

# LIVE VIRTUAL COMMITTEE MEETING

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



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

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

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

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

## **AGENDA**

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

#### **LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION**

**300 NORTH LAKE AVENUE, SUITE 810  
PASADENA, CA 91101**

**WEDNESDAY, AUGUST 3, 2022 – 9:00 A.M.\*\***

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

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

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

#### **COMMITTEE MEMBERS:**

Alan Bernstein, Chair  
Herman B. Santos, Vice Chair  
Keith Knox  
Antonio Sanchez  
JP Harris, Alternate

#### **I. APPROVAL OF THE MINUTES**

A. Approval of the minutes of the regular meeting of July 6, 2022

#### **II. PUBLIC COMMENT**

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

Verbal Public Comment – You may also request to address the Committee at [PublicComment@lacera.com](mailto:PublicComment@lacera.com) before and during the meeting at any time up to the end of the Public Comment item. We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

III. REPORTS

A. LACERA Operations Briefing

Luis A. Lugo, Deputy Chief Executive Officer  
JJ Popowich, Assistant Executive Officer  
Laura Guglielmo, Assistant Executive Officer  
(For Information Only)

B. Business Insurance Renewal Summary Update

James C. Beasley, Jr., Supervising Administrative Assistant  
(For Information Only)

IV. ITEMS FOR STAFF REVIEW

V. GOOD OF THE ORDER

(For information purposes only)

VI. EXECUTIVE SESSION

A. Potential Threats to Public Services or Facilities (Pursuant to Subdivision (a) of California Government Code Section 54957)

Consultation re. External Network Penetration Testing and Social Engineering Assessment with: Kevin Villanueva, Moss Adams Cybersecurity Consulting Partner, LACERA Chief Audit Executive Richard P. Bendall, LACERA Chief Executive Officer Santos H. Kreimann, Deputy Chief Executive Officer Luis Lugo, Systems Division Interim Manager Kathy Delino, Chief Information Security Officer Bob Schlotfeldt, and Other LACERA Staff.

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.**

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

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

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

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

WEDNESDAY, JULY 6, 2022, 8:30 A.M. – 8:43 A.M.

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

**COMMITTEE MEMBERS**

PRESENT: Alan Bernstein, Chair  
Herman B. Santos, Vice Chair  
Keith Knox  
Antonio Sanchez  
JP Harris, Alternate

**ALSO ATTENDING:**

BOARD MEMBERS AT LARGE

Vivian H. Gray  
Keith Knox  
William Pryor  
Les Robbins

STAFF, ADVISORS, PARTICIPANTS

Santos H. Kreimann, Chief Executive Officer  
Luis Lugo, Deputy Chief Executive Officer  
JJ Popowich, Assistant Executive Officer  
Laura Guglielmo, Assistant Executive Officer  
Steven P. Rice, Chief Counsel

The meeting was called to order by Chair Bernstein at 8:30 a.m.

I. APPROVAL OF THE MINUTES

A. Approval of the minutes of the regular meeting of June 1, 2022

Mr. Santos made a motion, Mr. Knox seconded, to approve the minutes of the regular meeting of June 1, 2022. The motion passed unanimously.

II. PUBLIC COMMENT

III. CONSENT ITEMS

A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That, under AB 361 and Government Code Section 54953(e)(3) of the Brown Act, the Operations Oversight Committee separately consider whether to find that the Governor's COVID-19 State of Emergency continues to directly impact the ability of the Committee to meet safely in person and that the County of Los Angeles and other agencies still recommend social distancing such that the Committee shall hold teleconference meetings for the next 30 days, so long as the State of Emergency remains in effect, and direct staff to comply with the agenda and public comment requirements of the statute. (Memorandum dated June 27, 2022)

Mr. Knox made a motion, Mr. Bernstein seconded, to approve the recommendation. The motion passed unanimously.

IV. NON-CONSENT ITEMS

A. Recommendation as submitted by Luis Lugo, Deputy Chief Executive Officer: That the Committee recommend the Board of Retirement approve the revised Policy on Policies, Procedures, and Charters (PPC). (Memorandum dated May 27, 2022)

Mr. Bernstein made a motion, Mr. Knox seconded, to approve the recommendation. The motion passed unanimously.

V. REPORTS

A. LACERA Operations Briefing

Luis Lugo, Deputy Chief Executive Officer

JJ Popowich, Assistant Executive Officers

Laura Guglielmo, Assistant Executive Officer

The Executive team presented the monthly briefing on projects and initiatives within LACERA's Operations and Administration, including Strategic Plan, CEO's 100 Day Report, Member Operations Group (MOG), and Business Services Group (BSG).

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

VI. ITEMS FOR STAFF REVIEW

There was nothing to report

VII. GOOD OF THE ORDER

(For information purposes only)

VIII. ADJOURNMENT

The meeting adjourned at 8:43 a.m.

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FOR INFORMATION ONLY



## Operations Briefing Report



August 3, 2022





We continue to work on the new report format and continue to look forward to Trustee feedback on the type of data they would like to see and the format. We have carried over the overview of how the report is structured to provide a review as everyone becomes more familiar with the report.

We have divided the report into four distinct sections, beginning with a general highlight section where we share narratives of projects or operational issues that we feel need highlighted attention. For example, over the last few months we have provided updates on our annual “March Madness” season.

The remaining sections are designed to provide an “at-a-glance” update on projects and initiatives the organization is working on. Each section is divided into the categories listed below to make it easier for you to quickly see what has changed, what has not, and what is completed. For this month’s report, we have assigned a color scheme to each section so that as you scroll through the report you will be able to easily identify which of the sections listed below you are in. We have alphabetized each section by project title to make it easier for Trustees to hone in on a specific project of interest:

- **New and Updated Information**
- **Existing Projects/Initiatives: No New Updates**
- **Completed Projects/Initiatives**

Each “at-a-glance” section provides a summary of information so Trustees can quickly understand the project and its status. This includes the following fields:

Project/Issue Title – Brief Description:

- **Type:** Each project has been assigned a type (Strategic Plan, CEO (for CEO’s 100 Day Report), MOG (Member Operations Group projects), and BSG (for Business Services Group projects).
- **Start and Target Date:** When the project started and its expected target date for completion.
- **Project Lead(s):** We have added a new information point to describe the project lead for that specific project.
- **Color coded status section** to indicate quickly where we are on the project.
- **A brief annotated notes section** to provide more detail on the status of the project.



This is a work in progress, and Trustees may note some information has yet to be filled in (i.e., start and target dates for some of the projects). We will be adding this information as we continue to update the report. We look forward to your input.

Status Indicator Note		
Color coded statuses for a quick at-a-glance indicator to tell you how the project is proceeding.		
On Schedule	Delayed	Pushed Back
(The project is on schedule and the team intends to meet the stated target date)	(The project is slightly delayed. The team does expect a one to two month slip in meeting the target date. Management is more actively watching the progress of these projects)	(The project has been impacted by a significant obstacle or has been suspended due to emergent priorities. Management is actively discussing remedial steps or has a plan waiting to be implemented)

### • New and Updated Information

This portion of the Operations Briefing will detail projects and initiatives that are new or have updated statuses.

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Financial Accounting Services Division	January 2021	December 2022
Project Lead(s): Ted Granger				
<b>Actuarial Valuation Reports – Retirement Fund:</b> The Government Code requires that valuations of the Retirement Fund (Pension Plan) be performed at least once every three years. The Board of Investments' 2013 Retirement Benefit Funding Policy requires valuations be completed annually. These reports are	On Schedule			
	Retirement benefits actuarial projects for the 2022 reporting cycle are in progress.  <u>2022 Retirement Benefits – Risk Assessment</u> Milliman prepared the 2022 Annual Risk Assessment report based upon the most recent completed valuation report and presented a final report to the Board of Investments (BOI) at their June meeting.			



prepared to determine employer and employee contribution rates and to measure the funded status of the Pension Plan. In addition, the valuation report provides information used to prepare the Governmental Accounting Standards Board (GASB) Statement Number 68, financial statement reports. Plan Sponsors use the GASB reports to obtain information required for their financial statement disclosures.

### 2022 Retirement Benefits – Investigation of Experience

For June 30, 2022, Milliman will complete an investigation of experience, which is conducted every three years to review the retirement benefit economic and demographic assumptions and recommend changes.

Milliman will begin as a series of presentations to the BOI in August when they conduct an “educational session” for the Trustees. The information will include a high-level discussion of actuarial concepts, methods, and assumptions so Trustees are better informed for the upcoming investigation of experience process requiring Trustee input and decisions.

Milliman will make three (3) presentations to the BOI this fall to review and determine the June 30, 2022, actuarial assumptions and methods. In addition, fiduciary counsel will make a presentation at the first meeting to underscore the importance of this process. The series of meetings are meant to provide the information necessary which will facilitate discussions as Trustees make decisions.

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Financial Accounting Services Division	June 2021	August 2022
<b>Project Lead(s): Ted Granger</b>				
<b>Actuarial Valuation Reports:</b> <b>OPEB:</b> The retiree healthcare (RHC) program administered by LACERA on behalf of Los Angeles County includes retiree healthcare benefits such as medical and dental insurance plans and death benefits. GASB refers to these benefits as Other Post-Employment	<b>On Schedule</b>			
	<u>2021 OPEB – Annual Valuation</u> The July 1, 2021, OPEB Valuation Report is complete. Milliman will present the final Valuation Report to the Board of Retirement in August. Milliman will address the LACERA OPEB liability and discuss LACERA’s funding progress and any potential funding strategies should the Board want to consider.			



Benefits (OPEB) for financial reporting. GASB Statement Number 75 prescribes financial statement reporting standards for OPEB programs. Actuarial valuations are prepared annually for Los Angeles County and LACERA's Board of Retirement to make funding decisions and to provide the information for the GASB 75 report which is used for employer financial statement reporting.

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Financial Accounting Services Division	May 2022	December 2022
<b>Annual Financial Statement Preparation and Audit:</b> Government code sections require that LACERA prepare annual financial statements including footnotes and disclosures, obtain an external audit opinion of those statements, and transmit these reports to the Los Angeles County Board of Supervisors within six-months following the fiscal year end.	<b>Project Lead(s): Ted Granger</b>			
	<b>On Schedule</b>			
	Staff kicked off the June 30, 2022, financial statement reporting season. Plante Moran, LACERA's external financial statement auditor, completed their interim fieldwork in May with audit testing focused on member data and benefit calculations. LACERA staff began the annual financial closing process and completed preliminary work to start preparing the fiscal year-end financial statements. During the last month, LACERA staff sent out information requests to various LACERA Divisions, held an internal FASD team meeting including all financial statement preparers, and met with the Investment Office to plan project logistics. FASD staff completed the "soft close" and will continue preparing the financial statements. Plante Moran will conduct detailed investment and accounting testing in September and October. LACERA is on track to complete and submit audited financial statements to the County by the October 31 deadline.			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operational	Executive (MOG)	06/01/2022	09/16/2022
Project Lead(s): JJ Popowich, Cookie Jaranilla (PM)				
Call Center Improvements: Phase I – Call Wait Time – Call Back: Phase I focuses on implementing a call back request feature to allow members on hold to request a call back between the hours of 10-3. Addi- tionally, this phase will include the abil- ity to announce call wait times.	On Schedule			
	As discussed at the July Board of Retirement, LACERA has been working with our contact center provider, Amazon Connect (AWS) to implement a wait in line call back feature. AWS does not offer a “wait in line” feature, but they do offer a call back feature. Staff have held several conversations with AWS on how to im-plement their call back feature. Staff also reached out to Los Angeles County Departments who also use AWS, and only one of the departments, ISD, had any experience with the AWS call back features. ISD shared their experience and confirmed that they had briefly used the service, but quickly turned it off because it did not function as expected. Based on their experiences we confirmed that careful planning and testing needs to occur before the service is launched.  Staff expects to have a completed Statement of Work (SOW) before the August Board of Retirement meeting. The SOW will also include another service we have been working on for the last several months: call wait time announcements. The initial expected duration for the project is 5-7 weeks, however that could change after we have a completed SOW.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operational	Executive (MOG)	06/01/2022	TBD
Project Lead(s): JJ Popowich, Cookie Jaranilla (PM)				
Call Center Improvements: Phase II – Voice Authentication – AI As- sisted Validation Using AWS voice chat and voice au- thentication services to validate a	On Schedule			
	Our contact center service provider, AWS, offers two services which we have identified as possible member experience enhancements that will help further reduce call center wait times by reducing call duration. Members calling LACERA must pass a Basic Validation to allow us to access a member’s account, and then			



member/survivor prior to speaking to a Specialist.	<p>a Secure Validation before we can discuss their account in detail or make changes.</p> <p>AWS has an AI voice chat function which we believe can be used to interact with the member before talking to a Specialist and complete both validation steps. If successful we can reduce call duration by 1-2 minutes per call. Additionally, if fully integrated we would be able to personalize the call.</p> <p>Additionally, AWS offers a voice authentication service which can be used to validate callers by voice. Members who have opted into this service would be recognized and validated by AWS and able to bypass the validation process. This would be offered to members as an option upon completing a Secure Validation process.</p> <p>Phase II will be included in the SOW we expect to have signed by the August Board of Retirement meeting.</p>
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Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operational	Executive (MOG)	06/01/2022	TBD
Project Lead(s): JJ Popowich, Cookie Jaranilla (PM)				
<b>Call Center Improvements: Phase III – Holiday Scheduling Automation</b> Automates the scheduling of holidays for the call centers, eliminating the risk of human error and accidentally opening the call center on a holiday with no staff.	On Schedule			
	<p>Currently the Systems team has to manually turn on the holiday messaging and voicemail boxes. This phase will allow them to pre-set holidays.</p> <p>Phase III will be included in the SOW we expect to have signed by the August Board of Retirement meeting. Work on this is not expected to occur until after Phase I &amp; Phase II are complete.</p>			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operational	Executive (MOG)	06/01/2022	TBD
Project Lead(s): JJ Popowich, Cookie Jaranilla (PM)				
<b>Call Center Improvements: Phase IV – Emergency Access Console</b> Provide ability to enable/disable an emergency announcement for each respective queue MS or RHC when all agents are logged out as well as during specified date/time range as may be set.	On Schedule			
	Phase IV will be included in the SOW we expect to have signed by the August Board of Retirement meeting. Work on this is not expected to occur until after Phase I & Phase II are complete.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG/BSG)		
Project Lead(s): JJ Popowich, Luis A. Lugo, & Iveta Brecko (PM)				
<b>Case Management Project: Phase I:</b> Implement a case management system that will improve efficiency in processing member requests, provide accurate status and data collection for metrics, and improve the member experience.	On Schedule			
	In May, the BOR approved LACERA's recommended vendor, Eccentex, to partner with LACERA to develop our Case Management System. Eccentex was selected after an extensive review of 13 vendor proposals received from our RFP.  The team has been working with Eccentex to finalize the Statement of Work and the contract to cover Phase I of the project (focusing on Disability Retirement Services, Disability Litigation processes, and the Benefits First Payment Process). Both the SOW and the contract are near complete, and we expect to sign both by the end of July or first half of August. Upon signing we expect to begin scheduling the development and implementation with a tentative start date of September 2022.			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Executive (BSG)	03/01/2022	08/01/22
	Project Lead: Laura Guglielmo, Budget Team, and Cookie Jaranilla (PM)			
<b>Enterprise Budget Application:</b>	<b>Delayed</b>			
Per a recommendation by Budget staff to the Operations Oversight Committee (OOC) on March 2, 2022, authorized a RFP for software and professional services to procure, configure, and implement an enterprise budget application for the Budget Unit in the Administrative Services Division. The RFP was published on LACERA.com on March 7, 2022.	On April 14, 2022, LACERA received proposals from nine vendors. LACERA's evaluation team, with guidance from the consultant, reviewed all the proposals and based on the ratings, narrowed down the list to the top two vendors. The finalists have been invited to demonstrate their solutions following a detailed proof of capabilities script. These demonstrations will be completed in July. Once the final vendor is identified, a recommendation will be made to the Board of Retirement for its consideration in October 2022.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Administrative Services	03/01/2022	3/01/2023
	Project Lead(s): James Beasley & Michael Dozier (PM)			
<b>Enterprise Contract Lifecycle Management (ECLM) Solution:</b>	<b>On Schedule</b>			
Pursuant to a recommendation by Administrative Services staff, the Operations Oversight Committee (OOC) on March 2, 2022, authorized a Request for Proposal (RFP) for software and consulting services to procure, configure, customize, and implement an ECLM system, which was published on LACERA.com on March 4, 2022.	On April 4, 2022, LACERA received proposals from nine vendors. LACERA's evaluation team reviewed all RFPs and selected five vendors as finalists. These finalists demonstrated their solutions to the team. We plan to select one final vendor to recommend to the Board of Retirement for consideration at the September 2022 Board Meeting.			





Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Executive (BSG)	01/2021	06/2022
Project Lead(s): Summy Voong				
Delayed				
<b>Enterprise Wi-Fi Project:</b> Approved in the Fiscal Year 2020-21 budget adjustments by the BOR, the Systems Division is currently installing an enterprise Wi-Fi network.	All fiber, cables, access points, and switches have been installed on all LACERA floors and five segmented networks have been configured and tested. The Systems Division will deploy the final segmented network to on-site staff on August 1, 2022.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Administrative Services	April 2022	June 2022
Project Lead(s): James Beasley				
On Schedule				
<b>Annual Insurance Renewal:</b> After the Insurance Team's completion of a successful solicitation, the BOR approved the replacement of LACERA's current insurance brokerage firm. Alliant Insurance Services, Inc. (Alliant) was selected as the new Broker of Record for LACERA effective April 29, 2022.	LACERA's new Broker of Record, Alliant Services, Inc., has obtained quotes and is binding policies with carriers for the June 30 <sup>th</sup> insurance renewal period. The Insurance Renewal Team and brokers are scheduled to provide an update on the insurance policy selection at the August Operations Oversight Committee meeting.			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG)	01/01/2013	06/30/2022
Project Lead(s): JJ Popowich & Lynn Francisco				
<b>PEPRA Implementation: FAC Issue:</b> The Final Average Compensation for PEPRA members is exclusive of most pay items except base pay. The County uses pay code 099 as their base pay code. This pay code has embedded pay items within the code that are not pensionable compensation under PEPRA. In order to accurately calculate a member's benefit, these non-pensionable compensation items need to be filtered out.	Pushed Back			
	<p>The team focusing on this project have been working with the County Auditor-Controller to find a way to automatically filter out the non-pensionable compensation items. The team believes it has made progress on filtering out most of the non-pensionable compensation items.</p> <p>The team continues to work with the AC to address pay code changes that occur mid-pay period, which are not filtered out. The team met with the AC in late June and the AC committed to providing a test file by July 15<sup>th</sup>. The AC subsequently contacted us and requested an extension, and the new test file is due July 29<sup>th</sup>. Once the file is received, we expect to take about two weeks to test the data to determine if this solution resolves our problem. If it does, we will work with the AC to get this data retroactively to at least 2014.</p>			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Disability Retirement Services (MOG)	May 4, 2022	February 23, 2023
Project Lead(s): Tamara Caldwell & Kathy Delino				
<b>On-Line Disability Retirement Application:</b> To facilitate member self-service, improve the member experience, and streamline the intake of disability retirement applications, the Systems Division has been working jointly with the Disability Retirement Division to	On Schedule			
	<p>The initial design and construction of the new disability retirement application (DRA) has been completed. DRS completed a round of end-user tests and Communications conducted a comprehensive review of the application content and language to ensure alignment with all DRS collateral and LACERA.com references to the disability retirement process. Based on feedback, moderate design changes and minor language revisions were necessary and are currently in process.</p>			



develop an on-line disability retirement application on My LACERA.	The team has partnered with the Benefits Project Management Group (PMG) to assist with developing a project plan and staff training modules in preparation for a soft launch of the new application. PMG is currently working with member-facing divisions such as the Member Services and Call Center staff and DRS to obtain a clear understanding of roles and responsibilities and the resources needed to support the online application as we anticipate an increase in call volumes. Based on the information gathered, PMG will develop training modules for staff. The team expects to conduct a soft launch in the first quarter of 2022-23. We are planning to provide a demo to the Operations Oversight Committee prior to the soft launch. Following the soft launch, staff will conduct member experience testing, make redesign changes based on feedback, and develop a Communication Campaign for the official launch.
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Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG)		
Project Lead(s): Allan Cochran & Vanessa Gonzalez				
<b>Retirement Estimate Redesign:</b> A legacy strategic plan goal to redesign the retirement estimate and election form as a retirement prospectus designed to provide members with all the information, they need to make an informed decision about their retirement.	Pushed Back			
	The initial redesign work is complete, and the next phase of this process is to beta test the concept with actual members. The team has been discussing plans to beta test the new format. However, due to recent changes in the status of in-person meetings this has been placed on hold again.			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	RHC	Executive Office	March 2021	TBD
<b>Project Lead(s): Santos H. Kreimann &amp; Luis A. Lugo</b>				
<b>Retiree Healthcare Administration: Lifetime Maximum Benefit Project:</b>	<b>Delayed</b>			
	The County CEO's Office has provided LACERA their actuary's response to our \$1 million Lifetime Maximum Benefit (LMB) analysis. LACERA's healthcare consultant (Segal) and actuary (Milliman) have reviewed the report and briefed LACERA staff on the key areas of disagreement. On June 10, 2022, LACERA staff held a meeting with the County CEO's office and their actuarial consultant, Cheiron. LACERA's healthcare consultant (Segal) presented their analysis and findings as a follow-up to Cheiron's report. The County CEO's office will have an internal discussion and will reengage LACERA on next steps, which will be geared towards discussing potential solutions in addressing the \$1 million LMB.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Executive (BSG)	October 2021	September 2022
<b>Project Lead(s): Laura Guglielmo, Ted Granger, &amp; Cookie Jaranilla</b>				
<b>Travel/Expense/P2P Software:</b> LACERA has procured "Certify" software created by Emburse, an accounts payable automation and expense management provider.	<b>Pushed Back</b>			
	<u>Travel and Expense Module</u> Staff has implemented a soft pause for the Certify travel and expense report management software. There are some internal processes that require additional review and consideration. Staff is using Microsoft SmartSheets to implement the travel and training approval processes. Systems is in the process of developing Smartsheet solutions for Human Resources' Training and Employee Development unit that will be synchronized with the travel software implementation. In addition, staff needs to devote additional time to reviewing the travel booking software provided through Certify which includes understanding hidden fees and how to apply the tool for group events.			



### Accounts Payable Module

Staff shifted focus to Certify's accounts payable "core" tool. The accounts payable module includes a streamlined procurement and payables process that leverages optimized character recognition to reduce manual data entry. With Certify, LACERA may also make payments via ACH or virtual credit cards to vendors. Staff is working internally to develop process flowcharts and with the Certify vendor to establish and optimize LACERA's processes within the software workflow. In addition, staff is helping Certify initiate the software by establishing users, vendors, electronic payment methods, and developing approval processes. Throughout this process, staff will continue to evaluate the software product to ensure it meets LACERA's needs and requirements. This project strategically aligns with Systems' goal of upgrading the technology of the organization and will replace the manual process with the latest technology.



- Existing Projects/Initiatives: No New Updates

This portion of the Operations Briefing will detail on-going projects that have no current changes in status.

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operations	Benefits	08/01/2020	
	Project Lead(s): Shonita Peterson			
<b>Alameda Decision Implementation:</b> In 2020, the California Supreme Court issued its decision in the Alameda County Deputy Sheriff’s Association v. Alameda County Employees Retirement Association (“Alameda”), challenging the constitutionality of changes passed in 2013 Assembly Bill 197, which amended the definition of compensation earnable, specifically, excluding pay items previously included such as unused vacation, termination pay, in-kind payments, and payments for services rendered outside of normal working hours. The Court upheld the constitutionality of the Legislature’s actions. In 2021, the Legal Office notified the Board of Retirement that it had completed an initial review of LACERA legacy pay codes and determined that Standby Pay did not meet the expanded understanding of	On Schedule			
	Since the project start, staff have updated the salaries for 4,176 members to exclude Standby Pay and computed the contributions on earnings that occurred on or after January 1, 2013. Of those, 3,013 were actively employed, but only 2,284 had overpaid contributions. Since Active members cannot receive a refund while in service, LACERA suspended future contributions beginning with the March 30, 2022, salary (paid on April 15, 2022) through the point each member’s balance had been depleted. Staff mailed 1,000 letters to the active members on February 11, 2022, and the remaining 1,084 letters on February 25, 2022. A split mailing was used to prevent overwhelming the Member Services Call Center.			
	Subsequently, staff identified 149 deferred and inactive members, most of whom were entitled to a refund. Staff issued 132 checks to those members entitled to a refund. The balance of 17 were not owed a refund.			
	The Systems Division developed programming to remove the Standby pay code earnings for all retirees who retired on or after January 1, 2013 and recalculated their FAC earnings once the pay codes were removed. Per the BOR approval, these members were subject to having their benefits adjusted prospectively from August 30, 2020, following the court’s decision.			
	Beginning May 24, 2022, LACERA notified 710 members via email that their monthly benefit allowance will be reduced effective July 31, 2022. Of these, 405			



compensation earnable because of the Alameda Case.

members were notified that due to the retroactive deduction of benefits to the August 2020 monthly allowance, they have been overpaid and will be required to repay the overpaid benefits. Members will be given the option to repay by lump sum, or via deductions from their benefits over a period of time (including financing interest). The remaining 305 retirees were mailed a refund check for the overpaid retirement contributions that exceeded the overpaid retirement benefit. An additional 56 members with Standby Pay neither have a refund nor a benefit change due to the timing of their standby pay, while a Plan E member, or having a 30-year cancellation.

The team working on this project have identified five groups of members who will be impacted by this project. We have created the chart below to keep you up to date on the progress of the project.

Alameda Project Status	Current Report	
	6/24/2022	
Row Labels (Type, Status, Detail, Outstanding)	Count	%
<b>Pending Notification</b> (Staff Reviewing and Processing)	192	4.6%
<b>Active</b>	0	0.0%
<b>Retired</b>	119	2.8%
<b>Deferred/Inactive</b>	0	0.0%
<b>Deceased</b>	55	1.3%
<b>Other</b>	18	0.4%
<b>Withdrawn</b>	0	0.0%
<b>Completed</b>	3,984	95.4%



	<b>Active</b>	3013	72.2%
	<b>Retired</b>	710	17.0%
	<b>Deferred/Inactive</b>	149	3.6%
	<b>Deceased</b>	0	0.0%
	<b>Withdrawn</b>	56	1.3%
	Not affected	56	1.3%
	<b>Grand Total</b>	4,176	100%

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operations	Benefits	04/2021	12/31/2022
<b>COLA Bank Retroactive Changes:</b> In April of 2021, the Board of Retirement approved corrections to the COLA Accumulation Bank, which involved making retroactive corrections, recalculating benefit allowance amounts, and paying members retroactive benefits due to a discrepancy discovered in the COLA Accumulation	<b>Project Lead(s): Carlos Barrios</b>			
	<b>Delayed</b>			
	The project was broken down into five phases based on the complexity of the calculations needed to pay retroactive benefits to members.  Phase I-IV: As of the date of this report, LACERA has paid out just over \$3.8 million in retroactive COLA earnings. Of the 9,672 members and survivors impacted, 8,178 accounts have been systematically resolved, which represents all members and survivors currently in a payment status.  The fourth phase of the project, which requires manually calculating the retroactive benefits, includes 1,494 cases in a payment status. The manual phase of the project began in December 2021. Staff have manually calculated COLAs for 455 members and payments were issued in March and May of 2022.			





	<p>Phase V: The final phase involves deceased members with no survivors currently receiving benefits. This phase requires research to identify the appropriate beneficiary(ies) or estates to pay the retroactive benefits that were due to the deceased member. This phase is currently delayed while we focus on the Alameda Decision Implementation.</p> <p>Systems and Benefits have been reviewing the root cause for the manual processing and developing plans for redesigning some portions of our pension administration system to help alleviate the need for processing for future projects.</p> <table><tr><th colspan="3">COLA Bank: Retroactive Payment Project</th></tr><tr><th>Status (As of 05/20/22)</th><th>Number</th><th>Percentage</th></tr><tr><td>Completed</td><td>9,141</td><td>95%</td></tr><tr><td>In-Process</td><td>531</td><td>5%</td></tr><tr><td><b>Grand Total</b></td><td><b>9,672</b></td><td><b>100%</b></td></tr></table>	COLA Bank: Retroactive Payment Project			Status (As of 05/20/22)	Number	Percentage	Completed	9,141	95%	In-Process	531	5%	<b>Grand Total</b>	<b>9,672</b>	<b>100%</b>
COLA Bank: Retroactive Payment Project																
Status (As of 05/20/22)	Number	Percentage														
Completed	9,141	95%														
In-Process	531	5%														
<b>Grand Total</b>	<b>9,672</b>	<b>100%</b>														

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Executive (BSG)	January 2022	August 2022
	<b>Project Lead(s): Jude Perez &amp; Esmeralda Del Bosque</b>			
<b>Custodian Bank Search:</b>	<b>On Schedule</b>			
In accordance with LACERA's Procurement Policy, vendor contracts for investment and custodian banking services must be re-bid every ten years. LACERA's current	The Board of Investments approved the minimum qualifications at their December meeting. The Investment Office finalized and released the Request for Proposal (RFP) in January with proposals due at the end of March. Financial Accounting Services Division and other LACERA staff are evaluating the information received and conducting due diligence. In June, LACERA staff conducted an on-site visit at State			



custodian bank, State Street Bank, was hired in July 2013.	Street's Sacramento offices and expects to provide a recommendation to the Board of Investments in August.
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Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG)	01/01/2013	
Project Lead(s): Cynthia Martinez				
<b>PEPRA Implementation: Annual Benefit Statement</b> LACERA does not currently offer an Annual Benefit Statement (ABS) for PEPRA members.	Delayed			
	LACERA is unable to generate a PEPRA member ABS until we can accurately, automatically, calculate a member's FAC. This project is on hold until the FAC issue is resolved.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG)	03/03/2022	11/01/2022
Project Lead(s): Bonnie Nolley/Linda El-Farra				
<b>PrimeGov Implementation:</b> The Board of Retirement approved a more effective meeting management tool to help streamline the planning and conducting of Board/Committee meetings while improving transparency and public access.	On Schedule			
	Staff is working with the vendor in developing workflows and solutions for the processes currently being done manually. In the upcoming months, staff will provide an OOC presentation and create a Trustee Focus Group in order to share progress and obtain user feedback.			



Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Operations	Executive (MOG)	June 2021	TBD
<b>Project Lead(s): JJ Popowich</b>				
<b>Retroactive Payroll Adjustments: Prospective Correction</b> The Auditor-Controller is responsible for collecting contributions on all compensation earnable and pensionable earnings compensation at the time of payment. For many years the AC has not been collecting contributions on retroactive payroll adjustments. In 2021, the AC made changes to their programming to take deductions at the time of payment. However, there are still some situations where these contributions are not being collected.	<b>Delayed</b>			
	Following the AC's programming change, LACERA implemented a testing regimen to ensure that the contributions were being deducted as expected. Testing indicated that the problem was generally corrected, except in cases where the retroactive payments were over three years in arrears. The team recently met with the AC's team to discuss the issue. The County's payroll system can only support changes for 99 months in arrears. The AC has temporarily set the parameter to take deductions for this period. However, this fix is a temporary fix as the County's payroll processing has experienced significant performance degradation as a result of the size of the files processed. The AC is considering limiting all retroactive payroll corrections to three years automatically and moving to a manual process for anything over that time frame. We continue to work with the AC on possible solutions to ensure collection of contributions happen at the time the retroactive payments are made.			

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	Strategic	Executive (MOG)		12/31/2022
<b>Project Lead(s): Kevin Hawkins</b>				
<b>Tax Table Changes for 2022: New Tax Withholding Form</b> The IRS published updated tax tables for 2022 which became effective January 1, 2022. The	<b>On Schedule</b>			
	The team is working with our tax counsel to understand the intricacies of the new form and determine what programming changes are needed to support the new form.			



IRS finalized a revised Federal Withholding Certificate for Pension & Annuity Recipients (commonly referred to as a W-4P tax withholding form), in early 2022. The IRS is not requiring the new form be used until the 2023 tax year.

LACERA.com was updated with an announcement that the new tables may cause a slight change to some member's net benefit amount. We are also advising members that we will continue to use and support the current version of the W-4P form and will not accept any 2022 forms submitted. We posted a Q & A section on LACERA.com (also accessible through My LACERA) to explain how LACERA is adjusting the new withholding guidance. One important and reassuring note: Members who have already started receiving their benefit payments from LACERA through 2023, will not be required to file a new form if they wish to keep their current preferences. The team is working on a communication campaign which will launch as we get closer to year end to ensure members have adequate information to make 2023 tax elections. We will share updates with the Committee as they become available.



### • Completed Projects/Initiatives

This portion of the Operations Briefing will detail projects and initiatives that have been completed during the Fiscal Year (beginning on or after May 2022).

Project / Issue Title Brief Description	Type	Project Sponsor	Start Date	Target Date
	BSG	Executive Office	01/04/2022	May 2022
Project Lead(s): Luis A. Lugo & Carly Ntoya				
<b>Return to the Office:</b> LACERA's Administrative Services Division's Health and Safety Unit have been working hard to ensure a smooth return to the office for LACERA's staff.	Completed			
	In preparation for staff returning to the office, the Health and Safety Unit posted updated information posters, restocked all personal protective equipment items, and provided staff with COVID-19 safety instructions. They have also worked with several staff to adjust the ergonomic configurations on their workstations as needed.  The team also worked side by side with the PEP Team and the Executive Team to provide a warm welcome to returning staff. Working together with the PEP Team they decorated the Workshop room, where staff were encouraged to stop by and receive a small welcome back token (a bundt cake and a lanyard) and a welcome by the Executive Team, managers, and staff from Administrative Services.			

DATE RECEIVED	REQUESTER	DOCS REQUESTED
6-8-22	Barry, David	Request: full meeting packets from the investment meeting/board meeting held on the June 8, 2022.  <b><i>On behalf of the Counsel, Linda El-Farra sent an email containing a link to the LACERA Board of Investments Agenda that contains the meeting materials.</i></b>
6-24-22	Pension Voting Research (William W. Clayton Associate Professor-BYU Law School)	Request: records regarding proxy voting policies relating to the voting of LACERA's shares in public equity investments. And any policies/guidelines related to the voting of LACERA's interests in private equity funds on fund agreement amendments, changes to fund governance including, for example, votes on general partner removal or investment period suspension), or limited partner advisory committee matters.  This request is made for a university-sponsored scholarly purpose.  <b><i>On June 27, 2022, Counsel sent LACERA's proxy guidelines</i></b>
6-24-22	Municipalities (Transparent California)	<b>Counsel sent LACERA's Pension Report which included: PRA's Special Note Key, Transparent California Retires 2021 Excel document, and Transparent California Survivors Excel document.</b>
6-26-22	Inchody, Roshan (PitchBook)	Request: Updated copy of LACERA's quarterly public records from 4Q 2021. (FOIA request).  <b><i>On July 5, 2022, Counsel emailed the LACERA's Q4 2021 Fund Excel document and forward the LACERA's website – Disclosure link.</i></b>
6-27-22	Toroy, Maria Racieli (With Intelligence)	Request: HitecVision - documents received from the consultant, including reviews or overviews of the funds along with any manager presentations received from a management company, providing information on the above funds.  <b><i>On 7-5-22 Counsel contacted M. Toroy informing her requesting an extension to provide the documents.</i></b>
6-28-22	Hettinger, Tim (LP Analyst)	Request: Information for on private asset portfolio returns since March. Information for each fund should include: <ul style="list-style-type: none"> <li>• Name of the fund</li> <li>• Manager Name</li> <li>• Strategy</li> <li>• Vintage</li> <li>• Region</li> <li>• Committed</li> <li>• Contributed</li> <li>• Distributed</li> <li>• Unfunded</li> <li>• Fund Size</li> </ul>

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<ul style="list-style-type: none"> <li>• NAV</li> <li>• NAV Date</li> <li>• Multiple (TVPI) – Net</li> <li>• IRR - Net</li> <li>• DPI – Net</li> </ul> <p>Please send info to <a href="mailto:tim@lpanalyest.com">tim@lpanalyest.com</a> or via USPS</p> <p><b>On July 7, 2022, Counsel sent the LP Analysis Report in response to Mr. Hettinger’s request.</b></p>
6-28-22	Mcelhaney, Alicia	<b><i>On June 28, 2022, Linda El-Farra on behalf of Counsel emailed a link to the meeting recording of the BOI meeting on June 8, 2022.</i></b>
6-28-22	Hettinger, Tim (LP Analyst)	<p>Request: Information for private asset portfolio returns since March</p> <p><b>On July 7, 2022, Counsel submitted the report in response to Mr. Hettinger’s request.</b></p>
6-29-22	Municipalities Transparent California	<p>2<sup>nd</sup> Request: Copy of LACERA’s 2021 pension report.</p> <ul style="list-style-type: none"> <li>• Recipient Name</li> <li>• Position/Job Title at time of retirement</li> <li>• Year of retirement</li> <li>• Final salary at time of retirement or equivalent pensionable compensation amount.</li> <li>• Annual gross amount of all pension distributions provided to each recipient for the 2021 calendar year.</li> <li>• Annual gross amount of all forms of health care benefits/medical plan subsidies provided to each recipient for the 2021 calendar year</li> </ul> <p><b>On June 29, 2022, Counsel forwarded the June 24, 2022, email response to the initial request from Municipalities.</b></p>
6-23-22	Lee, Nanette	<b>On July 1, 2022, Counsel sent Ms. Lee the Hedge Fund report in response to her June 23, 2022, email requesting information regarding hedge funds.</b>
7-1-22	Wells, Diana Wang	<p>Request: California Public Records Act submitted on July 1, 2022</p> <p><b>7-5-22: S. Rice to responded to letter &amp; J. Harrington to assist gathering response records.</b></p> <p><b>On 7-11-22 Counsel emailed LACERA’s response letter to Mr. Smith’s 7/1/22 PRA request.</b></p>
7-6-22	Municipalities Transparent California	Request: Explanation regarding document sent to Municipalities by J. Harrington. Asked to specify if total amount in the document is the total annual or monthly amounts form calendar of fiscal 2021.

DATE RECEIVED	REQUESTER	DOCS REQUESTED
		<b>On July 7, 2022, Counsel responded to Municipalities query.</b>
7-12-22	Dunn, Jeff	<p>Request: A copy of any contract, scope of work/statement of work, and all other contracts exhibit between LACERA and:</p> <ul style="list-style-type: none"> <li>• Sungard</li> <li>• Assurance Software, Inc.</li> <li>• Castellan Solutions, d/b/a Castellan</li> </ul> <p><b>On July 13, 2022, James Beasley forward to J. Harrington (cc: Public Records email) all contracts, scope of works/statement of works, and all other contract exhibits on record for Assurance Software, Inc (ASI), Castellan Solutions, and Sungard.</b></p>
7-13-22	Sayas, Vincent (With.Intelligence)	<p>Request: A copy of the full meeting packets from your investment meeting/board meeting held on today 13<sup>th</sup> July 2022. Should include the Pitch books – any materials received from a management company providing supporting information as to why you should allocate to their fund.</p> <p>Consultant reviews – reviews you have received from consultants regarding potential allocations and terminations of funds.</p> <p><b>On 7-13-22 Counsel forward to Mr. Sayas the link to the Board of Investments Package and the 7-13-22 Equity Committee meeting link.</b></p>
7-14-22	Tandler, Karen (Los County District Attorney's Office)	<p>Question: what percentage of the District Attorney "D plan" deferral contribution goes into COLA. If it is not a percentage calculation, please advise what District Attorney "D plan" fixed dollar deferral contribution amount goes into COLA.</p>



## REPORT OF FELONY FORFEITURE CASES PROCESSED

July 28, 2022

#	MEMBER'S LAST NAME	MEMBER'S FIRST NAME	DEPT.	CONVICTION DATE	LACERA NOTIFIED	INITIAL IMPACT NOTICE SENT	FINAL IMPACT NOTICE SENT	STATUS*	DISABILITY STATUS	SERV. LEVEL
60	CABRERA	MIGUEL	LASD	3/4/2022	3/22/2022			DELAY: CD		
59	GONZALEZ	PAUL	PARKS	10/19/2021	11/4/2021	12/30/2021		PEND		
57	ANTRIM	MARC	LASD	4/1/2021	5/12/2021	7/9/2021		DELAY: MI		
56	BERK	MICHAEL	LASD	2/24/2021	4/14/2021	12/30/2021		DELAY: CD		
55	FISK	JUSTIN	LASD	2/24/2021	4/14/2021	12/30/2021		DELAY: CD		

### STATUS LEGEND:

- APPEAL: Pending an appeal filed with LACERA
- CLOSED: RET: Retired member, case is complete
- CLOSED: DEF: Deferred member, case complete.
- CLOSED: INA: Inactive member – not eligible until age 70, case closed
- DELAY-MI: Member input needed (i.e. pending a legal split decision)
- DELAY-CD: Pending a court decision (reduction in charges pending conditions being met)
- PEND: Case is currently in evaluation and notification stages
- WITHDRAN: Member withdrew prior to conviction – no impact.

**FOR INFORMATION ONLY**

July 21, 2022

**TO:** Operations Oversight Committee  
Alan Bernstein, Chair  
Herman B. Santos, Vice Chair  
Keith Knox  
Antonio Sanchez  
JP Harris, Alternate

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

**FOR:** August 3, 2022, Operations Oversight Committee Meeting

**SUBJECT: BUSINESS INSURANCE RENEWAL SUMMARY UPDATE**

**EXECUTIVE SUMMARY**

LACERA has been purchasing insurance coverage for more than two decades to mitigate the risk of unforeseen damage and potential losses to the Trust Fund. LACERA's Insurance Program has various lines of coverage that are currently divided into two renewal periods, June 30th, and October 9th. Insurance coverage is procured with the assistance of LACERA's insurance broker, Alliant Insurance Services Inc. (Alliant). Alliant provides brokerage and risk management services to over 10,000 public sector clients, including 15 of the 20, 1937 Act retirement systems in California. Alliant provides coverage quotations from various providers, negotiates premiums and coverage details, and provides consulting and support services throughout the year.

LACERA's insurance program is structured as follows:

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

## OVERVIEW

Alliant obtained competitive bids from various insurance carriers for each line of coverage for those insurance programs due to renew on June 30, 2022. Their marketing efforts were comprehensive, utilizing the insurance marketplace to secure the best possible program renewals. Alliant approached numerous insurance carriers and analyzed various programs to develop the most cost-effective program for the coverage required by LACERA.

Alliant presented an insurance proposal package to the Insurance Selection Team (Team). The Team consisted of staff from the Executive Office, Legal Services, and the Administrative Services Division. The core function of the Team is to review all proposed quotes and determine which insurance policies best protect LACERA's stakeholders, the Trust Fund, Staff, and the Trustees.

The Team conducted a complete analysis of the proposal, using a side-by-side comparison, to review coverage limits and sub-limits, deductibles, endorsements, and exclusions. The selection of an insurance carrier is based on several factors, including financial strength (A.M. Best financial strength and creditworthiness rating), policy limits, potential covered losses, and cost.

LACERA's total annual premium for this renewal period increased by 29%, due to the "hard" insurance marketplace that continues to impact nearly all lines of coverage. A hard market occurs when premiums increase and capacity for most types of insurance decreases. This is usually triggered by a range of factors, including falling investment returns for insurers and increases in frequency or severity of losses.

The current hard marketplace is due to the COVID-19 pandemic outbreak that caused additional stresses to an insurance market that has been strained from years of catastrophic loss activity in the property and casualty markets. LACERA anticipates seeing an increase in the coverage premiums across the board during the renewal period scheduled for October 2022.

### Insurance Renewal Coverage & Cost Overview

Coverage Type	Carrier	Limits	2021-22 Premium	2022-23 Premium
Domestic Commercial	Valley Forge Insurance Company/ Continental Insurance Company	Various	\$54,651.00	\$44,558.21

	(Continental National American Group's (CNA))			
Foreign Business	CNA	Various	\$5,323.00	\$4,230.40
Umbrella	CNA	\$25 Million	\$13,943.00 for \$15 Million	\$16,105.80
Excess Umbrella	Chubb Limited Insurance Group (Chubb)	\$10 Million	\$9,270.00	N/A
Terrorism Liability	Indian Harbor Insurance Company.	\$40 Million	\$7,661.00	\$7,972.88
Difference-in-Condition	QBE Specialty Insurance Company	\$20 Million	\$67,204.00	\$76,203.63
Employment Practices Liability	Ascot Specialty Insurance Company	\$3 Million	\$118,155.00* for \$5 million	\$149,712.50
Excess Employment Practices Liability	Ironshore Indemnity Inc.	\$2 Million	N/A	\$72,500.00

\* Indicated premium was with the previous carrier

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

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

Alliant solicited quotes from various insurance carriers adhering to LACERA's Board-approved Purchasing Policy and standard industry criteria. This enabled them to successfully negotiate competitive renewal options. Multiple insurance carriers were invited to provide quotes for each line of coverage (excluding Employment Practice Liability), but many declined to provide a bid stating that they could not compete with the current premiums, coverage, and limits already provided to LACERA.

To ensure that LACERA has adequate coverage, the Team conducted a thorough evaluation of the carrier's proposal using the following criteria:

- Offers the best programs and services
- Provides the best protection for the LACERA Trust Fund
- Provides the best value to the organization

Upon completing the carrier evaluations, the Team determined that the following coverages were the best choices based on these criteria.

#### **Domestic Commercial Insurance Package**

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

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

#### **Domestic Commercial Insurance Package Coverage**

<b>Commercial Property Coverage</b>	
<b>Insurance Company:</b>	Valley Forge Insurance Company (A CNA Company)
<b>A.M. Best Rating:</b>	A+ (Excellent) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of November 10, 2021
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$18,843.65
<b>Limits</b>	
<i>Business Personal Property &amp; Contents</i>	\$25,000,000.00
<i>Business Income (Including Expense)</i>	\$20,000,000.00

<i>Earthquake - Sprinkler Leakage Only</i>	\$5,000,000.00 Occurrence / Aggregate
<i>Equipment Breakdown-spoilage</i>	\$250,000.00
<i>Ordinance of Law</i>	\$500,000.00
<i>Electronic Data Processing (EDP) Equipment</i>	Included
<i>Equipment Breakdown</i>	Included
<b>Deductible:</b>	
<i>Property All Risk</i>	\$5,000.00
<i>Earthquake - Sprinkler Leakage</i>	\$25,000.00

<b>Commercial General Liability Coverage</b>	
<b>Insurance Company:</b>	Valley Forge Insurance Company (A CNA Company)
<b>A.M. Best Rating:</b>	A+ (Excellent) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of November 10, 2021
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$9,622.85
<b>Limits</b>	
<i>General Aggregate</i>	\$2,000,000.00
<i>Products &amp; Completed Operations Aggregate</i>	\$2,000,000.00
<i>Personal &amp; Advertising Injury</i>	\$1,000,000.00
<i>Each Occurrence</i>	\$1,000,000.00
<i>Damage to Premises Rented to You</i>	\$1,000,000.00
<i>Medical Expense</i>	\$15,000.00
<i>Employee Benefits Per Employee</i>	\$1,000,000.00
<i>Employee Benefits Aggregate</i>	\$1,000,000.00
<b>Deductible:</b>	
<i>Each Occurrence</i>	\$0.00
<i>Employee Benefits Liability</i>	\$1,000.00

<b>Commercial Auto Coverage</b>	
<b>Insurance Company:</b>	Continental Insurance Company (A CNA Company)
<b>A.M. Best Rating:</b>	A (Excellent) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of November 10, 2021

<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$16,091.71
<b>Limits</b>	
<i>Liability</i>	<i>\$1,000,000.00 Combined Single Limit</i>
<i>Uninsured Motorist</i>	<i>\$1,000,000.00 Combined Single Limit</i>
<i>Medical Payments</i>	<i>\$5,000.00</i>
<i>Comprehensive</i>	<i>Included</i>
<i>Collision</i>	<i>Included</i>
<i>Rental Reimbursement</i>	<i>\$40.00 Maximum Daily Amount 30 Days - Maximum Number of Days \$1,200.00 Maximum Payment Any One Period</i>
<i>Hired Auto Liability</i>	<i>\$1,000,000.00</i>
<i>Non-Owned Liability</i>	<i>\$1,000,000.00</i>
<b>Deductible:</b>	
<i>Comprehensive</i>	<i>\$1,000.00</i>
<i>Collision</i>	<i>\$1,000.00</i>

#### Foreign Business Insurance Package

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

<b>Foreign Business Insurance Package</b>	
<b>Insurance Company:</b>	Continental Insurance Company (A CNA Company)
<b>A.M. Best Rating:</b>	A (Excellent) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of November 10, 2021
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$4,230.40
<b>Limits</b>	
<i>Personal Property, Business Income, and Extra Expense Combined</i>	<i>\$25,000.00 Each Occurrence</i>
<i>Commercial General Liability Each Occurrence Limit</i>	<i>\$1,000,000.00</i>

<i>Employee Benefits Liability</i>	<i>\$1,000,000.00 Each Employee Limit per Occurrence/ All claims in the Aggregate Limit</i>
<i>Business Auto Covered Autos Liability Coverage Form</i>	<i>\$1,000,000.00</i>
<i>Business Travel Accidental Death and Dismemberment</i>	<i>\$500,000.00 Annual Aggregate/Per Incident</i>
<i>Kidnap and Ransom/Wrongful Detention</i>	<i>\$250,000.00 Each Occurrence/ Total Policy Aggregate</i>
<b>Deductible:</b>	
<i>Personal Property, Business Income, and Extra Expense</i>	<i>\$1,000.00</i>
<i>Commercial General Liability</i>	<i>Not Applicable</i>
<i>Employee Benefits Liability</i>	<i>\$1,000.00 Per Employee Damages Only</i>
<i>Business Auto Covered Autos</i>	<i>Not Applicable</i>
<i>Business Travel Accidental Death and Dismemberment</i>	<i>Various</i>
<i>Kidnap and Ransom/Wrongful Detention</i>	<i>\$0.00</i>

#### ***Umbrella Liability Insurance***

Umbrella Liability Insurance (Umbrella) provides an extra layer of liability protection by covering costs that extend beyond the other liability policy's coverage limits. This insurance is meant to complement the other liability policy coverages by taking over when the liability coverage limits have been exhausted. In past renewals, carriers have been reluctant to offer Umbrella coverage greater than \$15 million; however, the incumbent carrier has agreed to offer LACERA a \$25 million policy. Having the full \$25 million limits in one policy eliminates the need to purchase an excess policy and ultimately saves LACERA \$6,510.00.

<b>Umbrella Package Coverage</b>	
<b>Insurance Company:</b>	Continental Insurance Company (A CNA Company)
<b>A.M. Best Rating:</b>	A (Excellent) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of November 10, 2021
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$18,843.65
<b>Limits</b>	
<i>Each Incident</i>	<i>\$25,000,000.00</i>



<i>General Aggregate</i>	<i>\$25,000,000.00</i>
<i>Products-Completed Operation Aggregate</i>	<i>\$25,000,000.00</i>
<i>Crisis Management Expenses Aggregate</i>	<i>\$300,000.00</i>
<i>Key Employee Replacement Expenses Aggregate</i>	<i>\$100,000.00</i>
<b><i>Self-Insured Retention</i></b>	<i>\$10,000.00</i>

### *Terrorism and Sabotage*

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

<b>Terrorism and Sabotage Coverage</b>	
<b>Insurance Company:</b>	Indian Harbor Insurance Company
<b>A.M. Best Rating:</b>	A+ (Superior) Financial Size XV, (\$2 Billion or Greater) as of July 8, 2021
<b>Standard &amp; Poor's Rating:</b>	AA- (Very Strong) as of March 28, 2022
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$7,972.88
<b>Limits</b>	
<i>Liability</i>	<i>\$45,000,000.00 Per Occurrence/Aggregate</i>
<b>Deductible:</b>	
<i>Per Occurrence</i>	<i>\$10,000.00</i>

### *Difference-In-Conditions - Earthquake/Flood*

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

- Business Personal Property
- Business Income Including Extra Expense
- Fine Arts

- Electronic Data Processing (EDP) Equipment & Media
- EDP Software & Valuable papers
- Valuable Papers & Records

<b>Difference-in-Conditions (DIC) Coverage</b>	
<b>Insurance Company:</b>	QBE Specialty Insurance Company
<b>A.M. Best Rating:</b>	A (Excellent), Financial Size Category: XV (\$2 Billion or greater) as of April 7, 2022
<b>Standard &amp; Poor's Rating:</b>	A+ (Strong) as of May 31, 2022
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$7,972.88
<b>Limits</b>	
<i>Loss Limit</i>	\$25,000,000.00
<b>Deductible:</b>	
<i>Earthquake &amp; Earthquake Sprinkler Leakage</i>	10%Physical Damage 10% Time Element Subject to \$50,000.00 Minimum per Occurrence
<i>Flood</i>	2% Per Unit. Subject to \$50,000.00 Minimum per Occurrence
<i>All Other Perils</i>	\$25,000.00

#### Employment Practices Liability Insurance (Primary/Excess)

Employment Practices Liability Insurance (EPLI) provides additional protection for LACERA against claims of discrimination, sexual harassment, and wrongful termination, among many other employment-related issues. Any prospective, current, or past Staff Member can bring a lawsuit against the organization, which may lead to excessive costs of legally defending the claim. Whether or not the claim is valid, the defense cost can be excessive. The insurance coverage provides the necessary resources to defend against a lawsuit or pay for a claim.

The Employment Practices Liability Insurance Carriers have declined to underwrite the full \$5 million coverage limits due to multiple risk factors, including the increased growth in the numbers of claims nationwide, especially during the pandemic. The Insurance Carriers that the Brokers reached out to were only willing to provide LACERA with a \$3 million policy. With this limitation, LACERA is forced to obtain the full \$5 million coverage in multiple layers, \$3 million primary, and \$2 million excess coverage.

## Primary

Employment Practices Liability Coverage	
<b>Insurance Company:</b>	Ascot Specialty Insurance Company
<b>A.M. Best Rating:</b>	A (Excellent), Financial Size Category: XIV (\$1.5 Billion or \$2 Billion) as of September 14, 2021
<b>Standard &amp; Poor's Rating:</b>	Not Rated
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$149,712.50
<b>Limits</b>	
<i>Aggregate Limit of Liability for All Coverage Parts (inclusive of Defense Costs; Not Inclusive of Directors &amp; Officers Side A Excess Limit, if applicable)</i>	\$3,000,000.00
<i>Third-Party Claim Sub-Limit of Liability</i>	\$3,000,000.00
<b>Retention:</b>	
<i>Each Employment Practices Claim</i>	\$500,000.00
<i>Third-Party Claim</i>	\$500,000.00
<i>Mass Action</i>	\$1,000,000.00

## Excess

Employment Practices Liability Coverage	
<b>Insurance Company:</b>	Ironshore Indemnity Inc
<b>A.M. Best Rating:</b>	A (Excellent), Financial Size Category: XV (\$2 Billion or greater) as of June 29, 2021
<b>Standard &amp; Poor's Rating:</b>	A (Strong) as of November 22, 2021
<b>Policy/Coverage Term:</b>	June 30, 2022, to June 30, 2023
<b>Premium:</b>	\$7,972.88
<b>Limits</b>	
<i>Aggregate Limit of Liability</i>	\$2,000,000.00

### Supplemental Travel Insurance

Supplemental Travel Insurance is a travel insurance policy that is intended to cover Board Trustees and Staff when traveling internationally and domestically on official LACERA business. The supplemental insurance protects LACERA's personal property and provides additional coverage from unforeseen circumstances. The coverage can be

purchased as needed at \$510 per person and expires one year from the date of purchase. The Supplemental Policy offers the following coverage:

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

### **FISCAL IMPACT**

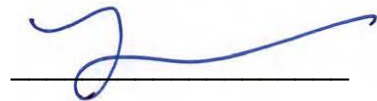
The cost of the various insurance that is included in the Property and Casualty Insurance Program for the FY 2022-23 is \$371,283.42, a 29% increase over FY 2021-22, equal to an additional cost of \$276,207.

### **SUMMARY**

After an extensive procurement process and review by the Team, the one-year policy for each line of coverage has been “bound” and coverage is in place that best protects the LACERA Trust Fund and is the best value available to the organization for the required coverage.

JCB/jb

### **Noted and Reviewed:**



Laura Guglielmo  
Assistant Executive Officer

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

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