



## **Priorities and Action Plan Fiscal Year 2019 Final Results**

Each year, SDCERS develops a high priority Action Plan to support SDCERS' Mission, Vision, and Priorities as shown below. An Action Plan is typically above and beyond the regular daily business conducted by staff and may take more than one year to complete. The number of priorities and supporting Action Plan items in any given year is based on the needs of the organization, the Board of Administration, and the participants in SDCERS.

### **SDCERS Mission**

To deliver accurate and timely benefits to its participants and ensure the Trust Fund's safety, integrity, and growth.

### **SDCERS Vision**

To be an independent, leading edge, financially sound, well-governed, and transparent pension plan.

### **SDCERS Core Values**

Customer Service | Accountability | Professionalism | Fiduciary | Integrity | Transparency

## **Priorities and Action Plan for Fiscal Year 2019: Final Results**

### **1. Continued Pursuit of Excellence in Serving Our Members**

Supporting Action Plans:

#### **a. Redesign Website to Improve Member Access to Online Services and Information**

SDCERS launched our completely revamped website on June 11, 2019, providing updated information, intuitive and simplified navigation, and new content features to easily highlight the most important information. New features include:

- Two articles headlined on the home page;
- Visible SDCERS social media feeds;
- Easy access to summaries of each retirement plan tier;
- Fact sheets on topics such as reciprocity, death benefits, and the DROP program;
- Link to educational videos;
- Interactive map under "Directions";

- Restructured Financials & Investments tab;
- Board agendas and videos accessed via OnBase;
- Updated and reorganized City retiree health enrollment section; and
- Comprehensive and well-organized section on frequently asked questions.

**b. Increase Member Portal Registrations to 75% of All Members**

Due to the Communications Manager staffing change, and the delay in website redesign, we were unable to mail the promotional postcards planned for active and retired members. However, even without the aid of the promotional postcards, Member Portal registration has increased to 63% of all members.

**c. Post Member “How-To” Videos on SDCERS’ Website**

This project was delayed due to the Communications Manager staffing change. The scripts, screen templates, design elements and voice-over recording for the Planning for Retirement, How DROP Works and Divorce and Community Property videos, were completed in fiscal year 2019. We expect these three videos to be completed early next fiscal year in September 2019.

**d. Identify and Implement Process Improvements for Internal Workflow**

Significant progress has been made on the Internal Workflow project. The cross-divisional review of workflow reports resulted in both better, more useful reports and additional standardization to be used in the review of the remaining workflows. This project is on track to be completed in fiscal year 2021.

**e. New Member Process**

The old, multi-page Welcome Packet was revised to a concise letter, and these letters have been produced via IRIS starting in June 2019. The effort to Implement Mandatory Entry Seminars was reevaluated and deleted from the Action Plan due to SDCERS limited counseling resources and new hire coordination. Focus for the next fiscal year will be designing and implementing various new member orientation seminars that will be available for the plan sponsors to request.

**2. Continued Focus on Data Accuracy and System Integrity**

Supporting Action Plans:

**a. Information Technology Risk Assessment**

The new OnBase Agenda Management and Voting system was successfully implemented for the July 2019 Board Meeting cycle. SDCERS’ Windows desktops have been upgraded and obsolete servers decommissioned.

**b. Develop Privacy Program**

This year, staff has made great progress with implementing the newly created privacy program. This progress includes improving the overall attention and concern for privacy. We continue to actively seek ways to improve privacy and security, including working with third parties who maintain SDCERS' information. In the future, we anticipate tackling data minimization and retention matters.

**c. Update Non-Financial Membership Data**

The review and update of employment history data has been completed for all Active and Deferred Vested members, Inactive members are still in progress. The internal review of entry dates is substantially complete, the next step is to compare to City records and make any necessary corrections to both SDCERS and City data. Unknown purchasable records continue to be created, but at a much lower rate. Staff continues to research and update as they are created. The beneficiary update project was expanded to be a stand-alone project and moved to the Fiscal Year 2020 action plan.

**3. Continued Pursuit of Investment Program Excellence**

Supporting Action Plans:

**a. Conduct Asset Liability Study**

In January 2019, the Board approved the Asset Liability Study, which reaffirmed the existing mix of 78% return-seeking assets and 22% risk-mitigating assets. The Asset Liability Study included an analysis of the current portfolio, which is well diversified and able to withstand stressed markets. The Study reviewed a longer-term time horizon and the trend towards full funding and the ability to take on risk. A liquidity analysis was also reviewed given the current negative cash flow situation and determined that even in the most negative economic scenario, the portfolio was expected to have sufficient liquidity to pay benefits over the next 20 years.

**b. Conduct Risk Assessment**

Staff presented the new and improved SDCERS Risk Assessment document at the May 2019 Investment Committee and Board meetings.

**c. Evaluate Retail Banking Relationship**

Staff initiated an RFP for Commercial Banking services in October 2018 and received responses from two qualified banks. After review, staff believed that incumbent Wells Fargo provided the best banking solutions for SDCERS. A recommendation to continue SDCERS' relationship with Wells Fargo was approved by the Board at the January 2019 meeting.

#### **4. Continued Leadership in Pension System Governance**

Supporting Action Plans:

##### **a. Operational Compliance Reporting**

Staff created a compliance checklist, which provides the Board with visibility into staff's tax compliance efforts. This document was created after consulting with several other retirement systems and all division leaders. We have also taken this year to promote a culture of compliance with staff and to clearly delineate the roles and responsibilities of the Compliance Officer and Internal Audit Division.

##### **b. SDCERS Recognition**

SDCERS received the Public Pension Coordinating Council (PPCC) Public Pension Standards Award for Funding and Administration for 2018 along with the GFOA CAFR and PAFR Awards. The IT Division was awarded the Quality Information Technology Practices Award by the Municipal Information Systems Association of California (MISAC).

##### **c. Employee Engagement Survey**

An SDCERS Employee Opinion Survey was conducted in December of 2018. Forty-four staff members completed the survey for an excellent 92% response rate. The survey covered a multitude of categories, such as, morale, employee relations, team environment, recognition, supervision, and training. The survey data is in the process of being summarized and will be communicated to the leadership team to identify ways to improve SDCERS, shared with staff, and provided to the board.

##### **d. Onboarding New/Transferred/Promoted SDCERS Employees**

Completed research for On-Boarding packets and materials to be included in a new SDCERS On-Boarding and Exiting Guide. The research included online sources, as well as data collected from the SDCERS HR director's human resources professional network. Research materials are being reviewed and organized into a well thought out SDCERS On-Boarding and Employee Exiting Guide. A draft guide will be peer reviewed and completed in FY 2020.

##### **e. Staff Member Training Calendar**

Human Resources and Legal staff collaborated to create an Annual Training Plan to ensure all SDCERS staff receive adequate training. The Training Calendar will be reviewed on an annual basis and training updates will be provided annually.

**f. Workplace Security**

A Security Team including managers from the Members Services, Legal, IT and HR Divisions identified a list of workplace security priorities. However, during project implementation, the project was postponed while staff evaluates a relocation proposal from the building's property manager.

**Fiscal Year 2019  
Other Notable and Significant Accomplishments  
by Division**

Due to the committed and dedicated work of SDCERS staff, there were other notable and significant accomplishments during Fiscal Year 2019 in addition to the Action Plan.

**BENEFITS ADMINISTRATION**

The Benefits Administration Division created targeted training for Benefits Administration staff this year. Several of the trainings were expanded to include other Divisions enhancing the overall knowledge of pension benefit calculations and rules in the office. The Health Team experienced the efficiencies from the significant changes made to the health processes in previous years. All annual processes, including retiree health open enrollment were completed without utilizing overtime. The division is well placed to provide whatever support the City of San Diego may need as the Proposition B litigation comes to a close.

**MEMBER SERVICES**

The Member Services Division created a new series of pre-retirement seminars for the Airport Authority, and provided eight presentations at the Airport. Individualized presentations were given to Airport members in the classic plan (hired before 2013), and to newer members in the Airport PEPRA tier (hired in or after 2013, when the California Public Employees' Pension Reform Act went into effect). Four presentations were offered specifically for members eligible to enter DROP, and included hands-on sessions to assist members in utilizing their personal Member Portal accounts. Approximately 250 members attended these seminars, and member feedback was very positive.

Member Services successfully navigated major staffing changes, when a key staff member moved out of state at the end of FY 2018. Three SDCERS staff members were promoted to new roles in Member Services, and a new Retirement Assistant was hired in the Call Center. Each of these staff members embraced the challenge and has proven to be a great asset to the organization. In fact, new Retirement Analyst/Call Center Supervisor Andrea Valdes was

selected as SDCERS' Employee of the Year. This success is due to the team approach and training that has been developed at SDCERS.

### **INFORMATION TECHNOLOGY**

The Information Technology Division completed two additional capital improvement projects in addition to replacing SIRE with the OnBase Agenda and Voting system: 1) server refresh project, and 2) tape backup library replacement. A new five-year, fixed-price maintenance agreement was reached with Sagitec extending our relationship for IRIS support to June 30, 2024. A successful test of SDCERS' Business Continuity Plan was conducted simulating a local disaster by shutting down IRIS onsite and running production pension payroll processes from our remote site in Denver, Colorado. Two new security initiatives were implemented: 1) new antivirus/anti-malware software, and 2) weekly security scans of all devices connected to SDCERS' network.

### **INVESTMENTS**

Implementation of an additional 3% allocation to Global Equity was completed with the hiring of one existing manager (Dodge & Cox) and one new manager (Arrowstreet). The Investment Committee heard two informational presentations on Managed Futures strategies which are trend following strategies that invest both long and short across equities, bonds, currencies, and commodities. The key benefits from an allocation to Managed Futures include additional diversification, downside protection during times of market stress, and attractive long-term risk/return characteristics. The Board approved a 4% allocation to be implemented with the hiring of three managers. Pursuant to the approved Real Estate Annual Investment Plan, \$226 million was committed to core diversified funds as well as a Senior Housing Fund and an Industrial Fund. In Private Equity, new commitments of \$121 million were made as well as \$49 million in Infrastructure as approved in the Private Markets Annual Investment Plan.

### **LEGAL SERVICES**

The Legal Division's most notable accomplishment has been its decreased litigation costs, a result of favorable litigation outcomes and sound legal advice. Also, the division has been instrumental in overhauling SDCERS' insurance portfolio. We obtained a new insurance broker and new lines of insurance to further protect SDCERS. Finally, the Legal Division has performed more than a dozen trainings this year to both staff and the greater pension community. The trainings demonstrate the Legal Division has expertise and is current with pension affairs.

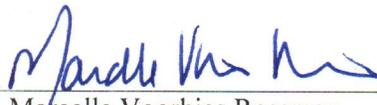
### **FINANCE**

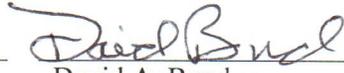
Staff continued efforts to improve operational efficiency for financial reporting, budget preparation, pension payroll reconciliation, investment accounting, and IRIS system reconciliations.

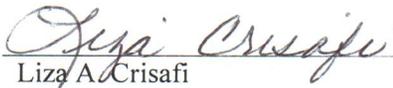
We each take responsibility for the summary of SDCERS' Fiscal Year 2019 Action Plan results.  
We are proud of these accomplishments, none of which could have been achieved without the sustained efforts of all our SDCERS colleagues.

Respectfully submitted,

  
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Gregg Rademacher  
*Chief Executive Officer*

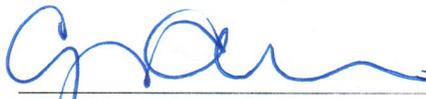
  
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Marcelle Voorhies Rossman  
*Deputy Chief Executive Officer*

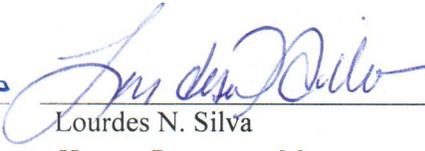
  
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David A. Bond  
*Chief Information Officer*

  
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Liza A. Crisafi  
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