potentially reduce the counseling time frame. We will disclose the one-hour sessions on the Appointment Plus system making members aware of the time limit before setting an appointment. Of course exceptions will be made as necessary.

### ***One hour closure for Lunch, 12:00 PM - 1:00 PM, while Allowing Drop-offs***

We plan to close the MSC during the lunch hour to maximize our availability during our peak hours leading up to and immediately after the lunch period. This should achieve the highest level of efficiency in staff scheduling based on the current schedules available. According to our current statistics, 25% of members who come to the MSC do



not come in for counseling, but do so to drop off paperwork. We will keep the MSC lobby open and staffed with a receptionist to facilitate drop-off of documents, and allow members to come in and wait in comfort for their appointment.

***Appointment Availability In-line with Peak Times and Staff Availability***

Our statistics indicate that members prefer to visit the MSC during mid-morning and mid-afternoon time periods. In order to accommodate as many members as possible we will be adjusting staff schedules to ensure we have the maximum number of staff available during these high traffic periods and increase the appointment availability for these periods.

***Saturday In-House Workshops and Appointments***

We plan to open the MSC and provide Retirement Workshops on the first Saturday of each month which would provide more opportunity to serve members and an additional alternative for those members who are unable to come during the week. The MSC would be available on an appointment basis only and Pre-retirement Workshops would be held concurrently.

***Neighborhood Workshops***

We plan to expand Saturday workshops to offsite locations which would provide more opportunity to serve members. We are working closely with our Systems Division to acquire the appropriate technology in order to serve our members most appropriately, offsite.

***Advance Bookings up to 90 Days***

Since the inception of the Appointment Plus system, members have been able to make appointments as far as 180 days in advance. However, after a statistical review, there is a correlation between appointments booked beyond 90 days in advance and no-shows. Based on this, we have decided it would be a best practice to limit appointments to no further than 90 days into the future.

***Partner with Retiree Healthcare Division***

We have partnered with the Retiree Healthcare Division (RHC) in an effort to better serve those members who have specific questions regarding their healthcare. Currently, we have at least one RHC staff member serving members within the MSC on a daily basis. This additional step has also served to reduce calls to the Retiree Healthcare Division.

### ***Focus Outreach Events on High Attendance Events***

We plan to focus on the most popular Outreach events to allow more staff to be available to serve members in the MSC. This will allow our team to maintain a significant presence in the field, while having the majority of staff available in the MSC.

### ***Encourage Self-service Options to Members***

We plan to encourage members to utilize self-service options by redirecting them to online pre-retirement topics, videos, the member portal, or to contact the Call Center, before selecting an appointment. Our goal is to educate our members as much as possible before coming in to the MSC so that we can focus on specific questions and retirement planning. Ideally, we may even be able to save them a trip to LACERA.

## **COMMUNICATION AND IMPLEMENTATION PLAN**

The transition to a predominantly appointment based MSC will be communicated through a variety of means such as the LACERA website, Appointment Plus system, LACERA newsletters, during Call Center counseling sessions, Outreach events, and posted signs in the MSC.

## **MOVING FORWARD**

We have already increased the number of available appointments to 40% of the daily average of 52 visits. Over the next several months we will gradually increase the number of available appointments until we reach our 80% goal by February of 2016. As we roll out this program we will continually evaluate the impacts of these changes and make adjustments as necessary.

## **CONCLUSION**

The appointments in the MSC have become increasingly popular with members. By increasing the number of appointments, members will be able to book appointments for dates without having to wait inordinate amount of time for an appointment. The proposed plan of action will mitigate long wait times for walk-ins and to accommodate an 80% allocation of appointments available to members visiting the MSC. Additionally, this plan of action will increase the accessibility by adding an additional day per month of service in house as well as locations throughout the county.

**IT IS, THEREFORE, RECOMMENDED THAT YOUR COMMITTEE** recommend the Board of Retirement adopt the following proposed business model for the Member Service Center (MSC) to accommodate an 80% appointment allocation.

1. Offer one hour appointments
2. One hour closure for lunch, 12:00 PM - 1:00 PM, while allowing for drop-offs
3. Appointment availability in-line with peak times and staff availability

Member Service Center –Transition Plan to a New Business Model

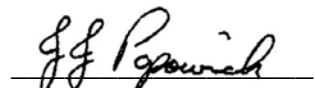
November 4, 2015

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4. Saturday in-house workshops and appointments
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10. Progressive implementation plan with February 28, 2016 goal

JP:SB:cb

Noted and Approved:



JJ Popowich  
Assist Executive Officer

10/26/15

Date



# **MEMBER SERVICE CENTER**

## TRANSITIONING TO A NEW BUSINESS MODEL

**Presented By:**

**Carlos Barrios, CEBS, Section Head**

**Vanessa Gonzalez, Supervisor**

**Michael Peterson, Supervisor**

# MEMBER SERVICE CENTER (MSC)

## WHAT DO WE DO?

- Provide In-person One-on-one Counseling
- Open 7:00 AM - 5:00 PM, Monday through Friday (excluding holidays)
- Priority Service by Appointment
- Walk-Ins: First-come, First-served
- 17,253 Members Served, 2014-2015
- 26% Drop-offs



# WHAT'S CHANGING IN THE MSC?

- Increased Demand for Appointments
- Increase in Traffic, Longer Wait Time
- No-Shows for Appointments Booked Far in Advance



# WHAT ARE WE GOING TO DO ABOUT IT?

## OUR ACTION PLAN

- Offer One Hour Appointments
- No Counseling During Lunch Hour
  - Receptionist available for drop-offs
  - Lobby remains open
- More Appointments In-line With Peak Times & Staff Schedules
- Saturday In-House Workshops & Appointments



# WHAT ARE WE GOING TO DO ABOUT IT?

## OUR ACTION PLAN (CONT.)

- Neighborhood Workshops
- Advance Booking Up to 90 Days
- Retiree Healthcare Staff in MSC
- Outreach Focused on High Attendance Events
- Encourage Self-service Options





## HOW WILL MEMBERS KNOW ABOUT THE CHANGES?

- LACERA Website
- Appointment Plus System
- LACERA Newsletters
- Call Center
- Outreach Events
- Signs and Flyers
- Notify Business Partners



# WHEN IS IMPLEMENTATION?

*To-date, we have done the following:*

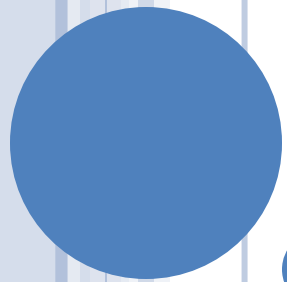
- Increased Appointment Allocation to 40% of average daily visits
- Staff Recruitment
- Partnered with RHC



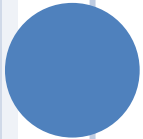
# WHEN IS IMPLEMENTATION?

February 28, 2016, 80% Appointment Allocation





**QUESTIONS?**





October 1, 2015

**TO:** Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

**FROM:** Ted Granger, CPA, CGMA, CRMA *TG*  
Assistant Financial Officer

**FOR:** OOC Meeting – November 4, 2015

**SUBJECT: LACERA Other Post-employment Benefits (OPEB) Funding Policy**

### **RECOMMENDATION**

That the Operations Oversight Committee recommends to the Board of Retirement and to the Board of Investments to adopt the LACERA OPEB Funding Policy, which would allow LACERA, as an independent entity, to begin pre-funding its share of the Retiree Healthcare Program's liability for its employees.

### **EXECUTIVE SUMMARY**

The June 30, 2015 LACERA Chief Executive Officer's Report communicated to your Boards that when the County adopted their budget on June 22, 2015, the budget included a dedicated funding promise for Los Angeles County's (County's) unfunded Retiree Healthcare Program liability (also known as the OPEB liability). Specifically, the County will: (1) continue to pay for the Retiree Healthcare Program on a pay-as-you-go basis, which is approximately \$500 million annually; and (2) make gradually increasing additional annual contributions to the OPEB Trust Fund until the County is paying an amount that will sustain the Program on a pre-funding basis.

Similar to the County, LACERA also operates on a pay-as-you-go basis for our Retiree Healthcare Program's costs and has the opportunity to participate with the County in this OPEB liability pre-funding arrangement. A Board-approved funding policy would allow LACERA to commit to reducing the OPEB liability for our retired workers.

### **BACKGROUND**

Since the County-sponsored Retiree Healthcare Program was established in 1971, LACERA, as an independent entity from the County, has consistently mirrored the County's generally accepted financing plan related to the OPEB liability. Thus, LACERA has essentially participated in any reference in this memo regarding the County's efforts to reduce the OPEB liability. Under the OPEB Trust, LACERA is defined as a "Contributing Employer" and separate accounts are maintained for the contributions and expense obligations of the County and LACERA.

The current funding mechanism the County practices for Retiree Healthcare Program's costs is essentially a "pay-as-you-go" system, which means that the County pays for current year retiree health expenses as they become due. This funding method has caused an accumulation of an unfunded OPEB liability valued at \$27 billion as of the latest June 30, 2014 actuarial valuation.

The County has been looking at ways to reduce the Retiree Healthcare Program's costs and future liability, and move towards a "pre-funding" model. It has successfully taken steps to mitigate the increasing cost of the OPEB liability; for instance, establishing an OPEB Trust Fund for the primary purpose of holding and investing assets to fund the Retiree Healthcare Program; and creating a new retiree health insurance program structure for new County employees hired after June 30, 2014 and eligible for LACERA membership. The LACERA Board of Retirement, as the Retiree Healthcare Program administrator, has also successfully implemented several cost-saving strategies for the Program over the years, including: Medicare advantage plans; mail order pharmacy; federal reimbursement programs; and coordinated care.

## FUNDING

The County's 2015 budget-approved pre-funding plan addresses the County's portion of the OPEB liabilities and utilizes a multi-year strategy to phase in the pre-funding portion of the retiree healthcare benefits while continuing to make the pay-as-you-go contributions. Consistent with past practices, Staff believes it is in LACERA's best interest to join the County in pre-funding its portion of OPEB liabilities.

The County allocates costs using an active employee methodology to determine LACERA's pro-rata share of the costs, which are billed to LACERA on a monthly basis just like County departments. LACERA's current annual pay-as-you-go contribution is \$2 million, which is paid through our administrative operating budget and approved by both governing LACERA Boards.

In the table below is the County's initial estimate of LACERA's pre-funding portion of the Retiree Healthcare unfunded liability. It uses a multi-year approach to increase the LACERA retiree health payment each year in a consistent manner. Future pre-funding amounts will also be determined by the County. Staff also provided data on the financial impact, on a percentage basis, of the pre-funding contributions using the latest Fiscal Year 2015-2016 LACERA operating budget of \$73 million.

Fiscal Year	LACERA Pre-Funding Contribution	Percentage of FY 2015-16 LACERA Budget
2015-16	\$91,000	0.12%
2016-17	228,000	0.31%
2017-18	456,000	0.62%
2018-19	684,000	0.94%
2019-20	912,000	1.25%
2020-21	1,140,000	1.56%

The financial impact of pre-funding LACERA OPEB benefits is minimal. LACERA's participation in the County's initiative is critical in reducing the unfunded liability associated with the retiree healthcare benefits by pre-funding this benefit.

The attached OPEB Program Funding Policy is intended to provide LACERA with the ability to pre-fund retiree healthcare benefits in tandem with the County. LACERA is not legally obligated, under the Trust or otherwise, to match the County's funding practices, but such a course of action, which has been followed in the past, continues to seem prudent to reduce LACERA's share of the unfunded liability and to facilitate LACERA's administrative responsibilities for the OPEB Program. The Policy guides future funding actions and will ensure the security of the Retiree Healthcare Benefits for LACERA employees.

### CONCLUSION

The County prudently established an OPEB Trust Fund to pre-fund its OPEB liability. During its most recent budget cycle, the Board of Supervisors approved a mechanism to continue the pre-funding effort by providing a steady stream of increasing contributions to the OPEB Trust over a multi-year plan. The proposed plan includes the opportunity for LACERA, as an independent entity, to participate in lock step with the County and pre-fund its portion of the OPEB liability. Establishing the proposed OPEB Funding Policy will enhance LACERA's commitment to providing Retiree Healthcare benefits and help reduce LACERA's unfunded liability for these benefits.

**IT IS, THEREFORE, RECOMMENDED THAT YOUR COMMITTEE** recommends to the Board of Retirement and to the Board of Investments to adopt the LACERA OPEB Funding Policy, which would allow LACERA, as an independent entity, to begin pre-funding its share of the Retiree Healthcare Program's liability for its employees.

RH:BSA:tg  
LACERA OPEB Funding Policy\_Board Memo\_10062015.doc

Attachment

Noted and Approved:



Robert Hill  
Assistant Executive Officer

10/1/2015  
Date

**Los Angeles County Employees Retirement Association  
Other Post-employment Benefits (OPEB) Program – Funding Policy**

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**Funding Goal**

The Other Post-employment Benefits (OPEB) Program Funding Policy establishes the funding process the Board of Retirement and Board of Investments would like the Los Angeles County Employees Retirement Association (LACERA) to follow as a participating entity in the OPEB Program.

The primary objective is to provide post-employment benefits through the OPEB Program, which include Retiree Healthcare Benefits, dental and burial allowance, for LACERA retirees and to reduce LACERA's portion of the OPEB Actuarial Accrued Liability (AAL).

The Funded Ratio is the measurement of Valuation Assets to the AAL. When the assets available for funding equal the AAL, the OPEB Program is considered fully funded with a Funded Ratio of 100%. Assets in excess of those needed to reach 100% funding are considered excess funds for funding purposes. A Funded Ratio equal to 100% is the Funding Goal.

**Funding Policy**

LACERA establishes and operates with its own distinct budget, as an independent entity from Los Angeles County (County). LACERA retirees receive healthcare and other post-employment benefits through the OPEB Program, which is sponsored by the County and administered by LACERA.

Similar to the County, LACERA funds the Program monthly on a pay-as-you-go basis. The assets contributed by the County and LACERA have been set aside in the OPEB Trust for future use.

LACERA intends to remain in lock step with the County when pre-funding arrangements, ramp-up contributions, or additional budget allocations are established.

**Implementation**

In tandem with the County's funding stream, LACERA will fund its pro-rata share of the Program contributions. The contribution frequency and amount are calculated by the County, reviewed by staff and presented in the annual administrative budget for the Boards' approval.

LACERA's annual administrative budget already includes an allocation for the pay-as-you-go Program costs. When the County provides additional contributions that will build or sustain the Program at a pre-funding level, LACERA will fund its pro-rata share of contributions through its administrative operating budget. LACERA's governing Boards, may, at any time, decide to pre-fund LACERA's portion of the future obligations in a lump sum payment.

**Valuation Cycle**

At least every two years, LACERA shall engage the services of an actuary to conduct a valuation of plan liabilities and assets to measure the funding progress of the Program. Every third year, the actuary shall conduct an investigation of experience to measure the effectiveness



**Los Angeles County Employees Retirement Association  
Other Post-employment Benefits (OPEB) Program – Funding Policy**

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of plan assumptions, valuation methodology, and to identify trends. Upon request, the actuary may provide calculations specific to each participating entity in the OPEB Program. The Board of Retirement shall review the results of the valuation and experience study.

Any changes to actuarial assumptions and methodology as provided for in actuarial standards or financial statement reporting standards will be implemented.


**Amendments**

This Policy may be amended from time to time with approval by the LACERA Board of Retirement and Board of Investments.



October 22, 2015

To: Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

From: Gregg Rademacher   
Chief Executive Officer

For: November 4, 2015 Operations Oversight Committee Meeting

Subject: **Retirement Benefits Strategic Plan for Fiscal Years Ending 2017-2019**

### **Executive Summary**

The Retirement Benefits Strategic Plan is a roadmap for aligning organizational resources in the best manner to successfully deliver on our mission to Produce, Protect, and Provide the Promised Benefits. The plan is a living document in that we carry it forward from fiscal year-to-fiscal year by using project milestones for up to three years into the future.

The planning process approved by the Board at our February 2015 meeting is a collaborative effort that begins nine months before the fiscal year begins with the Operations Oversight Committee reviewing the current year plan to test its relevance and to begin the discussion on how to move the plan forward.

At our Committee meeting, we will reaffirm our guiding belief structure to ensure we have alignment on what we hold as most important. This will facilitate our decision making process. At our Committee meeting, we will discuss our current plan's strategic initiatives to see if we are on track and make suggestions for improvement. At our Committee meeting we will explore new ideas to help us achieve our mission to Produce, Protect, and Provide the Promised Benefits.

### Process Overview

The strategic planning process has five milestones. It begins with the Operations Oversight Committee providing the initial momentum and culminates with the Board of Retirement adopting the plan. The following table lists these five process milestones.

Meeting	Purpose	Notes
1. October OOC	Plan Development	Review current year plan and begin discussion on strategic direction.
2. October Management Offsite	Plan Development	Management team provides operational substance.
3. January OOC	Plan Development	Introduce draft of new Strategic Plan. Revise as needed.
4. January Board Offsite	Plan Development	Work to finalize draft.
5. February Board Meeting	Plan Adoption	Propose final draft for adoption.

This timetable facilitates completing the Strategic Plan as we begin the budget process in mid-February. Having a firm idea on the Strategic Plan's initiatives we will be undertaking in the next three years provides the foundation for our budget's spending plan.

### Values

Our LACERA Values are what we collectively believe in and guide our behaviors. Our LACERA Values influence how we make choices, what choices we make, and how we are to be judged on our actions by our members and stakeholders.

#### *Professionalism*

We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

*Respect*

Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to support each other, we create a nurturing work environment that promotes fairness and trust.

*Open Communications*

Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each other’s ideas, and giving constructive feedback.

*Fairness*

Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

*Integrity*

We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

*Teamwork*

We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

**Guiding Principles**

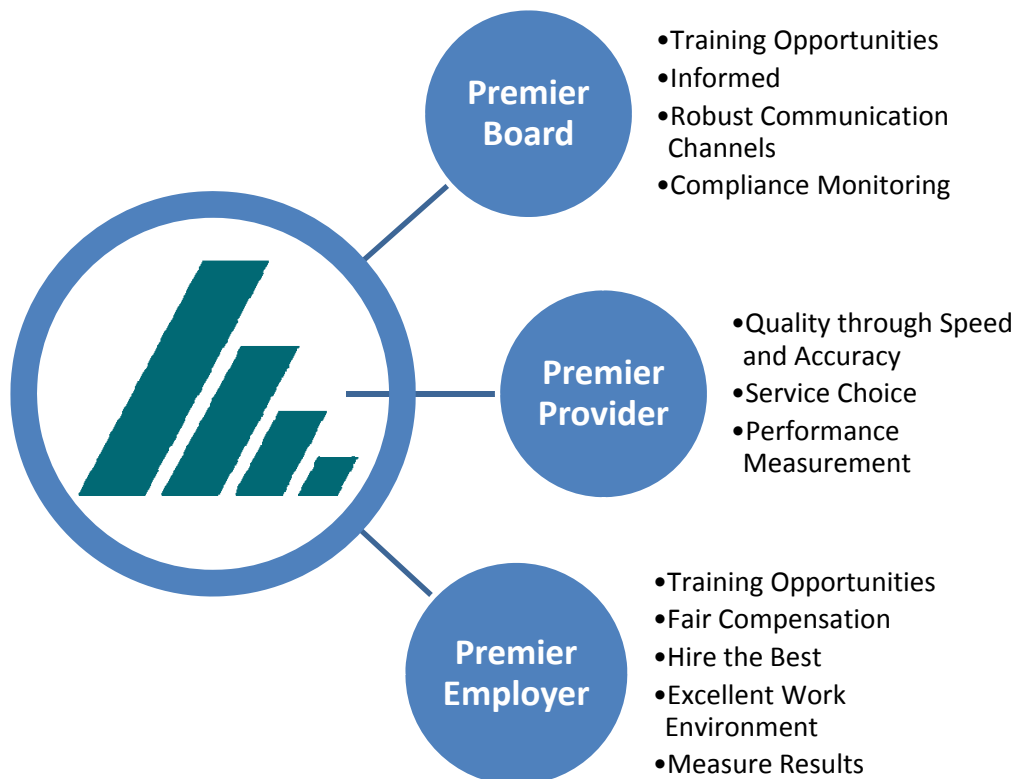
Our guiding principles describe the organization’s philosophy and guide what the organization does, why it does it and how it should be done. They will guide our organization in all circumstances irrespective of changes in our goals, strategies, work area, and leadership team.

1. To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.
2. To manage growth and change through planning, innovation, and the maximum use of available technology.
3. To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

4. To maintain a human resources program to recruit, train, develop, and promote qualified staff; provide quality work environment and enhance the quality of life for our employees.
5. To maximize investment returns and minimize long-term costs by employing prudent investment and actuarial policies and practices.
6. To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

### Defining LACERA

In planning for the future, it is beneficial to understand, from a big picture perspective, what type of organization we will strive to become. Another way of thinking about this is to ask the question, "What is most important?" Historically, this question has been answered with a commitment to strive toward being a premier retirement association built upon our values and delivering superior member service. Expanding this definition we can view being a premier retirement organization in three dimensions.



### **Conclusion**

The LACERA Retirement Benefits Strategic Plan helps us set our direction, define our project goals, and make decisions on allocating resources. We begin our Retirement Benefits Strategic Plan with a collaborative conversation at the Operations Oversight Committee meeting. At our Committee meeting, we will reaffirm our guiding belief structure to ensure we have alignment on what we hold as most important. This will facilitate our decision making process. At our Committee meeting, we will discuss our current plan's strategic initiatives to see if we are on track and make suggestions for improvement. At our Committee meeting we will explore new ideas to help us achieve our mission to Produce, Protect, and Provide the Promised Benefits.

GR:nm

Retirement Benefits Strategic Plan 2017 OOC October 2015.doc

**Attachment – Retirement Benefits Strategic Plan for fiscal years ending 2016-2018**

# STRATEGIC PLAN

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## Retirement Benefits FOR FISCAL YEARS ENDING 2016-2018



**L/CERA**

# OUR HISTORY

On January 1, 1938, LACERA was established to provide retirement allowances and other benefits to the safety and general members employed by Los Angeles County. Subsequently, LACERA expanded its membership program to include four outside Districts:

- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

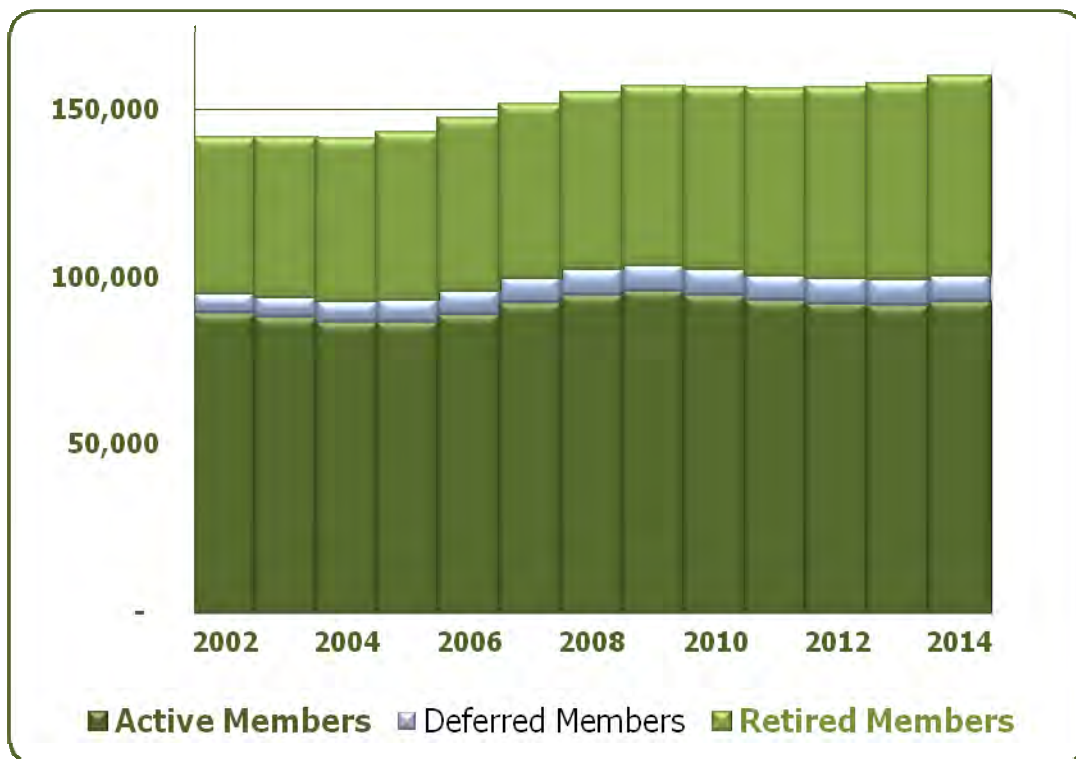
LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013, and the regulations, bylaws, procedures, and policies adopted by LACERA's Boards of Retirement and Investments. The Los Angeles County Board of Supervisors may also adopt resolutions, as permitted by CERL, which may affect benefits of LACERA members.

The Board of Retirement is responsible for the general management of LACERA. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies. Both Boards appoint a Chief Executive Officer, to whom is delegated the responsibility of overseeing the day-to-day management of LACERA and adopting its annual administrative budget.



# OUR MEMBERS

When we look at the members we serve, we see more than 160,000 individuals, each with a unique set of circumstances. And we see opportunity. For our active members, we see their opportunity to eventually retire with a secure future and we see our opportunity to provide them with the knowledge they need to make strategic choices throughout their careers that will enhance their retirements. For our retirees, we see more than the disbursement of a monthly benefit. We see the opportunity to provide the peace of mind that comes with knowing they will not outlive their hard-earned retirement allowances and that their eligible designated survivors will receive any benefits to which they are entitled.



# OUR MISSION

## **Produce, Protect, and Provide the Promised Benefits**

We see our mission as vast, yet personal. Although it is framed by statutes and diligently executed by highly-trained professionals, it is implemented each day on a personal level, with a personal touch. We see efficient service through education and compassion. We also see a prudently invested retirement fund, strategically positioned for long term growth.

# OUR CORE VALUES

**PROFESSIONALISM** • We take the initiative to develop our skills to get the job done. We are accountable for providing quality service to our members that is efficient and accurate.

**RESPECT** • Our members and coworkers deserve to be treated with courtesy, patience, and empathy. When we listen to and support each other, we create a nurturing work environment that promotes fairness and trust.

**OPEN COMMUNICATIONS** • Our frank and straightforward expression of ideas fosters a common understanding of purpose – quality service to our members. We create a healthy work environment by sharing information, listening to each others' ideas, and giving constructive feedback.

**FAIRNESS** • Our employees are entitled to a clear explanation of performance expectations. Performance evaluations are timely, honest, and impartial; personal improvement plans are reasonable and constructive; and we provide opportunities for professional development and promotion.

**INTEGRITY** • We inspire confidence by our high standards for member services and sound investment practices. We are reliable, ethical, and honest. Loyalty to LACERA means loyalty to members. Integrity guides all of our work relationships.

**TEAMWORK** • We are committed to teamwork and we openly share information and ideas. Working together to reach common goals is the essence of success.

# OUR OBJECTIVES

## ● PRUDENT FIDUCIARY ●

To act at all times as prudent fiduciaries, executing our responsibilities exclusively on behalf of our members, beneficiaries, and participating employers.

## ● RESPONSIVE QUALITY SERVICE ●

To provide responsive and consistent quality service using integrated cost-effective procedures and practices.

## ● COMMUNICATION ●

To promote and enhance the understanding of LACERA benefits among members, employers, County officials, and the public.

## ● QUALITY WORKFORCE ●

To develop a human resources program to recruit, train, develop, and promote qualified staff; provide a quality work environment and enhance the quality of life for our employees.

## ● MANAGE GROWTH AND CHANGE ●

To manage growth and change through planning, innovation, and the maximum use of available technology.

# STRATEGIC INITIATIVES



## Modernization of Information Technology

Information Technology plays a crucial role in every aspect of serving our membership. Our commitment to technological solutions dates back to the late 1980's when we built our own retirement processing data center, databases, and data programs. This effort continues with the transition to modern databases, graphical user interfaces, electronic documents and disaster redundancy.

### • Disability Retirement •

We are focusing our organizational energy on delivering a completed disability application. This is a multi dimensional effort requiring us to revise Board policy, streamline staff procedures, evaluate staffing deployment, change operational expectations, improve accountability, create new measurement structures, and develop new assistive technology tools.

Task	Implementation
Disability Process Modification	FY 2013-14
Disability Data Integration: Tracker	FY 2013-14
Disability Document Management	FY 2014-15
Disability Process Management	FY 2015-16
Management and Board Metrics Reporting	FY 2015-16
Digital Appeal Packages	FY 2015-16
Appeal Process Management	FY 2015-16
Writ Process Management	FY 2016-17
Retire Legacy System: Tracker	FY 2016-17

## • Workspace •

The information system will facilitate member service while protecting membership information. The system environment and programs will be continually evaluated and updated. We look to improve the way we circulate the member's electronic document by creating a Job Ticket processing system. Looking to the future, we will be improving our Estimate program and our ability to service members with multiple plans that include a break in service (a.k.a. Multiple Plan Streams) on an automated basis.

Task	Implementation
Job Ticket Planning	FY 2013-14
Job Ticket Prototyping	FY 2014-15
Job Ticket Production	FY 2015-16
Replace Green Screens	FY 2015-16
Retire CICS	FY 2015-16
Update Estimate Program	FY 2016-17
Multiple Plan Streams	FY 2016-17

## • Electronic Board Package Delivery •

Provide Board members and staff an option to receive their meeting materials in a secure electronic format.

Task	Implementation
E-Board Packages – Board of Retirement	FY 2012-13
E-Board Packages – Board of Investments	FY 2013-14
E-Board Package – Disability Investigation Report	FY 2014-15
E-Board Package – Disability Medical Cases	FY 2015-16

## • LACERA.com •

Our website will support on-line transactions so that our members can self-service their accounts in a protected and expeditious manner.

Process	Implementation
Security Log-In	FY 2011-12
Direct Deposit	FY 2011-12
Tax Withholding	FY 2012-13
Beneficiary Update	FY 2013-14
Secure Message Center	FY 2015-16
Portal Redesign	FY 2015-16
Retirement Election	FY 2016-17
New Member Enrollment	FY 2016-17

## • Knowledge & Content Management •

Provide an Enterprise Content Management System (ECMS) that integrates a centralized search of all knowledge content. We expect to internally ingest the Board of Retirement's Committee documents and implement a user friendly tool to access our membership rules and plan information.

Task	Implementation
Board of Retirement Back file - Implement	FY 2011-12
Board of Investments & Committee Back file – RFP	FY 2013-14
BoI & Committee Back file – Implement	FY 2014-15
Disability Medical Document Portal –Infrastructure	FY 2014-15
Disability Medical Document Portal – Training	FY 2015-16
Board Package Web Posting	FY 2015-16
Disability Case Back file – Evaluate	FY 2016-17

## • Retiree Healthcare Program •

In 1987 we embarked on an ambitious program to create our own benefit administration software application. Over the ensuing decades we have devoted considerable resources to support our retirement benefit administration and more recently our disability application work processes. Looking to the future, now is the time to begin planning how to best support the Retiree Healthcare Program with improved document control, workflow, and technology. Similar to our efforts in the disability application area, this will be a multi dimensional effort which will require us to evaluate Board policy, staff procedures, staffing deployment, operational expectations, accountability, and measurement structures.

Task	Implementation
Develop Needs Assessment	FY 2016-17



## Quality Ecosystem

Quality is paramount to the success of this organization. Quality must be ingrained in everything we do. Quality must be developed, nurtured and evolve as our staff, systems, processes and services transform. Our plan includes multiple initiatives to feed, care and grow our quality ecosystem.

### • In-Line Quality Audits •

LACERA made great strides building a quality ecosystem over the past 10 years. Our efforts include comprehensive training courses, data clean-up projects, apprenticeship programs, standardized business practices, and independent quality assurance. These practices achieved impressive results with our quality improving from 88% to a world class quality level exceeding 98%. Our next evolutionary step is to identify data anomalies and calculation errors earlier when working a member's account to prevent errors from reaching the member in the first place. Embedding a quality auditor into the work process provides a substantial opportunity to identify and correct errors before they impact our members.

Task	Implementation
Develop In-Line Quality Program	FY 2012-13
Standardize and Test Audit Program	FY 2012-13
Train In-Line Auditors	FY 2012-13
Implement In-Line Audits	FY 2012-13
<b>Increase the In-Line Audit ratio to 60%</b>	<b>FY 2015-16</b>
<b>Increase the In-Line Audit ratio to 75%</b>	<b>FY 2016-17</b>



## • **Advanced CERL Education (ACE) Certification** •

The International Foundation of Employee Benefits, in conjunction with the University of Pennsylvania, provides an outstanding educational certification in compensation management covering all aspects of benefits and compensation. This rigorous designation, known as the Certified Employee Benefit Specialist (CEBS), allows the student to specialize their CEBS certification into one of three specialty areas:

- *Compensation Management Specialist* - compensation and human resources
- *Group Benefits Associate* - healthcare and other group benefits
- *Retirement Plans Associate* - all aspects of retirement plans

While these are excellent educational opportunities, they do not specifically address plan design, practices, and procedures unique to LACERA. Our initial concept is for the ACE certification to serve as advanced certification available to LACERA's Claims Processing, Member Services, Retiree Healthcare, Quality Assurance, and Internal Audit staff. The program would include an eligibility test, class work, proficiency tests (class room and production), and continuing education requirements. It is our hope that this designation will be eligible for certification compensation.

<b>Task</b>	<b>Implementation</b>
<b>Develop ACE Program</b>	<b>FY 2015-16</b>
<b>Implement</b>	<b>FY 2016-17</b>
<b>Graduate Inaugural Class</b>	<b>FY 2017-18</b>

## • Member Communications •

Members have important retirement choices to make, from plan selection when first hired through choosing the best date and retirement option at the end of their careers. It is our responsibility to provide the education they need to make good choices for their individual circumstances. Our strategic direction is to continue to expand and improve our communication to members by offering a wide variety of user-friendly, updated, informative, and creative educational tools that include print materials, seminars and workshops, website materials, videos, etc. We will review our current pre-retirement workshop and develop and offer topic-specific modules that members could choose from as alternatives.

<b>Task</b>	<b>Implementation</b>
<b>Outreach Web Video - Retirement</b>	<b>FY 2011-12</b>
<b>Outreach Web Video - New Member</b>	<b>FY 2014-15</b>
<b>Outreach Workshop Restructure</b>	<b>FY 2015-16</b>
<b>Active Member Benefit Statement</b>	<b>FY 2016-17</b>
<b>Retirement Estimate Document</b>	<b>FY 2016-17</b>



## Scrubbing Legacy Data

Our membership data is diverse, voluminous, and spans many decades of time. We maintain our membership data for perpetuity. The consequences of poor or incomplete data can magnify as time progresses and may cause serious ramifications to our members. The 1989-90 database conversion includes a series of poor or incomplete data that has placed a number of our members in harm's way. Our three year strategic plan places a high priority in scrubbing our legacy data.

### • Member Data Evaluation •

A multi-year project plan to identify and prioritize data clean-up projects that will improve processing accuracy and service to members.

Task	Implementation
Employee 1996 Contribution - 7,200	FY 2010-11
eHR Rate Change - 900	FY 2011-12
New Member Plan Elections - 7,400	FY 2011-12
Multiple Sworn Statements - 2,800	FY 2014-15
MOU Retroactive Salary Adjustments - 26,000	FY 2014-15
Missing Service Credit - 1,000	FY 2015-16
Back Contributions Uncollected - 1,000	FY 2015-16
Service Contract not Resident - 1,000	FY 2015-16
Recalculate Contracts Uncompleted - 4,000	FY 2016-17



# Implementing PEPRA

The Public Employees' Pension Reform Act of 2013 (PEPRA) required LACERA to open new plan tiers, design information systems to support the new benefit structure, develop member communications, conduct staff training, and create new monitoring protocols. With the new plan tiers successfully launched, the organization needs to take a fresh look at the additional implementation efforts yet to be completed.

<b>Task</b>	<b>Implementation</b>
<b>PEPRA Implementation Needs Assessment</b>	<b>FY 2015-16</b>
<b>PEPRA Implementation Tactical Plan</b>	<b>FY 2015-16</b>

GR:RH:JP  
Strategic Plan Retirement Benefits 2016 Proposal.docx

## FOR INFORMATION ONLY

October 27, 2015

TO: Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

FROM: Robert R. Hill, Assistant Executive Officer *RRH*  
JJ Popowich, Assistant Executive Officer *JJ*

FOR: November 4, 2015 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.

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- Public Records Request Update
- Report of Felony Forfeiture Cases Processed
- Positive Pay/Payee Update

RRH:rrh

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-01-15	Los Angeles Sheriff's Department	Monthly request for Fire & Sheriff Retirement lists. <i>Transmitted via email monthly agenda reports for September 2, 2015. Date run for each report is August 27, 2015.</i>
09-02-15	J. Hammond, RELAC	Monthly request of Benefit Approval List. <i>Transmitted, via email, the August 2015 list prepared for September 2, 2015 Board of Retirement Meeting.</i>
09-02-15	K. Kansal, Individual	Requested quarterly investment reports ending March 2012, September 2012, March 2013, September 2013, March 2014, September 2014 and March 2015. <i>Transmitted via email Portfolio Investment Reports dated as of March 31, 2012, dated as of September 30, 2012, dated as March 31, 2013, dated as of September 30, 2013, dated as of March 31, 2014, dated as of September 30, 2014, and dated as of March 31, 2015.</i>
09-03-15	R. Fellner, Transparent California	Requested employer contribution rate for 2015-2016 fiscal year for LACERA. Are projected numbers available for either fiscal year ending in 2015 or 2016? <i>Transmitted via email LACERA's June 30, 2014 Actuarial Valuation of Retirement Benefits Report. Suggested to refer to Page 38, Exhibit 11, Item C. Total Employer Contribution Rate for all plans is 19.33%. Provided website information for future document reference.</i>
09-05-15	J. Peterson, IPE	Requested September 9 Board meeting documents for following agenda items: Real Priorities Update; International Real Estate Strategy Review; Real Estate Consultants Search Update and Vanbarton Group, LLC, formerly Emmes Asset Management Company. <i>Transmitted via email Aug. 17, 2015 BOI memo re Vanbarton Group, LLC, Formerly Emmes Asset Management Company, LLC (name change and restructuring); Aug. 25, 2015 BOI memo re Real Estate Consultant Search Update; Aug. 28, 2015 REC memo re Real Estate Priorities for 2015 – Update, and Sept. 9, 2015 International Real Estate Strategy Review.</i>
09-09-15	D. Kushner, Individual	Monthly request. Requested DVD copy of Board of Investments and all Committee Meetings held on Sept, 9, 2015. Also requested electronic copy of all materials at meetings, including Green Folder items. <i>Executive Office submitted via email on Sept. 9, 2015 BOR and BOI Agenda packages. Legal Office sent on Sept. 17, 2015, via U.S. Mail, response letter with DVDS for Real Estate Committee, Corporate Governance Committee Meeting and BOI. Also sent via US Mail Green Folder Items: Aug. 21, 2015 BOI memo re Ballot for Council of Institutional Investor Fall 2015 General Members Business Meeting; Sept. 8, 2015 BOI memo re Opportunistic Non-U.S. Fixed Income Search Update; Sept. 8, 2015 BOR and BOI memo re Update on Status of Fiduciary Counsel RFP Process, and Sept. 9, 2015 CIO report.</i>

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

<b>DATE RECEIVED</b>	<b>REQUESTER</b>	<b>DOCS REQUESTED</b>
09-09-15	F. Massey, Individual	Monthly request for BOI Packages for the month of September, 2015. <i>Information sent via U.S. mail.</i>
09-09-15	R. Spare	Monthly request for BOI Packages for the month of September, 2015. <i>Information sent via U.S. mail</i>
09-09-15	G. Chung, Financial Investment News	Requested copy of the Sept. 9, 2015 Board Package. <i>Transmitted via email the Board of Investments Package.</i>
09-10-15	D. Kushner, Individual	Requested Agenda Package for BOR Administrative Meeting and IBL/OOC Committees meetings held on Sept. 9, 2015. <i>DVDs for each meeting sent, via US Mail, on Sept. 10, 2015. Provided, via email, website address where information can be located.</i>
09-10-15	M. Keehn, Los Angeles County	Requested DVD of Sept. 10, 2015 BOR meeting. <i>Sent DVD via US mail.</i>
09-15-15	S. Sutton, Buyouts Insider	Requested memos from Board of Investments meeting. <i>Transmitted via email Aug. 31, 2015 BOI memo re Gateway Private Equity Fund-L.P. and Aug. 31, 2015 BOI memo re Private Equity Management Fee and Carried Interest Validation Project.</i>
09-17-15	P. Byers NRCC	Brown Armstrong Requested contracts and other supporting documents for all contracts awarded to the external auditing/accounting firm Brown Armstrong CPA. Request includes copies of RFPs for auditing services, the bid submission and supporting documentation, copies of other bids submitted in competition with Brown Armstrong for each audit RFP and supporting documentation provided by competing bids. Also requested email correspondence from Connie Perez or any @bacpas.com email address to LACERA director/manager or any of the members of the Association/Board/etc. This request includes any materials provided to LACERA by Connie Perez specifically as it related to presentations she had made before the Association/Board.
09-18-15	K. Brettell, Thomson Reuters	Requested complete list of LACERA's fixed income holdings for bonds and fund managers. <i>Transmitted via email Legal's response letter along with Aug. 31, 2015 Fixed Income Positions report and List of Fund Managers.</i>

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-23-15	A. Harbin,S&P Capital IQ	Verify decision by Board for Real Estate Investment Plan re potential investment of \$750M – \$1B potential investment in international real estate. <i>Response via email: LACERA's BOI makes all decisions regarding allocation of capital investments. No action has been taken by the Board re international real estate. A Real Estate Committee of the Board was recently updated on strategic thinking relating to international real estate investing. A presentation suggested that an allocation in the range of 15% to 20% of LACERA's real estate allocation would be appropriate which translates to \$750M to \$1B. The Committee has no authority to approve such an allocation and presented material was presented as information only.</i>
09-28-15	R. J. Lee, Individual	Requested copies of records relating to breaking of reciprocity by any County Employee who had previously elected at the time of their severance of employment with the County that the funds they paid into the Sacramento County Employees Retirement System be subject to reciprocity with CALPERS.
09-29-15	R. J. Lee, Individual	Requested copies of records relating to breaking of reciprocity by any County Employee who had previously elected at the time of their severance of employment with the County that the funds they paid into the Los Angeles County Employees Retirement System be subject to reciprocity with CALPERS.
10-09-15	F. Massey, Individual	Monthly request for BOI Packages for the month of October, 2015. <i>Information sent via U.S. mail.</i>
10-01-15	R. Spare	Monthly request for BOI Packages for the month of October, 2015. <i>Information sent via U.S. mail</i>
10-01-15	Los Angeles County.Gov (Various staff)	Requested agenda packet for BOI meeting. <i>Information transmitted via email.</i>
10-01-15	Los Angeles Sheriff's Department	Monthly request for Fire & Sheriff Retirement lists. <i>Transmitted via email monthly agenda reports for September, 2015. Date run for each report is October 8, 2015.</i>
10-13-15	G. Chung, Financial Investment News	Requested copy of October 14, 2015 BOI package. <i>Submitted via email the October 14, 2015 BOI package.</i>



**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**

DATE RECEIVED	REQUESTER	DOCS REQUESTED
10-15-15	G. Chung, Financial Investment News	Provide an update on the CIO position. <i>No new information was discussed at the meeting.</i> Provide a timeframe for the PE Consultant RFP. <i>No new information was discussed at the meeting.</i> Provide an update on the EMD Opportunistic RFI. <i>This search process is currently underway.</i> Is decision made on the Real Estate Consultant search? <i>Item was postponed until a future meeting.</i> Approval given for the additional allocation of \$150 million to Grosvenor and \$200 million to Goldman Sachs? <i>These additional allocations were approved at the September Board of Investments meeting.</i>
10-09-15	D. Kushner, Individual	Monthly request. Requested DVD copy of Board of Investment meeting held on October 14, 2015. <i>Executive office submitted via email on October 9, 2015.</i> Requested DVD copy of BOI and all Committee Meetings, electronic copy of all materials provided at these meetings including Green Folder Items. <i>Legal submitted via email response letter and also sent via USPS mail DVDS for BOI meeting on October 14, 2015 and Fixed Income/Hedge Funds Commodities Committee.</i> <i>Mailing includes Green Folder items: October 13, 2015 BOI memo re Credit Suisse Settlement-Update 2 and October 2, 2015 BOI/BOI memo re Confirmation regarding Fiduciary Liability Insurance Coverage for Past Board Members.</i>
10-15-15	D. Kushner, Individual	Monthly request. Requested information for all Board of Retirement and all Board Committee Meetings. <i>Executive office electronically submitted website link for the BOR Administrative meeting and Committees held on October 15, 2015.</i>
10-12-15	K. Bouteraa, Palico	Requested Alternative Investments data records for Q2 2015. <i>Email response stating that LACERA expects to have Q2 2015 report at December 2015 Board meeting. The available LACERA 1Q 2014 Real Estate Fund Status Report (The Townsend Group) was attached in pdf format.</i>
10-13-15	M. Jones, Lincoln Financial Group	Requested the following: 1. The Request for Proposal for a Third Party Administrator for the County of Los Angeles 457(b) Deferred Compensation Plan. 2. All responses and bids to the Request for Proposal from prospective providers. 3. Any completed contracts into which the County of Los Angeles entered with a Third Party to administer the 457(b) Deferred Compensation Plan in 2013. <i>Letter response, via USPS mailing, stating that no records responsive to this request were found after conducting a diligent search.</i> <i>Email transmission attaching letter response in pdf format.</i>

**CA PUBLIC RECORDS REQUEST – 2015 TRACKING LIST**


<b>DATE RECEIVED</b>	<b>REQUESTER</b>	<b>DOCS REQUESTED</b>
10-16-15	A. Morrey-Jones, Proxy Insight	<p>Requested proxy voting records of LACERA for the period of October 1, 2014 to September 30, 2015. Requested information be submitted in electronic format. Also would like to know if LACERA has its own proxy voting policy or whether an external provider is used and who is the provider.</p> <p><i>Transmitted via email, as a pdf attachment, the LACERA Proxy Voting Summary 101014 thru 093015. Email stated that LACERA has its own proxy voting guidelines and utilizes ISS and GlassLewis as advisors. Internal staff vote the proxy ballot for all separately managed accounts.</i></p>



**FOR INFORMATION ONLY**

October 6, 2015

TO: Operations Oversight Committee  
Joseph Kelly, Chair  
Yves Chery, Vice Chair  
Anthony Bravo  
Ronald Okum  
David Muir, Alternate

FROM: JJ Popowich, Assistant Executive Officer 

FOR: November 4, 2015 Operations Oversight Committee Meeting

**SUBJECT: UPDATE ON ZDI CONTRACT**

ZDI is a San Diego company that has for many years up to the present printed Annual Benefit Statements for LACERA's members and performed other services. As such, ZDI has access to the sensitive member information contained in the statements. At a prior Audit Committee meeting, it was discussed that ZDI's written contract with LACERA appeared to have expired several years ago and that the parties may have been operating without a current agreement. This memo will update the Committee on the results of staff's investigation into the history and status of LACERA's relationship with ZDI and staff's plan for corrective action.

Staff from the Executive Office, the Communications Division, Internal Audit, Systems, and the Legal Division has been involved.

**LACERA's Agreement with ZDI**

As of December 2, 2002, LACERA and Sea-Net Holdings, Inc. dba ZDI entered into a written Amended and Restated Agreement for Electronic Printing, Mailing and On Line Services for Annual Benefit Statements. The Agreement provided for a term of "three years from the date of the initial production run." At this point, it is not possible to determine the exact "date of the initial production run" or therefore to calculate the exact original termination date of the Agreement. In that ZDI was receiving confidential member information, the Agreement also contained a confidentiality clause which required ZDI to maintain the information in confidence and to take security measures to protect the information.

The services performed by ZDI under the Agreement include:

1. Initial programming for the Annual Benefit Statements and Retiree Beneficiary Statements;
2. Printing of the statements;
3. Digital imaging;
4. Mailing of the statements;
5. Purchasing and warehousing of forms, letterhead, and envelopes; and
6. On-line statement view and CD Rom storage.

In early 2006, LACERA and ZDI negotiated for ZDI to perform additional work. The original Agreement was amended by means of a letter agreement dated April 6, 2006 signed by both LACERA and ZDI. The letter agreement extended the term of the original Agreement until April 15, 2009. The letter agreement also provided that the new work was otherwise subject to the terms of the original Agreement.

LACERA's files contain a draft, dated in March 2006 and prepared by the Legal Division, of an "evergreen" extension of the original Agreement for rolling one-year periods commencing April 15, 2006. However, this extension was not executed. Instead, the parties signed the April 6, 2006 letter agreement with the fixed April 15, 2009 termination date.

Accordingly, based on staff's investigation, LACERA has been operating under a terminated agreement since April 15, 2009. ZDI's services to LACERA have continued throughout this period to the present, without objection from either party. The value of the business exceeds \$100,000 per year.

### **Action Plan**

LACERA must have its relationship with ZDI properly documented in a current written agreement. Ideally, LACERA would conduct an RFP to select a vendor for the services, whether it is ZDI or another company. However, the matter is further complicated because staff is preparing to completely overhaul the current form of Annual Benefit Statements from scratch, which is a major project.

To address both the specific situation with ZDI and to improve processes so that such a situation does not recur, staff will implement the following plan:

1. **Contract Maintenance and Tracking.** LACERA's Administrative Division is compiling an organization-wide list of contracts and essential information concerning contract terms and status, so that there is a centralized repository of contract documents and so that the status of LACERA's vendor contracts is known and can be monitored. This project is scheduled to be completed in or around December 2015.
2. **Amend ZDI Contract.** Because the programming currently being used to support the work performed by ZDI is old and fragile and because staff intends to update the Annual Benefit Statement, it is not feasible to conduct an RFP at the present time. An RFP suggests a willingness to change vendors, which LACERA is not in a position to do right now. However, LACERA must have a current written contract with ZDI. Therefore, the Legal Division will negotiate an amendment to the current, expired agreement, or if necessary a new agreement, which will include all necessary terms. The term will be 18 months from the present date, with an option on LACERA's part to extend the agreement for up to another 18 months. The confidentiality provision will be updated to current standards. LACERA will also request such other new or updated terms as required to protect LACERA's interests. It is the goal of staff to present the revised agreement to the Board in December 2015.
3. **Overhaul of the Annual Benefit Statements.** Staff will work on the overhaul of the Annual Benefit Statements and will keep the Committee informed of the status of the project. The project will require significant effort from a cross-divisional team from throughout the organization. It is expected that the project will take at least 18 months, which is why the ZDI contract will be extended initially for that period of time.
4. **RFP.** Upon completion of the redesign, an RFP will be conducted to select a vendor for the new Annual Benefit Statements.

### **Conclusion**

Staff will keep the Committee and the Board informed of progress with respect to ZDI and the Annual Benefit Statement redesign. Staff will also report to the Committee and the Board with respect to implementation of processes to document the status of contracts on an organization-wide basis to identify any other situations such as that which exists with ZDI and to prevent a recurrence of such situations.



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**Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.**

**For further information, contact:  
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