

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, AUGUST 2, 2017 - 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:

Alan Bernstein, Chair
Anthony Bravo, Vice Chair
Joseph Kelly
Ronald Okum
David Muir, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of July 5, 2017

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by James Beasley, Administrative Services Analyst: That the Committee recommend the Board of Retirement approve the purchase of Fiduciary Liability Insurance effective October 6, 2017 with Hudson Insurance Company. (Memorandum dated July 20, 2017)

IV. FOR INFORMATION

- A. LACERA Operations Briefing
Robert Hill/JJ Popowich
- B. Chief Information Officer's Report
James Pu
- C. Member Services: Escalations
Allan Cochran

August 2, 2017

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V. REPORT ON STAFF ACTION ITEMS

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

WEDNESDAY, JULY 5, 2017, 10:45 A.M. – 11:30 A.M.

COMMITTEE MEMBERS

PRESENT: Alan Bernstein, Chair
Anthony Bravo, Vice Chair
Ronald Okum
Joseph Kelly

ABSENT: David Muir, Alternate

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Marvin Adams
Vivian H. Gray

STAFF, ADVISORS, PARTICIPANTS

Robert Hill	Louis Gittens
JJ Popowich	John Nogales
Bernie Buenaflor	Ana Ronquillo

The meeting was called to order by Chair Bernstein at 10:45 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the special meeting of June 1, 2017

Mr. Okum made a motion, Mr. Bravo seconded, to approve the minutes of the special meeting of June 1, 2017. 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

B. Leveraging the Process Management Group to Build an Operational Compliance Program
Bernie Buenaflor/Louis Gittens

LACERA's Retirement Benefits Strategic Plan for 2018-2020 calls for the introduction of a formalized Operational Compliance Program. An Organizational Compliance Committee (OCC) consisting of the Executive Office and several operational divisions will oversee the development of the program, with the Benefits Division's Process Management Group (PMG) assisting in developing policies and procedures, including a Compliance Program Charter. Implementation of the 2016 Privacy Report recommendations will serve as the pilot project for the Operational Compliance Program.

C. Diversity Training for LACERA Staff
John Nogales/Ana Ronquillo

Diversity training provides the knowledge, skills, and tools to assist employees to have a better understanding of each other's differences. In creating an inclusive environment at LACERA, Human Resources offers multiple opportunities for diversity education. In the current fiscal year, the following training opportunities for staff were available:

- Harassment Prevention
- Generations in the Workplace
- Los Angeles County Consortium Diversity
- Emotional Intelligence
- LACERA Self-Directed Mentoring Program

IV. REPORT ON STAFF ACTION ITEMS

There was nothing to report on for staff action items.

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

The meeting adjourned at 11:30 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.**



July 20, 2017

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

FROM: James Beasley 
Administrative Services Analyst III

FOR: August 2, 2017 Operations Oversight Committee Meeting

SUBJECT: Fiduciary Liability Insurance Renewal

RECOMMENDATION

That your Committee recommends the Board of Retirement approve the purchase of Fiduciary Liability Insurance effective October 6, 2017 with the following insurance carrier:

Fiduciary Insurance - **LACERA Trust Fund**

- Hudson Insurance Company
A.M. Best Rating: A, XV
Limit: \$25 million
Premium: \$199,500

EXECUTIVE SUMMARY

For nearly two decades, LACERA has been purchasing various types of insurance coverage to mitigate the risk of unforeseen damages. As part of this insurance, LACERA has been purchasing Fiduciary Liability Insurance for the organization to protect the Trust Funds against potential losses resulting from any breach of fiduciary duty claims. The current fiduciary insurance policy with Hudson Insurance Company is set to expire on October 6, 2017.

LACERA contracts with Kaercher Campbell & Associates Insurance (KCAIB) as our insurance broker. Their purpose is to research appropriate insurance plans, conduct

**Fiduciary Liability Insurance Renewal
Operations Oversight Committee
Page 2 of 4**

competitive bidding processes, and provide recommendations on packages for LACERA to consider.

Based on the Procurement Policy, the Fiduciary Liability Insurance premium exceeds the CEO's signature authority of \$75,000 and requires Board approval prior to purchasing the policy. Fiduciary Insurance coverage will be purchased for all the OPEB Trust Funds during this renewal period; however, the cost of each coverage is below the threshold for the CEO's signature and the information about the selection is not included in this memorandum.

SELECTION

KCAIB's marketing strategy focused on obtaining the most comprehensive coverage for the most competitive price. To achieve the desired results, KCAIB sought quotes from various insurance carriers for LACERA's consideration.

The review team (team) consisted of representatives from the Administrative Services Division, Legal Office, and Executive Office. The team performed a comprehensive comparative analysis of each quotation for the Fiduciary Liability Insurance to determine the coverage that best protects the Trust Fund while still opting for the most competitive price.

Fiduciary Liability Insurance

Fiduciary Liability limits, retentions, and premiums are primarily based on the following factors, as of June 30, 2016:

- Amount of net plan assets - \$47.8 billion net position
- Number of participants – 165,575 members
- Funding status – 79.4% Funded Ratio

In order to protect the Trust Fund from liability due to a claim of breach of fiduciary duty, it is recommended LACERA obtain a plan with coverage of \$25 million. This is the same amount of coverage recommended and purchased in October 2016. The team reviewed changes to LACERA's plan assets and determined that even though the plan assets slightly decreased from the previous year, \$25 million remains the recommended coverage amount. To meet LACERA's insurance needs, KCAIB

**Fiduciary Liability Insurance Renewal
Operations Oversight Committee
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obtained quotes utilizing standard industry criteria which enabled them to successfully negotiate competitive options for renewal.

For this renewal, LACERA's current Fiduciary Insurance carrier, Hudson Insurance Company, has agreed to underwrite the \$25 million policy with the same premium as the expiring policy. Hudson Insurance Company's proposed premiums are lower than other carriers under consideration due to a multiple policy discount based on Hudson underwriting the OPEB Trust Fund Fiduciary policies as well.

Based on coverage requirements for LACERA's insurance program, Administrative Services and the Legal Division conducted a comparative analysis of each proposed carrier policy against the expiring policies using the following criteria:

- Thorough review of each policy (side-by-side comparison)
- Best protects the LACERA Trust Fund
- Cost (most comprehensive coverage for the most competitive price)

LACERA's evaluation team compared the proposed coverage policies, and determined Hudson Insurance Company's policy was more comprehensive than the other qualifying competitor. The team identified the following advantages offered by Hudson Insurance Company's proposal:

- Choice of legal counsel versus being required to use carrier panel counsel
- Cancellation - Non rescindable nor cancellable by Insurer during the policy year (except for nonpayment of premium)
- Coverage for Benefits Miscalculation (overpayment)

The following are the qualifying insurers that provided quotes of \$25 million coverage in a combined or single limit:

<u>Carrier</u>	<u>Coverage</u>	<u>Premium</u>
• Chubb/Hartford	Combined Limit	\$194,000/\$70,000
• Hudson	Single Limit	\$199,500

**Fiduciary Liability Insurance Renewal
Operations Oversight Committee
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The recommendation for the LACERA Trust Fund is to purchase the Hudson Insurance Company policy with policy limits of \$25 million.

ADDITIONAL PROTECTION

Waiver of Recourse

A waiver of recourse is an endorsement to a Fiduciary Liability Insurance policy that prevents an insurance carrier from exercising its subrogation rights against an insured fiduciary (Board Member/Employee). Unlike most other forms of insurance, under fiduciary liability policies, insurers have the right to exercise subrogation rights against insureds for non-willful or criminal acts.

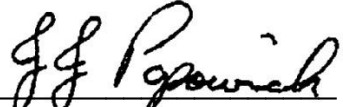
Members of both Boards and specific staff may have some exposure to Fiduciary Liability since they make decisions that could affect all of the Trust Funds. Per Government Code Section 7511, Trust Fund assets cannot be used to purchase a Waiver of Recourse endorsement. The cost of this coverage is a flat fee of \$100.00 for each Trust Fund. The fee per person is dependent on the number of enrollees and will be determined and communicated to Board Members and Staff at a later date.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE recommends the Board of Retirement approve the purchase of Fiduciary Liability Insurance effective October 6, 2017 with the following insurance carrier:

Fiduciary Insurance - LACERA Trust Fund

- Hudson Insurance Company
A.M. Best Rating: A, XV
Limit: \$25 million
Premium: \$199,500

Noted and Approved


JJ Popowich
Assistant Executive Officer

FOR INFORMATION ONLY

July 24, 2017

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

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

FOR: August 2, 2017 Operations Oversight Committee Meeting

SUBJECT: **LACERA OPERATIONS BRIEFING**



The purpose of this briefing is to share insights on staff activities, updates on goals, and discuss opportunities and/or concerns. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive OOC presentation.

- Public Records Request Update
- Report of Felony Forfeiture Cases Processed

DATE RECEIVED	REQUESTER	DOCS REQUESTED
06-15-17	D. Kushner, Individual	<p>Transmitted link for agenda packet for the BOR meetings held on Thursday, June 15, 2017.</p> <p><i>Link:</i> http://www.lacera.com/about_lacera/board_retirement.html</p>
06-15-17	H. Parker, Preqin	<p>Requested recent records, specifically Commitment, Contribution, Distribution, Value and IRR as of December 31, 2016. This list should include all such partnerships, i.e. private equity, venture capital, distressed debt, mezzanine, fund of funds, real estate, natural resources and private debt investments.</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: Q4 2016 Real Estate Holding and Q4 2016 Private Equity Reports in response to your request below.</i></p> <p><i>Stated in the email:</i> <i>As to the second question regarding the secondary market, we have no responsive documents.</i></p>
06-22-17	N. Lee, Preqin	<p>Requested information as listed below dated from October 1, 2016 to December 31, 2016:</p> <ol style="list-style-type: none"> 1. A list of ALL hedge funds and fund of hedge funds in which Los Angeles County Employees Retirement Association is an investor; and 2. For each hedge fund and fund of hedge funds, any records that would show some or all of the following information: <ol style="list-style-type: none"> a. the month by month market value of Los Angeles County Employees Retirement Association's holding in each fund from January 1, 2017 to March 31, 2017, b. the month by month amount invested by Los Angeles County Employees Retirement Association in each fund from January 1, 2017 to March 31, 2017, and c. the month by month net returns (net of fees) earned by Los Angeles County Employees Retirement Association on its investment in each fund from January 1, 2017 to March 31, 2017. <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Hedge performance report 1st Qtr 2017.</i></p>
06-23-17	S. Weiss, ACERA	<p>All/part of LACERA's agreements with State Street Bank.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: LACERA Custody Agreement effective June 20, 2013.</i></p>
06-26-17	S. Yang, Pitchbook	<p>Requested copy of the quarterly public records from Q4 2016 of the following information at the partnership level.</p> <p><i>Transmitted 2 documents.</i></p> <p><i>Sent via email: 4th Qtr 2016 PMR and Portfolio Investment Report as of December 31, 2016.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
06-29-17 VERBAL	John Steward, Retired Probation Officer, Aliso Viejo	<p>Requestor stated that his request is just an informal inquiry. Requested information for the compensation reimbursable expenses for the board members (travel). Stated he could not place the request via email because he does not have access to online service.</p> <p><i>Transmitted 1 document.</i></p> <p><i>Sent via Travel Policy approved by BOI on March 6, 2017 and approved by BOR on March 3, 2017, along with letter response mailed July 6, 2017 via First Class to address provided by Mr. Steward.</i></p>
07-03-11	S. Miles Proxy Insight	<p>Requested to be provided the proxy voting records of the Los Angeles County Employees Retirement Association (LACERA) for the period of 1st November 2016 to 30th June 2017. Would like to receive the following information, shown below, in electronic format.</p> <ul style="list-style-type: none"> • Name of Issuer • Issuer Identifier e.g. Ticker or CUSIP • Date of Shareholder Meeting • Type of Shareholder Meeting (Annual, Special etc.) • Proposal No. • Proposal • Proposer (Management / Shareholder) • Vote cast by Los Angeles County Employees Retirement Association (LACERA) • Entity responsible for vote decision (Internal/external asset manager (if external, please name) / proxy voting advisor (ISS, Glass Lewis, Marco Consulting, etc.) <p><i>Transmitted 1 document.</i></p> <p><i>Sent via email: Los Angeles County Employees Retirement Association Proxy Voting Summary November 1, 2016 through June 30, 2017.</i></p>
07-05-17	LA County Sheriffs Dept.	<p><i>Transmitted 2 reports.</i></p> <p><i>Sent via email: Monthly Sheriff Department Listing and Monthly Fire Department Listing each dated 7/5/2017 with a date run of June 29, 2017.</i></p>
07-05-17	D. Kushner, Individual	<p>Requested agenda packet for BOI meeting held on, Monday, July 10, 2017.</p> <p><i>Transmitted information via email.</i></p>
07-05-17	H. Leiderman, Reedsmith	<p>Requested agenda packet for BOI meeting held on, Monday, July 10, 2017.</p> <p><i>Transmitted information via email.</i></p>
07-05-17	F. Massey, Individual	<p>Requested agenda packet for BOI meeting held on, Monday, July 10, 2017.</p> <p><i>Transmitted information via email.</i></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
07-05-17	S. Moomjean, CEO, LA County	Requested agenda packet for BOI meeting held on, Monday, July 10, 2017. <i>Transmitted information via email.</i>
07-05-17	S. Ayers, Tristar	Transmitted monthly request for Retiree's Benefit Approval List. <i>Transmitted 1 document.</i> <i>Sent via email: LACERA's Retiree list dated July 5, 2017.</i>
07-05-17	L. Robbins, LASD	Transmitted monthly request for Retiree's Benefit Approval List. <i>Transmitted 1 document.</i> <i>Sent via email: LACERA's Retiree list dated July 5, 2017.</i>
07-05-17	J. Hammond, RELAC	Transmitted monthly request for Retiree's Benefit Approval List. <i>Transmitted 1 document.</i> <i>Sent via email: LACERA's Retiree list dated July 5, 2017.</i>
07-10-17	D. Gregory, Public Plan IQ	Requested a copy of the information shown below. 1. July 10, 2017 Offsite Meeting Board of Investments: All investment related discussion materials, and 2. July 10, 2017: DVD recording of the Board of Investments Meeting. <i>Transmitted 1 document.</i> <i>Sent via email: July 10, 2017 Offsite Meeting Board of Investments package. Also stated in the email response that the meeting was not recorded, so LACERA has no responsive documents to item number two of your request.</i>
07-12-17	D. Kushner, Individual	Transmitted link for agenda packet for the BOR meetings held on Thursday, July 13, 2017. <i>Link:</i> http://www.lacera.com/about_lacera/board_retirement.html



FOR INFORMATION ONLY

July 18, 2017

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

FROM: James Pu, Chief Information Officer
Systems Division

SUBJECT: CHIEF INFORMATION OFFICER'S REPORT

The Chief Information Officer's Report is designed to provide your Committee with an overview of technology subject matters concerning LACERA. With our deep commitment and reliance on technology, this an opportunity for staff to keep you informed. August 2017 will be the first of such reports presented to your Committee. Staff will be focusing on areas related to the present state of LACERA, cybersecurity, strategic plans and the future, as well as some practical suggestions to help you stay safer in this increasingly dangerous cyberworld.

Noted and Approved:

Robert R. Hill
Assistant Executive Officer

7-18-2017
Date

CHIEF INFORMATION OFFICER'S REPORT

AUGUST 2017

AGENDA

- ❖ TODAY: WHERE WE ARE
- ❖ CYBERSECURITY: FRONT AND CENTER
- ❖ THE FUTURE: NEAR AND FAR
- ❖ STAYING SAFER: ADVICE AND TIPS



**INFORMATION ONLY**

July 24, 2017

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

FROM: Allan Cochran 
Division Manager, Member Services

FOR: August 2, 2017 Operations Oversight Committee

SUBJECT: Member Services: Escalations

EXECUTIVE SUMMARY

When a member or survivor encounters a problem that will take staff extra time and effort to resolve the issue is managed through the Member Services Escalation process. Member Services staff are empowered to find solutions to member issues, but sometimes will need to turn to a Supervisor for assistance. Most problems are resolved at the staff or Supervisory level. However, when the complexity of the issue, or the resources needed to resolve the problem, are not available the member or survivor's issue will be placed in the Escalation process.

Escalations are:

- Complex Problems
- Time Intensive
- Resolved by working with Business Partners; Benefits, Financial Accounting Services, Retiree Healthcare, Disability Retirement Services, Executive Office, and Legal.

Escalations are tracked and results communicated to the member. They are also later analyzed for the root cause of the issue to foster process improvement and limit future escalations. This disciplined process serves our members by providing them with frequent communication and quicker problem resolution while also providing LACERA with feedback on improving our operations.

DISCUSSION

Each year approximately 140,000 member interactions occur throughout the Member Services Division. These take place by telephone calls placed to the Member Services Call Center (approximately 117,000 per year)¹ or as pre-scheduled or walk-in counseling, outreach events or events held at different employer locations by the Member Services Center Staff (approximately 23,000 per year).

LACERA's Vision:

***Service* – Our members deserve the best.**

We pledge to improve our member service until 100 percent of our members making inquiries receive courteous, professional, accurate answers with just one call...²

LACERA's member centric approach benefits the members individually, and the organization as a whole. The Member Services Escalation process is one of many LACERA mechanisms resulting in issue identification and resolutions that affect positive organizational change where needed. During the fiscal year ending June 30, 2017, LACERA's 140,000 member interactions resulted in 271 escalation requests being placed with the Member Services Quality Control Unit.

¹ CEM 2016

² LACERA Vision

Escalations Background

Benefits and Member Services have always worked together to serve our members and resolve member issues. The Member Services Escalation process was implemented approximately ten years ago (in 2007) in the Call Center. At that time, supervisors were responsible for following up on member issues. However, follow-up on issues and staff responsiveness was not always ideal, mainly due to supervisor workloads and lack of a consistent, measureable method to track and follow up on the members' issues. An escalation database was designed and implemented (in 2010) to help track the escalated issues and ensure accountability. Eventually, the escalation process became too cumbersome and resource intensive to remain in the Call Center and in 2013 Escalations were moved to what became the Member Services Quality Control Unit.

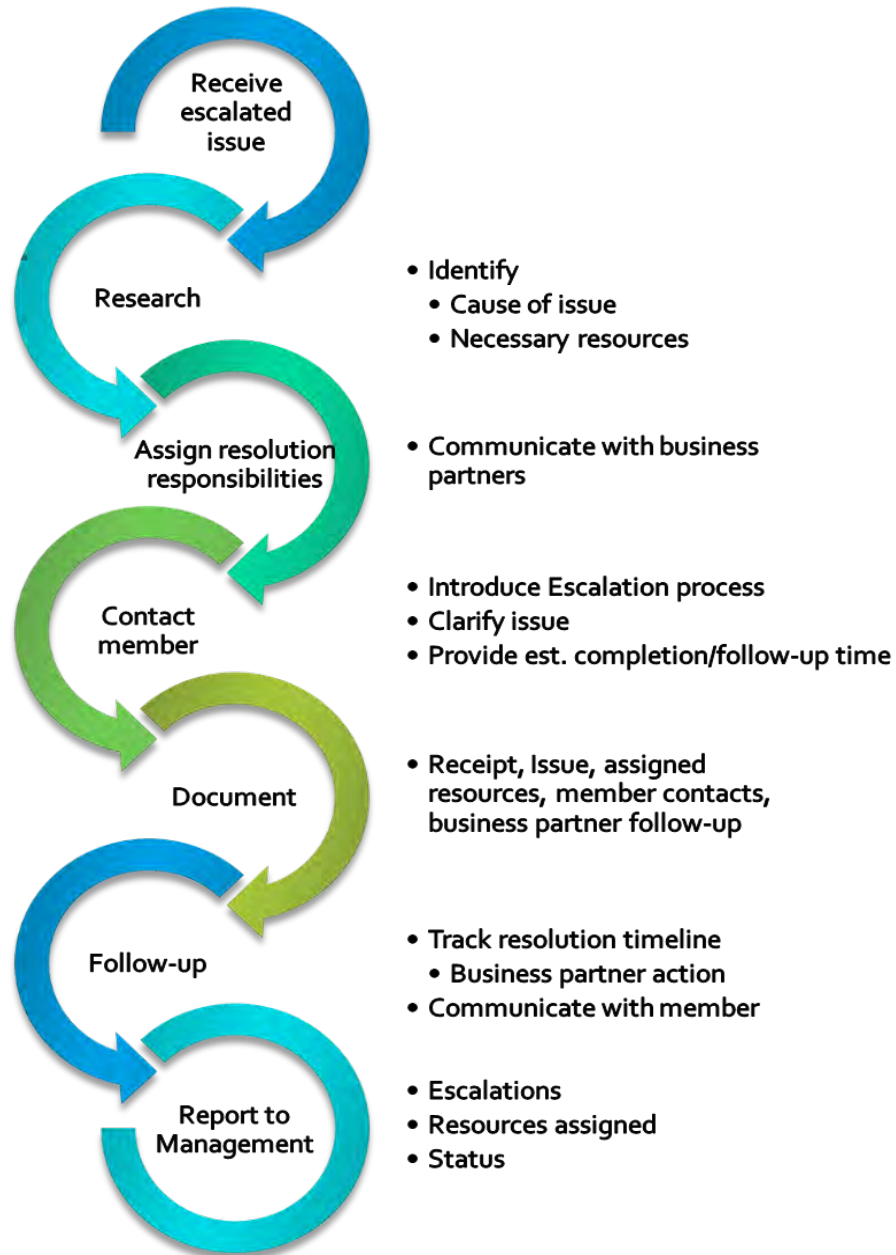
Most escalations originate in the Call Center and Member Outreach Center, as members request assistance from management, or staff identify issues beyond their ability to address; these escalations are forwarded to the area supervisors for review and handling. Issues too resource intensive for supervisors to address in a timely manner are forwarded to the Member Services Quality Control unit. Additionally, one of the Quality Control unit's responsibilities is to review incoming general correspondence to determine appropriate routing for these communications; frequently, escalation cases are identified through this correspondence review.

Member Services' Escalators research and facilitate customized solutions for each escalation, using the resources available and cooperation from our internal business partners, including: Benefits, Legal, Retiree Health Care, Disability Retirement, and the Financial and Accounting Services Division. Each escalation is researched to identify the cause of the issue, determine recommended solutions, and the appropriate unit or Division is contacted to execute the necessary resolution. Each escalation is documented and tracked by the escalators to ensure appropriate resolution steps are occurring and resolutions are reached. An escalation is never closed until the member's problem has been addressed and documented in LACERA's member contact management system (Workspace).

On the customer service side of the Escalations process, Escalators contact members to introduce the escalations process, clarify the members' issues and concerns, and give the members a specific contact point within the organization to help reduce members' frustrations. Escalators work to provide reasonable time estimates for resolution and telephone members to touch base during the escalation process, to let each member know their issue is important to LACERA and is being addressed.

Escalation Process – Member Services Quality Control

Objective – Provide excellent customer service by introducing a specific point of customer contact, to manage member expectations and ensure resolution of members' issues.



Escalations Experience - Fiscal Year Ending June 30, 2017

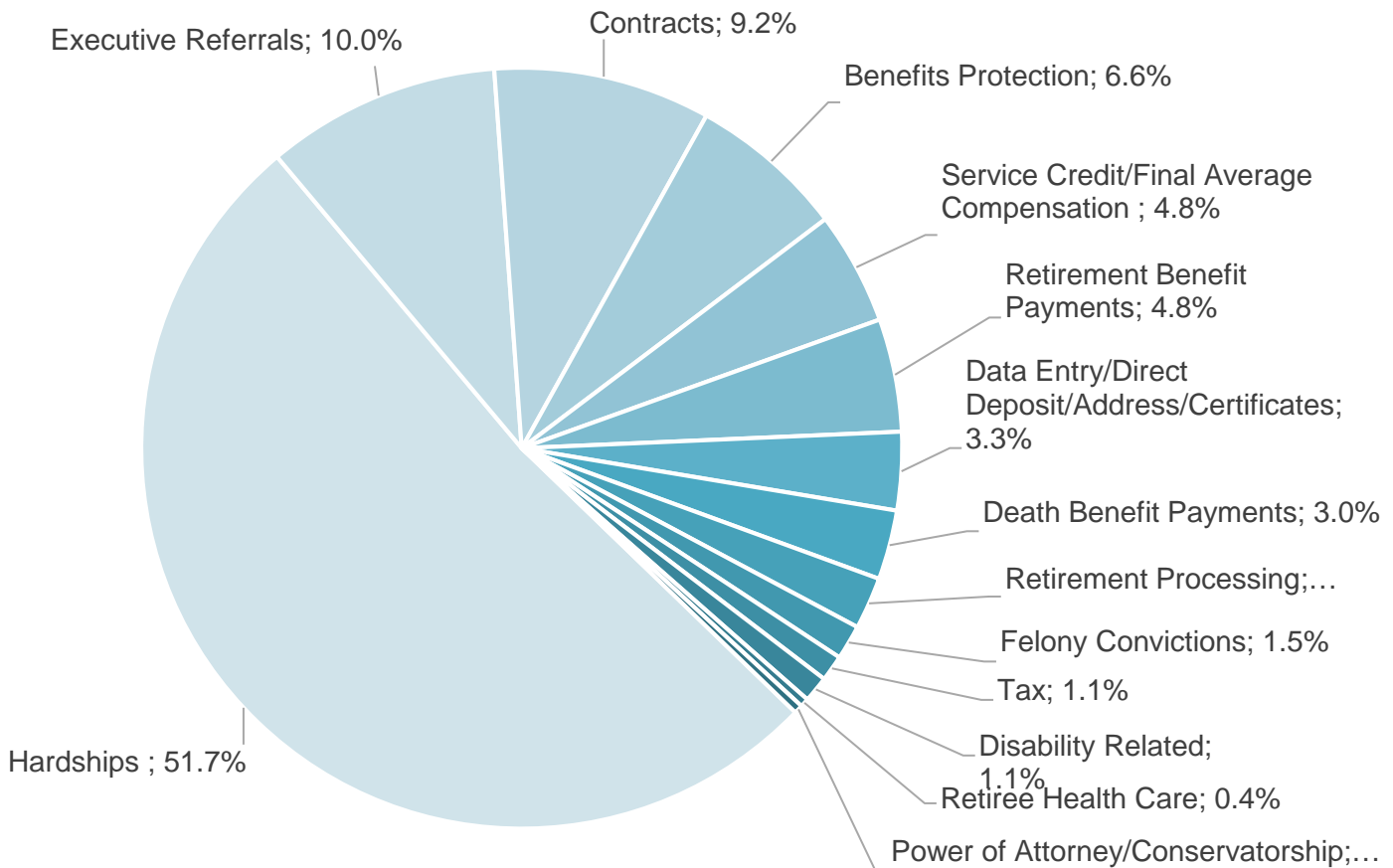
During fiscal year ending June 30, 2017, 271 escalation requests were placed with the Member Services Quality Control Unit for follow up and resolution. Those escalations have been broken down into the 14 categories below.

Escalations - FYE (June 30, 2017)	# Escalations	Days to Close (Calendar)		
		Range Minimum Maximum		Average
Hardships	140	1	63	11
Executive Referrals	27	0	188	43
Contracts	25	1	275	51
Benefits Protection	18	9	78	42
Service Credit/FAC	13	1	261	54
Retirement Benefit Payments	13	1	289	73
Data Entry/Direct Deposit/Address/Certificates	9	0	76	31
Death Benefit Payments	8	1	204	71
Retirement Processing	6	0	22	8
Felony Convictions	4	7	213	134*
Tax	3	11	32	22
Disability Related	3	20	75	41
Retiree Health Care	1	0	0	0
Power of Attorney/Conservatorship	1	26	26	26
Total Escalations: Fiscal Year 2017	271	1	289	30

* Two cases were delayed because the original reports from the County had to be revised and re-processed through the County's process before being resent to LACERA.

Escalations Volume

Three escalation categories made up 71 percent of all escalations received last fiscal year; Hardships, Executive Referrals, and Contracts, with 51.7 percent, 10 percent, and 9.2 percent, respectively.



Hardship Escalations; 51.7 Percent

One hundred and forty Hardship Escalations were received last fiscal year. A Hardship Escalation is a request from a member, survivor, attorney-in-fact, conservator, or guardian, to rush a benefit payment due to the requestor's financial hardship. A member who is facing a financial hardship, may need to receive their benefit sooner than LACERA's stated service levels.

Each Member, Operations Oversight Committee

July 24, 2016

Re: Member Services: Escalations

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MSQC reviews the documentation provided by the requestor, to ensure all required documents and information have been received by LACERA. Once it has been determined all documentation is complete, the hardship will be summarized and sent to the Member Services Division Manager for approval and forwarding to the Benefits department for priority processing. The Escalators will track the progression of the hardship through LACERA's processes and contact the requestor to provide status updates, including; whether their hardship request was approved, when their payment should be available, and to clarify how the requestor would like to receive their special check payment (counter pick-up or mailing of check).

Hardship requests may be broken down into three sub-categories; Retirement Benefit Payments, Death Benefit Payments, and Withdrawals.

	# Escalations	Days to Close (Calendar)		Average
		Minimum	Maximum	
Hardships (FYE - June 30, 2017)	140	1	63	11
Withdrawals	58	1	55	11
Death Benefit Payments	55	1	59	13
Retirement Benefit Payments	27	1	63	9

Hardship Withdrawals are submitted by members who have terminated employment and left funds on deposit. The normal processing time for a withdrawal of funds is fourteen days between June and November. However, the processing time may be as long as 90 days during "March Madness" season, from December through May. Additionally, fund withdrawals are placed on hold during an, approximate, six-week time period at the end of each June and December semi-annual interest accrual and interest posting periods to ensure the member's funds are properly credited with the interest. A Hardship Withdrawal is necessary during the withdrawal hold period. An approved hardship withdrawal may be processed as quickly as five to seven days.

Death Benefit Payment hardships are submitted by surviving spouses and beneficiaries when they are experiencing a financial hardship following the death of a LACERA member. The normal processing time for the payment of death benefit burial payments and lump sum payments varies from 30 to 90 days from the date of death notification to LACERA. The Escalators will work with survivors and the Benefits Division to ensure all documentation is provided, completed, and turned around quickly, in order to receive their due payment as quickly as possible.

Retirement Benefit Payment hardships are submitted by retirees or survivors when they failed to receive their monthly benefit payment. The non-receipt of a benefit payment may occur for various reasons; a check may become lost in the mail, a direct deposit may be returned by the receiving

institution if the account has been closed, or a payment hold may have been placed on the recipient's benefits due to multiple returned automatic deposit receipts (lost contact with benefit recipient). Lost benefit checks are usually replaced within 5 to 7 days through LACERA's normal process. LACERA's normal payment process for the removal of a pay hold or non-receipt of a direct deposit is to pay the retroactive benefit to the recipient with the next regularly scheduled monthly benefit payment. Having to wait until the following monthly payment may cause some benefit recipients a financial hardship. The Escalators work with benefit recipients to ensure all necessary hardship documentation has been received and, upon the Member Services Division Manager's approval of the hardship request, Benefits Division will process a check for the recipient.

Executive Referrals; 10 Percent

Twenty-seven Executive Referrals were received last fiscal year. An Executive Referral is a member/survivor matter referred for handling to the Member Services Division Manager by another LACERA management team member. These referrals come from LACERA Board Members, the Executive Office and other LACERA Division managers. Executive referrals may encompass any matter of issue, requiring research and a prompt solution and/or written response to the member/survivor. Some of the matters handled through the Executive Referral process during the fiscal year ending June 30, 2017 included the following topics.

- Benefit explanations
- Benefit payment disputes
- Birth/Marriage certificate issues
- COLA calculations
- Contribution payments
- Death benefits
- Plan transfers and Restorations
- Reciprocity disputes
- Service Credit disputes
- Tax issues

Contracts; 9.2 Percent

Twenty-five contract related escalations were received last fiscal year. These Contract Escalations were received by Member Services for a variety of reasons, such as; cost disputes, the standard service level of 90 days had been exceeded, disputes over service types, processing errors and/or delays, calculation corrections, and member confusion. Escalator's will research the member's account to determine the status and any issues with a member's contract, prior to notifying and working with the Benefit's Division to facilitate resolution for the member. Contract types represented in these escalations included purchases of; previous service, other public agency service, sick without pay, temporary time, redeposits, general to safety conversions, plan transfers, and underpayment contracts.

Results

Of the 140 Hardship requests received throughout FY 2016-2017, 55 were due to Death Benefit Payment issues. We observed most of these Death Benefit Payment issues were as a result of the time it takes to pay the Burial Death Benefit. The tracking mechanism of the Escalations process allowed us to make this determination. From this data, Benefits and Member Services have launched a project to make the Burial Death Benefit payment process as seamless as possible. We are reviewing and revising our procedures to get the Burial Benefit Payments completed more quickly and anticipate reporting our success next year.

Reporting

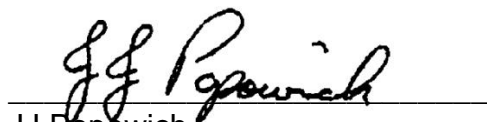
Member Services reports the number of new escalations received each month in the Staff Activity Report, provided to the Executive Office. Additionally, each week, Member Services Quality Control meets with the Member Services Division Manager and the Assistant Executive Officer who oversees the Member Services Division. During this meetings, the attendees discuss any new and ongoing escalations, as well as any barriers to completion or questions regarding the facilitation process. Escalators also regularly follow up on the status of any open escalations with the members and with the supervisors responsible for the area in which each escalated item is being addressed.

Beginning this year, Member Services will be providing an annual Escalations report to the Operations Oversight Committee of the Board of Retirement.

Future Direction

The next phase planned in the Member Services Escalations process is to increase our focus on analysis of all escalations, shorten the time to complete the escalation process, and identify the root cause of any repetitive, systemic issue. This ongoing analysis will result in process improvement discussions within Member Services and with our business partners. We will also be working with our business partners to evaluate ways to shorten LACERA processing and response times.

REVIEWED AND APPROVED



JJ Popowich
Assistant Executive Officer

Attachment

JJP:jjp



Member Services: Escalations

Presentation to the LACERA Operations Oversight Committee

August 02, 2017

Allan Cochran, Manager, Member Services Division

Discussion Topics

- Escalation definition
- Process background
- Current Process
- Internal business partners
- Experience - Fiscal Year End June 30, 2017
 - Volume
 - Top escalation areas
- Reporting
- Future direction

Anatomy of an Escalation

What is an Escalation?

- Issue/Problem
- Complex
- Time intense
 - Research
 - Analysis
 - Persistence

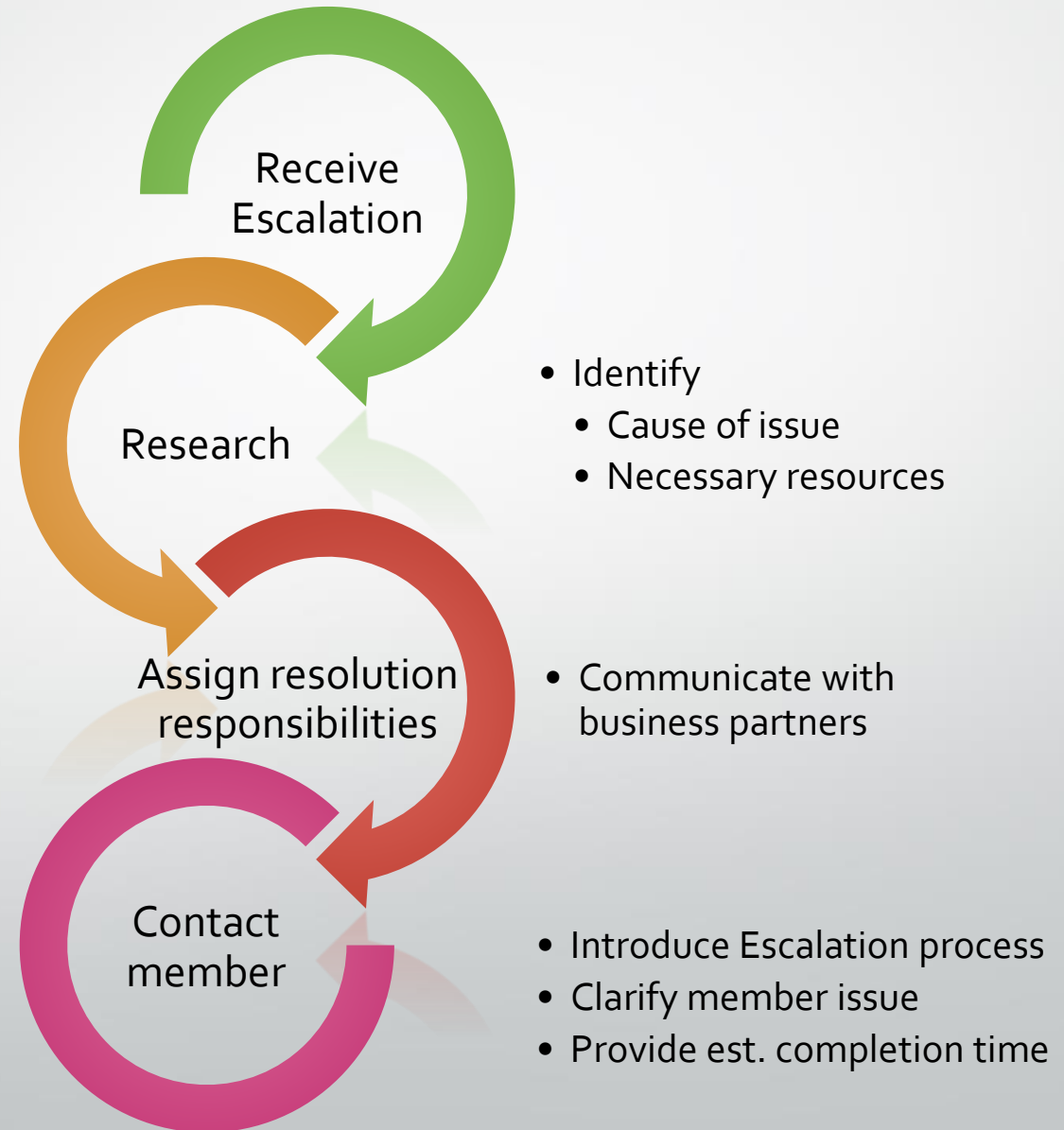
Escalations Background

- Process implementation
 - When
 - Why
- Process changes
 - Tracking database
 - Relocated from Call Center

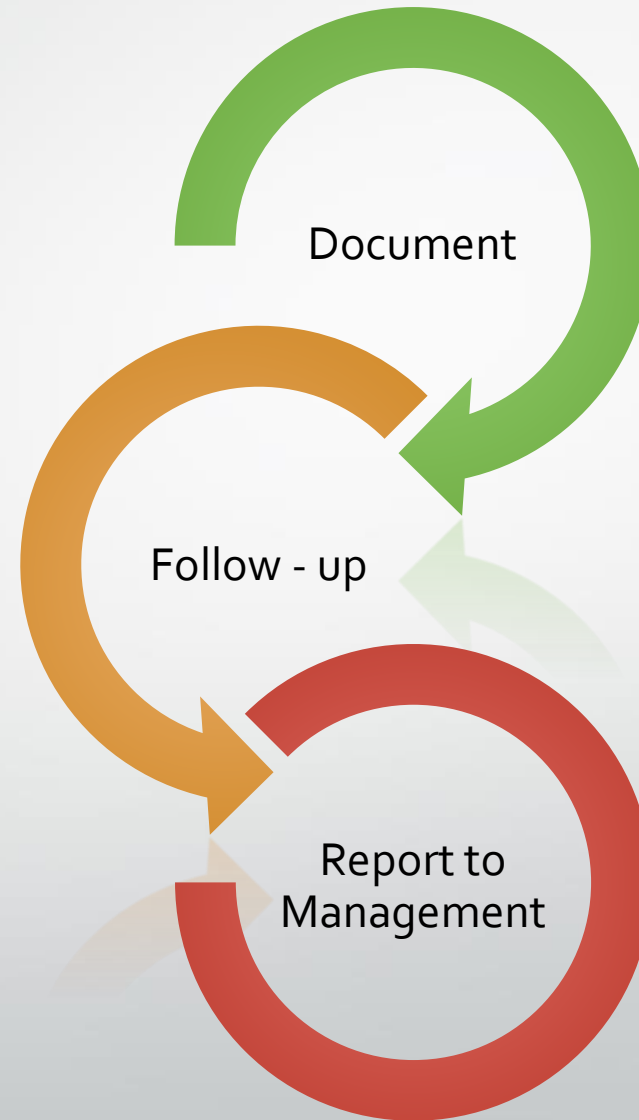
Escalation Origination

- Call Center
- Member Service Center - Outreach
- Executive Referrals
- Letters / Email

Escalation Process



Escalation Process (continued)



- Receipt, issue, resources, member contacts, follow-up

- Track resolution timeline
- Business partner action
- Communicate with member

- New escalations
- Resources assigned
- Status

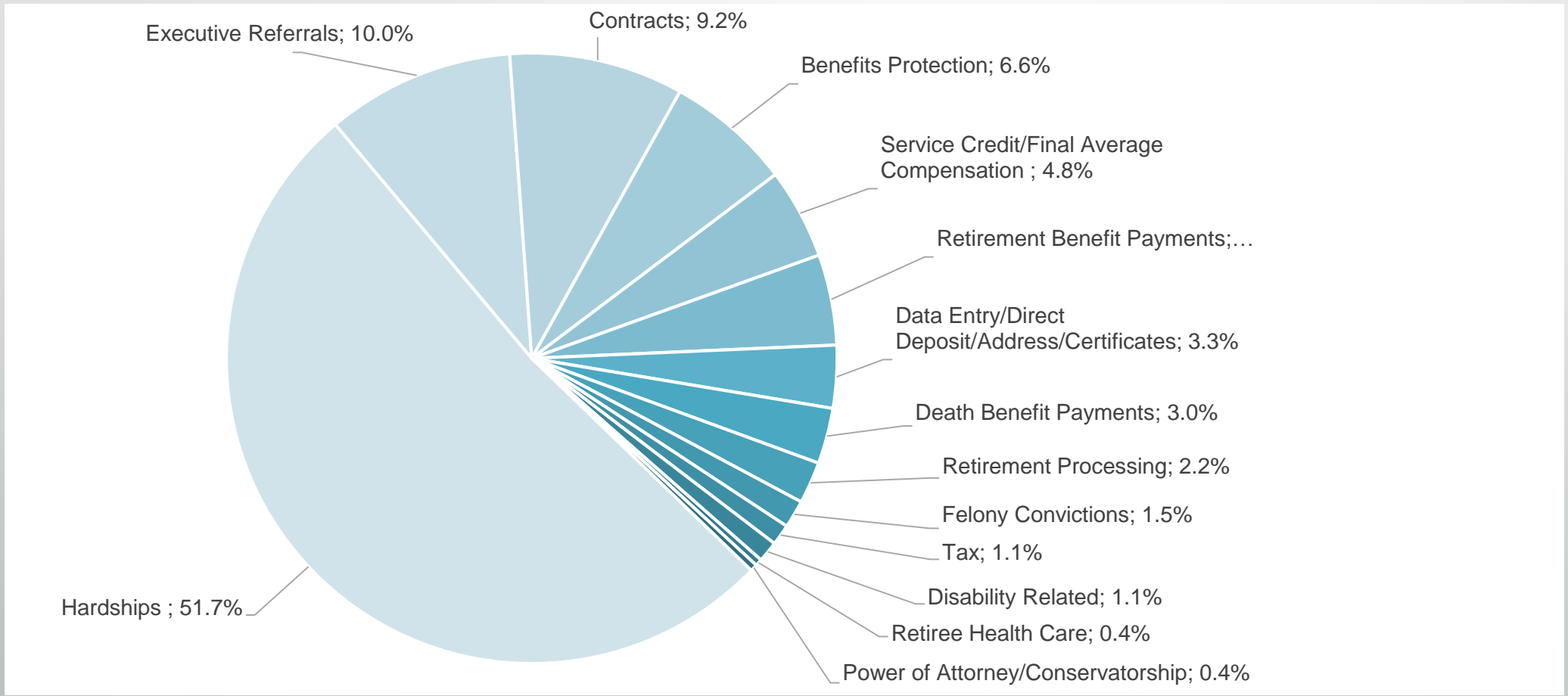
Business Partners

- Benefits
- Financial and Accounting Services
- Retiree Health Care
- Disability Retirement
- Disability Litigation
- Executive Office
- Legal

Experience (Fiscal Year Ending 2017)

Escalations - FYE (June 30, 2017)	# Escalations	Days to Close (Calendar)		
		Range		Average
		Minimum	Maximum	
Hardships	140	1	63	11
Executive Referrals	27	0	188	43
Contracts	25	1	275	51
Benefits Protection	18	9	78	42
Service Credit/Final Average Compensation	13	1	261	54
Retirement Benefit Payments	13	1	289	73
Data Entry/Direct Deposit/Address/Certificates	9	0	76	31
Death Benefit Payments	8	1	204	71
Retirement Processing	6	0	22	8
Felony Convictions	4	7	213	134
Tax	3	11	32	22
Disability Related	3	20	75	41
Retiree Health Care	1	0	0	0
Power of Attorney/Conservatorship	1	26	26	26
Total Escalations: Fiscal Year 2017	271	1	289	30

Volume (Fiscal Year End 2017)





Future Direction

- Detailed Analysis
- Formal recommendations

Questions?

