



COUNTY OF LOS ANGELES
EXECUTIVE OFFICE
BOARD OF SUPERVISORS

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April 23, 2024

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

Dear Supervisors:

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

16 April 23, 2024

JEFF LEVINSON
INTERIM EXECUTIVE OFFICER

ELECTION OF THE THIRD MEMBER OF THE BOARD OF INVESTMENTS AND THE THIRD MEMBER OF THE BOARD OF RETIREMENT (ALL DISTRICTS) (3-VOTES)

SUBJECT

ADOPTION OF RESOLUTION ESTABLISHING THE GOVERNING PROCEDURES FOR THE 2024 LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LACERA) ELECTION.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the attached resolution establishing the procedures to elect the Third Member of the LACERA Board of Investments, with the term beginning the day after the Board's declaration of the official results due to a current vacancy, and expiring on December 31, 2027; and Third Member of the LACERA Board of Retirement, with a three-year term beginning on January 1, 2025, and expiring on December 31, 2027; and lastly to instruct the interim Executive Officer of the Board of Supervisors to send notice of the election and copies of the election resolution to all County departments and agencies that employ General Members of LACERA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The County Employees Retirement Law of 1937 provides for the membership of the Board of Retirement and the Board of Investments of LACERA. Every year, the Board of Supervisors adopts, by resolution, the election procedures for members of the Board of Retirement and the Board of Investments of LACERA whose terms of office will expire on December 31st of that year.

This year, the terms of office for the Third Member of the Board of Investments, and the Third

Member of the Board of Retirement will expire on December 31, 2024. However, the seat of the Third Member, Board of Investments is currently vacant due to the incumbent retiring from County service. Therefore, it is necessary that the Board adopt these resolutions to ensure that the vacant seat is filled as soon as possible.

Implementation of Strategic Plan Goals

Approval of the attached resolution broadly supports the County Strategic Goal of Operational Effectiveness/Fiscal Responsibility and Accountability.

FISCAL IMPACT/FINANCING

The cost of conducting the LACERA election will be absorbed within the Board of Supervisors' and the Registrar-Recorder/County Clerk's budgets.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Sections 31520.1 and 31520.2 grant the Board of Supervisors the authority to conduct the election for the elected members of the Board of Retirement and the Board of Investments. Your Board has given the interim Executive Officer of the Board of Supervisors the responsibility for coordinating these elections with the Registrar-Recorder/County Clerk, LACERA and County departments through departmental election coordinators.

The election of the Third Members of the Board of Retirement and Board of Investments is a regular election to fill terms of office that expire on December 31, 2024. Additionally, the elected Third Member of the Board of Investments will serve the remainder of the current term, upon official declaration of the election results. Active General Members of LACERA in service on April 15, 2024, are eligible to vote in this election. There are approximately 83,500 General Members eligible to vote in this election.

To increase voter turnout, voters will be able to cast their votes online, by telephone, or by paper ballot.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Besides the evident need to fill these offices on the Board of Retirement and the Board of Investments, this election provides an opportunity for General Members to participate in selecting board members whose official decisions have a great impact on their own retirement system. Thus, County departments must ensure that any communication from the interim Executive Officer concerning this election is posted and/or distributed in a timely manner. As always, departments will be called upon to respond immediately to situations that may surface. It is important to emphasize that the integrity of these elections often rests with a department's cooperation and active participation in the election process.

The Honorable Board of Supervisors

4/23/2024

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Respectfully submitted,



Jeff Levinson

Interim Executive Officer

JL:pn

Enclosures

c: Chief Executive Officer
County Counsel
Chief Executive Officer, LACERA
Registrar-Recorder/County Clerk
Auditor-Controller
Director, Internal Services Department

RESOLUTION ESTABLISHING THE ELECTION FOR THE THIRD MEMBER OF THE BOARD OF INVESTMENTS AND THIRD MEMBER OF THE BOARD OF RETIREMENT

WHEREAS, under the provisions of the County Employees Retirement Law of 1937, the Board of Retirement shall consist of nine members and two alternate members; the Board of Investments shall consist of nine members; and

WHEREAS, the term of the Third Member of the Board of Retirement, and the Third Member of the Board of Investments, will expire on December 31, 2024; and

WHEREAS, the vacant seat of the Third Member of the Board of Investments will need to be filled for the remainder of the term; and

WHEREAS, pursuant to the provisions of the County Employees Retirement Law of 1937, Sections 31520.1, 31520.2 and 31523.1 of the Government Code, a successor shall be elected to fill the office of the Third Member of the Board of Investments, the day after the official declaration of the election results, and to fill the office of the Third Member of the Board of Retirement for the term beginning January 1, 2025, at an election conducted in a manner to be determined by the Board of Supervisors:

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles that the nomination of candidates and the election of the Third Member of the Board of Investments and the Third Member of the Board of Retirement, Los Angeles County Employees Retirement Association (LACERA), elected by the General Members of LACERA to fill the terms beginning from the dates specified above, and expiring December 31, 2027, shall be in accordance with the rules and process herein prescribed:

1. The interim Executive Officer of the Board of Supervisors shall administer the election for the Third Member of the Board of Investments of LACERA, and the Third Member of the Board of Retirement of LACERA.
2. The interim Executive Officer of the Board of Supervisors shall, on or before April 30, 2024, notify department heads and agency heads who employ General Members of

the election and shall provide department heads and agency heads with an election notice for use in notifying their respective employees. Similarly, LACERA shall email an election notice approved by the interim Executive Officer of the Board of Supervisors to its eligible General Members who have an email on file with LACERA, on or before May 13, 2024. LACERA will include the Executive Office (LACERA_Election@bos.lacounty.gov) as a recipient of this email as proof of delivery. These election notices shall provide relevant information on the upcoming election, including the nomination process and the candidate filing deadline.

3. Department heads with General Member employees in their departments shall notify their employees of the election by posting sufficient copies of the election notice in work areas on or before May 20, 2024.
4. The Executive Office of the Board of Supervisors, through a coordinated effort with the Internal Services Department, shall, on or before May 17, 2024, send an email to General Members within the County that have County email addresses, in addition to all of LACERA's active Outside Agency members, advising them of the upcoming LACERA election.
5. Each department head with General Members in their department shall appoint at least one employee who will act as the departmental election coordinator, and at least one employee who will act as the alternate departmental election coordinator. Election coordinators and alternate coordinators shall be responsible for communicating election information to the employees of the department, and shall participate in all training sessions, as specified by the interim Executive Officer of the Board of Supervisors, regarding the administration of the election. Departments with work locations which have more than 100 employees who are eligible to vote are urged to select an on-site election coordinator for each of these locations. It is the responsibility of the department head or their designated Administrative Deputy to notify the Executive Office of the Board of Supervisors at (213) 893-1151 or email to LACERA_ELECTION@bos.lacounty.gov the names, telephone numbers, workplace mailing addresses and/or email addresses for employees appointed on or before May 9, 2024.

6. LACERA General Member candidates shall a) be active General Members of LACERA on April 15, 2024, b) be nominated by a petition signed by at least fifty (50) active General Members of LACERA, who themselves were active General Members on April 15, 2024, except as provided in paragraph 7, below. No member may sign more than one nominating petition. Candidates shall complete the required documents in the nomination packet which may be obtained from the Registrar-Recorder/County Clerk by contacting the Election Planning Section at (562) 462-2317, or via email at Electionplanning@rrcc.lacounty.gov, on or after May 22, 2024. Nomination packets contain: (1) nomination petitions; (2) Candidate Statement of Qualifications Form; (3) resolution; and (4) candidate information booklet. Completed nomination packets shall be filed with the Registrar-Recorder/County Clerk at 12400 Imperial Highway, Norwalk, 90650, or via email at Electionplanning@rrcc.lacounty.gov no later than 5:00 p.m. Pacific Standard Time (PST) on June 21, 2024.
7. In the event that LACERA candidates cannot obtain nominating petition signatures in person due to local, state, or federal mandates that directly or indirectly prohibit such activity, the Registrar-Recorder/County Clerk shall accept nominating petitions from qualifying members described in paragraph 6, above, by email in lieu of petition signatures. Detailed instructions regarding candidate nomination petitions will be included in the nomination packet available on or after May 22, 2024.
8. Except in the event that local, state, or Federal mandate prohibits such activity, each department head shall allow nominees to solicit nominating petitions and allow candidates to engage in campaign-related activities during working hours on County property provided such nomination solicitation and campaign activities are conducted during the employees' lunch, break time, or other off-duty time and does not interfere with County operations or the conduct of County business.
9. The Registrar-Recorder/County Clerk shall verify all nominations and notify each nominee of their status, no later than June 26, 2024. If the Registrar-Recorder/County Clerk determines that only one member for a particular seat has been duly nominated,

pursuant to the provisions of the County Employees Retirement Law of 1937, Sections 31523 and 31523.1 of the Government Code, the Registrar-Recorder/County Clerk shall notify the Board of Supervisors and the Board of Supervisors shall order that no election be held and the interim Executive Officer of the Board of Supervisors shall be directed to cast a unanimous ballot in favor of such nominated member. If more than one member has been duly nominated, the Registrar-Recorder/County Clerk shall certify to the interim Executive Officer of the Board of Supervisors by June 26, 2024, the names of the candidates to be placed on the official ballot.

10. Nominees in this election may file with the Registrar-Recorder/County Clerk a statement of qualifications of not more than 200 words. Words shall be counted as provided in Elections Code Section 9. Any statement of qualifications filed with the Registrar-Recorder/County Clerk shall be limited to a recitation of the nominee's own personal background and qualifications and shall not in any way make reference to other nominees or to another nominee's qualifications. A nominee may file their statement of qualifications beginning May 22, 2024, and ending June 21, 2024. No statement of qualifications may be withdrawn and/or re-filed after 5:00 p.m. PST, June 21, 2024. The statement shall become a part of the official voting material, except as provided in paragraph 11, below.

11. Within 5 days of receipt of a candidate's statement of qualifications, the Registrar-Recorder/County Clerk shall examine the statement of qualifications. Any statement of qualifications which the Registrar-Recorder/County Clerk determines is not limited to a recitation of the nominee's own personal background and qualifications or which includes any reference to other nominees or to another nominee's qualifications shall not be printed or circulated by the Registrar-Recorder/County Clerk. The Registrar-Recorder/County Clerk shall notify each nominee by telephone at their telephone number that the nominee has provided, and via U.S. Mail sent to the nominee's mailing address if the nominee's statement of qualifications is rejected pursuant to this provision. The decision of the Registrar-Recorder/County Clerk to accept or reject a nominee's statement of qualifications is final. However, a candidate may re-file a statement of qualifications for reconsideration prior to 5:00 p.m. PST, June 21, 2024.

Any judicial proceeding challenging the decision of the Registrar-Recorder/County Clerk to reject or accept a nominee's statement of qualifications shall be governed, to the extent determined applicable by a court, under the procedures set forth in Elections Code Section 13314.

12. Candidates' statements of qualifications will be available for public inspection upon request by contacting the Registrar-Recorder/County Clerk's Election Planning Section at (562) 462-2317, beginning on June 24, 2024, and ending at 5:00 p.m. PST, June 28, 2024. Beginning on July 3, 2024, candidates' statements of qualifications approved by the Registrar-Recorder/County Clerk may be viewed at:

<http://bos.lacounty.gov/Services/Conflict-of-Interest-Lobbyist/LACERA-Election>
13. A public drawing will be held to determine the ballot order at 2:00 p.m. PST on July 2, 2024, in the Executive Office of the Board of Supervisors, B-1 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles.
14. Any County employee who is a candidate in this election is a candidate in their personal capacity and may not use County time or County resources to further their campaign or election. Any candidate who violates this provision, or has others violate this provision on behalf of their candidacy, is subject to discipline, including discharge from County employment.
15. Each department head shall designate existing departmental bulletin board space for all candidates to display campaign material. If none exists, the department can choose to post candidate campaign material on their existing departmental intranet website. Campaign material shall clearly state that employees are prohibited from using County time or County resources to further the campaign or election of the candidate. Any campaign communication transmitted physically or electronically, must include a disclaimer that states: "This is not official election information."
16. Upon request of a candidate, on or after June 28, 2024, each department head shall provide the address of each department's work locations where employees who are eligible to vote in this election are employed.

17. Except as otherwise prohibited by law, employees may wear campaign badges or buttons during working hours.
18. Active General Members of LACERA on April 15, 2024, are eligible to vote for General Member candidates in this election.
19. On or before May 16, 2024, in coordination with the Auditor-Controller, Internal Services Department, and LACERA, the interim Executive Officer of the Board of Supervisors shall obtain an electronic file of eligible General Members who were active General Members of LACERA on April 15, 2024.
20. Eligible voters will be able to cast their votes either online, by telephone, or by paper ballot beginning August 5, 2024, through the closing of the election on August 30, 2024. The online voting system will be provided through a secure website and can be accessed using any web enabled device. The telephone voting system will be provided through a dedicated toll-free number for voters using a touch-tone dial pad. The online voting and telephone system shall be available 24 hours per day, seven days a week during the voting period. Paper ballots will be mailed to all eligible voters via U.S. Mail using the mailing addresses provided by Auditor-Controller no later than August 1, 2024.
21. General Members eligible to vote in this election who have County email addresses will be emailed login credentials on opening voting day August 5, 2024. The email will contain: (1) a URL link to the online voting website; (2) toll-free number to the telephonic voting system; (3) an Election Code; (4) unique pin number; (5) voting instructions; and any other information deemed necessary.
22. The online voting system will require voters to enter their login credentials and other identifying information. Once logged in, the online voting website will include the following: (1) a list of the certified candidates and sufficient information to acquaint members with the nature of the election and the proper method of casting an electronic ballot; (2) a link to the statements of qualifications if properly filed by the candidate; and (3) a link to the statement of powers and duties of the Board Members (see

Attachment A). Voters will be able to mark their selection for each seat and make changes before confirming their final selections.

23. The telephone voting system will require voters to enter their login credentials and other identifying information before accessing their telephonic ballot. The telephone system will play a recording of the election seat and the candidates for the seat, along with a corresponding number for the voter to select the candidate of their choosing or allow the voter to move on to the next election seat if they choose not to cast a vote for any candidate. Once the voter has selected the corresponding number of the candidate they wish to vote for using their touch-tone dial pad, the telephone system will ask the voter to confirm the vote or go back to the menu selection of candidates. If the voter confirms their candidate selection, the telephone system will proceed to the next election seat following the same steps stated in this paragraph. Eligible voters will have the opportunity to review their final selections before casting their online/telephonic vote as final. Once a final ballot is cast by the voter online, a unique receipt code will be displayed online for the voter to print or write down for reference, and receipt codes provided by the telephone voting system will be recited for the voter to write down.

24. Paper ballots to be used in the election shall include: (1) a list of the certified candidates with a voting space opposite each name and sufficient information to acquaint members with the nature of the election and the proper method of casting a ballot; (2) statement(s) of qualifications, if properly filed by the candidates; (3) a return envelope; (4) login credentials and instructions for voting online or by telephone; and (5) information directing eligible voters to all relevant election information made available online at <https://bos.lacounty.gov/services/conflict-of-interest-lobbyist/lacera-elections/>, such as the statement of powers and duties of LACERA's Board of Investments and Board of Retirement Trustees.

25. Paper ballots shall be returned to the address listed on the REPLY envelope provided via U.S. Mail. To be counted, paper ballots shall be completed properly by the eligible

voter, placed within the REPLY envelope and received by August 30, 2024. There are no provisions for write-in candidates; therefore, no write-in votes shall be counted.

26. An eligible member who does not receive their paper ballot by August 9, 2024, or has made a mistake on their original ballot and wishes to correct it, shall notify the interim Executive Officer of the Board of Supervisors on or before August 12, 2024. Duplicate paper ballots will be mailed by August 16, 2024, to allow time for return and processing; eligible members requesting duplicate ballots beyond August 16, 2024, will instead receive a duplicate credential email in order to be able to vote online or by telephone.
27. Department heads who employ General Member employees shall allow employees eligible to vote in this election to vote online or by telephone using County property during working hours, provided that this is conducted during the employees' lunch, break time, or other off-duty time and does not interfere with County operations or the conduct of County business.
28. No member may vote more than once in this election. The online, telephonic, and paper ballot processing systems will include controls to prevent a voter from casting a ballot if a ballot has already been cast.
29. The Executive Office of the Board of Supervisors shall provide eligible voters with the contact information to use if voter assistance is needed. Contact information will be provided with the login information sent to voters, listed on the ballots and the online voting system, and posted on the Executive Office of the Board of Supervisors' website.
30. The interim Executive Officer of the Board of Supervisors shall confirm the election results on or before September 10, 2024.
31. The Executive Office of the Board of Supervisors shall (a) telephone each candidate at their telephone number provided as to the election results on or after September

10, 2024, and (b) send written or electronic notice of the results to each candidate's mailing or email address, on or after September 10, 2024.

32. In the event any candidate desires to protest the results of the election, they must file a written protest with the Executive Office of the Board of Supervisors no later than 5:00 p.m. PST, September 17, 2024. The written protest must specify the grounds for the protest and be accompanied by supporting documentation.
33. In the event that a candidate makes a request for a recount, the requestor shall bear the cost of such recount and shall file a written request with the interim Executive Officer of the Board of Supervisor no later than 5:00 p.m. PST, September 17, 2024. The requester of the recount shall, before the recount is commenced, deposit with the interim Executive Officer of the Board of Supervisors a sum as required by the interim Executive Officer of the Board of Supervisors to cover the cost of the recount. The interim Executive Officer of the Board of Supervisors shall commence a recount no later than September 24, 2024. In the event the recount results in a determination that the candidate who requested the recount has received a plurality of the votes cast and it changes the outcome of the election, all money deposited shall be returned to the requester.
34. The Board of Supervisors at its meeting on or before October 22, 2024, or on a date following the completion of any recount and/or investigation of a protest, shall declare the results official. The person receiving the highest number of votes for the Third Member, Board of Investments, and Third Member, Board of Retirement, shall be declared elected. In the event of a tie, such persons shall determine which of them shall be elected by drawing lots before the Board of Supervisors.
35. In lieu of declaring the results official, the Board of Supervisors may order a new election if the Board determines, on the basis of written protest or on its own motion, that any error, omission or neglect occurred attributable to the County in the administration of the election sufficient to change the result. The rejection of a candidate's statement of qualifications by the Registrar-Recorder/County Clerk, or the failure of the Registrar-Recorder/County Clerk to reject a candidate's statement of

qualifications shall not constitute grounds for a new election. Allegations of candidate misconduct shall not constitute grounds for a new election, but if later substantiated, may lead to administrative discipline or criminal culpability.

- 36. Election material/data retained by the Executive Office of the Board of Supervisors and its affiliates, and nominating petitions retained by the Registrar-Recorder/County Clerk may be discarded or otherwise disposed of no earlier than sixty (60) days after the date of the final declaration of the election results by the Board of Supervisors.
- 37. The interim Executive Officer of the Board of Supervisors may, in the exercise of discretion, implement additional procedures, as deemed necessary in order to preserve a fair and equitable election process. The interim Executive Officer of the Board of Supervisors shall, within ten (10) days, notify the Board of Supervisors, the Boards of Investments and Retirement and all candidates of any additional procedures implemented pursuant to this provision.

The foregoing resolution was adopted on the 23rd day of April, 2024, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.



Jeff Levinson, interim Executive Officer-
Clerk of the Board of Supervisors of the
County of Los Angeles

By: *Levinson*
Deputy

APPROVED AS TO FORM:
DAWYN R. HARRISON
County Counsel

By: *Dawyn R. Harrison*
Eva Chu
Senior Deputy County Counsel

POWERS AND DUTIES

OF BOARD OF INVESTMENTS TRUSTEES

The Board of Investments provides this high level summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting. This Powers and Duties document is drawn from the Board's adopted governing policies and the input of the Board in its providing approval, but it is not itself a governing document for the Board or LACERA. The Board's governing documents may be found at <https://www.lacera.com/accountability/governing-documents/>.

INTRODUCTION

The Board of Investments oversees investment of LACERA's pension retirement fund (\$73.9 billion as of June 30, 2023) and determination of County and member contribution rates, as well as investment of funds to support retiree healthcare benefits, also referred to as other post-employment benefits (OPEB) (\$3.1 billion as of June 30, 2023). In total, trustees of the Board of Investments can expect to commit as many as 60 to 120 hours of their time each month to discharging their duties to the retirement system, depending on each trustee's background, experience, and level of familiarity with investment and financial issues, and subject to time spent on a trustee's responsibilities below.

As to those elected Board trustees who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board trustees will be required to spend a material amount of their working time each month in carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of the Board trustees are explained in detail below.

BOARD TRUSTEE RESPONSIBILITIES

Board of Investments trustees' duties include:

1. **Board and Committee Meetings.** The Board meets once each month in person at LACERA's Pasadena offices unless otherwise specified, usually on the second Wednesday, with each meeting generally lasting from 4 to 6 hours. The Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Retirement, including the Audit Committee and Joint Organizational Governance Committee. The Board of Retirement is a separate board having responsibility for overseeing general plan administration. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours.

The Board also holds an annual two-day offsite meeting to devote focused attention to strategic issues, education, and discussion. In addition to the time required to attend meetings, trustees will spend time to perform other duties, including preparation time for meetings, review of materials developed by staff and management, meetings with staff, other meetings, travel commitments, and other responsibilities described here.

2. ***Pension Fund Investments.*** The Board of Investments has exclusive fiduciary responsibility for all retirement system investments and is responsible for approving investment beliefs and objectives, the asset allocation for the portfolio, strategies, policies, and governance processes, which are subject to evaluation and change by the Board as part of strategic initiatives. The Board evaluates risk and return, including consideration of corporate governance issues. The Board makes these decisions based on information and input provided by staff and external consultants. Currently, LACERA's investment portfolio is, with a few exceptions, externally managed. The Board establishes investment objectives and guidelines and has delegated authority to the Chief Investment Officer (CIO) to approve selection of external investment managers in accordance with Board-approved guidelines and policies. The Board does not make individual investment selections for the externally managed portfolio. The Board of Investments oversees the investment activities and results of the portfolio based on ongoing due diligence by staff which is reported to the Board.
3. ***Retiree Healthcare Funds.*** Under agreement with the County and other participating employers, the Board of Investments manages and invests the OPEB trust funds prepaid for future retiree healthcare benefits. As with the pension fund, the Board of Investments oversees OPEB trust investments and is responsible for approving investment beliefs and objectives, the asset allocation, strategies, policies, and governance processes, which are subject to evaluation and change by the Board as part of strategic initiatives.
4. ***Contribution Rates and Actuarial Services.*** Using an annual actuarial valuation process, the Board of Investments determines the level of contributions necessary to fund retirement benefits. The Board of Investments is responsible for setting actuarial valuation policies, selecting the actuary who will perform the annual valuation and the triennial investigation of experience, approving the actuarial valuation services provided, and approving the actuarial assumptions utilized in the valuation based on the actuary's recommendation. The actuary submits to the Board of Investments for the Board's approval such changes in County and member contribution rates as are necessary to fund retirement benefits.
5. ***Securities and Other Claims and Litigation.*** The Board of Investments, through counsel and staff, is charged with actively identifying, evaluating, and monitoring securities class action lawsuits and other investment-related claims in which the fund has sustained a loss, and to determine whether the best interests of the fund are served by actively participating in such cases.

The Board also participates with the Board of Retirement in certain other claims appropriate for joint Board oversight. The Board of Retirement oversees claims and litigation related to fund administration.

6. ***Other Fund Administration.*** Some administrative functions are shared with the Board of Retirement:
 - a. CEO Appointment and Evaluation. The two Boards jointly act as the appointing authority for LACERA's Chief Executive Officer (CEO) and oversee the CEO's performance evaluation. The Boards work together on certain other senior staff personnel matters.
 - b. Budget Approval and Oversight. The Boards of Retirement and Investments, acting jointly, review, evaluate, and adopt LACERA's annual budget and monitor actual results against the budget. The Boards jointly approve a budget policy to govern the process.
 - c. Certain Employee Relations. The two Boards also act jointly in certain employee relations matters, including approval of class specifications for LACERA's employees, approval of Memoranda of Understanding (MOUs) negotiated with SEIU Local 721, which is the union bargaining for represented employees of LACERA, and approval of compensation to be provided to LACERA's nonrepresented employees.

The Board of Investments alone provides input on the Chief Investment Officer's appointment and performance evaluation. Other personnel issues are the responsibility of the Board of Retirement. The Board of Investments is not responsible for general administration of the retirement system and benefits. The Legislature assigned those responsibilities to the Board of Retirement.

7. ***Delegation.*** Day-to-day investment operations, including manager selection and termination, of the retirement system are delegated to the Chief Investment Officer, who oversees other staff and outside service providers. Board trustees consider what responsibilities will be delegated and to whom delegation is made. Board trustees ensure that delegated responsibilities are clearly defined and properly performed through monitoring, questioning, and accountability. In addition, the Board approves and oversees the retention and performance of expert consultants to assist in investment decision-making and monitoring, interact with staff, and aid the Board in performing its fiduciary duty.

The Boards have delegated stakeholder management to the Chief Executive Officer for administrative matters such as media and plan sponsor relations and to the Chief Investment Officer for matters related to LACERA's investments.

8. **Legal, Regulatory, and Policy Compliance and Risk Management.** The Board ensures that the retirement system maintains compliance with the plan documents and all other applicable laws, regulations, and policies governing the investments and funding of the system. Board trustees comply with this responsibility by overseeing investments and actuarial matters, evaluating organizational and investment risks and controls, conducting a periodic review of plan documents and policies concerning matters within the Board's oversight, monitoring changing legal and regulatory requirements, with the assistance of counsel and other advisors, and maintaining accountability.
9. **Education.** Board trustees are legally required to further their education on appropriate topics, which may include pension fund investments and investment management processes, actuarial matters, pension funding, pension fund governance, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the trustee serves on the Board.
10. **Involvement.** Subject to applicable laws, Board policies, and LACERA protocols, Board trustees may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations. Subject to the same laws, policies, and protocols, Board trustees, with approval, may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government, which may add to the hours of time spent on a trustee's responsibilities depending on the extent of the trustee's organizational involvement.

FIDUCIARY DUTIES

The funds set aside for the payment of retirement benefits to LACERA members are trust funds held for the benefit of these members and their beneficiaries, and LACERA's investment operations further the delivery of plan benefits. The California Constitution requires that Board of Investments trustees have the following fiduciary duties as trustees of the fund:

1. **Duty of Loyalty.** The California Constitution provides that Board of Investments trustees are fiduciaries and are required to "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty." All Board trustees, whether elected or appointed, have the same fiduciary duty. The Board trustees' duty of loyalty at all times is to the participants and beneficiaries as a whole. Board trustees do not serve as the agent or representative of the agency or group responsible for their

election or appointment. Where different groups of participants have different interests on an issue, Board trustees have a duty to be impartial as between conflicting participant interests and act to serve the overall best interests of all of the participants of the system.

2. ***Duty of Care.*** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and paying the costs of administering the system. Under the Constitution, trustees of the Board of Investments “shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.” Governing law provides that the Board “may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.” The Constitution further requires that Board trustees “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board trustees must exercise a prudent level of effort and diligence in administering and exercising oversight over the investments of the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; determining whether and when to delegate authority to staff and third-parties, and exercising proper oversight; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board trustees must monitor the investments of the system, follow the plan documents and other applicable law, and take corrective action when required to ensure the sound administration of the retirement fund’s investments and the other matters under the responsibility of the Board of Investments are properly performed.

CONFLICTS OF INTEREST

Board trustees must be free of conflicts of interest in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board trustees must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board trustees are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board trustees are subject to public disclosure of their economic interests (Form 700) and annual reporting

requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board trustees should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

COMPENSATION AND EXPENSES

Elected Board trustees who are employed by the County or a participating district and the Treasurer and Tax Collector who serves on the Board *ex officio* do not receive payment for attendance at Board meetings; they receive their County salary.

Board trustees elected by retirees and appointed trustees receive payment of \$100 per Board or committee meeting attended up to a maximum of \$500 per month. Required federal and state income tax and federal Health Insurance Tax (HIT) withholding is made from payments, which is reported on a Form W-2 for tax reporting purposes. Federal Social Security tax is not withheld.

All Board trustees receive reimbursement of reasonable and necessary expenses and are provided reasonable support for the performance of their duties.

APPROVED BY THE BOARD OF INVESTMENTS ON FEBRUARY 14, 2024.

POWERS AND DUTIES

OF BOARD OF RETIREMENT TRUSTEES

The Board of Retirement provides this high level summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting. This Powers and Duties document is drawn from the Board's adopted governing policies and the input of the Board in providing its approval, but it is not itself a governing document for the Board or LACERA. The Board's governing documents may be found at <https://www.lacera.com/accountability/governing-documents/>.

INTRODUCTION

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement pension system and the retiree healthcare program to ensure that members are provided with the promised benefits upon completion of their public service with Los Angeles County and other participating public employers. In total, trustees of the Board of Retirement can expect to commit as many as 120 to 140 hours of their time each month to discharging their duties to the retirement system, subject to hours spent on a trustee's activities under Section 11 (Involvement) below.

As to those elected Board trustees who are employed by the County or a participating district, the law provides that these LACERA duties are included as part of their County or other public employment and shall normally take precedence over any other duties. Given the time commitment necessary to fulfill the responsibilities of Board membership, elected Board trustees will be required to spend a material amount of their working time each month carrying out their important LACERA duties and responsibilities.

The responsibilities and duties of the Board trustees are explained in detail below.

BOARD TRUSTEE RESPONSIBILITIES

Board of Retirement trustees' duties include:

1. **Board and Committee Meetings.** The Board meets once each month in person at LACERA's Pasadena offices unless otherwise specified, usually on the first Wednesday, with each meeting generally lasting as many as 4 to 6 hours. In addition, the Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Investments, including the Audit Committee and Joint Organizational Governance Committee. The Board of Investments is a separate board having responsibility for establishing the investment policies of LACERA and for overseeing investment of the LACERA retirement fund and certain other matters. Some committees meet monthly; others meet less frequently but up to

several times per year. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours. In addition to the time required to attend meetings, considerable time is required to prepare for meetings and review relevant materials developed by staff and management. The Board also holds an annual two-day offsite meeting to devote focused attention to strategic issues, education, and discussion.

2. **General Administration.** The general administration of LACERA is under the Board of Retirement's oversight. To exercise this responsibility, the Board establishes policies, procedures, and governance processes, and receives, discusses, and questions reports on operational activities. The Board of Retirement oversees development of its Strategic Plan for administration of the system, ensuring inclusion of support for the Board of Investments. The Board of Retirement also provides oversight of the Board's federal and state legislative agenda. The Board of Retirement is not responsible for oversight of investments, for the adoption of funding policies and the setting of contribution rates, or for oversight of the Chief Investment Officer. The Legislature assigned those responsibilities to the Board of Investments.

A few administrative functions are shared with the Board of Investments:

- a. CEO Appointment and Evaluation. The two Boards jointly act as the appointing authority for LACERA's Chief Executive Officer (CEO) and oversee the CEO's performance evaluation. The Boards work together on certain other senior staff personnel matters.
 - b. Budget Approval and Oversight. The Boards of Retirement and Investments, acting jointly, review, evaluate, and adopt LACERA's annual budget and monitor actual results against the budget; the Boards jointly approve a budget policy to govern the process.
 - c. Certain Employee Relations. The two Boards also act jointly in certain employee relations matters, including approval of class specifications for LACERA's employees, approval of Memoranda of Understanding (MOUs) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and approval of compensation to be provided to LACERA's non-represented employees. General personnel responsibilities are the responsibility of the Board of Retirement alone.
3. **Payment of Retirement Pension Benefits.** The Board of Retirement administers a statutory retirement plan; it does not establish new retirement benefits. This means that retirement benefits can only be provided if they have been authorized by the State Legislature in the County Employees Retirement Law of 1937, found in the California Government Code beginning at Section 31450, and the California Public Employees' Pension Reform Act of 2013, found in the California Government Code beginning at Section 7522. Retirement

benefits not authorized by the retirement laws cannot be implemented by the Board of Retirement; rather, a bill must be processed through the Legislature to amend the retirement laws. With only a few exceptions, the Legislature has required the County Board of Supervisors to adopt a resolution approving benefit enhancements before they can take effect.

4. ***Disability Retirement Applications.*** One of the most important – and by far the most time consuming – duties of a Board trustee is to review disability retirement applications and to participate in the Board’s decision to grant or deny disability retirements according to applicable legal standards. It is anticipated that the Board of Retirement will process approximately 30 to 50 disability retirement cases per month. Board trustees carefully review each application and all medical and other evidence regarding the application. A Board trustee will then participate in the Board’s deliberations and vote on each application.
5. ***Retiree Healthcare Benefits.*** The Board oversees the administration of the retiree healthcare benefits, or other post-employment benefits (OPEB), program under contract with the County and other participating employers.
6. ***Claims and Litigation.*** The Board decides claims made by members concerning their benefits and related issues and other claims related to administration of the fund. The Board also oversees litigation, other than securities litigation (which is overseen by the Board of Investments) and certain claims appropriate for joint Board oversight with the Board of Investments.
7. ***Retention and Oversight of Vendors, Consultants, and Experts.*** The Board approves and oversees the retention and performance of vendors, consultants, and experts, beyond the CEO’s purchasing authority, to assist in the administration of the system and to aid the Board when appropriate.
8. ***Delegation.*** The day-to-day operations of the retirement system are delegated to the CEO, who oversees other staff and outside service providers. Board trustees consider what responsibilities will be delegated and to whom delegation is made. Board trustees ensure that delegated responsibilities are clearly defined and properly performed through monitoring and questioning, and the Board holds executive management accountable.

The Boards have delegated stakeholder management to the Chief Executive Officer for administrative matters such as media and plan sponsor relations and to the Chief Investment Officer for matters related to LACERA’s investments.

9. ***Legal, Regulatory, and Policy Compliance and Risk Management.*** The Board ensures that the retirement system maintains compliance with the plan documents and all other applicable laws, regulations, policies, and procedures governing the administration of the system. Board trustees comply with this responsibility by overseeing plan operations, evaluating organizational risk and

controls, conducting a periodic review of plan documents and policies, monitoring changing legal and regulatory requirements, with the assistance of counsel and other advisors, and maintaining accountability.

10. **Education.** Board trustees are legally required to further their education on appropriate topics, which may include benefits administration, disability evaluation, fair hearings, pension fund governance, new board trustee orientation, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the trustee serves on the Board.
11. **Involvement.** Subject to applicable laws, Board policies, and LACERA protocols, Board trustees may participate in state and national pension and retirement related organizations, including serving as an executive or committee member in these organizations. Subject to the same laws, policies, and protocols, Board trustees, with approval, may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government, which may add to the time spent on a trustee's responsibilities depending on the extent of the trustee's involvement.

FIDUCIARY DUTIES

The funds set aside for the payment of retirement benefits to LACERA members are trust funds held for the benefit of these members and their beneficiaries, and LACERA's operations further the delivery of plan benefits. The California Constitution requires that Board of Retirement trustees exercise the following fiduciary duties as trustees of the fund:

1. **Duty of Loyalty.** The California Constitution provides that Board of Retirement trustees are fiduciaries and are required to "discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty." All Board trustees, whether elected or appointed, have the same fiduciary duty. The Board trustees' duty of loyalty at all times is to the participants and beneficiaries as a whole. Board trustees do not serve as the agent or representative of the agency or group responsible for their election or appointment. Where different groups of participants have different interests on an issue, Board trustees have a duty to be impartial between conflicting participant interests and act to serve the overall best interests of all the participants of the system.
2. **Duty of Care.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and

paying the costs of administering the system. Under the Constitution, trustees of the Board of Retirement “shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.”

The duty of care means that Board trustees must exercise a prudent level of effort and diligence in administering and exercising oversight over the system, including: implementing, and periodically reviewing and updating, policies, procedures, and processes; determining whether and when to delegate authority to staff and third-parties, and exercising proper oversight; requesting necessary reports and information; analyzing the information, advice, and recommendations received; asking questions; seeking expert advice when required from staff and outside expert consultants; deliberating carefully before making decisions; and understanding the reason for actions before taking them. Board trustees must monitor the administration of the system, follow the plan documents and other applicable law, and take corrective action when required to ensure the sound administration of the system so that benefits and related services are timely and correctly delivered to participants and their beneficiaries and the other matters under the responsibility of the Board of Retirement are properly performed.

CONFLICTS OF INTEREST

Board trustees must be free of conflicts of interest and in compliance with applicable legal requirements and LACERA’s Conflict of Interest Code and Code of Ethical Conduct. Board trustees must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board trustees are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board trustees are subject to public disclosure of their economic interests (Form 700) and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict-of-interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are complex, and Board trustees should seek legal advice when appropriate. See <http://www.fppc.ca.gov/> for more information.

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Elected Board trustees who are employed by the County or a participating district and the Treasurer and Tax Collector who serves on the Board *ex officio* do not receive payment for attendance at Board meetings; they receive their County salary.

Board trustees elected by retirees and appointed trustees receive payment of \$100 per Board or committee meeting attended up to a maximum of \$500 per month; they also

receive payment of \$18.38 per hour for up to 8 hours per day (as of April 1, 2024), not to exceed \$147 per day, 32 hours per month (as of April 1, 2024), for time spent on review and analysis of disability retirement cases. Such payments are subject to a cost-of-living increase in even-numbered years. Required federal and state income tax and federal Health Insurance Tax (HIT) withholding is made from payments, which is reported on a Form W-2 for tax reporting purposes. Federal Social Security tax is not withheld.

All Board trustees receive reimbursement of reasonable and necessary expenses and are provided reasonable support for the performance of their duties.

APPROVED BY THE BOARD OF RETIREMENT ON FEBRUARY 7, 2024.