

1 LATHAM & WATKINS LLP
2 Manuel A. Abascal (Bar No. 171301)
3 *manny.abascal@lw.com*
4 Benjamin J. Hanelin (Bar No. 237595)
5 *benjamin.hanelin@lw.com*
6 Rachel Bosley (Bar No. 319090)
7 *rachel.bosley@lw.com*
8 355 South Grand Avenue, Suite 100
9 Los Angeles, California 90071-1560
10 Telephone: (213) 485-1234
11 Facsimile: (213) 891-8763

12 Attorneys for Plaintiff
13 Los Angeles County Employees
14 Retirement Association, an independent agency
15
16 *Exempt from filing fee under Gov't Code § 6103*

17 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**
18 **COUNTY OF LOS ANGELES, CENTRAL DISTRICT**

19 LOS ANGELES COUNTY EMPLOYEES
20 RETIREMENT ASSOCIATION, an
21 independent agency,
22
23 Petitioner & Plaintiff,
24
25 v.
26
27 COUNTY OF LOS ANGELES and BOARD
28 OF SUPERVISORS OF THE COUNTY OF
LOS ANGELES,
Respondents &
Defendants.

CASE NO.
**VERIFIED PETITION FOR WRIT OF
MANDATE AND COMPLAINT FOR
DECLARATORY RELIEF PURSUANT TO:**
1) CALIFORNIA CONSTITUTION; AND
2) CALIFORNIA GOVERNMENT CODE.
(Cal. Const., Article XVI, § 17; Gov. Code, §§
31522.1, 31522.4, 31580.2, Subd. (a))

1 INTRODUCTION

2 1. The Los Angeles County Employees Retirement Association (“LACERA”) is an
3 independent governmental entity that has a singular fiduciary responsibility to administer
4 benefits and manage the retirement funds for the current and former employees of the County of
5 Los Angeles, and other special districts not part of the County government, including the Los
6 Angeles Superior Courts, Los Angeles County Office of Education (“LACOE”), Los Angeles
7 Local Agency Formation Commission (“LAFCO”), South Coast Air Quality Management
8 District (“SCAQMD”), and Little Lake Cemetery District. LACERA is the largest county
9 retirement system in the United States and currently manages a portfolio of almost \$74 billion in
10 assets for the benefit of over 180,000 members and retirees. LACERA brings this action to
11 confirm its independence and exclusive authority to appoint and compensate the personnel it
12 needs to administer the benefits and manage the retirement assets of its members and retirees.
13 Such independence and authority, as guaranteed by the California Constitution and governing
14 statutes, is essential to protect LACERA and its mission from political interference by agencies
15 with different interests, priorities, and constituencies.

16 2. As mandated by state law, LACERA is governed by two boards of trustees—the
17 Board of Retirement and the Board of Investments (together, the “LACERA Boards” or
18 “Boards”). The California Constitution states that “[n]otwithstanding any other provision of law
19 or this Constitution to the contrary,” the LACERA Boards have “plenary authority and fiduciary
20 responsibility” over the administration of the retirement system, which includes the “sole and
21 exclusive responsibility to administer the system in a manner that will assure prompt delivery of
22 benefits and related services to the participants and their beneficiaries.” (Cal. Const., art. XVI, §
23 17.) Further, California law states that the “management of a retirement system” is vested in the
24 Boards. (Gov. Code, § 31520.) California law also specifies that the LACERA Boards “may
25 appoint such administrative, technical, and clerical staff personnel as are required to accomplish
26 the necessary work of the boards” and once appointed those personnel “shall be County
27 employees” and “shall be included in” salary ordinances for such employees. (Gov. Code, §
28 31522.1.)

1 3. In June 2021, pursuant to these powers, LACERA’s Boards approved creating
2 several new personnel positions, including a Deputy Chief, Investment Officer and a Principal
3 Staff Counsel, and title and salary changes to existing positions. LACERA’s Boards concluded,
4 on the recommendation of LACERA management, that these personnel decisions were needed to
5 manage and administer the retirement system, and to perform the work necessary to protect and
6 to invest prudently the assets of its members and retirees. The salaries for these positions are all
7 paid for from LACERA’s investment earnings and are within LACERA’s separate budget.
8 (Gov. Code, § 31580.2.) The June 2021 approved positions and title and salary changes are
9 referred to herein as the “**June 2021 Personnel Decisions.**” In July 2021, LACERA submitted
10 the June 2021 Personnel Decisions to Los Angeles County (the “**County**”) to adopt the
11 ordinances required to implement these decisions, which the County is obligated to do under
12 California law. After no action by the County, on September 14, 2021, LACERA sent a letter
13 directly to the County Board of Supervisors requesting the adoption of specific ordinances to
14 implement these decisions. After several requests from LACERA, the County finally calendared
15 an agenda item for the October 5, 2021 Board of Supervisors meeting to consider the ordinance
16 decisions, and LACERA subsequently submitted a formal request dated October 5, 2021 to the
17 Board of Supervisors to adopt an ordinance implementing the June 2021 Personnel Decisions
18 and other ancillary personnel matters (herein, “**LACERA’s Request**”). See Exhibit A.

19 4. On September 29, 2021, in anticipation of the October 5 meeting, the County Chief
20 Executive Officer (“**County CEO**”) issued a letter dated October 5, 2021 recommending that the
21 Board of Supervisors reject LACERA’s Request and instead adopt an alternative ordinance that
22 approved one personnel decision included in LACERA’s Request, and modified or rejected the
23 remainder of the June 2021 Personnel Decisions. In its alternative ordinance, the County CEO
24 substituted its judgment for that of the independent LACERA Boards and management regarding
25 which personnel classifications, job titles, and salaries were needed for LACERA to manage and
26 administer its retirement system. The County CEO further asserted that it has control and
27 authority over the classifications, titles, salaries, and terms and conditions of employment for all
28 LACERA personnel, and can veto personnel decisions made by LACERA’s independent Boards

1 and management even though the County does not fund these salaries. The County CEO
2 explicitly based its alternative ordinance on the County's interests and other factors irrelevant to
3 LACERA, its members, and the retirement system. The County CEO did not cite any of the laws
4 providing the independent LACERA Boards with authority over the administration and
5 management of the retirement system.

6 5. On October 5, 2021, County Counsel sent a letter to LACERA's counsel
7 supporting the CEO's recommendation and assertion of authority over LACERA. The October
8 5th letter took the position that the County, and not LACERA's Boards, has sole authority to
9 establish classifications, titles, salaries, and the terms and conditions of employment for all
10 LACERA employees. Like the County CEO's letter, County Counsel's letter focused on County
11 and its interests in contrast to the LACERA Boards, which by law have a fiduciary duty solely to
12 the retirement system and LACERA's members and beneficiaries.

13 6. On October 5, 2021, the Board of Supervisors unanimously accepted the
14 recommendations of the County CEO, and rejected LACERA's Request.

15 7. By refusing LACERA's Request, substituting its judgment for the independent,
16 fiduciary judgment of the LACERA Boards, and asserting control over the terms and conditions
17 of all of LACERA's employees, the County has asserted control over LACERA's management,
18 administration, and power to appoint personnel, treating LACERA as a subordinate department
19 of the County. The County's action violates the California Constitution and California law,
20 which establish that LACERA is an independent entity whose independent Boards have the
21 power and responsibility to manage, administer, and appoint the personnel needed to further the
22 interests of the retirement system's members and retirees. Establishing personnel classifications,
23 job functions, reporting, titles, salaries, and other terms and conditions of employment is inherent
24 to the power to manage and administer an organization, and thus is reserved exclusively to the
25 independent LACERA Boards under California law.

26 8. No provision of the laws applicable to retirement systems provides the County with
27 control over the administration and management of LACERA. Rather, the law creates a
28 ministerial duty on the part of the County to accept appointments, personnel and management

1 decisions made by the LACERA Boards and to include them in ordinances. Pursuant to
2 Government Code section 31522.1, once the LACERA Boards “appoint such administrative,
3 technical, and clerical staff personnel as are required to accomplish the necessary work of the
4 boards,” such personnel “*shall* be county employees and *shall* be subject to the county civil
5 service or merit systems rules and *shall* be included in the salary ordinance or resolution adopted
6 by the board of supervisors for the compensation of county officers and employees.” (Gov.
7 Code, § 31522.1 [emphasis added].) Government Code section 31522.4 contains similar
8 provisions for senior executives of LACERA, who are not subject to civil service rules. These
9 and other provisions of California law clearly mean that the LACERA Boards have the sole and
10 exclusive authority to decide which personnel classifications (and their respective salaries) are
11 needed to administer and manage the system, and once those decisions are made, the County has
12 a ministerial duty to adopt the required ordinances to implement the decision of the LACERA
13 Boards. Further, California law recognizes that LACERA’s entire budget (including salaries for
14 personnel) is paid for from earnings of LACERA’s funds. (Gov. Code, § 31580.2, subd. (a).)

15 9. The County takes the position that because Government Code section 31522.1
16 designates LACERA employees as County employees, the County has full power and authority
17 to veto management decisions made by the LACERA Boards regarding the personnel needed to
18 administer the system. The County’s position is that the second half of Government Code
19 section 31522.1 (which designates LACERA employees as County employees) eviscerates the
20 first half (which states that the LACERA Boards have sole power to appoint the personnel
21 needed to perform the work of LACERA). The County’s interpretation of the law is clearly
22 incorrect and inconsistent with California law and the Constitution.

23 10. The County’s position is also contrary to the balanced governance framework
24 established under California law and disenfranchises LACERA members. LACERA’s Trustees
25 are chosen as follows: (a) one is the County Treasurer, (b) half of the remaining trustees are
26 appointed by the County but must have no connection with the County government in any
27 capacity (except one Trustee on the Board of Retirement may be a Supervisor); and (c) the
28 remaining half are elected by LACERA members. (Gov. Code, §§ 31520.1 & 31520.2.) This

1 shared governance structure allows the County and LACERA members to have representation in
2 selecting the trustees who will govern and oversee LACERA. All Trustees, regardless of how
3 selected, are legally required to act independently and in the sole interest of LACERA members,
4 and their fiduciary duty to such members shall take precedence over any other duties. (Cal.
5 Const., art. XVI, § 17, subd. (b).) The County’s assertion of control over LACERA and its veto
6 of decisions by LACERA Trustees eliminates LACERA’s and its Trustees’ independence, and
7 disenfranchises the LACERA members who elected their Trustees.

8 11. The County’s assertion of control over LACERA’s personnel decisions forces
9 LACERA’s Boards and management to seek permission, and to take instruction, from the
10 County before making any classification and salary decisions. This directly conflicts with
11 California law that requires LACERA Trustees to “discharge their duties with respect to the
12 system solely in the interest of, and for the exclusive purposes of providing benefits to,
13 participants and their beneficiaries” and that this duty to “participants and their beneficiaries
14 shall take precedence over any other duty.” (Cal. Const., art. XVI, § 17, subd. (b).) LACERA’s
15 Boards cannot simultaneously owe an exclusive duty solely to participants and beneficiaries
16 while being subordinate to County executives, who have duties to the general population and
17 elected officials. The California Constitution specifically precludes such politicization of
18 pension fund management.

19 12. In refusing LACERA’s Request, the County has repeatedly made incorrect
20 assumptions and conclusions regarding LACERA’s operations and weighed the interests of the
21 County instead of focusing exclusively on the interests of LACERA’s members, demonstrating
22 the sound reasons behind the Constitutional and statutory rule that pension funds are to be
23 managed by independent trustees whose sole duties are to the fund and its members. LACERA
24 has two Boards, a CEO, an experienced management team, an annual budget of over \$100
25 million, and over 400 employees dedicated to protecting member benefits and to investing
26 prudently the assets of over 180,000 employees and retirees. Each of the June 2021 Personnel
27 Decisions was carefully considered by LACERA Trustees and management based solely on the
28 need to serve LACERA’s members, as required by law.

1 Los Angeles County. Venue is proper in this Court because the causes of action alleged in this
2 Petition arose in Los Angeles County and all parties are located in Los Angeles County.

3 **BACKGROUND**

4 **A. Origins and Structure of LACERA**

5 19. In 1937, the County established a pension trust fund to provide defined retirement
6 and death benefits to eligible County employees and to be governed by the County Employees
7 Retirement Law of 1937 (“CERL,” codified at Gov. Code, §§ 31450-31899.9.) With CERL, the
8 California Legislature sought “to recognize a public obligation to county and district employees
9 who have become incapacitated by age or long service in public employment[.]” (Gov. Code, §§
10 31450-31451.) LACERA was formed in 1938—the year after CERL’s enactment and the
11 creation of Los Angeles County’s public pension trust fund.

12 20. LACERA is governed by two distinct boards: the “Board of Retirement” and
13 “Board of Investments.” (See Gov. Code, § 31459.1.) The duties of the Board of Retirement
14 generally concern the administration and management of the retirement system, and the duties of
15 the Board of Investments generally concern the development and implementation of LACERA’s
16 investment and actuarial policies and objectives. The Boards share responsibility for LACERA’s
17 budget and the determination and approval of classifications and salaries. (Gov. Code, §§
18 31522.1, 31522.4, 31580.2.)

19 21. Each of the LACERA Boards has nine trustees, who serve three-year terms. The
20 Trustees of each Board are selected as follows: four are elected by LACERA’s active general
21 and safety and retired membership, four are appointed by the County Board of Supervisors, and
22 the County Treasurer and Tax Collector serves, *ex officio*, as the ninth representative. (Gov.
23 Code, §§ 31520.1, 31520.2.) The Board of Retirement has two additional alternate elected safety
24 and retired trustees. (Gov. Code, §§ 31520.1(b), (c), 31520.5.) This balanced composition was
25 designed by the Legislature to allow LACERA’s key stakeholders—active and retired members
26 and the County as plan sponsor—to have a role in the governance of LACERA.

1 **B. CERL (Gov. Code, §§ 31450-31899.9)**

2 22. Section 31520 of the Government Code states that management of the retirement
3 system is “vested” in the Board of Retirement: “[e]xcept as otherwise delegated to the board of
4 investment and except for the statutory duties of the county treasurer, the management of the
5 retirement system is vested in the board of retirement. . . .” No provision of the Government
6 Code vests management powers in the County.

7 23. Section 31522.1 of the Government Code states unequivocally that the LACERA
8 Boards have the exclusive discretion to decide which personnel are needed to accomplish the
9 work of LACERA. The statute provides in full as follows:

10 **The board of retirement and both the board of retirement and**
11 **the board of investment may appoint such administrative,**
12 **technical, and clerical staff personnel as are required to**
13 **accomplish the necessary work of the boards.** The appointments
14 shall be made from eligible lists created in accordance with the civil
15 service or merit system rules of the county in which the retirement
system governed by the boards is situated. The personnel shall be
county employees and shall be subject to the county civil service or
merit system rules and shall be included in the salary ordinance or
resolution adopted by the board of supervisors for the compensation
of county officers and employees.

16 (Gov. Code, § 31522.1 [emphasis added].)

17 24. Section 31522.4, subdivision (a) of the Government Code, which applies only to
18 Los Angeles County, contains similar language for certain senior LACERA personnel:

19 In a county in which the board of retirement or both the board of
20 retirement and the board of investment have appointed personnel
21 pursuant to Sections 31522.1 and 31522.2, **the respective board or**
22 **boards may elect to appoint assistant administrators, persons**
23 **next in line of authority to assistant administrators, chief legal**
24 **officers, chief deputy legal officers, chief investment officers,**
25 **and investment officers next in line of authority to chief**
26 **investment officers as provided for in this section.** These
27 positions designated by the board or boards shall not be subject to
28 county charter, civil service, or merit system rules. The persons
appointed shall be county employees and their positions shall be
included in the salary ordinance or salary resolution adopted by the
board of supervisors for the compensation of county officers and
employees. The persons appointed shall be directed by, shall serve
at the pleasure of, and may be dismissed at the will of, the appointing
board or boards. Specific charges, a statement of reasons, or good
cause shall not be required as a basis for dismissal of the persons so
appointed by the appointing board or boards.

1 (Gov. Code, § 31522.4, subd. (a) [emphasis added].)

2 25. The power to “manage” the retirement system and to “appoint” the personnel
3 “required to accomplish the necessary work” inherently includes the power to determine which
4 employee classifications will be created, their duties, which employees report to whom, the
5 salaries for those employees, and other terms and conditions of employment; otherwise, the
6 power to appoint and to manage would be meaningless. Classifications define the job duties,
7 responsibilities and reporting structure of positions, and salaries determine compensation;
8 together, the power to set classifications and salaries is a central component of the power to
9 create and to manage the organization that administers the retirement funds. Establishing
10 classifications and setting salaries is inherent to LACERA’s ability to recruit, hire, and manage
11 the staff necessary to administer the system. For example, the LACERA Boards determined that
12 LACERA needed to create the position of Principal Staff Counsel “to accomplish the necessary
13 work” of LACERA and included this new position in LACERA’s Request. The LACERA
14 Boards determined, on recommendation of LACERA management, that this position was
15 necessary for LACERA to handle the increasing legal complexity of its investments and
16 administration, and to better manage its legal department. The County, however, rejected
17 LACERA’s Request and refused to approve a classification for Principal Staff Counsel, thus
18 preventing LACERA from creating the position of Principal Staff Counsel and hiring or
19 assigning someone to that job function. This is a clear infringement of the authority to “manage”
20 and to “appoint” the personnel needed to administer the system.

21 26. No provision in CERL authorizes the County to overrule LACERA’s appointment
22 and management decisions or otherwise to decide which “personnel . . . are required” to
23 administer the LACERA retirement system. On the contrary, by stating that the LACERA
24 Boards can make the appointment decisions and such personnel “shall” be County employees
25 and “shall” be included in the County salary ordinance, CERL *mandates* that the County accept
26 LACERA’s appointment decisions and include them in County ordinances. If the Legislature
27 had intended for the County to play a supervisory role in such appointments, management, and
28 salary setting, it would have included such language in CERL.

1 27. CERL also provides LACERA with exclusive power to adopt a budget for
2 administering the retirement system that includes the salaries for personnel appointed by the
3 Boards. Section 31580.2, subdivision (a) of the Government Code provides in full:

4 In counties in which the board of retirement, or the board of
5 retirement and the board of investment, have appointed personnel
6 pursuant to Section 31522.1, 31522.5, 31522.7, 31522.9, or
7 31522.10, the respective board or boards shall annually adopt a
8 budget covering the entire expense of administration of the
9 retirement system which expense shall be charged against the
10 earnings of the retirement fund. The expense incurred in any year
11 may not exceed the greater of either of the following:

12 (1) Twenty-one hundredths of 1 percent of the accrued
13 actuarial liability of the retirement system.

14 (2) Two million dollars (\$2,000,000), as adjusted annually
15 by the amount of the annual cost-of-living adjustment
16 computed in accordance with Article 16.5 (commencing
17 with Section 31870).

18 (Gov. Code, section 31580.2, subd. (a).)

19 28. Personnel salaries are a substantial part of LACERA’s expenses of administration
20 and are included in LACERA’s budget, which complies with the guidelines stated in
21 Government Code section 31580.2. By specifying that the Boards with appointment power like
22 LACERA’s have the authority to adopt budgets, CERL provides LACERA the power to set
23 salaries for such appointments. By exerting control over the salaries of all LACERA personnel,
24 the County is usurping the budget-making authority of the independent LACERA Boards. If the
25 County were to control one of the largest budget items—salaries for all LACERA employees—
26 then the LACERA Boards’ budget-making authority would be illusory.

27 29. As noted in section 31580.2, subdivision (a) of the Government Code,
28 LACERA’s entire budget is paid for by “the earnings of the retirement fund.” LACERA’s
29 classifications are unique to LACERA and listed in a separate portion of the salary ordinance.
30 No non-LACERA County employees are in these classifications. Thus, LACERA classifications
31 and salaries do not impact the County budget. LACERA also separately negotiates its own
32 memorandum of understandings and binding labor contracts with its union bargaining units.

1 **C. Proposition 162 and Article XVI, Section 17 of the California Constitution**

2 30. LACERA’s exclusive fiduciary authority to manage, administer and appoint
3 personnel, including establishing classifications and setting salaries, is also grounded in the
4 California Constitution.

5 31. In 1992, California voters passed Proposition 162 (the “California Pension
6 Protection Act”). As explained by the Attorney General’s official summary, the proposition’s
7 purposes were to “[g]rant[] the board of a public employee retirement system sole and exclusive
8 authority over investment decisions *and administration of the system*,” to ensure that a retirement
9 board’s “duty to participants and beneficiaries takes precedence over any other duty.” (Ballot
10 Pamp., Gen. Elec. (Nov. 3, 1992) Attorney General’s official summary of Prop. 162, p. 36
11 [emphasis added].) The arguments in favor of the ballot initiative noted that its intent was to
12 “prevent politicians from raiding the pension funds.” (*Id.* at p. 38.)

13 32. The Legislative Analyst concluded that Proposition 162 would give “public
14 pension boards complete authority over assets and administration of the [retirement] systems.”
15 (Ballot Pamp., Gen. Elec. (Nov. 3, 1992) Legislative Analyst’s official summary of Prop. 162,
16 pp. 36, 37.) Opponents of Proposition 162 similarly acknowledged that the initiative would
17 “take[] away nearly all authority of the executive and legislative branches to oversee pension
18 board decisions.” (Ballot Pamp., Gen. Elec. (Nov. 3, 1992) Rebuttal to Argument in Favor of
19 Prop. 162, p. 38.) The voters approved Proposition 162 understanding these facts.

20 33. Following its approval, Proposition 162 was incorporated into the California
21 Constitution, at article XVI, section 17. This section states explicitly that retirement boards like
22 LACERA’s “shall have plenary authority and fiduciary responsibility” for investment decisions
23 and “sole and exclusive responsibility to administer the” the retirement system. It also states that
24 the LACERA Trustees must exercise their duties “solely” in the interest of participants and their
25 beneficiaries, and while the Trustees have the exclusive responsibility to minimize employer
26 contributions and defray expenses, the Trustees’ duties to participants and their beneficiaries
27 “shall take precedence over any other duty.” Section 17 states in pertinent part as follows:
28

1 **Notwithstanding any other provisions of law or this**
2 **Constitution to the contrary, the retirement board of a public**
3 **pension or retirement system shall have plenary authority and**
 fiduciary responsibility for investment of moneys and
 administration of the system, subject to all of the following:

4 (a) The retirement board of a public pension or retirement system
5 shall have the sole and exclusive fiduciary responsibility over the
6 assets of the public pension or retirement system. **The retirement**
7 **board shall also have sole and exclusive responsibility to**
8 **administer the system in a manner that will assure prompt**
9 **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.

10 (b) The members of the retirement board of a public pension or
11 retirement system shall discharge their duties with respect to the
12 system **solely** in the interest of, and for the exclusive purposes of
13 providing benefits to, participants and their beneficiaries,
14 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.

15 (c) The members of the retirement board of a public pension or
16 retirement system shall discharge their duties with respect to the
17 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.

18 (d) The members of the retirement board of a public pension or
19 retirement system shall diversify the investments of the system so as
20 to minimize the risk of loss and to maximize the rate of return, unless
 under the circumstances it is clearly not prudent to do so.

21 (e) The retirement board of a public pension or retirement system,
22 consistent with the exclusive fiduciary responsibilities vested in it,
23 shall have the sole and exclusive power to provide for actuarial
 services in order to assure the competency of the assets of the public
 pension or retirement system.

24 (f) [T]he number, terms, and method of selection or removal of
25 members of the retirement board which were required by law or
26 otherwise in effect on July 1, 1991, shall not be changed, amended,
27 or modified by the Legislature unless the change, amendment, or
 modification enacted by the Legislature is ratified by a majority vote
 of the electors of the jurisdiction in which the participants of the
 system are or were, prior to retirement, employed.

28 (g) The Legislature may by statute continue to prohibit certain
 investments by a retirement board where it is in the public interest

1 to do so, and provided that the prohibition satisfies the standards of
2 fiduciary care and loyalty required of a retirement board pursuant to
3 this section.

3 (Cal. Const., art. XVI, § 17 [emphasis added].)

4 34. No part of article XVI provides the County with authority to manage the
5 retirement system. The express reservation in Proposition 162 of certain specifically enumerated
6 powers in the Legislature illustrates that all other powers touching on the funds' management
7 were placed with the LACERA Boards.

8 **D. Background Regarding the June 2021 Personnel Decisions**

9 35. For decades the County recognized LACERA's authority under CERL and the
10 Constitution to appoint and set salaries for its personnel, but this changed in or around 2017. In
11 2016 and 2017, the LACERA Boards approved certain positions and salaries ("**2017 Personnel**
12 **Decisions**") and requested that the County abide by its ministerial duty to implement them, but
13 the County delayed or refused. In April 2018, the County changed its historical position and
14 informed LACERA that it believed it had ultimate authority over LACERA positions and
15 salaries. Following this new legal position, the County rejected several of the 2017 Personnel
16 Decisions, accepted others, and implemented others with material modifications. LACERA
17 disagreed with the County's decisions, and met and conferred with the County in good faith to
18 attempt to convince it to change its position. In February 2019, the County agreed to withdraw
19 its April 2018 letter without prejudice, and pledged to cooperate with LACERA regarding
20 positions and salaries. At various times between 2019 and June 2021, in an effort to resolve the
21 legal dispute that has culminated in this action, LACERA continued to meet and confer in good
22 faith with the County regarding the 2017 Personnel Decisions that were rejected or modified, and
23 attempted to convince the County to reconsider its position. Ultimately, these efforts led to the
24 implementation of only one of the rejected 2017 Personnel Decisions (Deputy Chief Executive
25 Officer) prior to June 2021. In June 2021, the LACERA Boards reviewed the 2017 Personnel
26 Decisions that were rejected or modified by the County in light of additional information and
27 analysis from new LACERA management, and adopted the June 2021 Personnel Decisions set
28

1 forth in LACERA's Request. After several delays, the County ultimately rejected LACERA's
2 Request on October 5, 2021. This background is described more fully below.

3 1. For Decades, the County Acknowledges LACERA's Authority to Appoint
4 and Set Salaries for Its Personnel

5 36. As far back as 1973, the County recognized that California law provided the
6 LACERA Boards the exclusive power to appoint and set salaries for its personnel. That year, a
7 bill containing section 31522.1 of the Government Code was proposed as legislation. The
8 County opposed the bill because it recognized that the bill would provide the LACERA Boards
9 with the exclusive authority to appoint personnel and set their salaries and instead the County
10 wanted to retain such power. In a letter to the Governor requesting a veto of AB 470 (*i.e.*, the
11 bill that ultimately was enacted as section 31522.1), the County Board of Supervisors stated:

12 The bill provides for two changes in the County Employee
13 Retirement Law of 1937. . . . The second change would be that the
14 appointing authority for personnel administering the Retirement
15 System would be removed from the County Treasurer and placed
16 with the Board of Retirement and the Board of Investment.

17 We are opposed to AB 470 for two reasons:

18 (1) It removes the County treasurer as the appointing power
19 of personnel that administer the 1937 Retirement Law.

20 (2) It removes budgetary responsibilities from the
21 Treasurer, Chief Administrative Officer, and the Board of
22 Supervisors.

23 . . .

24 The wording of the bill would create two new budgetary units of
25 County Government with no cost controls as we know them in
26 County operations. The Board of Supervisors would have minimal
27 control and the County Treasurer would have no control over these
28 two units. This premise, carried out to its extreme, could allow the
Board of Retirement to duplicate such services as medical advice,
accounting, legal advice, etc., with the only limitations being the
limit on costs of one-tenth of one per cent of the total assets of the
Retirement Fund.

37. The County directly understood and acknowledged that the plain language of
section 31522.1 empowered LACERA to appoint its personnel and to set their salaries. The
Governor did not follow the County's request to veto the bill, and the bill became law.

1 38. For many years, the County continued to recognize that California law provided
2 the LACERA Boards the right to appoint their personnel and set their salaries. For example, in
3 1996, the County Counsel issued an opinion letter confirming that LACERA had the authority to
4 appoint its personnel and set their salaries, and that the Board of Supervisors “has a ministerial
5 duty to adopt an ordinance implementing” these decisions. (Exhibit B at p. 61.) The opinion
6 further stated that the “Board of Supervisors has no direct control over classification or
7 compensation of LACERA employees.” (*Id.* at p. 62.) As a further example, in a letter dated
8 June 18, 1999 to the County Employee Relations Commission (“ERCOM”), the County Chief
9 Administrative Officer recognized that “the LACERA Board of Retirement has sole authority to
10 appoint and set salaries for their employees. The Board of Supervisors . . . has no authority to set
11 salaries for employees who work for the retirement system.” (Exhibit C.) The County,
12 therefore, requested ERCOM to direct that LACERA’s represented employees be placed in
13 separate bargaining units, which ERCOM approved.

14 2. In or around 2017, County Changes Its Legal Position and Rejects or
15 Modifies Several Appointments and Salaries Approved By LACERA

16 39. In 2016 and 2017, the LACERA Boards approved the 2017 Personnel Decisions,
17 consisting of six new Information Technology (IT) classifications, two new salary adjustments
18 for existing IT personnel, five new management classifications (including a Deputy Chief
19 Executive Officer and a Deputy Chief, Investment Officer), six new salary adjustments for
20 management personnel, and one new administrative classification.

21 40. In late 2017, LACERA attempted to work with the staff of the County CEO
22 Office to implement the 2017 Personnel Decisions by having the County adopt the necessary
23 implementing salary ordinances, but the County refused.

24 41. On April 12, 2018, County Counsel issued a letter reversing its decades-long view
25 that LACERA had authority to appoint its personnel and set their salaries. The April 2018 letter
26 stated that the County had the authority to control LACERA personnel decisions, reasoning in
27 part that a 2003 court case gave it such power. (*Westly v. Cal. Public Employees’ Retirement*
28 *System Bd. of Admin.* (2003) 105 Cal.App.4th 1095, 1100, 130 Cal.Rptr.2d 149, 153.) The

1 *Westly* case, however, does not support the County’s position. In *Westly*, the CalPERS’ Board of
2 Administration attempted to implement personnel decisions that violated existing law, including
3 paying its Board and employees above ceilings imposed by law. The *Westly* court held that the
4 CalPERS’ Board of Administration did not “have plenary authority to evade the law that limits
5 the pay of the Board and its employees.” (*Id.* at 1100.) None of LACERA’s 2017 Personnel
6 Decisions violated any existing law—all of the classifications and salary allocations sought were
7 within legal limits.

8 42. On April 16, 2018, LACERA wrote a letter to the County CEO demanding that
9 the 2017 Personnel Decisions be agendized and approved, and the County agreed to agendize the
10 items. By letter dated May 29, 2018, LACERA requested that the County Board of Supervisors
11 adopt the ordinance changes necessary to implement the 2017 Personnel Decisions. By letter of
12 that same date, the County CEO sent its own alternative proposal and ordinance for LACERA’s
13 2017 Personnel Decisions, substituting its judgment for that of the LACERA Boards, and
14 recommending that some personnel decisions be rejected, others approved with modification,
15 and others approved outright. In its alternative proposal, the County CEO explicitly
16 acknowledged that it considered the impact LACERA’s personnel decisions could have on the
17 County’s own budget, stating that “maintaining alignment and consistency with the County’s
18 compensation and classification plan” was an important part of the analysis of LACERA’s
19 Request. The Trustees on LACERA’s Boards, however, are not allowed by law to consider the
20 impact their decisions may have on the County’s budget; rather, they are required by law to owe
21 their duties solely to LACERA’s members and beneficiaries. The County CEO’s alternative
22 ordinance illustrates that the County’s legal position would require the Trustees of LACERA’s
23 Boards to compromise their statutory duties and consider factors irrelevant to LACERA’s
24 members and beneficiaries—such as the impact on the County’s budget and departments—when
25 making personnel decisions for LACERA. The County’s legal position would bring external
26 political factors into the governance of LACERA, directly in conflict with the intent of CERL
27 and Proposition 162.

28

1 43. The analysis by the County CEO’s Office was factually flawed, in part because
2 the County CEO is not involved in the management of LACERA. For example, the County CEO
3 explained that it rejected some positions based on the view that other California retirement and
4 pension funds did not have similar positions. These facts were already considered by
5 LACERA’s Boards, and in any event, the County CEO failed to recognize that the other
6 California retirement and pension funds were not comparable to LACERA. The County CEO’s
7 letter also compared LACERA positions to the County offices for the Treasurer and Tax
8 Collector, the Auditor-Controller, and the County Counsel, and assessed the personnel needs of
9 LACERA as compared with the needs of the County, stating for example that “[w]ithin the
10 County, the level of executive, management, and information technology positions are allocated
11 based on the complexity of the department’s operations.” LACERA and the County, however,
12 are very different organizations and these positions are not comparable.

13 44. More importantly, the County did not have legal authority to override the decision
14 of the LACERA Boards regarding “the personnel . . . required to accomplish the necessary work
15 of the” LACERA boards, because such power is delegated exclusively to the LACERA Boards
16 under CERL. (Gov. Code, §§ 31522.1, 31522.4.)

17 45. On May 29, 2018, the County Board of Supervisors rejected LACERA’s
18 proposed ordinance and instead adopted the ordinance proposed by the County CEO, thus failing
19 to implement the 2017 Personnel Decisions and violating Gov. Code, §§ 31522.1 and 31522.4.

20 3. Throughout 2018 to 2021, LACERA Meets in Good Faith With the
21 County to Resolve Their Dispute

22 46. Following the Board of Supervisors’ actions in 2018, LACERA continued to
23 engage with the County in an attempt to convince them to implement the 2017 Personnel
24 Decisions that were not approved and to change its legal position.

25 a. County Withdraws Its April 2018 Legal Opinion

26 47. In 2018 and 2019, LACERA engaged in good faith discussions with County
27 Counsel on its April 2018 letter. On February 28, 2019, in response to such discussions, County
28

1 Counsel withdrew its April 12, 2018 letter without prejudice and expressed a desire to work
2 cooperatively with LACERA on the dispute and the positions.

3 b. County Implements Ordinance for Deputy Chief Executive Officer
4 but Rejects Deputy Chief, Investment Officer Position

5 48. In 2019 and 2020, LACERA representatives discussed with County officials the
6 Deputy Chief Executive Officer and the Deputy Chief, Investment Officer positions. In
7 September 2020, the County CEO and Board of Supervisors finally agreed to adopt an ordinance
8 to create the Deputy Chief Executive Officer classification, thus allowing LACERA to make this
9 appointment (after over two years of delay).

10 49. The County refused, however, to implement the Deputy Chief, Investment Officer
11 position needed to help manage the \$74 billion fund, despite the position being necessary for
12 many reasons, including without limitation the growth of the funds managed by LACERA and
13 the increasing complexities of its investment strategies. The position was designed to report to
14 LACERA’s Chief Investment Officer and, as second in command in the Investment Office, was
15 designed to oversee LACERA’s six Principal Investment Officers, who are responsible for
16 management of individual asset classes and other investment functions. When the classification
17 was initially approved by the LACERA Boards, the Investment Division contained over 30
18 investment professionals and had grown over the past several years.

19 50. From 2018 to 2021, LACERA repeatedly explained to representatives of the
20 County CEO’s Office the need for the Deputy Chief, Investment Officer classification. Despite
21 these explanations, on January 19, 2021 the County CEO’s Office again vetoed the decision of
22 the LACERA’s Boards. In a memorandum of that date, the County CEO’s office again
23 substituted its judgment for that of the LACERA Boards and management on what personnel
24 LACERA needs to administer the retirement system. (See Exhibit D at Attachment 6, p. 98.)
25 The County’s memorandum incorrectly asserted that the Deputy Chief, Investment Officer
26 position “would carry out routine administrative staffing and personnel-related duties for the
27 Investment Office” and that “[t]he proposed duties . . . appear to be more commensurate with a
28

1 human resources, or special/executive assistant type role.” (*Id.* at pp. 98-99.) None of this was
2 true—on the contrary, the position will help manage a complex, \$74 billion portfolio of assets.

3 51. The memorandum also demonstrated the conflict between the LACERA Boards’
4 exclusive fiduciary duty to act in the best interest of LACERA’s members, and the County’s
5 desire to consider its own interests. The memorandum stated explicitly that the County based its
6 refusal to approve this position on the impact the position may have on the County’s own salary
7 levels, which it called “internal equity considerations.”

8 We acknowledge that LACERA typically compares itself with other
9 retirement systems such as CalPERS or LACERS. However, when
10 allocating positions and appropriate salary levels, internal alignment
11 with other County departments is important. We must strike a
12 balance between external market factors and internal equity
considerations. . . . Based on the duties and internal alignment
considerations, the addition of an intermediary MAPP level class at
the proposed salary level is not supported by our office.

13 (*Id.* at p. 99.) Nothing in CERL or the California Constitution supports the idea that LACERA is
14 a “County department” or that the County’s “internal equity considerations” and “internal
15 alignment with other County departments” should take precedence over, or even influence, a
16 determination by LACERA’s Boards of the “administrative, technical, and clerical staff
17 personnel . . . required to accomplish the necessary work of the boards.” (Gov. Code, §
18 31522.1.)

19 **E. June 2021 Personnel Decisions**

20 52. In 2021, LACERA’s management and the LACERA Boards decided to revisit the
21 2017 Personnel Decisions that were denied or modified by the County. The LACERA Boards
22 reconsidered the need for the positions and salaries, and considered new and updated information
23 regarding the matter. On June 16, 2021, the LACERA Boards approved the June 2021 Personnel
24 Decisions, which include the following eleven classification and compensation changes: (a) the
25 creation of a Deputy Chief, Investment Officer; (b) the creation of a Principal Staff Counsel; (c)
26 the creation of a new Information Technology Manager classification; (d) title changes to two
27 information technology positions with adjustments in their salaries; and (e) salary adjustments
28 for six other positions.

1 53. On June 18, 2021, LACERA’s CEO emailed the County CEO a link to a
2 memorandum issued to the LACERA Boards, which contained the information provided to the
3 LACERA Boards in making their decisions. (Exhibit D [memorandum].) LACERA’s CEO
4 subsequently called and emailed the County CEO’s office to schedule a meeting, which occurred
5 on July 1, 2021. At that meeting, LACERA’s CEO described the vital nature of these positions
6 and the importance of the ordinance being implemented expeditiously so that LACERA may
7 include them in LACERA’s mid-year budget process, which began in September. LACERA’s
8 CEO also reiterated LACERA’s position that the County is obligated to adopt an ordinance
9 implementing these changes, and asked the County CEO to assist with this process. At the
10 meeting, the County CEO indicated it would take up to a week for its office to consider its
11 position on the items. The County, however, did not substantively respond until almost two
12 months later.

13 54. On August 26, 2021, LACERA received a four-page memorandum from the
14 County CEO’s office (the “August 2021 Memo”). The August 2021 Memo stated that the CEO
15 would recommend to the Board of Supervisors that classifications for a Deputy Chief,
16 Investment Officer and a Senior Media Artist be approved, and without explanation asserted that
17 the Senior Media Artist position would be submitted to the Supervisors immediately on
18 September 15th but the critical Deputy Chief, Investment Officer position necessary to help
19 manage the \$74 billion portfolio would need to wait until an unspecified date in November 2021.
20 This is almost four years after the LACERA Boards initially approved the position and two
21 months after LACERA’s budget process began, causing further delays (positions not approved in
22 the mid-year budget adjustment process that began in September may be delayed until sometime
23 in 2022). The memorandum also stated that three classifications—the Information Technology
24 Manager II, Chief Information Security Officer and Chief Technology Officer—remained “under
25 review,” and that the office “intend[ed] to complete [the] reviews of the remaining new requests
26 and resubmittals by September 30, 2021[,]” again ensuring that LACERA would not be able to
27 meet its internal September deadline for budgeting. Finally, the memorandum asserted as to the
28 remaining positions that they had not been “officially resubmitted” to the County CEO’s office.

1 No provision of California law requires the LACERA Boards to “officially submit”
2 appointments of staff to the County CEO’s office for approval; rather, California law states that
3 LACERA’s Boards have the authority to appoint staff and their appointments “shall” be included
4 in County ordinances.

5 55. The August 2021 Memo asserted that the County CEO had the power to review
6 the appointments by LACERA’s Boards and that LACERA only had the power to select the
7 personnel that would fill positions and classifications decided by the County:

8 The Chief Executive Officer (CEO) reviews of LACERA’s
9 classifications and compensation requests are carried out in
10 accordance with the status of LACERA employees as statutorily-
11 designated employees of the County of Los Angeles (County), and
shall be included in the salary ordinance adopted by the BOS.
LACERA may recruit and appoint personnel in positions and
classifications established by the BOS.

12 The August 2021 Memo concluded that the County had a “vested interest” in the matter to
13 ensure “fiscal responsibility and equal pay for equal work.”

14 56. The August 2021 Memo misstates the law. As recognized under California law,
15 the LACERA Boards are independent, have plenary authority and exclusive fiduciary
16 responsibility over the management and administration of the LACERA system, and have the
17 power to appoint personnel necessary for the administration of the system, which includes
18 defining needed classifications and salaries. The power to determine the positions in an
19 organization—*i.e.*, to create and modify the organization chart—is inherent to the power to
20 administer and manage the organization, and these powers are reserved to the LACERA Boards
21 and its management in the performance of their fiduciary duty.

22 57. On September 2, 2021, after being unable to reach consensus with the County
23 CEO’s Office, LACERA sent a letter to the County CEO stating that it intended to request that
24 the Board of Supervisors process the ordinance items containing the June 2021 Personnel
25 Decisions, and also implement decisions on ancillary matters previously discussed with the
26 County CEO’s Office. (Exhibit E.)

27 58. On September 14, 2021, LACERA sent an email to the office of the Chair of the
28 Board of Supervisors requesting that the Board of Supervisors place on the agenda for the

1 September 28, 2021 Board of Supervisors meeting an ordinance implementing the June 2021
2 Personnel Decisions.

3 59. The ordinance changes contained in LACERA’s Request were placed on the
4 agenda for the October 5, 2021 Board of Supervisors meeting. LACERA subsequently
5 submitted LACERA’s Request to the Board of Supervisors for enactment, including a final draft
6 of the Ordinance needed to implement the 2021 Personnel Decisions (“**2021 LACERA**
7 **Ordinance**”) reflecting the following changes:

- 8 1. Creation of a new Deputy Chief, Investment Officer, LACERA
9 (Unclassified), classification with a salary allocation of LR24.
- 10 2. Creation of a new Principal Staff Counsel, LACERA,
11 classification with a salary allocation of LS17.
- 12 3. Creation of the Information Technology Manager II, LACERA
13 classification with a salary allocation of LS13.
- 14 4. The salary reallocation of Chief Financial Officer, LACERA,
15 to LS14.
- 16 5. The salary reallocation of Assistant Chief Financial Officer,
17 LACERA, to LS12.
- 18 6. The salary reallocation of Chief, Internal Audit, LACERA, to
19 LS14.
- 20 7. The salary reallocation of Director, Human Resources,
21 LACERA, to LS14.
- 22 8. The salary reallocation of Assistant Director, Human
23 Resources, LACERA, to LS12.
- 24 9. The salary reallocation of Chief Counsel, LACERA, to LS20.
- 25 10. Title change of the existing Chief, Information Security
26 Officer, LACERA, to Information Security Officer, LACERA,
27 and salary reallocation to LS13.
- 28 11. Title change of the existing Chief, Technology, LACERA,
class specification to Chief, Information Technology,
LACERA (Unclassified), with an allocation at the LS17 range,
and changes in the class specification to reflect a significant

1 increase in the scope, duties, and minimum requirements for
2 the position.

3 (Exhibit A, pp. 35-36.)

4 60. At the same time, LACERA submitted a separate letter explaining how the
5 County's failure to implement the June 2021 Personnel Decisions adversely affected the
6 management and administration of the LACERA retirement system:

7 LACERA's inability to obtain all of the classifications and salaries
8 approved by the LACERA Boards in 2018 has adversely affected
9 the administration of the LACERA retirement system in several
10 ways, including by limiting LACERA's ability to strategize,
11 monitor and manage its investment portfolio, impairing
12 LACERA's ability to support and provide services across all
13 divisions of the fund, harming staff retention and morale, and
14 making it difficult for LACERA to hire permanent staff who could
15 assist with improving and ensuring information system security.

16 . . .

17 These classifications and salary allocations are even more
18 important today as LACERA undertakes, under new management,
19 increasingly complex investments, important structural changes to
20 enhance the organization and fund administration, improve and
21 modernize our ability to provide service to members, and new
22 measures to meet challenges in cyber security and pandemic-
23 related shifts in cultural and employment norms.

24 (*Id.* at pp. 36-37.) The letter also explained the importance of, and reasoning for, each of
25 the classifications and salaries approved by LACERA's Boards.

26 61. On September 29, 2021, the County CEO published a letter dated October 5, 2021
27 (the "**October 5 County Letter**") to the Board of Supervisors making an alternative
28 recommendation regarding the June 2021 Personnel Decisions, again substituting its judgment
for that of the LACERA Boards. (Exhibit F.) The County CEO recommended that the Deputy
Chief, Investment Officer classification be approved, that the requested Information Technology
Manager II position be approved at a lower salary, that the two title changes be approved at
lower salaries, and that the remaining items included in the June 2021 Personnel Decisions be
rejected. The County CEO also recommended adoption of certain ancillary personnel decisions.

1 62. The October 5 County Letter again justified these decisions with reasons that the
2 LACERA Boards are prohibited from considering—such as “maintaining consistency in
3 personnel practices throughout the County,” “maintaining alignment and consistency with the
4 County’s compensation and classification plan,” and the goal of “internal alignment
5 considerations with comparable County classifications and external salary data.” (*Id.* at pp. 119-
6 20.)

7 63. The October 5 County Letter also did not correctly describe the relevant portions
8 of the applicable law. It cited California Government Code 31522.1 for the proposition that
9 “retirement system employees are County employees” (*id.* at p. 121) but did not explain that this
10 statute states that “[t]he board of retirement and both the board of retirement and the board of
11 investment may appoint such administrative, technical, and clerical staff personnel as are
12 required to accomplish the necessary work of the boards.” It also failed to refer to the provisions
13 of the California Constitution that provide the LACERA Boards “plenary authority” over the
14 administration of the system. It also omitted any reference to laws that state LACERA’s salaries
15 and other costs are funded entirely from LACERA’s earnings and not the County.

16 64. The October 5 County Letter also contained many inaccuracies. For example, it
17 stated that LACERA’s organization is most similar to the County Departments of Treasurer and
18 Tax Collector, Auditor-Controller, or Human Resources even though the functions and
19 operations of those departments are not similar to LACERA’s. (*Id.* at p. 119.) It also incorrectly
20 asserted as to seven of the eleven classifications and salary adjustments that “[n]o new
21 information has been submitted warranting reconsideration for any other action taken by [the
22 Board of Supervisors] on May 29, 2018 regarding LACERA.” (*Id.* at p. 121.)

23 65. On October 1, 2021, LACERA’s counsel sent a letter to the County noting the
24 errors and omissions in the October 5 County Letter.

25 66. On October 5, 2021, County Counsel responded to the letter from LACERA’s
26 counsel and made it clear that there exists a dispute regarding the applicable law. County
27 Counsel stated among other things that (a) “LACERA does not possess the authority to set the
28 salaries that County employees, LACERA personnel, will receive . . . the California

1 Constitution, the County Charter and the Government Code confirm that such authority resides
2 with the Board [of Supervisors]”; (b) the County has “authority to set the number, classification,
3 and compensation” of LACERA employees, as well as “the terms and conditions of” their
4 employment and their “protected property interest” or “entitlement’ to benefits”; (c) “[w]hile
5 LACERA may have the authority to appoint personnel to existing classifications . . . the power to
6 establish those classifications and set the salaries associated with them belongs to the Board [of
7 Supervisors]”; (d) the “Board alone has the authority to set LACERA personnel salaries”; and (e)
8 the authority granted to the LACERA Boards under the California Constitution “is limited to
9 performing actuarial services and making sure funds are available to pay benefits.” As with prior
10 County correspondence, County Counsel’s letter confirms that the County views LACERA as a
11 subordinate County department, rather than an independent entity.

12 67. On October 5, 2021, the County Board of Supervisors, without any discussion,
13 unanimously accepted the recommendations of the County CEO in the October 5 County Letter,
14 and unanimously rejected LACERA’s Request and the 2021 LACERA Ordinance.

15 **F. There is No Legal Basis for the County’s Rejection of LACERA’s Request**
16 **and the County’s Failure to Adopt the 2021 LACERA Ordinance**

17 68. Pursuant to CERL and the California Constitution, the County Board of
18 Supervisors was required to enact the 2021 LACERA Ordinance. Sections 31520, 31522.1,
19 31522.4, and 31580.2, subdivision (a) of the Government Code make clear, individually and
20 collectively, that LACERA has authority to manage the retirement system, including authority to
21 appoint personnel and set classifications and salaries. LACERA cannot have the power to
22 manage the system and to appoint the personnel that it deems “required to accomplish [its]
23 necessary work” without having the power to fix their classifications and compensation because
24 deciding which staff are needed, how those staff should be organized, and what salaries are
25 necessary to recruit and incentivize those staff are all inherent to the power to manage and
26 appoint personnel. (Gov. Code, §§ 31520, 31522.1.) Further, LACERA cannot have the
27 obligation to prepare a budget for a system that LACERA administers, funded from the earnings
28 of a fund that LACERA administers, without having the power to control the personnel salaries

1 and the related classifications. (*Id.*, § 31580.2, subd. (a).) CERL provides that “the management
2 of the retirement system is vested in” the LACERA Boards, with the only exception being the
3 “statutory duties of the county treasurer.” (*Id.*, § 31520.) Those powers of management
4 necessarily encompass the power to decide which personnel to hire in which positions and at
5 what salary—powers that are not among the county treasurer’s “statutory duties.”

6 69. LACERA’s position is well supported by the California Constitution, which states
7 that LACERA has “plenary authority and fiduciary responsibility for . . . administration of the
8 system.” (Cal. Const., art. XVI, § 17.) Appointing personnel and setting their classifications and
9 salaries is an essential component of the administration of the system, and here all of LACERA’s
10 appointments and approved salaries comply with California law (and therefore the *Westly* case is
11 not implicated). To the extent there is any ambiguity in the law, article XVI, section 17 makes
12 clear that LACERA’s power to administer the retirement system prevails and applies
13 “[n]otwithstanding any other provisions of law or this Constitution to the contrary[.]” (*Id.*)

14 70. County Counsel has argued that because Government Code, section 31522.1
15 states that LACERA’s personnel “shall be county employees[.]” therefore the County must have
16 the power to control their salaries. That broad interpretation of a few words in CERL is
17 inconsistent with the entire statutory and constitutional scheme and ignores among other things:
18 (a) the rest of section 31522.1, which expressly grants LACERA the power to “appoint” the
19 personnel that LACERA deems necessary, (b) section 31520, which vests the LACERA Boards
20 with the exclusive authority to manage the retirement system, and (c) the California Constitution,
21 which provides the Boards with the exclusive right to administer the system. The County’s
22 argument is not supported by case law, which requires statutes to be read in their proper context.
23 (See *People v. Pennington* (2017) 3 Cal.5th 786, 795, 400 P.3d 14, 20 [statutes must be
24 “constru[ed] in context” “bearing in mind that . . . apparent ‘ambiguities often may be resolved
25 by examining the context in which the language appears and adopting the construction which
26 best serves to harmonize the statute internally and with related statutes’”].)

27 71. County control over LACERA’s appointment power is not necessary or proper for
28 many reasons. The County has governance rights already through its power to appoint LACERA

1 Trustees and the fact that the County Treasurer and Tax Collector sits *ex officio* on each Board.
2 Further, California law already imposes several limits on LACERA’s budgetary authority and
3 salary decisions (none of which are breached here). (See, e.g., Gov. Code, § 31580.2, subd.
4 (a)(1) [limiting the expenses that can be incurred by a retirement system to a defined percentage
5 of its actuarial liabilities]; *id. at* § 31588.2 [providing that LACERA’s funds cannot “be
6 expended for any purpose other than the expense of administration of the system, investments for
7 the benefit of the system, and the provision of benefits to the members and retired members of
8 the system and their survivors and beneficiaries.”]; Cal. Const., art. XVI, § 17, subd. (b)
9 [LACERA Boards are responsible for “defraying reasonable expenses of administering the
10 system”].) Further, County control would disenfranchise the LACERA members who elect
11 LACERA’s Trustees.

12 72. In bringing this action, LACERA seeks to secure and to implement its
13 constitutional and statutory authority under the specific provisions that govern its own
14 administrative authority, and to require the County to fulfill its mandatory, ministerial duty to
15 implement LACERA’s Request and adopt the 2021 LACERA Ordinance.

16 **FIRST CAUSE OF ACTION**

17 **(WRIT OF MANDATE – CODE OF CIVIL PROCEDURE SECTION 1085 – AGAINST**
18 **ALL RESPONDENTS)**

19 73. LACERA repeats, re-alleges, and incorporates in full each and every preceding
20 paragraph by reference, as though fully set forth herein.

21 74. By rejecting LACERA’s Request and refusing to adopt the 2021 LACERA
22 Ordinance, the Respondents have violated (a) Government Code, section 31522.1, which
23 provides that the LACERA Boards “may appoint such administrative, technical, and clerical staff
24 personnel as are required to accomplish the necessary work of the boards” and that the appointed
25 “personnel *shall* be county employees and *shall* be subject to the county civil service or merit
26 system rules and *shall* be included in the salary ordinance or resolution adopted by the board of
27 supervisors for the compensation of county officers and employees” (emphasis added); (b)
28 Government Code, section 31522.4, which provides that the LACERA Boards “may elect to

1 appoint . . . chief legal officers, chief deputy legal officers, chief investment officers, and
2 investment officers next in line of authority to chief investment officers . . . [who] *shall* be
3 county employees and their positions *shall* be included in the salary ordinance or salary
4 resolution adopted by the board of supervisors for the compensation of county officers and
5 employees. . . . The persons appointed shall be directed by, shall serve at the pleasure of, and
6 may be dismissed at the will of, the appointing board or boards”; and (c) Government Code,
7 section 31580.2, subdivision (a), which gives the LACERA Boards the authority to “annually
8 adopt a budget covering the entire expense of administration of the retirement system which
9 expense shall be charged against the earnings of the retirement fund.” Accordingly, Respondents
10 were mandated to adopt all of LACERA’s Request (as defined above).

11 75. By rejecting LACERA’s Request and refusing to adopt the 2021 LACERA
12 Ordinance, the Respondents have also violated the California Constitution, article XVI, section
13 17, which provides that “[n]otwithstanding any other provisions of law or this Constitution to the
14 contrary, the retirement board of a public pension or retirement system shall have plenary
15 authority and fiduciary responsibility for investment of moneys and administration of the
16 system” and “sole and exclusive responsibility to administer the system in a manner that will
17 assure prompt delivery of benefits and related services to the participants and their
18 beneficiaries.” Accordingly, Respondents were mandated to adopt all parts of LACERA’s
19 Request (as defined above).

20 76. The County’s action was arbitrary, capricious and unlawful. By rejecting
21 LACERA’s Request and refusing to adopt the 2021 LACERA Ordinance, Respondents have
22 failed to fulfill their statutory and constitutional ministerial duties, substituted their judgment and
23 priorities for the fiduciary judgment of the LACERA Boards, and interfered with the plenary
24 authority and fiduciary responsibility of the LACERA Boards with respect to classifications and
25 salaries necessary to administer the system and do the work of the Boards. A writ of mandate
26 pursuant to Code of Civil Procedure, section 1085, is necessary to compel Respondents to fulfill
27 their mandatory, ministerial duties under the law.

28

1 **PRAYER FOR RELIEF**

2 WHEREFORE, LACERA prays for judgment on its Complaint as follows:

3 1. For a writ of mandate directing the County and Board of Supervisors to take the
4 ministerial action of adopting all parts of LACERA’s Request (as defined above), including
5 through the enactment of the 2021 LACERA Ordinance that, among other things, amends Title 6
6 – Salaries of the Los Angeles County Code to add the following classes:

- 7 a. Deputy Chief, Investment Officer at salary range LR24;
- 8 b. Principal Staff Counsel at salary range LS17;
- 9 c. Information Technology Manager II at salary range LS13;
- 10 d. Chief Information Technology Officer at salary range LS17;
- 11 e. Information Security Officer at salary range LS13;
- 12 f. Director of Human Resources at salary range LS14;
- 13 g. Assistant Director of Human Resources at salary range LS12;
- 14 h. Chief Counsel at salary range LS20;
- 15 i. Chief Financial Officer at salary range LS14;
- 16 j. Assistant Chief Financial Officer at salary range LS12; and
- 17 k. Chief of Internal Audit at salary range LS14.

18 2. That this Court declare that Respondents have failed to act within the bounds and
19 provisions of the California Constitution and the Government Code, that LACERA’s Board of
20 Retirement and Board of Investments have the sole authority and duty to appoint and to set the
21 classifications and compensation of all of LACERA’s personnel and that Respondents shall,
22 consistent with their ministerial duty, incorporate such personnel and compensation decisions
23 into the County’s salary ordinance.

24 3. For costs of suit incurred herein.

25 4. For such further relief as the Court deems just and proper.

1 Dated: October 18, 2021

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Respectfully submitted,

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LATHAM & WATKINS LLP

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Manuel A. Abascal
Benjamin J. Hanelin
Rachel Bosley

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By /s/ Manuel A. Abascal

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Manuel A. Abascal
Attorneys for Petitioner
Los Angeles County Employees
Retirement Association

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EXHIBIT A

October 5, 2021

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

Dear Supervisors:

**APPROVAL OF ORDINANCE AMENDING TITLE 6 – SALARIES
APPLICABLE ONLY TO LACERA
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

This letter and accompanying ordinance will update the departmental staffing provisions for LACERA by adding one (1) new unclassified classification; two (2) new classifications and salaries; changing the title of two (2) non-represented classifications; and adjust the salary of eight (8) non-represented classifications; and changing a special pay provision to add bonus eligibility for one (1) unclassified classification for the Los Angeles County Employees Retirement Association (LACERA) only.

IT IS RECOMMENDED THAT THE BOARD

Adopt the accompanying Ordinance amending Title 6, Salaries of the Los Angeles County Code for LACERA to add one (1) new unclassified classification; two (2) new classifications and salaries; change the title of two (2) non-represented classifications; adjust the salary of eight (8) non-represented classifications; and change a special pay provision to add bonus eligibility for one (1) unclassified classification for the Los Angeles County Employees Retirement Association (LACERA), applicable to LACERA only.

PURPOSE/JUSTIFICATION OF ACTION

LACERA administers the retirement payments and healthcare benefits provided to more than 60,000 County retirees, and collects and invests retirement fund assets for retirees and over 100,000 current County employees. The investment function includes

strategic investment of \$71 billion in retirement pension funds and \$2.2 billion in retiree healthcare (Other Post-Employment Benefits, or OPEB) trust funds. As part of their fiduciary responsibility and authority for administration of the system, the LACERA Board of Retirement (BOR) and Board of Investments (BOI, and together with the BOR, the “LACERA Boards”) are responsible for establishing effective operational oversight and resources through the recruitment and retention of highly qualified employees with the knowledge and experience to manage LACERA's day-to-day operations and fulfill LACERA's Mission to Produce, Protect, and Provide the Promised Benefits.

In the fulfillment of these responsibilities, the LACERA Boards and LACERA staff have determined that additional staffing and salary changes are necessary to retain and recruit additional administrative, technical, and clerical staff members as described below. The following discussion outlines the purpose/justification of the recommendation actions. As a courtesy, and to facilitate the Board of Supervisors' duty to process these requests, the information provided to the LACERA Boards to make their decision, as well as certain additional information, was provided to the County Chief Executive Officer (CEO) and her staff.

LACERA seeks the creation of certain new classifications, and to increase compensation for certain existing positions, which are essential to the administration of the LACERA retirement system, including several that were the subject of a prior 2018 Board of Supervisors (BOS) decision as described more fully below. The actions include (a) the creation of classifications; (b) approval of appropriate salary allocations for identified staff positions; and (c) classification, salary, and other adjustments as described in this memorandum, all of which are essential to the effective administration of the organization.

The specific actions described herein are as follows:

1. Creation of a new Deputy Chief, Investment Officer, LACERA (Unclassified), classification with a salary allocation of LR24.
2. Creation of a new Principal Staff Counsel, LACERA, classification with a salary allocation of LS17.
3. Creation of the Information Technology Manager II, LACERA classification with a salary allocation of LS13.
4. The salary reallocation of Chief Financial Officer, LACERA, to LS14.
5. The salary reallocation of Assistant Chief Financial Officer, LACERA, to LS12.
6. The salary reallocation of Chief, Internal Audit, LACERA, to LS14.
7. The salary reallocation of Director, Human Resources, LACERA, to LS14.

8. The salary reallocation of Assistant Director, Human Resources, LACERA, to LS12.
9. The salary reallocation of Chief Counsel, LACERA, to LS20.
10. Title change of the existing Chief, Information Security Officer, LACERA, to Information Security Officer, LACERA, and salary reallocation to LS13.
11. Title change of the existing Chief, Technology, LACERA, class specification to Chief, Information Technology, LACERA (Unclassified), with an allocation at the LS17 range, and changes in the class specification to reflect a significant increase in the scope, duties, and minimum requirements for the position.

As noted, certain of these actions described herein were the subject of prior actions by the BOS in 2018. As background, on December 15, 2016, the LACERA BOR approved eight (8) Information Technology classifications and salaries; and on April 13, 2017, the BOR approved eleven (11) management classifications and salaries. These items were forwarded to the County CEO for addition to the County Ordinance by the BOS. In response, the County CEO submitted a memorandum to the BOS opposing LACERA's request, recommending some items be approved, some modified, and others denied. The BOS approved the County CEO's recommendation, and did not approve the positions and salaries vetted and approved by the LACERA Boards in the exercise of their fiduciary duty for the benefit of the organization.

LACERA's inability to obtain all of the classifications and salaries approved by the LACERA Boards in 2018 has adversely affected the administration of the LACERA retirement system in several ways, including by limiting LACERA's ability to strategize, monitor and manage its investment portfolio, impairing LACERA's ability to support and provide services across all divisions of the fund, harming staff retention and morale, and making it difficult for LACERA to hire permanent staff who could assist with improving and ensuring information system security. These impacts are described more fully below.

Following careful review by new LACERA management after the arrival of LACERA's current CEO, including as part of LACERA's budget review process, and a second review and action on all positions and salaries by the LACERA Boards on June 16, 2021, the Boards reaffirmed that the positions and salaries remained essential to the performance of LACERA's Mission. The LACERA nine-trustee Boards each include four County Board of Supervisor appointees, the County Treasurer and Tax Collector sitting ex officio, and four trustees elected by active general and safety members and retired members of LACERA.

LACERA seeks for the BOS to adopt the Ordinance that would implement the actions described herein. These classifications and salary allocations are even more important today as LACERA undertakes, under new management, increasingly complex investments, important structural changes to enhance the organization and fund administration, improve and modernize our ability to provide service to members, and new measures to meet challenges in cyber security and pandemic-related shifts in cultural and employment norms.

The salaries for most of the positions referenced herein are benchmarked against industry data, including Economic Research Institute compensation data for financial institutions in Los Angeles, and a survey of other entities including: Los Angeles County, the California Public Employees' Retirement System (CalPERS), the California State Teachers' Retirement System (CalSTRS), the Los Angeles City Employees' Retirement System (LACERS), the Los Angeles City Fire and Police Retirement System (LACFPF), the Orange County Employees' Retirement System (OCERS), the Metropolitan Water District, the San Bernardino County Employees' Retirement Association (SBCERA), the San Diego City Employees' Retirement System (SDCERS), the San Diego County Employees' Retirement Association (SDCERA) and the San Francisco Employees' Retirement System (SFERS). We note that these benchmarks are not precisely comparable to LACERA because of differences in size of the organization (e.g., LACERA is approximately three times the size of OCERS), job responsibilities (e.g., job duties at other agencies do not match the scope and breadth of a similar job at LACERA), and cost of living (e.g., CALPERS is located in Sacramento).

A. RECOMMENDATION REGARDING POSITIONS PREVIOUSLY DENIED BY BOS

In 2018, following the recommendation of the County CEO, the BOS denied four classifications and salaries that had been approved by LACERA:

1. Deputy Chief Executive Officer, LACERA (UC)
2. Deputy Chief, Investment Officer, LACERA (UC)
3. Principal Staff Counsel, LACERA
4. Information Technology Manager II, LACERA

In 2018, the County CEO provided an alternative recommendation that deemed the positions not necessary based on comparisons with positions in County departments and in smaller retirement pension funds.

After the BOS action in 2018, LACERA staff continued to pursue its creation through discussions with the County CEO. In September 2020, after two years and the submission of a new organizational structure, the BOS adopted the new classification, after which the position was added to the County ordinance. Thus, the Deputy Chief Executive Officer position is not included in the attached Ordinance.

The Deputy Chief, Investment Officer, LACERA (Unclassified) classification, however, has not yet been approved by the BOS. This position remains necessary to allow LACERA to manage its investment portfolio in an increasingly complex environment. The Deputy Chief, Investment Officer would assume various important responsibilities of the Chief Investment Officer to enable the Chief Investment Officer to focus more on strategic activities and planning, including developing and recommending prudent investment policies and risk management strategies necessary for LACERA to achieve the return objectives established by the BOI. The Deputy Chief, Investment Officer will be a broadly experienced investment professional who will oversee the management of LACERA's four asset classes, private equity co-investments, public equity trading, bond compliance and other compliance activities, expansion of Environmental, Social and Governance (ESG) initiatives, and will assist the Chief Investment Officer in the management and administration of the investment program.

The Deputy Chief, Investment Officer will also assume certain management functions, including supervision of the six Principal Investment Officers and their asset classes, as well as responsibilities relating to Board materials and presentations, interfacing with the financial community, and other operational matters. These responsibilities will provide the Deputy Chief, Investment Officer experience sufficient to be a candidate to succeed the Chief Investment Officer, thereby also assisting LACERA with succession planning. The need for this position is driven by, among other things, the increasing complexity of LACERA's portfolio, ESG initiatives and other compliance obligations.

Because of the importance of this role to LACERA's purpose and the qualifications necessary to perform the functions of this position, the LACERA Boards approved a salary allocation of LR 24. This salary level is appropriately set at one level above the level of the Principal Investment Officers (LR 23), whom the Deputy Chief, Investment Officer will supervise and, as LACERA generally sets salaries within market range pursuant to identified industry benchmarks, LACERA believes this salary is similarly consistent with the market.

The Principal Staff Counsel, LACERA classification is needed to enable better management of the Legal Division by freeing Chief Counsel to focus more on

governance and strategic planning with the Executive Office and the managers of LACERA's other divisions, enhancing the development of higher-level expertise and management experience within the Legal Division. The addition of this classification will foster enhanced specialization and expertise within the Division as the legal issues change and become more complex. As LACERA's investment strategies become increasingly complex, the Principal Staff Counsel (like the Deputy Chief, Investment Officer) position is needed to expand the capacity of the Legal Division to address and respond to the increasingly complex legal issues associated with increasingly complex strategies, asset classes, and investments. The Principal Staff Counsel will also enhance support for LACERA's benefits and other administrative operations. Finally, the position is also necessary to create a structure within the Legal Division that enhances succession planning.

The salary range of LS17 approved by the LACERA Boards is slightly above the range of salary from other organizations, but nevertheless was approved for several reasons. LACERA is much larger and more complex than the other entities in the salary survey. This size and complexity suggest that the Principal Staff Counsel will have more significant responsibilities than the comparable attorney at another institution, and in many cases will be performing tasks that are done by the Chief Counsel of other institutions. Also, the market for in-house counsel at asset management companies is more robust in Los Angeles than in other cities. Lastly the LS17 salary scale is between the salaries of Chief Counsel (LS19) and Senior Staff Counsel (LS16). This salary range is directly affected by salary compression, which does not allow for the traditional two salary schedule difference between supervisor and subordinate. For these and other reasons, the LACERA approved salary range is appropriate.

Finally, the Information Technology Manager II, LACERA classification is essential to the growth and reorganization of the Systems Division, which LACERA anticipates restructuring into business units—Business Applications and Infrastructure (pre-existing), and Cyber Security and Project Management (newly created). As the Information Technology Manager II, LACERA classification will lead each business unit, this anticipated organizational restructure in particular magnifies the need for the Information Technology Manager II classification to enhance staff roles and create a more appropriate reporting structure. Moreover, because the BOS did not approve this classification in 2018, LACERA currently has a contractor and several staff in other non-permanent positions handling the responsibilities that would be handled by this position; such a temporary arrangement is unsustainable and inconsistent with the need to promote and to protect security, reliability, and morale.

The allocation to LS13 is based on internal pay equity and updated market benchmarks. LS13 will allow for a 2-schedule salary differential with the lower-level Information Technology Manager I, LACERA (LS11) and an approximate 10% salary differential with the Information Technology Specialist II, LACERA. The salary range is within market range pursuant to identified industry benchmarks.

In sum, LACERA seeks implementation of the following positions:

1. Creation of a new Deputy Chief, Investment Officer, LACERA (Unclassified), classification with a salary allocation of LR24, as approved by LACERA Boards.
2. Creation of a new Principal Staff Counsel, LACERA, classification with a salary allocation of LS17, as approved by LACERA Boards.
3. Creation of the Information Technology Manager II, LACERA classification with a salary allocation of LS13, as approved by LACERA Boards.

B. RECOMMENDATION REGARDING POSITIONS PREVIOUSLY MODIFIED BY BOS

1. BOS Modifications and Impact on the Organization

In 2018, following the recommendation of the County CEO, the BOS declined to approve certain classification and salary changes approved by the LACERA Boards, and instead approved modified classifications and salary changes. These actions are summarized below:

Position	Salary Allocation Approved by LACERA Boards	Salary Allocation Approved by BOS
Chief Financial Officer, LACERA	LS14	LS12
Assistant Chief Financial Officer, LACERA	LS12	LS10
Chief, Internal Audit, LACERA	LS14	LS12
Director, Human Resources, LACERA	LS14	LS12
Assistant Director, Human Resources, LACERA	LS12	LS10
Information Systems Manager, LACERA	LS17	LS14
Chief Counsel, LACERA	LS20	LS19
Chief Information Security Officer, LACERA	LS14	LS12
Chief Technology Officer, LACERA	LS15	LS12

As noted, in each case a salary range below that approved by the LACERA Boards was implemented. These adjusted salaries appear to have been based on comparisons to positions in County departments and smaller retirement pension funds, each of which have fewer or different responsibilities, sometimes in locations with lower costs-of-living. The BOS's decision to limit these salaries has affected LACERA's ability to attract and retain qualified individuals, with significant ramifications for LACERA's ability to administer the fund. For these and other reasons, LACERA again seeks implementation of these allocations. The impacts of the 2018 decision not to approve these allocations, and the need for the allocations today, are described below.

Chief Financial Officer.

The incumbent in the position of LACERA's Chief Financial Officer at the time of these BOS decisions subsequently retired, expressing frustration with the salary level. While the position was vacant, it was determined that LACERA's anticipated restructuring required the position and its associated duties to be elevated to the executive level. Unfortunately, such an elevated role requires the previously requested but denied salary range of LS14. LACERA has, therefore, been unable to move forward with the restructuring of this position, or with recruiting a person of the caliber necessary for this position.

Chief Information Security Officer.

Similarly, because of the uncertainty caused by the BOS's decision not to approve the appropriate salary level for the Chief Information Security Officer position, LACERA has had to engage temporarily a contract employee to fulfill these duties. Using a contractor disadvantages the administration of LACERA in a variety of ways. First, it creates administrative obstacles with respect to the supervision of full-time employees and succession planning. Second, it is more expensive. Finally, and particularly with respect to the Chief Information Security Officer, it forces LACERA to place highly confidential information regarding system security with a contract employee, which is inherently less stable and secure than placing such information with a full-time employee. This is especially true for LACERA, which uses custom applications that require a knowledge base within the organization to ensure continuity and stability. This and other changes to the Information Security and Technology positions are needed for the administration and further development of LACERA's information security system, to provide appropriate supervision and management to the current employees in the division, to ensure system security, and to protect against ransomware, extortion, and other threats in this vulnerable space.

Chief Counsel.

The limitation on the salary of the Chief Counsel position implicates the entire Legal Division, which plays a crucial role in the legal, compliance, investment, and governance functions inherent to the administration of the retirement system. Failing to increase the salary compresses the salaries of the other employees within the Legal Division, which makes it difficult to retain and recruit those other employees. It also makes it difficult to create the classification of Principal Staff Counsel between the Chief Counsel (LS19) and Senior Staff Counsel (LS16) roles, because there is salary compression that does not allow for the traditional two salary schedule difference between supervisor and subordinate. This salary allocation for the Chief Counsel is essential to enable LACERA to hire and to retain high quality legal counsel to manage the growing portfolio of legal issues facing LACERA, including, for example, those relating to its increased non-traditional asset class investments, information security, compliance obligations, the need to raise the fund ceiling, and other issues.

Other Positions.

There are also concerns associated with the other denied salary levels. The Assistant Chief Financial Officer; Chief, Internal Audit; Director, Human Resources; and Assistant Director, Human Resources positions are positions that require highly qualified staff to perform with the level of management and technical skill and knowledge required. The modified, lower salaries may affect LACERA's ability to retain this staff, particularly when they reach their maximum salary in their approved ranges and monetary incentives are no longer available. Because these positions are supervisory in nature, the restrictions on salary also create compression issues with respect to their divisions more generally. This increases risk of turn-over, which affects LACERA staff culture, staff morale, and the system's succession planning.

The salary allocations for the Chief, Internal Audit and Director, Human Resources positions are within market range pursuant to identified industry benchmarks, and were approved to attract and adequately compensate qualified candidates in light of the size and complexities of the organization. Similarly, the salaries allocated for the Assistant Chief Financial Officer and the Assistant Director, Human Resources were necessary to maintain the traditional salary schedule difference between classifications and, as LACERA generally sets salaries within market range pursuant to identified industry benchmarks, are similarly consistent with the market.

2. New Recommended Salary Classification for Previously Modified Positions

LACERA's pay philosophy is to pay a competitive salary to attract and retain the best possible personnel to support our Mission and serve our members. The LACERA Boards approved the classifications and salaries below taking into account market data on compensation. LACERA, therefore, requests that the following proposal be approved without modification or amendment:

1. The salary reallocation of Chief Financial Officer, LACERA, to LS14.
2. The salary reallocation of Assistant Chief Financial Officer, LACERA, to LS12.
3. The salary reallocation of Chief, Internal Audit, LACERA, to LS14.
4. The salary reallocation of Director, Human Resources, LACERA, to LS14.
5. The salary reallocation of Assistant Director, Human Resources, LACERA, to LS12.
6. The salary reallocation of Chief Counsel, LACERA, to LS20.
7. Title change of the existing Chief, Information Security Officer, LACERA, to Information Security Officer, LACERA, and salary reallocation to LS13.
8. Title change of the existing Chief, Technology, LACERA, class specification to Chief, Information Technology, LACERA (Unclassified), with an allocation at the LS17 range, and changes in the class specification to reflect a significant increase in the scope, duties, and minimum requirements for the position. The Chief, Information Technology, LACERA (Unclassified), will take the place of the Information Systems Manager, LACERA, as head of LACERA's expanded Information Technology program, with executive level responsibility required for the restructuring of Systems Division.

As described above, these changes are necessary to enable LACERA to administer the retirement system consistent with its fiduciary duty to its members; specifically, these salary levels will maintain LACERA's ability to recruit and retain skilled personnel, implement succession planning and restructure the organization as planned.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The actions for adoption in this letter do not impact the County's Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability. However, they provide for a financially responsible position and wage structure for LACERA.

FISCAL IMPACT/FINANCING

Adoption of the enclosed ordinance will have no direct fiscal impact on the County of Los Angeles. The entire cost of administering LACERA, including expenses associated with salaries and benefits, are charged against the earnings of the retirement fund pursuant to Government Code Section 31580.2, not against the County. There is no financing involved with this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 31522.1 authorizes LACERA Boards to appoint such personnel as are required to accomplish the necessary work of the LACERA Boards; and further provides that “the personnel shall be county employees and shall be subject to the county civil service or merit system rules and shall be included in the salary ordinance or resolution adopted by the board of supervisors for the compensation of county officers and employees.”

Article XVI, Section 17 of the California Constitution provides that LACERA’s Boards “shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system.” Article XVI, Section 17(a) provides that the LACERA Boards have “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.” California Government Code Section 31595 provides that the LACERA Board of Investments has “exclusive control of the investment of the” retirement fund.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of this agenda item will positively impact current LACERA services and projects related to business continuity, information security, and investment allocations, and the overall administration of the fund.

The Honorable Board of Supervisors
October 5, 2021
Page 12

CONCLUSION

LACERA hereby submits the accompanying Ordinance to implement these regulations.
The Ordinance has been approved as to form by County Counsel.

Respectfully submitted,



SANTOS H. KREIMANN
Chief Executive Officer, LACERA

Enclosures:

Ordinance

C: LACERA Board of Retirement
LACERA Board of Investments
Executive Office, Board of Supervisors
County Chief Executive Officer
County Auditor-Controller
County Director of Personnel
County Counsel

SHK:SPR:AC:ac 72021

ANALYSIS

This ordinance amends Title 6 – Salaries of the Los Angeles County Code, relating to the Los Angeles County Employees Retirement Association (LACERA) only, by:

- Adding and establishing the salary for one unclassified classification, with special pay provision, two non-represented employee classifications, and three employee classifications;
- Changing the title for two existing non-represented employee classifications and adjusting their salaries;
- Adjusting the salary for six non-represented employee classifications; and
- Changing a special pay provision to add bonus eligibility for one unclassified classification applicable only to LACERA.

RODRIGO A. CASTRO-SILVA
County Counsel

By 
RICHARD D. BLOOM
Principal Deputy County Counsel
Labor & Employment Division

RDB:bd

Requested: 09/17/2021
Revised: 09/17/2021

ORDINANCE NO. _____

An ordinance amending Title 6 – Salaries of the Los Angeles County Code to add and establish the salaries for one unclassified classification, with special pay provision, two non-represented employee classifications, and three employee classifications; change the title and adjust the salary for two non-represented employee classifications; adjust the salary for six non-represented employee classifications; and change a special pay provision to add bonus eligibility for one unclassified classification, all applicable to the Los Angeles County Employees Retirement Association (LACERA) only.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 6.28.050 (Table of Classes of Positions with Salary Schedule and Level) is hereby amended to add the following classes:

Item No.	Title	Effective Date	Salary or Salary Schedule and Level	
<u>0494</u>	<u>DEPUTY CHIEF, INVESTMENT OFFICER, LACERA (UC)</u>	_____*	<u>N23L</u>	<u>LR24</u>
<u>0804</u>	<u>INFORMATION TECHNOLOGY MANAGER II, LACERA</u>	_____*	<u>N23L</u>	<u>LS13</u>
<u>0474</u>	<u>PRINCIPAL STAFF COUNSEL, LACERA</u>	_____*	<u>N23L</u>	<u>LS17</u>

*The Executive Office/Clerk of the Board of Supervisors shall insert the effective date for the salary or salary schedule and level in the space provided for the classifications added or salary schedules changed to Section 6.28.050 of the County Code.

SECTION 2. Section 6.127.010 (Positions) is hereby amended to add the following classes and number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
<u>0494</u>	<u>1</u>	<u>DEPUTY CHIEF, INVESTMENT OFFICER, LACERA (UC)</u>
<u>0804</u>	<u>4</u>	<u>INFORMATION TECHNOLOGY MANAGER II, LACERA</u>
<u>0474</u>	<u>2</u>	<u>PRINCIPAL STAFF COUNSEL, LACERA</u>

SECTION 3. Section 6.28.050 (Table of Classes of Positions with Salary Schedule and Level) is hereby amended to change the title and adjust the salary of the following classes:

Item No.	Title	Effective Date	Salary or Salary Schedule and Level
0805	CHIEF TECHNOLOGY OFFICER, LACERA <u>CHIEF, INFORMATION TECHNOLOGY, LACERA (UC)</u>	05/29/2018	N23L LS12
		01/01/2019	N23L LS12
		01/01/2020	N23L LS12
		01/01/2021	N23L LS12
		_____*	<u>N23L</u> <u>LS17</u>
0806	CHIEF, INFORMATION SECURITY OFFICER, LACERA <u>INFORMATION SECURITY OFFICER, LACERA</u>	05/29/2018	N23L LS12
		01/01/2019	N23L LS12
		01/01/2020	N23L LS12
		01/01/2021	N23L LS12
		_____*	<u>N23L</u> <u>LS13</u>

SECTION 4. Section 6.28.050 (Table of Classes of Positions with Salary

Schedule and Level) is hereby amended to change only the salary of the following

classes:

Item No.	Title	Effective Date	Salary or Salary Schedule and Level	
0799	ASSISTANT CHIEF FINANCIAL OFFICER, LACERA	05/29/2018	N23L	LS10
		01/01/2019	N23L	LS10
		01/01/2020	N23L	LS10
		01/01/2021	N23L	LS10
		_____*	<u>N23L</u>	<u>LS12</u>
0437	ASSISTANT DIRECTOR, HUMAN RESOURCES, LACERA	01/01/2018	N23L	LS8
		05/29/2018	N23L	LS10
		01/01/2019	N23L	LS10
		01/01/2020	N23L	LS10
		01/01/2021	N23L	LS10
_____*	<u>N23L</u>	<u>LS12</u>		
9216	CHIEF COUNSEL, LACERA	01/01/2018	N23L	LS18
		05/29/2018	N23L	LS19
		01/01/2019	N23L	LS19
		01/01/2020	N23L	LS19
		01/01/2021	<u>N23L</u>	<u>LS19</u>
_____*	<u>N23L</u>	<u>LS20</u>		
0800	CHIEF FINANCIAL OFFICER, LACERA	05/29/2018	N23L	LS12
		01/01/2019	N23L	LS12
		01/01/2020	N23L	LS12
		01/01/2021	N23L	LS12
		_____*	N23L	<u>LS14</u>
0774	CHIEF, INTERNAL AUDIT, LACERA	01/01/2018	N23L	LS12
		01/01/2019	N23L	LS12
		01/01/2020	N23L	LS12
		01/01/2021	N23L	LS12
		_____*	<u>N23L</u>	<u>LS14</u>
0425	DIRECTOR, HUMAN RESOURCES, LACERA	01/01/2018	N23L	LS10
		05/29/2018	N23L	

01/01/2019	N23L	LS10
01/01/2020	N23L	LS12
01/01/2021	N23L	LS12
_____*	<u>N23L</u>	<u>LS12</u>
		<u>LS14</u>

SECTION 5. Section 6.127.030 (Additional Information) is hereby amended to read as follows:

6.127.030 Additional Information.

...

D.6.a. Any person employed at LACERA in one of the following classes who possesses a valid Chartered Financial Analyst (CFA) certification from the CFA Institute shall be entitled to compensation at a rate two schedules higher than that established for the class in Section 6.28.050 of this code.

Title:	Item No.
Chief Investment Officer, LACERA (UC)	0493
<u>Deputy Chief, Investment Officer, LACERA (UC)</u>	<u>0494</u>
Finance Analyst I, LACERA	0767
Finance Analyst II, LACERA	0768
Finance Analyst III, LACERA	0769
Principal Investment Officer, LACERA	0495
Principal Investment Officer, LACERA (UC)	0496
Senior Investment Officer, LACERA	0492

...

SECTION 6. Pursuant to Government Code section 25123(f), this ordinance shall be effective immediately upon final passage.

[628050LACERAKPCEO]

October 5, 2021

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

Dear Supervisors:

**APPROVAL OF ORDINANCE AMENDING TITLE 6 – SALARIES
APPLICABLE ONLY TO LACERA
(ALL DISTRICTS - 3 VOTES)**

SUBJECT

This letter and accompanying ordinance will update the staffing positions for LACERA by adding two (2) Document Processing Assistant, LACERA positions; five (5) Finance Analyst III, LACERA positions; two (2) Human Resources Analyst, LACERA positions; nineteen (19) Retirement Benefit Specialist II positions; one (1) Retirement Systems Specialist position; two (2) Senior Disability Retirement Spec positions; one (1) Staff Counsel, LACERA position; and one (1) SUPVG Administrative Assistant II, LACERA position.

IT IS RECOMMENDED THAT THE BOARD

Adopt the accompanying Ordinance amending Title 6, Salaries of the Los Angeles County Code to add two (2) Document Processing Assistant, LACERA positions; five (5) Finance Analyst III, LACERA positions; two (2) Human Resources Analyst, LACERA positions; nineteen (19) Retirement Benefit Specialist II positions; one (1) Retirement Systems Specialist position; two (2) Senior Disability Retirement Spec positions; one (1) Staff Counsel, LACERA position; and one (1) SUPVG Administrative Assistant II, LACERA position, for LACERA only.

PURPOSE/JUSTIFICATION OF ACTION

The Los Angeles County Employees Retirement Association (LACERA) administers the retirement payments and healthcare benefits provided to more than 60,000 County

retirees, and collects and invests retirement fund assets for retirees and over 100,000 current County employees. The investment function includes strategic investment of \$71 billion in retirement pension funds and \$2.2 billion in Other Post-Employment Benefits (OPEB) retiree healthcare trust funds. As part of their fiduciary responsibility and authority for administration of the system, the LACERA Boards of Retirement and Investments (Boards) are responsible for establishing effective operational oversight and resources through the recruitment and retention of highly qualified employees with the knowledge and experience to manage LACERA's day-to-day operations.

LACERA employee classifications and the number of positions for those classifications are listed in a County ordinance. LACERA regularly updates the number of positions for each classification. In some cases, the positions that are the subject of this request have already been filled and processed by the County, but the ordinance has not yet been updated. In other cases, the positions have not yet been filled. This request seeks to update the ordinance for certain existing classifications accordingly.

The Boards, during their respective Board meetings, approved some of the additional positions on June 12 and 13, 2019 upon adoption of LACERA's Fiscal Year Budget for Fiscal Year 2019-2020, and approved other positions on June 16, 2021 upon adoption of LACERA's Fiscal Year Budget for Fiscal Year 2021-2022.

As a courtesy, the County Chief Executive Officer was provided with information regarding the change in the number of ordinance positions.

LACERA seeks to update the ordinance as follows:

1. Increase the number of Document Processing Assistant, LACERA positions from ten (10) to twelve (12) positions.
2. Increase the number of Finance Analyst III, LACERA positions from ten (10) to fifteen (15) positions.
3. Increase the number of Human Resources Analyst, LACERA positions from four (4) to six (6) positions.
4. Increase the number of Retirement Benefit Specialist II positions from sixty (60) to seventy-nine (79) positions.
5. Increase the number of Retirement Systems Specialist positions from two (2) to three (3) positions.
6. Increase the number of Senior Disability Retirement Spec positions from twenty (20) to twenty-two (22) positions.
7. Increase the number of Staff Counsel, LACERA positions from five (5) to six (6) positions.

8. Increase the number of SUPVG Administrative Assistant II, LACERA positions from two (2) to three (3) positions.

As noted, certain of these position changes are designed to update the ordinance to add positions previously processed by the County without modification of the ordinance. This item control is needed to ensure consistency between budgeted positions and ordinance positions.

1. One (1) Document Processing Assistant, LACERA position, approved by the LACERA Boards due to an increase in work and complexity of the budgeting process of the Administrative Services Division, Document Processing Center.
2. Four (4) Finance Analyst III, LACERA positions, approved by the LACERA Boards for the Investments Division, one (1) each in the Portfolio Analytics, Fixed Income, and Private Equity units to assist the respective Unit Heads due to an increase in work, and one (1) for the Investments Division, Real Asset unit following Board of Investments approval of the Strategic Asset Allocation.
3. Twelve (12) Retirement Benefit Specialist II positions, approved by the LACERA Boards as follows: one (1) position for the Benefits Division, Benefits Protection Unit; three (3) positions for the Retiree Healthcare Division, Call Center to assist with the increased volume of member calls; and eight (8) positions for the Member Services Division, Call Center in order to offer Regular Days Off hours.
4. One (1) Retirement Systems Specialist position, approved by the LACERA Boards for the Systems Division, Operations Unit, related to Systems Division restructuring.
5. Two (2) Senior Disability Retirement Spec positions, approved by the LACERA Boards based on a classification study leading to one (1) position being upgraded through the budget process from Disability Retirement Support Specialist, and one (1) position being downgraded through the budget process from Disability Retirement Specialist Supervisor.
6. One (1) SUPVG Administrative Assistant II, LACERA position, approved by the LACERA Boards for the Administrative Services Division, Budget Development and Monitoring, due to challenges in meeting goals and objectives.

Additionally, the LACERA management team has forecasted a need for the following additional staff to fulfill LACERA's Mission to Produce, Protect, and Provide the Promised Benefits to its members.

1. One (1) Document Processing Assistant, LACERA position, included in anticipation of a further increase in workload that will require additional staffing.

2. One (1) Finance Analyst III, LACERA position, approved by the LACERA Boards for the Investments Division, Corporate Governance unit, to address an increased workload.
3. Two (2) Human Resources Analyst, LACERA positions, approved by the LACERA Boards for the Human Resources Division, one (1) each in Return to Work/Payroll and Employee & Organizational Development, to address increased workload.
4. Seven (7) Retirement Benefit Specialist II positions, approved by the LACERA Boards as follows: three (3) positions for the Benefits, Account Settlement Unit, to address delays due to an increased workload; and four (4) positions for the Retiree Healthcare, Audits Unit (2) and Call Center (2), to address an increased workload.
5. One (1) Staff Counsel, LACERA position, approved by the LACERA Boards for the Legal Office, Benefits Unit, for succession planning and to address an increased workload.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

The actions for adoption in this letter do not impact the County's Strategic Plan Goal of Operational Effectiveness/Fiscal Sustainability. However, they provide for a financially responsible position and wage structure for LACERA.

FISCAL IMPACT/FINANCING

Adoption of the enclosed ordinance will have no direct fiscal impact on the County of Los Angeles. The entire cost of administering LACERA, including expenses associated with salaries and benefits, are charged against the earnings of the retirement fund pursuant to Government Code Section 31580.2, not against the County. There is no financing involved with this action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Section 31522.1 authorizes LACERA Boards to appoint such personnel as are required to accomplish the necessary work of the LACERA Boards; and further provides that "the personnel shall be county employees and shall be subject to the county civil service or merit system rules and shall be included in the salary ordinance or resolution adopted by the board of supervisors for the compensation of county officers and employees."

The Honorable Board of Supervisors
October 5, 2021
Page 5

Article XVI, Section 17 of the California Constitution provides that LACERA's Boards "shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system." Article XVI, Section 17(a) provides that the LACERA Boards have "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."

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Adoption of this agenda item will positively impact LACERA's ability to service members and to administer the fund.

CONCLUSION

The accompanying Ordinance has been approved as to form by County Counsel.

Respectfully submitted,



SANTOS H. KREIMANN
Chief Executive Officer, LACERA

Enclosure:
Ordinance

- C: LACERA Board of Retirement
- LACERA Board of Investments
- Executive Office, Board of Supervisors
- County Chief Executive Officer
- County Auditor-Controller
- County Director of Personnel
- County Counsel

SHK:AC:ac

ANALYSIS

This ordinance amends Title 6 – Salaries of the Los Angeles County Code relating to the Los Angeles County Employees Retirement Association (LACERA) only,

by:

- Adding the number of ordinance positions for classifications, applicable only to LACERA.

RODRIGO A. CASTRO-SILVA
County Counsel

By: 
RICHARD D. BLOOM
Principal Deputy County Counsel
Labor & Employment Division

RDB:av

Requested: 9-16-21
Revised: 9-22-21

ORDINANCE NO. _____

An ordinance amending Title 6 – Salaries of the Los Angeles County Code relating to the Los Angeles County Employees Retirement Association (LACERA), to add the number of ordinance positions for classifications, applicable only to LACERA.

The Board of Supervisors of the County of Los Angeles ordains as follows:

SECTION 1. Section 6.127.010 (Positions) is hereby amended to update the following number of ordinance positions:

ITEM NO.	NO. OF ORDINANCE POSITIONS	TITLE
...		
0471A	40 <u>12</u>	DOCUMENT PROCESSING ASSISTANT,LACERA
...		
0769A	40 <u>15</u>	FINANCE ANALYST III,LACERA
...		
0434A	4 <u>6</u>	HUMAN RESOURCES ANALYST,LACERA
...		
1310A	60 <u>79</u>	RETIREMENT BENEFITS SPECIALIST II
...		
2644A	2 <u>3</u>	RETIREMENT SYSTEMS SPECIALIST
...		
1632A	20 <u>22</u>	SENIOR DISABILITY RETIREMENT SPEC
...		
9212A	5 <u>6</u>	STAFF COUNSEL,LACERA

...

0423A 2 3 SUPVG ADMINISTRATIVE ASST II,LACERA

...

SECTION 2. Under Government Code section 25123(f), this ordinance shall be effective immediately upon final passage.

[LACERARECLASSJULY2021]

EXHIBIT B



DE WITT W. CLINTON, COUNTY COUNSEL

COUNTY OF LOS ANGELES
OFFICE OF THE COUNTY COUNSEL
648 KENNETH HAHN HALL OF ADMINISTRATION
500 WEST TEMPLE STREET
LOS ANGELES, CALIFORNIA 90012

COPY

TELEPHONE
(213) 974-1822
TELECOPIER
(213) 626-7446

May 16, 1996

Sally R. Reed
Chief Administrative Officer
713 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Re: Status of LACERA Employees

Dear Ms. Reed:

By memo dated April 5, 1996, you asked that we review the opinion provided to LACERA by the law firm of Morrison & Foerster regarding the classification and compensation of LACERA employees. In particular, you have asked for our opinions on the following questions:

1. Do we concur with the Morrison & Foerster opinion, including the conclusion that the Board of Supervisors must "without discretion" implement by ordinance the classification and compensation changes adopted by LACERA for its employees?
2. If LACERA employees are subject to the County Civil Service system, are they subject to the same classification system established and maintained by the County for County employees? If yes, are they subject to the same County administration of that system? Specifically, should classification actions affecting LACERA employees be subject to the approval of the County's Director of Personnel in the same manner and to the same extent that classification actions affecting all other County employees are subject to the approval of the Director of Personnel?

Sally R. Reed, Chief Administrative Officer
Page 2

3. If classification actions affecting LACERA employees are not subject to the approval of the Director of Personnel, does LACERA have the latitude to independently modify the classification plan by establishing new classes that are unique to LACERA? If yes, does LACERA have an obligation to apply the same classification policies and standards and generally exercise the same care exercised by the County in the approval of reclasses and the establishment of new classes?

4. Does LACERA have the latitude to establish separate pay rates for LACERA employees who hold positions in generic County-wide classes? For example, can LACERA establish a salary for Senior Clerk that is different from the salary the County has established for Senior Clerk? Can LACERA provide a different fringe benefit package for Senior Clerk?

5. Generally, what control, if any, does the Board of Supervisors have over the classification and compensation of LACERA employees?

6. Although the Morrison & Foerster opinion points to the effects of Proposition 162, it seems to base its opinion, in part, on interpretation of the 1937 Retirement Act. Are there potential changes to the 1937 Retirement Act, or other State law, that, if legislated, would give greater control to the Board of Supervisors over the classification and compensation of LACERA employees? If yes, what are those changes?"

Our opinions are as follows:

1. We concur with the Morrison & Foerster opinion, including the conclusion that the Board of Supervisors has a ministerial duty to adopt an ordinance implementing classification and compensation changes adopted by LACERA for its employees.

2. By statute, LACERA employees are subject to the civil service provisions of the County Charter and to the County's Civil Service Rules. They are not subject to the classification system maintained by the County for its employees, nor are classification actions affecting LACERA employees subject to the approval of the Director of Personnel.

Sally R. Reed, Chief Administrative Officer
Page 3

3. The LACERA boards may establish their own classification system, and may establish classes that are unique to LACERA. In doing so, they may establish their own classification policies and standards and are not bound by the County's classification policies and standards.

4. LACERA may establish different pay rates for LACERA employees who hold positions in generic County-wide classes, although we recommend that such classes be designated differently to avoid confusion. LACERA may also provide fringe benefits for its employees which are different from corresponding County classes. However, if changes in pay or benefits involve represented employees, LACERA would have an obligation to meet and confer with employee representatives before making such changes.

5. The Board of Supervisors has no direct control over the classification or compensation of LACERA employees. However, if the Board of Supervisors feels that the LACERA boards have abused their discretion with regard to the classification or compensation of LACERA employees in a manner which is detrimental to the County, the Board may seek judicial review of the LACERA action.

6. The County could seek to amend the 1937 Retirement Law to provide that LACERA classification and compensation decisions require Board of Supervisors' approval. However, the courts may well hold that such an amendment violates Proposition 162.

ANALYSIS

Answering your first question, we concur with the Morrison & Foerster opinion provided to LACERA, including the conclusion that the Board of Supervisors has a ministerial duty to implement by ordinance the classification and compensation changes adopted by LACERA for its employees. As noted in the Morrison & Foerster opinion, case law has made it clear that LACERA is a completely separate entity from the County, and this has been reemphasized by Proposition 162. In addition, the legislative history of Government Code Sections 31522.1 and 31580.2 makes it clear that the Legislature intended for the LACERA boards to have independent authority to select and compensate their employees without County oversight, and this has also been reemphasized by case law construing Proposition 162.

Sally R. Reed, Chief Administrative Officer

Page 4

Since we agree with the Morrison & Foerster opinion, we will not duplicate their analysis here. However, as noted in their opinion, and as we recall, the Board of Supervisors opposed the legislation giving personnel and budget authority to LACERA and lost, and the Board also urged the Governor to veto the legislation, but he did not. Hence, the County lost the legislative battle some 23 years ago, and the full effects are only now being felt.

LACERA employees are not County employees in any general sense. They are not County employees by virtue of the County Charter, which requires the Board of Supervisors to provide for the number, classification, compensation, and appointment of County employees. Nor do they meet the usual common-law tests relating to employees, since the County does not appoint, remove, direct, control, compensate or provide office space for them. Rather, LACERA employees are made County employees by statute for rather limited purposes primarily relating to the manner of their appointment and their tenure. Being County employees also allows them to participate in the retirement system and to receive County fringe benefits unless other benefits are established by the LACERA boards. This is not an unusual situation. For example, Government Code Section 53200.3 provides that for purposes of participating in group insurance plans, judges are County employees.

Government Code Section 31522.1 provides:

"The board of retirement and both the board of retirement and the board of investment may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards. The appointments shall be made from eligible lists created in accordance with the civil service or merit system rules of the county in which the retirement system governed by the boards is situated. The personnel shall be county employees and shall be subject to the county civil service or merit system rules and shall be included in the salary ordinance or resolution adopted by the board of supervisors for the compensation of county officers and employees."

It is clear from Section 31522.1 that the LACERA boards are the appointing authority for LACERA employees, and that in making such appointments, they are bound by the County Civil Services rules, and that the employees have County civil service protection with regard to tenure.

Sally R. Reed, Chief Administrative Officer
Page 5

While Section 31522.1 is silent with regard to the classification of LACERA employees, it does provide that the LACERA boards "may appoint such administrative, technical, and clerical staff personnel as are required to accomplish the necessary work of the boards." (Emphasis added.) Since the LACERA boards are presumably in the best position to judge the types of employees necessary to accomplish their work, we believe that the Legislature intended to leave the question of classification up to them. They are also in the best position to determine the compensation levels necessary to recruit and retain qualified employees.

In that regard, Government Code Section 31580.2 provides:

"In counties where the board of retirement and board of investment have appointed personnel pursuant to Section 31522.1, the respective boards shall annually adopt a budget covering the entire expense of administration of the retirement system which expense shall be charged against the earnings of the retirement fund. The expense incurred in any year shall not exceed eighteen-hundredths of 1 percent of the total assets of the retirement system."

Since LACERA and not the County compensates LACERA employees, we believe the Legislature intended the LACERA boards to set compensation levels for their employees. This is confirmed by the fact that Section 31522.1 requires that LACERA employees "be included in the salary ordinance or resolution adopted by the board of supervisors for the compensation of county officers and employees." If their classification and compensation was determined by the Board of Supervisors, they would automatically be included in the County salary ordinance or resolution and there would be no need for the quoted statutory language.

Since the Board of Supervisors plays no role in classifying LACERA positions or in setting LACERA salaries, and the language of Section 31522.1 is mandatory, we conclude that the Board has a ministerial duty to include LACERA classifications and compensation in the County salary ordinance.

Answering your second question, LACERA employees are subject to the County Civil Service system in the sense that they have Civil Service protection and must be appointed from eligible lists "created in accordance with the civil service or merit system rules of the county...."

Sally R. Reed, Chief Administrative Officer
Page 6

However, as noted above, they are not subject to the County's classification system and classification actions taken by LACERA are not subject to the approval of the Director of Personnel.

Answering your third question, LACERA has the latitude to independently modify the existing classification plan by establishing new classes that are unique to LACERA. In doing so, LACERA has no obligation to apply the County's classification policies and standards, but is free to establish its own policies and standards relating to the classification and reclassification of positions.

Answering your fourth question, LACERA has the latitude to establish separate pay rates for LACERA employees who hold positions in generic County-wide classes. However, to avoid confusion, we would recommend to LACERA that such positions be designated differently to distinguish them from their County counterparts. LACERA may also provide a different fringe benefit package for its employees, including members of generic County-wide classes. However, any changes in classification or compensation involving represented employees would require LACERA to meet and confer with employee representatives pursuant to the Meyers-Milias-Brown Act before taking any action. (We note that LACERA, as a separate entity, is not subject to ERCOM.)

Answering your fifth question, as noted above, the Board of Supervisors has no discretion with regard to the classification or compensation of LACERA employees, but merely has a ministerial duty to include them in the salary ordinance. However, if the Board of Supervisors feels that LACERA has abused its discretion in classifying or establishing compensation for LACERA employees, and that such action affects the County's contribution rate or is otherwise detrimental to the County, the Board of Supervisors may seek judicial review of the LACERA action.

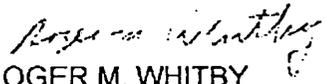
Answering your sixth question, the County could seek to amend the 1937 Retirement Law to provide that classification and compensation actions regarding LACERA employees are either performed by the County in the first instance or require the approval of the Board of Supervisors before they are implemented. However, LACERA would obviously oppose any such legislative changes, and if adopted, the courts might well hold that such requirements violate Proposition 162. Proposition 162

Sally R. Reed, Chief Administrative Officer
Page 7

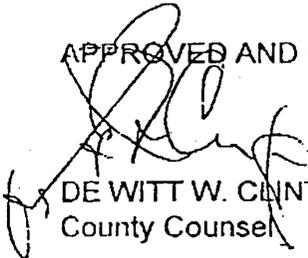
vests "plenary authority" to administer the retirement system in the Board of Retirement, and the ability to classify and set compensation for employees may be inherent in that authority.

Very truly yours,

DE WITT W. CLINTON
County Counsel

By 
ROGER M. WHITBY
Senior Assistant County Counsel

APPROVED AND RELEASED:


DE WITT W. CLINTON
County Counsel

RMW:md

RMW6.1:96r-11.ltr

EXHIBIT C



County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE

rec'd 7/7/99

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101

DAVID E. JANSSEN
Chief Administrative Officer

June 18, 1999

Board of Supervisors

GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

Tony Butka, Executive Officer
Employee Relations Commission
376 Hall of Administration
Los Angeles, CA 90012

Dear Mr. Butka:

AMENDMENT TO CERTIFICATION

The County is requesting the deletion of the Retirement Benefits Specialist classes from County bargaining units. We are taking this action because it has recently come to our attention that a change in the retirement law resulted in a change of jurisdiction for employees of the Los Angeles County Employees Retirement Association (LACERA).

Government Code Section 31522.1 (Attachment 1) provides that county boards of retirement have the authority to appoint the employees necessary to accomplish the work of the board. Section 31580.2 (Attachment 2) states that county boards of retirement who have appointed personnel pursuant to Section 31522.1 must annually adopt a budget to cover the costs of these employees, and the money shall come from the retirement fund. The County Counsel opinion shown in Attachment 3 provides a detailed discussion of these points.

The attached documents show that the LACERA Board of Retirement has sole authority to appoint and set salaries for their employees. The Board of Supervisors, which approves all Memoranda of Understanding between the County and employee organizations, has no authority to set salaries for employees who work for the retirement system. It is therefore inappropriate to include LACERA employees in County bargaining units. As the Retirement Benefits Specialist classes are exclusive to LACERA, the County is requesting that they be deleted from Bargaining Units 121 and 122.

Sincerely,

DAVID E. JANSSEN
Chief Administrative Officer

Rhonda Albey
RHONDA ALBEY
Employee Relations

DEJ:KM
RA:el

Attachments

c: Local 660
LACERA

cc
MP
DR
GR
7/7/99
8/18/99

EXHIBIT D



June 10, 2021

TO: Each Trustee
Board of Retirement
Board of Investments

FROM: Santos H. Kreimann *SHK*
Chief Executive Officer

JJ Popowich *JJ*
Assistant Executive Officer

FOR: June 16, 2021 Joint Board of Retirement and Board of Investments Meeting

SUBJECT: **Proposed Classification and Compensation Changes**

I. RECOMMENDATION

It is recommended that the Board of Retirement (“BOR”) and Board of Investments (“BOI”) (together the “LACERA Boards”) approve the proposed classification and compensation changes and instruct LACERA staff to submit to the Los Angeles County Board of Supervisors (“BOS”) the required ordinance language to implement the new and revised classifications by amending the Los Angeles County Salary Code sections 6.28.050 and 6.127.010:

- Creation of a new Deputy Chief Investment Officer, LACERA (Unclassified), classification with a salary allocation of LR24, as previously approved by LACERA Boards in 2018.
- Creation of a new Principal Staff Counsel, LACERA, classification (two positions) with a salary allocation of LS17, as previously approved by LACERA Boards in 2018.
- Creation of a new Information Technology Manager II, LACERA, classification, as previously approved in substantial part by LACERA Boards, with a revised salary allocation of LS13.
- Salary reallocation of the Chief Counsel, LACERA, classification from LS19 to LS20, as previously approved by LACERA Boards in 2018.
- Title change of the existing Chief, Information Security Officer, LACERA, to Information Security Officer, LACERA and salary reallocation from LS12 to LS13.
- Title change and revision to the class specification of the existing Chief Technology Officer, LACERA to create the Chief, Information Technology, LACERA (Unclassified), and salary reallocation from LS12 to LS17.

- The salary reallocation of Chief Financial Officer, LACERA, from LS12 to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
- The salary reallocation of Assistant Chief Financial Officer, LACERA, from LS10 to LS12, as previously approved by LACERA Boards in 2018 and to maintain the traditional two salary schedule difference between classifications.
- The salary reallocation of Chief, Internal Audit, LACERA, from LS12 to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
- The salary reallocation of Director, Human Resources, LACERA, from LS12 to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
- The salary reallocation of Assistant Director, Human Resources, LACERA, from LS10 to LS12, as previously approved by LACERA Boards in 2018 and to maintain the traditional two salary schedule difference between classifications.

Several of these recommendations relate to decisions that were approved in 2018 by the LACERA Boards but rejected by the BOS. We are asking for re-approval of the positions based on updated facts, circumstances and data, current organizational needs, and preparation to meet the growing and future operational demands of the organization.

II. EXECUTIVE SUMMARY

This memo responds to the request made during the April 2021 Operations Oversight Committee (OOC) meeting for staff to update the BOR on the status of various classifications approved by the LACERA Boards in 2018. This memo describes BOS action on the decisions made by the LACERA Boards in 2018, the impact the BOS's decisions have had on the administration of the LACERA retirement system, and the current status of the positions.

This memo also seeks approval for the creation of certain new classifications, and to increase compensation for certain existing positions, which are essential to the administration of the LACERA retirement system, including several that were the subject of the prior 2018 decisions. The proposed action includes: (a) the creation of a Deputy Chief Investment Officer, who is essential to LACERA's investment operations and strategy; (b) the creation of two senior positions in the Legal Division, which are critical to the legal, compliance, benefits, and investment functions inherent to the administration of the retirement system; (c) the creation of three new information technology positions, which are vital to the anticipated organizational restructuring necessary to safeguard personal member information against cyber threats, secure critical business applications and support the growth and continued administration of the system; (d) renewed approval of appropriate salary allocations for identified staff positions; and (e) other classification, salary and other adjustments as described in this memo, which are also essential to the effective functioning of the organization.

Finally, the memo responds to the request to update the BOR on the use of temporary staff and the associated costs. As noted, the temporary and contract staff were needed in part due to the 2018 BOS decision not to approve of LACERA's classification and salary requests, and the use of temporary staff creates long-term risks and disadvantages to the system.

III. BACKGROUND REGARDING PRIOR DECISIONS AND RECOMMENDATION

On December 15, 2016, the BOR approved eight Information Technology classifications and salaries; and on April 13, 2017, the BOR approved 11 management classifications and salaries.

These items were forwarded to the County Chief Executive Officer ("CEO") for addition to the County Ordinance. In response, the County CEO submitted a memo to the BOS opposing LACERA's request, recommending some items be approved, some modified, and others denied.

The BOS's decision not to approve all of the classifications and salaries approved by the BOR in 2018 has affected the administration of the LACERA retirement system in several ways, including by limiting LACERA's ability to strategize, monitor and manage its investment portfolio, impairing LACERA's ability to support and provide services across all divisions of the fund, harming staff retention and morale, and making it difficult for LACERA to hire permanent employees who could assist with improving and ensuring information system security.

LACERA now seeks renewed approval of the classifications and salaries not previously approved by the BOS, with minor modifications. Approval of these classifications and salary allocations is even more important now as LACERA undertakes, under new management, increasingly complex investments, important structural change to enhance the organization and fund administration, and new measures to meet challenges in cyber security and pandemic-related shifts in cultural and employment norms. For example, LACERA's anticipated restructuring of the Systems Division into four business units—Business Applications and Infrastructure (pre-existing), and Cyber Security and Project Management (newly created)—will clarify and enhance staff roles, reporting structure and fund management. This anticipated organizational restructure in particular magnifies the need for the Information Technology Manager II classification for the business unit lead positions. Similarly, as the system's investment strategies become increasingly complex, the Deputy Chief Investment Officer and Principal Staff Counsel positions are needed to expand the capacity of the investment management function to execute the approved BOI Allocator to Investor strategy, and the Legal Division to address and respond to the concurrently increasingly complex legal and investment issues associated with those strategies. The Principal Staff Counsel will also enhance support for LACERA's benefits and other administrative operations.

For the avoidance of doubt, LACERA staff does not agree that the County CEO or BOS has the ability, under the California Constitution and other applicable law, to approve or deny LACERA classification specifications or salaries. The description of the BOS decisions in this memo should not be read to imply that LACERA agrees with the BOS decisions in 2018, or believes the BOS was authorized to make those decisions.

The salaries for the positions referenced herein are benchmarked against industry data including Economic Research Institute compensation data for financial institutions in Los Angeles, and a survey of other entities including: Los Angeles County, the California Public Employees' Retirement System ("CalPERS"), the California State Teachers' Retirement System ("CalSTRS"), the Los Angeles City Employees Retirement System ("LACERS"), the Los Angeles City Fire and Police Retirement System ("LACFPF"), the Orange County Employees' Retirement System ("OCERS"), the Metropolitan Water District, the San Bernardino County Employees' Retirement Association ("SBCERA"), the San Diego City Employees' Retirement System ("SDCERS"), the San Diego County Employees' Retirement Association ("SDCERA") and the San Francisco Employees' Retirement System ("SFERS"). The summary of compensation data is included in **Attachment 1**. We note that these benchmarks are not precisely comparable to LACERA because of differences in size of the organization (e.g., LACERA is approximately three times the size of OCERS), job responsibilities (e.g., job duties at other agencies do not match the scope and breadth of a similar job at LACERA), and cost of living (e.g., CALPERS is located in Sacramento). **Attachment 2** contains a chart comparing the assets, membership and staff of LACERA with certain of these entities.

A. POSITIONS APPROVED BY BOS

In 2018, the BOS approved the following positions as submitted by LACERA:

1. The salary reallocation of Assistant Executive Officer, LACERA, from LS14 to LS16
2. The salary reallocation of Assistant Information Systems Manager, LACERA, from LS11 to LS12
3. The new Information Technology Manager I, LACERA, classification and salary
4. The new Information Technology Specialist I, LACERA, classification and salary
5. The new Information Technology Specialist II, LACERA, classification and salary
6. The new Executive Board Assistant, LACERA, classification and salary

Because the BOS approved these positions and salary reallocations as submitted, no action is sought from the BOR as to these positions at this time. The proposed staffing plan submitted at the April 2021 and May 2021 Operations Oversight Committee ("OOC") meetings, which is aligned to the aforementioned anticipated organizational restructuring, includes staff in the following positions: Information Technology Manager I, LACERA; Information Technology Specialist I, LACERA; and Information Technology Specialist II, LACERA positions.

B. POSITIONS MODIFIED BY BOS AND RECOMMENDATION

1. BOS Modifications and Impact on the Organization

In 2018, following the recommendation of the County CEO, the BOS declined to approve certain classification and salary changes approved by the LACERA Boards, and instead approved modified classification and salary changes. The information is summarized in **Attachment 3**.

The BOS modified the following salaries as submitted by LACERA:

Position	Salary Allocation Approved by LACERA Boards	Salary Allocation Approved by BOS
Chief Financial Officer, LACERA	LS14	LS12
Assistant Chief Financial Officer, LACERA	LS12	LS10
Chief, Internal Audit, LACERA	LS14	LS12
Director, Human Resources, LACERA	LS14	LS12
Assistant Director, Human Resources, LACERA	LS12	LS10
Information Systems Manager, LACERA	LS17	LS14
Chief Counsel, LACERA	LS20	LS19
Chief Information Security Officer, LACERA	LS14	LS12
Chief Technology Officer, LACERA	LS15	LS12

As noted, the BOS declined to approve the above salary allocations, in each case selecting a salary range below that approved by the LACERA Boards. These BOS decisions appear to have been based on comparisons to positions in County departments and smaller retirement pension funds, each of which have fewer or different responsibilities, sometimes in locations with lower costs of living. The BOS's decision to limit these salaries has affected LACERA's ability to attract and retain qualified individuals, with significant ramifications for LACERA's ability to administer the fund. Certain of these impacts are described below.

Chief Financial Officer. The incumbent in the position of LACERA's Chief Financial Officer at the time of these BOS decisions subsequently resigned, expressing frustration with the salary level. While the position was vacant, it was determined that LACERA's anticipated restructuring required the position and its associated duties to be elevated to the executive level. Unfortunately, such an elevated role requires the previously requested but denied salary range of LS14. LACERA has therefore been unable to move forward with the restructuring of this position, or with recruiting a person of the caliber necessary for this position.

Chief Information Security Officer. Similarly, because of the uncertainty caused by the BOS's decision not to approve the appropriate salary level for the Chief Information Security Officer position, LACERA has had to engage temporarily a contract employee to fulfill these duties. Using a contractor disadvantages the administration of LACERA in a variety of ways. First, it creates administrative obstacles with respect to the supervision of full-time employees and succession planning. Second, it is more expensive. Finally, and particularly with respect to the Chief Information Security Officer, it forces LACERA to place highly confidential information regarding system security with a contract employee, which is inherently less stable and secure than placing such information with a full-time employee. This is especially true for LACERA, which uses custom applications that require a knowledge base within the organization to ensure continuity and stability.

Chief Counsel. The limitation on the salary of the Chief Counsel position implicates the entire Legal Division, which plays a crucial role in the legal, compliance, investment, and governance functions inherent to the administration of the retirement system. First, the individual currently filling the Chief Counsel role has reached the maximum salary in the approved range, making them no longer eligible for future merit-based increases in salary, which affects incentives and creates retention risk. Second, failing to increase the salary compresses the salaries of the other employees within the Legal Division, which makes it difficult to retain and recruit those employees. Third, it makes it difficult to create the classification of Principal Staff Counsel between the Chief Counsel (LS19) and Senior Staff Counsel (LS16) roles, because there is salary compression that does not allow for the traditional two salary schedule difference between supervisor and subordinate.

Other Positions. There are also concerns associated with the other denied salary levels. The Assistant Chief Financial Officer; Chief, Internal Audit; Director, Human Resources; and Assistant Director, Human Resources positions are all currently filled with highly qualified staff. The refusal to approve increased salaries affects LACERA's ability to retain this staff, particularly when they reach their maximum salary in their approved ranges and monetary incentives are no longer available. Because these positions are supervisory in nature, the restrictions on salary also create compression issues with respect to their divisions more generally. This increases risk of turn-over, which affects LACERA staff culture, staff morale, and the system's succession planning.

2. New Recommended Salary Classification for Previously Modified Positions

LACERA's pay philosophy is to pay a competitive salary to attract and retain the best possible personnel to support our Mission and serve our members. Since LACERA's market salary data for the positions that are the subject of this memo is approximately four years old, staff updated the data to compare the recommended salaries to current market benchmarks. The updated data is included in **Attachment 1**. Based on this information reviewed and for the reasons described above, it is recommended that the Boards renew the approval of the following classifications and salaries:

Proposed Classification and Compensation Changes

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1. The salary reallocation of Chief Financial Officer, LACERA, to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
2. The salary reallocation of Assistant Chief Financial Officer, LACERA, to LS12, as previously approved by LACERA Boards and to maintain the traditional two salary schedule difference between classifications.
3. The salary reallocation of Chief, Internal Audit, LACERA, to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
4. The salary reallocation of Director, Human Resources, LACERA, to LS14, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
5. The salary reallocation of Assistant Director, Human Resources, LACERA, to LS12, as previously approved by LACERA Boards and to maintain the traditional two salary schedule difference between classifications.
6. The salary reallocation of Chief Counsel, LACERA, to LS20, as previously approved by LACERA Boards and within market range pursuant to identified industry benchmarks.
7. Title change of the existing Chief, Information Security Officer, LACERA, to Information Security Officer, LACERA, and salary reallocation from LS12 to LS13, one level below the allocation approved by the LACERA Boards in 2018 (LS14) and within market range pursuant to identified industry benchmarks.
8. Title change to the Chief, Technology, LACERA, class specification to create the Chief, Information Technology, LACERA (Unclassified), in addition to changes in the class specification to reflect a significant increase in the scope, duties, and minimum requirements for the position. The Chief, Information Technology, LACERA (Unclassified), will take the place of the Information Systems Manager, LACERA, as head of LACERA's expanded Information Technology program, with executive level responsibility required for the restructuring of Systems Division. Allocation at the LS17 salary range, as previously approved by the LACERA Boards for the Information Systems Manager, LACERA, is within market range pursuant to identified industry benchmarks.

These changes are necessary to enable LACERA to administer the retirement system consistent with its fiduciary duty to its members; specifically, these salary levels will maintain LACERA's ability to recruit and retain skilled personnel, implement succession planning and restructure the organization as planned.

The changes to the Chief Financial Officer and Assistant Chief Financial Officer positions are required for the success of the anticipated organizational restructuring and the elevation of the Chief Financial Officer position to the executive level. The change to the Chief Counsel position is essential to enable LACERA to hire and to retain high quality legal counsel to manage the growing portfolio of legal issues facing LACERA including, for example, those relating to its increased non-traditional asset class investments, information security, compliance obligations, the need to raise the fund ceiling, and other

issues. The changes to the Information Security and Technology positions are needed to permit the maintenance and further development of LACERA's information security system in-house, to provide appropriate supervision and management to the current in-house employees in this division, and to ensure system security and protect against ransomware, extortion, and other threats in this vulnerable space. The class descriptions for the Information Security Officer, LACERA and Chief, Information Technology, LACERA (Unclassified) classifications, with redlines against the prior class descriptions, are included in **Attachment 4** and **Attachment 5**. With respect to the Information Security Officer, LACERA classification specifically, a salary allocation at the LS13 range is required to maintain consistency in compensation across equivalent levels of management in the anticipated organizational restructure.

As to the remaining positions, as noted in Section B.1., allocation of appropriate salaries is necessary for staff retention, recruitment and succession planning.

C. POSITIONS DENIED BY BOS AND RECOMMENDATION

In 2018, following the recommendation of the County CEO, the BOS denied certain of LACERA's approved new classifications and salaries. This information is included in **Attachment 3**.

BOS completely denied the following new classifications as submitted by LACERA:

1. Deputy Chief Executive Officer, LACERA (UC)
2. Deputy Chief Investment Officer, LACERA (UC)
3. Principal Staff Counsel, LACERA
4. Information Technology Manager II, LACERA

As discussed above, in making these recommendations, the County CEO in 2018 deemed the positions not necessary based on comparisons with positions in County departments and smaller retirement pension funds. LACERA staff disagreed then and continues to disagree now with the BOS decision.

After the BOS denied approval for the creation of the Deputy Chief Executive Officer, LACERA (UC) classification, LACERA staff continued to pursue its creation. In September 2020, after a two year delay and the submission of a new organizational structure, the BOS adopted the new classification, after which it added the position to the County ordinance.

Similarly, after the BOS denied approval of the creation of the Deputy Chief Investment Officer, LACERA (UC), classification, LACERA staff continued to engage with the County CEO in an attempt to reach a resolution. The County denied approval again in January 2021 in a memorandum, included as **Attachment 6**, in which the County substituted its judgment for the judgement of LACERA with respect to how LACERA should manage and allocate responsibilities within its Investment Office, and relied on inaccurate

information. Following further engagement, the County CEO is considering recommending approval of the Deputy Chief Investment Officer position as well as suggesting LACERA and the County enter into a non-binding agreement that would differentiate the County's authority to determine salary levels and allocate ordinance positions, and LACERA's power to appoint qualified staff to those ordinance positions approved by the BOS. The outcome being the development of a formal position review process and shared responsibility for appointment power among each entity.

The final two classifications—Principal Staff Counsel and Information Technology Manager II—have yet to be approved by the BOS, but remain necessary.

Therefore, it is recommended that the following classifications and salaries be approved by the Boards:

- Creation of a new Deputy Chief Investment Officer, LACERA (Unclassified), classification with a salary allocation of LR24, as previously approved by LACERA Boards.
- Creation of a new Principal Staff Counsel, LACERA, classification with a salary allocation of LS17, as previously approved by LACERA Boards.
- Creation of the Information Technology Manager II, LACERA classification, as previously approved in substantial part by the LACERA Boards, with a revised salary allocation of LS13.

The Deputy Chief Investment Officer, LACERA (Unclassified) classification is necessary to help LACERA manage its investment portfolio in an increasingly complex environment. The Deputy Chief Investment Officer would assume various important responsibilities of the Chief Investment Officer to enable the Chief Investment Officer to focus more on strategic activities and planning, including developing and recommending prudent investment policies and risk management strategies necessary for LACERA to achieve the return objectives established by the BOI. The Deputy Chief, Investment Officer will be a broadly experienced investment professional who would oversee the management of LACERA's four asset classes, private equity co-investments, public equity trading, bond compliance and other compliance activities, expansion of Environmental, social and governance ("ESG") initiatives, and will assist the Chief Investment Officer in the management and administration of the investment program. The Deputy Chief, Investment Officer will also assume certain management functions, including supervision of the six Principal Investment Officers and their functions, as well as responsibilities relating to Board materials and presentations, interfacing with the financial community, and other operational matters. These responsibilities will provide the Deputy Chief, Investment Officer experience sufficient to be a candidate to succeed the Chief Investment Officer, thereby also assisting LACERA with succession planning. The need for this position is driven by, among other things, the increasing complexity of LACERA's portfolio, ESG initiatives and other compliance obligations. The class description for the Deputy Chief Investment Officer, LACERA (UC), classification is included in **Attachment 7**.

The Principal Staff Counsel, LACERA classification is needed to enable better management of the Legal Division by freeing Chief Counsel to focus on governance and strategic planning with the Executive Office and the managers of LACERA's other divisions, enhancing the development of higher-level expertise and management experience within the Legal Division. The addition of this classification will allow Chief Counsel to better manage the Legal Division's personnel and work, and to foster enhanced specialization and expertise within the Division as the legal issues change and become more complex. The position is also necessary to create a structure within the Legal Division that enhances succession planning. Staff recommends no changes to the classification description or the salary, based on internal equity. The salary range of LS17 previously approved by the LACERA Boards is slightly above the range of salary from market data, but we believe it is within market range for several reasons. As shown in **Attachment 2**, LACERA is much larger and more complex than the other entities against whom we benchmark salary data. This increased size and complexity suggests that the Principal Staff Counsel will have more significant responsibilities than the comparable attorney at another institution, and in many cases will be performing tasks that are done by the Chief Counsel of other institutions. Also, the market for in-house counsel at asset management companies is more robust in Los Angeles than in other cities. For these and other reasons, we believe the proposed salary range is consistent with industry benchmarks. The class description for the Principal Staff Counsel, LACERA classification is included in **Attachment 8**.

The Information Technology Manager II, LACERA classification is also essential to the growth and reorganization of the Systems Division, because it is the classification of the positions that will lead each business unit in the anticipated organizational restructuring. Moreover, because the BOS did not approve this classification in 2018, LACERA currently has a contractor and several staff in other (inappropriate) positions handling the responsibilities of the business unit leadership which, for reasons discussed above, is unsustainable and inconsistent with the organizational restructuring. The class description for the Information Technology Manager II, LACERA classification, and a redline against the previously approved class description, is included in **Attachment 9**.

LACERA Boards previously approved the salary for the Information Technology Manager II, LACERA classification be allocated at LS12. The original study proposed the Information Technology Manager I and II, LACERA as independent supervisors over separate functions. Under the new organizational structure, the Information Technology Manager II, LACERA is responsible for a major functional section and is the next level classification in the career ladder for the existing Information Technology Manager I, LACERA and Information Technology Specialist II, LACERA classifications. Staff recommends minor updates to the classification description and the salary be allocated to LS13 based on internal equity and updated market benchmarks. Systems management supports an LS13 salary range to close the gap between Information

Technology Manager II and Information Security Officer. LS13 will allow for a 2-schedule salary differential with the lower-level Information Technology Manager I, LACERA (LS11) and an approximate 10% salary differential with the Information Technology Specialist II, LACERA. The salary range is within market range pursuant to identified industry benchmarks.

D. TEMPORARY STAFF

As noted above, LACERA has been forced to rely on contract and temporary staff to fill certain positions and to facilitate the alternate work arrangements made necessary by COVID-19 and staff attrition. However, this use of temporary staff is not sustainable for several reasons. First California law requires most LACERA employees to be civil servants, and regular reliance on temporary workers may conflict with this statutory principle. Second, use of temporary staff raises other potential employment law issues, as well as operational difficulties. For example, temporary staff may not provide performance evaluations in some circumstances, creating a burden on LACERA to maintain its policy and practice of reviewing and guiding staff performance and development. As noted previously, temporary staff also creates other administrative and management obstacles, security and retention risks, related risks of loss of knowledge base and expertise, and additional costs.

The Boards requested information regarding the use of temporary staff and the associated costs. It is estimated that at the LACERA-approved salaries, hiring permanent staff will cost \$329,556 more annually when factoring in employee benefits than the continued use of temporary staff.

E. CONCLUSION

LACERA staff believe the creation of these new classifications, and the increase in compensation for the aforementioned positions, is essential to the administration of the LACERA retirement system.

THEREFORE, IT IS RECOMMENDED THAT THE BOARDS approve the following and instruct LACERA staff to submit to the BOS the required ordinance language to implement the new and revised classifications by amending the Los Angeles County Salary Code sections 6.28.050 and 6.127.010:

- Creation of a new Deputy Chief Investment Officer, LACERA (Unclassified), classification with a salary allocation of LR24, as previously approved by LACERA Boards in 2018.
- Creation of a new Principal Staff Counsel, LACERA, classification (two positions) with a salary allocation of LS17, as previously approved by LACERA Boards in 2018.

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- Creation of a new Information Technology Manager II, LACERA, classification, as previously approved in substantial part by LACERA Boards, with a revised salary allocation of LS13.
- Salary reallocation of the Chief Counsel, LACERA, classification from LS19 to LS20, as previously approved by LACERA Boards in 2018.
- Title change of the existing Chief, Information Security Officer, LACERA, to Information Security Officer, LACERA and salary reallocation from LS12 to LS13.
- Title change and revision to the class specification of the existing Chief Technology Officer, LACERA to create the Chief, Information Technology, LACERA (Unclassified), and salary reallocation from LS12 to LS17.
- The salary reallocation of Chief Financial Officer, LACERA, to LS14, as previously approved by LACERA Boards and aligned with the current market benchmarks.
- The salary reallocation of Assistant Chief Financial Officer, LACERA, to LS12, as previously approved by LACERA Boards and aligned with the current market benchmarks.
- The salary reallocation of Chief, Internal Audit, LACERA, to LS14, as previously approved by LACERA Boards and aligned with the current market benchmarks.
- The salary reallocation of Director, Human Resources, LACERA, to LS14, as previously approved by LACERA Boards and aligned with the current market benchmarks.
- The salary reallocation of Assistant Director, Human Resources, LACERA to LS12, as previously approved by LACERA Boards and aligned with the current market benchmarks.

Attachments

1. 2021 Updated Industry Compensation Data
2. 1937 Act Employee Retirement Systems Management Complexity Comparison
3. Summary of Salary Recommendation History
4. Information Security Officer, LACERA, Class Description and Redline
5. Chief, Information Technology, LACERA (Unclassified), Class Description and Redline
6. January 19, 2021 County of Los Angeles Memorandum
7. Deputy Chief Investment Officer, LACERA (Unclassified), Class Description
8. Principal Staff Counsel, LACERA, Class Description
9. Information Technology Manager II, LACERA, Class Description

cc: Steven P. Rice
Carly Ntoya
Johanna Fontenot

2021 Industry Compensation Data

	Recommended Salary Schedule	Recommended Maximum Salary	Market Base Median	Market Base Mean	Market Base 75%	Minimum Comparable Salary	Maximum Comparable Salary
Assistant Chief Financial Officer - NEW	LS12	\$15,979					
Assistant Director, Human Resources	LS12	\$15,979					
Chief Counsel	LS20	\$28,497	\$23,364	\$26,092	\$28,821	\$1,538	\$40,136
Chief Financial Officer - NEW	LS14	\$18,465	\$14,328	\$14,861	\$15,857	\$1,616	\$25,755
Information Security Officer - NEW	LS13	\$17,177	\$14,151	\$15,459	\$17,084	\$6,946	\$26,293
Chief Internal Auditor	LS14	\$18,465	\$14,080	\$14,764	\$15,432	\$1,616	\$21,729
Chief, Information Technology (UC) - NEW	LS17	\$22,939	\$15,645	\$17,830	\$18,010	\$4,192	\$37,145
Director, Human Resources	LS14	\$18,465	\$13,756	\$14,294	\$15,586	\$4,192	\$22,705
Information Technology Manager II - NEW	LS13	\$17,177	\$14,373	\$14,186	\$15,250	\$4,192	\$17,314
Principal Staff Counsel - NEW	LS17	\$22,939	\$17,529	\$17,136	\$17,693	\$1,538	\$21,801

ATTACHMENT 2

1937 ACT EMPLOYEE RETIREMENT SYSTEMS MANAGEMENT COMPLEXITY COMPARISON*

37 Act Retirement Association	Fund Assets (\$ Billion)	Rank by Fund Size	Membership Size (Active and Retired)	Rank by Membership Size	# Budgeted Positions	Rank by Staff Size	# Investment Staff	Rank by Invest. Staff Size	# Benefit Tiers	Rank by # of Benefit Tiers Administered	Administer Ret. Medical and Dental	457
Los Angeles Co ERA	57.01	1	165,972	1	467	1	36	1	9	5	Y	N
Orange Co ERS	16.55	2	39,603	2	93	2	8	3	2	12	N	N
San Diego Co ERA	12.40	3	35,461	3	56	7	2.5	6	6	8	Y	N
San Bernardino Co ERA	10.02	4	34,181	4	78	4	8	3	2	12	N	No
Sacramento Co ERS	9.12	5	24,560	5	61	5	3	5	9	5	N	No
Contra Costa Co ERA	8.70	6	19,258	6	60	6	4	4	14	4	N	N
Alameda Co ERA	8.10	7	19,104	7	91	3	10	2	4	10	Y	Y
Ventura Co ERA	5.75	8	15,110	10	31	9	1	8	5	9	N	N
Fresno Co ERA	4.80	9	15,155	9	36	8	1	8	9	5	n	n
San Mateo Co ERA	4.40	10	10,476	12	23	12	3	5	18	2	N	No
Kern Co ERA	3.34	11	15,887	8	25	10	1	8	8	6	N	N
Santa Barbara ERS	3.17	12	8,690	13	24	11	2	7	16	3	Y	N
San Joaquin Co ERA	2.90	13	12,040	11	20	13	1	8	2	12	N	N
Sonoma Co ERA	2.67	14	8,514	14	15	15	2	7	2	12	N	N
Marin Co ERA	2.51	15	6,002	17	19	14	1	8	45	1	Y	N
Tulare Co ERA	1.46	16	7,773	15	13	16	0	10	4	10	N	N
Merced Co ERA	1.30	17	4,748	18	8	19	0	10	6	8	N	No
Stanislaus Co ERA	1.17	18	7,148	16	11	17	0	10	6	8	N	N
Imperial Co ERS	0.84	19	3,354	19	9	18	0	10	3	11	Y	Y
Mendocino Co ERA	0.50	20	2,652	20	5	20	0.5	9	7	7	N	No

*CALAPRS Survey Data as of July 2019

ATTACHMENT 3

Summary of Salary Recommendation History

Classification	Salary Schedule Approved by LACERA Boards (2016, 2017)	2021 Range	Salary Schedule Approved by BOS (2018)	2021 Range	Updated Salary Recommendation 2021	2021 Range
Assistant Chief Financial Officer - NEW	LS12	\$10,556 - \$15,978	LS10	\$9,135 - \$13,826	LS12	\$10,556 - \$15,978
Assistant Director, Human Resources	LS12	\$10,556 - \$15,978	LS10	\$9,135 - \$13,826	LS12	\$10,556 - \$15,978
Chief Counsel	LS20	\$18,827 - \$28,497	LS19	\$17,514 - \$26,509	LS20	\$18,827 - \$28,497
Chief Financial Officer - NEW	LS14	\$12,199 - \$18,465	LS12	\$10,556 - \$15,978	LS14	\$12,199 - \$18,465
Chief Information Security Officer - NEW	LS14	\$12,199 - \$18,465	LS12	\$10,556 - \$15,978	LS13	\$11,348 - \$17,176
Chief Internal Auditor	LS14	\$12,199 - \$18,465	LS12	\$10,556 - \$15,978	LS14	\$12,199 - \$18,465
Chief Technology Officer - NEW	LS15	\$13,114 - \$19,850	LS12	\$10,556 - \$15,978	n/a	n/a
Chief, Information Technology (UC) - NEW	new	n/a	n/a	n/a	LS17	\$15,155 - \$22,939
Deputy Chief Investment Officer (UC) - NEW	LR24	\$25,143 - \$38,057	<i>Position Denied</i>		LR24	\$25,143 - \$38,057
Director, Human Resources	LS14	\$12,199 - \$18,465	LS12	\$10,556 - \$15,978	LS14	\$12,199 - \$18,465
Information Systems Manager	LS17	\$15,155 - \$22,939	LS14	\$12,199 - \$18,465	LS14	\$12,199 - \$18,465
Information Technology Manager II - NEW	LS12	\$10,556 - \$15,978	<i>Position Denied</i>		LS13	\$11,348 - \$17,176
Principal Staff Counsel - NEW	LS17	\$15,155 - \$22,939	<i>Position Denied</i>		LS17	\$15,155 - \$22,939

Last Update: 4/12/2021

CLASS TITLE: INFORMATION SECURITY OFFICER, LACERA

ITEM NUMBER: 0806

APPROVAL DATE:

DEFINITION:

Directs organizational information security programs that are designed to provide the protection and confidentiality of data, along with other information assets of the Los Angeles County Employees Retirement Employees Association (LACERA)

POSITION INFORMATION:

The one (1) position allocable to this class reports to the Chief, Information Technology, LACERA (CIT), and has primary responsibility for formulating and promulgating policy, and developing, managing, monitoring, evaluating, and integrating LACERA's information security and privacy related programs designed to protect all LACERA's Information Technology (IT) systems and data. The Information Security Officer (ISO) directs information security and related privacy efforts for LACERA. The incumbent must exercise strong organizational and team leadership skills to facilitate organizational compliance and to ensure that LACERA IT staff fully integrates appropriate security and privacy practices.

The position requires extensive, expert-level, up-to-date technical knowledge in information systems security, detailed knowledge of security and privacy technologies and best practices, and use of appropriate security controls, tools, and methods. This position also requires an extensive knowledge of LACERA information system resources, architecture, organizational priorities, risk areas, and applications and IT security and privacy legislation and related policy issues; and must possess the ability to develop and maintain effective interpersonal relationships with internal and external managers, IT technical staff, legal staff, vendors, consultants, and related industry experts.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Oversees the development and implementation of department-wide IT security policies, comprehensive organizational information security programs, and procedures to protect LACERA from internal and external IT threats and vulnerabilities.

Represents LACERA on information technology advisory bodies, and other committees or agencies involving LACERA policies, plans, methodologies and programs related to security, privacy and confidentiality of data and information technology assets.

Develops and maintains short- and-long term strategies for optimizing LACERA's Information Security Plan, and formulates and recommends organization-wide policies for detecting, deterring and mitigating information security threats.

Information Security Officer, LACERA

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Directs and participates in the identification of security risks, research, development and implementation of security management practices, and the measurement and monitoring of security protection measures.

Directs the handling of IT security breaches and related incidents, including overseeing the activation of the incident response teams, investigations, and reporting.

Through the CIT, serves as a subject matter expert and internal consultant on the data security implications of proposed new major information technology projects and programs, and makes recommendations as appropriate.

Reviews and recommends the professional development curriculum for LACERA IT security and privacy staff to ensure adequate and appropriate training standards in security and protection measures; and coordinates related training and awareness programs.

Directs the development and promotion of security and privacy awareness training and education for all levels of LACERA's organization on an ongoing basis.

Participates in the development and implementation of disaster recovery and business continuity plans, to ensure that appropriate IT security measures are addressed.

Participates in the development, implementation and compliance monitoring of IT security agreements, business associate agreements, chain-of-trust agreements, and other agreements or requirements.

Leads vendor activities, writes and evaluates proposals, and negotiates contracts for organizational security related programs.

Maintains current knowledge of applicable Federal and State IT security laws, regulations, best-practices, and standards to facilitate organizational adaptation and compliance.

Researches, gathers, analyzes, and reports on security threats, threat intelligence, emerging and trending threats.

Develops and maintains enterprise threat mitigation and prevention plans.

Verifies and monitors all enterprise systems for secure implementation and patching.

Implements proactive and remediating security measures.

Monitors and reports System Information and Event Management (SIEM) system, logs, and security events.

Performs other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Business, or a related field -AND- Four (4) years of experience obtained within the previous seven (7) years at the level of Information Technology Manager II, LACERA, or Information Technology Specialist II, LACERA, responsible for developing, implementing and monitoring a large and complex information systems security and program for a diverse multi-service public or private sector organization.

OPTION B: Six (6) years of professional information security experience implementing information security programs and/or systems or managing or assisting in the management of an information security program. Three (3) years of this experience must have been obtained within the previous five (5) years and must have involved directly managing an information security program for a diverse multi-service, public, or private sector organization.

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.

PHYSICAL CLASS:

2 - Light

CLASS TITLE: ~~CHIEF~~ INFORMATION SECURITY OFFICER, LACERA

ITEM NUMBER: 0806

APPROVAL DATE: ~~June 6, 2018~~

DEFINITION:

Directs organizational information security programs that are designed to provide the protection and confidentiality of data, along with other information assets of the Los Angeles County Employees Retirement Employees Association (LACERA)

POSITION INFORMATION:

The one (1) position allocable to this class reports to the Chief, Information ~~Technology Officer~~, LACERA (~~CIOT~~), and has primary responsibility for formulating and promulgating policy, and developing, managing, monitoring, evaluating, and integrating LACERA's information security and privacy related programs designed to protect all LACERA's Information Technology (IT) systems and data. The ~~Chief~~ Information Security Officer (~~CI~~ISO) directs information security and related privacy efforts for LACERA. The incumbent must exercise strong organizational and team leadership skills to facilitate organizational compliance and to ensure that LACERA IT staff fully integrates appropriate security and privacy practices.

The position requires extensive, expert-level, up-to-date technical knowledge in information systems security, detailed knowledge of security and privacy technologies and best practices, and use of appropriate security controls, tools, and methods. This position also requires an extensive knowledge of LACERA information system resources, architecture, organizational priorities, risk areas, and applications and IT security and privacy legislation and related policy issues; and must possess the ability to develop and maintain effective interpersonal relationships with internal and external managers, IT technical staff, legal staff, vendors, consultants, and related industry experts.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Oversees the development and implementation of department-wide IT security policies, comprehensive organizational information security programs, and procedures to protect LACERA from internal and external IT threats and vulnerabilities.

Represents LACERA on information technology advisory bodies, and other committees or agencies involving LACERA policies, plans, methodologies and programs related to security, privacy and confidentiality of data and information technology assets.

Develops and maintains short- and long term strategies for optimizing LACERA's Information Security Plan, and formulates and recommends organization-wide policies for detecting, deterring and mitigating information security threats.

Chief Information Security Officer, LACERA

Page 2

Directs and participates in the identification of security risks, research, development and implementation of security management practices, and the measurement and monitoring of security protection measures.

Directs the handling of IT security breaches and related incidents, including overseeing the activation of the incident response teams, investigations, and reporting.

Through the [CIOCIT](#), serves as a subject matter expert and internal consultant on the data security implications of proposed new major information technology projects and programs, and makes recommendations as appropriate.

Reviews and recommends the professional development curriculum for LACERA IT security and privacy staff to ensure adequate and appropriate training standards in security and protection measures, and coordinates related training and awareness programs.

Directs the development and promotion of security and privacy awareness training and education for all levels of LACERA's organization on an ongoing basis.

Participates in the development and implementation of disaster recovery and business continuity plans, to ensure that appropriate IT security measures are addressed.

Participates in the development, implementation and compliance monitoring of IT security agreements, business associate agreements, chain-of-trust agreements, and other agreements or requirements.

Leads vendor activities, writes and evaluates proposals, and negotiates contracts for organizational security related programs.

Maintains current knowledge of applicable Federal and State IT security laws, regulations, best-practices, and standards to facilitate organizational adaptation and compliance.

Researches, gathers, analyzes, and reports on security threats, threat intelligence, emerging and trending threats.

Develops and maintains enterprise threat mitigation and prevention plans.

Verifies and monitors all enterprise systems for secure implementation and patching.

Implements proactive and remediating security measures.

Monitors and reports System Information and Event Management (SIEM) system, logs, and security events.

Performs other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Business, or a related field -AND- Four (4) years of experience [obtained within the previous seven \(7\) years](#) at the level of Information Technology Manager II, LACERA, or Information [Technology Specialist II](#), LACERA, responsible for developing, implementing and monitoring a large and complex information systems security and program for a diverse multi-service public or private sector organization.

OPTION B: Six (6) years of ~~senior level information security~~ professional [information security](#) experience implementing information security programs and/or systems or managing or assisting in the management of an information security program. Three (3) years of this experience must have been obtained within the previous five (5) years and must have involved directly managing an information security program for a diverse multi-service, public, or private sector organization.

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.

PHYSICAL CLASS:

2 - Light

ATTACHMENT 5

Last update: 4/8/2021

CLASS TITLE: CHIEF, INFORMATION TECHNOLOGY, LACERA (Unclassified)

ITEM NUMBER: 0805

APPROVAL DATE:

DEFINITION:

Provides technological strategic leadership and direction, and is responsible for the overall administration and management of a comprehensive information technology (IT) program for the Los Angeles County Employees Retirement Association (LACERA)

POSITION INFORMATION:

The one unclassified position allocable to this class reports to the Chief Executive Officer, LACERA and is responsible for the management, planning, design, coordination, development, and maintenance of all LACERA IT functions, including information security, business solutions, program management, infrastructure and architecture, planning and policy development, and system applications. The incumbent works collaboratively as a member of the executive office and is responsible for anticipating and maintaining a vision for the future technology needs of LACERA, and for recommending strategies, priorities, and projects that will best fit the organization's strategic goals and objectives.

The Chief Technology Officer, LACERA must possess and apply a thorough knowledge and familiarity of LACERA operations; LACERA policies, rules, procedures, practices, precedents; and County/State/Federal ordinances, laws and regulations at a level sufficient to make recommendations and ensure compliance to related laws and regulations and support LACERA's Mission and strategic planning efforts. The incumbent must also possess a high level of business acumen, broad knowledge covering a spectrum of IT specialties, and excellent analytical skills as demonstrated by ensuring the continuous operation of enterprise integrated business systems and applications while leveraging emerging technology to effectively modernize and streamline operations for continuous improvement.

In addition, the incumbent must have refined written and verbal communication skills to clearly present and convey critical IT issues and proposed resolutions, strong leadership skills to supervise and direct professional IT staff, and the ability to establish and maintain effective working relationships with members of LACERA's Boards, executive management, internal staff, governmental agencies, professional service providers, industry representatives, and the County.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Plans, organizes, assigns, and directs all IT operations including managing subordinate supervisors with oversight for highly technical specialties.

Acts as a consultant to the LACERA Boards, the Executive Office, and user divisions on the development and implementation of business process reengineering and business transformation

initiatives, identifying innovative process improvement opportunities using technological business solutions.

Establishes and maintains information systems governance structures to ensure integrity of IT architecture, system interoperability, support for critical systems and alignment of information technology initiatives and resources with the LACERA's strategic plan.

Initiates and maintains strong relationships with LACERA Boards, LACERA user divisions, outside agencies, vendors, and other stakeholders, representing LACERA as required.

Analyzes and evaluates current and proposed IT operations, programs and projects, ensuring continuous recommending improvements for technological advancement and enhancement of member experiences.

Develops and executes LACERA's IT Strategic Plan, and monitors accomplishments to ensure plan objectives are achieved.

Oversees compliance with State and Federal regulations on implementation of privacy and security requirements as well as data collection and reporting mandates.

Oversees the development and delivery of training programs for management and technical personnel involving the use and maintenance of systems and equipment.

Directs the preparation, dissemination, maintenance, and monitoring of policies, guidelines, standards, and metrics for IT.

Directs the development and maintenance of an inventory of IT systems, technological oversight systems, and related resources.

Directs the Division's fiscal and administrative functions, including preparation of the division's annual budget and justification for additional resources such as personnel, space, and materials necessary to meet IT requirements.

Directs the preparation of periodic reports to the Executive Office and the Boards on IT projects and accomplishments.

Develops and defines IT data architecture, data infrastructure, data life cycle, data quality and data management.

Develops and manages the IT Modernization team and executes modernization efforts, including IT budget requirements, related processes for the upgrades and new systems, and roll-out and training of staff working with new systems.

Leads communications within LACERA on IT changes and progress made.

Manages user integration and collaboration in product development and focuses on IT priorities as a service model in which IT serves the business needs of staff.

Supports the development of an Information Management (IM) platform to help the organization have the information needed to make evidence-based decisions, monitor process improvements, and enhance member experiences.

Chief Technology Officer, LACERA
Page 3

Performs other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Business Administration, or a closely related field from an accredited college or university -AND- Five (5) years of experience at the level of Information Technology Manager II, LACERA, responsible for managing the design, development, implementation, operation and maintenance of a large and complex information technology system for a diverse multi-service public- or private-sector organization. This experience must have included the management of both technical IT functions and administrative functions such as budgeting, finance, and personnel as the manager of a major section.

OPTION B: Seven (7) years of senior level IT management experience managing the design, development, implementation, operation, and maintenance of large and complex information technology systems in a diverse multi-service public- or private- sector organization. This experience must have included the management of both technical IT functions and administrative functions such as budgeting, finance, and personnel.

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 duties.

PHYSICAL CLASS:

2 - Light

CLASS TITLE: CHIEF TECHNOLOGY OFFICER, LACERACHIEF, INFORMATION TECHNOLOGY, LACERA (Unclassified)

ITEM NUMBER: 0805

APPROVAL DATE: _____

DEFINITION:

Provides technological strategic leadership and direction, and is responsible for the overall administration and management of a comprehensive information technology (IT) program for the Los Angeles County Employees Retirement Association (LACERA)
Assists the Chief Information Officer, LACERA (CIO), in the overall administration and coordination of LACERA's technology and telecommunications projects and programs.

POSITION INFORMATION:

The one unclassified position allocable to this class reports to the Chief Executive Officer, LACERA and is responsible for the management, planning, design, coordination, development, and maintenance of all LACERA IT functions, including information security, business solutions, program management, infrastructure and architecture, planning and policy development, and system applications. The ~~position incumbent~~ works collaboratively as a member of the executive office and is responsible for anticipating and maintaining a vision for the future technology needs of LACERA, and for recommending strategies, priorities, and projects that will best fit the organization's strategic goals and objectives. This position i

The ~~position must~~ Chief Technology Officer, LACERA must possess and apply a thorough knowledge and familiarity of LACERA operations; LACERA policies, rules, procedures, practices, precedents; and County/State/Federal ordinances, laws and regulations at a level sufficient to make recommendations and ensure compliance to related laws and regulations and support LACERA's Mission and strategic planning efforts. The incumbent ~~of this position~~ must also possess a high level of business acumen, broad knowledge covering a spectrum of IT specialties, and excellent analytical skills, ~~with the ability to demonstrate this~~ as demonstrated by ensuring the continuous operation of enterprise integrated business systems and applications while leveraging emerging technology to effectively modernize and streamline operations for continuous improvement.

The ~~position~~ In addition, the incumbent must have refined written and verbal communication skills to clearly present and convey critical IT issues and proposed resolutions, strong leadership skills to supervise and direct professional IT staff, and the ability to establish and maintain effective working relationships with members of LACERA's Boards, executive management, internal staff, governmental agencies, professional service providers, industry representatives, and the County. s-distinguished by its executive, administrative, project management, organizational, and technical responsibility for assisting the CIO in the overall coordination of information technology (IT) and telecommunications projects and programs addressing organizational systems requirements, as well as the service needs of individual divisions.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

~~Assists in the planning~~Plans, organizes, assigns, and directs, organizing, and directing o f all IT operations— including formulating policy, directing its execution, and evaluating work accomplished.~~managing subordinate supervisors with oversight for highly technical specialties.~~

Acts as a consultant to the LACERA Boards, the Executive Office, and user divisions on the development and implementation of business process reengineering and business transformation initiatives, identifying innovative process improvement opportunities using technological business solutions.

Establishes and maintains information systems governance structures to ensure integrity of IT architecture, system interoperability, support for critical systems and alignment of information technology initiatives and resources with the LACERA's strategic plan.

~~Initiates and Serves as an Assistant to the CIO and acts as liaison~~maintains strong relationships with LACERA Boards, LACERA user divisions, outside agencies, to vendors, information technology advisory bodies, LACERA user divisions, and other stakeholders, representing LACERA as required.

Analyzes and evaluates current and proposed IT operations, programs and projects, ensuring continuous recommending improvements for technological advancement and enhancement of member experiences.

~~Develops and executes~~Assists in directing the preparation of the LACERA's IT Strategic Plan, and monitors accomplishments to ensure plan objectives are achieved.

Oversees compliance with State and Federal regulations on implementation of privacy and security requirements as well as data collection and reporting mandates.

Oversees the development and delivery of training programs for management and technical personnel involving the use and maintenance of systems and equipment.

~~Assists in directing~~Directs the preparation, dissemination, maintenance, and monitoring of policies, guidelines, standards, and metrics for IT.

~~Assists in directing~~the review of proposed new major IT projects and programs; and makes recommendations to management and LACERA's Boards on projects and implementation for divisions.

~~Assists~~Directs~~in directing~~ the development and maintenance of an inventory of IT systems, technological oversight systems, and related resources.

~~Assists~~Directs~~in directing~~ the Division's fiscal and administrative functions, including preparation of the division's annual budget and justification for additional resources such as personnel, space, and materials necessary to meet IT requirements.-

~~Assists in providing oversight to ensure compliance with State and Federal regulations on implementation of privacy and security requirements.~~

~~Assists in long range and strategic planning of LACERA's IT program.~~

~~Assists in directing~~Directs the preparation of periodic reports to Management~~the Executive Office~~ and the Boards on LACERA IT projects and accomplishments.

Develops and defines IT data architecture, data infrastructure, data life cycle, data quality and data management.

Develops and manages the IT Modernization team and executes modernization efforts, including IT budget requirements, related processes for the upgrades and new systems, and roll-out and training of staff working with new systems.

Leads communications within LACERA on IT changes and progress made.

Manages user integration and collaboration in product development and focuses on IT priorities as a service model in which IT serves the business needs of staff.

Supports the development of an Information Management (IM) platform to help the organization have the information needed to make evidence-based decisions, monitor process improvements, and enhance member experiences.

Performs s other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Business Administration, or a closely related field from an accredited college or university -AND- Five (5) years of experience at the level of Information Technology Manager II, LACERA, responsible for managing the design, development, implementation, operation and maintenance of developing, implementing or monitoring a large and complex information technology systems security and/or privacy program~~system~~ for a diverse multi-service public- or private-~~sector~~ organization. This experience must have included the management of both technical IT functions and administrative functions such as budgeting, finance, and personnel as the manager of a major section.

OPTION B: Seven (7) years of senior level information technology~~IT~~ management experience implementing administrative or information systems, or managing/assisting in the management of an information technology organization. managing the design, development, implementation, operation, and maintenance of large and complex information technology systems in a diverse multi-service public- or private- sector organization. Four (4) years of experience (within the last five [5] years) must have been managing an enterprise information technology program for a diverse multi-service or private sector organization. This experience must have included the management of both technical IT functions and administrative functions such as budgeting, finance, and personnel.

LICENSE:

Chief Technology Officer, LACERA
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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 duties.

PHYSICAL CLASS:

2 - Light



**County of Los Angeles
CHIEF EXECUTIVE OFFICE**

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

FESIA A. DAVENPORT
Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

January 19, 2021

To: Carly Ntoya, Ph.D.
Director, Human Resources
Los Angeles County Employees Retirement Association

From: Ann Havens *AH*
Acting Senior Manager, CEO
Classification and Compensation Division

PROPOSED DEPUTY CHIEF, INVESTMENT OFFICER (UC) CLASSIFICATION

This is in response to the second proposal by the Los Angeles County Employee’s Retirement Association (LACERA) to add a new unclassified classification of Deputy Chief, Investment Officer (DCIO), at a salary level of MAPP LR24 (\$301,726 - \$456,686.28;), to its staffing ordinance. The new classification was previously proposed by LACERA and reviewed by this office in 2018.

According to the information provided, the DCIO would report directly to the Chief Investment Officer (CIO) and perform the “middle office duties.” Your request states that the CIO spends approximately half of their time reviewing materials for the monthly Board of Investments meeting. They spend another 25 percent handling internal administrative matters, such as staffing and personnel issues which does not leave the CIO enough time focus on portfolio performance, investment strategy, and Board relations.

The proposed DCIO would carry out routine administrative staffing and personnel-related duties for the Investment Office, including direct oversight of six (6) Principal Investment Officer (PIO) positions (LR23 - \$280,677/yr. - \$424,824/yr.) that supervise investment staff in Bond Compliance, Private Equity Co-Investments, and Public Equity Trading. The DCIO would also oversee expansion of Environmental, Social, and Governance initiatives, compliance, and governance and manage Board packages and public information requests. The Office currently has 43.0 budgeted positions.

Unfortunately, we are unable to recommend the addition of a DCIO class. As stated above, the proposed DCIO would oversee six PIOs who are responsible for core investment units. Supervision and coordination of these positions is a critical component

Carly Ntoya, Ph.D.
January 19, 2021
Page 2

of the CIO's overall scope of responsibility. We acknowledge that the Investment Office has added staff in recent years; however, these positions report to or are under the PIO level. The proposed duties of the DCIO such as managing Board packages and handling routine administrative and personnel matters appear to be more commensurate with a human resources, or special/executive assistant type role.

We acknowledge that LACERA typically compares itself with other retirement systems such as CalPERS or LACERS. However, when allocating positions and appropriate salary levels, internal alignment with other County departments is important. We must strike a balance between external market factors and internal equity considerations. In addition, very few comparable positions to the proposed DCIO were found. Those that appear to be a match were at a lower salary level than LACERA's PIO classification.

Based on the duties and internal alignment considerations, the addition of an intermediary MAPP level class at the proposed salary level is not supported by our office.

If you have any questions regarding this information, please contact Chris Stevens at (213) 974-2507

AH:CES:mmg

c: Jennifer Revuelta, Chief Executive Office

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Class Specification
Deputy Chief Investment Officer, LACERA (UC)
Page 1

CLASS SPECIFICATION: DEPUTY CHIEF INVESTMENT OFFICER, LACERA (UNCLASSIFIED)

ITEM NUMER: to be determined

DEFINITION:

Acts as an assistant to the Chief Investment Officer, LACERA.

CLASSIFICATION STANDARDS:

The unclassified positions allocable to this class have responsibility for assisting the Chief Investment Officer, LACERA (CIO) in the planning, organization and direction of all investment operations of LACERA including those provided by LACERA to participating agencies, and implementing investment policies and programs adopted by the Board of Investments (Board). The position also serves as a liaison with County agencies, the public, and public agencies.

EXAMPLES OF DUTIES

The following examples are intended to describe the general nature and level of work performed by persons assigned to this unclassified position. Depending on the assignment, duties may include, but are not limited to the following:

1. Implement the investment policies and strategies established by the Board.
2. Develop, articulate, and present investment vision and strategies to the Board, Chief Investment Officer, and investment staff.
3. Establish reporting mechanisms to keep the Board informed as to the status of LACERA's investment programs and the procedures used to implement it.
4. Standardize policy and procedural guidelines to ensure consistency with investment strategies adopted by the Board and compliance with state and federal laws.
5. Make recommendations to the Board on the selection of external managers, funds, and contractors.
6. Oversee the Principal and Senior Investment Officers in the investment, monitoring, operations, and administration of the investment programs.
7. Evaluate the overall performance of the Principal and Senior Investment Officers, including their role as supervisors of staff.

Class Specification
Deputy Chief Investment Officer, LACERA (UC)
Page 2

8. Supervise and coordinate the activities between the Principal and Senior Investment Officers and external managers, advisors, and consultants.
9. Direct, plan, and supervise the activities of the investment staff.
10. Evaluate the overall performance of the external investment managers and funds.
11. As directed by the Chief Investment Officer, represent LACERA in the investment community, the media, a participant in various functions, and an expert spokesperson on investment matters relating to LACERA.
12. Advise 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.
13. Direct preparation of the Investment Office budget to ensure adequate staffing and resources to meet the goals and objectives of the Investment Office.
14. Assists the Chief Investment Officer with the administration of the Investment Office and all of its responsibilities.
15. May act in the absence of the Chief Investment Officer, LACERA.
16. May be required to perform other duties 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.

MINIMUM REQUIREMENTS:

Experience

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 or a related field may be used to substitute for one year of the required experience.

OPTION B: Three years experience at the level of Principal Investment Officer, LACERA.

Class Specification
Deputy Chief Investment Officer, LACERA (UC)
Page 3

License

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

Physical Class

Class 2 – Light. Positions within this class require light physical effort that may include occasional light lifting to a 10 pound limit and some bending, stooping, or squatting. Considerable ambulation may be involved.

DESIRABLE QUALIFICATIONS:

1. Ability to work with and gain and maintain the confidence of the LACERA Boards, Committees, Investment Office staff, management, and other staff.
2. Ability to work collaboratively with third party partners including external investment managers, consultants, advisors, legal counsel, and auditors.
3. A demonstrated track record of investment program success with the ability to introduce new portfolio management techniques, risk assessment tools, and performance measurement tools.
4. A proven ability to recruit, develop and retain strong professionals in various asset classes in investment functions.
5. Excellent oral and written communication skills.

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Class Specification
Principal Staff Counsel, LACERA
Page 1

CLASS SPECIFICATION: PRINCIPAL STAFF COUNSEL, LACERA

ITEM NUMBER: to be determined

DEFINITION:

Acts as assistant to the Chief Counsel, LACERA, and has immediate charge of a highly specialized legal program of the Legal Division of the Los Angeles County Employees Retirement Association (LACERA).

CLASSIFICATION STANDARDS:

Positions allocable to this class report to a Chief Counsel, LACERA and are characterized by their responsibility for (1) managing or assisting in the management of one or more sections of the division responsible for providing professional legal services in the areas of public pension, investment law, and disability to LACERA staff and the Boards of Retirement and Investments (Boards), and related committees, and/or (2) independently serving as primary counsel for an assigned complex and sensitive section or sections of LACERA's legal program requiring highly specialized experience, skill, and expertise in investments, litigation, disability, benefits, employment, contracts, legislation, and/or governance in relation to the County Employees Retirement Law of 1937 (CERL), the Public Employees' Pension Reform Act of 2013 (PEPRA), the Ralph M. Brown Act, the Public Records Act, the Political Reform Act, and other applicable laws.

Incumbents are responsible for applying an extensive knowledge of, experience with, and judgment in Federal, State, and County laws, regulations, and legislation; current legal and public pension program standards, methods, and terminology; and LACERA rules, policies, and procedures to provide sound legal counsel based on analysis of ambiguous or conflicting information that may require considerable interpretation, apply creative and innovative solutions to complex problems, and assist in the development and implementation of policies, procedures, and systems to carry out LACERA's goals and objectives.

Incumbents must possess sufficient knowledge of management principles related to personnel and financial planning, resource allocation, and coordination of people and resources to assist the Chief Counsel, LACERA with planning, directing, implementing, and evaluating the activities and performance of subordinate staff, preparing budgets, and performing other administrative duties necessary to conduct or assist in conducting the affairs of one or more sections of the division.

Class Specification
Principal Staff Counsel, LACERA
Page 2

Incumbents must have strong written and verbal communication skills and exercise effective interpersonal skills to maintain cooperative relationships with LACERA's Boards, committees, executive management, and other staff.

EXAMPLES OF DUTIES:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

1. Provides legal and policy advice, pre-litigation and litigation counsel, and program implementation guidance to LACERA, Boards and related Committees, executive management, and other staff on a wide variety of legal matters related to investments, pension benefits, disability retirement, retiree healthcare, fiduciary laws, litigation strategy and impacts, development and application of ethical standards, corporate governance, contracts, legislation, and internal Board governance and delegation.
2. Assists in the management of a Legal Division including planning, evaluating or assisting in evaluating, and directing work of subordinate staff, participating in the development of budget and policy, strategic planning, and program implementation.
3. Reviews, analyzes, and communicates case law developments, legislative issues, and legal trends impacting alignment with LACERA objectives.
4. Maintains liaison and consults with external subject matter experts on emerging legal, political, social, economic, and environmental issues potentially impacting the future of public pension funds, and coordinates litigation efforts with similarly situated funds.
5. Collaborates with internal and external working groups to implement legislative or case law changes to plan design, investment planning, healthcare, and tax qualification.
6. Prepares and tries highly complex administrative hearings and civil cases involving public pension law and other specialized areas of law such as institutional investments, family, tax, securities, probate, disability retirement, contracts and medical-legal issues.
7. Drafts and reviews contracts, resolutions, opinions, and other documents, including reviewing and ensuring compliance with public records requests.
8. Assists in the selection, management, and evaluation of outside counsel.
9. Attends Board and Committee meetings as a technical expert.

Class Specification
Principal Staff Counsel, LACERA
Page 3

10. May act in the absence of the Chief Counsel, LACERA.
11. May attend or serve on external committees and associations.

MINIMUM REQUIREMENTS:

Experience

OPTION A: Five (5) years of experience as a Senior Staff Counsel, LACERA.

OPTION B: Seven (7) years of post-bar experience in the practice of law relating to public pensions, investments, employee benefits, retirement systems, or a closely related field. Two (2) years of the required experience must have been in the technical supervision of attorneys.

License

1. Active member, in good standing, of the State Bar of California.
2. A valid California Class C Drivers License or the ability to utilize an alternative method of transportation when needed to carry out job-related functions.

Physical Class

Class 2 – Light. Positions within this class require light physical effort that may include occasional light lifting to a 10 pound limit and some bending, stooping, or squatting. Considerable ambulation may be involved.

DESIRABLE QUALIFICATIONS:

1. Demonstrated knowledge of California Government Code provisions, including the County Employees Retirement Law of 1937, the Public Employees' Pension Reform Act of 2013 (PEPRA), the Ralph M. Brown Act, and the Public Records Act.
2. Federal, State and County law, regulations and rules governing public pension fund administration in general and detailed knowledge of all statutes and regulations related to specific assignment, including pending legislation and legislative issues and proposals.
3. Parliamentary procedure, including Robert's Rules of Order.
4. Fiduciary obligations, conflict of interest, ethics, and the Political Reform Act and the regulations thereunder.

Class Specification
Principal Staff Counsel, LACERA
Page 4

5. Ability to work with, provide expert consultation to, and gain and maintain the confidence of the LACERA Boards, Committees, executive management, Legal Division staff, and other staff.
6. Prepare and handle all phases of complex civil actions and administrative matters, including evaluation, strategy, and handling all phases of litigation.
7. Draft legal opinions, pleadings, rulings, regulations, legislation, and contractual agreements.

-o0o-

ATTACHMENT 9

Last Update: 4/8/2021

CLASS TITLE: INFORMATION TECHNOLOGY MANAGER II, LACERA

ITEM NUMBER: 0804

APPROVAL DATE:

DEFINITION:

Under direction, plans, organizes and directs the activities of a major information systems section providing effective technology programs and services to support achievement of LACERA's mission and objectives.

POSITION INFORMATION:

Positions allocable to this class report to the Chief, Information Technology, LACERA and are responsible for managing staff and resources of a large section providing comprehensive information technology (IT) programs and services for business users. Information Technology Managers must possess a high degree of professional IT knowledge as well as a broad range of management skills including organizational design, strategic planning, budgeting, and personnel management.

Information Technology Manager II is distinguished from the Information Technology Manager I, LACERA, in that the latter requires deeper and broader experience and technical knowledge in assigned functions. Incumbents in this series are distinguished from Information Technology Specialists in that their work focus is on effective management and integration of customer, staff and project relationships and results.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Plans, organizes, manages, integrates and evaluates the work of a section with subordinate supervisors and/or staff.

Develops and directs the implementation of operational plans to support LACERA's business goals.

Works with department/business managers to evaluate current and anticipated IT requirements.

Develops and negotiates service level agreements and manages to ensure their attainment.

Coordinates information systems activities with other divisions/sections to optimize use of existing hardware and software and leverage design of new systems.

Supervises and participates in the assessment and analysis of business requirements and development and maintenance of applications.

Drafts or reviews draft Requests for Proposals or Information (RFPs, RFIs) and evaluates responses and recommends vendor selection.

Information Technology Manager II, LACERA

Page 2

Administers vendor contracts; reviews and acts on contract change request and approves deliverable developed by vendors or contract staff.

Directs and/or participates in managing development, infrastructure and/or hardware/software migration projects.

Manages, directs and evaluates the work of subordinate supervisors whose staff provide data center operations and support of hardware, software and other technology support functions.

Coordinates problem solving, conflict resolution, escalations, restart and recovery.

Meets and consults with customers and vendors regarding service delivery needs.

Establishes performance requirements and personal development targets for assigned staff and monitors and evaluates performance. Provides coaching for performance improvement and development.

Assesses skill gaps and provides training to ensure skills stay current with the technology requirements for current and future work assignments.

Promotes efficient, cost effective uses of advanced technologies and manages the migration to next-generation technologies.

Conducts or oversees research and special studies and implements recommended organizational, procedural and other changes and benchmarks internal operations against best practices of other agencies and organizations.

Manages and/or participates in department disaster recovery planning and systems security administration.

Manages the development, implementation, and administration of technical training program for business users.

Manages enterprise, organizational, cross-functional, or large-scale projects.

May perform other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Information Systems, or a closely related field, -AND- Five (5) years of progressively responsible, full-time, paid experience in a centralized Information Technology organization, performing information systems analysis and design, application development, network administration or operating systems analysis; of which two (2) years must be in a management capacity.

OPTION B: Three (3) years of experience at the level of Information Technology Manager I, LACERA, or Information Technology Specialist I, LACERA.

Information Technology Manager II, LACERA

Page 3

OPTION C: Five (5) years of progressively responsible, full-time, paid experience in managing the design, development, implementation, operation, and maintenance of a large complex information systems program in a large, multi-service public or private sector organization.

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.

PHYSICAL CLASS:

2 - Light

CLASS TITLE: INFORMATION TECHNOLOGY MANAGER II, LACERA

ITEM NUMBER: 0804

APPROVAL DATE:

DEFINITION:

Under direction, plans, organizes and directs the activities of a major information systems section providing effective technology programs and services to support achievement of LACERA's mission and objectives.

POSITION INFORMATION:

Positions allocable to this class ~~are allocated to LACERA's Retirement Systems Division report to the Chief, Information Technology, LACERA (CIT)~~ and are responsible for managing staff and resources of a large section providing comprehensive information technology (IT) programs and services for business users. Information Technology Managers must possess a high degree of professional IT knowledge as well as a broad range of management skills including organizational design, strategic planning, budgeting, and personnel management. ~~This classification differs from the Information Technology Manager I, LACERA, in that the incumbent possesses deeper and broader experiences in the areas of scope.~~

~~This classification differs from the Information Technology Manager II is distinguished from the Information Technology Manager I, LACERA, in that the incumbent possesses~~ latter requires deeper and broader experiences in and the areas of scope technical knowledge in assigned functions. Incumbents in this series are distinguished from Information Technology Specialists in that their work focus is on effective management and integration of customer, staff and project relationships and results.

EXAMPLES OF ESSENTIAL JOB FUNCTIONS:

The following examples are intended to describe the general nature and level of work performed by persons assigned to each classification. Depending on the assignment, duties may include, but are not limited to the following:

Plans, organizes, manages, integrates and evaluates the work of a section with subordinate supervisors and/or staff.

Develops and directs the implementation of operational plans to support LACERA's business goals.

Works with department/business managers to evaluate current and anticipated IT requirements.

Develops and negotiates service level agreements and manages to ensure their attainment.

Coordinates information systems activities with other divisions/sections to optimize use of existing hardware and software and leverage design of new systems.

Supervises and participates in the assessment and analysis of business requirements and development and maintenance of applications.

Information Technology Manager II, LACERA

Page 2

Drafts or reviews draft Requests for Proposals or Information (RFPs, RFIs) and evaluates responses and recommends vendor selection.

Administers vendor contracts; reviews and acts on contract change request and approves deliverable developed by vendors or contract staff.

Directs and/or participates in managing development, infrastructure and/or hardware/software migration projects.

Manages, directs and evaluates the work of subordinate supervisors whose staff provide data center operations and support of hardware, software and other technology support functions.

Coordinates problem solving, conflict resolution, escalations, restart and recovery.

Meets and consults with customers and vendors regarding service delivery needs.

Establishes performance requirements and personal development targets for assigned staff and monitors and evaluates performance. Provides coaching for performance improvement and development.

Assesses skill gaps and provides training to ensure skills stay current with the technology requirements for current and future work assignments.

Promotes efficient, cost effective uses of advanced technologies and manages the migration to next-generation technologies.

Conducts or oversees research and special studies and implements recommended organizational, procedural and other changes and benchmarks internal operations against best practices of other agencies and organizations.

Manages and/or participates in department disaster recovery planning and systems security administration.

Manages the development, implementation, and administration of technical training program for business users.

Manages enterprise, organizational, cross-functional, or large-scale projects.

May perform other related duties as assigned.

MINIMUM REQUIREMENTS:

OPTION A: A Bachelor's Degree from an accredited college in Computer Science, Information Systems, or a closely related field, -AND- Five (5) years of progressively responsible, full-time, paid experience in a centralized Information Technology organization, performing information systems analysis and design, application development, network administration or operating systems analysis; of which two (2) years must be in a management capacity.

OPTION B: Three (3) years of experience at the level of Information Technology Manager I, LACERA, or Information Technology Specialist I, LACERA.

OPTION C: Five (5) years of progressively responsible, full-time, paid experience in managing the design, development, implementation, operation, and maintenance of a large complex information systems program in a large, multi-service public or private sector organization.

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.

PHYSICAL CLASS:

2 - Light

EXHIBIT E

SENT VIA EMAIL

September 2, 2021

Fesia Davenport
Chief Executive Officer
County of Los Angeles
500 West Temple Street
Room 713
Los Angeles, California 90012

**Re: Memo – Status of Classification and Compensation Requests Received
from Los Angeles County Employees Retirement Association (2018 – 2021)**

Dear Fesia,

I write in response to the August 26, 2021, memo titled “Status of Classification and Compensation Requests Received from Los Angeles County Employees Retirement Association (2018 – 2021)” (“August Memo”). It is clear that LACERA and the County of Los Angeles differ over the authority to administer the retirement system. California law provides LACERA and its Board of Retirement and Board of Investments (the “LACERA Boards”) the exclusive authority to administer the retirement system, which includes the ability to determine needed classifications and to set compensation for its personnel (whose compensation is paid from LACERA returns and not from an additional County appropriation). It is clear from the August Memo that the County disagrees and believes it has the authority to substitute the County’s judgment for that of LACERA and its Boards over such personnel decisions and the timing of such matters. Despite our mutual efforts to collaborate, the County does not want to concede this foundational issue. As such, the County is forcing us to escalate in order to reach a resolution so that LACERA can promptly proceed with important organizational priorities without additional delay. Specifically, we request that current LACERA ordinance issues be placed on a September 2021 Board of Supervisors agenda, including (1) the eleven positions and salaries again approved by the LACERA Boards on June 16, 2021 and (2) a separate matter regarding needed changes to the ordinated number of certain current classifications. Board Letters for both items will be provided soon.

To help explain and give context to LACERA’s decision, I would like to summarize our prior discussions on the matter. On June 16, 2021, the LACERA Boards approved eleven LACERA classifications and salaries and directed me to pursue a County ordinance to implement these decisions. On June 18, 2021, I provided you with a link to the memorandum, which included the information that the LACERA Boards relied upon for their approval of the eleven positions (the “LACERA Board Memo”). Subsequently, I called and emailed your office to schedule a meeting that then occurred on July 1, 2021.

At that meeting, I described the vital nature of these positions and the organizational importance of the ordinance being implemented by September. I reiterated LACERA's position that the County is obligated to adopt an ordinance implementing these changes. I further asked for your assistance with this process. My best recollection is that you indicated it would take up to a week for your office to finalize its position on these items. I mentioned other matters that were under discussion between LACERA staff and the County. When I did not hear from you, LACERA's attorneys contacted County Counsel. They did this on multiple occasions, and each time were told that the County would respond soon.

After almost two months, we received your August Memo. It was not the response we were expecting as it thwarts LACERA's ability to administer the plans in accordance with Board actions and continues delays that have occurred since the positions were first requested in 2018. The August Memo states that three positions are "under review" until at least September 30, 2021, but it does not commit to complete this review by even that late date. As we have discussed, California law does not give the County the authority to review and veto or alter decisions of LACERA's management and Boards. The August Memo also states that seven positions have not been "officially resubmitted" to your office. Once again, we contend that the County does not have the authority to approve LACERA personnel decisions. Finally, the August Memo states that the Deputy Chief Investment Officer position will be recommended for approval in November 2021, but it provides no reason for such a postponement. This material delay, and that which has occurred in past years, has interfered with LACERA's management of the fund and its Mission to members. The August Memo does not address other issues under discussion between LACERA and the County, including the number of ordinances for certain existing classifications, which are also necessary to support very important LACERA needs.

The August Memo also introduces items that were not discussed in June. For example, it states that your office intends to recommend in September 2021 that the Board of Supervisors approve a "Senior Media Artist." While this position is important and we welcome its approval, it is unclear why the County would expedite the implementation of a LACERA Senior Media Artist position, yet delay even further the Deputy Chief Investment Officer position (a position that directly helps LACERA manage its \$71 billion portfolio and \$2.2 billion in Other Post-Employment Benefits (OPEB) retire health care trust funds). LACERA should be able to control the pacing of its own personnel priorities.

The August Memo confirms that the fundamental disagreement over LACERA and County authority remains. The August Memo states that the County Chief Executive Officer "reviews" LACERA's classification and compensation requests as part of its authority over County employees. As we have discussed, LACERA disagrees. The LACERA Boards, and LACERA itself, are not County departments under the supervision of the County. No part of County government has even remotely the same amount of knowledge of LACERA's operations and plans as do LACERA's Boards and management. Further, LACERA's Boards and management owe a fiduciary duty solely to LACERA members and are singularly focused on the performance of that duty, including these positions and the fund's other personnel needs, whereas the County has duties to a broader constituency that may create conflicts and competing priorities with respect to decisions affecting LACERA's members. This is one of the many reasons why the law delegates to the LACERA Boards the sole and exclusive authority to administrate the retirement system. As recognized under California law, the LACERA Boards are independent, have plenary authority

over the administration of the LACERA system, and have the power to appoint personnel necessary for the administration of the system, which includes defining needed classifications and salaries. Moreover, all LACERA positions, including the critical ones identified in the LACERA Board Memo, do not impact the County budget, as funding for these vital positions is charged against the earnings of the retirement fund pursuant to Government Code Section 31580.2.

The LACERA Boards and management concluded that the positions and salaries included in the LACERA Board Memo and other personnel items at issue are essential to LACERA's ability to provide for prompt delivery of benefits and services to participants, to administer the system, to invest prudently the fund's assets, to safeguard the personal information of LACERA's members, and to enhance IT systems and security. Having made this determination, LACERA's ability to achieve its goals and perform its duty depends on its ability to timely hire and to retain the needed quality staff. While we appreciate the notion of working in collaboration with the County, the County is not authorized to substitute its judgment for that of the LACERA Boards and management over the fund's operations. Determining needed classifications and compensating personnel is an essential part of the administration of the retirement system and is delegated by the California Constitution and statute exclusively to LACERA. The protracted scrutiny imposed by the County continues to interfere with the fund's ability to hire, supervise, and incentivize qualified staff that will perform the complex fiduciary responsibilities of the organization in managing the retirement of members and retirees who have dedicated their professional careers in the service of the millions of residents of Los Angeles County.

In short, despite our respect for each other and our respective institutions, LACERA has a fundamental disagreement with the County regarding the independence and governance of LACERA and its Boards, and the process by which LACERA personnel decisions should be made and implemented. LACERA therefore believes that the appropriate next step, which it intends to take, is for the positions and salaries approved by the LACERA Boards as listed in the LACERA Board Memo to be agendaized in September. We request that the Board of Supervisors process the ordinance items therein, and also at the same time make decisions on the other personnel matters we have previously identified and discussed with you and your staff, including the number of ordinance positions for certain existing classifications. We will follow up with separate letters to the Board of Supervisors seeking such action.

Best regards,



Santos H. Kreimann, CEO
LACERA

EXHIBIT F



FESIA A. DAVENPORT
Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

"To Enrich Lives Through Effective And Caring Service"

Board of Supervisors
HILDA L. SOLIS
First District

HOLLY J. MITCHELL
Second District

SHEILA KUEHL
Third District

JANICE HAHN
Fourth District

KATHRYN BARGER
Fifth District

October 05, 2021

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

Dear Supervisors:

LOS ANGELES COUNTY EMPLOYEE RELATIONS RETIREMENT ASSOCIATION CLASSIFICATION AND COMPENSATION (ALL DISTRICTS - 3 VOTES)

SUBJECT

This letter provides the results of the Chief Executive Office (CEO) review of requests by the Los Angeles County Employee Retirement Association (LACERA) to reconsider four (4) of the decisions made on May 29, 2018 by your Board and to add various positions to the LACERA ordinance.

The accompanying ordinance will update the tables of classes of positions and departmental staffing provisions by adding one (1) new unclassified classification; adding one (1) new classification; changing the title and reallocating the salary of one (1) unclassified classification; changing the title of one (1) non-represented classification; and adding thirty-eight (38) positions in various classifications specific to LACERA.

IT IS RECOMMENDED THAT THE BOARD:

1. Set the compensation for the LACERA positions and adopt the accompanying ordinance amending Title 6, Salaries, of the County Code applicable to LACERA only.
2. Direct the Auditor-Controller to make all payroll system changes necessary to implement the changes.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

LACERA employees are statutorily-designated employees of the County of Los Angeles (County) and shall be included in the salary ordinance adopted by the Board of Supervisors (Board).

The Board has requested submission of classification letters on a periodic basis throughout the year to implement recommended actions in a timely manner. Approval will provide the ordinance authority for LACERA to implement the classification and compensation changes in this letter.

These recommendations will ensure the proper classification and compensation of positions based upon the duties and responsibilities assigned to these jobs. This is a primary goal of the County's classification and compensation system.

These actions are recommended based upon generally accepted professional principles of classification and compensation. Furthermore, these actions are important in addressing operational needs and maintaining consistency in personnel practices throughout the County. The proper classification and compensation of positions facilitates efficient business operations and can reduce the number of costly personnel-related issues.

LACERA has approximately 460 positions and a Fiscal Year 2020-2021 operating budget of approximately \$100 million; thus, LACERA's organization is most similar to the Departments of Treasurer and Tax Collector, Auditor-Controller, or Human Resources. Within the County, the level of executive, management, and information technology (IT) positions are allocated based on the complexity of the department's operations. Factors such as the degree of difficulty, required knowledge and level of education or skill, and the level of risk/responsibility inherent in the job are primary considerations. The CEO recommendations are based on LACERA's organization structure and complexity, and on maintaining alignment and consistency with the County's compensation and classification plan, where it is appropriate, to make such comparisons.

New Unclassified Classification

Your Board did not approve the Deputy, Chief Investment Officer (UC) position when first requested by LACERA on May 29, 2018. Since that time, LACERA provided additional relevant information that supports the establishment of this new classification. Specifically, the LACERA Investments Division has transitioned from a passive to an active investment model, which has entailed a reorganization and additional staffing as well as an expansion into functional asset classes such as Credit and Real Assets and use of alternative investment structures. The Division's increased focus on risk management, proper portfolio diversification, and LACERA-friendly fee models is a result of the challenges LACERA faces to meet its target rate of return in the current environment.

LACERA administers retirement payments and healthcare benefits for approximately 68,000 County retirees and collects and invests retirement fund assets for over 100,000 current County employees. The investment function includes strategic investment of \$71 billion in retirement pension funds and \$2.2 billion in other postemployment benefits (OPEB) retiree health care trust funds.

We are recommending the Deputy, Chief Investment Officer, LACERA (UC) (Item No. 0494) classification be established to assist the Chief Investment Officer, LACERA with strategic planning and develop and recommend investment policies and risk management strategies (Attachment). The Investment Office has a total current staff of approximately forty-five (45) investment

professionals at various levels. This position will report to LACERA's Chief Investment Officer (UC) and will oversee LACERA's six (6) Principal Investment Officers responsible for management of individual asset classes and other investment functions, thereby enabling the Chief Investment Officer to focus on investment strategy for the fund's growing pension and OPEB portfolios.

New Classification

We are recommending the establishment of one (1) classification, Information Technology Manager II, LACERA, at MAPP LS12 (Attachment). The Information Technology Manager II, LACERA classification was originally requested by LACERA in 2018 at a MAPP LS12. At that time your Board did not approve the creation of this classification based on the information LACERA presented. LACERA submitted a revised request with new information and the request is now for a LS13. As part of the aforementioned proposed reorganization of LACERA's Systems Division, this classification will replace the Assistant Information Systems Manager, LACERA (LS12) class, with positions responsible for the major sections of the Systems Division; and will align the roles and levels of responsibility within the Division. The CEO salary recommendation is also based on internal alignment considerations with comparable County classifications and external salary data. Additionally, as this position is replacing the Assistant Information Systems Manager, LACERA without any substantive increase in complexity, a higher salary is not warranted.

Two Title Changes and Salary Adjustment Requests

We are recommending a title change for the Chief Technology Officer, LACERA (Item No. 0805) that was approved by your Board in 2018, to Chief, Information Technology, LACERA (UC), and a salary adjustment from MAPP LS12 to LR14, (Attachment). In 2018, LACERA requested this classification at a LS15 range and your Board approved the classification at a LS12 range. LACERA submitted a revised request this year for the title change and a salary reallocation to LS17. As part of the proposed LACERA reorganization of its Systems Division, this classification will replace the current Information Systems Manager, LACERA (LS14) as head of the Division and will report directly to the Chief Executive Officer, LACERA. We therefore recommend the requested title change to Chief Information Technology Officer, LACERA (UC). We recommend the salary be reallocated from LS12 to LR14. The recommended salary level is commensurate to that established by the Board in 2018 for the Information Systems Manager, LACERA (LS14), and in consideration of the proposed Systems Division reorganization.

Additionally, CEO reviewed LACERA's responses to a survey concerning its IT environment and IT application portfolio and its proposed Systems Division reorganization and found that LACERA's information technology environment is moderately less complex in comparison to other County departments, such as the Internal Services Department and Department of Health Services, which maintain and support a portfolio of County IT mission-critical applications and infrastructure. Therefore, the salary assigned to the subject classification should be lower than that of the highest-level IT professionals in those departments. In addition, salary data was gathered from the retirement plan administrators for California Public Employees' Retirement System (CalPERS), the top ten counties in California, and the City of Los Angeles and the results could not support the salary requested by LACERA.

LACERA is also requesting a title change for the Chief Information Security Officer, LACERA (Item No. 0806), classification to Information Security Officer, LACERA (Attachment), to avoid confusion with the proposed Chief Technology Officer, LACERA title change. LACERA is also requesting a one-range salary adjustment to MAPP LS13. This class was approved by your Board in 2018 with compensation set at the LS12 range.

Whereas we recommend the title change, we do not recommend the requested upward salary adjustment. LACERA presented new information this year regarding its Systems Division reorganization. However, it did not warrant deviation from the salary established by the Board in 2018. The existing compensation aligns with County information security management classifications utilized by departments to lead security strategy and planning, direct the administration of security policies and activities, and manage and administer computer security systems and associated software to defend and respond to cybersecurity threats.

Ordinance Adjustments

We are recommending approval of adjustments to LACERA's staffing provision to reflect the addition of thirty-eight (38) positions of various classifications specific to LACERA (Attachment).

Other Classification Requests from LACERA

As stated earlier, this Board Letter provides four (4) recommendations in response to LACERA's submission of new and materially different information. No new information has been submitted warranting reconsideration for any other action taken by your Board on May 29, 2018 regarding LACERA.

We recommend that the Board maintain its 2018 decisions on any remaining items from 2018. However, we are prepared to review any forthcoming new information submitted by LACERA in connection with past requests.

Implementation of Strategic Plan Goals

Approval of the accompanying ordinance will further the County Strategic Plan Goal III – Realize Tomorrow's Government Today. Specifically, it will address Strategy III.3 to Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability by providing for a wage and fringe benefit structure in a financially responsible yet competitive manner.

FISCAL IMPACT/FINANCING

If all thirty-eight (38) positions were filled, the estimated cost for the recommended changes is approximately \$7.7M. This could potentially result in a future cost to the County in the form of increased employer contribution rates.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

California Government Code sections 31522.1, 31522.2 and 31522.4, County Employees Retirement Law of 1937 (CERL), states that retirement system employees are County employees who are to be included in the salary ordinance adopted by the Board. Further, the Constitution and our County Charter provides the Board with the authority to create classifications and set the compensation of County employees.

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

The Honorable Board of Supervisors
10/5/2021
Page 5

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these classification recommendations will enhance the operational effectiveness of LACERA through the proper classification and compensation of positions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Fesia A. Davenport". The signature is fluid and cursive, with a large initial "F" and "D".

FESIA A. DAVENPORT
Chief Executive Officer

FAD:JMN:AC:AYH
JR:CS:KP:mmg

Enclosures

- c: Executive Office, Board of Supervisors
- County Counsel
- Chief Executive Officer, LACERA
- LACERA Board of Investments
- LACERA Board of Retirement
- LACERA Chief Counsel
- LACERA Human Resources

**LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
CEO RECOMMENDED COMPENSATION AND
CLASSIFICATION PLAN CHANGES**

ATTACHMENT

**UNCLASSIFIED CLASSIFICATION RECOMMENDED FOR
ADDITION TO THE CLASSIFICATION PLAN**

Proposed Savings/ Cafeteria Benefit Plan	Item No.	Title	Recommended Salary Schedule and Level	
Savings/ Megaflex	0494	Deputy, Chief Investment Officer, LACERA (UC)	N23	LR24

**CLASSIFICATION RECOMMENDED FOR
ADDITION TO THE CLASSIFICATION PLAN**

Proposed Savings/ Cafeteria Benefit Plan	Item No.	Title	Recommended Salary Schedule and Level	
Savings/ Megaflex	0804	Information Technology Manager II, LACERA	N23	LS12

**NON-REPRESENTED CLASSIFICATION RECOMMENDED FOR
TITLE AND SALARY CHANGE IN THE CLASSIFICATION PLAN**

Item No.	Current Title	Current Salary Schedule and Level	Recommended Title Change	Recommended Salary Schedule and Level
0805	Chief Technology Officer, LACERA	N23 LS12	Chief, Information Technology, LACERA (UC)	N23 LR14

**NON-REPRESENTED CLASSIFICATION RECOMMENDED
FOR TITLE CHANGE**

Item No.	Title	Recommended Title Change
0806	Chief Information Security Officer, LACERA	Information Security Officer, LACERA