

December 7, 2016

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF ORDINANCE AMENDING TITLE 6 – SALARIES  
APPLICABLE ONLY TO LACERA (3 VOTES REQUIRED FOR APPROVAL)**

**SUBJECT**

Recommendation to amend salary range table for the Los Angeles County Employees Retirement Association (LACERA) and to amend determination of compensation for one (1) non-represented classification.

**IT IS RECOMMENDED THAT THE BOARD:**

Approve the accompanying ordinance amending Title 6 – Salaries of the County Code to amend the LACERA salary range table to include salary ranges LR26 through LR30 and provide that the Chief Investment Officer (UC), LACERA, Item No. 0493 shall be compensated as determined by LACERA's Boards of Retirement and Investments.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

The Los Angeles County Employees Retirement Association (LACERA) is responsible for investing the \$49 billion retirement trust portfolio and the \$600 million OPEB trust portfolio. These funds will be used to pay retirement and healthcare benefits to more than 100,000 current county employees and 60,000 retirees. Together the LACERA Board of Retirement and Board of Investments (LACERA Boards) are responsible for attracting and retaining highly qualified employees with the knowledge and experience to invest funds globally through numerous external managers specializing in public equity, private equity, fixed income, real estate, hedge funds and commodities. The LACERA Chief Investment Officer is the investment expert for LACERA's Board of Investments, acting as advisor on all matters involving the investment or proposed

investment of LACERA trust assets. The Chief Investment Officer position is currently being filled on an interim basis with LACERA actively recruiting to permanently fill the position with the assistance of internal and external executive search teams since the position became vacant in June 2015. An independent compensation consultant recently found that the current compensation package for the Chief Investment Officer (UC) LACERA, Item 0493, is below market compared to other public pension plans. To facilitate attracting and retaining a highly qualified candidate to the Chief Investment Officer position, the LACERA Boards have approved amending the LACERA salary range table to include salary ranges LR26 through LR30 and to provide the LACERA Boards the flexibility to set the Chief Investment Officer salary in their discretion, just as the ordinance currently provides for LACERA's Chief Executive Officer.

### **IMPLEMENTATION OF STRATEGIC PLAN GOALS**

The actions recommended in this letter promote the County's Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability by providing for a wage and fringe benefit structure in a financially responsible yet competitive manner.

### **FISCAL IMPACT/FINANCING**

Adoption of the enclosed ordinance will have no fiscal impact on the County of Los Angeles. The entire cost of administering the Retirement Association, including expenses associated with salaries and benefits, are a charge on the earnings of the retirement fund pursuant to Government Code Section 31580.2. There is no financing involved with this action.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

The legal authority relating to this recommendation is found in the County Employees Retirement Law of 1937, California Government Code Section 31450 and following, and in the California Constitution.

In addition to Government Code Section 31522.1 providing the LACERA Boards the authority to appoint such personnel as are required to accomplish the necessary work of the LACERA Boards, Government Code Section 31522.4 further authorizes the LACERA Boards to appoint specified management personnel, including a Chief Investment Officer, and further provides such personnel "shall not be subject to county charter, civil service, or merit system rules. The persons appointed shall be county employees and their positions shall be included in the salary ordinance or resolution adopted by the Board of Supervisors for the compensation of county officers and

employees. The persons appointed shall be directed by, shall serve at the pleasure of, and may be dismissed at the will of, the appointing board or boards." The LACERA Boards have delegated the appointment and dismissal of such personnel and persons to the LACERA Chief Executive Officer.

Article XVI, section 17 of the California Constitution provides that, "the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system."

The accompanying ordinance implementing amendments to Title 6 – Salaries, of the County Code has been approved as to form by County Counsel.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of this agenda item will not impact current service or projects.

Respectfully submitted,



GREGG RADEMACHER  
Chief Executive Officer  
LACERA

GR:nm  
HR/MAPP Ord Ltr to BOS 110116v5.pdf

Enclosure

C: LACERA Board of Retirement  
LACERA Board of Investment  
LACERA Chief Counsel  
LACERA Human Resources  
Los Angeles County Executive Office, Board of Supervisors  
Los Angeles County County Counsel  
Los Angeles County Auditor-Controller