

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

WEDNESDAY, OCTOBER 5, 2016 - 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:

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 7, 2016

II. PUBLIC COMMENT

III. FOR INFORMATION

A. Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020
Gregg Rademacher

B. LACERA Operations Briefing
Robert Hill/JJ Popowich

C. Interest Crediting Incident Report
Robert Hill

IV. GOOD OF THE ORDER

(For information purposes only)

V. 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

WEDNESDAY, SEPTEMBER 7, 2016, 10:25 A.M. – 11:05 A.M.

COMMITTEE MEMBERS

PRESENT: Joseph Kelly, Chair
Yves Chery, Vice Chair
Anthony Bravo
Ronald Okum

ABSENT: David L. Muir, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
William de la Garza
Vivian H. Gray
Shawn R. Kehoe
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	David Bayha
JJ Popowich	Connie Chan
Carlos Barrios	Cynthia Guider

The meeting was called to order by Chair Kelly at 10:25 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of August 11, 2016

Mr. Chery made a motion, Mr. Bravo seconded, to approve the minutes of the regular meeting of August 11, 2016. The motion passed unanimously.

II. PUBLIC COMMENT

III. FOR INFORMATION

A. LACERA Operations Briefing
Robert Hill/JJ Popowich

Messrs. Hill and 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
- Reciprocal Pay Codes
- Report on Initial Neighborhood Workshop

B. Overpayment & Forgery Receivables (Period Ended June 30, 2016)
David Bayha

Mr. Bayha provided an update of the Overpayment & Forgery Receivables as of June 30, 2016. Highlights included the following:

- COLA Plan E Legacy cases clean-up
- Reduction in percentage of Incorrect Computation and Miscellaneous cases
- Success of the Benefit Protection Unit with regard to Late Death Notification cases

III. FOR INFORMATION (Continued)

C. Office Renovations
Cynthia Guider

Ms. Guider updated the Committee on LACERA's 2016 renovation projects:

- Expansion of the Retiree Healthcare Division, to be completed September 8
- Administrative Services renovation, projected to start by mid-October
- 8th floor restrooms, which will take place at a time to be determined

LACERA has secured space on the second floor to use as a staging area during the computer workstation replacement project, and for the temporary relocation of Administrative Services while the renovation is taking place.

D. Quarterly LACERA Diversity Reporting
Connie Chan

Ms. Chan gave a presentation on generational diversity at LACERA, including a summary of general characteristics of each generation, statistical information reflecting LACERA's current personnel, and the advantages of a generationally diverse workforce.

IV. GOOD OF THE ORDER

(For information purposes only)

V. ADJOURNMENT

The meeting adjourned at 11:05 a.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.**



September 26, 2016

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: October 5, 2016 Meeting

Subject: **Retirement Benefits Strategic Plan for Fiscal Years Ending 2018-2020**

Executive Summary

The Retirement Benefit 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 benefit.

Process Overview

The strategic planning process has five milestones. It begins with the Operation 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 Communication

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

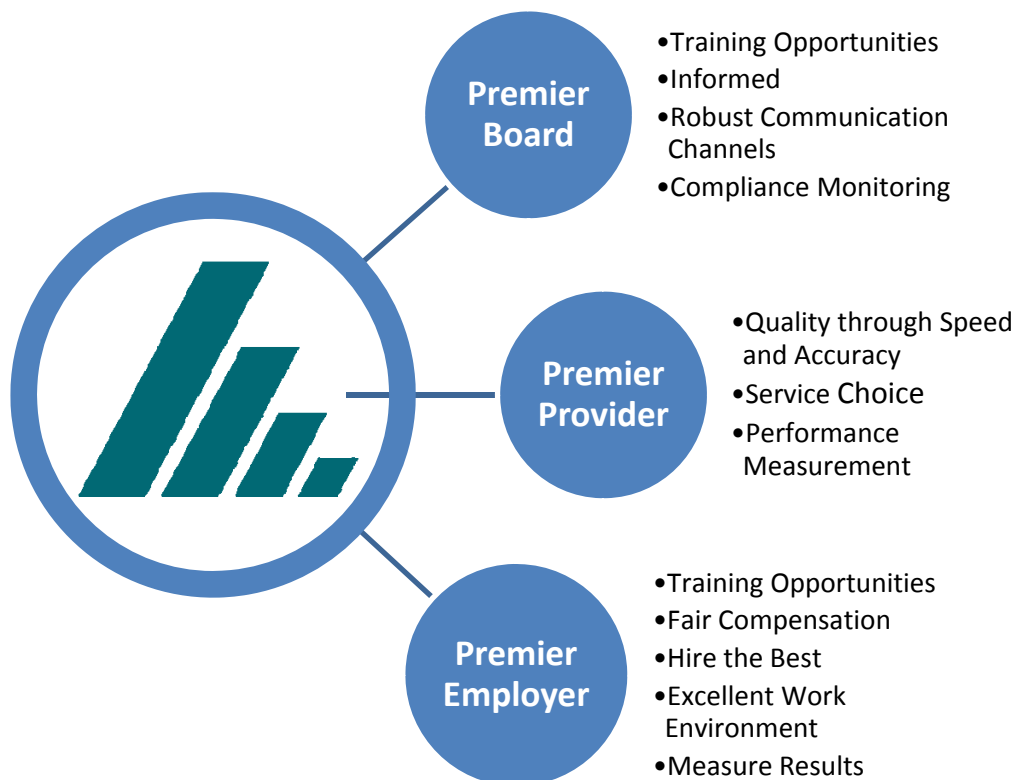
Our guiding principles describe the organization's philosophy and guide what the organization does, why it does it and how it should be done. They will guide our organization in all circumstances irrespective of changes in our goals, strategies, work area, and leadership team.

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 Benefit Strategic Plan helps us set our direction, define our project goals, and make decisions on allocating resources. We begin our Retirement Benefit Strategic Plan with a collaborative conversation at the Operations Oversight Committee. 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 benefit.

GR:nm

Retirement Benefit Strategic Plan 2018 OOC October 2016.doc

Attachment – Retirement Benefit Strategic Plan for fiscal years ending 2017-2019

STRATEGIC PLAN

1st Quarter Progress Report

Retirement Benefits
FOR FISCAL YEARS ENDING 2017-2019



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:

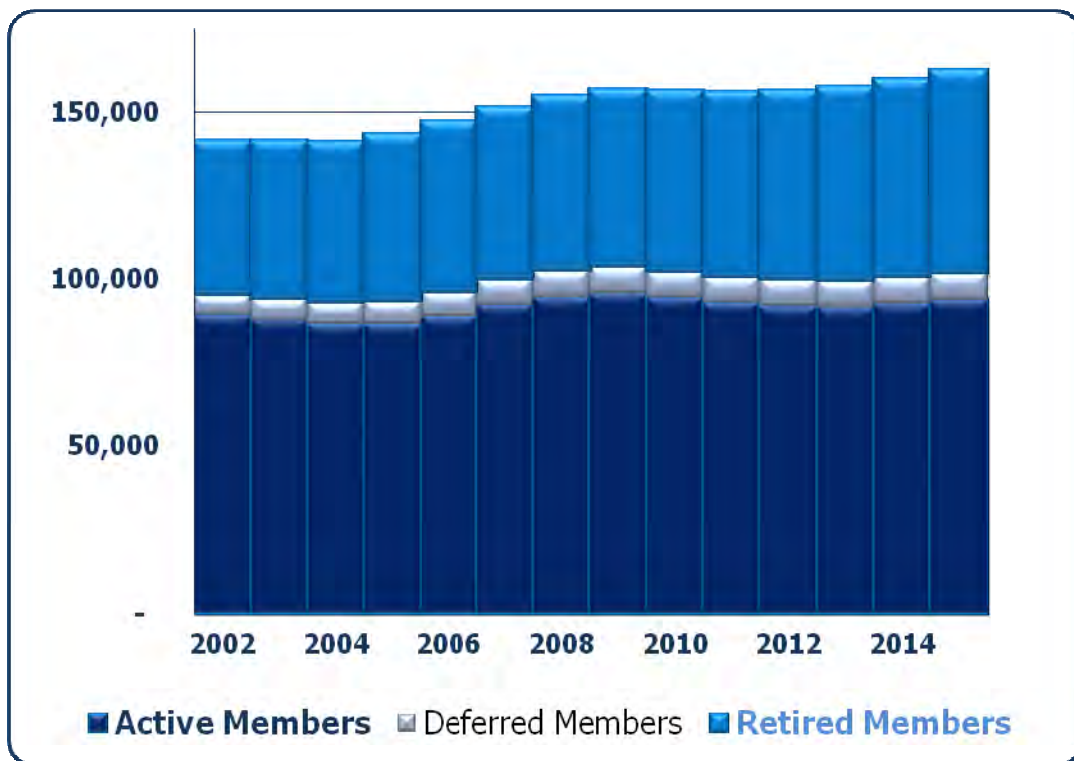
- Little Lake Cemetery District
- Local Agency Formation Commission
- Los Angeles County Office of Education
- South Coast Air Quality Management District

LACERA is governed by the California Constitution, the County Employees Retirement Law of 1937 (CERL), the California Public Employees' Pension Reform Act of 2013 (PEPRA), 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.

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 to provide a secure retirement. 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 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 modernizing our disability investigation and appeal processes through revising Board policy, streamlining staff procedures, evaluating staffing deployment, changing operational expectations, improving accountability, creating new measurement structures, and developing new assistive technology tools.

Task	Implementation	In Process	Substantially Complete	Complete
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			
Board/Management Reporting	FY 2016-17			
Case Management	FY 2016-17			
Digital Appeal Packages	FY 2016-17			
Planning Writ Process Management	FY 2016-17			
Implement Writ Process Management	FY 2017-18			
Appeal Process Management	FY 2017-18			
Retire Legacy System: Tracker	FY 2017-18			

Disability Process Management – Substantially Complete: Most of the processes supported by Disability Tracker have been moved over to the Workspace application, including the Disability Application, Interviews, Medical Appointments, and Record Management processes. The team is now focusing on moving the Board Agenda process to Workspace. This is the final process scheduled to be migrated. Staff expects to complete this process by January 2017.

Board and Management Metrics Reporting – In Process: Disability Retirement Services, Systems, Benefits, and Retiree Healthcare divisions are working together to define and develop reports.

Case Management: Disability Retirement Services and Systems divisions will begin working on this phase of the project in January 2017, and expect to complete the project by July 2017.

Digital Appeal Packages – Completed: Effective August 2016, Board of Retirement appeal packages are available digitally to the Board of Retirement and for archival purposes.

Planning Writ Process Management: The Disability Litigation and System divisions expects to begin planning in January 2017.

• 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.

Task	Implementation	In Process	Substantially Complete	Complete
Job Ticket 1.0 – Planning	FY 2013-14			
Job Ticket 1.0 – Prototyping	FY 2014-15			
Job Ticket 1.0 – Production	FY 2015-16			
Replace Green Screens	FY 2015-16			
Retire CICS	FY 2015-16			
Update Estimate Program	FY 2016-17			
COBOL Program Replacement – Planning	FY 2016-17			
Job Ticket 2.0 – Reporting	FY 2016-17			
Member Service Center Queue System – Planning	FY 2016-17			
Call Recording – Benefits Division – Planning	FY 2016-17			
Call Recording – Disability Division – Planning	FY 2016-17			
Replace Call Recording System	FY 2017-18			
Multiple Plan Streams	FY 2017-18			
Reengineer 1 st Payment – Planning	FY 2017-18			
Job Ticket 3.0 – Case Management	FY 2017-18			
Job Ticket 4.0 – Audit Version	FY 2018-19			

Job Ticket Production – Substantially Complete: The architecture and data collection for the job ticketing system is in place. A cross-division, cross-functional team is currently fine-tuning the reports that will be produced by the new system. The team estimates the system will be in production by January 2017.

Replace Green Screens – Substantially Complete: Staff continues to work on retiring the remaining green screens. There are 13 of the original 180 screens remaining to be retired. Staff expects to complete this goal by July 2017.

Retire CICS - Substantially Complete: Staff continues to actively work to replace all of the CICS screens. The goal is to retire these screens after all of the Green Screens have been retired. Staff expects to retire the CICS by July 2017.

Update the Estimate Program – In Process: Staff is working on a revised estimate program. Staff estimates the project will be completed by July 2017.

COBOL Program Replacement - Planning: The Systems division expects to begin this project in January 2017.

Job Ticket 2.0 - Reporting - In Process: The Benefit and Systems divisions are developing reporting requirements. Staff expects to complete this by July 2017.

Member Service Center Queue System - Planning – In Process: Staff are currently evaluating potential solutions for this queue system.

Call Recording – Benefits Division - Planning – In Process: Staff are developing the plans for implementing call recording in the Benefits Division. Staff expects to have the plan completed by July 2017.

Call Recording – Disability Retirement Services Division - Planning – In Process: Staff are developing plans for implementing call recording in the Disability Retirement Services division. Staff expects to have the plan completed by July 2017.

• Electronic Board Package Delivery •

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

Task	Implementation	In Process	Substantially Complete	Complete
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			
E-Board Package – Disability Appeal Cases	FY 2017-18			

• LACERA.com •

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

Task	Implementation	In Process	Substantially Complete	Complete
Security Log-In	FY 2011-12			
Direct Deposit	FY 2011-12			
Tax Withholding	FY 2012-13			
Beneficiary Update	FY 2013-14			
Portal Redesign	FY 2015-16			
Secure Message Center	FY 2015-16			
Intranet Redesign	FY 2016-17			
On-Line Pension Verification	FY 2016-17			
On-Line Form – Service Credit Purchase	FY 2016-17			
On-Line Form – Disability Application	FY 2017-18			
LACERA.com Redesign	FY 2017-18			
Retirement Election	FY 2017-18			

Secure Message Center – Substantially Complete: Staff completed developing a program allowing members and LACERA staff to communicate via a secure email application. The Secure Message Center will be available in October 2016.

Portal Redesign – Completed: The refreshed and redesigned Member Portal was completed in June 2016, followed by beta testing in early July 2016 and full deployment on July 18, 2016. The new Portal provides a vastly improved look and feel, navigation, and multi-platform support.

Intranet Redesign: Staff expects to begin working on this project upon completion and launch of the Secure Message Center.

On-Line Pension Verification: Staff expects to begin working on this project in January 2017.

On-Line Form – Service Credit Purchase: Staff expects to begin working on this project in January 2017.

• 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	In Process	Substantially Complete	Complete
Digital Archive – BOR Back file - Implement	FY 2011-12			
Digital Archive – BOI & BOR Committee Back file – RFP	FY 2013-14			
Disability Medical Document Portal – Infrastructure	FY 2014-15			
Disability Medical Document Portal – Training	FY 2015-16			
Board Package Web Posting	FY 2015-16			
Digital Archive: BOI Back file – Implement	FY 2015-16			
Digital Archive: BOR Committee – Implement	FY 2015-16			
Digital Archive – Disability Case Back file – Evaluate	FY 2016-17			
Digital Archive – RFP	FY 2017-18			
Digital Archive – Actuary Reports	FY 2018-19			
Digital Archive – Accounting Reports	FY 2018-19			
Digital Archive – Brochures	FY 2018-19			
Digital Archive – Summary Plan Descriptions	FY 2018-19			
Digital Archive – Retiree Healthcare Program	FY 2018-19			

Disability Medical Document Portal – Infrastructure – Substantially

Complete: The Document Portal website development is complete. With the completion of the Member Portal redesign the Document Portal is being retrofitted to provide a consistent look, feel, and functionality. Prior to its release, we are also implementing additional security updates to mitigate vulnerabilities identified during a pre-release security review.

Disability Medical Document Portal – Training: Training will be provided to staff upon completing the Document Portal and training and training materials will be provided to vendors regarding their document submissions.

Digital Archive – Disability Case Back File – Evaluate: Staff expects to begin working on this project in January 2017.

• 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	In Process	Substantially Complete	Complete
Develop Needs Assessment	FY 2016-17			

Develop Needs Assessment – In Process: The Retiree Healthcare and Systems divisions are developing a needs assessment for this project. The team plans to have an assessment available by July 2017.



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.

Task	Implementation	In Process	Substantially Complete	Complete
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			
Increase the In-Line Audit ratio to 60%	FY 2015-16			
Increase the In-Line Audit ratio to 75%	FY 2016-17			
Assess Program Resource Requirements	FY 2016-17			

Assess Program Resource Requirements – In Process: Staff is assessing the staff resources needed to sustain the quality program at the current level.

• 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.

Task	Implementation	In Process	Substantially Complete	Complete
Develop ACE Program	FY 2016-17			
Implement	FY 2017-18			
Graduate Inaugural Class	FY 2018-19			

Develop ACE Program – In Process: The final design for the ACE training modules, trainer manual and trainee workbook is complete. Staff is working on the content and test cases for Modules 1 and 2, both of which are nearing completion with the remaining 12 modules under development. We are targeting the inaugural training class to begin in January 2017 which will include QA division team members. Participant feedback will be used to refine the training materials and training the trainers.

• Succession Planning •

Succession planning is an important part of doing business, no matter how certain the future seems. It promotes strong leadership, facilitates organizational responsiveness, and builds team strength. A successful plan includes employees throughout the organization at all operational levels.

Task	Implementation	In Process	Substantially Complete	Complete
Employee Survey – Planning	FY 2016-17			
Employee Survey – Conduct	FY 2017-18			

Employee Survey – Planning: Staff expects to define the employee survey by July 2017.

• 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.

Task	Implementation	In Process	Substantially Complete	Complete
Outreach Web Video – Retirement	FY 2011-12			
Outreach Web Video – New Member	FY 2014-15			
Active Member Benefit Statement	FY 2016-17			
Retirement Estimate Document	FY 2016-17			
Retirement University – Course 1	FY 2016-17			

Task	Implementation	In Process	Substantially Complete	Complete
Retirement University – Course 2	FY 2017-18			
Member Survey – Customer Needs	FY 2017-18			

Active Member Benefit Statement: This multi-division project will begin in January 2017 and will provide an updated project plan and deliverables by March 2017.

Retirement Estimate Document – In Process: Staff continues to discuss possible ideas for how the estimate can be redesigned. Staff plans on completing this project by July 2017.

Retirement University Course 1 – In Process: Course 1 will cover retirement benefit options. Services and Communications staff have developed the concepts for video, associated web pages, and a marketing campaign for the portion of the course focusing on the unmodified option. Staff are in the process of adding live footage and finalizing the associated web pages. The content is being reviewed by Member Services and will be reviewed by Legal and the Executive Office prior to release for final commentary and suggested changes. Staff expects implementation by January 2017. The second portion of Course 1 will focus on the Unmodified+Plus Option. Staff will be using the lessons learned and template from producing Course 1's Unmodified+Plus segment as a basis for completing the remaining options segments and establishing a production timeline.

• Student Internship Program •

The purpose of the LACERA Student Internship Program is to employ students at the graduate and undergraduate levels, in fields of study that will be beneficial to LACERA while providing the students with challenging work experience and exposure to the public pension industry and the business operations of a governmental entity. Through this program, LACERA hopes to increase awareness of the positive community impact made by public defined benefit plans and encourage students to pursue LACERA careers.

Task	Implementation	In Process	Substantially Complete	Complete
Develop Program	FY 2016-17			
Present Program for Board Approvals	FY 2016-17			
Implement Program	FY 2016-17			

Develop Program – In Process: The Investments division has successfully worked with student interns during the past two summer sessions. Human Resource (HR) division staff are evaluating the lessons learned from both internship programs and developing best practices for formalizing a permanent program.

Present Program for Board Approvals: The Human Resources division plans to provide a presentation regarding the program structure at the March 2017 Operations Oversight Committee.

Implement Program: Pending feedback from the Operations Oversight Committee staff plans to rollout and implement the program following the Boards approval.

• Member Centric Process Management •

Benefits Division has developed a Process Management Group (PMG) that has successfully managed its business rules, documentation and tools so that they are coordinated, standardized, and optimized through a continuous process improvement effort. Our Strategic Plan will expand this effort to include all member centric service divisions and business rule repositories.

Task	Implementation	In Process	Substantially Complete	Complete
Develop Coordinated Procedures	FY 2016-17			
Monitor and Harmonize Procedures	FY 2017-18			
Audit Program	FY 2017-18			
Develop Requirements for Knowledge System	FY 2018-19			

Develop Coordinated Procedures - In Process: Staff is coordinating procedures between Benefits, Member Services and Quality Assurance. The team expects to complete the documentation by July 2017.



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	In Process	Substantially Complete	Complete
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			
Data Certification System	FY 2018-19			

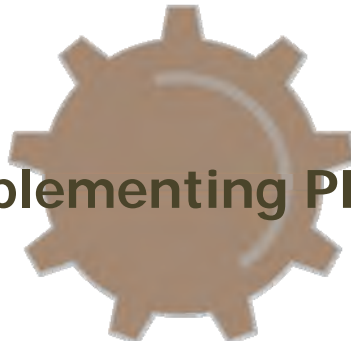
Missing Service Credit - 1,000 – Substantially Complete: Staff completed reviewing the first batch of sample member cases for this project and determined no corrective actions needed to be taken. Staff is now sampling cases from 1995, 2005, 2014, and 2015 where member records show pensionable earnings were reported, but no service credit was recorded. The initial review of the sample cases have yielded no actionable findings at this time. Staff anticipates this project will be completed by January 2017.

Back Contributions Uncollected – 1,000 –Completed: The special project team, consisting of staff from Benefits and Quality Assurance, completed reviewing all cases from the 2015-2016 FY that were showing retroactive adjustments requiring collection of back contributions. Members have been contacted and payment of contributions and related interest has been requested. Recent upgrades to the EHR payroll system now collect the appropriate contributions from the retroactive adjustments and report these to LACERA. This should minimize future adjustments of this nature, but not eliminate all of them. There will still be instances, such as court settlements and other corrections that may lead to retroactive collection of contributions.

Service Contract not Resident – 1,100 –Completed: The special project team, consisting of staff from Benefits and Quality Assurance, has completed reviewing all cases where there is a service contract showing in Workspace, but no physical contact existed. All corrective actions have been completed.

Recalculate Contracts Uncompleted - 4,000 – Substantially Complete: The special projects team has completed testing all 4,000 cases and taking appropriate corrective action, including notification to members where additional funds are due to complete the contract. Staff continues to follow up on the outstanding collection efforts and working with members to reach the appropriate solutions. Staff anticipates this project will be completed by January 2017.

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.

Task	Implementation	In Process	Substantially Complete	Complete
PEPRA Implementation Needs Assessment	FY 2015-16			
PEPRA Implementation Tactical Plan	FY 2016-17			

PEPRA Implementation Needs Assessment: Staff has evaluated and implemented a majority of the PEPRA processing needs. The following processes remain:

- Annual Benefit Statements (ABS) – Active Members: The current version of the ABS has not been revised to accommodate PEPRA; the PEPRA estimate logic has not been added to the program that generates these statements and the text has not been updated to reflect PEPRA rules.
- Creating a PEPRA compliance payroll report that will help LACERA determine if any non-pensionable pay codes were paid out as pensionable by the Auditor-Controller.
- PEPRA limits: Staff is working with the Legal Offices to obtain guidance on how periods of absence without pay impacts the Final Average Compensation period for PEPRA members. This is critical to be able to define the FAC period for comparison to PERPA pensionable pay limitations.
- Returning member processes to support the Superior Court employees

- Non-Concurrent Retirement Process: Members in double plans may have different retirement eligibility rules based on each plan. These rules, currently managed manually, will be automated.
- Communications has updated 76 Knowledge Base pages and has completed editing of 33 K-Base pages which are in the final stages of quality control review before being published. Staff have also added or updated 17 glossary terms to correspond to the PEPRAs definitions.

GR:RH:JP
Strategic Plan Retirement Benefits 2017 BOR Status Update October 2016v2.docx

FOR INFORMATION ONLY

September 26, 2016

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: October 5, 2016 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

RRH:rrh

DATE RECEIVED	REQUESTER	DOCS REQUESTED
Date Rec'd	Requester	Info/Docs Requested
08-26-16	S. Leavins, Retired Member	Requesting retirement statistics for all sworn members from 2000 to 2012 with retirement benefits exceeding \$10,000 a month, or, \$120,000 a year. <i>Response transmitted via email. Submitted table, within email correspondence providing requestor with data that shows the statistics for the number and type of retirement with classification code at the time of retirement.</i>
09-02-16	O. Baumerder, Palico	Requested information on Private Equity 2015 Q4 data concerning Alternative Investments. <i>Transmitted 2 documents. Sent via email the Portfolio Investment Report as of Dec. 31, 2015 and Townsend LACERA 4Q15 PMR.</i>
09-08-16	LA County Sheriffs Dept.	Monthly request of Fire and Sheriffs Retirement Lists for Sept. 1, 2016. <i>Transmitted 2 documents. Sent via email the Fire and Sheriffs Retirement Lists, via email, the Sept. 2016 lists.</i>
09-09-16	G. Eubanks, Funston Advisors	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>
09-09-16	V. Desikan, SEIU	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>
09-09-16	Fred, Magna Capital Group	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>
09-09-16	M. Keehn, LA County	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>
09-09-16	D. Kushner, Individual	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>
09-09-16	A. Poe, Reed Smith	Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. <i>Transmitted information via email.</i>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-09-16	G. Chung, Financial News	<p>Requested agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016.</p> <p><i>Transmitted information via email.</i></p>
09-09-16	J. Humphreville, Target Media Partners	<p>Requested hard copy of the 2015 CAFR.</p> <p><i>Mailed 1 document.</i></p> <p><i>Sent to Requestor the e2015 CAFR and Actuarial Valuation of Retirement Benefits, June 30, 2015.</i></p>
09-09-16	BOR Board Members	<p>Emailed link to BOR members for agenda packet for BOR Administrative and Insurance, Benefits and Legislative (IBL) Committee meetings to be held on Thursday, Sept. 15, 2016.</p> <p>Link: http://www.lacera.com/about_lacera/board_retirement.html.</p>
09-09-16	M. Benter, Carpenter and Company	<p>Requested memos dated Aug 31, 2016 and Sept. 1, 2016 from the non-consent agenda for September 14, 2016 BOI meeting.</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email:</i></p> <ol style="list-style-type: none"> <i>1. Sept. 1, 2016 memo to BOI re LACERA Investment Program Governance: Manager Selection.</i> <i>2. Aug. 31, 2016 BOI memo re Private Equity Consultant Finalist Interviews.</i>
09-09-16	J. Peterson, SBC Global	<p>Requested Real Estate Board Meeting documents.</p> <p><i>Transmitted 4 documents.</i></p> <p><i>Sent via email:</i></p> <ol style="list-style-type: none"> <i>1. Sept. 1, 2016 Real Estate Committee memo re Real Estate Debt Investment Program.</i> <i>2. Sept. 1, 2016 Real Estate Committee memo re Real Estate Debt Investment Program.</i> <i>3. Aug. 26, 2016 Real Estate Committee memo re Update of the Real Estate Priorities for 2016.</i> <i>4. Sept. 14, 2016 document titled Using Leverage to Increase Real Estate Returns.</i>
09-12-16	S. Leavins, Retired Member	<p>Requested names of the seven Sheriff Chiefs that retired with service connected disability retirements during 2000 – 2012.</p> <p><i>Transmitted via e-mail information stating there are 8 SCD's and 21 Service Retirements.</i></p>
09-12-16	S. Leavins, Retired Member	<p>Requested number of disapproved service related disability retirements during 2000 – 2012.</p> <p><i>Response transmitted via email providing requestor with names of individuals totaling 14 denied applications.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-14-16	D. Gregory, Public Plan IQ	<p>Requested copy of:</p> <ol style="list-style-type: none"> 1. September 14, 2016 Board of Investment Meeting: All investment related discussion materials. 2. September 14, 2016 Fixed Income/Hedge Funds/Commodities Committee: All investment related discussion materials. 3. September 14, 2016 Real Estate Committee Meeting: All investment related discussion materials. <p><i>Transmitted 3 documents.</i></p> <p><i>Sent via email:</i></p> <ol style="list-style-type: none"> 1. Agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016. 2. Agenda packet for RE Committee meeting held on Wednesday, Sept. 14, 2016. 3. Fixed Income/hedge Funds/Commodities meeting held on Wednesday, Sept. 14, 2016.
09-15-16	J. Hammond, RELAC	<p>Monthly request of Benefit Approval List.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email the Sept. 2016 list.</i></p>
09-15-16 09-19-16 (Follow-Up Question)	M. Morris, PEI Media	<p>Requested report that mentions LACERA earmarks \$720m for Europe, Asia and Latin America.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email document titled International Real Estate Implementation Plan, Real Estate Committee, dated Sept. 14, 2016, and sent link address (https://realestate.ipe.com/news/investors/lacera-earmarks-720m-for-europe-asia-and-latin-america/10015131.full_article) for document titled LACERA Earmarks \$720m for Europe, Asia and Latin America.</i></p> <p>Follow-Up Question: Does LACERA anticipate international allocation going up to 20% after the next 3 years?</p> <p><i>Response transmitted via email: There was no discussion about going beyond 15%.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
09-15-16	D. Walker, FundFire	<p>Requested documents for LACERA's Sept 14 and August 10 board of investments meetings.</p> <p>For the August 10 meeting: Requested all supporting documents for Item 8 (Reports).</p> <p>For the Sept 14 meeting Requested documents for Item 1 (April Minutes), Item 2 (Action Items) and Item 3 (Reports).</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email agenda packet for BOI meeting held on Wednesday, Sept. 14, 2016.</i></p>
09-22-16	D. Kushner, Individual	<p>Requested agenda packet for BOR meeting held on Thursday, Sept. 15, 2016.</p> <p><i>Transmitted information via email.</i></p>

FOR INFORMATION ONLY

September 26, 2016

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

FROM: Robert R. Hill, Assistant Executive Officer 

FOR: October 5, 2016 Operations Oversight Committee Meeting

SUBJECT: **INTEREST CREDITING INCIDENT REPORT**

During the fiscal year-end annual financial statement closing, staff identified and corrected an overstated income amount that is used to calculate "Realized Earnings." Although the overstated amount of \$84 million represents just a small fraction of our \$48 billion net asset valuation, it decreased our Realized Earnings from 3.99% to 3.58%, crossing a significant threshold of 3.75% that was distributed to our member accounts effective June 30, 2016.

The accounting adjustment to correct the overstated income transaction is a simple journal entry in our financial accounting records. However, it has a far reaching impact on our member records. Realized Earnings are defined in our Retirement Benefit Funding Policy and used to credit interest to our members' accounts. Realized Earnings are "distributed" to over 85,000 member accounts, and is a requisite factor used for a handful of processes impacting thousands of transactions.

Maintaining accurate records is a fundamental and integral part of every job process, functional unit, and/or each employees' performance. We must strive to ensure that all transactions are properly reflected in our journals, subsidiary ledgers, and reports. And, toward that end, it's critically important to ensure that issues that are detected are first prevented, but if not, are properly corrected.

Staff will discuss the following:

- Description of the Incident
- Background: Interest Crediting Process
- Three-Step Correction Plan
- Impact to Members
- Member Correction Plan
 - Correction of Account Balances
 - Communication Plan(s)
 - Restarting and meeting our Service Level Objectives