

LACERA v. County Board of Supervisors

Lawsuit Heads to Trial with RELAC's Assistance

by Dave Muir and Bobbie Fesler

RELAC Directors

LACERA's lawsuit against the County and the Board of Supervisors, originally set for trial Nov. 22 in Department 85 of the Stanley Mosk Courthouse in Los Angeles, has been postponed to Dec. 6 at 1:30 p.m.

We have previously reported on the specifics of the lawsuit. Briefly, LACERA is asking the court to stop the County and the Board of Supervisors from interfering with LACERA's efforts to hire professional-level employees to invest the nearly \$72 billion pension fund and to perform other critical functions. LACERA's trustees (board members), which include RELAC Directors Les Robbins and J.P. Harris, have a fiduciary duty to govern the pension system with the care and skill that professional trustees are charged with in similar situations. The failure to do so exposes LACERA board members to financial liability for breaching their fiduciary duty owed to the beneficiaries of the system.

At the request of LACERA's attorneys, RELAC Director Dave Muir, who served as LACERA chief counsel prior to retirement, has provided a declaration to support LACERA's legal argument that the County Board of Supervisors (1) has no authority to second guess the judgment of LACERA when it comes to hiring the personnel needed to properly invest the pension fund and operate the system, and (2) must adopt ordinances to implement LACERA's employment decisions.

Most importantly, RELAC has filed an amicus curiae (friend of the court) brief to support LACERA in the litigation. The brief informs the court of RELAC members' special interest in assuring that the trustees on the LACERA boards have unrestrained authority to apply their professional expertise in investing the pension fund to maximize returns and in operating the system to assure beneficiaries of the pension fund receive the benefits to which they are entitled. As explained to the court, "If the County was allowed to strip away the exclusive right of [our elected representatives] to control the operations of LACERA," the County, rather than the LACERA boards, would control LACERA'S operations, rendering meaningless the statutory right of RELAC's members to elect LACERA board members.