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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA  91101

WEDNESDAY, OCTOBER 2, 2019 - 9:00 A.M.**

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
Thomas Walsh, Vice Chair
Keith Knox
Les Robbins
Vivian H. Gray, Alternate

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of September 4, 2019

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by Kimberly D. Hines, Administrative Services Division Manager: That the Committee recommend the Board of Retirement adopt the Policy for Purchasing Goods and Services. (Memorandum dated September 23, 2019)

B. Recommendation as submitted by Bernie Buenaflor, Benefits Division Manager: That the Committee recommend the Board of Retirement authorize staff to draft for review by the Operations Oversight Committee an amendment to Regulations V.1.f that replaces the “age at which the member intends to retire” with a “uniform age determined by the actuary to minimize the adverse impact of previous service purchase contracts on LACERA’s Unfunded Actuarial Accrued Liability.” (Memorandum dated September 23, 2019)
IV. REPORTS

A. LACERA Operations Briefing
   JJ Popowich, Assistant Executive Officer

B. LACERA Pension Administration System: Case Management
   Enhancement for Workspace
   James Brekk, Chief Information Officer

C. Corporate Credit Card Policy Update
   Beulah Auten, Chief Financial Officer

V. ITEMS FOR STAFF REVIEW

VI. GOOD OF THE ORDER
   (For information purposes only)

VII. ADJOURNMENT

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

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

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

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling the Board Offices at (626)-564-6000, Ext. 4401/4402, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.
The meeting was called to order by Chair Kehoe at 11:43 a.m. Due to the absence of Mr. Robbins, the Chair announced that Ms. Gray, as the alternate, would be a voting member of the Committee.
I.  APPROVAL OF THE MINUTES

A.  Approval of the minutes of the regular meeting of August 7, 2019

Mr. Walsh made a motion, Mr. Knox seconded, to approve the minutes of the regular meeting of August 7, 2019. The motion passed unanimously.

II.  PUBLIC COMMENT

III.  ACTION ITEMS

A.  Recommendation as submitted by James Beasley, Supervising Administrative Assistant II: That the Committee recommend the Board of Retirement approve the purchase of Fiduciary Liability and Cyber Liability Insurance effective October 6, 2019 with Hudson Insurance Company, Westchester Fire Insurance Company, and NAS Insurance Company. (Memorandum dated August 23, 2019)

Mr. Knox made a motion, Ms. Gray 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.

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

B.  Incident Regarding Delayed Delivery of July Checks

Steven P. Rice, Chief Counsel

This report was presented for information only.

C.  Retirement Benefit Estimate and Election Form Redesign

Carlos Barrios, Section Head, Member Services Division

This report was presented for information only.
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.

V. ITEMS FOR STAFF REVIEW

There was nothing to report.

VI. GOOD OF THE ORDER

(For information purposes only)

VII. ADJOURNMENT

The meeting adjourned at 11:49 a.m.
TO: Operations Oversight Committee
    Shawn R. Kehoe, Chair
    Thomas Walsh, Vice Chair
    Keith Knox
    Les Robbins
    Vivian H. Gray, Alternate

FROM: Kimberly D. Hines, CPA
     Administrative Services Division Manager

FOR: October 2, 2019 Operations Oversight Committee

SUBJECT: Revised Policy for Purchasing Goods and Services

RECOMMENDATION

That the Operations Oversight Committee recommend the Board of Retirement
adopt the Policy for Purchasing Goods and Services.

EXECUTIVE SUMMARY

Proper purchasing and contract administration through prudent acquisition practices
contributes to the overall success of LACERA by ensuring the procurement of quality
products and services at competitive prices. The Policy for Purchasing Goods and
Services (Policy) was last updated and approved by the Board of Retirement in 2005.

The Administrative Services Division, Procurement Section, reviewed the current
Policy to test our current practices against industry best practices. Based on our
research, we determined that current industry practices continue to place significant
emphasis on purchasing authority and obtaining good value for payment. However,
we also identified that industry changes since 2005 place greater emphasis on
process integrity and safeguarding sensitive data. We updated the Policy to reflect
these changes. Also attached for your comparison is a copy of the Policy from 2005.
Each Member, Operations Oversight Committee
April 23, 2018
Re: Revised Policy for Purchasing Goods and Services
Page 2 of 5

AUTHORITY

As part of their plenary authority and fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution, the Boards have discretion to adopt such policies as they deem prudent. The proposed Policy for Purchasing Goods and Services is reasonable within the scope of the Board’s discretion and authority under the Constitution as a means of establishing LACERA-wide standards for the important administrative and governance function of purchasing goods and services.

In LACERA’s Board of Retirement Standing Committee Charters approved April 13, 2017, under Section I – Operations Oversight Committee (OOC) Charter, the OOC “advises the BOR in: the development, implementation, and review of LACERA’s retirement and administrative operating policies and procedures.” The Policy for Purchasing Goods and Services is therefore a proper subject for discussion and recommendation by the OOC to the Board of Retirement.

DISCUSSION

The proposed Policy was updated to incorporate best practices from both private industry and other governmental entities, including Los Angeles County. The Policy was developed for the LACERA Boards and staff to meet the shared goals of ensuring the selection of cost-effective goods and services, and encouraging transparent evaluation methods to promote fair and open opportunities for the consideration of all qualified vendors and service providers.

The major updates to the Policy include the following:

Confidentiality & Conflict of Interest Statement
These statements were added to the Policy to ensure integrity in the procurement and contracting process by requiring decisions to be made in an independent and impartial manner. Credibility and public confidence are vital to LACERA and any erosion of honesty, integrity or openness is harmful to the organization.

Updated Purchasing Authority
The proposed purchasing authority levels for contracting for services and purchasing goods were determined by researching policies of similar sized agencies, purchasing
patterns at LACERA, and analyzing the relative risks associated with each type of purchase.

**Information Technology Purchase Approval**
We included a requirement that all information technology purchases must be approved by the Systems Division to ensure compatibility with LACERA’s current and future technology environment.

**Quiet Period**
An observance of a Quiet Period was added to the Policy to ensure a fair and impartial process. The Quiet Period seeks to limit or prevent any one-on-one conversations between contractor candidates and staff or Board members regarding services/supplies while a potential vendor is participating in the selection process. During the process of selecting a vendor/contractor, the competitive environment will be enhanced when all prospective bidders and proposers have access to identical information. This reduces the appearance and opportunity for favoritism and inspires public confidence that contracts are awarded equitably and economically.

**Five Year Contract Term Limit**
We identified a need to set specific limits on contract duration. We noted that many LACERA contracts include an “Evergreen” Clause that enable the contract to automatically renew after the initial contract period. This resulted in long term relationships with vendors and limited vendor competition. We updated the Policy to limit contracts to a maximum of five (5) years with an additional (2) year extension with Chief Executive Officer approval.

**Due Diligence SOC-2 Compliance**
When engaging with vendors that handle member data and other sensitive information, due diligence is required to ensure that appropriate controls are in place with the vendor to protect data. Service Organization Control Reports (SOC-2) issued by an external auditor, measure how well a given service organization controls its information. A provision has been added to the Policy to require the contracting manager to partner with the LACERA’s Data Security Officer to perform due diligence to confirm that a vendor has appropriate controls in place to protect sensitive data.
Legal Office Review of Contracts
The Policy was updated to expand the guidelines and provide specific examples on when to seek Legal Office Review of a Contract. This includes contracts that may deal with member data or other privacy related data. This additional information will support the organization by minimizing risk and ensuring that LACERA gets good value for money spent.

Supplier Diversity
This statement was added to reflect LACERA’s commitment to developing mutually beneficial relationships with small, minority-owned, women-owned, and veteran owned businesses. We recognize the importance of ensuring that equal opportunities exist for diverse suppliers and understand the impact that these (usually small/local businesses) have in supporting economic recovery and sustainability of our communities.

Environmental Awareness
Environmentally preferable products and services are those that have a reduced effect on human health and the environment. This statement was included in the Policy to reflect LACERA’s dedication to buying environmentally preferable products as long as they meet the performance needs, delivery time frames and are at a reasonable cost.

Purchasing and Contract Administration Manual
The Administrative Services Division, Procurement Section, maintains a Purchasing and Contract Administration Procedures Manual. This Manual serves as a resource to management and contract administrators and includes practical applications of the Purchasing Policy (i.e., detailed guidelines on how to write an RFP, record keeping, reporting requirements; and contract administrator responsibilities from inception to project closeout). The Procedures Manual will be revised to incorporate the updates to the Purchasing Policy. Training will be provided to Management and Contract Administrators to ensure that all have a clear and consistent understanding of the required policies and procedures.
CONCLUSION

Staff has updated the Policy for Purchasing Goods and Services by incorporating best practices from both private industry and other governmental entities. The Policy is tailored to the organization’s needs based upon the types, numbers, costs and risks associated with the procurement duties. The updated Policy differs from the 2005 Policy, in that it better supports LACERA’s commitment to a fair and impartial competitive process that minimizes risk to the organization.

IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE:

Recommend the Board of Retirement adopt the Policy for Purchasing Goods and Services.

REVIEWED AND APPROVED

JJ Popowich
Assistant Executive Officer

Attachment(s)

JJ:kh
POLICY FOR PURCHASING GOODS AND SERVICES

Table of Contents

1. Purpose ................................................................. 3
2. Legal Authority .......................................................... 3
3. Scope ........................................................................ 3
4. Conflict of Interest ...................................................... 3
5. Observance of a Quiet Period ......................................... 4
6. Confidentiality ............................................................. 5
7. Purchasing Authority .................................................... 5
8. Centralized Purchasing .................................................. 6
9. Collaboration and Consultation ....................................... 6
10. Purchasing Methods .................................................... 6
11. Solicitations .................................................................. 7
12. Competitive Bidding .................................................... 8
13. Purchasing Process ....................................................... 9
14. Contract Development ............................................... 14
15. Contract Administration ............................................... 16
16. Emergency, Confidential or Time Sensitive Purchases .......... 17
17. Supplier Diversity .......................................................... 17
18. Environmental Awareness ............................................ 18
19. Procedures Manual ..................................................... 18
20. History ..................................................................... 19
POLICY FOR PURCHASING GOODS AND SERVICES
September 25, 2019
Page 3 of 19

1. Purpose

The purpose of this policy is to establish guidelines for the procurement of goods and the selection of service providers for LACERA.

It is LACERA’s objective to select the best goods and services available at the best value, while acting in a manner that is consistent with statutory requirements, fiduciary responsibility, and LACERA’s Values.

Vendor selection for goods and services will be transparent, objective and free from bias. Competition increases the cost-effectiveness of the process and ensures that LACERA will obtain qualified goods and services providers.

2. Legal Authority

The Board of Retirement and the Board of Investment has discretion to adopt such policies as they deem prudent as part of their plenary authority and fiduciary responsibility for administration of the system, under Article XVI, Section 17 of the California constitution.

3. Scope

This policy applies to all LACERA Trustees and staff, including all full-time, part-time and contract employees.

4. Conflict of Interest

LACERA is committed to the principles of impartiality and objectivity. It is the practice of LACERA to identify, and avoid organizational conflicts of interest before entering into procurement transactions.

A conflict of interest situation exists when a LACERA Trustee or staff member has even the appearance of an interest or a potential interest of any kind in a contract, agreement or financial relationship in which LACERA has an interest or potential interest. In relationships with vendors, the appearance of a conflict or potential conflict can be created by non-monetary interests such as gifts and business courtesies, and social or personal relationships.

LACERA Trustees and staff are expected to be free of the appearance of interests or relationships that are actually or potentially detrimental to the organization. They shall not engage or participate in any procurement transaction involving LACERA in which
they have an actual or potential interest or conflict under applicable law. For additional information see LACERA’s Code of Ethical Conduct. Questions on conflict of interest issues should be directed to the Legal Office.

5. Observance of a Quiet Period

There shall be a quiet period to ensure that the process of selecting a contractor is efficient, diligent and fair. The quiet period is a “no contact period” during the procurement process and is intended to establish guidelines by which Trustees and staff will communicate with prospective vendors. Questions concerning the quiet period should be directed to the Legal Office.

A. The quiet period shall be maintained after the issuance of a solicitation and continue until a final selection is made or the process is otherwise terminated.

B. Initiation, continuation, and conclusion of the quiet period shall be publicly communicated to prevent inadvertent violations.

C. During the quiet period, all Trustees and staff, except for designated LACERA contact persons, shall refrain from communicating with contractor candidates regarding any product or service offered by the candidate, except as permitted by Subsection F below.

D. During the quiet period, no Trustee or staff member shall accept meals, travel, lodging, entertainment, or any other good or service of value from the candidates.

E. If any Trustee or Staff member is contacted by a candidate during the quiet period about a matter relating to the pending selection, the Trustee or Staff member shall refer the candidate to the designated LACERA contact person and report the contact to the Chief Counsel.

F. The quiet period does not prevent Board approved meetings or communications by Staff with an incumbent contractor that is also a candidate provided that their communication is strictly limited to matters necessary in connection with the contractor’s existing scope of work. The quiet period does not prevent Board approved meetings and communications by staff with any candidate to the extent such communication is necessary as part of a due diligence process or necessary in connection with other pending LACERA business. Due diligence will be overseen and approved in advance by the responsible Board or Boards or the authorized staff with contracting authority, and not independently by Board members or staff.
Other than due diligence or other pending LACERA business, discussion related to the pending selection is not permitted during these activities.

G. A contractor candidate may be disqualified from a search process for a violation of the quiet period.

6. Confidentiality

Procurement Staff maintains regular contact with many individuals and companies seeking to initiate or expand business relations with LACERA.

LACERA is committed to fair and ethical business practices that encourage competition and enhances our supplier relationships. A cornerstone of this policy is maintaining the confidentiality of all supplier proposals, quotations, prices, contracts and other proprietary materials during the bidding process. These materials are not to be disclosed in any way to other suppliers, outside organizations or to any unauthorized persons.

After completing the procurement process, proposals, purchase orders and other non-exempt information of a public nature shall be available for public inspection upon request under the Public Records Act.

7. Purchasing Authority

The ultimate responsibility for purchasing the best goods and services at reasonable costs lies with the Board of Retirement and Board of Investments. Consistent with the Boards’ fiduciary duties, the Boards delegate such responsibility to their Chief Executive Officer to facilitate efficient administration of the retirement system.

Similarly, the Chief Executive Officer (CEO) further delegates purchasing responsibility to LACERA’s Purchasing Agent. The Administrative Services Division Manager is the Purchasing Agent for LACERA, subject to the terms of this Policy.

For Investment related services, purchases are delegated to the Chief Investment Officer in accordance with the Procurement Policy for Investment-Related Services.

Procurement of services necessary to adjudicate disability retirement applications, such as Panel Physicians, Hearing Officers, and outside disability counsel are deemed exempt from the Contracting Authority set forth in this policy.
POLICY FOR PURCHASING GOODS AND SERVICES
September 25, 2019
Page 6 of 19

A budget for goods and services shall be approved by the appropriate Board or Boards through either the annual budget process or specific Board action related to the specific procurement.

8. Centralized Purchasing

LACERA employs a centralized procurement unit within the Administrative Services Division that is charged with purchasing for the various organizational units of LACERA.

Buyers are authorized purchasing agents of the Administrative Services Procurement Unit. Buyers perform all necessary acquisition steps, including:

- Bidding and price negotiation
- Placing orders for goods
- Purchase order processing
- Receipt of purchased goods

Staff requiring supplies and other goods shall first submit written requests to the Administrative Services Procurement Unit.

Similarly, staff interested in contracting for services, shall contact the Administrative Services Procurement Unit to initiate the contracting process.

Buyers and Contract Administrators must document all transactions according to established procurement procedures and maintain such documentation for audit purposes.

9. Collaboration and Consultation

Prior to purchasing a new product or service, requesting divisions should consult with other primary users and stakeholders to ensure the new purchase will meet organizational needs.

10. Purchasing Methods

LACERA uses the following methods of performing transactions with vendors.

Corporate Credit Card Purchases are used by authorized LACERA staff members when making purchases in accordance with LACERA's Corporate Credit Card Policy.
**POLICY FOR PURCHASING GOODS AND SERVICES**

*September 25, 2019*

*Page 7 of 19*

**Payment Request (Direct Payments)** are issued for subscriptions, registrations, fees, professional licenses and other regulated costs that cannot be bid or negotiated. Payment is made directly to suppliers without the issuance of a purchase order.

**Purchase Order** is a written authorization from a buyer (LACERA), for a supplier to deliver specified goods and services to the buyer (LACERA) at the price, quality level, delivery date, and other terms specified.

**Contract** is used to purchase goods and services where a purchase order is not adequate to describe all the terms and conditions, and is required to be executed by both parties. Contracts are any legally binding document between two or more parties. Examples include, but are not limited to, formal agreements, letter agreements, emails confirming transaction terms, memoranda of understanding, nondisclosure agreements, licenses, leases, amendments, addenda, terms and conditions on invoices or purchase orders, and many others.

11. **Solicitations**

11.1 **General**

In broad terms, the Solicitation is the instrument by which requirements are presented to contractors to obtain offers for the acquisition of supplies, equipment, and services.

11.2 **Methods**

The solicitation method is influenced by factors such as speed, value and complexity. They include the following:

- **Request for Quotation (RFQ)** a solicitation method that involves submitting a document to one or more potential suppliers eliciting quotations for a product or service. Typically, an RFQ seeks an itemized list of prices for something that is well-defined and quantifiable, such as hardware.

- **Invitation to Bid (ITB)** a solicitation method used to invite contractors and suppliers to submit a bid on a specific service or a product. These solicitations include precise specifications and requirements that each bidding vendor must meet in order to be considered for the contract.

- **Request for Proposal (RFP)** a solicitation method used to purchase complex goods and services that do not have standardized specifications.


11.3 Publicizing Solicitations

Solicitations of goods and services exceeding $150,000 require public advertisement.

Solicitations shall be publicized, for a sufficient amount of time to allow interested firms to develop a thorough proposal. Solicitations shall be placed on LACERA’s website and can be advertised in newspapers and professional publications. The advertisement period is 30 days unless LACERA has an urgent need for the service or product which would not allow the posting to run the full 30 days.

Publicizing out-sourcing solicitations lends transparency to the process, increases cost-effectiveness, promotes fairness, and expands opportunities for small, women-owned and minority-owned businesses.

11.4 Approvals

Administrative

Release of an RFP affecting administrative and operations activities, require approval by the Operations Oversight Committee, with the results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

Retiree Health Care

RFPs or other solicitations related directly to Retiree Health Care benefits, such as health care plans and insurance, are approved for release by the Insurance, Benefits and Legislative Committee, with results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

External Audits

RFPs or other solicitations related to audits performed by external auditors are approved for release by the appropriate Board Committee with results and recommendations returned to the respective Board for approval.

12. Competitive Bidding

Competitive bidding is the process that allows LACERA to properly survey the marketplace and secure goods and services at a fair price. Competitive bidding also
reduces the risk of fraud and promotes fairness. Competition should be attempted and obtained for any purchase where competition is available. The bidding process is primarily determined by the estimated value of the procurement request and consists of the following:

12.1 Informal Bidding

Generally reserved for non-complex solicitations where the description of the goods and services can be clearly stated. Quotes are obtained by less formal means such as an internet page, via email, catalogs, price lists, and letters.

12.2 Formal Bidding

Solicitations that require a more detailed description and explanation. These solicitations include precise specifications and requirements that each potential vendor must meet. Depending on the dollar amount, formal bids require public advertising.

13. Purchasing Process

13.1 Procurement of Equipment and Other Goods

13.1.1 Purchasing Schedule

To begin the process of purchasing equipment and other goods, the purchaser will submit a written request to the Administrative Services Procurement Unit.

Buyers shall comply with the following:

A. Procurements up to $5,000 may be made without securing competitive prices if the Buyer is able to determine that the price is reasonable through personal knowledge of the product or by comparing the price with a recently paid price, or the price of similar items.

B. Procurements between $5,001 and $150,000 require a minimum of three (3) written bids/proposals, Activities in this category require approval by the Administrative Services Division Manager, or approved designee.
POLICY FOR PURCHASING GOODS AND SERVICES
September 25, 2019
Page 10 of 19

C. Procurements over $150,000 require a formal solicitation process including public advertising, and a minimum of three (3) written bids/proposals. Formal solicitation may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Manager and the Chief Executive Officer or authorized designees.

LACERA shall develop maximum competition for purchases and to make awards based on the best value for the goods or services rendered to determine the best value bidder consideration shall be given to price, delivery time, quality, compatibility, references, experience, parts and service. Additionally, the Buyer may take into consideration reputation, business and financial capabilities.

Buyers may not split purchase transactions or take any other action in order to circumvent the competitive process or the legal review process.

All competitive bids shall be maintained and recorded for audit purposes.

13.1.2 Vendor Lists and Master Agreements

Vendor Lists are comprised of current suppliers and other known vendors, including those who have formally requested to participate in competitive bidding within their respective areas of specialization.

Buyers shall refer to existing Vendor Lists when making purchases or soliciting bids.

 Buyers shall periodically (at least annually) update their Vendor Lists to provide new, interested suppliers, as well as current vendors, the opportunity to participate in future competitive bidding.

Buyers shall give reasonable notice to suppliers on existing Vendor Lists when soliciting bids. Communication should include e-mail notification where possible.

Master Agreements, wherein costs for goods and services are established for an extended period, help control costs and promote timely delivery,
particularly where recurring or routine purchases and common services are concerned. Vendors providing routine goods or recurring services may be awarded Master Agreements for specified commodities as the result of competitive bidding.

13.2 Contracting for Services

Service is the performance of labor or professional consulting by an outside firm or contractor for LACERA. It can be rendered to LACERA by a firm or individual, with or without the furnishing of materials. Contracts are to be used whenever services are needed regardless of the dollar amount.

To begin the process of contracting for services, the purchaser will submit a written request to the Administrative Services Procurement Unit.

A Contract Administrator is the Division Manager or designee that performs all the necessary steps involved in the preparation, negotiation, formulation, administration, and closeout of contractual agreements. This includes the solicitation and the competitive bidding process. The Contract Administrator also oversees the performance of the contract, tracks the payments and ensures that both parties meet the various obligations set forth in the contract.

13.2.1 Contract Signing Authority

A. Contracts with a total value up to $5,000 do not require competitive bidding and the requesting Division Manager may select the qualified vendor and sign the contract.

B. Contracts with an annual amount between $5,001 and $25,000 require a minimum of three (3) written bids/proposals. Activities in this category require approval by the Administrative Services Division Manager, or authorized designee and can be signed by the requesting Division Manager. Due diligence must be performed and documented to justify the vendor selection and may include an Invitation to Bid (ITB) or a Request for Proposal (RFP). At a minimum, such due diligence must include the following elements:
   1. A description of the service to be provided by prospective vendor
   2. An evaluation of prospective vendor’s qualifications

Commented [LK1]: Why is process of purchasing equipment and other goods in this section? It is referenced in Section 13.1.1 above.
POLICY FOR PURCHASING GOODS AND SERVICES
September 25, 2019
Page 12 of 19

3. An evaluation of the reasonableness of prospective vendor’s fees

4. An evaluation of the prospective vendor’s security and privacy policies if the contract is to provide services that permit vendors to access any member data, personal information (PI), personal health information (PHI), or other business critical information or when they provide access to LACERA’s systems or files.

C. Contracts with an annual amount **between $25,001 and $150,000** require a minimum of three (3) written bids or proposals and due diligence as described above in section 13.2.1.B. Contracts in this category require approval by the Administrative Services Division Manager, or designee, and must be signed by the Chief Executive Officer, or authorized designees.

D. Contracts that **exceed an annual amount of $150,000** require a formal solicitation process including public advertising. Contract Administrators shall solicit bids or proposals through a formal solicitation process that shall include an Invitation to Bid (ITB) or a Request for Proposal (RFP). Approval is required by the Administrative Services Division Manager, Chief Executive Officer, or authorized designees and the Board of Retirement.

Aggregate service purchase orders or contracts to any single vendor for a project or a similar type of service cannot exceed the total value for any of the three value categories listed above. Contracts may not be split in order to circumvent the competitive process.

Services contracts that are bundled with a purchase of equipment or software, and the service component is less than or equal to 40% of the total cost are deemed to be a purchase of equipment and other goods and would fall under the requirements of Section 13.1 the Procurement of Equipment and other Goods section of this policy.

Documentation must be maintained in accordance with the Records and Information Management Policy by the Contract Administrator and in accordance with procedures for storing contracts in the LACERA Contract Management System. In addition, all information supplied by vendors in their bids, quotations or proposals must be held in strict confidence by the person(s) evaluating the bid, quotation or proposal and may not be revealed to any other vendor or unauthorized individual.
13.2.2 Fee Schedule or Hourly Rate Contracts

For contracts that require a fee schedule for services (i.e. hourly rates) and do not have a fixed value, the Contract Administrator must determine the estimated annual value of the contract, based on the scope of the services. Prior to the execution of the contract, the Contract Administrator must verify the appropriate level of signature authority specified in Section 13.2.1 of this Policy. Fee Schedule contracts should contain a “not to exceed amount” in the agreement. During the course of the agreement, the contract value may increase beyond the original approved value threshold, requiring next level signature authority approval. Written justification must be submitted to appropriate signature authority by the Contract Administrator well in advance to allow sufficient time for the approval process.

13.3 Information Technology Purchases

Procurement of information technology products or solutions must be initiated and processed with the full knowledge, direction, and consent of LACERA’s Systems Division, regardless of cost, to ensure compatibility with LACERA’s current technology environment.

13.4 Procurements Exempt from Competition

Certain limited circumstances sometimes warrant exemption from the competitive solicitation process. Such circumstances require documented justification explaining the exceptional need for exemption. Exemptions include the following:

13.4.1 Emergency Purchases - For guidelines, See Section 16 Emergency, Time Sensitive or Confidential Purchases.

13.4.2 Sole-Source or Single Source Purchases. A Sole-Source procurement is one in which only one vendor is capable of supplying the commodity or service. This may occur when the goods or services are specialized or unique in character. Sole means “the one and only.” Single-Source procurement is one in which, although two or more vendors supply the commodity or service, a specific vendor is selected for substantial reasons thereby eliminating the competitive bidding process. Single means “the one among others.”

Examples include:
13.4.3 Leveraged Procurement Agreement (LPA) / Piggyback – LPAs allow agencies to buy directly from suppliers through existing contracts and agreements negotiated by other agencies. LPAs are available to Federal, State, county, city, special district, education and other government entities.

13.4.4 Renewal of Software Licenses, Operating System Maintenance, or System Maintenance Services: Where LACERA has procured equipment, software, and operating systems for its use, procurement of the continuing maintenance, and upgrades of the software and operating systems from the developer, manufacturer or authorized reseller.

14. Contract Development

14.1 General

Contract development is a joint effort involving the LACERA Contract Administrator, LACERA’s Administrative Services Division LACERA’s Legal Office, designated LACERA and vendor staff and LACERA’s Systems Division and Internal Audit, when appropriate.

14.2 Term of Contract

Contracts shall be limited to a maximum of five (5) consecutive years with an optional extension of up to an additional two (2) years, with approval by the Chief Executive Officer or designee.

14.3 Insurance

Immediately after award and prior to the start of performance, a Certificate of Insurance shall be obtained from the contractor as evidence that insurance policies providing the coverage specified in the contract are in full force and effect. Contract Administrators shall review certificates of insurance to ensure that the coverage and limits of insurance specified in the Agreement remain in full force and effect throughout the performance period.
14.4 Information Security Due Diligence

As part of initial and ongoing due diligence required by Contract Administrators, a SOC-2 (system and organizational controls) Type II, or an agreed upon alternate report must be received from vendors that will have access to confidential information as determined necessary by staff with contracting authority in consultation with the Legal Office. A SOC-2 Report (or agreed upon equivalent), more formally known as Service Organization Control 2 Report, reports on a vendor’s organizational controls related to security, availability, processing integrity, confidentiality, or privacy. To confirm these controls, site visit inspections are to be included when appropriate.

LACERA’s Information Security Officer must approve the SOC-2 Type II or equivalent report is to be submitted, reviewed and documented by LACERA’s Information Security Officer prior to entering into a contract. The report is to also be requested as part of ongoing due diligence for vendors that receive or obtain LACERA member and other security and privacy related data.

14.5 Legal Office Review

All contracts, for goods or services exceeding $5,000 shall be reviewed and approved as to form by LACERA’s Legal Office. LACERA staff responsible for managing contracts is responsible to consider potential risks to the organization associated with contract amounts of $5,000 or less. Legal review and approval is required for these contracts if it is determined that a breach of the contract could result in a material adverse impact to LACERA.

Staff responsible for requesting legal review will meet and confer with the Legal Office to agree upon a reasonable time frame for completion of the review. Staff is responsible to ensure that, where legal review is required, the Legal Office is provided and has reviewed and approved the final version of the agreement before it is executed. Staff will provide the Legal Office with all information and documents that are necessary to complete the review.

Before a contract is signed, the Legal office will confirm its review and approval in writing.
15. Contract Administration

15.1 Contract Administrator Responsibilities

Before approving the contract and related payments, the Contract Administrator must verify that the contract meets LACERA’s requirements and that any payments specified in the contract are appropriate. The Contract Administrator also oversees the performance of the contract and ensures that both parties meet the various obligations set forth in the contract.

The Administrative Services Division Contract Management Unit and the Budget Unit also support the contract administrator by verifying the appropriateness of all payments made.

The Contract Administrator is responsible for ensuring that the parties to the contract adhere to it, and that all issues are addressed and resolved.

15.2 Contract Monitoring

Each Division is responsible for monitoring its contracts on an ongoing basis and administering its terms and conditions.

In addition, LACERA’s Internal Auditors shall periodically review the contracting and contract administration process. Internal Audit may review the Statement of Work and the Payment Schedule of a given contract to ensure that the payment points coincide with completed deliverables.

Internal Audit may review the payment process at any time throughout the engagement to ensure that payments are made for completed tasks only.

15.3 Contract Management System

All executed contracts will be sent to the Contract Management Unit in Administrative Services for imaging and import into the Contract Management System. The Contracts Management Unit supports the Contract Administrator by providing periodic reports to alert when contracts, insurance certificates and due diligence system security reports are set to expire.
16. Emergency, Confidential or Time Sensitive Purchases

An emergency is any condition that may affect LACERA’s ability to conduct normal and routine business, any condition that may affect the health, safety and welfare of LACERA staff or members, or any condition which may impair LACERA's legal rights. Failure to anticipate a need is not, of itself, considered a bonafide emergency.

Response to an emergency may require immediate action by staff to acquire equipment and services. In such a case, the Chief Executive Officer or their designee may make reasonable and responsible procurements of goods and services beyond the usual discretionary spending limits. In addition, Corporate Card spending limits may be increased as needed in accordance with LACERA’s Corporate Credit Card Policy. If circumstances permit, also subject to Legal Office review under Section 14.5.

Within 7 calendar days of the purchase, a complete description of the emergency and justification for the purchase must be documented, approved and submitted to the Administrative Services Division Manager and the Chief Executive Officer according to the spending thresholds as outlined in Section 13.1 and 13.2. If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board certification that the condition and circumstances required an emergency purchase.

Purchases requiring confidentiality may be purchased without notification of the Procurement Unit, but appropriate documentation (redacted if necessary) must be forwarded to the Administrative Services Division Manager and the CEO in accordance with the paragraph above.

17. Supplier Diversity

LACERA values diversity and inclusion. In complete alignment with diversity initiatives across the organization, LACERA is committed to fostering diversity in its procurement process through the inclusion and utilization of small and diverse businesses. LACERA recognizes that supplier diversity provides a broad array of choice and contributes to the expansion of the local marketplace. In addition, when we diversify the supplier portfolio, it increases our ability to secure better pricing, higher quality products and services through increased competitive bid participation.

We actively seek to foster business relationships with diverse suppliers who respect and reflect LACERA’s value of diversity and inclusion, offer high-quality goods and services, competitive pricing and premium customer service. Currently we identify Minority, Women and Disabled Veterans suppliers by partnering with the Los Angeles
County Business Enterprise (CBE) Program. CBE is a program that LA County uses to certify businesses to be included in the County’s CBE listing. LACERA Purchasing agents use this listing to identify and invite diverse vendors to participate in the bidding process.

18. Environmental Awareness

Environmental impact should be considered in purchasing decisions, when appropriate. LACERA Purchasing Agents will consider the use of products and services that impact the environment less than competing products, when it is a best value decision to do so. A best value decision based on a thorough total cost of ownership analysis considers the initial cost of the item, delivery time as well as factors such as:

- Energy Efficiency. Purchase equipment that is Energy Star-rated (or, if there is no Energy Star rating, equipment that is highly energy efficient). Energy Star is a program helping businesses and individuals protect the environment through superior energy efficiency.

- Shipping Materials. Purchase products that are shipped in containers that are returnable or reusable and made from recycled content (i.e. cardboard boxes).

- Recycled Content. Purchase products made with recycled content suitable for the intended use.


The Administrative Services Division Purchasing Unit shall be responsible for preparing and maintaining a procedures manual that details the purchasing process and any delegated duties and defined terminology. This procedures manual shall include this policy and must be approved by the Chief Executive Officer. These procedures may be modified at any time as deemed necessary, provided that the procedures remain within the framework of this policy.

In the event that there is a conflict between this policy and the procedures manual the policy shall prevail.
20. History

20.1 Approvals.
As the scope of this Policy applies to all Trustees and LACERA staff and has an organization-wide effect concerning the administrative governance of the organization, the following approvals are required.

20.1.1 Recommendation by Operations Oversight Committee

20.1.2 Approval by Board of Retirement

20.2 Current Status

20.2.1 Original Effective Date: December 15, 2005

20.2.2 Last Updated: December 15, 2005

20.2.3 Mandatory Review [Two years after Original Effective Date]

20.3 Versions

20.3.1 Version 2
PURPOSE

The purpose of this policy is to establish guidelines for the procurement of goods and the selection of service providers for LACERA.

It is LACERA’s objective to select the best goods and services available at reasonable costs, while acting in a manner that is consistent with statutory requirements, fiduciary responsibility, and LACERA’s Values.

Vendor selection for goods and services should proceed transparently and objectively, free from bias. Encouraging competition increases the cost-effectiveness of the process and affords reasonable opportunity to qualified goods and services providers.

DELEGATION OF PURCHASING AUTHORITY

The ultimate responsibility for purchasing the best goods and services at reasonable costs lies with the Board of Retirement and Board of Investments. Consistent with the Boards’ fiduciary duties, the Boards delegate such responsibility to their Chief Executive Officer to facilitate efficient administration of the retirement system.

Similarly, the Chief Executive Officer may further delegate purchasing responsibility to subordinate staff. The delegation of purchasing authority shall be consistent with the limits set forth in this policy. A spending plan for goods and services shall be approved by the appropriate Board or Boards through either the annual budget process or specific Board action.

Chief Executive Officer’s Purchasing Authority

The Chief Executive Officer may procure goods and services worth up to $75,000 solely under his/her signature provided such funds are available within the budget appropriation.
PROCUREMENT OF EQUIPMENT AND OTHER GOODS

Purchasing Schedule

Procurements of items valued at less than $2,000 (or in cases where multiple orders of the same product have a combined purchase cost of less than $10,000), may be made without securing competitive prices if the Buyer is able to determine that the price is reasonable through personal knowledge of the product or by comparing the price with a recently paid price, or the price of similar items.

Procurements of items valued between $2,000 and $10,000 (or in cases where multiple orders of the same product have a combined purchase cost of less than $50,000), require a minimum of three (3) written bids/proposals. The Buyer shall obtain competitive bids and record them for audit purposes.

Procurements of items valued at greater than $10,000, require a minimum of three (3) written bids/proposals. The Buyer shall obtain competitive bids and record them for audit purposes. Activities in this category require approval at the level of Division Manager.

Sole-Source Solutions

Sole-source solutions are acceptable when products are of a proprietary nature, or where changing manufacturers or value-added resellers (VARs) would compromise existing contracts, service agreements or business strategies. In such cases, the Division Manager shall document the justification for the sole-source procurement.

Centralized Purchasing Function

LACERA employs a centralized procurement unit charged with purchasing supplies and other goods for the various organizational units. Buyers are authorized purchasing agents of the Administrative Services Procurement Unit who perform all necessary steps to acquire equipment and other goods, including: bidding and price negotiation; purchase order processing; and receipt of purchased goods.

Staff requiring supplies and other goods shall first submit written requests to the Administrative Services Procurement Unit which maintains catalogs of stock items, Master Agreements and Vendor Lists, developed to ensure that LACERA receives the best current pricing.
Staff delegated purchasing authority, including the use of corporate credit cards, expense reimbursement, and the like, shall contact the Administrative Services Procurement Unit to verify the existence of Master Agreements or Vendor Lists prior to making purchases.

In the event that products or services cannot be obtained through the Administrative Services Procurement Unit, staff shall procure goods and services according to the Purchasing Schedule.

Vendor Lists

Vendor Lists are comprised of current suppliers and other known vendors, including those who have formally requested to participate in competitive bidding within their respective areas of specialization.

Vendor Lists may be developed by the Administrative Services Procurement Unit or other entity authorized to perform vendor canvass or contract negotiation for LACERA.

The Administrative Services Procurement Unit shall act as the central repository for Vendor Lists, with other organizational units forwarding their lists for maintenance, including publication on LACERA’s website.

Buyers shall periodically (at least annually) update their Vendor Lists to provide new, interested suppliers, as well as current vendors, the opportunity to participate in future competitive bidding.

Buyers shall give reasonable notice to suppliers on existing Vendor Lists when soliciting bids. Communication should include e-mail notification where possible. LACERA’s website should be updated periodically with contact information and instructions to potential vendors, and should include a listing of the types of goods and services that LACERA regularly procures.

Buyers shall refer to existing Vendor Lists when making purchases or soliciting bids. Staff delegated purchasing authority shall contact the Administrative Services Procurement Unit to verify the existence of Vendor Lists prior to making purchases.
Master Agreements

Master Agreements, wherein costs for goods and services are established for an extended period, help control costs and promote timely delivery, particularly where recurring or routine purchases and common services are concerned.

Vendors providing routine goods or recurring services may be awarded Master Agreements for specified commodities as the result of competitive bidding.

Master Agreements may be initiated by the Administrative Services Procurement Unit or other entity authorized to negotiate contracts for LACERA.

The Administrative Services Procurement Unit shall act as the central repository for Master Agreements, with other organizational units forwarding their agreements for maintenance and reference by authorized purchasers.

Buyers shall refer to existing Master Agreements when making purchases. Staff delegated purchasing authority shall contact the Administrative Services Procurement Unit to verify the existence of Master Agreements prior to making purchases.

CONTRACTING FOR SERVICES

Contracting Authority

Contract administrations for services valued at $75,000 or less, require review at the level of Division Manager and approval by the Executive Office.

For services valued at greater than $75,000, Contract Administrators shall solicit bids or proposals through Solicitation (RFP/RFQ) to promote competition to the maximum extent practicable and to ensure that awards are advantageous to LACERA.

Activities relating to the release of RFPs or RFQs, and eventual funding, must be approved by the Committee of either the Board of Retirement or Board of Investments that has oversight responsibility for the particular LACERA division or organizational unit initiating the solicitation.
Contract Administrations Using Sole Source Providers

A Sole Source solution is permissible under exceptional circumstances. For example:

- Insufficient pool of acceptable vendors
- Vendor with unique or value-added qualifications
- Current vendor with a proven price/performance record
- Vendor on a LACERA-approved list
- Vendor recommended by a knowledgeable 3rd party, consultant or LACERA business partner

In such cases, staff shall document for the appropriate Committee or Board how the recommended sole source solution is the best value to LACERA in the absence of competitive bidding.

SOLICITATION FOR SERVICES

General

In broad terms, the Solicitation is the instrument by which requirements are presented to contractors to obtain offers for the acquisition of supplies, equipment, and services.

Solicitation Objectives

LACERA is enjoined by California State Law to administer the fund solely in the interests of its participants and to do so in a prudent and cost-effective manner to reduce the plan’s administrative costs.

Simply stated, and regardless of the specific type of Solicitation, the Solicitation process is intended to secure the best goods and services for LACERA at reasonable costs.

Publicizing Solicitations

Solicitations shall be publicized, for a reasonable length of time, in appropriate news outlets and on LACERA’s website to ensure that contract administration activities at LACERA are conducted in a manner providing full and open competition.
Publicizing out-sourcing Solicitations lends transparency to the process, increases cost-effectiveness, promotes fairness, and expands opportunities for small, women-owned and minority-owned businesses.

**Obtaining Approvals For Services Solicitations**

**Administrative**

Solicitations affecting administrative and operations activities, require approval by the Operations Oversight Committee, with the results and recommendations returned to the full Board of Retirement for authorization to execute an agreement.

**Investments**

The release of RFPs and other contract administration activities related to investments and the general management of trust fund assets—whether eventual funding is by hard or soft dollars—require approval by the Board of Investments, with results and recommendations returned to that Board for authorization to execute an agreement.

**Retiree Health Care**

RFPs or other solicitations related directly to Retiree Health Care benefits, such as health care plans and insurance, are approved for release by the Insurance, Benefits and Legislative Committee, with results and recommendations returned to the Committee for final recommendation to the full Board of Retirement.

**DEVELOPMENT OF SERVICES CONTRACTS**

**General**

Contract development is a joint effort involving the LACERA Contract Administrator, designated LACERA and vendor staff with signature authority, and LACERA's Legal Office.

**Legal Office Review And Approval Of Services Contracts**

The Legal Office is responsible for reviewing the language of the contract to ensure that it protects LACERA's interests.

Vendor Agreements for contract amounts exceeding $50,000 shall be reviewed and approved as to form by LACERA's Legal Office.
Contract Administrator Responsibilities

Before approving the contract and related payments, the LACERA staff member with signature authority must verify that the contract meets LACERA's requirements and that any payments specified in the contract are appropriate.

The Contract Administrator is responsible for ensuring that the parties to the contract adhere to it, and that all issues are addressed and resolved.

Monitoring Services Contracts

LACERA’s Internal Auditors shall periodically review the contracting and contract administration process.

Internal Audit may review the Statement of Work and the Payment Schedule of a given contract to ensure that the payment points coincide with completed deliverables.

Internal Audit may review the payment process at any time throughout the engagement to ensure that payments are made for completed tasks only.

PROCURING GOODS AND SERVICES DURING A DECLARED EMERGENCY

In the event of an emergency or other event that would trigger LACERA’s Disaster Recovery or Business Continuity plans, the Executive Office may delegate purchasing authority to qualified available staff. In addition, Corporate Card spending limits may be increased as needed.

Recovery from a large disaster event may require early response by staff to acquire replacement computer systems, temporary offices, and other limited resources available on a first-come basis. In such a case, the Executive Office or their designees may make reasonable and responsible procurements of goods and services beyond the usual discretionary spending limits.

LACERA could experience an event of such severity that designated staff could not respond timely. In such a case, the ultimate authority for delegating purchasing responsibility rests with the Boards of Retirement and Investments, consistent with the approved Doomsday Manual.
September 23, 2019

TO: Operations Oversight Committee
    Shawn R. Kehoe, Chair
    Thomas Walsh, Vice Chair
    Keith Knox
    Les Robbins
    Vivian H. Gray, Alternate

FROM: Bernie Buenafiorr
      Benefits Division Manager

FOR: October 2, 2019 Operations Oversight Committee Meeting

SUBJECT: Recommendation regarding Board of Retirement Regulation V as it Pertains to Present Value Cost Calculations

RECOMMENDATION

That your Committee recommends that the Board of Retirement authorize staff to draft for review by the Operations Oversight Committee an amendment to Regulations V.1.f that replaces the “age at which the member intends to retire” with a “uniform age determined by the actuary to minimize the adverse impact of previous service purchase contracts on LACERA’s Unfunded Actuarial Accrued Liability.”

EXECUTIVE SUMMARY

The County Employees Retirement Law of 1937, CERL, governs the manner in which members may purchase prior service from a covered pension fund. However, under Government Code Section 31644,

“The Board may provide what service shall constitute prior service. Such service may include employment which is not service as defined in Sections 31641 and 31642.”

LACERA has taken this to mean that LACERA’s Board of Retirement may define other purchase options, as well as an alternative methodology for calculating the cost of such purchases. Accordingly, LACERA’s Board of Retirement enacted regulation V, which affords members the opportunity to purchase service credit with LACERA for periods of service originating under the County or other public agencies but not credited toward any pension benefit granted to the member.
The cost of such purchases would be based on actuarially relevant information provided by the member at the time of the purchase application, such as a specific future age at which the member intended to retire. This calculation methodology is known as a “Present Value Calculation.” The higher the estimated retirement age was, the lower the member’s cost to purchase the service would be. Board of Retirement Regulation V.1.f. clearly requires that the date to be specified should be the date the member intends to retire.

“The agreement between the member and the Retirement Association shall specify the age at which the member intends to retire, and all actuarial assumptions, calculations of contributions, and the period over which payment shall be made,” (emphasis added).

In other words, the member should NEVER select an age at which they do NOT intend to retire.

**DISCUSSION**

There is a risk that some members may not comply with these regulations. A member may choose an age for purposes of a previous service purchase that is financially beneficial even though the member does not intend to retire at that age. Due to the fact that compliance hinges on the intent of the member, it is difficult for LACERA to enforce this regulation.

To reduce the risk of non-compliance, Staff adopted various measures throughout the years, including:

1. Re-calculating contracts that were not completely paid off by the time a member actually retired if the member retired earlier than the date specified in the contract. This is known as “truing up” the contract.* This practice was discontinued when Staff realized that members were sometimes inadequately prepared for the additional costs that resulted from the “truing up” process. The “Truing up” process also required LACERA to expend additional resources, which tended to negate the benefits of the practice.

2. Advising members who selected higher retirement ages that, based on the age they selected, the additional service credit they intended to purchase would not likely increase their retirement benefit. Note, however, that Staff could not prohibit the member from selecting that age anyway to minimize their cost.

* The Regulations do mention this procedure, but it is unclear to Staff whether or not it is required for any of the contracts currently available to members. Staff believe that the Board only intended to require a “true up” when a member entered into a “Percentage-of-Pay” contract, which is no longer offered to members. Since such contracts were designed to be paid off over the member’s projected remaining years of active service, it would have been reasonable to adjust the contract cost and resulting service credit purchased if the member retired earlier than expected under the terms of the contract.
3. Prohibiting Staff from informing members that, for all practical purposes, LACERA could not prevent a member from selecting an age other than the age at which they intend to retire. Prior to this mandate, some well-meaning Staff had counseled members to select age 65 regardless of their intent to retire at that age in order to minimize their contract cost.

Despite these efforts, Staff still observed that members would sometimes select ages that were higher than the ages at which members historically retire. At worst, this created an inequity between those members who had the knowledge and will to select a purely financially advantageous estimated retirement age and those members who lacked either the knowledge or the will to do so.

Even if a member fully intended to retire at the given age, the fact that the member eventually retired at a different age invariably would produce an actuarial impact on the fund. Sometimes, when the member retires later than expected, the impact would be positive to the fund balance. More often than not, however, Staff observed that members tended to retire earlier, which would adversely impact the fund balance.

Either way, Staff felt compelled by LACERA’s fiduciary duty to the fund, the plan sponsor, and its membership, to better understand the impact of these discrepancies and take prudent steps to rectify them.

**ANALYSIS**

In accordance with LACERA’s fiduciary duty to the Pension Fund and its members, Staff requested that Milliman, LACERA’s Actuary, perform an analysis of historical purchase contracts to:

1) estimate the financial impact on the fund when members selected an estimated retirement age for purposes of a service credit purchase that differs from the age at which they ultimately retired.

2) estimate the potential financial impact on the fund resulting from using alternative methodologies for calculating the cost of service credit purchases made pursuant to Board of Retirement Regulation V. Ideally, the impact on LACERA’s Unfunded Actuarial Accrued Liability (UAAL) should be as close to zero as possible (cost neutral).

The attached report from Milliman concludes that the current practice of allowing members to specify their intended retirement age has resulted in approximately $8.9 million in additional UAAL. This confirms what Staff suspected, that the current practice is not cost neutral to the fund.
The attached report also has determined that two methodologies are most likely to achieve the desired cost neutrality. These are:

1) Using uniform retirement ages instead of discretionary ages determined by the member. The actuary could determine the ages that would produce the most cost neutral outcome for the fund overall based on LACERA’s actuarial experience.

2) Using discretionary ages determined by the member but imposing hard age limits that approximate the highest ages at which members are likely to retire. Once again, the actuary would determine these age limits based on LACERA’s actuarial experience.

Aside from the cost neutrality of the two identified options, Staff have further evaluated them on their ability to address the risk of non-compliance.

1) The first option effectively eliminates the risk of non-compliance because it minimizes the subjectivity of the variables used to calculate the purchase cost. It relies upon data that is generated by an impartial third party, LACERA’s actuary, who has the professional training to estimate future retirement ages.

2) The second option only partially addresses the risk of non-compliance since it does not prevent a member from selecting an age other than the age at which they intend to retire.

Based on this analysis, Staff believe that the former option is the most impartial and enforceable methodology, and is also more likely to achieve cost neutrality for the fund.

**IT IS THEREFORE RECOMMENDED THAT YOUR COMMITTEE** recommends that the Board of Retirement authorize staff to draft for review by your Committee an amendment to Regulations V.1.f that replaces the “age at which the member intends to retire” with a “uniform age determined by the actuary to minimize the adverse impact of previous service purchase contracts on LACERA’s Unfunded Actuarial Accrued Liability.”

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eb:bb

Attachment

Noted and Approved

Steven Rice
Chief Counsel
September 23, 2019

Board of Retirement
Los Angeles County Employees Retirement Association
300 North Lake Avenue, Suite 820
Pasadena, CA  91101-4199

Re: Analysis of Present Value Purchases of Prior Service

Dear Members of the Board:

LACERA members are eligible to receive credit for service with an employer prior to their Los Angeles County service, under certain conditions. Examples of these employers are military, Federal, or other public agencies (OPA) located in California. To receive credit, this service must be purchased based on parameters outlined in the LACERA Board of Retirement bylaws. These bylaws state the cost of the purchase shall be equal to the present value of the additional liability based on the member’s anticipated retirement date, as supplied by the member. The member’s selection of the retirement date affects the purchase cost and therefore the ultimate cost to LACERA. The purpose of this letter is to estimate the financial impact of the retirement date selection by reviewing prior service purchases that have been made over the last 25 years.

This analysis focuses only on prior service purchases where a present value calculation is performed. In particular, it does not includes purchases of Additional Retirement Credit (ARC) where no prior service was rendered.

Summary
Our analysis shows that when isolating the impact of actual versus anticipated retirement dates, the member contributions to pay for the prior service purchases have been close to, but slightly less than, the value of the prior service credit purchased. This has effectively increased LACERA’s Unfunded Actuarial Accrued Liability (UAAL), although, as discussed in this letter, the relative magnitude has been small. For example, LACERA’s funded ratio is 80.60% as of June 30, 2018. If the member-provided anticipated retirement dates had exactly matched the actual retirement dates, we estimate the funded ratio would now be 80.61%.

We have discussed several options for the Board of Retirement to consider that would likely prevent future actuarial losses due to actual retirement dates differing from anticipated retirement dates. Please see the “Possible Alternative Approaches” section of this letter for this discussion.
Service Purchase Cost as Specified in Statute and Bylaws
The 1937 Act has several sections that address how to calculate the cost of prior service purchases. Based on discussions with LACERA legal staff, our understanding is that LACERA has not adopted any of these sections as the law also permits LACERA’s Board of Retirement to enact alternate methods in their Board of Retirement bylaws. Accordingly, Section V of the Board of Retirement bylaws specifies how LACERA both determines and administers the prior service purchase cost.

Key points of that language are:

- The service purchase cost is equal to the present value of the additional liability incurred by the system in crediting the prior service, based upon the actuarial assumptions in effect for the retirement system at the time of the agreement.
- The member has the option to pay the service purchase cost as (1) a specific dollar payment or (2) a percent of salary obligation. Members electing the specific dollar payment have the option to elect a lump sum payment or installment payments through payroll deductions over a period not to exceed 120 months. Members electing to enter into a percent of salary obligation are agreeing to make additional retirement contributions as a percent of salary through payroll deductions over a period extending from the date of the agreement to the member designated retirement date.
- If the member ultimately retires before the original retirement date, an adjustment is made by either reducing the service credited to proportionately reflect the increased cost or allowing the member to make an additional lump sum contribution (“true-up” contribution) to reflect the increased cost of the earlier retirement date. If the member retires on or after the anticipated retirement date, no adjustment is made.

The bylaws further state that the service purchase agreement between the member and LACERA shall specify the member’s intended retirement age and all actuarial assumptions, calculations of contributions, and the period over which payment shall be made is based upon that age. While the bylaws, as currently written, were intended to present members with the most viable service purchase cost payment options, they unintentionally conflated the specific dollar payment and percent of salary obligation options.

LACERA staff has noted that this provision in practice allowed members, who choose the installment payments option, the ability to specify a retirement age for purchase cost calculations that can differ from the actual intended retirement age. If the member actually retires earlier than specified, LACERA’s UAAL will potentially increase in proportion to the increased cost of the earlier retirement date, thereby adversely impacting the Fund.

For this reason, LACERA staff would historically “true up” purchase contracts where members retired earlier and had not completed their contractual installment payments. This practice has also been discontinued, however, as the “true up” process was challenged in court at another California public pension fund governed by the 1937 Act and found to be noncompliant with applicable statute. Additionally, LACERA’s experience from applying the “true up” adjustment
was that it had the potential to create adverse effects for all parties. The members were often not prepared to pay the large lump sum costs of the “true up” contributions at retirement and LACERA was often at risk of calculation errors which elevated the Fund’s potential liabilities and processing costs.

LACERA’s staff therefore sought assistance from Milliman with this analysis to estimate the financial impact on LACERA’s UAAL when members retired earlier than they specified for their service purchase contracts. Furthermore, LACERA also requested assistance in estimating the potential financial impact of various alternate calculation methodologies in an effort to identify the option that was the most impartial to all members and cost “neutral” to the Fund.

We have provided these comments based on our experience working with LACERA and other retirement systems governed by the 1937 Act, but it should be noted that providing a legal analysis of the 1937 Act and the Board of Retirement bylaws is outside of our expertise. We recommend that LACERA have this section reviewed by legal counsel.

**Potential Cost Impact of Selection of Anticipated Retirement Date**

The anticipated retirement date affects the cost of the purchase, but only the actual retirement date affects the true cost. If LACERA does not adjust the service credited or purchase cost for earlier-than-anticipated retirements, this provision creates the potential risk that members will select a retirement date to gain a financial advantage rather than provide the date when they truly intend to retire as required by CERL.

As a general rule, members retiring at younger ages have a higher cost to the system than members in the same plan retiring at older ages. Therefore, to the extent members retire prior to their anticipated retirement date, the actual cost to the system will be higher than the amount provided by the member’s purchase cost, which in turn would cause an increase in LACERA’s UAAL.

For example, a General Plan D member considering retiring between ages 65 and 67 who was inquiring about purchasing service might ask what the purchase cost would be at those two ages. Given the lower purchase cost, it seems logical that the member would choose age 67 as the estimated retirement age, if there was no true-up at a later date. Someone who wanted to further reduce their purchase cost could go further and select an anticipated retirement age of 75. This would have a materially lower cost to the member, but would create additional liability for LACERA if the member ultimately retired at an earlier age.

The current method also has the potential to create inequity among members. For example, assume there are two General Plan D members both currently age 55, with $5,000 monthly compensation, and 5 years of service to be purchased. The one difference is that Member A has an anticipated retirement age of 65 and Member B has an anticipated retirement age of 70. Under the current method, Member A would have to pay about 35% more than Member B to purchase the exact same service, even if the two ultimately end up retiring on the same date.
Analysis of Estimated Financial Impact

We analyzed LACERA’s prior service purchases that were made over the last 25 years. We found that, on average, members were retiring close to their anticipated retirement date. General members who have purchased prior service had an average retirement age of 61, which is consistent with average anticipated retirement age of 61 for the same group. For Safety members, the average actual and anticipated retirement age was 56. This indicates that on average actual retirement dates have been closely aligned with the anticipated dates supplied by the members.

We also completed a detailed analysis of each individual service purchase to determine whether there was an actuarial liability gain or loss associated with the service purchase due to the actual retirement age (if different than the anticipated retirement age). Note that in cases where the member had not yet retired, we used the valuation retirement assumptions to determine an “actual” retirement date in the future. An actuarial gain occurs when the value of the member contributions received for the service purchase is greater than the ultimate actuarial cost to the system of granting the additional service. Conversely, an actuarial loss occurs when the value of the member contributions received for the service purchase is less than the ultimate actuarial cost to the system of granting the additional service. To the extent actuarial losses are occurring due to service purchases LACERA’s UAAL will be larger (or smaller in the case of actuarial gains).

We estimate that members purchasing prior service and then retiring on dates different than their anticipated retirement date has caused an increase of $8.9 million in LACERA’s UAAL as of June 30, 2019. That is, the June 30, 2019 UAAL would have been $8.9 million less if members had retired on the exact date they estimated. Note that members retiring on dates prior to their anticipated retirement date caused an increase greater than $8.9 million, but this was somewhat offset by the actuarial gains for those members retiring later than their anticipated retirement date.

Like most actuarial calculations, service purchase costs are estimates, so we do not expect the member contributions for service purchases to exactly equal the ultimate value of the service purchase; however, in total, we expect them to be fairly close. The $8.9 million represents 1.6% of the total value of service purchases over the 25-year period. That means the estimated value of the prior service credit exceeded the value of member contributions received for that service by 1.6%.

We believe that the primary reason that there was an actuarial loss overall, even though the average actual and anticipated retirement ages were close, was due to the relationship of the retirement age to the age factors used in the benefit. If retirement occurs (or is anticipated to occur) after the highest age factor for a given plan, it has a much bigger impact on the relative cost than for retirement ages less than the highest age factor.

For example, there are two sample Safety B members, one has an anticipated retirement age of 50 (Member #1) and the other one age 60 (Member #2). If both members retire at age 55, the average actual and anticipated ages of retirement will both be 55; however, there will be an actuarial loss. The reason for this is that for Member #1 the value associated with increases in
the age factor and assumed additional compensation increases for actual retirement at age 55 approximately offsets the decrease in value for receiving the payments later than if actual retirement were at age 50. However, in the case of the Member #2, retiring earlier and receiving five more years of payments and COLAs is expected to be materially more valuable than only the increase in benefit due to assumed compensation increases (as there is no difference in the age factors at 55 and 60).

There are a number of other factors that will ultimately cause the value of the prior service credit to be greater or less than the value of member contributions received for that service. However, the purpose of this analysis is to assess the impact of the retirement date on service purchase costs, so we have isolated that impact, and have not included the effect of other factors on the ultimate actuarial cost of prior service purchases. Some examples of these other factors are: 1) actual investment returns being greater or less than assumed; 2) compensation at retirement being greater or less than assumed; 3) retirees living longer or shorter than assumed; and 4) whether the member is married (or has a beneficiary eligible for the unreduced continuance benefit) at age of purchase compared to their marital status at retirement. Note that these other factors will likely have a greater impact than that of the actual versus expected retirement date we have identified in this letter. The risk of the service purchase cost differing from the ultimate actuarial cost is borne by LACERA’s contributing employers and would be reflected in adjustments to their contribution rates.

Possible Alternative Approaches

If LACERA were to make changes to the current treatment of service purchases, the following are some alternative approaches to the anticipated retirement date to consider:

- **Use a fixed retirement age.** The fixed retirement age (or current age if later) used in the service purchase calculation could be set based on the actual experience of each plan, similar to the method that was used for ARC calculations. This approach could be cost neutral in theory, although those members who retire later than the fixed age would tend to overpay on an actuarial basis and those who retire earlier than the fixed age would tend to underpay on an actuarial basis. This is also true under the current method, but the member has some control of selecting the retirement date to be consistent with their expectations, so the mismatch may be less prevalent under the current method. Based on the actual service purchases studied in this analysis, the fixed retirement ages that would be approximately cost neutral in aggregate are age 66 for General members and age 57 for Safety members.

- **Allow the member to select the anticipated retirement age but set a maximum age.** For example, the retirement age used in the service purchase calculation could be selected by the member, but limited to a specific age, such as the age that the age factors stop increasing for each plan. Alternatively, a flat age could be use, such as age 60 for Safety and age 70 for General. This approach would allow the member some control, but limit the possibility of there being a significant mismatch between the purchase cost and the ultimate actuarial cost to LACERA that could adversely impact LACERA’s funding.
• Only allow members to purchase prior service at retirement. This would reduce the risk from LACERA’s perspective, since the exact benefit amount would be known; however, this would likely require the member to make the full payment immediately and not through payroll deductions.

• True-up the cost at actual retirement if retirement occurs at an earlier (or different) age. From an actuarial perspective, this method (or only allowing purchases at retirement) is the best way to align the purchase cost with the present value of the service credited; however, it would likely create significant extra work for LACERA staff. Service purchase calculations would have to be done at both the time of purchase and at the time of retirement. Additionally, it could be viewed negatively by the members, as many would have to make additional contributions at retirement (or receive less service). If this approach is considered, it should be reviewed from a legal perspective. Additionally, in cases where it was determined that individuals had overpaid, it would have to be decided whether a portion of the member’s payment would be refunded and, if so, what the tax implications were.

As noted above, we estimate that members purchasing prior service and then retiring on dates different than their anticipated retirement date under the current method has caused an increase of $8.9 million in LACERA’s UAAL as of June 30, 2019. The following chart shows hypothetical values if select alternate methods had been in place during that time. Note that a negative value in the estimated impact column indicates that if this method had been in place, there would have been an actuarial gain, that is, the value of prior service purchases received by LACERA would have been greater than the actuarial cost by that value. As before, the estimated values only reflect the impact of the retirement date and do not account for any other factors.

<table>
<thead>
<tr>
<th>Method Used</th>
<th>Estimated Impact ($millions)</th>
<th>Est. Impact as a % of Total Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Method</td>
<td>8.9</td>
<td>1.6%</td>
</tr>
<tr>
<td>Fixed Retirement Age Equal to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal Retirement Age</td>
<td>(19.5)</td>
<td>-3.5%</td>
</tr>
<tr>
<td>Average Retirement Age used in ARC</td>
<td>(15.5)</td>
<td>-2.8%</td>
</tr>
<tr>
<td>Cost Neutral Ages (57/66)</td>
<td>1.1</td>
<td>0.2%</td>
</tr>
<tr>
<td>Current Method with Maximum Age (60/70)</td>
<td>0.7</td>
<td>0.1%</td>
</tr>
<tr>
<td>Only Allow Purchase at Retirement</td>
<td>0.0</td>
<td>0.0%</td>
</tr>
<tr>
<td>True-Up if Retirement Earlier than Anticipated</td>
<td>(7.8)</td>
<td>-1.4%</td>
</tr>
</tbody>
</table>

1. There is a small cost under the Cost Neutral Aages scenario. As ages are assumed to be integer values, the estimated impact will not be exactly $0.

Assumptions and Methods Used in Analysis
These cost estimates are based on the data, methods, and assumptions used in the June 30, 2018 actuarial valuation, except where noted. The Board of Investments has the final decision regarding the appropriateness of the assumptions and adopted them as indicated in Appendix A of the June 30, 2018 valuation report.
All costs, liabilities, rates of interest, and other factors for LACERA have been determined on the basis of actuarial assumptions and methods which are individually reasonable (taking into account the experience of LACERA and reasonable expectations); and which, in combination, offer our best estimate of anticipated experience affecting LACERA. Further, in our opinion, each actuarial assumption used is reasonably related to the experience of the Plan and to reasonable expectations which, in combination, represent a reasonable estimate of anticipated experience of LACERA.

Assumptions and methods specific to this analysis of the financial impact of the anticipated versus actual retirement date include:

- The data used in this analysis was supplied to us by LACERA and consisted of prior service purchases based on the present value method (excluding ARC purchases) for the 25 years between 1994 and 2019. There were approximately 6,600 service purchases by 5,200 individuals. Note that in some cases individuals were reported to us with multiple service purchases because their service purchase was split between a lump sum contribution and payroll deduction or other reasons.
- Of the 6,600 service purchases, 1,450 did not have an anticipated retirement date. These purchases were excluded from the analysis, but a proportionate adjustment was included in the final results to reflect this group. The adjustment was based on the ratio of the aggregate service purchases amounts for missing retirement dates to the aggregate amount for those with valid retirement dates.
- For members who have not yet retired, we estimated their actuarial retirement age based on the service retirement rate assumptions used in the June 30, 2018 actuarial valuation.
- To estimate the value of the additional service, the associated benefit amount was calculated at both the anticipated and actual retirement dates. The compensation included in this benefit was based on the compensation on the June 30, 2018 valuation data adjusted either prospectively or retrospectively at 4% per year.
- For purposes of projecting mortality improvement only, members were assumed to be age 60 in 2018.

Certification

These cost estimates are subject to the uncertainties of a regular actuarial valuation; the costs are inexact because they are based on assumptions that are themselves necessarily inexact, even though we consider them reasonable. Thus, the emerging costs will vary from those presented in this letter to the extent actual experience differs from that projected by the actuarial assumptions.

In preparing the valuation upon which this letter was based, we relied without audit, on information (some oral and some in writing) supplied by LACERA staff. This information includes, but is not limited to, statutory provisions, employee data and financial information. In our examination of these data, we have found them to be reasonably consistent and
comparable with data used for other purposes. It should be noted that if any data or other information is materially inaccurate or incomplete, our calculations may need to be revised.

Milliman’s work is prepared solely for the internal business use of LACERA. To the extent that Milliman’s work is not subject to disclosure under applicable public records laws, Milliman’s work may not be provided to third parties without Milliman’s prior written consent. Milliman does not intend to benefit or create a legal duty to any third party recipient of its work product.

Milliman’s consent to release its work product to any third party may be conditioned on the third party signing a Release, subject to the following exceptions:

(a) LACERA may provide a copy of Milliman’s work, in its entirety, to the System’s professional service advisors who are subject to a duty of confidentiality and who agree to not use Milliman’s work for any purpose other than to benefit the System.

(b) LACERA may provide a copy of Milliman’s work, in its entirety, to other governmental entities, as required by law.

No third party recipient of Milliman's work product should rely upon Milliman's work product. Such recipients should engage qualified professionals for advice appropriate to their own specific needs.

The consultants who worked on this assignment are retirement actuaries. Milliman’s advice is not intended to be a substitute for qualified legal or accounting counsel.

The signing actuaries are independent of the plan sponsor. We are not aware of any relationship that would impair the objectivity of our work.

On the basis of the foregoing, we hereby certify that, to the best of our knowledge and belief, this cost study letter is complete and accurate and has been prepared in accordance with generally recognized and accepted actuarial principles and practices. We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein.
If you have any questions, please let us know.

Sincerely,

Nick Collier, ASA, EA, MAAA
Consulting Actuary
NC/CG/nlo
cc: Richard Bendall
    Derwin Brown
    Bernie Buenaflor
    Allan E. Cochran
    Louis Gittens
    Ted Granger
    John Harrington
    JJ Popowich
    Steven Rice
    Gloria Rios
    Summy Voong
    Ervin Wu
    Mark Olleman

Craig Glyde, ASA, EA, MAAA
Consulting Actuary
September 25, 2019

TO: Operations Oversight Committee
   Shawn R. Kehoe, Chair
   Thomas Walsh, Vice Chair
   Keith Knox
   Les Robbins
   Vivian H. Gray, Alternate

FROM: JJ Popowich, Assistant Executive Officer

FOR: October 2, 2019 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 OOC presentation.

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 Case Management project is an attempt to address several similar current Strategic Plan goals (Disability Retirement Services – Case Management system, Disability Litigation’s Administrative Hearing Process, Legal’s Writ Management Process, and Benefits and Member Services’ Job Ticket system). As discussed in the Chief Counsel’s Report, we will be hearing an update in today’s meeting.

- **LACERA.com Redesign**: Communications and subject matter experts throughout LACERA have begun reviewing all of the content on the site. This process is expected to take a few months to go through and update. The team remains on target for the re-launch date of March 30, 2020.
• **Retirement Estimate Redesign Project**: The new Retirement Application and Summary continues to be fine-tuned. Staff are now testing the form with data included to see how it works and flows and to help our Systems staff, who are programming the form to be auto generated, visualize the final product. The team still intends to begin a testing phase where we will use the form in the Member Service Center to gain feedback from members. Communications and subject matter experts have been working to update the Pre-Retirement Guide, which will serve double duty as the guidebook we provide with new applications for retirement, and the information book we hand out at our Pre-Retirement Seminars. The team is about three quarters of the way through the initial review. Subject matter experts in Member Services are currently reviewing the material completed to date for accuracy and ease of reading. Meanwhile, Systems is working on programming Workspace to generate the new document. Phase I of this project was expected to go into beta testing in September of 2019. This has been delayed as additional changes and requirements have come in from the subject matter experts reviewing the final draft product. The team will be meeting next week (the week of the Board of Retirement meeting) and will be reviewing the timeline to see what adjustments need to be made to the project plan. Phase II of this project will be to develop the online 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 team completed implementation of the Felony Forfeiture Appeal process, which was a major milestone for this project. The Workgroup continues to work with the Auditor-Controller’s 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. The Auditor-Controller is focused on helping LACERA address this problem, but has recently advised us of unanticipated delays.

The Workgroup continues to focus on another part of this goal, which intersects with another Strategic Plan goal, 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. As Communications works to finalize the design, the Workgroup has begun development of an RFP to find a vendor to produce the new ABS for the Operations Oversight Committee’s consideration by November of 2019.
My goal is to continue to keep the Boards updated on other cross-functional teams that are working hard to provide improvements to LACERA’s operations and the services we provide to our members.

- **Business Continuity**: Our consultant, Assurance Software, Inc., has completed the first round of meetings with Division Managers and key personnel. Using the data provided during these meetings the consultant and staff developed Business Continuity Plans for each division. These plans have been distributed and are under review by the divisions. We are scheduled to meet with the consultant again in October to review the plans, conduct training, and then conduct a tabletop exercise to see how well the plans function. We will provide an update to the Committee after the first tabletop exercise is completed and the results have been reviewed.

- **Pre-1990 Microfiche Project**: The project team, headed up by Vanessa Gonzalez and Stephanie Kawai, has moved from training to production. The team is producing exceptionally well.

- **Telecommuting Policy**: A Workgroup consisting of the Executive Office, Human Resources, and Systems has been established to look at allowing telecommuting. The Workgroup surveyed the Division Managers to determine what positions should be considered for telecommuting and what data/system access would be needed to support the need. We are in the process of analyzing the results and will be formulating a plan to move forward. We will continue to keep the Boards updated on the progress of this goal.

- **Employee Engagement and Culture**: An update was provided in the Chief Counsel’s Report this month.

- **New Hire Class – Consecutive Training Classes**: On October 1, LACERA will be welcoming our next Core Benefits Training class. This year’s class will consist of 12-14 trainees. Upon successful completion of the training, a majority of trainees are slated to eventually join our Call Center teams in Member Services and Retiree Healthcare.
**Member Complaint about Long Hold Time in the Call Center**

On Monday, September 9th, the Board of Retirement received a letter from a retired member who commented that he had called LACERA in early August regarding his retirement benefit check. The member pointed out that he remained on hold an extremely long time and was quite unhappy with level of service he received.

A review of our records indicated this member called us on August 5, 2019. This was the first day the Member Services Call Center really started to see members call in about the delayed checks. On August 5, 2019, we had 1,017 calls offered and were only able to answer 585 calls. The chart below shows just how busy the month of August was in comparison to August of 2018.

<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>Calls Received</td>
<td>10,298</td>
<td>10,693</td>
<td>14,061</td>
<td>36.5%</td>
<td>31.5%</td>
</tr>
<tr>
<td>Abandoned</td>
<td>633</td>
<td>757</td>
<td>3,468</td>
<td>447.9%</td>
<td>358.1%</td>
</tr>
<tr>
<td>Service Level</td>
<td>62%</td>
<td>60%</td>
<td>16%</td>
<td>-74.0%</td>
<td>-73.1%</td>
</tr>
<tr>
<td>Abandoned %</td>
<td>6%</td>
<td>7%</td>
<td>25%</td>
<td>300.1%</td>
<td>248.4%</td>
</tr>
<tr>
<td>Occupancy</td>
<td>71%</td>
<td>70%</td>
<td>84%</td>
<td>18.3%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Answered</td>
<td>9,595</td>
<td>9,897</td>
<td>10,556</td>
<td>10.0%</td>
<td>6.7%</td>
</tr>
</tbody>
</table>

This member’s experience was regrettable and a direct result of the delayed check problem we experienced in August.

Attachments:
- Public Records Request Update
- Report of Felony Forfeiture Cases Processed
<table>
<thead>
<tr>
<th>DATE RECEIVED</th>
<th>REQUESTER</th>
<th>DOCS REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td>08-13-19</td>
<td>C. Devereaux, Bison</td>
<td>Requested Q4 2018 performance reports for PE &amp; RE portfolios. RE Fund report was requested and will forward when received.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Transmitted 1 document.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>RE Fund report was requested and will forward when received.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sent, on August 20, 2019, via email the PE Report referenced below: LACERA 2018.12.31.pdf</td>
</tr>
<tr>
<td>08-13-19</td>
<td>R. Battan, Battan Capital</td>
<td>Asked about pension software that LACERA uses to administer the fund.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Sent, on August 23, 2019, responsive comment shown in italics and bold text: As we discussed, LACERA utilized a proprietary system created in-house. We do not use a third-party system.</td>
</tr>
<tr>
<td>08-15-19</td>
<td>C. Andrews, Pageant Media</td>
<td>Requested confirmation of outcome for items shown below. Responsive comment, sent via email on August 20, 2019, shown in italics and bold text.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Redbird Capital Partners Series 2019 &amp; Atlantic Street Capital IV – were these new allocations, re-ups or terminations? <strong>Both funds were approved for new commitments. Atlantic Street graduated from our emerging manager program.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The outcome of association’s MSCI ACWI IMI search. <strong>No updates at this time. No Board action.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Did Board approve the recommendation to advance its 2019 hedge fund structure review to BOI for approval? <strong>Yes.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Factor-based manager search – was there any development in the RFP? <strong>No development on this search.</strong></td>
</tr>
<tr>
<td>08-15-19</td>
<td>Y. He, PEI</td>
<td>Requested details on the Real Assets team. Responsive comments, transmitted on August 20, 2019, shown in italics and bold text.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Are any of the existing individuals in the Real Estate committee joining the Real Assets team? <strong>LACERA no longer has a Real Estate Committee. Please find attached LACERA’s current Board and committee assignments.</strong></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Who are the new members of the Real Assets committee? See the attachment.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Confirm final target allocations of 4% to Natural Resources and Commodities, and 3% to infrastructure? Is there any interest in investing in agriculture within new real assets category? <strong>Regarding Q3, LACERA considers agriculture to be part of Natural Resources. LACERA has implemented the infrastructure and natural resources allocations using public market equities, reaching 2% and 1% respectively in July. We intend to reach the final allocations of 3% and 2% respectively in the fourth quarter of calendar 2019.</strong></td>
</tr>
<tr>
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<td>• Confirm cash transfers of $165 m to natural resources and $435 m to infrastructure? Do these represent commitments to funds? <strong>LACERA currently has about 2% in commodities futures portfolios as part of the natural resources allocation. Private investment in those categories is intended to begin in calendar 2020 and will be drawn down using the public market equity portfolios. This will be described further in the structure review presentation at the Real Assets Committee in September.</strong></td>
</tr>
<tr>
<td>DATE RECEIVED</td>
<td>REQUESTER</td>
<td>DOCS REQUESTED</td>
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<td>---------------</td>
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| 08-16-19      | LA Sheriffs Dept. | Per monthly request:  
Transmitted 2 documents.  
Sent via email: Monthly Agenda Reports for Sheriff Department Listing and Fire Department listing each dated August 7, 2019. |
| 08-16-19      | S. Ayers, Tristar Group | Per monthly request:  
Transmitted one document.  
Sent via email: Board of Retirement Meeting of August 7, approval List.pdf |
| 08-16-19      | J. Hammond, RELAC | Per monthly request:  
Transmitted one document.  
Sent via email: Board of Retirement Meeting of August 7, 2019, Benefit Approval List.pdf |
| 08-16-19      | T. Usher, HR, LA County | Per monthly request:  
Transmitted one document.  
| 08-21-19      | C. Andrews, Pageant Media | Requested information on size of commitments made to Redbird Capital Partners Series 2019 and Atlantic Street Capital IV. Confirm if Board of Investments approved the 2019 Hedge Fund structure review?  
Transmitted, on August 21, 2019 responsive comment shown below in italics and bold text.  
The hedge fund structure review was approved by the BOI. The commitment amount for Redbird was $150 million and Atlantic Street was $50 million. |
| 08-26-19      | M. Hashmall, Miller Barondess, LLP | Requested the following documents, but not limited to, all drafts and final versions of emails, memoranda, handwritten notes, text messages, voicemails and communications via third-party communication applications relating to:  
- Decisions to hire and terminate L. Lazatin  
- L. Lazatin performance as CEO  
- February 14, 2019 Joint Board Meeting Minutes and May 31, 2019 Special Joint Board Meeting Minutes  
- Date and time public posting of Board Meeting Agendas from January 1, 2019 to present  
- Education and Travel Policy from January 1, 2014 to present  
- Quarterly Travel Expenditure Reports from January 1, 2014 to present |
<table>
<thead>
<tr>
<th>DATE RECEIVED</th>
<th>REQUESTER</th>
<th>DOCS REQUESTED</th>
</tr>
</thead>
</table>
| 09-04-19      | S. Ayers, Tristar Group | Per monthly request:  
*Transmitted one document.*  
*Sent via email: Board of Retirement Meeting of September 4, approval List.pdf* |
| 09-04-19      | J. Hammond, RELAC | Per monthly request:  
*Transmitted one document.*  
*Sent via email: Board of Retirement Meeting of September 4, 2019, Benefit Approval List.pdf* |
| 09-04-19      | LA Sheriffs Dept. | Per monthly request:  
*Transmitted 2 documents.*  
*Sent, on September 4, 2019, via email: Monthly Agenda Reports for Sheriff Department Listing and Fire Department listing each dated September 4, 2019* |
| 09-04-19      | T. Usher, HR, LA County | Per monthly request:  
*Transmitted one document.*  
*Sent, on September 4, 2019, via email: MonthlyAgenda.csv for September 2019.* |
| 09-05-19      | S. Davies, FundMap | Requested documents detailing up-to-date performance of LACERA’s investments in alternative funds - real estate, credit and hedge funds.  
*Transmitted 3 documents.* |
<table>
<thead>
<tr>
<th>DATE RECEIVED</th>
<th>REQUESTER</th>
<th>DOCS REQUESTED</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>Sent, on September 9, 2019, via email:</strong> LACERA 2 019 – 4Q18 PMR.pdf; 12.31.18 Credit PMR.pdf; and Hedge Fund Report – Performance Book Full.pdf</td>
<td></td>
</tr>
<tr>
<td>09-12-19</td>
<td>D. Kushner, Individual</td>
<td>Per monthly request: <strong>Sent, on September 12, 2019, 9 DVDs shown below in italics and bold text.</strong></td>
</tr>
<tr>
<td></td>
<td>1. Board of Investments dated August 14, 2019</td>
<td></td>
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<td></td>
<td>2. Credit Risk Mitigation Committee Meeting dated August 14, 2019</td>
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<td></td>
<td>3. Insurance Legislative Committee Meeting dated August 15, 2019</td>
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<td></td>
<td>4. Joint Organizational Governance Committee Meeting dated August 15, 2019</td>
<td></td>
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<tr>
<td></td>
<td>5. Operations Oversight Committee Meeting dated August 7, 2019</td>
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<tr>
<td></td>
<td>6. Board of Investments Meeting dated September 11, 2019</td>
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</tr>
<tr>
<td></td>
<td>7. Board of Retirement Administrative Meeting dated September 4, 2019</td>
<td></td>
</tr>
<tr>
<td></td>
<td>8. Operations Committee Meeting dated September 4, 2019 and</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Real Assets Committee Meeting dated September 11, 2019</td>
<td></td>
</tr>
<tr>
<td>09-12-19</td>
<td>C. Andrews, FundMap</td>
<td>Questions and responsive answers shown in italics and bold text.</td>
</tr>
<tr>
<td></td>
<td>1. In line with the Association’s previously issued 2019 work plan calendar, were any private equity recommendations made/approved at the meeting? It would be great to know of the size allocated, if applicable. <strong>No actions taken.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2. Did the board of investments approve the 2019 real assets portfolio structure review, including the expansion to natural resources (4%) and infrastructure (3%) as highlighted in the presentation? Additionally, was the 2020-2021 commitment schedule also approved for the previously referenced asset classes? <strong>This item took place in the Real Assets Committee, not the Board. The item was advanced to the Board to be discussed at a later date.</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>3. Were any updates provided concerning any of the Association’s RFP searches? <strong>The Board awarded State Street the MSCI ACWI IMI passive mandate.</strong></td>
<td></td>
</tr>
<tr>
<td>09-13-19</td>
<td>L. Rooney, CEO, LA County</td>
<td>Requested DVD of September 12, 2019 Insurance Committee Meeting. <strong>Messengered, on September 16, 2019, the DVD.</strong></td>
</tr>
<tr>
<td>CASE #</td>
<td>MEMBER'S LAST NAME</td>
<td>MEMBER'S FIRST NAME</td>
</tr>
<tr>
<td>--------</td>
<td>---------------------</td>
<td>---------------------</td>
</tr>
<tr>
<td>47</td>
<td>COLLINS</td>
<td>KENNETH L.</td>
</tr>
<tr>
<td>48</td>
<td>WINTERS</td>
<td>MATTHEW D.</td>
</tr>
<tr>
<td>49</td>
<td>MARTINEZ</td>
<td>JULIO C.</td>
</tr>
<tr>
<td>50</td>
<td>DELGADILLO</td>
<td>KENNETH</td>
</tr>
<tr>
<td>51</td>
<td>TIRMAZI</td>
<td>MOHAMMED</td>
</tr>
<tr>
<td>52</td>
<td>DREDD</td>
<td>BYRON</td>
</tr>
<tr>
<td>53</td>
<td>KIMBALL</td>
<td>NEIL DAVID</td>
</tr>
</tbody>
</table>
September 18, 2019

TO: Operations Oversight Committee
    Shawn Kehoe, Chair
    Thomas Walsh, Vice Chair
    Keith Knox
    Les Robbins
    Vivian H. Gray, Alternate

FROM: James Brekk, Chief Information Officer
      Systems Division

SUBJECT: LACERA PENSION ADMINISTRATION SYSTEM:
       CASE MANAGEMENT ENHANCEMENT FOR WORKSPACE

As the next evolutionary enhancement to the member-centric Workspace application, staff is developing the framework to implement a case management module that will further enhance member operations. This memorandum provides the history of Workspace, our member administration development efforts, and our plans for case management. During the presentation, staff will provide a brief overview of Workspace and how a case management module will benefit our member service operations.

History

Around 1990, to ensure that our members were properly paid the promised benefits, LACERA took the significant step of creating an Integrated Retirement Information System (IRIS). Generally described in the pension industry as a Pension Administration System (PAS), IRIS was custom developed to incorporate all of the requirements of the County Employees Retirement Law of 1937 and LACERA’s unique business rules. Understanding the complexity and uniqueness of our operation, the organization determined that it was most strategic and beneficial to create the PAS in-house. IRIS automated retirement calculations, contribution validations, and ensured accurate benefit distributions. For the first time, IRIS also provided member data analysis and a scope into our benefit disbursements.
After several evolutionary IRIS enhancements, LACERA’s next leap into furthering our PAS occurred in the mid-1990s. Several key new systems were introduced, including, but not limited to member document imaging, workflow, and a graphical user interface called CERIS (County Employees Retirement Information System) that integrated these new systems. With CERIS, paper member files were replaced with digital images and workflow transformed the way work was being completed. Member requests and communications were converted into electronic work objects that were routed to the appropriate staff for processing and tracking.

In early 2000, we took the next revolutionary step of creating a new, modular, upgradable, extensible, and web browser-based PAS called Workspace. Workspace enhanced the best features of the previous systems such as member document imaging and workflow, but also paved the way for new features, functionalities, and provided LACERA with the ability to adapt to new business requirements and changes in retirement law.

Workflow automated repeatable business tasks. Each workflow facilitated our business process by routing work along a structured path and various assigned staff. The tasks can include document entry, approval, data entry, and member letter generation. Workflow can be triggered by a member communication via a call, Member Portal, and internal sources. Each step of each workflow is tracked and auditable, which can later be analyzed to help improve process efficiency.

In summary, LACERA’s Pension Administration System journey that began in the early 1990s has brought us from IRIS to CERIS, and now Workspace.

Around 1995, a disability-specific application, “Disability Tracker, was also introduced. Developed by LACERA staff, the application equally matured over many evolutionary and revolutionary enhancements. The feature set began with case logging and tracking and quickly included business rules facilitation, appeals, contact management, reporting, Board agenda, hearings, alerts, and much more. In 2013, the decision was made to integrate the Disability Tracker features into Workspace over time.

**Workspace: An extensible, long-term evolution application platform**

Today, Workspace is utilized by 12 of the 15 divisions at LACERA. Workspace also contains a member-centric database that includes all historical payroll information, member document images, every member contact event, member call recordings, and even videos of LACERA agents’ computer display during calls. With the richness and concentration of membership data, along with powerful workflow capabilities, Workspace is LACERA’s long-term solution for pension administration.

Designed from the ground-up as an extensible, modular platform. The web-interface design allows for open growth and adaptability. The benefit of this design allows for new features, enhancements, and business capabilities to be integrated while leveraging
existing data and eliminates unnecessary data and platform duplication. As we look forward to the case management addition, workflow, Member Portal, and other Workspace development will continue. Each functional component provides specific utilities in the LACERA member service ecosystem.

**Case Management Enhancement**

We have identified new opportunities for improving our workflow system by overlaying it with a case management system. Many of LACERA's business processes require collaboration between different divisions. To complete a member service request, staff from different divisions often need to coordinate their activities. Case management will enhance and facilitate these collaborations.

Whereas workflow provides for a sequential facilitation of work processes, case management provides for a virtual, digital case folder for each member-related case file. Each case will contain multiple documents, tracking data, and workflows. Because Workspace is a force-multiplier for any new member-related application, it is important that we design and implement case management so that it can integrate with our existing member data, member documents, business rules, and workflows.

**Project Approach and Anticipated Timeline**

Similar to LACERA's previous pension administration system implementations, the case management project will be a collaborative and integrated process between Systems Division staff and every division that will benefit from the product. As it is with our other application development efforts, the users of the application will be defining the business requirements and there will be a structured user review and acceptance process. Because LACERA has complex business rules and extensive operational requirements, the implementation will be an iterative process. We expect to introduce the most-demanded and highest-volume features first, then continue to enhance and provide additional capabilities. Again, not unlike our Workspace design concept, case management will become a long-term evolution product that continues to improve.

Systems Division staff, through our many years of LACERA-specific pension administration development experience, have gained deep knowledge and expertise of business rules and LACERA operations. Accordingly, Systems staff is expected to design the case management system and manage the implementation. The case management framework will require a base "engine" software and custom programming (development/coding) to apply each identified business rule. Each division will have its unique suite of business rules and there will be many organizational business rules to be implemented. To accelerate the development efforts, we anticipate using external coding resources that are currently not part of the administrative budget. As such, we expect to return to your Committee and Board at the appropriate time to request funding for the case management software and its development.
Below is the anticipated timeline of the case management project:

- Completed: Defining case management requirements, participating divisions, and preliminary business processes.
- 4th quarter 2019: Create detailed design template and design documents, assign priorities to each business process.
- 1st quarter 2020: Gather, evaluate, and test case management software.
- 2nd quarter 2020: Select and procure case management software, develop case management architecture, and select development resources, begin coding of case management module.

Case management will be implemented alongside other existing organizational priorities. Staff will be reporting to your Committee major milestones and significant progresses. This enhancement represents LACERA’s next evolutionary step in our commitment to member service excellence and investment into deeper technology automation. It is also a part of a comprehensive, long-term information technology strategic vision currently under development, to be presented to your Board in the near future.

Noted and Approved:

___________________________                9-21-2019
Steven P. Rice, Chief Counsel  
9-21-2019
FOR INFORMATION ONLY

September 26, 2019

TO: Each Member
   Operations Oversight Committee
   Shawn R. Kehoe, Chair
   Thomas Walsh, Vice Chair
   Keith Knox
   Les Robbins
   Vivian H. Gray, Alternate

FROM: Beulah Auten, CPA, CGFM, CGMA
Chief Financial Officer

FOR: October 2, 2019 Operations Oversight Committee Meeting

SUBJECT: CORPORATE CREDIT CARD POLICY UPDATE

At your May 2019 meeting, staff provided the updated Corporate Credit Card Policy (Credit Card Policy) approved by the Chief Executive Officer in March 2019. The Policy was revised at that time to comply with recommendations from internal and external audits.

Policy Alignment

Staff is presenting an updated Policy For Purchasing Goods And Services (Procurement Policy) for approval at your October 2019 meeting (under separate cover). As requested and in conjunction with the Procurement Policy, staff is providing the Credit Card Policy for your review.

In a collaborative effort, Administrative Services Division, Legal Office, Executive Office, Internal Audit, Systems and FASD worked together to slightly revise the Credit Card Policy. Updates were made to the Credit Card Policy to ensure alignment with the Procurement Policy and allow the two policies to coexist to facilitate routine and one-time operational purchases. The Systems Division will be authorized, with pre-approval, to make these purchases that include technological services and support items such as software licenses, domain registrations, hosted services, minor equipment, and non-regular goods required to serve urgent organizational needs.

Staff considerations for making updates to the Corporate Card Policy included:
- The Corporate Card Policy is not intended to bypass the Procurement Policy and/or the LACERA Education and Travel Policy (Travel Policy). This means that LACERA employees with delegated purchasing authority, through the use of the Corporate Credit Card and expense reimbursements, are required to contact the Administrative Services Division, Procurement Unit to verify the
existence of Master Agreements or Vendor Lists prior to making purchases to ensure LACERA receives the best current pricing.

- Section 4.1 of the Credit Card Policy was revised. Staff reviewed both allowable cardholder purchases, which were previously included in the Policy. Updates were made to ensure the Systems Division can meet the organization’s operational needs while there is still alignment with the Procurement Policy where guidelines, procedures, and centralized purchasing already exist.
- The operational spending amount is limited to up to $5,000 per purchase.

Staff will be available at the OOC meeting to address any questions your Committee may have.

Attachments
Exhibit A – Clean Revised Corporate Credit Card Policy (October 2019)
Exhibit B – Redlined Previous Corporate Credit Card Policy (March 2019)

REVIEWED AND APPROVED:

JJ POPOWICH  9/26/19
Assistant Executive Officer
Exhibit A
Clean Revised Corporate Credit Card Policy
(October 2019)
LACERA
CORPORATE CREDIT CARD
POLICY

USE OF LACERA’S CORPORATE CREDIT CARD

Revised: October 2019
Table of Contents

1. Introduction
   1.1. Purpose ........................................................................................................ 1
   1.2. Definitions/Roles/Authority ................................................................. 1
   1.3. Obtaining a Corporate Card ................................................................. 2
   1.4. Changes to Corporate Card ................................................................. 3

2. Corporate Card Agreement ........................................................................ 3

3. Credit Limits .............................................................................................. 3

4. Cardholder Responsibilities
   4.1. Recommended Corporate Card Uses .................................................. 4
   4.2. Purchases for which the Corporate Card Cannot be Used ............. 6
   4.3. Purchases Required in the Event of a Disaster ................................ 7
   4.4. Security .................................................................................................. 8
   4.5. Maintaining Required Records ........................................................... 9
   4.6. Monthly Reconciliation ....................................................................... 10
   4.7. Billing Disputes/Corporate Card Credits ......................................... 12
   4.8. Consequences of Violating the Policy ............................................... 13

5. Controls and Reviews Within LACERA .................................................. 13

6. Position Changes or Termination of Employment ...................................... 13

Policy Attachments
Attachment A: Frequently Requested Information
Attachment B: List of Designated Corporate Cardholders
Attachment C: Corporate Card Agreement
Attachment D: Request for Pre-Approval Memo
Attachment E: Dispute Transaction (Screenshot)
Attachment F: Corporate Card Program Submission of Supporting Documentation
Attachment G: How to Upload Receipts to Bank of America Works
Attachment H: Submission of Supporting Documentation Example
1. INTRODUCTION

1.1. Purpose

The purpose of the LACERA Corporate Credit Card (Corporate Card) Program is to facilitate purchases of the type described and permitted within this LACERA Corporate Credit Card Policy (Corporate Card Policy) in accordance with authority granted by the LACERA governing Boards or the Chief Executive Officer (CEO) in the best interest of LACERA.

*It is important to remember that the Corporate Card Policy is **NOT** intended to bypass the LACERA Policy for Purchasing Goods and Services (LACERA Procurement Policy) and/or the LACERA Education and Travel Policy currently in place as they may change from time to time.*

Corporate Card users are responsible for adherence to the Corporate Card Policy while the Financial and Accounting Services Division (FASD) is in charge of Policy administration. Questions regarding the appropriateness of expenditures should be directed to the LACERA Chief Financial Officer (CFO) prior to incurring such expenses, particularly if not identified in this Corporate Card Policy.

1.2. Definitions/Roles/Authority

1.2.1. LACERA Corporate Card Program Administrator (Program Administrator)

Designated person(s) in the FASD are responsible for all Corporate Card Program details, including all Cardholder inquiries and issues. For questions or inquiries, please send an email to the *Corporate Card Administrators Outlook Mail List*. This person(s) will act as a liaison between LACERA and Bank of America Merrill Lynch (Bank of America) or such other service provider. (Attachment A)

1.2.2. Division Manager / Designated Approving Personnel

Individual who reviews and approves his/her Division Cardholders’ monthly expense statements. As necessary, Division Managers request approval from the CEO for new Corporate Card applications within their Division and Corporate Card change requests for their Division staff.

Corporate Cards are issued to Division Managers with the intended card use to be for Division-wide expenditures and not those related primarily to one individual.

Division Managers are required to review their monthly Corporate Card expenses, which will be approved by the appropriate higher lever management (i.e., “Approving Manager”).
1.2.3. **Corporate Cardholder (Cardholder)**
Full-time permanent LACERA employee who has been issued a Corporate Card and the person who is authorized to make purchases in accordance with this Corporate Card Policy.

The Cardholder is ultimately responsible for his/her Corporate Card. The Cardholder may allow another LACERA employee within the Division to use his/her Corporate Card, but regardless, the Cardholder is primarily responsible for:
- a. Safekeeping of the Corporate Card;
- b. Monitoring of use of the Corporate Card only for a legitimate LACERA business purpose and to otherwise ensure compliance with this Corporate Card Policy; and
- c. Approval of Corporate Card expenditures.

1.2.4. **Proxy**
A LACERA Employee who is authorized by the Cardholder to make purchases in accordance with this Corporate Credit Policy when the Cardholder is unavailable.

The Cardholder allows the Proxy, who works in the same Division, to use his/her Corporate Card. However, the Cardholder is ultimately responsible for the safekeeping of the Corporate Card and approval of the Corporate Card expenditures. The Proxy also supports the Cardholder in tasks including, but not limited to, reviewing charges, obtaining receipts and supporting documents, and allocating charges to the correct accounting code(s).

1.2.5. **Vendor/Merchant**
A Company from which a Cardholder is purchasing products and/or services under the purchasing provisions of this Corporate Card Policy and the LACERA Procurement, and Education and Travel Policy.

1.2.6. **Authority**
This Policy grants the authority to approvers/administrators (i.e., Executive management, Division Managers, and FASD personnel) to deny expenses which are not in accordance with this Policy. As such, frequent violations of this Corporate Card Policy will result in Corporate Card revocation.

1.3. **Obtaining a Corporate Card**

Designated employees can use the Corporate Card to obtain services or goods, as specified in this Policy, in accordance with the authority granted by the LACERA Boards or the CEO and in LACERA’s best interest for a legitimate LACERA business purpose.

Generally, Division Managers are granted corporate cards, in addition to certain Division positions who have been pre-approved by the Executive Office as authorized Cardholders due to their assigned responsibilities. Thus, when there is a personnel change in the
aforementioned positions, a new card will be automatically issued to the newly appointed Division Manager and/or designated position. (Attachment B contains the List of Designated Corporate Cardholders)

For the efficient operation of his/her division, Division Managers may request to add a new Cardholder by sending an email to his/her supervisor (i.e., CEO or Assistant Executive Officer) justifying the request for approval with a cc to the Corporate Card Administrators Outlook Mail List.

1.4 Changes to Corporate Card

Division Managers may request changes to a Cardholder’s Corporate Card. Requests, including justification for the change, must be emailed to the Corporate Card Administrators Outlook Mail List. Such Corporate Card changes include:

a. Credit limit increase (written Executive Office approval is required);
b. Cancellation;
c. Replacement;
d. Cardholder Name Change; and
e. Deactivation.

2. CORPORATE CARD AGREEMENT

Upon physical receipt of the Corporate Card, the Cardholder will be required to read, understand, and sign LACERA’s Corporate Card Agreement (Attachment C). This form states that the Cardholder accepts the responsibility for the protection and proper use of the Corporate Card. The Corporate Card will be issued in the name of the Cardholder using the Cardholder’s personal information. Only one Corporate Card will be issued to an individual. Therefore, the Corporate Card should be kept in a secure (i.e. locked) location, especially if accessible by others within the Division.

All cardholders are required to set up a PIN # for security purposes. It is generally recommended that the Cardholder set up a PIN # by calling (888) 233-8855 or visiting www.baml.com/globalcardaccess. Bank of America will ask for the verification ID (user profile ID) before setting up a PIN #. Cardholders may obtain their verification ID (user profile ID) by logging into Bank of America Works, clicking on the home page icon, and locating their User ID listed under their email and user name. Please note, once a valid PIN # is set up, there is no need to obtain a new one.

The Cardholder is required to sign a new Agreement in situations where a new Corporate Card with a new card number is issued in the following circumstances:

(a) Replacement of stolen, lost, or compromised Corporate Card; and
(b) Replacement of an expired Corporate Card.
3. CREDIT LIMITS

Individual Corporate Card limits have been established and identified in the Agreement.

Credit limits may be revised depending upon the business needs of the Division, Cardholder’s spend history, or at the discretion of the CEO. To request a credit limit increase, Division Managers must send an email to his/her supervisor (i.e., CEO or Assistant Executive Officer) for approval with a cc to the Corporate Card Administrators Outlook Mail List. Justification for the credit limit increase is required to substantiate the request.

4. CARDHOLDER RESPONSIBILITIES

4.1. Recommended Corporate Card Uses

The Corporate Card is the property of LACERA. It is important to remember that when using the Corporate Card, Cardholders are expending the retirement system’s funds and, therefore, expenses are subject to all LACERA expenditures policies and guidelines.

As previously mentioned, it is important to remember that the Corporate Card Policy is not intended to bypass the LACERA Procurement Policy and/or the LACERA Education and Travel Policy currently in place as they may change from time to time.

LACERA reserves the right to revoke the Cardholder’s privileges at any time. This Policy allows only LACERA staff other than the named Cardholder to use the Corporate Card with the Cardholder’s knowledge and consent (e.g., a Division Secretary may use the Division Manager’s Corporate Card to make travel arrangements for any staff member within the Division).

4.1.1. Allowable Purchase of Goods and Services

Corporate Cards are to be used for the purchase of goods and services (specified in this Policy) necessary in carrying out LACERA business and in the best interest of LACERA. Itemized receipts/invoices are required to support such purchases including a written, signed and dated statement (or email) of the business reason for said expenses.

Where the need is urgent (urgent is defined for this Section 4.1.1 as (1) time sensitive, or (2) the definite unavailability of any other payment method acceptable to the vendor) to avoid material risk to LACERA, the Systems Division may use the corporate credit card for operational purchases up to $5,000 per purchase, subject to the corporate card limit. These purchases must be accompanied by original receipts, an itemized report including a detailed description(s) of the purchase(s), justification for urgency, and advance written approval, unless not possible under the circumstances, by a Division Manager and Assistant Executive Officer, or above. The intention of this paragraph is not to circumvent the LACERA Procurement Policy.
Below is a list of items that are allowable using the Corporate Card and the related budget expense codes. Note that funding must be available in each individual Division’s current budget in order to pay for these purchases.

<table>
<thead>
<tr>
<th>Description</th>
<th>Expense Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration (For Training and Education Purposes)</td>
<td>9962</td>
</tr>
<tr>
<td>Registration (For Departmental Training)</td>
<td>9966</td>
</tr>
<tr>
<td>Registration (For MOU Registration)</td>
<td>9968</td>
</tr>
<tr>
<td>Hotel (Room Expenses Only)</td>
<td>9183</td>
</tr>
<tr>
<td>Airfare/Airline Baggage Fee/Travel Agency Fee</td>
<td>9184</td>
</tr>
<tr>
<td>Meals (Pre-approval Required if Non-Travel Related and Actual Cost with Itemized Receipt Required)</td>
<td>9185</td>
</tr>
<tr>
<td>Transportation (Shuttle/Uber/Lyft/Taxi/Train/Light rail)</td>
<td>9186</td>
</tr>
<tr>
<td>Rental Car/Gasoline (with justification)</td>
<td></td>
</tr>
<tr>
<td>Portage</td>
<td>9187</td>
</tr>
<tr>
<td>Parking</td>
<td>9188</td>
</tr>
<tr>
<td>Miscellaneous-</td>
<td>9190</td>
</tr>
<tr>
<td>Travel related</td>
<td>9966</td>
</tr>
<tr>
<td>Non-travel related</td>
<td></td>
</tr>
<tr>
<td>Off-site Board Meeting expenses</td>
<td>9983</td>
</tr>
<tr>
<td>Management Retreat</td>
<td>9991</td>
</tr>
<tr>
<td>Repairs and Maintenance for LACERA issued vehicles</td>
<td>9102</td>
</tr>
<tr>
<td>Registrations and Gasoline for LACERA issued vehicles</td>
<td>9103</td>
</tr>
<tr>
<td>Memberships (Professional Organizations only)</td>
<td>9961</td>
</tr>
<tr>
<td>Subscription for Educational Materials (Educational Magazines and newspapers)</td>
<td>9963</td>
</tr>
<tr>
<td>Court Filing and Document Retrieval Fees; Investment Registration; and Filing Fees charged by Legal Office</td>
<td>4030</td>
</tr>
<tr>
<td>Purchases of food and beverage by:</td>
<td></td>
</tr>
<tr>
<td>• Executive Assistants for LACERA Board related functions</td>
<td></td>
</tr>
<tr>
<td>• Brown Bag Coordinators for monthly CEO Brown Bag</td>
<td></td>
</tr>
<tr>
<td>• Ride Share Coordinator for ride share related events and other LACERA sponsored employee events.</td>
<td></td>
</tr>
<tr>
<td>(NOTE: ALL other divisions must provide business related justification, names of staff/external parties included in the event, event date, cost estimate, and</td>
<td></td>
</tr>
</tbody>
</table>
obtain written PRE-APPROVAL from the Executive Office for non-travel related food and beverage purchases using Attachment D or via email using the information requested in Attachment D.

<table>
<thead>
<tr>
<th>Operational purchases by the Systems Division, where there is an urgent need, as defined above, to avoid material risk to LACERA and with supporting documentation and advance written approval as described in the second paragraph above of this Section 4.1.1, such as:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Web service providers such as certificates, domain registrations, other site registrations and subscriptions;</td>
</tr>
<tr>
<td>B. For testing, research, evaluation, and non-regular, non-enterprise applications, security providers, hosted services, specialized hardware, devices, and other technology services;</td>
</tr>
<tr>
<td>C. For urgent needs and to ensure stable operation or to support an urgent operational matter, such as replacement hardware, software, parts, and other technology items;</td>
</tr>
<tr>
<td>D. For non-regular or urgently required technical support services;</td>
</tr>
<tr>
<td>E. For those requiring a named-account related to security access or registration under the management of the appropriate Division.</td>
</tr>
</tbody>
</table>

Purchases in the event of an emergency, disaster, etc. as approved by the CEO or his/her designee

| Various* |

*For additional expense codes, please see Expense Codes by Division located in the LACERA Intranet, FASD Policies and Procedures, under the Corporate Card tab.

**4.1.2 Divisional Equipment and Supplies**

All equipment and supplies (i.e., standard stock and special supplies) for all Divisional needs must be purchased/requested through the Administrative Services Division, Procurement Unit. In the unforeseen event that a Division may need to order special supplies using the Corporate Card, said Division must provide business related justification, obtain written pre-approval from the CEO, and notify the Administrative Services Division Manager of the purchase details.
4.2. Purchases for which the Corporate Card CANNOT Be Used

In order to promote the public's confidence in the integrity of the Corporate Card Program and avoid any appearance of commingling of business-related expenditures with personal expenditures, use of the Corporate Card for personal purchases is strictly prohibited at any time.

Except as specified in Section 4.1.1 of this Policy, all goods and services must be obtained through the Administrative Services Division Procurement Unit.

Examples of items that CANNOT be purchased by a LACERA Division with the Corporate Card (other than the Administrative Services Division Procurement Unit) except as provided in Section 4.1.1, include:

1. Capital Equipment;
2. Furniture;
3. Software and IT Supplies;
4. Computer Equipment;
5. Any Electronics, Electronic Equipment, or Electronic Components;
6. Consulting Agreements/Contracts;
7. Time and Material Agreements;
8. Any Special Contractual Agreements with suppliers;
9. Internet Services (Residential or Wireless);
10. Contracts with Employment Agencies for Temporary Help; and

Under no circumstances can the Corporate Card be used to purchase alcohol (except at the CEO’s discretion), obtain cash advances, or use for personal charges of any kind.

4.2.1. Pyramiding Charges and Cumulative Charges for the Same or Similar Purpose or Function Are Prohibited.

Pyramiding charges mean using multiple transactions to circumvent Corporate Card limits. For example, a Cardholder with a $5,000 Corporate Card limit makes a purchase of $6,000 by requesting the vendor to process one transaction for $5,000 and another transaction for $1,000, to circumvent the $5,000 Corporate Card limit. A second example is requesting the vendor to process a purchase of $25,000 over five Corporate Cards with $5,000 limits. Note that these are pyramiding patterns whether the transaction is for several items or for one item.

4.3. Purchases Required in the Event of a Disaster

4.3.1. Definition
According to the LACERA Business Continuity Plan, a disaster is defined as:

“Any interrupting event which directly or indirectly impacts Information Systems, resulting in an outage that will render the data center and/or LACERA’s business
operations inoperable or inaccessible for at least 48 hours, or as determined by the type of disaster or emergency. A disaster may be declared in less than 48 hours should it be determined to be in the best interest of LACERA’s business continuity operations. This would result in a decision to restore computer and/or business operations at the hot site.”

The decision to declare a disaster will be made by the Senior Management Team based upon a recommendation from the LACERA Recovery Management Team. An outage (crisis/discontinuity) may exist when:

- An information system providing support to a critical business function fails.
- Information systems cannot be restored before the point when it becomes vital to the business operations.
- Critical business processes or functions cannot be performed at Gateway Plaza, LACERA’s headquarters.

Some parameters to consider in defining a disaster are:
- If/when the information systems function is unavailable.
- Critical business processes that support the information systems function are unavailable and it is expected that the outage will exceed a predetermined, critical point in the business process.
- Time expected to restore a critical function on-site exceeds time required to recover that function at the alternate recovery site and return to the normal operating site. (For more information, please refer to the LACERA Business Continuity Plan).

In the event of a disaster, the Corporate Card may be used to purchase any goods and services as deemed necessary by the CEO, his/her designee, or the Director of the Recovery Management Team in LACERA’s best interest. In addition, Corporate Card spending limits may be temporarily increased as needed with written approval from the individuals indicated above.

Within seven calendar days of the purchase, a completed description of the emergency and justification for the purchase must be documented, approved, and submitted to the Administrative Services Division Manager. If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board approval/certification that the condition and circumstances required an emergency purchase.

Cash advances are available for use by specific employees designated by the CEO. Once an emergency or disaster has been declared, each person with cash advance capability is authorized to use this feature, as necessary, in the amount approved by the CEO, his/her designee, or the Director of the Recovery Management Team. As with all purchases, itemized supporting documentation is to be maintained and submitted for all cash advances and related purchases.

Authority to use the Corporate Card for purchases and cash advances in a disaster situation shall cease at such time as the CEO, his/her designee, or the Director of the Recovery Management Team declares that the emergency or disaster no longer exists.
4.4. Security

It is the Cardholders’ and designated Proxies’ responsibilities to safeguard the Corporate Card and account number to a higher degree than they safeguard his/her personal credit card. In this regard, here are some suggestions:

- Keep the Corporate Card in a safe and locked place accessible to the Cardholder only.
- Do not post the account number on any place that is accessible by others.
- Monitor use, and prevent use inconsistent with this Corporate Card Policy.

4.4.1. Lost, Stolen, or Compromised Corporate Card

Report a lost, stolen, or compromised Corporate Card immediately to Bank of America by calling 1-888-449-2273 and the LACERA Program Administrator via email using the Corporate Card Administrators Outlook Mail List.

Immediate reporting of a lost, stolen, or compromised Corporate Card limits LACERA’s liability for potential charges that may occur from unauthorized use. Failure to promptly report a lost, stolen, or compromised Corporate Card may result in the revocation of Corporate Card privileges, reimbursement to LACERA for unauthorized charges, and, if warranted, disciplinary action.

4.4.2. Compromised Corporate Card

In situations where a Corporate Card has been compromised and Bank of America has made the Program Administrator(s) aware of the situation, the Program Administrator will inform the affected Cardholder(s) immediately. The Cardholder is responsible for immediately returning the compromised Corporate Card to the Program Administrator.

In efforts to mitigate fraudulent transactions, the Cardholder or designee is encouraged to access their Corporate Card account online and review his/her transactions weekly. If unauthorized charges are identified, the Cardholder is required to immediately contact the Program Administrator via email using the Corporate Card Administrators Outlook Mail List to help prevent additional unauthorized charges.

Bank of America may immediately cancel, at any time even without notifying the Cardholder, all Corporate Cards reported as lost, stolen, or compromised and send a replacement to the Program Administrator. The Program Administrator will then provide the Cardholder with the new Corporate Card once it is received. The Cardholder is responsible for activating the new Corporate Card (Bank of America activation phone number provided in Attachment A).
4.4.3. Decline of Charges

If a vendor declines a charge, it may be because:

- Cardholder has exceeded their spending limit,
- Vendor has been blocked by Bank of America,
- Corporate Card was reported as lost, stolen or compromised, or
- Vendor entered an invalid expiration date, security code listed on the back of the card, or billing address details.

The Cardholder is required to immediately contact the Program Administrator via email using the Corporate Card Administrators Outlook Mail List to resolve the issue. Additionally, the Cardholder may log into Bank of America Works to see the reason for the decline.

4.4.4. Reporting Improper Charges

Cardholders have an obligation to report improper charges or charges that were determined to be personal, immediately to the Program Administrator and reimburse LACERA for improper charges, as appropriate.

4.5. Maintaining Required Records

Each time a Corporate Card purchase is made, either at the point-of-sale or by telephone/Internet, documentation shall be retained as proof of purchase. Such documentation will be used to verify the purchases listed on the Cardholder’s account. Cardholders are required to retain all order, invoice, confirmation, and shipping documentation.

Alternatively, the Cardholder can upload receipts to Bank of America’s Online Works® System (https://payment2.works.com/works/home). If you choose to utilize this function, please keep the original receipts on file for 90 calendar days. See Attachment G for instructions.

**NOTE: ALL receipts and invoices must individually list the items purchased. A receipt showing only the total dollar amount is NOT acceptable.**

When a purchase is made at the point-of-sale, the Cardholder must retain the invoice and the customer copy of the charge receipt.

When a purchase is made over the telephone or the Internet, the Cardholder must obtain a fax or an electronic confirmation from the vendor. These supporting documents must be submitted to FASD no later than the end of the monthly billing cycle, or when available during the month.

4.5.1. Travel Related Expenses (Special Items):

4.5.1.1. Travel approval document

According to LACERA’s Education and Travel Policy, all travel must be pre-approved by the appropriate Executive Officer, or his/her
designee. The traveler will be responsible for submission of the appropriate travel approval documents to FASD at the end of the monthly billing cycle, or when available during the month.

4.5.1.2. Airfare
Copy of the ticket or e-mail confirmation showing the cost of the air travel shall be attached to the monthly submission of receipts to FASD. If available, copies of the boarding passes shall be retained by the Cardholder.

4.5.1.3. Itemized meal receipts must be provided if the reimbursement method being used is the “actual receipt method.”

4.5.1.4. Other receipts to validate the expense reimbursements (i.e., conference registration, hotel invoice, transportation, parking, and other applicable travel related supporting documents).

4.6. Monthly Reconciliation

All Cardholders are required to log on to Bank of America's Online Works® System, (https://payment2.works.com/works/home) as frequently as possible to timely verify the accuracy of posted transactions to his/her account, and to compare each transaction to his/her receipts, order confirmations, and/or any shipping documents.

The Cardholder is required to enter the purpose of each expense in the “Note” section on the transaction page. Please see the Bank of America Works Quick Reference Guide for instructions.

Examples of documenting the expense purpose:
- “Food ordered for December 2018 Brown Bag”
- “Parking to attend November 29, 2018 LA County Women’s Leadership Conference”
- “Registration for 1/20/18 CALCPA webcast”
- “Event #2456 Hotel Charge for John Smith”
4.6.1. Approval Process for All Cardholders

Cardholders are required to “Sign Off” on all transactions through Bank of America’s Online Works System each month and have his/her Approving Manager/Supervisor “Sign Off” for approval.

The Approving Manager is required to verify that all charges are legitimate and in conformity with this Policy. As the Cardholder makes charges during the month, his/her credit limit is reduced by those charges. Once the Approving Manager approves the Cardholder’s expenses, the Cardholder’s limit will reset to the maximum.

Brown Bag Coordinators are required to submit their signed monthly statement to the CFO or his/her designee for review and approval.

Once the online sign offs have been completed, the Cardholder is responsible for submitting the accompanying receipts, along with the Corporate Card Program Submission of Supporting Documentation, (Attachment F), to FASD’s Disbursements Unit within five (5) business days following each calendar month-end cycle.

Please note that the Cardholder can, and is encouraged to, submit supporting documents at any time during the month. FASD staff will review and reconcile all expenditures charged on the Corporate Card to the actual itemized receipt, invoice, or supporting documentation. Please refer to Attachment H for an example of a Program Submission and Supporting Documentation packet.

If the Cardholder is not available (e.g., out of town or away from the office) to sign off on his/her transactions, a Proxy may submit an approval on behalf of the Cardholder, however, it must include a statement indicating the reason for doing so. A copy of the accompanying receipts should be retained and provided to the Cardholder for review.
upon the Cardholder’s return to the office. The Cardholder is responsible for immediately notifying the Program Administrator of any discrepancies identified. Funds will not be restored to the Corporate Card spending limit until an appropriate approval has been made by the Cardholder, Approving Manager, Proxy, or the Program Administrator for unique or unforeseen circumstances.

4.7. Billing Disputes/ Corporate Card Credits

If a billing dispute or error is found, the Cardholder is required to immediately contact the vendor. If an error is confirmed, the Cardholder will instruct the vendor to issue a credit against the applicable Corporate Card account. The credit should appear on the next month’s statement.

When a Cardholder returns goods that were originally purchased on a Corporate Card, a credit must be processed by the vendor/merchant to the Cardholder’s Corporate Card. This process ensures that the Bank can provide an audit trail for the original purchase and the credit.

Note if a purchase is made using the Corporate Card and the Cardholder returns goods to the vendor/merchant, the Cardholder must NOT accept cash, gift card, or a due bill for the credit amount. All credits issued for purchases previously made on the Corporate Card must be credited back by the vendor/merchant to the Corporate Card account.

If the vendor and the Cardholder are unable to reconcile the difference or determine an immediate resolution, the Cardholder is required to dispute the transaction online via Bank of America Works, (Attachment E), and forward information of the disputed charge to the Program Administrator as soon as possible.

Sometimes a canceled charge generates a ticket credit for future travel or other benefit which is not a Corporate Card credit. Such credit or benefit should be reported to the Corporate Card Administrator. This credit or benefit belongs to LACERA, and can only be used for permitted LACERA business purposes and such use, when made, also must be reported to the Corporate Card Administrator.

4.8. Consequences of Violating the Policy

It is a privilege to be a designated Corporate Cardholder. Each Cardholder is considered an agent of LACERA while holding and completing transactions using the Corporate Card. The Corporate Card should be used responsibly. If the Cardholder is in doubt whether a purchase should be made using the Corporate Card, immediately contact the Program Administrator or CFO for assistance.

Any misuse of the Corporate Card may be grounds for revocation of privileges, potential disciplinary action, termination of employment, and possible criminal prosecution, depending on the circumstances.
5. CONTROLS AND REVIEWS WITHIN LACERA

To ensure the continued success of the Corporate Card Program, LACERA’s Internal Audit staff may conduct periodic reviews of supporting documentation and the approval process for any and all Corporate Card transactions completed by the Cardholder and/or his or her designee, accounts payable files and documentation of approved changes such as credit line increases/decreases, addition/deletions of Cardholders, report of lost or stolen cards, card replacements, and the confirmation of any and all transactions initiated by LACERA’s Corporate Card Program Administrator(s).

It is important to note that LACERA’s Corporate Card Program information is subject to public records requests at any time.

6. POSITION CHANGES OR TERMINATION OF EMPLOYMENT

Any changes in the Cardholder’s employment position must be immediately communicated to the Program Administrator. Prior to termination of employment, a Cardholder must immediately return to the Program Administrator the Corporate Card assigned to the Cardholder. Cardholders will be held liable for unauthorized charges (including interest, if applicable) that occur after employment termination.
Frequently Requested Information

Corporate Card Program Administrators
LACERA Corporate Credit Card Program Administrators (Corporate Card Administrators) are personnel from LACERA’s Financial and Accounting Services Division (FASD).

Please email inquiries/issues/concerns to Corporate Card Administrators Outlook Mail List.

All forms, training guides, and Corporate Card Administrators’ contact information are available on LACERA’s Intranet under:
  Policies and Procedures
  Financial and Accounting Services
  Corporate Card

Bank of America Merrill Lynch Works® Online System
https://payment2.works.com/works/home

Lost or Stolen Corporate Card
If your Corporate Card has been lost or stolen, contact:
Bank of America at 888-449-2273 (24 hours) and, contact:
LACERA Corporate Card Administrators Outlook Mail List

Dispute Corporate Card Charges
To dispute a charge on your Corporate Card:
  1. Call the vendor immediately and attempt to resolve the differences. If necessary, please dispute transaction via Bank of America Works® and provide any required documentation to Bank of America within 60 days from the billing close date (see Attachment E for the Dispute Transaction Screenshot), and
  2. Notify the Corporate Card Administrators immediately via email.

Fraud
If there are any issues or questions relating to fraud, contact Bank of America at 866-500-8262 (24 hours).

Card Activation/PIN Setup
To activate a new Corporate Card or set up and PIN #, contact Bank of America at 888-233-8855 (24 hours).
## List of Designated Corporate Cardholders

<table>
<thead>
<tr>
<th>Division Name</th>
<th>Position Title</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Services</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Supervising Admin. Asst.–Business Continuity &amp; Records Management</td>
<td>Disaster Recovery</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Admin. Service Officer–Budget Development &amp; Document Processing</td>
<td>Disaster Recovery</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Admin. Service Analyst III–Facilities Management &amp; Procurement</td>
<td>Procurement</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Admin. Service Analyst II–Facilities Management &amp; Procurement</td>
<td>Procurement</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Procurement Assistant II–Facilities Management &amp; Procurement</td>
<td>Procurement</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Supervising Admin. Assistant II–Document Processing Center</td>
<td>LACERA Vehicle</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Senior Secretary</td>
<td>Rideshare</td>
</tr>
<tr>
<td>Benefits</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Board Offices</td>
<td>Executive Assistant–Board of Investments</td>
<td>Board Related Expenses</td>
</tr>
<tr>
<td>Board Offices</td>
<td>Executive Assistant–Board of Retirement</td>
<td>Board Related Expenses</td>
</tr>
<tr>
<td>Communications</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Disability Litigation</td>
<td>Chief Counsel</td>
<td>Division Expenses/LACERA Vehicle</td>
</tr>
<tr>
<td>Disability Retirement</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Executive Office</td>
<td>Chief Executive Officer</td>
<td>Division Expenses/LACERA Vehicle</td>
</tr>
<tr>
<td>Executive Office</td>
<td>Asst. Executive Officer</td>
<td>Disaster Recovery/LACERA Vehicle</td>
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<tr>
<td>Executive Office</td>
<td>Asst. Executive Officer</td>
<td>Disaster Recovery/LACERA Vehicle</td>
</tr>
<tr>
<td>FASD</td>
<td>Chief Financial Officer</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Division Director</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Human Resources</td>
<td>Training Coordinator</td>
<td>LACERA Training Expenses</td>
</tr>
<tr>
<td>Internal Audit</td>
<td>Chief, Internal Audit</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Investments</td>
<td>Chief Investment Officer</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Legal</td>
<td>Chief Counsel</td>
<td>Division Expenses/LACERA Vehicle</td>
</tr>
<tr>
<td>Member Services</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>QA Metrics</td>
<td>Chief, Quality Assurance</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Retiree Healthcare Services</td>
<td>Director Retiree Healthcare</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Systems</td>
<td>Information Systems Manager</td>
<td>Division Expenses/Disaster Recovery</td>
</tr>
<tr>
<td>Systems</td>
<td>Asst. Information Systems Manager</td>
<td>Division Expenses/Disaster Recovery</td>
</tr>
</tbody>
</table>
Corporate Card Agreement

Name of Employee (Cardholder name as shown on the Corporate Card):

Division:

The CARDHOLDER agrees to and is responsible for the following:

• Read, understand, and follow the LACERA Corporate Card Policy, the Education and Travel Policy and all LACERA Procurement Policies.
• Ensure that all charges made to the Corporate Card are for allowable LACERA business-related expenses within the scope of the Cardholder's authority and that the Corporate Card is not used to make personal purchases or for any other improper purpose. The Corporate Card should not be used to make purchases that are properly processed and paid by other means under LACERA’s Procurement Policies.
• Verify the accuracy of all charges on the Corporate Card and submit all related supporting documentation, including itemized receipts and a detailed statement of the allowable LACERA business-related purpose of each charge, to the Financial and Accounting Services Division during or at the end of each billing cycle.
• Oversee the use of the Corporate Card by others to ensure that they have reviewed and complied with the Corporate Card Policy, the Education and Travel Policy, all LACERA Procurement Policies, and this Agreement.
• Immediately notify the issuing bank (Bank of America at 888-449-2273) if the Corporate Card is lost or stolen.
• Cease use of and return the Corporate Card to the LACERA Program Administrator immediately at the end of Cardholder’s employment or upon request by the Program Administrator. LACERA may terminate use of the Corporate Card at any time.
• Reimburse LACERA for improper charges, including interest, if applicable.

As the Cardholder of the Corporate Card, I understand and agree that the Corporate Card is the property of LACERA and to accept the responsibility for the protection and proper use of the Corporate Card, as detailed above and in accordance with the LACERA Corporate Card Policy and all LACERA Procurement Policies. I understand that failure to adhere to any of the Corporate Card Policy, any LACERA Procurement Policies, or the terms of this Agreement, or any misuse of the Card, may result in revocation of individual Cardholder privileges, possible discipline or termination of employment, and potential criminal prosecution. The terms and conditions of use of the Card may be changed by LACERA at any time.

I, the Cardholder, acknowledge receipt of the Corporate Card, card number ___________ (last 4-digits), with a credit limit of $__________________

Signature: _____________________________________________ Date: __________________

Cardholder

NOTE: PLEASE ACTIVATE YOUR CARD IMMEDIATELY UPON RECEIPT.
MEMORANDUM

Date

To

Executive Officer

From

Subject

Request for Pre-approval: Using Corporate Card for Non-travel Related Food and Beverage Expenses

The Policy for using the LACERA Corporate Card requires prior approval from the Executive Office when purchasing food and beverages not associated with travel. Therefore, I am requesting your authorization to use the card for the following:

Event Date

Detailed Explanation of Purpose(s)

Estimated Amount

Staff Included

External Persons Included

Noted and Approved

Date

C: LACERA Chief Financial Officer
ATTACHMENT E

Dispute Transaction (Screenshot)
Corporate Card Program
Submission of Supporting Documentation

Date: 

Cardholder Name: 

Submitted By: 
(Proxy, if applicable) 

Reporting Cycle (Month): 

Additional Information: 

- I have verified the accuracy of all charges (and related supporting documents), which are allowable business related expenses in accordance with the LACERA Corporate Card Policy.
- I have allocated and signed off on my transactions online at https://payment2.works.com

_________________________  ______________________
Cardholder Signature        Date

_________________________  ______________________
Approving Manager Signature Date
Receipt Imaging is a licensed feature in Works that allows Primary and Secondary Accountholders, Approvers and Proxy Reconcilers to upload receipt images to Works from their computer's desktop in addition to faxing their receipts.

Users may upload and store receipt images in their Receipt storage for processing later. Removing a receipt image from the Receipts view removes the image from storage but does not remove it from any document to which it is attached.

- Receipt Images can be uploaded or faxed.
- The following file formats are supported for the upload process: .pdf, .png, .jpg, .gif and .jpeg
- Receipt Images are retained and available for download for a period of seven years.

Important: Your company must be licensed to use Receipts Imaging.

1. Storing and Removing a Receipt Image

To store or remove a receipt image in Receipts, complete the following:

1. Click Expenses > Receipts. The Receipts screen displays.
2. Complete one of the following:
   - **Upload and Store a Receipt Image**
     - Click Add.
     - Click Browse to locate the receipt image to upload.
     - Click the calendar to enter a Receipt Date.
     - Enter a Description.
     - Click OK.
   - **Remove one or more uploaded stored Receipt Images**
     - Select the checkbox for each receipt image to be removed.
     - Click Remove.
     - Note: Removing a receipt image from the Receipts view does not remove it from any document to which it is attached.
     - Click OK.

2. Uploading and Attaching a Receipt Image to a Transaction

To upload a receipt image from your desktop or attach a stored receipt and attach it to a transaction, complete the following:

1. Click Expenses > Transactions > Accountholder.
2. Click the Document of the transaction associated with the receipt image. The single-action menu displays.
3. Select Manage Receipts.
4. Click Add.
5. Complete one of the following:
   - **Attach a New Receipt**
     - Select New Receipt.
     - Browse to locate the receipt image.
     - Click the calendar to enter a Receipt Date.
     - Enter a Description.
     - Click OK. A confirmation message displays.
     - Click Close. The Receipt and Uploaded Receipt columns update to Yes.
   - **Attach a Stored Receipt Image**
     - Click Stored Receipt.
     - Select a receipt from the list.
     - Click Attach. A confirmation message displays.
     - Click Close. The Receipt and Uploaded Receipt columns update to Yes.

Important:

- Receipt image uploads must be performed one at a time.
- Each PDF image must be less than 1 MB to upload.
- For Non-PDF type images, the size limit can be up to 10MB. Works compresses those files to be equal or less than 1 MB. If the compressed file is larger than 1 MB, an error message displays.
3 Uploading a Receipt Image to Multiple Transactions

Users can upload a receipt image and attach to multiple transactions by completing the following:

1. Click Expenses > Transactions > Accountholder.
2. Select the check box beside each transaction to associate with the receipt image.
3. Click Upload Receipt.
4. Click Add. A drop-down menu displays.

5. Complete one of the following:
   - Attach a New Receipt
     * Select New Receipt.
     * Browse to locate the receipt image.
     * Click the calendar to enter a Receipt Date.
     * Enter a Description.
     * Click OK. A confirmation message displays.
     * Click Close. The Receipt and Uploaded Receipt columns update to Yes.
   - Attach a Stored Receipt
     * Select a receipt from the list.
     * Click Attach. A confirmation message displays.
     * Click Close. The Receipt and Uploaded Receipt columns update to Yes.

4 Removing a Receipt Image from a Transaction

To remove one or more attached receipt image(s) from a transaction, complete the following:

   Note: To select transactions in another queue, click the desired transactions tab.
2. Click Document of the transaction attached with the receipt image. The single-action menu displays.
3. Select Manage Receipts. The Receipts window displays.
4. Select the check box for the receipt image to be removed.
5. Click Remove.
6. Click OK.
7. Click Close. The Receipt column updates to Unknown when the last receipt has been removed from the transaction, and the Uploaded Receipt column updates to No.

5 Viewing a Stored Receipt Image

To view a stored receipt image, complete the following:

1. Click Expenses > Receipts. The Receipts screen displays a list of unattached receipt images.
   Note: To view all receipt images, clear the check from Show unattached receipts only.
2. Click the desired File Name. The image displays.
   Note: To view the receipt image in the PDF version, click View PDF.

6 Printing a Transaction and the Receipt Image Attached

To print the details of a transaction and the receipt image attached, complete the following:

   Note: Click the tab for the queue where the desired transaction exists, as needed.
2. Click Document of the desired transaction. The single-action menu displays.
3. Select Print. The Print window displays.
4. Select one of the following from the Print menu:
   - Summary
     * Click Summary to print specific columns of information and their order.
     * Go to step 5.
7 Viewing Receipt Images Attached to a Transaction

To view the receipt images attached to a transaction, complete the following:

   **Note**: To select transactions in another queue, click the desired transaction tab.
2. Click Document of the transaction associated with the receipt image. The single-action menu displays.
3. Select View Full Details.
4. Click the Receipts tab. Receipt images attached to the transaction display.
5. Click the File Name to view a receipt image.

6. Click View Receipt from the menu that displays. The Receipt Image displays.

8 Attaching a Receipt Image to an Expense Report

To upload a receipt image and attach it to an expense report, complete the following:

1. Click Expenses > Expense Reports > Owner.
2. Click the Expense Report Name.
3. Select Manage Receipts.
4. Click Add.
5. Complete one of the following:

   **Attach a New Receipt**
   - Select New Receipt.
   - Browse to locate the receipt image.
   - Click the calendar to enter a Receipt Date.
   - Enter a Description in the box.
   - Click OK. A confirmation message displays.
   - Click Close. The Uploaded Receipt column updates to Yes.

   **Attach a Stored Receipt Image**
   - Click Stored Receipt.
   - Select a receipt from the list that displays.
   **Note**: To view all receipt images, clear the check from Show unattached receipts only.
   - Click Attach. A confirmation message displays.
   - Click Close. The Uploaded Receipt column updates to Yes.
**Important:**
- Receipt image uploads must be performed one at a time.
- Each PDF image must be less than 1 MB to upload.
- For Non-PDF type images, the size limit can be up to 10 MB. Works will compress those files to be equal or less than 1 MB, if the compressed file is larger than 1 MB, an error message will display.

**9 Removing a Receipt Image from an Expense Report**

To remove one or more attached receipt image(s) from an expense report, complete the following:

1. Click Expenses > Expense Reports > Owner.
   
   **Note:** To select an expense report in another queue, click the expense report tab.
2. Click the Expense Report Name.
3. Select Manage Receipts. The Receipts window displays.
4. Select the check box for the receipt image to be removed.
5. Click Remove.
6. Click OK.
7. Click Close. The Uploaded Receipt column updates to No.

**Important:** Faxed images cannot be removed from Expense Reports.

**10 Viewing Receipt Images Attached to an Expense Report**

To view the receipt images attached to an expense report, complete the following:

1. Click Expenses > Expense Reports > Owner.
2. Click the desired Expense Report Name. The single-action menu displays.
4. **Note:** To view a receipt image in PDF format, select the check box of the File Name, and click View PDF.

### 11 Adding Faxed Receipt Images to an Expense Report

Users can add receipt images to expense folders for up to 60 days after an expense folder is created.

To add faxed receipt images to an Expense Report, complete the following:

1. Click Expenses > Expense Reports > Owner.
2. Click the desired Expense Report Name. The single-action menu displays.
4. Print the Fax Cover Page.
5. Fax the Fax Cover Page with receipts to the fax number provided on the Fax Cover Page. Refer to detailed instructions provided on the Fax Cover Page.

**Faxing Best Practices:**

- Do not write on the fax cover sheet because writing may interfere with the success of the capture and loading of the image to Works.
- When faxing receipts, users should attempt to fit as many receipts on a page as possible to maximize storage space. The system has a limit of 50 pages per fax. If a user needs to fax more than 50 pages, they will need to separate it into multiple faxes using the same cover sheet with barcode.
- Generally, receipts are visible in Works in approximately 90 minutes or less. If a receipt image is not visible in Works within 24 hours, the user should re-fax.
- A confirmation or failure email is sent within one business day regarding the status of the faxed submission. If the user does not receive an email from Works regarding their fax, they should resend the fax cover page along with the receipts again to the number provided on the Fax Cover sheet.
- Your individual organization is considered the primary data owner, therefore, you are responsible for maintaining original receipts.
Corporate Card Program
Submission of Supporting Documentation

Date: 10/01/18
Cardholder Name: Vincent A. Lim
Submitted By: Sarah Espinoza-Musgrave
(Proxy, if applicable)
Reporting Cycle (Month): 12/01/18 thru 12/31/18

Additional Information: 
I have allocated and signed off my transactions online at: https://payment2.works.com

Cardholder Signature  12/21/18

Date

(Note: The cover sheet of the example attached is an older version of the Submission and Supporting Documentation form. Please be sure to use the revised form in Attachment F when submitting this packet).

The names of the cardholder and proxy, if applicable, will be acknowledged as an All Star for timely and complete submissions for the reporting month. Thank you! 
## Works - Transactions

### Transactions - Summary

<table>
<thead>
<tr>
<th>Sign Off</th>
<th>Date Purchased</th>
<th>Document</th>
<th>Primary Accountholder</th>
<th>Account Nickname</th>
<th>Vendor</th>
<th>Purchase Amount</th>
<th>Comp/Val/Auth</th>
<th>Allocation</th>
<th>Bank Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td>11/29/2018</td>
<td>TXN00016157 Lim, Vincent</td>
<td>Vincent Lim</td>
<td>PASEO PARKING GARAGES</td>
<td>9.00</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>9151-001-59312</td>
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<tr>
<td>none</td>
<td>12/02/2018</td>
<td>TXN00016159 Lim, Vincent</td>
<td>Vincent Lim</td>
<td>SHELL OIL 57441409602</td>
<td>43.57</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>9103-001-59312</td>
</tr>
<tr>
<td>none</td>
<td>12/10/2018</td>
<td>TXN00016307 Lim, Vincent</td>
<td>Vincent Lim</td>
<td>SHELL OIL 574414489602</td>
<td>50.23</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
<td>9103-001-59312</td>
</tr>
</tbody>
</table>

### Totals

- Transaction Count: 3
- Purchase Total: 102.77
- Allocation Total: 102.77

https://payment2.works.com/works/print/printPreview/emptyPrintPage

12/21/2018
Parking fee in the amount of $9.00 was incurred by Vincent Lim re attendance of the November 29, 2018 Los Angeles County Women’s Leadership Conference. No physical receipt was provided by the vendor Paseo Parking Garages.

December 21, 2018

Vincent Lim
Welcome to Shell

SHELL
3044 FOOTHILL BLVD
LA CRESCEITA, CA
91214
5744489980
12/06/2018 081099647
04:22:22 PM

PUMP # 14
PREM $1.47/GAL
PRICE/QT $3.799
FUEL TOTAL $ 49.57
CREDIT $ 49.57

Please come again

Welcome to Shell

SHELL
3044 FOOTHILL BLVD
LA CRESCEITA, CA
91214
5744469980
12/16/2018 081120047
04:50:50 PM

PUMP # 6
PREM 10.57/GAL
PRICE/QT $3.699
FUEL TOTAL $ 58.23
CREDIT $ 58.23

Please come again
Exhibit B
Redlined Previous
Corporate Credit Card Policy (March 2019)
Table of Contents

1. Introduction
   1.1. Purpose ........................................................................................................... 1
   1.2. Definitions/Roles/Authority ......................................................................... 1
   1.3. Obtaining a Corporate Card ....................................................................... 2
   1.4. Changes to Corporate Card ....................................................................... 3

2. Corporate Card Agreement ........................................................................... 3

3. Credit Limits ................................................................................................. 3

4. Cardholder Responsibilities
   4.1. Recommended Corporate Card Uses .......................................................... 4
   4.2. Purchases for which the Corporate Card Cannot be Used ....................... 6
   4.3. Purchases Required in the Event of a Disaster ........................................ 7
   4.4. Security ....................................................................................................... 8
   4.5. Maintaining Required Records ................................................................. 9
   4.6. Monthly Reconciliation ........................................................................... 10
   4.7. Billing Disputes/Corporate Card Credits .............................................. 12
   4.8. Consequences of Violating the Policy .................................................... 13

5. Controls and Reviews Within LACERA ..................................................... 13

6. Position Changes or Termination of Employment ........................................ 13

Policy Attachments
   Attachment A: Frequently Requested Information
   Attachment B: List of Designated Corporate Cardholders
   Attachment C: Corporate Card Agreement
   Attachment D: Request for Pre-Approval Memo
   Attachment E: Dispute Transaction (Screenshot)
   Attachment F: Corporate Card Program Submission of Supporting Documentation
   Attachment G: How to Upload Receipts to Bank of America Works
   Attachment H: Submission of Supporting Documentation Example
1. INTRODUCTION

1.1. Purpose

The purpose of the LACERA Corporate Credit Card (Corporate Card) Program is to facilitate purchases of the type described and permitted within this LACERA Corporate Credit Card Policy (Corporate Card Policy) in accordance with authority granted by the LACERA governing Boards or the Chief Executive Officer (CEO) in the best interest of LACERA.

It is important to remember that the Corporate Card Policy is NOT intended to bypass the LACERA Policy for Purchasing Goods and Services (LACERA Procurement Policy) and/or the LACERA Education and Travel Policy currently in place as they may change from time to time.

Corporate Card users are responsible for adherence to the Corporate Card Policy while the Financial and Accounting Services Division (FASD) is in charge of Policy administration. Questions regarding the appropriateness of expenditures should be directed to the LACERA Chief Financial Officer (CFO) prior to incurring such expenses, particularly if not identified in this Corporate Card Policy.

1.2. Definitions/Roles/Authority

1.2.1. LACERA Corporate Card Program Administrator (Program Administrator)
Designated person(s) in the FASD are responsible for all Corporate Card Program details, including all Cardholder inquiries and issues. For questions or inquiries, please send an email to the Corporate Card Administrators Outlook Mail List. This person(s) will act as a liaison between LACERA and Bank of America Merrill Lynch (Bank of America) or such other service provider. (Attachment A)

1.2.2. Division Manager / Designated Approving Personnel
Individual who reviews and approves his/her Division Cardholders’ monthly expense statements. As necessary, Division Managers request approval from the CEO for new Corporate Card applications within their Division and Corporate Card change requests for their Division staff.

Corporate Cards are issued to Division Managers with the intended card use to be for Division-wide expenditures and not those related primarily to one individual.

Division Managers are required to review their monthly Corporate Card expenses, which will be approved by the appropriate higher lever management (i.e., “Approving Manager”).
1.2.3. **Corporate Cardholder (Cardholder)**
Full-time permanent LACERA employee who has been issued a Corporate Card and the person who is authorized to make purchases in accordance with this Corporate Card Policy.

The Cardholder is ultimately responsible for his/her Corporate Card. The Cardholder may allow another LACERA employee within the Division to use his/her Corporate Card, but regardless, the Cardholder is primarily responsible for:
- Safekeeping of the Corporate Card;
- Monitoring of use of the Corporate Card only for a legitimate LACERA business purpose and to otherwise ensure compliance with this Corporate Card Policy; and
- Approval of Corporate Card expenditures.

1.2.4. **Proxy**
A LACERA Employee who is authorized by the Cardholder to make purchases in accordance with this Corporate Credit Policy when the Cardholder is unavailable.

The Cardholder allows the Proxy, who works in the same Division, to use his/her Corporate Card. However, the Cardholder is ultimately responsible for the safekeeping of the Corporate Card and approval of the Corporate Card expenditures. The Proxy also supports the Cardholder in tasks including, but not limited to, reviewing charges, obtaining receipts and supporting documents, and allocating charges to the correct accounting code(s).

1.2.5. **Vendor/Merchant**
A Company from which a Cardholder is purchasing products and/or services under the purchasing provisions of this Corporate Card Policy and the LACERA Procurement, and Education and Travel Policy.

1.2.6. **Authority**
This Policy grants the authority to approvers/administrators (i.e., Executive management, Division Managers, and FASD personnel) to deny expenses which are not in accordance with this Policy. As such, frequent violations of this Corporate Card Policy will result in Corporate Card revocation.

1.3. **Obtaining a Corporate Card**
Designated employees can use the Corporate Card to obtain services or goods, as specified in this Policy, in accordance with the authority granted by the LACERA Boards or the CEO and in LACERA’s best interest for a legitimate LACERA business purpose.

Generally, Division Managers are granted corporate cards, in addition to certain Division positions who have been pre-approved by the Executive Office as authorized Cardholders due to their assigned responsibilities. Thus, when there is a personnel change in the
aforementioned positions, a new card will be automatically issued to the newly appointed Division Manager and/or designated position. (Attachment B contains the List of Designated Corporate Cardholders)

For the efficient operation of his/her division, Division Managers may request to add a new Cardholder by sending an email to his/her supervisor (i.e., CEO or Assistant Executive Officer) justifying the request for approval with a cc to the Corporate Card Administrators Outlook Mail List.

1.4 Changes to Corporate Card

Division Managers may request changes to a Cardholder’s Corporate Card. Requests, including justification for the change, must be emailed to the Corporate Card Administrators Outlook Mail List. Such Corporate Card changes include:

a. Credit limit increase (written Executive Office approval is required);
b. Cancellation;
c. Replacement;
d. Cardholder Name Change; and
e. Deactivation.

2. CORPORATE CARD AGREEMENT

Upon physical receipt of the Corporate Card, the Cardholder will be required to read, understand, and sign LACERA’s Corporate Card Agreement (Attachment C). This form states that the Cardholder accepts the responsibility for the protection and proper use of the Corporate Card. The Corporate Card will be issued in the name of the Cardholder using the Cardholder’s personal information. Only one Corporate Card will be issued to an individual. Therefore, the Corporate Card should be kept in a secure (i.e. locked) location, especially if accessible by others within the Division.

All cardholders are required to set up a PIN # for security purposes. It is generally recommended that the Cardholder set up a PIN # by calling (888) 233-8855 or visiting www.baml.com/globalcardaccess. Bank of America will ask for the verification ID (user profile ID) before setting up a PIN #. Cardholders may obtain their verification ID (user profile ID) by logging into Bank of America Works, clicking on the home page icon and locating their User ID listed under their email and user name. Please note, once a valid PIN # is set up, there is no need to obtain a new one.

The Cardholder is required to sign a new Agreement in situations where a new Corporate Card with a new card number is issued in the following circumstances:

(a) Replacement of stolen, lost, or compromised Corporate Card; and
(b) Replacement of an expired Corporate Card.
3. CREDIT LIMITS

Individual Corporate Card limits have been established and identified in the Agreement.

Credit limits may be revised depending upon the business needs of the Division, Cardholder’s spend history, or at the discretion of the CEO. To request a credit limit increase, Division Managers must send an email to his/her supervisor (i.e., CEO or Assistant Executive Officer) for approval with a cc to the Corporate Card Administrators Outlook Mail List. Justification for the credit limit increase is required to substantiate the request.

4. CARDHOLDER RESPONSIBILITIES

4.1. Recommended Corporate Card Uses

The Corporate Card is the property of LACERA. It is important to remember that when using the Corporate Card, Cardholders are expending the retirement system’s funds and, therefore, expenses are subject to all LACERA expenditures policies and guidelines.

As previously mentioned, it is important to remember that the Corporate Card Policy is not intended to bypass the LACERA Procurement Policy and/or the LACERA Education and Travel Policy currently in place as they may change from time to time.

LACERA reserves the right to revoke the Cardholder’s privileges at any time. This Policy allows only LACERA staff other than the named Cardholder to use the Corporate Card with the Cardholder’s knowledge and consent (e.g., a Division Secretary may use the Division Manager’s Corporate Card to make travel arrangements for any staff member within the Division).

4.1.1. Allowable Purchase of Goods and Services

Corporate Cards are to be used for the purchase of goods and services (specified in this Policy) necessary in carrying out LACERA business and in the best interest of LACERA. Itemized receipts/invoices are required to support such purchases including a written, signed and dated statement (or email) of the business reason for said expenses.

Where the need is urgent (urgent is defined for this Section 4.1.1 as (1) time sensitive, or (2) the definite unavailability of any other payment method acceptable to the vendor) to avoid material risk to LACERA, the Systems Division may use the corporate credit card for operational purchases up to $5,000 per purchase, subject to the corporate card limit. These purchases must be accompanied by original receipts, an itemized report including a detailed description(s) of the purchase(s), justification for urgency, and advance written approval, unless not possible under the circumstances, by a Division Manager, and Assistant Executive Officer, or above. The intention of this paragraph is not to circumvent the LACERA Procurement Policy.
Below is a list of items that are allowable using the Corporate Card and the related budget expense codes. Note that funding must be available in each individual Division’s current budget in order to pay for these purchases.

<table>
<thead>
<tr>
<th>Description</th>
<th>Expense Code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Registration (For Training and Education Purposes)</td>
<td>9962</td>
</tr>
<tr>
<td>Registration (For Departmental Training)</td>
<td>9966</td>
</tr>
<tr>
<td>Registration (For MOU Registration)</td>
<td>9968</td>
</tr>
<tr>
<td>Hotel (Room Expenses Only)</td>
<td>9183</td>
</tr>
<tr>
<td>Airfare/Airline Baggage Fee/Travel Agency Fee</td>
<td>9184</td>
</tr>
<tr>
<td>Meals (Pre-approval Required if Non-Travel Related and Actual Cost with <strong>Itemized</strong> Receipt Required)</td>
<td>9185</td>
</tr>
<tr>
<td>Transportation (Shuttle/Uber/Lyft/Taxi/Train/Light rail)</td>
<td>9186</td>
</tr>
<tr>
<td>Parking</td>
<td>9187</td>
</tr>
<tr>
<td>Miscellaneous -</td>
<td>9188</td>
</tr>
<tr>
<td>Travel related</td>
<td>9190</td>
</tr>
<tr>
<td>Non-travel related</td>
<td>9966</td>
</tr>
<tr>
<td>Off-site Board Meeting expenses</td>
<td>9983</td>
</tr>
<tr>
<td>Management Retreat</td>
<td>9991</td>
</tr>
<tr>
<td>Repairs and Maintenance for LACERA issued vehicles</td>
<td>9102</td>
</tr>
<tr>
<td>Registrations and Gasoline for LACERA issued vehicles</td>
<td>9103</td>
</tr>
<tr>
<td>Memberships (Professional Organizations only)</td>
<td>9961</td>
</tr>
<tr>
<td>Subscription for Educational Materials (Educational Magazines and newspapers)</td>
<td>9963</td>
</tr>
<tr>
<td>Court Filing and Document Retrieval Fees; Investment Registration; and Filing Fees charged by Legal Office</td>
<td>4030</td>
</tr>
<tr>
<td>Purchases of food and beverage by:</td>
<td>9984</td>
</tr>
<tr>
<td>• Executive Assistants for LACERA Board related functions</td>
<td></td>
</tr>
<tr>
<td>• Brown Bag Coordinators for monthly CEO Brown Bag</td>
<td></td>
</tr>
<tr>
<td>• Ride Share Coordinator for ride share related events and other LACERA sponsored employee events.</td>
<td>9984</td>
</tr>
</tbody>
</table>

**(NOTE: ALL other divisions must provide business related justification, names of staff/external parties included in the event, event date, cost estimate, and**
obtain written PRE-APPROVAL from the Executive Office for non-travel related food and beverage purchases using Attachment D or via email using the information requested in Attachment D.

<table>
<thead>
<tr>
<th>Operational purchases by the Systems Division, where there is an urgent need, as defined above, to avoid material risk to LACERA and with supporting documentation and advance written approval as described in the second paragraph above of this Section 4.1.1, such as:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Web service providers such as certificates, domain registrations, other site registrations and subscriptions;</td>
</tr>
<tr>
<td>B. For testing, research, evaluation, and non-regular, non-enterprise applications, security providers, hosted services, specialized hardware, devices, and other technology services;</td>
</tr>
<tr>
<td>C. For urgent needs and to ensure stable operation or to support an urgent operational matter, such as replacement hardware, software, parts, and other technology items;</td>
</tr>
<tr>
<td>D. For non-regular or urgently required technical support services;</td>
</tr>
<tr>
<td>E. For those requiring a named-account related to security access or registration under the management of the appropriate Division.</td>
</tr>
</tbody>
</table>

| Various* |

<table>
<thead>
<tr>
<th>Purchases in the event of an emergency, disaster, etc. as approved by the CEO or his/her designee</th>
</tr>
</thead>
</table>

*For additional expense codes, please see Expense Codes by Division located in the LACERA Intranet, FASD Policies and Procedures, under the Corporate Card tab.

4.1.2 Divisional Equipment and Supplies

All equipment and supplies (i.e., standard stock and special supplies) for all Divisional needs must be purchased/requested through the Administrative Services Division, Procurement Unit. In the unforeseen event that a Division may need to order special supplies using the Corporate Card, said Division must provide business related justification, obtain written pre-approval from the CEO, and notify the Administrative Services Division Manager of the purchase details.

4.2. Purchases for which the Corporate Card **CANNOT** Be Used
In order to promote the public’s confidence in the integrity of the Corporate Card Program and avoid any appearance of commingling of business-related expenditures with personal expenditures, use of the Corporate Card for personal purchases is **strictly prohibited at any time.**

Except as specified in Section 4.1.1 of this Policy, all goods and services must be obtained through the Administrative Services Division Procurement Unit.

Examples of items that CANNOT be purchased by a LACERA Division with the Corporate Card (other than the Administrative Services Division Procurement Unit) **except as provided in Section 4.1.1, include:**

1. Capital Equipment;
2. Furniture;
3. Software and IT Supplies;
4. Computer Equipment;
5. Any Electronics, Electronic Equipment, or Electronic Components;
6. Consulting Agreements/Contracts;
7. Time and Material Agreements;
8. Any Special Contractual Agreements with suppliers;
9. Internet Services (Residential or Wireless);
10. Contracts with Employment Agencies for Temporary Help; and

Under no circumstances can the Corporate Card be used to purchase alcohol (except at the CEO’s discretion), obtain cash advances, or use for personal charges of any kind.

4.2.1. **Pyramiding Charges and Cumulative Charges for the Same or Similar Purpose or Function Are Prohibited.**

Pyramiding charges mean using multiple transactions to circumvent Corporate Card limits. For example, a Cardholder with a $5,000 Corporate Card limit makes a purchase of $6,000 by requesting the vendor to process one transaction for $5,000 and another transaction for $1,000, to circumvent the $5,000 Corporate Card limit. A second example is requesting the vendor to process a purchase of $25,000 over five Corporate Cards with $5,000 limits. Note that these are pyramiding patterns whether the transaction is for several items or for one item.

4.3. **Purchases Required in the Event of a Disaster**

4.3.1. **Definition**

According to the LACERA Business Continuity Plan, a **disaster** is defined as:

“Any interrupting event which directly or indirectly impacts Information Systems, resulting in an outage that will render the data center and/or LACERA’s business operations inoperable or inaccessible for at least 48 hours, or as determined by the type of disaster or emergency. A disaster may be declared in less than 48
hours should it be determined to be in the best interest of LACERA’s business continuity operations. This would result in a decision to restore computer and/or business operations at the hot site.”

The decision to declare a disaster will be made by the Senior Management Team based upon a recommendation from the LACERA Recovery Management Team. An outage (crisis/discontinuity) may exist when:

- An information system providing support to a critical business function fails.
- Information systems cannot be restored before the point when it becomes vital to the business operations.
- Critical business processes or functions cannot be performed at Gateway Plaza, LACERA’s headquarters.

Some parameters to consider in defining a disaster are:

- If/when the information systems function is unavailable.
- Critical business processes that support the information systems function are unavailable and it is expected that the outage will exceed a predetermined, critical point in the business process.
- Time expected to restore a critical function on-site exceeds time required to recover that function at the alternate recovery site and return to the normal operating site. (For more information, please refer to the LACERA Business Continuity Plan).

In the event of a disaster, the Corporate Card may be used to purchase any goods and services as deemed necessary by the CEO, his/her designee, or the Director of the Recovery Management Team in LACERA’s best interest. In addition, Corporate Card spending limits may be temporarily increased as needed with written approval from the individuals indicated above.

Within seven calendar days of the purchase, a completed description of the emergency and justification for the purchase must be documented, approved, and submitted to the Administrative Services Division Manager. If the purchase is greater than staff spending authority, a Retirement Board agenda item must be prepared for Board approval/certification that the condition and circumstances required an emergency purchase.

Cash advances are available for use by specific employees designated by the CEO. Once an emergency or disaster has been declared, each person with cash advance capability is authorized to use this feature, as necessary, in the amount approved by the CEO, his/her designee, or the Director of the Recovery Management Team. As with all purchases, itemized supporting documentation is to be maintained and submitted for all cash advances and related purchases.

Authority to use the Corporate Card for purchases and cash advances in a disaster situation shall cease at such time as the CEO, his/her designee, or the Director of the Recovery Management Team declares that the emergency or disaster no longer exists.

4.4. Security
It is the Cardholders’ and designated Proxies’ responsibilities to safeguard the Corporate Card and account number to a higher degree than they safeguard his/her personal credit card. In this regard, here are some suggestions:

- Keep the Corporate Card in a safe and locked place accessible to the Cardholder only.
- Do not post the account number on any place that is accessible by others.
- Monitor use, and prevent use inconsistent with this Corporate Card Policy.

4.4.1. Lost, Stolen, or Compromised Corporate Card

Report a lost, stolen, or compromised Corporate Card immediately to Bank of America by calling 1-888-449-2273 and the LACERA Program Administrator via email using the Corporate Card Administrators Outlook Mail List.

Immediate reporting of a lost, stolen, or compromised Corporate Card limits LACERA’s liability for potential charges that may occur from unauthorized use. Failure to promptly report a lost, stolen, or compromised Corporate Card may result in the revocation of Corporate Card privileges, reimbursement to LACERA for unauthorized charges, and, if warranted, disciplinary action.

4.4.2. Compromised Corporate Card

In situations where a Corporate Card has been compromised and Bank of America has made the Program Administrator(s) aware of the situation, the Program Administrator will inform the affected Cardholder(s) immediately. The Cardholder is responsible for immediately returning the compromised Corporate Card to the Program Administrator.

In efforts to mitigate fraudulent transactions, the Cardholder or designee is encouraged to access their Corporate Card account online and review his/her transactions weekly. If unauthorized charges are identified, the Cardholder is required to immediately contact the Program Administrator via email using the Corporate Card Administrators Outlook Mail List to help prevent additional unauthorized charges.

Bank of America may immediately cancel, at any time even without notifying the Cardholder, all Corporate Cards reported as lost, stolen, or compromised and send a replacement to the Program Administrator. The Program Administrator will then provide the Cardholder with the new Corporate Card once it is received. The Cardholder is responsible for activating the new Corporate Card (Bank of America activation phone number provided in Attachment A).

4.4.3. Decline of Charges
If a vendor declines a charge, it may be because:
• Cardholder has exceeded their spending limit,
• Vendor has been blocked by Bank of America,
• Corporate Card was reported as lost, stolen or compromised, or
• Vendor entered an invalid expiration date, security code listed on
  the back of the card, or billing address details.

The Cardholder is required to immediately contact the Program Administrator via email using the Corporate Card Administrators Outlook Mail List to resolve the issue. Additionally, the Cardholder may log into Bank of America Works to see the reason for the decline.

4.4.4. Reporting Improper Charges
Cardholders have an obligation to report improper charges or charges that were determined to be personal, immediately to the Program Administrator and reimburse LACERA for improper charges, as appropriate.

4.5. Maintaining Required Records

Each time a Corporate Card purchase is made, either at the point-of-sale or by telephone/Internet, documentation shall be retained as proof of purchase. Such documentation will be used to verify the purchases listed on the Cardholder’s account. Cardholders are required to retain all order, invoice, confirmation, and shipping documentation.

Alternatively, the Cardholder can upload receipts to Bank of America’s Online Works® System (https://payment2.works.com/works/home). If you choose to utilize this function, please keep the original receipts on file for 90 calendar days. See Attachment G for instructions.

NOTE: ALL receipts and invoices must individually list the items purchased. A receipt showing only the total dollar amount is NOT acceptable.

When a purchase is made at the point-of-sale, the Cardholder must retain the invoice and the customer copy of the charge receipt.

When a purchase is made over the telephone or the Internet, the Cardholder must obtain a fax or an electronic confirmation from the vendor. These supporting documents must be submitted to FASD no later than the end of the monthly billing cycle, or when available during the month.

4.5.1. Travel Related Expenses (Special Items):

4.5.1.1. Travel approval document
According to LACERA’s Education and Travel Policy, all travel must be pre-approved by the appropriate Executive Officer, or his/her designee. The traveler will be responsible for submission of the
appropriate travel approval documents to FASD at the end of the monthly billing cycle, or when available during the month.

4.5.1.2. Airfare
Copy of the ticket or e-mail confirmation showing the cost of the air travel shall be attached to the monthly submission of receipts to FASD. If available, copies of the boarding passes shall be retained by the Cardholder.

4.5.1.3. Itemized meal receipts must be provided if the reimbursement method being used is the “actual receipt method.”

4.5.1.4. Other receipts to validate the expense reimbursements (i.e., conference registration, hotel invoice, transportation, parking, and other applicable travel related supporting documents).

4.6. Monthly Reconciliation

All Cardholders are required to log on to Bank of America's Online Works® System, (https://payment2.works.com/works/home) as frequently as possible to timely verify the accuracy of posted transactions to his/her account, and to compare each transaction to his/her receipts, order confirmations, and/or any shipping documents.

The Cardholder is required to enter the purpose of each expense in the “Note” section on the transaction page. Please see the Bank of America Works Quick Reference Guide for instructions.

Examples of documenting the expense purpose:
• “Food ordered for December 2018 Brown Bag”
• “Parking to attend November 29, 2018 LA County Women’s Leadership Conference”
• “Registration for 1/20/18 CALCPA webcast”
• “Event #2456 Hotel Charge for John Smith”
4.6.1. Approval Process for All Cardholders

Cardholders are required to “Sign Off” on all transactions through Bank of America’s Online Works System each month and have his/her Approving Manager/Supervisor “Sign Off” for approval.

The Approving Manager is required to verify that all charges are legitimate and in conformity with this Policy. As the Cardholder makes charges during the month, his/her credit limit is reduced by those charges. Once the Approving Manager approves the Cardholder’s expenses, the Cardholder’s limit will reset to the maximum.

Brown Bag Coordinators are required to submit their signed monthly statement to the CFO or his/her designee for review and approval.

Once the online sign offs have been completed, the Cardholder is responsible for submitting the accompanying receipts, along with the Corporate Card Program Submission of Supporting Documentation, (Attachment F), to FASD’s Disbursements Unit within five (5) business days following each calendar month-end cycle.

Please note that the Cardholder can, and is encouraged to, submit supporting documents at any time during the month. FASD staff will review and reconcile all expenditures charged on the Corporate Card to the actual itemized receipt, invoice, or supporting documentation. Please refer to Attachment H for an example of a Program Submission and Supporting Documentation packet.

If the Cardholder is not available (e.g., out of town or away from the office) to sign off on his/her transactions, a Proxy may submit an approval on behalf of the Cardholder, however, it must include a statement indicating the reason for doing so. A copy of the accompanying receipts should be retained and provided to the Cardholder for review upon the Cardholder’s return to the office. The Cardholder is responsible for immediately
notifying the Program Administrator of any discrepancies identified. Funds will not be restored to the Corporate Card spending limit until an appropriate approval has been made by the Cardholder, Approving Manager, Proxy, or the Program Administrator for unique or unforeseen circumstances.

4.7. Billing Disputes/Corporate Card Credits

If a billing dispute or error is found, the Cardholder is required to immediately contact the vendor. If an error is confirmed, the Cardholder will instruct the vendor to issue a credit against the applicable Corporate Card account. The credit should appear on the next month’s statement.

When a Cardholder returns goods that were originally purchased on a Corporate Card, a credit must be processed by the vendor/merchant to the Cardholder’s Corporate Card. This process ensures that the Bank can provide an audit trail for the original purchase and the credit.

Note if a purchase is made using the Corporate Card and the Cardholder returns goods to the vendor/merchant, the Cardholder must NOT accept cash, gift card, or a due bill for the credit amount. All credits issued for purchases previously made on the Corporate Card must be credited back by the vendor/merchant to the Corporate Card account.

If the vendor and the Cardholder are unable to reconcile the difference or determine an immediate resolution, the Cardholder is required to dispute the transaction online via Bank of America Works, (Attachment E), and forward information of the disputed charge to the Program Administrator as soon as possible.

Sometimes a canceled charge generates a ticket credit for future travel or other benefit which is not a Corporate Card credit. Such credit or benefit should be reported to the Corporate Card Administrator. This credit or benefit belongs to LACERA, and can only be used for permitted LACERA business purposes and such use, when made, also must be reported to the Corporate Card Administrator.

4.8. Consequences of Violating the Policy

It is a privilege to be a designated Corporate Cardholder. Each Cardholder is considered an agent of LACERA while holding and completing transactions using the Corporate Card. The Corporate Card should be used responsibly. If the Cardholder is in doubt whether a purchase should be made using the Corporate Card, immediately contact the Program Administrator or CFO for assistance.

Any misuse of the Corporate Card may be grounds for revocation of privileges, potential disciplinary action, termination of employment, and possible criminal prosecution, depending on the circumstances.

5. CONTROLS AND REVIEWS WITHIN LACERA
To ensure the continued success of the Corporate Card Program, LACERA’s Internal Audit staff may conduct periodic reviews of supporting documentation and the approval process for any and all Corporate Card transactions completed by the Cardholder and/or his or her designee, accounts payable files and documentation of approved changes such as credit line increases/decreases, addition/deletions of Cardholders, report of lost or stolen cards, card replacements, and the confirmation of any and all transactions initiated by LACERA’s Corporate Card Program Administrator(s).

It is important to note that LACERA’s Corporate Card Program information is subject to public records requests at any time.

6. POSITION CHANGES OR TERMINATION OF EMPLOYMENT

Any changes in the Cardholder’s employment position must be immediately communicated to the Program Administrator. Prior to termination of employment, a Cardholder must immediately return to the Program Administrator the Corporate Card assigned to the Cardholder. Cardholders will be held liable for unauthorized charges (including interest, if applicable) that occur after employment termination.
Frequently Requested Information

Corporate Card Program Administrators
LACERA Corporate Credit Card Program Administrators (Corporate Card Administrators) are personnel from LACERA’s Financial and Accounting Services Division (FASD).

Please email inquiries/issues/concerns to Corporate Card Administrators Outlook Mail List.

All forms, training guides, and Corporate Card Administrators’ contact information are available on LACERA’s Intranet under:
- Policies and Procedures
- Financial and Accounting Services
- Corporate Card

Bank of America Merrill Lynch Works® Online System
https://payment2.works.com/works/home

Lost or Stolen Corporate Card
If your Corporate Card has been lost or stolen, contact:
Bank of America at 888-449-2273 (24 hours) and, contact:
LACERA Corporate Card Administrators Outlook Mail List

Dispute Corporate Card Charges
To dispute a charge on your Corporate Card:
1. Call the vendor immediately and attempt to resolve the differences. If necessary, please dispute transaction via Bank of America Works® and provide any required documentation to Bank of America within 60 days from the billing close date (see Attachment E for the Dispute Transaction Screenshot), and
2. Notify the Corporate Card Administrators immediately via email.

Fraud
If there are any issues or questions relating to fraud, contact Bank of America at 866-500-8262 (24 hours).

Card Activation/PIN Setup
To activate a new Corporate Card or set up and PIN #, contact Bank of America at 888-233-8855 (24 hours).
<table>
<thead>
<tr>
<th>Division Name</th>
<th>Position Title</th>
<th>Purpose</th>
</tr>
</thead>
<tbody>
<tr>
<td>Admin. Services</td>
<td>Division Manager</td>
<td>Division Expenses</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Supervising Admin. Asst.–Business Continuity &amp; Records Management</td>
<td>Disaster Recovery</td>
</tr>
<tr>
<td>Admin. Services</td>
<td>Admin. Service Officer–Budget Development &amp; Document Processing</td>
<td>Disaster Recovery</td>
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<tr>
<td>Admin. Services</td>
<td>Admin. Service Analyst III–Facilities Management &amp; Procurement</td>
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<tr>
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<tr>
<td>Admin. Services</td>
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<td>Supervising Admin. Assistant II–Document Processing Center</td>
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</tr>
<tr>
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<td>Rideshare</td>
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<td>Benefits</td>
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</tr>
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<td>Board Offices</td>
<td>Executive Assistant–Board of Investments</td>
<td>Board Related Expenses</td>
</tr>
<tr>
<td>Board Offices</td>
<td>Executive Assistant–Board of Retirement</td>
<td>Board Related Expenses</td>
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<td>Communications</td>
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<td>Division Expenses</td>
</tr>
<tr>
<td>Disability Litigation</td>
<td>Chief Counsel</td>
<td>Division Expenses/LACERA Vehicle</td>
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<tr>
<td>Disability Retirement</td>
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<td>Division Expenses</td>
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<td>Executive Office</td>
<td>Chief Executive Officer</td>
<td>Division Expenses/LACERA Vehicle</td>
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<td>Disaster Recovery/LACERA Vehicle</td>
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<tr>
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<tr>
<td>FASD</td>
<td>Chief Financial Officer</td>
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<td>Human Resources</td>
<td>Division Director</td>
<td>Division Expenses</td>
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<td>Human Resources</td>
<td>Training Coordinator</td>
<td>LACERA Training Expenses</td>
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<td>Internal Audit</td>
<td>Chief, Internal Audit</td>
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<td>Investments</td>
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<td>Chief Counsel</td>
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</tr>
<tr>
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<td>Chief, Quality Assurance</td>
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<td>Director Retiree Healthcare</td>
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</tr>
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<td>Information Systems Manager</td>
<td>Division Expenses/Disaster Recovery</td>
</tr>
<tr>
<td>Systems</td>
<td>Asst. Information Systems Manager</td>
<td>Division Expenses/Disaster Recovery</td>
</tr>
</tbody>
</table>
# Corporate Card Agreement

**Name of Employee (Cardholder name as shown on the Corporate Card):**

<table>
<thead>
<tr>
<th>Division:</th>
</tr>
</thead>
</table>

The **CARDHOLDER** agrees to and is responsible for the following:

- Read, understand, and follow the LACERA Corporate Card Policy, the Education and Travel Policy and all LACERA Procurement Policies.
- Ensure that all charges made to the Corporate Card are for an allowable LACERA business-related expenses within the scope of the Cardholder's authority and that the Corporate Card is not used to make personal purchases or for any other improper purpose. The Corporate Card should not be used to make purchases that are properly processed and paid by other means under LACERA's Procurement Policies.
- Verify the accuracy of all charges on the Corporate Card and submit all related supporting documentation, including itemized receipts and a detailed statement of the allowable LACERA business-related purpose of each charge, to the Financial and Accounting Services Division during or at the end of each billing cycle.
- Oversee the use of the Corporate Card by others to ensure that they have reviewed and complied with the Corporate Card Policy, the Education and Travel Policy, all LACERA Procurement Policies, and this Agreement.
- Immediately notify the issuing bank (Bank of America at 888-449-2273) if the Corporate Card is lost or stolen.
- Cease use of and return the Corporate Card to the LACERA Program Administrator immediately at the end of Cardholder's employment or upon request by the Program Administrator. LACERA may terminate use of the Corporate Card at any time.
- Reimburse LACERA for improper charges, including interest, if applicable.

As the Cardholder of the Corporate Card, I understand and agree that the Corporate Card is the property of LACERA and to accept the responsibility for the protection and proper use of the Corporate Card, as detailed above and in accordance with the LACERA Corporate Card Policy and all LACERA Procurement Policies. I understand that failure to adhere to any of the Corporate Card Policy, any LACERA Procurement Policies, or the terms of this Agreement, or any misuse of the Card, may result in revocation of individual Cardholder privileges, possible discipline or termination of employment, and potential criminal prosecution. The terms and conditions of use of the Card may be changed by LACERA at any time.

I, the Cardholder, acknowledge receipt of the Corporate Card, card number ____________ (last 4-digits), with a credit limit of $_____________.

Signature: _____________________________________________   Date:  _______________

**Cardholder**

**NOTE:** PLEASE ACTIVATE YOUR CARD IMMEDIATELY UPON RECEIPT.
MEMORANDUM

Date

To

☐ Lou Lazatin

☐ JJ Popowich

Executive Officer

From

Subject

Request for Pre-approval: Using Corporate Card for Non-travel Related Food and Beverage Expenses

The Policy for using the LACERA Corporate Card requires prior approval from the Executive Office when purchasing food and beverages not associated with travel. Therefore, I am requesting your authorization to use the card for the following:

Event Date

Detailed Explanation of Purpose(s)

Estimated Amount

Staff Included

External Persons Included

Noted and Approved

Date

C: LACERA Chief Financial Officer
Dispute Transaction (Screenshot)
## Corporate Card Program

### Submission of Supporting Documentation

<table>
<thead>
<tr>
<th>Date:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cardholder Name:</td>
<td></td>
</tr>
<tr>
<td>Submitted By:</td>
<td></td>
</tr>
<tr>
<td>(Proxy, if applicable)</td>
<td></td>
</tr>
<tr>
<td>Reporting Cycle (Month):</td>
<td></td>
</tr>
<tr>
<td>Additional Information:</td>
<td></td>
</tr>
</tbody>
</table>

- I have verified the accuracy of all charges (and related supporting documents), which are allowable business related expenses in accordance with the LACERA Corporate Card Policy.
- I have allocated and signed off on my transactions online at [https://payment2.works.com](https://payment2.works.com)

_____________________________    __________________________
Cardholder Signature          Date

_____________________________    __________________________
Approving Manager Signature    Date

Rev: 3/19/19
Receipt Images
Quick Start Guide

Receipts Imaging is a licensed feature in Works that allows Primary and Secondary Accountholders, Approvers and Proxy Reconcilers to upload receipt images to Works from their computer's desktop in addition to faxing their receipts.

Users may upload and store receipt images in their Receipts storage for processing later. Removing a receipt image from the Receipts view removes the image from storage but does not remove it from any document to which it is attached.

- Receipt images can be uploaded or faxed.
- The following file formats are supported for the upload process: pdf, png, jpg, gif and jpeg.
- Receipt images are retained and available for download for a period of seven years.

Important: Your company must be licensed to use Receipts Imaging.

1. Storing and Removing a Receipt Image

To store or remove a receipt image in Receipts, complete the following:

1. Click Expenses > Receipts. The Receipts screen displays.

2. Complete one of the following:
   - Click Add.
   - Click Browse to locate the receipt image to upload.
   - Click the calendar to enter a Receipt Date.
   - Enter a Description.
   - Click OK.
   - Select the check box for each receipt image to be removed.
   - Click Remove.
   - Note: Removing a receipt image from the Receipts view does not remove it from any document to which it is attached.
   - Click OK.

2. Uploading and Attaching a Receipt Image to a Transaction

To upload a receipt image from your desktop or attach a stored receipt and attach it to a transaction, complete the following:

1. Click Expenses > Transactions > Accountholder.

2. Click the Document of the transaction associated with the receipt image. The single-action menu displays.

3. Select Manage Receipts.

4. Click Add.

5. Complete one of the following:
   - Attach a New Receipt
     - Select New Receipt.
     - Browse to locate the receipt image.
     - Click the calendar to enter a Receipt Date.
     - Enter a Description.
     - Click OK. A confirmation message displays.
     - Click Close. The Receipt and Uploaded Receipt columns update to Yes.
   
   - Attach a Stored Receipt
     - Select a receipt from the list.
     - Click Attach. A confirmation message displays.
     - Click Close. The Receipt and Uploaded Receipt columns update to Yes.

Important:
- Receipt image uploads must be performed one at a time.
- Each PDF image must be less than 1 MB to upload.
- For Non-PDF type images, the size limit can be up to 10MB. Works compresses those files to be equal or less than 1 MB. If the compressed file is larger than 1 MB, an error message displays.
3 Uploading a Receipt Image to Multiple Transactions

Users can upload a receipt image and attach to multiple transactions by completing the following:

1. Click Expenses > Transactions > Accountholder.
2. Select the check box beside each transaction to associate with the receipt image.
3. Click Upload Receipt.
4. Click Add. A drop-down menu displays.
5. Complete one of the following:
   - Select New Receipt.
   - Browse to locate the receipt image.
   - Click the calendar to enter a Receipt Date.
   - Enter a Description.
   - Click OK. A confirmation message displays.
   - Click Close. The Receipt and Uploaded Receipt columns update to Yes.

4 Removing a Receipt Image from a Transaction

To remove one or more attached receipt image(s) from a transaction, complete the following:

   - Note: To select transactions in another queue, click the desired transactions tab.

2. Click Document of the transaction attached with the receipt image. The single-action menu displays.
3. Select Manage Receipts. The Receipts window displays.
4. Select the check box for the receipt image to be removed.
5. Click Remove.
6. Click OK.
7. Click Close. The Receipt column updates to Unknown when the last receipt has been removed from the transaction, and the Uploaded Receipt column updates to No.

5 Viewing a Stored Receipt Image

To view a stored receipt image, complete the following:

1. Click Expenses > Receipts. The Receipts screen displays a list of unattached receipt images.
   - Note: To view all receipt images, clear the check from Show unattached receipts only.

2. Click the desired File Name. The image displays.
   - Note: To view the receipt image in the PDF version, click View PDF.

6 Printing a Transaction and the Receipt Image Attached

To print the details of a transaction and the receipt image attached, complete the following:

   - Note: Click the tab for the queue where the desired transaction exists, as needed.
2. Click Document of the desired transaction. The single-action menu displays.
3. Select Print. The Print window displays.
4. Select one of the following from the Print menu:
   - Summary
     - Click Summary to print specific columns of information and their order.
     - Go to step 5.

Works* Quick Start Guide
Details
- Click Details to print all available details for the selected transaction(s).
- Go to step 5.

Details and Summary
- Click Details & Summary to print both versions of the transaction detail, with specific columns and their order.
- Go to step 5.

5. Select Include Receipts to print the receipt attached to the transaction.

6. Select an item in the Available column, as desired.
   - Click the right arrow to add the item to the Included column.

   Notes:
   - To remove an item, select an item in the included column, then click the left arrow.
   - To change the order, select an item in the Included column, then click the up or down arrows.

7. Click Print Preview.
8. Click Print in the right corner of the Print Preview window.

9. Click Print. The Transaction details print.
10. Click the Uploaded Receipts link to print the receipt image attached to the transaction. The receipt image opens in a separate window.
11. Click the print icon. The receipt image prints.

7 Viewing Receipt Images Attached to a Transaction
To view the receipt images attached to a transaction, complete the following:
   Note: To select transactions in another queue, click the desired transaction tab.
2. Click Document of the transaction associated with the receipt image. The single-action menu displays.
3. Select View Full Details.
4. Click Receipts tab. Receipt Images attached to the transaction display.
5. Click the File Name to view a receipt image.

6. Click View Receipt from the menu that displays. The Receipt Image displays.

8 Attaching a Receipt Image to an Expense Report
To Upload a receipt image and attach it to an expense report, complete the following:
1. Click Expenses > Expense Reports > Owner.
2. Click the Expense Report Name.
3. Select Manage Receipts.
4. Click Add.
5. Complete one of the following:

   Attach a New Receipt
   - Select New Receipt.
   - Browse to locate the receipt image.
   - Click the calendar to enter a Receipt Date.
   - Enter a Description in the box.
   - Click OK. A confirmation message displays.
   - Click Close. The Uploaded Receipt column updates to Yes.

   Attach a Stored Receipt Image
   - Select Stored Receipt Image.
   - Select a receipt from the list that displays.
   - Note: To view all receipt images, clear the check from Show unattached receipts only.
   - Click Attach. A confirmation message displays.
   - Click Close. The Uploaded Receipt column updates to Yes.
Removing a Receipt Image from an Expense Report

To remove one or more attached receipt image(s) from an expense report, complete the following:

1. Click Expenses > Expense Reports > Owner.
   
   Note: To select an expense report in another queue, click the expense report tab.
2. Click the Expense Report Name.
3. Select Manage Receipts. The Receipts window displays.
4. Select the check box for the receipt image to be removed.
5. Click Remove.
6. Click OK.
7. Click Close. The Uploaded Receipt column updates to No.
   
   Important: Faxed images cannot be removed from Expense Reports.

Viewing Receipt Images Attached to an Expense Report

To view the receipt images attached to an expense report, complete the following:

1. Click Expenses > Expense Reports > Owner.
2. Click the desired Expense Report Name. The single-action menu displays.
4. Click the File Name in the Receipts table to view the receipt image.
5. Click View Receipt from the menu that displays. The Receipt image displays.

   Note: To view a receipt image in PDF format, select the check box of the File Name, and click View PDF.

Adding Faxed Receipt Images to an Expense Report

Users can add receipt images to expense folders for up to 60 days after an expense folder is created.

To add faxed receipt images to an Expense Report, complete the following:

1. Click Expenses > Expense Reports > Owner.
2. Click the desired Expense Report Name. The single-action menu displays.
4. Print the Fax Cover Page.
5. Fax the Fax Cover Page with receipts to the fax number provided on the Fax Cover Page. Refer to detailed instructions provided on the Fax Cover Page.

Faxing Best Practices:

- Do not write on the fax cover sheet because writing may interfere with the success of the capture and loading of the image to Works.
- When faxing receipts, users should attempt to fit as many receipts on a page as possible to maximize storage space. The system has a limit of 50 pages per fax. If a user needs to fax more than 50 pages, they will need to separate it into multiple faxes using the same cover sheet with barcode.
- Generally receipts are visible in Works in approximately 90 minutes or less. If a receipt image in not visible in Works within 24 hours, the user should re-fax.
- A confirmation or failure email is sent within one business day regarding the status of the faxed submission. If the user does not receive an email from Works regarding their fax, they should resend the fax cover page along with the receipts again to the number provided on the Fax Cover sheet.
- Your individual organization is considered the primary data owner, therefore, you are responsible for maintaining original receipts.
Corporate Card Program
Submission of Supporting Documentation

Date: 10/01/18
Cardholder Name: Vincent A. Lim
Submitted By: Sarah Espinoza-Musgrave
(Proxy, if applicable)
Reporting Cycle (Month): 12/01/18 thru 12/31/18

Additional Information: 
I have allocated and signed off my transactions online at: https://payment2.works.com

Cardholder Signature

Date
12/21/18

(Note: The cover sheet of the example attached is an older version of the Submission and Supporting Documentation form. Please be sure to use the revised form in Attachment F when submitting this packet).

The names of the cardholder and proxy, if applicable, will be acknowledged as an All Star for timely and complete submissions for the reporting month. Thank you!
### Transactions - Summary

<table>
<thead>
<tr>
<th>Sign Off</th>
<th>Date Purchased</th>
<th>Document</th>
<th>Primary Accountholder</th>
<th>Account Nickname</th>
<th>Vendor</th>
<th>Purchase Amount</th>
<th>Comp/Val/Auth</th>
<th>Allocation</th>
<th>Bank Dispute Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>none</td>
<td>11/29/2018</td>
<td>TXN00016157</td>
<td>Lim, Vincent</td>
<td>Vincent Lim</td>
<td>PASEO PARKING GARAGES</td>
<td>9.00</td>
<td>✓ ✓ ✓</td>
<td>✓ ✓ ✓</td>
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</table>

### Totals

| Transaction Count: | 3 |
| Purchase Total:    | 102.60 |
| Allocation Total:  | 102.80 |
Parking fee in the amount of $9.00 was incurred by Vincent Lim re attendance of the November 29, 2018 Los Angeles County Women’s Leadership Conference. No physical receipt was provided by the vendor Paseo Parking Garages.

December 21, 2018

[Signature]

Vincent Lim
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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<tbody>
<tr>
<td>PUMP #14</td>
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<td>PREH</td>
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Please come again.

<p>| | |</p>
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<td>PRICE/DAL</td>
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<td>FUEL TOTAL</td>
<td>$58.23</td>
</tr>
<tr>
<td>CREDIT</td>
<td>$58.23</td>
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</table>

Please come again.

Welcome to Shell

SHELL
38444 FOOTHILL BLVD
LA CRESTENA, CA
91214
574444999902
12/10/2018 601124D/87
04:22:27 PH

Welcome to Shell

SHELL
38444 FOOTHILL BLVD
LA CRESTENA, CA
91214
574444999902
12/10/2018 601124D/87
04:58:50 PH

Please come again.