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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

DEPUTY CHIEF INVESTMENT OFFICER

POSITION SPECIFICATIONS

CLIENT

For nearly 85 years, our client, the **Los Angeles County Employees Retirement Association (LACERA)** has been proudly fulfilling its mission to produce, protect, and provide the promised benefits, both retirement and retiree health coverage, of Los Angeles County employees and retirees. Founded in 1938, **LACERA** serves approximately 188,000 members which includes over 70,000 benefit recipients. **LACERA** is the largest county retirement system in the United States with approximately \$67.6 billion in assets under management and more than \$2.4 billion in Other Post Employment Benefit Trust (OPEB) funds as of September 30, 2022.

LACERA's membership is comprised of individuals from a diverse range of careers, age groups and ethnicities – all contributing to the greater welfare of Los Angeles County.

LACERA is an independent government entity, separate and distinct from the County of Los Angeles. Its fiduciary responsibilities are to promote, enhance and efficiently administer a financially sound retirement and healthcare benefits program through prudent investment and conservation of plan assets.

LACERA is funded by member and employer contributions and investment earnings on those contributions. One, five and ten-year Investment returns, net of fees, as of June 30, 2022, were .1%, 8.1%, and 8.6%, respectively. The Association's actuarial assumed rate of return is 7.00%. As of June 30, 2022, **LACERA** was 76.3% funded.

LACERA's Mission, Vision, and Values

Mission - Produce, Protect and Provide the Promised Benefits

Vision – Excellence, Commitment, Trust, and Service

Values - Professionalism, Respect, Open Communication, Fairness, Integrity, and Teamwork

LACERA is governed by two (2) Boards:

- **Board of Investments (BOI)** – The BOI is responsible for establishing **LACERA's** investment policy and objectives as well as exercising authority over the investment management of the Fund. The Board is composed of nine members. Four members are elected: two are elected by active general members; retired members elect one member as do safety workers. Four of its members are appointed by the Los Angeles County Board of Supervisors and the law requires the County Treasurer and Tax Collector to serve as an ex-officio member.
- **Board of Retirement (BOR)** – The BOR is responsible for administration of the retirement system, the retiree healthcare program, and the review and processing of disability retirement applications. The Board is composed of 11 members. Six members are elected: two are elected by active general members; retired members elect one member and one alternate member; safety members elect one member and also have an alternate member. Four of its members are appointed by the Los Angeles County Board of Supervisors, and the law requires the County Treasurer and Tax Collector to serve as an ex-officio member.

LACERA employs a dedicated staff of approximately 410 (528 budgeted) in 15 different functional areas. They are:

- Accounting
- Administrative Services
- Benefits
- Communications
- Disability Litigation
- Disability Retirement
- Executive Office
- Human Resources
- Internal Audit
- Investments
- Legal
- Member Services
- Quality Assurance and Metrics
- Retiree Healthcare
- Systems

For more detailed information about **LACERA**, please visit the website at www.lacera.com.

LOCATION

LACERA is located in Pasadena, California. Pasadena is located 10 miles northeast of downtown Los Angeles. Pasadena (pop. 145,000) represents a progressive and dynamic community best known as the home to the Tournament of Roses Parade and the Rose Bowl. The area offers charming and distinct centers for shopping and dining and is within close commute of many areas of Los Angeles County. Pasadena also offers convenient freeway access, the Gold Line light rail system (with six stations in Pasadena), and public transportation.

ABOUT THE INVESTMENT DIVISION

The Investment Division manages the assets of both the defined benefit retirement plan and the OPEB trust. **LACERA’s** BOI adopts separate investment policy statements to guide the Pension Plan’s and the OPEB Trust’s investments. Each investment policy statement defines a strategic asset allocation that aims to maximize long-term growth while ensuring that **LACERA** meets its current and future obligations. To that end, **LACERA** expects the Funds’ strategic asset allocations to be the core driver of risk-adjusted returns over the long term. The Pension Plan’s and the OPEB Trust’s strategic asset allocations apportion investment dollars among functional categories and sub-asset classes based on long-term risk and return objectives and short-term liquidity needs.

LACERA’s BOI reviews the strategic asset allocation for each Fund every three to five years, or more often if needed, to ensure that both portfolios are aligned with anticipated risks and opportunities. Asset allocation studies consider a number of factors including, but not limited to: the Funds’ current and projected funded status, liabilities, and liquidity requirements; the long-term risk, return, and correlation expectations for individual asset categories; and an assessment of future economic conditions.

Targeted Asset Allocations for each of the Funds are as follows:

	<u>Pension Plan</u>	<u>OPEB Trust</u>
Growth Holdings	53.0%	47.5%
Credit	11.0%	19.0%
Real Assets & Inflation Hedges	17.0%	20.0%
Risk Reduction & Mitigation	19.0%	13.5%
Overlays & Hedges	<u>0.0%</u>	<u>0.0%</u>
TOTAL	100/0%	100.0%

These strategic asset allocations are designed to be more efficient, enhance the expected compensation relative to risk, and compound durable investment returns for the long-term benefit of **LACERA’s** members. Beyond strategic asset allocation, **LACERA** took several steps in recent years to further maximize investment returns while mitigating risks. **LACERA’s** risk analysis capabilities have been enhanced through utilizing data analytics platforms that allow **LACERA** to better assess the portfolio against its desired risk and return profile. **LACERA** expanded its focus on environmental, social, and governance risk factors. **LACERA** believes a better understanding of these risks will lead to better long-term investment returns. In keeping with **LACERA’s** views on the values of diversity, equity, inclusion, and the belief that effectively accessing and managing diverse talent leads to improved outcomes, **LACERA** expects external asset managers and other third-party providers to respect and reflect and embrace DEI. **LACERA** considers diversity broadly, inclusive of—but not limited to— professional backgrounds, age, experience, race, sexual orientation, gender, gender identity, disability status, military service, ethnicity, national origin, and culture. **LACERA’s** ongoing monitoring of third-party service providers incorporates an assessment of vendors’ commitment to, adherence with, and track record of accessing and retaining diverse workforces in an inclusive and equitable manner. **LACERA** diligently pursues

these programs as part of the overall approach to achieve the best financial outcomes for **LACERA's** investment portfolio and members.

The Investment Division has a total budgeted staff complement of 45. Underneath the CIO and this DCIO, the Division is comprised of 5 separate teams: Real Assets and Inflation Hedges;; Credit and Risk Mitigating Strategies; Portfolio Analytics; and, Stewardship and Corporate Governance.

LACERA has engaged Meketa Investment Group as their general investment consultant. They also utilize the services of Albourne America, LLC and the Stepstone Group, LP.

RESPONSIBILITIES

In this newly staffed role, the **Deputy Chief Investment Officer (Deputy CIO)** reports directly to the Chief Investment Officer as part of the senior leadership team in Investments. This role has responsibility for assisting the Chief Investment Officer in the planning, organization, and direction of all operations of **LACERA's** Investment Office for the administration of the pension fund.

The **Deputy CIO** is responsible for duties such as internal oversight, managing Board packages; day-to-day administration of the division, such as staffing and personnel issues; monitoring of individual portfolios; and, for driving progress on the Division's strategic initiatives, including the expansion of ESG initiatives, compliance, and governance. The position also serves as a liaison with County agencies, the public, and public agencies.

Strategic initiatives for the Division include:

- ✓ Enhance Operational Effectiveness
- ✓ Optimize the Investment Model
- ✓ Maximize Stewardship and Ownership Rights
- ✓ Strengthen Influence on Fees and Cost of Capital
- ✓ LACERA T.I.D.E: Towards Inclusion, Diversity and Equity

Examples of Essential Job Functions include:

- Oversees the Principal Investment Officers in the overall investments and administration of the Investment Office.
- Participates in developing and articulating a strategic vision and obtaining support for implementation.
- Formulates and evaluates organizational policy, operational practices, and programs by formulating revisions in policies and develops changes in organization, staffing, work processing, and management, as needed, to increase the effectiveness and efficiency of **LACERA**.
- Establishes reporting mechanisms to keep the BOI informed as to the status of **LACERA's** investment programs and the procedures used to implement it.
- Standardizes policy and procedural guidelines to ensure consistency with investment strategies adopted by the BOI and compliance with state and federal laws.

- Helps direct the process of recommendations to the BOI on the selection of external managers, funds, and contractors.
- Collaborates with BOI consultants and State Street, LACERA's custodian.
- Advises the Chief Investment Officer as to the impact on the investment program from information released to the public, press, legislature, and other similar matters as needed.
- Directs preparation of the Investment Office budget to ensure adequate staffing and resources to meet the goals and objectives of the Investment Office.
- Evaluate the overall performance of the external investment managers and funds.
- Evaluate the overall performance of the Principal and Senior Investment Officers, including their role as supervisors of staff.
- Supervise and coordinate the activities between the Principal and Senior Investment Officers and external managers, advisors, and consultants.
- Direct, plan, and supervise the activities of the investment staff.
- Assists the Chief Investment Officer with the Administration of the Investment Office and all of its responsibilities.
- Along with the CIO, will serve as a liaison to the Executive Office and other functional areas within LACERA.
- Assists with development of business continuity and disaster recovery plans for the Investment Division.
- May act in the absence of the Chief Investment Officer.
- May be required to perform other duties as related to matters involving the investments or proposed investments, and related to managing, directing, and supervising staff engaged in the external or internal investment programs.

EDUCATION AND EXPERIENCE

MINIMUM REQUIREMENTS

OPTION A:

A Bachelor's degree from an accredited university with major course work in economics or finance, and six years of investment management experience with a large financial institution or government agency which included responsibility for continuous supervision and review of an extensive investment program. A Master's degree in Business Administration of a related field may be used to substitute for one year of the required experience.

OPTION B:

Three years' experience at the level of a Principal Investment Officer, **LACERA**.

DESIRABLE QUALIFICATIONS

- A Master's degree or other advanced degree in a related field is highly desirable
- Designation as a CFA or CAIA preferred.
- Broad asset class familiarity across both public market and private market sectors.
- Strong familiarity with different types of investment structures (i.e., fund commitments, co-investments, separately managed accounts, etc.)

- The ability to work with, gain and maintain the confidence of the **LACERA** Boards, Committees, Investment Office staff, management, and other staff.
- Ability to work collaboratively with third party partners including external investment managers, consultants, advisors, legal counsel, and auditors.
- A demonstrated track record of investment program success with the ability to introduce new portfolio management techniques, risk assessment tools, and performance measurement tools.
- A proven ability to recruit, develop, and retain strong professionals in various asset classes in investment functions.
- Excellent oral and written communication skills.
- Experience with a public pension fund, government agency, insurance or financial services organization will distinguish the most attractive candidates.
- Demonstrated experience (ideally five or more years) leading, managing, and mentoring a sizeable team of professional subordinates

PERSONAL CHARACTERISTICS

- Proven leadership skills; projects confidence but with humility; can inspire others; a positive force that evidences an appropriate sense of humor and optimism.
- An innovator; open to new ideas and fresh approaches.
- Trustworthy and approachable; visible to staff of **LACERA** and members; empathetic, with strong emotional intelligence
- Collaborative and inclusive; cultivates and values diversity of thought; motivates and leverages team members strengths; fosters trust and open communication
- A thoughtful decision-maker who values both people and process
- Integrity and backbone; impartial, will do what's right for **LACERA**, its employees and members
- High energy level and strong work ethic
- Commitment to the mission and values of **LACERA**
- Flexible, versatile, persuasive and influential; well-developed negotiating skills

COMPENSATION

Compensation includes a base salary in the range of \$323,209.44 to \$489,202.44 and **LACERA's** comprehensive benefits designed to provide flexibility to each employee. Benefits include: medical, dental, disability, life, and AD&D insurance; a defined benefit retirement plan, optional savings plan (401k) with LACERA match, optional deferred compensation plan (457) with LACERA match; flexible healthcare spending accounts; monthly transportation allowance; 13 paid holidays; generous paid time off policy; and rideshare benefits.

APPLICATION PROCESS

EFL Associates, an executive search firm, is assisting **LACERA** with this important search. All calls and inquiries should be made through the search firm. Referrals and applications will be held in confidence. Review of applications will begin immediately and will continue until the position is filled.

NON-DISCRIMINATION

Our client and EFL Associates firmly support the principle and philosophy of equal opportunity for all individuals, regardless of age, race, gender, creed, national origin, disability, veteran status or any other protected category pursuant to applicable federal, state or local law.

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