

IN PERSON & VIRTUAL BOARD MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

Members of the public may address the Board orally and in writing. To provide Public Comment, please visit the above link and complete the request form.

Attention: If you have any questions, you may email PublicComment@lacera.gov.

AGENDA

A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT AND THE BOARD OF INVESTMENTS*

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

9:00 A.M., WEDNESDAY, FEBRUARY 4, 2026

This meeting will be conducted by the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953.8.3.

Any person may view the meeting in person at LACERA's offices or online at
<https://LACERA.com/leadership/board-meetings>

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

Teleconference Locations for Trustees and the Public under California Government Code Section 54953(b)

Fairmont Grand Del Mar, 5300 Grand Del Mar Ct, San Diego, CA 92130

- I. CALL TO ORDER
- II. PLEDGE OF ALLEGIANCE
- III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE UNDER SB707
 - A. Just Cause (Section 54953.8.3)
 - B. Statement of Persons Present at SB707 Teleconference Locations
- IV. APPROVAL OF MINUTES
 - A. Approval by the Board of Retirement and Board of Investments of the Minutes of the Special Joint Meeting of the Boards of January 14, 2026

Agenda of LACERA Board of Retirement and Board of Investments Joint Meeting

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V. PUBLIC COMMENT

(Members of the public may address the Boards orally and in writing. To provide Public Comment, you should visit <https://LACERA.com/leadership/board-meetings> and complete the request [form](#).

If you select oral comment, we will contact you via email with information and instructions as to how to access the meeting as a speaker. You will have up to 3 minutes to address the Boards. Oral comment requests will be accepted up to the close of the Public Comment item on the agenda.

If you select written comment, please input your written public comment within the form as soon as possible and up to the close of the meeting. Written comment will be made part of the official record of the meeting. If you would like to remain anonymous at the meeting without stating your name, please leave the name field blank in the request.

VI. NON-CONSENT ITEMS

A. Chief Executive Officer

Recommendation as submitted by James P. Harris, Chair of the Board of Retirement, and Shawn R. Kehoe, Chair of the Board of Investments, that the Boards consider the following actions:

- 1) Appoint Luis A. Lugo as Chief Executive Officer, LACERA (CEO);
- 2) Approve the CEO's annual salary of \$490,000 and benefits, including MegaFlex and other benefits as stated in the attached Employment Agreement; and
- 3) Approve the Employment Agreement between LACERA and Luis A. Lugo.

(Memo dated January 28, 2026)

VII. ITEMS FOR STAFF REVIEW

(This item summarizes requests and suggestions by individual trustees during the meeting for consideration by staff. These requests and suggestions do not constitute approval or formal action by the Board, which can only be made separately by motion on an agendized item at a future meeting.)

VIII. ITEMS FOR FUTURE AGENDAS

(This item provides an opportunity for trustees to identify items to be included on a future agenda as permitted under the Board's Regulations.)

IX. GOOD OF THE ORDER

(For Information Purposes Only)

X. ADJOURNMENT

The Board of Retirement and Board of Investments do not hold regularly scheduled joint meetings. Such joint meetings are held as needed and are, therefore, agendized as "Special Meetings" to avoid confusion with the separate regular meetings of each Board. However, the 72-hour posting requirement of the Ralph M. Brown Act, California Government Code Section 54954, are and will be followed for this joint meeting. As a result, this meeting is, for all purposes under the Brown Act, a regular meeting as defined in Section 54954(a).

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement/Board of Investments that are distributed to members of the Board of Retirement/Board of Investments less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Trustees at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m. Monday through Friday and will also be posted on lacera.com at the same time, [Board Meetings | LACERA](#).

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.

MINUTES OF A SPECIAL JOINT MEETING OF THE BOARD OF RETIREMENT
AND THE BOARD OF INVESTMENTS *

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA 91101

9:15 A.M., WEDNESDAY, JANUARY 14, 2026

This meeting was conducted by the Board of Retirement and Board of Investments both in person and by teleconference under California Government Code Section 54953.8.3.

BOARD OF RETIREMENT TRUSTEES PRESENT:

JP Harris, Chair

Wayne Moore, Vice Chair (Teleconference Due to Just Cause under Section 54953.8.3.)

Les Robbins, Secretary

Nancy Durazo

Bobbie Fesler

Elizabeth Ginsberg

Jason Green

Shawn R. Kehoe

Aleen Langton (Teleconference Due to Just Cause under Section 54953.8.3.)

David Ryu

Absent:

Ernesto J. Pantoja

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BOARD OF INVESTMENTS TRUSTEES PRESENT:

Shawn R. Kehoe, Chair

Nicole Mi, Vice Chair

Mike Gatto, Secretary

Trevor Fay

Elizabeth Ginsberg

Patrick Jones

Debbie Martin

Alma Martinez

Aleen Langton (Teleconference Due to Just Cause under Section 54953.8.3.)

STAFF ADVISORS AND PARTICIPANTS

Steven P. Rice, Chief Counsel

Carly Ntoya, Human Resources, Director

Nossaman LLP

Ashley Dunning, Partner

Allison C. Callaghan, Partner

I. CALL TO ORDER

The meeting was called to order by Chair Kehoe at 9:30 a.m. in the Board Room of Gateway Plaza.

II. PLEDGE OF ALLEGIANCE

No action was taken on this item.

III. PROCEDURE FOR TELECONFERENCE MEETING ATTENDANCE
UNDER SB707

- A. Just Cause (Section 54953.8.3)
- B. Statement of Persons Present at SB707 Teleconference Locations

Trustee Moore requested to participate in the meeting via teleconference for Just Cause, pursuant to Government Code Section 54953(e)(3) (SB 707). The reason for Just Cause was a need related to a physical or mental condition. A physical quorum was present at the noticed meeting location. Trustee Moore confirmed that no individuals 18 years of age or older were present at the teleconference location.

Trustee Langton requested to participate in the meeting via teleconference for Just Cause, pursuant to Government Code Section 54953.8.3(c)(1) (SB 707 – Childcare). A physical quorum was present at the noticed meeting location. Trustee Langton confirmed that no individuals 18 years of age or older were present at the teleconference location.

IV. APPROVAL OF MINUTES

- A. Approval by the Board of Retirement and Board of Investments of the Minutes of the Special Joint Meeting of the Boards of December 4, 2025.

Trustee Green made a motion, Trustee Fesler seconded, to approve the Board of Retirement Minutes of the Special Joint Meeting on December 4, 2025.

Yes: Durazo, Fesler, Ginsberg, Kehoe, Langton, Moore, Robbins, Ryu

Absent: Pantoja

Trustee Langton made a motion, Trustee Kehoe seconded, to approve the Board of Investments Minutes of the Special Joint Meeting on December 4, 2025.

Yes: Fay, Gatto, Ginsberg, Jones, Kehoe, Langton, Martin, Martinez, Mi

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V. PUBLIC COMMENT

There were no requests from the public to speak.

VI. EXECUTIVE SESSION

A. **Public Employment**

(Pursuant to California Government Code Section 54957, subd. (b))

Title: Chief Executive Officer

There is nothing to report.

VII. ITEMS FOR STAFF REVIEW

There were no items for staff review.

VIII. ITEMS FOR FUTURE AGENDAS

There was nothing to report.

IX. GOOD OF THE ORDER
(For Information Purposes Only)

There was nothing to report.

X. ADJOURNMENT

There being no further business to come before the Boards, the meeting was adjourned at 11:12 a.m.

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As to the actions taken by the Board of Retirement:

LES ROBBINS, BOR SECRETARY

JP HARRIS, BOR CHAIR

As to the actions taken by the Board of Investments:

MIKE GATTO, BOI SECRETARY

SHAWN R. KEHOE, BOI CHAIR

January 28, 2026

TO: Each Trustee,
 Board of Retirement

 Each Trustee,
 Board of Investments

FROM: Steven P. Rice, *SPR*
 Chief Counsel

FOR: February 4, 2026 Joint Board of Retirement and Board of Investments
 Meeting

SUBJECT: **Appointment of LACERA's Chief Executive Officer, and Approval of
 the CEO's Salary and Employment Agreement**

Recommendation

James P. Harris, Chair of the Board of Retirement, and Shawn R. Kehoe, Chair of the Board of Investments, recommend that the Board of Retirement and Board of Investments consider the following actions:

- 1) Appoint Luis A. Lugo as Chief Executive Officer, LACERA (CEO);
- 2) Approve the CEO's annual salary of \$490,000 and benefits, including MegaFlex and other benefits as stated in the attached Employment Agreement; and
- 3) Approve the Employment Agreement between LACERA and Luis A. Lugo.

Background

LACERA's previous CEO Santos H. Kreimann resigned from his employment with LACERA effective as of December 31, 2025 on terms set forth in a written Separation and Release Agreement.

The Boards appointed LACERA's Deputy CEO, Luis A. Lugo, to the position of Acting CEO, effective March 17, 2025, while Mr. Kreimann was on leave. Mr. Lugo has continued in the Acting CEO role to the present. The Boards' next decision with respect to this topic is to consider appointment of LACERA's new CEO and the salary and other terms of that appointment.

Acting within their authority, the Board Chairs, working with LACERA's Human Resources Director, Chief Counsel, and outside fiduciary and employment counsel, Nossaman LLP, engaged in negotiations with Mr. Lugo on the terms and conditions of his potential appointment as CEO, subject to review and approval by the Boards, and now recommend

that the Boards consider taking action to appoint Mr. Lugo as CEO on the salary and other terms set forth in the attached proposed Employment Agreement.

Legal Authority

The appointment of LACERA's CEO is a governance decision solely within the Boards' fiduciary responsibility under the California Constitution, the Boards' express authority under the County Employees Retirement Law of 1937 (CERL), and Boards' power recognized in County of Los Angeles Ordinances.

Article XVI, Section 17 of the California Constitution describes the Boards' "plenary authority and fiduciary responsibility" for the administration of LACERA and the investment of its assets and the responsibility to act prudently to further the paramount interest of providing LACERA benefits to members and their beneficiaries. The Boards' constitutional fiduciary responsibility is exercised in appointing the CEO.

California Government Code Section 31522.2 of CERL provides that the "boards may elect to appoint an administrator as provided for in this section" and that the position "shall not be subject to county civil service or merit system rules" and "shall serve at the pleasure of, and may be dismissed at the will of, the appointing board or boards."

The Boards' authority granted in CERL is additionally confirmed in County Ordinances. Ordinance Section 6.127.020 A provides that the CEO is "appointed" by the LACERA Boards. Under Section 6.127.030 B 1, "the salary and benefits for any person designated to act as retirement administrator pursuant to Section [6.127.020](#) may be determined by written agreement between the boards of retirement and investments and such designated person. In the event of any inconsistency between the provisions of [Title 6](#) of this code and such written agreement, the provisions of the written agreement shall control." (See Section 6.127.030 B 3 [the boards may make future "adjustments to the base salary of a person designated to act as retirement administrator, which "shall take effect when designated by the boards"].)

Discussion

A. Appointment of the CEO.

Mr. Lugo is known to the Boards through his service as Acting CEO from March 2025 to the present and from his prior service as LACERA's Deputy CEO from July 2021 to March 2025. His prior relevant experience as Chief Operations Officer of the Minnesota Public Employees Retirement Association (PERA) and Area Administrator for the Social Security Administration is also known. The Boards have been provided separately with additional information on Mr. Lugo's personal and professional background and his performance as

Deputy CEO. Finally, an independent background check was conducted for purposes of the potential CEO appointment within the past month, as was performed previously when Mr. Lugo was hired as Deputy CEO. Both background checks revealed no red flags.

Fiduciary counsel has advised that, as a matter of fiduciary law, Mr. Lugo's extended service to LACERA as Deputy CEO, his service as Acting CEO for nearly one year, and the additional information referenced above, provide the Boards with a sufficient basis upon which to prudently evaluate whether to appoint Mr. Lugo to the permanent position of CEO.

B. Salary and Benefits.

The Chairs negotiated and propose that the Boards consider an annual salary of \$490,000 be paid to Mr. Lugo in connection with his appointment, if approved. At the August 6, 2025 joint board meeting, the Boards approved an annual salary of \$450,000 for Mr. Lugo for his services as Acting CEO. Mr. Lugo has now performed the role of Acting CEO for almost 11 months. The proposed \$490,000 annual salary reflects an increase of nine percent (9%). Under the terms of the proposed Employment Agreement, Section 6, Mr. Lugo's salary will be subject to change, if any, at the time of his annual performance evaluation (which is historically in November or December) or at such other times as the Boards determine in the exercise of their discretion.

For the prior CEO, who assumed the position in November 2019, the Boards approved a salary of \$523,971 in December 2023, and a salary of \$593,659 in December 2024, which was effective through his resignation.

C. Employment Agreement.

Attached is the proposed Employment Agreement (Agreement) reflecting the terms negotiated with Mr. Lugo by the Chairs. Among others, key terms include:

1. Paragraph 3, Term. The Agreement includes an open-ended at-will term of employment negotiated with Mr. Lugo, which the Boards may terminate at any time under Sections 3 and 12. The open term reflects commitment to and support for the new CEO and allows him to focus on his responsibilities without, in a few years, being distracted by the need to renegotiate his LACERA contract or seek a new position. The Agreement provides the means for the Boards to exercise ongoing performance management over the CEO under Paragraph 5(f), which permits goal setting and performance evaluations annually or with such other frequency as the Boards determine to be appropriate. The open term will foster an alignment of interests between the Boards and CEO, with

the Boards having the benefit of an at-will relationship which they may reevaluate, change, or end at any time. The methods of separation are defined in detail in Paragraph 12.

2. Paragraph 4, Description of Services. The Agreement "requires maintenance of a full-time work schedule, including presence in LACERA's office and availability to the Boards and staff each business day, and on other days, subject to business travel, permitted Leave as described in Exhibit B to this Agreement, and reasonable flexibility with respect to occasional remote work, not to exceed two business days per week without prior notice to the Board Chairs." This provision will lead to a strong in-office presence, to which Mr. Lugo informed the Chairs he is committed.
3. Paragraph 6, Salary. See discussion in Paragraph B of this memo above.
4. Paragraph 12(b)(ii), Termination without Cause. The Chairs negotiated a separation payment equal to six months of salary and benefits if the CEO is terminated without cause, including a termination arising from disability. The prior CEO's Employment Agreement also provided for a six-month separation payment for termination without cause; it did not address disability. The proposed Agreement addresses disability in Paragraph 12(b)(ii)(a) and provides the same separation payment.
5. Paragraph 13, Indemnification and Insurance. The Chairs negotiated inclusion of language reflecting the statutory rights of LACERA and the CEO with respect to indemnification (Government Code Sections 825-825.6) and fiduciary insurance (Government Code 7511), without expanding upon those rights or providing additional benefits.
6. Exhibit B, Provided Benefits. Language is added that LACERA has authority with respect to the type of vehicle provided to the CEO or that the CEO may receive an allowance of \$600, which is approximately that received by the previous CEO. Mr. Lugo has advised that he intends to request a LACERA vehicle.

Conclusion

Based on the foregoing information, the Chairs recommend that the Board of Retirement and Board of Investments consider the following actions:

- 1) Appoint Luis A. Lugo as Chief Executive Officer, LACERA;
- 2) Approve the CEO's annual salary of \$490,000 and benefits,

Re: Appointment of LACERA's CEO; Approval of Salary and Employment Agreement

January 28, 2026

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including MegaFlex and other benefits as stated in the attached Employment Agreement; and

- 3) Approve the Employment Agreement between LACERA and Luis A. Lugo.

Attachment – Proposed Employment Agreement

c: Carly Ntoya, Ph.D.

Ashley K. Dunning, Fiduciary Counsel, Nossaman LLP

Allison C. Callaghan, Employment Counsel, Nossaman LLP

EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA

This Agreement (Agreement) is made and entered into as of _____, 2026, at Pasadena, California, by and between the Los Angeles County Employees Retirement Association ("LACERA"), by its Board of Retirement and Board of Investments (collectively, "Boards"), and Luis A. Lugo ("Lugo"). LACERA and Lugo are sometimes referred to collectively herein as the "Parties."

WHEREAS, the Boards have implemented the provisions of California Government Code ("Government Code") Section 31522.2 by appointing a person to act as retirement administrator, which is the senior administrative officer of the organization; and

WHEREAS, the retirement administrator position has been designated in Los Angeles County Code ("County Code") Section 6.127.020 A as having the title of Chief Executive Officer, LACERA ("CEO"); and

WHEREAS, Section 6.127.030 B 1 of the County Code provides that the person appointed as CEO may receive such salary and benefits as determined by written agreement between LACERA, through its Boards, and the CEO, notwithstanding any other provisions of Title 6 of the County Code; and

WHEREAS, the Boards have determined that Lugo is qualified to perform the duties and responsibilities of CEO, and have selected Lugo to serve as CEO according to the terms of this Agreement.

NOW, THEREFORE, LACERA and Lugo agree, subject to Paragraph 8, as follows:

1. **APPOINTMENT.** The Boards hereby appoint Lugo as CEO, subject to the terms and conditions of this Agreement, and Lugo accepts and agrees to such appointment. Under Government Code Section 31522.2, the CEO shall be an employee of the County of Los Angeles, reporting to the Boards and with performance of services exclusively for LACERA as described in Paragraph 4.
2. **REPRESENTATION.** Lugo represents and warrants that all information regarding qualifications, all applications and resumes, and all additional background information provided, verbally or in writing, to the Boards and their representatives prior to the execution of this Agreement, including but not limited to information provided to LACERA and in the background checks performed as a condition of this Agreement and when Lugo was hired by LACERA as Deputy Chief Executive Officer, LACERA, were truthful, accurate, and complete and did not omit any facts necessary to have an accurate understanding of Lugo's background, skills, and experience. This representation is material to the Boards' willingness to enter into this Agreement.
3. **TERM.** Lugo's appointment shall commence on February 5, 2026, or the first business day after approval of both Boards has been obtained and the Board Chairs and Lugo have duly executed this Agreement as set forth in Paragraph 8 ("Effective Date"). As provided by Government Code Section 31522.2, the position of CEO is not subject to

county civil service or merit system rules, and Lugo shall be an at-will employee and serve at the pleasure of the Boards. The CEO may be dismissed at any time, with or without cause, and with or without any period of notice, by the Boards. Specific charges, a statement of reasons, or good cause shall not be required as a basis for dismissal. Dismissal by the Boards shall constitute an immediate termination of this Agreement, except those provisions that expressly survive termination. Lugo expressly waives and disclaims any right to any pre-termination or post-termination notice or hearing, except for the notice provided in Paragraph 12.

4. **DESCRIPTION OF SERVICES.** Lugo shall perform and be accountable for full, timely, and active performance of all of the duties of CEO, including but not limited to those described in the Position Information and Examples of Essential Job Functions stated in Exhibit A to this Agreement, the responsibilities defined in LACERA's codes, regulations, policies, and procedures and as otherwise consistent with applicable law, and such other work as directed by the Boards from time to time. As CEO, Lugo shall be LACERA's senior administrative officer, reporting directly to the Boards, and shall be expected to fulfill the needs of the organization as they may change from time to time and as directed by the Boards based on LACERA's Mission, Vision, Values, and objectives. The CEO position requires maintenance of a full-time work schedule, including presence in LACERA's office and availability to the Boards and staff each business day, and on other days, subject to business travel, permitted Leave as described in Exhibit B to this Agreement, and reasonable flexibility with respect to occasional remote work, not to exceed two business days per week without prior notice to the Board Chairs. Lugo shall notify the Boards and the Executive team in advance if Lugo will be out of Los Angeles County or will be unavailable for necessary communication during time away from the office or for any other reason. Lugo is expected to engage in those hours of work that are necessary to fulfill the obligations of the CEO position at all times.

Lugo shall perform all duties hereunder in a manner consistent with the level of competency, compliance, ethics and avoidance of actual or potential conflicts of interest, and standard of care normally observed by a person employed in a similar position of a large California public employees' retirement system, taking into account the services required from the CEO and LACERA's working environment and resources, and service at all times as an actively engaged and available leader, partner, and role model for staff in the performance of the LACERA CEO's duties, acting for the exclusive benefit of the system and its members and their beneficiaries.

Lugo shall devote all business time and attention to the performance of the CEO's duties and will not engage in any outside employment or business, including not engaging in teaching, consulting, speaking, or other non-LACERA work or business for which any form of value is paid, without the express prior written consent of the Boards.

5. **LACERA'S COMMITMENTS.**

- a. LACERA shall provide Lugo with the salary and benefits as specified in Paragraphs 6 and 7 of this Agreement, subject to Paragraph 8 and all other provisions of this Agreement.
- b. LACERA shall provide Lugo with an individual office on LACERA premises, a secretary, and such furniture, fixtures, equipment and supplies, including those described in Exhibit B, to the extent reasonably necessary for the performance of the CEO's duties. Furniture, fixtures, equipment and supplies remain the property of LACERA and shall be promptly returned upon separation under Paragraph 12.
- c. LACERA shall pay for or provide Lugo reimbursement for all reasonable and lawful actual out-of-pocket business expenses incurred on behalf of LACERA. LACERA shall provide Lugo a LACERA credit or debit card to charge reasonable and lawful business expenses.
- d. LACERA shall pay for Lugo to attend and receive education and training reasonably related to serving as LACERA's CEO, as authorized in advance by the Board Chairs or LACERA policies. LACERA shall pay professional dues and subscriptions on behalf of Lugo which are reasonably related to the CEO's duties and participation in national, regional, state, and local associations and organizations necessary and desirable for the good of LACERA. LACERA shall pay the reasonable and actual travel and subsistence expenses of the CEO to pursue official and other functions for LACERA, and meetings and occasions to continue the professional development of the CEO, including but not limited to national, regional, state, and local conferences, and governmental groups and committees upon which the CEO serves as a member in accordance with LACERA's Education and Travel Policy, as it may be revised by the Boards from time to time, and provided by budget and/or the preapproval of the Board Chairs.
- e. The Boards set policy, in their sole discretion, for the governance and administration of LACERA and implement their respective policies through the CEO in accordance with the Boards' policies, charters, and rules in effect from time to time.
- f. The Boards may conduct annual goal-setting and annual performance evaluations of Lugo as CEO pursuant to a schedule, standards, and procedures in their sole discretion, including more frequently than annually, consistent with the duties of the CEO position as provided herein.

6. **SALARY.** Subject to Paragraph 8, Lugo shall be compensated at an annual gross base salary of Four Hundred Ninety Thousand Dollars and No Cents (\$490,000) ("Base Salary"), paid on a bi-monthly basis by way of direct deposit and subject to usual and customary withholdings and deductions for taxes, benefits, and insurance and any other

deductions required or permitted by law, commencing as of the Effective Date and continuing through the last date of employment. Lugo may, but is not entitled to, receive increases or decreases to the Base Salary at the time of his annual performance evaluation under Paragraph 5(f) or at such other times as the Boards determine in their sole discretion in accordance with Government Code Section 31522.2 and Sections 6.127.020 and 6.127.030 and other provisions of the County Code, as applicable to the CEO position.

7. **BENEFITS**. Subject to Paragraph 8, Lugo shall receive the benefits listed in Exhibit B. Benefits may be adjusted by the Boards in their discretion.

8. **BOARD APPROVAL**. This Agreement, including but not limited to the salary and benefits as provided in Paragraphs 6 and 7 and Exhibit B, is subject to approval of the Boards at a duly noticed and agendized public meeting and, notwithstanding any other provision of this Agreement, is not effective in any respect until such approval is given. The Effective Date shall be the first business day after approval of both Boards has been obtained and the Board Chairs and Lugo have duly executed this Agreement. This Agreement is subject to public disclosure to the extent required by the California Public Records Act, Cal. Gov't Code §§ 7920.000 et seq.

9. **CONFLICTS AND COMPLIANCE**. Lugo shall be required to file a Form 700 Statement of Economic Interests within 30 days of assuming the CEO position, annually while in the position, and within 30 days of leaving the CEO position, to comply with California law regarding disclosure of potential conflicts of interest, and at other times as required by LACERA and applicable law. Lugo shall abide by LACERA's Mission, Vision, and Values, its Code of Ethical Conduct and Conflict of Interest Code, all other LACERA policies and procedures, and all applicable laws and regulations relating to LACERA's business and operations, including but not limited to LACERA policies and procedures, laws, and regulations regarding ethics and avoidance of conflicts of interest.

10. **CONFIDENTIALITY AND PRIVACY**. During employment with LACERA, Lugo will have access to confidential and private LACERA member, investment, and other confidential, private, and/or sensitive information of LACERA ("Confidential Information"). Without limiting the generality of Paragraph 9, during and after employment, Lugo shall not disclose or use Confidential Information and will abide by all applicable laws and regulations and LACERA policies and procedures concerning the confidentiality and privacy of member, investment, and other LACERA information.

11. **ADMINISTRATIVE LEAVE**. The Boards may place Lugo on administrative leave when in the best interests of LACERA, as determined by the Boards in their sole discretion. Such administrative leave may be paid or unpaid, as determined by the Boards in their sole discretion. The leave shall be effective as of the date set forth in a written notice delivered to Lugo. Upon delivery of such notice to Lugo, Lugo's duties under this Agreement shall be suspended as of the effective date stated in the notice, but all other provisions of this Agreement shall remain in full force and effect except as inconsistent with this subparagraph. Thereafter, Lugo's duties under this Agreement shall be performed by the Acting CEO or other designee(s) of the Boards. Lugo agrees not to

perform or attempt to perform any of the duties of CEO, or in any other way interfere with the administration or operation of LACERA, during any period of administrative leave. The administrative leave and the suspension of the duties provided for herein shall terminate on the Boards' delivery to Lugo of a written notice terminating the leave, which may include termination of employment.

12. SEPARATION.

- a. **Resignation by CEO.** Lugo may resign at any time and agrees to give the Boards at least 60 days advance written notice of the effective date of the resignation unless the Parties otherwise agree in writing. The Boards may waive the advance notice requirement in their sole discretion.
- b. **Dismissal by Boards.** Lugo is an at-will employee serving at the pleasure of the Boards. The Boards may dismiss Lugo from employment at any time, with or without cause, by a majority vote of the members of each Board. Notice of termination shall be provided to Lugo in writing. No period of notice is required, and notice may be effective immediately upon delivery or at a later date, in the Boards' sole discretion. _____ [Lugo's Initials]
 - i. **Termination for Cause.** Lugo's employment may be terminated immediately by LACERA upon the Boards' determination that Lugo has engaged in any of the following: (i) fraud, misrepresentation or misconduct; (ii) breach of or conduct inconsistent with this Agreement, and/or inconsistent with or in violation of any policies or procedures of LACERA; (iii) breach of fiduciary duties owed to LACERA; (iv) any conduct which constitutes negligence or recklessness that is materially injurious to LACERA, the Boards, or LACERA members; (v) disloyalty, including, without limitation, fraud, embezzlement, theft or dishonesty; (vi) the misuse or disclosure of Confidential Information to persons not entitled to receive such information; (vii) failure to follow a lawful direction from either of the Boards; (viii) other conduct inconsistent with the public service; and (ix) conviction of or plea of nolo contendere (i.e., no contest) by Lugo to any felony or a misdemeanor that has been found to involve moral turpitude, or a misdemeanor violation of the California Political Reform Act (Cal. Gov't Code §§ 87100 et seq.).
 - ii. **Termination without Cause.** If LACERA terminates the employment of Lugo without cause, Lugo will be provided a monetary severance payment equal to the sum of six (6) months of the then-current Base Salary and benefits (calculated as 19% of six (6) months of then-current Base Salary) as of the date of termination. As a non-severable condition precedent of receiving this severance payment, Lugo shall provide a general release and waiver under California Civil Code Section 1542 of any and all claims, known and unknown against LACERA, and its trustees, directors, officers, employees, agents and representatives, to the maximum extent permitted by law.

- a. Termination for Death or Disability. Lugo's employment with LACERA shall be automatically terminated effective upon the date of Lugo's Death. Lugo's employment may be terminated by the Boards upon Disability (as defined below). "Disability" shall mean that Lugo has been unable, with or without reasonable accommodation, due to physical or mental incapacity, to substantially perform the LACERA CEO's full-time duties and responsibilities as provided in this Agreement hereunder for 120 consecutive days. Termination of Lugo for Disability shall be communicated to the CEO by written notice, and shall be effective as stated therein. Termination for Disability only shall be a termination without cause under Paragraph 12(b)(ii) of this Agreement.
- c. Transition. Given the at-will nature of the CEO position, an important element of this Agreement pertains to separation. It is in both LACERA's interest and that of Lugo that any separation of Lugo is conducted in a cooperative and businesslike manner. Lugo shall reasonably cooperate in any transition period, as directed in the sole discretion of the Boards, including but not limited to delaying the effective date of separation, training and sharing knowledge with the identified successor, and leaving electronic and physical files in good condition, and being readily accessible after separation. Upon or after separation, Lugo shall not, without LACERA's written consent, retain any LACERA property or the original or any copy of LACERA documents or information in any form or media. All such property or information will be returned to LACERA within five (5) days of the effective date of separation.
- d. Non-disparagement. Upon separation for any reason, with or without cause, Lugo shall not make any statement, orally, in writing, or through any other media, that is reasonably likely to disparage LACERA, the Boards, LACERA's trustees and staff, or the operations of LACERA and the Boards, or to degrade their reputation with or cause them harm with any person or entity. However, nothing in this Agreement prevents the CEO from discussing or disclosing information about unlawful acts in the workplace, such as harassment or discrimination or any other conduct that the CEO has reason to believe is unlawful.

13. INDEMNIFICATION AND INSURANCE.

- a. Indemnification. During and after his employment as CEO, LACERA shall defend, through counsel of LACERA's choice, and indemnify Lugo for civil claims, damages, attorneys' fees, and costs, including expert witness fees, against Lugo arising out of an act or omission occurring within the scope of Lugo's employment as a LACERA employee only to the extent provided in and subject to the 10-day notice requirement, Lugo's duty to cooperate in the defense, and other conditions, limitations, LACERA's approval rights and rights against Lugo, and other provisions of California law, including but not limited to

Government Code Sections 825 to 825.6. Lugo represents that he has read and understands Government Code Sections 825 to 825.6.

b. Insurance. Under and subject to Government Code Section 7511, LACERA may also maintain fiduciary insurance that, to the extent reasonably available in the market in LACERA's sole discretion and subject to applicable terms and conditions, including but not limited to limits of liability and exclusions in the policy, may cover Luis, during and after his employment, for claims arising from or related to an act or omission occurring within the scope of Lugo's employment as a LACERA employee, which insurance will provide recourse against Lugo in the case of a breach of a fiduciary obligation by Lugo unless he annually purchases waiver of recourse insurance at his own expense. Lugo represents that he has read and understand Government Code Section 7511.

14. INTEGRATION. This Agreement and the attachments to it state all terms of the Parties' agreement and is the exclusive statement of the Parties' understanding. Except as provided in Paragraph 2, any prior representations, statements, and understandings, express or implied, are of no force and effect and cannot be used to alter the terms of this Agreement. In the event of any inconsistencies between the terms of this Agreement and the terms of any provision of the County Code, the terms of this Agreement shall control to the maximum extent allowed by law.

15. CONTROLLING LAW; DISPUTES. This Agreement and all claims arising from or related to this Agreement or Lugo's employment as LACERA's CEO shall be subject to the laws of the State of California, without regard to its choice of law provisions. All disputes arising from or related to this Agreement or Lugo's employment with LACERA that must be subject to resolution in court notwithstanding Paragraph 16 shall be resolved exclusively in California state or federal courts sitting in the County of Los Angeles. The Parties agree to the exclusive personal and subject matter jurisdiction of such courts for all non-arbitrable disputes. _____ [Lugo's Initials]

16. MANDATORY MEDIATION AND ARBITRATION. To the maximum extent permitted under applicable law, all claims arising from or related to this Agreement and the attachments to it and Lugo's employment, compensation, or separation as LACERA's CEO, including acts or omissions of the Boards or LACERA's staff or representatives, any and all such claims or disputes between them shall be subject to mandatory pre-filing mediation in the County of Los Angeles before a mutually-agreed upon mediator, who absent any other agreement of the Parties, shall be a retired California state or federal judicial officer; the costs of the mediation shall be paid by LACERA. If following mediation, the claims of either party are not successfully and fully resolved, any and all such claims and disputes between them, except claims that as a matter of law cannot be subject to arbitration, shall be subject to mandatory binding arbitration in the County of Los Angeles before a single mutually-agreed upon arbitrator, who absent any other agreement of both Parties, shall be a retired California state or federal judicial officer associated with the Los Angeles region of the Judicial Arbitration and Mediation Service (JAMS) and administered through JAMS pursuant to its Employment Arbitration Rules & Procedures and subject to JAMS Policy on Employment Arbitration Minimum Standards of Procedural Fairness. The

costs of the arbitrator and arbitration service shall be paid by LACERA. The arbitrator's award may be entered in any court having jurisdiction. _____ [Initials of All Parties]

17. SEVERABILITY. If any provision of this Agreement is declared unenforceable or invalid, such provision shall be deemed severed from the Agreement, and the remainder of this Agreement shall remain valid and enforceable and in no way impaired or invalidated, in order to carry out the Parties' intent herein the fullest extent possible.

18. WAIVER. Both Parties shall be deemed to have participated equally in the drafting of this Agreement, and this Agreement shall be interpreted without regard to California Civil Code Section 1654, which is waived by the Parties.

19. ASSIGNMENT. This Agreement and all rights hereunder are personal to Lugo and may not be assigned or transferred by Lugo at any time.

20. NOTICE. Any notice required under this Agreement shall be effective immediately upon personal delivery, 24 hours after the date of transmission via email, 48 hours after deposited for overnight delivery service, or 72 hours after deposited by delivery by U.S. First Class mail. The following information shall be used for delivery of notice to the Parties, subject to change in writing:

LACERA:

Steven P. Rice
Chief Counsel
Los Angeles County Employees Retirement Association
300 N. Lake Ave.
Pasadena, CA 91101
srice@lacera.gov
(626) 564-2340 office

Lugo:

Luis A. Lugo


21. ACKNOWLEDGMENT. The Parties acknowledge and agree that they have had the opportunity to consult with an attorney of their own choice in the drafting of this Agreement, and sign it without questions or reservations and with full understanding of its terms. _____ [Lugo's Initials]

22. TERMINATION OF PRIOR LACERA POSITION. As of the Effective Date, Lugo's prior employment in the unclassified position of Deputy Chief Executive Officer, LACERA is terminated. Lugo shall have no right to reinstatement to that position upon the termination of this Agreement or the occurrence of any other event. Lugo will retain the

service credit and other pension and benefit rights accrued during his service in that position prior to the Effective Date.

23. SURVIVAL. The Parties agree that Paragraphs 9, 10, 12(c), 12(d), 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, and 23 shall survive termination of this Agreement to the fullest extent possible in fact and by law.

IN WITNESS WHEREOF, LACERA's Boards of Retirement and Investments each have authorized and caused this Agreement to be signed by the Chair of each Board, and Lugo has signed this Agreement as of the Effective Date.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

By: _____
Chair of the Board of Retirement

Dated: _____

By: _____
Chair of the Board of Investments

Dated: _____

LUIS A. LUGO

Dated: _____

EXHIBIT A
To
EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA

Position Information:

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

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

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

Examples of Essential Job Functions:

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

Plan, prepare for, attend, and participate in Board meetings, offsites, strategic planning sessions, and such other meetings, conferences, and communications with trustees, staff, vendors, and other parties as required.

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

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

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

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

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

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

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

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

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

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

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

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

EXHIBIT B
To
EMPLOYMENT AGREEMENT
CHIEF EXECUTIVE OFFICER, LACERA

PROVIDED BENEFITS:

MegaFlex Benefit Plan - Benefits may be purchased using a monthly benefits allowance of 19% of the employee's monthly salary. If the monthly cost of the benefits selected is less than the monthly allowance, the employee receives the difference as additional taxable wages.

Purchasable monthly benefits include Medical, Dental, Disability, Life and Accidental Death & Dismemberment (AD&D) Insurance, Optional Group Variable Universal Life Insurance, Health & Dependent Care Spending Account, and Dependent Care Spending Accounts. Lugo may purchase the offered disability insurance to provide coverage for periods greater than 25 business days that the Boards, in their discretion, do not recognize as paid leave under the "Leave" section of this Exhibit B.

LACERA Defined Benefit Retirement Plan - Pays a specified monthly lifetime benefit at retirement based on years of service, final average compensation (within any cap on the pensionable portion), age at retirement, and other factors, subject to applicable law, including vesting and eligibility requirements. Contributions into this plan are made by both the employee and employer.

Savings Plan (401k) - Optional tax-deferred income plan. Provides a LACERA match of up to 4% of the employee's salary subject to IRS limits.

Deferred Compensation Plan (457) - Optional tax-deferred income plan. Provides a LACERA match of up to 4% of the employee's salary subject to IRS limits.

Flexible Spending Accounts - Employees may contribute up to \$200 per month tax-free to a Health Care Spending Account and up to \$400 per month tax-free to a Dependent Care Spending Account. Employees may be eligible for up to \$75 per month contribution paid by LACERA to a Dependent Care Spending Account.

"Split Dollar" Life Insurance - A LACERA paid level life insurance death benefit the amount of which is dependent upon age at entry into the plan.

Holidays - 12 days per year.

Leave - The CEO position does not earn or accrue leave. Lugo will be paid at the CEO's regular Base Salary during period(s) of reasonable absences, not to exceed continuous absences of more than 10 business days and intermittent absences totaling more than 25 business days per calendar year, including reasonable vacation, sick leave, or for any other reason, without the prior approval of the Boards and on such other conditions as the Boards may impose. Lugo will provide the Boards with advance notice of all leave, without regard to duration. The CEO is expected to be reasonably available and

accessible during any periods of leave. In the event of leave by the CEO exceeding more than 10 continuous days, or intermittent leave exceeding more than 25 business days per calendar year, including as a result of disability or serious health condition by the CEO, such period(s) of leave shall be unpaid by LACERA, although the CEO may be entitled to short-term and/or long-term disability benefits, if elected, in the sole discretion of the insurer, if any.

Tuition Reimbursement - Subject to tuition program limitation.

Vehicle or Vehicle Allowance - An assigned LACERA vehicle is provided, for which LACERA will pay for fuel, maintenance, and insurance; the type of vehicle will be determined by LACERA in its sole discretion. Under State and Federal tax regulations, employees are taxed on the value of this benefit. Alternatively, Lugo may elect to receive an initial monthly vehicle allowance of \$600, which is subject to adjustment by the Boards in their discretion.

Technology - Use of a LACERA cellular phone, laptop, and home workstation with internet, additional screen, and printer.

This information is intended to provide a general summary of benefits available. LACERA does not contribute into Social Security. Benefits may be taxable beyond those expressly stated as such.