



LOS ANGELES COUNTY  
EMPLOYEES RETIREMENT  
ASSOCIATION  
LACERA

Board of Retirement  
Standing Committee Charters

v.11

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**Board of Retirement  
Standing Committee Charters**

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# Board of Retirement Standing Committee Charters

## A. Introduction

The growth and increasing complexity of the Los Angeles County Employees Retirement Association (LACERA) pension fund is imposing greater demands on LACERA's staff, consultants, and the Board of Retirement (BOR), which together with the Board of Investments is responsible for the retirement system. The BOR will be asked to adopt positions on an increasing number of complex issues. Changes in legislative leadership at both the federal and state levels of government require increased vigilance over legislative initiatives in the areas of pension and healthcare policy.

Full exposition and debate of many issues would be too time consuming to accomplish at regular BOR meetings. These issues can be best worked from the conceptual state to the development of complete recommendations at the committee level.

## B. Purpose of this Document

The purpose of this document is twofold:

1. To describe the common purpose, scope, responsibilities, meetings and structure of the Board of Retirement Standing Committees (Committees).
2. To describe the specific terms of reference for each Committee. Currently, there are three Committees:
  - Insurance, Benefits and Legislative Committee (IBLC);
  - Operations and Oversight Committee (OOC); and,
  - Disability Procedures and Services Committee (DPSC).

At its discretion, the BOR Chair may appoint additional standing or ad hoc committees, as appropriate.

## C. Purpose of the Committees

In 1995, the BOR approved the current structure of the Committees to oversee designated various administrative activities of the retirement system. The purpose of Committees is to facilitate the following objectives:

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- Enable the BOR to better meet its governance and oversight responsibility for the purposes of providing benefits to participants and their beneficiaries, and defray reasonable expenses of administering the system;
- Provide the BOR with improved access to LACERA consultants and staff for superior decision making;
- Facilitate timely issue vetting by the BOR, leading to greater BOR understanding and more efficient organizational decision making and execution;
- Improve BOR member subject matter understanding and education;
- Expedite decision making concerning resource allocation, structure, processes, and staffing;
- Assess and oversee overall risk management; and,
- Improve communication between BOR members and staff.

### **D. Committee Authority**

Each of the Committees will act in an advisory capacity only and will bring all actionable items affecting the LACERA administration of the retirement system and retiree healthcare program to the BOR. As they relate to their specific charter, each Committee Chair will bring the following matters to the BOR Chair's attention for inclusion on a BOR meeting agenda:

- Proposed amendments to LACERA's retirement system and retiree healthcare program policies and standards;
- Performance deviations from LACERA strategic and policy objectives;
- Other initiatives which each Committee deems appropriate for BOR consideration.

### **E. Composition and Appointment of Committee Chairs, Vice-Chairs and Members**

The BOR Chair will appoint four Committee members and one alternate from the current BOR members to a calendar year term and designate the Committee's Chair and Vice Chair for each Committee. The BOR Chair will consider continuity of service when selecting Committee members so that development of expertise and familiarity with the subject matter is

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encouraged and to benefit Committee goals. The BOR Chair will endeavor to include an overall mix of ex-officio, appointed, elected, active, and retired members when selecting Committee members.

Each Committee Chair will be responsible for setting meeting dates and agendas. The Chief Executive Officer (CEO) will assign senior LACERA staff to liaise with the Insurance, Benefits and Legislative Committee, the Operations Oversight Committee, and the Disability Procedures and Services Committee. The CEO and designated staff will assist in performing each Committee's duties.

BOR members who are not Committee members may attend and participate in a Committee meeting but may not vote on any matter discussed at the meeting nor make or second motions. The alternate Committee member may participate in meetings and make or second motions but may only vote in the absence of at least one Committee member. In the event five or more BOR members (including members appointed to the Committee) are in attendance, the meeting will constitute a joint meeting of the Committee and the BOR. All Committee meetings will be noticed as joint meetings of the Committee and the BOR.

### **F. Reporting**

The Committee Chair is responsible for sharing the following with the BOR:

- Reporting to the BOR about Committee activities, issues, and related recommendations at each regularly scheduled BOR meeting following a Committee meeting, as appropriate;
- Maintaining a calendar of key activities, including those required for effective program oversight, training, and required action items for the BOR;
- Ensuring Committee meeting minutes are distributed or made available to all BOR members; and
- Ensuring agendas for upcoming Committee meetings are distributed or made available to all BOR members prior to the Committee meeting.

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## G. Frequency of Meetings

Each of the Committees will meet regularly between the monthly scheduled BOR meetings. The Committee Chair should set the frequency, time and agenda for committee meetings as required to achieve the objectives of the committee. Generally, there shall be one Committee meeting per month, however, there shall be no less than one meeting per quarter. Committee meetings will generally be held at 300 N. Lake Avenue in the LACERA Board Room. The Committee meetings will comply with all Brown Act notice requirements.

## H. Insurance, Benefits and Legislative Committee (IBLC) Charter

The Insurance, Benefits, and Legislative Committee (IBLC) supports the Board of Retirement (BOR) with its oversight responsibilities with respect to the Retiree Healthcare Program and legislative matters. Additionally, the IBLC will support the BOR with matters concerning the design or changes to the retirement, retiree healthcare, death, insurance or other benefits.

The IBLC meets immediately following the second BOR meeting of each month unless otherwise scheduled by the BOR.

### 1 Retiree Healthcare Program

- 1.1 Set and oversee health care strategy and LACERA leadership in health care.
- 1.2 Oversee health benefit plans, providers, managers, administrators, consultants, and rates.
- 1.3 Oversee health benefit plan contracting.
- 1.4 Make recommendations to the BOR on the selection of Retiree Healthcare Program consultants.
- 1.5 Oversee cost and quality of health care program. Review cost-benefit analyses and recommendations from the BOR's consultant and staff and recommend related actions to the BOR.
- 1.6 Oversee research to evaluate leading health care practices that benefit members and their families.

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- 1.7 Recommend to the BOR pilot projects for upcoming plan years that focus on improved health and lower costs, with appropriate evaluation methods of health outcomes, costs, and resources identified.
- 1.8 Receive information from the actuaries concerning the Other Post-Employment Benefits (OPEB).
- 1.9 Review the structure of the plans and their administration to ensure they are taking advantages of best practices (including plan design and strategic planning, investment, custody, adequacy of LACERA staff and resources) and make such recommendations or changes as are necessary to fulfill fiduciary best practices related thereto.
- 1.10 Review the financial results of the plans (audited results; quarterly reviews; compliance with policy).
- 1.11 Oversee health administration cost effectiveness.
- 1.12 Oversee agency communications involving areas of insurance and benefit responsibilities.
- 1.13 Set the benchmarks and triggers for information that comes to the IBLC for review, as well as approve performance metrics to be reported to the Committee.
- 1.14 Establish performance standards for professional benefits consultants and participate in performance evaluations of those consultants.
- 1.15 Review periodic reports by staff or consultants on benefit delivery services, benefit-related trends, and other significant benefit topics.
- 1.16 At least quarterly, meet with the CEO, or a designee, regarding the operational and financial performance of the LACERA insurance programs to monitor progress toward strategic objectives and make recommendations to the BOR.
- 1.17 No later than March of each year, develop recommendations to the BOR concerning proposed premiums for the fiscal year beginning in July.

**2 Legislative Matters**

- 2.1 Develop, review and oversee legislative and executive branch benefit and benefit administration initiatives and make recommendations to the BOR.
- 2.2 Evaluate pending benefit and benefit administration legislation and report findings and recommendations to the BOR.

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- 2.3 Review and track pending national and/or state benefit and benefit administration legislation.
- 2.4 Recommend LACERA's position on state and federal benefit and benefit administration legislation to the BOR.
- 2.5 Annually review the Legislative Policy and make recommendations as needed to the BOR.

## I. Operations Oversight Committee (OOC) Charter

The Operations Oversight Committee (OOC) advises the BOR in: the development, implementation, and review of LACERA's retirement and administrative operating policies and procedures; reviewing plans involving acquisition and implementation of new technology; the use of external consultants supporting the retirement and administrative operations; setting standards for service delivery; and, monitoring program effectiveness.

The OOC meets after the second BOR meeting of each month and convenes following the Insurance, Benefits and Legislative Committee meeting, unless otherwise scheduled by the BOR.

The OOC assists the BOR with its oversight responsibilities with respect to:

- 1 Enterprise Governance
- 2 Procurement
- 3 Financial Planning, Budgeting & Accounting Oversight
- 4 Oversee Overall Operations and Cost Effectiveness of the System
- 5 Business Continuity Oversight
- 6 Information Technology & Data Security
- 7 Retirement Benefit Administration
- 8 Retirement System Performance
- 9 Communications
- 10 Member Information Privacy



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1 Enterprise Governance

- 1.1 Monitor the organization’s progress in meeting our mission to “Produce, Protect and Provide the Promised Benefits”.
- 1.2 Develop a strategic plan for LACERA governance, retirement benefit, administration, financial reporting, auditing and regulatory compliance and make recommendations to the BOR.
- 1.3 Review business plans and oversee business planning process.
- 1.4 Evaluate staff’s effectiveness and efficiency in securing appropriate resources.
- 1.5 Review plans involving acquisition and use of external consultants.
- 1.6 Review any proposed changes to the governance of LACERA and make recommendations to the BOR.
- 1.7 At least annually, review LACERA governance documents to determine compliance with the documents; to determine whether any changes to the governing documents are required; and to make recommendations to the BOR.
- 1.8 Serve as an educational forum.
- 1.9 Oversee Human Resource policies and procedures.
- 1.10 Oversee Document Retention policies and procedures.
- 1.11 Periodically review status of property and equipment.
- 1.12 Periodically review expenditure reports.

2 Procurement

- 2.1 Review policies concerning the procurement of supplies; consider amendments; and propose any amendments to the BOR.
- 2.2 Review policies concerning the selection of consultants; consider amendments; and propose any amendments to the BOR.
- 2.3 Oversee contract management policies and procedures.

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3 Financial Planning, Budgeting & Accounting Oversight

- 3.1 Oversee LACERA's budgeting process.
- 3.2 Monitor implementation of the operating budgets of LACERA.
- 3.3 Oversee the collection and retention of data as may be necessary for the preparation of the retirement and OPEB actuarial valuations.
- 3.4 Collaborate with staff to develop and review accounting policies and procedures and recommend any changes to such policies to the BOR.

4 Oversee overall operations and cost effectiveness of the System.

- 4.1 Oversee organizational operations and cost effectiveness.
- 4.2 Collaborate with staff to oversee periodic compensation studies and recommend staff compensation.
- 4.3 Recommend to the BOR contracting policies and oversee effective management of service provider contracts.
- 4.4 Recommend to the BOR regulations and policies affecting finance and administration.

5 Business Continuity Oversight

- 5.1 Oversee business continuity and disaster recovery processes including the testing process.
- 5.2 Recommend for approval by the BOR a business continuity plan.

6 Information Technology & Data Security

- 6.1 Oversee information technology plans and budgets.
- 6.2 Monitor the status of LACERA data security.

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- 6.3 Review cyber security and data security policies and make recommendations to the BOR.

7 Retirement Benefit Administration

- 7.1 Oversee LACERA's administration of retirement benefits to members.
- 7.2 Review standards for service delivery and monitor staff effectiveness.
- 7.3 Investigate retirement benefit service issues.
- 7.4 Oversee research on pension policy and related issues developing at the state and national level.
- 7.5 Recommend to the BOR regulations and policies that affect retirement benefit administration.
- 7.6 Review member services including: responding to member inquiries; processing member requests; providing member reports; managing retired member actions; and, providing member education services.
- 7.7 Oversee LACERA's administration of employer services. Review employer services, including: enrolling new employers; managing employer relations; coordinating actuarial information; managing employer contracts and compliance services; managing employer data; and, providing employer support services.
- 7.8 Maintain an awareness of issues affecting LACERA's members and employers and propose strategies for improving satisfaction with LACERA to the BOR.

8 Retirement System Performance

- 8.1 Identify strategic goals regarding LACERA's performance and oversee implementation of strategy to achieve such goals.
- 8.2 Oversee the performance and delivery of LACERA's services.
- 8.3 Oversee member and employer service delivery quality and efficiency.
- 8.4 Oversee pension administration cost effectiveness.

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9 Communications

- 9.1 Collaborate with staff to develop and periodically review the BOR's communication plan. The communication plan shall contemplate the views of stakeholder groups, which may include active members, retirees, legislators, employers and consultants.
- 9.2 Evaluate the information, communication and educational efforts undertaken to encourage participants to obtain retirement readiness and make such recommendations or changes as are necessary to achieve best practices related thereto.
- 9.3 Oversee LACERA's communications involving areas of OOC responsibilities.

10 Member Information Privacy

- 10.1 Oversee LACERA's strategy and plan to protect and guard against the misuse of members' protected personal and health information within applicable laws.
- 10.2 Recommend to the BOR policies designed to ensure safeguarding of member information.
- 10.3 Ensure LACERA has resources, such as competent staff and adequate tools, to reasonably protect member information.
- 10.4 Monitor the effectiveness of member information privacy program.
- 10.5 Propose changes to member information privacy program to the BOR.

## J. Disability Procedures and Services Committee (DPSC) Charter

The Disability Procedures and Services Committee (DPSC) shall be responsible for: evaluating disability retirement policies and procedures; identifying and recommending policy and procedural improvements; addressing substantial issues as to the interpretation and application of CERL and other laws affecting disability retirement; and, recruiting and evaluating the external professionals and consultants required to administer the disability retirement program.

The DPSC meets as needed, following the first BOR meeting of the month, unless otherwise scheduled by the BOR.

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### **1 Oversee Disability Benefits Administration Process**

- 1.1 Periodically review and propose any changes to eligibility requirements for disability benefits.
- 1.2 Periodically commission and oversee a third-party benchmark study to determine leading disability application and appeal practices. Propose recommended changes to the BOR.
- 1.3 Oversee the process for selecting and monitoring of Examining Physicians and make selection recommendations to the BOR.
- 1.4 Periodically review BOR Physician Guidelines and make recommendations to the BOR.
- 1.5 Review and make recommendations to the BOR for the following:
  - 1.5.1 Applications to the LACERA Panel of Examining Physicians;
  - 1.5.2 Applications to the LACERA Service Providers panel; and,
  - 1.5.3 Performance of an individual or firm on any LACERA panel.
- 1.6 Periodically review BOR Regulations and policies pertaining to the disability process.

## **K. Conflicts and Ethics**

In addition to each Committee's other specific responsibilities, each Committee will have responsibility to oversee actual and potential conflict of interest and ethics issues concerning that Committee's areas of responsibility, as follows:

### **1 Committee Members**

- 1.1 Committee members will notify the Committee Chair and Vice Chair, the CEO, and Legal Counsel of actual or potential conflict of interest or ethics issues concerning themselves and other Committee members related to the business of the Committee. Such issues not resolved at the Committee level will be referred to the BOR to be handled as provided in the BOR Charter and Regulations. The Committee Chair and Vice Chair will

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notify the BOR Chair and Vice Chair of such issues, even if resolved at the Committee level.

### **2 Third-Parties**

Committee members and staff will exercise diligence in identifying, and informing the Committee about, all actual and potential conflict of interest issues concerning persons and entities who have business before the Committee, such as vendors, consultants, and all other third-parties (Third-Parties). The Committee will report and make recommendations to the BOR with regard to such issues, including:

- 2.1 Disclosure of actual or potential conflict of interest and ethics issues.
- 2.2 Waiver of any disclosed conflict of interest and ethics issues.
- 2.3 Other measures to eliminate or mitigate conflict of interest or ethics issues, including the costs of such measures.
- 2.4 The prudence of contracting, doing business, or taking other action on behalf of LACERA with any Third-Party with conflict of interest or ethics issues.
- 2.5 Contract provisions and other means of ensuring against, monitoring, and addressing future conflict of interest and ethics issues of Third-Parties.
- 2.6 Violations by any Third-Party of LACERA's Conflict of Interest Code and Code of Ethical Conduct.
- 2.7 Such other conflict of interest and ethics issues as may arise relating to Third-Parties.

### **3 LACERA Staff**

- 3.1 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 Committee on an individual basis based upon consultation with the CEO, Human Resources, and Legal Counsel. The Committee may make recommendations concerning staff training on conflict of interest and ethics issues relating to the Committee's areas of responsibility.

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- 3.2 Conflict of interest and ethics issues with regard to the CEO will be referred to the Chair of the BOR. The Chair of the BOR will then inform the Chair of the Board of Investments of such issues.

### **L. Interpretation of Charters**

Each Committee Charter, and other duties and responsibilities as set forth above, will be interpreted and applied in a manner consistent with the BOR Charter.

### **M. Charter Review**

At least every three years, each Committee should evaluate its charter and recommend amendments of this Charter to the BOR, as appropriate.

BOR shall review and update of this Charter at least once every three years, following review by the Committees.

### **N. Approval Date**

This Charter was adopted by the Board of Retirement on April 13, 2017.