

NOTICE OF SPECIAL MEETING AND AGENDA
OF THE
JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE
and
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

WEDNESDAY, DECEMBER 13, 2017
1:00 p.m.**

*The Committee may take action on any item on the agenda,
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. REPORT ON CLOSED SESSION ITEMS
- III. PUBLIC COMMENT
- IV. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Special Meeting of October 12, 2017
- V. NON-CONSENT AGENDA
 - A. Recommendation as submitted by Robert R. Hill, Interim Chief Executive Officer: That the Joint Organizational Governance Committee authorize staff to issue a Request for Proposal for Executive Search Services for the position of Chief Executive Officer. (Memorandum dated December 5, 2017)
 - B. Recommendation as submitted by Johanna M. Fontenot, Senior Staff Counsel and John Nogales, Director of Human Resources: That the Joint Organizational Governance Committee recommend to the Board of Retirement and Board of Investments approval of the Sexual Harassment Prevention Training Policy for LACERA Board Members. (Memorandum dated December 4, 2017)

VI. REPORTS

- A. Public Broadcasting and Video/Audio Archiving of Open Session Board and Committee Meetings
Steven P. Rice, Chief Counsel
(Memorandum dated November 27, 2017)

- B. 1. Staff Analysis for Proposal that Chief Counsel Report to the Board of Retirement and Board of Investments
Johanna Fontenot, Senior Staff Counsel
Harvey Leiderman, Outside Fiduciary Counsel
(Memorandum dated November 28, 2017)

2. Staff Analysis for Proposal that Chief Investment Officer Report to the Board of Investments
Johanna Fontenot, Senior Staff Counsel
Harvey Leiderman, Outside Fiduciary Counsel
(Memorandum dated November 30, 2017)

(Outside Fiduciary Counsel Memo dated December 1, 2017)

- C. Board Room Voting System Upgrade
James P. Brekk, Interim Deputy Chief Executive Officer
(For Information Only) (Memorandum dated December 1, 2017)

- D. Board Room Branding
James P. Brekk, Interim Deputy Chief Executive Officer
(For Information Only) (Memorandum dated December 1, 2017)

VII. EXECUTIVE SESSION

- A. Conference with Legal Counsel - Anticipated Litigation
(Significant Exposure to Litigation Pursuant to Paragraph (2) of Subdivision (d) of California Government Code Section 54956.9)

1. Number of Potential Cases: 1

VIII. ADJOURNMENT

** The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.*

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement and the Board of Investments that are distributed to members of the Board of Retirement and the Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of either Board's Members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.

Although the meeting is scheduled for 1:00 p.m., it can start anytime Thereafter or Before, depending on the length of the Board of Investments meeting preceding it.

MINUTES OF THE JOINT ORGANIZATIONAL GOVERNANCE
COMMITTEE
and
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

THURSDAY, OCTOBER 12, 2017
1:00 p.m.

PRESENT: Shawn Kehoe, Chair (Left at 2:00 p.m.)

Alan Bernstein

Joseph Kelly

Vivian Gray

Wayne Moore

David Muir (Left at 2:00 p.m.)

Ronald Okum

Diane Sandoval

Herman Santos

ABSENT: David Green, Vice Chair

Michael Schneider

Others Present:

Robert R. Hill

Steven P. Rice, Chief Counsel

Harvey Leiderman, Reed Smith LLP, Fiduciary Counsel

I. CALL TO ORDER

The meeting was called to order at 1:19 p.m., in the Board Room of Gateway Plaza.

II. REPORT ON CLOSED SESSION ITEMS

Steven Rice, Chief Counsel, reported that, in closed session at the August 28, 2017 Joint Organizational Governance Committee meeting pursuant to Government Code Section 54956.9(d)(2), the committee voted unanimously by all members present to direct the committee Chair to work with staff on five projects: (1) to develop a best practices policy on internal investigations, (2) to develop a fiduciary counsel policy including a provision for the presence of outside fiduciary counsel at all Board of Retirement Administrative meetings and all Board of Investments meetings (3) initiate steps necessary to cause the Chief Investment Officer to report directly to the Board of Investments, (4) initiate steps necessary to cause the Chief Counsel to report jointly and directly to the Board of Retirement and Board of Investments, and (5) to develop a joint Board revolving door policy providing that Board members cannot apply for a LACERA job for a period of time after the end of their Board service. This report supplements the report made by the committee Chair at the August 28, 2017 meeting. Mr. Schneider was absent from the meeting.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. APPROVAL OF MINUTES

A. Approval of the Minutes of the Special Meeting of August 28, 2017

Mr. Okum made a motion, Mr. Kehoe seconded, to approve the revised minutes of the special meeting of August 28, 2017. The motion passed unanimously.

V. NON – CONSENT AGENDA

A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Joint Organizational Governance Committee recommend to the Board of Retirement and Board of Investments approval of the Fiduciary Counsel Policy. (Memorandum dated October 4, 2017)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,

were present and answered questions from the Board.

Mr. Kehoe made a motion, Mrs. Gray seconded to approve the agenda item with the adjustments discussed and advanced to the Board of Retirement and Board of Investments for approval. The motion passed unanimously.

(Mr. Kehoe and Mr. Muir left the Committee meeting at 2:00 p.m.)

B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Joint Organizational Governance Committee recommend to the Board of Retirement and Board of Investments approval of the Policy Concerning Employment of LACERA Board Members. (Memorandum dated October 4, 2017)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,

were present and answered questions from the Board.

V. NON – CONSENT AGENDA (Continued)

Mr. Okum made a motion, Mr. Bernstein seconded to approve the agenda item, with requested changes. The motion passed unanimously.

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee recommend to the Board of Retirement and Board of Investments approval of the Policy on Internal Investigation Procedures.
(Memorandum dated October 4, 2017)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,
were present and answered questions from the Board.

Mr. Santos made a motion, Mr. Moore seconded, to withdraw this item from the agenda. The motion passed unanimously.

- D. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee (JOGC) recommend the revised Education and Travel Policy to the Board of Retirement and Board of Investments for approval.
(Memorandum dated October 4, 2017)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,
were present and answered questions from the Board.

Mrs. Gray made a motion, Mr. Santos seconded, to postpone this item to a future Joint Organizational Governance Committee meeting. The motion passed unanimously.

- E. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee provide direction and input to Staff with respect to the 2017/2018 JOGC meeting calendars. (Memorandum dated October 4, 2017)

V. NON – CONSENT AGENDA (Continued)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,
were present and answered questions from the Board.

Mrs. Gray made a motion, Mr. Santos seconded, to postpone this item to a future Joint Organizational Governance Committee meeting. The motion passed unanimously.

- F. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee direct Staff to calendar the items listed in this memo for JOGC consideration on the schedule. (Memorandum dated October 4, 2017)

Messrs. Hill and Rice and Harvey Leiderman of Reed Smith LLP,
were present and answered questions from the Board.

Mrs. Gray made a motion, Mr. Santos seconded, was postpone this item to a future Joint Organizational Governance Committee meeting.

VI. REPORT

- A. Review of JOGC Charter
Steven P. Rice, Chief Counsel
(Memo dated October 4, 2017)

This item was postponed to a future Joint Organizational Governance
Committee meeting.

VII. REPORT ON STAFF ACTION ITEMS

There was nothing to report.

VIII. ADJOURNMENT

There being no further business to come before the Board, the meeting was adjourned at 2:22 p.m.


** The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.*

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December 5, 2017

TO: Each Member
Joint Organizational Governance Committee

FROM: Robert R. Hill 
Interim Chief Executive Officer

FOR: December 13, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: **Request for Proposal (RFP) for Executive Search Services**

RECOMMENDATION

Authorize staff to issue a Request for Proposal (RFP) for Executive Search Services for the position of Chief Executive Officer (CEO).

EXECUTIVE SUMMARY

The LACERA CEO retired effective October 1, 2017. The LACERA Boards are responsible for hiring the next CEO. The first step in the process is to select a qualified Executive Search Firm. Therefore, your Boards have asked that the process of recruiting a replacement begin by initiating an RFP for an Executive Search Firm. Among other things, the attached RFP requires that the bidding firm(s) facilitate Board Member engagement, demonstrate technical and national experience, and provide transparency into the various stages of the candidate pool.

The issuance of the RFP and the engagement of the Search Firm are the first step of the proposed recruitment and selection plan set forth below. The suggested steps below require more discussion and are only intended as a starting point.

1) Engagement of Search Firm

An evaluation committee comprised of HR staff and the Interim CEO will review the proposals received, prepare an evaluation summary, and recommend a short list (3 or 4) of firms to be interviewed by the Joint Organizational Governance Committee (JOGC). The JOGC has the responsibility to vet the engagement partner and select the firm that will execute the national search. The timeline contained on page 4 of the RFP lists various

date sensitive milestones with the interviews and final selection scheduled for the February 15, 2018 JOGC meeting.

The RFP and Vendor distribution list are attached. In addition, the RFP will be posted on the LACERA.com website.

2) Committee Oversight of Search Project Management

The day-to-day oversight of the Search Firm's progress is the responsibility of LACERA's Director of Human Resources (John Nogales). LACERA's Interim CEO (Robert Hill) will assist with any pertinent questions on policy, communication with the Boards, execution of any Board directions, and/or address questions and concerns.

It is imperative that members of the JOGC meet periodically with the Search Firm selected. The JOGC members and Interim CEO will work together to define process, timing, and scope of the meetings. The Search Firm will attend these meetings and provide updates on labor market conditions, candidate responses, and search project status. The Interim CEO and Director of HR will provide the Committee with additional progress reports as appropriate during the course of the search.

3) Selection of Finalist Candidates

The JOGC will be presented with a summary of potential candidates recommended by the Search Firm. The JOGC will select a short list of candidates to be interviewed. HR will work with the Interim CEO to provide the JOGC with a set of behavioral questions and other interview materials to assist with the assessment of candidates.

The Committee will also meet with the Search Firm to develop an offer strategy. Based on market information developed by the Search Firm, compensation parameters and terms and conditions of employment will be designed to create an attractive career opportunity.

4) Board Selection of Successful Candidate and Approval of Employment

Joint Board Meeting(s) will be scheduled to interview the finalist candidates proposed by the JOGC and to select the successful candidate. The Boards will also review and approve the compensation parameters and proposed terms and conditions of employment.

5) Negotiations of Employment Contract

The finalist selected by the Boards will be invited to return to LACERA to meet with key staff, tour our offices, and meet informally with members of the Boards. An offer of employment will be made and any negotiations required will be handled by the Search Firm.

CONCLUSION

Today is the first step in a journey that requires a close partnership with the Boards, staff, and the selected Search Firm. The attached RFP will provide your JOGC with qualified firms that will provide professional support during the Executive Search.

RECOMMENDATION

Authorize staff to issue a Request for Proposal (RFP) for Executive Search Services for the position of Chief Executive Officer (CEO).

RH:nm

c: Board of Retirement
Board of Investments

DECEMBER 13, 2017



REQUEST FOR PROPOSALS

EXECUTIVE SEARCH SERVICES - CHIEF EXECUTIVE OFFICER

JOHN NOGALES, DIRECTOR OF HUMAN RESOURCES

626.564.6000 / JNOGALES@LACERA.COM

300 NORTH LAKE AVENUE, SUITE 630 PASADENA, CA 91101

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ATTACHMENT A	EXECUTIVE SEARCH PROPOSAL QUESTIONNAIRE

1. REQUEST FOR PROPOSALS

The Los Angeles County Employees Retirement Association (LACERA) is seeking proposals from Executive Search Firms, with substantial and relevant experience in the Investment Management Industry, including Public and Private Pension Systems, in the recruitment and selection of our next Chief Executive Officer (CEO).

2. BACKGROUND

Los Angeles County Employees Retirement Association (LACERA) administers and manages the retirement fund for the County of Los Angeles. It is the largest county retirement system in the United States, with approximately \$53.8 billion in assets, serving 168,000 members and more than 63,000 benefit recipients. As an independent governmental entity, LACERA is separate and distinct from the County of Los Angeles. Its fiduciary responsibility is to promote, enhance, and efficiently administer a financially sound retirement and health care benefits program through prudent investments and the conservation of plan assets.

LACERA is committed to being a premier public pension system and viewed as an industry leader in its administrative practices, innovative strategies, advanced technological applications and general expertise. These qualities define a professional management team that engages staff, provides leadership toward goals and mission, and symbolizes an effective role model for the values of the organization. LACERA has an impressive track record of introducing and implementing processes, technologies and business practices that not only improve the service and quality to our membership, but also influence or lead the entire pension industry.

Based in Pasadena, California, LACERA's Staff of approximately 400 is comprised of individuals from diverse backgrounds, all contributing to the excellence and mission of LACERA to provide the promised benefits to our Members. In 2017, WorldatWork recognized LACERA with the Seal of Distinction for creating a distinct positive work environment. Winning this award reflects LACERA's commitment to cultivating a work culture dedicated to the professional development and experience of our employees.

LACERA GOVERNING BOARDS

Board of Retirement (BOR) – This Board is responsible for the overall management of the retirement system. Under the policy guidance of the BOR and the direction of the CEO, LACERA strives to create innovative ways to streamline and expedite retirement processes, integrate new technologies, and introduce new member services options and upgrades.

Board of Investments (BOI) – This Board is responsible for establishing LACERA's investment policy and objectives, as well as exercising authority over the investment management of the fund and actuarial matters. Diversified investments include Stocks/Equities, Fixed Income/Bonds, Real Estate and Alternative Assets.

The two Boards share joint responsibility for LACERA's budget, personnel classifications and compensation, and the Chief Executive Officer's performance evaluation.

Oversight of this recruitment process has been delegated to the Joint Organizational Governance Committee, which consists of Members of both Boards. In turn, an Ad Hoc Search Committee will also be appointed.

LACERA'S MISSION, VISION AND VALUES

Mission - To Produce, Protect, and Provide the Promised Benefits

Vision – Excellence, Commitment, Trust and Service

Values - Professionalism, Respect, Open Communications, Fairness, Integrity & Teamwork

3. ABOUT THE POSITION

The **Chief Executive Officer** reports to both Boards and is responsible for the strategic direction, planning and leadership of LACERA. The position manages an annual administrative budget of \$83.55 million and a non-administrative budget of \$122 million, and oversees the System within the framework established by the State Constitution and State laws, and in compliance with the policies, rules, and regulations adopted by the Boards.

As advisor to the Boards, the CEO makes recommendations on all matters pertaining to LACERA, assures Board orders and requests are implemented, and cooperates with and acts as liaison between the Boards, the Staff, Member Organizations, Employers, Government Departments and Agencies, the Legislature, and the Public.

4. SCOPE OF SERVICES REQUESTED

The selected Search Partner will provide executive search services to LACERA and said services will be coordinated through LACERA's Search Committee, with respect to recruitment of the new CEO. The services shall include, but are not limited to, the following:

1. Develop detailed Position Specification reflecting ideal candidate profile, job requirements, experience, education, knowledge, skills and abilities required for the position, including creating the recruitment flyer and brochure.
2. Provide assessment of the current labor market and compensation recommendations for the position.
3. Develop strategy to obtain a diverse, highly qualified, candidate pool for consideration by LACERA's Search Committee.
4. Prepare recruitment plan with timelines reflecting key milestones.
5. Provide periodic status reports and weekly telephone conference updates with LACERA's Search Committee and/or Board Members. This includes providing assessments and insights of Candidates to assist LACERA in determining recruitment progress and quality of candidate pool.
6. Conduct active recruiting process, as well as national posting(s) with appropriate journals, publications, websites, and professional associations.
7. Review resumes of applicants, evaluate candidate's qualifications, and confirm information through individual interviews.

8. Provide a listing of all individuals, including those approached as prospective candidates and interested candidates, to ensure full transparency of the selection process.
9. Verify finalists' education and background checks.
10. Conduct interviews to fully assess highly qualified candidates.
11. Prepare written in-depth profiles on highly qualified candidates referred for consideration.
12. Provide a candidate pool of four (4) to eight (8) highly qualified diverse candidates for the position. Candidates should be pre-qualified as to acceptance of LACERA's compensation/benefits parameters, receptive to relocating to the Los Angeles area (if necessary), and possess a desire for the position.
13. In conjunction with LACERA, develop and participate in the final interview process, including questions, panelists, scheduling, and related matters.
14. Review interview results with the LACERA's Search Committee and consider additional candidates, if required.
15. Provide advice and counsel to the LACERA's Search Committee to ensure that a successful candidate emerges from the group of highly qualified professionals identified for consideration.
16. Conduct in-depth reference checks to verify candidates' employment qualifications, attitudes, and individual strengths.
17. Assist with the development of the Employment Offer and compensation negotiations, as needed.
18. Notify prospective candidates who were not selected.
19. Attend and participate in meetings of LACERA's Search Committee and Boards, as appropriate, to successfully complete the engagement.

PROPOSED TIMELINE

The goal of LACERA is to have a Chief Executive Officer in place by July 2, 2018. In addition to the executive search process, LACERA must complete a hiring/background process before an individual may begin employment. The hiring/background process can take up to three (3) weeks to complete; therefore, it is our objective that the executive search be completed by June 11, 2018.

Below is an anticipated timeline for selection of a Search Partner and execution of a contract under this RFP.

RFP Issue Date:	December 13, 2017
Deadline for Submission of RFP Questions by Search Firms	December 27, 2017
LACERA response to Submitted Questions from Search Firms	January 5, 2018
Deadline for Proposals from Executive Search Firms	January 19, 2018
Review of Proposals and Short-Listing of Firms	February 5, 2018
Interview Short-Listed Firms and Final Selection	February 15, 2018
Approval by Joint Organizational Governance Committee	February 15, 2018

5. SUBMITTAL OF PROPOSALS

This Section of the RFP lists requirements for specific written responses or confirmations. To be considered for selection, Proposers must demonstrate in their proposal that it meets the following requirements and has provided all required information.

PROJECT SCOPE

LACERA is seeking a full service Executive Recruitment Firm to execute a successful search for our next Chief Executive Officer. Services are expected to include, at a minimum, designing and executing steps to define the search; developing a comprehensive Position Specification; identifying, evaluating, and recommending potential candidates that meet the requirements for the position; presenting those candidates to the Joint Organizational Governance Committee and the Boards; and managing the process through to a final hiring decision.

KEY PROJECT DELIVERABLES

Proposer should have extensive experience in performing Private and Public sector Executive searches with specific experience in recruiting for the highest-level Executive Officer positions, including the Public Sector and preferably Public Pension Systems. The Proposer should have demonstrated the ability to conduct Nationwide searches at this level.

TECHNICAL REQUIREMENTS

The Proposer shall provide the following in their response to this RFP:

- a) A brief description of their Firm and scope of their practices, including information relating to its organization and management practices.
- b) Names, qualifications and experience of personnel (of your Firm and the individual who will lead this effort) to be assigned to this recruitment, including experience in conducting executive searches for private Investment Management Firms and Governmental Entities.
- c) Three (3) Client References related to similar projects completed in the past three (3) years, including at least one (1) Public Pension System.
- d) A detailed fee and expense structure, including retainer for the search, timing of the invoicing, pay schedule, and a summary of associated expenses.
- e) Recruitment fulfillment guarantee.
- f) Disclosure of any existing off-limit recruitment restrictions.
- g) Strategy and proposed method of recruiting and screening potential candidates.
- h) Method of candidate presentation.
- i) Record of diversity in searches.
- j) Confidentiality safeguards.
- k) Commitment to verification of academic and/or professional credentials, civil/criminal background checks, and social media screening.

- l) A proposed timeline to accomplish the proposed recruitment process, along with a statement confirming your intent/commitment to meet the proposed recruitment timeline enclosed.
- m) Assessment tools/methodology utilized.
- n) Responses to RFP Questions (Attachment A).
- o) Other information applicable to the Project.

RFP QUESTIONS AND ANSWERS

Any questions regarding this RFP shall be directed to John Nogales, Director of Human Resources by letter or email:

Los Angeles County Employees Retirement Association

300 North Lake Avenue, Suite 630

Pasadena CA 91101

Email Address: jnogales@lacera.com

Questions will be accepted up to 5:00 P.M. on December 27, 2017. All questions received will be compiled and disseminated to all responding participants at least three (3) days before the RFP submission deadline. Questions and answers will be posted on www.lacera.com in the RFP section under "Executive Search Services" by January 5, 2018. No questions will be answered by telephone.

6. DELIVERY OF PROPOSAL

Please deliver five (5) hard copies of your proposal no later than 5:00 PM, January 19, 2018, to:

John Nogales

Director of Human Resources

Los Angeles County Employees Retirement Association

300 N. Lake Avenue, Suite 630

Pasadena, CA 91101

By submitting a proposal, the Proposer represents that it has thoroughly examined and has become familiar with the requested services and the contents of this Request for Proposal ("RFP") and that it is capable of performing quality services to achieve LACERA's objectives. The Proposer is responsible for requesting clarification of any deficiency, ambiguity, error or omission contained in this RFP, or any provision in this RFP that the Proposer fails to understand. Any communication regarding this RFP must be submitted by email or hardcopy.

The information submitted in response to this RFP becomes the exclusive property of LACERA. LACERA will not return your proposal or reimburse you for any proposal preparation expenses.

PERIOD FOR AWARD OF CONTRACT

LACERA may award a Contract for any accepted proposal up to 120 days from the date that proposals are due. The pricing, terms and conditions stated in your response must remain valid for 120 days from the January 19, 2018 deadline for proposals submission.

7. PROPOSAL REVIEW, EVALUATION, NEGOTIATION AND SELECTION

LACERA will perform an evaluation of each proposal. Criteria used as the basis for evaluation and ranking shall include:

- Professional capability, demonstrated competence, and specialized experience of the Proposer;
- Staffing capability, workload and ability to meet schedules;
- Experience and education of key personnel;
- Nature and quality of completed services for other clients;
- Reliability and continuity of Firm;
- Work plan and methodology; and
- Proposed agreement terms and price proposal.

The evaluation criteria may be applied to the proposals at LACERA's sole discretion.

LACERA will request selected Proposers to participate in an interview. Selected Proposers will be asked to reserve ninety (90) minutes for interviews and will be notified in advance of the exact time and place for the interview. It is anticipated that interviews will be scheduled for February 15, 2018.

LACERA may reject all proposals without further discussion or commence negotiations with the best qualified Proposer. If LACERA commences negotiations, LACERA may negotiate any component of the proposal. The Proposer on the other hand, may raise issues only to the extent they are interrelated with negotiated topics raised by LACERA.

In the event negotiations with the Initial Proposer are not successful, LACERA may suspend negotiations with the Initial Proposer and commence negotiations with another Proposer. This process shall be followed until negotiations are successfully concluded or LACERA, at any time, rejects all proposals.

ADDITIONAL INFORMATION

LACERA may at any time request additional information or clarification from the Proposer or may request the Proposer to verify or certify certain aspects of its proposal.

ADDENDA

LACERA may from time-to-time, amend this RFP by addenda.

WITHDRAWAL OF PROPOSALS

The Proposer may withdraw its proposal before the due date by means of a written request signed by the Proposer or its properly Authorized Representative. Such written request must be delivered to LACERA prior to the due date.

LACERA'S RIGHTS REGARDING RFP

LACERA reserves the right to:

- Disqualify any Proposer in accordance with the instructions herein;
- Reject any and all proposals, at their discretion, including proposals found to be conditional or incomplete, contain irregularities or found to be not responsive to this RFP;
- Investigate the qualifications of any Proposer under consideration;
- Require confirmation of information furnished by the Proposer;
- Require additional evidence of qualifications to perform the services described in this RFP;
- Contact the submitted references regarding the information provided in the proposal;
- Postpone or cancel the entire RFP or a portion thereof;
- Postpone the proposal opening or award for its own convenience;
- Award a contract to other than the low Proposer;
- Award a contract in part or in combination of items, negotiate in part or in combination of items;
- Issue subsequent RFPs;
- Appoint Evaluation Committees to review the proposals;
- Seek the assistance of outside technical experts to evaluate the proposals;
- Disqualify a proposal upon evidence of collusion, with intent to defraud, or other illegal practices on the part of the Proposer;
- Waive any errors or informalities in any proposal to the extent permitted by law; and
- LACERA has no obligation to consider any proposal unless it is responsive to this RFP.

This RFP does not commit LACERA to enter into any type of contract.

NOTICE REGARDING THE CALIFORNIA PUBLIC RECORDS ACT AND BROWN ACT

The information submitted in response to this RFP will be subject to public disclosure under the California Public Records Act (California Government Code Section 6250, et. seq.) and the Brown Act (California Government Code Section 54950, et seq.) (collectively, the "Acts"). The Acts provide that records relating to a public agency's business are open to public inspection and copying and that the subject matter of this RFP is a matter for public open session discussion by the Boards unless specifically exempted under one of the several exemptions set forth in the Acts.

If a Proposer believes that any portion of its proposal is exempt from public disclosure or discussion under the Acts, the Proposer must provide a full explanation and mark such portion "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," and make it readily separable from the balance of the response. Proposals marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY" in their entirety will not be honored, and LACERA will not deny public disclosure of all or any portion of proposals so marked.

By submitting a proposal with material marked "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," a Proposer represents it has a good faith belief that the material is exempt from disclosure under the Acts; however, such designations will not necessarily be conclusive, and a Proposer must justify in writing and provide statutory citation why such material should not be disclosed by LACERA under the Acts.

While LACERA will consider marked material, LACERA retains the right to disclose any and all information provided by a Proposer, without limitation or redaction, to the extent, in LACERA's sole judgment and discretion, it is required by the Acts.

If LACERA denies public disclosure of any materials designated as "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY", the Proposer agrees to reimburse LACERA for, and to indemnify, defend and hold harmless LACERA, its Boards, officers, fiduciaries, employees and agents from and against:

1. Any and all claims, damages, losses, liabilities, suits, judgments, fines, penalties, costs and expenses, including, without limitation, attorneys' fees, expenses and court costs of any nature whatsoever (collectively, "Claims") arising from or relating to LACERA's non-disclosure of any such designated portions of a proposal; and
2. Any and all Claims arising from or relating to LACERA's public disclosure of any such designated portions of a proposal if LACERA reasonably determines disclosure is deemed required by law, or if disclosure is ordered by a court of competent jurisdiction.

If a Proposer makes material "TRADE SECRETS," "CONFIDENTIAL," or "PROPRIETARY," then it must provide a redacted version of the response to LACERA at the same time the full response is submitted.

If LACERA staff recommends any Proposer to the Boards for hiring, such recommendation, the reasons for the recommendation, and the relevant proposal(s), will appear on a publicly posted agenda and in supporting materials for public meetings of the Boards.

ATTACHMENT A

CHIEF EXECUTIVE OFFICER EXECUTIVE SEARCH PROPOSAL QUESTIONNAIRE

1. What do you perceive to be the major attractions of LACERA and the role of CEO? What do you perceive to be the major challenges of this engagement?
2. Given the challenges and attractions identified, how would you penetrate the market to reach viable candidates?
3. Please describe three (3) representative search engagements your Firm has completed for positions similar to the LACERA Chief Executive Officer. Please include in the description of each:
 - a. A description of the position for which the search was conducted.
 - b. A description of the Project itself, including the timeframe and major issues in terms of relationships with the contracting company and relationships with candidates for the Position.
 - c. The name of the individual in your Firm who was the principal consultant on the engagement.
 - d. The name and phone number of the individual in the contracting client who was your Firm's principal contact who may serve as a reference concerning the engagement.
4. LACERA is committed to diversity. Please describe the diversity recruitment philosophy of your Firm, including experience in the recruitment and successful placement of qualified under-represented talent at the executive levels.
5. Please describe the experience of your Firm in identifying and recruiting conventional and unconventional candidates, including methods used.
6. Please describe the role for each of the personnel you will assign to this Project. To what extent will the Principal Consultant be personally involved in the various steps of the Project and to what extent will elements of the project be delegated to other staff in the organization?
7. Please describe the experience of each of the Staff Members assigned to this project in conducting Board-led executive searches and engaging key internal and external stakeholders (e.g. Boards of Retirement and Investments Members) in all aspects of the process.
8. Please describe the availability of each of the Staff Members assigned to this project. Will they be working on other searches concurrently with this Project? And if so, at what stages will the other searches be at and how will the additional workload impact this Project?

EXECUTIVE SEARCH FIRMS

1. Alliance Resources Consulting
 - 2014 LACERA Chief Counsel (Recruiter: Sherrill Uyeda)
 - LA County
2. Caldwell Partners
3. David Barrett Partners
4. DHR International
5. Heidrick & Struggles
 - 2006 LACERA CEO (Recruiter: David A. Morris)
 - 2016 CalPERS CEO (Recruiter: Renee Neri)
 - LA County
6. Korn Ferry Executive Search
 - 2016 LACERA CIO (Recruiter: Michael D. Kennedy / Robert Wagner)
7. Morgan Samuels
8. Ralph Anderson & Associates
 - LA County
9. Robert Half Executive Search
10. RSR Partners
11. Russell Reynolds Associates
 - 2011 LACERA CIO (Recruiter: Jeff Warren)
 - LA County
12. Spencer Stuart
 - LA County



December 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Johanna M. Fontenot 
Senior Staff Counsel

John Nogales 
Director of Human Resources

FOR: December 13, 2017 JOGC Meeting

SUBJECT: **SEXUAL HARASSMENT PREVENTION TRAINING POLICY
FOR BOARD MEMBERS**

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) recommend to the Board of Retirement and Board of Investments (Boards) approval of the Sexual Harassment Prevention Training Policy for LACERA Board Members.

LEGAL AUTHORITY

As part of their plenary authority and fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution, the Boards may adopt policies as they deem prudent in their discretion. Although LACERA does not fall within the scope of Assembly Bill 1661 (which requires specified officials to receive sexual harassment prevention training and education), the JOGC has the authority to make recommendations with respect to training issues relevant to both Boards. JOGC Charter, Section 7.7 (Education and Travel).

DISCUSSION

Sexual harassment is an area of concern for every organization. There has been a staggering wave of women and men engaging in unwanted advances and illegal behavior in what seems like an epidemic of sexual harassment allegations. It is an extremely important subject not only due to the financial risks at stake, but also because every organization should make every effort possible to ensure that employees have a safe environment to work.

Effective January 1, 2017, Government Code Sections 53237 to 53237.5, require local agency legislative body members and elected local agency officials

(collectively “local agency officials”) who receive any kind of compensation, salary, or stipend in the performance of his or her duties, to receive sexual harassment prevention and education training. Although LACERA’s board members who are not active County employees receive stipends for serving on the board, LACERA does not fall within the scope of a local agency as defined by the bill. Therefore, the specific requirements for sexual harassment training found in Government Code Sections 53237 to 53237.5 do not apply to LACERA board members. A copy of the two statutes is attached as Attachment 1.

There are a few CERL systems (Orange, Contra Costa and Ventura) that are “districts” so they fall within the definition of “local agencies”. As a result, these systems are mandated to provide sexual harassment training. Local agency officials and employees who are required to receive training under Section 53237 must receive at least two hours of sexual harassment prevention training and education within the first six months of taking office, and every two years thereafter. Similarly, Government Code Section 12950.1 require CalPERS and CalSTRS board members to complete sexual harassment training every two years.

CERL systems, which have not elected district status, do not meet the definition of a local agency. Although not required by law, several CERL systems are choosing to voluntarily comply with the requirements of Government Code Section 53237 by having their board members attend sexual harassment training. Some are adopting formal policies and others are simply encouraging their board members to attend sexual harassment training.

Due to the recent rise in sexual harassment allegations and the financial and reputational risks to LACERA, the Human Resources Division and the Legal Office recommend that LACERA adopt a policy requiring Board Members to receive anti-sexual harassment training. There is no need to impose the training on those Board members who already receive sexual harassment training through their County employment or other employers, although such Members will need to provide LACERA with a statement of compliance. The training would be required for the Board Members who do not receive training on an ongoing basis. The Human Resources Division and Legal will oversee the training program to ensure that all Board Members are in compliance, as they do for all LACERA employees, if the Boards approve adoption of a policy. This sexual harassment training would be in addition to the 24 hours of training required of Board Members under the Educational Requirements Policy.

The attached proposed policy (Attachment 2) includes many of the same requirements found in Sections 53237 to 53237.5.

Re: Sexual Harassment Prevention Training
December 4, 2017
Page 3

CONCLUION

Based on the foregoing, staff recommends that the JOGC recommend both Boards approval of the Policy on Sexual Harassment Prevention Training for Board Members.

Reviewed and Approved:



Steven P. Rice
Chief Counsel

Attachment

c: Robert Hill
James Brekk
Jonathan Gabel
John Popowich

Attachment 1


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GOVERNMENT CODE - GOV
TITLE 5. LOCAL AGENCIES [50001 - 57550] (*Title 5 added by Stats. 1949, Ch. 81.*)

DIVISION 2. CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 55821] (*Division 2 added by Stats. 1949, Ch. 81.*)

PART 1. POWERS AND DUTIES COMMON TO CITIES, COUNTIES, AND OTHER AGENCIES [53000 - 54999.7] (*Part 1 added by Stats. 1949, Ch. 81.*)

CHAPTER 2. Officers and Employees [53200 - 53299] (*Chapter 2 added by Stats. 1949, Ch. 81.*)

ARTICLE 2.4.5. Sexual Harassment Prevention Training and Education [53237 - 53237.5] (*Article 2.4.5 added by Stats. 2016, Ch. 816, Sec. 1.*)

53237. For the purposes of this article, the following terms have the following meanings:

(a) "Local agency" means a city, county, city and county, charter city, charter county, charter city and county, or special district.

(b) "Local agency official" means any member of a local agency legislative body and any elected local agency official.

(*Added by Stats. 2016, Ch. 816, Sec. 1. Effective January 1, 2017.*)

53237.1. (a) If a local agency provides any type of compensation, salary, or stipend to a local agency official of that agency, then all local agency officials of that agency shall receive sexual harassment prevention training and education pursuant to this article. A local agency may also require any of its employees to receive sexual harassment prevention training and education pursuant to this article.

(b) Each local agency official, or employee who is so required, shall receive at least two hours of sexual harassment prevention training and education within the first six months of taking office or commencing employment, and every two years thereafter.

(c) An entity that develops curricula to satisfy the requirements of this section shall consult with the city attorney or county counsel regarding the sufficiency and accuracy of that proposed content. An entity is permitted to include local sexual harassment prevention training and education policies in the curricula.

(d) The training and education required by this section shall include information and practical guidance regarding the federal and state statutory provisions concerning the prohibition against, and the prevention and correction of, sexual harassment and the remedies available to victims of sexual harassment in employment. The training and education shall also include practical examples aimed at instructing the local agency official in the prevention of sexual harassment, discrimination, and retaliation, and shall be presented by trainers or educators with knowledge and expertise in the prevention of sexual harassment, discrimination, and retaliation.

(e) A local agency or an association of local agencies may offer one or more training courses, or sets of self-study materials with tests, to meet the requirements of this section. These courses may be taken at home, in person, or online.

(f) All providers of training courses shall provide participants with proof of participation to meet the requirements of this article.

(g) A local agency shall provide a recommendation on training available to meet the requirements of this article to its local agency officials and its employees at least once in written form before assuming a new position and every two years thereafter.

(h) A local agency official who serves more than one local agency shall satisfy the requirements of this article once every two years without regard to the number of local agencies he or she serves.

(*Added by Stats. 2016, Ch. 816, Sec. 1. Effective January 1, 2017.*)

53237.2. (a) A local agency that requires its local agency officials or employees to complete the sexual harassment prevention training and education prescribed by this article shall maintain records indicating both of the following:

- (1) The dates that local agency officials or employees satisfied the requirements of this article.
- (2) The entity that provided the training.

(b) Notwithstanding any other law, a local agency shall maintain these records for at least five years after local agency officials or employees receive the training. These records are public records subject to disclosure under the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1).

(Added by Stats. 2016, Ch. 816, Sec. 1. Effective January 1, 2017.)

53237.5. The requirements of this article are in addition to any other law requiring similar or related training, and nothing in this article shall be construed to supersede the requirements of Section 12940 or 12950.1.

(Added by Stats. 2016, Ch. 816, Sec. 1. Effective January 1, 2017.)

Attachment 2

POLICY ON SEXUAL HARASSMENT PREVENTION TRAINING FOR BOARD MEMBERS

1. PURPOSE

The purpose of this policy is to require Board of Retirement and Board of Investments (Board) Members to receive at least two hours of sexual harassment prevention training and education within the first six months of taking office and every two years thereafter.

2. TRAINING

The training must include information and practical guidance regarding the federal and state statutory provisions concerning the prohibition against, and the prevention and correction of, sexual harassment and the remedies available to the victims of such harassment in the employment context; and practical examples aimed at instructing the official in the prevention of sexual harassment, discrimination and retaliation.

Training must be provided by persons with knowledge and expertise in the prevention of sexual harassment, discrimination and retaliation. Training providers are required to give participants written documentation of proof of their participation.

Training may be completed by in-person seminars or sets of self-study materials with test taken at home or online. In addition, Board Members who have already taken sexual harassment training in compliance with their employer's training requirements satisfy this Policy's requirements. Such Member's must provide either a copy of compliance given to them by their employer or provide a statement of compliance to LACERA on a form to be provided confirming their training.

3. RECORDS

Human Resources Division (HR) will offer courses on sexual harassment prevention training to Board Members. Board Members may also attend such classes offered by law firms or other organizations. Records of attendance will be maintained by HR.

4. SCOPE

This policy applies to all members of the Board of Retirement and Board of Investments as of and after the date this policy is adopted.

Adopted by the Board of Retirement January __, 2018
Adopted by the Board of Investments: January __, 2018

November 27, 2017

TO: Each Member
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: December 13, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Public Broadcasting and Video/Audio Archiving of Open Session Board and Committee Meetings

This memorandum reports on issues with regard to the public broadcasting and/or archiving for online public access of LACERA open session Board of Retirement and Board of Investments and committee meetings. Staff requests that the Joint Organizational Governance Committee (JOGC) discuss the matter and provide direction. No action is required at this time. If the JOGC believes that meetings should be publicly broadcast and/or archived online in video and/or audio, staff will return at a future JOGC meeting with additional information as to a work plan and budget to assist in evaluating potential technology, implementation, and ongoing operation and maintenance. Thereafter, the JOGC would determine whether to make a recommendation to the Boards.

LEGAL AUTHORITY

The JOGC has the authority to evaluate and formulate a recommendation to the Boards concerning this issue because it is a matter that affects both Boards, and it would be preferable for both Boards to take the same approach. JOGC Charter, Section 7.9 (Miscellaneous Matters).

The Boards have the legal authority, but not the obligation, to publicly broadcast or record their open meetings by audio or video. If recordings are made of an open meeting, they constitute public records under the Brown Act and the Public Records Act. Government Code Section 54953.5(b) in the Brown Act provides:

Any audio or video recording of an open and public meeting made for whatever purpose by or at the direction of the local agency shall be subject to inspection pursuant to the California Public Records Act (Chapter 3.5 (commencing with Section 6250) of Division 7 of Title 1), but, notwithstanding Section 34090, may be erased or destroyed 30 days after the recording. Any inspection of an audio or video recording shall be provided without charge on equipment made available by the local agency.

Closed session meetings are confidential, without specific Board authorization for public release, under Government Code Section 54963 of the Brown Act. Accordingly, closed session meetings will not be subject to public broadcasting or archiving if the JOGC and the Boards determine to implement such a proposal.

DISCUSSION

A. Background.

LACERA currently keeps minutes to record official actions of the Boards and committees. To assist in the preparation of minutes, LACERA makes a video recording of open meetings. However, as permitted under Government Code Section 54953.5(b) as quoted above, LACERA's practice is to destroy recordings after the minutes are prepared and approved, but no earlier than 30 days after the recording. After meetings, and so long as recordings exist, LACERA will comply with Public Records Act requests for copies of a DVD. In fact, LACERA routinely receives such requests.

Earlier in 2017, an investment website, PublicPlanIQ (<https://publicplaniq.com/>), began requesting DVDs of Board of Investments meetings and posting excerpts on its site. Such posting is a permissible use of the DVDs by PublicPlanIQ because they constitute public records under Section 54953.5(b), and LACERA generally cannot limit use of public records. PublicPlanIQ also requests and posts Board of Investments memos and other LACERA investment documents.

B. Practice of Other California Public Pension Systems and Governmental Agencies.

From a sample of other California state and local agency practices, staff determined the following:

- Among the nineteen other systems, like LACERA, subject to the County Employees Retirement Law of 1937, Government Code §§ 31450 et seq., at least six systems currently publicly broadcast and/or archive online recordings of their meetings in audio and/or video format. These systems are Contra Costa, Fresno, Imperial, Mendocino, San Diego, and Stanislaus.
- CalPERS provides a live public webcast of its meetings and maintains an archive of video recordings.
- CalSTRS maintains online video and audio archives of its meetings.
- The Los Angeles County Board of Supervisors provides a live public broadcast of its meetings, and also maintains an online video and audio archive.

Staff has noted that it is increasingly common for state and local agencies in California, as well as elsewhere in the country, to provide live public video and/or audio access to their open session meetings and to maintain an online archive of such records.

C. Considerations for LACERA.

In considering whether LACERA should provide public online access to meetings, in real time and/or through an online archive, the JOGC may consider that such access will:

- Increase transparency;
- Provide another form of communication with members and other stakeholders and insight into the Boards' decision-making;
- Invite greater attention to the Boards' activities;
- Require an evaluation of the technology necessary to effectively provide the service; and
- Incur expenditures of funds and staff resources to investigate, select, operate, and maintain the technology infrastructure and processes.

Potential areas of concern related to public video and audio access include that the online audience could become a distraction to Board members during meetings, and thereby lengthen discussion and increase the overall time of meetings. In addition, increased focus will be required as to confidential matters to ensure that such information is not broadcast.

If the JOGC and the Boards are interested in a broadcast and/or archiving system, one approach would be to evaluate a trial 6-month implementation with audio only and then make an assessment. A gradual implementation may be prudent.

CONCLUSION

Staff requests that the JOGC discuss the public broadcasting and/or online archiving of LACERA open session Board of Retirement and Board of Investments and committee meetings, and provide direction to staff as to whether to develop a work plan and budget for presentation at a future JOGC meeting.

c: Robert Hill Ricki Contreras
 James Brekk Roberta Van Nortrick
 John Popowich Roxana Castillo
 Bernie Buenaflor
 Jonathan Grabel



November 28, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Johanna M. Fontenot *JMF*
Senior Staff Counsel

FOR: December 13, 2017 JOGC Meeting

SUBJECT: **STAFF ANALYSIS FOR PROPOSAL THAT CHIEF COUNSEL REPORT TO THE BOARD OF RETIREMENT AND BOARD OF INVESTMENTS**

This memo provides background and other information to assist your Committee on the proposal to change the Chief Counsel reporting structure from reporting to the CEO to reporting jointly to the Board of Retirement and Board of Investments (the Boards).

Legal Authority

As previously explained in the October 2, 2017 memo, your Boards have the legal authority under Section 31522.4 to change the reporting structure from the Chief Counsel reporting to the CEO to the Boards. For your convenience, the October 2, 2017 memo is attached as Exhibit A.

Role of LACERA's Chief Counsel

The Chief Counsel serves as general counsel to LACERA and has complete responsibility for planning, directing and evaluating all operations of the Legal Division. In representing LACERA, the Chief Counsel's client is the organization itself.

The Legal Office is currently comprised of twenty people: ten lawyers including the Chief Counsel, four paralegals, a legislative affairs officer and five management secretaries. In addition to overseeing the work of legal staff, the Chief Counsel provides advice and assistance on legal problems with all the other divisions and confers with the CEO and LACERA management daily on legal issues. The day to day operations of Chief Counsel involve a lot of interaction, communication and direction to Legal staff and as well as other divisions of LACERA.

Additionally, Chief Counsel prepares Board memorandums on various legal matters, provides legal advice during public and closed sessions of Board meetings, and provides legal advice and counsel to individual Board members. Further, the Chief Counsel handles various administrative appeals, litigation matters, and reviews all matters on the Board agendas. A copy of the job description for the Chief Counsel position is attached as Attachment B.

Chief Counsel is a Civil Service Position

In 2001, LACERA sponsored legislation that authorized LACERA to employ certain management positions not subject to the civil service system, and therefore, the individuals occupying these positions would serve at the pleasure of the Board. (Government Code Sections 31522.2 and 31522.4) Although the Chief Counsel position is listed as one of the positions in 31522.4, the Board of Retirement did not designate the Chief Counsel position in 2001 or anytime thereafter. As a result, the Chief Counsel position remains a civil service position.

Although the Board Minutes do not clearly indicate the reason for not designating the Chief Counsel position, the Minutes do indicate that the Board was informed that it could include the Chief Counsel position as an at-will position and the Board elected to not to make the Chief Counsel an at-will position. There are a couple of possible explanations. One possible reason is that the Board wanted the position to be classified so there would be a degree of autonomy and independence with Chief Counsel not being subjected to pressure and reprisals from a CEO or other leaders in the organization. Another explanation could be at the time the position was held by Dave Muir who enjoyed civil service protection; and later when Mr. Muir retired and a new Chief Counsel was hired, the Board and the CEO did not reconsider whether the position should be at-will so it remained a classified position.

There are significant differences between an at-will employee versus a civil service or classified position. Minimal standards of due process require that a civil service employee receive certain procedural safeguards such as notice, grounds for discipline, the charges and materials upon which the action is based and the opportunity to respond in opposition to the proposed action prior to imposing discipline. This is very different than an at-will employee who can be dismissed at any time and without cause.

If the Boards decide to change the reporting arrangement to have the Chief Counsel position report to the Boards then actions taken by the Boards to approve appointment, discipline, dismissal and/or removal will be subject to the County's Civil Service Rules. The Civil Service Rules provide detailed provisions relating to appointment, progressive discipline, and/or removal of classified employees. In addition, the Chief Counsel is a Management Appraisal and Performance Plan (MAPP) Tier II employee. Therefore, the Boards' role in preparing annual performance evaluations will need to be performed in compliance with the Civil Service Rules and the County Code, including use of the required rating standards.

Although the Chief Counsel position is currently a classified position, the Committee may designate the next Chief Counsel as an at-will position if it chooses to do so.

Peer Systems

Staff conducted surveys of the National Association of Public Pension Attorneys (NAPPA) and CERL systems with regard to their reporting arrangement of the Chief Counsel position. In most CERL systems, the Chief Counsel position reports to the CEO, except for a couple smaller funds where the County Counsel's Office represents the system. Ventura and San Bernardino are the only two CERL systems where the Chief Counsel reports to the Board. Similarly, most other state and other large systems, including CalPERS, the Chief Counsel position reports to the CEO with fewer systems having their Chief Counsel reports to the Board.

Additionally, a couple systems have a board policy requiring the CEO to seek the board's input for the evaluation of the CEO's direct reports. This practice allows a board to have input in the evaluation of the Chief Counsel and other key positions without taking on all the responsibilities involved in managing the position.

Fiduciary Review by Ennis Knupp & Associates

Ennis Knupp & Associates conducted a fiduciary review on behalf of the BOI in 2008. Ennis Knupp reviewed documentation, analyzed data, and interviewed staff. As part of their review, they made observations about reporting structure of the Chief Counsel position. On this subject they noted the following;

“Some retirement boards have decided that the Chief Counsel/General Counsel should have the highest allegiance to the board and, therefore, they adopt an organizational structure having a direct reporting line (a solid line) to the board and a secondary reporting line (dotted line) to the CEO. Other boards have decided that since the day-to-day interaction of the Chief Counsel/General Counsel is with the staff, the solid line should be to the CEO and the dotted line should run to the Board. Either way can work well. This is a decision for a board to make. What does not work well is to leave the reporting lines unclear until a time a serious issue arises and confusion sets in about whom the Chief Counsel/General Counsel is obligated to advise.”

The fiduciary review further states that the best practice for LACERA (BOI) was to “keep the CEO responsible for hiring, firing, evaluating and compensating General Counsel and have a policy requiring the CEO to seek Board and staff input as part of the evaluation process.” Ennis Knupp noted that LACERA's practice was for the CEO to receive informal input from the Boards; however, Ennis Knupp recommended as a best practice that the Boards adopt a formal policy requiring the CEO to seek board input as part of the evaluation process of the Chief Counsel position. This recommendation, however, was never implemented by the previous CEO. For this reason, LACERA does

not have a formal policy requiring the CEO to seek board input as part of the evaluation process.

Interview of Legal Staff and Managers

The crucial relationship of trust and respect should exist between Chief Counsel and staff. This type of credibility comes from the Chief Counsel's experience, reputation, and the ability to explain issues clearly and concisely. Staff, at all levels of LACERA, currently have access to the Chief Counsel to bring concerns about financial, legal, and ethical issues.

Most of the staff interviewed about the proposed change in reporting of the Chief Counsel position stated that they prefer the current reporting arrangement. There is a perception that if the reporting structure changes the Chief Counsel would work more closely and spend more time working with Board issues and less time working with staff. Although this is possibly only a perception and not necessarily a reality, it is a legitimate concern if staff seeks out the advice of Chief Counsel less due to this perception that the Chief Counsel's primary duties would change if the position reported to the Boards.

Another expressed concern by staff is the lack of clear direction and communication if the Chief Counsel reports to the Boards. For example, there was uncertainty as what role would the CEO serve with regard to assignments given to Chief Counsel and whether there would be the appropriate checks and balances as it relates to the Boards' influence. Checks and balances is normally defined as the ability of one set of decision makers to challenge others in the organization. Additionally, staff expressed concern that it would be difficult for Chief Counsel to effectively manage the Legal Division if duties expanded with the new reporting and for the Boards to perform the administrative functions necessary to manage the Chief Counsel, i.e., approving time off, setting forth accountability standards and expectations.

Best Practices

Surveys of other peer systems show that there is not a "one size fits all" standard of care that all systems must follow when it comes to reporting structure. Instead, an assessment of many factors should be considered and analyzed to ensure that your Committee is selecting a reporting arrangement that strengthens fiduciary principles and provides good governance.

Stanford's Clapman Report *Fund Governance Best Practice Principles* (the "Report") summarized the principles of fund leadership and the interplay of the governing body and executive staff, in part, as follows:

- A fund should identify and disclose its leadership structure and all persons in position of senior responsibility.
- A fund should establish clear lines of authority between its governing body and its staff that reflect a commitment to representing beneficiary interests. Delegations of authority from a governing body to its staff should be clearly defined and regularly reviewed.
- A governing body should have authority to select or dismiss key staff and independent advisors and counsel. However, executive staff must be qualified and able to fully discharge their duties. Trustees must therefore not allow undue influence to be exerted on staff, usurp the function of staff, nor allow staff to usurp the function of trustees.

The Clapman Report 2.0, which updates the original Report, references the comprehensive review performed by CalPERS of its governance policies and states that it “provides an excellent example of a framework for addressing these issues.” With regard to reporting structure, CalPERS Governance Policy, Section 9 *Delegations to Executives and Board Reporting Relationships* states the following six principles:

- A. The Board will have one direct report: The Chief Executive Officer. The Chief Executive Officer is responsible for the overall administration of all units, departments and functions within CalPERS. The Board and the Chief Executive Officer share responsibility for hiring, evaluating and, if necessary, terminating the Chief Investment Officer.
- B. The Board will have long-term Chief Executive Officer and Chief Investment Officer succession planning processes.
- C. The Board will evaluate direct report performance and compensation based on the agreed-upon strategy and performance outcomes and metrics. If the Board is not satisfied with the performance of the Chief Executive Officer, it will discipline or replace him or her, but will not get involved in day-to-day operations.
- D. The Board will have ready access to all executives, and such access will be coordinated by the Chief Executive Officer.
- E. The Board strongly supports an environment where CalPERS staff may engage in impartial, robust, objective and ethical decision-making free of improper influence from individual Board members, executives or third parties. The Board requires implementation of a staff policy regarding impartial decision-making and immediate reporting of instances of undue influence.

- F. The Board and/or its committees will establish a schedule of closed session meetings with selected executives, i.e., those making frequent reports to Board, including the Chief Investment Officer.

The Chief Counsel position has significant obligations and responsibilities to staff and the Boards, and there is not one reporting structure which is clearly superior to the other. Indeed, most of the considerations relating to independence, autonomy, checks and balances can be argued both as an advantage and disadvantage as it relates to the position reporting to the CEO or the Boards. For this reason, it seems the “best practice” with regard to the reporting of the Chief Counsel is selecting a structure that promotes high performance with high integrity.

Summary

The Boards have the authority under Section 31522.4 to change the reporting structure of the Chief Counsel position. There are three possible reporting structures for the Board to consider for the Chief Counsel position: 1) Chief Counsel report to the CEO; 2) Chief Counsel assigned to report jointly to the BOR and BOI; or 3) Chief Counsel report to the CEO and have a formal policy that requires the CEO to seek the input from the Boards with regard to hiring, evaluation and termination.

The purpose of this memorandum is to provide you with some background of the Chief Counsel position at LACERA and to give you feedback as to LACERA staff, other systems practices and best practices. With regard to conflicts, ethics and fiduciary duty, Harvey Leiderman is preparing a separate memorandum covering these issues.

Attachments

c: Robert Hill
James Brekk
Jonathan Gabel
John Popowich
Bernie Buenaflor
Harvey Leiderman
Fern Billingsy
Frank Boyd
Michael Herrera
Christine Roseland
John Nogales
Annette Cleary

Attachment A

October 2, 2017 Board Memo

October 2, 2017

TO: Each Member,
Board of Investments

Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 11, 2017 Board of Investments Meeting
October 12, 2017 Board of Retirement Meeting

SUBJECT: **REPORT ON WORK PLAN FOR PROPOSAL THAT CHIEF COUNSEL
REPORT JOINTLY TO BOARD OF RETIREMENT AND BOARD OF
INVESTMENTS**

The Joint Organizational Governance Committee (JOGC), on August 28, 2017, directed the JOGC Chair to work with Staff to develop a proposal that LACERA's Chief Counsel report jointly to the Board of Retirement (BOR) and Board of Investments (BOR) (collectively, Boards). This memo reports to the Boards on Staff's work plan with regard to the issue. No action is required at this time.

LEGAL AUTHORITY

A. Chief Counsel Role.

Government Code Section 31529.1 is a LACERA-specific provision providing that the Boards "may elect to secure legal representation, on such matters as the board of retirement or the board of investments may specify, from other than county counsel. The cost of legal representation shall not exceed one-hundredth of 1 percent of system assets in any budget year." Many years ago, under authority of Section 31529.1, the Boards authorized an in house LACERA legal department, led by the Chief Counsel.

The job classification for the Chief Counsel position broadly states that Chief Counsel "Serves as general counsel to the Los Angeles County Employees Retirement Association (LACERA)." The classification provides examples of the essential job functions, including: providing "legal advice during public and closed sessions of" the Boards; providing "advice and assistance on legal problems within the other divisions of LACERA;" conferring "with the Chief Executive Officer, and LACERA management staff;" directing "the work of divisional counsel;" and coordinating "the work of outside counsel." This description captures the broad mandate of the Chief Counsel to advise the Boards and Staff and oversee the resources necessary to accomplish that goal.

Chief Counsel owes a duty to LACERA, as an organization, including the Boards and Staff. LACERA and Staff act in furtherance of the same fiduciary duties described for the Boards under the California Constitution, Article XVI, Section 17 (see below).

B. *Appointment of Chief Counsel and Civil Service Status.*

Under Government Code Section 31522.4, the Boards may elect to appoint a chief legal officer; the position must be included in the Los Angeles County Salary Ordinance. Appointees under Section 31522.4 need not be subject to the County Civil Service Rules and may serve at the will of the Boards. However, the LACERA Boards elected to delegate their appointing authority under Section 31522.4 to the Chief Executive Officer (CEO); the Boards also determined that the Chief Counsel position is a civil service position subject to the Civil Service Rules.

These decisions are confirmed in the County Code. Section 6.127.040 B 1 of the Los Angeles County Salary Ordinance provides that the CEO is the “Appointing Authority” for the Chief Counsel and other staff; other sections of the Salary Ordinance provide that salary determinations, discipline, and dismissal are functions of the Appointing Authority. The published Class Specification for the Chief Counsel position provides that the Chief Counsel reports to the CEO. The Table of Classes of Positions in Section 6.28.050 of the Salary Ordinance shows that it is a classified position. Classified positions are subject to the Civil Service Rules in Appendix 1 to Title 5 of the County Code.

The Boards have the authority under Section 31522.4 to change the reporting structure. By action of both Boards, and with the approval of the Board of Supervisors as to necessary Salary Ordinance changes, the Chief Counsel may be assigned to report jointly to the BOR and BOI, as proposed. Under Section 31522.4, the Boards also have the authority to change the civil service status of the Chief Counsel by creating a new unclassified position that would be applicable prospectively as to future holders of the Chief Counsel position.

C. *Fiduciary Standards.*

In considering a change in the Chief Counsel reporting structure, the Boards will exercise their plenary authority and discretion over administration of the system and their fiduciary duties of prudence and loyalty under Article XVI, Section 17 of the Constitution and Government Code Section 31595.

Article XVI, Section 17 provides, in relevant part:

- (a) The retirement board of a public pension or retirement system shall have the sole and exclusive fiduciary responsibility over the assets of the public pension or

retirement system. The retirement board shall also have sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

(b) The members of the retirement board of a public pension or retirement system shall 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.

(c) The members of the retirement board of a public pension or retirement system 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.

Section 31595 contains similar language.

WORK PLAN

The proposed change represents a major shift in LACERA's longstanding governance model. The change affects many existing LACERA governance documents, policies, procedures, and practices. Accordingly, the change should be considered by means of a careful, deliberate, and thorough process that will enable potential issues to be identified, discussed, and addressed up front before the change is effective, if approved, and that is consistent with the Boards' fiduciary duties as outlined above.

Staff has considered the issues involved in the proposed change and will employ the following work plan in evaluating the issues and then presenting the proposal for discussion and action to the JOGC, the LACERA Boards, and ultimately the Board of Supervisors. The tasks and completion dates will be modified as needed based on information obtained as the process moves forward. However, it is reasonable for the Boards to expect that all tasks will be completed in time to permit implementation, if the proposal is approved, on July 1, 2018, which is the beginning of the 2018-2019 fiscal year and is also the beginning of the Staff Evaluation Year:

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TASK	COMPLETION
<p>Step 1: Staff Analysis</p> <ul style="list-style-type: none"> • The Role of Chief Counsel and the Legal Division • Survey of Peer Systems • 2008 LACERA Fiduciary Review by EnnisKnupp & Associates • Review of Available Literature on Best Practices, including Stanford’s Clapman Report on Public Pension Governance, AFSCME Best Pension Practices Report, San Diego City Pension Governance Reports, and Others • Ethics and Conflict of Interest Issues • Review and Analysis of Fiduciary Issues and Implications in Performing Appointing Authority Role <ul style="list-style-type: none"> ○ Independence ○ Checks and Balances • Review of Civil Service Considerations <ul style="list-style-type: none"> ○ New Unclassified Position? • Elements of Appointing Authority’s Responsibilities <ul style="list-style-type: none"> ○ Hiring ○ Performance Standards ○ Goals ○ Supervision and Monitoring ○ Evaluation ○ Feedback ○ Compensation Setting ○ Discipline • Ramifications of Dual Board Reporting Structure, Including Coordination of Board Evaluations • Effect on Chief Counsel Supervision of Legal Division Staff, including Administrative Policies and Procedures • Effect on Chief Counsel Responsibilities for Counseling the Boards 	<p>November 2017</p>

<ul style="list-style-type: none"> • Effect on Chief Counsel Responsibilities for Counseling Staff on LACERA Administration, Including Benefits, Disabilities, Investments, Human Resources, Facilities Management, Cybersecurity, Audit, Compliance, and Other Functions of LACERA's Divisions and Business Units • Review and Analysis of Relevant Existing Documents, including Class Specification, JOGC Charter, Board Charters, and Other LACERA and Board Policies and Procedures • Consultation with Legal Division Staff • Consultation with CEO • Consultation with Outside Fiduciary Counsel <ul style="list-style-type: none"> ○ Implications of Fiduciary Counsel Policy 	
<p>Step 2: Draft Supporting Documents</p> <ul style="list-style-type: none"> • Class Specification • Salary Ordinance • JOGC Charter • Board Charters and Other Governance Documents • New Legal Division Charter • New Board Policy Setting Forth Hiring, Supervision, Reporting, Evaluation, and Discipline Standards and Processes • Other Documents, As Needed 	January 2018
<p>Step 3: JOGC Discussion and Recommendation</p>	March 2018
<p>Step 4: BOR and BOI Discussion and Action, If Recommended by JOGC</p> <ul style="list-style-type: none"> • Joint Meeting, which will also include proposed Chief Investment Officer reporting change 	April 2018
<p>Step 5: Board of Supervisors Approval of Salary Ordinance Changes, If Approved by LACERA Boards</p>	June 2018
<p>Step 6: Implementation, If Approved</p>	July 1, 2018

CONCLUSION

Staff believes this plan is prudent and will facilitate full and deliberate consideration of all the issues associated with this major proposed change and a smooth implementation, if

the change is approved. Staff will report back to the Boards monthly as to the progress on the work plan.

cc. Robert Hill

James Brekk

Jonathan Grabel

John Popowich

Bernie Buenaflor

Johanna Fontenot

Fern Billingsy

Frank Boyd

Michael Herrera

Christine Roseland

John Nogales

Annette Cleary

Attachment B

Chief Counsel Job Description



Chief Counsel, LACERA

Class Code:
9216

Bargaining Unit: Non-represented (exempt)

LACERA
Revision Date: Dec 6, 2004

SALARY RANGE

\$13,986.60 - \$21,169.86 Monthly
\$167,839.20 - \$254,038.32 Annually

DEFINITION:

Serves as general counsel to the Los Angeles County Employees Retirement Association (LACERA).

POSITION INFORMATION:

This one position class reports to the Chief Executive Officer and has complete responsibility for planning, directing and evaluating all operations of the Legal Division. This position also carries out special assignments as directed by the Chief Executive Officer.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

Provides legal advice during public and closed sessions of the Board of Retirement and Board of Investments.

Formulates and directs the execution of divisional policy and evaluates work accomplished.

Directs the work of divisional counsel in trying civil cases in which LACERA or its officers and employees are parties; assumes responsibility for litigation as may be necessary.

Directs the work of division counsel in drafting contracts, resolutions, opinions, and other documents.

Provides advice and assistance on legal problems within the other divisions of LACERA; confers with the Chief Executive Officer, and LACERA management staff on special legal problems.

Coordinates and oversees the work of outside counsel, verifies and controls fees paid.

Oversees the analysis of State and Federal legislation which may impact LACERA; supervises the drafting of legislation sponsored by LACERA.

Develops the division's goals and directs the preparation of the budget.

As directed by the Chief Executive Officer may attend or serve on outside committees and associations as may benefit LACERA.

REQUIREMENTS:

Demonstrated knowledge, skills, and abilities required in managing a legal division of a local, state, or federal public agency. Demonstrated success in the preparation for and trial of civil suits and the provision of legal advice to government officials. Demonstrated ability to work with elected and appointed officials and agency staff.

LICENSE:

Admission to practice law in all courts of California. A valid California Class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.

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To: Joint Organizational Governance Committee of the
Board of Retirement and Board of Investments
Los Angeles County Employees Retirement Association

Date: December 1, 2017

Subject: Reporting Responsibilities of Chief Counsel and Chief Investment Officer

The Joint Organizational Governance Committee (JOGC) is considering the appropriate lines of reporting for the LACERA executive positions of Chief Counsel and Chief Investment Officer. The JOGC has approved a Staff Work Plan for considering the various governance, legal and implementation aspects of the issue for each position. We will endeavor not to repeat Staff's analysis here; rather, the purpose of this Memorandum is to offer a fiduciary perspective as the JOGC considers its recommendations to the two Boards.

Because the considerations applicable to one position can inform our thinking about the other position, we will address them separately but together in this one Memorandum. ¹

CHIEF COUNSEL

LACERA has appointed a Chief Counsel pursuant to Secs. 31522.4 and 31529.1 of the County Employees Retirement Law of 1937, Government Code sections 31450, et seq. (CERL). Although under CERL the Boards are the appointing authority for the Chief Counsel position, the Boards have delegated that authority to the Retirement Administrator (Chief Executive Officer, or CEO), and that delegation is reflected in the County Code adopted by the County Board of Supervisors at Sec. 6.127.040 B 1.

By law and the rules governing the practice of law in California, the client of the Chief Counsel is the retirement system, LACERA, as directed by its "highest authorized ...body." Rule 3-600, CA Rules of Professional Conduct. In the unique case of LACERA, the role of the "highest authorized body" is shared by the Board of Retirement and the Board of Investments. Govt. Code. Sec. 31520.2; *see also*, CERL Sec. 31459.1. Together, the Boards have plenary authority and fiduciary responsibility for administering the retirement system. CA Const. Art. XVI, sec. 17. In connection with their administration of the system, the Boards have chosen to delegate substantial fiduciary responsibilities to attorneys, employed both in the office of the Chief Counsel and in private practice. Govt. Code sec.

¹ In this Memorandum we refer to the job descriptions for the Chief Executive Officer, Chief Counsel and Chief Investment Officer posted on the LACERA website. For convenience, a copy of the CEO job description is attached to this Memorandum; copies of the other two are attached to Staff's Memoranda reporting on the results of its Work Plans.

31529.6. All such attorneys owe a fiduciary responsibility to the system and its members and beneficiaries. Further, the Chief Counsel is a “public official who manages public investments” under section 87200 of the state Political Reform Act (Govt. Code secs. 81000 *et seq.*), with all of the fiduciary obligations that Act imposes.

The right to choose counsel enjoys special recognition under California (and common) law. That choice includes establishing the scope of counsel’s representation. Absent engaging in criminal or unethical activity, a client has an absolute right to instruct counsel on all aspects of counsel’s engagement.

Notwithstanding the Boards’ absolute legal authority to administer the retirement system, as a practical matter the Boards cannot effectively administer the day-to-day operations of a \$50 billion retirement system, with over 160,000 members and a staff of some 430 employees. Nor would it be prudent to try to do so. As high-functioning Boards, you rightly focus your attention on setting overall strategic policy for every aspect of the retirement system, and expect staff to implement those policies on a tactical basis. You then periodically verify that your policies have been effectively carried out by staff.

A critical role of Chief Counsel in a complex public agency like LACERA is to be an advisor and counselor on all aspects of the law applicable to the delegated administration of the retirement system. These responsibilities include serving as a resource on legal and ethical obligations for the administrative staff to whom the Board has delegated day-to-day responsibilities to administer the system, consistent with the Board’s policies and procedures, and the legal requirements applicable to public employee retirement systems in general and LACERA specifically. Those responsibilities span the spectrum from benefit and health care administration, disabilities, investments, premises, security, audit and compliance, federal tax law, litigation, risk management, information technology, contracting, human resources, labor relations, finance, ethics, member, plan and public communications and more. In order to effectively perform these functions, the Chief Counsel manages a Legal Division employing several professionals and supporting staff, all of whom are devoted to “accomplishing the necessary work of the boards.” CERL sec. 31522.1.

In addition, the Chief Counsel performs key services directly for the Boards and its committees. Despite the fact that the Boards and committees meet, at most, only once or twice a month, the role of legal advisor to the Boards and its committees is on-going, both on procedural and substantive matters. Procedural advice includes agenda-setting, preparing minutes, observing procedures and by-laws, advising on open meeting (Brown Act) requirements, and watching for potential conflicts of interest. Substantive counsel includes presenting securities litigation opportunities and updates, advising on member appeals, reporting on staff activities, risk monitoring and mitigation, preparing compliance updates and the like. All of these activities help the Boards discharge their duty of prudence by establishing sound processes designed to assist the Board in exercising its fiduciary oversight role.

In a modern, complex public pension fund, we believe that Chief Counsel's availability as a resource to the staff that administers the fund is every bit as mission critical to the governing boards' ability to prudently administer the system as is providing direct counsel to those boards. Pension administrations that lack a strong and present legal advisor in the "C-suite" often find themselves struggling with fear, uncertainty and doubt over the conduct of their businesses, hampering the ability of the board to manage the system. Member service suffers and errors proliferate. Staff inertia can lead to missed investment opportunities and heightened risks. Boards get hit by costly surprises that have not been adequately anticipated by staff. In our experience a highly trained and accessible in-house chief counsel open and available to retirement staff is an essential resource for successfully fulfilling the board's important fiduciary duties. And where the Boards are also advised by independent Fiduciary Counsel, the opportunity to assure staff of strong and capable legal resources internally can truly improve the overall functioning of the system.

In this manner, Chief Counsel and the Legal Division assist the Boards in carrying out all of their fiduciary duties: The duty to administer the system solely for the benefit of LACERA's members and beneficiaries; the duty to use system assets to pay correct amounts of benefits to those entitled to them, without incurring unreasonable expenses; the duty to follow rules and procedures, checks and balances in order to prudently manage the system; and, of course, the duty to follow the law.

As the Boards consider options for changing the reporting line for the Chief Counsel, we encourage the Boards to clarify what exactly they mean by "reporting." The foregoing discussion focuses on the functional aspects of the Chief Counsel's job. As shown, the Chief Counsel functions as an advisor both to the retirement staff and to the retirement and investment Boards, but always serving the same master. Functionally, the Chief Counsel "reports" to both the CEO, as the chief administrative officer, and to the Boards, as the "highest authorized body" of the retirement system. Regardless of the color, thickness or direction of the particular lines that may appear on the system's organization chart, ultimately LACERA's Chief Counsel already reports to the Boards.²

If by "reporting," however, the intent is to assure the Boards that Chief Counsel will be as responsive to their direction and needs as the position is to the CEO, and will recognize the Boards as the highest authorized bodies of the organization, we think that assurance can be achieved without the time, expense and uncertainty of trying to change the CERL or the County Code. The easiest and most effective change to the current status would be to enhance the Boards' preeminence through a simple change in the Chief Counsel's and CEO's job descriptions. The change would recognize that the Boards seek a closer, more independent and responsive relationship with counsel appointed to advise them and to carry out their fiduciary responsibilities, while not degrading in any manner his or her accessibility or effectiveness with retirement staff. The change could come in the form of (1) an addition to the Chief Counsel's job description,³ and (2) a direction to the CEO that in hiring, firing, compensating and

² Ironically, we note that the current organization chart posted on the LACERA website omits the two Boards entirely. See, https://www.lacera.com/about_lacera/organizational_chart.html.

³ Currently the only reference to the Boards in the Chief Counsel's job description is: "Provides legal advice during public and closed sessions of the Board of Retirement and Board of Investments."

evaluating the Chief Counsel, the CEO will consult with the Boards. These changes could be accomplished by action of the Boards alone, since the Boards have complete authority to administer the retirement system, including, ultimately, the evaluation and appointment of the CEO, an at-will position that serves at the pleasure of the Boards. CERL sec. 31522.1; County Code secs. 6.127.020, 6.127.040 E(2)b (“In the case of the retirement administrator, the evaluation shall be in accordance with the procedures established by the board of retirement and board of investments jointly.”) *See also* Division 7 of the Board of Retirement Policies and Procedures Manual.

If this is the Boards’ goal, we would recommend adding the following language to the job description of the Chief Counsel:

Recognizing that the Board of Retirement and Board of Investments are the highest authorized bodies of the retirement system, provides independent advice and assistance on legal issues to the Boards and their members.

And we would recommend adding the following language to the job description of the CEO:

Selects and evaluates LACERA’s Chief Counsel, with the input of the governing Boards.

CHIEF INVESTMENT OFFICER

The Boards have the fundamental fiduciary duties to hold and expend the plan’s funds solely in the interest of the members and beneficiaries, to prudently manage the plan and to diversify the assets so as to minimize the risk of loss and maximize the rate of return. Cal. Const. Art. XVI sec. 17(a), (c), (d). In order to accomplish the necessary work of the fund, the Boards delegate many of their responsibilities to others, reserving to themselves the power and ability to monitor their delegations and make changes in the investment program.

LACERA’s Chief Investment Officer (CIO) has a direct delegation of responsibilities from the Boards. The position is appointed by the two Boards (Govt. Code sec. 31522.4) but primarily serves to execute on the strategic investment plan determined by the Board of Investments. *See*, CIO job description, which identifies the direct relationship with the Board of Investments:

The Chief Investment Officer is regarded as the investments expert for the Board of Investments (Board), acting as advisor on all matters involving the investment or the proposed investment of Los Angeles County Employees Retirement Association (LACERA) assets.

This unclassified position reports to the Chief Executive Officer, LACERA and is found in LACERA and is distinguished by its responsibility for directing the implementation of LACERA's investment policies and programs adopted by the Board; monitoring and supervising the management of LACERA's portfolio which includes Fixed Income, Equities, Real Estate, and Alternative Investments and ensuring the efficient utilization of investment funds, in accordance with the policies and decisions of the Board.

The balance of the job description is highlighted by several direct references to the CIO's obligations to the Board of Investments. And unlike the Chief Counsel, the primary work of the CIO is to advise the Board, notwithstanding that "this unclassified position reports to the Chief Executive Officer." The CIO, in conjunction with investment consultants, updates the Board regularly on the performance of the portfolio, the risk/reward balance of the investment program, capital markets projections, peer comparisons, market risks and opportunities, and rebalancing.

The duties of the CIO directly descend from the Board of Investments. Contrast that with the duties of the Chief Counsel, whose responsibilities run both to supporting organizational activities the Boards have delegated to others and supporting the Boards directly.

Public retirement boards frequently reexamine whether the CIO should "report" directly to the board or to the chief executive officer. In our experience, this is more often than not a reflection of the unique interpersonal relationships among the board, the CEO and the CIO – and is usually triggered because something in those relationships has gone awry. Most boards end up where they began, however, with the CIO continuing to report directly to the CEO for organizational management reasons. Once again, we ask the Boards to determine what you would want to accomplish by altering the "reporting" of the LACERA CIO. The CIO is the expert to whom the Board directly delegates its fiduciary responsibilities. Of course, the CIO also oversees and administers an Investment Division with dozens of employees. To this extent the CIO necessarily reports to the CEO as a matter of administrative effectiveness. That the CIO "reports" to the CEO for administrative purposes (personnel and HR needs, facilities needs and management, resources, budgeting and the like) should not detract from the fact that the CIO also "reports" to the Board on the substantive scope of his or her job duties.

Once again, perhaps less is more. Should the Boards seek clearer recognition of the direct line between them and the CIO's responsibilities, with enhanced communication and independence from the CEO on investment affairs, that direction can be added to the CIO's job description. Before proceeding with any material change in reporting, however, we suggest that the Boards consult with the current CIO (who recently accepted the position on the basis of certain understandings) and with the soon-to-be-appointed CEO when that person arrives at LACERA. To a very large extent, we have found that improved communications among pension fund executives is more a function of personality, commitment and desire rather than of organization charts. We think that the "reporting" goal can best be achieved by the Board clearly articulating its expectations directly to the CIO, rather than through formal charts and job descriptions.

We will be available at the December 13, 2017 JOGC meeting to address any questions or comments you may have.

Attachment

Chief Executive Officer Job Description



Chief Executive Officer, LACERA (Unclassified)

Class Code:
0776

Bargaining Unit: Non-represented (exempt)

LACERA
Revision Date: Dec 6, 2004

SALARY RANGE

\$0.00 Monthly
\$0.00 Annually

DEFINITION:

Administers the provisions of the Retirement Law and directs the operations of the Los Angeles County Employees Retirement Association (LACERA).

POSITION INFORMATION:

The one position allocable to this class is appointed by LACERA's Board of Retirement and Board of Investments to act as retirement administrator, pursuant to the Government Code Section 31522.2. The incumbent of this position is the executive and administrative head of the Retirement Association and has full responsibility for planning, organizing and directing the operations of LACERA, except that the Board of Investments may delegate specific investment authority and responsibility to others. In this role, the incumbent manages the system within the framework established by the State Constitution and State laws, and in compliance with the policies, rules, and regulations adopted by the Board of Retirement and, when applicable, the Board of Investments.

As the advisor to the Boards of Retirement and Investments, the incumbent makes recommendations on all matters pertaining to LACERA; assures Board orders and requests are implemented, cooperates with and acts as liaison between the Boards, the staff, member organizations, employers, government departments and agencies, the Legislature, and the public; and directs the administrative support and secretarial services to the Boards.

As the Chief Executive Officer, the incumbent is responsible for providing the direction for the Retirement Association, including but not limited to: establishing and accomplishing goals, ensuring accurate service to LACERA members, ensuring the best caliber staff are employed to manage LACERA's investments and programs, directing the preparation of the Retirement Association's budget, ensuring the integrity of the Association's and County's policies and practices, and ensuring the accounting, financial and actuarial programs are sound.

This class was previously called Retirement Systems Manager.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

Administers a comprehensive program of retirement, disability, survivor, and health benefits for retired members.

Directs all activities relating to benefits, investments, accounting, auditing, administrative services, legal services, information systems and services and human resources.

Directs the development of and presents recommendations concerning organizational priorities and operations objectives for the consideration and approval of LACERA's governing Boards of Retirement and Investments trustees.

Serves as liaison between LACERA staff and LACERA's governing boards by coordinating the implementation of Board policies.

Directs the development and implementation of LACERA's annual budget, obtaining Board approval, and enforcing appropriate expenditure control.

Directs the monitoring compliance activities of the Retirement Association with respect to applicable federal and state laws.

Directs the analysis of and development of responses to proposed legislation; formulates strategies to achieve LACERA's legislative goals; addresses legislative committees and other groups on subjects relating to retirement laws, operations of the system and its programs, and positions taken by the Boards on proposed laws and other issues.

Directs the negotiation of contracts for actuarial services, independent auditing services, consultant services, professional services or other services that may be necessary for the administration of the system.

Directs the development of the annual financial report covering operations and expenditures of the system for the preceding fiscal year.

Establishes and directs the maintenance of an adequate system of records and accounts following recognized accounting principles and controls.

Oversees and directs the efforts of LACERA's external consultants including actuaries, auditors, attorneys, lobbyists, and investment advisors.

Serves as a corporate officer of LACERA's real estate holding companies.

Represents LACERA in interactions with the Los Angeles County Board of Supervisors, Los Angeles County's Chief Administrative Officer, regulatory agencies, the media and the general public.

REQUIREMENTS:

A Bachelor's degree in Business Administration, Finance, Economics, or a related field from an accredited college or university **-AND-** Two (2) years' experience assisting in the overall management of a public pension fund

-OR-

A Bachelor's degree in Business Administration, Finance, Economics, or a related field from an accredited college or university **-AND-** Three (3) years' experience directing the activities of a major division of a public pension fund

-OR-

Seven (7) years' highly responsible and complex administrative, advisory, or staff experience dealing with the investigation and solution of procedural, personnel, budgetary, legislative, governmental, or similar complex problems. A Master's degree in Business Administration, Finance, Economics, or a related field from an accredited college or university may substitute for one year of the required experience.

LICENSE:

A valid California class C Driver License or the ability to utilize an alternative method of transportation when needed to carry out job-related essential functions.



November 30, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Johanna M. Fontenot *JMF*
Senior Staff Counsel

FOR: December 13, 2017 JOGC Meeting

SUBJECT: **STAFF ANALYSIS ON PROPOSAL THAT CHIEF INVESTMENTS
OFFICER REPORT TO BOARD OF INVESTMENTS**

This memo provides information to assist your Board on the proposal to change the Chief Investment Officer (CIO) reporting structure from reporting to the CEO to reporting to the Board of Investments (BOI).

Legal Authority

As previously explained in the October 2, 2017 memo, your Boards have the legal authority under Section 31522.4 to change the reporting structure from the CIO reporting to the CEO to the BOI. For your convenience, the October 2, 2017 memo is attached as Exhibit A.

Role of the CIO

The CIO is regarded as the investments expert for the BOI acting as advisor on all matters involving the investment of LACERA assets. This unclassified position reports to the CEO and is responsible for directing the implementation of LACERA's investment policies and programs adopted by the BOI. The CIO is responsible for monitoring and supervising the management of LACERA's portfolio. Additionally, the CIO directs, plans and supervises the Investment staff which is comprised of 32 people. The CIO has 6 direct reports. A copy of the CIO job description is attached as Exhibit B.

CIO Serves at the Pleasure of the Board

In 2001, LACERA sponsored legislation that authorized LACERA to employ certain management positions not subject to the civil service system, and therefore, the individuals occupying these positions would serve at the pleasure of the Board. (Government Code Sections 31522.2 and 31522.4) The CIO is one of the positions designated, and, therefore the CIO is an at-will employee and not a civil service position. The LACERA Boards have delegated their appointing

authority under 31522.4 to the Chief Executive Officer (CEO). As a result, the CIO currently reports to the CEO.

Peer Systems

One of the fundamental challenges in comparing LACERA's reporting structure to other funds is the diversity among the public pension fund themselves with regard to operational models, laws, regulations and policies. There are at least four basic fund governance models in use among major state and CERL funds:

- 1) an integrated investment and pension administration organization with a single fiduciary board;
- 2) a separate investment management board;
- 3) separate investment and pension administration organizations reporting to the same fiduciary board. In this model, the board delegates pension administration to the CEO and investment responsibilities to a CIO, with each reporting directly to the board; and
- 4) sole fiduciary, where responsibility is vested in an elected or appointed official, typically the state treasurer or comptroller.

The most common model is #1 above, the integrated investment and administration with a single investment board, with the CEO responsible for the entire organization and the CIO and all other key employees reporting to the CEO.

There is limited value in comparing LACERA to other systems for purpose of CIO reporting since LACERA is the only CERL system with a separate investments board and there are only a small minority of states that have separate investment boards. Nevertheless, a review of peer systems reveals in most circumstances the CEO has general responsibility for the entire organization, including the CIO. The second most common is a dual structure where the CEO and board share responsibilities – the CIO has straight line to the CEO and a dotted line to the board. In this scenario, the CEO would be responsible for managing, directing, supervising and evaluating the work and performance of the CIO and the board plays a role in the recruitment, selection and evaluation of the CIO by providing input to the CEO. Finally, a few systems have the CIO reporting directly to the board.

Fiduciary Review by Ennis Knupp & Associates

Ennis Knupp & Associates conducted a fiduciary review on behalf of the BOI in 2008. Ennis Knupp reviewed documentation, analyzed data, and interviewed staff. As part of their review, they made observations about CIO evaluation and reporting. On this subject they noted the following;

Reporting. The reporting lines within LACERA relating to the investment activities are typical of what is found in other similar-sized public retirement systems, with the notable exception of having two boards. Most large funds have one board with the CIO reporting organizationally up through the CEO but interfacing directly with the oversight board at meetings. We found no issues with the current reporting lines of the CIO and CEO and understand from staff and BOI members that in their views it works well.

Evaluation. Because communication with the governing Board is so important, it is wise for the CEO to seek input from the BOI as part of the CIO's evaluation process. We understand that this is done informally but that there is no requirement for the CEO to continue this practice.

The fiduciary review further states that the best practice for LACERA is to keep the CEO responsible for hiring, firing, evaluating and compensating CIO and have a policy requiring the CEO to seek Board and staff input as part of the evaluation process. Ennis Knupp noted that LACERA's practice was for the CEO to receive informal input from the BOI, however, Ennis Knupp recommended as a best practice that the BOI adopt a formal policy requiring the CEO to seek board input as part of the evaluation process. This recommendation, however, was never implemented by the previous CEO. For this reason, LACERA does not have a formal policy requiring the CEO to seek board input as part of the evaluation process of the CIO.

Interview of Investments Staff

The majority of the staff interviewed about the proposed change in reporting of the CIO stated that they prefer the present reporting arrangement although a couple observed that it is a difficult question because there is currently no permanent CEO. Some staff stated that their preference depends primarily on the leaderships skills and effectiveness of the next CEO. If there is a strong and capable leader as CEO they believed its more advantageous for the CIO to report to the CEO. On the other hand, if the CEO is weak or a surrogate for the Board

staff's opinion is that it would be more advantageous for the CIO to report to the BOI.

Staff expressed concern if the CIO reporting changes to reporting to the BOI for the following reasons: First, the composition of the Board frequently changes so it would be difficult to form consensus as to appropriate measurement and monitoring of the CIO's performance. Second, staff feels that it is important for the CIO to have the CEO as a "buffer" and "checks and balances" to the Board's political influence. This was explained by the observation that a CIO should be able to say "no" to certain requests of the BOI or "challenge" the BOI without fear of losing his or her job or receiving a negative evaluation from the Board. Finally, staff expressed concern about the lack of clear direction, communication and assignment of administrative duties because the CIO's boss is no longer one person but the entire BOI.

Best Practices

Surveys of other peer systems show that there is not a "one size fits all" standard of care that all systems must follow when it comes to reporting structure. Instead an assessment of many factors should be considered and analyzed to ensure that your Committee is selecting a reporting arrangement that strengthens fiduciary principles and provides good governance.

Stanford's Clapman Report *Fund Governance Best Practice Principles* (the "Report") summarized the principles of fund leadership and the interplay of the governing body and executive staff, in part, as follows:

- A fund should identify and disclose its leadership structure and all persons in position of senior responsibility.
- A fund should establish clear lines of authority between its governing body and its staff that reflect a commitment to representing beneficiary interests. Delegations of authority from a governing body to its staff should be clearly defined and regularly reviewed.
- A governing body should have authority to select or dismiss key staff and independent advisors and counsel. However, executive staff must be qualified and able to fully discharge their duties. Trustees must therefore not allow undue influence to be exerted on staff, usurp the function of staff, nor allow staff to usurp the function of trustees.

The Clapman Report 2.0, which updates the original Report, references the comprehensive review performed by CalPERS of its governance policies and

states that it “provides an excellent example of a framework for addressing these issues.” With regard to reporting structure, CalPERS Governance Policy, Section 9 *Delegations to Executives and Board Reporting Relationships* states the following six principles:

- A. The Board will have one direct report: The Chief Executive Officer. The Chief Executive Officer is responsible for the overall administration of all units, departments and functions within CalPERS. The Board and the Chief Executive Officer share responsibility for hiring, evaluating and, if necessary, terminating the Chief Investment Officer.
- B. The Board will have long-term Chief Executive Officer and Chief Investment Officer succession planning processes.
- C. The Board will evaluate direct report performance and compensation based on the agreed-upon strategy and performance outcomes and metrics. If the Board is not satisfied with the performance of the Chief Executive Officer, it will discipline or replace him or her, but will not get involved in day-to-day operations.
- D. The Board will have ready access to all executives, and such access will be coordinated by the Chief Executive Officer.
- E. The Board strongly supports an environment where CalPERS staff may engage in impartial, robust, objective and ethical decision-making free of improper influence from individual Board members, executives or third parties. The Board requires implementation of a staff policy regarding impartial decision-making and immediate reporting of instances of undue influence.
- F. The Board and/or its committees will establish a schedule of closed session meetings with selected executives, i.e., those making frequent reports to Board, including the Chief Investment Officer.

The CIO is regarded as the investments expert and spends more time on Board issues such as directives, strategies and implementation compared to the time working on administrative assignments involving the CEO. But that is only one of the considerations. Other considerations, involving clear lines of authority, independence, conflict of interest and fiduciary considerations, are very important and covered in a separate memorandum prepared by Harvey Leiderman.

Summary

There are three possible reporting structures for the Board to consider for the CIO position: 1) CIO report to the CEO; 2) CIO report directly to the Board; or 3) CIO report to the CEO and have a formal policy that requires the CEO to seek the input from the Boards with regard to hiring, evaluation and termination.

The purpose of this memorandum is to provide you feedback as to LACERA staff, other systems' practices and best practices with regard to CIO reporting arrangement.

Attachments

c: Robert Hill
James Brekk
Jonathan Grabel
John Popowich
Bernie Buenaflor
Harvey Leiderman
Fern Billingsy
Frank Boyd
Michael Herrera
Christine Roseland
John Nogales
Annette Cleary

Attachment A

October 2, 2017 Board Memo

October 2, 2017

TO: Each Member,
Board of Investments

Each Member,
Board of Retirement

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 11, 2017 Board of Investments Meeting
October 12, 2017 Board of Retirement Meeting

SUBJECT: **REPORT ON WORK PLAN FOR PROPOSAL THAT CHIEF
INVESTMENT OFFICER REPORT TO BOARD OF INVESTMENTS**

On August 28, 2017, the Joint Organizational Governance Committee (JOGC) voted to direct the JOGC Chair to work with Staff on a proposal that LACERA's Chief Investment Officer (CIO) report to the Board of Investments (BOI). This memo reports to both the Board of Retirement (BOR) and the Board of Investments (collectively, Boards) on Staff's work plan with regard to the issue. No action is required at this time.

LEGAL AUTHORITY

Under Government Code Section 31522.4, the Boards may elect to appoint a CIO; the position must be included in the Los Angeles County Salary Ordinance. Appointees under Section 31522.4 are not subject to the Civil Service Rules and serve at the will of the Boards. Many years ago, the LACERA Boards elected to delegate their appointing authority under Section 31522.4 to the Chief Executive Officer (CEO). This decision is confirmed in the County Salary Ordinance, which provides, in Section 6.127.040 B 1, that the CEO is "Appointing Authority" for the CIO; other sections of the Salary Ordinance provide that salary determinations, discipline, and dismissal are functions of the Appointing Authority. The published Class Specification for the CIO position provides that the CIO reports to the CEO. The Boards have the authority under Section 31522.4 to change the reporting structure. By action of both Boards, and with the approval of the Board of Supervisors as to necessary Salary Ordinance changes, the CIO may be assigned to report to the BOI, as proposed.

In considering such a proposal, the Boards will exercise their plenary authority and discretion over administration of the system and their fiduciary duties of prudence and loyalty under Article XVI, Section 17 of the California Constitution and Government Code Section 31595, both of which address the Boards' investment authority as well as other duties. Section 31595 provides, in relevant part:

The board and its officers and employees shall discharge their duties with respect to the system:

(a) 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.

(b) 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 Constitution contains similar language.

WORK PLAN

The proposed change represents a major shift in LACERA's longstanding governance model. The change affects many existing LACERA governance documents, policies, procedures, and practices. Accordingly, the change should be considered by means of a careful, deliberate, and thorough process that will enable potential issues to be identified, discussed, and addressed up front before the change is effective, if approved, and that is consistent with the Boards' fiduciary duties as outlined above.

Staff has considered the issues involved in the proposed change and will employ the following six-step work plan in evaluating the issues and then presenting the proposal for discussion and action to the JOGC, the LACERA Boards, and ultimately the Board of Supervisors. The tasks and completion dates will be modified as needed based on information obtained as the process moves forward. However, it is reasonable for the Boards to expect that all tasks will be completed in time to permit implementation, if the proposal is approved, on July 1, 2018, which is the beginning of the 2018-2019 fiscal year and is also the beginning of the Staff Evaluation Year:

<i>TASK</i>	<i>COMPLETION</i>
Step 1: Staff Analysis <ul style="list-style-type: none">• Survey of Peer Systems• Elements of Appointing Authority's Responsibilities<ul style="list-style-type: none">○ Hiring○ Performance Standards○ Goals○ Supervision and Monitoring	November 2017

<ul style="list-style-type: none"> ○ Evaluation ○ Feedback ○ Compensation Setting ○ Discipline ● Effect on CIO Supervision of Investment Office Staff, including Administrative Policies and Procedures ● Review and Analysis of Relevant Existing Documents, including Class Specification, JOGC Charter, BOI Charter, and Other LACERA and BOI Policies and Procedures ● Review and Analysis of Fiduciary Issues and Implications in Performing Appointing Authority Role <ul style="list-style-type: none"> ○ Checks and Balances ● Review of BOR Policies, Roles, and Responsibilities ● Consultation with CIO and Investment Staff ● Consultation with CEO ● Consultation with Outside Fiduciary Counsel 	
<p>Step 2: Draft Supporting Documents</p> <ul style="list-style-type: none"> ● Class Specification ● Salary Ordinance ● JOGC Charter ● BOI Charter and Other Governance Documents ● Investment Policy Statement and Other Policies ● New BOI Policy Setting Forth Hiring, Supervision, Reporting, Evaluation, and Discipline Standards and Processes ● Other Documents, As Needed 	<p>January 2018</p>
<p>Step 3: JOGC Discussion and Recommendation</p>	<p>March 2018</p>
<p>Step 4: BOR and BOI Discussion and Action, If Recommended by JOGC</p> <ul style="list-style-type: none"> ● Joint Meeting, which will include proposed Chief Counsel reporting change 	<p>April 2018</p>
<p>Step 5: Board of Supervisors Approval of Salary Ordinance Changes, If Approved by LACERA Boards</p>	<p>June 2018</p>

Step 6: Implementation, If Approved
--

July 1, 2018

CONCLUSION

Staff believes this work plan is prudent and will facilitate full and deliberate consideration of all the issues associated with the proposed change and a smooth implementation, if the change is approved. Staff will report back to the Boards monthly as to the progress on the work plan.

cc. Robert Hill

James Brekk

Jonathan Grabel

John Popowich

Bernie Buenaflor

John McClelland

Christopher Wagner

Vache Mahseredjian

Ted Wright

Jim Rice

Scott Zdrazil

John Nogales

Annette Cleary

Attachment B

Chief Investment Officer Job Description



Chief Investment Officer, LACERA - (Unclassified)

Class Code:
0493

Bargaining Unit: Non-represented (exempt)

SALARY RANGE

\$0.00 Monthly
\$0.00 Annually

DEFINITION:

The Chief Investment Officer is regarded as the investments expert for the Board of Investments (Board), acting as advisor on all matters involving the investment or the proposed investment of Los Angeles County Employees Retirement Association (LACERA) assets.

POSITION INFORMATION:

This unclassified position reports to the Chief Executive Officer, LACERA and is found in LACERA and is distinguished by its' responsibility for directing the implementation of LACERA's investment policies and programs adopted by the Board; monitoring and supervising the management of LACERA's portfolio which includes Fixed Income, Equities, Real Estate, and Alternative Investments and ensuring the efficient utilization of investment funds, in accordance with the policies and decisions of the Board.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

Direct the implementation of investment policies and strategies within the goals established by the Board.

Direct, plan, and supervise the activities of the Investment staff.

Supervise and coordinate the activities between LACERA's Principal and Senior Investment Officers and external managers, advisors, and consultants.

Supervise and coordinate the Principal and Senior Investment Officers roles as liaison with LACERA management and the Board.

Establish reporting mechanisms to keep the Board sufficiently and appropriately informed as to the status of LACERA's investment program and the procedures used to implement it.

Standardize policy and procedural guidelines to ensure consistency with investment strategies adopted by the Board and compliance with state and federal laws.

Represent LACERA in the investment community, the media, the legislature and among constituents, as a participant in various functions and an expert spokesperson on investment matters relating to LACERA as directed by the Chief Executive Officer or the Board.

Provide the Board with an ongoing analysis of the global economic situation as it relates to LACERA's investment program.

Make recommendations to the Board on the selection of external managers and contractors.

Advise Chief Executive Officer as to the impact on the investment program of information released to the public, press, legislature, and other similar matters as needed.

Evaluate overall performance of Principal and Senior Investment Officers, including their role as supervisors of staff.

Evaluate overall performance of the external investment managers.

Directs preparation of the investment office budget to ensure adequate staffing and resources to meet the goals and objectives of the investment office.


May be required to perform other duties related to matters involving the investment or proposed investments of LACERA's assets.

REQUIREMENTS:

FOR INFORMATION ONLY

December 1, 2017

TO: Joint Organizational Governance Committee
Shawn Kehoe, Chair
David Green, Vice Chair
Alan Bernstein
Vivian Gray
Wayne Moore
Ronald Okum
Herman Santos
Michael S. Schneider

FROM: James P. Brekk 
Interim Deputy Chief Executive Officer

FOR: December 13, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Board Room Voting System Upgrade

In the coming year, we will begin a Board Room voting system upgrade project. The aim is to incorporate modern technologies, input from your Committee, and business requirements into a highly-functional and advanced Board Member interface.

Anticipated key features and ideas include:

- Large, responsive touch panel display(s)
- Contemporary design and user interface
- Multimedia capabilities
- Access to Board materials
- Enhanced voting and meeting experience


We propose to introduce, at a future Joint Operational Governance Committee meeting, a conceptual framework of the new system and also seeking input from your Committee on functional requirements and operational preferences. During this December 2017 Committee meeting, staff will briefly discuss the project planning and further detail the system concepts.

c: Robert Hill Steve Rice
JJ Popowich Jonathan Gabel
Bernie Buenaflor

FOR INFORMATION ONLY

December 1, 2017

TO: Joint Organizational Governance Committee
Shawn Kehoe, Chair
David Green, Vice Chair
Alan Bernstein
Vivian Gray
Wayne Moore
Ronald Okum
Herman Santos
Michael S. Schneider

FROM: James P. Brekk 
Interim Deputy Chief Executive Officer

FOR: December 13, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Board Room Branding

The Board Room branding project aims to express our professionalism and the dignity of our Mission. It also helps our members recognize the Trustees and connect with the LACERA logo. As of this writing, the Trustee photographs are displayed near the Board Room entrance. Soon to join the photos will be the LACERA logo and thereafter the logo inside the Board Room.

These additions are part of an organization branding effort. LACERA logos and Trustee photographs are also located in the first-floor Member Services Center lobby and the sixth-floor reception lobby.

Staff will briefly discuss the status of this project.

c: Robert Hill
JJ Popowich
Bernie Buenaflor
Steve Rice
Jon Gabel



Documents not attached are exempt from disclosure under the California Public Records Act and other legal authority.

**For further information, contact:
LACERA
Attention: Public Records Act Requests
300 N. Lake Ave., Suite 620
Pasadena, CA 91101**