

# LIVE VIRTUAL COMMITTEE MEETING

\*The Committee meeting will be held following the Board of Retirement meeting scheduled prior.



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing [PublicComment@lacera.com](mailto:PublicComment@lacera.com). If you would like to remain anonymous at the meeting without stating your name, please let us know.

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

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

## AGENDA

### MEETING OF THE OPERATIONS OVERSIGHT COMMITTEE and BOARD OF RETIREMENT\*

#### LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810  
PASADENA, CA 91101

WEDNESDAY, JULY 7, 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/Impublic/live\\_stream.xhtml](https://members.lacera.com/Impublic/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 June 2, 2021

#### II. PUBLIC COMMENT

(Written Public Comment – You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

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

III. REPORTS

- A. LACERA Operations Briefing  
JJ Popowich, Assistant Executive Officer
- B. Business Insurance Renewal Summary Update  
James C. Beasley, Jr., Supervising Administrative Assistant
- C. LACERA Paperless Initiative Update  
Allan Cochran, Member Services Division Manager  
Cynthia Martinez, Chief, Communications
- D. Privacy Incident: Personally Identifiable Information  
JJ Popowich, Assistant Executive Officer  
(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))
- E. 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))
- F. Privacy Incident: Personally Identifiable Information  
Kimberly D. Hines, CPA, Manager, Administrative Services Division  
(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))

IV. ITEMS FOR STAFF REVIEW

V. GOOD OF THE ORDER

(For information purposes only)

VI. ADJOURNMENT

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

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

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

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

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, JUNE 2, 2021, 11:05 A.M. – 11:57 A.M.

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

**COMMITTEE MEMBERS**

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

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Alan Bernstein  
JP Harris (*arrived at 11:19 a.m.*)  
Keith Knox  
Wayne Moore

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer  
JJ Popowich, Assistant Executive Officer  
Johanna Fontenot, Interim Chief Counsel  
Steven Rice, Chief Counsel  
Bernie Buenaflor, Chief, Quality Assurance and Metrics Division  
Kathy Delino, Interim Systems Division Manager  
John Harrington, Staff Counsel  
Maggie Luong, Benefits  
Christine Roseland, Senior Staff Counsel  
Bob Schlotfeld, Chief Information Security Officer

The meeting was called to order by Chair Kehoe at 11:05 a.m.

I. APPROVAL OF THE MINUTES

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

Mr. Santos made a motion, Mr. Okum seconded, to approve the minutes of the regular meeting of May 5, 2021. The motion passed unanimously.

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Kathy Delino, Interim Systems Division Manager: That the Committee 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)

Mr. Santos made a motion, Mr. Kehoe seconded, to recommend the Board of Retirement authorize staff to issue a Request for Proposal for budget consulting services. 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

B. Overview of the Metrics Program of the Quality Assurance & Metrics Division  
Bernie Buenaflor, Chief, Quality Assurance & Metrics Division  
Maggie Luong, Benefits Division

Mr. Buenaflor and Ms. Luong provided a brief presentation on the Quality Assurance Metrics Strategic Plan and answered questions from the Committee.

IV. REPORTS (Continued)

- C. Legal Transactions Year End Report  
Christine Roseland, Senior Staff Counsel  
John Harrington, Staff Counsel  
(For Information Only)

Ms. Roseland and Mr. Harrington were present to answer questions from the Committee.

V. ITEMS FOR STAFF REVIEW

Mr. Kehoe requested that the July presentation on the new LACERA website be offered to the Board of Investments, as well as the Board of Retirement.

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 meeting adjourned at 11:57 a.m.

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**FOR INFORMATION ONLY**

June 29, 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: July 7, 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. We have completed our vendor research and have a solid outline of what LACERA needs from a Case Management System. We are pleased to be moving to the next phase of this project with the request before the Committee at this meeting for approval to issue an RFP.
- **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.

- **Communications, Social Media, and Public Relations Plan:** In January 2021, the Boards hired Englander, Knabe, and Allen, LLC (EKA) to assist LACERA in

developing an integrated public relations strategy designed to increase LACERA's visibility on the positive impacts of public pension plans and LACERA's efforts to advance public policy on pension issues and concerns. Our Communications team, as part of the CEO's 100 Day Report to the Board of Retirement and Board of Investments, has been tasked with developing a Communications and Social Media Plan for LACERA that addresses all aspects of communication internally, externally to members, and to the public in general, including the establishment of a social media presence.

EKA has provided an update on their progress and the Executive Office is currently reviewing their update at this time. 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.

- **QA Pre-Completion & Post-Completion Audits:** Quality Assurance & Metrics has relied on Access databases to manage their pre-completion and post completion audit processes (formerly referred to as the "in-line" and "classic" audits) for several years. Over the last five years these Access databases became increasingly unstable causing delays and data loss. In some cases, the databases had to be restored and repaired in order for QA to continue to record and track the audits they completed. This caused QA to "retract" and limit access to the databases to prevent further collapse, which impacted the communication between QA and Benefits staff and management. The teams compensated through the development of manual processes to track and share information – but this impacted efficiency and timeliness.

Recently LACERA introduced SharePoint as the new platform for sharing information internally. QA and Systems partnered together to create a new SharePoint site and a new process to track and manage the pre and post completion audits. During the month of June this new solution was rolled out to Benefits and QA staff members and is now in full operation. The new process has already enhanced communication between the two teams and is starting to provide more accurate metrics that will be used to report on the quality of our processes. This is another example of the partnerships and collaboration being developed between the Member Operations Group and Systems.

- **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

We are pleased to report that we have completed the first phase of this project. Phase one involved notification to all impacted members about changes or expected changes to their benefit amount. Each impacted member received a letter based on their circumstances; members who will receive an increase in their monthly benefit and a retroactive benefit payment on July 15<sup>th</sup>, members who see an increase but we have not yet been able to calculate their retroactive benefit amount, and members who will receive an increase and possibly a retroactive payment in the near future.

Approximately 77.2% (7,466) of the total population impacted (9,671 members) were notified of the increase and the retroactive payment scheduled for July 15<sup>th</sup>.

Approximately, 9.1% (878) members were notified of the increase in the monthly amount and that we were calculating their retroactive amount due. These members included legal split payees, active death survivors, and survivors that had pay periods during the impacted periods which already had adjustments, had a past pay hold, or other anomaly at the time that required us to review our automated calculation process. We have resolved our approach to these members and will be finishing up the calculations shortly. We had to utilize a slightly different process. We will send them a second letter once we complete the calculation.

We also identified about 302 members (3.1% of the total) who were deceased before the change would have impacted their benefit amount.

Approximately 2.7% of members (259) received a notice that that they are due an increase and we will be contacting them at a later date. These members will require a complete manual calculation of the increase and retroactive amount due. We are reviewing the estimation of time to complete these cases and will report out at a future meeting.

The remaining population of 7.9% (763) involve members and survivors that are both deceased. We will handle this population last as we need to contact the estates for their entitlements.

Finally, 3 members who initially were included in the project were determined not to have any COLA changes due.

- **Business Continuity:** The Business Continuity Team is working on addressing the recommendations from our consultant and the observations made by Mr. Kreimann and the Executive team during our test earlier this year. We will provide updates as they become available.
- **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 June, staff processed six of the remaining eleven cases, one Service Retirement case and five survivor cases. This leaves us with just five cases to go.

We provided a memo to the Boards earlier in June on the District Attorney project. Staff is reviewing the effort that will be needed to address the members who will need to have manual adjustments to their accounts and a manual collection process for retroactive contributions not collected by the Auditor-Controller. 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 July.
- **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.

Attachments:

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

DATE RECEIVED	REQUESTER	DOCS REQUESTED
12-21-20	D. Wells, Law offices of Gregory W. Smith	<p>Requested 14 categories of records, including operations of LACERA and hiring of employees and vendors.</p> <p>Request 11 - All video recordings and audio recordings of the April 9<sup>th</sup>, 2020 Board of Retirement meeting; the June 3<sup>rd</sup>, 2020 Board of Retirement meeting; and the June 25<sup>th</sup>, 2020 Audit Committee meeting.</p> <p><b><i>On December 21<sup>st</sup>, 2020, sent the links to video and audio of the June 3<sup>rd</sup>, 2020 Board of Retirement meeting, and the June 25<sup>th</sup>, 2020 Audit Committee meeting.</i></b></p> <p><b><i>On December 28<sup>th</sup>, 31<sup>st</sup>, 2020, and on January 11<sup>th</sup>, 2021, sent a DVD of the April 9, 2020 Board of Retirement meeting via FedEx Standard Overnight Delivery.</i></b></p> <p>Request 10 - Requested information regarding Udemy contract.</p> <p><b><i>On January 15<sup>th</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 9 - Requested information regarding Eagle Leadership contract.</p> <p><b><i>On January 22<sup>nd</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 8 - Requested information regarding KH Consulting contract.</p> <p><b><i>On February 1<sup>st</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 7 - Requested information regarding TransQuest contract.</p> <p><b><i>On February 2<sup>nd</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 1 - Requested Systems related communications by CEO Santos R. Kreimann.</p> <p><b><i>On February 8<sup>th</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 3 - Requested documents regarding hiring of Celso Templo.</p> <p><b><i>On February 8<sup>th</sup>, 2021, sent 11 sets of responsive documents.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 2, 4-6, and 12-14 remain outstanding.</p> <p><b><i>On February 16<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Request 2 - Requested documents and communications between CEO Santos R. Kreimann and Celso Templo.</p> <p><b><i>On February 26<sup>th</sup>, 2021, sent six (6) sets of responsive documents.</i></b></p> <p>Request 14 - Requested documents and communications sent or received by Carly Ntoya regarding James Brekk.</p> <p><b><i>On March 1<sup>st</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Request 3 - Requested documents regarding hiring of Celso Templo.</p> <p><b><i>On March 1<sup>st</sup>, 2021, sent one (1) additional set of responsive documents.</i></b></p> <p>Request 13 - Requested documents and communications sent or received by Celso Templo regarding James Brekk.</p> <p><b><i>On March 2<sup>nd</sup>, 2021, sent two (2) additional sets of responsive documents.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 4-6, and 12 remain outstanding.</p> <p><b><i>On March 2<sup>nd</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 4-6, and 12 remain outstanding.</p> <p><b><i>On March 15<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p>Request 4 - Requested Systems related communications by or to Celso Templo.</p> <p><b><i>On March 19<sup>th</sup>, 2021, sent one (1) set of responsive documents.</i></b></p> <p>Time extension to the production of documents.</p> <p>Requests 5, 6, and 12 remain outstanding.</p> <p><b><i>On March 31<sup>st</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p> <p><b><i>On June 4<sup>th</sup>, 2021, sent one (1) responsive letter regarding extension of time and summary of production status via email.</i></b></p>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
05-09-21	P. Agarwal	Requested holdings list for LACERA.  <i>On May 20<sup>th</sup>, 2021, sent two (2) responsive documents for liquid and illiquid holdings.</i>
05-18-21	W. Lozano	Requested information related to Stable Management IMA.  <i>On May 24<sup>th</sup>, 2021, sent three (3) responsive documents.</i>
05-18-21	J. Gray, Pitchbook	Requested 17 categories of documents, including of performance reports for various asset classes.  <i>On May 20<sup>th</sup>, 2021, sent one (1) responsive document for illiquid holdings.</i>
05-20-21	B. Hickey, FundFire	Requested confirmation and video link for PE and Global EM Manager Search RFPs board approval.  <i>On May 20<sup>th</sup>, 2021, two (2) responsive emails confirming approval and providing video link.</i>
05-25-21	B. Lee, Seven Post	Requested information regarding use of seasonally adjusted or unadjusted CPI (inflation) for investment portfolio benchmark.  <i>On May 25<sup>th</sup>, 2021, sent one (1) responsive email with comments.</i>
05-25-21	J. Prover, FIN News	Requested all submitted proposals for real estate consultant RFP that was issued August 2020.  <i>On June 2<sup>nd</sup>, 2021, sent email with timeline for response.</i>  <i>On June 14<sup>th</sup>, 2021, sent email extending time to send files by link.</i>
05-28-21	E. Raasch, American Transparency	Requested retiree list for 2020.  <i>On June 8<sup>th</sup>, 2021, sent three (3) responsive documents via email.</i>
06-03-21	LA County CEO, LA County Fire, LA County HR, and Judy Hammond	Standing request for monthly Ratification of Service Retirement and Survivor Benefit Application Approvals.  <i>On June 3<sup>rd</sup>, 2021, sent one (1) responsive document via email.</i>
06-03-21	LA County Sheriffs	Standing request for monthly BOR approved Fire and Sheriffs' Department retiree listing. <i>On June 3<sup>rd</sup>, 2021, sent two (2) responsive documents via email.</i>



**FOR INFORMATION ONLY**

June 10, 2021

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

**FROM:** James C. Beasley Jr.   
 Supervising Administrative Assistant II

**FOR:** July 7, 2021 Operations Oversight Committee Meeting

**SUBJECT: BUSINESS INSURANCE RENEWAL SUMMARY UPDATE**

**EXECUTIVE SUMMARY**

For nearly two decades, LACERA has been purchasing insurance coverage to mitigate the risk of unforeseen damages and potential losses to the Trust Fund. LACERA's insurance program consists of various lines of coverage that are divided into two separate renewal periods, June 30th and October 9th. Insurance for the program is procured with the assistance of an insurance broker, Kaercher Campbell & Associates Insurance Brokerage (KCAIB), a member of the Seeman Holtz Family, who has over 25 years of experience working with various Pension Funds. The KCAIB, acting as our broker, services LACERA by procuring coverage quotations, negotiating premiums and coverage details, and provides consulting and support services throughout the year.

LACERA's insurance program is structured as follows:

<b>June 30th Renewal</b>	<b>October 9th Renewal</b>
Business Property	Fiduciary Liability
General Liability	Excess Fiduciary Liability
Employee Benefits	Fiduciary Liability (OPEB)
Commercial Auto	Crime
Foreign Package	Cyber Liability
Umbrella-Primary	Excess Cyber Liability
Umbrella-Excess	
Terrorism Liability	
Difference-in-Condition	
Employment Practices Liability	

## OVERVIEW

In order to conduct LACERA's search for insurance coverage, KCAIB obtained competitive bids from various insurance carriers for each line of coverage. Their marketing efforts were comprehensive, utilizing the marketplace to secure the best possible program renewals. KCAIB approached numerous insurance carriers and analyzed various programs to develop the most cost-effective program for LACERA.

KCAIB presented an insurance proposal package to the Insurance Selection Team (Team) for a complete analysis of each program, whereby all terms (including coverage limits and sub-limits, deductibles, endorsements, and exclusions) were compared side-by-side. The selection of an insurance carrier is based on several factors, i.e., financial strength (A.M. Best financial strength and creditworthiness rating), policy limits, potential covered losses, and cost. The Team consisted of representatives from the Administrative Services Division, Legal Services, and the Executive Office. The core function of the Team is to review all proposed quotes and determine which insurance policies best protects LACERA's stakeholders, the Trust Fund, Staff, and the Trustees.

The Team is pleased to present that the renewal was successful and favorable to LACERA. LACERA's total annual premium for this renewal period decreased by 0.4%, which is excellent, especially during the current hard marketplace. The current hard marketplace is due to the COVID-19 pandemic outbreak that caused additional stresses to an insurance market that has been strained from years of catastrophic loss activity in the property and casualty markets. LACERA anticipates seeing a significant increases in the coverage premiums across the board during the next renewal period.

## Insurance Renewal Coverage & Cost Overview

Coverage Type	Carrier	Limits	2020-21 Premium	2021-22 Premium
Domestic Commercial	Continental National American Group's (CNA)	Various	\$50,374	\$54,651
Foreign Business	CNA	Various	\$5,323	\$5,323
Umbrella (Primary)	CNA	\$15 Million	\$13,943	\$13,943
Umbrella (Excess)	Chubb Limited Insurance Group (Chubb)	\$10 Million	\$9,000	\$9,270
Terrorism Liability	Indian Harbor Insurance Co.	\$40 Million	\$8,621	\$7,661
Difference-in-Condition	QBE Specialty Insurance Co.	\$20 Million	\$87,298	\$67,204
Employment Practices Liability	Euclid/Hudson Insurance Group	\$5 Million	\$102,743	\$118,155

### **JUNE 30<sup>TH</sup> INSURANCE RENEWAL SUMMARY**

According to LACERA's Policy for Purchasing Goods and Services (Purchasing Policy), Board approval is not required for each line of coverage since the premiums for each Policy are within the CEO's \$150,000 approval authority. The authorization will come from LACERA's Purchasing Agent and the CEO. A summary of each line of coverage is provided to ensure transparency and fairness within the insurance program and the renewal process.

To meet LACERA's insurance needs, KCAIB solicited quotes from various insurance carriers utilizing LACERA's Board approved Purchasing Policy requirements and standard industry criteria, which enabled them to successfully negotiate competitive renewal options. To ensure that LACERA has adequate coverage, the Team conducted a thorough evaluation of each carrier's policy proposal using the following criteria:

- Best programs and services
- Best protects the LACERA Trust Fund
- Best value to the organization

Upon completing the carrier evaluations, the Team determined that the following coverages best protect the Organization and mitigates the risk of unforeseen damages and potential losses to the Trust Fund.

#### *Domestic Commercial Insurance Package*

The Domestic Commercial Insurance Package combines the Business Personal Property Insurance, General Liability, Employee Benefits, and Commercial Auto into one policy. The Business Personal Property Insurance covers the equipment, furniture, fixtures, and inventory that LACERA either owns, uses, or rents. This includes restoring LACERA occupied spaces to the original state after it is damaged or destroyed during a crisis event (such as offices, conference rooms, copy rooms, kitchens, etc.). This coverage does not include replacing or repairing damages to the building structure or the common areas of the building as Gateway Plaza is insured under the building manager's (Avison Young) insurance policy.

With an increase in information technology assets and renovations projects conducted throughout the organization within the last couple of years, the Team determined that there would be a financial risk to LACERA when replacing covered business property after a significant crisis event. To cover the financial risk, the Team increased the Personal Property limits from \$20 million to \$25 million, increasing the premium by \$4,200.00.

General Liability insurance is coverage that protects LACERA from a variety of claims, including bodily injury, property damage, personal injury, and others that can arise from our business operations. Employee Benefits provides coverage for an error or omission in the administration of an employee benefit program, such as failure to advise employees of benefit programs. Finally, Commercial Auto provides liability and physical damage protection for LACERA owned, rented, and hired vehicles.

The Team compared the proposed coverage policies and determined that the Continental National American Group’s (CNA) Policy is more comprehensive than what the other carriers offered. The premium rate with CNA is 10% to 27% lower than the competing carriers, making CNA the more favorable insurance carrier with a premium of \$54,651.00.

**Domestic Commercial Insurance Package Coverage**

Risks	Policy Limits
<p><b>Property Insurance</b></p> <ul style="list-style-type: none"> <li>• Fire</li> <li>• Water Damage</li> <li>• Vandalism</li> <li>• Technology Theft</li> <li>• Loss of Records</li> </ul> <p><b>General Liability</b></p> <ul style="list-style-type: none"> <li>• Injury to Members</li> <li>• Injury to Visitors</li> <li>• Injury to Vendors</li> <li>• Offsite Visit Property Damage</li> <li>• Slander or Copyright Infringement</li> </ul> <p><b>Employee Benefits Liability</b></p> <ul style="list-style-type: none"> <li>• Calculation Errors</li> <li>• Provide Members Inaccurate Information</li> <li>• Failure to Enroll, Maintain, or Terminate Beneficiaries</li> <li>• Administrative Errors in Handling Employee Benefits</li> </ul> <p><b>Commercial Auto</b></p> <ul style="list-style-type: none"> <li>• Auto Accidents</li> <li>• Hit and Run Accidents</li> <li>• Vandalism</li> <li>• Theft</li> </ul>	<p><b>Property Insurance</b></p> <ul style="list-style-type: none"> <li>• \$25,000,000 Property/EPD<sup>1</sup>/Software</li> <li>• \$1,000,000 Fine Arts</li> <li>• \$20,000,000 Business Income</li> <li>• \$10,000 Utility Services</li> <li>• \$1,000,000 Accounts Receivable</li> <li>• \$500,000 Electronic Vandalism</li> <li>• \$1,000,000 Fire Dept. Services Charges</li> <li>• \$50,000 Fungus, Wet/Dry Rot, Bacteria and Virus</li> <li>• \$2,000,000 New Construction at Schedule Premises</li> <li>• \$1,000,000 Newly Acquired Real Property</li> <li>• \$2,000,000 Newly Acquired Personal Property</li> </ul> <p><b>General Liability</b></p> <ul style="list-style-type: none"> <li>• \$2,000,000 General Aggregate</li> <li>• \$2,000,000 Products/Completed Operation</li> <li>• \$1,000,000 Each Occurrence</li> <li>• \$300,000 Damage to Rented Premises</li> <li>• \$1,000,000 Personal &amp; Advertising Liability Aggregate</li> <li>• \$10,000 Medical Payments</li> </ul> <p><b>Employee Benefits Liability</b></p> <ul style="list-style-type: none"> <li>• \$1,000,000 Each Claim</li> <li>• \$1,000,000 Aggregate</li> </ul>

Risks	Policy Limits
<ul style="list-style-type: none"> <li>• Damages from Disasters (Natural/Man-Made)</li> </ul>	<p><b>Commercial Auto</b></p> <ul style="list-style-type: none"> <li>• \$1,000,000 NOAH<sup>2</sup> Auto Liability</li> <li>• \$1,000,000 Uninsured Motorists</li> <li>• \$5,000 Medical Payments</li> </ul> <p><sup>1</sup> Electronic Data Processing Equipment  <sup>2</sup> Owned, Hired &amp; Non-owned Autos</p>

Foreign Business Insurance Package

The insurance for the Foreign Business Package is similar to the Domestic Commercial Package and provides coverage for Property Insurance, General Liability, Employee Benefits, and Commercial Auto. The only difference is the coverage is for incidents that occur outside the United States. In addition to the liability coverage, the policy includes kidnap and ransom coverage with a \$250,000 limit.

The Team compared the proposed coverage policies and determined that CNA Policy form is more comprehensive than the other carriers offered. The premium rate with the incumbent carrier, CNA, was flat from the previous year and is 51% to 56% lower than the competing carriers with a premium of \$5,323.

**Foreign Package Coverage**

Risks	Policy Limits
<p>Incidents that Occur Overseas</p> <ul style="list-style-type: none"> <li>• Auto Accidents</li> <li>• Hospitalization/Sickness</li> <li>• Property Damage</li> <li>• Kidnap &amp; Ransom</li> </ul>	<p><b>General Liability</b></p> <ul style="list-style-type: none"> <li>• \$2,000,000 General Aggregate incl. Products</li> <li>• \$1,000,000 Each Occurrence</li> <li>• \$1,000,000 Personal &amp; Advertising Liability Aggregate</li> <li>• \$10,000 Medical Expense</li> <li>• \$1,000,000 Damage to Rented Premises</li> </ul> <p><b>Contingent Automobile Liability</b></p> <ul style="list-style-type: none"> <li>• \$1,000,000 Each Accident</li> <li>• \$1,000,000 Aggregate</li> </ul> <p><b>Employers Responsibility</b></p> <ul style="list-style-type: none"> <li>• \$1,000,000 Bodily Injury by Accident, each Employee</li> <li>• \$1,000,000 Bodily Injury by Disease, including Epidemic Disease, each Employee</li> </ul> <p><b>Business Personal Property</b></p>

Risks	Policy Limits
	<ul style="list-style-type: none"> <li>• \$250,000 Business Personal Property</li> </ul> <p><b>Business Travel</b></p> <ul style="list-style-type: none"> <li>• \$100,000 Medical</li> <li>• \$100,000 Accidental Death &amp; Dismemberment</li> <li>• \$100,000 Evacuation</li> <li>• \$1,000,000 Repatriation</li> <li>• \$1,000,000 Per Accident Aggregate</li> <li>• \$250,000 Kidnap and Ransom</li> </ul>

***Umbrella Liability Insurance - Primary and Excess***

Umbrella Liability Insurance provides an extra layer of liability protection by covering costs that extend beyond the other liability policy’s coverage limits. In other words, Umbrella insurance complements the other liability policy coverages by taking over when the liability coverage limits have been exhausted. Due to the size of the organization, LACERA has a fiduciary responsibility to protect the Trust Fund and therefore, historically, LACERA purchases an additional \$25 million Umbrella Liability Policy. The highest limit insurance carriers are willing to underwrite for the Umbrella coverage is \$15 million; therefore, in order to meet the coverage level, LACERA must obtain the coverage in multiple layers, \$15 million primary, and \$10 million excess, to reach the desired coverage of \$25 million.

After comparing the Primary Umbrella policies and quotes, it was determined that there is a slight increase in the premium rate with the current carrier (CNA). However, the increase in premiums is \$608 higher than the lowest bidder, Hartford Casualty Insurance Company (Hartford). CNA has a more comprehensive policy than Hartford’s. Additionally, the policy limits on several lines of coverages with CNA are higher, which is beneficial to LACERA when covering risks/losses, and more importantly, protecting the Trust Fund. Therefore, the Team has selected CNA for the Umbrella Liability Insurance coverage. The quoted premium for the Primary Umbrella Policy is \$13,943.

Multiple insurance carriers were invited to provide quotes for the Excess Umbrella Policy but declined to bid since they could not compete with the current premiums, coverage, and limits already provided to LACERA. The premium rate with the incumbent carrier (Chubb) for the excess coverage is \$9,270.

**Umbrella Package Coverage**

Risks	Policy Limits
<p>Excessive Lawsuit Claims for the following policies:</p> <ul style="list-style-type: none"> <li>• Commercial GL</li> <li>• Foreign Liability</li> <li>• Automobile Liability</li> <li>• Employee Benefits Liability</li> </ul>	<p><b>Primary</b></p> <ul style="list-style-type: none"> <li>• \$15,000,000 General Aggregate</li> <li>• \$15,000,000 Products/Completed Operations Aggregate</li> <li>• \$15,000,000 Bodily Disease Aggregate</li> <li>• \$15,000,000 Each Occurrence</li> </ul> <p><b>Excess</b></p> <ul style="list-style-type: none"> <li>• \$10,000,000 Other Aggregate</li> <li>• \$10,000,000 Each Occurrence</li> <li>• \$10,000,000 Products/Completed Operations Aggregate</li> </ul>

*Terrorism and Sabotage*

In the event of a declared terrorism event, or confirmed attempt to sabotage LACERA, the terrorism insurance covers damaged or destroyed property—including equipment, furnishings, and inventory. The policy also covers losses associated with business interruption.

The Team reviewed the Terrorism insurance quotes to determine which Policy best protects LACERA while still opting for the most competitive price. The Team determined that both Hiscox (incumbent carrier) and Indian Harbor Insurance Company Policy forms are equally comprehensive. However, Indian Harbor’s quoted premium was \$2,024 lower than Hiscox, making Indian Harbor the more favorable carrier for the Terrorism insurance coverage. Indian Harbor’s quoted premium for the Terrorism Policy is \$7,661 for \$40 million in coverage limits.

**Terrorism and Sabotage Coverage**

Risks	Policy Limits
<p>An activity that:</p> <ul style="list-style-type: none"> <li>• Is committed for political, religious, ideological, or similar purposes and involves a violent act or the unlawful use of force or an unlawful act dangerous to human life or tangible property; and</li> </ul>	<ul style="list-style-type: none"> <li>• \$40,000,000 Per Occurrence/Aggregate</li> </ul> <p><b>Sublimits</b></p> <ul style="list-style-type: none"> <li>• \$20,000,000 Business Interruption</li> <li>• \$1,000,000 Civil or Military Authority</li> <li>• \$250,000 Debris Removal</li> </ul>

Risks	Policy Limits
<ul style="list-style-type: none"> <li>• Is carried out by any person or group(s) of persons, whether acting alone or on behalf of or in connection with any organization(s); and</li> <li>• Is intended to:               <ul style="list-style-type: none"> <li>○ intimidate or coerce a civilian population;</li> <li>○ disrupt any segment of the economy of a government, state, or country; overthrow, influence, or affect the conduct of any government de jure or de facto by intimidation or coercion</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• \$250,000 Decontamination Costs</li> <li>• \$1,000,000 Demolition</li> <li>• \$250,000 Errors and Omission</li> <li>• \$1,000,000 Ingress/Egress</li> <li>• \$250,000 Preservation of Property</li> <li>• \$250,000 Relocation Expense</li> <li>• \$1,000,000 Unnamed Locations</li> <li>• \$1,000,000 Newly Acquired Locations</li> </ul>

Difference-In-Conditions - Earthquake/Flood

Difference-in-Conditions (DIC) insurance provides expanded coverage for perils not covered by standard insurance policies. DIC insurance is designed to increase coverage for perils that can result in severe losses such as floods, earthquakes, and other catastrophes. DIC insurance covers some of the losses and damage that earthquakes can cause to:

- Business Personal Property
- Business Income Including Extra Expense
- Fine Arts
- Electronic Data Processing (EDP) Equipment & Media
- EDP Software & Valuable papers
- Valuable Papers & Records

The Team reviewed the DIC Insurance quotes to determine which policy best protects the Trust Fund while still opting for the most competitive price. The Team determined that both Arrowhead General Insurance Agency (incumbent carrier) and QBE Specialty Insurance Company (QBE) Policy forms are equally comprehensive. However, QBE's quoted premium was \$20,605 lower than Arrowhead General, making QBE the more favorable carrier for the DIC coverage. QBE's quoted premium for the DIC Policy is \$67,204 for \$20 million in coverage limits.

**Difference-in-Conditions (DIC) Coverage**

Risks	Policy Limits
<ul style="list-style-type: none"> <li>• Earthquake</li> <li>• Flood (Natural)</li> <li>• Fire Sprinkler Leakage caused by Earthquake</li> </ul>	<ul style="list-style-type: none"> <li>• \$20,000,000 Per Occurrence</li> <li>• \$20,000,000 Flood Aggregate</li> <li>• \$20,000,000 EQ<sup>1</sup> Aggregate</li> </ul> <p><sup>1</sup> Earthquake</p>

Employment Practices Liability Insurance

Employment Practices Liability Insurance (EPLI) provides additional protection for LACERA against claims of discrimination, sexual harassment, and wrongful termination, among many other employment-related issues. Any prospective, current, or past Staff Member can bring a lawsuit against the organization, which may lead to high costs of legally defending the claim. Whether or not the claim is valid, the defense cost can be excessive. The insurance coverage will provide the necessary resources needed to defend against a lawsuit or pay for a claim. In recent years, the number of claims nationwide has grown dramatically, especially during the COVID-19 pandemic.

The Team compared the proposed coverage policies and determined that the Euclid Specialty/Hudson Insurance Group (Hudson) Policy form was more comprehensive than the other qualifying carriers. Hudson’s proposed premium of \$118,155 is 86% lower than the other carriers that were under consideration. The self-insured retention (SIR) increased by \$100,000 due to several Employment Practice Liability claims in the last four years; however, Hudson’s \$250,000 SIR is \$750,000 lower than the next competing carrier’s retention rate.

**Employment Practices Liability Coverage**

Risks	Policy Limits
<ul style="list-style-type: none"> <li>• Mismanagement of their Benefits</li> <li>• Sexual Harassment</li> <li>• Wrongful Termination</li> <li>• Wrongful Discipline or Demotion</li> <li>• Slander or Libel</li> <li>• Discrimination Based on Age, Gender, Religion, Race, or Other Protected Classes</li> <li>• Breach of an Employment Contract</li> <li>• Privacy Invasion</li> <li>• Emotional or Mental Distress</li> <li>• Negligent Decisions Related to Hiring, Promotions, or Compensation</li> </ul>	<ul style="list-style-type: none"> <li>• \$5,000,000 Each Claim</li> <li>• \$5,000,000 Aggregate</li> </ul>

Supplemental Travel Insurance

Supplemental Travel Insurance is a travel insurance policy that is intended to cover Board Trustees and Staff when traveling internationally and domestically on official LACERA business. The supplemental insurance protects LACERA's personal property and provides additional coverage from unforeseen circumstances. The coverage can be purchased as needed at \$475 per person and expires one year from the date of purchase. The Supplemental Policy offers the following coverage:

- Trip Cancellation
- Lost Baggage
- Business Travel Accidents
- Legal Assistance
- Travel and Document Assistance
- Concierge Services

**FISCAL IMPACT**

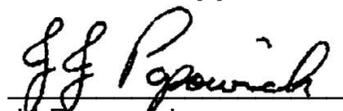
The cost of the various insurance that are included in the Property and Casualty Insurance Program for the FY 2021-22 are \$ 276,207, a 0.4% decrease from FY 2020-21 in the amount of \$277,302.

**SUMMARY**

After an extensive procurement process, the Team will bind a one-year policy for each line of coverage during this renewal period that best protects the LACERA Trust Fund and the best value to the organization.

JCB/jb

**Noted and Approved**



Handwritten signature of JJ Popowich in black ink, written over a horizontal line.

JJ Popowich  
Assistant Executive Officer

**FOR INFORMATION ONLY**

June 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: Allan Cochran   
Member Services Division Manager

Cynthia Martinez   
Chief, Communications

FOR: July 7, 2021 Operations Oversight Committee Meeting

SUBJECT: **LACERA Paperless Initiative Update**

**Executive Summary**

On February 3, 2021, we brought to the Operations Oversight Committee an overview of LACERA's Paperless Initiative. LACERA is committed to providing service and communicating with our members accurately, efficiently, and safely within channels they prefer.

To leverage the modernization of communication methods developed in response to the COVID-19 pandemic, we have aimed to support a greater range of communication channels for our members and reduce the amount of physical mail we generate. Reducing physical mail has a multitude of benefits including providing more timely information to members in a secure and safe format, improving LACERA's ability to carry out normal operations in the event of a business interruption like the COVID-19 Pandemic, reducing costs, and helping to save the environment. As part of this effort, the Member Operations Group, working in conjunction with Systems, Communications, Internal Audit, Legal, and the Executive Office, launched the two-fold Paperless Initiative project.

This memo will provide updates on the paperless initiative, broken out into two major sections: paperless correspondence and its associated components, and paperless payments.

## **Paperless Correspondence Updates**

The bulk of our initiative updates fall into this first category, starting with the paperless campaign and initial results from those efforts.

### **Newsletter and Postcard Outreach**

Communications began the paperless campaign's outreach efforts with the March 2021 newsletters' article below:

#### ***You Can Now Go Paperless***

*LACERA now offers you the opportunity to opt out of receiving physical copies of certain documents and publications in the mail. To opt in to digital versions of your documents, log in to your My LACERA account and click on the Document Delivery Option. There you can choose digital or mail delivery for automatic deposit receipts (ADRs), annual benefits statements (ABS), and newsletters.*

*Once you enroll, you'll receive a confirmation email to ensure that your request has been processed and your email has been verified.*

In May 2021, we published another article in *PostScript* and *Spotlight*. The communication included a push for My LACERA registration and the opt-in of digital delivery of LACERA documents, as provided below:

#### ***Enroll in My LACERA Today!***

*If you haven't already, signing up for My LACERA is the best way to easily and securely manage your retirement account, personal information, and beneficiaries. Registering for My LACERA is quick and easy. Visit [lacera.com](http://lacera.com) and click on the My LACERA icon on the bottom right of the homepage to get started.*

#### ***Opting for Paperless Delivery***

*LACERA now offers you the opportunity to opt out of receiving physical copies of certain documents in the mail. To opt in to receive digital versions of your documents, visit the Document Delivery Option on your My LACERA portal. You will have the option to choose which documents you would like to receive digitally or by mail, including:*

- *Automatic Deposit Receipts (ADRs)*
- *Annual Benefits Statements (ABS)*
- *Newsletters*

*Once you enroll, you'll receive a confirmation email to ensure everything is working correctly and your email has been verified. Thereafter, whenever one of the documents you requested to receive digitally is uploaded to the Document Center, you will receive an email notice that it is available for you to view. Members opting to receive the newsletter electronically will be sent an email with a link to access the newsletter on [lacera.com](http://lacera.com).*

On June 10, as part of a targeted outreach effort, Communications mailed postcards to 51,665 active members who were not enrolled in My LACERA. With this data population, we were able to encourage the Paperless and My LACERA initiatives. See attachment.

### **Preliminary Results for Paperless Opt-In**

Since our last report to this committee in February 2021 we have observed opt in for electronic delivery for:

- Automatic Deposit Receipt (ADR) – 3988
- ABS – 5297
- Newsletters – 4777

### **Additional Campaign Components and Project Plan**

**Systems:** On October 30, 2020, a message was placed on the home page of My LACERA announcing the Opt-in Paperless initiative. See below:

*As announced in the CEO Message of August 12, 2020 LACERA is allowing retirees to opt out of their mailed automatic deposit receipts (ADRs), Annual Benefits Statement (ABS), and newsletters.*

*This self-service feature will be available on My LACERA within the next 60 days. Members who choose to enroll in the paperless option can access their documents here on My LACERA.*

*If you wish to enroll now, please send us a secure message using the Messages link above. We will send you a confirmation of your paperless enrollment before we stop sending your documents via mail.*

**Member Service Center (MSC):** A voice greeting promoting My LACERA and paperless options has been created for Member Services, which was deployed the week of June 28, 2021.

In addition, Call Center and MSC staff have received direction to promote the Paperless initiative and My LACERA sign-up as appropriate when interacting with members.

**Communications:** Communications has revised the New Hire Welcome Letter, currently in production, to include an updated message educating members on the benefits of My LACERA and encouraging them to sign up immediately as part of their new hire process. Communications is also producing a My LACERA video to help members through the sign-up process as well as navigate the portal's features, which will be posted on the new LACERA.com website.

Additional efforts to encourage members to enroll in My LACERA and opt-in to the paperless initiative will be part of the ongoing campaign and are outlined in the Project Plan.

## **Paperless Payments**

LACERA has been investigating alternatives to paying members by check. As demonstrated during the darkest days of the COVID-19 Pandemic, paying members with a physical check has serious disadvantages. As the pandemic took hold, mail delivery was slowed causing delays in members receiving their monthly benefits. For members living abroad the situation was even more dire as many countries refused to accept international mail. LACERA had to scramble to find alternative delivery methods and in some cases members had to go without payment until the international delivery system adjusted. As we have shared with the Trustees previously our goal has been to find a more efficient and reliable way to pay members who will not, or cannot, accept payments via direct deposit. Currently, LACERA still pays approximately 1,700 members via check.

Staff undertook a research project to identify potential solutions ranging from wire transfers to debit cards (similar to what the California Employment Development Department uses). The results of staff's research on the Paperless Payment initiative were provided to CEO Santos H. Kreimann, with a recommendation to pursue an electronic debit card as a replacement for checks. Staff is expected to begin development of an RFP on June 30<sup>th</sup>, to share with the Operations Oversight Committee in the near future.

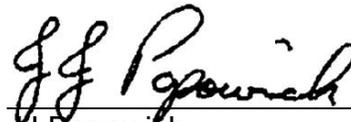
## **Conclusion**

The Paperless and My LACERA initiatives go hand in hand. We are seeing interest and increased enrollment as a result of both initiatives.

As noted in the project plan, continued enrollment efforts are in the works and will roll out in the coming months. We look forward to keeping you updated regarding our progress and results.

## **Attachment**

Reviewed and approved:



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JJ Popowich  
Assistant Executive Officer

c: Santos H. Kreimann  
Steven Rice  
JJ Popowich  
Cassandra Smith  
Bernie Buenaflor  
Carlos Barrios  
Kathy Delino  
Richard Bendall  
W. Louis Gittens

**Paperless and My LACERA Campaign Project Plan**

<b>Task Name</b>	<b>Media</b>	<b>Population</b>	<b>Start</b>	<b>Finish</b>	<b>Assigned To</b>	<b>Status</b>	<b>Comments</b>
CEO Approval				08/12/20	Santos Kreimann	Approved	
Home page announcement on My LACERA portal	My LACERA	Active and Retiree		10/30/20	Member Services, Systems, Communications	Complete	
Project Plan Approved				02/16/21	JJ Popowich & Allan Cochran	Approved	
Operations Oversight Committee Overview	Memo and Presentation	Trustees		03/03/21	Allan Cochran	Complete	
Communication to members - You Can Now Go Paperless	Newsletters: PostScript & Spotlight	Active and Retiree		03/01/21	Communications	Complete	
Communication to members - Enroll in My LACERA Today! and Opting for Paperless Delivery	Newsletters: PostScript & Spotlight	Active and Retiree		05/01/21	Communications	Complete	
Postcard - Go Paperless/My LACERA	Direct mail	Active, not enrolled: 51,665		06/10/21	Communications	Complete	
Follow-up correspondence to Go Paperless recipients	Email	Active with email address on file	06/10/21	07/01/21	Communications, Systems	Pending	
Compile statistics for review and determination of next actions				7/15/2021	Systems, Communications	Pending	
Voice greeting for Member Services	Phone	All members	6/28/2021	Indefinite	Communications, Member Services	In Progress	
Call Center to communicate to members	Phone or walk-in	Active and Retiree	7/2/2021	Indefinite	Communications, Member Services	In Progress	
New Hire Welcome Letter	Letter	Active		Aug-21	Member Services, Benefits, Systems, Communications	In Progress	
My LACERA video	LACERA.com	All members	9/27/2021	Indefinite	Benefits, Communications	Not Started	
Paperless Payments, stop mailing checks	Electronic payment card or electronic funds transfer (direct deposit)	Retiree and Survivors			Members Services Operations Group, FASD, Systems, and Internal Audit	In Progress	
1. RFP, Paperless Payments, stop mailing checks			06/30/21	TBD		Not Started	
Postcard - Go Paperless / My LACERA	Direct mail	Retiree		TBD	Communications	Not Started	
Follow-up correspondence to Go Paperless/My LACERA recipients	Email	Retiree with email address on file		TBD	Communications, Systems	Not Started	
On-going campaign	Various			Indefinite	Communications		



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**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**



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