



June 2, 2020

TO: Each Trustee,
Board of Retirement

SUBJECT: Board of Retirement Meeting on June 3, 2020 – Green Folder Items

Following you will find the Green Folder items for the above mentioned meeting:

- 1) **Item III. A. – Approval of the Minutes of the Regular Meeting of May 7, 2020**
Revisions to page 2 and 12.

- 2) **Item VII. B. – CEO’s Emergency Purchase of IT Consulting Services**
Review of April 9, 2020 Board of Retirement Action regarding the CEO’s Emergency Purchasing Authority to Address Administrative Needs Presented by COVID-19 (Memo dated June 1, 2020)

MINUTES OF THE REGULAR MEETING OF THE BOARD OF RETIREMENT

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

9:00 A.M., THURSDAY, MAY 7, 2020

This meeting was conducted by the Board of Retirement by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: Herman Santos, Chair

Vivian H. Gray, Vice Chair

Gina Zapanta, Secretary (Joined at 9:40 a.m., departed at 11:15 a.m.)

Shawn R. Kehoe

Keith Knox

Wayne Moore

Ronald Okum

William Pryor (Alternate Safety)

Les Robbins

Thomas Walsh

ABSENT: JP Harris (Alternate Retired)

STAFF ADVISORS AND PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer

John Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

STAFF ADVISORS AND PARTICIPANTS

Fern Billingsy, Senior Staff Counsel

Francis J. Boyd, Senior Staff Counsel

Dr. Vito Campese, Medical Advisor

Ricki Contreras, Division Manager
Disability Retirement Services

Bernie Buenaflor, Benefits Division Manager

Barry Lew, Legislative Affairs Officer

Anthony Roda, Federal Legislative Advocate
Williams & Jensen

Ted Granger, Interim Chief Financial Officer

I. CALL TO ORDER

The meeting was called to order by Mr. Santos at 9:30 a.m. in the Board Room of Gateway Plaza.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Regular Meeting of April 9, 2020

Ms. Gray made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of April 9, 2020. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos, Ms. Gray, and Ms. Zapanta voting yes.

III. PUBLIC COMMENT

Jennifer Avery provided a written comment to the Board regarding any

III. PUBLIC COMMENT (Continued)

incentives for early retirement. In addition, Robert Farrell provided a written comment to the Board regarding an investment transaction Baldwin Hills Crenshaw Plaza.

Furthermore, Jan R. Williams, Damien Goodmon, and Greg Akili also addressed the Board regarding the same transaction.

IV. OTHER COMMUNICATIONS

A. For Information

1. March 2020 All Stars

Mr. Popowich announced the eight winners for the month of March: Trina Sanders, Beatriz Daryaie, Inga Tadevosyan, Cindy Ortiz, Gabriel Tafoya, Ted Wright, Elda Villarroel, and Jennel Sarian for the Employee Recognition Program and Toneashia Tate was the winner for the Web Watcher. Penelope Huerta, Andrea Ellison, Regina Harris and Marilu Bretado were the winners of LACERA's RideShare Program.

2. Chief Executive Officer's Report
(Memo dated April 27, 2020)

Mr. Kreimann provided updates to the Member Service and Retiree Healthcare Call Centers; transitional plans in preparation for when it is declared safe to reopen; and member communications.

V. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement
Service-Connected Disability Applications

On a motion by Mr. Kehoe, seconded by Mr. Knox, the Board of Retirement approved a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos, and Ms. Gray voting yes.

<u>APPLICATION NO.</u>	<u>NAME</u>
216D	MICHAEL E. TELLES
217D	PAUL L. JERNIGAN, JR.
218D	SCOTT A. ANGER
219D	TODD MCCRAVEN
220D	CORT D. BISHOP
221D	DERRICK A. THOMPSON
222D	MARK C. SALDECKE
223D	STEPHEN L. HERREL
224D*	JEFFREY J. HARDT
225D**	PATRICK B. DORSEY
226D	SALVADOR T. TOVAR

* Granted SCD – Retroactive

** Granted SCD – Employer Cannot Accommodate

V. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Law Enforcement (Continued)
Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
227D	PHILIP D. GEISLER
228D	JOSEPH B. O'CONNOR
229D	LAURA M. SOSA
230D*	ROBERT J. SOTO
231D**	SHAWN D. COHEN
232D	JAMES J. DONDIS
233D*	WILLIAM A. BROWN
234D	ROBERT J. MITTELBRUN

Safety Fire, Lifeguards
Service-Connected Disability Applications

On a motion by Mr. Pryor, seconded by Ms. Gray, the Board of Retirement made a motion to approve a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met the burden of proof. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos, Ms. Zapanta and Ms. Gray voting yes.

<u>APPLICATION NO.</u>	<u>NAME</u>
1231B	MATTHEW A. ARLEDGE

* Granted SCD – Employer Cannot Accommodate
** Granted SCD – Retroactive

V. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

Safety Fire, Lifeguards (Continued)

Service-Connected Disability Applications

<u>APPLICATION NO.</u>	<u>NAME</u>
1231B	MATTHEW A. ARLEDGE
1232B	SAMUEL L. GREEN
1233B	MICHAEL P. MIRELES
1234B	MITCHELL T. GILLESPIE
1235B	DAVID D. STILWELL
1236B*	ROBERT J. DENTON
1237B	LARRY E. TIETGEN
1238B	MICHAEL D. DINGILLO
1239B	MICHAEL E. MCCLANAHAN
1240B	ROBERT GUTIERREZ, JR.
1241B	OLIVER W. KING
1242B	STEVEN P. MUELLER

General Members

Service-Connected Disability Applications

On a motion by Ms. Gray, seconded by Mr. Moore, the Board of Retirement made a motion to approve a service-connected disability retirement for the following named employees who were found to be disabled for the performance of their duties and have met

* Granted SCD – Retroactive

V. DISABILITY RETIREMENT APPLICATIONS ON CONSENT CALENDAR

General Members (Continued)

Service-Connected Disability Applications

the burden of proof. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos, Ms. Zapanta and Ms. Gray voting yes.

<u>APPLICATION NO.</u>	<u>NAME</u>
2079C*	ALLEN D. NGO
2080C*	SANDRA R. HOLGUIN
2081C**	DONALD D. ROUNDTREE
2082C***	JOHN C. THOMPSON
2083C****	KARIN H. CAPODANNO
2084C*	STEVEN FLORES
2085C*	CORNELIA R. LINDO
2086C**	MARIE J. CHERY
2087C****	CLYDE A. DAWSON
2088C****	MARY D. ONTIVEROS
2089C***	ARDANA S. BONDS
2090C**	PAUL S. JOHNSON

* Granted SCD – Employer Cannot Accommodate

** Granted SCD – Retroactive

*** Granted SCD – Supplemental

**** Granted SCD – Retroactive Employer Cannot Accommodate

VI. CONSENT ITEMS

Mr. Moore made a motion, Mr. Kehoe seconded, to approve the following items. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos, and Ms. Gray voting yes.

- A. Ratification of Service Retirement and Survivor Benefit Application Approvals. (Memo dated April 28, 2020)
- B. Recommendation as submitted by Fern M. Billingsy, Senior Staff Counsel: That the Board:
 - 1) Adopt the Resolution Nos. 2020-BR001 and 2020-BR002 specifying pay items as “compensation earnable” and “pensionable compensation;” and,
 - 2) Instruct staff to coordinate with the County of Los Angeles to establish necessary reporting mechanism and procedures to permit LACERA to include the qualifying items in the calculation of final compensation.(Memo dated April 22, 2020)
- C. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board grant the appeals and request for an administrative hearing for applicants Michael A. Lynd and Myrna A. Co. (Memo dated April 17, 2020)
- D. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Fiduciary Counsel Legal Services. (Memo dated April 30, 2020)
- E. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board approve issuance of the Request for Proposals for Media and Public Relations Consultant. (Memo dated April 30, 2020)

VI. CONSENT ITEMS (Continued)

- F. Recommendation as submitted by Thomas Walsh, Chair, Joint Organizational Governance Committee: That the Board of Retirement revise its Charter to recognize the ability of the Chair of the Board to make meeting date changes when LACERA may not safely conduct regular operation because there is a declared state of emergency or governmental directive or when there is a natural disaster or other extraordinary circumstances.
(Memo dated April 30, 2020)

VII. EXCLUDED CONSENT ITEMS

There were no items excluded from Consent Items.

VIII. NON-CONSENT ITEMS

- A. Recommendation as submitted by Bernie Buenaflor, Benefits Division Manager: That the Board designate the use of uniform actuarially determined factors based on retirement age 66 for General Plan members and retirement age 57 for Safety Plan members in the calculation of costs based on the March 31, 2020, revision of Board of Retirement Regulation V.
(Memo dated April 29, 2020)

Mr. Moore made a motion, Ms. Gray seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Knox, Okum, Walsh, Moore, Robbins, Kehoe, Santos and Ms. Gray voting yes.

IX. REPORTS

- A. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer and Anthony Roda, Williams & Jensen, regarding the Federal Update on Coronavirus-related Legislation. (Memo dated April 28, 2020)

Mr. Lew and Mr. Roda of Williams & Jensen provided the Board with an update.

IX. REPORTS (Continued)

- B. For Information Only as submitted by Barry W. Lew, Legislative Affairs Officer, regarding the Monthly Status Report on Legislation. (Memo dated April 28, 2020)

Mr. Lew provided the Board with an update.

- C. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the Application Processing Time Snapshot Reports. (Memo dated April 24, 2020)

This item was received and filed.

- D. For Information Only as submitted by Ted Granger, Interim Chief Financial Officer, regarding the Monthly Education and Travel Report for March 2020. (Public Memo dated April 20, 2020) (Confidential Memo dated April 24, 2020 – Includes Anticipated Travel)

This item was received and filed.

- E. For Information Only as submitted by Steven P. Rice, Chief Counsel, regarding the April 2020 Fiduciary Counsel Contact and Billing Report. (Memo dated April 28, 2020) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

This item was received and filed.

- F. Presentation by Dr. Vito M. Campese, MD, regarding Stress and Cardiovascular Diseases.

Dr. Campese provided a presentation and answered questions from the Board.

X. ITEMS FOR STAFF REVIEW

The Board requested that LACERA's Legislative Affairs Officer work with other organizations on providing additional information on the economic benefits of pensions.

Lastly, information was requested from LACERA's Federal Legislative Advocate on

X. ITEMS FOR STAFF REVIEW (Continued)

whether COVID-19 related costs will be treated in relation to insurance benefits caps and whether it will be counted or backed out.

XI. GOOD OF THE ORDER
(For information purposes only)

The Chair thanked Ms. Zapanta for her contribution in supporting essential workers.

(Ms. Zapanta exited the meeting at 11:15 a.m) (Mr. Knox withdrew from the meeting momentarily at 11 a.m.)

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability

APPLICATION NO. & NAME

BOARD ACTION

5133B – MICHAEL D. BROWN

Ms. Gray made a motion, Mr. Moore seconded, to grant a service-connected disability retirement pursuant to Government Code Sections 31720 and 31725.65. The motion passed (roll call) with Messrs. Kehoe, Santos, Walsh, Moore, Ms. Gray voting yes; and Mr. Okum voting no. Mr. Knox was not present for the vote and Mr. Robbins was not available for the vote due to technical difficulties.

5134B – STEVEN L. BERMAN (DECD)* (Mr. Knox joined the meeting at 11:32 a.m.)

*Applicant's Survivor Present

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

APPLICATION NO. & NAME

BOARD ACTION

Ms. Gray made a motion, Mr. Okum seconded, to grant a nonservice-connected disability retirement [pursuant to Government Code Section 31724](#). The motion passed (roll call) with Messrs. Kehoe, Santos, Walsh, Okum, Moore, Ms. Gray voting yes; Mr. Knox abstaining and Mr. Robbins voting no.

5135B – GARY T. TSE

Mr. Kehoe made a motion, Ms. Gray seconded, to refer back to staff for additional information. The makers of the motion amended the motion for a service connected disability retirement based on LACERA’s Medical Advisors opinion. The motion passed (roll call) with Messrs. Kehoe, Knox, Pryor, Santos, Walsh, Okum, Moore, Ms. Gray voting yes. Mr. Robbins not available to vote due to technical difficulties.

5136B – KATHLEEN AUSTIN

Ms. Gray made a motion, Mr. Pryor seconded, to refer back to staff for additional information. The motion passed (roll call) with Messrs. Kehoe, Knox, Santos, Walsh, Okum, Robbins Moore, and Ms. Gray voting yes.

5137B – MARISOL MORALES

Mr. Okum made a motion, Ms. Gray seconded, to grant a nonservice-connected disability pursuant to [Government Code Section 317230](#)

since the employer cannot accommodate. The motion passed (roll call) with

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

A. Applications for Disability (Continued)

APPLICATION NO. & NAME

BOARD ACTION

Messrs. Kehoe, Knox, Robbins, Santos, Walsh, Okum, Moore, Ms. Gray voting yes.

5117B – FRANCISCO J. SOL

Ms. Gray made a motion, Mr. Kehoe seconded, to grant a service-connected disability pursuant to Government Code Section 31720. The motion passed (roll call) with Messrs. Kehoe, Knox, Robbins, Santos, Walsh, Okum, Moore, Ms. Gray voting yes.

6877A – SUNDAY ALEKHUOGIE

Mr. Okum made a motion, Ms. Gray seconded, to grant a service-connected disability pursuant to Government Code Section 31720. The motion passed (roll call) with Messrs. Kehoe, Pryor, Knox, Santos, Walsh, Okum, Moore, and Ms. Gray voting yes. Mr. Robbins was not available to vote due to technical difficulties.

761C – ADAM R. PRUITT

Ms. Gray made a motion, Mr. Kehoe seconded, to grant the service-connected disability to continue. The motion passed (roll call) with Messrs. Kehoe, Knox, Robbins, Santos, Walsh, Okum, Moore, and Ms. Gray voting yes.

XII. DISABILITY RETIREMENT CASES TO BE HELD IN CLOSED SESSION

B. Disability Retirement Appeals

APPLICATION NO. & NAME

BOARD ACTION

PHYLLIS K. HOLLOWAY (DEC'D) -

James M. Malkin for the respondent
Allison E. Barrett for the applicant

Mr. Kehoe made a motion, Ms. Gray seconded, to refer back to staff for additional information. The motion passed (roll call) with Messrs. Knox, Okum, Santos, Walsh, Moore, Kehoe, Robbins, and Ms. Gray voting yes.

C. Staff Recommendations

1. Recommendation as submitted by Ricki Contreras, Division Manager, Disability Retirement Services: That the Board adopt the Proposed Findings of Fact and Conclusions of Law granting service-connected disability retirement survivor benefits to the Estate of El-Doris Greenwood pursuant to Government Code Section 31787. (Memo dated April 22, 2020)

Mr. Kehoe made a motion, Mr. Robbins seconded, to approve the staff's recommendation. The motion passed (roll call) with Messrs. Knox, Okum, Kehoe, Robbins, Santos, Walsh, Moore, and Ms. Gray voting yes.

2. For Information Only as submitted by Ricki Contreras, Division Manager, Disability Retirement Services, regarding the 2020 Quarterly Reports of Paid Invoices – 1st Quarter. (Memo dated April 21, 2020)

This Item was received and filed.

May 7, 2020

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XIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 12:15 p.m.

GINA ZAPANTA, SECRETARY

HERMAN SANTOS, CHAIR

FOR INFORMATION ONLY

June 1, 2020

TO: Each Trustee,
Board of RetirementEach Trustee,
Board of InvestmentsFROM: Steven P. Rice *SPR*
Chief CounselFOR: June 3, 2020 Board of Retirement Meeting
June 10, 2020 Board of Investments Meeting

SUBJECT: Review of April 9, 2020 Board of Retirement Action regarding the Chief Executive Officer's Emergency Purchasing Authority to Address Administrative Needs Presented by COVID-19

This memo will provide additional clarification on the emergency purchasing power granted to the Chief Executive Officer (CEO) by the Board of Retirement (BOR) at its April 9, 2020 to assist him in addressing the administrative needs of the organization during the COVID-19 crisis. This memo will discuss the authority of both the BOR and the Board of Investments (BOI) in this area.

GENERAL DIVISION OF RESPONSIBILITY BETWEEN THE BOARDS

The County Employees Retirement Law of 1937 (CERL) provides the legal authority and definition for the responsibilities of the Boards. (Cal. Gov't Code §§ 31450 *et seq.*) Section 31520 provides that, "Except as otherwise delegated to the board of investment and except for the statutory duties of the county treasurer, the management of the retirement system is vested in the board of retirement." Section 31520.2(b) provides, the BOI "shall be responsible for all investments of the retirement system." The BOI is also responsible for actuarial matters. (See, e.g., Cal. Gov't Code §§ 31453, 31454.) The Boards share certain responsibilities, including approval of the annual budget (Cal. Gov't Code § 31580.2) and the appointment and compensation of the CEO and other personnel (Cal. Gov't Code §§ 31522.1, 31522.2, 31522.4).

APPLICATION IN AN EMERGENCY

In an emergency, the BOR is responsible for the day-to-day administration of the fund, and the BOI is responsible for overseeing investment portfolio and actuarial matters. Authority for expenditures necessary during an emergency are likewise divided along the same lines. Expenditures needed to address an emergency in progress, such as COVID-19, do not become part of a special joint budgeting process, except to the extent the emergency may require changes in future projected expenditures In the regular annual

budget that may be triggered by the emergency. The BOR has authority to incur such expenses as are necessary to address the emergency, and the BOI has authority to oversee emergency decisions regarding investment and actuarial matters.

In an emergency in progress, the BOR is not required to confer with the BOI to make expenditures needed to address administrative needs of the organization, and the BOI is not required to confer with the BOR in approving expenditures to address investment needs. A different result would interfere with the responsibilities assigned to both Boards by CERL, and impede both the administration and investments of the fund.

BOR AND BOI ACTIONS DURING COVID-19

Both of the Boards followed this legal division of responsibility during COVID-19.

At its March 23, 2020 meeting, the BOI granted temporary delegated authority to the CIO to address needs and opportunities presented by COVID-19, clarifying authority already granted in the Investment Policy Statement.

Similarly, at its April 9, 2020 meeting, the BOR granted emergency purchasing authority to the CEO to meet LACERA's administrative needs during the COVID crisis. (A copy of the April 9 Board meeting memo is attached as Exhibit A.) This action was an extension of the CEO's existing emergency purchasing power already in place as stated in Section 16 of the Policy for Purchasing Goods and Services, approved by the BOR on November 6, 2019. (A copy is attached as Exhibit B.) Indeed, in the interest of transparency and good controls, the CEO requested that the April 9, 2020 authority place additional guardrails around the use of the existing emergency power in terms of amount, prior consultation with the BOR Chair and Vice Chair, and reporting to the BOI. This action did not involve the annual budgeting process conducted by the both Boards, and did not require prior review or action by the BOI.

CONCLUSION

The April 9, 2020 BOR action was within the BOR's authority for administration of the system under CERL. No approval by the BOI was required since the scope of the authorization is limited to administrative purchases needed to further the operations of LACERA during the COVID crisis, which is a matter for the BOR. The BOR's action was consistent with emergency authority that the BOR had already given to the CEO in the existing Policy for Purchasing Goods and Services.

Attachments

c: Santos H. Kreimann
JJ Popowich
Jonathan Grabel
Kimberly Hines

EXHIBIT A
BOR Memo in Support of
April 9, 2020 Action



April 8, 2020

TO: Each Trustee
Board of Retirement

FROM: Santos H. Kreimann
Chief Executive Officer

FOR: April 9, 2020 Board of Retirement Meeting

SUBJECT: Emergency Motion to Confirm CEO's Purchasing Authority to Address the Needs of the COVID-19 Crisis

RECOMMENDATION

- 1) That the Board of Retirement find that an emergency exists within the meaning of Government Code Sections 54954.2(b)(1) and 54956.5(a)(1) and (b)(1) due to the existence of circumstances relating to the impact of COVID-19 on LACERA, its staff, and members that constitute a "crippling activity, or other activity that severely impairs public health, safety, or both, as determined by a majority" of the Board and that "prompt action is necessary due to the disruption or threatened disruption of public facilities."
- 2) That the Board of Retirement grant the Chief Executive Officer emergency purchasing authority up to and including a total of \$1,000,000, above his existing authority, for goods and services deemed necessary by the CEO, after consultation with the Chair and Vice Chair of the Board of Retirement, to enable LACERA to address the COVID-19 emergency. Notice of any expenditure under this authority will be provided to the Board of Retirement at its next meeting, with a copy to the Board of Investments. This authority will expire within 180 days, unless renewed by the Board.

LEGAL AUTHORITY

1. Emergency under the Brown Act.

The facts of the emergency are well known. However, to recap: On March 4, 2020, the Governor of California issued a proclamation of a public health emergency. On the same day, the County and City of Los Angeles, as well as the City of Pasadena where LACERA's offices are located, issued their own declarations of emergency, which were later revised and expanded. On March 13, 2020, the President declared a national emergency. On March 19, 2020, the Governor and the City of Los Angeles issued stay at home orders, and the County of Los Angeles and the City of Pasadena issued safer at home orders, all of which have also been updated. The final duration of these orders is unknown. As of April 7, 2020, there are 374,329 COVID cases, and 12,064 deaths in the United States, and 6,608 cases and 164 deaths in the County of Los Angeles. As of April 6, 2020, there are 15,865 cases and 374 deaths in California.

As a result of the COVID-19 crisis, LACERA closed its operations to the public and has attempted to shift as many of its employees as possible to teleworking, although this effort has been impacted

by available technology and equipment. The Member Service Center is closed to in person visits, and operations in the Call Center have necessarily been revised to permit some remote activity subject to current technology and equipment resources. Other member-facing operations, including Benefits, Quality Assurance, and Retiree Healthcare, have been similarly affected. All of LACERA's other operations have also been impacted. While LACERA continues, and will continue, to meet its retiree payroll, properly manage the investment portfolio, and maintain member service, the impact is nevertheless present in all aspects. Management must continue to mitigate the effects of the crisis throughout the organization.

These facts will support the Board in finding that an emergency exists under the Brown Act so as to permit consideration of this item at the April 9, 2020 meeting.

2. The CEO's Purchasing Authority.

As to the Chief Executive Officer's spending authority, it is an administrative matter within the authority of the Board of Retirement. The Board has plenary authority and exclusive fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution.

Section 7 of the Board-approved Policy for Purchasing Goods and Services provides that, "The ultimate responsibility for purchasing the best goods and services at reasonable costs lies with the Board of Retirement and Board of Investments. Consistent with the Boards' fiduciary duties, the Boards delegate such responsibility to their Chief Executive Officer to facilitate efficient administration of the retirement system." The Policy further sets processes and limits for staff purchasing authority up to and in excess of \$150,000. However, Section 13.1.1 of the Policy provides that, "Board of Retirement approval is required unless specifically approved as part of the annual budget adoption."

With regard to emergencies, Section 16 of the Policy provides that, "Response to an emergency may require immediate action by staff to acquire equipment and services. In such a case, the Chief Executive Officer or their designee may make reasonable and responsible procurements of goods and services beyond the usual discretionary limits." Section 16 further provides that, "If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board certification that the condition and circumstances required an emergency purchase." Therefore, the Policy currently gives the CEO the power to make whatever expenditures are necessary to address an emergency, subject to Board ratification.

The Board's plenary authority includes the power to address issues of policy interpretation and application.

DISCUSSION

1. Examples of LACERA's Emergency Needs.

To address the current COVID-19 emergency, it will serve LACERA's interests for the CEO to have flexibility in exercising his purchasing authority under the Policy, and to clarify interpretation

and application of the Policy in advance, to mitigate the effects of the crisis and enable LACERA to fulfill its Mission as effectively as possible.

For example, the CEO has identified technology and equipment resources needed to maximize the productivity of staff when teleworking. The CEO has also identified a need for additional technology and equipment to facilitate remote operation of the Call Center, which provides important member support. During the emergency, Systems staff have performed well in extending the current technology for remote operations. However, LACERA's experience since the emergency began a month ago has shown that additional technology and hardware are immediately needed to address organizational needs in a disruption such as COVID-19 when it is not possible for all staff to work in our offices in Pasadena.

Remote Computing. To address teleworking, the CEO anticipates a vendor contract to assist LACERA, through the Systems Division and other staff, to properly enable, configure, secure, and provide proper governance for remote computing, including file access, collaboration, and application deployment. Of particular importance, the implementation aims to minimize the risks introduced by enabling a remote workforce. This contract is expected to be of approximately 10-12-week duration. Teleworking will be more effective when staff have a properly deployed remote computing infrastructure. In that the duration of the COVID-19 emergency is unknown, and specifically given the uncertainty about a possible "second wave" of infection as early as the fall of 2020, it is an organizational imperative to advance teleworking capability. The contract for this work is currently in negotiation between the vendor and LACERA Systems and Legal staff working together, and is expected to be ready for execution soon. If LACERA does not confirm the engagement promptly, the vendor will redeploy its resources, which are very much in demand at the present time, to other customers.

Remote Call Center. With respect to the remote call center, LACERA Systems, Member Services, Retiree Healthcare, and Legal staff members have worked effectively together, under the guidance of the Executive Officer, to identify a product, customize scripts and other documentation that would be needed by LACERA, and begin testing. This is a priority project because of the importance of a fully functioning Call Center to members, even in times of emergency. The remote call center will enable calls to be received, routed, and handled by LACERA staff from their homes, in conjunction with remote access to other technology. LACERA's goal is to operationalize a remote call center in the near future. As with remote computing, the vendor involved in the call center project will move its resources elsewhere during this busy time of crisis unless LACERA moves quickly to confirm and complete the engagement.

Other Consulting Services. LACERA also requires the flexibility to procure additional consultant services and supplies for security enhancements, data protection, software licenses, applications and other vital equipment that may be needed in an expedited timeframe.

In addition to software, the remote computing and remote call center projects, and any other information technology projects, will require additional hardware, including computers and peripherals, headsets, and similar equipment, in order to be effective.

These three projects are cited only as examples of emergency needs in process now.

2. *Clarifying the CEO's Emergency Authority.*

While the current Policy for Purchasing Goods and Services, as shown from the discussion above, already provides the CEO with unlimited emergency authority (subject to subsequent Board ratification), the magnitude of the needs presented by COVID-19 are so great that it would be helpful and enhance efficiency and efficacy to clarify the authority in advance. The remote computing project is likely to exceed the CEO's non-emergency dollar authority under the policy. The \$1,000,000 limit proposed in the recommendation supplements the Policy by adding an initial estimate, based on the CEO's current best estimate, of the range of authority that may be needed to address COVID-19 during the next 180 days. In addition, the RFP requirements of the Policy, which are necessary and important in normal times, will slow down emergency work, such as these three projects, that must be completed as quickly as possible; the administrative delay caused by an RFP would be weeks if not months. Finally, the Board ratification process introduces a procedural step that will take time away from these projects and consume valuable administrative and Board resources. The same issues will be present with other emergency needs.

The Policy recognizes that the CEO must be trusted to make purchases reasonably required to address an emergency, regardless of amount. This item will enhance the emergency purchasing process by providing advance approval of up to a total of \$1,000,000, subject to reporting at the next Board meeting after each expenditure so that there is transparency to the Boards and all stakeholders. The recommendation grants this authority only for a period of 180 days, subject to renewal, to provide for review at that time.

CONCLUSION

For these reasons, the requested clarification of the CEO's authority will assist LACERA in moving ahead quickly, and avoid delay, with projects greatly needed to address the COVID-19 emergency.

SHK:sr

cc: JJ Popowich

Jonathan Grabel

Steven P. Rice

Kimberly Hines

James Brekk

Bernardo Buenaflor

Allan Cochran

Derwin Brown

EXHIBIT B
Policy for Purchasing of
Goods and Services



POLICY FOR PURCHASING GOODS AND SERVICES

Adopted Date: November 6, 2019

POLICY FOR PURCHASING GOODS AND SERVICES

Responsible Manager	Kimberly D. Hines, Manager, Administrative Services Division
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1. Purpose

The purpose of this policy is to establish guidelines for the procurement of goods and the selection of service providers for LACERA.

It is LACERA's objective to select the best goods and services available at the best value, while acting in a manner that is consistent with statutory requirements, fiduciary responsibility, and LACERA's Values.

Vendor selection for goods and services will be transparent, objective and free from bias. Competition increases the cost-effectiveness of the process and ensures that LACERA will obtain qualified goods and services providers.

2. Legal Authority

The Board of Retirement and the Board of Investment has discretion to adopt such policies as they deem prudent as part of their plenary authority and fiduciary responsibility for administration of the system, under Article XVI, Section 17 of the California constitution.

3. Scope

This policy applies to all LACERA Trustees and staff, including all full-time, part-time and contract employees.

4. Conflict of Interest

LACERA is committed to the principles of impartiality and objectivity. It is the practice of LACERA to identify, and avoid organizational conflicts of interest before entering into procurement transactions.

A conflict of interest situation exists when a LACERA Trustee or staff member has even the appearance of an interest or a potential interest of any kind in a contract, agreement or financial relationship in which LACERA has an interest or potential interest. In relationships with vendors, the appearance of a conflict or potential conflict can be created by non-monetary interests such as gifts and business courtesies, and social or personal relationships.

LACERA Trustees and staff are expected to be free of the appearance of interests or relationships that are actually or potentially detrimental to the organization. They shall not engage or participate in any procurement transaction involving LACERA in which they have an actual or potential interest or conflict under applicable law. For additional

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information see LACERA's Code of Ethical Conduct. Questions on conflict of interest issues should be directed to the Legal Office.

5. Observance of a Quiet Period

There shall be a quiet period to ensure that the process of selecting a contractor is efficient, diligent and fair. The quiet period is a "no contact period" during the procurement process and is intended to establish guidelines by which Trustees and staff will communicate with prospective vendors. Questions concerning the quiet period should be directed to the Legal Office.

- A. The quiet period shall be maintained after the issuance of a solicitation and continue until a final selection is made or the process is otherwise terminated.
- B. Initiation, continuation, and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations.
- C. During the quiet period, all Trustees and staff, except for designated LACERA contact persons, shall refrain from communicating with contractor candidates regarding any product or service offered by the candidate, except as permitted by Subsection F below.
- D. During the quiet period, no Trustee or staff member shall accept meals, travel, lodging, entertainment, or any other good or service of value from the candidates.
- E. If any Trustee or Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Trustee or Staff member shall refer the candidate to the designated LACERA contact person and report the contact to the Chief Counsel.
- F. The quiet period does not prevent Board approved meetings or communications by Staff with an incumbent contractor that is also a candidate provided that their communication is strictly limited to matters necessary in connection with the contractor's existing scope of work. The quiet period does not prevent Board approved meetings and communications by staff with any candidate to the extent such communication is necessary as part of a due diligence process or necessary in connection with other pending LACERA business. Due diligence will be overseen and approved in advance by the responsible Board or Boards or the authorized staff with contracting authority, and not independently by Board members or staff.

Other than due diligence or other pending LACERA business, discussion related to the pending selection is not permitted during these activities.

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G. A contractor candidate may be disqualified from a search process for a violation of the quiet period.

6. Confidentiality

Procurement Staff maintains regular contact with many individuals and companies seeking to initiate or expand business relations with LACERA.

LACERA is committed to fair and ethical business practices that encourage competition and enhances our supplier relationships. A cornerstone of this policy is maintaining the confidentiality of all supplier proposals, quotations, prices, contracts and other proprietary materials during the bidding process. These materials are not to be disclosed in any way to other suppliers, outside organizations or to any unauthorized persons.

After completing the procurement process, proposals, purchase orders and other non-exempt information of a public nature shall be available for public inspection upon request under the Public Records Act.

7. Purchasing Authority

The ultimate responsibility for purchasing the best goods and services at reasonable costs lies with the Board of Retirement and Board of Investments. Consistent with the Boards' fiduciary duties, the Boards delegate such responsibility to their Chief Executive Officer to facilitate efficient administration of the retirement system.

Similarly, the Chief Executive Officer (CEO) further delegates purchasing responsibility to LACERA's Purchasing Agent. The Administrative Services Division Manager is the Purchasing Agent for LACERA, subject to the terms of this Policy.

For Investment related services, purchases are delegated to the Chief Investment Officer in accordance with the Procurement Policy for Investment-Related Services.

Procurement of services necessary to adjudicate disability retirement applications, such as Panel Physicians, Hearing Officers, and outside disability counsel are deemed exempt from the Contracting Authority set forth in this policy.

A budget for goods and services shall be approved by the appropriate Board or Boards through either the annual budget process or specific Board action related to the specific procurement.

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8. Centralized Purchasing

LACERA employs a centralized procurement unit within the Administrative Services Division that is charged with purchasing for the various organizational units of LACERA.

Buyers are authorized purchasing agents of the Administrative Services Procurement Unit. Buyers perform all necessary acquisition steps, including:

- Bidding and price negotiation
- Placing orders for goods
- Purchase order processing
- Receipt of purchased goods

Staff requiring supplies and other goods shall first submit written requests to the Administrative Services Procurement Unit.

Similarly, staff interested in contracting for services, shall contact the Administrative Services Procurement Unit to initiate the contracting process.

Buyers and Contract Administrators must document all transactions according to established procurement procedures and maintain such documentation for audit purposes.

9. Collaboration and Consultation

Prior to purchasing a new product or service, requesting divisions should consult with other primary users and stakeholders to ensure the new purchase will meet organizational needs.

10. Purchasing Methods

LACERA uses the following methods of performing transactions with vendors.

Corporate Credit Card Purchases are used by authorized LACERA staff members when making purchases in accordance with LACERA's Corporate Credit Card Policy.

Payment Request (Direct Payments) are issued for subscriptions, registrations, fees, professional licenses and other regulated costs that cannot be bid or negotiated. Payment is made directly to suppliers without the issuance of a purchase order.

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Purchase Order is a written authorization from a buyer (LACERA), for a supplier to deliver specified goods and services to the buyer (LACERA) at the price, quality level, delivery date, and other terms specified.

Contract is used to purchase goods and services where a purchase order is not adequate to describe all the terms and conditions, and is required to be executed by both parties. Contracts are any legally binding document between two or more parties. Examples include, but are not limited to, formal agreements, letter agreements, emails confirming transaction terms, memoranda of understanding, nondisclosure agreements, licenses, leases, amendments, addenda, terms and conditions on invoices or purchase orders, and many others.

11. Solicitations

11.1 General

In broad terms, the Solicitation is the instrument by which requirements are presented to contractors to obtain offers for the acquisition of supplies, equipment, and services.

11.2 Methods

The solicitation method is influenced by factors such as speed, value and complexity. They include the following:

Request for Quotation (RFQ) a solicitation method that involves submitting a document to one or more potential suppliers eliciting quotations for a product or service. Typically, an RFQ seeks an itemized list of prices for something that is well-defined and quantifiable, such as hardware.

Invitation to Bid (ITB) a solicitation method used to invite contractors and suppliers to submit a bid on a specific service or a product. These solicitations include precise specifications and requirements that each bidding vendor must meet in order to be considered for the contract.

Request for Proposal (RFP) a solicitation method used to purchase complex goods and services that do not have standardized specifications.

11.3 Publicizing Solicitations

Solicitations of goods and services exceeding \$150,000 require public advertisement.

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Solicitations shall be publicized, for a sufficient amount of time to allow interested firms to develop a thorough proposal. Solicitations shall be placed on LACERA's website and can be advertised in newspapers and professional publications. The advertisement period is 30 days unless LACERA has an urgent need for the service or product which would not allow the posting to run the full 30 days.

Publicizing out-sourcing solicitations lends transparency to the process, increases cost-effectiveness, promotes fairness, and expands opportunities for small, women-owned and minority-owned businesses.

11.4 Approvals

Administrative

Release of an RFP affecting administrative and operations activities, require approval by the Operations Oversight Committee, with the results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

Retiree Health Care

RFPs or other solicitations related directly to Retiree Health Care benefits, such as health care plans and insurance, are approved for release by the Insurance, Benefits and Legislative Committee, with results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

External Audits

RFPs or other solicitations related to audits performed by external auditors are approved for release by the appropriate Board Committee with results and recommendations returned to the respective Board for approval.

12. Competitive Bidding

Competitive bidding is the process that allows LACERA to properly survey the marketplace and secure goods and services at a fair price. Competitive bidding also reduces the risk of fraud and promotes fairness. Competition should be attempted and obtained for any purchase where competition is available. The bidding process is primarily determined by the estimated value of the procurement request and consists of the following:

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12.1 Informal Bidding

Generally reserved for non-complex solicitations where the description of the goods and services can be clearly stated. Quotes are obtained by less formal means such as an internet page, via email, catalogs, price lists, and letters.

12.2 Formal Bidding

Solicitations that require a more detailed description and explanation. These solicitations include precise specifications and requirements that each potential vendor must meet. Depending on the dollar amount, formal bids require public advertising.

13. Purchasing Process

13.1 Procurement of Equipment and Other Goods

13.1.1 Purchasing Schedule

To begin the process of purchasing equipment and other goods, the purchaser will submit a written request to the Administrative Services Procurement Unit.

Buyers shall comply with the following:

- A. Procurements **up to \$5,000** may be made without securing competitive prices if the Buyer is able to determine that the price is reasonable through personal knowledge of the product or by comparing the price with a recently paid price, or the price of similar items.
- B. Procurements **between \$5,001 and \$150,000** require a minimum of three (3) written bids/proposals, Activities in this category require approval by the Administrative Services Division Manager, or approved designee.
- C. Procurements **over \$150,000** require a formal solicitation process including public advertising, and a minimum of three (3) written bids/proposals. Formal solicitation may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Manager and the Chief Executive Officer or authorized designees. Board of Retirement approval is required unless specifically approved as part of the annual budget adoption.

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LACERA shall develop maximum competition for purchases and to make awards based on the best value for the goods or services rendered to determine the best value bidder consideration shall be given to price, delivery time, quality, compatibility, references, experience, parts and service. Additionally, the Buyer may take into consideration reputation, business and financial capabilities.

If the buyer is unable to obtain the three required quotes, the contact information of a minimum of five vendors must be documented.

Buyers may not split purchase transactions or take any other action in order to circumvent the competitive process or the legal review process.

All competitive bids shall be maintained and recorded for audit purposes.

13.1.2 Vendor Lists and Master Agreements

Vendor Lists are comprised of current suppliers and other known vendors, including those who have formally requested to participate in competitive bidding within their respective areas of specialization.

Buyers shall refer to existing Vendor Lists when making purchases or soliciting bids.

Buyers shall periodically (at least annually) update their Vendor Lists to provide new, interested suppliers, as well as current vendors, the opportunity to participate in future competitive bidding.

Buyers shall give reasonable notice to suppliers on existing Vendor Lists when soliciting bids. Communication should include e-mail notification where possible.

Master Agreements, wherein costs for goods and services are established for an extended period, help control costs and promote timely delivery, particularly where recurring or routine purchases and common services are concerned. Vendors providing routine goods or recurring services may be awarded Master Agreements for specified commodities as the result of competitive bidding.

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13.2 Contracting for Services

Service is the performance of labor or professional consulting by an outside firm or contractor for LACERA. It can be rendered to LACERA by a firm or individual, with or without the furnishing of materials. Contracts are to be used whenever services are needed regardless of the dollar amount.

To begin the process of contracting for services, the purchaser will submit a written request to the Administrative Services Procurement Unit.

A Contract Administrator is the Division Manager or designee that performs all the necessary steps involved in the preparation, negotiation, formulation, administration, and closeout of contractual agreements. This includes the solicitation and the competitive bidding process. The Contract Administrator also oversees the performance of the contract, tracks the payments and ensures that both parties meet the various obligations set forth in the contract.

13.2.1 Contract Signing Authority

- A. Contracts with a total value **up to \$5,000** do not require competitive bidding and the requesting Division Manager may select the qualified vendor and sign the contract.

- B. Contracts with an annual amount **between \$5,001 and \$25,000** require a minimum of three (3) written bids/proposals. Activities in this category require approval by the Administrative Services Division Manager, or authorized designee and can be signed by the requesting Division Manager. Due diligence must be performed and documented to justify the vendor selection and may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). At a minimum, such due diligence must include the following elements:
 - 1. A description of the service to be provided by prospective vendor
 - 2. An evaluation of prospective vendor's qualifications
 - 3. An evaluation of the reasonableness of prospective vendor's fees
 - 4. An evaluation of the prospective vendor's security and privacy policies if the contract is to provide services that permit vendors to access any member data, personal information (PI), personal health information (PHI), or other business critical information or when they provide access to LACERA's systems or files

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- C. Contracts with an annual amount **between \$25,001 and \$150,000** require a minimum of three (3) written bids or proposals and due diligence as described above in section 13.2.1.B. Contracts in this category require approval by the Administrative Services Division Manager, or designee, and must be signed by the Chief Executive Officer, or authorized designees.

- D. Contracts that **exceed an annual amount of \$150,000** require a formal solicitation process including public advertising. Contract Administrators shall solicit bids or proposals through a formal solicitation process that shall include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Division Manager, Chief Executive Officer, or authorized designees and the Board of Retirement.

Aggregate service purchase orders or contracts to any single vendor for a project or a similar type of service cannot exceed the total value for any of the three value categories listed above. Contracts may not be split in order to circumvent the competitive process.

Services contracts that are bundled with a purchase of equipment or software, and the service component is less than or equal to 40% of the total cost are deemed to be a purchase of equipment and other goods and would fall under the requirements of Section 13.1 the Procurement of Equipment and other Goods section of this policy.

Documentation must be maintained in accordance with the Records and Information Management Policy by the Contract Administrator and in accordance with procedures for storing contracts in the LACERA Contract Management System. In addition, all information supplied by vendors in their bids, quotations or proposals must be held in strict confidence by the person(s) evaluating the bid, quotation or proposal and may not be revealed to any other vendor or unauthorized individual.

13.2.2 Fee Schedule or Hourly Rate Contracts

For contracts that require a fee schedule for services (i.e. hourly rates) and do not have a fixed value, the Contract Administrator must determine the estimated annual value of the contract, based on the scope of the services. Prior to the execution of the contract, the Contract Administrator must verify the appropriate level of signature authority specified in Section 13.2.1 of this Policy. Fee Schedule contracts should contain a “not to exceed amount” in the agreement. During the course of the agreement, the contract value may

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increase beyond the original approved value threshold, requiring next level signature authority approval. Written justification must be submitted to appropriate signature authority by the Contract Administrator well in advance to allow sufficient time for the approval process.

13.3 Information Technology Purchases

Procurement of information technology products or solutions must be initiated and processed with the full knowledge, direction, and consent of LACERA's Systems Division, regardless of cost, to ensure compatibility with LACERA's current technology environment.

13.4 Procurements Exempt from Competition

Certain limited circumstances sometimes warrant exemption from the competitive solicitation process. Such circumstances require documented justification explaining the exceptional need for exemption and approval by the Administrative Services Division Manager. Exemptions include the following:

13.4.1 Emergency Purchases - For guidelines, See Section 16 Emergency, Time Sensitive or Confidential Purchases.

13.4.2 Sole-Source or Single Source Purchases. A Sole-Source procurement is one in which only one vendor is capable of supplying the commodity or service. This may occur when the goods or services are specialized or unique in character. Sole means "the one and only." Single-Source procurement is one in which, although two or more vendors supply the commodity or service, a specific vendor is selected for substantial reasons thereby eliminating the competitive bidding process. Single means "the one among others."

Examples include:

- When products are of a proprietary nature.
- When the use of alternatives would compromise existing contracts, service agreements or business strategies.

13.4.3 Leveraged Procurement Agreement (LPA) / Piggyback – LPAs allow agencies to buy directly from suppliers through existing contracts and agreements negotiated by other agencies. LPAs are available to Federal, State, county, city, special district, education and other government entities.

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13.4.4 Renewal of Software Licenses, Operating System Maintenance, or System Maintenance Services: Where LACERA has procured equipment, software, and operating systems for its use, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller.

14. Contract Development

14.1 General

Contract development is a joint effort involving the LACERA Contract Administrator, LACERA's Administrative Services Division LACERA's Legal Office, designated LACERA and vendor staff and LACERA's Systems Division and Internal Audit, when appropriate.

14.2 Term of Contract

Contracts shall be limited to a maximum of five (5) consecutive years with an optional extension of up to an additional two (2) years, with approval by the Chief Executive Officer or designee. Contract term extensions must be reported to the Operations Oversight Committee at the next meeting.

14.3 Insurance

Immediately after award and prior to the start of performance, a Certificate of Insurance shall be obtained from the contractor as evidence that insurance policies providing the coverage specified in the contract are in full force and effect. Contract Administrators shall review certificates of insurance to ensure that the coverage and limits of insurance specified in the Agreement remain in full force and effect throughout the performance period.

14.4 Information Security Due Diligence

As part of initial and ongoing due diligence required by Contract Administrators, a SOC-2 (system and organizational controls) Type II, or an agreed upon alternate report must be received from vendors that will have access to confidential information as determined necessary by staff with contracting authority in consultation with the Legal Office. A SOC-2 Report (or agreed upon equivalent), more formally known as Service Organization Control 2 Report, reports on a vendor's organizational controls related to security, availability, processing integrity, confidentiality, or privacy. To confirm these controls, site visit inspections are to be included when appropriate.

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LACERA's Information Security Officer must approve the SOC-2 Type II or equivalent report is to be submitted, reviewed and documented by LACERA's Information Security Officer prior to entering into a contract. The report is to also be requested as part of ongoing due diligence for vendors that receive or obtain LACERA member and other security and privacy related data.

14.5 Legal Office Review

All contracts, for goods or services exceeding \$5,000 shall be reviewed and approved as to form by LACERA's Legal Office. LACERA staff responsible for managing contracts is responsible to consider potential risks to the organization associated with contract amounts of \$5,000 or less. Legal review and approval is required for these contracts if it is determined that a breach of the contract could result in a material adverse impact to LACERA.

Staff responsible for requesting legal review will meet and confer with the Legal Office to agree upon a reasonable time frame for completion of the review. Staff is responsible to ensure that, where legal review is required, the Legal Office is provided and has reviewed and approved the final version of the agreement before it is executed. Staff will provide the Legal Office with all information and documents that are necessary to complete the review.

Before a contract is signed, the Legal office will confirm its review and approval in writing.

15. Contract Administration

15.1 Contract Administrator Responsibilities

Before approving the contract and related payments, the Contract Administrator must verify that the contract meets LACERA's requirements and that any payments specified in the contract are appropriate. The Contract Administrator also oversees the performance of the contract and ensures that both parties meet the various obligations set forth in the contract

The Administrative Services Division Contract Management Unit and the Budget Unit also support the contract administrator by verifying the appropriateness of all payments made.

The Contract Administrator is responsible for ensuring that the parties to the contract adhere to it, and that all issues are addressed and resolved.

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15.2 Contract Monitoring

Each Division is responsible for monitoring its contracts on an ongoing basis and administering its terms and conditions.

In addition, LACERA's Internal Auditors shall periodically review the contracting and contract administration process. Internal Audit may review the Statement of Work and the Payment Schedule of a given contract to ensure that the payment points coincide with completed deliverables.

Internal Audit may review the payment process at any time throughout the engagement to ensure that payments are made for completed tasks only.

15.3 Contract Management System

All executed contracts will be sent to the Contract Management Unit in Administrative Services for imaging and import into the Contract Management System. The Contracts Management Unit supports the Contract Administrator by providing periodic reports to alert when contracts, insurance certificates and due diligence system security reports are set to expire.

16. Emergency, Confidential or Time Sensitive Purchases

An emergency is any condition that may affect LACERA's ability to conduct normal and routine business, any condition that may affect the health, safety and welfare of LACERA staff or members, or any condition which may impair LACERA's legal rights. Failure to anticipate a need is not, of itself, considered a bonafide emergency

Response to an emergency may require immediate action by staff to acquire equipment and services. In such a case, the Chief Executive Officer or their designee may make reasonable and responsible procurements of goods and services beyond the usual discretionary spending limits. In addition, Corporate Card spending limits may be increased as needed in accordance with LACERA's Corporate Credit Card Policy. If circumstances permit, also subject to Legal Office review under Section 14.5.

Within 7 calendar days of the purchase, a complete description of the emergency and justification for the purchase must be documented, approved and submitted to the Administrative Services Division Manager and the Chief Executive Officer according to the spending thresholds as outlined in Section 13.1 and 13.2. If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board certification that the condition and circumstances required an emergency purchase.

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Purchases requiring confidentiality may be purchased without notification of the Procurement Unit, but appropriate documentation (redacted if necessary) must be forwarded to the Administrative Services Division Manager and the CEO in accordance with the paragraph above.

17. Supplier Diversity

LACERA values diversity and inclusion. In complete alignment with diversity initiatives across the organization, LACERA is committed to fostering diversity in its procurement process through the inclusion and utilization of small and diverse businesses. LACERA recognizes that supplier diversity provides a broad array of choice and contributes to the expansion of the local marketplace. In addition, when we diversify the supplier portfolio, it increases our ability to secure better pricing, higher quality products and services through increased competitive bid participation.

We actively seek to foster business relationships with diverse suppliers who respect and reflect LACERA's value of diversity and inclusion, offer high-quality goods and services, competitive pricing and premium customer service. Currently we identify Minority, Women and Disabled Veterans suppliers by partnering with the Los Angeles County Business Enterprise (CBE) Program. CBE is a program that LA County uses to certify businesses to be included in the County's CBE listing. LACERA Purchasing agents use this listing to identify and invite diverse vendors to participate in the bidding process.

18. Environmental Awareness

Environmental impact should be considered in purchasing decisions, when appropriate. LACERA Purchasing Agents will consider the use of products and services that impact the environment less than competing products, when it is a best value decision to do so. A best value decision based on a thorough total cost of ownership analysis considers the initial cost of the item, delivery time as well as factors such as:

- **Energy Efficiency.** Purchase equipment that is Energy Star-rated (or, if there is no Energy Star rating, equipment that is highly energy efficient). Energy Star is a program helping businesses and individuals protect the environment through superior energy efficiency.
- **Shipping Materials.** Purchase products that are shipped in containers that are returnable or reusable and made from recycled content (i.e. cardboard boxes).
- **Recycled Content.** Purchase products made with recycled content suitable for the intended use.

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19. Procedures Manual

The Administrative Services Division Purchasing Unit shall be responsible for preparing and maintaining a procedures manual that details the purchasing process and any delegated duties and defined terminology. This procedures manual shall include this policy and must be approved by the Chief Executive Officer. These procedures may be modified at any time as deemed necessary, provided that the procedures remain within the framework of this policy.

In the event that there is a conflict between this policy and the procedures manual the policy shall prevail.

20. History

20.1 Approvals.

As the scope of this Policy applies to all Trustees and LACERA staff and has an organization-wide effect concerning the administrative governance of the organization, the following approvals are required.

20.1.1 Recommendation by Operations Oversight Committee

20.1.2 Approval by Board of Retirement

20.2 Current Status

20.2.1 Original Effective Date: December 15, 2005

20.2.2 Last Updated: December 15, 2005

20.2.3 Mandatory Review [Two years after Original Effective Date]

20.3 Versions

20.3.1 Version 2