IN PERSON & VIRTUAL BOARD MEETING

TO VIEW VIA WEB

TO PROVIDE PUBLIC COMMENT

Members of the public may address the Boards orally and in writing. To provide Public Comment, you should visit the above link and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Boards meeting.

Attention: If you have any questions, you may email PublicComment@lacera.com. If you would like to make a public comment during the committee meeting, review the Public Comment instructions.

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

AGENDA

A SPECIAL MEETING OF THE BOARD OF RETIREMENT AND

BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

PASADENA HILTON - 168 S. ROBLES AVENUE, PASADENA CA 91101

9:00 A.M., WEDNESDAY, FEBRUARY 22, 2023

This meeting will be conducted by the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953(e).

Any person may view the meeting online at
https://LACERA.com/leadership/board-meetings

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

9:00 a.m. Call to Order

Public Comment
(Members of the public may address the Board orally and in writing. To provide Public Comment, you should visit https://LACERA.com/leadership/board-meetings and complete the request form by selecting whether you will provide oral or written comment from the options located under Options next to the Board meeting.

If you select oral comment, we will contact you via email with information and instruction as to how to access the meeting as a speaker. You will have

up to 3 minutes to address the Board. Oral comment request will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment or documentation on the above link as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please select the "I would like to remain anonymous" in the request form. If you have any questions, you may email PublicComment@lacera.com.)

9:05 a.m. **Welcome & Opening Remarks**
Santos H. Kreimann, Chief Executive Officer

9:15 a.m. **Building a Better Tomorrow – Mission, Vision, and Values**
Santos H. Kreimann, Chief Executive Officer; Luis A. Lugo, Deputy Chief Executive Officer; and Gayla Kraetsch Hartsough, Ph.D., KH Consulting Group

An overview of LACERA's Strategic Planning process and proposed Strategic Planning Priorities and Objectives. KH Consulting Group will facilitate a session revisiting LACERA's mission, vision, and values based on survey responses from Trustees, LACERA staff, and members.

10:45 a.m. **Break**

11:00 a.m. **Superior Member Experience: Communication Plan & Digital Strategy**
JJ Popowich, Assistant Executive Officer; Cynthia Martinez, Communications Manager; Martiza Perez, Retirement Benefit Specialist III; Ricki Contreras, Disability Retirement Manager; Tamara Caldwell, Disability Retirement Supervisor; Louis Gittens, Interim Benefits Manager; Stephanie Kawai, Retirement Benefit Specialist; and Cassandra Smith, Retiree Healthcare Manager; Bernie Buenaflor, Chief, Quality Assurance and Metrics Division

A presentation and panelist discussion highlighting LACERA Superior Member Experience priority by outlining a roadmap for improving and enhancing the Member Experience (MX) at various "journeys" and touchpoints.

12:30 p.m. Lunch

1:30 p.m. **Investing in People: Diversity, Equity, and Inclusion Framework**
Laura Guglielmo, Assistant Executive Officer, Dr. Carly Ntoya, Human Resources Director, and Jasmine Bath, Senior Staff Counsel
Panel Discussion: Didier Acevedo, Financial Analyst III, Tamara Caldwell, Disability Retirement Supervisor, Allison Barrett, Senior Staff Counsel, Danny Hang, Senior Disability Retirement Specialist, and Elsy Gutierrez, Supervising Administrative Assistant II

Introduction of LACERA's "LEAD Initiative," LACERA's proposed Diversity, Equity, and Inclusion (DEI) Framework and a panel discussion about how LACERA's leadership in advancing DEI positively impacts employees, members, business partners and community partners.

2:45 p.m. **Break**

3:00 p.m. **Enhancing LACERA's Compliance and Enterprise Risk Management Programs**
Steven Rice, Chief Counsel; Christina Logan, Principal Internal Auditor; Richard Bendall, Chief Audit Executive; Barry Lew, Legislative Affairs Officer; Roberta Van Nortrick, Interim Administrative Services Division Manager; Bernie Buenaflor, Chief, Quality Assurance and Metrics Division

What are LACERA's risks, and how are they managed in the fund's operations to identify opportunities and avoid pitfalls? This presentation will cover the meaning of risk, differentiate compliance and enterprise risk management as necessary components of risk governance within LACERA's fiduciary duty, discuss LACERA's current approach, and present strategic proposals along with key implementation issues to enhance and advance the current program, with scenarios for discussion.

4:00 p.m. **Closing Remarks**

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.
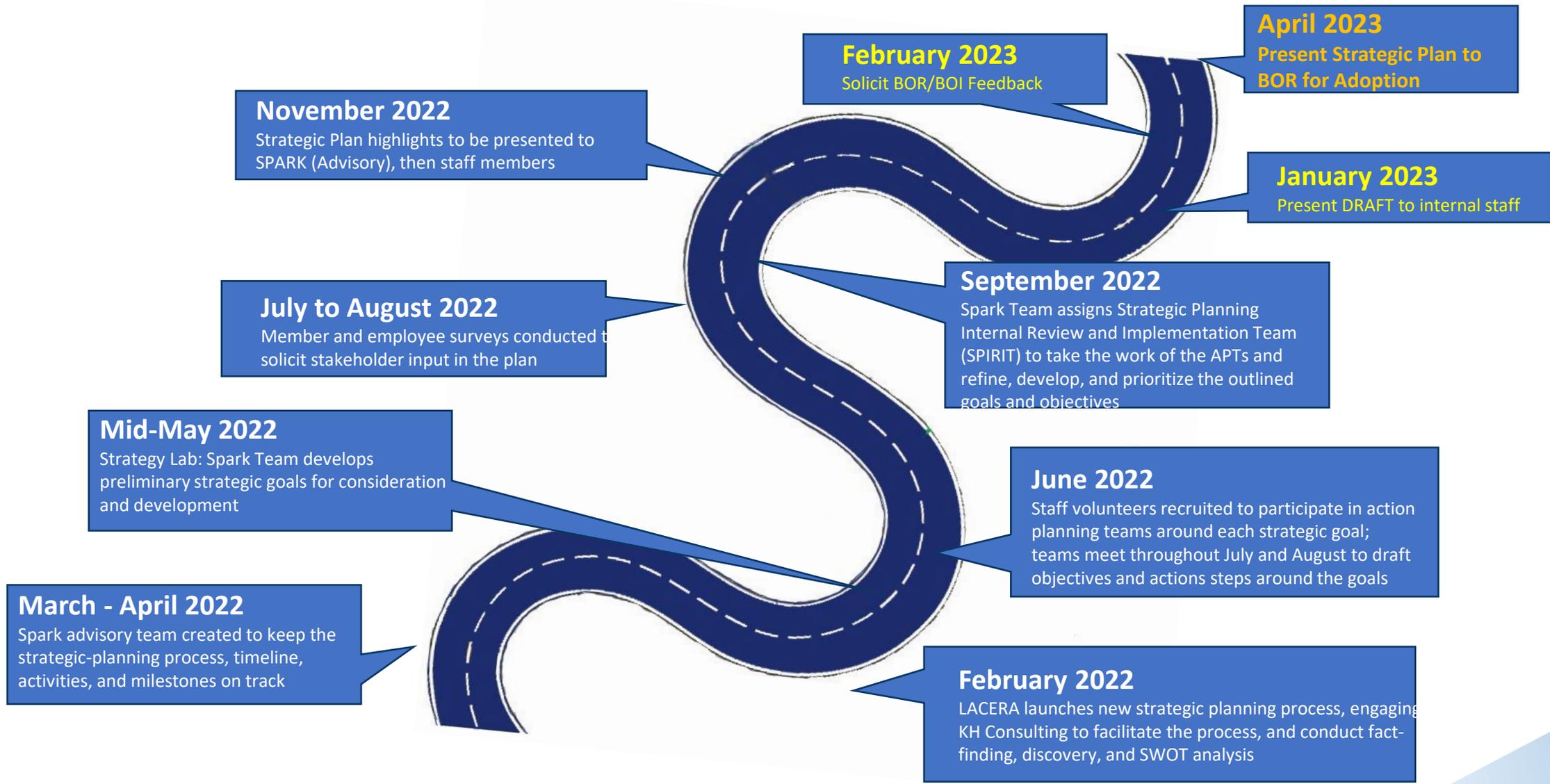
Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Trustees at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 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.
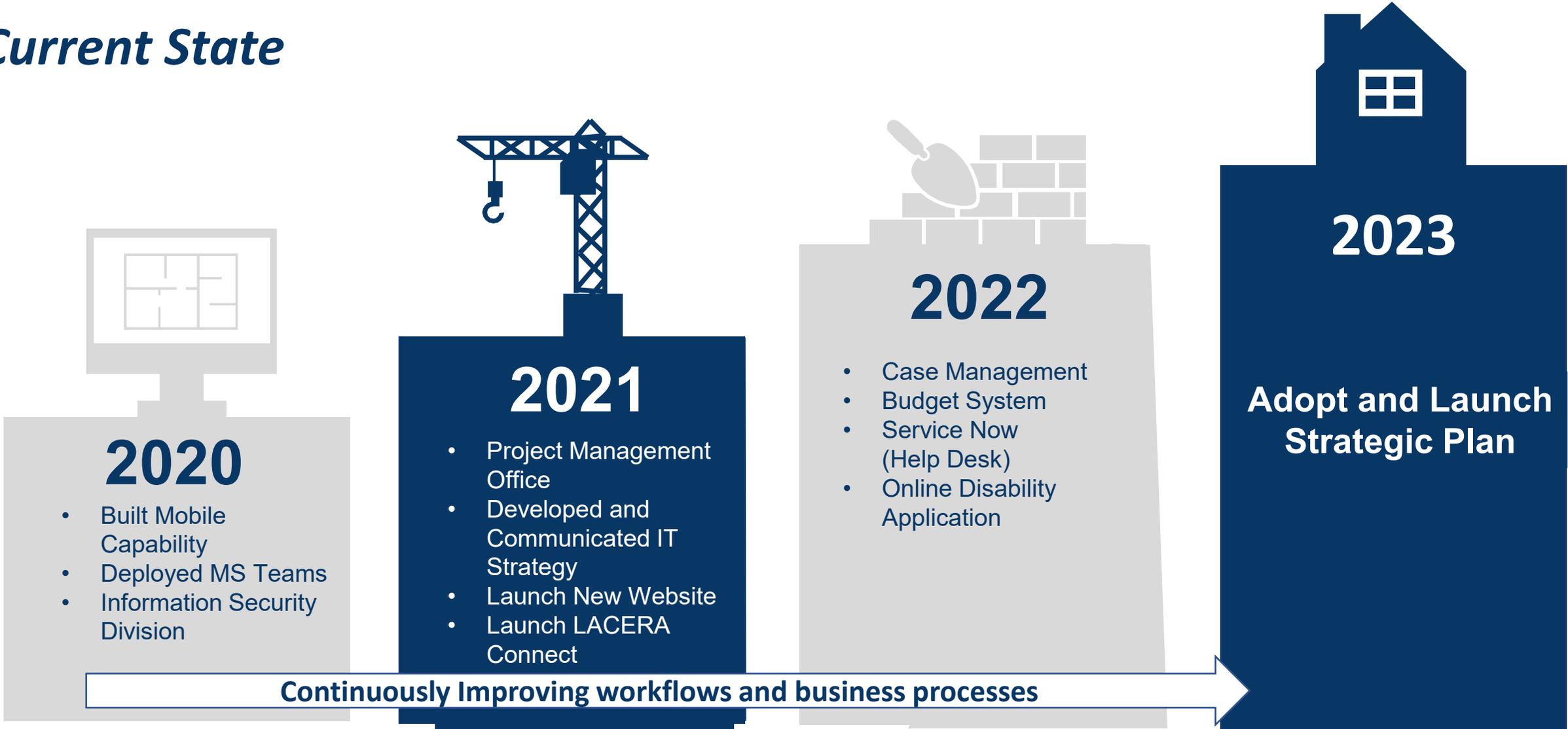
BUILDING A BETTER TOMORROW

BOARD OF RETIREMENT OFFSITE

Evolution of This Year's Strategic Process

April 2023
Present Strategic Plan to BOR for Adoption

February 2023
Solicit BOR/BOI Feedback

November 2022
Strategic Plan highlights to be presented to SPARK (Advisory), then staff members

January 2023
Present DRAFT to internal staff

September 2022
Spark Team assigns Strategic Planning Internal Review and Implementation Team (SPIRIT) to take the work of the APTs and refine, develop, and prioritize the outlined goals and objectives

July to August 2022
Member and employee surveys conducted t solicit stakeholder input in the plan

Mid-May 2022
Strategy Lab: Spark Team develops preliminary strategic goals for consideration and development

June 2022
Staff volunteers recruited to participate in action planning teams around each strategic goal; teams meet throughout July and August to draft objectives and actions steps around the goals

March - April 2022
Spark advisory team created to keep the strategic-planning process, timeline, activities, and milestones on track

February 2022
LACERA launches new strategic planning process, engaging KH Consulting to facilitate the process, and conduct fact-finding, discovery, and SWOT analysis

Focused – Inclusive Strategic Planning Process

Pre-Planning 2020/2022

Organizational Audits

- **EideBaily**- Recruitment Audit *(09/2021)*
- **Weaver** - Organizational Maturity Audit *(08/2022)*
- *100 Day Management Report*

Planning 2022

Employee Engagement

- All Staff Kick-off
- Action Planning Team
- Advisory Team
- Staff Survey

Planning 2022

Member Engagement

- Member Survey
- Member Newsletter

2022/2023 Approve & Launch Plan

LACERA Trustees

- Planning Process Overview to BOR
- Advisory Team (Including four Trustees and Executive staff)
- Trustee Survey
- Joint Board Offsite
- Board of Retirement (BOR) Approval

Building a Better Tomorrow:

Current State

2020
- Built Mobile Capability
- Deployed MS Teams
- Information Security Division

2021
- Project Management Office
- Developed and Communicated IT Strategy
- Launch New Website
- Launch LACERA Connect

2022
- Case Management
- Budget System
- Service Now (Help Desk)
- Online Disability Application

2023

Adopt and Launch Strategic Plan

Continuously Improving workflows and business processes

Retiree Population Snapshot

Active Population Snapshot

Average Age of Active and Deferred Members by Plan

	General Plans						Safety Plans		
	AG	BG	CG	DG	EG	GG	AS	BS	CS
Average Age	72.83	70.47	68.95	51.56	56.23	39.50	67.67	46.71	32.68
# of Members	69	19	21	39,588	16,495	36,532	3	8,488	4,977

Building a Framework to Drive Strategic Success

One LACERA – united with a common vision, values, shared expected behaviors and a collaborative culture leads to successful results.

Vision > Core Values > Behavior > Culture > Strategy
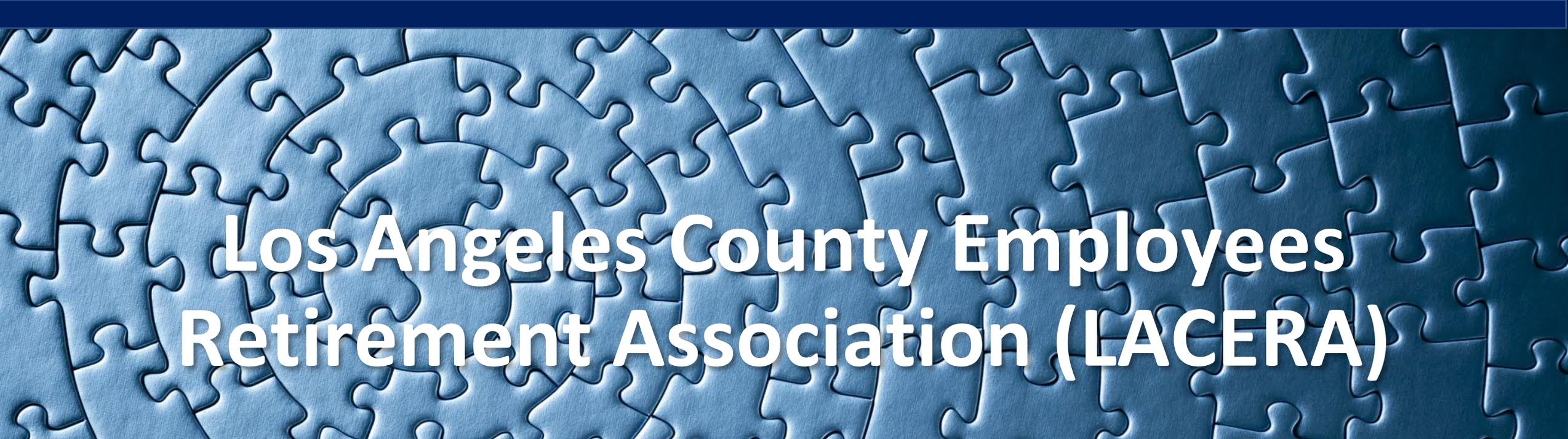
Los Angeles County Employees Retirement Association (LACERA)

Board of Retirement Strategic Planning Off-Site

February 22, 2023
Facilitator: Gayla Kraetsch Hartsough, Ph.D., President, KH Consulting Group

KH CONSULTING GROUP
MANAGEMENT CONSULTANTS

AGENDA

Mission

Vision

Values

Next Steps

LACERA's Stakeholders and Audiences

Members
- Active
- Retired
- Survivors

Plan Sponsors*
- LA County
- LAFC
- Little Lake Cemetery District
- LACOE
- SCAQMD

LACERA Employees

Community Members

BOR & BOI Trustees

Federal, State, and Local Legislators

LACERA's Investment Professionals, Advisors, and Consultants

Los Angeles County Board of Supervisors County Leadership

Peer Organizations

Unions and Employee Associations

Retired Employees of Los Angeles County (RELAC)

* County of Los Angeles, Local Agency Formation Commission (LAFC), Los Angeles County Office of Education (LACOE), South Coast Air Quality Management District (SCAQMD), Little Lake Cemetery District.

For Discussion Purposes Only

11

Vision

VISION: What we aspire to be: **10 years or more**

Now

Mission and Values

MISSION: What we do today… everyday: **1-10 years**

VALUES: How we conduct ourselves – our behaviors and our work culture

Later Today

Strategic Priorities/Goals

STRATEGIC PRIORITIES/PRIORITIES: What we need to focus on to achieve our vision, mission, and values: **3-5 years**

Roadmap

Implementation, Monitoring, and Refinement

Mission

MISSION: What we do today… everyday: 1-10 years
Short statement: 1-3 sentences, never exceeding 100 words (best if a single succinct sentence)

PURPOSE: Action-based statement that declares how the organization serves its customers: what it does and its purpose or objectives (i.e., fundamental reason for the organization's existence)

IMPORTANCE:
- Serves as guideline by which an organization operates
- Everything an organization does should work toward its mission statement
- Drives the decision-making of an organization
- Serves to inspire the organization to achieve more than could have been imagined

AUDIENCE:
- Conveys the organization's purpose and direction to boards, members, customers, employees, and stakeholders

Current:

Produce, protect, and provide the promised benefits to our members

Employee Feedback – Most love it! Embrace it! Some want tweaks made.

On a 5-point scale, support ranged from 4.0 to 4.4, except for inspiration (rated 3.8)

Trustee Feedback – Even greater support

On a 5-point scale, support ranged from 4.5 to 4.7
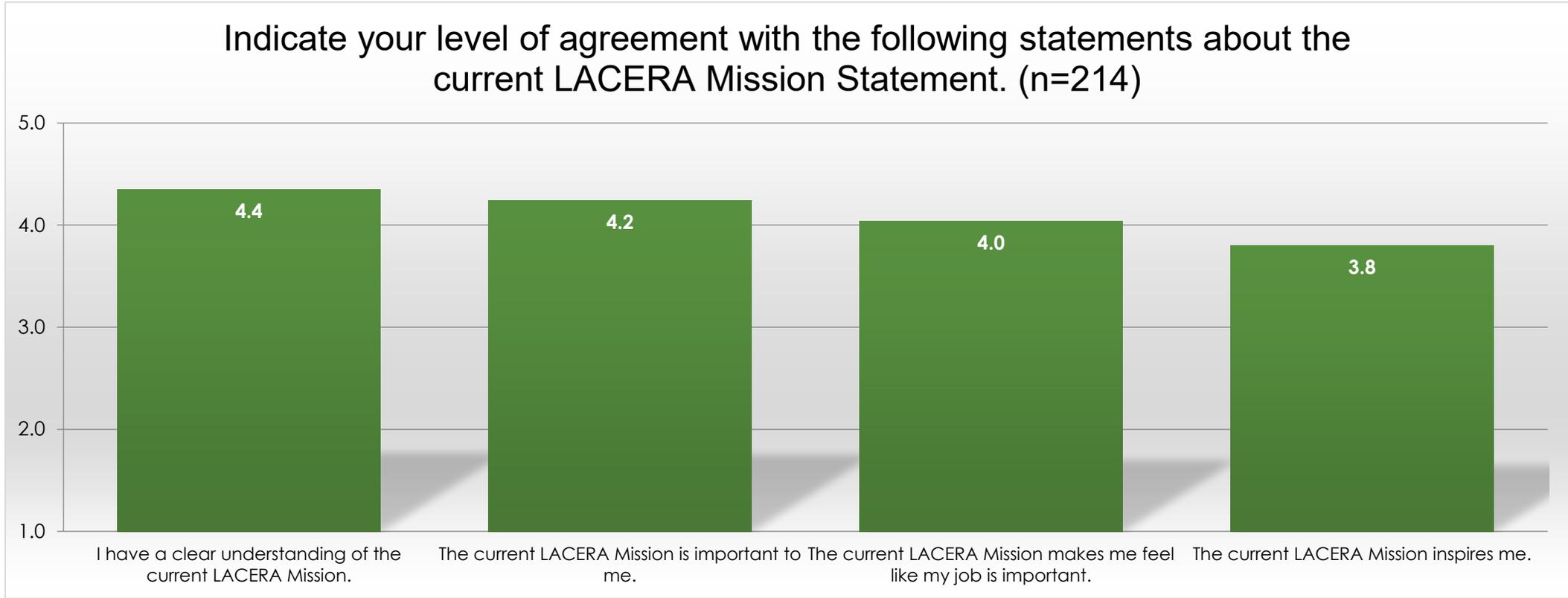
Indicate your level of agreement with the following statements about the LACERA Mission Statement. (n=14)

Statement	Rating
I have a clear understanding of the LACERA Mission.	4.6
The LACERA Mission captures the importance of our organization to our members.	4.5
The LACERA Mission makes me feel like my role as Trustee is important.	4.7
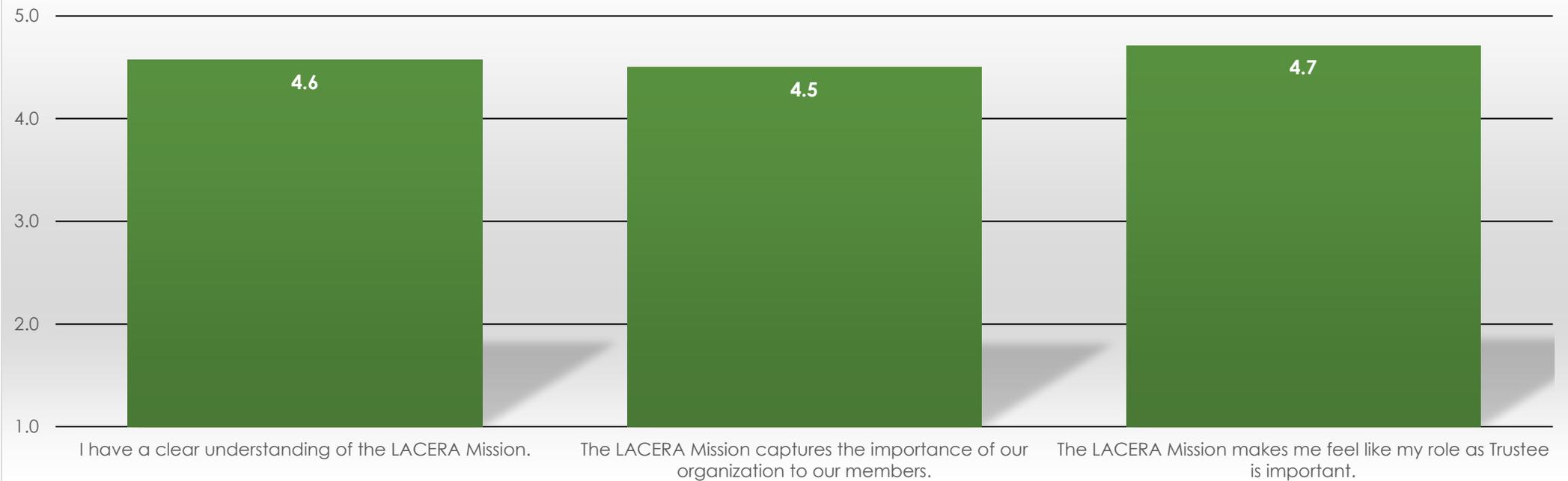
Tweaks Suggested:

1. Produce, protect, and provide the <u>promised</u> benefits to our members and their survivors

2. Produce, protect, and provide the <u>promised</u> benefits to our members and their beneficiaries

Mission vs. Vision

- A Mission describes the organization's purpose for being.

- A Vision states the destination or end goal to be reached.

VISION: What we aspire to be: **10 years or more**

Vision

Mission

MISSION: What we do today... everyday: **1-10 years**

Indicate your level of agreement with the following statements about the current LACERA Vision Statement. (n=14)

Statement	Rating
I have a clear understanding of the current LACERA Vision Statement.	4.3
The current LACERA Vision Statement is aspirational.	4.3
The current LACERA Vision Statement is inspirational.	4.1
The current LACERA Vision Statement should remain as is.	3.6
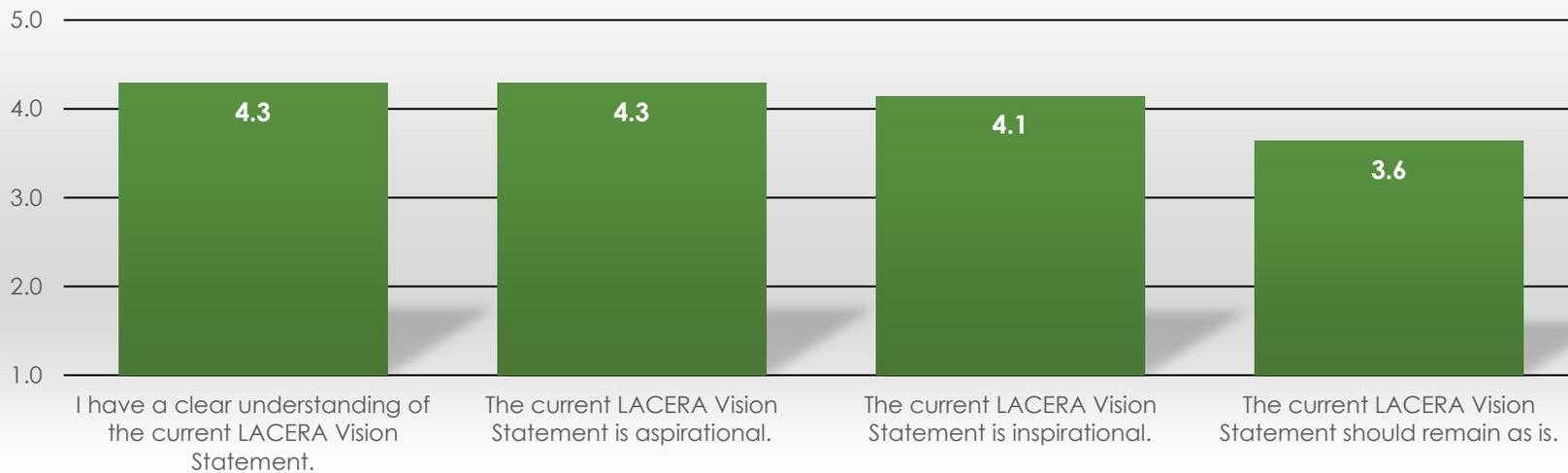
Trustee Comments

I don't see a ten-year objective.

Trust, Commitment and Service are active verbs (our beneficiaries trust us, we are committed to excellence, we service our beneficiaries). However, Excellence is an aspiration and belongs more to a set of values than to a Vision Statement. My humble opinion.

Would reword the Service section. It should not read "We have the ability to achieve this if each one of us..." but rather, "We achieve this by everyone utilizing their strengths, collectively, to create an unstoppable enterprise."

I'm open to a conversation about revising our vision statement. I don't have a specific recommendation to put down here.

Take one sentence (the main point) of each category and streamline the vision. I think it's too long.

Vision describes the "Desired End-State" – aspiration

- Clear, memorable, and inspirational
- Long-term desired change, resulting from an organization's work
- May take 10 or more years to achieve
- It provides focus, challenge, and motivation.
- It should be a "stretch" to reach it.

Ideas to keep in mind: A vision describes what an organization aspires to be.

- What needs to be changed?
- What are the major issues or problems?
- What is your dream end-state?
- What would success look like?

Be concise

Based on a survey of 30 organizations: Average length 14.6 words (excluding brand references)

Executives sometimes add text to elaborate further on the vision

	Mission – What We Do Today	Vision – What We Want to Accomplish
Ducks Unlimited	Preserves, restores, and manages wetlands and associated habitats for North America's waterfowl. These habitats also benefit other wildlife and people.	Wetlands sufficient to fill the skies with waterfowl today, tomorrow and forever.
Habitat for Humanity	Seeking to put God's love into action, Habitat for Humanity brings people together to build homes, communities, and hope.	A world where everyone has a decent place to live.
Feeding America	Advance change in America by ensuring equitable access to nutritious food for all in partnership with food banks, policymakers, supporters and the communities we serve.	A hunger-free America
CVS		We will help people live longer, healthier, happier lives.
Save the Children	**Additional examples of inspirational visions:** ➡	A world in which every child attains the right to survival, protection, development and participation.
Johnson & Johnson		For every person to use their unique experiences and backgrounds, together – to spark solutions that create a better, healthier world.

	Mission – What We Do Today		Vision – What We Want to Accomplish
CalPERS	Deliver retirement and health care benefits to members and their beneficiaries	⇨	A respected partner, providing <u>a sustainable retirement system and health care program</u> for those who serve California
CalSTRS	Securing the financial future and sustaining the trust of California's educators	⇨	Your Reward—A secure retirement Our Reward—Getting you there

Vision statements that are more of a mission statement:

- **Illinois Municipal Retirement Fund:** Provide the highest retirement services to our members, their beneficiaries, and employers

- **State Teacher Retirement System of Ohio:** To be a leading retirement system by providing comprehensive retirement benefits and quality service to our members through exceptional financial performance, ethical business practices and responsible resource management.

- **Office of the New York State Comptroller:** To be a high-performing organization with exceptional people and the highest standards for ethics and investment management. (more of a mission about its staff; does not convey how it will benefit its members)

Vision statements that emphasize a better future for its customers:

- **State of Michigan, Office of Retirement Services:** We are an innovative retirement organization, driven to empower our customers for a successful today and a secure tomorrow.

- **Progressive Insurance:** To reduce the human trauma and economic costs associated with automobile accidents.

- **Regions Financial.** To help our customers and communities realize their dreams by anticipating, understanding and meeting their financial needs.

Writing a vision statement that is truly a vision statement is hard to do.

1. Deliver exceptional, easily accessible service that promotes member confidence in their retirement security while instilling public trust and safeguarding pension assets

2. Provide worry-free retirement with life-time benefits to those who serve Los Angeles County

3. Our members realize a worry-free retirement with lifetime pension and health benefits.

4. Our members realize their retirement dreams in a healthy and sustainable way.

5. A sound, sustainable, secure, and healthy tomorrow for our members

6. Serving and investing today for a secure and healthy retirement

7. Building a better tomorrow for a secure and healthy retirement

Circle words that are inspirational, aspirational, and reflective of what you as a Trustee envision for LACERA's future

Discuss Trustees' reactions

Identify patterns

KH will further hone for Trustees' consideration and potential endorsement

- Basic and fundamental beliefs that guide or motivate attitudes or actions

- The motive behind purposeful action

- Organizational values:
  - Describe core ethics or principles that an organization abides by, no matter what
  - Inspire employees' best efforts and constrain their actions
  - Over time, might improve the organization's ethical character as expressed in its operations and culture

Presentation Incomplete without Discussion

Quality

- Consider, understand, and manage risk
- Proactively explore policy and product opportunities to better serve our customers
- Seek to "do it right" the first time
- Strive to exceed customers' needs and expectations through competence, innovation, and teamwork

Respect

- Are courteous, responsive, and professional
- Stay present in the moment and actively listens to understand others
- Treat every person with kindness and humility
- Value and recognize every individual for their unique skills, talents, and contributions

Accountability

- Find solutions that contribute to desired results
- Give and seeks clear expectations
- Make sound decisions from experience, good judgment, and collaboration
- Take ownership of, and responsibility for, actions, risks, and results, and use outcomes as learning opportunities

Integrity

- Act in all endeavors with an ethical, honest mindset and in a professional manner
- Are truthful in all actions and communications
- Honor commitments, keep promises, and build trust

Openness

- Approaches every situation with good intentions
- Are receptive to new and diverse ideas
- Encourage a trusting environment by being genuine and transparent in actions and communications
- Listen, cooperate, and share across the organization

Balance

- Embrace opportunities for personal and professional development
- Maintain focus on long-term goals while meeting short-term needs
- Support a healthy personal and professional balance
- Support an environment that is optimistic and enjoyable in which relationships can prosper across our organization and communities

- Attracting, developing, and retaining a competent, creative, and highly motivated workforce
- Delivering retirement, health, and other benefits and services in an equal, accurate, courteous, professional, and prompt manner
- Designing and administering the highest quality, secure, and innovative programs
- Ensuring that all benefits are appropriately funded
- Maintaining public trust by being an ethical, sensitive, effective, and cost-efficient organization in service to employers and employees alike
- Obtaining the highest return on our investment portfolio to survive, prosper, and grow in a safe and prudent manner
- Providing meaningful information and education to all System constituents in a timely manner
- Sustaining our role as a respected leader in the public pension and benefits industry

CUSTOMER SERVICE

We never compromise on quality as we strive to meet or exceed the expectations of our customers.

ACCOUNTABILITY

We operate with transparency and accept responsibility for our actions.

LEADERSHIP

We model best practices in our industry and innovate to achieve higher standards.

STRENGTH

We ensure the strength of our system by embracing a diversity of ideas and people.

TRUST

We conduct ourselves with integrity, acting ethically in every endeavor.

RESPECT

We respect the needs of our members, co-workers, and others, treating everyone with fairness, honesty and courtesy.

STEWARDSHIP

We recognize our fiduciary responsibility as the foundation for all decision-making.

Types of Values

Core Values	**Deeply-ingrained principles/cultural cornerstones**
	Guide an organization's actions
	Inherent and sacrosanct – must be maintained at all costs
	Source of distinctiveness

Trustee Focus

Aspirational Values	Needed to succeed in the future; currently lacking
	Could be a new value to support a new strategy
Permission-to-Play Values	Minimum behavioral and social standards
	Do not vary much across organizations
	Do not help distinguish an organization from others
Accidental Values	Arise spontaneously
	Reflect common interests at a given time
	Can block new opportunity, growth, evolution, etc.
	Can lose relevance and cause confusion

Core Values Are NOT

Operating practices

Business strategies or vision

Cultural norms

Competencies

Changed in response to market or administration changes

Source: https://hbr.org/2002/07/make-your-values-mean-something

Proposed LACERA Core Values

Our **Core Values** serve as our cultural guide and foundation in meeting our **Mission.**

Inclusivity

We welcome **all** individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our mission and strategic priorities.

Accountability

We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our mission and duty as prudent stewards of the pension fund.

Integrity

We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.

Collaboration

We are One LACERA. We promote unity by successfully working together across all levels of the organization to deliver on our strategic priorities and objectives.
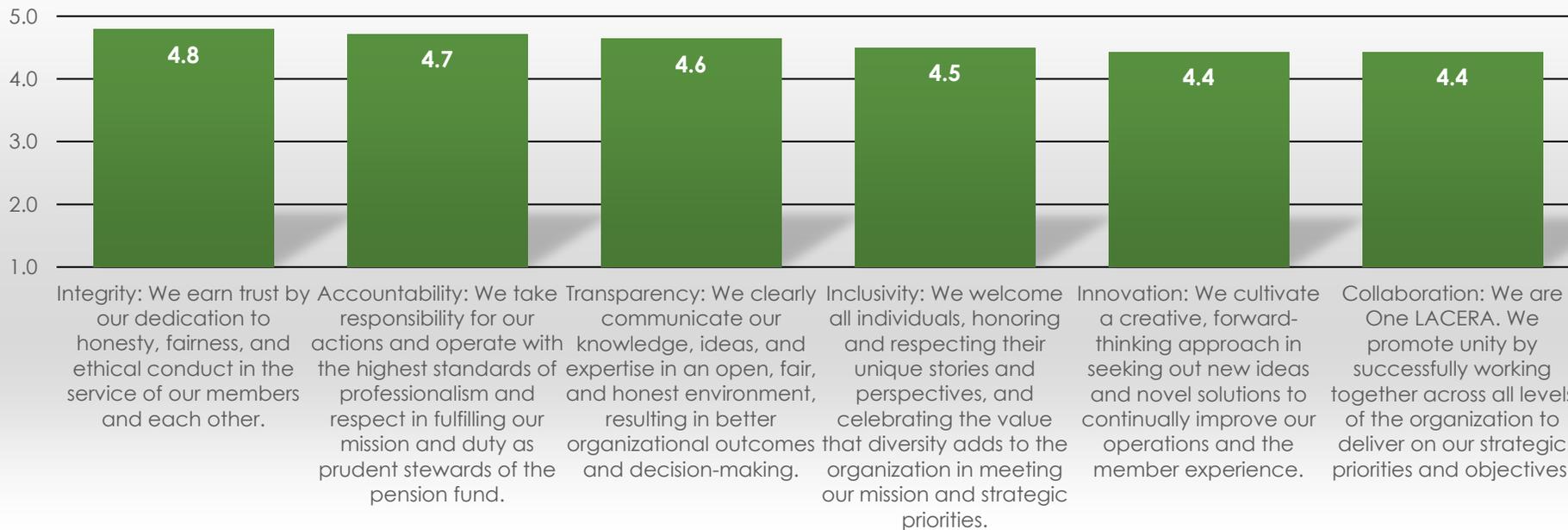
Innovation

We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.

Transparency

We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.
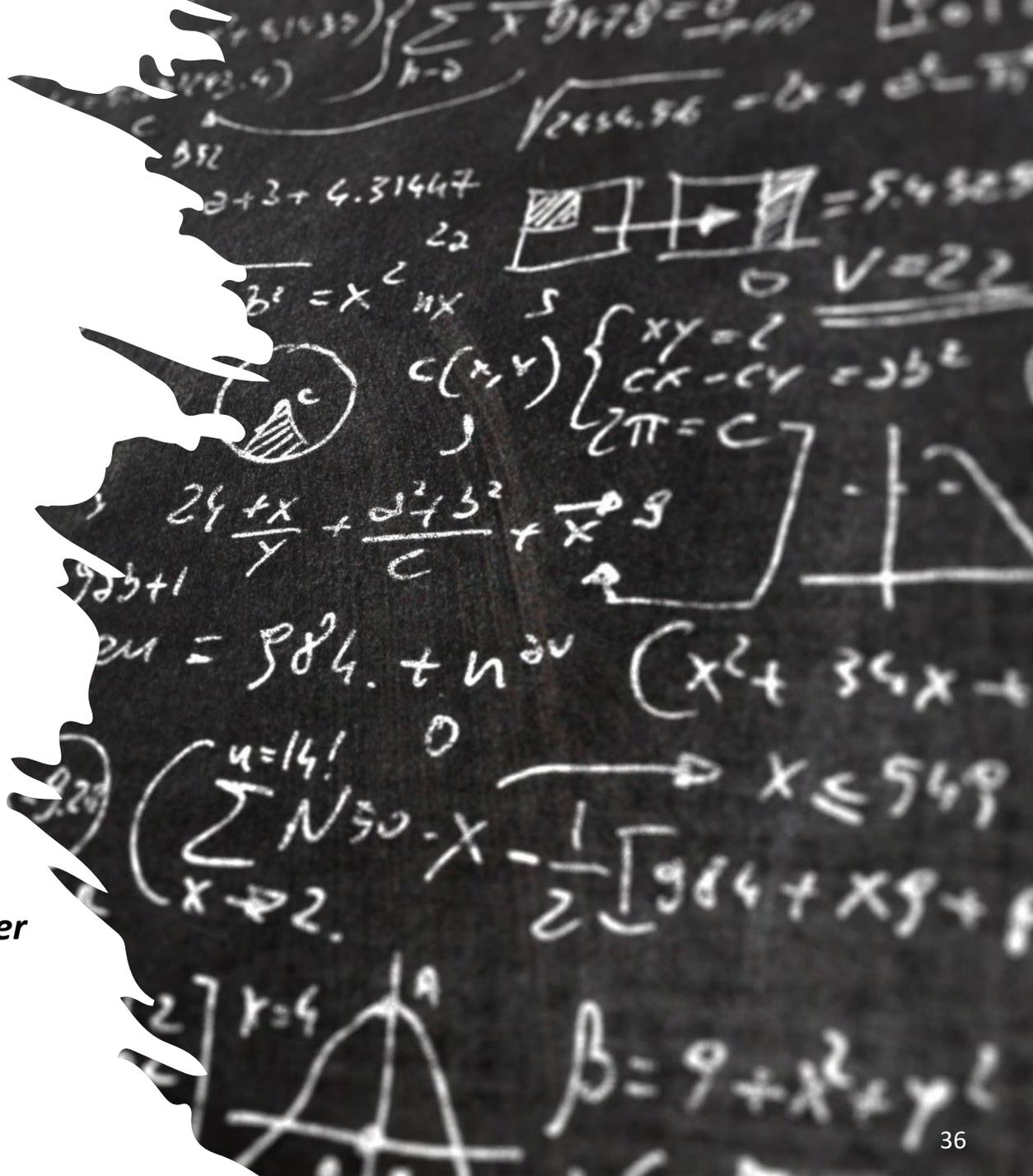
Indicate how critical it is to uphold each value in achieving LACERA's Mission. (n=14)

Value	Score
Integrity: We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.	4.8
Accountability: We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our mission and duty as prudent stewards of the pension fund.	4.7
Transparency: We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.	4.6
Inclusivity: We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our mission and strategic priorities.	4.5
Innovation: We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.	4.4
Collaboration: We are One LACERA. We promote unity by successfully working together across all levels of the organization to deliver on our strategic priorities and objectives.	4.4

Trustee Comments

We are moving in the right direction, but there is still work to do.

One suggestion in the Collaboration section, is to include working successfully with partnerships outside the organization as well.

LACERA's
Proposed Values and
Guiding Principles

We live each value to uphold our fiduciary duty and deliver world-class service to LACERA Members.

LACERA's Proposed Values

INCLUSIVITY

We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our mission and strategic priorities.

INTEGRITY

We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.

INNOVATION

We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.

ACCOUNTABILITY

We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our mission and duty as prudent stewards of the pension fund.

COLLABORATION

We are One LACERA. We promote unity by successfully working together across all levels of the organization to deliver on our strategic priorities and objectives.

TRANSPARENCY

We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.

LACERA's Proposed Values

INCLUSIVITY	INTEGRITY	INNOVATION	ACCOUNTABILITY	COLLABORATION	TRANSPARENCY
We welcome all individuals, honoring and respecting their unique stories and perspectives, and celebrating the value that diversity adds to the organization in meeting our mission and strategic priorities.	We earn trust by our dedication to honesty, fairness, and ethical conduct in the service of our members and each other.	We cultivate a creative, forward-thinking approach in seeking out new ideas and novel solutions to continually improve our operations and the member experience.	We take responsibility for our actions and operate with the highest standards of professionalism and respect in fulfilling our mission and duty as prudent stewards of the pension fund.	We are One LACERA. We promote unity by successfully working together across all levels of the organization to deliver on our strategic priorities and objectives.	We clearly communicate our knowledge, ideas, and expertise in an open, fair, and honest environment, resulting in better organizational outcomes and decision-making.

LACERA's Draft Guiding Principles Aligned with Proposed Values

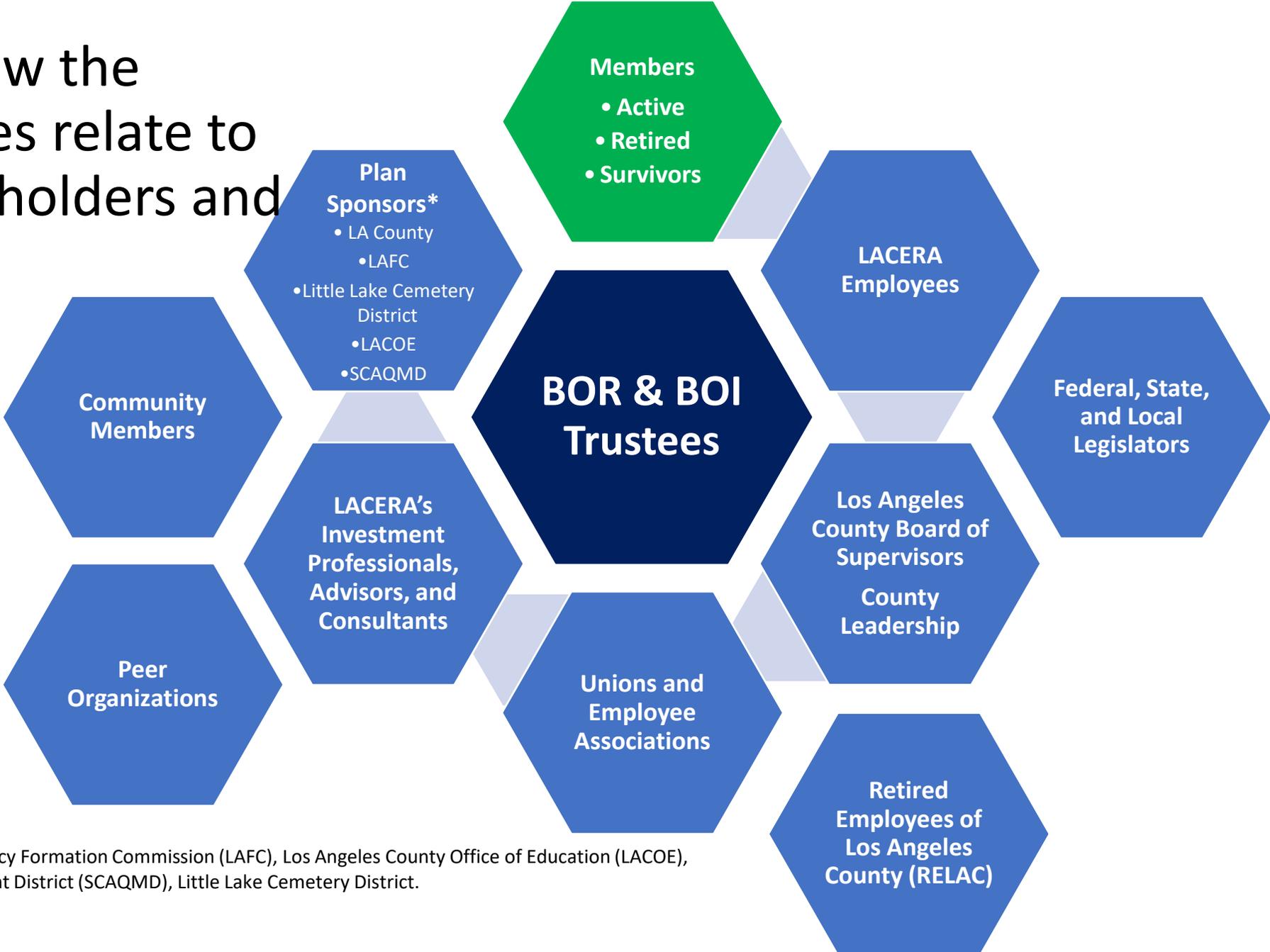| INCLUSIVITY	INTEGRITY	INNOVATION	ACCOUNTABILITY	COLLABORATION	TRANSPARENCY
We do not judge others based on how they talk, look, or dress. We measure people on their actions. We seek out other's opinions to ensure we have a well-rounded perspective. We are considerate and tolerant of different views, creating a safe environment to share our thoughts. We take the time to actively listen to each other. Our communication materials reflect our community; imagery is representative of those we serve. We choose to use language that is nonbiased. We seek to appropriately challenge behaviors that are exclusive, seeking to educate to encourage better behaviors. We seek to create balanced teams. We seek to understand each other and take each other's needs into account when making decisions or planning events.	We choose to do the right thing even when no one is looking. When presented with two or more valid choices on how to address a challenge or issue, we choose the one that is most beneficial to the member or staff member. When we see or hear something wrong or inappropriate, we speak up. We make decisions based on facts and the law. When we make an error, we recognize the error, and work to correct it. We build trust by ensuring we accredit the work of others, publicly recognizing their ideas and contributions. When we are struggling, going to miss a deadline, or need help, we discuss the challenges with our teams, peers or leaders, allowing time and opportunity to receive help to meet deadlines and commitments.	We listen to everyone's ideas and look for those that benefit the organization, members, or the plan sponsor. We provide everyone a safe space to share ideas without judgement. We are judicious but willing to take measured risks to test out new ideas. We are not afraid to fail forward, understanding that failure is a step toward better solutions. We make an effort to seek out new knowledge, remaining aware of what is happening in our industry and similar industries. We seek to develop solutions with others, taking advantage of diverse knowledge and perspectives.	We follow through on our promises. We recognize that we are human and make errors. When we make an error we recognize it, correct it, and look to find ways to prevent future errors. We work together to support each other when an error is made, working as a team to make it right. When evaluating staff, we consider the totality of their actions and provide appropriate constructive feedback and accurate ratings. Poor performance, inappropriate conduct, or actions not in line with our values are addressed timely.	We seek out the opinions of others when approaching a challenge. We recognize that almost no task can be accomplished alone, and seek out those with knowledge and skills to help us be successful in our work. We share information freely, across team and divisional lines. Cross-functional teams are encouraged and expected.	We recognize good decisions are made based on knowledge and data, and seek to share and provide both freely. We do not hesitate to speak up when we have information that may be useful to a peer or business partner. We create open knowledge repositories that are appropriately accessible. We recognize we are a public institution and freely share knowledge (appropriately) with our peer organizations.

Think about how the proposed Values relate to LACERA's stakeholders and audiences

Members
- **Active**
- **Retired**
- **Survivors**

Plan Sponsors*
- LA County
- LAFC
- Little Lake Cemetery District
- LACOE
- SCAQMD

LACERA Employees

BOR & BOI Trustees

Federal, State, and Local Legislators

Community Members

LACERA's Investment Professionals, Advisors, and Consultants

Los Angeles County Board of Supervisors County Leadership

Peer Organizations

Unions and Employee Associations

Retired Employees of Los Angeles County (RELAC)

* County of Los Angeles, Local Agency Formation Commission (LAFC), Los Angeles County Office of Education (LACOE), South Coast Air Quality Management District (SCAQMD), Little Lake Cemetery District.

For Discussion Purposes Only

39

Reflections on Values

- How will members react to these values? And other stakeholders and audiences?

- How do they apply to Trustees' working relationships?

Proposed Values
Inclusivity
Integrity
Innovation
Accountability
Collaboration
Transparency

Sample Guiding Principles from Other Boards

Collaboration

- We express our good intentions explicitly and reiterate those intentions wherever they are in question.

- We practice patience with ourselves and with others.

- We air our opinions professionally and provide constructive feedback.

- We respect each other's viewpoints, including our board colleagues, staff, and public.

- We acknowledge the value and contribution of others to our work both privately and publicly.

Innovation

- We see things that never were and ask why not.

- We regularly hold conversations that open up new possibilities.

- We are open to uncommon ideas, the unexpected, and originality borne from synergy.

- We seek stimulating ideas, practices, and environments from a variety of sources and people.

- We undertake continuous development through reading, study, practices, and reflection of ourselves and of our colleagues so we can refresh and expand our skills and understanding of our members' needs.

Inclusivity

- We solicit and consider ideas and opinions from others.

- We seek stakeholder input and feedback by asking "who else should be here?" or "who needs to know?" or "how will our members' react?" before making decisions that impact the organization or individuals within it.

- We celebrate the diversity in people, and value the variety of opinions that emerge from differences in perspective and situation.

Next Steps

Presentation Incomplete without Discussion

Building a Better Tomorrow:
Aspirational and Practical Outcome

Strategic Priorities

Superior Member Experience — 2023 — Member Convenience, Confidence, and Customization

Innovation through Technology — 2024

Investing in People — 2025 — Improve and Simplify Operations

Risk Management & Compliance — 2026

Fiscal Durability — 2027 — Employer of Choice

2028 — Information Based Decision-making — Risk Intelligence

Strategic Priorities

Vision › Core Values › Behavior › Culture › Results

Strategic Priorities

Superior Member Experience

Innovate and continuously improve the member experience

Innovation through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce

Enterprise Risk Management and Compliance

Adopt and implement enterprise-risk and compliance framework aimed at mitigating risk and vulnerabilities

Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

Align Strategic Priorities to Objectives

Superior Member Experience

Innovate and consistently improve the member experience

OBJECTIVE 1

Ensure a consistent omnichannel member experience at every stage of the member's journey

OBJECTIVE 3

Develop, Implement, and Deploy a Digital Strategy to better serve our members

OBJECTIVE 2

Enhance Member Educational content at every stage in their journey and launch LACERA Communication Plan

OBJECTIVE 4

Improve and enhance the Retiree Healthcare experience

Destination

Superior Member Experience → **Innovate and continuously improve the member experience**

CURRENT STATE

1

Members currently engage in a high touch customer service model. Although, self-help services such as online disability application have been launched.

2023

OUR FOCUS

Build an educational, digital, and customized customer centered framework at every step of a member's journey.

2023 - 2028

DESTINATION

Members may conveniently access our benefit and healthcare enrollment services 24/7 and confidently retire at the palm of their hands.

2028

Innovation through Technology

Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

OBJECTIVE 5
(Data Integration and Analytics)
Promote an enterprise approach to information gathering and sharing that fosters decision-making through the adoption of a business intelligence platform
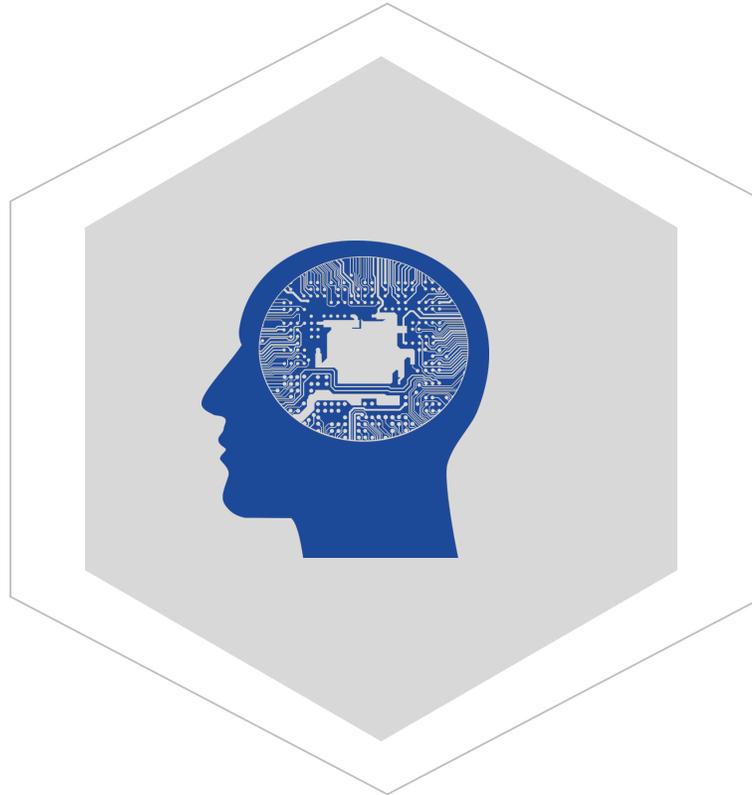
OBJECTIVE 6
(Knowledge Management)
Implement an enterprise-wide Knowledge Management System to digitally capture, document, organize, and access critical business knowledge and information

Destination

Innovation Through Technology ➤ Leverage technological solutions to advance capabilities, increase productivity, and elevate operational maturity

2

CURRENT STATE

Update LACERA IT Strategy. Implemented an Information Security and Project Management Offices

2023 and prior

OUR FOCUS

Transition to off-premise cloud infrastructure. Ensure enterprise-wide data integration and Knowledge management capabilities.

2023 - 2028

DESTINATION

Mature and adaptable LACERA IT Architecture and Applications Infrastructure.

2028

Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce

OBJECTIVE 7
Develop and implement D.E.I framework aimed at promoting and embracing Diversity, Equity, and Inclusion

OBJECTIVE 8
Develop enterprise-wide Training and Development Programs aimed to support and encourage employee growth and development

OBJECTIVE 9
Improve and simplify the hiring process (To build a solid foundation for succession planning)

Destination

Investing in People → **Attract, motivate, hire, and retain a highly engaged and skilled workforce.**

3

CURRENT STATE

Reactionary and siloed approach to staff learning, development, succession planning, and hiring.

2023

OUR FOCUS

Build robust DEI and organizational learning and development program aimed at building inclusivity, competencies, morale, and bench strength. Implement hiring playbook.

2023 - 2028

DESTINATION

Employer of Choice

2028

Enterprise Risk Management and Compliance

Adopt and implement an enterprise risk management framework and compliance program aimed at mitigating organizational risk

OBJECTIVE 10

Develop an enterprise compliance plan and program to ensure adherence to established process, procedures, policies, and governing rules and regulations

OBJECTIVE 11

Implement a comprehensive enterprise risk management framework and structure to improve staff awareness and mitigate organizational risk

Destination

Enterprise Risk Management and Compliance ➤ **Adopt and implement enterprise-risk and compliance framework aimed at mitigating risk and vulnerabilities**

4

CURRENT STATE

Compliance and enterprise risk management programs are siloed and do not follow a particular framework

2023

OUR FOCUS

Hiring Compliance and Ethics Officer and institute the Institute of Internal Auditors "Three Lines of Defense Model" in addressing organizational risk and compliance.

2023 - 2028

DESTINATION

Fully implemented and Integrated, structed, and mature organizational compliance and risk programs.

2028

Fiscal Durability

Exercise care and prudence in managing our resources and fund assets

OBJECTIVE 12

Develop organizational tools to support enterprise-wide fiscal responsibility

OBJECTIVE 13

Implement and support the LACERA Investment Office in achieving the BOI's Strategic Plan goals.

Destination

Fiscal Durability → Exercise care and prudence in managing our resources and fund assets

5

CURRENT STATE

In the process of adopting a budget application. Very manual budgeting process and little to no real-time reporting capabilities

2023

OUR FOCUS

Improved decision-making and planning capabilities based on thorough budget analysis. Improving management and administration of resources.

2023 - 2028

DESTINATION

Improved ROI outcomes. and continuing to support Investment Office in achieving BOI's Strategic Planning goals.

2028

THANK YOU

Today's Hybrid Panel Discussion

We encourage trustees ask questions along the way.

- **The LACERA Member Experience (MX) System**

- **MX in Action: The Retirement Planning Journey**

- **Deploying a Digital Strategy**

- **Applying Technology to improve the MX Behind the Scenes**

- **Enhancing the Retiree Healthcare Experience**

- **Developing MX Ready Specialists**

- **Measuring and Tracking Our Success**

Superior Member Experience

Innovate and consistently improve the member experience

● **OBJECTIVE 1**
Ensure a consistent omnichannel member experience at every stage of the member's journey

● **OBJECTIVE 3**
Develop, Implement, and Deploy a Digital Strategy to better serve our members

● **OBJECTIVE 2**
Enhance Member Educational content at every stage in their journey and launch LACERA Communication Plan

● **OBJECTIVE 4**
Improve and enhance the Retiree Healthcare experience
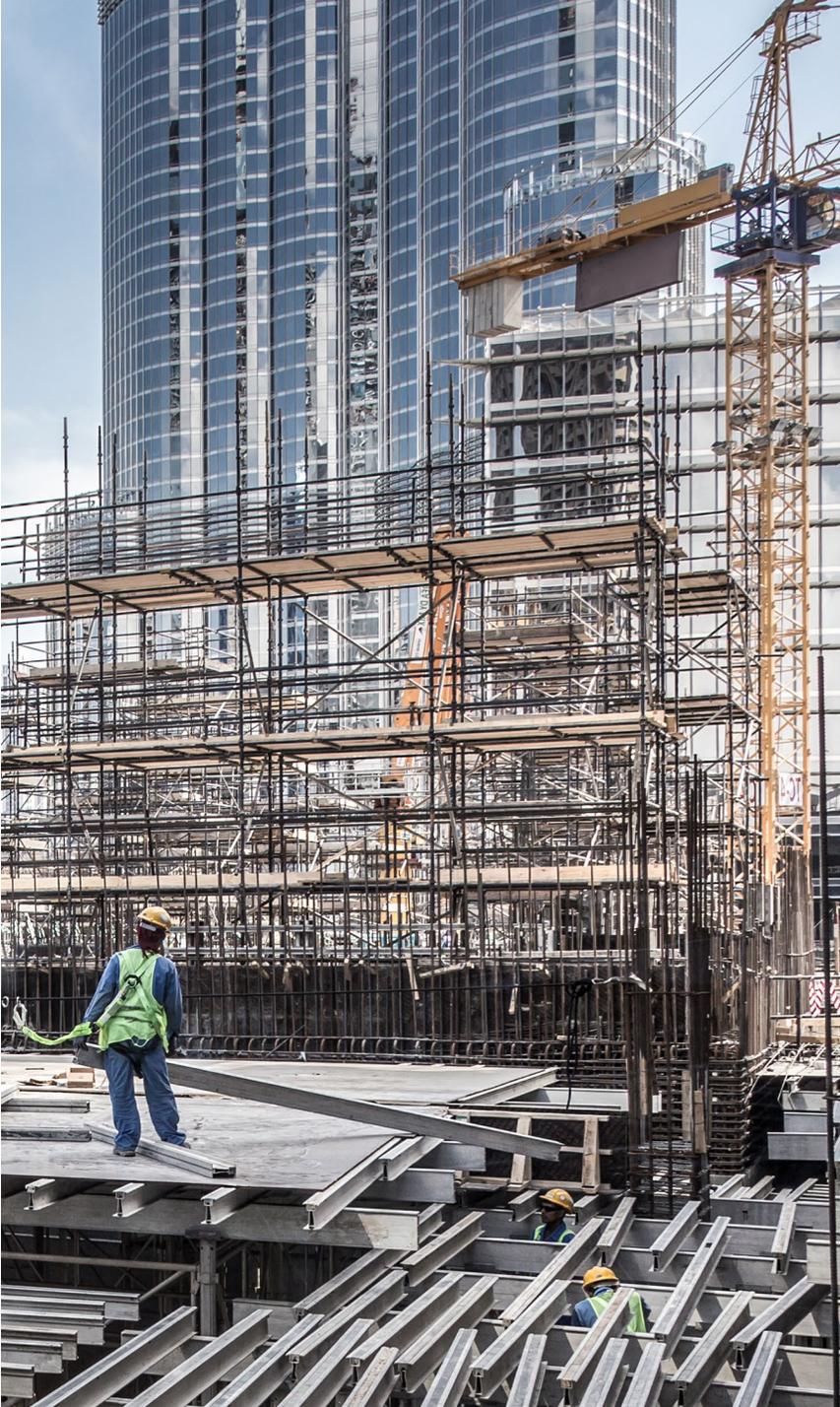
Building a Better Member Experience

Customer Experience – CX – Member Experience - MX

The member experience is defined by every interactive touchpoint a member has during their journeys, by everything they hear about LACERA, and how they feel about LACERA throughout their lifecycle with an organization.

It Matters – We Are In this Together

1 A lifetime relationship from the beginning of their career through the legacy they leave their survivors.

It's all about Their Experience

2 Every touchpoint should be easily accessible based on the member's preference, delivered timely, accurately, competently, and with compassion.

The LACERA Member Experience System

The LACERA Member Experience System

How it Works

- Sustainable system
- Member Experience Council: Provides Coordinated Focus
- Focus on Member Journeys
- Consistent Omnichannel Service Approach
- Measuring Results – Surveys, Dashboard & Reports to OOC

The Member Experience Council

An internal team to coordinate and focus our efforts to establish and oversee a sustainable Member Experience Program.

The MX Council Team

Under Executive Office guidance, leaders from each of the Member Operations Group divisions, Retiree Healthcare and Systems. SME pulled in from specific areas to focus on specific journeys.

Journey Profiles/Maps

The Council will identify and define journeys – developing journey profiles. Profiles outline the member needs and desires and serve to ensure we deliver on the superior experience.

Journey Oversight

Working with PMG, PMO, and SME they set priorities for journey improvement projects and efforts

Surveys – Metrics -Reporting

Defines metrics (KPI, CSAT, NPS, etc.) and oversees survey and focus group activities. Creates transparent reporting to trustees and stakeholders.

Understanding Members is Key

Developing an in-depth understanding of member preferences, needs, and desires is a key component of a sustainable Member Experience program.

Diverse Profile

Our Member Survey – Sent to members via mail and electronic means resulted in a higher response rate for members with ten or more years of service and retired members

9
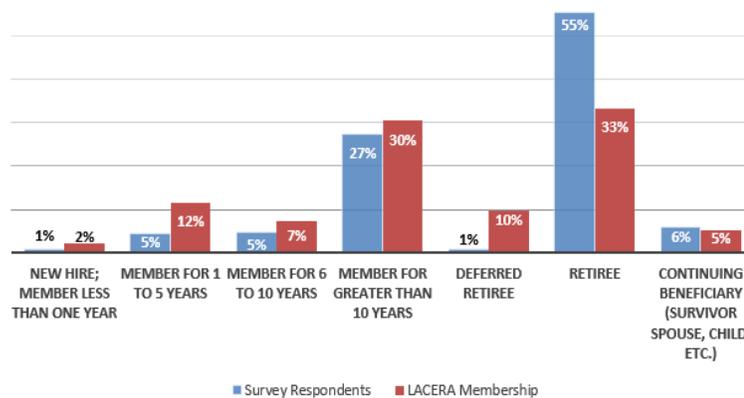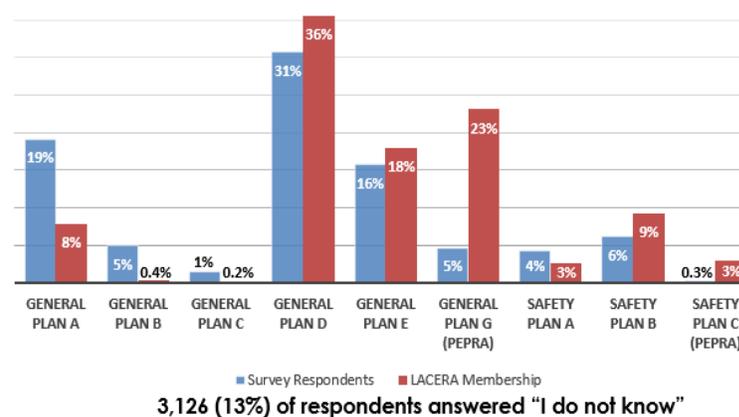
Meeting member preferences for information is a key component of the Member Experience approach. Our recent survey demonstrates that our membership has a diverse appetite for an omnichannel service approach.
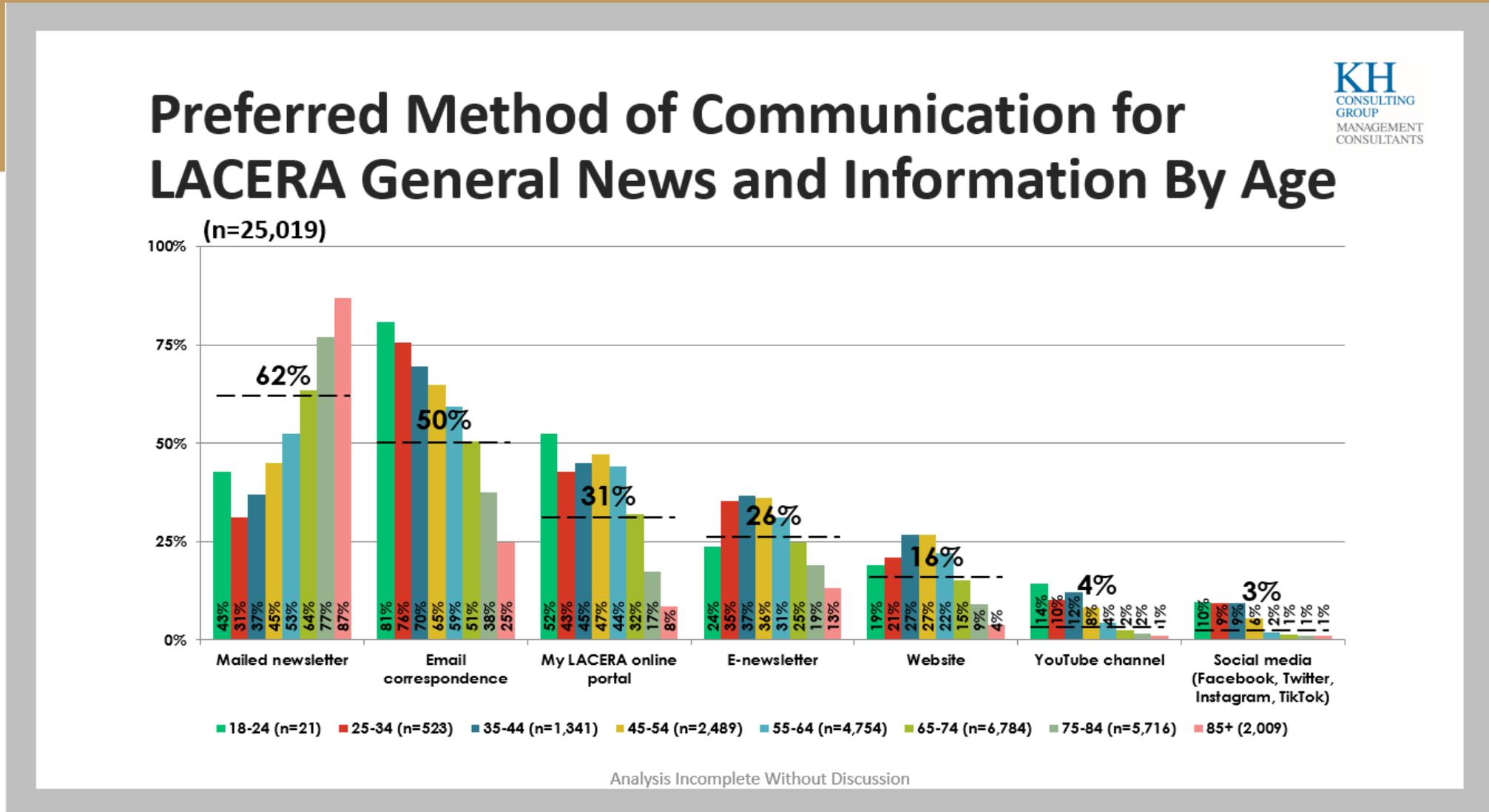
NOTE: Percentages based on the number of responses per question within that age group only

A significant number of survey respondents use computers and smartphones for routine financial transactions. This supports a consistent omnichannel service approach.

Member use of Technology When Managing Routine Financial Transactions Overall

(n=24,358)

Category	Computer or tablet	Smartphone	Do not use technology	Phone	Other
Paying bills	57%	34%	19%	19%	11%
Banking	55%	37%	16%	18%	10%
Managing investments	34%	15%	17%	12%	6%
Updating account information	49%	23%	13%	17%	6%
Uploading confidential documents	40%	13%	18%	6%	8%

■ Computer or tablet ■ Smartphone ■ Do not use technology ■ Phone ■ Other
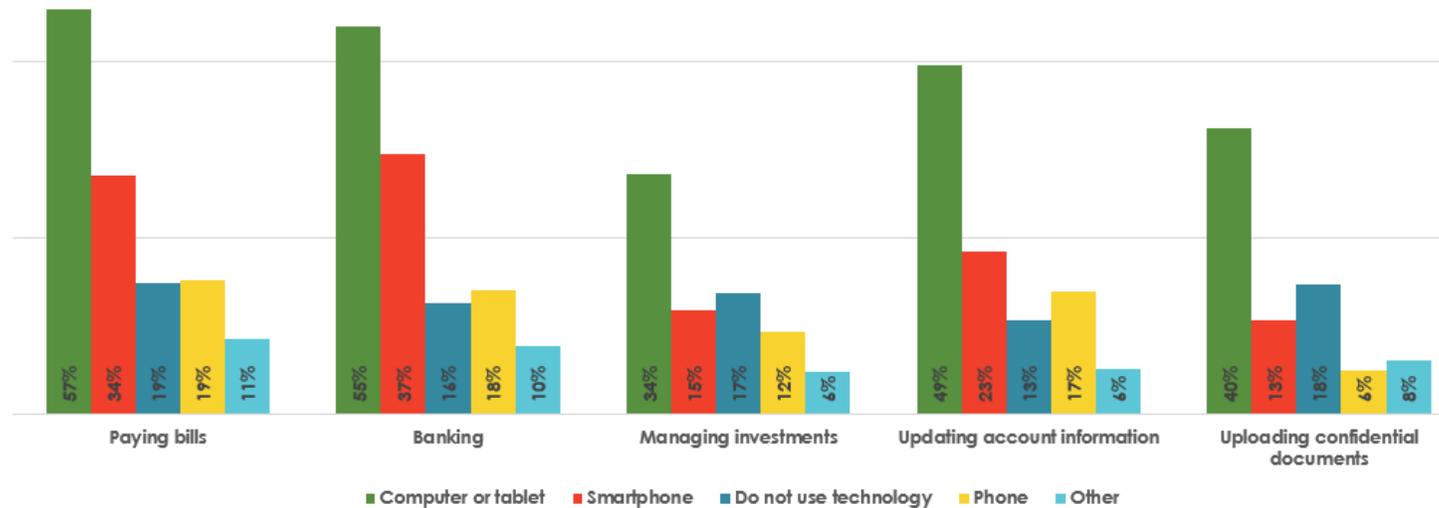
Analysis Incomplete Without Discussion

11

Channel preference depends on the life events. For example, a significant number of survey respondents prefer in-person or phone interactions – yet we also see a solid number of respondents preferring My LACERA interactions…

Ensuring a superior member experience means ensuring a consistent service delivery regardless of preference.
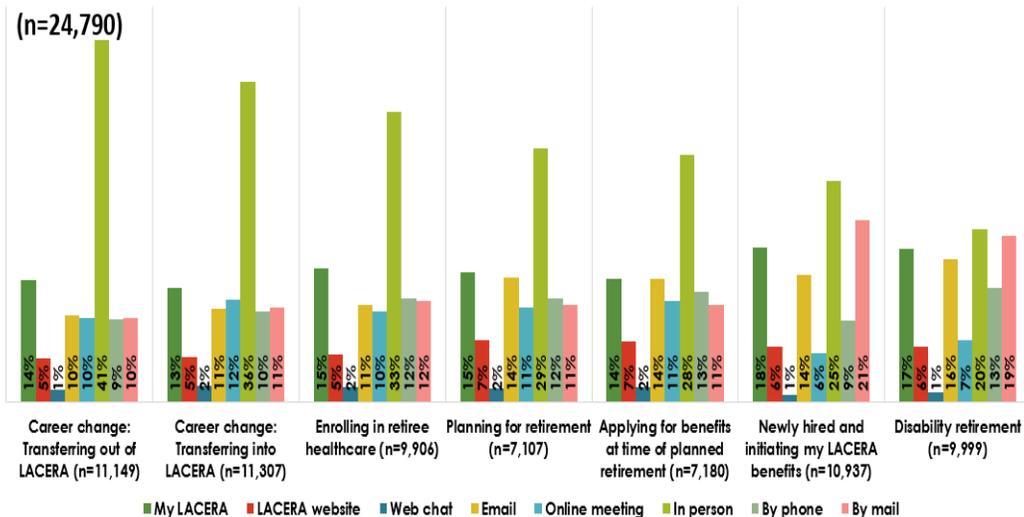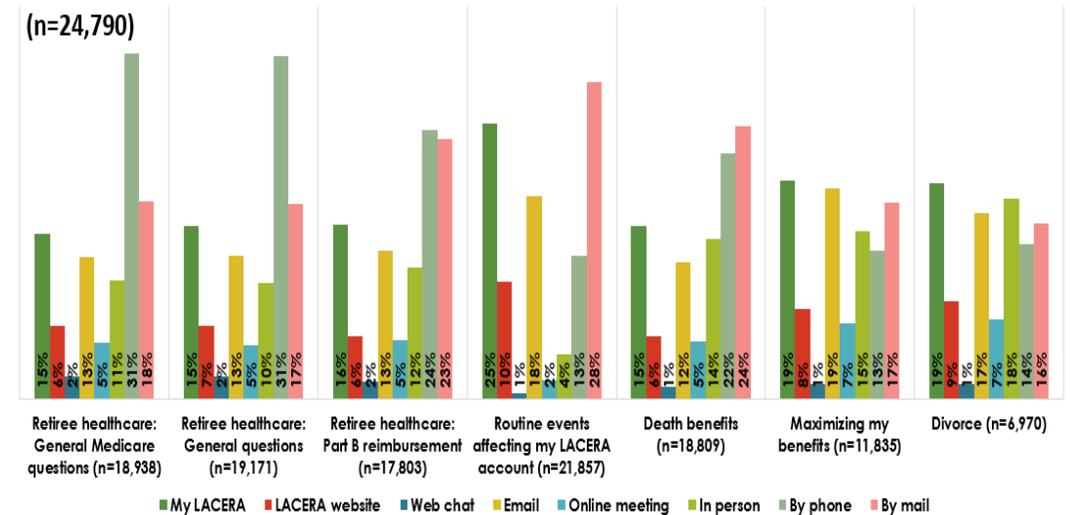
BEST PRACTICES: WHAT ARE OUR PEERS DOING

CEM Voice of the Customer

Recognizing the service industry trend towards the Member Experience focus – CEM is launching a new service survey component.

LACERS Online Efforts

LACERS recently launched their online retirement application, and as we speak they are holding their Member Experience symposium

CalPERS Member Experience Program

CalPERS has been developing their own Member Experience program – including a robust online effort and social media campaign

Omnichannel Service

A continuing trend in the service industry to provide service across multiple channels – it's a foundational part of Member Experience

Traditional Channels – Call Centers – Service Center

Integrated Digital Channels

Proactive Communication

Serving a diverse membership with diverse preferences and needs

Omnichannel Experience

Delivering a Superior Member Experience is all about creating an experience tailored to member preferences and needs.

Omnichannel Experience is the seamless integration of service and information provided across multiple interaction touchpoints.

14

The Retirement Planning "Hub" & Standardized Counseling

How it Works

A true omnichannel approach to providing retirement planning by creating a centralized retirement planning "hub" that will be incorporated with a standardized retirement counseling model.

Combining the unique knowledge of our staff and their ability to tailor a standardized program to each member's needs with a centralized reference "hub" will ensure consistency across all channels.

15

The Future of Retirement Counseling

Retirement Counseling: Phase I

- o Standard Model
- o Incorporates Retirement Planning "Hub"
- o Based on the "Planning to Retire" and "Ready to Retire" journeys
- o Builds on and allows Specialists to tailor counseling to each member while maintaining consistency across channels

Phase II & III

Phase II:
- o Standardized Model for MS Specialists to counsel on RHC plans
- o Cross-training to help ensure in-depth understanding of plans
- o Additional "hub" resources to educate members
- o Auto Email Follow-up

Phase III:
- o An "H&R Block" style online retirement application to help members self-retire

One Communication Plan to Support them All

A comprehensive Communications Plan designed to support the Member Experience program, increase our stakeholder communications, and share the LACERA values of integrity, diversity, and transparency.

Designed to support the Member Experience with comprehensive education and engagement materials tied the member journeys

Developing content development staff with core competencies in benefits, retiree healthcare, and investments who can speak the language and partner with SME to develop relevant and engaging content.

17

Develop, Implement, and Deploy a Digital Strategy to better serve our members

A digital strategy is a comprehensive approach to improving the Member Experience by implementing internal technologies like Case Management, Robotic Process Automation, and AI to improve efficient and accurate service while creating online access strategies designed to improve member information and access to self-service applications.

MEMBER JOURNEY DISABILITY RETIREMENT

A **member journey** refers to specific periods of a member's lifecycle and the interactions and steps they take during that part of their lifecycle.

DRS becomes a part of a member's journey as soon as a member begins contemplating applying for disability retirement.

Member Counseling
Application for Disability Retirement
Disability Retirement Process

Application Adjudication
Administrative Appeal

Provide Promised Benefit

Member Journey Participants

As a member continues their journey, they may interact and engage with various internal and external "participants" who coordinate and collaborate to help the member reach their destination.

Member
DRS
Member Services (Call Center & Member Service Center)
Board of Retirement
Benefits Division

County Department
Plan Sponsor
Applicant Attorney
Sedgwick (LTD)
Sedgwick (WC)

20

Omnichannel Approach

Multiple channels being integrated to create a seamless experience for the MEMBER.

FOCUS – Is The Member
Member experience
Member centric
Quality member support

Education/Communication Channels
Emails
lacera.com
YouTube
Written Materials

CONTACT CHANNELS
Email
Paper Mail
In-Person
My LACERA - Online Application

ONLINE DISABILITY APPLICATION METRICS

LAUNCH DATE
September 8. 2022
Soft-Launch

116
Visitors
Total members accessing online application since launch

46
In Flight
Total online applications pending completion, including uploading required documents

15
Submitted Applications
Total application successfully submitted to DRS

User-Friendly

Clear & Meaningful
Information

Satisfactory
Design & Functionality

SURVEYS AND
DIRECT
FEEDBACK

Lessons Learned

- Can't predict member behavior but we can measure it

- Can't meet every member's needs, but we can make changes as feedback is received

- Still a need for continued engagement

- "Pain Points"
  - Member doesn't always have the equipment needed
  - Wide range of computer skills, or "tech savviness"
  - Expected more – fully digital experience

23

Flexible & Nimble

Based on survey and direct feedback, we continue to return to the drawing board and make changes to the online application to improve functionality and the overall member experience.

Changes Since Launch

- **Added language & FAQs**

- **Improved functionality and question formatting**

- **Launched automated emails**

- **Added dedicated staff to proactively assist members who appear to be "stuck"**

- **Expanded internal tracking and monitoring capabilities**

Instructional Videos

Digital Signature Capability

Integration

LACERA SOL
Case Management System

OCR, Chats & AI

What's to Come?

The LACERA Member Experience System

The LACERA Member Experience System

What's Coming in Our Digital Strategy

- Disability Online Application – Phase II
- Death Claim Process: Phase II
- New Member Enrollment – the Digital Way
- Online Temp Time Purchases
- Online Previous Service Purchases
- Online Retirement Elections
- AI Assisted Secure and Voice Validation
- AI Assisted Chat

Beneficiary / Survivor Journey: Death Claim Process Automation

Death Notification	Send Claim Form	Claim Form Received	Issue Payment

Challenges:
- High Volume/ Service Levels
- Constant Monitoring of Queue
- Constant Follow-up
- Processing Bottlenecks
- Outdated Beneficiary Records

Ripple Effect:
- Increased Follow-up Calls
- Escalations
- Delays in Issuing Payment

= **Poor Beneficiary Experience**

Beneficiary / Survivor Journey: Death Claim Process Automation

| Death Notification | Send Claim Form | Claim Form Received | Issue Payment |

Removing Bottlenecks:
- Member Service Address Update
- Immediate Claim Form
- Workspace Monitors Queue
- Workspace Sends Follow-up
- Smaller, specialized queues

Ripple Effect:
- Decrease in Follow-up Calls
- Fewer Escalations
- Payments Issued Faster

= Improved Beneficiary Experience

Beneficiary / Survivor Journey:
Death Claim Process Automation

- Automated Claim Forms print almost immediately

- Workspace monitors and generates follow-up requests

- Barcode sequence numbers track multiple beneficiaries

- Smaller, specialized queues

- Frees up DLU staff to process more complex cases
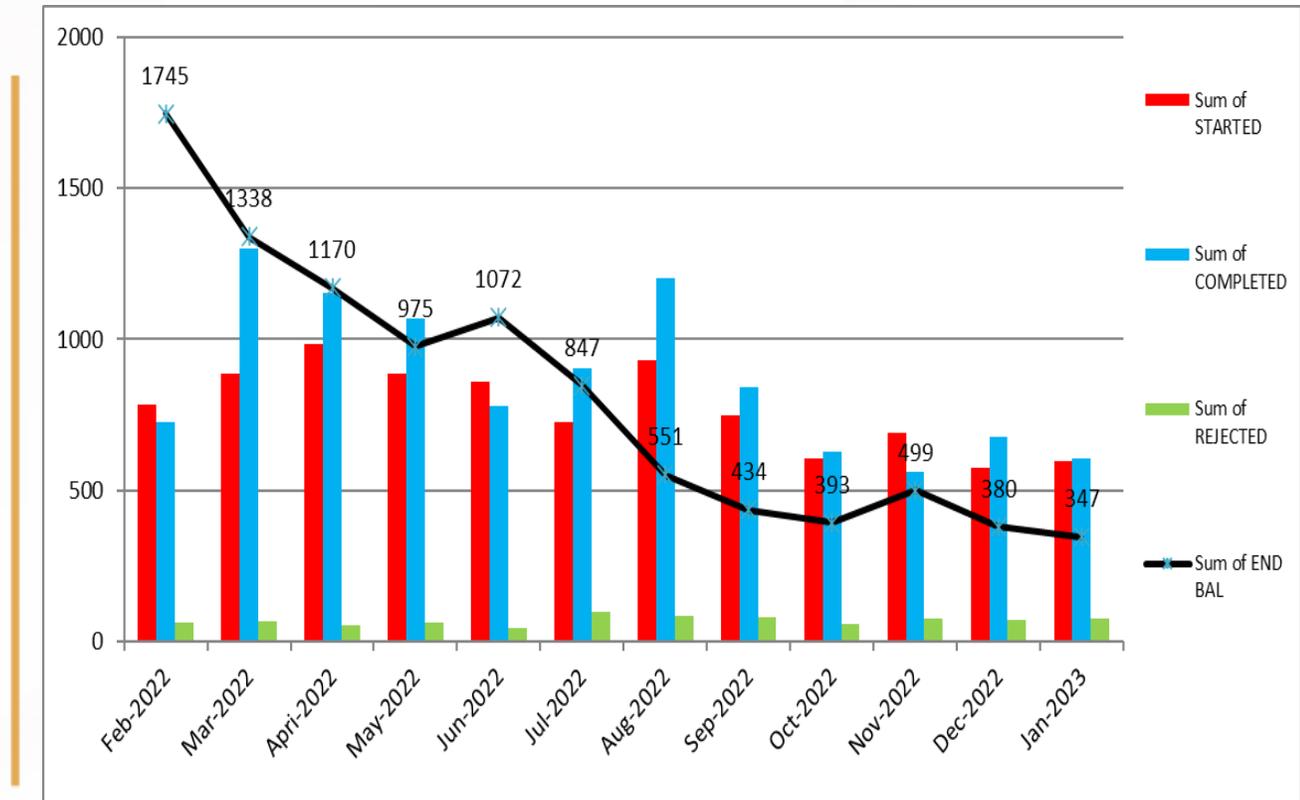
Enhancing Retiree Healthcare

Improve and enhance the Retiree Healthcare experience

RHC ENHANCEMENTS – MEMBER EXPERIENCE

- Amazon Connect call back feature
- Members ability to upload documents via Member Portal
- Automated letters for Part B verification
- Modification to annual Part B verification process
- Sample online enrollment forms (lacera.com)

Future plans:

- RHC enrollment and Medicare video
- Electronic enrollment submission
- Electronic eligibility data submission to carriers (Kaiser Pilot program)

The LACERA Member Experience System

How it Works

- A sustainable MX system requires an investment in developing our staff to have the right training and tools to create the Superior Member Experience

32
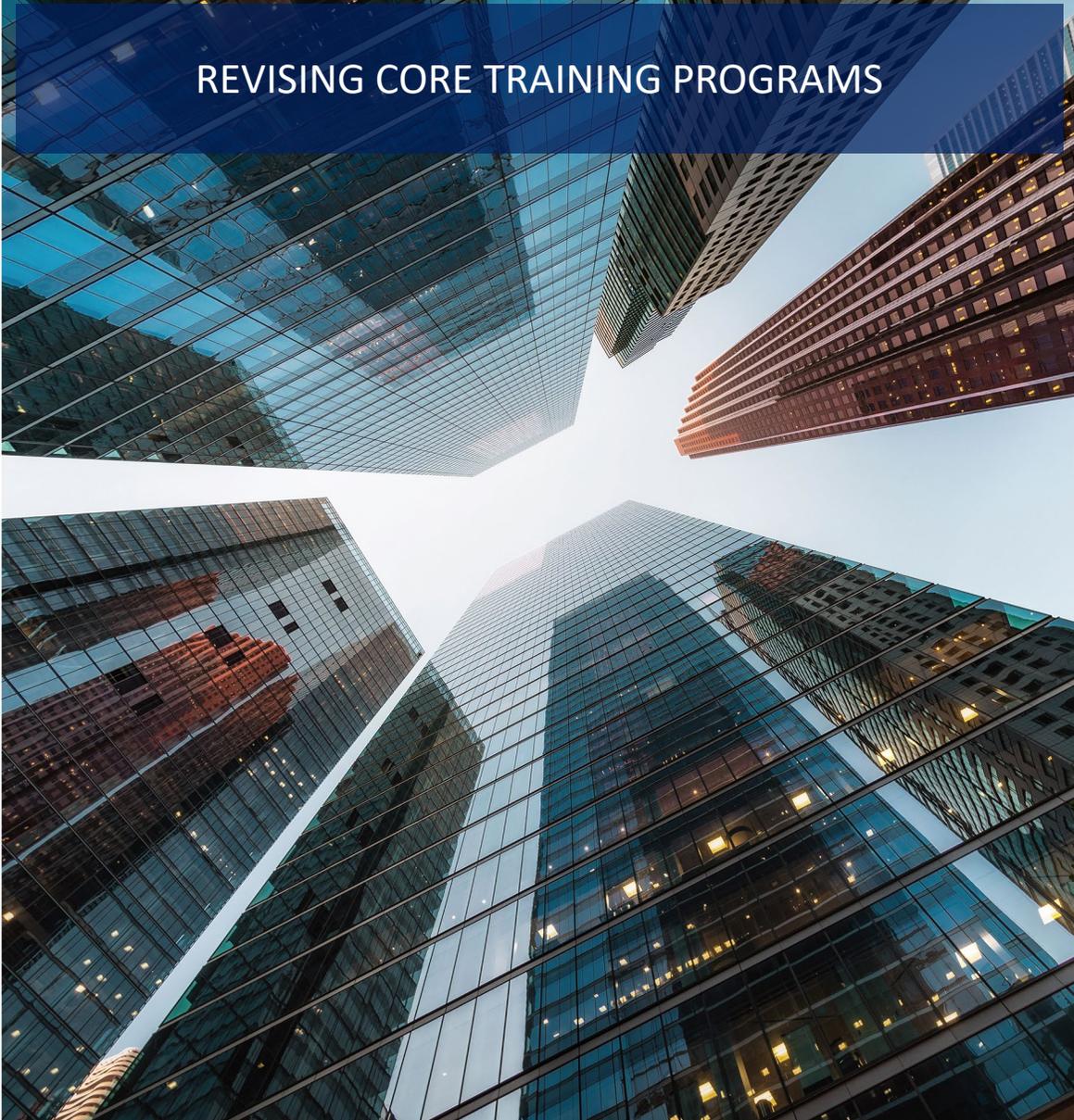
REVISING CORE TRAINING PROGRAMS

Integrating Service Training
Our CORE Benefits training program has been the standard in technical training – now we're going to add customer service and support training

Mock Calls/Roleplaying
Our current program incorporates production work for technical training. Now we're adding mock call and roleplaying to better prepare staff to deliver the Superior Member Experience

Pre-Class Development
A comprehensive process to review training materials and needs prior to each new class to ensure the most up to date training is available.

Metrics – Surveys – Focus Groups
Tracking the success of trainees after training is critical to developing the best training program. We'll use metrics, surveys, and focus groups to ensure the best training possible.

LACERA

DEVELOPNG STAFF IN THE FUTURE

Revamped CORE Training Program

o Retain current CORE content
o Expanded training to cover non-Core topics – death, dissolutions, disability, etc.
o Adding My LACERA Support training
o Adding Customer Service training
o Adding Mock Call and Counseling Roleplays

Phase II & III

Phase II:
o Moving training out of the classroom through the development of multi-media course material for on-demand refresher training

Phase III:
o Finalize the ACE Training program

Continually Measuring Success

Building Tomorrow

Formally establish the Member Experience Council and finalize charter

Identify journeys, develop journey maps, and assign priorities for review and development

Develop content and education plans to match the member's needs during their journeys

Continue to integrate digital development of online tools and behind the scenes applications

Develop regular reporting process for CEO Dashboard and OOC and IBL.

Deliver on the Superior Member Experience

Appendix I: Communications Plan – What We Do

Appendix II: Communications Plan – Objectives Built to Support the Member Experience

LACERA Communications Division

COMMUNICATIONS' LONG-TERM OBJECTIVES

When it comes to serving LACERA's membership, our vision is to establish and maintain a relationship with our members from the time they join LACERA to the time they retire, and for the rest of their lives, so they can take knowledgeable, confident action regarding their benefits in the format that best serves them. We want to tailor their experience throughout their career cycle, providing timely information and services through integrated, interconnected, and interactive content.

As technology evolves, we will continue to innovate and reexamine our communications techniques, platforms for the most successful results.

Surveying Our Members

To fulfill our long-term vision and customize our communications, we need to know our members' information needs and preferences. We will use the member survey conducted as part of the 2022 strategic planning process as a jumping off point. This can be supplemented by mailed and digital surveys and questions added to the My LACERA registration process to find out more about what our members need and how we can help them.

Based on this information that we get from members, we can create content that they want on lacera.com, create videos and specialized training sessions, and much more.

Creating Member Journeys

As part of future phases of My LACERA and lacera.com, we want to develop content specific to members' plans, ages, and career stages that points them to suggested actions or avenues for further inquiry (similar to the Timeline for Retirement on lacera.com). This will entail working closely with our Member Services, Retiree Healthcare, and Benefits colleagues to define member journeys and tailor specific communications. For example, setting up certain milestones on My LACERA could trigger an email directing members to review information on lacera.com, set up an appointment with a retirement benefit specialist, attend a webinar, conduct a self-transaction, or any combination of activities. Examples of milestones include reaching five years of service credit, the 10-year retiree healthcare subsidy threshold, normal retirement age, plan-specific minimum age for retirement, mandatory age for Medicare sign-up, etc.

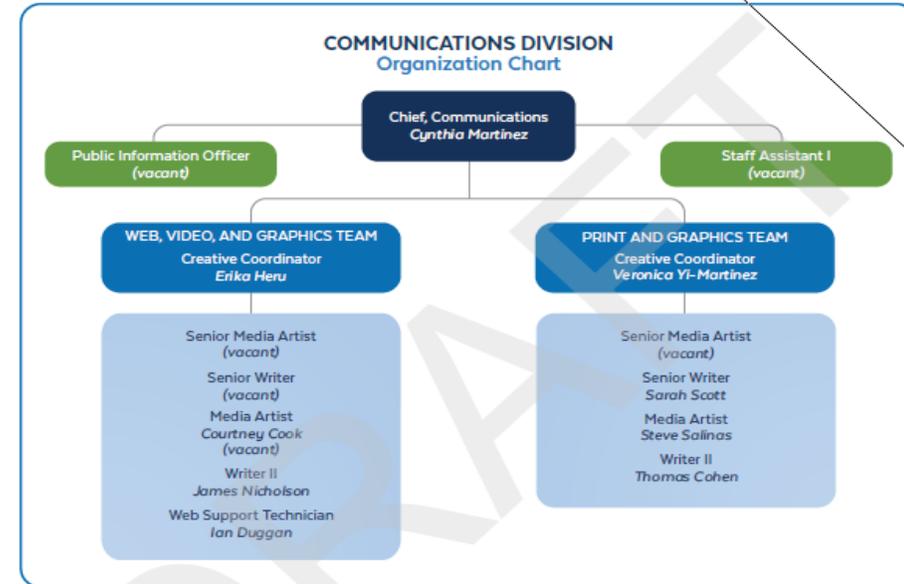### Targeted Communications: Segmenting Audiences and Using Variable Data

LACERA's new annual benefit statement is an example of how we can apply variable data to customize outreach materials in a digital format. Through data mapping, copy and images can be adjusted for specific audiences based on their personal data. (For example, by designating a safety member field or specific age group, graphics and copy appropriate to that audience can be automatically applied during the printing process).

On Demand Self-Service

In partnership with the Member Operations Group and other divisions within LACERA, we will continually develop to increase the number of self-service options offered and cross promote using all available communications methods.

20   COMMUNICATIONS PLAN

Appendix III: Communications Plan – Developing Content Experts

BUILDING A BETTER TOMORROW

BOARD OF RETIREMENT OFFSITE

AGENDA

- Strategic Priority: Investing in People, Objective 7
- Overview of the LEAD Initiative
- Trustee Input
- Next Steps
- Panel Discussion
- Final Questions & Comments

Investing in People

Attract, motivate, hire, and retain a highly engaged and skilled workforce

OBJECTIVE 7
Develop and implement D.E.I framework aimed at promoting and embracing Diversity, Equity, and Inclusion

OBJECTIVE 8
Develop enterprise-wide Training and Development Programs aimed to support and encourage employee growth and development

OBJECTIVE 9
Improve and simplify the hiring process (To build a solid foundation for succession planning)

"LEAD" Initiative

Our vision for the LEAD Initiative is to establish a positive and welcoming work culture, provide our members exceptional service in an inclusive manner, and engage our business and community partners

LACERA's LEAD Initiative

LACERA prioritizes diversity, equity and inclusion (DEI) to establish a positive and welcoming work culture, providing our members when exceptional service in an inclusive manner, engaging with our business and community partners, and obtaining the effective results to achieve LACERA's Mission

LEAD EFFECTIVELY
Integrate the LEAD initiative into our work culture, how we engage with our members & convey the LEAD initiative to our business & community partners.

ENSURE EQUITY
Commit to fair treatment and access to promotional opportunities and member resources.

ACHIEVE INCLUSIVITY
Practice diversity by welcoming, supporting, respecting & valuing individuals and groups.

DRIVE DIVERSITY
Seek representation of different and unique identifies, characteristics, experiences and perspectives.

LACERA's Complimentary DEI Initiatives

TIDE

LEAD

- Ratified by the BOI in March 2021
- Focuses on Investments
- 5 Pillars
  - ➢ Internal Practices
  - ➢ Due Diligence
  - ➢ Active Ownership
  - ➢ Capital Formation
  - ➢ Industry Advocacy

- Being proposed as part of the LACERA strategic plan, to be ratified by the BOR in April
- Enterprise-wide DEI mindset
- 4 Pillars
  - ➢ Employees
  - ➢ Members
  - ➢ Business Partners
  - ➢ Community Partners

LEAD EFFECTIVELY

ENSURE EQUITY

ACHIEVE INCLUSIVITY

DRIVE DIVERSITY

EMPLOYEES

MEMBERS

BUSINESS PARTNERS

COMMUNITY PARTNERS

DEI *LEADS* TO BETTER RESULTS!

Employees

Build Inclusiveness for employees and aid in recruitment and retention

Members

Provide superior member service by better understanding our members' unique and diverse needs

Business Partners

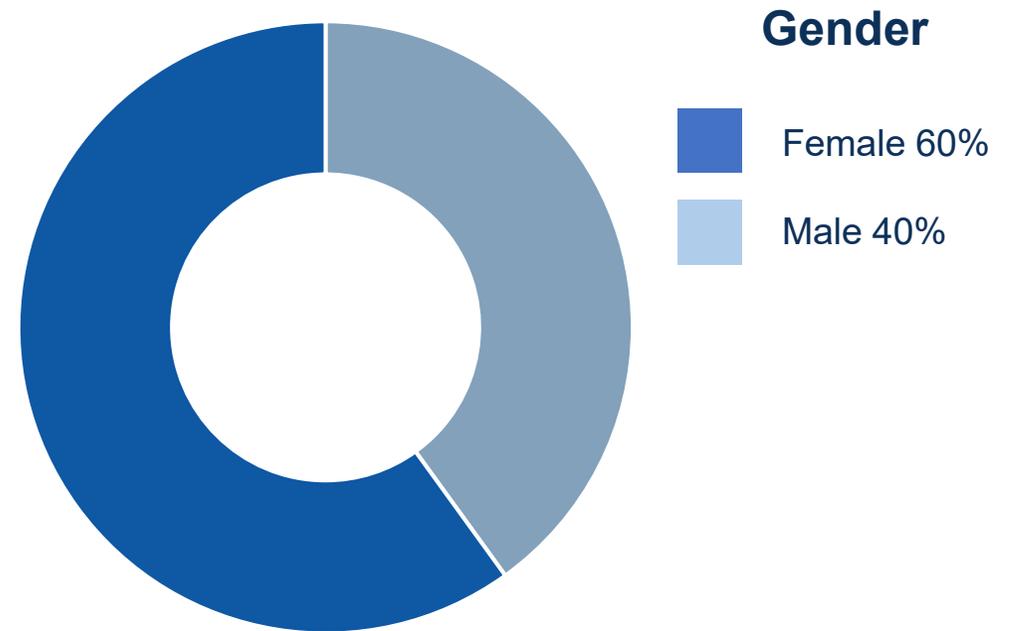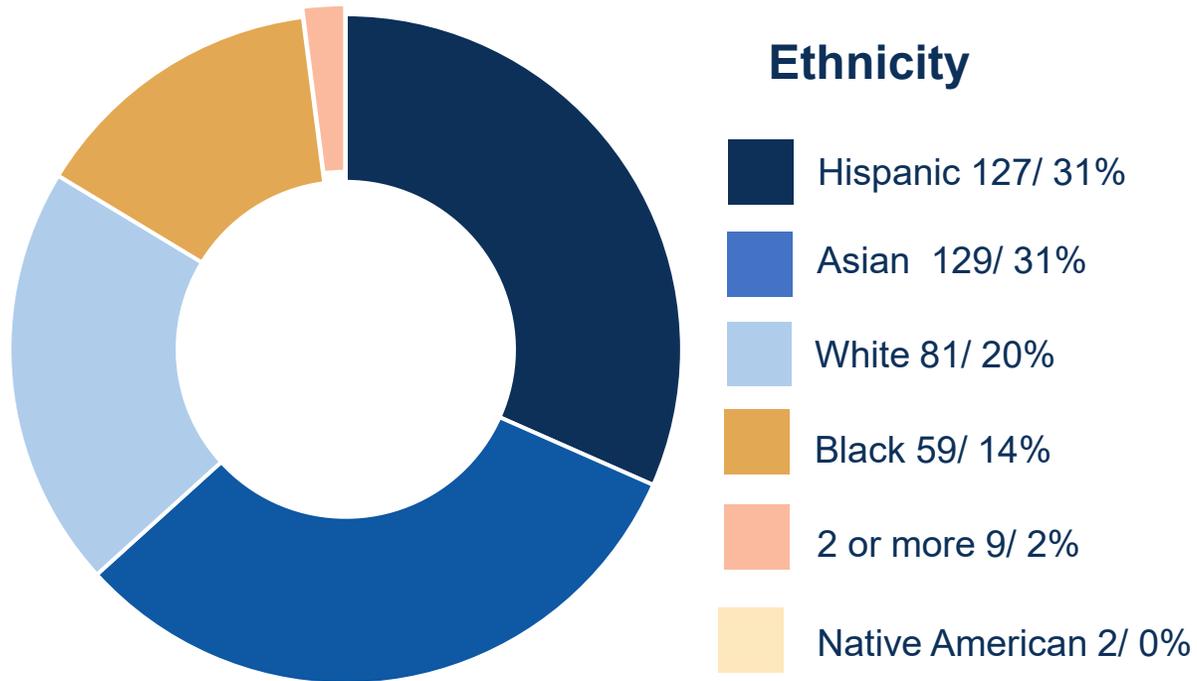Ensure better results for our members to achieve LACERA's Mission to Produce, Protect & Provide the Promised Benefits

Community Partners

Engage and support our community in a shared vision for diversity, equity and inclusion
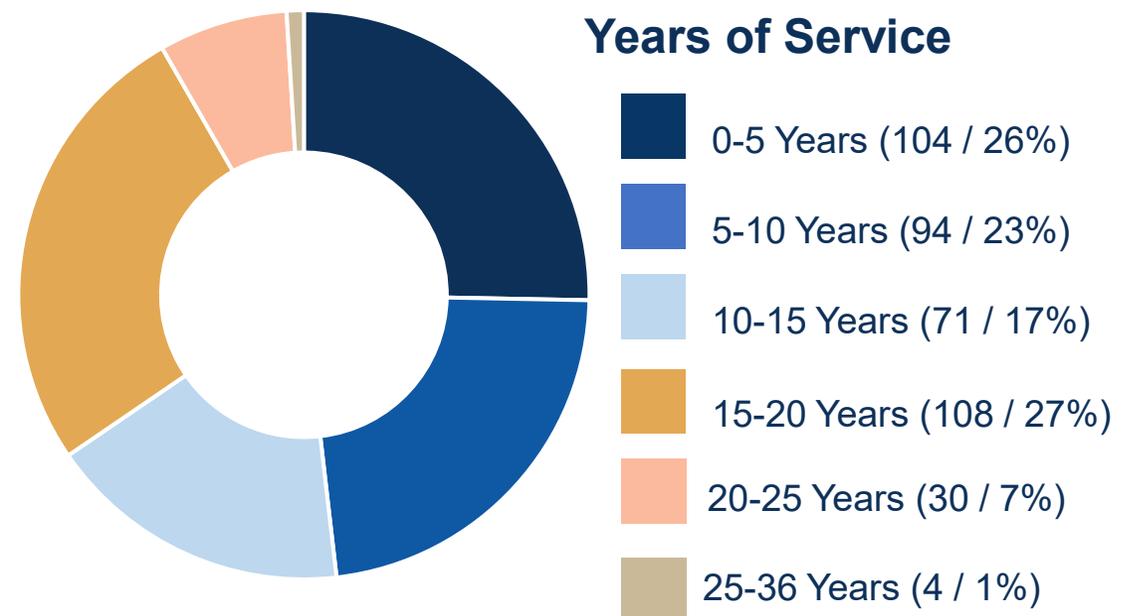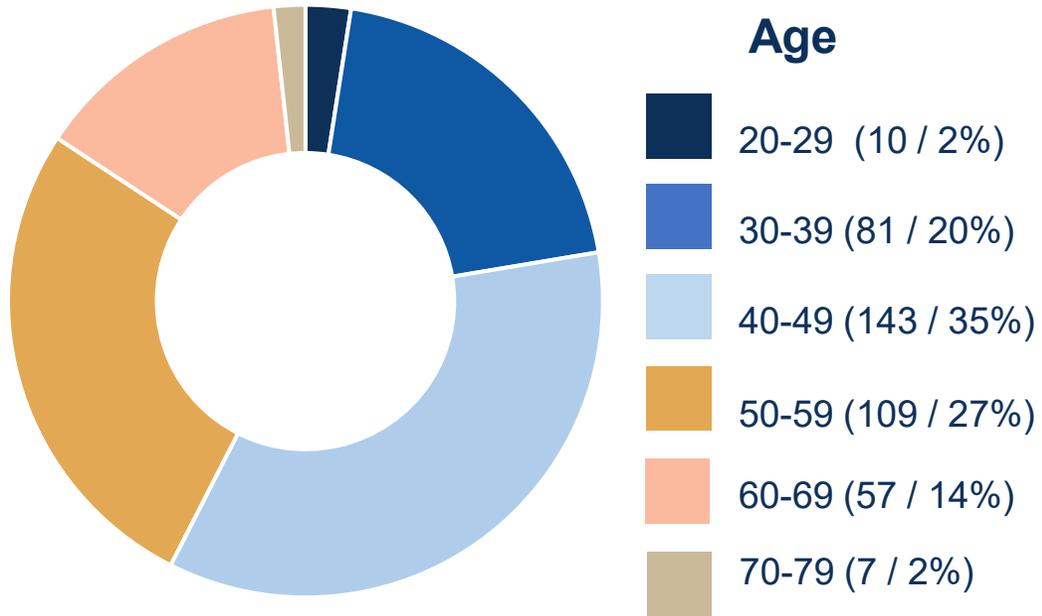
Implementing LACERA's LEAD Initiative

LACERA Staff

Based on employment records as of 1/31/23

Ethnicity

- Hispanic 127/ 31%
- Asian 129/ 31%
- White 81/ 20%
- Black 59/ 14%
- 2 or more 9/ 2%
- Native American 2/ 0%

Gender

- Female 60%
- Male 40%

LACERA Staff

Based on employment records as of 1/31/23

Age
- 20-29 (10 / 2%)
- 30-39 (81 / 20%)
- 40-49 (143 / 35%)
- 50-59 (109 / 27%)
- 60-69 (57 / 14%)
- 70-79 (7 / 2%)

Years of Service
- 0-5 Years (104 / 26%)
- 5-10 Years (94 / 23%)
- 10-15 Years (71 / 17%)
- 15-20 Years (108 / 27%)
- 20-25 Years (30 / 7%)
- 25-36 Years (4 / 1%)

LACERA

EMPLOYEES

TODAY

Equitable application of employment policies and practices that comply with all applicable laws, regulations & ordinances

Training & career development programs

Equal pay

TOMORROW

Identify what's missing

Actively seek employee input

Facilitate & support a welcoming & inclusive work culture

11

What is missing?

Who are we missing?

How can we do better?

TRUSTEE QUESTIONS & FEEDBACK

Implementing LACERA's LEAD Initiative

Employees

Build inclusiveness for employees and aid in recruitment and retention

Members

Provide superior member service by better understanding our members' unique and diverse needs

Business Partners

Ensure better results for our members to achieve LACERA's Mission to Produce, Protect & Provide the Promised Benefits

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Implementing LACERA's LEAD Initiative

BUSINESS PARTNERS

TODAY

Ask about DEI Policies in vendor solicitations

Evaluate organizational risk

TOMORROW

Encourage more robust DEI practices

Expand opportunities

Expand business thinking

What is missing?

Who are we missing?

How can we do better?

TRUSTEE QUESTIONS & FEEDBACK

Implementing LACERA's LEAD Initiative

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Engage and support our community in a shared vision of diversity, equity and inclusion

LACERA

COMMUNITY PARTNERS

TODAY

Memberships & participation in professional organizations

Community volunteering

TOMORROW

Engage & support community groups

Encourage partner organizations to follow LACERA's LEAD
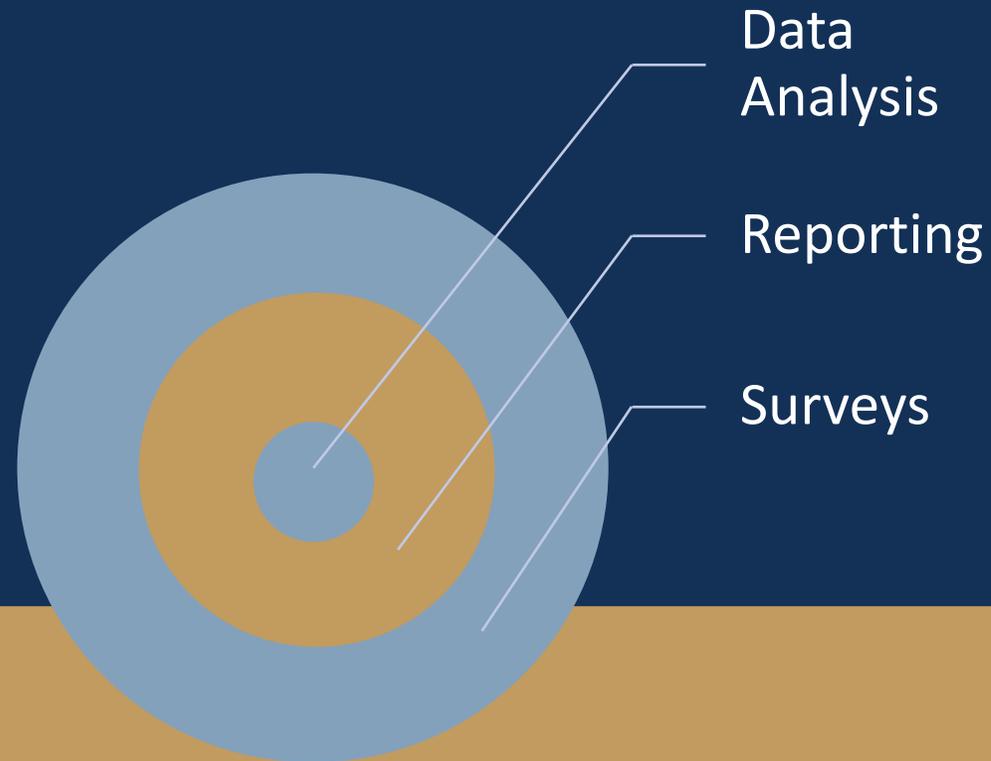
20

What is missing?

Who are we missing?

How can we do better?

TRUSTEE QUESTIONS & FEEDBACK

LEAD Key Performance Indicators

Data Analysis

Reporting

Surveys

Goal

Provide the LACERA Boards with an analysis of the key performance indicators for each building block of the LEAD initiative,

Employees

Build inclusiveness for employees and aid in recruitment and retention

Members

Provide superior member experience by better understanding our members' unique and diverse needs
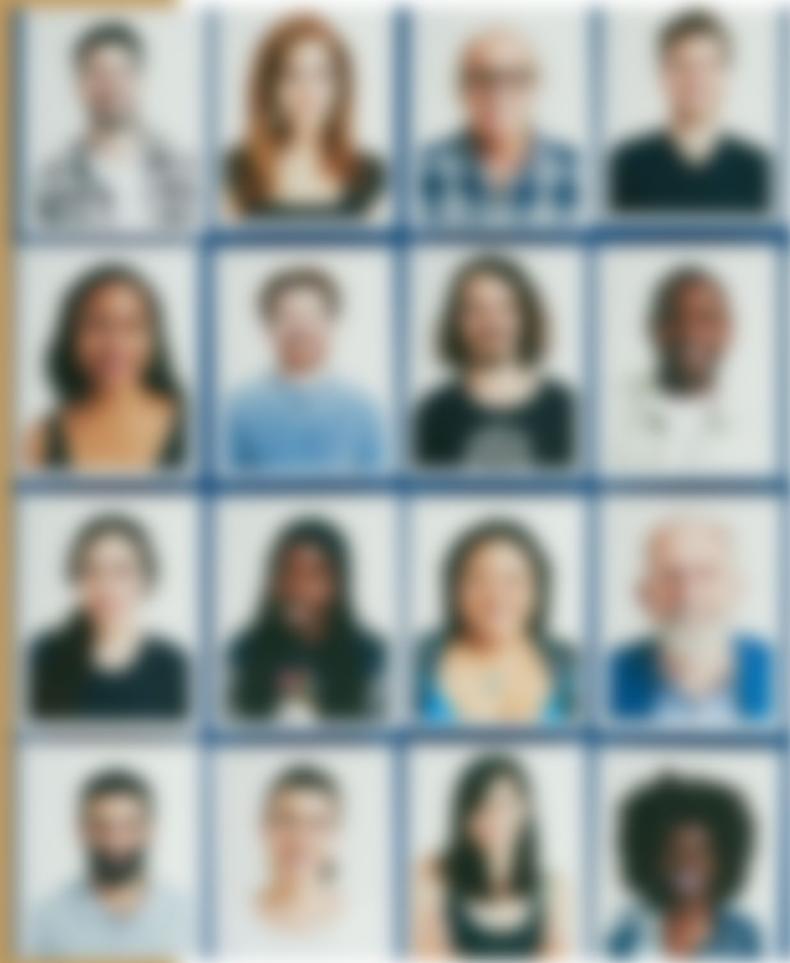
Business Partners

Ensure better results for our members to achieve LACERA's Mission to Produce, Protect & Provide the Promised Benefits

Community Partners

Engage and support our community in a shared vision of diversity, equity and inclusion

Implementing LEAD - Next Steps

PANEL DISCUSSION

Didier Acevedo
Allison Barrett
Jasmine Bath
Tamara Caldwell
Elsy Gutierrez
Danny Hang

Enhancing LACERA's Compliance and Enterprise Risk Management Programs

Compliance and Enterprise Risk Management
Enhancing LACERA's Risk Governance Structure

OBJECTIVE 10
Develop an enterprise compliance plan and program to ensure adherence to governing laws and regulations and established LACERA processes, procedures, policies.

OBJECTIVE 11
Implement a comprehensive enterprise risk management (ERM) framework and structure to improve staff awareness and mitigate organizational risk.

Content

Risk and Risk Governance

Compliance

Enterprise Risk Management (ERM)

Scenarios and Discussion

Section 1
Risk and Risk Governance

What is Risk?

Risk:

The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of impact and   likelihood.

-- Institute of Internal Auditors (IIA), Standards Glossary

Operational Risk:

The risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

-- U.S. Comptroller of the Currency

Fiduciary Risk:

The risk that an agent acting on behalf of a principal will not live up to their full fiduciary responsibility. That is, fiduciary risk is the possibility that an agent will not act in the principal's best interests. This does not necessarily include only foul play or fraud. It can simply mean the agent is not furthering the principal's interests consistent with duties of loyalty and prudence.

-- California Constitution, CERL, Free Dictionary, and Department of Labor

Three-Minute Drill –
Top LACERA Non-Investment Risks

1.	8.	15.	22.
2.	9.	16.	23.
3.	10.	17.	24.
4.	11.	18.	25.
5.	12.	19.	26.
6.	13.	20.	27.
7.	14.	21.	28.

Enhancing LACERA's Risk Governance Structure

LACERA currently has elements of risk governance, including components of compliance and enterprise risk management.

The strategic plan seeks to enhance and elevate LACERA's program into an organized risk governance structure that will facilitate management's compliance efforts and its ability to identify, manage, and control risk – this is a continuous project because risks constantly change.
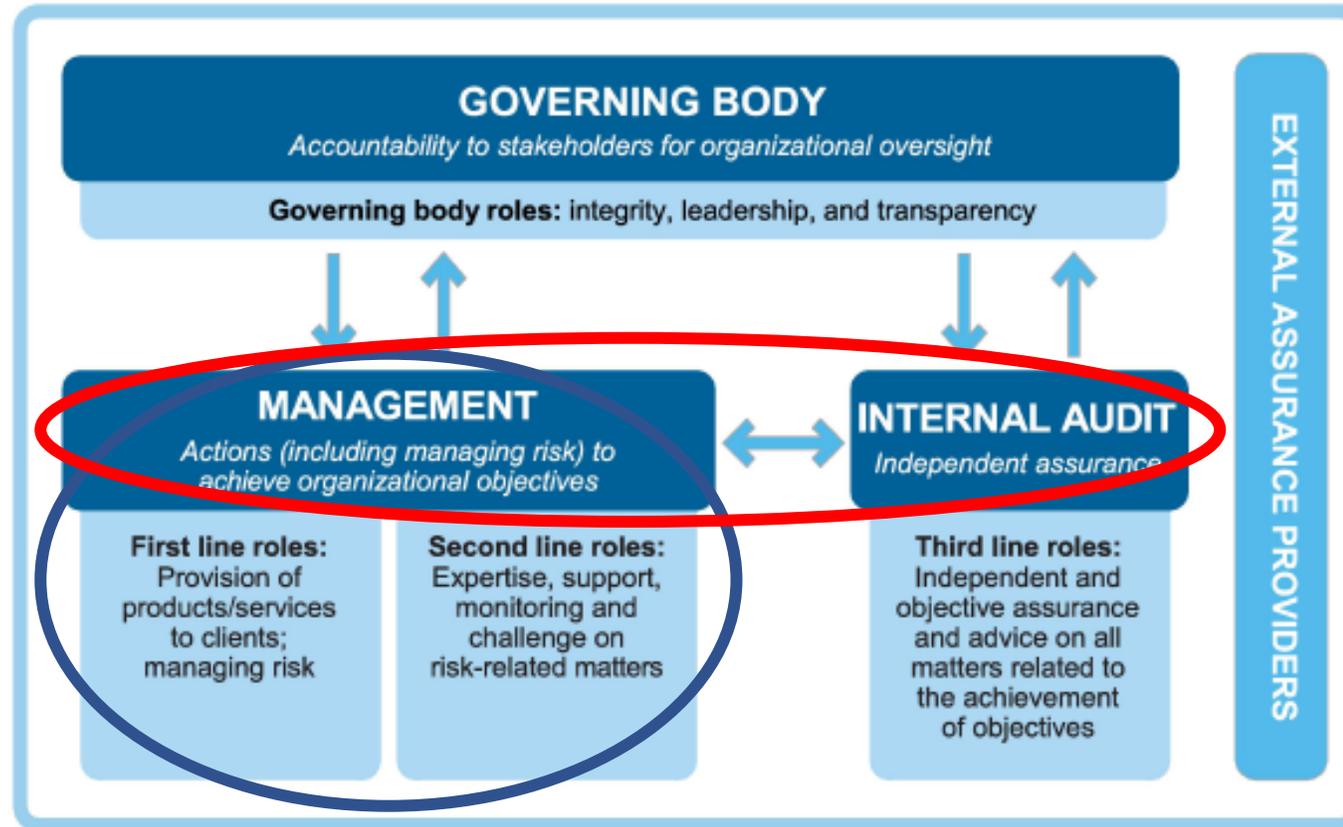
- No panacea
- Dependent upon the ethics and values of LACERA's people
- LACERA must provide:
  - The risk governance framework
  - Training
  - Set expectations and enforce accountability

Target for Risk Governance Model – IIA's Three Lines

--The IIA's Three Lines Model (2020)

Why Compliance and ERM?

"Brakes are not put on cars so they can be used once a year, after all. Brakes are designed to be used constantly and consistently to help better control speed and appropriately steer the vehicle.

Also, brakes are not put in place as an afterthought. They are engineered into a vehicle as an integral system – a system that affects the design and performance of many other systems in the car."

-- Scott L. Mitchell, OECG

Section 2
Compliance

Compliance

Definition: Adherence to policies, plans, procedures, laws, regulations, contracts, or other requirements.
-- IIA Standards Glossary

Functional Definition: Compliance is a line management responsibility reporting ultimately to executive management. The compliance function should, nevertheless, contribute to helping line management develop and implement an effective system of internal control in order to manage the risk of violating external and internal laws and regulations (compliance risk).
 -- IIA Guidelines for the Compliance Function

Where is LACERA Now in its Governance of Compliance?

First Line Roles
(Delivery of Services)
- Benefits
- Member Services
- Disability Retirement
- Disability Litigation
- Retiree Healthcare
- Communications

Second Lines Roles
(Risk-Related Matters)
- Legal
- Quality Assurance
- Information Security

Third Line Roles
(Independent Assurance)
- Internal Audit

With reporting to and oversight by the Audit Committee

- Process Management Group
- Human Resources
- FASD
- Systems
- Administrative Services
- Investments

With reporting to and monitoring and oversight by the Boards, based on area of responsibility

Existing Compliance Structures

- LACERA Incident Response Team
- Policy Committee
- IT Coordinating Council
- Process Management Group
- OOC and Board Reporting
- Reporting to Internal Audit and Audit Committee

Dept of Justice – Effective Compliance Programs

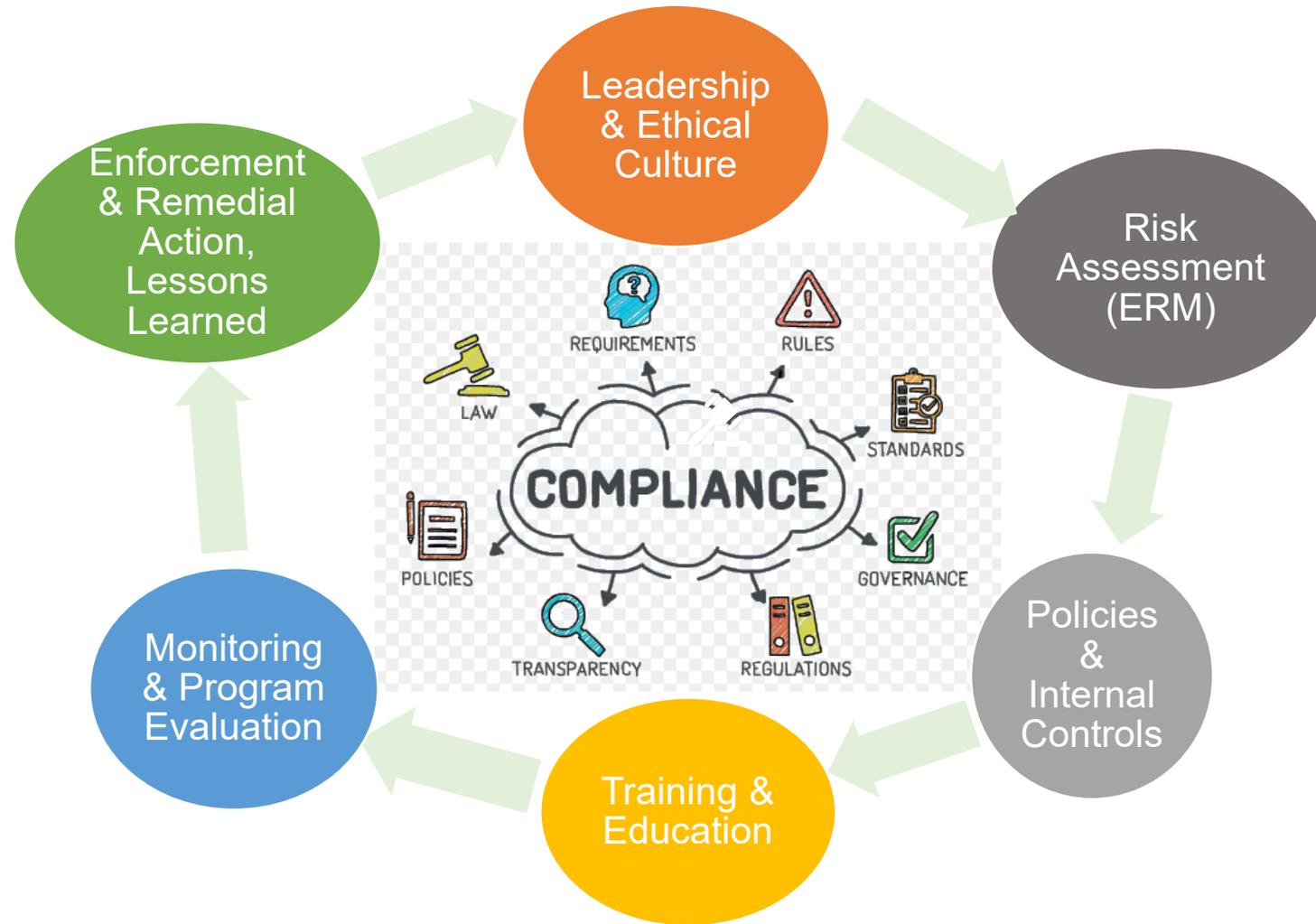**3. How does the entity's Compliance Program work in practice?**

-- U.S. Dept of Justice, Criminal Division, *Evaluation of Corporate Compliance Programs*, Updated July 2020

2. Is the entity's Compliance Program adequately resourced and empowered to function effectively?

1. Is the entity's Compliance Program well designed?
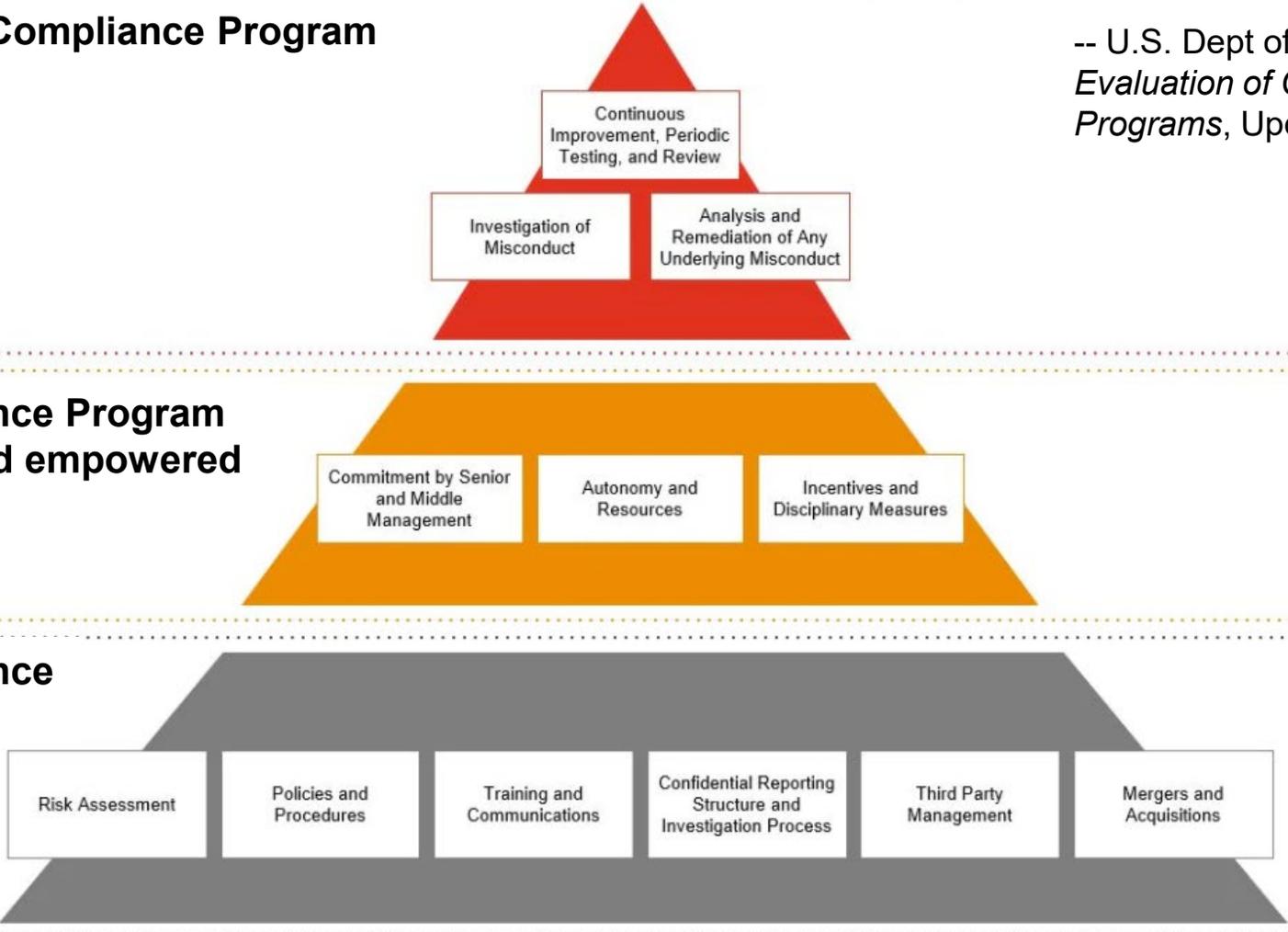
Developing a Well-Designed Compliance Program

Compliance Process Implementation Steps in This Strategic Plan

- Working group across divisional lines to develop Program Charter

  - Compliance Consultant

- Dedicated Compliance Leadership

  - Start with a Compliance and Ethics Officer in the Legal Office

- Divisional Compliance Champions

- All LACERA training on Compliance and Risk Management

  - Starting with new employee orientation

- Development of Divisional Compliance Action Plans

- Include the results of ERM Risk Assessment and ERM Coordination

- Monitoring, Reporting, Plan Updates, Targeted Training, and Continuous Improvement

Section 3
Enterprise Risk Management

What is ERM?

Enterprise risk management in business includes the methods and processes used by organizations to manage risks and seize opportunities related to the achievement of their objectives

Current Enterprise Risk Initiatives

Strategic Plan

Formalized Information Security Program – Hiring an ISO

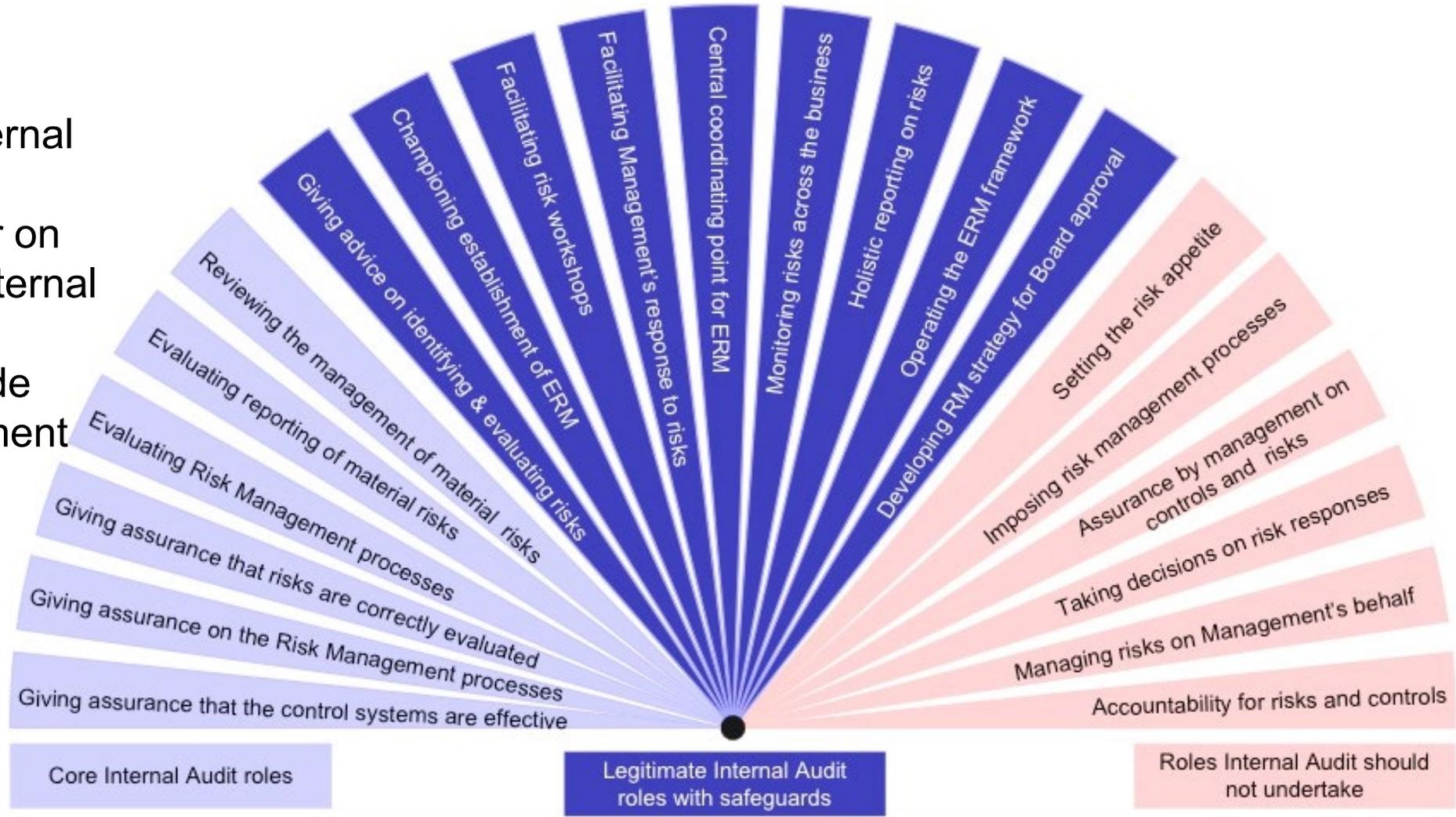Business Continuity/Disaster Recovery

Cyber Liability Insurance

Policy Committee

ERM and Internal Audit

Graphic from:

Institute of Internal Auditors (IIA) Position Paper on The Role of Internal Auditing in Enterprise-Wide Risk Management

June 2009

Core Internal Audit roles

Reviewing the management of material risks

Evaluating reporting of material risks

Evaluating Risk Management processes

Giving assurance that risks are correctly evaluated

Giving assurance on the Risk Management processes

Giving assurance that the control systems are effective

Giving advice on identifying & evaluating risks

Championing establishment of ERM

Facilitating risk workshops

Facilitating Management's response to risks

Central coordinating point for ERM

Monitoring risks across the business

Holistic reporting on risks

Operating the ERM framework

Developing RM strategy for Board approval

Legitimate Internal Audit roles with safeguards

Setting the risk appetite

Imposing risk management processes

Assurance by management on controls and risks

Taking decisions on risk responses

Managing risks on Management's behalf

Accountability for risks and controls

Roles Internal Audit should not undertake

COSO 2017 ERM Framework

ISO 31000 Framework

Keys to the Success of a Formal ERM Program

- Board and Executive sponsorship
- Clearly defined goals and objectives – ERM Charter
- Buy-in by Divisional Stakeholders
- Dedication of resources and time
- Training for program participants and champions

Goals of a Formalized ERM Framework

Risk Management & Risk Aware Organizational Culture

Alignment and integration with strategic plan and goals

Aligning resources and efforts to highest priority risks

ERM should be integrated into the organization's risk governance framework. It is not an "add on" function.

Human Resource Elements of a Formal ERM Framework

Board and Executive Sponsorship

Executive Risk Committee

ERM Program Lead – Internal Audit

Divisional Risk Champions

Other Concepts and Terms of a Formal ERM Framework

Key Risks, Appetites and Tolerances

- How many key risks? At an enterprise level you may only focus on 6 to 8

Key Risk Indicators

- Are key risks supported by metrics?
- Which key risks are reported to the risk committee and how frequently?

Risk and Control Registers (GAPS)

Risk Heat Maps

Risk and Internal Control Awareness Training

Fraud Risk Awareness Training

Next Steps and Other Considerations

Audit Committee

Internal Audit firewalls between ERM and assurance roles

Low hanging fruit vs. long range formal ERM framework development

ERM/GRC applications/tools

ERM consultants – EY, Gartner and others

Reporting – dashboards/metrics, visualizations

LACERA's Compliance and ERM Objectives Implementation

Section 4
Scenarios and Discussion

Why Compliance and ERM?

Like any good car needs brakes, a high-performing organization needs a strong ability to look ahead to manage upcoming risks in order to reach the checkered flag.