

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. 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.

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, JUNE 2, 2021 - 9:00 A.M.**

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

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

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

COMMITTEE MEMBERS:

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

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of May 5, 2021

II. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to 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. 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. ACTION ITEMS

- A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager: That the Committee authorize staff to issue a Request for Proposal for consulting services to find the firm that will design, procure, and implement an enterprise budget application for the Administrative Services Division. (Memorandum dated May 19, 2021)

IV. REPORTS

- A. LACERA Operations Briefing
JJ Popowich, Assistant Executive Officer
- B. Overview of the Metrics Program of the Quality Assurance & Metrics Division
Bernie Buenaflor, Chief, Quality Assurance & Metrics Division
- C. Legal Transactions Year End Report
Christine Roseland, Senior Staff Counsel
(For Information Only)

V. ITEMS FOR STAFF REVIEW

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, Systems Division Interim Manager Kathy Delino, Chief Information Security Officer Bob Schlotfeld, and Other LACERA Staff.

VIII. ADJOURNMENT

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

****Although the meeting is scheduled for 9:00 a.m., it can start anytime thereafter, depending on the length of the Board of Retirement meeting preceding it. Please be on call.**

Any documents subject to public disclosure that relate to an agenda item for an open session of the Committee, that are distributed to members of the Committee less than 72 hours prior to the meeting, will be available for public inspection at the time they are distributed to a majority of the Committee, at LACERA's offices at 300 North Lake Avenue, Suite 820, Pasadena, California during normal business hours from 9:00 a.m. to 5:00 p.m. Monday through Friday.

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

MINUTES OF THE MEETING OF THE
OPERATIONS OVERSIGHT COMMITTEE
and
BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

GATEWAY PLAZA - 300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

WEDNESDAY, APRIL 7, 2021, 11:22 A.M. – 12:17 P.M.

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

COMMITTEE MEMBERS

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

ALSO ATTENDING:

BOARD MEMBERS AT LARGE

Alan Bernstein
JP Harris
Keith Knox
Wayne Moore
William Pryor (*left at 11:44 a.m.*)

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer
JJ Popowich, Assistant Executive Officer
Johanna Fontenot, Interim Chief Counsel
Kathy Delino, Interim Systems Division Manager
Eddie Paz, Systems
Bob Schlotfeld, Chief Information Security Officer
Cassandra Smith, Director, Retiree Healthcare

The meeting was called to order by Chair Kehoe at 11:22 a.m.

I. APPROVAL OF THE MINUTES

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

Mr. Okum made a motion, Mr. Santos seconded, to approve the minutes of the regular meeting of April 7, 2021. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

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

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

IV. REPORTS

A. LACERA Operations Briefing
JJ Popowich

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

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

IV. REPORTS (Continued)

- B. IT Plan: Staffing, Projects, and Coordination
Kathy Delino, Interim Systems Division Manager

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

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

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

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

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

V. ITEMS FOR STAFF REVIEW

Regarding Item III-A, LACERA's Mainframe History, Strategy, and Options: (1) direct staff to follow up on Mr. Knox's request regarding the potential of County ISD and report back to the Board of Retirement; and (2) to include a more formalized report on the data security issues in the final recommendation to the Board.

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

The meeting adjourned at 12:17 p.m.

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

May 19, 2021

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

FROM: Kathy Delino 
Interim Systems Division Manager

FOR: June 2, 2021 Operations Oversight Committee Meeting

SUBJECT: **Request for Proposal: Budget Consulting Services**

RECOMMENDATION

The Operations Oversight Committee authorize staff to issue a Request for Proposal for consulting services to find the firm that will design, procure, and implement an enterprise budget application for the Administrative Services Division.

EXECUTIVE SUMMARY

LACERA's current budget process is manual and tedious. Each year, the Budget Team struggles to compile the necessary schedules and information to draft a budget proposal and the various follow up reports required by the Boards and the Executive Office to provide proper oversight using these manual processes. LACERA recognizes as our business becomes more complex, we need to modernize the budget process to automate the redundant manual steps, provide increased reporting and analytical abilities to the budget process, and integrate the most current Human Resources (HR) data from Los Angeles County into the budget system. A modernized system would support these business requirements and allow LACERA to align expenses with strategic goals and report expenses based on those goals

The budget staff at LACERA are very experienced with the current budget process, but developing, monitoring, and preparing the budget is a full-time job during the budget cycle. With the introduction of the mid-year budget adjustment process, the budget cycle is essentially a year-round project. At the current staffing resource level, the Budget Team does not have the time to redesign the entire budget process. In addition, LACERA seeks outside expertise from consultants that can take the time to evaluate our current budget process and reporting requirements, assess evolving industry trends, implement an optimal design, and procure a suitable software solution.

CONSULTANT RESPONSIBILITIES

Staff anticipates completing this budget process overhaul in two parts. The first phase will include a process review and re-design. Staff believes process changes are necessary to ensure alignment with industry best practices and to meet current reporting requirements of staff, management, and the Board. In the second phase, the consultant and staff will issue a request for proposal to obtain a budget software application, implement the application in alignment with the budget process, and introduce staff and the management team to the redesigned budget process and new budget software.

The responsibilities of the consultant would be to:

1. Review and analyze LACERA's existing budget processes, report on best practices for government budgeting and recommend application of best practices and changes to improve LACERA's budget process to be efficient, accurate, cost efficient, and improve the ability of management to understand and manage their budget.
2. Develop, refine, and determine LACERA budget software/application requirements.
3. Prepare and finalize an RFP drafted by the consultant and LACERA.
4. Receive and assist LACERA staff in review RFP responses from potential vendors.
5. Arrange, guide, and direct vendor presentations/negotiations virtually, at LACERA or at vendor's facilities.
6. Lead vendor contract negotiations and define specific services.
7. Lead vendor negotiations regarding onboarding, transition, and training to a new application/vendor.
8. Lead and aid vendor during transition planning and training, to the redesigned budget processes and new software tool.
9. Assist LACERA in determining implementation needs and guide the implementation process.
10. Develop and deliver appropriate change management, transition, training, and assistance in adoption of the new budget process throughout the organization.
11. Provide a post implementation assessment and recommendations for future initiatives and changes.

PROPOSED PROJECT TIMELINE

The proposed timeline for the consulting services, which includes all phases of the project, is as follows:

- 06/15/21 - RFP communicated to consultant candidates.
- 07/07/21 - RFP responses received from consultant candidates.
- 08/05/21 - Consultant selection announced to candidates.
- 08/31/21 - Consultant begins LACERA internal budget process review and assessment.
- 10/18/21 - Consultant completes LACERA internal budget process review.
- 10/21/21 - Issuance of budget process vendor RFP and posting to LACERA website.
- 11/12/21 - RFP responses received from vendor candidates.
- 12/07/21 - Vendor finalists announced.
- 12/08/21 - Vendor finalist presentations at LACERA and/or at the finalist facilities.
- 12/22/21 - Vendor selection announced, contingent upon successful contract negotiations.
- 01/12/22 - Begin conversion to new vendor, as required.
- 03/15/22 - Staff training user testing
- 07/01/22 - Begin preparation cycle for fiscal year 2023-2024 budget

CONCLUSION AND RECOMMENDATION

LACERA seeks to redesign and automate its budget process with the guidance of an independent consulting firm. This firm will reengineer the current budget process, guide the selection of an enterprise budget application, and oversee the implementation of the selected software.

IT IS THEREFORE RECOMMENDED THAT THE OPERATIONS OVERSIGHT COMMITTEE authorize staff to issue a Request for Proposal for consulting services to find the consultant that will re-design the existing budget process, and oversee the procurement, and implementation of an enterprise budget application for the Administrative Services Division.

Reviewed and Approved.



Santos H. Kreimann
Chief Executive Officer

Re: Request for Proposal: Budget Consulting Services

May 19, 2021

Page 4

c: JJ Popowich
Cookie Jaranilla
Kimberly Hines
Kaelyn Ung
Ted Granger
Ervin Wu
Bob Schlotfelt
Summy Voong
Celso Templo

FOR INFORMATION ONLY

May 25, 2021

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

FROM: JJ Popowich, Assistant Executive Officer 

FOR: June 2, 2021 Operations Oversight Committee Meeting

SUBJECT: **LACERA OPERATIONS BRIEFING**

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

Update on Our Focus on Strategic Plan Goals and Operations Improvement

The Workgroups focusing on the top four Strategic Plan goals continue to meet regularly to move our goals forward. Here is a summary of the status of their efforts:

- **Case Management Capabilities:** The mid-year budget amendment for FY 2020-2021 was adopted by the Boards in early December 2020. Our Systems Project Management Office continues to hold a series of product demonstrations from potential vendors. The evaluation team has met with four vendors and held follow up meetings with a few of these vendors as they listened to the questions and needs shared by the team and refined their product demonstrations to better reflect the needs we expressed. The feedback and ratings will help the project team to determine what package may work best for LACERA's use.

- **LACERA.com Redesign:** There are no new updates for this project, except that we are continuing to work toward our planned July 2021 launch. We originally planned to do a demonstration in June, but the team has asked to defer the demonstration until July – before launch – so that they can finish updating the site.
- **Retirement Estimate Redesign Project:** The new Retirement Application and Summary is on hold pending the re-opening of the Member Service Center (MSC). Once the MSC has been re-opened, we will review our project timeline and set a date to begin beta testing the new form.

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

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

The AC has completed their programming of the County's payroll system. Quality Assurance, the Benefits Process Management Group (PMG), and Systems have completed their testing of the files the AC provided to LACERA. The changes must allow LACERA to identify and systematically remove all non-pensionable payroll items from the reported actual earnings. The team has prepared a report for the Executive Office to review the results of their testing and findings. The Executive Office is reviewing the memo and will be discussing next steps to address this problem shortly.

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

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

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

- **Business Metrics:** The team working on developing the metrics have released version 1.0. The new metrics dashboards are being introduced to the management team along with expectations for how they will use the data provided. The metrics team will be presenting on this subject at the June 2021 meeting.
- **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.

Last month we provided to the Operations Oversight Committee a project timeline. After further discussion with EKA and LACERA’s management team that timeline has been suspended. However, EKA has begun meeting with LACERA’s management team. Following those meetings it is expected EKA will be meeting with Trustees. EKA will provide to LACERA a report on their recommendations in the near future.

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

Update on Other Projects

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

- **COLA Bank Retroactive Changes:** In April, 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. During the April meeting we shared our intent to pay members the retroactive adjustments in May. As we reviewed the data and the different member groups that need to be accounted for (active, retired, deceased, survivors, beneficiaries, and legal split payees) we determined that we needed additional time in order to process this correctly. Some of these payee categories required significant programming in order to process a retroactive adjustment automatically over many years. Therefore, we have pushed the deadline for recalculation and payment of a revised monthly benefit amount to the June 30, 2021 payment and the retroactive amount to July 15, 2021.

There are 9,671 members, survivors and payees who are impacted by this correction. Systems will process automated adjustments for approximately 8,207, or 85 percent of these members. The remaining 1,464 members (or 15%) will need some form of manual processing. We are currently reviewing how long this latter category will take to process. (NOTE: These numbers may change slightly as we process the corrections).

For members with an automated adjustment, they will be receiving a letter explaining the change in their monthly benefit amount, how we determined that change, and the amount of retroactive benefits owed to them. The letter will explain that they will see this correction in two stages: a change to their monthly June benefit amount, and a one-time direct deposit payment on July 15, 2021 for their retroactive amount. LACERA chose to pay the retroactive benefit separately to minimize potential impacts on tax withholding amounts and to avoid any confusion that may be caused by seeing the retroactive adjustment prior to seeing the normal monthly benefit amount. This letter is scheduled to be mailed so it is delivered prior to the member seeing the adjustments on their June benefit payment – which we believe will reduce confusion and potential calls to Member Services.

We are also excited to pay out these retroactive adjustments via direct deposit, rather than an individual check (except for members paid via check normally). This is the first time we have issued an out of cycle direct deposit payment to members. This is part of our commitment to processing benefit payments in a more member friendly manner.

- **Business Continuity:** The Business Continuity Team is working on addressing the recommendations from our consultant and the observations made by Mr. Kreimann and the Executive team during our test earlier this year. In mid-May the team held a management meeting to discuss the results and observations of the tests and the next steps. The team has most recently been focusing on efforts to support the return of live Board and Committee meetings. Additionally, the team is working with Member Services on final preparations for the scheduled re-opening of the Member Service Center in July (please see the CEO Report for further details). Finally, the team continues development of a second business continuity test focused on testing our ability to run payroll in the event of a disaster.
- **Retroactive Salary Projects:** Our Benefits team is processing the last of the adjustments for Commissioners impacted by the Mallano v. Chang case. For the month of May, staff processed five Service Retirement cases and three deceased member cases. This leaves us with nine cases for deceased members and one for a member with a legal split. Staff believes they will be able to wrap up these cases by June.

In April, LACERA was made aware of a new retroactive salary adjustment project for members in the District Attorney Department. Approximately 200 members working for the DA will need retroactive adjustments going as far back as 2014. LACERA is working with the DA Human Resources Manager and the Auditor-Controller on processing these adjustments with as minimal manual processing as possible. We received an update from the DA Human Resources manager earlier this week and are working to clarify the information received. We will continue to keep the Committee updated as we work through this retroactive process.

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

- **Improved Member Authentication:** Member Services has created new processes and procedures for authenticating certain members, survivors, and Attorney-in-Fact (those who have been granted authority via a POA) using our virtual meeting solutions. In May, Member Services shared these techniques with Retiree Healthcare. The new procedures will improve RHC's ability to validate members, improving our ability to assist members safely and efficiently.
- **Telecommuting Policy:** A Workgroup consisting of the Executive Office, Human Resources, and Systems is in the final stages of completing a draft policy for the CEO to review. The County is also updating their Telecommuting Policy and LACERA will evaluate and compare our draft to the County's once it has been released.

Attachments:

Public Records Request Update

Report of Felony Forfeiture Cases Processed

DATE RECEIVED	REQUESTER	DOCS REQUESTED
04-14-21	N. Lee, Prequin Ltd.	<p>Requested specific information regarding hedge fund investment Dymon Asia Macro (US) Fund, including any historical performance data.</p> <p><i>On April 19th, 2021, sent one (1) attachment with performance data to date.</i></p>
04-19-21	M. Hicken, CNN	<p>Requested pension benefit information for sheriffs convicted of crimes.</p> <p><i>On April 21st, 2021, sent one (1) attachment with public information via email.</i></p>
04-27-21	G. Spry, Bloomberg	<p>Requested holdings information for Private Equity and Real Estate.</p> <p><i>On May 3rd, 2021, sent two (2) responsive documents with data.</i></p>
04-27-21	J. Virissimo, SDCERA	<p>Requested information regarding LACERA's IT budget.</p> <p><i>On May 7th, 2021, sent one (1) responsive email with information regarding IT's budget for 2020-2021</i></p>
04-29-21	A. Smith	<p>Requested holdings report.</p> <p><i>On May 4th, 2021, sent one (1) responsive document: 2021 holdings report.</i></p>
05-03-21	M. Bogetich, MB Public Affairs, Inc.	<p>Requested information regarding retirement benefit recipients and amounts paid out.</p> <p><i>On May 11th, 2021, sent one (1) responsive document with benefit recipient data.</i></p>
05-05-21	E. Kansal	<p>Requested information regarding LACERA's private equity and real estate holdings.</p> <p><i>On May 11th, 2021, sent three (3) responsive documents: quarterly performance report for 2nd and 3rd quarters and one annual report.</i></p>
05-07-21	S. Hammond, Boston College Center for Retirement Research	<p>Requested the 2020 Actuarial Valuation report.</p> <p><i>On May 11th, 2021, sent one (1) responsive document: 2020 Pension Actuarial Valuation Report.</i></p>
05-12-21	A. Davies, Los Angeles County, Dept. of Parks and Recreation	<p>Requested historical land records related to the County's lease of Diamond Bar Golf Course facility.</p> <p><i>On May 14th, 2021, sent one (1) email notifying the requestor that LACERA found no responsive documents.</i></p>



INFORMATION ONLY

May 11, 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: June 2, 2021, Operations Oversight Committee Meeting

SUBJECT: OVERVIEW OF THE METRICS PROGRAM OF THE QUALITY ASSURANCE & METRICS DIVISION (QA)

At the June 2, 2021 meeting of the Operations Oversight Committee, the Quality Assurance and Metrics Division (QA) will share an informational overview of QA's ongoing initiative to develop a comprehensive system of production metrics for the Member Operations Group (MOG), which are those Divisions that directly administer our members' retirement benefit accounts.

The Metrics system will enhance the MOG's capabilities in the areas of:

- Budgeting
- Process Improvement
- Workload and Team Management
- Measuring the Member Experience

Background

Historically, the Member Operations Group utilized manual production logs and system-generated process queue reports to manage its production activities. As LACERA's benefits systems grew more sophisticated over the years, so did the potential tools for managing the member operations. In late 2019, the Process Management Group in the Benefits Division initiated an effort to develop a system integrated into LACERA's proprietary Benefits system, Workspace, that would measure the actual time spent by Benefits staff on specific work objects. As envisioned, when a Staff member opened a work object the system would activate a counter, which would be suspended when the Staff member closed the work object. This counting function would continue until the Staff member finalized the work object by completing it. The resulting statistics would be automatically tabulated and reported as needed.

The Process Management Group partnered with the Systems Division to design and develop this system until the project was transferred to QA in October, 2020. Since that time, QA and Systems have continued to develop and refine this system for initial use by the Benefits Division and Member Services Division. It is now in evaluation for deployment in production.

Memo to Operations Oversight Committee
Re: Overview of QA Technical Training Programs
May 11, 2021

Page 2

Features of the New Metrics

The automated metrics can now track the time required to complete specific business processes or service provided through workspace. This Workspace data is combined with other data sources, such as a time management system and other tables separately maintained by the MOG, to produce meaningful reports for use by Management and Staff.

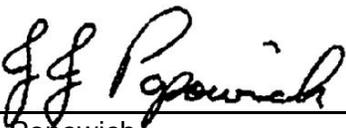
This integrated automation enables Staff to:

- Accurately know the current balance of the work queues
- Enforce Service Level Expectations
- Identify process improvement and service opportunities
 - Develop new tools to better serve members
 - Expand member self-service opportunities
- Forecast future workloads through historical trend analysis
- Plan future resource requirements and prepare budgets
 - Identify cost-savings opportunities
- Receive real-time feedback to help enhance Staff performance

Conclusion

Bernie Buenaflor and Maggie Luong from QA will facilitate the presentation and be available at the meeting to address any questions.

Reviewed and Approved



JJ Popowich
Assistant Executive Officer, LACERA



QUALITY ASSURANCE METRICS STRATEGIC PLAN

Bernie Buenaflor & Maggie Luong

DEVELOPMENT OF PRODUCTION MEASUREMENT TOOLS

Enhance LACERA's effectiveness in:

- Budgeting
- Process Improvement
- Workload and Team Management
- Measuring the Member Experience

OBJECTIVES



PRODUCTION MEASUREMENT TOOLS

Workspace Tracking

- Records time spent on each work object (hands-on processing time)
- Tracks work completed per day
- Integrates with staff timekeeping
- Integrates with quality auditing
- Integrates with member survey systems (under development)

Manual Logging

Workspace Tracking

Self-Reported

Approximation

Inefficient

Systematic

Comprehensive

Precision

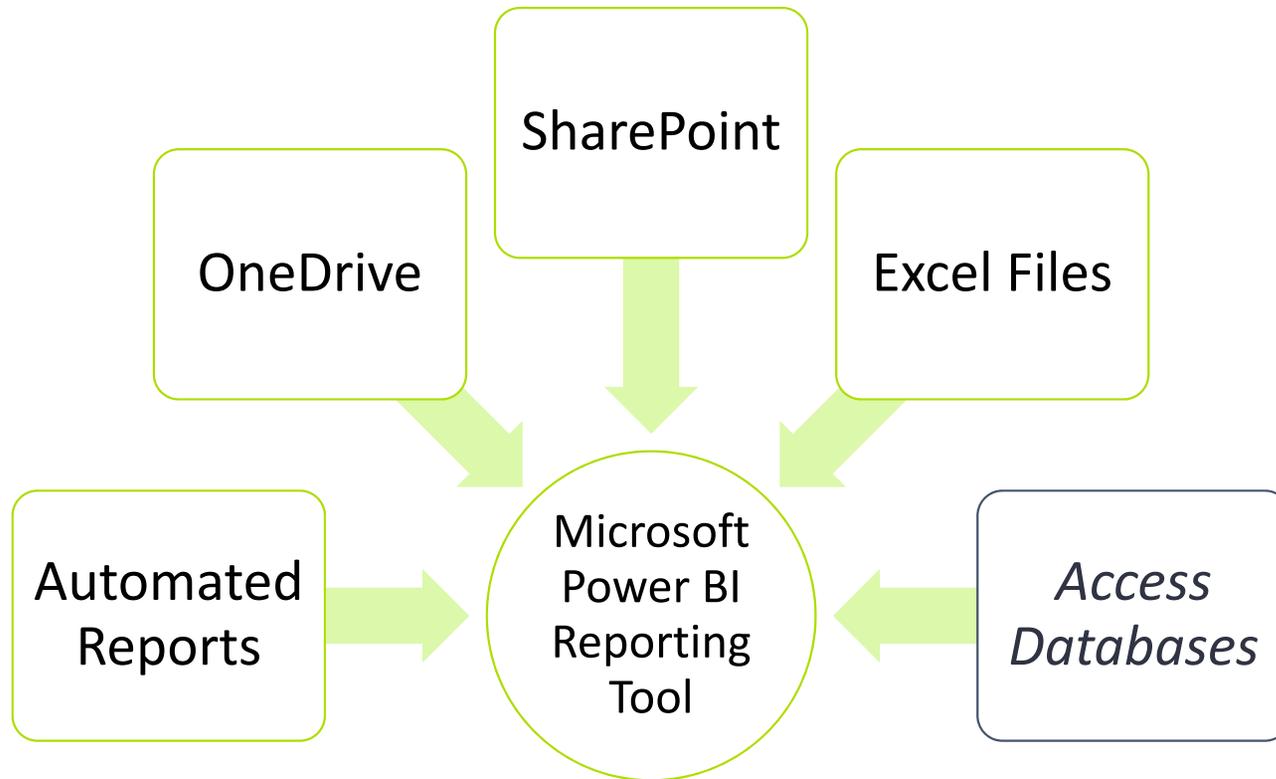
Efficient

PRODUCTION MEASUREMENT TOOLS

Planned features:

- Implement metrics throughout Member Operations Group
- Integrated solution (internally programmed or externally developed)
 - Timekeeping
 - Case management
 - Workspace
 - Web Portal
 - Call Center and Member Service Center
- Data warehousing
- User-friendly querying and advanced presentation tools

DATA

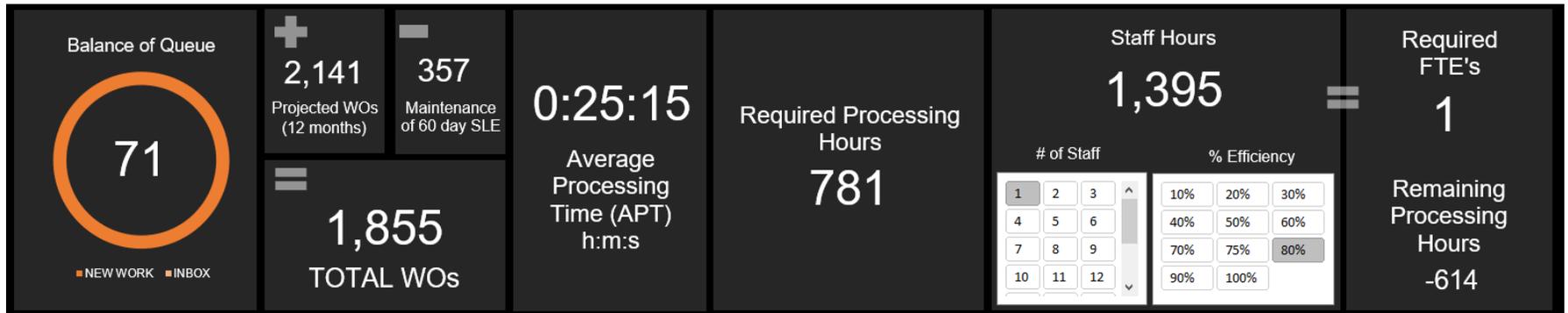


BUDGETING

Assess organization resource needs and substantiate with data

- Considerations:
 - Current balance of queue
 - Trend analysis and forecasting incoming work
 - Maintaining service level expectations
 - Average hands-on processing time
 - Timekeeping per Staff member
 - Benchmarking and data validation

BUDGETING METRICS

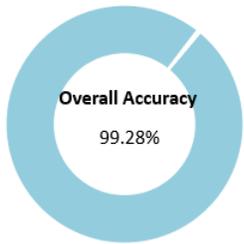


PROCESS IMPROVEMENT

Identify and quantify service and cost-savings opportunities

- Considerations:
 - Evaluate processes and key indicators
 - Identify patterns of efficiency and effectiveness
 - Determine areas for improvement
 - Additional training
 - Updated procedures
 - New tools
 - Workspace automation
 - Member self-service

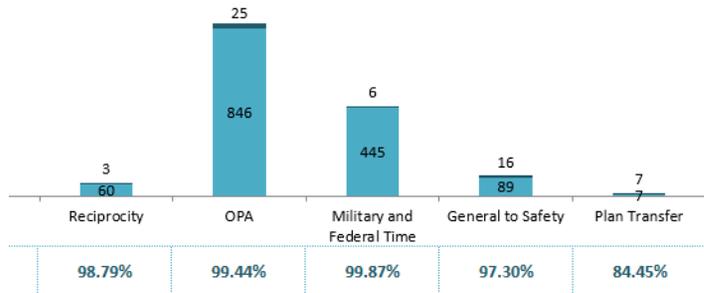
PROCESS IMPROVEMENT METRICS



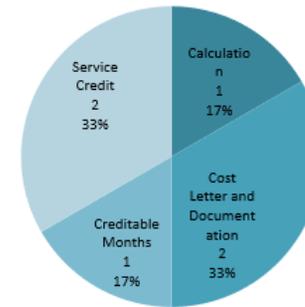
Accuracy Tracking



Distribution of Findings



Military and Federal Time



WORKLOAD AND TEAM MANAGEMENT

Optimize staff utilization, performance, and development

- Considerations:
 - Planning, organizing, and allocating workforce
 - Goal-oriented work assignments
 - Monitor staff productivity and efficiency
 - Identify strengths and best-practices
 - Identify improvement opportunities
 - Timely feedback and transparency

WORKLOAD AND TEAM MANAGEMENT METRICS

Benefits Team Stats

Data as of
May 7, 2021

Most Recent Date ▼

Section ▼

Core Benefits

Team ▼

Contracts

Miscellaneous

Payroll

Previous Service

Staff Name

Staff 1

Staff 2

Staff 3

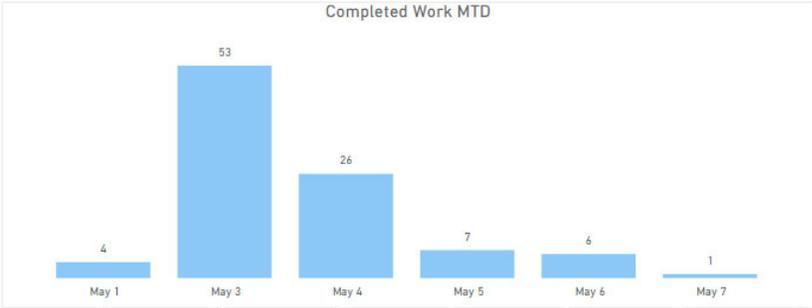
Staff 4

Staff 5

Staff 6

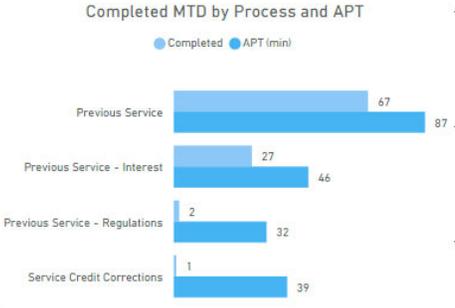
# of Staff	Supervisor Supervisor Name	Completed MTD	APT (min)	Assigned Work	Cases Awaiting Audit	Team Accuracy
6		97	74	136	72	100.00%

Completed Work MTD



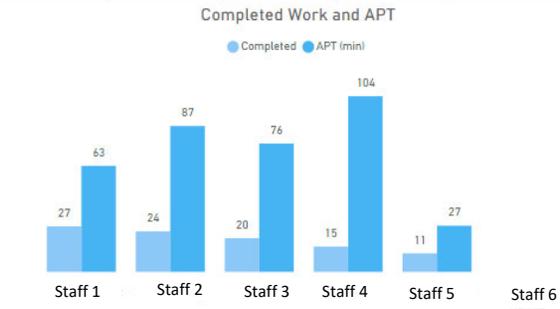
Date	Completed
May 1	4
May 3	53
May 4	26
May 5	7
May 6	6
May 7	1

Completed MTD by Process and APT



Process	Completed	APT (min)
Previous Service	67	87
Previous Service - Interest	27	46
Previous Service - Regulations	2	32
Service Credit Corrections	1	39

Completed Work and APT



Staff	Completed	APT (min)
Staff 1	27	63
Staff 2	24	87
Staff 3	20	76
Staff 4	15	104
Staff 5	11	27

Accuracy by Staff

Staff	Accuracy
Staff 1	100.00%
Staff 2	100.00%
Staff 3	100.00%
Staff 4	100.00%
Staff 5	100.00%
Staff 6	100.00%
Total	100.00%

Utilization

12

PHASE 2: MEASURING THE MEMBER EXPERIENCE

Building a user-friendly self-service system and great customer service team

- Considerations:
 - Design metrics to measure meaningful customer service
 - Integrate with customer satisfaction survey
 - Develop good analysis and reporting tools
 - Include omnichannel member communications



THANK YOU

Questions?

FOR INFORMATION ONLY

May 21, 2021

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

FROM: Christine Roseland *CR*
Senior Staff Counsel

FOR: June 2, 2021 Operations Oversight Committee Meeting

SUBJECT: **Legal Transactions Year End Report**

Please find attached a brief report summarizing the legal work that the Transactions Section of the Legal Division accomplished in calendar year 2020. It includes a breakdown of work done both in terms of number of assignments or transactions and the dollar amount that those assignments or transactions represent. It also provides some insight into LACERA operations, trends and staff productivity.

This was presented at the Board of Investments meeting on May 19, 2021 and is being shared with your Committee as an information item because it reflects work performed by the Legal Division relating to Public Records Act requests and vendor agreements for all divisions across LACERA.

Reviewed and Approved:

Johanna Fontenot, Interim Chief Counsel

Attachments

Attachment 1— Legal Transactions Year End Report

cc: Santos H. Kreimann
Jonathan Grabel
JJ Popowich
Steven P. Rice
Johanna Fontenot
John Harrington

Legal Transactions Year End Report

2020



THE

REPORT

This report provides a summary of the legal work that the Transactions Section of the Legal Division accomplished in calendar year 2020 in terms of number of assignments or transactions and the dollar amount that those assignments or transactions represent (such as the value of an investment commitment or commercial contracts). The report also includes charts that provide a visual representation of this work and a comparison to prior years. As shown below, the group handled 684 projects during 2020, representing \$10,030,959,791 in contract value.

By way of background, the Transactions Section consists of three attorneys, two paralegals, and two management secretaries. Those seven individuals are responsible for handling all investment-related and commercial transactional matters, including drafting, negotiating, and reviewing investment management agreements, limited partnership agreements and side letters, managing title holding companies, acquisitions, dispositions, and financings as well as drafting and reviewing commercial contracts, and responding to Public Records Act requests. In performing their work, the team collaborates closely with their clients in the Investments Divisions and in other LACERA divisions to accomplish their business objectives and manage organizational risk. The team's objective is not merely to consummate deals and transactions but to protect the pension fund from liability and excessive risk, mitigate losses, minimize fees, assist stakeholders in making informed decisions, provide advice, present alternatives and solutions and collaborate on organizational initiatives such as TIDE, business continuity and disaster recovery planning. In addition, outside counsel may be engaged to assist with certain matters while overseen by in-house counsel and those matters are included in the figures presented in this report.

CALENDAR YEAR END LEGAL TRANSACTIONS AS OF 12-31-20

INVESTMENT PROJECT	TRANSACTION TOTAL	TRANSACTION AMOUNT
Private Equity	180	\$1,885,986,886
Real Estate	111	\$2,133,222,250
Public Markets (Equity/Fixed Income)	45	\$2,901,447,000
Portfolio Analytics	44	\$603,810,698
Hedge Funds	24	\$1,717,000,000
Real Assets	9	\$320,000,000
Investment Prospects ¹	12	\$465,000,000
TOTAL INVESTMENTS	425	\$10,026,466,834
Non-Investment Vendor Agreements	162	\$4,492,957
TOTAL (Investments and Vendor Transactions)	587	\$10,030,959,791

¹This category represents matters and transactions that are submitted for legal review and at some point during that review, the owner of the project abandons or terminates it for various reasons. For example, staff may be considering a co-investment that they submit for legal review given the tight closing deadlines but then decide not to proceed with it either for business or legal reasons. If the Legal team started working on such a matter, it is reflected in this chart as work or a prospect not having been completed.

CALENDAR YEAR END PUBLIC RECORDS ACT RESPONSES AS OF 12-31-20

TYPE OF ACTIVITY	TRANSACTION TOTAL	TRANSACTION AMOUNT
Public Records Act Responses	97	\$0





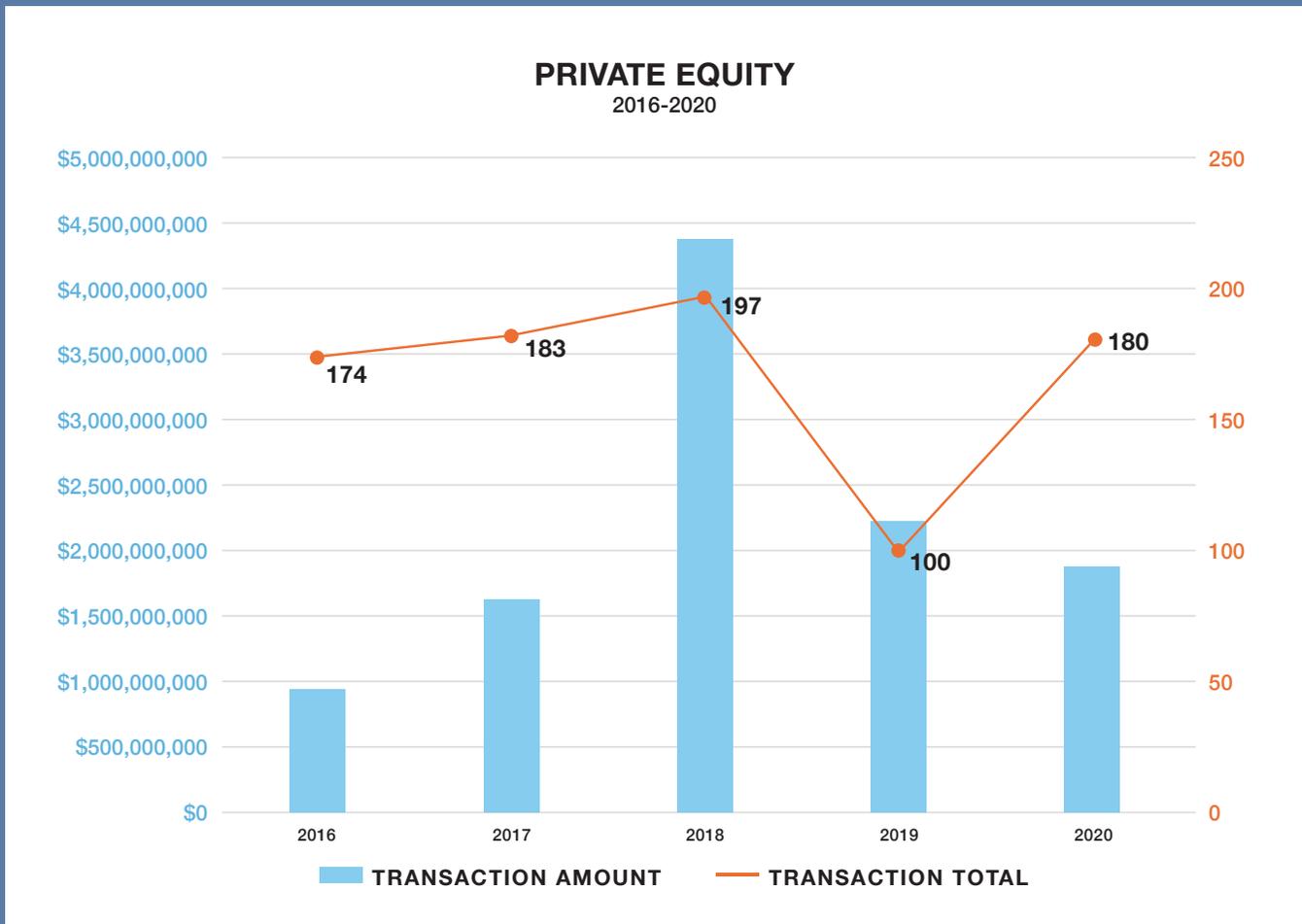
CONTRACT VALUE

The following graphs represent the legal work performed as a function of the aggregate amount of the contract commitment or value associated with the underlying documents as well as a function of the number of transactions or projects performed. As an example of contract value, if the Board of Investments (BOI) approved a \$300 million commitment to a hedge fund manager, it is recorded as a project valued at \$300 million for purposes of this report and is then

compared to prior years. As an example of the number of projects, if the BOI approves a commitment to a hedge fund manager for \$300 million, it is counted as one project. Similarly, if staff works on a consent or amendment that a manager provides for review and approval, it is counted as one. Therefore, some projects or transactions may take several weeks or months, while others may take an hour.

PRIVATE EQUITY TRANSACTIONS
YEARLY COMPARISON 2016-2020

PRIVATE EQUITY 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	174	\$963,100,298
2017	183	\$1,653,457,925
2018	197	\$4,406,599,162
2019	100	\$2,243,415,762
2020	180	\$1,885,986,886



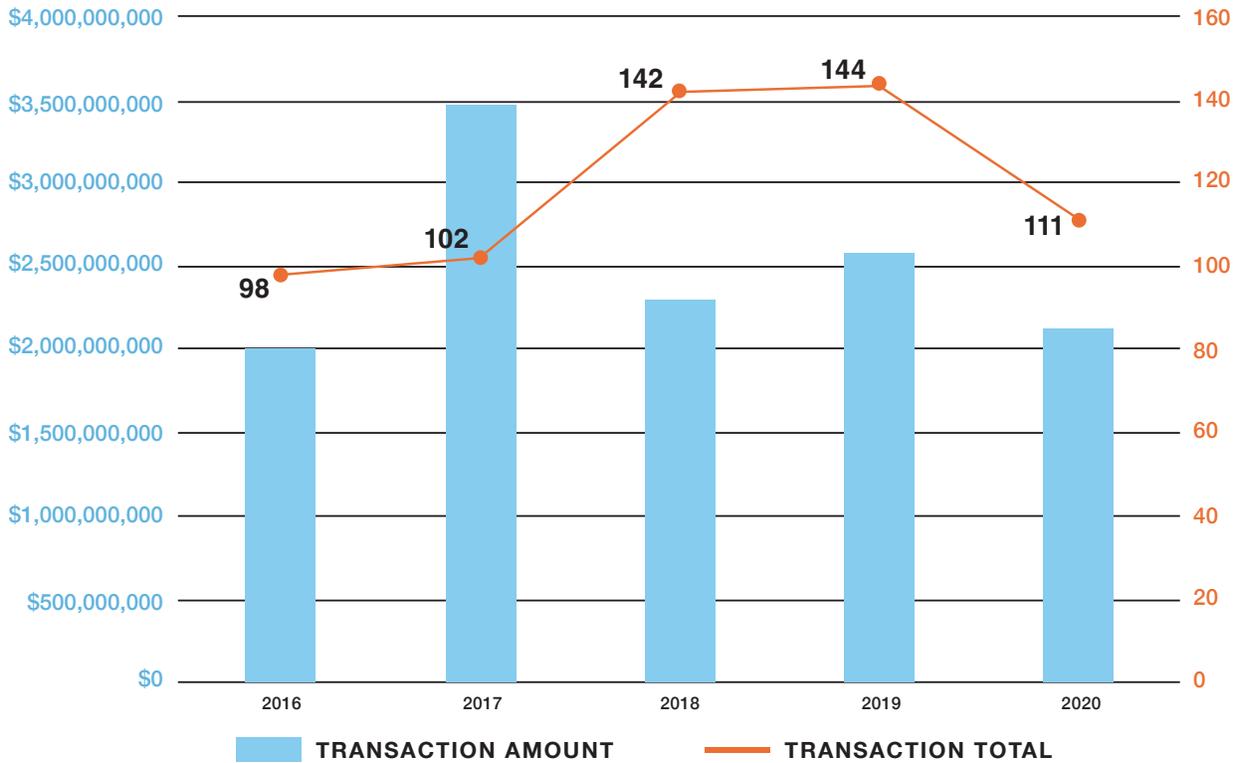
PRIVATE EQUITY TRANSACTION AMOUNT²

²Methodology on transaction amount: Some matters have no value (for example, terminations, consents, fee amendments etc.) so they are given a value of 0. If an agreement has a five-year term then the entire five-year value of that contract is recorded for that initial year when the contract is entered into. Some contracts are too difficult to value (for example, a Human Resources agreement for temporary staff when the hours and duration of employment for the temp staff is unknown) and in such cases, the contract is given a value of 0 for purposes of this report.

REAL ESTATE TRANSACTIONS
YEARLY COMPARISON 2016-2020

REAL ESTATE 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	98	\$1,995,526,888
2017	102	\$3,471,026,550
2018	142	\$2,301,181,110
2019	144	\$2,578,464,618
2020	111	\$2,113,222,249

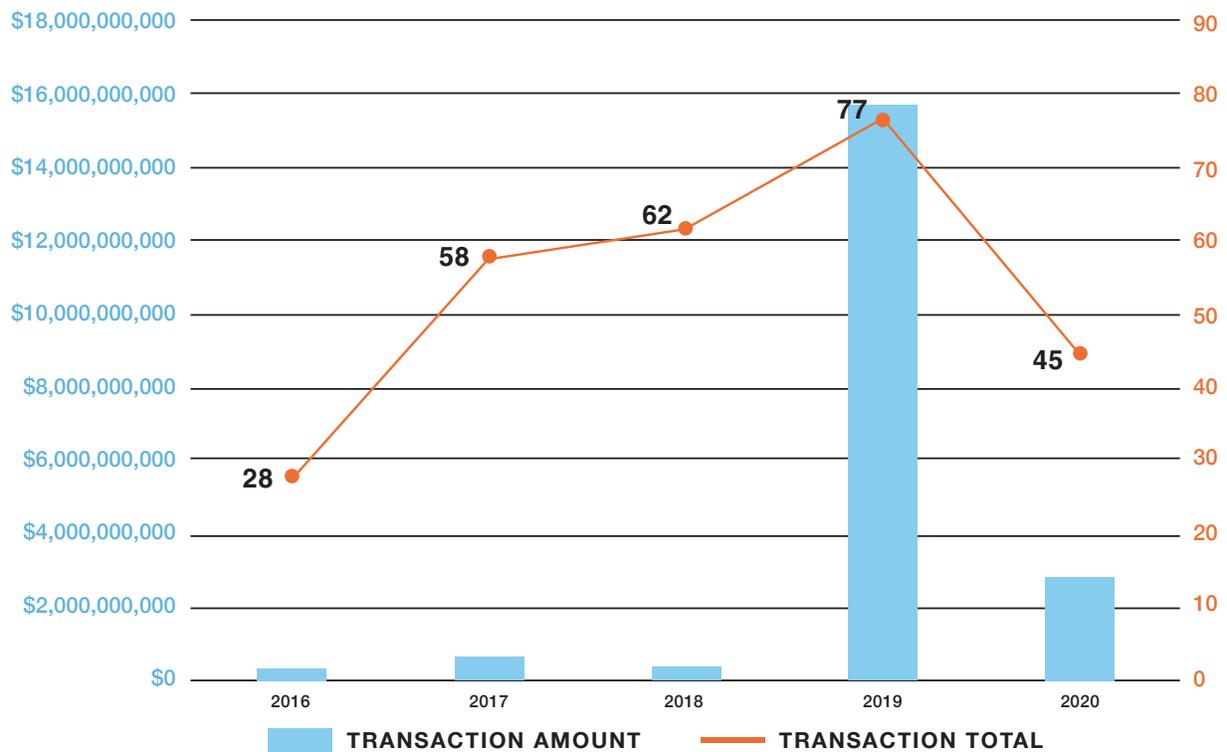
REAL ESTATE
2016-2020



PUBLIC MARKETS (EQUITY/FIXED INCOME) TRANSACTIONS
YEARLY COMPARISON 2016-2020

PUBLIC MARKETS 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	28	\$370,450,000
2017	58	\$677,174,200
2018	62	\$345,078,413
2019	77	\$15,700,000,000
2020	45	\$2,901,447,000

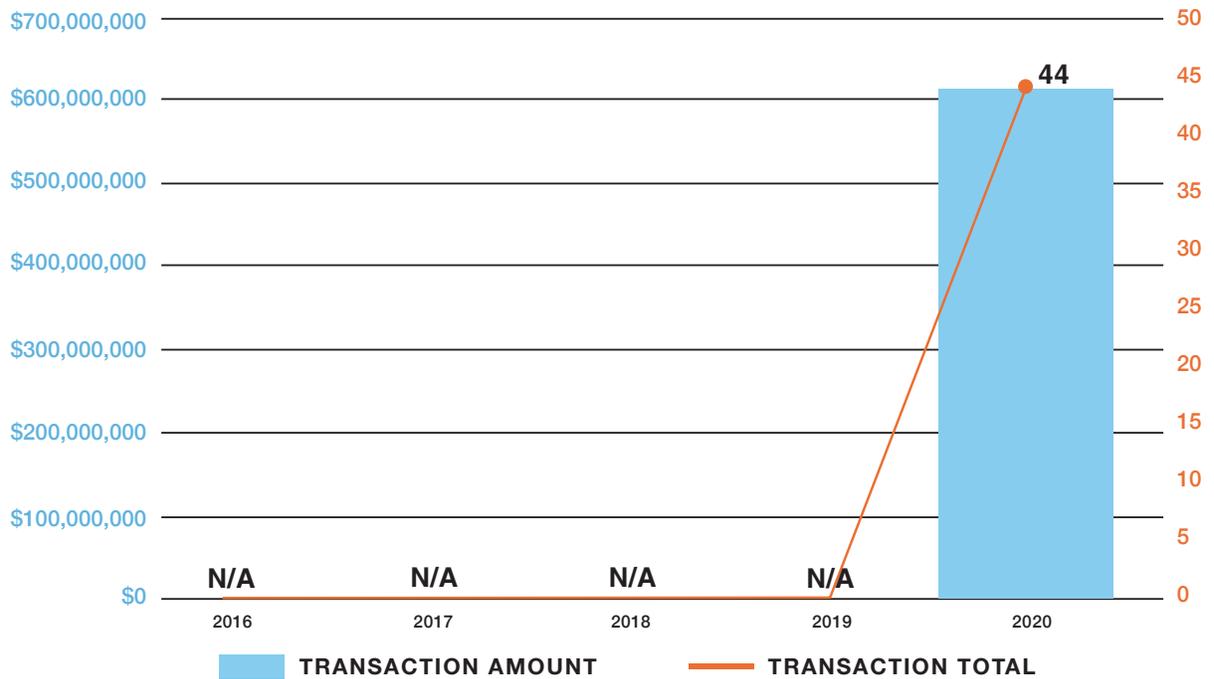
PUBLIC MARKETS
2016-2020



PORTFOLIO ANALYTICS TRANSACTIONS³
 YEARLY COMPARISON 2016-2020

PORTFOLIO ANALYTICS 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	N/A	N/A
2017	N/A	N/A
2018	N/A	N/A
2019	N/A	N/A
2020	44	\$603,810,698

PORTFOLIO ANALYTICS
 2016-2020

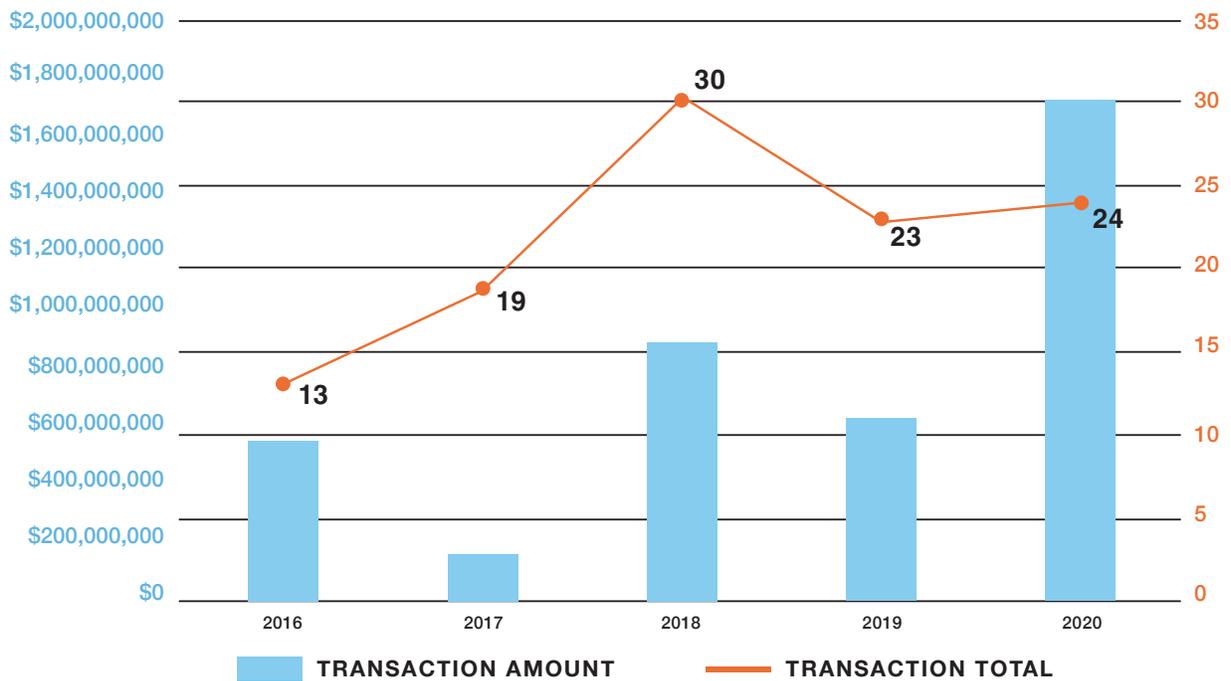


³This category has only been tracked since 2020 and therefore, prior years do not exist for comparison.

HEDGE FUNDS TRANSACTION AMOUNT
YEARLY COMPARISON 2016-2020

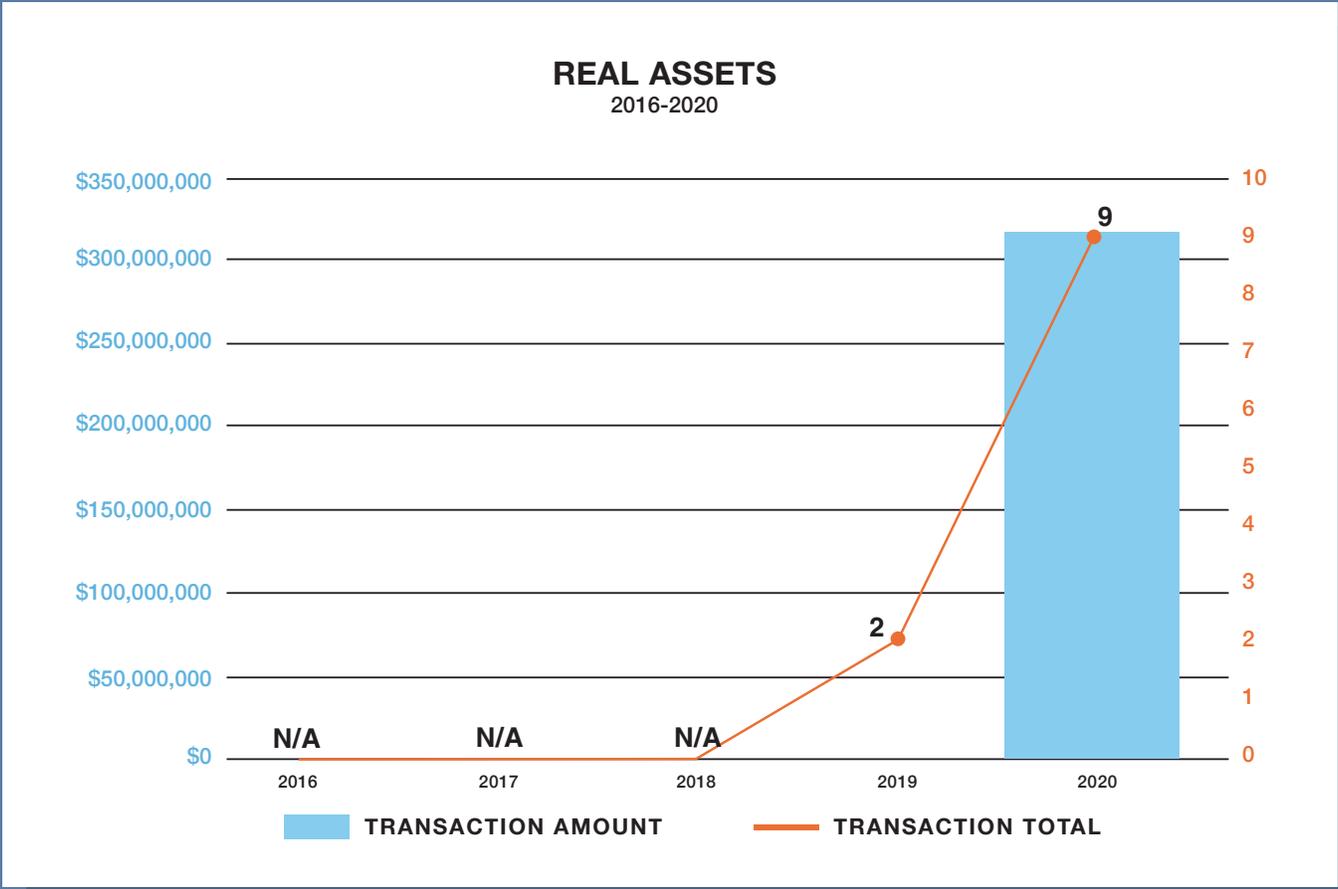
HEDGE FUNDS 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	13	\$550,000,000
2017	19	\$153,700,000
2018	30	\$882,400,000
2019	23	\$625,000,000
2020	24	\$1,717,000,000

HEDGE FUNDS
2016-2020



REAL ASSETS TRANSACTIONS⁴
YEARLY COMPARISON 2016-2020

REAL ASSETS 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	N/A	N/A
2017	N/A	N/A
2018	N/A	N/A
2019	2	\$747,200
2020	9	\$320,000,000

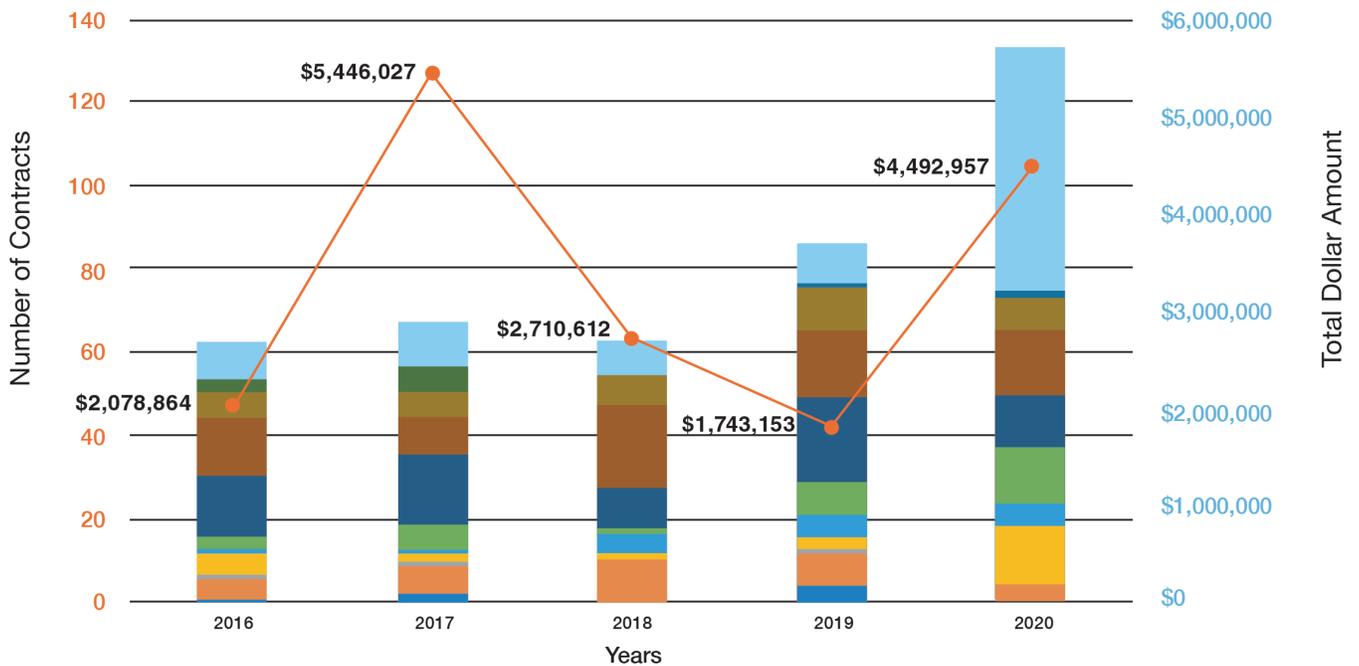


⁴This asset class has only been tracked since 2019 and therefore, prior years do not exist for comparison.

NON-INVESTMENT TRANSACTIONS
YEARLY COMPARISON 2016-2020

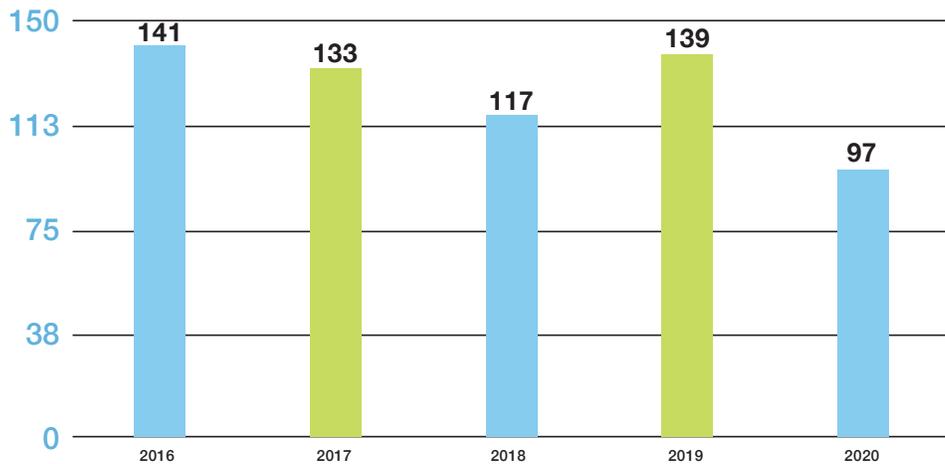
NON-INVESTMENT TRANSACTIONS 2016-2020		
YEAR	TRANSACTION TOTAL	TRANSACTION AMOUNT
2016	88	\$2,078,864
2017	101	\$5,446,027
2018	87	\$2,710,612
2019	121	\$1,743,153
2020	162	\$4,492,957

NON-INVESTMENT TRANSACTIONS
2016-2020



- Accounting
- Administrative Services
- Benefits
- Communications
- Disability
- Executive
- Human Resources
- Internal Audit
- Legal
- Quality Assurance
- Retiree Healthcare
- Systems
- Dollar Amounts

PUBLIC RECORDS REQUESTS 2016-2020



In summary, the trend, as these graphs illustrate, is an increase in both the volume of work and the value associated with the legal documents that are part of this analysis. This is not surprising given (1) how much the LACERA pension fund and OPEB trust have grown over the past five years (from \$47.6 billion in 2016 to over \$65 billion by the end of 2020 in the case of the pension fund and from \$561 million in 2016 to \$1.9 billion in 2020 in case of the OPEB trust), (2) the increasing level of sophistication and complexity of the investments and the underlying legal documents that LACERA has evaluated or committed to as well as (3) the growing size of the Investment division in response to these developments. For example, manager consolidations, the introduction of functional asset categories, and revisions to strategic asset allocation plans have resulted in terminations as well as hiring of new managers. Increased anti-money laundering and “know your customer” rules have led to a greater number of requests for governing documentation, Foreign Account Tax Compliance

Act questionnaire submissions, and responding to compliance-related questions. The acquisition of more portfolio and risk management tools, as well as reporting and monitoring tools, has meant additional legal review. This trend is also consistent with the increase in co-invest activity in Private Equity, which is more involved from a legal perspective given the number of ancillary documents, such as non-disclosure agreements, joinders, and non-reliance letters associated with these investments. Furthermore, these charts reflect the ramp up of investment activity in Real Assets that started in 2019 as well as an increase in allocation to Hedge Funds.

Additionally, with the onset of the pandemic around March 2020, there has been increased activity in non-investment vendor agreements for the Systems Division, reflecting the need for greater remote working capabilities and IT security for LACERA. The adoption of the Policy for Purchasing Goods and Services in late 2019 has also led to an increase in the volume of contracts that the Legal Division reviews.

The policy lowered the contract value threshold from \$50,000 to \$5,000 and added other risk-related factors to determine whether legal review would be required for vendor agreements regardless of value, resulting in higher inflows of documents submitted to the Legal Division for review. After several years of significant increases in requests for information pursuant to the Public Records Act, 2020 saw a reverse in the upwards trend of prior years. Staff attributes this reduction in requests to LACERA's efforts and focus on increasing transparency and efficiency by posting Board materials and reports on the LACERA website. Not only does this reduce staff time dedicated to responding to routine requests but also creates greater accountability and oversight by the public.



We anticipate that many of these trends will continue in the coming years as the pension fund continues to grow. We continue to be committed to supporting our business partners with their legal needs and the organization as a whole with risk management.





Legal Transactions Year End Report

L.A. CERA

Los Angeles County Employees
Retirement Association



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

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