



DEPARTMENT OF FIRE AND POLICE PENSIONS

701 E. 3rd Street, Suite 200
Los Angeles, CA 90013
(213) 279-3000

REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: JANUARY 19, 2023 **ITEM:** E.4

FROM: JOSEPH SALAZAR, INTERIM GENERAL MANAGER

SUBJECT: SECOND QUARTER UPDATE OF THE 2022-23 BUSINESS PLAN AND POSSIBLE BOARD ACTION

THIS REPORT IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY.

BACKGROUND

Staff is providing the second quarter update on the status and progress of the 2022-23 Business Plan projects (Attachments I and II).

The 2022-23 Business Plan was approved by the Board on June 16, 2022, and includes a total of 14 projects that fall within the department's six (6) Strategic Goals:

1. Ensure a Financially Sound Retirement System
2. Manage Risk Throughout the Organization
3. Enhance Customer Care & Stakeholder Relations
4. Pursue Operational Efficiencies
5. Build and Support a Talented Workforce
6. Promote Diversity, Equity, and Inclusion (DEI) Throughout the Organization Including Our Investment Portfolio and Business Partners

These primary goals help keep the System resources focused on the most critical areas to ensure we successfully fulfill our Mission Statement: *"To advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles."* The 2022-23 Business Plan second quarter update is summarized in Attachment I, the 2022-23 Business Plan Dashboard. This attachment provides a brief overview of the projects, including the progress toward meeting the Milestones, the overall project duration, the overall project status and whether the project is over/under budget. As presented in Attachment I, the status of the 2022-23 Business Plan through the second quarter is summarized as follows:

- 14 out of the 14 projects are on schedule and within budget.

ONGOING PROJECTS

Project No. 1 – Implementation of 115 Trust in Financial Reporting

Since September 2022, Accounting staff have set up a new fund which accounts for the 115 Trust in both the City's Financial Management System (FMS) and LAFPP's Microsoft Dynamics system for Fiscal Year (FY) 2022-23. Transactions for the 115 Trust were successfully posted in FMS and

LAFPP's Dynamics system and are properly reflected in the financial reports generated from these two systems. It is anticipated that Accounting staff will complete the following by June 2023:

- a) Incorporate the 115 Trust funds and accounts in the recording model for allocation and reporting;
- b) Conduct Accounting staff training and preliminary financial reports test run; and,
- c) Update various templates for the annual financial statement schedules and footnotes.

Project No. 2 – Implementation of New Global Credit Mandate

The Board has established a 22% target allocation to public fixed income. In December 2021, the Board approved allocating 12.5% of the System's total fixed income portfolio (or 2.75% of the total portfolio) to a new Global Credit mandate. During the second quarter of 2022, Staff and RVK completed the search for a Global Credit provider, and the Board selected Loomis Sayles & Co. to manage the new mandate. Staff completed the December 31, 2022 milestone by opening the new Global Credit account in August 2022.

Because the project timeline is continuing slightly ahead of schedule and the size of the pension plan increased, anticipated fees for this mandate have increased. At the time of FY 2022-23 Budget development, RVK estimated the mandate would be approximately \$689 million. Given an increased total portfolio market value of the Fund, the mandate at funding increased to \$775 million. This increase in mandate size increases the fee, as the fee structure is asset-based, from \$1.50 million projected initially to an estimated \$1.97 million based on a portfolio value of \$775 million.

Project No. 3 – Implementation of Asset Allocation Plan

Since April 2022, the Board received multiple educational presentations covering an in-depth review of the System's portfolio, liabilities, and asset allocation. Investments staff and RVK, General Investment Consultant, focused on the risk exposures of LAFPP's investment portfolio and completed the comprehensive risk assessment presented to the Board. With the risk assessment results as context, RVK conducted an Asset/Liability analysis to better understand how the investment portfolio is positioned to meet the liability streams into the future. The Asset/Liability analysis led to the Asset Allocation study, which was presented to the Board on September 1, 2022. Within the Asset Allocation Study, the Board was presented with the methodology of how asset allocation studies are conducted, key asset allocation concepts, the Board's current target asset allocation, and alternate asset allocation options for consideration.

Investments staff have added language to the Board's Investment Policies to reflect the adoption of the recent asset allocation study approved on October 6, 2022. This includes the adopted global credit asset class approved on December 2, 2021, and the corresponding custom benchmarks. While the Asset Allocation Study concluded with the Board making no changes, Investments staff and RVK continue to progress in implementing the current asset allocation. During the second quarter of FY 2022-23, Investments staff and RVK completed the search for a Global Credit provider, and the Board selected Loomis Sayles & Co. to manage the new mandate. Investments staff have also completed the fixed income allocation rebalancing to fully fund the new Global Credit account beginning in the third quarter of FY 2022-23 for \$775 million.

In August 2020, the Board also approved a reduction to the Commodities target allocation from 5% to 1%. The reduction has been accomplished, and Investments staff completed the public equity commodities portfolio liquidation at the end of the contract term on September 30, 2022. Investments staff is also progressing with the Private Credit Consultant search to implement the 2% private credit allocation. Investments staff and RVK will bring the Private Credit Consultant finalists and selection to

the Board at the January 19, 2023 meeting. Investments staff and RVK will bring asset class structure studies to the Board to evaluate strategies and style factor exposures within each asset class to make potential improvements to the portfolio according to the analysis. RVK presented the first structure review on public equity at the October 20, 2022 Board meeting.

Project No. 4 – Internal Audit Risk Assessment Framework

On September 19, 2022, Internal Audit staff discussed with Executive Management the 10 risk criteria and rating scale developed for assessing risk. The criteria were based on LAFPP’s organizational goals as noted in the 2022-24 Strategic Plan. On October 4, 2022, Internal Audit staff shared its preliminary identification of key business activities with Executive and Senior Management for input. Internal Audit staff incorporated management’s input in its list of business activities that will be evaluated against the identified risk criteria using the rating scale previously developed. The updated list of business activities along with an example of a calculated risk rating using the framework was shared with Executive Management on December 19, 2022. The list of business activities was finalized after the discussion.

Project No. 5 – Enterprise-wide Cyber Security Program

The scope of this project is to develop an enterprise-wide cyber security program that will focus on all levels of the organization to improve the Department’s posture and defense against cyber-attacks. This year, Systems staff planned to implement four deliverables by December 31, 2022, and all are on schedule. Specifically, Systems staff have completed the following:

- a) Gathered the requirements and implemented an email Data Loss Prevention (DLP) solution;
- b) Remediated the medium-level risk vulnerabilities that were identified through the network security framework assessment performed in June 2021;
- c) Completed the research on the Security Information and Event Management (SIEM) tool that would provide real-time analysis of security alerts. Due to its high cost and the required skill set to manage it, the proposed course of action is to leverage the SIEM tools currently deployed by the City. Systems staff is working on a Proof of Concept (POC) with the City’s Information Technology Agency (ITA) to determine feasibility and effectiveness; and,
- d) Systems staff researched and implemented cybersecurity best practices. An Ad Hoc Committee on Cybersecurity and Fraud Risk Management was formed by the Board President on October 6, 2022. The Committee held its first meeting on November 3, 2022, and discussed the past and current efforts to enhance LAFPP’s cyber security posture.

A follow-up presentation is scheduled to be presented to the Board on January 19, 2023.

Project No. 6 – Rollovers of Refund of Contributions via Wire Transfer

The Pension and Retirement Information System (PARIS) requires additional programming in order to smoothly process wire transfers originating outside of the City of Los Angeles Deferred Compensation Plan Administrator (VOYA). Currently, Systems staff manually enter data into the Electronic Data Interchange (EDI) file to complete non-VOYA wire transfers automatically. Systems staff has assigned a place holder for testing and deployment of these new programming features during the January 2023 PARIS User Acceptance Testing (UAT) build. In the meantime, a workaround has been identified should the additional programming implementation take longer than expected. The overall project is still estimated to be completed by the June 2023 milestone.

Project No. 7 – Engaging Early-Career Members to Plan for Retirement

The Early Member Engagement survey was concluded. Communications & Education (C&E) staff will create short videos focusing on topics Tier 6 members considered most important according to survey

results. C&E staff is coordinating efforts with supervising authorities to conduct quick on-site visits during roll calls and other training events to introduce LAFPP and provide resources. Furthermore, C&E staff is finalizing an informational bulletin and promotional items to be handed out during station visits.

Project No. 8 – Member Video Guides for Completing Counseling Forms

DROP/Service Pensions staff is on task to complete the December 2022 milestone. Staff will continue to create instructional video guides that aid members in completing pension forms. Staff have completed recording and are currently editing the service pension forms instructional video guides. Completion of service pension forms instructional video guides is expected by the March 2023 milestone.

Project No. 9 – Disability Claims Management System Review

Disability Pensions staff has completed an analysis of the current Disability Pension Claims database, identifying gaps and areas for improvement, as well as reports now considered to be obsolete. Disability Pensions staff has also created a list of fields and reports that should be considered for incorporation into a future system. Disability Pensions staff will continue to work on incorporating a working log case file notes system and archiving of surveillance video footage.

Project No. 10 – Elimination of the Deceased Members Database

PASCo and Retirement Services staff have determined the enhancements needed in PARIS to replace the Deceased Members Database. These enhancements include new correspondence, new reports, additional data fields, and improvements to the tracking of overpayments related to pensioner deaths.

Project No. 11 – Unclaimed Final Checks

Retirement Services staff have created a Next of Kin form and submitted to the City Attorney for review. Surveys with other retirement systems have also been completed. The mailing list has been compiled and correspondence for the Next of Kin/Estate has been drafted. Retirement Services staff is scheduled to begin mailings in January 2023.

Project No. 12 – Reinforcing Employee Connections and Organizational Culture in a Hybrid Workforce

To ensure milestones have been met for this reporting quarter, Human Resources (HR) staff surveyed other City departments about their organizational culture and how they keep employees engaged. This laid the groundwork to start developing initiatives within our own organization. Consistent with project milestones, HR staff has sent a survey to all employees to determine levels of interest in participating in different initiatives and team building activities, as well as tools needed for employees to continue to succeed in the department. Survey results will be reviewed with management prior to implementation of initiatives that generated the most interest.

Project No. 13 – Permanent Hybrid Workforce

As of December 31, 2022, all project milestones have been met. Management has evaluated the Department's daily office workstation needs and found that between July 1 and December 9, 2022, we had an average of 42 staff in the office each day, with the highest day totaling 73 staff. We will continue to collect this data and monitor our ongoing office workstation needs, as Executive Management reevaluates our walk-in services for members without scheduled appointments. The Systems Section continues to deploy laptop docking stations and was on track to expand the shared/mobile office workstation program to 50% of all staff by the December 2022 milestone.

Project No. 14 – Institutional Limited Partners Association Diversity in Action Initiative

Investments staff have completed the December 2022 milestone ahead of schedule, completing its review and presenting proposed changes to the Proxy Voting Policy. The Board approved the proposed amendments to Section 7.0 – Proxy Voting Policy on October 20, 2022. Additionally, presentations by assets managers include information on their respective firm’s Diversity, Equity, and Inclusion (DEI) activities and initiatives.

The proxy ballots of the Fund’s domestic equity holdings are voted by Glass Lewis & Co. (Glass Lewis).

The Board authorizes Glass Lewis to vote on the Fund’s proxy ballots in accordance with the Board’s Proxy Voting Policy, which addresses approximately 130 separate issues that commonly appear on shareholder proxies. Glass Lewis also researches proxy ballots and provides feedback on best practices on various shareholder ballot topics. Each year, Staff reviews Glass Lewis’ reports on the current year’s proxy voting season and identifies the shareholder proposals that can be included in the policy. The updated Investment Policy includes an annual review of the proxy ballots voted, voting for limiting external auditors’ fees and tenure, withholding votes from director nominees due to a lack of independence and gender diversity, and voting against executive pay programs for poor company performance.

BUDGET

No additional funding is requested at this time.

POLICY

No policy changes recommended.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

James Pineda, Management Analyst
Administrative Services Section

JS:WSR:MTS:EH:JP

Attachments: I. 2022-23 Business Plan Dashboard - Second Quarter Update
II. 2022-23 LAFPP Business Plan



**2022-23 BUSINESS PLAN DASHBOARD
SECOND QUARTER REPORT
QUARTER ENDING DECEMBER 31, 2022**

<u>Strategic Plan Goal</u>	<u>Project Title</u>	<u>Overall Project Duration</u>	<u>2022-23 Milestone Dates</u>	<u>Overall Project Schedule</u>	<u>Overall Project Budget</u>
Goal 1 Ensure a Financially Sound Retirement System	1. NEW – Implementation of 115 Trust in Financial Reporting	2022-23	●	●	●
	2. NEW – Implementation of New Global Credit Mandate	2022-23	●	●	●
	3. NEW – Implementation of Asset Allocation Plan	2022-23	●	●	●
Goal 2 Manage Risk Throughout the Organization	4. NEW – Internal Audit Risk Assessment Framework	2022-23	●	●	●
	5. CONTINUING – Enterprise-wide Cyber Security Program¹	2020-21 2021-22 2022-23	●	●	●
Goal 3 Enhance Customer Care and Stakeholder Relations	6. NEW – Rollovers of Refund of Contributions via Wire Transfer	2022-23	●	●	●
	7. NEW – Engaging Early-Career Members to Plan for Retirement	2022-23	●	●	●
	8. CONTINUING – Member Video Guides for Completing Counseling Forms¹	2022-23	●	●	●
Goal 4 Pursue Operational Efficiencies	9. CONTINUING – Disability Claims Management System Review¹	2022-23	●	●	●
	10. NEW – Elimination of the Deceased Members Database	2022-23 2023-24	●	●	●
	11. NEW – Unclaimed Final Checks	2022-23	●	●	●
Goal 5 Build and Support a Talented Workforce	12. NEW – Reinforcing Employee Connections and Organizational Culture in a Hybrid Workforce	2022-23	●	●	●
	13. CONTINUING – Permanent Hybrid Workforce¹	2021-22 2022-23	●	●	●
Goal 6 Promote Diversity Equity and Inclusion (DEI) Throughout the Organization	14. CONTINUING – Institutional Limited Partners Association Diversity in Action Initiative¹	2021-22 2022-23	●	●	●

Legend:	●	On schedule or on budget
	●	At risk of falling behind schedule or going over budget
	●	Behind schedule/over budget
	✓	Project completed

¹ These projects were initially included in the 2021-22 Business Plan. However, due to increasing workloads and competing priorities the Board authorized the deferral of these projects to the 2022-23 Business Plan.

LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



2022-23 FINAL BUSINESS PLAN

**AS SUBMITTED TO THE BOARD:
JUNE 16, 2022**

**REVISED:
JANUARY 19, 2023~~OCTOBER-~~
~~20,2022~~**





2022-23 FINAL BUSINESS PLAN INTRODUCTION

Los Angeles Fire and Police Pensions (LAFPP) annually prepares a Business Plan to develop projects to help successfully accomplish our goals and identify necessary allocation of resources to the most critical areas of our operations. With preparation of the Business Plan, we strive to fulfill our vision and support our mission as outlined in the 2022-24 Three-Year Strategic Plan. The Strategic Plan as approved by the Board on November 18, 2021, reaffirms LAFPP’s commitment to:

VISION

Be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.

MISSION

Advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.

Our 2022-23 Final Business Plan includes 14 projects, including nine (9) new projects, and five (5) continuing projects. We believe these projects are critical to ensure we continue to meet LAFPP’s primary goals while upholding our values:

GOALS

- 1) Ensure a Financially Sound Retirement System
- 2) Manage Risk Throughout the Organization
- 3) Enhance Customer Care and Stakeholder Relations
- 4) Pursue Operational Efficiencies
- 5) Build and Support a Talented Workforce
- 6) Promote Diversity, Equity and Inclusion (DEI) Throughout the Organization Including Our Investment Portfolio and Business Partners

VALUES

- Collaboration
- Respect
- Efficiency
- Accountability
- Transparency
- Ethics
- Diversity

LAFPP continues to provide exceptional service to our members in new and innovative ways and has offered our services both in-person as well as virtually to meet individual preferences, all while complying with applicable local and state health and safety protocols. As the COVID-19 pandemic remains fluid, we continue to implement a hybrid remote/on-site workforce and work to increase the availability of alternate means for our members to access services and have begun executing a plan to communicate our new virtual service offerings. LAFPP additionally maintains its efforts to leverage MyLAFPP, the Pension and Retirement Information System (PARIS) and our website to increase efficiencies throughout the organization and further enhance the member experience.

Projects in the 2022-23 Final Business Plan include enhancements for member services (such as increasing engagement with early-career members and adding a wire transfer option for contribution refunds); plans to strengthen our cyber security stance; ongoing development of our pension administration system to better support our members and the Plan’s long-term sustainability (such as refinement of the Disability Claims Management System and review of other legacy databases); and a reimagining of our workforce by finding new ways to connect in a hybrid work environment and envisioning innovative use of office space and ways of working.



2022-23 FINAL BUSINESS PLAN INTRODUCTION

The 2022-23 Final Business Plan also includes a project that reflects LAFPP's ongoing commitment to promote diversity, equity, and inclusion within all aspects of the organization. LAFPP has long promoted inclusion within its investment portfolio and will look to further promote access in the management of LAFPP's private market investment portfolio. Additionally, the Department continues to adopt principles and pursue initiatives that foster greater participation and inclusion of all individuals in LAFPP's procurement and staffing processes.

I believe these projects will enable LAFPP to achieve its strategic goals and uphold its mission, while incorporating innovations to our service delivery and operations that will serve to increase our resiliency and improve our ability to adapt to a new approach of working in a post-pandemic reality.

As always, I extend my gratitude to the Board and staff for their hard work and dedication to the members of our system.

Sincerely,

Raymond CirannaJoe Salazar, Interim General Manager



2022-23 FINAL BUSINESS PLAN PROJECT SUMMARY MATRIX

GOAL 1 – Ensure a Financially Sound Retirement System			
1. (NEW) Implementation of 115 Trust in Financial Reporting <u>Objective</u> To implement the IRC Section 115 Trust consistent with the financial reporting requirements as stipulated in the City's Ordinance No. 187351. <u>Duration</u> <u>Workload Indicator</u> 2022-23 Lead: Moderate Participants: Moderate			
2. (NEW) Implementation of New Global Credit Mandate <u>Objective</u> To increase portfolio diversification, reduce downside risk, increase flexibility to invest outside of traditional core fixed income, and enhance the fixed income portfolio's risk/return profile. <u>Duration</u> <u>Workload Indicator</u> 2022-23 Lead: High Participants: High			
3. (NEW) Implementation of Asset Allocation Plan <u>Objective</u> To improve the risk/return profile for the System's investments. <u>Duration</u> <u>Workload Indicator</u> 2022-23 Lead: Moderate Participants: Moderate			
GOAL 2 – Manage Risk Throughout the Organization			
4. (NEW) Internal Audit Risk Assessment Framework <u>Objective</u> To further refine Internal Audit Section's risk assessment process and develop a robust risk assessment toolkit and process to systematically assess risk exposure and internal control gaps on an organizational level. <u>Duration</u> <u>Workload Indicator</u> 2022-23 Lead: Moderate Participants: Moderate			
5. (CONTINUING) Enterprise-wide Cyber Security Program <u>Objective</u> To develop an enterprise-wide cyber security program that will focus on all levels of the organization to improve the Department's posture and defense against cyber-attacks. <u>Duration</u> <u>Workload Indicator</u> 2020-21, 2021-22, Lead: Moderate Participants: Moderate 2022-23			



2022-23 FINAL BUSINESS PLAN

PROJECT SUMMARY MATRIX

GOAL 3 – Enhance Customer Care and Stakeholder Relations			
6. (NEW) Rollovers of Refund of Contributions via Wire Transfer			
<u>Objective</u> To provide former members and beneficiaries the option to rollover refund of contributions via wire transfer, reducing the risk of checks being lost/stolen and expediting the process.			
<u>Duration</u> 2022-23	<u>Workload Indicator</u> Lead: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Participants: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
7. (NEW) Engaging Early-Career Members to Plan for Retirement			
<u>Objective</u> To engage members in the early stages of their career and encourage the utilization of various available LAFPP educational tools to begin long-term financial planning for retirement.			
<u>Duration</u> 2022-23	<u>Workload Indicator</u> Lead: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Participants: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
8. (CONTINUING) Member Video Guides for Completing Counseling Forms¹			
<u>Objective</u> To provide members an additional resource in reviewing at their leisure the various forms discussed during counseling sessions.			
<u>Duration</u> 2022-23	<u>Workload Indicator</u> Lead: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Participants: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	
GOAL 4 – Pursue Operational Efficiencies			
9. (CONTINUING) Disability Claims Management System Review²			
<u>Objective</u> To pursue operational efficiencies by identifying and documenting the requirements needed for an improved Disability Claims Management System.			
<u>Duration</u> 2022-23	<u>Workload Indicator</u> Lead: Moderate <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/>	Participants: Low <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/>	

¹ This project was initially included in the 2021-22 Business Plan. However, due to continuously increasing workloads from a higher than anticipated number of DROP Exits and retirements which required staff's attention as a priority, the Board authorized deferral to the 2022-23 Business Plan on April 21, 2022.

² This project was initially included in the 2021-22 Business Plan. However, due to identified issues awaiting resolution from previous PARIS projects and competition with existing priorities, the Board authorized deferral to the 2022-23 Business Plan on October 21, 2021.



2022-23 FINAL BUSINESS PLAN PROJECT SUMMARY MATRIX

GOAL 4 – Pursue Operational Efficiencies

10. (NEW) Elimination of the Deceased Members Database

Objective

To analyze the functionality contained in the Deceased Members Database and determine the upgrades to PARIS needed to eliminate the Deceased Members Database.

Duration

2022-23, 2023-24

Workload Indicator

Lead: High



Participants: High



11. (NEW) Unclaimed Final Checks

Objective

To locate next of kin for 166 cases where a pensioner passed away and their final check is left unclaimed.

Duration

2022-23

Workload Indicator

Lead: Low



Participants: Low



GOAL 5 – Build and Support a Talented Workforce

12. (NEW) Reinforcing Employee Connections and Organizational Culture in a Hybrid Workforce

Objective

To explore best practices that will help build a deeper sense of community and reinforce our organizational culture while continuing as a hybrid workforce.

Duration

2022-23

Workload Indicator

Lead: Moderate



Participants: Low



13. (CONTINUING) Permanent Hybrid Workforce

Objective

To be at the forefront of modern workforce practices by implementing a permanent hybrid workforce to increase efficiencies, reduce ongoing operating expenses and carbon footprint, and evolve to meet member service needs in the future.

Duration

2021-22, 2022-23

Workload Indicator

Lead: High



Participants: Moderate





2022-23 FINAL BUSINESS PLAN

PROJECT SUMMARY MATRIX

GOAL 6 – Promote Diversity Equity and Inclusion (DEI) Throughout the Organization Including Our Investment Portfolio and Business Partners

14. (CONTINUING) Institutional Limited Partners Association Diversity in Action Initiative

Objective

To improve the long-term sustainability and risk/return profile of the Board’s private markets portfolio.

Duration

2021-22, 2022-23

Workload Indicator

Lead: Moderate

Participants: Moderate



**Project #1: (NEW)
Implementation of 115 Trust in Financial Reporting**

Duration: 2022-23
Project Lead(s): Michelle Chan, Department Chief Accountant, Accounting Section
Project Participants: Accounting Staff
Stakeholders: LAFPP, Board Members, LAFPP Members and Beneficiaries, and the City

Project History:

The Plan actuary, The Segal Company, projected that employer contributions to fund LAFPP retiree health benefits may exceed the Internal Revenue Code (IRC) limit on a cumulative basis by as early as Fiscal Year (FY) 2025-26. As such, on May 20, 2021, the Board authorized the General Manager to seek City Council’s approval of the creation of a 115 Trust structure as an alternative retiree health benefit funding mechanism to prevent the City from exceeding the 401(h) contribution limitation. The 115 Trust Ordinance (No. 187351) was approved by the City Council on January 11, 2022 and became effective on February 21, 2022. The FY 2022-23 contribution for retiree health benefits will be deposited into the new 115 Trust.

PROJECT OBJECTIVE	To implement the IRC Section 115 Trust consistent with the financial reporting requirements as stipulated in the City’s Ordinance No. 187351.
2022-23 DELIVERABLES	Provide financial reports that will incorporate the 115 Trust components.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022:</p> <ul style="list-style-type: none"> a) Set up new funds and accounts for the 115 Trust in both the City’s Financial Management System (FMS) and LAFPP’s Microsoft Dynamics system; and, b) Incorporate the new funds and accounts in the financial reports. <p>BY JUNE 30, 2023:</p> <ul style="list-style-type: none"> a) Incorporate the 115 Trust funds and accounts in the current recording process; b) Conduct staff training and run preliminary financial reports for validation; and, c) Incorporate the 115 Trust components into the templates for the annual financial statement schedules and footnotes.
2022-23 RESOURCES	No additional costs are anticipated with this project.



Project #2: (NEW)
Implementation of New Global Credit Mandate

Duration: 2022-23
Project Lead(s): Kristy Nguyen, Investment Officer III, Investments Division
Project Participants: Investments Division, General Investment Consultant, and Global Credit Investment Manager
Stakeholders: Board Members, Investments Staff, LAFPP Members, and the City

Project History:

On November 18, 2021, RVK, the System’s General Investment Consultant, recommended the Board add a 12.5% allocation of the System’s total fixed income portfolio to a new Global Credit mandate. At the succeeding December 2, 2021 meeting, staff presented the recommendation and the Board approved the new mandate.

PROJECT OBJECTIVE	To increase portfolio diversification, reduce downside risk, increase flexibility to invest outside of traditional core fixed income, and enhance the fixed income portfolio's risk/return profile.
2022-23 DELIVERABLES	Implement the global credit mandate including the hiring of a global credit investment manager.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022:</p> <ul style="list-style-type: none"> a) Complete the global credit investment manager search including the execution of the investment management contract between the LAFPP Board and the manager; and, b) Initiate the planned reduction of existing fixed income accounts to fund the new mandate. <p>BY DECEMBER 31, 2022:</p> <p>Complete funding of the new global credit portfolio.</p> <p>BY MARCH 31, 2023:</p> <ul style="list-style-type: none"> a) Monitor the performance of the new global credit portfolio/manager; and, b) Schedule quarterly portfolio update calls with the new manager. <p>BY JUNE 30, 2023:</p> <p>Continue to monitor the performance of the mandate and report to the Board as needed.</p>
2022-23 RESOURCES	Investment management fees are anticipated to increase for this asset allocation by \$1.5 million in FY 2022-23.



Project #3: (NEW)
Implementation of Asset Allocation Plan

Duration: 2022-23
Project Lead(s): Kristy Nguyen, Investment Officer III, Investments Division
Project Participants: Investments Division, General Investment Consultant, General Investment Manager
Stakeholders: Board Members, Investment Staff, LAFPP Members, and the City

Project History:

The Board Investment Policies Section 1.6 states, in part: “The Board shall conduct an Asset Allocation study every three to five years.” Once the Board selects an asset allocation plan, staff will develop a plan for implementation.

PROJECT OBJECTIVE	To improve the risk/return profile for the System’s investments.
2022-23 DELIVERABLES	Implementation of the Board directed Asset Allocation Plan as modified from its current state.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022: Evaluate and formulate plan to achieve new Asset Allocation targets.</p> <p>BY DECEMBER 31, 2022: Begin implementation of new Asset Allocation strategy, including any necessary searches.</p> <p>BY MARCH 31, 2023: Schedule and hold interviews, if needed, for new managers.</p> <p>BY JUNE 30, 2023: Complete new Asset Allocation Plan.</p>
2022-23 RESOURCES	Three (3) free manager searches by RVK are provided for within the 2022-23 Budget. Should additional searches be required based on the Board’s decisions, a budget of \$18,000 will be necessary for each additional manager searches beyond the three free searches per contract year.



Project #4: (NEW)
Internal Audit Risk Assessment Framework

Duration: 2022-23
Project Lead(s): Cynthia Varela, Departmental Audit Manager, Internal Audit Section
Project Participants: Internal Audit Staff
Stakeholders: LAFPP

Project History:

In accordance with the Internal Audit Charter and professional auditing standards, the Internal Audit Section (IAS) performs an annual risk assessment to ensure the annual audit plan prioritizes audit activities appropriately. IAS’ current process considers risks and internal controls within business activities and surveys the Board and management for their perspective on areas of concern.

Professional auditing organizations, such as the Association of Local Government Auditors and the Institute of Internal Auditors, have shared techniques to incorporate a more quantitative approach to rate risk exposures. IAS would utilize techniques to build on its current process to incorporate a measurement basis for ranking risk areas and assist in developing audit priorities for the Board’s consideration which could be used for the annual audit plans over several fiscal years.

The risk assessment model that will be developed for IAS will require: 1) establishing the risk criteria and rating scale, and 2) identifying key business activities. Risk criteria are the factors that will help measure the risk of an activity or event. Financial impact, volume of transactions, process complexity, centralized processes, etc. are examples of risk criteria that may be used. The risk rating scale defines what would constitute a high-, moderate-, or low-risk activity for each risk criteria. For example, regarding complexity, low-risk may be defined as routine, complex systems-based processing compared to a high-risk rating where the activity is non-routine and relies on estimation involving significant judgment or subjectivity.

PROJECT OBJECTIVE	To further refine Internal Audit Section's risk assessment process and develop a robust risk assessment toolkit and process to systematically assess risk exposure and internal control gaps on an organizational level.
2022-23 DELIVERABLES	Establish a systematic risk assessment measurement process that follows industry-accepted guidance.

Project #4: (NEW)

Internal Audit Risk Assessment Framework

2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022: Identify and define risk criteria (e.g., financial impact, mission impact, complexity) and risk rating scale (e.g., high-risk for non-routine, estimated or complex processing that relies on judgment or experience).</p> <p>BY DECEMBER 31, 2022: Identify key business activities.</p> <p>BY MARCH 31, 2023: Present list of key business activities, risk criteria and rating scale to Executive Management and obtain agreement or modify as needed.</p> <p>BY JUNE 30, 2023: Evaluate risk exposure and internal control gaps with new tool and review results of risk assessment with Executive Management.</p>
2022-23 RESOURCES	No additional costs are anticipated with this project.



**Project #5: (CONTINUING)
Enterprise-wide Cyber Security Program**

Duration: 2020-21, 2021-22 and 2022-23
Project Lead(s): William Raggio, Executive Officer
 Administrative Operations Division
Project Participants: Executive Management and Systems Staff
Stakeholders: Board Members and LAFPP Members

Project History:

The Enterprise-wide Cyber Security Program, which began in FY 2020-21, leverages in-house expertise, along with outside counsel and security vendors as necessary, to strengthen the Department’s cyber security posture. It is comprised of several elements that are actively overseen by Executive Management and reported to the Board regularly. Some of the elements are 1) a top-down review of the existing cyber security program and procedures, 2) engagement with outside counsel/security vendors to implement best practices, 3) implementation of technical solutions to minimize risk, and 4) employee security awareness training.

Since FY 2020-21, major initiatives completed include: 1) development of a cyber-security incident response plan, 2) vulnerability assessment of Department’s network, 3) remediation of critical vulnerabilities, 4) review and update of personnel policies and procedures, and 5) Board education on, and procurement of, cyber liability insurance.

PROJECT OBJECTIVE	To develop an enterprise-wide cyber security program that will focus on all levels of the organization to improve the Department’s posture and defense against cyber-attacks.
2022-23 DELIVERABLES	<ul style="list-style-type: none"> a) Implement Data Loss Prevention (DLP) solution for email; b) Remediate all medium-risk level and some low-risk level vulnerabilities; c) Deploy Security Information and Event Management (SIEM) tool to provide real-time analysis of security alerts; and, d) Continue research to identify and implement Cyber Security best practices.

Project #5: (CONTINUING) Enterprise-wide Cyber Security Program

<p>2022-23 MILESTONES</p>	<p>BY DECEMBER 31, 2022:</p> <ul style="list-style-type: none"> a) Classify department Personally Identifiable Information (PII), gather requirements, and design email DLP solution; b) Remediate all medium-risk level vulnerabilities; c) Research and evaluate SIEM tool; and, d) Continue research on Cyber Security best practices and report to the Board, as necessary. <p>BY JUNE 30, 2023:</p> <ul style="list-style-type: none"> a) Procure software if necessary; configure, test, and deploy email DLP solution; b) Remediate some of the low-risk level vulnerabilities; c) Procure, test, and deploy SIEM tool; and, d) Based on research, implement best practice solutions for Cyber Security.
<p>2022-23 RESOURCES</p>	<p>Existing staff will coordinate, as necessary, with vendors. Funding will be included in the FY 2022-23 Budget for this effort.</p>



Project #6: (NEW)
Rollovers of Refund of Contributions via Wire Transfer

Duration: 2022-23
Project Lead(s): Riza Mulawin, Manager, Active Member Services Section
Project Participants: Active Member Services Staff, PASCo Staff, Systems Staff, Accounting Staff, and Northern Trust
Stakeholders: Former LAFPP Members and Beneficiaries, and Rollover Institutions

Project History:

Upon termination, former members have the option to request a refund of their pension contributions and accrued interest as cash payment via check or direct deposit. Alternatively, they can elect to rollover the funds to a financial institution of their choice via check only. On average it can take between one-to-two weeks for a financial institution to receive and process the rollover check; during which time the former member's funds may not accrue interest depending on the recipient institution's policies.

Wire transfers are currently being used for monthly pension payments and DROP disbursements.

PROJECT OBJECTIVE	To provide former members and beneficiaries the option to rollover refund of contributions via wire transfer, reducing the risk of checks being lost/stolen and expediting the process.
2022-23 DELIVERABLES	Implement the option to rollover refund of contributions via wire transfer to members’ financial institutions.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022: Coordinate with Northern Trust, PASCo staff, Systems staff, and Accounting staff to test the functionality of wire transfers for rollover of refund of contributions.</p> <p>BY DECEMBER 31, 2022: Provide training to Active Member Services staff in processing contribution refunds via wire transfer.</p> <p>BY MARCH 31, 2023: Update applicable forms and communications to reflect the availability of wire transfer option for contribution refunds.</p> <p>BY JUNE 30, 2023: Implement rollover of refunds via wire transfers and process payments as requested by former members and beneficiaries.</p>

Project #6: (NEW)

Rollovers of Refund of Contributions via Wire Transfer

2022-23 RESOURCES	If necessary, budgeted overtime will be used for testing the functionality of wire transfers. An additional cost is associated with wire transfers and will be the responsibility of the former members and/or beneficiaries.
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Project #7: (NEW) **Engaging Early-Career Members to Plan for Retirement**

Duration: 2022-23
Project Lead(s): Elizabeth Trevizo, Benefits Analyst and Stephen Bayutas, Benefits Analyst, Communications & Education Section
Project Participants: Communications & Education Staff, Website and Financial Planning Education Consultants, Sworn Employee Unions, and Association Publications
Stakeholders: LAFPP Members and LAFPP Staff

Project History:

LAFPP currently offers various retirement planning tools (e.g., newsletters, seminars/webinars, and MyLAFPP for online self-services) to assist members in all stages of their careers with long-term financial planning. Typically, however, members are not interested in utilizing these tools for the topic of retirement until they are within their final 3-5 years of service.

PROJECT OBJECTIVE	To engage members in the early stages of their career and encourage the utilization of various available LAFPP educational tools to begin long-term financial planning for retirement.
2022-23 DELIVERABLES	Offer tools that engage younger members to increase participation in financial planning education and benefit information webinars, the readership for newsletters and other written communications, and utilization of the services provided in MyLAFPP.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022: Research trends to appeal to younger audiences (e.g., obstacles that deter participation, topics of appeal, preferences/formats to receive information).</p> <p>BY DECEMBER 31, 2022: a) Develop a communications/outreach plan with scheduled dates and activities/tasks; and, b) Create metrics with detailed methods to measure progress.</p> <p>BY MARCH 31, 2023: a) Implement the communications/outreach plan; and, b) Review plan progress.</p>

Project #7: (NEW)

Engaging Early-Career Members to Plan for Retirement

2022-23 MILESTONES (CONT.)	BY JUNE 30, 2023: Assess progress by utilizing the developed metrics.
2022-23 RESOURCES	No additional costs are anticipated with this project.



Project #8: (CONTINUING) Member Video Guides for Completing Counseling Forms

Duration: 2022-23
Project Lead(s): Krystle Gill, Senior Benefits Analyst I, DROP/ Service Pensions Section
Project Participants: DROP/Service Pensions Staff, Communications & Education Staff
Stakeholders: LAFPP Members and DROP/Service Pensions Staff

Project History:

This is a new business plan prompted by DROP Section’s group counseling sessions. Several members have requested follow up from staff after the session on certain forms requiring further clarification and instructions. Additionally, staff has received requests from members to record the sessions in order to review the information that was covered.

PROJECT OBJECTIVE	To provide members an additional resource in reviewing at their leisure the various forms discussed during counseling sessions.
2022-23 DELIVERABLES	A series of online-accessible videos which will provide guidance to members and staff on how to properly complete DROP Entry, DROP Exit, and Service Retirement forms.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022 Create a video for how to complete DROP Entry Forms by using a video software application to record staff going over each form that is covered during DROP Entry counseling sessions. The focus will be on the forms with voiceover by DROP staff.</p> <p>BY DECEMBER 31, 2022: Start creating videos on how to complete Service Retirement Forms by a using video software application to record staff going over each form that is covered during Service Retirement counseling sessions. The focus will be on the forms with voiceover by DROP staff.</p> <p>BY MARCH 31, 2023 Complete all videos on how to complete Service Retirement Forms.</p>

Project #8: (CONTINUING)

Member Video Guides for Completing Counseling Forms

2022-23 MILESTONES (CONT.)	BY JUNE 30, 2023: a) Create a video for how to complete DROP Exit Forms by using a video software application to record staff going over each form that is covered during DROP Exit counseling sessions. The focus will be on the forms with voiceover by DROP staff; and b) Collaborate with Communications & Education staff to ensure all videos are posted on LAFPP’s website.
2022-23 RESOURCES	No additional costs are anticipated with this project at this time. However, future costs may be incurred from procurement of a new software solution.



Project #9: (CONTINUING) Disability Claims Management System Review

Duration: 2022-23
Project Lead(s): Kristen Rosauer, Manager, Disability Pensions Section
Project Participants: Disability Pensions Staff, PASCo Staff, and Systems Staff
Stakeholders: LAFPP Members, Executive Management, and Disability Pensions Staff

Project History:

Application processing for the Disability Pensions Section has historically been tracked by the Disability Claims Database (an Access database). This database has been in use for many years and contains all data on Disability Applicants from 1997 to present. This project was originally included in the FY 2021-22 Business Plan and was deferred due to a reprioritization of PARIS functionalities affecting a large number of members.

PROJECT OBJECTIVE	To pursue operational efficiencies by identifying and documenting the requirements needed for an improved Disability Claims Management System.
2022-23 DELIVERABLES	Identify and document the requirements needed for an updated Disability Claims Management System, to better equip staff to research and manage disability claims and metrics.
2022-23 MILESTONES	<p>BY DECEMBER 31, 2022:</p> <ul style="list-style-type: none"> a) Conduct a thorough analysis of the existing database and recurring/ad hoc reports; and, b) Determine the information needed to be modified/included in a future case management solution. <p>BY JUNE 30, 2023:</p> <ul style="list-style-type: none"> a) Identify the requirements for the future Disability Case Management System solution; and, b) Begin to research software options for Disability Claims case management and reporting solutions, both internal and external.
2022-23 RESOURCES	No additional costs are anticipated with this project at this time. However, future costs may be incurred from procurement of a new software solution.



**Project #10: (NEW)
Elimination of the Deceased Members Database**

Duration: 2022-23 and 2023-24
Project Lead(s): Anthony Torres, Manager, PASCo Section
Project Participants: PASCo Staff and Retirement Services Staff
Stakeholders: Retirement Services Section, PASCo Section, and Systems Section

Project History:

The Deceased Members Database is used to generate correspondence, track recovery of excess pension payments, and manage other processes related to pensioner deaths. Use of this database, in addition to the Pension and Retirement Information System (PARIS), requires duplicate data entry. It also requires resources from Systems Section to maintain.

PROJECT OBJECTIVE	To analyze the functionality contained in the Deceased Members Database and determine the upgrades to PARIS needed to eliminate the Deceased Members Database.
2022-23 DELIVERABLES	Provide specifications for new correspondence and functionality to integrate the Deceased Members Database's functionality into PARIS.
2022-23 MILESTONES	<p>BY DECEMBER 31, 2022: Identify correspondence and functionality from the Deceased Members Database that should be incorporated into PARIS.</p> <p>BY MARCH 31, 2023: Finalize specifications for new correspondence in PARIS to replace correspondence generated by the Deceased Members Database.</p> <p>BY JUNE 30, 2023: Finalize specifications for new (non-correspondence) functionality in PARIS to replace functionality from the Deceased Members Database.</p>
2022-23 RESOURCES	No additional costs are anticipated in the first year of the project.



Project #11: (NEW) Unclaimed Final Checks

Duration: 2022-23
Project Lead(s): Lis Burog, Benefits Analyst, Retirement Services Section
Project Participants: Retirement Services Staff
Stakeholders: LAFPP Members and Retirement Services Staff

Project History:

As part of the 2021-22 Business Plan, the Alive & Well Verification identified the difficulties in locating the next of kin of deceased pensioners. When relatives cannot be located, the member’s file is left incomplete as no final checks can be issued to the next of kin/estate. In 2022-23, Retirement Services (RS) staff will focus on gathering next of kin’s contact information using all known search methods. RS will also create a Next of Kin Form to make the processing of a member's final check a more efficient process going forward.

PROJECT OBJECTIVE	To locate next of kin for 166 cases where a pensioner passed away and their final check is left unclaimed.
2022-23 DELIVERABLES	Resolve at least 50% of these cases by providing final checks to the member's next of kin/estate.
2022-23 MILESTONES	<p>BY SEPTEMBER 30, 2022:</p> <ul style="list-style-type: none"> a) Draft the Next of Kin Form; b) Research next of kin/estate using various search methods, including LexisNexis; and, c) Survey CALAPRS to find if they utilize other methods of locating relatives/next of kin. <p>BY DECEMBER 31, 2022:</p> <p>Complete next of kin/estate research, prepare mailing list and draft/finalize correspondence to next of kin/estate.</p> <p>BY MARCH 31, 2023:</p> <p>Begin mailings to next of kin/estate starting January 2023, with correspondence to include affidavit and a request for the death certificate in order to process final checks. Follow-up correspondence sent out for unresponsive next of kin/estate.</p> <p>BY JUNE 30, 2023:</p> <p>Resolve at least 50% of the files and provide final checks to pensioners’ next of kin/estate.</p>
2022-23 RESOURCES	Minimal postage (approximately \$300) will be expended, dependent on how many next of kin are located. LexisNexis Accurint utilization costs are accounted for in the subscription budget.



**Project #12: (NEW)
Reinforcing Employee Connections and Organizational Culture in a Hybrid Workforce**

Duration: 2022-23
Project Lead(s): Donna Baylosis, Senior Personnel Analyst II
 Monique Lewis, Senior Personnel Analyst I
 Human Resources Unit
Project Participants: LAFPP Staff and Systems Staff
Stakeholders: LAFPP Staff

Project History:

The COVID-19 pandemic propelled LAFPP to a hybrid remote/onsite work environment. With two years’ experience under our belt, employees have developed communication methods most effective for their workgroups. While this may be optimal from an operations standpoint, we recognize that the standard digital workspace has not provided a casual common place, like the water cooler of pre-pandemic days, to converse and connect with colleagues on a personal level and to keep well-informed about department-specific opportunities; as well as Citywide efforts to meet the needs of its community. As we reopen our office and increase staff presence onsite, we will certainly regain much of what was lost. However, to ensure there is a positive impact to employees while we continue our path toward a permanent hybrid workforce, the Human Resources team seeks to explore best practices to promote the importance of social component to teamwork and continue to strengthen and sustain our organizational culture.

PROJECT OBJECTIVE	To explore best practices that will help build a deeper sense of community and reinforce our organizational culture while continuing as a hybrid workforce.
2022-23 DELIVERABLES	Research best practices and determine approaches that will provide the best “value add” to our organization.
2022-23 MILESTONES³	<p>BY SEPTEMBER 30, 2022:</p> <ul style="list-style-type: none"> a) Research organizational approaches to fostering collaboration and community in a hybrid work environment by surveying similar organizations about any initiatives they may be implementing; b) Research emerging technologies that may assist with such initiatives;

³ The September 30th and December 31st Milestones were revised as part of the 1st Quarter Update to indicate the employee survey would be conducted by December 31st.

Project #12: (NEW)

Reinforcing Employee Connections and Organizational Culture in a Hybrid Workforce

2022-23 MILESTONES⁴	BY DECEMBER 31, 2022: a) Share learned initiatives with LAFPP employees and survey to determine employee interests; and b) Develop a plan and pilot one initiative and catalogue others for future implementation. BY JUNE 30, 2023: Assess if initiative pursued has met goal and whether to pursue full implementation.
2022-23 RESOURCES	A Senior Personnel Analyst II resolution authority has been requested as part of the FY 2022-23 Budget, in part for oversight of this project to achieve employee engagement and reinforce a cross-organizational collaborative culture in a hybrid work environment.

⁴ The September 30th and December 31st Milestones were revised as part of the 1st Quarter Update to indicate the employee survey would be conducted by December 31st.



**Project #13: (CONTINUING)
Permanent Hybrid Workforce**

Duration: 2021-22 and 2022-23
Project Lead(s): Joe Salazar, Assistant General Manager, Pensions Division
Project Participants: LAFPP Staff
Stakeholders: Board Members, LAFPP Members and Beneficiaries, and LAFPP Staff

Project History:

Due to the COVID-19 pandemic, the Department followed guidance from the Los Angeles County Health Department and the Mayor’s “Safer at Home” directive by implementing a temporary telecommuting plan for all staff. Given that the Department successfully transitioned to a remote workforce during the pandemic, including offering a range of virtual services to members, Department management would like to build upon this success by implementing a permanent mobile/on-site hybrid workforce. Management recognizes the positive impact the hybrid workforce model has on our employees’ satisfaction/well-being and the environment.

This plan consists of staff continuing to work both remotely and in the office various days of the week based on operational/member service needs, and the continued offering of virtual services that will supplement the in-person counseling sessions and educational seminars offered to members.

Department management presented a draft operational plan to Senior Staff in November 2020 and presented a new operational vision for the Department to the Board in January 2021. In FY 2021-22, Department management drafted a permanent hybrid workforce policy, prepared a communication plan to inform members of our new virtual service offerings, and staff continued to effectively serve members in the new hybrid environment while developing more efficient ways to conduct our daily operations. Additionally, a pilot program was initiated to model/evaluate shared workstations.

Based on the success of the shared/mobile office workstation pilot program, Department management would like to expand the program to all staff/sections over the next fiscal year. We also wish to begin exploring options for potentially reducing office space usage from three floors to two floors of the building, thus possibly allowing LAFPP to lease the vacant space in the future. Staff, through its space evaluation, may consider an alternative layout that may not reduce the overall office footprint, but better support the office in the future. It is expected that the continued implementation of this project will require some flexibility as the COVID-19 pandemic may impact these plans.

PROJECT OBJECTIVE	To be at the forefront of modern workforce practices by implementing a permanent hybrid workforce to increase efficiencies, reduce ongoing operating expenses and carbon footprint, and evolve to meet member service needs in the future.
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Project #13: (CONTINUING) Permanent Hybrid Workforce

2022-23 DELIVERABLES	Continued implementation and deployment of a permanent hybrid workforce, shared workstations, and initial exploration of alternative office layouts and/or a reduction in office space needs.
2022-23 MILESTONES	<p>ONGOING Continue to evaluate departmental performance metrics to ensure member service and operational standards are being met.</p> <p>BY DECEMBER 31, 2022:</p> <ul style="list-style-type: none"> a) Evaluate daily office workstation needs (assuming walk-in members are permitted beginning July 1, 2022); and, b) Expand shared/mobile office workstation pilot program to 50% of all staff. <p>BY JUNE 30, 2023:</p> <ul style="list-style-type: none"> a) Expand shared/mobile office workstation pilot program to 100% of staff. b) Begin studying the logistics of reducing office usage to the 3rd and 4th floors of the building or consider an alternative layout that may not reduce the overall office footprint, but better support the office in the future. c) Contract with an office space planner, on retainer, to begin discussions of future space needs/possible layouts.
2022-23 RESOURCES	Funding is included in the FY 2022-23 Budget for necessary software, laptop docking stations, and space planner fees.

GOAL 6 – Promote Diversity, Equity and Inclusion (DEI) Throughout the Organization Including Our Investment Portfolio and Business Partners



**Project #14: (CONTINUING)
Institutional Limited Partners Association Diversity in Action Initiative**

- Duration:* 2021-22 and 2022-23
- Project Lead(s):* Executive Management and Kristy Nguyen, Investment Officer III, Investments Division
- Project Participants:* Executive Management, Investments Division, General Consultant, and Private Markets and Real Estate Consultants
- Stakeholders:* Board Members, Investments Staff, LAFPP Members, and the City

Project History:⁴

The Board has a long history of promoting and encouraging diversity and inclusion among its investment managers. The private equity specialized manager program was created to open opportunities to small and new private equity firms in our portfolio, including those firms with minority-, women-, LGBTQX-, and disabled veteran-ownership.

To continue the work of supporting diversity, equity, and inclusion (DEI) in the private markets industry. Investments staff will review the requirements of the Institutional Limited Partners Association (ILPA) Diversity in Action Initiative (DAI) to become a DAI signatory and a member of ILPA’s Diversity & Inclusion (D&I) Council. Participation in the DAI initiative will not only involve work by Investments staff, but also Executive Management as becoming a signatory entails a holistic approach as an organization. Executive Management will be spearheading this effort along with Investments and Human Resources staff within LAFPP.

While staff embraces the goals of becoming a signatory to the ILPA DAI initiative, the DAI reporting template has gone through several iterations and has become increasingly more complex. It currently appears to staff collecting and reporting the data would require a software tool to comply with the DAI requirements. As such, Investments staff proposes to defer completing the signatory requirements until Investments has a full complement of staff and the CIO position is filled. In the interim, staff prefers to take a more simplified approach as they step into this endeavor. Investments staff recommends that all future presentations by asset managers include information on their respective firm's Diversity, Equity, and Inclusion (DEI) activities and goals.

PROJECT OBJECTIVE	To improve the long-term sustainability and risk/return profile of the Board’s private markets portfolio.
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Project #14: (CONTINUING)

Institutional Limited Partners Association Diversity in Action Initiative

<p>2022-23 DELIVERABLES⁵</p>	<p>Staff will defer completing the signatory requirements until Investments has a full complement of staff and the CIO position if filled.</p> <p>Staff will confer with Glass Lewis and propose changes to the Proxy Voting Policy for the Board’s review. In the interim, Staff recommends that all future presentations by asset managers, including private real estate and private equity investments, provide information on their respective firm’s DEI activities and goals to promote diversity. Staff will also research data collection methods and tools to determine a possible solution on collecting basic DEI information from consultants and money managers.</p>
<p>2022-23 MILESTONES⁴</p>	<p>BY DECEMBER 31, 2022: Present to the Board for consideration recommended changes to the Proxy Voting Policy as proposed by Glass Lewis and Staff. Begin requesting DEI information to be presented by all asset managers to the Board.</p> <p>BY MARCH 31, 2023: Ensure all future presentations by asset managers include information on their respective firm’s DEI activities and goals starting in the 2023-2024 fiscal year.</p> <p>BY JUNE 30, 2023: Provide revised Milestone Dates to become DAI signatories, contingent upon the CIO position being filled. Review efforts of Investments staff, private markets managers and department, and report back to the Board on the results.</p>
<p>2022-23 RESOURCES</p>	<p>There are no additional costs anticipated with this project.</p>

⁵ Due to the complexities in reporting and collecting necessary DEI data for the ILPA signatory requirement, Investments staff proposes to defer completing the signatory requirements until Investments has a full complement of staff and the CIO position is filled. In the interim, staff prefers taking a simplified approach by requesting all future presentations by asset managers include information on their respective firm's DEI activities and goals. The Project History, Deliverables, and Milestones for this project were modified accordingly as approved by the Board as part of the 1st Quarter Update.