

# LIVE VIRTUAL COMMITTEE MEETING

\*The Committee meeting will be held following the Board of Retirement 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](mailto:PublicComment@lacera.com). If you would like to remain anonymous at the meeting without stating your name, please let us know.

**Attention:** Public comment requests must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com).

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, OCTOBER 6, 2021 - 9:00 A.M.\*\*

This meeting will be conducted by the Operations Oversight Committee by teleconference under California Government Code Section 54953(e).

Any person may view the meeting online at  
<http://lacera.com/leadership/board-meetings>

*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 September 1, 2021

#### II. PUBLIC COMMENT

(Written Public Comment – You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). 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.

Verbal Public Comment – You may also request to address the Committee. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

III. REPORTS

- A. LACERA Operations Briefing  
Luis Lugo, Deputy Chief Executive Officer  
JJ Popowich, Assistant Executive Officer  
Laura Guglielmo, Assistant Executive Officer
- B. Mallano Class Action Suit Contributions Collection and Final Average Compensation Project  
Bernie Buenaflor, Chief, Quality Assurance & Metrics Division
- C. Semi-Annual Report of Member Services  
Allan Cochran, Division Manager, Member Services

IV. ITEMS FOR STAFF REVIEW

V. GOOD OF THE ORDER

(For information purposes only)

VI. 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](mailto: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, SEPTEMBER 1, 2021, 11:15 A.M. – 11:55 A.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  
Vivian H. Gray, Alternate

ABSENT: Les Robbins

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Alan Bernstein  
JP Harris  
Keith Knox  
Wayne Moore

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer  
Luis Lugo, Deputy Chief Executive Officer  
JJ Popowich, Assistant Executive Officer  
Steven Rice, Chief Counsel  
Kathy Delino, Interim Systems Division Manager  
Iveta Brecko, Systems Division  
Celso Templo, Systems Division  
Bob Schlotfeld, CISO

The meeting was called to order by Chair Kehoe at 11:15 a.m. Due to the absence of Mr. Robbins, the Chair announced that Ms. Gray, as the alternate, would be a voting member of the Committee.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of August 4, 2021

Mr. Okum made a motion, Ms. Gray seconded, to approve the minutes of the regular meeting of August 4, 2021. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager: That the Committee recommend the Board of Retirement authorize staff to issue a Request for Proposal for software and consulting services to procure, configure, customize, and implement an enterprise Case Management System, which remains an important strategic initiative for LACERA's operational Divisions. (Memorandum dated August 16, 2021)

Mr. Okum made a motion, Mr. Kehoe seconded, to approve the recommendation. The motion passed unanimously.

IV. REPORTS

A. LACERA Operations Briefing  
Luis Lugo, Deputy Chief Executive Officer  
JJ Popowich, Assistant Executive Officers

Messrs. Lugo and 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

V. ITEMS FOR STAFF REVIEW

There was nothing to report

VI. GOOD OF THE ORDER

(For information purposes only)

VII. 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, Deputy Chief Executive Officer Luis Lugo, Systems Division Interim Manager Kathy Delino, Chief Information Security Officer Bob Schlotfeld, and Other LACERA Staff.

VIII. ADJOURNMENT




The meeting adjourned at 11:55 a.m.

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**FOR INFORMATION ONLY**

September 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: Luis Lugo, Deputy Chief Executive Officer   
JJ Popowich, Assistant Executive Officer   
Laura Guglielmo, Assistant Executive Officer 

FOR: October 6, 2021 Operations Oversight Committee Meeting

SUBJECT: **LACERA OPERATIONS BRIEFING**

The purpose of this briefing is to share insights on staff and divisional 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 Project Update:** The team presented the finalized Request for Proposal (RFP) to the Operations Oversight Committee (OOC) on September 1, 2021 and will be presented to the Board of Retirement (BOR) on October 6, 2021 for final approval.

- **Retirement Estimate Redesign Project:** The new Retirement Application and Summary is on hold pending the full re-opening of the Member Service Center (MSC). The original plan for the redesigned application, which can best be described as an informative retirement prospectus designed to provide members all the information they need to make an informed decision about their retirement, was to test the document and collect feedback from members that would be used to refine the new document and process before implementation. The team is working on plans to begin testing the new application in the Member Service Center.

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 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 Executive Office has reached out to the Auditor Controller and the CEO's Office and shared our requests for their assistance.

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.



## **Progress Update 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.

- **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.

EKA has provided an update on their progress and the Executive Office is currently reviewing their update at this time. EKA has scheduled meetings with Trustees to discuss the expectations for the proposed communication plan which will be discussed as part of the strategic planning efforts.

## **Update on Other Projects**

Our 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.

- **COLA Bank Retroactive Changes:** In April of 2021 the Board of Retirement approved corrections to the COLA Accumulation Bank, which involved making retroactive corrections, recalculating benefit allowance amounts, and paying members retroactive benefits due to a discrepancy discovered in the COLA Accumulation bank.

The first phase was completed, and members received their retroactive payments on July 15, 2021, via Direct Deposit. In the past, LACERA could only combine retroactive benefits with the scheduled monthly retirement payroll. This special payment via direct deposit that was outside the scheduled monthly retirement payroll was a successful first for LACERA and will be the new method for issuing

special payments in the near future. The second phase of cases was completed, and members were notified of the retroactive payments in early September and payments were issued September 15<sup>th</sup> to 395 members, survivors, and legal split payees. To date, LACERA has paid out just over \$3.6 million in retroactive COLA earnings. We will update this total as we complete more cases.

We have been working on a better way to report the progress on this project. The chart below explains where we are.

**COLA Bank Retroactive Project - Status as of 9/10/2021**

Row Labels (Type, Status, Detail, Outstanding)	Count	%
<b>Completed</b> (Member Paid - No Further Action Required)	<b>7,864</b>	<b>81%</b>
<b>First Notification Sent</b> (Still Processing - Not Paid)	822	9%
<b>Active Payee – Member</b>	<b>439</b>	<b>5%</b>
Paying Split	206	
<b>Active Payee – Survivor</b>	<b>383</b>	<b>4%</b>
Paying Split	9	
<b>Pending Notification</b> (Staff is Reviewing and Processing)	986	10%
<b>No active payees</b>	<b>726</b>	<b>7%</b>
<b>Active Payee – Member</b>	<b>145</b>	<b>2%</b>
Paying Split	3	
<b>Active Payee – Survivor</b>	<b>115</b>	<b>1%</b>
Paying Split	6	
<b>Grand Total</b>	<b>9,672</b>	<b>100%</b>

- **Completed:** We have completed 81% of the cases impacted by the COLA Bank Correction project.
- **First Notification Sent:** We are scheduled to pay 317 of the 383 Active Payee–Survivors in October. Notifications will go out in early October and payments will be made on October 15<sup>th</sup>. The team will continue to focus on resolving the remaining members in this category in the next few months. Still continue to work on processing the remaining survivors in this category.
- **Pending Notification:** The Active Payee–Member and Active Payee–Survivors are still being evaluated. These cases are more complex and will

require manual reviews and calculations and will take a bit longer to resolve. The No Active Payee sub-category is deceased members whom we will need to conduct research to find the correct beneficiaries or estate representatives once the retroactive amount has been determined. This is the category that will be placed on hold and processed at a later time as we shift resources to the Alameda Case Project.

- **Alameda Project Update:** In 2020, the California Supreme Court issued its decision in the Alameda County Deputy Sheriff's Association v. Alameda County Employees Retirement Association ("Alameda") challenging the constitutionality of changes passed in 2013 Assembly Bill 197, which amended the definition of compensation earnable, specifically excluding pay items previously included such as unused vacation, termination pay, in-kind payments, and payments for services rendered outside of normal working hours. The Court upheld constitutionality of the Legislature's actions.

In February of 2021, the Legal Office notified the Board of Retirement that it had completed an initial review of LACERA legacy pay codes and determined that Standby Pay did not meet the expanded understanding of compensation earnable because of the Alameda Case. It was also determined that LACERA would have to modify any member records where members had paid contributions on these earnings on or after January 1, 2013, resulting in refunds of contributions to members. Additionally, changes would be made to any members who retired on or after January 1, 2013, if their FAC included earnings for these pay codes. These members would have their benefits adjusted prospectively from the August 30, 2020, Supreme Court decision.

Staff have completed their determination of how we will approach the project to adjust contributions, review previous service purchases, and notify members of the impact of this court decision. The impact to members will depend on their status:

- o Active members impacted by this decision will see adjustments to their contributions paid, resulting in excess contributions being placed on their account which will earn interest until they terminate service or retire. In some cases, they may be able to use these contributions to offset future contributions owed or use them towards the purchase of previous service, if eligible.
- o Retired members and survivors are impacted in two areas. They will be eligible for a refund of contributions paid based on the now non-pensionable earnings.

However, if any of those earnings were paid during the member's highest Final Average Compensation period the retirement benefit will be adjusted and the member or survivor will have been overpaid. Retired members will be allowed to offset the overpaid retirement benefits using excess contributions.

- o Active and Retired members who purchased certain types of previous service that used earnings that included non-pensionable items were overcharged for those purchases. For Active members, these contracts will be re-computed, and the excess contributions will be placed in their account, which will earn interest until they terminate service or retire. In some cases, they may be able to use excess contributions to offset future contributions owed, or use them towards the purchase of previous service, if eligible. Members currently paying for contracts through deductions will have earlier pay-offs. Retired members will be allowed to offset the overpaid retirement benefits using excess contributions.

The decision to shift resources from the finalization of the COLA Bank Project to this project was made to complete calculations for the retired members. This will result in limiting the overpayment amount from increasing and maximizing the effect of offsetting the overpayment with any refund in contributions, limiting the final impact to members and survivors.

- **Information Systems:** Our Systems division continues to engage in various process improvement projects and initiatives aimed at securing our network, data, application, and overall system infrastructure. One of the projects the team has been working on over the last several months is the Mainframe Hosting Project:
  - o *Mainframe Hosting Project* – Recommended for approval on May 5, 2021 by the OOC and approved on June 2, 2021 by the BOR, the Systems Division and the Information Security team began working with Mainline Systems to migrate LACERA's mainframe to a multi-tenant, hosted solution. As stated previously, this migration will ensure the stability of LACERA's mission critical applications and data until LACERA completes the transition of its programs and data to another platform. Also, the migration will provide LACERA an improved disaster recovery solution that decreases both downtime and data loss.

As of September 22, 2021, all data from LACERA's mainframe in Pasadena has been replicated on the mainframe in Phoenix. The team has connected Workspace in a development environment to the new mainframe and is executing a detailed acceptance test of the new environment. The team is also preparing a detailed cut over for the weekend of the transition. We anticipate the project to be completed by the beginning of October 2021.

- *Microsoft Dynamics Great Plains Hosting Project* – Approved in the Fiscal Year 2020-21 budget adjustments by the BOR, the Systems Division began working with Argus Systems and Data Resolution to migrate LACERA's legacy Microsoft Dynamics GP application to a hosted solution. This migration will ensure the stability of LACERA's mission critical application until LACERA completes the transition to a more modern solution in three years. Also, the migration will provide LACERA an improved disaster recovery solution that decreases both downtime and data loss.

As of September 22, 2021, all data from LACERA's GP system in Pasadena has been replicated on the hosted system. The team is preparing a detailed acceptance test plan and a detailed cut over for the weekend of the transition. We anticipate the project to be completed by the end of December 2021.

- *IT Service Management Improvement Project* – Approved in the Fiscal Year 2020-21 budget adjustments by the BOR, the Systems Division selected ServiceNow, a cloud-based IT management tool, to improve how the division manages IT incidents, problems, requests, and knowledge. Phase I of the ServiceNow implementation will provide automation and tracking for all requests coming into the Systems Helpdesk. Future phases of the project will introduce hardware asset management as well as sophisticated automation for routine tasks.

As of September 22, 2021, the initial configuration of ServiceNow has been completed and LACERA's production instance of ServiceNow is up and running and a soft rollout to all Systems staff members has been completed. The PMO is now transitioning ownership of ServiceNow to the infrastructure team who will provide operational support for the application going forward. The next steps include a soft rollout to selected LACERA staff members and finally, a soft rollout to all LACERA staff members. We expect Phase I of the project to be completed by the end of December 2021.

- **Administrative Services Division:** Our Administrative Services is a support division consisting of the Budget Unit; the Document Processing Center; the Procurement Unit, including Purchasing, Facilities, and Renovations; and the Risk Management Unit, which includes Business Continuity, Business Insurance, Contract Management, Health and Safety, and Records Management. Over the last month the division has led and supported the following initiatives:
  - The Budget unit is currently leading LACERA's Mid-Year budget process. Currently, divisions are putting together mid-year budget proposals for executive review. The mid-year budget is scheduled to be presented at the November 2021 Joint Organizational Governance Committee. The team is also working collaboratively with the Systems division on the selection of a new budget software consultant.
  - The Risk Management unit in conjunction with the Business Continuity team is preparing for a cross functional tabletop exercise in October 2021. The team will provide a briefing of the exercise and results in a later OOC report.
  - The Health and Safety Unit began conducting weekly COVID-19 health and safety inspections to identify potential hazards related to COVID-19 and ensure adherence to all state and federal health and safety laws and requirements. This last quarter, there have been no COVID-19 safety hazards identified during the inspections. The Health and Safety Unit conducted a successful earthquake drill that was in collaboration with the Office of the Building.

Health and Safety staff will continue to conduct the weekly inspections and provide weekly reports with the findings. They will also continue to conduct annual fire and earthquake drills to assure staff are familiar with evacuation procedures.
  - The Procurement Unit is collaborating with Systems and FASD to implement a new accounts payable software. We are looking forward to the implementation of this software to make the procurement process more efficient by automating the process. Procurement is also working with Systems staff to select and implement an asset management software that will facilitate inventory tracking from receipt of the equipment through the lifecycle of the assets. The review and update of the Purchasing and

Procurement Policy for Goods and Services will be conducted this year and presented to the OOC for approval.

- **Financial and Accounting Services Division** applies sound controls, accounting standards, and compliance with regulatory and statutory financial reporting mandates to LACERA's assets, member payroll, and organization-wide financial transactions.
  - *Financial Statement Preparation:* The Government Code requires that LACERA prepare annual financial statements, obtain an external audit opinion of such, and transmit these statements to the plan sponsor (i.e., Los Angeles County). The fiscal year ended June 30, 2021 financial statements are currently in progress. Staff initiated the project in July and plan to issue a draft report for review by the end of September. This project is on track to be completed by the deadline in October and issue the financial statements to the County.
  - *Financial Statement Audit:* Internal Audit coordinates the annual financial statement audit conducted by Plante Moran. Preliminary fieldwork was completed by Plante Moran in May. LACERA and Plante Moran held audit planning meetings during the month of August, and final fieldwork began in September. LACERA staff prepared and submitted the audit documentation as requested. Although the audit is currently in progress, at this point, Plante Moran has not identified any significant audit issues.
  - *Actuarial Valuation Reports:* The Government Code requires that valuations of the Pension Plan be performed at least once every three years. The Board of Investment's 2013 Retirement Benefit Funding Policy requires more frequent valuations which are set to be completed annually. These reports are prepared to determine employer and employee contribution rates and to measure the funded status of the Pension Plan. In addition, the valuation report provides information that is used to prepare the Governmental Accounting Standards Board (GASB) Statement Number 67 financial statement reports. Plan sponsors use the GASB reports to obtain information required for their financial statement disclosures. The annual Pension Valuation report is conducted by Milliman, LACERA's Pension Plan consulting actuary. The June 30, 2021 Pension Valuation project began in August and is expected to be completed in November 2021, with results

presented to the Board of Investments in December 2021. LACERA sent Milliman the initial membership data files for review.

**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 Annual Comprehensive Financial Report (ACFR), among others. A cross-functional team of Systems and our QA & Metrics team have developed a new categorization that more accurately reflects the makeup of our membership. This new category correctly accounts for all inactive members – some of which can be eligible for a benefit. The draft reports are being verified for accuracy across different formats. Once verified we will update the Committee.

Attachments:

Public Records Request Update  
Report of Felony Forfeiture Cases Processed



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

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<p>Request 3 - Requested documents regarding hiring of Celso Templo.</p> <p><b><i>On March 1<sup>st</sup>, 2021, sent one (1) additional set of responsive documents.</i></b></p> <p>Request 13 - Requested documents and communications sent or received by Celso Templo regarding James Brekk.</p> <p><b><i>On March 2<sup>nd</sup>, 2021, sent two (2) additional sets of responsive documents.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 4-6, and 12 remain outstanding.</p> <p><b><i>On March 2<sup>nd</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 4-6, and 12 remain outstanding.</p> <p><b><i>On March 15<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Request 4 - Requested Systems related communications by or to Celso Templo.</p> <p><b><i>On March 19<sup>th</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 5, 6, and 12 remain outstanding.</p> <p><b><i>On March 31<sup>st</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p><b><i>On June 4<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p><b><i>On June 30<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Request 6 – Requested all documents and communications by Celso Templo regarding information technology vendor solicitation process.</p> <p><b><i>On July 7<sup>th</sup>, 2021, sent 1,400 responsive documents.</i></b></p>
08-13-21	J. Gray, Pitchbook	<p>Requested information regarding first quarter performance date for LACERA holdings in alternative assets.</p> <p><b><i>On August 16<sup>th</sup>, 2021, sent one (1) responsive email with links to LACERA reports.</i></b></p> <p><b><i>On August 17<sup>th</sup>, 2021, send one (1) additional responsive document via email.</i></b></p>
08-19-21	J. Blumenstein, Altman	<p>Requested reports re all private capital investments.</p> <p><b><i>On August 24<sup>th</sup>, 2021, sent one (1) email with two (2) responsive reports.</i></b></p>


DATE RECEIVED	REQUESTER	DOCS REQUESTED
08-23-21	S. Criswell, Gapstow	Requested the last quarter of 2020 portfolio performance review.  <b><i>On August 23<sup>rd</sup>, 2021, sent two (2) responsive emails and one (1) link to the reports on the website.</i></b>
09-02-21	LA County Sheriffs	Standing request for monthly BOR approved Fire and Sheriffs' Department retiree listing.  <b><i>On September 2<sup>nd</sup>, 2021, sent one (1) responsive document via email.</i></b>
09-02-21	LA County Fire, and LA County HR	Standing request for monthly Ratification of Service Retirement and Survivor Benefit Application Approvals.  <b><i>On September 2<sup>nd</sup>, 2021, sent one (1) responsive link via email.</i></b>
09-02-21	LA County HR	Standing request for monthly disability retirement list for the BOR.  <b><i>On September 2<sup>nd</sup>, 2021, sent one (1) responsive document via email.</i></b>
09-08-21	T. Towery, CA 1 <sup>st</sup> Amendment Coalition	Requested information in 11 different categories.  <b><i>On September 8<sup>th</sup>, 2021, sent one (1) email.</i></b>



## INFORMATION ONLY

September 14, 2021

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

FROM: Bernie Buenaflor   
Chief, Quality Assurance & Metrics Division

FOR: October 6, 2021, Operations Oversight Committee Meeting

SUBJECT: **Mallano Class Action Suit Contributions Collection and Final Average Compensation Project**

LACERA Staff have prepared this report to the Operations Oversight Committee to convey the latest update on a contribution collections and Final Average Compensation Project originating from a March 10, 2016, judgment in a class action suit filed in Los Angeles Superior Court by Robert M. Mallano against various California public agencies. In this judgment, the Controller of the State of California, the Judges Retirement System, and the Judges Retirements System II, were ordered to pay additional salaries with interest and related benefits to the members of the plaintiff class, primarily judges, commissioners, referees and justices who were members of the Judges Retirement System and Judges Retirement System II between 2008 and 2016 (see attached copy of the judgment).

This judgment directly impacted several hundred LACERA members, primarily commissioners and referees, to the extent that the additional salaries awarded to them increased their Final Average Compensation and their retirement benefits. A subset of these LACERA members, 89 commissioners and referees, were required to pay LACERA the member contributions applicable to their additional pay as they were active LACERA members during the payroll periods for which they received additional salaries. As the members received the additional pay, beginning in 2019, LACERA collected the member contributions applicable to that pay directly from the members.

LACERA's collection policy, last revised in June 2015, specifies that, in addition to contributions owed to LACERA, LACERA will seek interest on those contributions, subject to certain thresholds and limitations. Members have the right to appeal the interest in accordance with LACERA's administrative appeals policy, and LACERA Management may waive interest up to the limit of its authority and to the extent that doing so is prudent and equitable in light of LACERA's fiduciary duty to both its members and the pension fund.

Memo to Operations Oversight Committee

Re: Mallano Class Action Suit Contributions Collection and Final Average Compensation Project

September 14, 2021

Page 2

In its effort to efficiently and faithfully exercise its fiduciary duty, LACERA Management undertook an assessment of the potential impact of charging and collecting interest. The following factors led Management to the conclusion that it would not be prudent to bill these members for interest:

- 1) LACERA knew about the retroactive salaries before they were paid out, and so LACERA had the opportunity to collect the contributions owed on those salaries in a timely manner and hopefully avoid delays that would necessitate billing the members for interest. Interest only begins accruing after the retroactive salaries are paid, so all interest written off are the results of processing delays.
- 2) It was anticipated that the impacted members would probably appeal any billed interest under the justification that the member did not cause the delay which resulted in the interest.

Based on Management's preliminary assessment, the cost to administer an appeal would outweigh the amount of interest that LACERA could realistically collect.

For these reasons, Benefits Management opted not to bill for interest on the contributions owed for this group even though LACERA's collection policy specifies that a formal effort be made to collect that interest.

This collections project is now substantially complete. Of the 89 members who owed contributions, LACERA technically had the right to collect interest from 82. For these 82, the average amount of interest that was waived was \$199, and the maximum amount was \$360. Total interest that was waived was approximately \$16,750. Ultimately, all collectible interest was within Management's authority to waive under the Board of Retirement's collection policy.

The Benefits management team reviewed the potential impacts of attempting to collect interest on these additional contributions, including processing delays, the loss of goodwill among LACERA members impacted by this project, and the potential costs of the expected appeals that would result from this collection effort. Based on this review, Benefits management exercised its fiduciary duty to minimize operating and administrative costs, forgo collection efforts and waive the minimal interest due.

Attachment

Reviewed and Approved

A handwritten signature in black ink, appearing to read "JJ Popowich", is written over a horizontal line.

JJ Popowich

Assistant Executive Officer, LACERA

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CONFORMED COPY  
ORIGINAL FILED  
Superior Court of California  
County of Los Angeles

MAR 10 2016

Sherri R. Carter, Executive Officer/Clerk  
By: B. Burns Tucker, Deputy

**SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF LOS ANGELES**

ROBERT M. MALLANO, INDIVIDUALLY,  
and ON BEHALF OF A CLASS OF  
SIMILARLY SITUATED PERSONS,

Plaintiff,

v.

JOHN CHIANG, CONTROLLER OF THE  
STATE OF CALIFORNIA, THE JUDGES'  
RETIREMENT SYSTEM, ADMINISTERED  
BY THE BOARD OF ADMINISTRATION  
OF THE PUBLIC EMPLOYEES  
RETIREMENT SYSTEM OF THE STATE  
OF CALIFORNIA, THE JUDGES'  
RETIREMENT SYSTEM II,  
ADMINISTERED BY THE BOARD OF  
ADMINISTRATION OF THE PUBLIC  
EMPLOYEES RETIREMENT SYSTEM OF  
THE STATE OF CALIFORNIA, and DOES 1  
THROUGH 100, INCLUSIVE,

Defendants.

) LASC Case No: BC 533770

**JUDGMENT**

1 This matter came to trial on September 30, 2015, before the Honorable Elihu  
2 M. Berle, Judge presiding in Department 323 of the Superior Court. Plaintiff  
3 appeared by Raoul D. Kennedy of Skadden, Arps, Slate, Meagher & Flom, LLP,  
4 and Defendants appeared by Jonathan E. Rich, Deputy Attorney General of the State  
5 of California.

6 On December 16, 2015, the Court issued its Statement of Decision pursuant  
7 to Code of Civil Procedure, section 632 and California Rules of Court, rule 3.1590.  
8 No objections to the Statement of Decision were filed.

9 Having considered all the filings, pleadings, and evidence; and good cause  
10 appearing therefor,

11  
12 IT IS HEREBY ORDERED, DECREED AND ADJUDGED:

13  
14 1. That declaratory judgment be entered in favor of Plaintiff Robert M.  
15 Mallano, individually and on behalf of a certified class composed of:

16 All California State justices and judges who were active  
17 justices and judges since the commencement of fiscal year  
18 2008-2009; all persons who are receiving, or any time since  
19 the commencement of fiscal year 2008-2009 have received  
20 benefits from the Judges Retirement System ("JRS I"); and all  
21 persons who are receiving, or have received benefits from the  
22 Judges Retirement System II ("JRS II") based on a final  
23 compensation that includes salary paid at any time since the  
24 commencement of fiscal year 2008-2009

25 against Defendants, Controller of the State of California<sup>1</sup>; the Judges' Retirement  
26 System (Administered by the Board of Administration of the Public Employees  
27

28 <sup>1</sup> John Chiang was the elected Controller when this action was commenced. He has since been succeeded in office  
by Betty Yee.



1 Retirement System of the State of California); and the Judges' Retirement System II  
2 (Administered by the Board of Administration of the Public Employees Retirement  
3 System of the State of California).

4 2. a. Based on the statutory formula set forth in Government  
5 Code, Section 68203, and the average 0.97% salary increase  
6 granted to California state employees during fiscal 2008-2009,  
7 a judicial salary increase of 0.97% was mandated for California  
8 judicial officers for fiscal 2008-2009.

9 b. Based on the statutory formula set forth in Government  
10 Code, Section 68203, and the average 0.10% salary increase  
11 granted to California state employees during fiscal 2009-2010,  
12 a judicial salary increase of 0.10% above the adjusted judicial  
13 salary (as set forth in paragraph 2a.) was mandated for  
14 California Judicial Officers for fiscal 2009-2010.

15 c. Based on the statutory formula set forth in Government  
16 Code, Section 68203, and the average 0.11% salary increase  
17 granted to California state employees during fiscal 2010-2011,  
18 a judicial salary increase of 0.11% above the adjusted judicial  
19 salary (as set forth in paragraphs 2a. and 2b.) was mandated for  
20 California judicial officers for fiscal 2010-2011.

21 d. Based on the statutory formula set forth in Government  
22 Code, Section 68203; and the average 0.22% salary increase  
23 granted to California state employees during fiscal 2013-2014,  
24 a judicial salary increase of 0.22% above the adjusted judicial  
25 salary (as set forth in paragraphs 2a., 2b., and 2c.) was  
26 mandated for California judicial officers for fiscal 2013-2014.

27 e. Based on the statutory formula set forth in Government  
28 Code, Section 68203, and the average 1.83% salary increase

1 granted to California state employees during fiscal 2014-2015,  
2 a judicial salary increase of 1.83% above the adjusted judicial  
3 salary (as set forth in paragraphs 2a., 2b., 2c., and 2d.) was  
4 mandated for California judicial officers, for fiscal 2014-2015.

5 f. Based on the statutory formula set forth in Government  
6 Code, Section 68203, and the average 2.4% salary increase  
7 granted to California state employees during fiscal 2015-2016,  
8 a judicial salary increase of 2.4% above the adjusted judicial  
9 salary (as set forth in paragraphs 2a., 2b., 2c., 2d., and 2e.) was  
10 mandated for California judicial officers for fiscal 2015-2016.

11 3. In accordance with the mandated judicial salary increases set forth  
12 above, class members were entitled to payments and benefits based on the  
13 following salaries:

14 a. Judicial Salaries for fiscal year 2008-2009

- 15 i. Chief Justice of the  
16 Supreme Court \$ 231,076.00  
17 ii. Associate Justice of the  
18 Supreme Court \$ 220,354.00  
19 iii. Justice, Court of Appeal \$ 206,584.00  
20 iv. Judge, Superior Court \$ 180,523.00

21 b. Judicial Salaries for fiscal year 2009-2010

- 22 i. Chief Justice of the  
23 Supreme Court \$ 231,307.00  
24 ii. Associate Justice of the  
25 Supreme Court \$ 220,574.00  
26 iii. Justice, Court of Appeal \$ 206,791.00  
27 iv. Judge, Superior Court \$ 180,704.00  
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- c. Judicial Salaries for fiscal year 2010-2011
  - i. Chief Justice of the Supreme Court \$ 231,561.00
  - ii. Associate Justice of the Supreme Court \$ 220,817.00
  - iii. Justice, Court of Appeal \$ 207,018.00
  - iv. Judge, Superior Court \$ 180,903.00
  
- d. Judicial Salaries for fiscal year 2011-2012
  - i. Chief Justice of the Supreme Court \$ 231,561.00
  - ii. Associate Justice of the Supreme Court \$ 220,817.00
  - iii. Justice, Court of Appeal \$ 207,018.00
  - iv. Judge, Superior Court \$ 180,903.00
  
- e. Judicial Salaries for fiscal year 2012-2013
  - i. Chief Justice of the Supreme Court \$ 231,561.00
  - ii. Associate Justice of the Supreme Court \$ 220,817.00
  - iii. Justice, Court of Appeal \$ 207,018.00
  - iv. Judge, Superior Court \$ 180,903.00
  
- f. Judicial Salaries for fiscal year 2013-2014
  - i. Chief Justice of the Supreme Court \$ 232,070.00
  - ii. Associate Justice of the Supreme Court \$ 221,303.00
  - iii. Justice, Court of Appeal \$ 207,473.00
  - iv. Judge, Superior Court \$ 181,301.00

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- g. Judicial Salaries for fiscal year 2014-2015
  - i. Chief Justice of the Supreme Court \$ 236,317.00
  - ii. Associate Justice of the Supreme Court \$ 225,353.00
  - iii. Justice, Court of Appeal \$ 211,270.00
  - iv. Judge, Superior Court \$ 184,619.00
  
- h. Judicial Salaries for fiscal year 2015-2016
  - i. Chief Justice of the Supreme Court \$ 241,989.00
  - ii. Associate Justice of the Supreme Court \$ 230,761.00
  - iii. Justice, Court of Appeal \$ 216,340.00
  - iv. Judge, Superior Court \$ 189,050.00

4. Class members who are receiving, or since fiscal year 2008-2009 have received, benefits from JRS I or JRS II are entitled to receive benefits based on the judicial salaries set forth above.

5. Plaintiff class members are entitled to interest, at 10% per annum, on the unpaid salaries and judicial retiree benefits, from the dates on which such sums vested until such increases and benefits are paid.

6. Plaintiffs are entitled to recover their costs of suit and attorney fees.

7. The Court retains jurisdiction to enforce the terms of the judgment entered in this case.

DATED: March 10, 2016


**ELIHU M. BERLE**

HONORABLE ELIHU M. BERLE  
JUDGE OF THE SUPERIOR COURT



September 24, 2021

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

FROM: Allan Cochran   
Division Manager, Member Services

FOR: October 6, 2021, Operations Oversight Committee Meeting

SUBJECT: Semi-Annual Report of Member Services

## **Background**

During the past six months, Member Services has exited the March Madness retirement season of 2021, experienced a challenging summer of high demand for service, and we are looking ahead to our next March Madness that is quickly approaching.

Achievements include safely reopening our Member Service Center after a 16-month closure because of the pandemic, continued innovation, and most importantly providing superior service to our members across all the channels now available to them. We are now back in the business of meeting in person with members who need this level of service, we are virtually counseling members, we are offering webinars to educate our members and we are fielding a historical high number of incoming phone calls. We are achieving this due to the character of our Specialists, who are fatigued, yet work hard each day and dedicate themselves to serving our members, who are sometimes experiencing terrible circumstances and stresses.

We are operating with very limited staff given the demand for our service and are preparing for our next retirement season that is just over the horizon.

## **Achievements**

### COLA Accumulation Project

Over the past six months, we completed March Madness, by answering many questions about first retirement payments and COLA. In June, nearly 10,000 letters were mailed to payees to inform them of the COLA Accumulation adjustment and giving

notice of payment of any underpaid COLA. This project is described in the April 7, 2021 memo to the Board of Retirement “Cost of Living Adjustment-Accumulation Accounts”. Member Services Specialists dedicated time in June to prepare for these calls by participating in training provided by the Process Management Group (PMG) and in huddles, or short training meetings, that Member Services held to answer any lingering questions from staff.

For the first time members received special payments issued in the middle of the month and most were paid by direct deposit. The off cycle direct deposit was new for us and helped our members to differentiate the payments from the normal monthly benefit. Member Services staff members were well prepared to answer any questions about these payments. The very successful execution of this project is another example of a strength of LACERA; the ability to collaborate across many divisions to deliver superior service to our membership. Systems, Benefits, Communications, QA, and Member Services worked with each other to successfully inform, educate, and pay our impacted payees. As outlined in the monthly Operations Briefing, some cases remain unresolved due to their complexity, but impacted members were informed of this in the June mailing. These cases are being resolved through this year.

#### Member Service Center Reopening

The Member Service Center (MSC) closed on March 13, 2020, and reopened to our members on July 6, 2021, to provide in-person counseling appointments. We began with seven appointments a day and increased this to 15 appointments by the end of July. We experienced the departure of one of our Outreach staff and by mid-August determined that 10 in-person appointments per day was sustainable.

Protecting our members and staff has been one of our highest priorities throughout the re-opening process and this does play a role in limiting the number of in-person appointments. Our MSC Specialists adhered to a “red/blue” team protocol to minimize the impact of a virus exposure. With this red/blue concept, we have half the MSC team working in the office one week while the other team works remotely providing virtual counseling and webinars. The following week they switch working in the office and working remotely. The concept protects the entire MSC Section from infection. If there is exposure, the remote working team will remain available to provide service to our members while the exposed team recovers.

Individual one-on-one counseling is one of the primary responsibilities of Outreach Specialists in the MSC. With the advent of the pandemic, these Specialists took the lead to develop and learn virtual counseling techniques, evaluate, select, and develop training on new software tools last year while the MSC was closed. By the time the MSC reopened in July, the Outreach staff were offering close to 600 virtual appointments per month. With the reopening, and with limited Outreach staff, we needed to reduce the virtual appointments to allow for in-person appointments in the MSC. We began with offering an

average of 9 virtual appointments a day during the first week of our reopening and gradually increased this to about 20 virtual appointments per day by the end of July. Currently, on average, we are offering about 400 virtual appointments and 200 in-person appointments per month.

In the past, more than half of the visits to the Member Service Center were “walk-in” requests to meet with a Specialist and “drop off” of documents. The pandemic required us to find new ways to provide the services our member’s need to account for the loss of the ability to simply walk in and drop off documents. Among these innovations were the installation of a secure drop box at our offices, the ability for members to upload documents via MyLACERA and a change in our policy to allow the acceptance of copies of documents such as birth, marriage, and death certificates. The need to physically bring in originals or copies of these documents is gone.

We also re-evaluated how we provided services to our members. After evaluating past performance data, we realized that “walk-ins” are extremely difficult to support. “Walk-in” members often experienced long wait times as we attempted to offer both an appointment-based service model and the “Walk-ins.” This disparity would only worsen with the reduced staffing and the safety precautions that splits our staff between in-office and remote working. Taking all of this into consideration we changed our service model in the MSC to an appointment only model. Our membership is becoming accustomed to this new way of interacting with Specialists and allows for an efficient manner of providing personalized service. Regardless of the channel members choose, in person, virtual service, or calling into our Call Center they will receive the same personalized level of service

### Outreach Innovations

Even with our limited Outreach Staff, we continued to improve the service we provide our members during this six-month period by introducing four new single topic webinars: LACERA Durable Power of Attorney, MyLACERA, Retirement Options and Post Retirement Webinar. Historically we offered four comprehensive seminars: New Member, Mid-Career, Pre-Retirement and Retiree Health Care presentations. Thinking innovatively and combining her in depth knowledge of our members’ needs, interim Section Head, Vanessa Gonzalez, worked with staff to develop and introduce these shorter webinars on important topics of highest interest to our members.

In addition to introducing these monthly single topic webinars, Ms. Gonzalez and her team challenged themselves by creating and offering a Saturday webinar on all aspects of the County’s Replacement Benefit Plan. The County created the Replacement Benefit Plan (“RB Plan”) in 2010 to ensure that members who are impacted by Internal Revenue Code 415(b) retirement income limits are still able to earn their full promised retirement benefit. This plan, fully administered by the County, pays the member the difference between what LACERA is allowed to pay under 415(b) and what the member’s plan promises

based on their plan type, years of service, age, and Final Average Compensation (FAC). LACERA collaborates with the County to ensure members understand the IRS requirements and the stream of retirement payments are consistent and uninterrupted. On an annual basis LACERA and our actuary test the expected benefit payments of members to determine those who will be impacted by the 415(b) limits. Upon identifying impacted members, Member Services reaches out to the member to inform them of the limit and begins the initial enrollment process, including assisting members in completing tax withholding and direct deposit forms for their RB Benefit. These forms are collected and forwarded to the County Auditor-Controller for processing as they set up the County RB Plan payments.

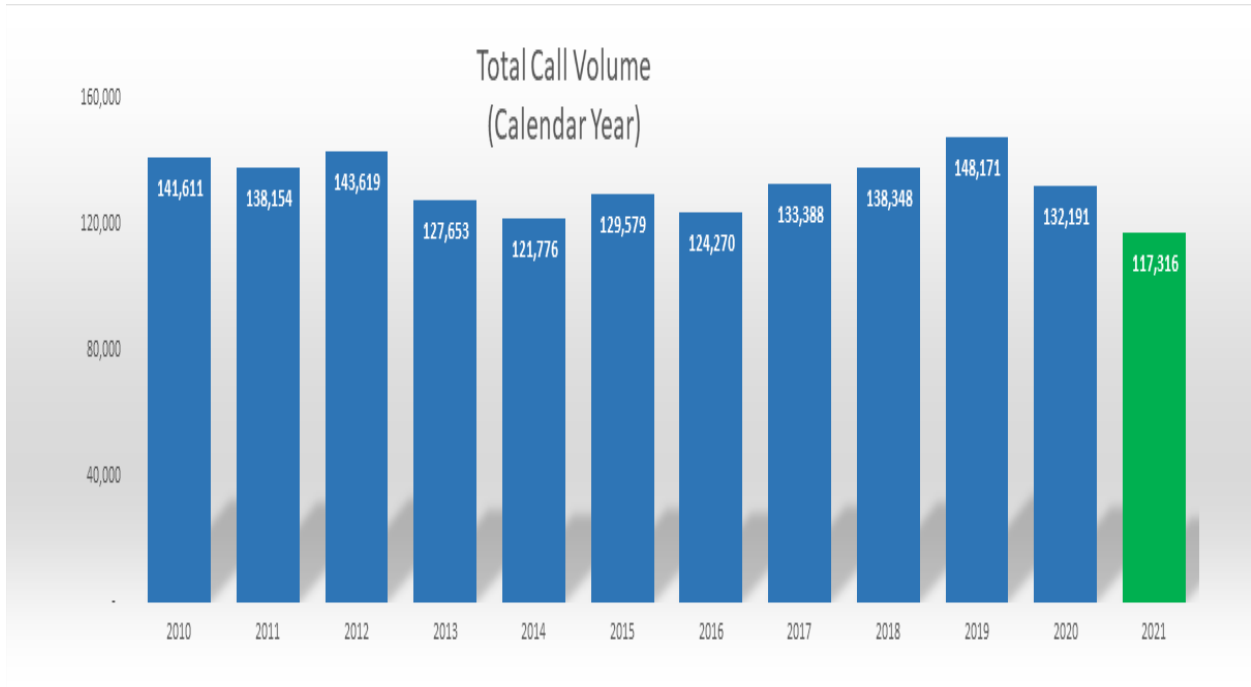
On an annual basis LACERA calculates the portion of the member's benefit LACERA must pay to ensure we do not exceed the limit, but also to ensure RHC deductions continue to be paid without interruption. Collaborating with the County we coordinate with them to ensure that their payments start and stop in a manner that guarantees the member's full benefit is always paid.

Traditionally, the RB Plan member enrollment process has been provided in a one-on-one counseling session. This year our innovative Outreach team created the webinar and invited all 37 impacted members to attend to receive this information. Nearly all new participants attended and provided us with their required RB forms. Not only was the time needed by participants to enroll in the RB Plan minimized but LACERA's staff members time was used wisely, and our member's education was done efficiently. As an aside, we see this approach also ensures all participants received the same information and questions asked by participants were valuable to all who attended. In the face of challenges, Member Services Outreach continues to adjust and adapt to provide top notch service and education to our membership. We plan on offering this on an annual basis.

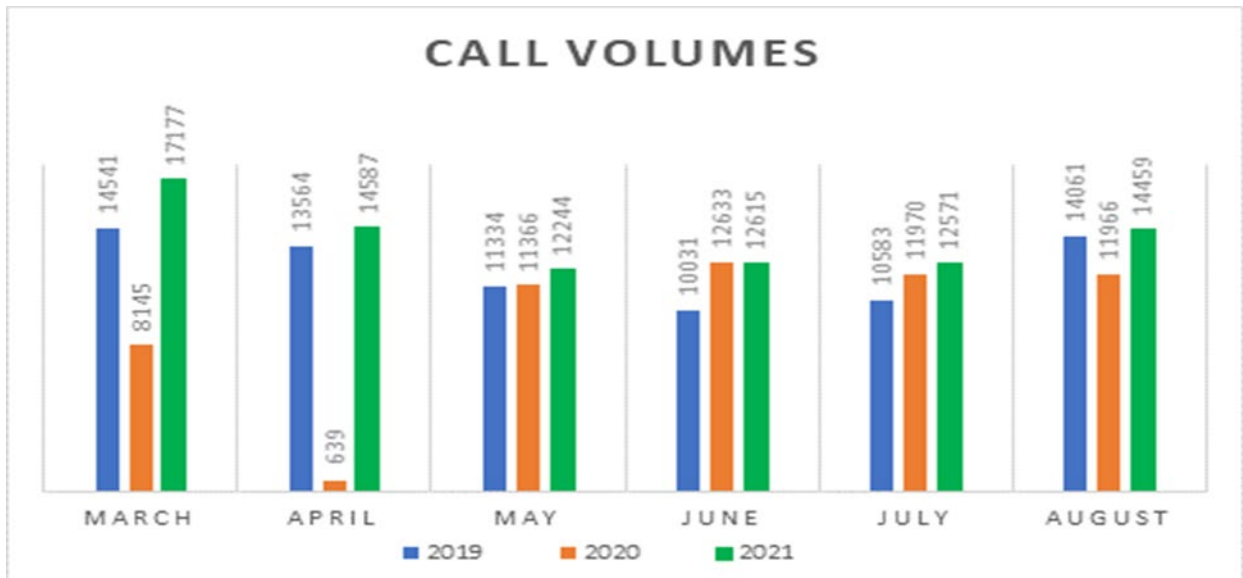
### Call Center Operations

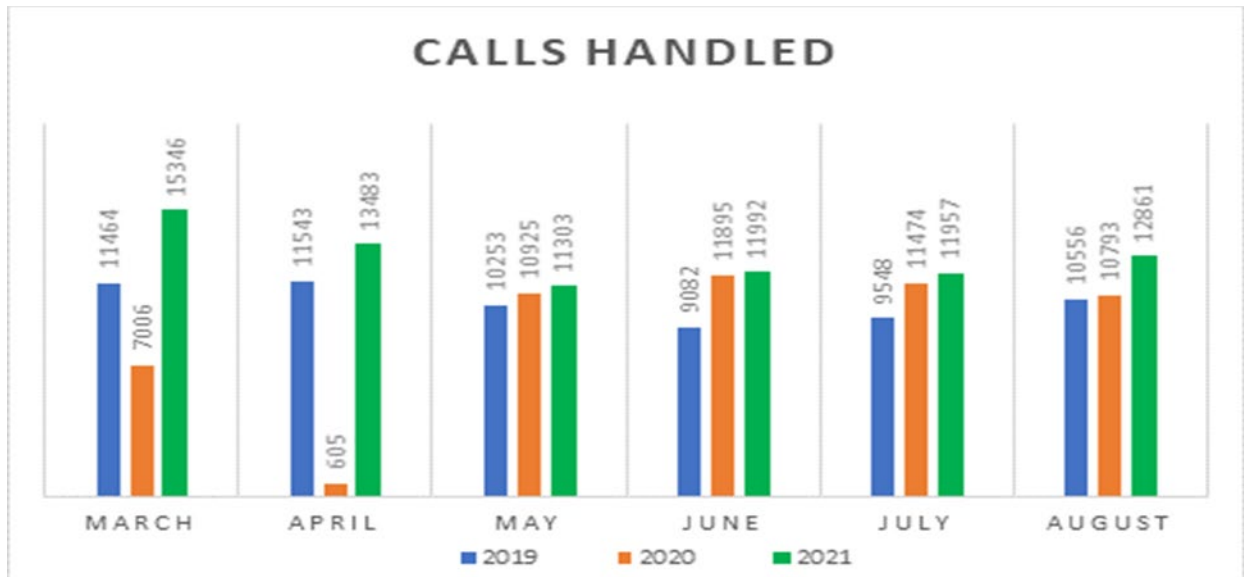
Our Member Services Call Center continues to face a growing number of incoming calls. A multiyear historical view shows that since 2016 there has been an upward trend in call volume. If we were to adjust the 2020 call volume to take account for the five-week shutdown of our Call Center during the early days of the pandemic in late March to April 2020, we estimate we would have received about 150,128 calls during 2020. The average annual call volume for the past 5 years, 2016 to 2020, is 138,861 calls per year. The number of incoming calls for this calendar year to date (January to August) is 117,316, which is 85% of the annual call volume during the past five years.





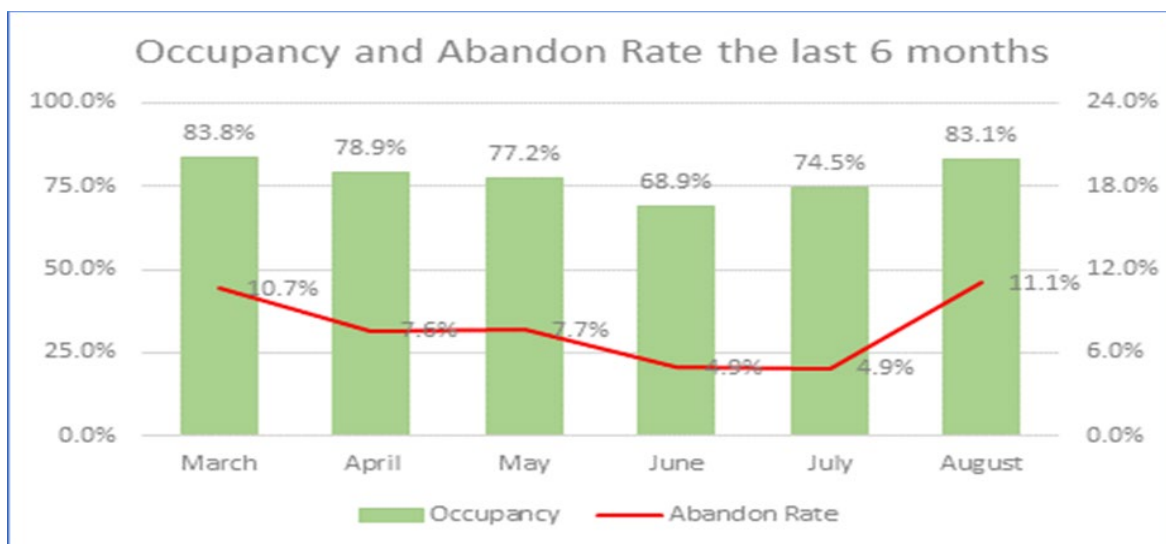
For the past six months ending August 2021 call volumes and calls handled.



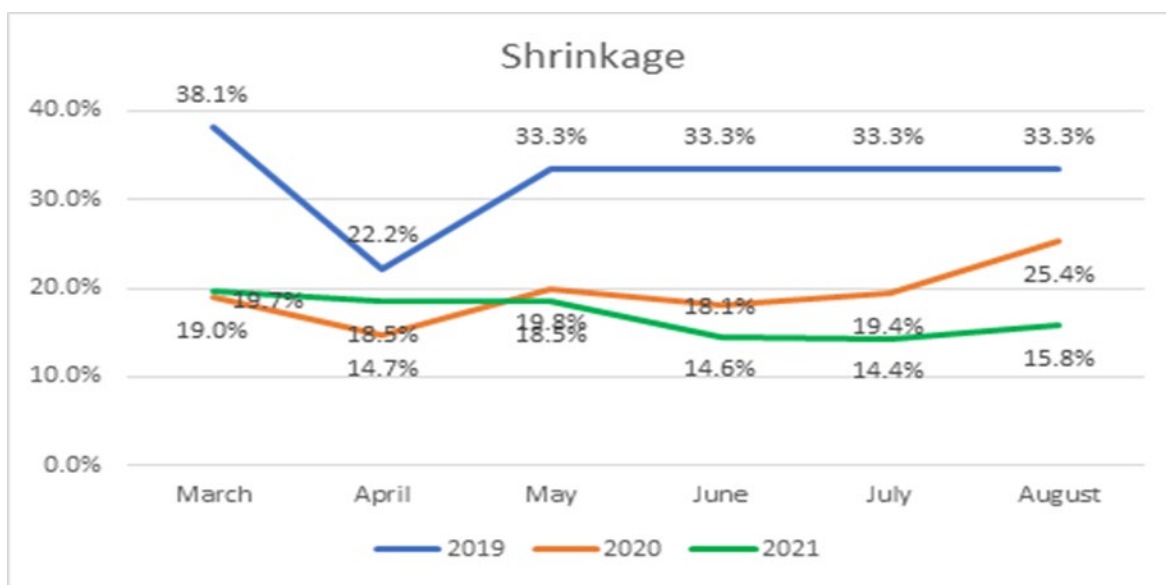


The transition to AWS, our remote call center application, together with a strong focus on workforce management and the dedication of our staff members have enabled us, so far, to serve our members without extended wait times. Our dedicated Specialists are focused on providing superior service to our members, however, as a group they are experiencing a high Occupancy Rate that risks overwork and burnout for these Specialists.

One way we monitor the impacts on staffing is by looking at the Occupancy Rate. The Occupancy Rate is a measure on the amount of time a Specialist is engaged in service to our member divided by the total amount of time they are available. The Occupancy Rate, which we commonly refer to as the Utilization Rate is one of our Key Performance Indicator (KPI) goals that we set not to exceed 65% occupancy, which is a Call Center industry standard. When occupancy rises beyond this level for an extended time, Specialists do not have enough time to engage in non-service work and recovery time from speaking on the phone. Ultimately, it is an important measure of the demand for a specialist's time.



On average, our Call Center Specialists are on the job more, when compared to the past couple of years, as shown by our “shrinkage” metric. Shrinkage is a measure of staff time allocated away from service to our members. Shrinkage measures vacation, sick leave and FMLA time off. It is an important measure to be considered in workforce planning of Specialists work schedules. We have observed this significant reduction in shrinkage since our Call Center began working remotely in April 2020.



(2019 figures are estimated)

Our long-term ability to support this continuing upward trend of incoming phone calls and the occupancy rate is limited as we are concerned about pushing our Specialists to the point that they become ineffective or leave LACERA. In addition to filling vacancies (with a new class coming soon), we continue to partner with other Member Operation Group

divisions to improve processes and look for opportunities to reduce call volumes. For example, we are working with Benefits on changes to our death notification process that should, when implemented, reduce repeat follow up calls from survivors and beneficiaries. Additionally, our Call Center has begun the collection of metrics to determine if the increase in call volumes, especially since August, is a result of COVID or vaccination mandates. Understanding why our members are calling us will help us plan for the increased volumes. With the high level of calls all summer, particularly in August, Member Services is preparing for a challenging retirement season that is right around the corner.

### **What are we doing to address our Challenges?**

#### Appointments

Since June 2020, LACERA's Member Services Outreach Section has been offering virtual counseling meetings for our membership. The ability to offer virtual counseling has been an invaluable tool, as our Member Service Center was closed since March 2020 due to the serious and unpredictable impact of the pandemic. As discussed above, we reopened the Member Service Center in July 2021, and are offering some limited in-person appointments. We have gradually increased the quantity of appointments. For the month of October, we have scheduled 380 virtual and 200 in-person appointments across the 20 working days in the month. This represents about 60% of our pre-pandemic capacity.

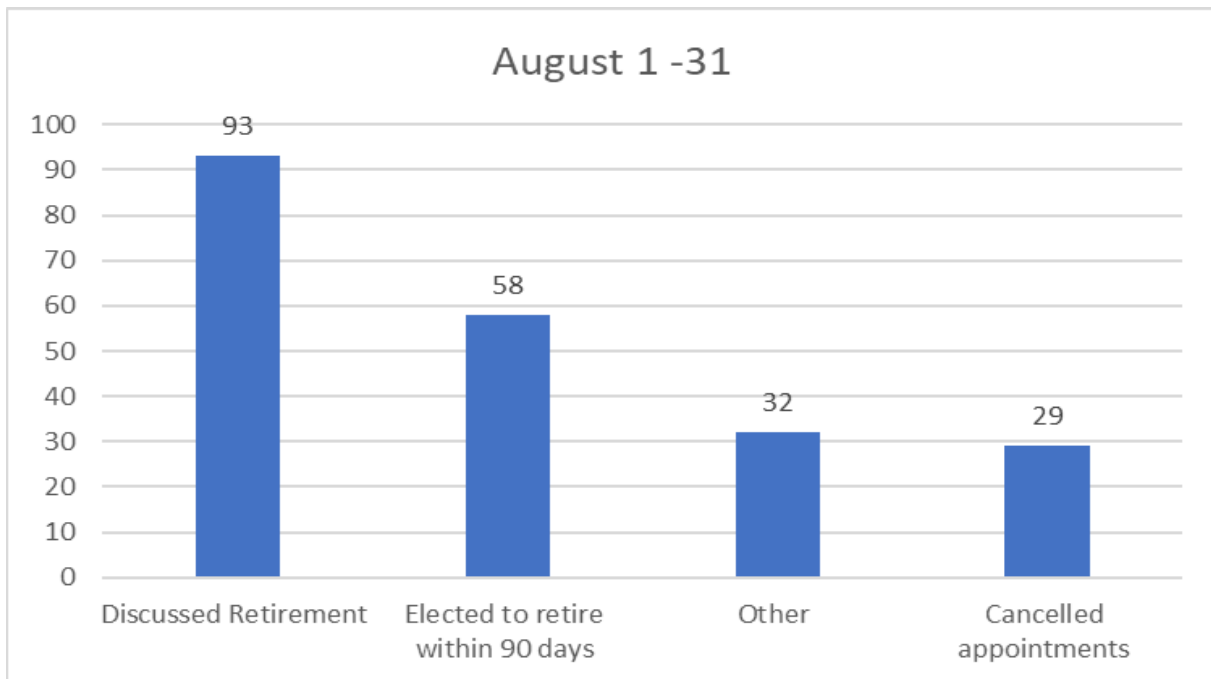
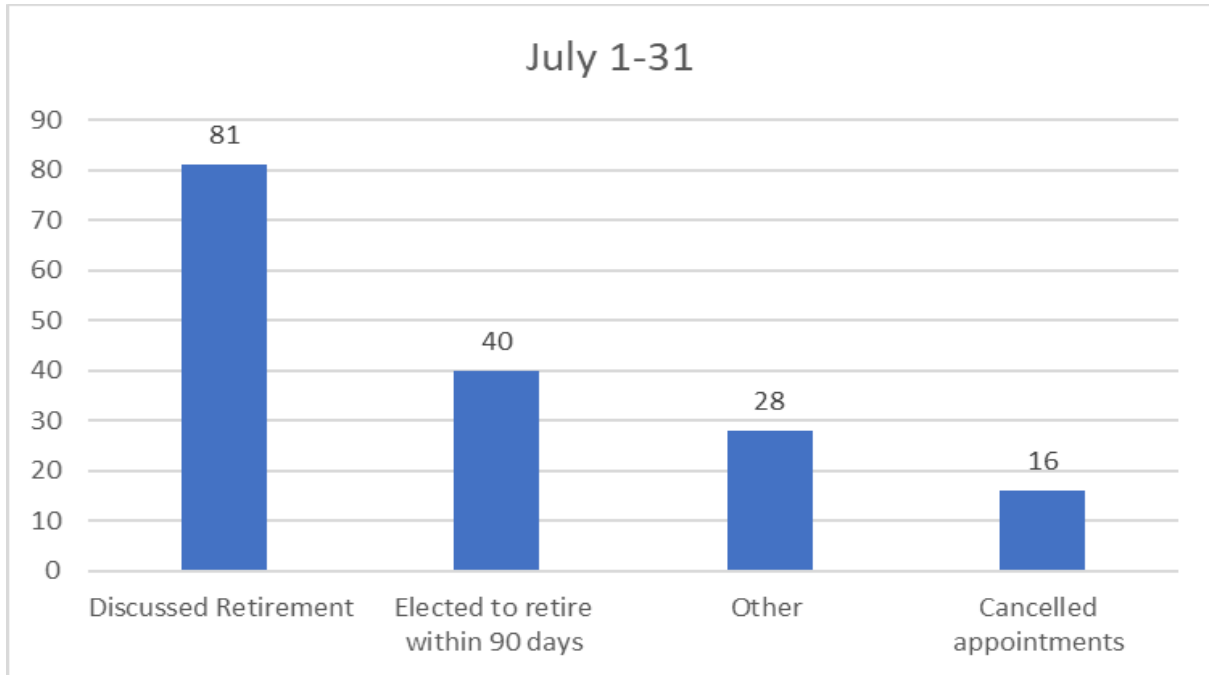
As with our call volume we are actively exploring ways where we can ensure that those that visit the office for an appointment are members whose visit provides the highest value to them. For example, a high value experience would be a member who intends to retire immediately or within the next ninety days and is unable to meet virtually. We have always tracked the reasons members interact with us, but we are now collecting statistics on the reason why members choose to make an appointment to visit the MSC. For the period of July 6 to September 15 we have found:

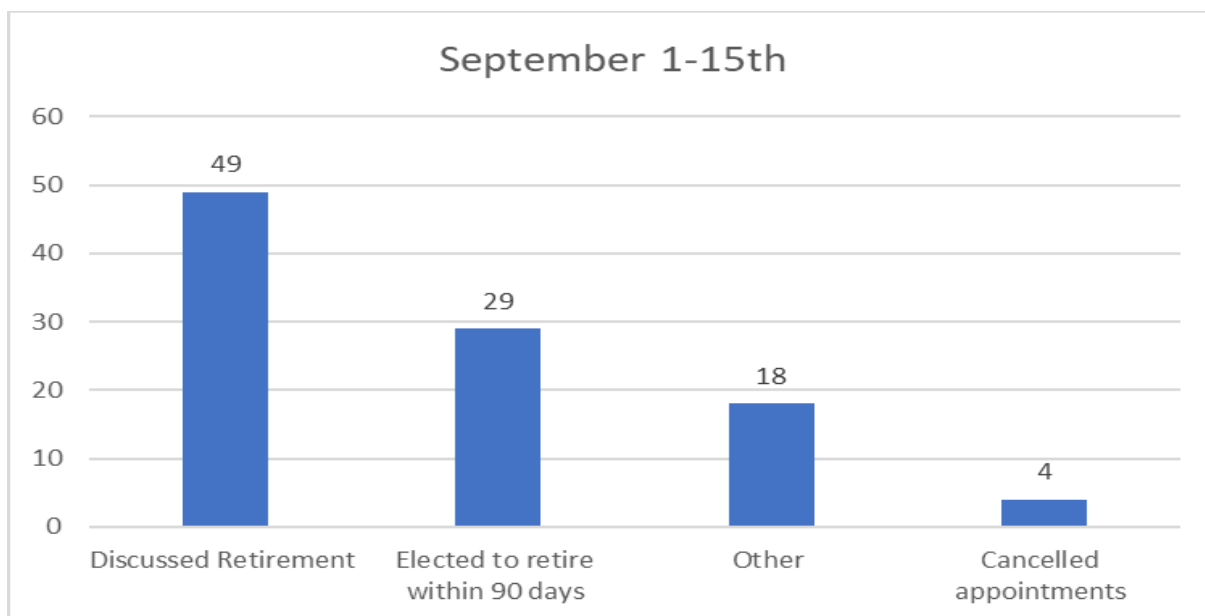
Discussed Retirement	Elected to Retire within 90 days	Other
227 members	127 members	78 members

Member wanted an overview on their benefits = 227

Member submitted election to retire within 90 days = 127

Member submitted forms such as POA, Beneficiary forms, Tax Withholding, Etc. = 78





We hope to use this data to better understand the choices our members make in choosing which channels they prefer to interact with us. This will help us to plan and make improvements to our services.

Looking ahead to finding ways to offer more appointments, especially with the upcoming March Madness season, we are training Call Center Specialists in virtual counseling techniques. This will hopefully increase the possibility of offering virtual appointments during March Madness on Saturdays. We have considered expanding the number of virtual appointments we offer during the week, but anytime a Call Center Specialist is serving a member on a virtual appointment means they are not available to serve our callers. We determined that reassigning resources at this time would degrade the Call Center grade of service by pulling Specialists off the phone to provide virtual counseling. We are also exploring the capacity of other MS Specialists in other areas of our division that might assist in offering some virtual appointments. Again, our Specialists have primary responsibilities that must be met, and it is important that they be not taken away too much from those duties for virtual counseling. A careful balance is required to provide overall service to our members with the resources we currently have available.

### Staffing

Member Services is allocated 79 positions of which 66 are filled. Of the 66 filled positions, five staff members are away on extended leave. With the current service model of personalized individual counseling and telephone counseling, we have experienced a demand for service greater than Member Services can provide while meeting our service goals. We are working with Human Resources to fill our vacant positions. At the same time, we encourage members to take advantage of our self-service options and continually look for future opportunities to increase the availability of self-service.

We are in the process of completing a recruitment effort to fill some of the vacant Specialist positions in Outreach. This promotional opportunity will allow us to increase our appointment schedule once the staff have been trained.

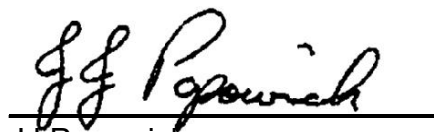
Due to the specialized knowledge needed to serve as a Retirement Benefits Specialist, new staff members must complete a course of intense training in our Core Benefits Training (CBT) Program. The CORE Benefits training program is a series of courses designed to provide new staff with the breadth of knowledge they need to serve our members. In between the courses, the trainees are placed in Benefits and provide periods of production on the work they have been trained on. This increases the production capability of Benefits, gives the Specialists real world experience, and reinforces what they learn. The added production also helps keep call volumes down as we increase our response time due to the added staff. When they graduate, they are very prepared to serve our members in the Call Center and Member Service Center.

Our HR and QA Divisions have worked hard to recruit our next class and are prepared to train them. The new class is scheduled to begin sometime between November 2021 and January 2022. We eagerly look forward to seeing this class begin. With the total number of staff Member Services has for this coming March Madness season, we will continue to be innovative in how we offer our service with an eye to increasing the availability of our service to our members. We will also continue to focus our efforts to serve our members without endangering our staff members or over working them. We work hard, and smart, but we are challenged by our diminished staffing levels.

### **Conclusion and Looking Ahead**

Member Services is looking ahead to the graduation of the next Core Benefit Training class to provide us with the Specialists we need. This, however, will be after the next March Madness season is completed which means the next six months is going to be extremely challenging given that we already have several vacancies, and we must anticipate more attrition. We will provide as many appointments to our members as we possibly can while still managing our phone lines, so our member wait time does not become unreasonable.

Reviewed and approved:

A handwritten signature in black ink, appearing to read "JJ Popowich", is written over a horizontal line.

JJ Popowich

Assistant Executive Officer, LACERA