

Governance Committee Agenda

REGULAR MEETING

TUESDAY, MAY 25, 2021

TIME: 9:00 A.M.

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Governance Committee's May 25, 2021, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:

Dial: (669) 900-6833 or (346) 248-7799

Meeting ID# 850 8160 0847

Instructions for call-in participants:

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, **press *9** to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair: Nilza R. Serrano

Committee Members: Annie Chao
Cynthia M. Ruiz

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghoukassian@lacers.org.

Disclaimer to participants

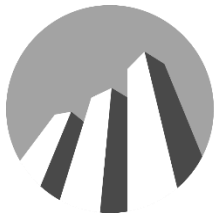
Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

[**CLICK HERE TO ACCESS BOARD REPORTS**](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE

**AGENDA – THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9
TO RAISE HAND DURING PUBLIC COMMENT PERIOD**

- II. [APPROVAL OF MINUTES FOR THE MEETING OF FEBRUARY 23, 2021 AND POSSIBLE COMMITTEE ACTION](#)
- III. [MEMBER INFORMATION RELEASE POLICY AND POSSIBLE COMMITTEE ACTION](#)
- IV. [PROPOSED BOARD RULES FOR VENDOR PAYROLL DEDUCTION AND POSSIBLE COMMITTEE ACTION](#)
- V. OTHER BUSINESS
- VI. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while public health concerns relating to the novel coronavirus continue.
- VII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, MAY 25, 2021

TIME: 9:00 A.M.

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President: Cynthia M. Ruiz
Vice President: Sung Won Sohn

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

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- V. OTHER BUSINESS
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- VII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Governance Committee's February 23, 2021, meeting was conducted via telephone and/or videoconferencing.

February 23, 2021

9:15 a.m.

PRESENT via Videoconferencing: Chair:	Nilza R. Serrano
Committee Members:	Annie Chao Cynthia M. Ruiz
Manager-Secretary:	Neil M. Guglielmo
Legal Counselor:	Anya Freedman
PRESENT at LACERS Offices: Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT* – **PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Serrano asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF NOVEMBER 10, 2020 AND POSSIBLE COMMITTEE ACTION – Committee Member Ruiz moved approval of the minutes for the Meeting of November 10, 2020, and adopted by the following vote: Ayes, Committee Members Chao, Ruiz and Chair Serrano -3; Nays, None.

III

DISCUSSION OF PROPOSED AMENDMENT TO EMERGING INVESTMENT MANAGER POLICY AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer, presented and discussed this item with the Committee. After a 30-minute discussion, Committee Member Ruiz requested staff to add Board Diversity to the Organization Diversity Survey (ODS) form and Committee Member Chao requested staff to provide directions on completing the ODS form and to confirm and use the most current abbreviation for the L.G.B.T.Q.I.A+ community. Committee Member Chao moved

approval, and adopted by the following vote: Ayes, Committee Members Chao, Ruiz and Chair Serrano -3; Nays, None.

IV

OTHER BUSINESS – There was no other business.

V

NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.

VI

ADJOURNMENT – There being no further business before the Committee, Chair Serrano adjourned the Meeting at 9:33 a.m.

Nilza R. Serrano
Chair

Neil M. Guglielmo
Manager-Secretary



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: May 25, 2021
ITEM: III

Neil M. Guglielmo

SUBJECT: MEMBER INFORMATION RELEASE POLICY AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board to authorize the General Manager to execute non-disclosure agreements ("NDA") with entities outside of LACERS or memoranda of understanding ("MOU") with City departments receiving Members' personal information, in accordance with the attached draft Release of Member Information Policy.

Executive Summary

The Release of Member Information Policy provides guidance for the release of Member information to outside parties, including requiring NDA's and MOU's for certain requestors.

Discussion

The Release of Member Information Policy dictates the actions necessary from LACERS staff in responding to Member information requests and governs the release of any requested information. The Policy sets in place organizational standards that will ensure that Member privacy is respected and that Members' personal information, including but not limited to, social security numbers, dates of birth, and all forms of contact information, are protected.

The **policies** provide guidance in the following areas:

- Annual Review of Policy
- Summary of information to organizations designated to receive monthly deductions
- Interdepartmental requests for Member information
- Third-party entities designated to receive Member address lists to fulfill LACERS business needs related to the administration of Member benefits
- Information requests for Members involved in litigation where they are a prospective witness or are otherwise related to the litigation
- CPRA Requests, including Disability File Information requests
- Information requests from current and former spouses related to Business Records Subpoenas
- Information requests from current and former spouses and state-registered domestic partners

The **procedures** provide guidance in the following areas:

- Divisional responsibilities for adherence to policy
- Secure transmission of Member information
- Processes to receive Member information requests via telephone, email/fax, written correspondence
- Processes to send information to a third party

Strategic Plan Impact Statement

The approval of this policy is in alignment with good Governance in ensuring the privacy of our Members and maintaining a strict code of compliance in LACERS use and treatment of Member information.

Prepared By: Vikram Jadhav, Chief Information Security Officer

NMG/TB:VJ

Attachments: 1. Release of Member Information Policy



RELEASE OF MEMBER PERSONAL INFORMATION POLICY

Issue Date: April 7, 2021
Applies to: All Staff
Policy #: S216

POLICY STATEMENT

LACERS places service to our Members first and foremost, and we are committed to our mission of establishing trusting and lifelong relationships with all our Members. On Members' behalf and as part of conducting LACERS business, we provide services and information to other City departments, third party service providers, and non-City agencies. In providing these services, we are responsible for safeguarding member personal information, which includes, but is not limited to, social security numbers, financial account numbers, birth dates, physical addresses, email addresses, and telephone numbers. Such information may not be released to the general public or any unauthorized agencies. It is the policy of the Plan to protect and promote a secure exchange of member personal information under the guidelines detailed in this policy. Further, it is the responsibility of each LACERS employee to ensure the legitimacy of the request for which member personal information is being released. Finally, the Release of Member Personal Information Policy is to be administered and interpreted in conjunction with the Information Classification Policy, the Information Handling Policy, the Information Security Policy, and the Policy of Member Solicitation and Distribution.

DEFINING PERSONAL IDENTIFIABLE INFORMATION (PII)

LACERS staff will adhere to Personal Identifiable Information as designated in the LACERS Privacy Policy. [See here.](#)

RESPONSIBILITIES

Persons with responsibility for records containing personal information should exercise care to ensure accuracy and completeness. Both departments and individuals are responsible for protecting personal information against accidental or intentional misuse or improper disclosure within or outside LACERS.

Annual Review of Policy

- The Assistant General Manager overseeing all release of Member related information is responsible for ensuring annual review and update of this Policy

Divisional Responsibilities for Adherence to Policy

Administration and Support

- Administration Divisions will monitor incoming requests to their groups for release of personal information and will act as the principal processing agent for the release of records
- Administration Divisions will task City Attorney to ensure compliance to City policy for any release of information

Member Benefits and Communication

- Divisions within Member Benefits will monitor incoming requests to their groups for release of personal information and will act as the principal processing agent for the release of records
- Divisions within Member Benefits will task City Attorney to ensure compliance to City policy for any release of information
- The Retirement Services Division is responsible for auditing any and all sensitive Member information prior to release to ensure accuracy and privacy
- Health Division is responsible for auditing any and all sensitive Member information prior to release to ensure accuracy and privacy

City Attorney

- The City Attorney will review all records requests, audit all requested records, and appropriately redact any and all sensitive Member information to ensure compliance with City policy

PROCEDURE

A. Member Requests

If Members telephonically request their own pension information or MyLACERS pin code, registered email change or password reset, staff must authenticate the following, prior to releasing pension information: 1) last four digits of the Member's social security number and, for active members, employee ID number; and 2) two of the following: address, telephone number, date of birth or date of hire in the payroll system. If the request is made in-person, staff must verify the Member's picture identification. While picture identification is a precondition to enter the LACERS workspace, if picture identification is unavailable, staff must verify the Member's full social security number, date of birth, and current or former employing department. Staff's response to the request should be timely, accurate and in a written or verbal manner. Staff should use their judgment and consider reminding members, when applicable, that the information that they seek is available through MyLACERS.

1. If the Member requests a written response in-person, it shall be provided at the time of the office visit, if possible.
2. If the Member requests a written response to be sent to them, it will be mailed to the Member's current address on file (or, for retired members only, to the address provided by the member on his/her written request) or emailed (via secured password email method, such as Hightail or Box.com) to the Member's email address on file.
3. If a Member needs pension information to be sent to a third party such as a private lawyer, financial institution, or tax agent, the information will be sent to the Member and the Member may forward such information as necessary. Exceptions to this policy

may only be made through the Member's completion of a Division-approved "Authorization to Release" form (i.e., the LACERS MEMBER VERIFICATION OF PENSION REQUEST form which allows LACERS to release pension award information directly to financial institutions, Disability medical releases, and HIPAA authorization forms).

4. Unless a Member requests specific confidential information via e-mail/fax and requests that LACERS reply in the same manner, responses via email/fax should be limited to general statements or sample scenarios. Confidential information must never be sent via unsecure email or fax methods.

B. Current/Former Spouse/Domestic Partner Requests

Current and former spouses/state-registered domestic partners are entitled to information related to their community property interest in a Member's pension benefits upon receipt of a written request to staff that contains the following information to verify their status and identity: 1) name of Member, and 2) all of the following information from the requestor— name, address, social security number, contact number and signature. If the current and former spouse/state-registered domestic partner is not already in LACERS' line of business systems, then a copy of the marriage certificate, state registration of domestic partnership, or conformed copy of a domestic relations order/dissolution judgment is required prior to releasing information related to the Member's pension benefits.

If a request is received from an attorney representing either the Member or the Member's current or former spouse/state-registered domestic partner, Legal Processing Unit staff may release information concerning the community property interest in the Member's benefits upon receipt of a formal request written on the attorney's letterhead that provides sufficient information to clearly identify the attorney's client and the parties involved.

Otherwise, staff shall be authorized to release information regarding a Member's pension to other parties only after obtaining the Member's written permission to do so.

If the requestor is a purported beneficiary pursuant to community property division of the Member's benefit (e.g., a Member's former spouse or the beneficiary of a former spouse), and if a Member does not give permission to release pension information to the beneficiary related to vested inheritance interests, staff shall forward the request to the City Attorney for advice.

If there are any questions regarding the adequacy of the request or the scope of information requested, staff may consult the City Attorney's Office for advice.

Staff shall respond to written requests for information in writing, mailed to the former spouse/state-registered domestic partner's address on file or to the address of the representing attorney as indicated on the attorney's letterhead.

C. Secure Transmission of Member Information

When information is sent within LACERS or outside of LACERS, care must be taken to ensure that member personal information is redacted or, if redaction is not feasible, adequately protected. Personally identifiable information that cannot be redacted due to operational/business needs, including, but not limited to, social security numbers or home addresses, must be sent via secure methods. Secure methods are defined as messenger delivery service or IT-approved secured file transfer services such as Hightail and vendor-established secured file transfer software. Transmitting files, either with or without password protection, that contain personally identifiable information through e-mail (including Outlook) is not an approved secure method. Files sent via Hightail should require a password to open whenever feasible.

Management encourages staff to reduce the amount of member information that is sent via unsecured methods. If the need arises, information containing only the last four digits of social security numbers and other non-personally identifiable member information can be sent via less secure methods such as U.S. Mail, email, or fax.

Member personal information sent within LACERS shall be transmitted in accordance with LACERS' administrative control process, which limits staff access to personal information to only those individuals who need such access in order to perform their job duties.

Member information sent outside of LACERS shall be transmitted in accordance with the Release of Member Personal Information Policy as a whole.

D. Address Lists

Each of the following public entities may receive an address list of retired LACERS Members where those Members are also associated with that particular entity. Prior to releasing any address lists, LACERS should confirm that it has a non-disclosure agreement or memorandum of understanding with the entity that will ensure the lists are kept confidential:

1. City Clerk – All Members eligible to participate in a particular election
2. General Services Department – All Members eligible to participate in a particular election
3. Personnel Department, Liaison Services Division – All Members eligible to participate in a particular election
4. Office of the Controller – All Retirees Receiving Excess Benefit Plan Payments

Each of the following organizations may receive an address list of retired LACERS Members where (i) those Members are also associated with that particular organization, and (ii) the lists are needed to fulfill any LACERS business needs related to the administration of Member benefits:

1. Northern Trust – All retirees and all beneficiaries receiving payments
2. Taylor Communications – All retirees and all beneficiaries receiving payments
3. Anthem Blue Cross – Associated retirees
4. Kaiser – Associated retirees
5. SCAN – Associated retirees
6. United Healthcare – Associated retirees
7. Delta Dental – Associated retirees
8. LRS Retirement Services – All retirees
9. KESMail – All retirees
10. California Marketing – All members
11. Imagine That – All members

Before releasing address lists to any of the above organizations, LACERS shall ensure it has up-to-date non-disclosure agreements with each organization.

If staff receives a request for an address listing of retired members from an organization not included in the above lists, then staff shall refer the request to the Division Manager who will refer it to the Chief Information Security Officer for appropriate response after conferring with the Public Pensions General Counsel Division of the City Attorney's Office.

E. Monthly Deductions

Where Members have designated one of the following entities to receive deductions from their monthly benefit, that specific entity may receive a summary of information regarding those Members': 1) monthly deduction amounts and any adjustments taken out of the deduction, 2) first and last names, 3) the last four digits of the members' Social Security numbers (or the entire Social Security numbers for LAFCU, LAPFCU and LACEA), and 4) a monthly deceased report. Prior to releasing the above information, LACERS should confirm that it has a non-disclosure agreement or memorandum of understanding (for the Personnel Department) with the entity that will ensure the lists are kept confidential:

1. All City Employees Benefits Service Association (ACEBSA)
2. American Federation of State, County and Municipal Employees (AFSCME Chapter 36)
3. American Federation of State, County and Municipal Employees – People (AFSCME People)
4. Employees Club California (LACEA)
5. Los Angeles Federal Credit Union (LAFCU)
6. Los Angeles Police Federal Credit Union (LAPFCU)
7. Los Angeles Police Relief Association, Inc. (Police Relief)
8. Retired Los Angeles City Employees, Inc. (RLACEI)
9. Service Employees International Union, CTW, CLC (SEIU Local 721)
10. Personnel Department, Workers' Compensation Recapture Section

The General Manager may approve adding other qualified entities to the above list.

F. Interdepartmental Requests

Notwithstanding subpoenas, Evidence Code Section 1043 motions, or any formal agreement for information exchange, other City departments (e.g., Mayor's Office, CAO, City Attorney's Office, employing departments for Members, Personnel Department, LAFPP, etc.) may make requests for member personal benefit information by filling out an interdepartmental request. The Division Manager should refer these requests to the Division Manager, Retirement Services Division, for verification of the request's appropriateness and for further discussion with the City Attorney's Public Pensions General Counsel Division and, if necessary, the General Manager.

All requests for member personal benefit information must be submitted in writing, detailing the requestor's contact information, the Member's name and social security number (or serial/employee ID number), and the requestor's intended use of the member's information.

Note: The City Attorney's Office contracts with private law firms for various services. Should these law firms need member information, they should be instructed to make the request through the Public Pensions General Counsel Division of the City Attorney's Office.

G. Litigation Requests

From time to time, LACERS may receive requests for member contact information in the event the member is needed to serve as a witness or facilitate prosecution, or for other types of member information in litigation related to the member (NOTE: Requests for active member contact information should be referred to the member's employing department). These requests must be made via the judicial process in the corresponding case and shall be routed to the Legal Processing Unit, who shall forward them to the Public Pensions General Counsel Division of the City Attorney's Office to determine the proper response. Additionally, LACERS staff must immediately notify the member of the request and ask whether the member will consent to the release of his/her personal information. LACERS staff should inform members that, if the member consents to release—or should the court order release—of the personal information, LACERS, through the City Attorney's Office, will seek a protective order to limit the release to the specific case in which it was requested. Where a member consents to the release of his/her personal information, LACERS shall provide the member a consent waiver authorizing such release. Where a member does not consent to the release of his/her personal information, the General Manager shall decide whether LACERS, through the City Attorney's Office, will oppose the motion or file a motion of non-opposition. Regardless, LACERS will seek a protective order to limit the release of the member's information.

For state cases seeking personal information for peace officer members (e.g., legacy Airport police members), requests must be made using Evidence Code Section 1043 motions. For state cases seeking all other member information, and for federal cases, requests must be made using subpoenas. Staff is to document each request as well as,

upon release of member personal information, when and to whom the information was released, and store both in LACERS' document management system (OnBase), in addition to placing detailed notes in the LACERS' pension administration system, and placing scanned copies into the member's file.

For litigation requests where the member information is otherwise subject to release under the California Public Records Act, Staff is to process the request pursuant to the policy described in Section I.

H. Documentation of Requests for Member Information

Except for processing Evidence Code Section 1043 motions, subpoenas, and pension verifications for which responses are stored in OnBase, it is the responsibility of LACERS staff to document the every request for, and release of information when responding to an individual's or organization's request. Staff will record in the Notes section of LACERS' pension administration system: the name of the requestor, the details of the request, request date, information provided (if any), and the date the information was sent.

I. CPRA Requests

Requests for Member information under the California Public Records Act (CPRA) should be forwarded to the CPRA Unit within the Administrative Services Office for review. Information may be released pursuant to the City Attorney's advice. Generally, information requested regarding a Member's date of retirement, department retired from, last position held, years of service, base pension amount, cost of living adjustment, total health/dental subsidy allowances, and/or monthly pension benefit should be released, but information regarding a Member's address, telephone number, email address, date of birth, age, and selection of benefits (e.g., the type of medical insurance and the number of family members covered) is exempt from disclosure. Information regarding a Member's beneficiary selection should not be disclosed until the beneficiary is receiving a benefit from LACERS. Where the recipient is a minor, the beneficiary's name should be kept confidential even after the benefit has been paid out, but the benefit amount and the name of the listed guardian may be released. If the information requested is only for a single Member, staff must notify the member via correspondence regarding receipt of the CPRA request, the requestor's name, and whether the information was released per the City Attorney's Office.

J. Disability File Information Requests

Requests for information contained in a Member's disability retirement application file should be treated as CPRA requests and processed pursuant to the policy described in Section I, unless the request occurs in the context of ongoing litigation, in which case staff should follow the policy described in Section G. For non-litigation requests, information regarding a Member's medical condition and any exempt personal information described in Section I should not be disclosed. However, the Member's name, the fact that he or she

has applied for a disability pension, current salary, and certain details regarding the Member's disability application are subject to release. Additionally, pursuant to the waivers contained in the application's statement of disability, LACERS provides member medical and/or personal information contained in the disability application file to individuals involved in the processing of the disability claim, including the Board, the City Attorney's Office, physicians performing disability evaluations for the Board, City Personnel Department and Workers' Compensation staff, and the medical liaison of the Member's employing department. Lastly, any information contained within the disability application file that is shared at an open session of a Board meeting becomes a public record that is subject to CPRA disclosure upon request.

K. Business Records Subpoenas for Dissolution Cases

In connection with Member marital dissolution cases, current and former spouses sometimes serve LACERS with deposition subpoenas for production of business records. These subpoenas typically seek information related to the valuation of the Member's pension benefit and/or health benefit, including: 1) documentation of pension payments by Northern Trust, 2) IRS Form 1099-R, 3) Plan summary, 4) retiree summary, 5) letter of intention for retirement, 6) application for service pension benefits, 6) service record and pension amount, 7) Board approval letter, 8) direct deposit form, and 9) Summary Plan Description for the Member's tier. LACERS shall release the requested information to the designated deposition officer on the date designated on the subpoena. However, if the Member objects to the subpoena, moves for a protective order, and/or moves to quash the subpoena, LACERS shall wait until the court rules on the Member's objections and/or motions before releasing this information. LACERS shall forward all such subpoenas to the City Attorney for advice.

REFERENCES

- A. Attachment – Release of Member Personal Information Policy Consent Form

POLICY HISTORY

- [04/07/21] Adoption date
- [date] Revision to _____

GENERAL MANAGER APPROVAL

Signature:	Date:
------------	-------

Attachment

RELEASE OF MEMBER PERSONAL INFORMATION POLICY CONSENT FORM

I have read and reviewed the LACERS Release of Member Personal Information Policy. By signing this Consent Form, I agree to abide by the LACERS Release of Member Personal Information Policy including the policy and procedure.

PRINT NAME: _____

SIGNATURE: _____ **DATE:** _____



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: MAY 25, 2021
ITEM: IV

Neil M. Guglielmo

SUBJECT: PROPOSED BOARD RULES FOR VENDOR PAYROLL DEDUCTION AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee recommend to the Board adoption of Board Rules for Vendor Payroll Deduction.

Executive Summary

The proposed Board Rules were developed to bring clarity and process to onboarding and administration of payroll deduction requests by external agencies. The Board Rules provide: (1) transparent onboarding process; (2) thresholds for ongoing participation; (3) Member information security; (4) LACERS organizational protection; and (5) cost recovery. Staff is seeking Committee's feedback and/or approval.

Discussion

At previous Board meetings, Board Members had concerns over outside organizations' access to LACERS Members. As a result of those discussions, the Board requested staff to develop guidelines for outside organizations interested in attending Member events and for those seeking payroll deductions.

At its July 23, 2019 meeting, the Board adopted a policy on Member solicitation and distribution which addresses organizations' attendance at Member events, distribution of promotional materials and use of LACERS' resources. To continue the efforts to bring transparency to the process for collaborating with external organizations, staff developed the attached Board Rules for organizations seeking LACERS' assistance with retiree payroll deductions.

Organizations Currently Receiving Payroll Deductions

The table below shows organizations currently approved to receive payments from retirees through voluntary payroll deductions and the number of participants. LACERS plans to continue processing payroll deductions for these organization as usual. However, should they wish to expand the number of participants in the future, they too, like new organizations, would be subject to the threshold for participation and other requirements of these Board Rules.

Organizations Currently Receiving Payroll Deductions	
Organization	Member Counts As of April 2021
All City Employees Benefits Service Association (ACEBSA)	1,869
American Federation of State, County and Municipal Employees – Retirees Chapter 36 (AFSCME Chapter 36)	1,048
American Federation of State, County and Municipal Employees – People Retirees Chapter 36 (AFSCME People)	109
City Employee Club (LACEA)	3,164
Los Angeles Federal Credit Union (LAFCU)	2,603
Los Angeles Police Federal Credit Union (LAPFCU)	278
Los Angeles Police Relief Association, Inc.	1
Retired Los Angeles City Employees Inc., RLACEI	6,082
Service Employee International Union, CTW, CLC (SEIU 721)	259

The Board Rules were developed in consultation with the City Attorney, and after reviewing the requirements in the Admin Code, and in alignment with similar procedures used by the City Controller and Los Angeles Fire and Police Pensions (LAFPP).

Staff is seeking Committee’s feedback and/or approval of the draft Board Rules.

Strategic Plan Impact Statement

These Board Rules support LACERS Strategic Plan goal of good Governance which affirm transparency by providing clear directions to organizations who seek payroll deduction in their support of our Members.

Prepared By: Rahoof “Wally” Oyewole, Departmental Chief Accountant

NMG/TB/RO

Attachment 1: Board Rules – Voluntary Benefit Payroll Deductions (PRD)

BOARD RULES -VOLUNTARY BENEFIT PAYROLL DEDUCTIONS (PRD)

PRD 1: LACERS authorizes organizations that perform services to the benefit of LACERS' retirees and beneficiaries to receive voluntary payroll deductions from Members' monthly pension benefit. All Rules as stipulated herein are applicable to all organizations participating in LACERS Voluntary Payroll Deductions program, unless specifically stated otherwise.

The following organizations are currently approved to receive payments authorized by LACERS' annuitants for premiums, fees, dues, assessments or contributions through voluntary payroll deductions from periodic pension benefits.

1. All City Employees Benefits Service Association (ACEBSA)
2. American Federation of State, County and Municipal Employees – Retirees Chapter 36 (AFSCME Chapter 36)
3. American Federation of State, County and Municipal Employees – People (AFSCME People)
4. Employees Club California (LACEA)
5. Los Angeles Federal Credit Union (LAFCU)
6. Los Angeles Police Federal Credit Union (LAPFCU)
7. Los Angeles Police Relief Association, Inc. (Police Relief)
8. Retired Los Angeles City Employees, Inc. (RLACEI)
9. Service Employees International Union, CTW, CLC (SEIU Local 721)

PRD 2: Organizations must satisfy the following requirements to request authorization and receive voluntary payroll deductions from LACERS:

- Letter signed by the organization's authorized officer requesting authorization to receive payroll deductions.
- Documents containing the organization's information and details of operations, that are intended to benefit LACERS' retirees and beneficiaries.
- Certification that 100 or more LACERS' retirees and beneficiaries are willing to authorize the requested payroll deductions.
- Provision of any other documents, requirements, specifications and information as requested by LACERS as necessary to evaluate the request.

The above documents will be used by the General Manager or designee to evaluate the request for approval.

PRD 3: Upon approval by the General Manager, the organization must submit a total of 100 or more requests for payroll deduction in the first payroll processing based on the prior certification submitted. The first payroll deduction will be scheduled on the second payroll month after the month the initial payroll deduction list was received. The organization will be billed for the

BOARD RULES -VOLUNTARY BENEFIT PAYROLL DEDUCTIONS (PRD)

implementation cost, which may include personnel, overhead and chargeback cost from LACERS' system vendor.

- PRD 4: The authorization to receive voluntary payroll deductions may be cancelled by LACERS when the organization has less than 50 active contributing retirees and beneficiaries for three consecutive payroll months. Three months termination notification will be given prior to final termination. Organizations named in section PRD1 above that fall below this threshold will remain eligible to continue receiving voluntary payroll deductions unless otherwise directed by the Board, but may not add new deductions without accumulating a total of at least 50 contributing LACERS Members. Any organization who is subject to cancellation whether due to this provision or any other reason is solely responsible to provide proper notification and any alternative payment mechanisms to its participants.
- PRD 5: Organizations are responsible for obtaining and safekeeping authorization forms for payroll deduction properly signed by the Member. The form should contain information such as proper identification and amount of authorized payroll deduction, which will be effective until revoked or cancelled by the Member or upon cancellation of the organization's authorization to receive payroll deduction from LACERS.
- PRD 6: Organizations must submit copies of Members' signed authorization forms and organizational financial records upon request of LACERS.
- PRD 7: Authorized organizations are responsible for receiving and processing all requests to change, cancel and revoke annuitants' voluntary payroll deduction. LACERS is not liaison to Members regarding payroll deductions on behalf of authorized organizations.
- PRD 8: Organizations must complete and submit electronically, the Schedule of Authorized Payroll Deduction Changes that will list all the additions, terminations and changes in payroll deductions to LACERS on or before the 8th day of each month. The schedule should be properly signed and certified true and correct by the organization's authorized employee.
- PRD 9: Authorized organizations will directly indemnify LACERS and LACERS Members for any errors and omissions in the information provided to LACERS.
- PRD 10: In exchange of information between LACERS and external organizations, secured file transfer services are required such as Hightail, Box Shield, and/or vendor established secured file transfer software (subject to review and approval of LACERS). Transmitting files containing personally identifiable information and financial accounts must include password protection enabled.

BOARD RULES -VOLUNTARY BENEFIT PAYROLL DEDUCTIONS (PRD)

Member information sent between LACERS and external organizations shall be limited to collection of data to the minimum amount needed to carry out necessary functions, and in accordance with all applicable current and future LACERS' Information Security Policies. LACERS will provide each authorized organization a monthly deceased report and a single monthly validation file in Excel or text format for each month in which a payroll deduction occurs for the respective organization. Requests for additional reports or files by the authorized organization are subject to review and approval of LACERS, and costs for production and administration of such files or reports will be charged back to the authorized organization.

- PRD 11: Authorized organizations must enter into a Non-Disclosure Agreement with LACERS for purposes of protection of Member information.
- PRD 12: Any changes to an authorized organization's information such as address, payment information and changes in administration or organizational status should be timely communicated to LACERS via an official letter signed by the organization's authorized officer. Additional documents may be required related to changes in organization that involve assignment and transfer of administration. Organizational changes are subject to review by LACERS and could be cause for termination of participation in LACERS' voluntary payroll deduction. Such documents impacting payroll deduction processes must be submitted before the 8th day of the month for the change to be effective in the same payroll month.
- PRD 13: Requests for payroll deduction changes affecting all or a majority of Members or any changes that will require new and updated system set up including request for additional reports or changes to the existing reports being provided should be submitted via an official letter detailing the required change at least three months before the 1st day of the requested implementation month. The organization may be required to submit additional documentation related to the change request, as needed. The request will be evaluated as to the complexity and required resources needed to accomplish the change request and will be subject to General Manager's approval. LACERS will attempt to meet the requested implementation month provided all required documents and information including the identification of requested payroll deduction changes are submitted timely. The organization will be billed for the cost to implement the change request which may include personnel cost and chargeback from LACERS' system vendor as the case may be.