CELIA ZAVALA
EXECUTIVE OFFICER

COUNTY OF LOS ANGELES
BOARD OF SUPERVISORS

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ADOPTED
BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES
21 April 28, 2020

CELIA ZAVALA
EXECUTIVE OFFICER

April 28, 2020

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:

ELECTION OF THE SECOND AND EIGHTH MEMBERS OF THE BOARD OF INVESTMENTS AND SECOND AND EIGHTH MEMBERS AND ALTERNATE RETIRED MEMBER OF THE BOARD OF RETIREMENT
(ALL DISTRICTS) (3-VOTES)

SUBJECT

ADOPTION OF RESOLUTION ESTABLISHING THE GOVERNING PROCEDURES FOR THE 2020 LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LACERA) ELECTION.

IT IS RECOMMENDED THAT THE BOARD:

Adopt the attached resolution establishing the procedures to elect the Second and Eighth Members and Alternate Retired Member of the Board of Retirement, and the Second and Eighth Members of the Board of Investments for the Los Angeles County Employees Retirement Association (LACERA), with three-year terms beginning on January 1, 2021, and expiring on December 31, 2023; and instruct the Executive Officer of the Board of Supervisors to send notice of the election and copies of the election resolution to all County departments and agencies that employ General Members of LACERA; and to coordinate with LACERA to send out the notice of election to all Retired Members of LACERA.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

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

This year, the terms of office for the Second and Eighth Members and Alternate Retired Member of the Board of Retirement, and the Second and Eighth Members of the Board of Investments will expire on December 31, 2020.

Implementation of Strategic Plan Goals

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

FISCAL IMPACT/FINANCING

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

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Government Code Sections 31520.1, 31520.2, and 31520.5 (a) grant the Board of Supervisors the authority to conduct the election for the elected members of the Board of Retirement and the Board of Investments. Your Board has given the Executive Officer of the Board of Supervisors the responsibility for coordinating these elections with the Registrar-Recorder/County Clerk, LACERA and County departments through departmental election coordinators.

The election of the Second Members of the Board of Retirement and Board of Investments is a regular election to fill terms of office that expire on December 31, 2020. Active General Members of LACERA in service on April 15, 2020 are eligible to vote in this election. There are approximately 85,000 General Members eligible to vote in this election.

The election of the Eighth Member of the Board of Investments, and the Eighth Member and Alternate Retired Member of the Board of Retirement, is a regular election to fill terms of office that expire, on December 31, 2020. Retired Members of LACERA who retired on or before April 15, 2020 are eligible to vote in this election. There are approximately 55,000 Retired Members eligible to vote in this election.

To minimize costs and increase voter turnout, voters will be able to cast their votes online or by telephone, similar to last year's LACERA election. Retired Members will have the added option of requesting a paper ballot. This will allow us to gage the interest in receiving paper ballots in the future, while also encouraging the use of less costly voting options.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

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

Respectfully submitted,

CZ:ak

Enclosures

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

RESOLUTION ESTABLISHING THE ELECTION FOR THE SECOND AND EIGHTH MEMBERS OF THE BOARD OF INVESTMENTS AND SECOND AND EIGHTH MEMBERS AND ALTERNATE RETIRED MEMBER OF THE BOARD OF RETIREMENT

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

WHEREAS, the term of the Second and Eighth Members and Alternate Retired Member of the Board of Retirement, and the Second and Eighth Members of the Board of Investments, will expire on December 31, 2020; and

WHEREAS, pursuant to the provisions of the County Employees Retirement Law of 1937, Section 31520.1 and 31520.2 of the Government Code, a successor shall be elected to fill the offices for the term beginning January 1, 2021, at an election conducted in a manner to be determined by the Board of Supervisors:

NOW, THEREFORE, BE IT RESOLVED by the Board of Supervisors of the County of Los Angeles that the nomination of candidates and the election of the Second Member of the Board of Investments and Board of Retirement, Los Angeles County Employees Retirement Association (LACERA), elected by the General Members of LACERA; and the nomination of candidates and election of the Eighth Member of the Board of Investments (LACERA) and Eighth Member and Alternate Retired Member of the Board of Retirement, (LACERA), elected by the Retired Members of LACERA to fill the term beginning January 1, 2021, and expiring December 31, 2023, shall be in accordance with the rules and process herein prescribed:

1. The Executive Officer of the Board of Supervisors shall administer the election for the Second and Eighth Members of the Board of Investments of LACERA, and the Second and Eighth Members and Alternate Retired Member of the Board of Retirement of LACERA.

2. The Executive Officer of the Board of Supervisors shall, on or before Friday, May 1, 2020, notify department heads and agency heads who employ General Members of the election and shall provide department heads and agency heads with an election notice for use in notifying their respective employees. Similarly, LACERA shall mail an election notice approved by the Executive Officer of the Board of Supervisors to Retired Members eligible to vote in this election on or before Tuesday, May 12, 2020. LACERA will provide verification of these mailings to the Executive Officer of the Board of Supervisors by Thursday, May 14, 2020. These election notices shall provide relevant information on the upcoming election, including the candidate filing deadline.

3. Department heads with General Member employees in their departments shall notify their employees of the election by posting sufficient copies of the election notice in work areas on or before Monday, May 18, 2020.

4. The Executive Officer of the Board of Supervisors, through a coordinated effort with the Internal Services and Auditor-Controller Departments, shall, on or before Wednesday, May 20, 2020, send an email to General Members within the County that have County email addresses, advising them of the upcoming LACERA election.

5. Each department head with General Members in his or her department shall appoint at least one employee who will act as the departmental election coordinator, and at least one employee who will act as the alternate departmental election coordinator. Election coordinators and alternate coordinators shall be responsible for communicating election information to the employees of the department, and shall participate in all training sessions, as specified by the Executive Officer of the Board of Supervisors, regarding the administration of the election. Departments with work locations which have more than 100 employees who are eligible to vote are urged to select an on-site election coordinator for each of these locations. It is the responsibility of the department head to notify the Executive Office of the Board of Supervisors at (213) 974-1093 or email to LACERA_ELECTION@bos.lacounty.gov the names, telephone numbers, workplace mailing addresses and/or email addresses for employees appointed on or before Monday, May 11, 2020.

6. **LACERA General Member candidates** shall a) be active General Members of LACERA on April 15, 2020, b) be nominated by a petition signed by at least fifty (50) active General Members of LACERA, who themselves were active General Members on April 15, 2020, except as provided in paragraph 7, below. **LACERA Retired Member candidates** shall a) be Retired Members of LACERA on or before April 15, 2020, b) be nominated by a petition signed by at least twenty-five (25) Retired Members of LACERA who are Retired Members on or before April 15, 2020, except as provided in paragraph 7, below. No member may sign more than one nominating petition. Candidates shall complete the required documents in the nomination packet which may be obtained from the Registrar-Recorder/County Clerk by contacting the Election Planning Section at (562) 462-2317, or via email at Electionplanning@rrcc.lacounty.gov, on or after Wednesday, May 20, 2020. Nomination packets contain: (1) nomination petitions; (2) Candidate Statement of Qualifications Form; (3) resolution; and (4) candidate information booklet. Completed nomination packets shall be filed with the Registrar-Recorder/County Clerk by mail at 12400 Imperial Highway, Norwalk, 90650, or via email at Electionplanning@rrcc.lacounty.gov no later than 5:00 p.m. on Thursday, June 18, 2020.

7. In the event that LACERA candidates cannot obtain nominating petition signatures in person due to local, state, or federal mandates that directly or indirectly prohibit such activity, the Registrar-Recorder/County Clerk shall accept nominating petitions from qualifying members described in paragraph 6, above, by email in lieu of petition signatures. Detailed instructions regarding candidate nomination petitions will be included in the nomination packet available on or after Wednesday, May 20, 2020.

8. Except in the event that local, state, or Federal mandate prohibits such activity, each department head shall allow nominees to solicit nominating petitions and allow candidates to engage in campaign-related activities during working hours on County property provided such nomination solicitation and campaign activities are conducted during the employees' lunch, break time, or other off-duty time and does not interfere with County operations or the conduct of County business.

9. The Registrar-Recorder/County Clerk shall verify all nominations and notify each nominee of his or her status, no later than Wednesday, June 24, 2020. If the Registrar-Recorder/County Clerk determines that only one member for a particular seat has been duly nominated, pursuant to the provisions of the County Employees Retirement Law of 1937, Sections 31523 and 31523.1 of the Government Code, the Registrar-Recorder/County Clerk shall notify the Board of Supervisors and the Board of Supervisors shall order that no election be held and the Executive Officer of the Board of Supervisors shall be directed to cast a unanimous ballot in favor of such nominated member. If more than one member has been duly nominated, The Registrar-Recorder/County Clerk shall certify to the Executive Officer of the Board of Supervisors by Wednesday, June 24, 2020, the names of the candidates to be placed on the official ballot.

10. Nominees in this election may file with the Registrar-Recorder/County Clerk a statement of qualifications of not more than 200 words. Words shall be counted as provided in Elections Code Section 9. Any statement of qualifications filed with the Registrar-Recorder/County Clerk shall be limited to a recitation of the nominee's own personal background and qualifications and shall not in any way make reference to other nominees or to another nominee's qualifications. A nominee may file his or her statement of qualifications beginning Wednesday, May 20, 2020 and ending Thursday, June 18, 2020. No statement of qualifications may be withdrawn and/or re-filed after 5:00 p.m., Thursday, June 18, 2020. The statement shall become a part of the official voting material, except as provided in paragraph 11, below.

11. Within 5 days of receipt of a candidate's statement of qualifications, the Registrar-Recorder/County Clerk shall examine the statement of qualifications. Any statement of qualifications which the Registrar-Recorder/County Clerk determines is not limited to a recitation of the nominee's own personal background and qualifications or which includes any reference to other nominees or to another nominee's qualifications shall not be printed or circulated by the Registrar-Recorder/County Clerk. The Registrar-Recorder/County Clerk shall notify each nominee by telephone at his or her telephone number that the nominee has provided, and via U.S. Mail sent to the nominee's mailing

address if the nominee's statement of qualifications is rejected pursuant to this provision. The decision of the Registrar-Recorder/County Clerk to accept or reject a nominee's statement of qualifications is final. However, a candidate may re-file a statement of qualifications for reconsideration prior to 5:00 p.m., Thursday, June 18, 2020. Any judicial proceeding challenging the decision of the Registrar-Recorder/County Clerk to reject or accept a nominee's statement of qualifications shall be governed, to the extent determined applicable by the courts, under the procedures set forth in Elections Code Section 13314.

12. Candidates' statements of qualifications will be available for public inspection upon request by contacting the Registrar-Recorder/County Clerk's Election Planning Section at (562) 462-2317, beginning on Wednesday, June 24, 2020, and ending at 5:00 p.m. Tuesday, June 30, 2020. On Wednesday, July 1, 2020, candidates' statements of qualifications approved by the Registrar-Recorder/County Clerk may be viewed at:

    http://bos.co.la.ca.us/Services/ConflictofInterest/LACERAElection.aspx

13. A drawing will be held to determine the ballot order at 2:00 p.m. on Friday, June 26, 2020, in the Executive Office of the Board of Supervisors, B-1 Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles.

14. Any County employee who is a candidate in this election is a candidate in his or her personal capacity and may not use County time or County resources to further his or her campaign or election. Any candidate who violates this provision, or has others violate this provision on behalf of his or her candidacy, is subject to discipline, including discharge from County employment.

15. Each department head shall designate existing departmental bulletin board space for all candidates to display campaign material. Campaign material shall clearly state that employees are prohibited from using County time or County resources to further the campaign or election of the candidate.

16. Upon request of a candidate, on or after Wednesday, June 24, 2020, each department head shall provide the address of each department's work locations where employees who are eligible to vote in this election are employed.

17. Except as otherwise prohibited by law, employees may wear campaign badges or buttons during working hours.

18. Active General Members of LACERA on April 15, 2020 are eligible to vote for General Member candidates in this election; Retired Members of LACERA who retired on or before April 15, 2020 are eligible to vote for Retired Member candidates in this election.

19. On or before Wednesday, May 20, 2020, in coordination with the Auditor-Controller, Internal Services Department, and LACERA, the Executive Officer of the Board of Supervisors shall obtain an electronic file of eligible General Members who were active General Members of LACERA on April 15, 2020; and an electronic file of Retired Members who retired on or before April 15, 2020.

20. Eligible voters will be able to cast their votes either online or by telephone beginning Wednesday, August 5, 2020, through the closing of the election on Monday, August 31, 2020. The online voting system will be provided through a secure website and can be accessed using any web enabled device. The telephone voting system will be provided through a dedicated toll-free number for voters using a touch-tone dial pad. The online voting and telephone system shall be available 24 hours per day, seven days a week during the voting period.

21. General Members eligible to vote in this election who have County email addresses and Retired Members eligible to vote in this election with an email address on file with LACERA will be emailed login credentials on opening voting day Wednesday, August 5, 2020. The email will contain: (1) a URL link to the online voting website; (2) toll-free number to the telephonic voting system; (3) username, identified as the employee number; (4) unique pin number; (5) voting instructions; and any other information deemed necessary.

Eligible voters who do not have an email address or are identified as having an invalid email address will receive login credentials and voter information by U.S. mail that will be mailed no later than 5:00 p.m. on Monday, August 3, 2020.

22. The online voting system will require voters to enter their login credentials and other identifying information. Once logged in, the online voting website will include the following: (1) a list of the certified candidates and sufficient information to acquaint members with the nature of the election and the proper method of casting an electronic ballot; (2) a link to the statements of qualifications if properly filed by the candidate; and (3) a link to the statement of powers and duties of the Board Members (see Attachment A and B). Voters will be able to mark their selection for each seat and make changes before confirming their final selections.

23. Department heads who employ General Member employees shall allow employees eligible to vote in this election to vote online or by telephone using County property during working hours provided that this is conducted during the employees' lunch, break time, or other off-duty time and does not interfere with County operations or the conduct of County business.

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

receipt codes provided by the telephone voting system will be recited for the voter to write down.

25. Retired Members eligible to vote in this election who wish to vote by paper ballot in lieu of telephonic or online voting, must make a request for a paper ballot during a time period designated by the Executive Officer of the Board of Supervisors. Instructions regarding the option of requesting a paper ballot will be contained in the election notice mailed by LACERA on or before Tuesday, May 12, 2020.

26. Paper ballots to be used in the election (if requested by eligible Retired Members) shall include such materials: (1) a list of the certified candidates with a voting space opposite each name and sufficient information to acquaint members with the nature of the election and the proper method of casting a ballot; (2) statement(s) of qualifications, if properly filed by the candidates; (3) a return envelope; (4) a statement of powers and duties of Board of Investments and Board of Retirement Members (see Attachment A and B).

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27. Paper ballots requested by Retired Members eligible to vote in this election will be mailed via U.S. Mail using the mailing addresses provided by LACERA no later than Monday, August 3, 2020. The vendor will provide verification that all ballots were mailed as described in this resolution to the Executive Officer of the Board of Supervisors by Wednesday, August 5, 2020.

28. An Eligible Retired Member who does not receive their requested paper ballot by Monday, August 10, 2020 or has made a mistake on their original ballot and wishes to correct it, shall notify the Executive Officer of the Board of Supervisors on or before Friday, August 14, 2020. All requests for a duplicate ballot shall be made in writing, including their printed name, current mailing address, signature, and an explanation as to why a duplicate ballot is being requested. Duplicate ballots shall only be issued to those eligible Retired Members who submit a written request with the required information and whose membership is verified by LACERA. Duplicate ballots shall be mailed via U.S. Mail by Wednesday, August 19, 2020 to the mailing addresses provided by members requesting duplicate ballots.

29. Paper ballots shall be returned to the address listed on the REPLY envelope provided via U.S. Mail; shall be completed by the eligible voter and placed within the envelope with his or her assigned election identification number, printed name and signature in the space provided; and shall be received by Monday, August 31, 2020. There are no provisions for write-in candidates; therefore, no write-in votes shall be counted.

30. No member may vote more than once in this election. The online and telephonic system will include controls to prevent a voter from accessing their online or telephonic ballot if a ballot has been cast. Paper ballots requested by eligible Retired Members will be imprinted with unique voter codes that will be scanned during processing to ensure one vote has been cast by the voter regardless of voting method.

31. The Executive Office of the Board of Supervisors shall provide eligible voters with the contact information to use if voter assistance is needed. Contact information will be provided with the login information sent to voters, listed on the online voting system, and posted on the Executive Office of the Board of Supervisors' website.

32. The Executive Officer of the Board of Supervisors shall confirm the election results on or before Wednesday, September 9, 2020.

33. The Executive Office of the Board of Supervisors shall (a) telephone each candidate receiving more than 20 percent of the total votes cast at his or her telephone number provided as to the results on or before Wednesday, September 9, 2020, and (b) send written notice of the results via U.S. Mail to each candidate's mailing address, or send electronic mail to those candidates who prefer electronic communication on or before Wednesday, September 9, 2020.

34. In the event any candidate desires to protest the results of the election, he or she must file a written protest with the Executive Office of the Board of Supervisors no later than 5:00 p.m., Tuesday, September 15, 2020. The written protest must specify the grounds for the protest and be accompanied by supporting documentation.

35. In the event that a candidate makes a request for a recount, the requestor shall bear the cost of such recount and shall file a written request with the Executive Officer of the Board of Supervisor no later than 5:00 p.m., Tuesday September 15, 2020. The requester of the recount shall, before the recount is commenced deposit with the Executive Officer of the Board of Supervisors a sum as required by the Executive Officer of the Board of Supervisors to cover the cost of the recount. The Executive Officer of the Board of Supervisors shall commence a recount no later than Tuesday, September 22, 2020. In the event the recount results in a determination that the candidate who requested the recount has received a plurality of the votes cast, all money deposited shall be returned to the requester.

36. The Board of Supervisors at its meeting on or before Tuesday, October 20, 2020, or on a date following the completion of any recount and/or investigation of a protest, shall declare the results official. The person receiving the highest number of votes for the Second Member and Eighth Member, Board of Investments; and Second Member and Eighth Member and Alternate Retired Member, Board of Retirement, shall be declared elected. In the event of a tie, such persons shall determine which of them shall be elected by drawing lots before the Board of Supervisors.

37. In lieu of declaring the results official, the Board of Supervisors may order a new election if the Board determines, on the basis of written protest or on its own motion, that any error, omission or neglect occurred attributable to the County in the administration of the election sufficient to change the result. The rejection of a candidate's statement of qualifications by the Registrar-Recorder/County Clerk, or the failure of the Registrar-Recorder/County Clerk to reject a candidate's statement of qualifications shall not constitute grounds for a new election. Allegations of candidate misconduct shall not constitute grounds for a new election, but if later substantiated, may lead to administrative discipline or criminal culpability.

38. Election material/data retained by the Executive Office of the Board of Supervisors and its affiliates; nominating petitions retained by the Registrar-Recorder/County Clerk may be discarded or otherwise disposed of no earlier than sixty (60) days after the date of the final declaration of the election results by the Board of Supervisors.

39. The Executive Officer of the Board of Supervisors may, in the exercise of her discretion, implement additional procedures, as she may deem necessary in order to preserve a fair and equitable election process. The Executive Officer of the Board of Supervisors shall, within ten (10) days, notify the Board of Supervisors, the Boards of Investments and Retirement and all candidates of any additional procedures implemented pursuant to this provision.

The foregoing resolution was adopted on the 28th day of APRIL, 2020, by the Board of Supervisors of the County of Los Angeles and ex officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

Celia Zavala, Executive Officer-
Clerk of the Board of Supervisors of the
County of Los Angeles

By: _____
Deputy

APPROVED AS TO FORM:
MARY WICKHAM
County Counsel

By Gina Eachus
Gina Eachus
Senior Deputy County Counsel

POWERS AND DUTIES

OF RETIREMENT BOARD MEMBERS

The Board of Retirement provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The overall responsibility of the Board of Retirement is to oversee the administration of the retirement pension system and the retiree health care program to ensure that members are provided with the promised benefits upon completion of their public service with Los Angeles County and other participating public employers. In total, members of the Board of Retirement can expect to commit as much as 120-140 hours of their time each month to discharging their duties to the retirement system.

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

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

BOARD MEMBER RESPONSIBILITIES

Board of Retirement members' duties include:

1. ***Board and Committee Meetings.*** The Board meets twice each month unless otherwise specified, usually on the first Wednesday and second Thursday, with each meeting generally lasting as much as 6 to 8 hours. In addition, the Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Investments, including the Audit Committee. Some committees meet monthly; others meet less frequently but up to several times per year. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours. In addition to the time required to attend meetings, considerable time is required to prepare for meetings and review relevant materials developed by staff and management.

2. ***General Management.*** The general management of LACERA is under the Board of Retirement's oversight. To exercise this responsibility, the Board establishes policies, procedures, and governance processes, and

receives, discusses, and questions reports on operational activities. A few management functions are shared with the Board of Investments. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Retirement is not responsible for investments or for the adoption of funding policies and the setting of contribution rates. The Legislature assigned those responsibilities to the Board of Investments.

3. ***Payment of Retirement Pension Benefits.*** The Board of Retirement administers a statutory retirement plan; it does not establish retirement benefits. This means that retirement benefits can only be provided if they have been authorized by the State Legislature in the County Employees Retirement Law of 1937, found in the California Government Code beginning at Section 31450, and the California Public Employees' Pension Reform Act of 2013, found in the California Government Code beginning at Section 7522. Retirement benefits not authorized by the retirement laws cannot be implemented by the Board of Retirement; rather, a bill must be processed through the Legislature to amend the retirement laws. With only a few exceptions, the Legislature has required the County Board of Supervisors to adopt a resolution approving benefit enhancements before they can take effect.

4. ***Disability Retirement Applications.*** One of the most important – and by far the most time consuming – duties of a Board member is to review disability retirement applications and to participate in the Board's decision to grant or deny disability retirements according to applicable legal standards. It is anticipated the Board of Retirement will process approximately 30 to 50 disability retirement cases per month. Board members carefully review each application and the medical evidence supporting the application. A Board member will then participate in the Board's deliberations and vote on each application.

5. ***Retiree Healthcare Benefits.*** The Board oversees the administration of retiree healthcare benefits under contract with the County and other participating employers.

6. ***Claims and Litigation.*** The Board decides claims made by members concerning their benefits and related issues. The Board also oversees litigation, other than securities litigation.

7. ***Retention and Oversight of Vendors, Consultants, and Experts.*** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in the administration of the system and to aid the Board when appropriate.

8. ***Delegation*.** The day-to-day operations of the retirement system are delegated to staff and outside service providers. Board members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.

9. ***Legal Compliance.*** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board members comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements, with the assistance of counsel and other advisors.

10. ***Education.*** Board members are legally required to further their education on appropriate topics, which may include benefits administration, disability evaluation, fair hearings, pension fund governance, new board member orientation, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board.

11. ***Involvement.*** Subject to Board policies and protocols, Board members may participate in state and national pension and retirement related organizations, including serving as an executive or committee member in these organizations. Within the same policies and protocols, Board members may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government.

FIDUCIARY DUTIES

Board of Retirement members have the following fiduciary duties:

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

2. ***Duty of Care*.** The California Constitution provides that assets of the retirement system are trust funds to be used only for the purpose of providing benefits and paying the costs of administering the system. Under the Constitution, members of the Board of Retirement "shall discharge their duties with respect to the system with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims."

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

CONFLICTS OF INTEREST

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

APPROVED BY THE BOARD OF RETIREMENT ON FEBRUARY 5, 2020.

POWERS AND DUTIES

OF INVESTMENTS BOARD MEMBERS

The Board of Investments provides this summary to enable voters to evaluate candidates for the Board. The Board urges voters to review this summary prior to voting.

INTRODUCTION

The Board of Investments oversees investment of LACERA's pension retirement fund ($58.4 billion as of June 30, 2019) and determination of County and member contribution rates. In total, members of the Board of Investments can expect to commit as much as 60 to 80 hours of their time each month to discharging their duties to the retirement system.

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

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

BOARD MEMBER RESPONSIBILITIES

Board of Investments members' duties include:

1. ***Board and Committee Meetings.*** The Board meets once each month unless otherwise specified, usually on the second Wednesday, with each meeting generally lasting from 4 to 6 hours. In addition to the time required to attend meetings, approximately 8 to 12 hours per meeting is required to prepare for meetings and review relevant materials developed by staff and management. The Board has established committees to assist in carrying out its responsibilities. The Board also shares additional committees jointly with the system's Board of Retirement, including the Audit Committee. Committee meetings may be held both before and after regular Board meetings, and at other times, and generally last 1 to 2 hours per committee plus additional preparation time of several hours.

2. ***Pension Fund Investments.*** The Board of Investments has exclusive control of all retirement system investments and is responsible for establishing investment beliefs and objectives, the asset allocation for the portfolio, strategies, policies, and governance processes, which are subject to change by Board action. The Board evaluates risk and return, including consideration of corporate governance issues. The Board

makes these decisions based on information and input provided by staff and external consultants. Currently, LACERA's investment portfolio is, with a few exceptions, externally managed. The Board does not make individual investment selections for the externally managed portfolio; rather, it selects investment managers to make investments for LACERA in accordance with investment objectives and guidelines established by the Board. The Board of Investments and its staff then regularly monitor and evaluate the investment activities and results of its managers.

3. ***Retiree Healthcare Funds.*** Under agreement with the County and other participating employers, the Board of Investments manages and invests trust funds prepaid for future retiree healthcare benefits, which total $1.2 billion as of June 30, 2019.

4. ***Contribution Rates and Actuarial Services.*** Using an actuarial valuation process, the Board of Investments determines the level of contributions necessary to fund retirement benefits. The Board of Investments is responsible for setting actuarial valuation policies, selecting the actuary who will perform the valuation, and approving the actuarial valuation services provided. The actuary submits to the Board of Investments for the Board's approval such changes in County and member contribution rates as are necessary to fund retirement benefits.

5. ***Securities Litigation.*** The Board of Investments, with the assistance of counsel and staff, is charged with actively identifying, evaluating and monitoring securities class action lawsuits in which the fund has sustained a loss, and to determine whether the best interests of the fund are served by actively participating in such cases.

6. ***Other Fund Management.*** A few management functions are shared with the Board of Retirement. The Boards of Retirement and Investments, acting jointly, adopt the annual budget covering LACERA's operations. The two Boards also act jointly in certain employee relations matters, including the approval of class specifications for LACERA's employees, the approval of Memoranda of Understanding (MOU's) negotiated with SEIU Local 721, the union bargaining for represented employees of LACERA, and the approval of compensation to be provided to LACERA's nonrepresented employees. The Board of Investments is not responsible for general administration of the retirement system and benefits. The Legislature assigned those responsibilities to the Board of Retirement.

7. ***Retention and Oversight of Vendors, Consultants, and Experts.*** The Board approves and oversees the retention and performance of vendors, consultants, and experts to assist in system operations and aid the Board when appropriate.

8. ***Delegation.*** The day-to-day investment operations of the retirement system are delegated to staff and outside service providers. Board

members consider what responsibilities will be delegated and to whom delegation is made. Board members ensure that delegated responsibilities are properly performed through monitoring, questioning, and accountability.

9. ***Legal Compliance.*** The Board ensures that the retirement system maintains compliance with the plan documents and all applicable laws governing the system. Board members comply with this responsibility by conducting a periodic review of plan documents and monitoring changing legal requirements, with the assistance of counsel and other advisors.

10. ***Education.*** Board members are legally required to further their education on appropriate topics, which may include pension fund investments and investment management processes, actuarial matters, pension funding, pension fund governance, ethics, and fiduciary responsibilities, among other topics. Such education must consist of a minimum of 24 hours within two years of assuming office and 24 hours every subsequent two-year period the member continues on the Board.

11. ***Involvement.*** Subject to Board policies and protocols, Board members may participate in state and national pension and investment related organizations, including serving as an executive or committee member in these organizations. Within the same policies and protocols, Board members may also represent LACERA's interests through engagement with the legislative and executive branches of state and federal government.

FIDUCIARY DUTIES

Board of Investments members have the following fiduciary duties:

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

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

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

CONFLICTS OF INTEREST

Board members must be free of conflicts of interest in compliance with applicable legal requirements and LACERA's Conflict of Interest Code and Code of Ethical Conduct. Board members must disclose conflicts of interest when they arise, and they cannot participate in decisions that will impact, positively or negatively, their own financial interests or the interests of certain of their related persons and entities. Board members are public officials under California conflict of interest laws, and they must be familiar with and follow those laws. Board members are subject to public disclosure of their economic interests and annual reporting requirements under the Political Reform Act and Fair Political Practices Commission regulations. Violation of conflict of interest laws and regulations can result in civil and criminal penalties. Conflict of interest laws and regulations are

complex, and Board members should seek legal advice when appropriate. See http://www.fppc.ca.gov/ for more information.

APPROVED BY THE BOARD OF INVESTMENTS ON FEBRUARY 12, 2020.