

NOTICE OF SPECIAL MEETING AND AGENDA

A SPECIAL JOINT MEETING OF
THE BOARD OF RETIREMENT
AND
THE BOARD OF INVESTMENTS
OF THE LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
WILL BE HELD AS FOLLOWS:

BOARD OF RETIREMENT AND BOARD OF INVESTMENTS
LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 NORTH LAKE AVENUE, SUITE 810
PASADENA, CA 91101

THURSDAY, AUGUST 10, 2017
1:00 p.m.

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

I. CALL TO ORDER

II. PUBLIC COMMENT

III. ACTION ITEMS

A. Recommendation as submitted by the Ad hoc Joint Organizational
Governance Evaluation Committee:

1. The Board of Retirement and the Board of Investments approve
the Joint Organizational Governance Committee Charter, and
2. The Board of Retirement and the Board of Investments each
elect a member to the Joint Organizational Governance
Committee (Memo dated August 1, 2017)

IV. CLOSED SESSION

A. Conference with Legal Counsel - Anticipated Litigation
(Significant Exposure to Litigation Pursuant to Paragraph (2) of
Subdivision (d) of California Government Code Section 54956.9)

1. Number of Potential Cases: 1

August 10, 2017

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IV. CLOSED SESSION (CONTINUED)

B. Pursuant to Government Code Section 54957 – Public Employee Performance Evaluation:

1. Performance Evaluation
Title: Chief Executive Officer

V. ADJOURNMENT

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement and the Board of Investments that are distributed to members of the Board of Retirement and the 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 either Board's Members 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.

Persons requiring an alternative format of this agenda pursuant to Section 202 of the Americans with Disabilities Act of 1990 may request one by calling Cynthia Guider at (626) 564-6000, from 8:30 a.m. to 5:00 p.m. Monday through Friday, but no later than 48 hours prior to the time the meeting is to commence. Assistive Listening Devices are available upon request. American Sign Language (ASL) Interpreters are available with at least three (3) business days notice before the meeting date.



August 1, 2017

TO: Each Member
Board of Retirement
Board of Investments

FROM: Ad hoc Joint Organizational Governance Evaluation Committee
Board of Retirement Board of Investments
Shawn Kehoe, Committee Chair David Green, Committee Vice Chair
Alan Bernstein Herman Santos
Vivian Gray Ronald Okum

FOR: Joint meeting of the Board of Retirement and Board of Investments
on August 10, 2017

SUBJECT: **Joint Organizational Governance Committee Charter**

RECOMMENDATION

The Ad hoc Joint Organizational Governance Evaluation Committee recommends:

1. The Board of Retirement and the Board of Investments adopt the Joint Organizational Governance Committee Charter, and
2. The Board of Retirement and the Board of Investments each elect a member to the Joint Organizational Governance Committee.

EXECUTIVE SUMMARY

LACERA is fortunate to have two Board level leadership teams overseeing the organization. The Board of Retirement is responsible for the overall management of the retirement association, its benefit programs, and the LACERA administered Retiree Healthcare Benefits Program. The Board of Investments is responsible for determining LACERA's investment objectives, strategies, and policies, exercising authority and control over the investment management, the actuarial valuation funding process used to set retirement benefit contribution rates, as well as investing and managing the Other Postemployment Benefits Program trust assets.

This dual Board structure also includes statutorily shared responsibilities for personnel and budget matters, and structurally shared responsibilities for matters concerning both Boards, such as Board member education and travel programs, legislation, and certain litigation and disputes.

To facilitate the Boards addressing their shared responsibilities and other matters of mutual interest, it is recommended the Boards consider using a joint standing committee comprised of members from both Boards to evaluate, manage, and make recommendations for each Board's action. This new standing committee would be advisory to each Board and assume the responsibilities currently addressed by the Education and Travel Committee and the CEO Performance Committee.

Attached for each Board's consideration is a draft committee charter to create a new standing committee titled the "Joint Organizational Governance Committee" and a recommendation for each Board to elect a committee member.

DISCUSSION

The Board of Retirement and the Board of Investments chairs each appointed an ad hoc committee to work together to explore creating a new joint standing committee comprised of members from both boards to evaluate the best manner to facilitate the work of both Boards when the two Boards' duties intersect.

These ad hoc committees, working together as the Ad hoc Joint Organizational Governance Evaluation Committee, have completed their work and jointly present a draft Joint Organizational Governance Committee Charter for each Board's consideration.

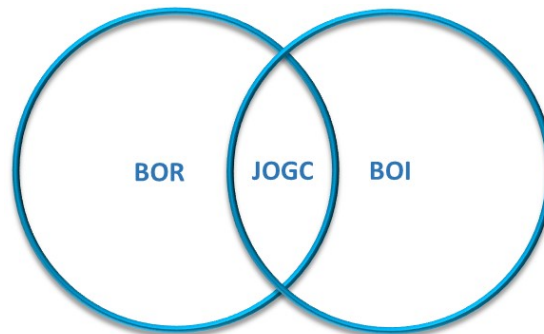
Adopting the proposed charter will create a LACERA standing committee that is subject to Brown Act regulations with the responsibility to review and make recommendations to each Board on business items of common interest and responsibility.

The scope of the Joint Organizational Governance Committee is proposed to include:

1. Reducing Disputes Between Boards
2. Litigation and Claims Impacting Both Boards
3. Legislation Impacting Both Boards
4. Staff Compensation
5. Staff Classification
6. Chief Executive Officer Review

7. Budget
8. Education and Travel
9. Organizational Philosophy
10. Miscellaneous Matters Impacting Both Boards

The Joint Organizational Governance Committee (JOGC) will only make recommendations to each Board on matters that intersect and affect both the Board of Retirement (BOR) and the Board of Investments (BOI); final action can only be taken by the Boards themselves. The following figure visually highlights the Committee's role to facilitate the work of both Boards when the Boards' duties intersect.



The Joint Organizational Governance Committee will include four members from each Board, for a total of eight committee members with no designated alternates. A Committee quorum will exist when a majority of the eight members is present. Committee membership will include the Chair and Vice Chair from each Board, a member appointed by each Board Chair, and a member elected by each Board. It is recommended the Boards each elect a committee member upon adopting the Joint Organizational Governance Committee Charter. Future Joint Organizational Governance Committee member elections will be held at the beginning of the calendar year when the Boards elect their officers and Audit Committee members.

It is expected the Committee will meet five times per year with meeting dates alternating between scheduled Board of Retirement and Board of Investments meetings, and as needed.

LEGAL AUTHORITY

The California Government Codes 31525 and 31526 provide the Board of Retirement and the Board of Investments the authority to define its own regulations for the election of officers, their terms, meetings, and all other matters relating to the administrative

procedures of the Board as approved by the Board of Supervisors. The Board of Retirement regulations and the Board of Investments Bylaws provide the respective Board Chairs the delegated authority to appoint committees as deemed necessary to carry out the business of the Board. The Board of Supervisors adopted the current Board of Retirement regulations on May 5, 2015. The Board of Investments Bylaws are being reviewed, amended, and retitled to regulations and will be presented to the Board of Investments and the Board of Supervisors for approval in 2017. The proposed Joint Organizational Governance Committee Charter is harmonious with existing Board regulations, bylaws, and charters. Because the Committee will include members of both Boards and make recommendations regarding matters relating to both Boards, it must be formed by action of both Boards.

Therefore, the Ad hoc Joint Organizational Governance Evaluation Committee recommends:

1. The Board of Retirement and the Board of Investments adopt the Joint Organizational Governance Committee Charter, and
2. The Board of Retirement and the Board of Investments each elect a member to the Joint Organizational Governance Committee.

GR:nm

Draft Committee Charter to the Boards August 2017v3.docx

Attachment



**LOS ANGELES COUNTY
EMPLOYEES RETIREMENT
ASSOCIATION**

Joint Organizational Governance Committee Charter

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LACERA
DRAFT Joint Organizational Governance Committee Charter

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1 Overview of the LACERA Board of Retirement and the Board of Investments

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 formed to administer the Fund. Since 1971, LACERA has also administered the Retiree Healthcare Benefits Program for the County and outside districts, through contractual agreements with the County.

LACERA is an independent governmental entity. LACERA is the largest county retirement system 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 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." CERL Section 31520.2(b) provides that "The board of investments shall be responsible for all investments of the retirement system." The BOR and BOI have joint authority over certain shared responsibilities, including: the appointment and evaluation of the Chief Executive Officer (CEO) (CERL Section 31522.2); classification and compensation of personnel (CERL Sections 31522.1, 31522.4); adoption of LACERA's administrative budget (CERL 31580.2(a)); other matters as specified in CERL, including but not limited to CERL Section 31459.1 defining the term "Board" used in CERL; and as described in this Charter.

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2 Purpose of this Document

The purpose of this document is to describe:

- the purpose, scope, responsibilities, meetings, and structure of the Joint Organizational Governance Committee (JOGC);
- the specific terms of reference for the JOGC;
- the committee's membership and leadership; and
- meeting frequency and dates.

3 Purpose of the JOGC

The purpose of the JOGC is to:

- serve and facilitate the work of both Boards when the two boards duties intersect;
- improve the combined oversight of both Boards;
- facilitate effective two-way communications and act as liaison between the Boards;
- ensure that both Boards are comfortable that their perspectives are properly represented;
- make recommendations, not decisions; and
- assist the Boards in resolving potential disputes effectively and at the earliest possible stage.

4 Scope

The scope of the JOGC includes:

- Reducing Disputes Between Boards
- Litigation and Claims Impacting Both Boards
- Legislation Impacting Both Boards
- Staff Compensation
- Staff Classification
- Chief Executive Officer Review
- Budget
- Education and Travel
- Organizational Philosophy
- Miscellaneous Matters Impacting Both Boards

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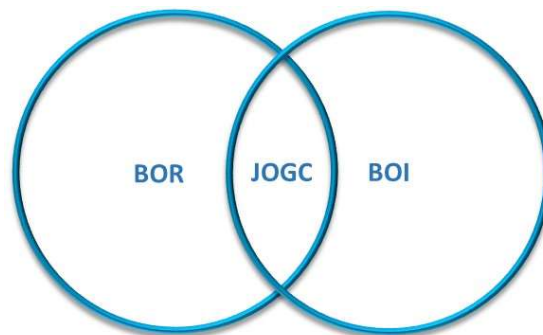
5 Powers Reserved for the BOR and BOI

The BOR reserves for itself all powers related to retirement benefit, disability and healthcare policy, legislation, litigation, operations, and administration, except as defined in its Board Charter and as described in this Charter.

The BOI reserves for itself all powers related to investment policy, legislation, litigation, operations, and administration, except as defined in its Board Charter and as described in this Charter.

6 Authority

The JOGC will only make recommendations to each Board on matters that intersect and affect both the BOR and BOI as described in Section 7, Responsibilities of this Charter. The following figure visually highlights the JOGC role to facilitate the work of both Boards when the Boards' duties intersect.



7 Responsibilities

7.1 Dispute Resolution

Make recommendations about Dispute Resolution between:

- The Board of Retirement and the Board of Investments
- Board members of different Boards
- The Board and staff when appropriate

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7.2 Litigation and Claims

Oversee and make recommendations about Litigation and Claims related to performance of LACERA as an organization and the Boards' separate or joint fiduciary duties with respect to general operations, LACERA personnel, and other matters of mutual interest and concern.

Litigation and Claims related to retirement, disability, and healthcare benefits is reserved to the Board of Retirement; litigation and claims related to investments is reserved to the Board of Investments; and litigation and claims related to contracts is reserved to the separate Board that approved the contract.

7.3 Legislation

Make recommendations about Legislation affecting LACERA's Governance that impacts both Boards.

Legislation related to retirement, disability, and healthcare benefits is reserved to the Board of Retirement; legislation related to investments is reserved to the Board of Investments.

7.4 Staff Compensation

Make recommendations related to all types of compensation and compensation policy for:

- Union represented employees, including overseeing the collective bargaining agreements
- Non-represented employees
- Management employees

Administration of the Chief Audit Executive's compensation is reserved to the Audit Committee.

7.5 Staff Classification

Make recommendations to create all new staff classifications.

7.6 Chief Executive Officer

- Should a vacancy occur, conduct the initial search for the CEO and produce a short-list of recommended candidates to each Board (supported by a search consultant)
- Oversee the CEO evaluation and provide timely feedback based on input from all Board members
- Recommend CEO compensation
- Oversee CEO succession planning
- Any other issues related to oversight of the CEO not rising to the level of a joint meeting

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7.7 Budget

Oversee the Administrative and Retiree Healthcare budgets according to the following process:

- Staff develop preliminary budget plan in February
- The budget's preliminary budget plan is presented to JOGC in March
- Draft budget package is presented to JOGC in April for release to the Boards
- Budget hearings are held in May
- Proposed budget package is presented to each Board for approval at the Board's June meeting
- The JOGC will provide on-going oversight of the budget-to-actual results during the fiscal year

7.8 Education and Travel

Oversee and make recommendations with respect to the:

- Education and Travel Policy according to its terms
- Other training issues relevant to both Boards as needed

7.9 Organizational Philosophy

Make recommendations regarding LACERA:

- Mission statement
- Values
- Vision
- General engagement

7.10 Miscellaneous Matters

Miscellaneous matters that may need to be brought before the JOGC will be determined on a case by case basis by the respective Board Chairs and the Chair of the JOGC in consultation with the CEO. Additionally, miscellaneous matters may be brought before the JOGC by any JOGC member.

8 Membership, Quorum, and Rules

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There will be eight (8) members with no designated alternates. The JOGC will be comprised of the BOR and BOI Chairs and Vice-Chairs plus one member appointed by each Chair and one member elected by each Board. If there is one JOGC member who represents both Boards (one overlap), then an additional appointment will be made by the BOR Chair in even years and by the BOI Chair in odd years. If there is more than one overlap, the BOR and BOI Chairs will make an equal number of additional appointments; if there are an odd number of overlaps, the final appointment, after the Board Chairs make their separate appointments, will be made following the rule as stated in the preceding sentence that applies in the case of one overlap.

A quorum exists when a majority of the members are present, without regard to the Board from which individual members were appointed.

The JOGC is subject to the Ralph M. Brown Act (Brown Act), and its meetings will be noticed, agendaized, and conducted in accordance with the Brown Act. The JOGC may meet in closed session as provided in the Brown Act.

Robert's Rules of Order will also apply in the JOGC's meetings. A motion may be made or seconded by any member. A motion passes if a majority of the members present, without regard to the Board from which they were appointed, vote in favor of the motion.

9 Leadership

The Chair and Vice Chair of the JOGC will be elected by members of the JOGC at the first meeting of each year.

10 Meeting Frequency and Dates

10.1 Frequency

The regular meeting schedule will be established at the first meeting of each year. Generally, the meeting schedule will be March, April, June, September, and December. Special meetings may be called as needed in accordance with the Ralph M. Brown Act.

10.2 Dates

Meetings will alternate between scheduled BOR and BOI meetings, and as needed.

11 Elimination of Certain Committees

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With the establishment of the JOGC, the following committees will be eliminated:

- CEO Performance Committee
- Education and Travel Committee

12 Charter Review

The BOR and BOI shall review and update this Charter at least once every three years.

This Charter was adopted by the Board of Retirement on _____, 2017 and by the Board of Investments on _____, 2017.