



Report to Board of Administration

Neil M. Guglielmo

From: Neil M. Guglielmo, General Manager

Agenda of: **FEBRUARY 12, 2019**

ITEM: **VI-B**

SUBJECT: SEMI-ANNUAL REPORT OF BUSINESS PLAN INITIATIVES FOR THE PERIOD ENDING DECEMBER 2018

Recommendation

That the Board receive and file this report.

Discussion

LACERS' strategic plan goals are achieved through a series of initiatives, generally developed in conjunction with the annual budget process, and if prioritized as a "business plan initiative (BPI)" are presented and discussed in a performance management approach by the BPI Team, inclusive of the General Manager, Chief Investment Officer, Assistant General Managers, senior managers, and the leads of each initiative. In September 2018, the Executive team identified ten BPIs to drive the strategic goals of the Department.

The Fiscal Year 2018-19 BPIs are:

- Performance Management Initiative
- Cybersecurity Plan Initiative
- Emergency Preparedness Initiative
- Contractor Disclosure Initiative
- Recruitment and Retention Initiative
- Website Redesign Initiative
- Alex Software Initiative
- LACERS Well – Purpose Campaign
- Asset Allocation Initiative
- Active Versus Passive Investing Initiative

The BPI Team meets monthly to review dashboards that report progress on the initiatives. The Team discusses challenges and impediments to progress and actively engages in questioning, introducing alternative perspectives, identifying solutions, and seeking opportunities to collaborate across divisions. The attached report represents the inaugural semi-annual progress report on the first set of initiatives through December 2018. The program has been successful in beginning to institutionalize standardized, succinct reporting, and a culture of collective ownership, ultimately raising transparency and accountability in these areas. The next BPI report to the Board will be in July 2019, and will cover progress through the end of the fiscal year. The next slate of BPIs will be inclusive of major initiatives that are approved in the fiscal year 2019-20 budget.

Strategic Plan Impact Statement

The BPI Program seeks to enhance the strategic goal toward greater organizational effectiveness, efficiency, and resiliency.

This report was prepared by Dale Wong-Nguyen, Chief Benefits Analyst, Administrative Services Division

Attachment: Business Plan Initiatives Fiscal Year 2018-19 for the reporting period ending December 2018

LACERS

Los Angeles City Employees' Retirement System

BUSINESS PLAN INITIATIVES FISCAL YEAR 2018-19

Reporting Period Ending December 2018



PREPARED FOR

THE LACERS BOARD OF ADMINISTRATION
February 12, 2019

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EXECUTIVE SUMMARY DASHBOARD

COMPLETED
ON TRACK
OFF TARGET
NEEDS INTERVENTION

BUSINESS PLAN INITIATIVES

INITIATIVES, GOALS & EXECUTIVE SPONSORS		DECEMBER STATUS	INITIATIVE LEADS
1	PERFORMANCE MANAGEMENT ORGANIZATION EFFICIENCY, EFFECTIVENESS, RESILIENCY Executive Sponsor: Todd Bouey		Lead: Dale Wong-Nguyen
2	WEB REDESIGN OUTSTANDING CUSTOMER SERVICE Executive Sponsor: Lita Payne		Lead: Thomas Ma & Linda Aparicio
3	CYBERSECURITY PLAN ORGANIZATION EFFICIENCY, EFFECTIVENESS, RESILIENCY Executive Sponsor: Todd Bouey		Lead: Thomas Ma & Dale Wong-Nguyen
4	EMERGENCY PREPAREDNESS ORGANIZATION EFFICIENCY, EFFECTIVENESS, RESILIENCY Executive Sponsor: Todd Bouey		Lead: John Koontz
5	CONTRACTOR DISCLOSURE GOVERNANCE Executive Sponsor: Neil Guglielmo		Lead: Rahoof Oyewole & Melani Rejuso
6	RECRUITMENT & RETENTION HIGH PERFORMING WORKFORCE Executive Sponsor: Neil Guglielmo		Lead: Lin Lin
7	ALEX SOFTWARE OUTSTANDING CUSTOMER SERVICE Executive Sponsor: Lita Payne		Lead: Alex Rabrenovich
8	LACERS WELL - PURPOSE CAMPAIGN MINIMIZE HEALTH CARE COSTS Executive Sponsor: Lita Payne		Lead: Alex Rabrenovich
9 & 10	ASSET ALLOCATION - ACTIVE VERSUS PASSIVE INVESTING ACHIEVE PERFORMANCE/RISK OBJECTIVES Executive Sponsor: Rod June		Lead: Bryan Fujita

PERFORMANCE MANAGEMENT

Strategic Goal: ORGANIZATION

REPORTING MONTH: DECEMBER 2018

LEAD(S): DALE WONG-NGUYEN

STATUS: ON TRACK

DIVISION(S)/SECTION(S): ADMINISTRATIVE SERVICES

INITIATIVE SUMMARY

Implement a Performance Management System comprised of:

- Business Plan (BP)
- Strategic Plan (SP)
- Performance Budget (PB)
- Operational Benchmarking (OB)

ISSUES / CHALLENGES

- CEM Benchmark contract will include both the benefits administration benchmarking and the investment administration benchmarking. Board approval for the investment administration benchmarking contract and funding is pending

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ *BP*: Launch and establish Initiatives Dashboard; submit first monthly report – Sep
- ✓ *SP*: Execute Strategic Plan consultant contract – Sep

Q2/FY19

- ✓ *OB*: Board approval of contract for CEM Benchmark report for benefit admin – Oct
- ✓ *SP*: Conduct Board Strategic Planning retreat – Oct
- ✓ *SP*: Issue Stakeholder surveys & conduct focus groups
- ✓ *BP*: Submit monthly reports Sept-Nov
- ✓ *SP*: Develop Strategic Plan Initiatives – Nov
- ✓ *PB*: FY20 Develop budget templates – Dec
- ✓ *PB*: Kick-off budget process with GM expectations

BUDGET

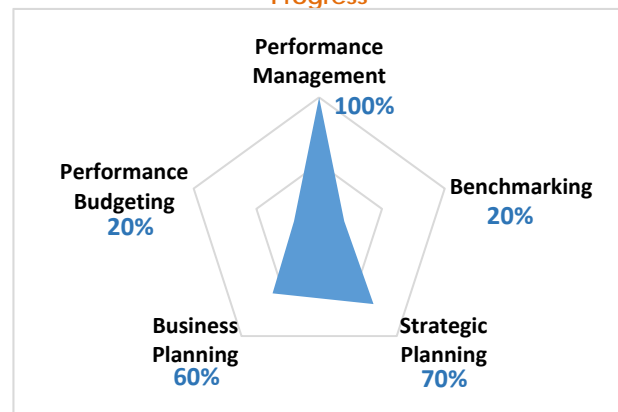
Appropriation: \$88,000

Expense: (\$80,000)

Unspent: \$8,000

KEY INDICATORS

Performance Management Implementation Progress



- Performance Management at 100% = 100% commitment to this initiative
- 100% Strategic Planning is achieved when plan is adopted by the Board & promotion in office is initiated
- 100% Benchmarking is achieved upon receipt of final report
- 100% Business Planning is achieved when all FY19 initiatives complete first dashboard for monthly reporting & report is made to the Board
- 100% Performance budgeting is achieved when SMART measures can be quantified for all initiatives for 3 months

KEY DEPENDENCIES/ASSUMPTIONS

- Staff & time resources to lead this effort
- Divisions meet timelines
- CEM benchmarking contract – funding, final execution of contract

DELIVERABLES / TIMEFRAME

Q3/FY19

- *PB*: FY20 Exec conceptual budget approval – Jan
- *PB*: FY20 budget submissions – Jan
- *BP*: Business Plan update to Board – Feb
- *SP*: Board approval – Feb
- *PB*: FY20 budget discussion with Board – March

Q4/FY19

- *PB*: Board approval of FY20 budget – May
- *OB*: Prepare CEM benchmarking data to contractor – June

FY20

- *BP*: Business Plan update to Board – Q1
- *OB*: Receive CEM Benchmarking report – Q1

LACERS WEB REDESIGN – PHASE 1

Strategic Goal: CUSTOMER SERVICE

REPORTING MONTH: **DECEMBER 2018**
 STATUS: **ON TRACK**

LEAD(S): THOMAS MA & LINDA APARICIO
 DIVISION(S)/SECTION(S): SYSTEMS/COMMUNICATIONS

INITIATIVE SUMMARY

Systems and Communications are co-leads on technical and business requirements/development of a new LACERS internet site focused on the following key priorities:

- A New Website with Prevailing Design
- Functionality and Usability
- Scalability (Desktop/Mobile)
- Ease of Use/Approachability
- Integration of Social Media Platforms
- Content Management System
- Supportability

BUDGET

Appropriation:

Expense:

Unspent:

*Estimated funding requirement \$200,000 to be requested in FY20 budget

KEY DEPENDENCIES/ASSUMPTIONS

- Fund availability
- Staffing resources
- Board approval
- Leverage existing City contract/RFP process

ISSUES / CHALLENGES

- Organizational alignment roles/assignments
- Budget timing
- Internal operational requirements compete for personnel resources
- Dependencies on other departments for support and access

KEY INDICATORS

DECEMBER 2018

Baseline:

Web Analytics

Total Visitors	7,731
Top 10 Pages	30,413 views
Homepage	10,088 (33.17%)
Active Member Page	972 (3.20%)
Request For Proposals	812 (2.67%)
Active Member Events	802 (2.64%)
Retired Member Page	757 (2.49%)
Active Benefit Calculator	755 (2.48%)
Retired Member Forms	743 (2.44%)
Contact Information	639 (2.10%)
Active Member Forms	587 (1.93%)
Health Benefit Calculator	546 (1.80%)
Average Session Duration	2 minutes 53 seconds
Pages Per Session	2.54 pages

Compliance

- Website must be compliant with Federal laws requiring accessibility to all users regardless of disability status (Federal §508-compliant and ADA-compliant)
- Penetration Testing and Security

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ Form Working Group
- ✓ Gather & Codify Requirements

Q2/FY19

- ✓ Develop Project Plan – Dec
- ✓ Identify City Contracts

DELIVERABLES / TIMEFRAME

Q3/FY19

- Obtain proposals & reconfirm offers, Jan-Feb
- Board approval of contractual services & budget
- Vendor selection & contract execution
- Confirm individual roles of working group members
- Establish regular meeting schedule
- Preliminary scope of work & deliverables

Q4/FY19

- Project Kick-Off
- Provide orientation to contractor
- Conduct surveys & focus groups
- Requirements gathering

FY20

- Design selection
- Content & data conversion
- Train internal staff on new site
- User testing
- Penetration testing
- Soft launch
- Go live of new internet site

SEP

OCT

NOV

DEC

CYBERSECURITY

Strategic Goal: ORGANIZATION

REPORTING MONTH: DECEMBER 2018
STATUS: ON TRACK

LEAD(S): THOMAS MA & DALE WONG-NGUYEN

DIVISION(S)/SECTION(S): SYSTEMS/ADMINISTRATIVE SERVICES/INTERNAL AUDIT

INITIATIVE SUMMARY

The Ad-Hoc Cybersecurity Committee and the Cybersecurity Working Group (Internal Audit & Administrative Services Division) shall develop and implement strategies to build our organization's cyber resilience in the following key areas:

- INFRASTRUCTURE [I]
- GOVERNANCE [G]
- PREPAREDNESS [P]
- RESPONSE [R]

ISSUES / CHALLENGES

- Internal operational requirements compete for personnel resources
- Difficulty recruiting & retaining qualified IT staffing
- Gartner's recommendation for a project lead who can dedicate 25% of their time to this effort

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ Cyber Working Group Meeting #4 – Aug
- ✓ Kick-off Initiative – Aug
- ✓ Tech-Tips: "Email phishing"

Q2/FY19

- ✓ Formalize objectives; develop scope of work & deliverables
- ✓ Identify knowledge resource – Gartner subscription
- ✓ Select City's insurance broker
- ✓ Issue Tech-tips: USB charging & passwords
- ✓ Finalize member breach notification template – Nov
- ✓ Domain infrastructure migration – Nov
- ✓ USB lockdown – Nov
- ✓ Finalize Gartner subscription – Nov
- ✓ Research risk assessment framework – Dec
- ✓ Issue Tech-tip: software updates – Dec
- ✓ Gartner subscription & roadmap kick off – Dec
- ✓ Cybersecurity ad-hoc committee update – Dec

BUDGET

Appropriation: \$268,500

Expense: \$76,000

Unspent: \$260,700

* Appropriations: GM Discretionary \$100k, Cyber Protected Infra \$47.5K, Web Security Upgrade \$45K, Penetration Testing \$40K, Cisco Firewall \$36K

KEY DEPENDENCIES / ASSUMPTIONS

- Staffing resources
- Funding for Cyber liability insurance
- Identification of risk assessment framework

KEY INDICATORS

CYBER CATEGORY	TOTAL SCORE
 PATCHING	100%
 TRAINING	98%
 E-MAIL PHISHING	77%
 CYBER POLICIES	10%
 INFRASTRUCTURE	10%

- Five Cyber policies are slated for update/development
- Ten infrastructure layers are slated for enhancement

DELIVERABLES / TIMEFRAME

Q3/FY19

- Issue Tech-tip: wireless access points & public charging stations
- Review & establish cybersecurity policies
- Select risk assessment framework
- Email reverse proxy migration

Q4/FY19

- Develop cyber event response plan
- Cyber infrastructure implementation kick-off
- Vulnerability scan system
- System upgrades
- Initiate email phishing test
- Issue Tech-tips

FY20

- Framework/self-assessment tool
- Procure cyber liability insurance
- Cybersecurity tabletop exercise
- Server OS upgrade
- Workstation OS upgrade

SEP

OCT

NOV

DEC

EMERGENCY PREPAREDNESS

Strategic Goal: ORGANIZATION

REPORTING MONTH: DECEMBER 2018
STATUS: OFF TARGET

LEAD(S): JOHN KOONTZ
DIVISION(S)/SECTION(S): ADMINISTRATIVE SERVICES DIVISION

INITIATIVE SUMMARY

Encompassing both Life Safety and Business Continuity concerns, this initiative drives LACERS' investment in emergency planning, disaster recovery, and staff's ongoing training and exercises of those plans.

Key activities include:

- Emergency Preparedness and Response Training
- Department Emergency Plan/Business Continuity Plan (BCP) Update
- Tabletop Exercise of the BCP
- Security Door Installation Project

ISSUES / CHALLENGES

- The Security Door Project was delayed waiting for the required permits. The revised installation is February 8, 2019
- Due to competing priorities, the CERT training has been moved to the 4th Quarter
- Seeking to identify City owned properties where LACERS could potentially set up the mobile recovery trailers provided by via contracted services

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ CPR/AED Training – Jul
- ✓ Security Door Project: Design Approval – Sep

Q2/FY19

- ✓ Fire Evacuation Drill – Oct
- ✓ Issue Emergency Tip: "Drop, Cover, Hold On" – Oct
- ✓ Earthquake Drill – Oct
- ✓ Walkie Talkie Testing/Training – Oct
- ✓ Monthly Evac. Route Tour/BCP Orientation – Dec

BUDGET

Appropriation:	\$49,885
Expense:	\$2,970
Unspent:	\$46,915

KEY INDICATORS

<p>82%</p> <p>Response Rate to automated call-out system test*</p>	<p>New Employees Trained in 1st 90 Days:</p> <p>9 / 10</p>
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* Percent of individuals who successfully received and responded to the automated test notification sent during the 2018 exercise

DELIVERABLES / TIMEFRAME

Q3/FY19

- Submit annual update of Dept. Emergency Plan to Emergency Management Dept./Mayor –Jan
- Monthly Evacuation Route Tour/BCP Orientation
- Security Door Project: Installation, Testing – Feb
- MIR3 Callout System Annual Test – Mar

Q4/FY19

- CERT (ERT Team) Training – Jun
- Officer-In-Charge Incident Mgmt. Training – Jun
- BCP Tabletop Exercise (Earthquake) – Jun
- Monthly Evacuation Route Tour/BCP Orientation

KEY DEPENDENCIES / ASSUMPTIONS

- Staff assigned as the Emergency Response Team can be released to attend training

CORRECTIVE ACTIONS

- Adjusted schedule to accommodate employee availability for CERT training
- Conducting outreach to several City departments

SEP
OCT
NOV
DEC

CONTRACTOR DISCLOSURE POLICY

REPORTING MONTH: **DECEMBER 2018**
STATUS: **ON TRACK**

Strategic Goal: **BOARD GOVERNANCE**
LEAD(S): **RAHOOF OYEWOLE/ MELANI REJUSO**
DIVISION(S)/SECTION(S): **INTERNAL AUDIT**

INITIATIVE SUMMARY

Internal Audit proposes implementing a Contractor Disclosure Policy. The policy will require contractors to disclose any conflicts of interest- whether actual, potential, or perceived. It will also help prevent any forms of impropriety or the appearance of impropriety, provide transparency and confidence in LACERS' decision-making process, and ensure investment and procurement decisions are made solely on the merits of goods or services to be provided by contractors.

ISSUES / CHALLENGES

- Compliance issues – there is a risk that some contractors may fail to disclose or provide partial disclosure for fear of losing their contracts

MILESTONES / ACHIEVEMENTS

Q2/FY19

- ✓ Obtain concurrence from Committee & Board
- ✓ Draft disclosure policy
- ✓ Develop contractor disclosure reporting form

BUDGET

Internal Audit section currently has one vacancy in FY 2018-19 budget that will need to be filled to get this project started.

Future budget request may be needed.

KEY INDICATORS

Baseline:

Number of contracts that will be subject to the Contractor Disclosure Policy & Reporting requirements:

PRIVATE EQUITY	215
REAL ESTATE	48
OTHER INVESTMENT	36
NON-INVESTMENT	32

TOTAL	331

DELIVERABLES / TIMEFRAME

Q3/FY19

- Committee & Board's approval for final disclosure policy and reporting form
- Compile a database of all contractors that will be subject to the new disclosure policy (FY 2018-19)
- Notify all affected contractors/consultants

Q4/FY19

- Send first requests for disclosures and certifications
- Track responses

FY20

- Evaluate responses and report findings to the Board

KEY DEPENDENCIES / ASSUMPTIONS

- Audit Committee & Board approval
- Staffing resources
- Timely notification of contractors and consultants

SEP
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RECRUITMENT & RETENTION – PHASE 1

REPORTING MONTH: **DECEMBER 2018**
 STATUS: **OFF TARGET**

Strategic Goal: **HIGH PERFORMANCE WORKFORCE**
 LEAD(S): **LIN LIN**
 DIVISION(S)/SECTION(S): **HUMAN RESOURCES**

INITIATIVE SUMMARY

Human Resources Unit is the lead for LACERS in the goal of recruiting, mentoring, empowering, and promoting a high performing workforce. Reporting will be focused on the following key priorities:

- Employee Evaluations
- Training
- Tuition Reimbursement
- Targeted Local Hire Program
- Creation of Benefits Analyst & Senior Benefits Analyst Classifications

ISSUES / CHALLENGES

- Timely return of evaluations
- Timely completion of mandatory training
- Class creation is dependent on approval from other City departments

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ New Employee Orientation – Aug
- ✓ New Employee mandatory training
- ✓ Employee evaluations
- ✓ Assign supervisory training
- ✓ Benefits Analyst & Senior Benefits Analyst Civil Service Commission approval – Sep

Q2/FY19

- ✓ New Employee Orientation – Dec
- ✓ New Employee mandatory training
- ✓ Employee evaluations
- ✓ Supervisory Staff training
- ✓ All Staff training Senior Sensitivity – Oct
- ✓ Benefits Analyst & Senior Benefits Analyst submit salary setting memo to CAO – Oct

BUDGET

Appropriation:	\$70,500
Expense:	\$11,693
Unspent:	\$58,807

Tuition Reimbursement \$35,000; CALAPRS \$35,500

KEY INDICATORS

	FISCAL YEAR 2018-19			
	Q1	Q2	Q3	Q4
New Employee mandatory training	100%	86%	TBD	TBD

Total # of annual evaluations required in calendar 2018 **98**

- # of annual evaluations completed in 2018 **32** or **33%**

KEY DEPENDENCIES/ASSUMPTIONS

- Fund availability
- Staffing resources
- Board approval

CORRECTIVE ACTIONS

- Increased Executive mandate to complete evaluations on a timely basis
- Provision of regular status updates to Division Managers to manage progress

DELIVERABLES / TIMEFRAME

Q3/FY19

- New Employee Orientation
- New Employee mandatory training
- Employee evaluations
- Supervisory Staff training
- All Staff training
- Benefits Analyst & Senior Benefits Analyst

Q4/FY19

- New Employee Orientation
- New Employee mandatory training
- Employee evaluations
- Supervisory Staff training
- All Staff training
- Benefits Analyst & Senior Benefits Analyst (Create Exam)

SEP
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DEC

INITIATIVE SUMMARY

Provide Member support in making health plan decisions by implementing the ALEX software for LACERS Members:

- Review and signing of 3-year contract
- Ensure that benefits are accurately reflected
- Includes correct premiums, subsidies, and deductions
- Spanish version
- Communicate the launch
- Launch by Open Enrollment (Oct. 15, 2018)

ISSUES / CHALLENGES

None

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ Contract approval by Board – Jul
- ✓ Contract executed – Aug
- ✓ First Release – Sep
- ✓ Feedback of First Release – Sep
- ✓ Feedback of Spanish Version – Sep
- ✓ Feedback for Second Release – Sep

Q2/FY19

- ✓ Feedback for Release 3 – Oct
- ✓ ALEX launched – Oct
- ✓ Promote ALEX in Open Enrollment packet (on envelope and in the Open Enrollment Overview and 2019 Health Benefits Guide)
- ✓ Promote ALEX in October paycheck flyer
- ✓ Send Mid-Open Enrollment via e-blast to retired Members
- ✓ Promote ALEX in retirement packets

KEY INDICATORS

Survey Feedback

"How helpful was this medical section for you?"



"Do you feel like you have a better understanding of how your medical benefits work now?"



Choice	Count	%	Choice	Count	%
Extremely helpful	6	42.9%	Yes, definitely	7	29.2%
Very helpful	3	21.4%	Yes, a little	9	37.5%
Somewhat helpful	3	21.4%	Maybe	2	8.3%
Not very helpful	1	7.1%	No, not really	4	16.7%
Not at all helpful	1	7.1%	No, definitely not	2	8.3%

BUDGET

Appropriation:	\$185,000
Expense:	\$185,000
Unspent:	\$0

KEY DEPENDENCIES / ASSUMPTIONS

- Timing of contract approval
- Staffing and staff availability

DELIVERABLES / TIMEFRAME

Q3/FY19

- Prepare quarterly report on ALEX utilization
- Continue communications of ALEX
- Request FY20 budget for ALEX

Q4/FY19

- Prepare quarterly report on ALEX utilization
- Continue communications of ALEX
- Begin discussions with Jellyvision about updates for the new contract year

LACERS WELL PURPOSE CAMPAIGN

Strategic Goal: MINIMIZE HEALTH CARE COSTS

REPORTING MONTH: **DECEMBER 2018**
STATUS: **ON TRACK**

LEAD(S): ALEX RABRENOVICH
DIVISION(S)/SECTION(S): HEALTH BENEFITS ADMINISTRATION

INITIATIVE SUMMARY

Create a campaign to promote our Members finding a sense of purpose in retirement as a motivator to stay healthy and seek preventive care:

- Available to all Members, near and far
- Measurable outcomes
- Includes written materials, workshops, and online programs
- Survey Members to identify Member needs/wants and those that would like assistance

BUDGET

Appropriation:	\$488,000
Expense:	\$0
Unspent:	\$488,000

* Funding provided through health plan carriers

KEY DEPENDENCIES / ASSUMPTIONS

- Assistance from Member Outreach and Education
- Availability of venues/expert speakers
- Funding from carriers is easily accessible

ISSUES / CHALLENGES

None at this time

KEY INDICATORS

	2018 Participation
I. Wellness Initiatives	
Passport to Health Participation Incentive Program	2176
Diabetes Prevention Campaign	
Quizzes	237
Pledges	62
Graduates	35
PHS	
Dental	337
Vision	259
II. LACERS Well Events	
5 th Annual Extravaganza (Roadshow): Because Your Health Matters	336
Technology Workshop	137
OE Tech Consultations	370
Facebook Enrollment	310
SilverSneakers/Silver & Fit Open House events (4 locations)	151
2 nd Annual Gala and Awards Ceremony: Roaring Twenties	184
III. Champion Program	
Champion-led events	191
Champion leads	20
Champion-led event *touch points	719
Total LW Members registered	3186

*Data from previous campaigns are available to establish a benchmark or goal for 2019

MILESTONES / ACHIEVEMENTS

Q1/FY19

- ✓ Meet with a Purpose speaker – Aug
- ✓ Meet with a Purpose expert – Sep
- ✓ Finalize the 2019 Plan

Q2/FY19

- ✓ Approval of 2019 Plan by BAC – Nov
- ✓ Confirm extravaganza locations and dates in three regions. Develop agenda, confirm key note speaker, finalize other presenters
- ✓ Design Wellness newsletter and prepare for printing (focus on Living Life to Fullest)
- ✓ Approval of LACERS *Well* Survey by GM
- ✓ Draft materials for campaign introductory packet, which will be mailed out in February
- ✓ 5-week workshops – confirm two of three locations, finalize instructors and discussions
- ✓ Schedule implementation calls for *Feel Like a Million* program

DELIVERABLES / TIMEFRAME

Q3/FY19

- Save the Date for Extravaganza in January paycheck flyer
- Mail survey and Introductory packet
- Promote Purpose Extravaganza and workshops
- Conduct Extravaganzas in three locations – Mar

Q4/FY19

- Purpose workshops scheduled in three regions
- Online purpose program introduced

LACERS ASSET ALLOCATION AND ACTIVE VS PASSIVE

Strategic Goal: **ACHIEVE PERFORMANCE/RISK OBJECTIVES**

REPORTING MONTH: **DECEMBER 2018**
STATUS: **ON TRACK**

LEAD(S): **BRYAN FUJITA/ROD JUNE**
DIVISION(S)/SECTION(S): **INVESTMENT DIVISION**

INITIATIVE SUMMARY

The Investment Division implements the Asset Allocation Policy approved by the Board. The Board seeks to achieve its return target of 7.25% over long periods of time by assuming prudent levels of risk as prescribed in the Risk Budget. The key priorities are:

- Launch appropriate investment manager searches
 - Issue RFPs and manage the selection process pursuant to Investment Policy
 - Negotiate contract terms and conditions
 - Fund managers and rebalance the portfolio
 - Monitor investment managers pursuant to Investment Policy
 - Report search and manager status to the Investment Committee and Board
- Active versus Passive
 - Provide Board education
 - Discuss active and passive exposures with in risk/return framework
 - Implement passive exposure changes as approved by the Board

ISSUES / CHALLENGES

- Implementation may change depending on Board and Investment Committee priorities
- Investment Division Staffing to complete manager searches according to proposed schedule
- Pending and approved Investment Policy changes could lead to modification of implementation schedule

MILESTONES / ACHIEVEMENTS

Q2/FY19

- ✓ Board authorization of RFPs – Oct
- ✓ Launch Private Credit RFP – Dec
- ✓ Provide Active versus Passive Education

KEY INDICATORS

See Exhibits

- Exhibit A – Asset Class Exposure Actual versus Target
- Exhibit B – Asset Class Exposure Trend Past 12 Months
- Exhibit C – Active vs. Passive Trend Past 12 Months

DELIVERABLES / TIMEFRAME

Q3/FY19

- Launch U.S. Small Cap Equities RFP – Jan
- Launch High Yield/Bank Loans RFP – Jan
- Launch Emerging Markets Small Cap RFP – Feb
- Launch Emerging Market Debt RFP – Mar
- Launch Core Fixed Income RFP – May
- Discuss Active and Passive Exposures – as necessary

Q4/FY19

- Complete Private Credit RFP – May
- Complete U.S. Small Cap Equities RFP – June
- Complete High Yield/Bank Loans RFP – June
- Implement Passive Exposure Changes – June

FY20

- Complete Emerging Markets Small Cap RFP – July
- Complete Emerging Market Debt RFP – Aug
- Complete Core Fixed Income RFP – Oct

BUDGET

Appropriation: **\$39,200**

Expense: **\$1,738**

Unspent: **\$37,462**

KEY DEPENDENCIES / ASSUMPTIONS

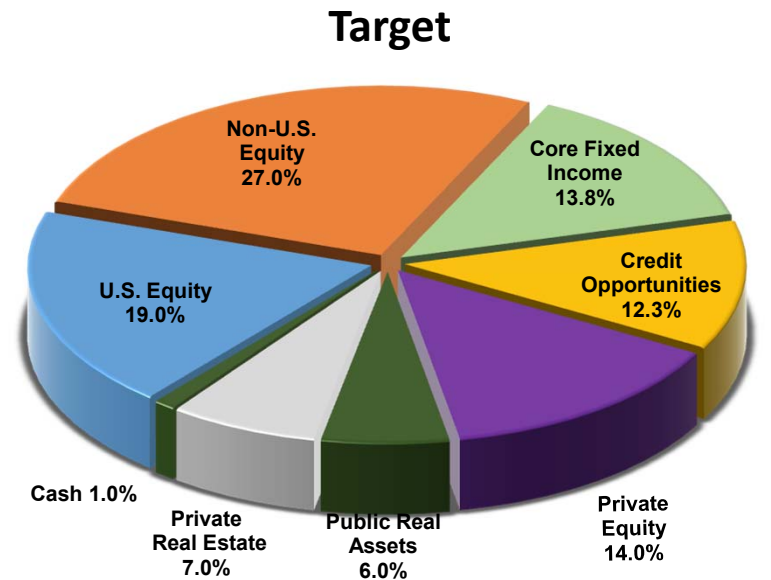
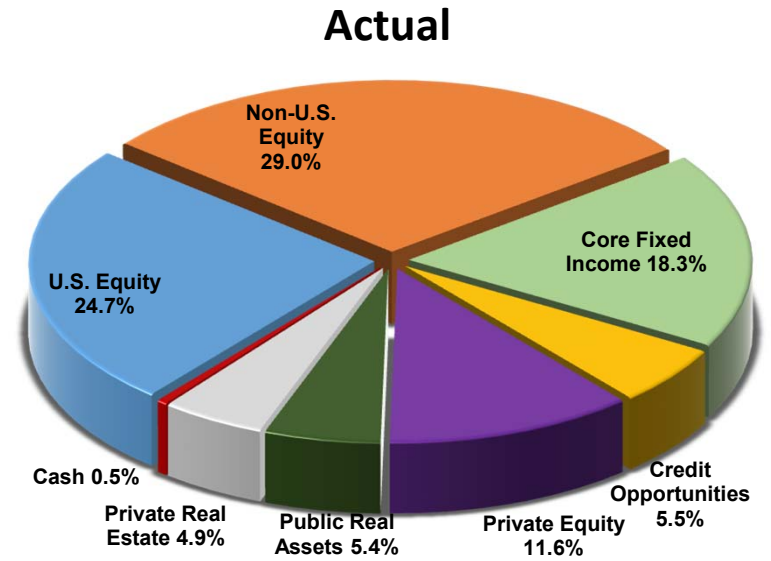
- Board and Investment Committee priorities
- Staffing and Consultant resources
- Qualified investment managers respond to RFPs
- Selection process pursuant to Manager Search and Selection Policy remains substantially unchanged

SEP
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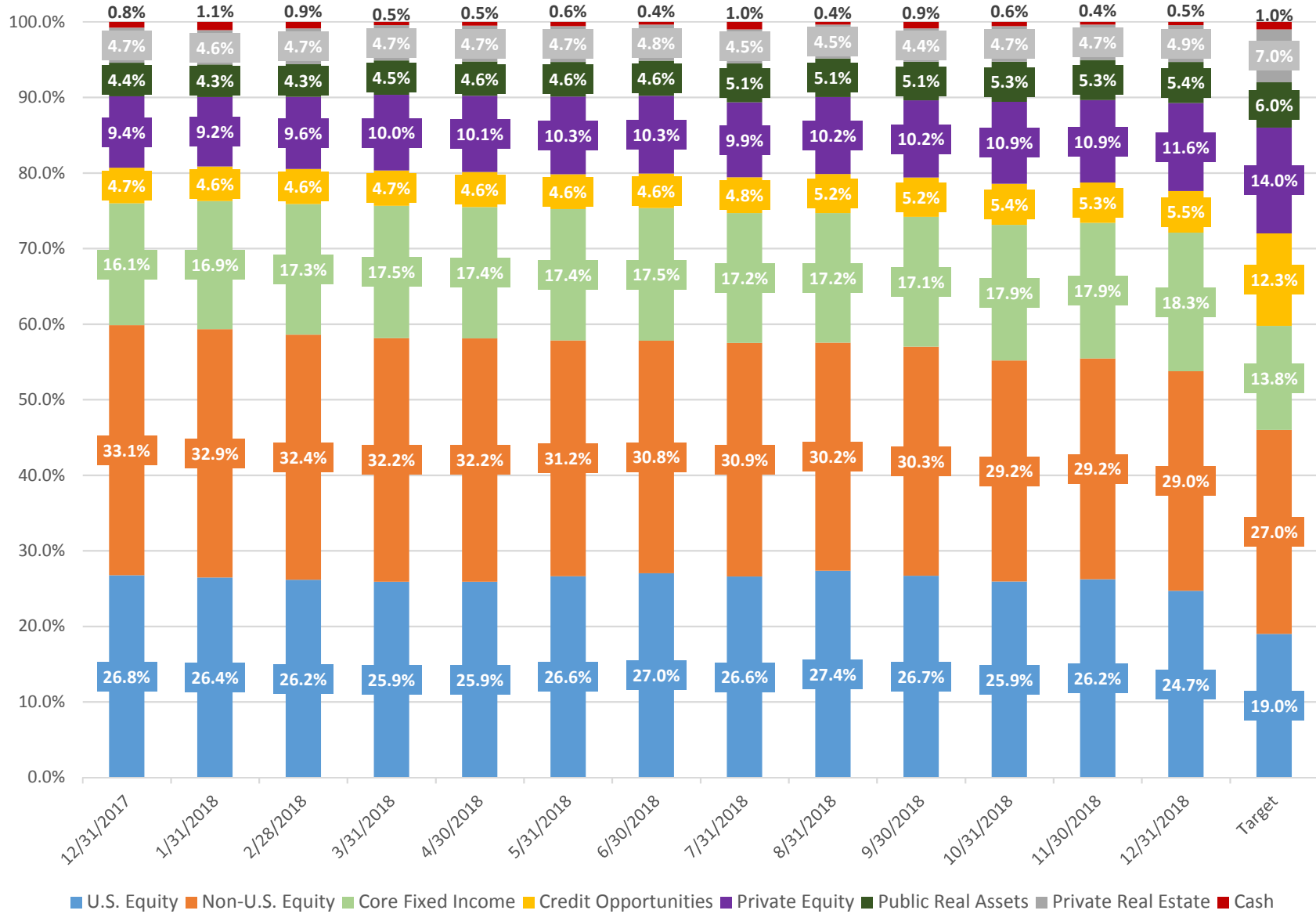
LACERS Investment Portfolio

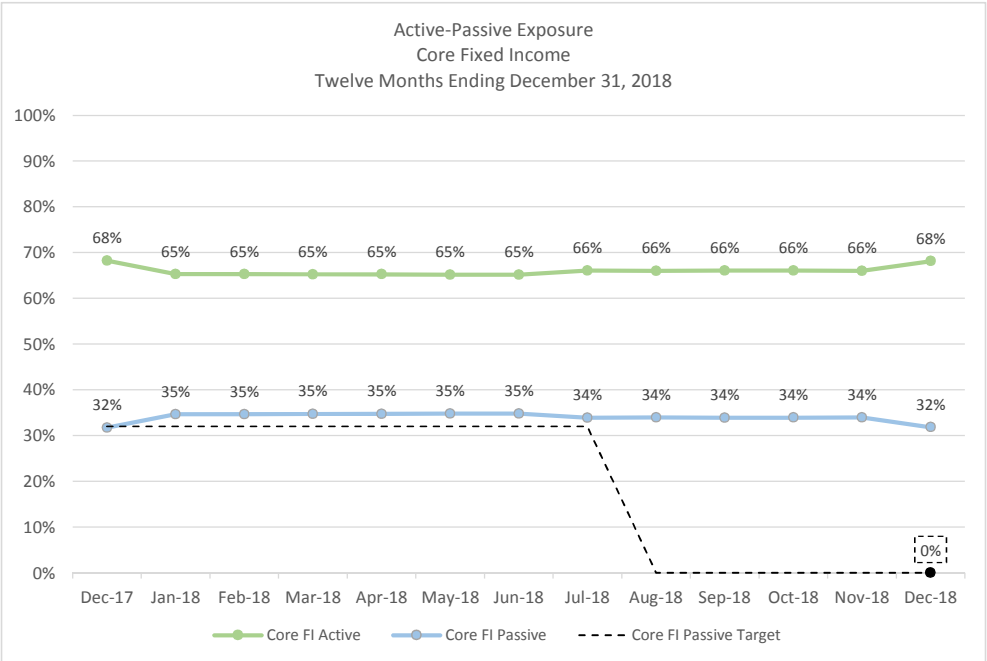
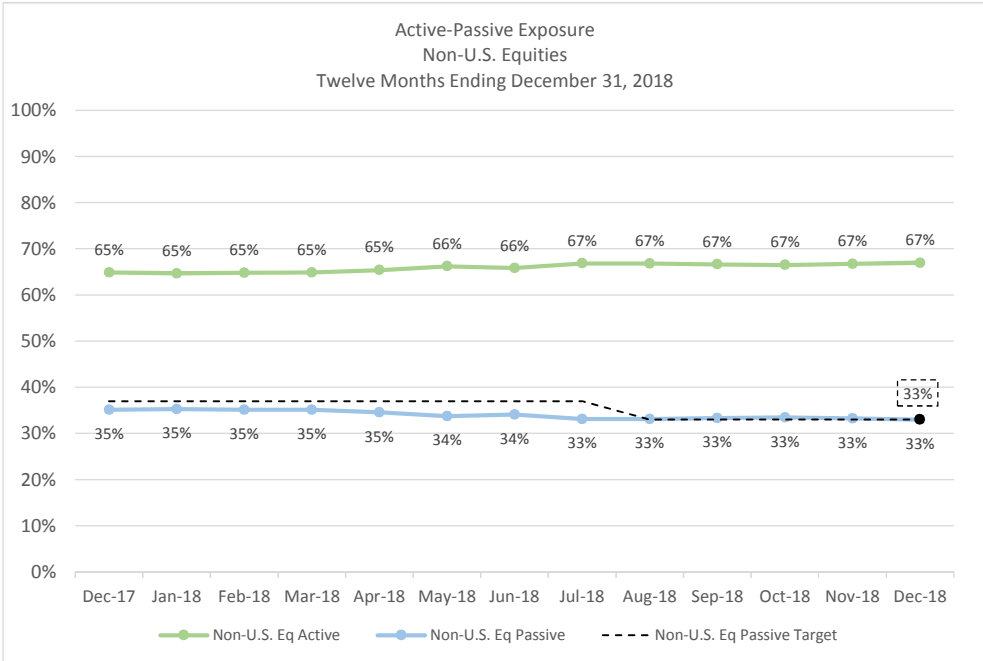
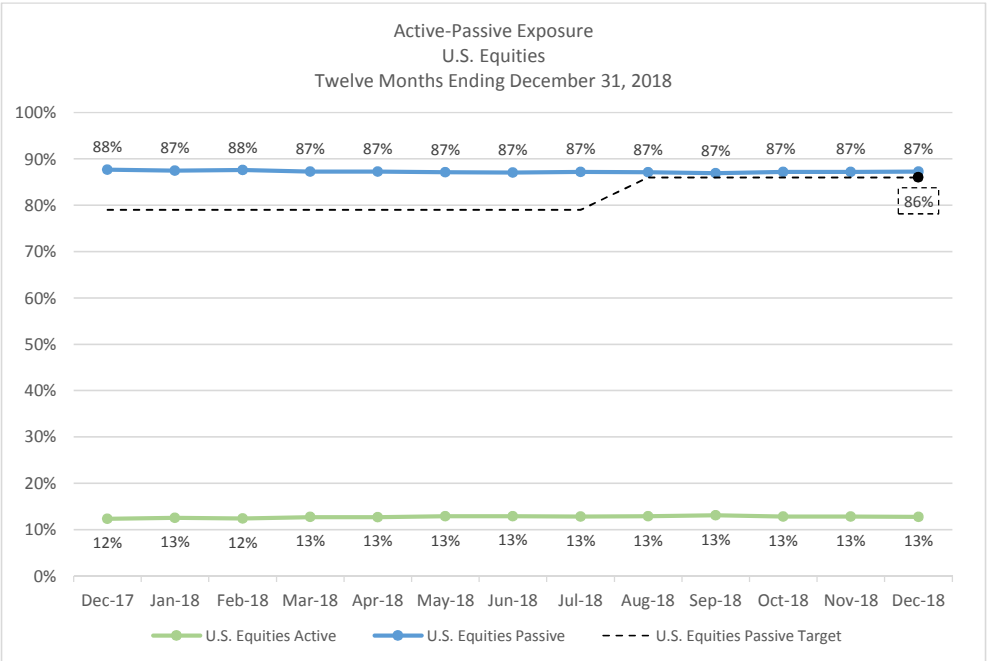
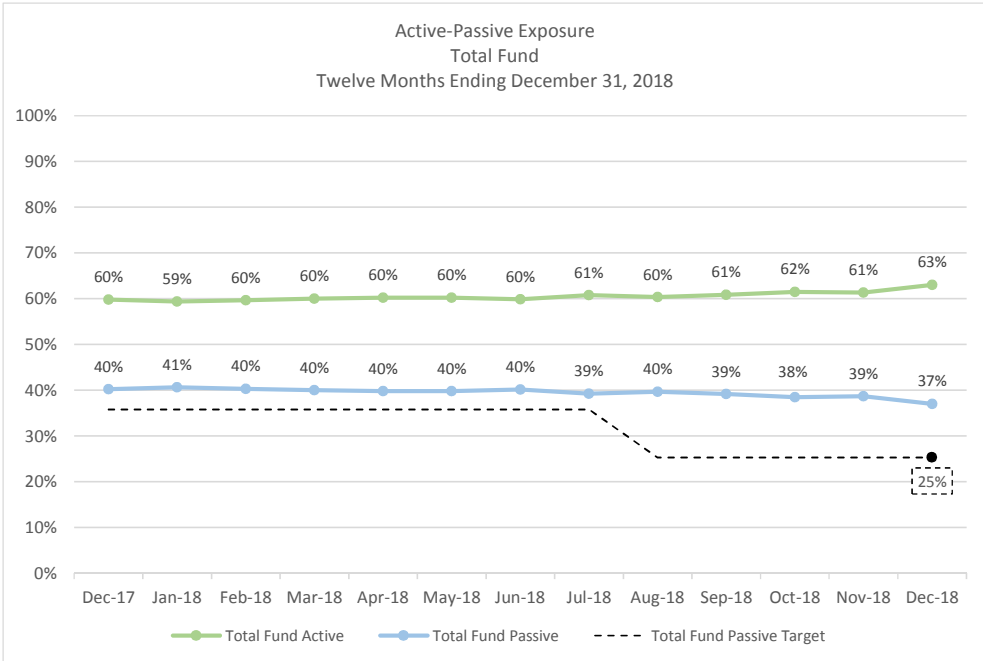
ASSET CLASS BY MARKET VALUE & ALLOCATION						
Asset Class	as of ► December 31, 2018					
	Actual (\$ B)	Actual (%)	Target (%)	Actual-Target*	Min (%)	Max (%)
U.S. Equity	4.02	24.7%	19.0%	5.7%	12.0%	26.0%
Non-U.S. Equity	4.72	29.0%	27.0%	2.0%	18.0%	36.0%
Core Fixed Income	2.98	18.3%	13.8%	4.6%	10.8%	16.8%
Credit Opportunities	0.90	5.5%	12.3%	-6.7%	8.3%	16.3%
Private Equity	1.89	11.6%	14.0%	-2.4%	N/A	N/A
Public Real Assets	0.88	5.4%	6.0%	-0.6%	4.0%	8.0%
Private Real Estate	0.79	4.9%	7.0%	-2.1%	N/A	N/A
Cash	0.08	0.5%	1.0%	-0.5%	0.0%	2.0%
TOTAL FUND	16.28	100.0%	100.0%	0.0%	N/A	N/A

*Current asset allocation targets approved in April 2018. Transition to new targets in process.



Asset Class Exposure Trend
12-Months Ending December 31, 2018





APPENDIX A. BUSINESS PLAN INITIATIVE TEMPLATE

Shade the cells according to status:

COMPLETED
ON TRACK
OFF TARGET
INTERVENTION NEEDED

[NAME OF BUSINESS PLAN INITIATIVE]		Strategic Goal:	[ASSOCIATED STRATEGIC GOAL]
REPORTING MONTH:	[REPORTING MONTH] [YEAR]	LEAD(S):	[FIRST AND LAST NAME(S)]
STATUS:	[ON TRACK] [OFF TARGET] [INTERVENTION NEEDED]	DIVISION(S)/SECTION(S):	[DIV./SECTION NAME]

INITIATIVE SUMMARY

[Provide 1-2-line description of initiative. Bullet the major components.]

- [Component 1]
- [Component 2]
- [Component 3]

ISSUES / CHALLENGES

[Identify any current or future barriers to the achievement of deliverables. Keep it brief.]

MILESTONES / ACHIEVEMENTS

Q1/FY19

✓ [List key completed items/milestones this quarter. Use check mark bullet]

Q2/FY19

✓ [List key completed items this quarter. Use check mark bullet.]

BUDGET

Appropriation: \$[whole dollars]

Expense: \$[whole dollars]

Unspent: \$[whole dollars]

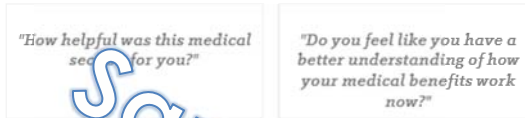
[Add budget notes here]

[Budget should reflect expenses, excluding salaries, unless requesting new positions mid-year.]

KEY INDICATORS

[Provide quantitative measurements of successful implementation. Graphical representations are encouraged]

Survey Feedback



DELIVERABLES / TIMEFRAME

Q3/FY19

□ [List key upcoming deliverables/milestones in this quarter. Use the box bullet.]

Q4/FY19

□ [List key upcoming deliverables/milestones in this quarter. Use the box bullet.]

FY20

□ [List key upcoming deliverables/milestones in future fiscal year or add future quarters. Use the box bullet.]

KEY DEPENDENCIES / ASSUMPTIONS

- [Bullet assumptions of certain resources or prioritizations that are required for timely implementation of this initiative.]
- [For example: Funding availability, Staffing availability, other resource availability, Key cooperation.]

CORRECTIVE ACTIONS

[Box displayed for those BPI with Status of "OFF TARGET" or "INTERVENTION NEEDED." List strategies that will be taken to move BPI back on track.]

Side bar represents the status over the months in the FY. Change the color accordingly.

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