LIVE VIRTUAL COMMITTEE MEETING

*The Committee meeting will be held following the Committee meeting scheduled prior.

TO VIEW VIA WEB

TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you are requesting to speak, please include your contact information, agenda item, and meeting date in your request.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

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, MAY 5, 2021 - 9:00 A.M.**

This meeting will be conducted by the Operations Oversight Committee by teleconference under the Governor's Executive Order N-29-20.

Any person may view the meeting online at
https://members.lacera.com/lmpublic/live_stream.xhtml

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

COMMITTEE MEMBERS:

Shawn R. Kehoe, Chair
Herman B. Santos, Vice Chair
Ronald A. Okum
Les Robbins
Vivian H. Gray, Alternate

I.   APPROVAL OF THE MINUTES

A.   Approval of the minutes of the regular meeting of April 7, 2021

II.   PUBLIC COMMENT

(You may submit written public comments by email to PublicComment@lacera.com. Please include the agenda number and meeting date in your correspondence. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

You may also request to address the Boards. A request to speak must be submitted via email to PublicComment@lacera.com no later than 5:00 p.m. the day before the scheduled meeting. Please include your contact information, agenda item, and meeting date so that we may contact you with information and instructions as to how to access the Board meeting as a speaker.)

III.   ACTION ITEMS

    A.   Recommendation as submitted by Kathy Delino, Interim Systems Division Manager: Recommend the Board of Retirement consider the IT Coordination Council's strategy for moving our current mainframe technology to a hosted, multi-tenant platform, while LACERA prepares to move to a server-based solution, and authorize LACERA to enter into a contract for such services with Mainline Information Systems at a one-time cost of $15,000, and an annual cost of $342,000. (Memorandum dated April 27, 2021)

IV.   REPORTS

    A.   <u>LACERA Operations Briefing</u>
        JJ Popowich, Assistant Executive Officer

    B.   <u>IT Plan: Staffing, Projects, and Coordination</u>
        Kathy Delino, Interim Systems Division Manager

    C.   <u>Privacy Incident: Personally Identifiable Information</u>
        Kathy Delino, Interim Systems Division Manager
        (Memo Exempt from Public Disclosure
        California Public Records Act, Cal. Gov't Code § 6254(c), (k)
        Brown Act, Cal. Gov't Code § 54957.5(a)

    D.   <u>Privacy Incident: Personally Identifiable Information</u>
        Cassandra Smith, Director, Retiree Healthcare
        (Memo Exempt from Public Disclosure
        California Public Records Act, Cal. Gov't Code § 6254(c), (k)
        Brown Act, Cal. Gov't Code § 54957.5(a)

V.   ITEMS FOR STAFF REVIEW

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.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

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, APRIL 7, 2021, 10:57 A.M. – 1:12 P.M.

This meeting was conducted by the Operations Oversight Committee by teleconference
under the Governor's Executive Order No. N-29-20.

COMMITTEE MEMBERS

PRESENT: Shawn R. Kehoe, Chair
                  Herman B. Santos, Vice Chair
                  Ronald A. Okum
                  Les Robbins
                  Vivian H. Gray, Alternate

ALSO ATTENDING:

<u>BOARD MEMBERS AT LARGE</u>

Alan Bernstein
JP Harris
Keith Knox *(left at 11:45 a.m.)*
Wayne Moore *(left at 11:20 a.m.)*
William Pryor *(left at 12:15 p.m.)*

<u>STAFF, ADVISORS, PARTICIPANTS</u>

Santos H. Kreimann, Chief Executive Officer
JJ Popowich, Assistant Executive Officer
Steven P. Rice, Chief Counsel
Bernie Buenaflor, Chief, Quality Assurance & Metrics
Annette Cleary, Assistant Director, Human Resources Division
Allan Cochran, Division Manager, Member Services Division
Kathy Delino, Interim Systems Division Manager
Elsy Gutierrez, Supervising Administrative Assistant
Maggie Luong, Benefits

<u>STAFF, ADVISORS, PARTICIPANTS</u> (Continued)

Cynthia Martinez, Chief, Communications
Carly Ntoya, Director, Human Resources Division
Bob Schlotfelt, Chief Information Security Officer

The meeting was called to order by Chair Kehoe at 10:57 a.m. As Mr. Robbins had not yet joined the meeting, the Chair announced that Ms. Gray, as the alternate, would temporarily be a voting member of the Committee.

I.   APPROVAL OF THE MINUTES

    A.   Approval of the minutes of the regular meeting of March 3, 2021

> Mr. Santos made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of March 3, 2021. The motion passed unanimously.

(Mr. Robbins arrived after the vote had been taken on the minutes.)

II.   PUBLIC COMMENT

III. REPORTS

    A.   <u>LACERA Operations Briefing</u>
        JJ Popowich

Mr. Popowich presented the monthly briefing on LACERA's operations, including the status of the Strategic Plan Goals and Operations Improvement Initiatives, progress on the "100-Day Management Report," and an update on other projects.

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

III.   REPORTS (Continued)

  B.   <u>Vacant Positions and Hiring Plan</u>
         Carly Ntoya, Ph.D.
         Director, Human Resources Division

Dr. Ntoya was present to answer questions from the Committee.

  C.   <u>IT Plan: New Hires, Vacancies, Current Job Searches,
         Future/Ongoing Projects</u>
         Kathy Delino, Interim Information Systems Manager

Ms. Delino was present to answer questions from the Committee.

  D.   <u>Overview of the Quality Assurance and Metrics Division
         Quality Auditing Program</u>
         Bernie Buenaflor, Chief, Quality Assurance & Metrics Division

Mr. Buenaflor was present to answer questions from the Committee.

  E.   <u>Mass Communication to Members</u>
         Cynthia Martinez, Chief, Communications
         Allan Cochran, Division Manager, Member Services

To provide timely information and education to members, LACERA employs traditional printed and mailed media supplemented by digital communications, depending on members' preferences. Ms. Martinez discussed the different types of media used to distribute information, i.e. letters, newsletters, mass mailings and email distributions, and lacera.com.

  F.   <u>Semi-Annual Report of Member Services</u>
         Allan Cochran, Division Manager, Member Services

Mr. Cochran presented the semi-annual report of Member Services, highlighting several accomplishments over the past six months. Although this time has also presented many challenges, Member Services continues to strive to provide the best service possible, through collaboration with business partners, innovation, and a dedication to service.

  G.   <u>Privacy Incident: Personally Identifiable Information</u>
         Elsy Gutierrez, Supervising Administrative Assistant
         (Memo and Attachments Exempt from Public Disclosure
         California Public Records Act, Cal. Gov't Code § 6254(c), (k)
         Brown Act, Cal. Gov't Code § 54957.5(a)

Ms. Gutierrez was present to answer questions from the Committee.

IV.   ITEMS FOR STAFF REVIEW

The Committee requested to bring back to the full Board the discussion of the IT positions and hiring plan.

V.   GOOD OF THE ORDER

(For information purposes only)

VI.   EXECUTIVE SESSION

A.   Potential Threats to Public Services or Facilities
(Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation with: LACERA Chief Executive Officer Santos H. Kreimann, Systems Division Interim Manager Kathy Delino, Chief Information Security Officer Bob Schlotfelt, and Other LACERA Staff.

VII.   ADJOURNMENT

The meeting adjourned at 1:12 p.m.

*The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at a subsequent meeting of the Board.

LACERA

April 27, 2021

TO: Operations Oversight Committee
                Shawn R. Kehoe, Chair
                Herman B. Santos, Vice Chair
                Ronald A. Okum
                Les Robbins
                Vivian H. Gray, Alternate

FROM: Kathy Delino
                Interim Systems Division Manager

FOR: May 5, 2021 Operations Oversight Committee Meeting

SUBJECT: LACERA's Mainframe History, Strategy, and Options

RECOMMENDATION

It is recommended that the committee recommend that the Board of Retirement consider the IT Coordination Council's strategy for moving our current mainframe technology to a hosted, multi-tenant platform, while LACERA prepares to move to a server-based solution and authorize LACERA to enter into a contract for such services with Mainline Information Systems at a one-time cost of $15,000, and an annual cost of $342,000.

EXECUTIVE SUMMARY

LACERA has a long history with mainframe technology. We are now at a crossroads with this technology and need to review our strategy and current options.

What are mainframe computers?

Mainframe computers were introduced in the 1950s. They are high performance computers with large memory and processing power that handle billions of calculations and transactions in real-time. Many large organizations use mainframes for critical applications and bulk data processing. While the technology has been declared dead many times in the past, the use of mainframes continues.

What is LACERA's history with mainframe computers?

LACERA's first Pension Administration System was developed for the mainframe in 1988 and was written in COBOL. This system provided both on-line and batch programs to

support our members from the moment they are hired, through their active membership, through their transition to retirement, and eventually supporting their survivors and beneficiaries after their passing.

LACERA has upgraded components on the mainframe over the years. The original data file structure on our mainframe was updated to DB2, IBM's relational database management system. All on-line activity was migrated to a newer Pension Administration System known as Workspace.   Workspace is written in enterprise Java, is compatible with the leading web browsers, and is a server-based solution. In 2012, 1,500,000 lines of COBOL code running on the mainframe were decommissioned. There are still many mission critical batch programs and member data on the mainframe.

While the Systems Division continues to opportunistically retire programs on the mainframe as their functionality is moved to Workspace, our current mainframe needs to be addressed. It is three generations behind current models and now has upgrade limitations. The LACERA staff that support the mainframe will be retiring and finding new, permanent resources to support mainframe technology is challenging.

In the midyear budget adjustments approved by the Board of Retirement for FY 2020-21, funding was approved to pursue a solution for our immediate mainframe challenges. The Systems Division has explored the options available to us, has presented the options to LACERA's newly formed IT Coordination Council, and is asking that the Operations Oversight Committee accept the direction recommended by the IT Coordination Council, as described below.

Mainframe Strategy

LACERA's strategy for the mainframe is to decommission it in three years. While it has been a reliable workhorse for the organization, there are no longer enough applications running on it to justify its expense. In addition, there is an established Pension Administration System to which the remaining programs could be migrated. Lastly, the member data housed on our mainframe can be ported to several other platforms and several other relational database management systems.

Mainframe Options

LACERA has three options available while continuing to use mainframe technology during the next three years.

The first option is to do nothing and stay on the current course. The existing hardware should continue to function for the next three years, and IBM should continue to provide replacement parts and technical support. Additionally, it is possible to find third-party support to continue operations during this time. However, LACERA's current hardware prevents software upgrades that are required for outstanding audit recommendations such as encryption and mitigation of data loss and downtime risks.

The second option is to modernize our on-premises mainframe.   To alleviate the upgrade limitations that can stop critical security and feature updates, a new mainframe system must be purchased. This will include backup technology that allows data be transferred electronically offsite for disaster recovery and business continuity. The hardware cost to upgrade the mainframe is estimated at approximately $800,000, and the upgrade would require professional services for an additional cost.

The final option is to migrate our mainframe to a hosted solution. Systems has identified various vendors that specialize in hosting mainframe workloads allowing their customers to use the latest hardware and software without incurring the high costs of hardware upgrades and maintenance as described above.

These vendors offer options to lease a portion of a mainframe, built and configured based on our requirements, which shares hardware resources with other customers. This is commonly known as multi-tenant and allows vendors to provide lower costs to their clients.

A multi-tenant option does come with some security concerns. While the mainframe is partitioned and includes enterprise security protocols so that no other tenant has access to each other, it is still all on the mainframe and there is a slight risk that an issue impacting one tenant may also impact another. To mitigate this risk, vendors offer the option to have a dedicated mainframe to alleviate this concern. However, this comes at a higher cost, as much as three times more than multi-tenant with some vendors. A dedicated mainframe will provide a more secure environment, but it is not recommended as our current workload is minimal for base configurations vendors provide.

Vendors are aware that security, whether in a shared or dedicated environment, is a top priority. They employ high security measures at their physical sites and in multi-tenant environments to guarantee no one can gain access to our data. Security reports (SOC) and site visits are provided to allow clients to validate their security measures.

The Systems Division and the Information Security team have vetted various vendors by focusing on the security they provide, their specialization level, the site's physical location, cost, and recommendations by their existing customers.

Justification and Recommendation

The Systems Division and the Information Security team evaluated all three options outlined above and recommend migrating to a multi-tenant, hosted solution. This migration will ensure the stability of LACERA's mission critical applications and data until we complete the transition of the programs and data to another platform.   It will provide LACERA an improved disaster recovery solution that reduces both potential

downtime and data loss. This option will also give LACERA access to the latest hardware and software without bearing the overhead cost for licensing and upgrades.

Three vendors that offer competing, hosting solutions were evaluated: IBM, Mainline Information Systems, and PSR Inc. While all three vendors are industry leaders with decades of experience in mainframe technology, the Systems Division recommends Mainline Information Systems for LACERA. Mainline stands apart because they have a superior disaster recovery solution at their primary hosting site, offer the lowest one time set up fee, will perform the migration for LACERA, and have the closest primary hosting site. In addition, Mainline has been a business partner of LACERA's for over 20 years and has an established track record of reliability, superior customer service, and strong expertise in mainframe technology

The Systems Division presented a proposal to the IT Coordination Council to enter into an agreement with Mainline Information Systems to host LACERA's mainframe operations. The Council thoroughly evaluated the bids and were unanimously in favor of the recommended proposal. While the funding for the migration and hosting services was approved in our midyear budget increases for FY 2020-21, the yearly service fees to Mainline exceed $150,000. LACERA's procurement policy requires approval from the Board of Retirement for services that exceed $150,000 a year. We ask that the Committee recommend the Board of Retirement approve the yearly service fees for mainframe hosting services.

CONCLUSION

LACERA needs to make strategic decisions for the mainframe systems and needs to determine next steps for the mission critical programs and data that run on this technology. The Systems Division plans to migrate the programs and data to a new platform in the next three years.   The new platform target is our new Pension Administration System known as Workspace. This system already contains many of the business rules that are used in the batch processes. The three-year timeframe allows the Systems Division to adequately plan and resource the project given the number of other IT projects in the pipeline for the Systems Division and the importance of the programs and data running on the mainframe. In the meantime, the current mainframe needs to be addressed. It is three generations behind, the critical staff members that support it will be retiring, and it is difficult to find resources to support it.

We ask that the Committee accepts the direction recommended by LACERA's IT Coordination Council to migrate the mainframe to a hosted solution and to use Mainline, an industry leader with an established track record, for the migration and hosting services.

THEREFORE, IT IS RECOMMENDED THAT THE COMMITEE move the item forward to the Board of Retirement for consideration and approval to move our current mainframe technology to a hosted, multi-tenant platform, while LACERA prepares to move to a server-based solution and authorize LACERA to enter into a contract for such services

with Mainline Information Systems at a one-time cost of $15,000, and an annual cost of $342,000. These funds have been included in the FY 2020-21 budget and will continue until the mainframe is migrated to a server-based solution and then decommissioned.

Reviewed and Approved.

_____
Santos H. Kreimann
Chief Executive Officer

c: JJ Popowich
        Bob Schlotfelt
        Summy Voong
        Celso Templo
        Eddie Paz

LACERA'S MAINFRAME STRATEGY

THE FUTURE OF OUR LEGACY SYSTEM

LACERA'S MAINFRAME HISTORY

- Mainframe technology has been in use at LACERA since 1988.

- LACERA's mainframe at the height of its use contained 3,000,000 lines of COBOL code

- In 2012, we decommissioned 1,500,000 lines of COBOL code

- Remaining programs are batch and reporting routines

- Remaining programs are mission critical

- Remaining data is all member data

- This member data is our operation, and we have the only copy of this data

MAINFRAME BENEFITS

- They are modern

- Extreme Redundancy

  Redundancy is the use of several identical functional units, such as several disk drives or power supply systems, within one computer system in order to provide data security and a certain degree of fault tolerance in case of hardware failures

- Scalability

  The ability of a system to expand as resources, such as processors, memory, or storage, are added

- Availability

  The recent Mainframe Systems Z series are designed to provide an availability of 99.999%

- Reliability

  Guaranteed to run continuously for 40 years without any failure

- Customization

  Mainframes are able to be completely customized to fit any need

- Compatibility

  Nearly 50 years of continuous upward compatibility and reliability

- Passionate staff support

There has not been a single incident of virus/spyware/malware attack in the last 50 years history of Mainframe.

THE STATUS OF OUR MAINFRAME

- **Aging Hardware**
  - Three generations behind
  - Primary tape library is physical media based
  - High cost maintenance ($551,252.75 / year)

- **Disaster Recovery**
  - High costs for recovery site ($82,776.00 / year)
  - High risk of data loss / RPO (up to 90 hours / 3 ½ days)
  - High downtime / RTO (up to 72 hours)

- **Staff is retiring**

- **Finding talent**

LACERA'S MAINFRAME STRATEGY

- Decommission our mainframe in 3 to 4 years

- Reengineer all Batch COBOL programs
  - Real-time transactions in Workspace and My LACERA
  - Batch Routines in Workspace Batch
  - Batch Reports in SQL Server Report Server or Dashboards in Power BI

- Migrate all member data to an on-premises or hosted relational database management system

CURRENT OPTIONS

- Do Nothing
  - Cease all software upgrades
  - Hope that IBM continues support for our current operating system release
  - Accept the risk of not implementing Internal Audit recommendations

- Modernize the existing mainframe
  - Upgrade CPU/Memory ($800,000)
  - Replace Tape Library with Digital ($250,000)

- Migrate Operations / Hosting
  - Rent a Mainframe off-premises
  - Someone else manages the hardware

MAINFRAME HOSTING (MAAS)

- ▪ More Affordable
  - ▪ It is their expertise
  - ▪ Staff manage multiple clients
  - ▪ Special pricing from manufacturers
- ▪ We Rent Space (multi-tenant) or Dedicated
- ▪ Increase / Decrease Resources as Needed
- ▪ They Manage Infrastructure
- ▪ Highly Secure Sites

BENEFITS TO LACERA

- Still a Mainframe, Just Off-Premises
  - Same connectivity
  - Same environment
  - Same workflow

-- EXCEPT --

- No Hardware to Upgrade
- No Infrastructure to Maintain
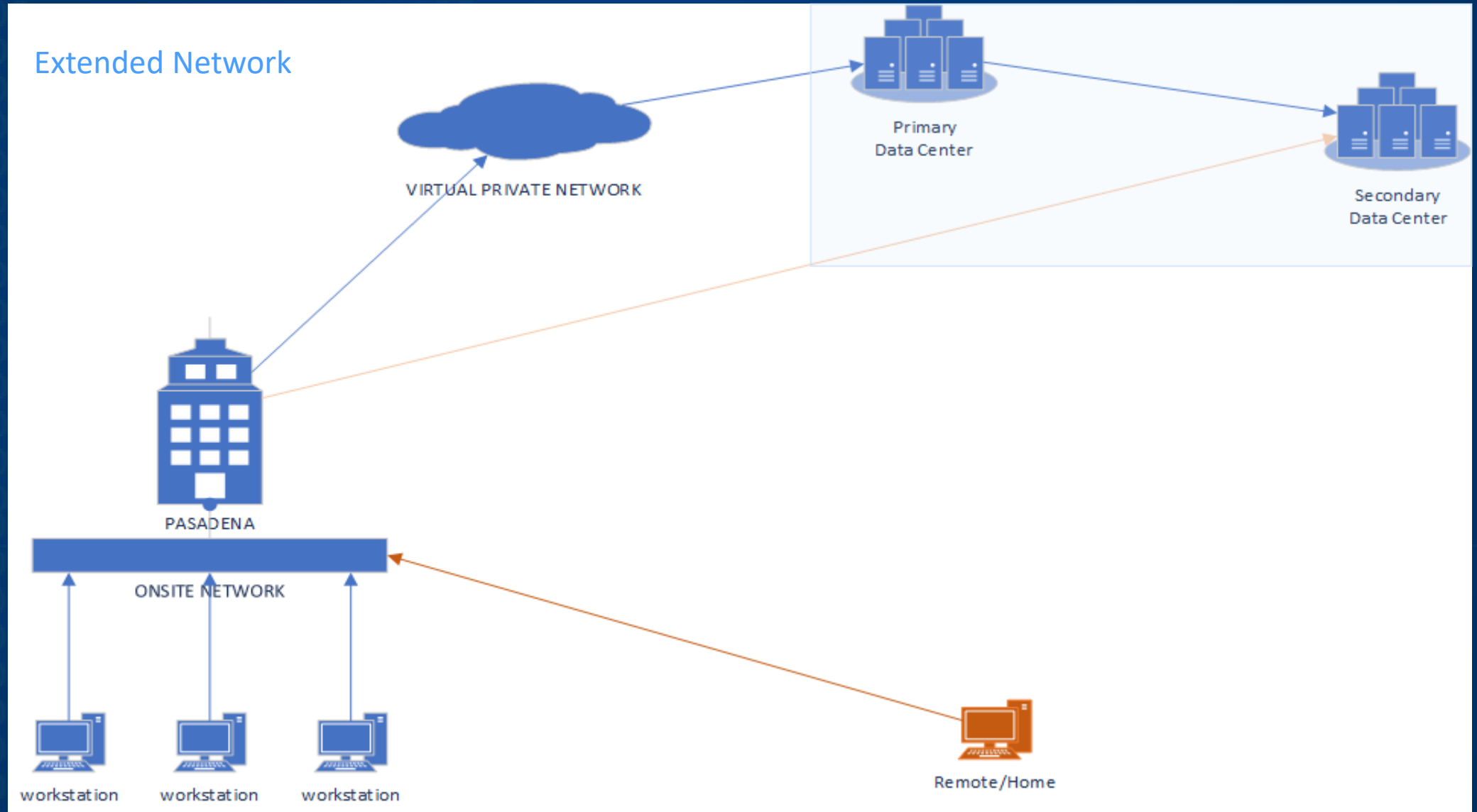- Mitigates Risks of Data Loss and Downtime

MITIGATING DATA LOSS / DOWNTIME

- Zero Downtime (Almost)
  - Primary vendor site 99.9% uptime
  - Replication to secondary site up to within 15 minutes
  - 24-Hour restore on primary disaster
- Up to 15 Minutes Data Loss
  - Data active/active replication
  - Full mainframe replication
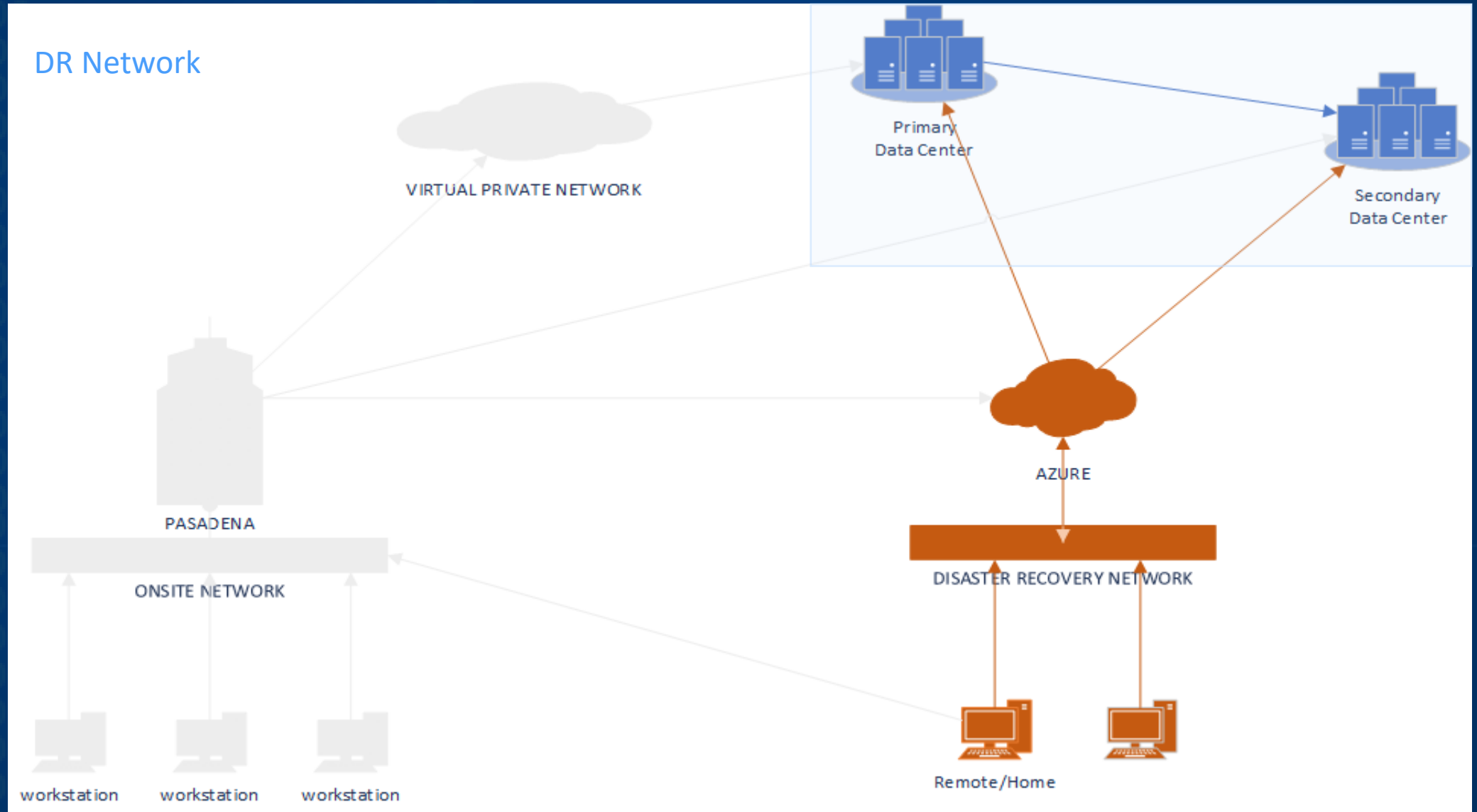 - Optional hot secondary site

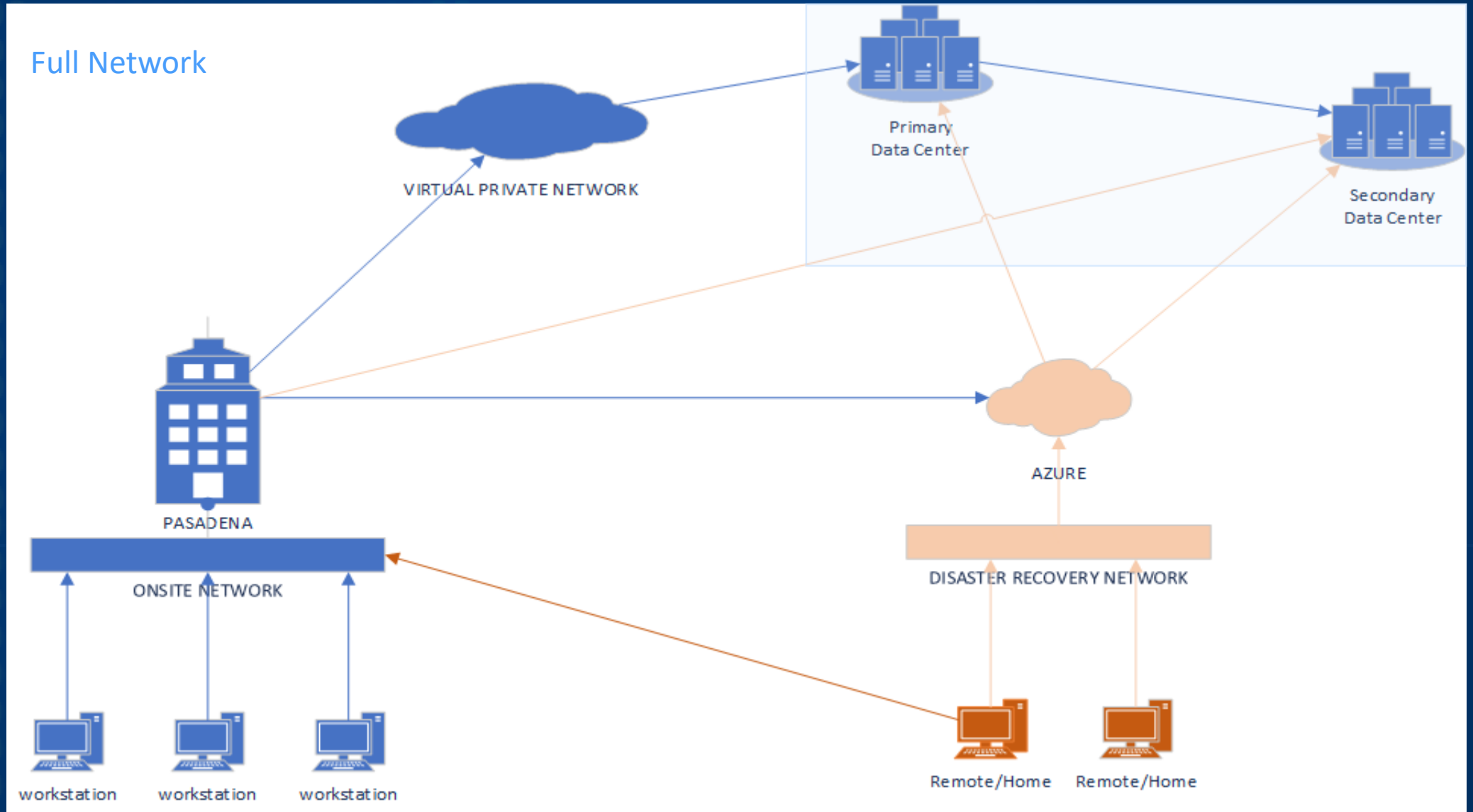# DISASTER RECOVERY / BCP

Extended Network

VIRTUAL PRIVATE NETWORK

Primary Data Center

Secondary Data Center

PASADENA

ONSITE NETWORK

workstation   workstation   workstation

Remote/Home

DISASTER RECOVERY / BCP

DISASTER RECOVERY / BCP

CLOUD - THE BAD THINGS

- Physical Location
  - Latency
  - Perceived speed
- Connectivity
- Data Offsite

MAINFRAME COST ANALYSIS

BASED ON BUDGET 20/21

	Yearly Cost
3rd Party Software (Tools, Reporting, Management)	348,334.87
IBM Software (Monthly Charge Licenses / MLC)	251,892.24
Mainframe and Tape Drive Hardware Maintenance	126,584.41
IBM Disaster Recovery Services (Boulder, CO)	82,776.00
Managed Support Services by Mainline (System & DB2)	82,560.00
Iron Mountain (Tape Transfer and Storage) *	30,000.00
Infrastructure (Air Conditioning, Electricity, Maintenance) **	60,000.00
Total	**982,147.62**

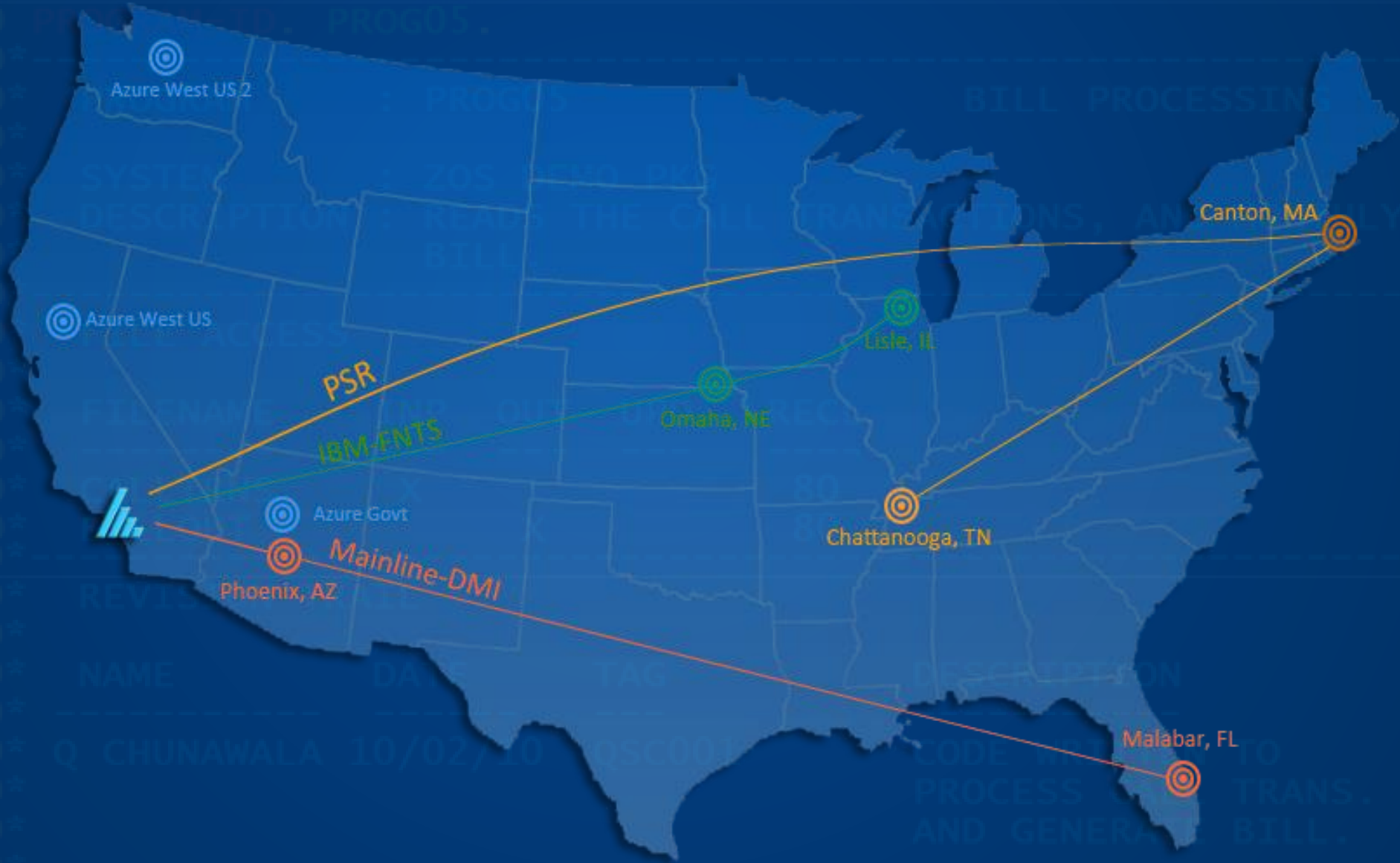*In network budget   ** Not in Systems budget

PROPOSED VENDORS

- **IBM / FNTS** (First National Technology Solutions)
  - IBM Delivery Partner since 2004
  - Omaha, Nebraska
- **PSR** (Program Support Representative)
  - Founded in 1981
  - IBM Platinum Business partner
  - Boston, Massachusetts
- **DMI / MAINLINE** (Data Management)
  - Founded 1982
  - Malabar, Florida

VENDOR SITE LOCATIONS

VENDOR HIGHLIGHTS

	Mainline / DMI	IBM / FNTS	PSR
Monthly Cost	$28,500	$29,600	$26,000
One Time Cost	$15,000	$69,395	*$25,000 (TBC)*
IBM Software Included	Yes	Yes	Yes
Hardware Primary	Shared MF / 80 MIPs 32 GB Memory 7 TB DASD Data Replication Full Disk Encryption	Shared MF / 73 MIPs 12 GB Memory 6.8 TB DASD Virtual Tape Library Full Disk Encryption	Dedicated MF / 80 MIPs 32 GB Memory 2 TB DASD Virtual Tape Library Full Disk Encryption
Connectivity	VPN / Dedicated	VPN / Dedicated	VPN / Dedicated
Migration	Performs Migration	100 Hours Assistance	Performs Migration
Secondary/Recovery Site	Yes	Yes	Yes
System Admin Support	Available	10 hours / month	Available

MAINFRAME COST ADJUSTMENT

Yearly Cost		
3rd Party Software	0.00	Needed on mainframe
IBM Software	251,892.24	Included in vendor's monthly fee
Mainframe Hardware	126,584.41	No longer needed / vendor provides
IBM DR Services	82,776.00	
Support Services	0	To be re-negotiated with vendor
Iron Mountain	30,000.00	No longer needed / direct replication
Infrastructure	60,000.00	No longer needed / hardware deprecated
Total Cost Adjustment	**551,252.65**	

VENDOR PROPOSALS

IBM / FNTS	
Current Yearly Cost	982,147.62
Yearly Hosting Cost	355,200.00
Cost Adjustment	-551,252.65
Total Cost / IBM	786,094.87
Yearly Savings	196,052.65

PSR	
Current Yearly Cost	982,147.62
Hosting Yearly Cost	312,000.00
Cost Adjustment	-551,252.65
Total Cost / PSR	742,894.87
Yearly Savings	239,252.65

MAINLINE / DMI	
Current Yearly Cost	982,147.62
Hosting Yearly Cost	342,000.00
Cost Adjustment	-551,252.65
Total Cost / PSR	772,894.87
Yearly Savings	209,252.65

RECOMMENDED DIRECTION

- Migrate to a hosted solution provided by an established vendor who is an industry leader

- Plan and resource the migration of programs and data from the hosted mainframe to a new platform to be completed in 3 years

RECOMMENDED HOSTING VENDOR

MAINLINE / DMI

- Best Baseline Configuration
  - Highest processing power (10 MSUs)
  - Generous memory allowance

- 2nd Best Price, however:
  - Provides bursting at lower or no cost
  - Up to 1Gbits with managed circuit, hardware, failover, etc.
  - Takes ownership and will perform 100% of migration

- Data Replication Between Sites (up to 15 minutes)

- Master Agreement on File

- LACERA partner for over 20 years

THANK YOU

❓ Questions

💬 Comments

📄 Feedback

LACERA

April 28, 2021

TO: Operations Oversight Committee
                Shawn R. Kehoe, Chair
                Herman B. Santos, Vice Chair
                Ronald A. Okum
                Les Robbins
                Vivian H. Gray, Alternate

FROM: JJ Popowich, Assistant Executive Officer

FOR: May 5, 2021 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, including the status of our Strategic Plan Goals and Operations Improvement initiatives. Many of the items highlighted may recur in subsequent briefings or may result in a future comprehensive Operations Oversight Committee (OOC) presentation. The report is broken down into three main sections: Update on Current Strategic Plan Goals, Update on Other Projects, and updates on our progress meeting the goals and recommendations called for under the CEO's "100-Day Management Report to the Trustees of the Board of Retirement and Board of Investments."

Update on Our Focus on Strategic Plan Goals and Operations Improvement
The Workgroups focusing on the top four Strategic Plan goals continue to meet regularly to move our goals forward. Here is a summary of the status of their efforts:

- **Case Management Capabilities**: The mid-year budget amendment for FY 2020-2021 was adopted by the Boards in early December 2020. Our Systems Project Management Office continues to hold a series of product demonstrations from potential vendors. As of the date of this report, the team has met with three vendors. These demonstrations allow staff from multiple divisions with unique needs an opportunity to rate the vendors against product criteria identified during the requirement development stage. The feedback and the ratings will help the project team to determine what package may work best for LACERA's use.

- **LACERA.com Redesign**: There are no new updates for this project, except that we are continuing to work toward our planned July 2021 launch. We are planning to provide the Operations Oversight Committee or the Board of Retirement a preview in June.

- **Retirement Estimate Redesign Project**: The new Retirement Application and Summary is on hold pending the re-opening of the Member Service Center (MSC). Once the MSC has been re-opened, we will review our project timeline and set a date to begin beta testing the new form.

  Phase II of this project will be to develop the on-line election process. We will set a deadline for the completion of Phase II as we near the end of Phase I.

- **PEPRA Implementation**: This workgroup continues reviewing all the progress made to date on the implementation of the Public Employees' Pension Reform Act of 2013 and subsequent updates to the act passed since then. The Workgroup's main focus is on efforts by the Auditor-Controller's (AC) office to address the issue with the County payroll codes. As you may recall, for LACERA to readily assess what portion of an employee's total compensation is pensionable or not, the payroll code 099 must be made more transparent so it is easier to identify the pay codes that are embedded in this code. Accordingly, LACERA has requested this information from the AC.

  The AC has completed their programming of the County's payroll system. Quality Assurance, the Benefits Process Management Group (PMG), and Systems have completed their testing of the files the AC provided to LACERA. The changes must allow LACERA to identify and systematically remove all non-pensionable payroll items from the reported actual earnings. The team has prepared a report for the Executive Office to review the results of their testing and findings. The memo is currently under review and it is expected the team will meet with the Executive Office sometime in April or May to determine our next steps.

  The delay in systematically identifying these embedded payroll codes impacts our ability to efficiently process retirement estimates and elections for this March Madness season. Rather than processing these estimates and elections through our pension system, each of these must be processed manually. Manual processing can take anywhere from four hours to more than a day to complete as each payroll period must be reviewed and adjusted to ensure only pensionable pay items are included in the Final Average Compensation (FAC). This could mean some delays paying members if we see a significant number of PEPRA retirement

elections. The Member Operations Group continues to monitor the situation and take whatever proactive steps we can to mitigate any impacts on our members.

There are no new updates on the Workgroup focusing on the redesign of the Annual Benefit Statement (ABS). Our current statement only supports legacy plan members and is not supported for PEPRA members. Considerable progress was already made on the redesign efforts by the Communications team. We are working to get a better timeline when we can bring an RFP to the Operations Oversight Committee.

Update Progress on the "100-Day Management Report to the Trustees of the Board of Retirement and Board of Investments"

This section will discuss some of the efforts in place to move forward on the recommendations in the 100-Day report. It may not address all progress, but will focus on certain goals.

- **Business Metrics:** Significant progress has been made on the development of metrics that will allow us to generate information needed to create a data driven management process for the Member Operations Group. Staff members who process member requests follow a process designed to capture the amount of time spent on each work object. This data, along with the number of work objects received and processed, will provide valuable insight into our operations and help us make informed business decisions, forecast resource requirements more accurately, and target efforts to improve our operations.

  Previously, we reported that anomalies in the data generated by the system was affecting the reliability and accuracy of the data. The team set an aggressive schedule that involved daily meetings in order to address these problems. The daily focus allowed them to make significant progress and they reported this week that they have resolved these anomalies. Simultaneously, the team worked to develop interactive dashboards using PowerBI, a business data reporting program, to allow managers to view the metrics on a macro scale or drill down to individual work queue or staff member level. The team expects to release the reports for use in early May.

  I would like to extend a big thank you to Maggie Luong, from our Process Management Group, for taking the lead on this project. In addition to managing this project, she has been the main developer of the interactive dashboards and validating the data results.

This is just the first iteration of our metrics project. The team will continue to refine the metrics and expand their usage throughout the Member Operations Group divisions, and will evolve our capabilities as we bring on additional systematic support such as our Case Management system.

In the meantime, management continues to work with staff to improve adherence to the procedures.

- **Communications, Social Media, and Public Relations Plan**: In January 2021, the Boards hired Englander, Knabe, and Allen, LLC (EKA) to assist LACERA in developing an integrated public relations strategy designed to increase LACERA's visibility on the positive impacts of public pension plans and LACERA's efforts to advance public policy on pension issues and concerns. Our Communications team, as part of the CEO's 100 Day Report to the Board of Retirement and Board of Investments, has been tasked with developing a Communications and Social Media Plan for LACERA that addresses all aspects of communication internally, externally to members, and to the public in general, including the establishment of a social media presence.

  In March, Communications, under the direction of the Executive Office, partnered with EKA to begin the process to develop a comprehensive Communications, Social Media, and Public Relations Plan. This comprehensive plan will outline how LACERA will communicate across a wider range of stakeholders and in varying circumstances ranging from normal operational communications to industry specific or media specific events.

  The team has been collaborating on the development of a project plan to carry out this initiative. Phase I of the plan (see attachment included with this briefing) begins with a series of interviews of management and trustees to gather information and perspectives that will be used to develop the final plan. Initial interviews with management are being scheduled. Once completed, interviews will be set up with trustees. The team chose to begin the process with the management team so that EKA can develop a solid understanding of LACERA's operations. Once interviews have been completed the team will move on to developing the time frame for Phase II: Development of the Plan.

  We will keep the Committee updated on the progress of this initiative through this Operations Briefing. Once a draft plan has been created we will share the plan with the Boards for input.

EKA is also working with the Executive Office to develop media relations training for the Executive Management team, Trustees, and key staff members. We will add to the existing project plan as we have a better sense of what this part of the initiative will require.

Update on Other Projects

My goal is to continue to keep the Committee updated on other cross-functional teams that are working hard to provide improvements to LACERA's operations and the services we provide to our members.

- **Business Continuity**: The Business Continuity Team is working on addressing the recommendations from our consultant and the observations made by Mr. Kreimann and the Executive team during our test earlier this year. We reported in March that the team would be scheduling a management meeting to discuss the results and observations of the tests and the next steps in April. Due to "March Madness" and the focus on budget development, the meeting has been pushed back until May. In the meantime, the team is busy developing a second business continuity test focused on testing our ability to run payroll in the event of a disaster.

- **Certificate Project**: Our March Operations Briefing included the announcement of an exciting new initiative to improve service to our members by accepting copies of government-issued certificates, replacing a previous requirement to review only original government-issued certificates. Certain processes and benefits require validation of a member, beneficiary, or survivor's eligibility for benefits by presenting an original government-issued certificate (birth, marriage, domestic partnership, or death certificates).

  The requirement for members to provide an original government-issued certificate, either in person at our Member Service Center or by mailing in the certificate, was a major inconvenience for members and caused delays in processing requests. Original certificates almost always have a priceless sentimental value to our membership and the loss or damage to these certificates is a huge concern. Additionally, receiving and then returning the original actually doubles the work in processing the certificates that are mailed in.

  The Process Management Group, working with Communications and Systems, have completed the final steps to implementing this new policy. Staff have been trained and letters and brochures have been updated with new instructions for members and survivors. Beginning this week we will be accepting copies, along with a required attestation that the copy is an unaltered copy of the original

certificate. The new process will streamline requests and provide greater peace of mind for members, survivors, and beneficiaries.

- **Retroactive Salary Projects**: Our Benefits team is processing the last of the adjustments for Commissioners impacted by the Mallano v. Chang case. Last month we reported that all but 28 cases had been completed. This month the team had to re-focus their attention on processing retirements as a result of a very busy "March Madness" season. The team continues to work on this project but there are no new updates at this time.

  In April, LACERA was made aware of a new retroactive salary adjustment project for members in the District Attorney Department. Approximately 200 members working for the DA will need retroactive adjustments going as far back as 2014. LACERA is working with the DA Human Resources Manager and the Auditor-Controller on processing these adjustments with as minimal manual processing as possible. We will share details with the Committee as we develop plans.

- **Membership Category Reporting Project:** We report the total number of members and break down that number into specific categories across several platforms such as the CEO Dashboard Report, the Comprehensive Annual Financial Report (CAFR), among others. Recently, a Trustee pointed out that the categorization of members varied across platforms and recommended we standardize the categories we use so they are consistent. These various categorizations evolved over time due to the different reasons the reports were generated and depended on the point of view of those developing the reports. Standardizing the categories is a positive step to eliminate any confusion and, as a result, we have initiated a project to define a single schema for categorizing members and reporting those numbers across all platforms. We expect to debut the new categorizations by May 2021.

- **Telecommuting Policy**: A Workgroup consisting of the Executive Office, Human Resources, and Systems is in the final stages of completing a draft policy for the CEO to review. The County is also updating their Telecommuting Policy and LACERA will evaluate and compare our draft to the County's once it has been released.

Attachments:
    Communications, Social Media, and Public Relations – Project Plan
    Public Records Request Update
    Report of Felony Forfeiture Cases Processed

GOAL	Required Resource / Group / Person	Due Date	1ST QUARTER			2ND QUARTER			3RD QUARTER		
Lead Division: Communications **Project Leader:** Cynthia Martinez			Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21
LACERA Communication Plan											
Phase I: Discovery			X = Complete O = In Process Green = On Target Red = Target Missed								
Project Introduction Call	EKA / Cynthia / Erika / Veronica / Sarah / JJ	3/2/2021			X						
Website Demo	EKA / Cynthia / Erika / Veronica / Sarah / JJ	3/15/2021			X						
Review, revise, and agree on interview questions, format and interviewee list. Discuss and approve Project Plan	EKA / Cynthia / Erika / Veronica / Sarah / JJ	3/18/2021			X						
Finalize Pre-interview Surveys for Management Team	EKA / Cynthia / Erika / Veronica / Sarah / JJ	3/18/2021			X						
Discuss Project Plan with Santos, Bonnie, Linda	EKA / Cynthia / JJ / Santos / Bonnie / Linda	3/22/2021			X						
Submit PIO Job Classification to EKA for feedback.	EKA / Cynthia	4/13/2021				X					

							X						
LACERA Begins Industry Research: Review data from CALPRS, SACRS, NCPERS	Barry?	4/16/2021											
Internal MAC Annoucement Regarding Interviews & Survey- Draft to JJ / Santos	Cynthia	4/19/2021											
Feedback on PIO Job Classification	EKA	4/20/2021					X						
Internal MAC Annoucement Regarding Interviews including survey - Distributed	Cynthia	4/23/2021					X						
Set Management Interviews **(Interviews start 5/10/2021 - 5/21/2021)**	Cynthia / EKA	4/23/2021					X						
Email reminder to MAC, return surverys	Cynthia	4/28/2021											
Mangement Survey Responses Due	LACERA Management	4/30/2021											
Review Management Survey Results - Clear up any questions caused by the survey	EKA / Cynthia / JJ	5/5/2021											
Begin Management Interviews	EKA / Cynthia / JJ	5/10/2021											
Complete Management Interviews	EKA / Cynthia / JJ	5/21/2021											

Summary of Industry Research	JJ / Cynthia	5/21/2021									
Draft Trustee Interview Announcement including survey - due to JJ & Santos	EKA / Cynthia	5/26/2021									
Preliminary Review of Management Interview Summary: A summary of what we learned from the interview identifying major themes	EKA / Cynthia	5/28/2021									
Discussion & Feedback from Santos & JJ regarding draft Trustee announcement and survey	Santos / JJ / Cynthia	6/1/2021									
Final Management Interview Summary to Santos	EKA / Cynthia	6/1/2021									
Trustee Interview Annou ncement with Survey - Distributed	Cynthia / Bonnie / Linda	6/1/2021									
Set Trustee Interviews **(Interviews start 6/14/21-6/25/21)**	Bonnie / Linda / Cynthia	Schedule Interviews as Surveys are Rcvd									
Email reminder to Trustees, return surveys	Bonnie / Linda	6/7/2021									
Complete Scheduling of Trustee Interviews	Bonnie / Linda / Cynthia	6/11/2021									
Trustee Survey Responses Due	Trustees	6/11/2021									
Review Trustee Survey Results - Clear up any questions caused by the survey	EKA / Cynthia / JJ / Santos	6/14/2021									

Begin Trustee Interviews	EKA / Cynthia / JJ	6/15/2021									
Complete Trustee Interview	EKA / Cynthia / JJ	6/25/2021									
Preliminary Review of Trustee Interview Summary: A summary of what we learned from the interview identifying major themes	EKA / Cynthia	6/30/2021									
Final Trustee Interview Summary to Santos	EKA / Cynthia / JJ	7/6/2021									
Check In Meeting with Santos and Steve	EKA / Cynthia / JJ	7/9/2021									
Recommendations for Phase II Due	EKA	7/16/2021									
Phase II - Development of Communication Plan											
TBD											
Phase II - Implementaton of Communication Plan											
TBD											

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-21-20	D. Wells, Law offices of Gregory W. Smith	Requested 14 categories of records, including operations of LACERA and hiring of employees and vendors.
		Request 11 - All video recordings and audio recordings of the April 9th, 2020 Board of Retirement meeting; the June 3rd, 2020 Board of Retirement meeting; and the June 25th, 2020 Audit Committee meeting.
		On December 21st, 2020, sent the <u>links to video and audio</u> of the June 3rd, 2020 Board of Retirement meeting, and the June 25th, 2020 Audit Committee meeting.
		On December 28th, 31st, 2020, and on January 11th, 2021, sent a <u>DVD of the April 9, 2020 Board of Retirement meeting</u> via FedEx Standard Overnight Delivery.
		Request 10 - Requested information regarding Udemy contract.
		On January 15th, 2021, sent one (1) set of responsive documents.
		Request 9 - Requested information regarding Eagle Leadership contract.
		On January 22nd, 2021, sent one (1) set of responsive documents.
		Request 8 - Requested information regarding KH Consulting contract.
		On February 1st, 2021, sent one (1) set of responsive documents.
		Request 7 - Requested information regarding TransQuest contract.
		On February 2nd, 2021, sent one (1) set of responsive documents.
		Request 1 - Requested Systems related communications by CEO Santos R. Kreimann.
		On February 8th, 2021, sent one (1) set of responsive documents.
		Request 3 - Requested documents regarding hiring of Celso Templo.
		On February 8th, 2021, sent 11 sets of responsive documents.
		Time extension to the production of documents.
		Requests 2, 4-6, and 12-14 remain outstanding.
		On February 16th, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.
		Request 2 - Requested documents and communications between CEO Santos R. Kreimann and Celso Templo.
		On February 26th, 2021, sent six (6) sets of responsive documents.
		Request 14 - Requested documents and communications sent or received by Carly Ntoya regarding James Brekk.
		On March 1st, 2021, sent one (1) set of responsive documents.

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		Request 3 - Requested documents regarding hiring of Celso Templo. *On March 1st, 2021, sent one (1) additional set of responsive documents.*
		Request 13 - Requested documents and communications sent or received by Celso Templo regarding James Brekk. *On March 2nt, 2021, sent two (2) additional sets of responsive documents.*
		Time extension to the production of documents. Requests 4-6, and 12 remain outstanding. *On March 2nd, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.*
		Time extension to the production of documents. Requests 4-6, and 12 remain outstanding. *On March 15th, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.*
		Request 4 - Requested Systems related communications by or to Celso Templo. *On March 19th, 2021, sent one (1) set of responsive documents.*
		Time extension to the production of documents. Requests 5, 6, and 12 remain outstanding. *On March 31st, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.*
02-19-21	R. Stolberg, Altman	Requested quarterly cash-flow reports and private capital investments reports. *On February 26th, 2021, sent email re extension of time.* *On March 16th, 2021, sent one (1) set of responsive documents via link in email for real estate funds and private equity with a note that no reports were found for 2005 for private equity.*
03-12-21	D. Gregory, eVestment	Requested DVD recordings for the open sessions of the Board of Investments and Committee Meetings held in January-March 2021. *On March 12th, 2021, sent one (1) set of instructions for accessing the meeting recordings, and the link to the recordings.*

DATE RECEIVED	REQUESTER	DOCS REQUESTED
03-16-21	H. Huggins, Council for Education	Requested minutes of the joint board meeting on March 10th, 2021. *On March 17th, 2021, sent email clarifying that the board meeting that day was only for the board of investments and that no joint meeting took place on March 10th.*
03-17-21	N. Lee, Preqin Ltd.	Requested a list of hedge funds LACERA is invested in and documents with data of LACERA's holdings. *On March 23rd, 2021, sent one (1) set of responsive documents for hedge funds quarter 3 performance.*
03-17-21	B. Muir, Cogency	Requested Dedicated Managed Account Services Request for Proposal completed RFP responses from the winning vendor along with all other vendors who responded, score sheets and committee recommendations; and the final executed contract(s). *On March 26th, 2021, sent one (1) responsive email regarding extension of time needed for review and production.* *On April 9th, 2021, sent email link to dataroom with responsive docs.*
03-24-21	M. Hicken, CNN	Requested pension benefit information for sheriffs convicted of crimes. *On March 26th, 2021, sent one (1) responsive document with public information via email.*
03-26-21	G. Jones	Requested information regarding retained private equity managers and secondary advisors. *On April 7th, 2021, sent one (1) responsive email regarding extension of time needed for review and production.* *On April 9th, 2021, sent two (2) responsive emails with the managers' and advisors' responses to the RFP.*
03-30-21	S. Heald	Requested information on custom benchmarks for the diversified hedge fund portfolios per the 2020 CAFR. *On April 6th, 2021, sent one (1) responsive email with information on the benchmark.*
03-30-21	S. Chapman, Greenberg Traurig	Requested all related documents submitted for RFP entitled "Dedicated Managed Account Services" that LACERA issued on December 6, 2019. *On April 9th, 2021, sent email link to dataroom for all responsive docs.*
04-05-21	E. Paloma, IHS Markit	Requested most recent and complete portfolio holdings. *On April 9th, 2021, sent one (1) responsive email with holdings report from most recent quarter.*

LACERA

Report of Felony Forfeiture Cases Processed
April 27, 2021

CASE #	MEMBER'S LAST NAME	MEMBER'S FIRST NAME	DEPT.	CONVICTION DATE	LACERA NOTIFIED	MEMBER NOTIFIED BY LACERA	FINAL STATUS	DISABILITY STATUS	IMPACT NOTIFICATION SERVICE LEVEL
53	KIMBALL	NEIL DAVID	LASD	7/19/2019	8/22/2019	2/26/2021	PENDING		554
55	FISK	JUSTIN	LASD	2/24/2021	4/14/2021		PENDING		
56	BERK	MICHAEL	LASD	2/24/2021	4/14/2021		PENDING		

LACERA _____

April 27, 2021

TO: Operations Oversight Committee
              Shawn R. Kehoe, Chair
              Herman B. Santos, Vice Chair
              Ronald A. Okum
              Les Robbins
              Vivian H. Gray, Alternate

FROM: Kathy Delino
              Interim Systems Division Manager

FOR: May 5, 2021 Operations Oversight Committee Meeting

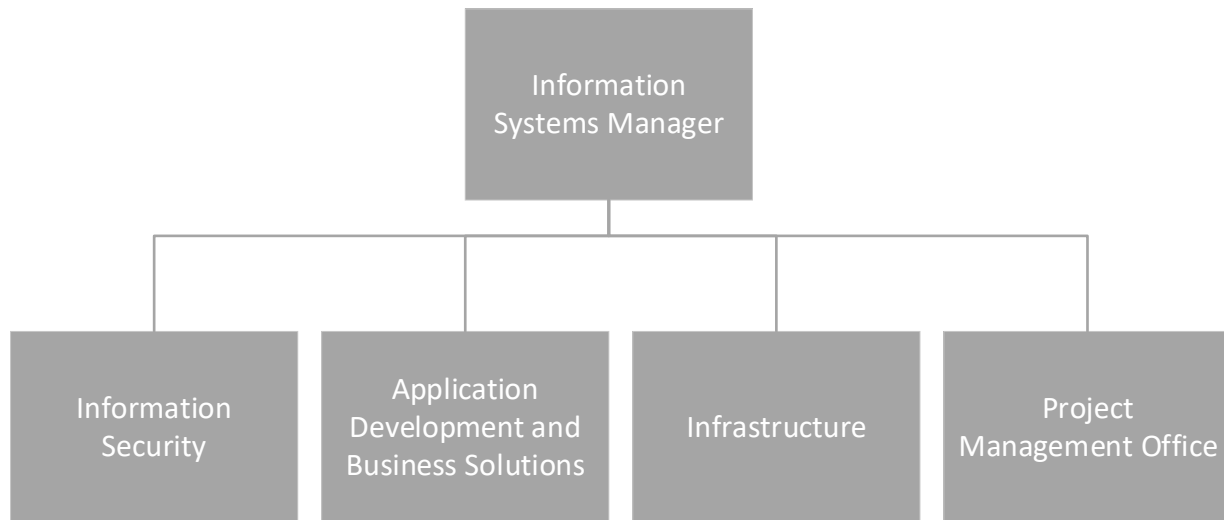SUBJECT: IT Plan: Staffing, Projects, and Coordination

Executive Summary

At the end of June 2020, Summy Voong and I were asked to serve as the interim management team for LACERA's Systems Division. Summy Voong was previously a member of the Internal Audit Division with extensive IT compliance auditing experience. I was previously the leader of the Application Development team with 30 years of software architecture and development experience.

When we were asked to serve in these roles, LACERA was fully engaged with dealing with the COVID-19 pandemic. LACERA was in the midst of a massive effort to move staff to a safe, remote working environment. Initially, our primary goal was to maintain the current service level of the IT operation while securely deploying remote access and equipment to all LACERA staff members. Our mantra during the first month of our term was "first, do no harm".

After the first 30 days in which we took action to stabilize our remote working environment, we changed our strategy and started to look at the IT operations as a whole and LACERA's needs. The team, including the Executive Office and many divisions throughout LACERA, evaluated the current status of our IT operations. This review included our disaster recovery, business continuity, and functional statuses against operational driven needs. Based on this review, the opportunities we identified, including the input and direction from the Executive Office, we formed a new vision for Information Systems at LACERA.

IT Staffing

The first opportunity we identified was staffing: the division had 23 vacant positions, all IT teams were under resourced, and the division did not have a leadership pipeline. We drafted a new organizational chart for our division and identified the critical staffing needs. The proposed organizational chart contains 4 functional areas: Information Security, Application Development and Business Solutions, Infrastructure, and Project Management Office:

```
                    Information
                  Systems Manager
                         |
   _____
   |               |                |                 |
Information    Application      Infrastructure    Project
Security       Development and                    Management Office
               Business Solutions
```

Note: The Information Security (InfoSec) team is included in the Systems Division Organizational Chart because they currently use classifications allocated to the Systems Divisions and funds allocated to the Systems Division budget; however, the InfoSec team will eventually be a separate division with its own budget.

Based on our assessment of the critical IT needs of the organization, we determined the roles, required skill sets, and expertise we would need to begin making long lasting, positive impacts on LACERA's operations. The following critical staffing needs were identified:

Chief Information Security Officer
Governance, Risk, and Compliance Analyst
Information Security Architect
Information Security Analyst(s)
Java Engineer
Java Developer
JBoss System Administrator
Network Architect
P8 Administrator
Pension Administration Analyst(s)
Project Manager(s)

Service Desk Personnel
SharePoint Engineer
SQL Server DBA
Windows Engineer(s)

Armed with a solid understanding of the resources we would need we set out to begin recruiting and hiring staff.

Working with our business partners in Human Resources (HR) we formulated a hiring plan to fill these critical needs. However, the COVID-19 Pandemic has wreaked havoc with HR's ability to swiftly move to recruit new staff members.

Working together we decided to focus on critical needs first and agreed that we would fill the gaps by identifying qualified contractors with the skills we needed. This would allow us to address the need to continue fortifying the security of our remote working operations as well as begin focusing on creating a robust disaster recovery and continuity plan. Therefore, we hired the following contractors:

Interim Chief Information Security Officer (1)
Governance, Risk, and Compliance Analyst (1)
Java Developer (1)
JBoss System Administrator (1)
Information Security Architect (1)
Information Security Analyst (2)
Network Architect (1)
Project Manager (2)
SharePoint Engineer (1)
Windows Engineer (1)

One of our first hires was our Interim Chief Information Security Officer, Bob Schlotfelt. This was a critical first hire because we needed this expertise to build out our new Information Security section. Mr. Schlotfelt was instrumental in helping refine the skillset needs and hiring the best contractors for this important function. As we will see over the next few months his team has already created a higher-level infrastructure of security and best practices to maintain that security.

Even with the impacts of COVID-19 on our recruiting process, we still looked for opportunities to fill vacant positions with permanent staff members. During the past year, we filled the following permanent positions:

IT Manager I (1)
Data Systems Coordinator

Our goal and focus remain to fill all of the vacant positions with qualified permanent employees. We expect to run Open Exams for a majority of these over the next six months. It is expected most of our contractors who are gaining familiarity with LACERA

and are building our next iteration of IT infrastructure will apply for consideration to transition to permanent employment. We also expect that as we increase our recruiting activities, we will build a database of qualified individuals who can compete for future positions. These exams will focus on these positions:

Data Systems Analyst I (3)
Data Systems Analyst II (3)
Data Systems Coordinator (1)
IT Specialist I (6)

A third round of recruitments will be conducted in the next twelve months to fill the positions listed below. Again, we expect to fill the following permanent positions through Open Exams. We hope our current contract staff members apply for these opportunities for permanent employment:

Chief Information Security Officer (1)
Data Systems Coordinator (1)
EDP Principal Programmer Analyst (1)
IT Manager I (1)
IT Specialist II (5)
Senior Secretary (1)

This phased approach takes into account priorities, resources within both Systems and HR and is balanced against other recruitment efforts throughout LACERA. It is important to note that the positions we plan to fill are currently in LACERA's ordinance and, except for the Chief Information Security Officer position, are at the salary levels approved by LACERA's Board of Retirement.

IT Projects

Our IT Operations review identified several critical operational needs and opportunities that will allow us to further build on IT and processes already in place to provide secure modern solutions for Divisions that rely on manual processing. Secure Workplace, IT Modernization, Member Self Service, and Disaster Recovery.

We have shared specific initiatives under these four categories below:

Secure Workplace
     Identity Management
     End Point Management
     Cloud Optimization
     Data Management
     Application Security

IT Modernization
    Administrative Approvals Solution
    Accounts Payable Automation
    Asset Management Solution
    Budget Processing Solution
    Business Intelligence Solution
    Contract Management Solution
    Case Management Solution for Operational Divisions
    Case Management Solution for Administrative Divisions
    Enterprise Cloud Strategy
    Enterprise Intranet
    Enterprise Wi-Fi
    Human Resources Management Solution
    Infrastructure Modernization
    Knowledge Management Solution
    LACERA.com redesign
    Legal Case Management Solution
    Remote Access Optimization
    Travel Management Solution

Member Self Service
    Disability Application On-Line
    Previous Service Purchases On-Line Election
    Retiree Healthcare Enrollment On-Line
    Retirement Election On-Line
    Member Identity Management Enhancements

IT Coordination

The third opportunity we identified was coordination: projects and priorities in the Systems Division did not always align with the goals of the organization, the technology needs of some divisions were underserved, and there was no review of strategic or architectural decisions outside of the Systems Division. To coordinate the activities of the Systems Division more closely with the goals of the organization, the IT Coordination Council was formed. It is an internal council whose members are LACERA executives. All functional areas of the organization are represented on the council and the council meets regularly to review IT priorities, changes in IT architecture, and changes in IT strategy.

Conclusion

The interim management team for the Systems Divisions has developed a strategy to secure and modernize LACERA's enterprise systems as well as a hiring plan to support the strategy. Today's presentation provides some insight into the staffing needs of the
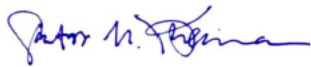
Systems Division. The plan we have presented takes into account the challenges of the impacts of COVID-19 as well as the availability of resources of our business partners in Human Resources. We are confident that managing to this plan will allow us to close the vacancy gaps and move the critical projects forward.

In June and July, we will return to the Operations Oversight Committee to take a deeper dive into our plans to address the strategic IT objectives in the four key areas: Secure Workplace, IT Modernization, Member Self Service, and Disaster Recovery.

Reviewed and Approved.

_____
Santos H. Kreimann
Chief Executive Officer

  c: JJ Popowich
     Bob Schlotfelt
     Summy Voong
     Celso Templo

IT Plan:

Staffing, Projects, and Coordination

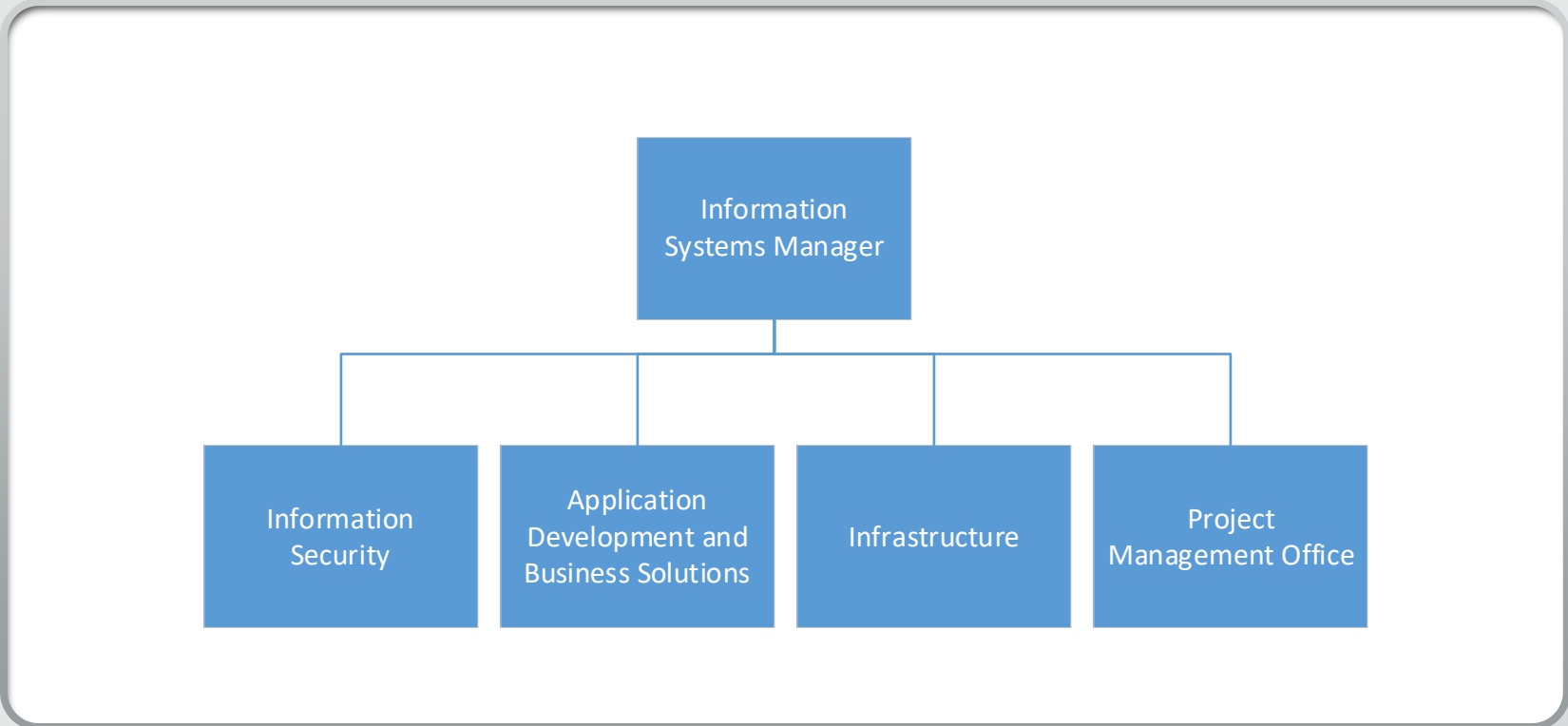Interim Systems Division Manager

Kathy Delino

IT Staffing

IT Staffing: Status in June 2020

- 23 vacant positions

- All IT teams under resourced

- No leadership pipeline

- Gap in skillsets needed to ensure a secure IT infrastructure and transition to Microsoft 365

- Immediate need for an effective Disaster Recovery and Business Continuity Plan

IT Staffing: Division Reorganization

IT Staffing: Critical Staffing Needs

- Chief Information Security Officer
- Governance, Risk, and Compliance Analyst
- Information Security Architect
- Information Security Analyst(s)
- Java Engineer
- Java Developer
- JBoss System Administrator

- Network Architect
- P8 Administrator
- Pension Administration Analyst(s)
- Project Manager(s)
- Service Desk Personnel
- SharePoint Engineer
- SQL Server DBA
- Windows Engineer(s)

IT Staffing: Contractors Hired Since June 2020

- Chief Information Security Officer
- Governance, Risk, and Compliance Analyst
- Information Security Architect
- Information Security Analyst (2)
- Java Developer

- JBoss System Administrator
- Network Architect
- Project Manager (2)
- SharePoint Engineer
- Windows Engineer

IT Staffing:
Permanent Positions Filled Since June 2020

- IT Manager I
- Data Systems Coordinator

IT Staffing:
Permanent Positions to fill in next 6 months

- Data Systems Analyst I (3)
- Data Systems Analyst II (3)
- Data Systems Coordinator (1)
- IT Specialist I (6)

IT Staffing:
Permanent Positions to fill in next 12 months

- Chief Information Security Officer (1) *
- Data Systems Coordinator (1)
- EDP Principal Programmer Analyst (1)
- IT Manager I (1)
- IT Specialist II (5)
- Senior Secretary

* LACERA Executive Office is in the process of updating compensation level for this item.

IT Projects

IT Projects: Strategic Objectives

- Secure Workplace

- IT Modernization

- Member Self Service

- Disaster Recovery

IT Projects: Secure Workplace

- Identity Management
- End Point Management
- Cloud Optimization
- Data Management
- Application Security

IT Projects: IT Modernization

- Accounts Payable Automation
- Asset Management Solution
- Budget Processing Solution
- Business Intelligence Solution
- Case Management for Operational Divisions
- Case Management for Admin Divisions
- Enterprise Cloud Strategy
- Enterprise Intranet

- Enterprise Wi-Fi
- Human Resources Management Solution
- Infrastructure Modernization
- Knowledge Management Solution
- LACERA.com redesign
- Legal Case Management Solution
- Mainframe Migration
- Remote Access Optimization
- Travel Management Solution

IT Projects: Member Self Service

- Disability Application On-Line
- Previous Service Purchases Election On-Line
- Retiree Healthcare Election On-Line
- Retirement Election On-Line
- Member Identity Management Enhancements

IT Projects: Disaster Recovery

- Phase **I**: Member Facing Application Recovery Exercise
- Phase **II**: Enterprise Recovery Drill

IT Coordination

IT Coordination: Status in June 2020

- Systems Division projects and priorities not aligned with the goals of the organization

- The technology needs of some divisions were underserved by the Systems Division

- No review of strategic or architectural decisions outside of the Systems Division

IT Coordination Council

- Internal council for LACERA executives
- All areas of the organization are represented
- All changes in strategy or architect are presented and approved

Status in May 2021

- IT Hiring Plan established with Human Resources Division

- Strategic Objectives Identified

- IT Coordination Council Established

Next Steps: June and July OOC Meetings

- Secure Workspace

- IT Modernization

- Member Self Service

- Disaster Recovery

LACERA

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

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**

L CERA

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

For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101