

DEPARTMENT OF FIRE AND POLICE PENSIONS

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REPORT TO THE BOARD OF FIRE AND POLICE PENSION COMMISSIONERS

DATE: MARCH 21, 2019

ITEM: A.1

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: 2019-20 PROPOSED BUSINESS PLAN AND POSSIBLE BOARD ACTION

RECOMMENDATION

That the Board approve the attached 2019-20 Proposed Business Plan.

DISCUSSION

The 2019-21 Three-Year Strategic Plan (Attachment II) approved by the Board on February 1, 2018 includes the Vision, Mission, Values and Strategic Goals for Los Angeles Fire and Police Pensions (LAFPP). This document serves as a blueprint to guide LAFPP in the development of the 2019-20 Proposed Business Plan. As indicated on the Project Summary Matrix included in the Proposed Business Plan (Attachment I – Pages 3-4), the Plan consists of 10 projects. Of these 10 projects, one was deferred from 2018-19 and nine are new projects. The 2019-20 Proposed Business Plan was developed in conjunction with the 2019-20 Proposed Budget to ensure that all resources required to complete the Business Plan projects are adequately funded.

The Business Plan is organized pursuant to the following LAFPP Strategic Goals to ensure that projects are prioritized relative to operational needs:

- 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

Project No. 6 of the 2019-20 Proposed Business Plan project was deferred from the 2018-19 Business Plan:

- 1) Implementation of New Accounting Software: Replace the current accounting software and improve financial reporting.

The nine new 2019-20 Proposed Business Plan projects include:

- 2) Emerging Manager Program and Policy Review (No. 1): Pursue improvements in the emerging manager program;
- 3) Actuarial Assumption Research (No. 2): Research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 -

- June 30, 2019 and is expected to be presented to the Board in June 2020;
- 4) Contractor Disclosure Review Process Enhancements (No. 3): Enhance assurance that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP;
 - 5) Direct Deposit Transition (No. 4): Reduce the usage of physical checks by 50% and enroll those members into direct deposit;
 - 6) Focused Communications (No. 5): Create focused benefit communications on individual topics that will address frequently asked information and reduce member inquiries;
 - 7) Update of the LAFPP Records Retention and Disposition Schedule (No. 7): Update the department's Records Retention and Disposition Schedule to regulate and preserve physical and electronic storage space through the timely disposal of records;
 - 8) Pensions Division Business Process Reengineering (No. 8): Review of Pensions Division Sections' business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency;
 - 9) Upgrade of LAFPP Support Request Ticketing System (No. 9): Replace current support request ticketing system to improve tracking of staff support requests and management reporting capabilities; and
 - 10) Investment Staff Duties Rotation and Development of Junior Staff (No 10): Continued development of junior and senior staff through rotation of duties, cross-training and educational opportunities.

As part of the 2018-19 Business Plan Project No. 8 – Workforce Succession Planning, the Succession Planning Team (SPT) met in February 2019 and determined that a department-wide survey would be distributed in mid-March 2019 to seek input on levels of interest for different types of workforce development programs. The SPT will meet in late March to review survey results and find a more definitive direction to take with the department succession plan, which is scheduled for implementation in June 2019. As a result, an additional project to expand LAFPP workforce succession planning efforts may be submitted for the Board's consideration with the 2019-20 Final Business Plan on June 20, 2019.

Additionally, staff is exploring the idea of engaging professional services to perform an objective cost and performance benchmarking analysis of LAFPP's investment portfolio compared to a peer group of funds. Staff plans to submit this as a new Business Plan project for the Board's consideration on June 20, 2019, potentially increasing the total number of 2019-20 Business Plan projects to 12.

The Project Summary Matrix lists all the projects and includes workload level indicators, which is intended to give the Board a sense of the staff and participant workload requirements for the upcoming fiscal year.

Staff will continue to track the progress of all projects in the Business Plan Quarterly Update reports to the Board, and through these reports will recommend any necessary changes in scheduling or budget. This process allows the Board to measure progress and adjust periodically to reflect any changes that may occur.

BUDGET

Funding for the proposed projects has been included in the 2019-20 Proposed Budget.

POLICY

There are no policy changes proposed in this report.

CONTRACTOR DISCLOSURE INFORMATION

There is no contractor disclosure information required with this report.

This report was prepared by:

Diana Pointer, Manager
Administrative Services Section

RPC:WSR:MTS:DP

Attachments: I. 2019-20 Proposed Business Plan
II. 2019-21 Three-Year Strategic Plan

LAFPP

LOS ANGELES FIRE AND POLICE PENSIONS



PROPOSED 2019-20 BUSINESS PLAN

**AS SUBMITTED TO THE BOARD:
MARCH 21, 2019**



2019-20 PROPOSED BUSINESS PLAN INTRODUCTION

The 2019-21 Strategic Plan serves as a blueprint to guide LAFPP in the development of the annual 2019-20 Business Plan and includes the Vision, Mission, Values and Strategic Goals for LAFPP. The Strategic Plan was approved by the Board on February 1, 2018, reaffirming its commitment to the LAFPP Vision Statement:

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

The 2019-20 Proposed Business Plan methodically allocates resources to the most critical areas of our operations to successfully accomplish our Mission:

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

Our Business Plan includes ten projects, including nine new projects and one deferred project from last year. We believe these ten projects are the most critical to ensure we continue to meet the Department's five primary 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

In Fiscal Year 2018-19, the Department implemented the new Pension Administration System Project, which has been named "PARIS" (Pensions and Retirement Information System). This marked the culmination of a multi-year effort to transition all member data and payment processing to a new system and required significant resources. While the core system has been implemented, work continues on the other two phases of the project, which should be completed by December 31, 2019.

The Department will now shift resources to other areas throughout the organization, as discussed in the following Project details. We believe these proposed Projects will enable the Department to meet our Mission and Strategic Goals as envisioned during the development of the 2019-21 Strategic Plan.

I want to extend my deep appreciation to the Board and staff for its continued support for the Strategic and Business Plans over the years.

Sincerely,

Raymond Ciranna, General Manager

2019-20 PROPOSED BUSINESS PLAN PROJECT MATRIX SUMMARY

GOAL 1 – Ensure a Financially Sound Retirement System			
Project Title	Workload Level	Duration	Project Objective
(1) (NEW) Emerging Manager Program and Policy Review	Lead: Moderate Participants: Moderate	2019-20	To research and pursue potential improvements in the emerging manager program.
(2) (NEW) Actuarial Assumption Research	Lead: Low Participants: Low	2019-20	To research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 - June 30, 2019 and is expected to be presented to the Board in June 2020.
GOAL 2 – Manage Risk Throughout the Organization			
Project Title	Workload Level	Duration	Project Objective
(3) (NEW) Contractor Disclosure Review Process Enhancements	Lead: Low Participants: Moderate	2019-20	To enhance assurance that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP.
GOAL 3 – Enhance Customer Care and Stakeholder Relations			
Project Title	Workload Level	Duration	Project Objective
(4) (NEW) Direct Deposit Transition	Lead: Moderate Participants: Moderate	2019-20	To reduce the usage of physical checks by 50% and enroll those members into direct deposit.
(5) (NEW) Focused Communications	Lead: Moderate Participants: Moderate	2019-20	To create focused benefit communications on individual topics that will address frequently asked information and reduce member inquiries.

2019-20 PROPOSED BUSINESS PLAN PROJECT MATRIX SUMMARY

Goal 4 – Pursue Operational Efficiencies			
Project Title	Workload Level	Duration	Project Objective
(6) Implementation of New Accounting Software	Lead: Moderate Participants: Moderate	2019-20	To replace the current accounting software and improve accounting reporting of LAFPP financial information.
(7) (NEW) Update of the LAFPP Records Retention and Disposition Schedule	Lead: Moderate Participants: Moderate	2019-20	To update the department's Records Retention and Disposition Schedule to regulate and preserve physical and electronic storage space through the timely disposal of records.
(8) (NEW) Pensions Division Business Process Reengineering	Lead: Moderate Participants: Moderate	2019-20	To review Pensions Division Sections' business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency
(9) (NEW) Upgrade of LAFPP Support Request Ticketing System	Lead: Moderate Participants: Moderate	2019-20	To replace current support request ticketing system to improve tracking of staff support requests and management reporting capabilities.
Goal 5 – Enhance Communication Efforts and Outreach			
Project Title	Workload Level	Duration	Project Objective
(10) (NEW) Investment Staff Duties Rotation and Development of Junior Staff	Lead: High Participants: High	2019-20	To continue the development of junior and senior staff through rotation of duties, cross-training and educational opportunities.

GOAL 1 – Ensure a Financially Sound Retirement System

Project 1: *NEW* – Emerging Manager Program and Policy Review

Duration: 2019-20

Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Staff and RVK

Stakeholders: Board Members, LAFPP Members

PROJECT OBJECTIVE	To research and pursue potential improvements in the emerging manager program.
PROJECT HISTORY	The Emerging Manager program was created in the early 90's in order to seek out firms that may outperform their peers but have less ability to market themselves to large institutional investors. Similar to other managers, the performance of emerging managers varies and given the evolution of the marketplace in recent years, a deeper look into the program would be beneficial for LAFPP.
2019-20 DELIVERABLES	Comprehensive review of the Emerging Manager Program and Policy reported to the Board.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Begin review of Emerging Managers and the existing policy.</p> <p>BY DECEMBER 31, 2019: Complete review process with RVK.</p> <p>BY MARCH 31, 2020: Compile data and form recommendations in preparation of a report to the Board.</p> <p>BY JUNE 30, 2020: Present to the Board the results of the comprehensive review of the Emerging Manager Program.</p>
2019-20 RESOURCES	There are no anticipated costs associated with this project. Staff will utilize existing resources.

GOAL 1 – Ensure a Financially Sound Retirement System

Project 2: *NEW* - Actuarial Assumption Research

Duration: 2019-20

Project Lead: Greg Mack, Chief Benefits Analyst, Pensions Division

Project Participants: Greg Mack

Stakeholders: LAFPP Staff, Management, and Board of Commissioners

PROJECT OBJECTIVE	To research and gather actuarial information and trends for the next experience study. The next experience study will cover July 1, 2016 - June 30, 2019 and is expected to be presented to the Board in June 2020.
PROJECT HISTORY	The 2020 experience study will review the economic and demographic actuarial assumptions and compare actual experience with what was expected under the current assumptions. The Board's actuarial consultant may recommend changes in assumptions including and not limited to inflation, investment return, salary increases, mortality, termination and disability incidence rates.
2019-20 DELIVERABLES	Presentation to the Board regarding actuarial industry trends that could impact the assumptions recommended in the next experience study.
2019-20 MILESTONES	BY DECEMBER 31, 2019: Research the actuarial assumptions changes being recommended for other Pension systems by their actuarial consultants. BY JUNE 30, 2020: Presentation to the Board of the results regarding actuarial information and trends as they relate to the experience study.
2019-20 RESOURCES	There are no anticipated costs associated with this project.

GOAL 2 – Manage Risk Throughout the Organization

Project 3: *NEW* – Contractor Disclosure Review Process Enhancements

Duration: 2019-20

Project Lead: James Yeung, Internal Auditor IV, Internal Audit Section

Project Participants: Internal Audit Section Staff

Stakeholders: LAFPP and LAFPP Contractors

PROJECT OBJECTIVE	To enhance assurances that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by contractors to LAFPP.
PROJECT HISTORY	The Contractor Disclosure Policy requires contractors to disclose contributions, gifts, and contacts to provide transparency on conflicts of interest. The policy was intended to supplement city and state ethics laws. Current procedures rely solely on self-reporting, and review procedures are independent of city/state compliance requirements.
2019-20 DELIVERABLES	Enhanced Internal Audit Section review of procedures and processes.
2019-20 MILESTONES	BY SEPTEMBER 30, 2019: Identify available external data resources. Develop, document, and test procedures and processes to cross reference reported contractor disclosures to external data resources. BY DECEMBER 31, 2019: Full implementation.
2019-20 RESOURCES	There are no anticipated costs associated with this project.

GOAL 3 – Enhance Customer Care and Stakeholder Relations

Project 4: *NEW* - Direct Deposit Transition

Duration: 2019-20

Project Lead: Kyle Susswain, Manager, Retirement Services

Project Participants: Retirement Services Staff

Stakeholders: LAFPP Members and Retirement Services Staff

PROJECT OBJECTIVE	To reduce the usage of physical checks by 50% and have members voluntarily enroll into direct deposit.
PROJECT HISTORY	Members receiving checks can possibly receive their payments late, forget if they cashed them, or lose them. To replace a lost check, members must complete and return a notarized affidavit by a certain day to meet LAFPP's Off-Cycle check repayment date. If they miss that date, it would take another month to receive payment. CPAS allows for retroactive direct deposit payments to be made much more frequently.
2019-20 DELIVERABLES	Reduce physical check usage by 50% and have members voluntarily enroll into direct deposit.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Identify members receiving checks and verify addresses. Mail letters w/direct deposit forms to these members. Also post to website and place messages on their checks.</p> <p>BY DECEMBER 31, 2019: Receive forms and enroll 16% of check receiving members into direct deposit. Send 2nd round of letters to those that did not enroll.</p> <p>BY MARCH 31, 2020: Receive forms and enroll 33% of check receiving members into direct deposit. Verify phone numbers and call the remaining members, send final round of letters to those that did not enroll.</p> <p>BY JUNE 30, 2020: Receive forms and enroll 50% of check receiving members into direct deposit. Continue efforts to enroll the remaining members.</p>
2019-20 RESOURCES	There are no anticipated costs associated with this project. Potential for cost savings are \$0.055 per deposit versus \$0.62 per check.

GOAL 3 – Enhance Customer Care and Stakeholder Relations

Project 5: *NEW* – Focused Communications

Duration: 2019-20

Project Lead: Elizabeth Trevizo, Management Analyst, Communications & Education

Project Participants: LAFPP Staff

Stakeholders: LAFPP Members and Beneficiaries, and LAFPP Staff and Management

PROJECT OBJECTIVE	To create focused benefit communications on individual topics that will address frequently asked questions and reduce member inquiries.
PROJECT HISTORY	The Charter and Administrative Code define pension benefits and the Summary Plan Descriptions summarize the benefit information. Newsletters provide information on current benefits or upcoming changes to benefits. Focused communications such as information sheets, brochures and handbooks provide easy access to specific topics, as needed.
2019-20 DELIVERABLES	To create focused communications that are accessible and easy to update at a minimal cost.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Determine information requested most often – poll staff and members Create a library of titles and types of communications (info sheets, brochures, etc.).</p> <p>BY DECEMBER 31, 2019: Prioritize topics Draft a minimum of two (2) communications</p> <p>BY JUNE 30, 2020: Finalize two (2) communications and post on Website</p>
2019-20 RESOURCES	\$500 is included in the 2019-20 Proposed Budget for the new template from the graphic designer.

GOAL 4 - Pursue Operational Efficiencies

Project 6: Implementation of New Accounting Software

Duration: 2019-20

Project Lead: Yolanda Huang, Dept. Chief Accountant IV, Accounting Section

Project Participants: Accounting and Systems Sections

Stakeholders: LAFPP Staff and Management, LAFPP Members and Public

PROJECT OBJECTIVE	To replace the current accounting software and improve financial reporting.
PROJECT HISTORY	Accounting currently uses Microsoft Dynamics-Solomon which is no longer being supported by Microsoft in its current form. A new version of the same software would require purchasing the entire package which is too expensive at this time. Accounting and Systems are looking for other alternative software that would provide equal or better accounting functionality at a more reasonable cost.
2019-20 DELIVERABLES	New accounting software with better functionality would be the expected output of this project.
2019-20 MILESTONES	<p>BY MARCH 31, 2020:</p> <ul style="list-style-type: none"> a) Review existing software features and gather new requirements; b) Research and evaluate available software and cloud-based services; and c) Select and procure software. <p>BY JUNE 30, 2020:</p> <ul style="list-style-type: none"> a) Install, configure, and deploy software in production; and b) Migrate data and conduct user training.
2019-20 RESOURCES	The cost associated with this project is included in Systems' 2019-20 proposed budget.

GOAL 4 – Pursue Operational Efficiencies

Project 7: NEW – Update of the LAFPP Records Retention and Disposition Schedule

Duration: 2019-20

Project Lead: Diana Pointer, Manager, Administrative Services Section

Project Participants: All Sections

Stakeholders: LAFPP Staff and Management

PROJECT OBJECTIVE	To update the department's Records Retention and Disposition Schedule to regulate and preserve physical and electronic storage space through the timely disposal of records
PROJECT HISTORY	Periodically, the Administrative Services Section is tasked with updating the Records Retention and Disposal Schedule (Schedule) to conform with the Department's inventory of regularly used documents (paper records and electronic records in DocuShare). The updated Schedule will be placed in the department's Electric Content Management System Governance Manual.
2019-20 DELIVERABLES	To produce an updated Records Retention and Disposition Schedule.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Review and update current Records Retention and Disposition Schedule.</p> <p>BY MARCH 31, 2020: Submit revised Records Retention and Disposition Schedule for review by the City's Records Management Officer and City Council approval.</p> <p>BY JUNE 30, 2020: Upon City Council action, distribute the newly approved Records Retention and Disposition Schedule.</p>
2019-20 RESOURCES	There are no anticipated costs associated with this project.

GOAL 4 – Pursue Operational Efficiencies

Project 8: NEW – Pensions Division Business Process Reengineering

Duration: 2019-20

Project Lead: Anthony Torres, Manager, PASCo

Project Participants: Pensions Division, Accounting Section, and Internal Audit Section

Stakeholders: Executive Management, Pensions Division Staff, and Accounting Section

PROJECT OBJECTIVE	To review Pensions Division Sections’ business processes by PASCo in consultation with the Internal Audit Section. Recommendations will be made to leverage PARIS and DocuShare to improve efficiency
PROJECT HISTORY	This project is an outgrowth of the implementation of PARIS and DocuShare. The workload involved with conversion and testing activities has not left staff with much time to reevaluate their business processes to make the most of PARIS and DocuShare.
2019-20 DELIVERABLES	Process improvement recommendations for Pensions Division with respect to payment of member benefits. Proposals for further PARIS enhancements.
2019-20 MILESTONES	<p>BY SEPTEMBER 30, 2019: Business process review completed and recommendations made for one Section in Pensions Division.</p> <p>BY DECEMBER 31, 2019: Business process review completed and recommendations made for an additional two Sections in Pensions Division.</p> <p>BY MARCH 31, 2020: Business process review completed and recommendations made for remaining three Sections in Pensions Division.</p> <p>BY JUNE 30, 2020: Business process review completed and recommendations implemented for all sections.</p>
2019-20 RESOURCES	There are no anticipated staff costs associated with this project. Enhancements may be required for PARIS as a result of this project.

GOAL 4 – Pursue Operational Efficiencies

Project 9: *NEW* – Upgrade of LAFPP Support Request Ticketing System

Duration: 2019-20

Project Lead: David Liu, Sr. Systems Analyst II, Systems Section

Project Participants: Administrative Services, Accounting, and Systems Sections

Stakeholders: LAFPP Staff and Management

PROJECT OBJECTIVE	To replace current support request ticketing system to improve tracking of staff support requests and management reporting capabilities.
PROJECT HISTORY	The current support request system is an in-house application developed more than 10 years ago. Incremental improvements have been made to support request ticketing system, but it has been increasing difficult to expand its functionalities and provide support due to the outdated technology/tool used in its development. An off-the-shelf system with enhanced features and reporting capabilities will better serve the Department.
2019-20 DELIVERABLES	Evaluation and implementation of a new support request ticketing system with enhanced features and management reporting capabilities.
2019-20 MILESTONES	BY MARCH 31, 2020: a) Review existing software features & gather new requirements; b) Research & evaluate available software & cloud-based services; and, c) Select and procure software or cloud-based services. BY JUNE 30, 2020: a) Install, configure, and deploy software in production; and, b) Migrate data and conduct user training.
2019-20 RESOURCES	\$6,000 is included in the 2019-20 Proposed Budget for the annual subscription of a cloud-based system.

GOAL 5: Build and Support a Talented Workforce

Project 10: NEW - Investment Staff duties Rotation and Development of Junior Staff

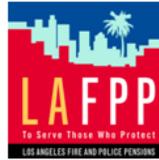
Duration: 2019-20

Project Lead: Tom Lopez, Chief Investment Officer, Investments Division

Project Participants: Investments Division Staff

Stakeholders: Board Members and LAFPP Members

PROJECT OBJECTIVE	To continue the development of junior and senior staff through rotation of duties, cross-training and educational opportunities.
PROJECT HISTORY	The size and complexity of the Fund's investment portfolio have grown significantly over the last decade. With junior Staff coming into the Investment Division, succession planning and cross-training are important. By changing the Investment Division structure both junior and senior Staff will gain more exposure to additional asset classes.
2019-20 DELIVERABLES	Change reporting structure of junior staff and asset class coverage of senior Investments Staff.
2019-20 MILESTONES	BY SEPTEMBER 30, 2019: Begin the rotation of senior Staff asset classes and new reporting structure of junior Staff. BY DECEMBER 31, 2019: Continue cross-training through conferences, seminars and staff cross collaboration. BY MARCH 31, 2020: Internal staff review to revise responsibilities to match section needs. BY JUNE 30, 2020: Final implementation of staff rotation.
2019-20 RESOURCES	There are no anticipated costs associated with this project.



LOS ANGELES FIRE & POLICE PENSIONS **2019-21 THREE-YEAR STRATEGIC PLAN**

Vision

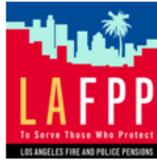
To be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency and education

Mission

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

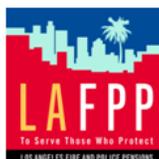
Goals

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



Values

- I) **Collaboration** – We value teamwork to achieve success and encourage staff at all levels to share ideas and offer suggestions for improving operations. We are enriched by our engagement with the Board, our members and our stakeholders.
- II) **Respect** - We treat each other and our members with kindness and dignity. We promote a fair environment and support each other by sharing information and knowledge to ensure we deliver quality services.
- III) **Efficiency** - We continually search for ways to deliver quality services and reduce administrative expenses. We promote innovation throughout the organization and use performance measurement to drive decisions.
- IV) **Accountability** – We recognize our responsibility to our members to deliver promised pension benefits. We ensure appropriate oversight to achieve excellence in service, operational and investment decision making.
- V) **Transparency** – We strive to always provide clear, accurate and complete information and transact business decisions in an open manner so that our members, the City, and the public can trust that our decisions are fair, honest and ethical.
- VI) **Ethics** – We preserve the public trust by adhering to the ethical standards established by the State, the City, and our Board.



Goals, Objectives and Strategic Initiatives

Goal 1: Ensure a Financially Sound Retirement System

Objective

- Achieve our long-term investment performance targets.

Strategic Initiatives

- Employ prudent risk-adjusted asset allocation strategies that will withstand both up and down market conditions; and
 - Measure portfolio performance against the appropriate benchmark(s) and take appropriate action when investment objectives are not met.
-

Objective

- Pursue funding policies and strategies that sustain member benefits.

Strategic Initiatives

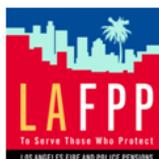
- Adopt sound actuarial policies and assumptions that balance the goals of: 1) keeping contributions relatively stable; 2) equitably allocating the cost of benefits over the member's period of actual service; and 3) achieving long-term full funding of the cost of benefits over time;
 - Pursue strategies to better manage retiree health care costs; and
 - Explore local and sustainable investment opportunities that complement our portfolio objectives and comply with our investment goals concerning risk, return and diversification.
-

Objective

- Promote diversity and advocate for new and emerging managers to help build tomorrow's portfolio managers for the Plan.

Strategic Initiative

- Continue building LAFPP's Emerging Manager Program.
-



Goal 2: Manage Risk Throughout the Organization

Objective

- Maintain & promote a culture of risk awareness with an enterprise-wide view.

Strategic Initiative

- Develop a top-down risk-intelligent culture that proactively identifies and acts to manage risk exposure, through enhanced governance, Board and staff training, and collaboration with stakeholders.
-

Objective

- Actively monitor systems and processes to reduce or minimize risk.

Strategic Initiative

- Assess and test our systems and processes through periodic audits, risk assessments and technology to help mitigate and minimize risk in our organization.
-

Goal 3: Enhance Customer Care and Stakeholder Relations

Objective

- Deliver superior customer service that is adaptive to our member needs.

Strategic Initiatives

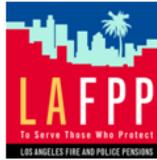
- Research and implement technology solutions to upgrade our business processes to better serve our members; and
 - Maximize educational opportunities to our members regarding their benefits, access to healthcare options and costs, and our services so that they can make informed decisions about retirement security.
-

Objective

- Enhance our communication to members, the City, and the public regarding our Plan.

Strategic Initiatives

- Provide stakeholders with thorough and timely information utilizing a range of communication methods to help promote our system; and



- Continue to build and strengthen stakeholder relations with the Fire, Police, Airport and Harbor Departments, along with other City agencies, employee unions and retiree associations.
-

Goal 4: Pursue Operational Efficiencies

Objective

- Implement industry best practices for continuous improvement.

Strategic Initiatives

- Identify and pursue best practice opportunities throughout the organization; and
 - Benchmark operations against similar systems.
-

Objective

- Foster a “team approach” or culture of collaboration within and outside the Department to facilitate innovation.

Strategic Initiative

- Increase team engagement and encourage ideas and suggestions from the Board, employees and stakeholders to improve knowledge and communications.
-

Goal 5: Build and Support a Talented Workforce

Objective

- Implement best practices for succession planning.

Strategic Initiatives

- Identify LAFPP's long-term staffing needs, the aspirations of individuals and the workforce's developmental needs, to prepare and grow future leadership pool;
 - Define targeted leadership development programs for continued professional growth of future key leaders; and
 - Develop a clearly defined and communicated career ladder program to attract and retain talent at all levels.
-