



LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION
LACERA

Board of Retirement Charter
Role of Chair/Vice-Chair/Secretary

Adopted by the Board of Retirement on April 13, 2017
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1 Overview of the LACERA Board of Retirement

In 1937, Los Angeles County (County) established a pension trust fund (Fund) to provide defined retirement and death benefits to eligible County employees to be governed by the County Employees Retirement Law of 1937. In 1938, the Los Angeles County Employees Retirement Association (LACERA) was introduced to administer it. Since 1971, LACERA has also administered the Retiree Healthcare Benefits Program, on behalf of and through contractual agreement with the County.

LACERA is an independent governmental entity, separate and distinct from the County, which administers and manages the Retiree Healthcare Benefits Program for the County and outside districts. LACERA is one of the largest county retirement systems in America. LACERA is funded by the County, participating employers, employees, and investment earnings.

LACERA is governed by two Boards. Both Boards include a mix of trustees which are appointed and elected members and an ex-officio member, the sitting County Treasurer and Tax Collector. The Board of Retirement (BOR) is responsible for the overall management of the retirement system and the LACERA-administered Retiree Healthcare Benefits Program. The Board of Investments (BOI) is responsible for determining LACERA's investment objectives, strategies, and policies as well as exercising authority and control over the investment management of the Fund. The BOI also invests and manages the Other Postemployment Benefits Program (OPEB) trust assets for participating employers.

LACERA is a public pension system created in accordance with the County Employees Retirement Law of 1937 (the '37 Act or CERL) and administered pursuant to the '37 Act and the California Public Employees' Pension Reform Act of 2013 (PEPRA). CERL Section 31520.2 provides that "Except as otherwise delegated to the board of investment and except for the statutory duties of the county treasurer, the management of the retirement system is vested in the board of retirement." The BOR has joint authority with the BOI over shared responsibilities, including, for example: the appointment and evaluation of the Chief Executive Officer (CEO); classification and compensation of personnel; and, adoption of LACERA's administrative budget.

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2 Fiduciary and Co-Fiduciary Duties of the BOR

The members of the BOR recognize that they serve as fiduciaries for the administration of the retirement system, with fiduciary duties as defined in the California Constitution and CERL. The trustees have fiduciary duties both individually and collectively as a BOR.

In the exercise of their individual and collective fiduciary duties, the trustees and the BOR may, under the California Constitution and CERL, prudently delegate to staff, outside consultants and vendors, and other fiduciaries, while recognizing that the ultimate fiduciary responsibility of the BOR and its individual trustees for the retirement program is non-delegable. The BOR and the trustees exercise their fiduciary duties with respect to prudently delegated matters by having adequate processes in place to oversee their delegates, which processes should include reporting by and active monitoring and questioning of delegates.

The BOR must discharge its duties solely in the interest of members and their beneficiaries, and for the exclusive purposes of providing benefits to participants and their beneficiaries. In addition, the BOR is required to exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.

The BOR also has a fiduciary duty of undivided loyalty, and must be impartial in the exercise of such duty in regards to any divergent interests of various groups of members of the retirement system. The BOR must strive to minimize employer contributions and defray reasonable expenses of administering the system.

In the exercise of his or her individual fiduciary responsibilities, a trustee cannot knowingly participate in, or act to conceal, a breach of fiduciary duties by another trustee, enable another trustee to breach their fiduciary duties by failing to exercise reasonable care and prudence, or fail to take reasonable steps to report or remedy a breach of duty by another trustee when it is known or should have been known or suspected under the circumstances.

Further, the BOR and its members must observe laws applicable to the retirement program and to their conduct as trustees. They may not engage in any related party transactions with the retirement program or plan sponsor that are prohibited by California Constitution, CERL, and other applicable laws.

Trustees are also bound to observe applicable standards of conduct and limitations on conflicts of interest that are prohibited by the Political Reform Act of 1974 and other applicable laws. BOR members or anyone acting on their behalf must comply with these provisions.

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3 Expectations of Trustees

To be effective as a BOR and as individual trustees, and in recognition of their fiduciary and co-fiduciary duties, trustees should:

- 3.1. Appropriately prepare for and attend the entirety of each BOR meeting and of each Committee meeting of which they are a member;
- 3.2. Provide proactive input to the BOR and Committees to aid their deliberations;
- 3.3. Be respectful of their fellow members and of staff while giving firm and clear direction;
- 3.4. Be respectful of majority decisions, without compromising their ability to properly advocate for the things they believe are in the organization's interests;
- 3.5. Be respectful of the roles of the Chair/ Vice-Chair/ Secretary in their efforts to facilitate the effectiveness of the BOR in achieving its objectives;
- 3.6. Maintain a sense of professional, personal decorum and collegiality amongst the trustees;
and,
- 3.7. Diligently avoid conflicts of interest and adhere to the Conflict of Interest Code and Code of Ethical Conduct.

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4 The Role of the Chair and Vice-Chair

See BOR Regulations for the:

- A. Election of Chair;
- B. Election of Vice Chair;
- C. Election of Secretary;
- D. Election of Audit Committee Member; and,
- E. Filling of Vacancy in Office.

Overall, the Chair (and in the absence of the Chair, the Vice-Chair), should facilitate the BOR deliberations and preside over its meetings, coordinate the setting of its agenda, and ensure the BOR is an effective working group in making progress on the BOR's duties and objectives. The Chair should promote a culture of openness, respect and debate, and ensure there is effective, open communication. The Chair should ensure that all BOR members receive accurate, timely and clear information.

Activities of the Chair (Vice-Chair) include the following:

- 4.1. Facilitate and preside over BOR meetings;
- 4.2. Coordinate the setting of agendas;
- 4.3. Liaise with staff through the CEO;
- 4.4. Facilitate the establishment of the BOR's major policy goals and objectives;
- 4.5. Coordinate the CEO's annual performance review;
- 4.6. Coordinate sharing of leading practices;
- 4.7. Make appointments to Committees;
- 4.8. Oversee the effectiveness of stakeholder relations; and,
- 4.9. Coordinate with the Chair of the BOI concerning matters of common interest.

Frequently Used Terms

- Facilitate means to make (an action or process) easy or easier.
- Coordinate means to bring different elements (of a complex activity or organization) into a relationship that will ensure efficiency or harmony.
- Liaise means to establish a working relationship, typically to cooperate on a matter of mutual concern.
- Ensure means make certain that (something) shall occur or be the case.

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4.1 Facilitate and preside over BOR meetings

- 4.1.1 In consultation with the BOR and the CEO, schedule dates, times and location for BOR meetings.
- 4.1.2 Facilitate and preside over BOR meetings to enable effective and efficient functioning of such meetings, including:
 - 4.1.2.1 Ensure that discussion on agenda items is on topic, productive and professional;
 - 4.1.2.2 Ensure there is sufficient time during the meeting to fully discuss agenda items; and,
 - 4.1.2.3 Ensure that all meetings are conducted in a manner consistent with the Brown Act and Robert’s Rules of Order.
- 4.1.3 Ensure meetings are called and held in accordance with LACERA’s BOR Regulations, except that the Chair, in consultation with the Vice Chair and the Chief Executive Officer, may cancel or postpone Board meetings and, in further consultation with the committee chair, committee meetings when LACERA may not safely conduct regular operations because there is a declared national, state, County of Los Angeles, or City of Pasadena state of emergency or other governmental directive or when there is a natural disaster or other extraordinary circumstances. The Chair will schedule a Board meeting for the earliest available date to address with the Board the circumstances and the schedule for Board and committee meetings. In such circumstances, the Chair will be responsible for facilitating the normal operations of the Board to the extent possible.
- 4.1.4 Ensure the meeting agenda and relevant documents are circulated to the members of the BOR in advance of the BOR meeting and in compliance with the Brown Act to ensure sufficient preparation time.
- 4.1.5 Chair and facilitate the BOR meetings ensuring respectful debate such that all voices and opinions are heard.
- 4.1.6 Ensure meetings are run and votes are taken in accordance with agreed upon rules of order / procedure.
- 4.1.7 Call special meetings of the BOR when warranted.
- 4.1.8 Chair executive sessions of the BOR.

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4.2 Coordinate the setting of agendas

- 4.2.1 Facilitate the BOR in setting the strategy and policy of the BOR.
- 4.2.2 In consultation with the Vice Chair and CEO, coordinate and confirm an agenda for each BOR meeting (refer to the BOR Regulations for rules regarding placing an item on the agenda).
- 4.2.3 Plan agendas that facilitate the flow of work and the effectiveness of the achievement of the BOR's goals and objectives.
- 4.2.4 Maintain an annual calendar of BOR decisions to be made and communicate to Committee Chairs to facilitate appropriate timing of Committee recommendations to the BOR.
- 4.2.5 Communicate with Committee Chairs in setting the Committee agendas and integrating the activities of the Committees with the objectives of the BOR as a whole.

4.3 Liaise with Staff through the CEO

- 4.3.1 Liaise with staff through the CEO to keep an overview of the system's affairs and to provide BOR support as appropriate.
- 4.3.2 Monitor that BOR requests are implemented by staff, and reported back and confirmed to the BOR.

4.4 Facilitate the establishment of the BOR's major policy goals and objectives

- 4.4.1 Ensure the BOR identifies policy goals and objectives for the year.
- 4.4.2 Oversee that these goals and objectives link to the retirement program's strategic plan and are measurable.
- 4.4.3 Coordinate with the BOI to ensure the BOI's goals and objectives link to LACERA's overall strategic plan.

4.5 Coordinate the CEO's annual performance review

- 4.6.1 Coordinate the annual performance review of the CEO with the BOI and any other BOR direct reports and/or ensure there is a capable process to do so.
- 4.6.2 Coordinate with the BOI to establish annual goals for the CEO and other BOR direct reports.
- 4.6.3 Ensure the CEO's performance goals are linked to the strategic plan.

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4.6 [Coordinate the sharing of leading practices](#)

- 4.7.1 Coordinate the sharing and timely advice on leading and prevailing practices regarding retirement program activities.
- 4.7.2 Oversee the CEO's coordination of the BOR training with staff and consultants.

4.7 [Make appointments to Committees](#)

- 4.8.1 Appoint Committee Chairs and Vice-Chairs (Standing and Ad Hoc, in accordance with BOR Regulations).
- 4.8.2 Appoint members to Committees as detailed in the BOR Regulations and Standing Committee Charter.
- 4.8.3 Coordinate Committee Chair reporting to the BOR on Committee actions and agendas.
- 4.8.4 Provide leadership and ensure Committee members are aware of their obligations and comply with their responsibilities.

4.8 [Oversee the effectiveness of stakeholder relations](#)

- 4.9.1 Ensure the BOR, staff and consultants develop and manage key stakeholder relationships.
- 4.9.2 Be the BOR spokesperson for matters agreed upon by the BOR.
- 4.9.3 Act as an ambassador for the organization as agreed upon by the BOR.

4.9 [Coordinate with the Chair of the BOI concerning matters of common interest](#)

- 4.10.1 Ensure the two Boards openly communicate, have consensus on their respective separate jurisdictions as well as joint jurisdictions, and otherwise work well together in furtherance of LACERA's mission.

5 [The Role of the Secretary](#)

- 5.1 The Secretary is responsible for ensuring accurate and sufficient documentation exists to meet legal requirements, and to enable the public to determine when, how, and by whom the BOR's business was conducted.
- 5.2 Upon the BOR approving the BOR meeting minutes, the Secretary will join the BOR Chair in signing the minutes as evidence of their authenticity and completeness.
- 5.3 In the absence of the Chair and Vice-Chair, the Secretary will call the meeting to order, presiding until the Chair or Vice-Chair is present.

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5.4 The Secretary will conduct the Officer elections as detailed in the BOR Regulations.

6 Duties and Responsibilities of the BOR

6.1 Governance and Strategy

- 6.1.1 Approve BOR Charter.
- 6.1.2 Approve BOR Committee structure, roles and charters.
- 6.1.3 Approve BOR delegations to staff.
- 6.1.4 Approve BOR development policy and educational programs.
- 6.1.5 Approve BOR governance principles and policies.
- 6.1.6 Approve Organizational Policies as proposed by Committees and Staff, and act upon other Committee and Staff reports and recommendations, as appropriate.
- 6.1.7 Oversee the Strategic Planning Process.
- 6.1.8 Oversee the effectiveness of the of the BOR strategic plans.
- 6.1.9 Oversee the BOR stakeholder engagement program.
- 6.1.10 Oversee the BOR business planning process and business plans.

6.2 Reassurance, Risk and Compliance

- 6.2.1 Ensure that a financial audit is conducted under the oversight of the Audit Committee at least annually, and oversee Internal Audit reports referred by the Audit Committee or BOR Standing Committees.
- 6.2.2 Oversee retirement and retiree healthcare-related risk framework and management.
- 6.2.3 Oversee retirement benefit and healthcare benefit controls and compliance.

6.3 Administration

- 6.3.1 Approve staff classification and compensation
- 6.3.2 Approve litigation and settlements related to retirement and retiree healthcare benefits.
- 6.3.3 Approve budget process and budgets.
- 6.3.4 Oversee the Privacy of Member Information.
- 6.3.5 Conduct hiring, evaluation, compensation and firing of the CEO.
- 6.3.6 Oversee human resource policies for retirement and retiree healthcare operations.
- 6.3.7 Oversee accounting policies for non-investment activities.

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- 6.3.8 Oversee the CEO's effectiveness in hiring/firing and management of the performance for senior executives.
- 6.3.9 Oversee business continuity plans.

6.4 Conflicts and Ethics

In addition to the BOR's other responsibilities, the BOR will have authority and responsibility to oversee actual and potential conflict of interest and ethics issues concerning the BOR's areas of responsibility as follows:

- 6.4.1 General Compliance. Oversee compliance with the Conflict of Interest Code, Code of Ethical Conduct, and conflict of interest and ethics laws, and take action with respect to such matters, as appropriate.
- 6.4.2 Matters Referred by Standing Committees. Review and take such action, as appropriate, with respect to reports and recommendations received from the Board of Retirement Standing Committees relating to conflict of interest and ethics issues in each Committee's areas of responsibility as defined in the Committee Charter.
- 6.4.3 BOR Members. BOR members will avoid actual or potential conflict of interest or ethics issues. BOR members will notify the BOR Chair and Vice Chair, the CEO, and Legal Counsel of such issues concerning themselves and other BOR members related to the business of the BOR. The BOR will take such action as is lawful and appropriate with respect to such issues, including procedures provided in the BOR Regulations.
- 6.4.4 Third-Parties. BOR members and staff will exercise diligence in identifying, and informing the BOR about, all actual and potential conflict of interest issues concerning persons and entities who have business before the BOR, such as vendors, consultants, and all other third-parties (Third-Parties). The BOR will take appropriate action with regard to such issues, including:
 - 6.4.4.1 Disclosure of actual or potential conflict of interest and ethics issues;
 - 6.4.4.2 Waiver of any disclosed conflict of interest and ethics issues;
 - 6.4.4.3 Other measures to eliminate or mitigate conflict of interest or ethics issues, including the costs of such measures;
 - 6.4.4.4 The prudence of contracting, doing business, or taking other action on behalf of LACERA with any Third-Party with conflict or interest or ethics issues;

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6.4.4.5 Contract provisions and other means of ensuring against, monitoring, and addressing future conflict of interest and ethics issues of Third-Parties;

6.4.4.6 Violations by any Third-Party of LACERA's Conflict of Interest Code and Code of Ethical Conduct; and,

6.4.4.7 Such other conflict of interest and ethics issues as may arise relating to Third-Parties.

6.4.5 LACERA Staff

6.4.5.1 LACERA Staff Other Than the CEO. In that conflict of interest and ethics issues relating to staff other than the CEO may implicate Civil Services Rules, rights of privacy, and other employee rights, staff conflict of interest and ethics issues will be addressed by the BOR on an individual basis based upon consultation with the CEO, Human Resources, and Legal Counsel. The BOR will make recommendations concerning staff training on conflict of interest and ethics issues relating to the BOR's areas of responsibility.

6.4.5.2 CEO. Oversee conflict of interest and ethics issues with regard to the CEO. The BOR's discussion will take place in executive session to the extent permitted under the Brown Act given the circumstances of each individual issue. The Chair of the BOR will inform the Chair of the BOI of such issues and coordinate with the BOI as appropriate under the circumstances.

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7 Expectations of Committees

To be effective as a Committee, Committees should:

- 7.1 Develop and pursue agendas to make timely and substantive progress on issues within the Committee's area of responsibility, as described in their charters, with the goal of providing effective assistance to the full BOR in pursuing its work;
- 7.2 Provide ample opportunity for input by all trustees both verbally and in writing (even if they are not members of the Committee) during the course of its deliberations;
- 7.3 Once a decision has been made and recommended by the Committee, the Committee chair shall oversee staff in the preparation of executive summaries to the full BOR of issues considered by the Committee. Such summaries should include a high-level description of:
 - The issue(s) being addressed;
 - A brief background;
 - The due diligence process used to arrive at the Committee's recommendation;
 - The options available to the BOR (the least it could do to the most it could do);
 - The pros and cons of the main options, including sharing dissenting opinions when making recommendations to the BOR;
 - The risks of action and inaction; and,
 - Its recommendations to the BOR.

8 Charter Review

- 8.1 BOR shall review and update this charter at least once every three years.
- 8.2 This Charter was adopted by the Board of Retirement on April 13, 2017, and revised on May 7, 2020 and October 7, 2020.