

NOTICE OF SPECIAL MEETING AND AGENDA
OF THE

JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE
and
BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*

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

THURSDAY, OCTOBER 12, 2017
1:00 p.m.**

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

- I. CALL TO ORDER
- II. REPORT ON CLOSED SESSION ITEMS
- III. PUBLIC COMMENT
- IV. APPROVAL OF MINUTES
 - A. Approval of the Minutes of the Special Meeting of August 28, 2017
- V. NON – CONSENT AGENDA
 - A. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee recommend to
the Board of Retirement and Board of Investments approval of the
Fiduciary Counsel Policy.
(Memorandum dated October 4, 2017)
 - B. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee recommend to
the Board of Retirement and Board of Investments approval of the
Policy Concerning Employment of LACERA Board Members.
(Memorandum dated October 4, 2017)

V. NON – CONSENT AGENDA (Continued)

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee recommend to the Board of Retirement and Board of Investments approval of the Policy on Internal Investigation Procedures.
(Memorandum dated October 4, 2017)
- D. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee (JOGC) recommend the revised Education and Travel Policy to the Board of Retirement and Board of Investments for approval.
(Memorandum dated October 4, 2017)
- E. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee provide direction and input to Staff with respect to the 2017/2018 JOGC meeting calendars. (Memorandum dated October 4, 2017)
- F. Recommendation as submitted by Steven P. Rice, Chief Counsel:
That the Joint Organizational Governance Committee direct Staff to calendar the items listed in this memo for JOGC consideration on the schedule. (Memorandum dated October 4, 2017)

VI. REPORT

- A. Review of JOGC Charter
Steven P. Rice, Chief Counsel
(Memo dated October 4, 2017)

VII. REPORT ON STAFF ACTION ITEMS

VIII. ADJOURNMENT

** The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.*

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.

*** Although the meeting is scheduled for 1:00 p.m., it can start anytime thereafter, depending on the length of the Board of Retirement and Insurance, Benefits & Legislative (IBL) Committee and Operations Oversight Committee (OOC) Committee meetings preceding it.*

MINUTES OF THE JOINT ORGANIZATIONAL GOVERNANCE

COMMITTEE

and

BOARD OF RETIREMENT AND BOARD OF INVESTMENTS*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810

PASADENA, CA 91101

MONDAY, AUGUST 28, 2017

1:00 p.m.

PRESENT: Shawn Kehoe, Chair

David Green, Vice Chair

Alan Bernstein

Vivian Gray

Ronald Okum

David Muir

Wayne Moore

Diane Sandoval

Herman Santos

Michael Schneider

I. CALL TO ORDER

The meeting was called to order at 1:06 p.m., in the Board Room of Gateway Plaza.

II. ELECTION OF CHAIR AND VICE CHAIR

A. Chair of the Joint Organizational Governance Committee

Mr. Kehoe was nominated to the position of Chair of the Joint Organizational Governance Committee by Mr. Green.

Hearing no other nominations, the Board voted unanimously and elected Mr. Kehoe as Chair of the Joint Organizational Governance Committee.

B. Vice Chair of the Joint Organizational Governance Committee

Mr. Green was nominated to the position of Vice Chair of the Joint Organizational Governance Committee by Mr. Kehoe.

Hearing no other nominations, the Board voted unanimously and elected Mr. Green as Vice Chair of the Joint Organizational Governance Committee.

III. PUBLIC COMMENT

There were no requests from the public to speak.

IV. NON- CONSENT AGENDA

A. Recommendation as submitted by Gregg Rademacher, Chief Executive Officer: That the Committee set its meeting schedule dates for calendar year 2017. (Memorandum dated August 23, 2017)

Mr. Bernstein made a motion, Ms. Gray seconded, to schedule the following meeting dates for the Joint Organizational Governance Committee:
Thursday, October 12, 2017,
Wednesday, December 13, 2017, and
Wednesday, March 7, 2018.
The motion passed unanimously.

IV. NON- CONSENT AGENDA (Continued)

B. Discussion and possible action regarding anticipated litigation.

There was no discussion regarding this item.

V. 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

The Board met in Closed Session pursuant to Paragraph (2) of Subdivision
(d) of California Government Code Section 54956.9. The Committee gave
direction to the Chair.

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

1. Performance Evaluation
Title: Chief Executive Officer

The Board met in Closed Session pursuant to Paragraph (2) of Subdivision
(d) of California Government Code Section 54956.9. The Committee gave
direction to the Chair.

VI. ADJOURNMENT

There being no further business to come before the Board, the meeting was
adjourned at 6:20 p.m.

** The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.*

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.

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October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Fiduciary Counsel Policy

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) recommend to the Board of Retirement and Board of Investments (Boards) approval of the Fiduciary Counsel Policy.

LEGAL AUTHORITY

As part of their plenary authority and fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution, the Boards may adopt such policies as they deem prudent in their discretion. Further, under Government Code Section 31529.6, the Boards have the authority to contract with attorneys in private practice for legal services and advice; this authority includes the retention of fiduciary counsel. It is reasonable and prudent for the Boards to establish a policy for the use of such fiduciary counsel. Additional information concerning the Boards' authority with respect to fiduciary counsel is set forth in the Legal Authority section of the proposed policy.

Under Section 6 of the JOGC Charter, the JOGC has authority to "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 proposed Fiduciary Counsel Policy falls within Section 7.9, Miscellaneous Matters, and is therefore a proper subject for JOGC discussion and recommendation by the JOGC to the Boards.

DISCUSSION

At its August 28, 2017 meeting, the JOGC directed the Committee Chair to work with Chief Counsel to develop and propose a Fiduciary Counsel Policy, which would specifically provide, among other things, for the attendance of fiduciary counsel at all Board of Retirement Administrative meetings, Boards of Investments meeting, and JOGC and Audit Committee meetings. A copy of the proposed policy is attached. The proposed policy includes a provision addressing Board meeting attendance as well as other

Each Member, Joint Organizational Governance Committee
Re: Fiduciary Counsel Policy
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reasonable terms governing the retention and use of fiduciary counsel by the Boards and by staff, with reporting to the Boards as to staff use.

In drafting the proposed policy, Staff considered the fiduciary counsel policies of other public pension systems in California and across the nation

The proposed policy has been reviewed by fiduciary counsel Harvey Leiderman, of Reed Smith LLP, and incorporates his comments. Mr. Leiderman will be present at the JOGC meeting to participate in the discussion of this item and provide his input.

As an additional matter, the JOGC should be aware that the current Board-approved fiduciary counsel are: Reed Smith LLP; Nossaman LLP; and Olson Hagel & Fishburn LLP. Given the increased Board advisory role and visibility of fiduciary counsel under the proposed policy, the JOGC may wish to consider whether to recommend to the Boards that a Request for Proposals (RFP) for fiduciary counsel services be issued to (1) confirm that the counsel on the panel satisfy the Boards' current expectations and needs and (2) revisit pricing terms in light of the increased usage. The last RFP was issued in 2015. Members of both Boards actively participated in the selection process that followed from that RFP. Staff is satisfied with the current panel of fiduciary counsel, who represent the three leading public retirement fiduciary counsel firms in California. However, Staff agrees that pricing should be revisited, which can be done informally with the fiduciary counsel firms without the need for an RFP at this time.

CONCLUSION

Based on the foregoing discussion, Staff recommends that the JOGC recommend to the Boards approval of the Fiduciary Counsel Policy.

Attachment

c: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Fern Billingsy
Frank Boyd
Johanna Fontenot
Michael Herrera
Christine Roseland

FIDUCIARY COUNSEL POLICY

1. PURPOSE

This policy confirms the role of outside fiduciary counsel and parameters for use of fiduciary counsel by LACERA's Board of Retirement or Board of Investments (each, a Board), the Joint Organizational Governance Committee (JOGC), the Audit Committee, and LACERA staff.

2. LEGAL AUTHORITY

Under Article XVI, Section 17 of the California Constitution, the Boards have "sole and exclusive responsibility to administer" LACERA. Under Government Code Section 31529.6, the Boards "may contract with attorneys in private practice for legal services and advice. The boards shall pay reasonable compensation for the legal services and advice. The compensation shall be considered a cost of administration of the system." Under this authority, the Boards may engage outside fiduciary counsel to provide assistance in the exercise of their fiduciary duties. The Boards, collectively and as individual Board members, must satisfy their fiduciary duties in all matters they consider, all decisions they make, and all aspects of their conduct on behalf of LACERA.

3. POLICY STATEMENT

3.1 *Retention.* The Boards acting jointly shall retain one or more outside fiduciary counsel to represent the interests of both Boards and provide such advice as requested in connection with fiduciary issues. Outside fiduciary counsel shall owe duties to LACERA and the Boards.

3.2 *Scope of Services.* The services provided by outside fiduciary counsel shall include:

3.2.1 *Meeting Attendance.* An outside fiduciary counsel, selected by the Chair of each respective Board, the JOGC, or the Audit Committee from the list of retained counsel, shall, unless excused by the respective Chair, attend each Board of Retirement Administrative meeting, each Board of Investments meeting, and each meeting of the JOGC and Audit Committee to provide advice concerning fiduciary issues. Attendance of outside fiduciary counsel is not required at meetings of other Board committees or at the Board of Retirement Disability meetings unless requested by the Chair of the respective Board.

3.2.2 *Advice to the Board Chairs and Other Board Members Outside Noticed Meetings.* Outside fiduciary counsel shall provide such advice concerning fiduciary issues as may be requested by the

Chairs of the Boards, JOGC, or Audit Committee in the setting of Board, JOGC, and Audit Committee agendas. Outside fiduciary counsel shall also provide advice in connection with fiduciary issues to the Chairs, or other Board Members, under authority granted by a Board, the JOGC, or Audit Committee. Absent authority as set forth in this policy, Board Members, other than the Chairs as described, shall not contact outside fiduciary counsel directly; individual Board members may make requests for outside fiduciary counsel advice to their respective Chair.

3.2.3 Consultation with Staff. LACERA's Chief Executive Officer (CEO) and Chief Counsel, or their designees, may seek advice on fiduciary issues from outside fiduciary counsel. Chief Counsel, in coordination with the CEO, shall provide the Board Chairs with a privileged quarterly written report of staff contacts, which shall also be copied to all Board Members.

3.2.4 Other Projects. Outside fiduciary counsel shall be available to perform any other work concerning fiduciary issues as may be requested from time to time by the Boards.

3.3 Oversight. The Boards' relationship with outside fiduciary counsel shall be managed and overseen by the Board Chairs, subject to the Scope of Services described above. In the event advice is required from outside fiduciary counsel on a matter concerning a Board Chair, the Vice Chair of each respective Board shall manage and oversee such work. In the event a matter concerns both a Board Chair and Vice Chair, fiduciary counsel shall be overseen on such matter as determined by a majority vote of a quorum of the Board or Boards, with the Board Chairs and Vice Chairs excluded from the quorum count and vote.

3.4 Evaluation. Outside fiduciary counsel shall be evaluated annually by the Boards. The JOGC shall oversee the evaluation process.

4. DEFINITION

For purposes of this policy, "fiduciary issues" is defined to include all issues as to which the Boards, the JOGC, or the Audit Committee may require advice from independent counsel in the performance of their fiduciary duties, including but not limited to:

4.1 Fiduciary duties under the California Constitution, the County Employees Retirement Law of 1937, the California Public Employees' Pension Reform Act of 2013, and other applicable law.

- 4.2 Ethical issues, under LACERA's Code of Ethical Conduct, the Political Reform Act, California Government Code Section 1090 and other provisions of the California Government Code, Fair Political Practices Commission (FPPC) Regulations, FPPC and California Attorney General Opinions, and other applicable laws and LACERA policy relating to conflicts of interest and ethics of Board Members, LACERA staff, and/or LACERA vendors.
- 4.3 Board governance.
- 4.4 LACERA's organizational structure.
- 4.5 Disputes by and between Board members.
- 4.6 Negotiation and drafting of contracts.
- 4.7 Actuarial and financial matters.
- 4.8 Employment-related matters.
- 4.9 Benefit-related matters, including service retirement, disability retirement, retiree healthcare benefits, and other benefit issues.
- 4.10 Investments-related matters.
- 4.11 Investigations.

5. SCOPE

This policy applies broadly to all matters addressed by the Boards, the JOGC, the Audit Committee, individual Board Members, or LACERA and affect, or potentially affect, the performance of fiduciary duties.

Adopted by the Board of Retirement: November __, 2017

Adopted by the Board of Investments: November __, 2017

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Policy Concerning Employment of LACERA Board Members

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) recommend to the Board of Retirement and Board of Investments (Boards) approval of the Policy Concerning Employment of LACERA Board Members.

LEGAL AUTHORITY

As part of their plenary authority and fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution, the Boards may adopt such policies as they deem prudent in their discretion. The proposed policy is reasonably within the scope of the Boards' discretion and authority under the Constitution as a means of avoiding conflicts of interest or the appearance of conflicts.

Under Section 6 of the JOGC Charter, the JOGC has authority to "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 proposed Policy Concerning Employment of LACERA Board Members falls within Section 7.9, Miscellaneous Matters, and is therefore a proper subject for JOGC discussion and recommendation by the JOGC to the Boards.

DISCUSSION

At its August 28, 2017 meeting, the JOGC directed the Committee Chair to work with Chief Counsel to develop and propose a "revolving door" policy setting a period of time within which former Board Members may not be considered or hired. The Committee Chair recommended a three-year limitation period and that the policy apply to "senior LACERA management positions." The proposed policy includes these terms, with a definition of "senior LACERA management positions" designed to capture positions of authority and Board influence in the organization. The proposed policy expressly states that it does not limit the application of laws and regulations that may affect employment in any LACERA position.

A copy of the proposed policy is attached.

As a point of reference, Government Code Section 31528(c) provides that Board Members:

shall not, for a period of two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any other person except the county, by making any formal or informal appearance before, or any oral or written communication to, the retirement system, or any officer or employee thereof, if the appearance or communication is made for the purpose of influencing administrative or legislative action, or any action or proceeding involving the issuance, amendment, awarding, or revocation of a permit, license, grant, contract, or sale or purchase of goods or property.

This provision of existing law does not address employment by LACERA, but rather establishes a two-year revolving door rule prohibiting advocacy before LACERA on behalf of a third party.

The proposed policy has been reviewed by fiduciary counsel Harvey Leiderman, of Reed Smith LLP, and incorporates his comments. Mr. Leiderman will be present at the JOGC meeting to participate in the discussion of this item and provide his input.

CONCLUSION

Based on the foregoing discussion, Staff recommends that the JOGC recommend to the Boards approval of the Policy Concerning Employment of LACERA Board Members.

Attachment

c: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Fern Billingsy
Frank Boyd
Johanna Fontenot
Michael Herrera
Christine Roseland

POLICY CONCERNING EMPLOYMENT OF LACERA BOARD MEMBERS

1. PURPOSE

The purpose of this policy is to prevent an actual or the appearance of a conflict of interest, undue influence, favoritism, or other impropriety in the consideration or hiring of present and former members of LACERA's Board of Retirement or Board of Investments (each, a "Board") for LACERA employment. Adoption of a policy establishing clear standards will enhance the integrity and fairness of LACERA's hiring process.

2. LEGAL AUTHORITY

This policy is adopted pursuant to the Boards' plenary authority over the administration of the system (Cal. Const., art. XVI, sec. 17) to facilitate LACERA's compliance with applicable conflict of interest laws and regulations, and to avoid any adverse appearance that may be associated with the consideration or hiring of present or former Board members.

3. POLICY STATEMENT

3.1 *During Board Service.* A Board member shall not, during such person's term of service on the Board of Retirement or Board of Investments, be considered or hired for employment in any LACERA position.

3.2 *After Board Service.* Any person who has served as a member of LACERA's Board of Retirement or Board of Investments shall not, for a period of three years after leaving that position, be considered or hired for employment in a senior LACERA management position.

4. DEFINITION

For purposes of this policy, "senior LACERA management position" means the chief executive officer, deputy chief executive officer, assistant executive officer, chief investment officer, deputy chief investment officer, principal investment officer, senior investment officer, chief counsel, chief financial officer, chief information security officer, chief technology officer, chief audit executive, and, to the extent not already listed, the manager and the assistant manager of each LACERA division.

5. SCOPE

This policy applies to all members and former members of LACERA's Board of Retirement or Board of Investments as of and after the date this policy is adopted. This policy is without limitation to application of, and shall be interpreted consistently with, all laws and regulations that may affect or relate to the consideration or hiring of a present or former Board member for employment in any LACERA position.

Adopted by the Board of Retirement: November __, 2017

Adopted by the Board of Investments: November __, 2017

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Policy on Internal Investigation Procedures

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) recommend to the Board of Retirement and Board of Investments (Boards) approval of the Policy on Internal Investigation Procedures.

LEGAL AUTHORITY

As part of their plenary authority and fiduciary responsibility for administration of the system under Article XVI, Section 17 of the California Constitution, the Boards may adopt such policies as they deem prudent in their discretion. The proposed policy is reasonably within the scope of the Boards' discretion and authority under the Constitution as a means of defining the Boards' expectations with respect to internal investigations.

Under Section 6 of the JOGC Charter, the JOGC has authority to "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 proposed Policy on Internal Investigation Procedures falls within Section 7.9, Miscellaneous Matters, and is therefore a proper subject for JOGC discussion and recommendation by the JOGC to the Boards. Insofar as an internal investigation may relate to a dispute, the proposed policy is also within the JOGC's authority under Section 7.1, Litigation and Claims.

DISCUSSION

At its August 28, 2017 meeting, the JOGC directed the Committee Chair to work with Chief Counsel to develop and propose a policy setting forth standards for internal investigations that comply with best practices.

A copy of the proposed policy is attached.

In considering the issues that should be addressed in the policy, Staff reviewed numerous written reference sources discussing best practices for internal investigations as well as

samples of internal investigation policies. The reference sources reviewed by Staff include the following, among others:

- Society of Corporate Compliance and Ethics (SCCE)
- Association of Corporate Counsel (ACC)
- Harvard Law School Forum on Corporate Governance and Financial Regulation
- Management Practices Group
- American Bar Association (ABA), Corporate Investigations Training Manual
- Association of Certified Fraud Examiners
- Society for Human Resource Management (SHRM)
- Internal Investigations Procedures of the U.S. Department of Justice and Other U.S. Federal Agencies
- Internal Investigations Standards and Procedures of Various State Agencies Across the Country
- Various Law Firm Client Training Presentations

Collectively, Staff believes these sources provided comprehensive education and information concerning best practices in internal investigations from the perspective of federal and state government agencies, private industry, academia, and professional organizations.

Based on this research, Staff initially prepared a highly specific and prescriptive statement of best practices setting forth, on a step-by-step basis, the elements of a best practices investigations process, applicable to both internal and external investigations.

Staff then discussed the issue with fiduciary counsel Harvey Leiderman, of Reed Smith LLP. Mr. Leiderman recommended that it would be preferable for the policy to contain a shorter, simpler statement but nevertheless comprehensive, consistent with Staff's research, in stating the Boards' expectations of a best practices internal investigation. Staff agreed with Mr. Leiderman's recommendation, and the proposed policy is based on language he provided. Mr. Leiderman will be present at the JOGC meeting to participate in the discussion of this item and provide his input.

CONCLUSION

Based on the foregoing discussion, Staff recommends that the JOGC recommend to the Boards approval of the Policy on Internal Investigation Procedures.

Attachment

Each Member, Joint Organizational Governance Committee
Re: Policy on Internal Investigation Procedures
October 4, 2017
Page 3

c: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Fern Billingsy
Frank Boyd
Johanna Fontenot
Michael Herrera
Christine Roseland

POLICY ON INTERNAL INVESTIGATION PROCEDURES

When an investigation into the conduct of LACERA personnel is conducted by internal resources, the investigation shall be conducted in a manner that will assure the accuracy, thoroughness, impartiality, and integrity of the investigative process. Investigators shall be responsible for determining the veracity of facts and the credibility of witnesses; assuring the security of documentary evidence and the confidentiality of the process; exploring all available third party resources; and timely reporting the facts and recommendations to the appropriate body or person with authority to act upon the results of the investigation.

Adopted by the Board of Retirement: November __, 2017

Adopted by the Board of Investments: November __, 2017

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Review of Travel Policy

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) recommend the revised Education and Travel Policy (Policy) to the Board of Retirement and Board of Investments for approval.

LEGAL AUTHORITY

Under Section 7.7 of the JOGC Charter, the JOGC has the authority to oversee and make recommendations to the Boards with respect to the Policy.

DISCUSSION

The attached version includes the following redline changes:

Statement of Purpose (page 2) – Staff deleted the reference to the Travel Committee and replaced it with the JOGC to reflect the authority given to the JOGC in its Charter.

Section 705.01 (page 3) – Staff added language clarifying that the Chief Executive Officer (CEO), or designee, shall approve staff travel in advance and in writing on such terms as may be appropriate. The new language clarifies that approval of staff travel shall be documented and on such terms as the CEO, or designee (typically, the Deputy CEO, an AEO, or a division manager) deems reasonable under the circumstances.

Section 705.06 (page 4) – At the suggestion of Mr. Kehoe, this section, which addresses selection of conference attendees where attendance is limited, is revised to provide that attendance shall be determined in a two-phase process: the first phase will be governed by the priority rules stated in the Policy; and the second phase, to take place only after the Board secretary has completed phase one, will be on a first come, first served basis. The attendance limitations still apply

as to the number of conferences that may be attended. This change will simplify the process by which conference attendance is determined after all Board members have already been given an initial opportunity to express interest.

Personal Motor Vehicles (page 12) – Questions have arisen from Board Members as to when they can use their personal vehicles to travel to a conference. A provision is added stating that a personal vehicle may be used, and round trip mileage reimbursed, if travel it is 600 miles or less from LACERA's headquarters. This change corresponds to the provision in the Policy providing that air travel should generally be used if the destination is more than 600 miles from LACERA's headquarters.

Attachment C (Pre-Approved Conferences) (pages 20-23) – The following conferences have been added as pre-approved, with priority to the Board as shown:

- Conferences and educational meetings in the U.S. sponsored by any LACERA investment manager (priority BOI). Note that this item replaces the specific reference to Goldman Sachs conferences that was previously in the Policy to recognize that other managers also sponsor educational conferences.
- Fortune Magazine U.S. financial conferences (prior BOI). See this link for additional information:
<http://www.fortuneconferences.com/brainstorm-tech-2017/>
- Gartner Security & Risk Management Conferences (priority BOR). See this link for additional information:
http://www.gartner.com/events/na/security#section_whyattend
- InfoSecWorld conferences (priority BOR). See this link for additional information:
<https://infosecworld.misti.com/>
- National Association of Corporate Directors (NACD) U.S. conferences (priority BOI). See this link for additional information:
<https://www.nacdonline.org/Education/content2.cfm?ItemNumber=4698&navItemNumber=3712>
- National Association of Securities Professionals (NASP) (priority BOI) conferences. NASP's Annual Pension and Financial Services Conference was already on the pre-approved list. This entry has now been expanded to include all NASP conferences.
- National Association of State Retirement Administrators (NASRA)

conferences (priority BOR). See this link for additional information:

<http://www.nasra.org/meetings>

- Pension Bridge Conferences in the U.S (priority BOI). See this link for additional information:
<http://www.pensionbridge.com/agendape2017.asp>
- Public Funds Forum (priority BOI). This is a well-attended investments conference that attracts internationally known speakers, including officials of public pension systems, industry leaders, academics, and political figures.
- SuperReturn conferences in the U.S. (priority BOI). These conferences focus on private equity and venture capital limited partner/general partner relations and topics such as fund governance, fundraising, fund restructurings, allocation, investment period extensions, terms and fees, bifurcation of venture capital performance, limited partnership terms and conditions, and co-investments.

Pages 5, 6, 7, 8, 11, 14, 15, 17 – Self-explanatory corrections of formatting issues and typographical errors are made on these pages.

CONCLUSION

Staff recommends that the JOGC recommend the revised Education and Travel Policy to the Boards for approval.

Attachment

c: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor
Beulah Auten
Ted Granger
Darla Davis



Education and Travel Policy

Approved: Board of Investments, ~~March 6~~ _____, 2017
Board of Retirement, ~~March 3~~ _____, 2017

EDUCATION AND TRAVEL POLICY

Statement of Purpose

The Board of Retirement, the Board of Investments, and designated staff have a fiduciary duty:

- To obtain education on matters of public pension administration and investments,
- To monitor the administration and investments of the Trust,
- To monitor the work of those to whom the Board has delegated authority to administer and manage Trust assets, and
- To advocate positions that protect and further the interests of the Trust.

It is the desire and intention of the Board of Retirement and the Board of Investments to ensure that the Boards and staff may perform their fiduciary duties, by implementing an education and travel policy by which:

- Board Members and staff receive current benefit, financial and policy information pertinent to the administration of public pension plans, the administration and management of the retiree health care program, and the investment of public pension funds,
- Board Members and staff may travel to advocate positions that protect and further the interests of the Trust, and
- Board Members may complete their required 24 hours of “board member education” every two years as mandated by Government Code §31522.8.

The Boards desire to avoid even the appearance of impropriety in connection with education and travel. The Boards acknowledge that acceptance of gifts of travel, such as transportation, meals, and lodging by a public agency, though permitted under certain circumstances by applicable law, can create the appearance that LACERA encourages “pay to play” and may, unwittingly, create opportunities for undue influence on Board Members and staff. LACERA’s education and travel policy therefore does not permit LACERA as an entity to accept gifts of travel.

The Boards further acknowledge that international travel, though expensive, is increasingly necessary in light of today’s global economy and LACERA’s ongoing prudent investment of a substantial portion of its assets outside the United States.

EDUCATION AND TRAVEL POLICY

This policy is to be implemented in compliance with the relevant provisions of the California Government Code and federal law, and in harmony with existing philosophy, objectives, policies and guidelines previously approved by the Boards of Retirement and Investments.

This policy shall be reviewed by the Travel Joint Organizational Governance Committee (JOGC) of the Board of Retirement and Board of Investments annually or as needed and may be amended by action of both Boards upon recommendation of the JOGC or at any other time.

705.00 – EDUCATIONAL CONTENT REQUIREMENT

Except as provided in Section 705.01.A.1, conferences and seminars must contain an average of five hours of substantive content per day, excluding travel days.

705.01 – EDUCATION AUTHORIZATION

A. Board Members

1. Local educational conferences and seminars not requiring common carrier travel and lodging and where the registration fee is \$500 or less are approved for attendance. Such conferences and seminars must contain substantive content but are not subject to the five-hour per day content requirement of Section 705.00.
2. Educational conferences, seminars and meetings listed on Attachment C are preapproved for attendance and expense reimbursement provided all other policy requirements are met.
3. Educational conferences, seminars, and meetings not listed on Attachment C and not covered by Section 705.01.A.1 require prior approval by the Board. Memoranda submitted to the Board seeking approval to attend conferences, seminars and meetings shall include the registration fee and hotel rate.
4. Attending a conference, seminar and meeting held outside of the United States requires prior Board approval whether or not such conference, seminar or meeting is listed on Attachment C.
5. The Board may ratify attendance at otherwise unapproved conferences, seminars and meetings for good cause explained in a written communication to the Board.

EDUCATION AND TRAVEL POLICY

6. Requests for conference attendance and travel arrangements must be made in writing and directed to the appropriate Board staff secretary.

B. Staff Members The Chief Executive Officer, or designee, shall approve staff education and travel in advance and in writing on such terms as deemed appropriate under the circumstances.

705.02 - AUTHORIZED EXPENSES

Authorized educational and related travel expenses for Board Members and staff shall be determined by the Boards as set forth in Attachment A. LACERA Board Members and staff shall be reimbursed for reasonable and necessary expenses incurred, and documented, in connection with LACERA business.

705.03 - COSTS OF ADMINISTRATION

Education and travel expenses for Board Members and staff shall be administrative costs and may not be paid through third party contracts. It is LACERA's policy that LACERA, as an agency, will not accept gifts of travel.

705.04 - CLAIMS FOR REIMBURSEMENT

An education and travel expense reimbursement shall be claimed by completing an expense voucher form available on the LACERA intranet website and submitting it to the appropriate authorizing person. Board Members may submit their expense reimbursements to their respective Board staff secretaries and staff to their Division Manager. All expense reimbursement requests shall be accompanied by receipts and/or other reasonable documentation. The deadline for submitting an education and travel reimbursement claim is 90 days after completing the education, or 30 days after the fiscal year-end, whichever comes first. Extensions to this deadline may be granted upon showing good cause.

705.05 – BOARD PRIORITY WHERE ATTENDANCE IS LIMITED

Should an education provider limit Board Member attendance, it is the Boards' intent to provide attendance priority to the specified Board as designated in Attachment C. The basis for this designation is for the Board of Retirement Members to have attendance priority for benefit, healthcare, plan administration, and general policy conferences and for the Board of Investments Members to have priority for investment and actuarial conferences. In this context, the term "conference" is meant to include conference,

EDUCATION AND TRAVEL POLICY

meeting, roundtable, symposium, or any other term used to describe an educational opportunity. Should a conference not listed in Attachment C be approved by both Boards, such conference will be prioritized by the CEO in the manner used to set Board Priority in Attachment C.

705.06 - SELECTION OF ATTENDEES WHERE ATTENDANCE IS LIMITED

A. Initial Response Period

In the event attendance at a conference or seminar where the number of LACERA representatives that may attend is limited, a Board staff secretary shall ~~canvass the Board with conference priority, per Attachment C or so designated~~ send to all Board Members an email notification of the conference or seminar, to identify those Board Members interested in attending. The email notices shall set a deadline by which response must made to the Board staff secretary ("Initial Response Period"). In the event more Board Members from the Priority Board express a desire during the Initial Response Period to attend than the conference provider will accommodate or this policy allows, such attendance will be determined by the appropriate priority listing as described in Attachment B. After fulfilling attendance needs for the Board with attendance priority, remaining attendance opportunity will shift to Members of the other Board who responded during the Initial Response Period.

A. Secondary Response Period

If attendance opportunities for a conference remain after expiration of the Initial Response Period, a Board staff secretary will send a second notice to all Board Members. The remaining attendance opportunities will then be allocated by the Board staff secretary on a first come, first served basis determined by the order of responses in any form to the second notice, without regard to any other type of priority under this Policy but subject to the Conference Attendance Limitations in Section 705.07.

705.07 – CONFERENCE ATTENDANCE LIMITATIONS

A. Number of Conferences Subject to Reimbursement per Fiscal Year

1. Every Board Member is authorized to attend up to 8 approved conferences per fiscal year, and up to 12 if the Board Member is serving simultaneously on both Boards.

EDUCATION AND TRAVEL POLICY

2. It is the policy's intent for Board members to have the ability to maximize attending local educational conferences. As such, conferences that do not require common carrier travel and lodging is under \$1,500, are not subject to the 8 (or 12, as applicable) conference attendance limit.

B. Failing to Attend or Canceling a Conference Timely

Travel expenses incurred by a Board Member for the first 8 (or 12, as applicable) approved conferences the Board Member attends per fiscal year are subject to reimbursement by LACERA in accordance with this Education and Travel Policy. If a Board Member is enrolled for a conference but fails to attend or timely cancel and LACERA incurs an expense as a result (e.g., conference registration, travel and lodging cancelation fees), that conference counts toward the limit until the Board Member reimburses LACERA for all expenses incurred, unless the failure to cancel is excused under Section 705.12(eC).

C. Exceeding the Number of Conferences Subject to Reimbursement per Fiscal Year

LACERA will not reimburse a Board Member for expenses associated with conference attendance by a Board Member during the remainder of the fiscal year once the sum of approved conferences a Board Member attends plus those for which LACERA has incurred unreimbursed, unexcused cancelation expenses reaches 8 (or 12). The Board Member shall be responsible for all such expenses, including without limitation the registration fee, lodging, transportation and meal expenses. A Board member may place on the agenda of the member's respective Board a request to approve exceeding the conference limit specified in this Section.

D. Seminars and Conferences Outside the United States

In addition to the limitations described in [Section 705.06](#), the following limitations shall apply to attending conferences and seminars outside the United States (International Conferences). For purposes of Section 705.07.D.1 and 2 only, conferences and seminars in Canada and Mexico shall not be considered International Conferences:

1. An individual Board member shall not be authorized to attend more than two International Conferences in any fiscal year if the member serves on one Board, or more than three International Conferences in any fiscal year if the member serves on two Boards,

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2. Not more than three Board members shall be authorized to attend the same International Conference,
3. Prior to attending an International Benefit Conference, a Board Member is required to attend an American Health Insurance Plans (AHIP) National Policy Forum or World Health Care Congress, and
4. Prior to attending an International Investment Conference a Board Member is required to successfully complete the State Association of County Retirement Systems (SACRS) Public Pension Investment Management Program or the University of Pennsylvania Wharton School of Business Portfolio Concepts and Management course.

705.08 - CASH ADVANCES

Cash advances will not be allowed unless specifically approved for Board Members by the appropriate Board and staff by the CEO.

705.09 - EXPENSES FOR TRAVELING COMPANIONS

Education and travel expenses for family members and/or traveling companions are not reimbursable by LACERA.

705.10 – ADDITIONAL TRAVEL DAYS TO MINIMIZE OVERALL TRAVEL COST

Travel the day prior to and/or the day after a conference will be reimbursed if reasonably necessary because of time constraints. More than one additional day prior to and/or after international travel will be reimbursed as reasonably necessary based on the location of the conference. In addition, lodging and per diem for extra days prior to or after a conference will be reimbursed if such extension results in lower overall trip costs. For staff, cost comparisons for trip extensions shall include the costs of salary for any work days lost by the extension. Written justification for travel expenses incurred prior to or after a conference shall be submitted with the claim for reimbursement.

705.11 - GROUND TRANSPORTATION

EDUCATION AND TRAVEL POLICY

Individuals will be expected to use group shuttle service to and from metropolitan destinations unless such use is precluded by time constraints or it is safer, more efficient, or more economical to hire a taxi or rent a car, pay for parking, fuel, etc. Reimbursement of an alternative mode of transportation will be limited to the cost of the group shuttle service unless otherwise justified. When renting a vehicle, purchase of optional insurance is not necessary as LACERA's insurance will cover the same risks.

705.12 – CANCELING EDUCATION AND TRAVEL ARRANGEMENTS

A. Responsibility for Timely Cancelation

Individuals are responsible for timely canceling education and travel arrangements made on his/her behalf which will not be used so that no costs will be incurred by LACERA.

B. Responsibility for Untimely Cancelation Costs

Individuals are responsible for all costs LACERA incurs as a result of the individual's failure to cancel education and travel arrangements before cancelation charges accrue, unless the failure to cancel was due to facts or circumstances beyond the traveler's control. The traveler must reimburse LACERA within 30 days after notification of the amount due. If reimbursement is not made within such 30-day period, and payment is still due, the amount shall be deducted from any payment due the traveler from LACERA.

C. Responsibility for Untimely Cancelation Costs with Good Cause

If the individual believes the failure to cancel was due to facts or circumstances beyond their control, they must submit a written excuse to the Board Chair, or to the CEO if the individual is staff, within 30 days after receiving notification of the cancelation expenses due. For Board Members, the Board Chair will approve or disapprove the excuse in writing to the individual, with a copy to the Board's staff secretary. If the individual is a Board Chair, then the written excuse must be submitted to that Board's Vice Chair who will then approve or disapprove the excuse. If the individual is a Vice Chair simultaneously serving as the acting Chair, then the Vice Chair's written excuse must be submitted to that Board's Secretary who will then approve or disapprove the excuse. Should a Board Member disagree

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with the Board Officer's determination, the Board Member may request the Board's staff secretary to agendize the matter for the Board's consideration.

705.13 – INTERNATIONAL TRAVEL INSURANCE

LACERA will purchase travel insurance covering Board Members and staff while traveling internationally on LACERA business. The insurance will include accident, medical, security assistance and evacuation, travel assistance, trip cancelation, interruption or delay, and baggage loss or delay coverage.

705.14 - TRAVEL REPORTS

The Chief Executive Officer shall submit a monthly Travel Report to both Boards listing the current fiscal year's completed, anticipated, and canceled education attendance for Board Members. Such report will include staff's educational travel.

A quarterly Travel Report listing Board Member education and travel expenses paid/reimbursed by LACERA shall be provided to both Boards. Such report shall identify the purpose, location, and cost. Such report will include staff's education and administrative travel.

705.15 - REPORT FOLLOWING ATTENDANCE AT CONFERENCE AND SEMINARS

Board Members who attend a conference, seminar or meeting, are encouraged to report at a Board meeting the information and knowledge gained, an evaluation of the conference, seminar or meeting, and recommendation concerning future participation.

705.16 - TRAVEL BY NEWLY APPOINTED AND ELECTED BOARD MEMBERS

A person duly appointed or elected to the Board of Retirement or Board of Investments shall, for purposes of this policy, be deemed to have assumed the office of Board Member as of the date the person's appointment is approved or election is certified by the Board of Supervisors. It is the intent of this Section that incoming Board Members attend seminars and conferences as part of their orientation and preparation to assume the duties of a LACERA Board Member.

For purposes of Section 705.07, seminars and conferences related to the topics listed in Government Code §31522.8 that are attended during the six months prior to the date an individual's term of office commences shall be counted towards the number of seminars

EDUCATION AND TRAVEL POLICY

and conferences that may be attended during the first fiscal year of the individual's term in office.

A copy of this policy, related policy procedures, and list of all pre-approved, approved, or likely to be approved conferences scheduled to occur during the first six months of the newly elected or appointed member's term are to be provided to each new Board Member at the beginning of his/her term.

705.17 - BROWN ACT COMPLIANCE

No more than four members of either Board are authorized to meet together to discuss LACERA business unless there is appropriate public notice of the meeting pursuant to the Ralph M. Brown Act. All meetings subject to the Brown Act must be held within the County of Los Angeles, unless otherwise permitted by the Brown Act. A person holding membership on both the Board of Retirement and Board of Investments counts as one of the members in attendance for each of the Boards. Attendance at conferences, seminars, meetings and social activities by more than four members of a Board is not a violation of this provision.

705.18 – WAIVER OF POLICY PROVISIONS

For good cause presented in writing, and in the exercise of its sound discretion, the Board of Retirement or the Board of Investments may waive compliance with specific requirements of this Policy when in the best interest of LACERA.

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

When determining reimbursement limits for lodging and meals, LACERA considers how much control it has over those travel costs. Conference/seminar sponsors select the city and hotel for their conferences and LACERA has little or no input in the decision. Similarly, conference sponsors often provide meals, and LACERA again has little or no input as to the place or menu. Where LACERA's input regarding lodging and meals is limited – and thus its ability to control the cost of such items is limited – it is appropriate to reimburse the actual travel costs incurred subject to the requirements set forth below in this Attachment A with respect to individual expense categories, unless to do so would jeopardize LACERA's tax-exempt status.

The same rationale applies to meetings of limited partners, members, shareholders, advisory committees, etc. of entities to which LACERA has invested trust funds ("investor meetings"). LACERA has little or no input as to the location of investor meetings, or with respect to the meals provided during such meetings. Therefore investor meetings should be treated as "conferences/seminars" and not administrative travel for purposes of determining appropriate lodging and meal reimbursements.

A policy that reimburses actual lodging and meal costs where LACERA has little or no control over those costs provides benefits to LACERA. First, its Boards and staff will be better able to travel to educational conferences and investor meetings in fulfillment of their fiduciary duties if they do not have to bear the cost of such travel personally. Second, LACERA benefits from having its personnel enjoy the convenient educational access, increased networking opportunities, and safety afforded when staying at the designated conference or investor meeting hotel.

Travelers are encouraged to schedule travel in a way that minimizes LACERA's travel expenses. For example, a traveler may have a conference to attend and a due diligence visit to make in the same geographic area at or about the same time. The traveler should either (i) make two trips (i.e., return home after the first event) or (ii) make one trip (i.e., remain in the region in the interim between the events, and receive transportation, lodging and meal reimbursement during the interim as otherwise permitted by the Travel Policy), depending upon which results in lower overall cost to LACERA.

Amounts which can be reimbursed for transportation, lodging, meals and other items are indicated as follows:

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

TRANSPORTATION:

A. Airline Travel

1. Board Members and staff will travel in coach/economy class except that they may travel in business class or its equivalent for:
 - a. Flights having a scheduled non-stop flight time or total connecting travel time from original departing airport to the final destination airport of five hours or more ~~and; or~~
 - b. Red-eye flights. "Red-eye flights" are defined as flights in which a majority of the flight time occurs between 10:00 PM and 6:00 AM ~~;~~ or
 - c. Flights arriving or departing at an international location.
2. LACERA will reimburse the additional cost of coach/economy class seats advertised as having additional leg room regardless of flight time.
3. Recognizing air carriers have begun charging for incidental items historically included in the ticket price (for example, checking luggage, providing pillows, blankets, and non-alcoholic beverages during flights, etc.), LACERA also will reimburse carrier charges for such incidental items.
4. Substantiation of airline travel shall include a copy of the ticket or E-mail confirmation showing the cost of the air travel.
5. Board Members and staff traveling by air to conduct LACERA business may use only regularly-scheduled airline services operating by an air carrier certified by the Federal Aviation Administration or comparable foreign authority. Board Members and staff are prohibited from traveling on LACERA business via private aircraft, including but not limited to aircraft owned, leased, or rented by the individual Board Member or staff. Persons traveling on LACERA business via private aircraft will be deemed to be acting outside the scope of their responsibilities and employment. They will not be covered by LACERA's liability insurance.

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

B. Other Common Carrier Travel

1. Travel permitted under this Travel Policy should be accomplished in the most cost-effective and efficient manner practicable, considering the costs of the mode of transportation, travel time, accommodations, and per diem.
2. Generally air travel is the most cost-effective and efficient means for long distance travel, with “long distance travel” defined as a travel to a site more than 600 miles from LACERA’s headquarters.
3. Where a traveler has special travel needs or concerns such that travel by air for long distance travel is not practicable, then the traveler may use an alternate common carrier (e.g., train or bus) and incur such reasonable expenses associated with that mode of travel (e.g., sleeper car, additional days of per diem).
4. Substantiation of other common carrier travel shall include a copy of the ticket or E-mail confirmation showing the cost of the travel.

C. Personal Motor Vehicle

A personal motor vehicle may be used for travel which is not long distance travel as defined in paragraph (B)(2) above. Round trip mileage for the most direct route to the destination reasonably available under the circumstances, and any other vehicle use related to LACERA business, will be reimbursed.

LODGING:

A. Room Cost

Reimbursement is limited to a standard class single room rate, including mandatory taxes and hotel fees. Actual expenses for lodging will be reimbursed upon submittal of receipts.

B. Government Rates

Board Members and staff traveling on LACERA business should always request government rates when making reservations and/or checking in. LACERA recognizes that the governmental rate offered for local governmental entities like

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

LACERA may be higher than the federal government rate, or may not be available at all, especially in connection with international travel or conference attendance.

C. Attendance at Conferences and Investor Meetings

LACERA acknowledges that the cost of a standard room at a conference hotel may exceed the standard lodging reimbursement rate. Nevertheless, Board Members and staff attending conferences are expected to stay at the designated conference meeting hotel to promote convenient educational access, networking, and safety. Reimbursement for lodging at a conference meeting is limited to the standard room rate charged by the conference meeting hotel. When lodging at the conference hotel is unavailable, reimbursement is limited to the best available rate for a standard room at a nearby hotel of comparable quality. The traveler will be responsible for any excess cost. This applies for staff attendance at investor meetings.

D. Travel Not Connected With Conferences or Investor Meetings

The maximum lodging amounts are intended to cover the cost of lodging at adequate, suitable and moderately-priced facilities located near the destination city's airport or the specific area in the destination city where LACERA's business will be conducted. Reimbursement for lodging connected with all non-conference travel is limited to:

1. Domestic: Not more than three times the regular per diem rate for the location as established from time to time by the Internal Revenue Service, found at www.gsa.gov (click on "per diem rates").
2. International: Not more than three times the rate for the location as established from time to time by the United States Department of State, found at: www.state.gov/m/a/als/prdm.

MEALS:

It is the Policy's intent for the traveler to be reimbursed for meals not pre-paid for by LACERA. As such, LACERA will not reimburse the traveler for a meal which has been pre-paid for by LACERA (e.g., when conference registration includes meals), whether or not the traveler consumed the meal, except where the traveler could not consume the pre-paid meal because:

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

1. The traveler has special dietary or medical concerns^{7, 8} or
2. It was reasonably necessary for the traveler to conduct LACERA business (e.g., meet with an investment advisor) while the pre-paid meal was being served.

If reimbursement is requested under with the Per Diem Method or the Actual Receipt Method for a meal pre-paid by LACERA, written justification as to which of the above two exceptions applies will be provided with the reimbursement request.

Likewise, LACERA will not reimburse the traveler for a meal paid for by a third party.

Meal Reimbursement

Reimbursement for meals shall, at the traveler's option, be based either on "The Per Diem Method" or "The Actual Receipt Method." The traveler may use both the Per Diem Method and the Actual Receipt Method of reimbursement on a single trip, so long as only one method is used per calendar day.

A. The Per Diem Method

1. Under the Per Diem Method the traveler agrees to accept a flat rate for meal expense for actual meals eaten and is not required to submit receipts.
2. The per diem allowance will be computed using the Meals & Incidental Expenses rate (the "M&IE Rate") published by the Internal Revenue Service and in effect on the date of travel for the locality of travel.
3. The per diem allowance shall be claimed in accordance with the Meals & Incidental Expenses Breakdown (M&IE Breakdown) per the IRS, based on the M&IE Rate. The portion of the per diem the traveler receives depends upon when the travel occurs. For example, if the travel occurs during normal breakfast and lunch times, the traveler receives the per diem for breakfast and lunch; if the travel occurs during normal lunch and dinner times, the traveler receives the per diem for lunch and dinner, etc.

B. The Actual Receipt Method

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

1. Under the Actual Receipt Method, reimbursement shall be requested only for the actual cost paid for a meal.
2. Actual cost reimbursed will not ~~to~~ exceed \$100 per day.
3. Receipts shall include the following information:
 - a. Meal cost amount, and
 - b. Date and location.
4. Credit card receipts are sufficient provided they include the required information.
5. Annotating the meal receipt with the business purpose for the meal will assist staff with processing reimbursements, and if the receipt is for more than the individual, the names of persons whose meals are covered by the receipt.
6. If a host provides a meal, and actual expenses are not incurred, then that meal should be excluded from reimbursement

PORTERAGE:

1. Maximum reimbursement for Porterage is \$10 per day of travel (that is, days involving transportation from home to a travel location, from one travel location to another, and from the final destination to home).
2. Porterage shall be based on the actual amount expended and documented on the claim form.
3. Porterage may not be claimed if reimbursement for meals is claimed using the Per Diem Method, as the Per Diem Method's IRS tables already factor in porterage reimbursement.

PARKING:

Parking, including airport parking, will be reimbursed at actual rate (receipt required).

EDUCATION AND TRAVEL POLICY

Reimbursement Schedule

Attachment A

MILEAGE: Use of a personal vehicle will be reimbursed on a per mile basis at the rate approved by the Internal Revenue Service as of the date of travel.

**OTHER
BUSINESS
EXPENSES:**

Other business expenses reasonably incurred in connection with LACERA business, such as business and personal telephone, fax, internet access, gym access (including the standard gym fee charged by the traveler's hotel or, if hotel gym access is not available, the reasonable cost of daily access to a local gym or health facility), dry cleaning, and similar business expenses, shall be reimbursed upon submittal of receipts. The cost of membership in TSA Pre, Global Entry, NEXUS, SENTRI, or other expedited security and border processing programs shall be reimbursed upon submittal of receipts. Technology needs, for both international and domestic travel, may be discussed with the Systems Division in advance to develop appropriate solutions for the traveler's needs and to manage cost.

EDUCATION AND TRAVEL POLICY
Board Member Priority
Attachment B

**PROCEDURE FOR SELECTION OF ATTENDEES
AT CONFERENCES, SEMINARS AND MEETINGS WHERE
ATTENDANCE IS LIMITED**

The following procedures apply to authorize attendance at conferences, seminars, and meetings where attendance is limited.

A. Board Member Education Priority Listings

1. Each Board shall keep separate Board Member Education Priority Listings.

2. Each Board shall keep two listings:

a. Domestic Education Priority List

Conferences, seminars and meetings held in the United States shall be considered domestic events for purposes of this policy.

b. International Education Priority List

Conferences, seminars and meetings held outside of the United States shall be considered international events for purposes of this policy.

3. Board Member Education Priority Listings will be maintained by the Board staff secretary.

B. Creating Education Priority Listings

1. Each Board member will be assigned an Initial Priority Date.

2. The Initial Priority Date will be the later of:

a. Board of Supervisor's Appointment date (includes Treasurer Tax Collector) ^{7.1} or

b. Board of Supervisor's Election Certification date ^{7.1} or

c. Date the Board Member last attended a Domestic/International Conference, as appropriate for list being created.

EDUCATION AND TRAVEL POLICY

Board Member Priority

Attachment B

3. In the event the Board Member is serving concurrent elected or appointed terms, the Appointment/Election date will be earliest date in the current concurrent term of service. Board service will be bridged if the break in Board service is less than 18 months. Bridging Board service provides equity between the regularly appointed members and regularly elected members.
4. The Board staff secretary will sort the Board Members by Initial Priority Date. The Board Member with the oldest date will have the highest priority and the Board Member with the newest date will have the lowest priority.
5. In the event more than one Board Member has the same Initial Priority Date, the priority will be determined for such members by last name alphabetically.

C. Updating an Education Priority List

1. Board Members who attend a Domestic/International Conference will be placed at the bottom of the respective list.
2. Board Members who have a break in Board service for a period more than 18 months will have their names placed at the bottom of the respective lists upon return to Board service.
3. Using the Initial Priority Date method, new Board Members joining their respective Boards will be placed at the bottom of the respective lists.

D. Selection of Board Members Authorized to Attend

When the number of Board Members interested in attending a conference, seminar or meeting exceeds the number of attendees permitted by the sponsor, the Board staff secretary will document members indicating an interest in attending ("Interested Members"). Interested Members shall be authorized to attend in accordance with their priority on the applicable Education Priority List. Upon being authorized to attend, the Board Member shall be placed at the bottom of the Education Priority List.

In the event a Board Member authorized to attend in accordance with the above paragraph later decides not to attend, such Board Member's position on the

EDUCATION AND TRAVEL POLICY
Board Member Priority
Attachment B

Education Priority List shall be restored to its former position, and the next Interested Member on the Education Priority List shall be authorized to attend.

In selecting Board Members to attend conferences and seminars, a Board Member shall not be considered as an Interested Member if such Board Member is disqualified from attending pursuant to the limitations imposed by Section 705.07.

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
America's Health Insurance Plans (AHIP) conferences, seminars, and meetings	✓	
America's Health Insurance Plans (AHIP): Annual Institute; Annual Medicare Conference; Annual National Policy Forum	✓	
California Association of Public Employee Retirement Systems (CALAPRS) Principles of Pension Management Course at Stanford Law School	✓	
CALAPRS meetings, conferences, seminars and periodic roundtables	✓	
California Retired County Employees Association (CRCEA) semi-annual conferences	✓	
<u>Conferences and educational meetings in the U.S. sponsored by any LACERA investment manager</u>		<u>✓</u>
Council of Institutional Investors (CII) conferences and meetings		✓
Federal and state legislative hearings on pension and retirement health care issues	✓	
Goldman Sachs conferences and educational meetings		✓
<u>Fortune Magazine U.S. Financial Conferences</u>		<u>✓</u>
<u>Gartner Security & Risk Management Conferences</u>	<u>✓</u>	

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
Government Finance Officers Association (GFOA) conferences, seminars and meetings	✓	
Harvard Kennedy School, Trustee Leadership Forum for Retirement Security, Initiative for Responsible Investment		✓
Harvard Law School Labor and Work Life Conference and Capital Matters Conference		✓
<u>InfoSecWorld Conferences</u>	<u>✓</u>	
International Foundation of Employee Benefit Plans (IFEBP) Annual Employee Benefits Conference	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Benefits Conference for Public Employees	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Health Care Cost Management Conference	✓	
International Foundation of Employee Benefit Plans (IFEBP) Annual Investments Institute		✓
International Foundation of Employee Benefit Plans (IFEBP) Annual Washington Legislative Update Conference	✓	
Information Management Network (IMN) Beneficial Owners' International Securities Lending Summit Annual Conference		✓

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Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
Institutional Limited Partners Association (ILPA) conferences and meetings		✓
International Corporate Governance Network (ICGN) domestic conferences and meeting		✓
Milken Institute domestic conferences and meetings		✓
<u>National Association of Corporate Directors (NACD) U.S. Conferences</u>		<u>✓</u>
National Association of Securities Professionals (NASP) Annual Pension and Financial Services Conferences		✓
<u>National Association of State Retirement Administrators (NASRA) Conferences</u>	<u>✓</u>	
National Conference on Public Employees Retirement Systems (NCPERS) meetings, conferences and workshops	✓	
National Institute on Retirement Security (NIRS) conferences, seminars, and meetings	✓	
Pacific Pension Institute (PPI) domestic conferences, seminars, and meetings		✓
<u>Pension Bridge Conferences in the U.S.</u>		<u>✓</u>

EDUCATION AND TRAVEL POLICY
Pre-Approved Conferences and Board Priority
Attachment C

Board Priority Listing
for Pre-Approved Conferences, Seminars and Meetings

Conference/Seminar/Meeting	Priority	
	Board of Retirement	Board of Investments
Pension Real Estate Association (PREA) annual spring and fall conferences and institute		✓
<u>Public Funds Forum</u>		<u>✓</u>
Public Retirement Journal conferences and seminars	✓	
State Association of County Retirement Systems (SACRS) meetings, educational conferences, seminars and symposiums	✓	
<u>SuperReturn U.S. Conferences</u>		<u>✓</u>
United Nations Principals of Responsible Investing (UNPRI) events		✓
University of Pennsylvania Wharton School's Pension Fund and Investment Management and the Portfolio Concepts and Management courses.		✓
World Healthcare Congress conferences, seminars and meetings	✓	
World Pension Forum domestic conferences		✓

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: 2017/2018 JOGC Meeting Calendars

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) provide direction and input to Staff with respect to the 2017/2018 JOGC meeting calendars.

LEGAL AUTHORITY

Under the JOGC Charter, the JOGC has the inherent authority to control its calendar, consistent with the limits of its authority as described in the Charter. All of the items included in the attached proposed calendars are within the JOGC's authority set forth in Section 7 of the Charter and may be developed to become recommendations from the JOGC to the Board of Retirement and Board of Investments (Boards).

DISCUSSION

Attached for review and comment are 2017 and 2018 JOGC calendars, indicating proposed topics for each of the five meetings specified in Section 10 of the JOGC Charter. Staff requests the JOGC's input on these calendars.

CONCLUSION

Staff recommends that the JOGC provide direction and input to Staff with respect to the 2017/2018 JOGC meeting calendars.

Attachments

c: Robert Hill
James Brekk
John Popowich
Bernie Buenafior
Richard Bendall
Beulah Auten
Ted Granger

Joint Organizational Governance Committee

Agenda Item Calendar 2017

January	February	March
April	May	June
July	August	September
October Per Agenda	November	December <ol style="list-style-type: none">1. Budget Update: Final2. Items as Listed in October Agenda Item re Future Business3. Additional as Suggested by the Committee

Joint Organizational Governance Committee

Agenda Item Calendar 2018

January	February	March <ol style="list-style-type: none">1. Elect Chair and Vice Chair2. Confirm 2018 Meeting Schedule3. Consideration of CIO and Chief Counsel Board Reporting Proposals4. Budget Planning5. Interim CEO Evaluation Planning
April <ol style="list-style-type: none">1. Budget Package	May	June <ol style="list-style-type: none">1. Policy Review<ol style="list-style-type: none">a. Joint Board Meetingb. Mediac. Code of Ethical Conduct2. Biennial Review of Conflict of Interest Code
July	August	September <ol style="list-style-type: none">1. Education and Travel Policy2. JOGC Charter Review3. Budget Update: Mid Year4. Interim CEO Evaluation Results
October	November	December <ol style="list-style-type: none">1. Budget Update: Final

Under Section 10 of the JOGC Charter, 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. Meeting dates will alternate between scheduled BOR and BOI meetings, and as needed.

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Schedule for JOGC Consideration of Future Items

RECOMMENDATION

That the Joint Organizational Governance Committee (JOGC) direct Staff to calendar the items listed in this memo for JOGC consideration on the schedule described below.

LEGAL AUTHORITY

Under the JOGC Charter, the JOGC has the inherent authority to control its calendar, consistent with the limits of its authority as described in the Charter. Items 1-5 listed in this memo are within the JOGC's authority under Section 7.9, Miscellaneous Matters, of the Charter. Item 6 below is within the authority provided in Section 7.2, Legislation, of the Charter. Under the Charter, all of these items may be developed to become recommendations from the JOGC to the Board of Retirement and Board of Investments (Boards).

DISCUSSION

The following miscellaneous matters are presented to the Committee for calendaring during the current and next calendar year. The dates listed are for initial discussion of each topic. Action on recommendations to the Boards will be scheduled as appropriate for each item.

- 1. Posting of Board Information:** Potential Initial Committee Meeting Date – December 2017

Currently, agendas and minutes are posted on lacera.com for both Boards and their committees. Written open session materials are now posted only for the Board of Retirement and its committees. Video and audio recordings of all open session Board and committee meetings are made and retained for 30 days to assist in preparing minutes; they are not posted for either Board. Open session

meeting materials and recordings are public records under the Brown Act and Public Records Act. Staff is evaluating current LACERA practices, the practices of other public agencies, and technological and business factors. Staff will be ready to make a presentation to the JOGC at the December 2017 meeting concerning the issue and the status of Staff's efforts.

2. Board Meeting Room Technology Interface: Potential Initial Committee Meeting Date – December 2017

Staff is researching technologies and designs for the next generation Board Room. Staff will be ready to provide an update on this project at the December 2017 meeting.

3. Board Meeting Room Branding: Potential Initial Committee Meeting Date – December 2017

The organization is underway with branding key areas within LACERA. Included within this project is the Board of Retirement's strategic plan to improve the Board meeting room and Board room entryway with visual representations of LACERA's Boards, mission, and logo. As the meeting room and its entry is of mutual concern to both Boards, overseeing the design elements may be best addressed by the JOGC. Staff will be ready to report on this status of this issue at the December 2017 meeting.

4. Board Policy on Policies: Potential Initial Committee Meeting Date – December 2017

The Alston & Bird Privacy Audit Report recommended that LACERA establish an enterprise-wide policy development process, or in other words, a "policy on policies." At a general level, the policy will define the protocols for formulating, revising, approving, issuing, maintaining, training, enforcing, and reviewing and revising policies by the Boards and across the organization. The policy will be important for organizational compliance. The policy is a foundational document for other LACERA policies in need of development or revision. The final policy will be presented to both Boards for approval. An interdivisional team of LACERA Staff is working on the policy; it will be ready for review, comment, and possible recommendation to the Boards at the December 2017 JOGC meeting.

5. Board Mandatory Training: Potential Initial Committee Meeting Date – December 2017

Periodic Board training can provide a common base of knowledge and understanding on key subjects important to both Boards, serve as a forum for questions and discussion, and assist in ensuring legal compliance and best practices. Topics that the JOGC may wish to consider recommending for regular periodic training presentations include fiduciary duty, ethics, Brown Act, Public Records Act, and harassment. Some of these topics parallel training already provided to certain Staff. Training presentations made directly to the Boards will permit them to be tailored to the needs and interests of LACERA Board Members, and thereby maximize their relevance. Staff recommends that the JOGC oversee the consideration of a Board training proposal for recommendation to the Boards. Staff will be ready for an initial discussion of this issue at the December 2017 meeting.

6. Board Member Compensation: Potential Initial Committee Meeting Date – March 2018

Government Code Section 31521.1 provides for the appointed and elected retired Members to receive \$100 for each meeting attended to the limit of five meetings per month (per Board). Additionally, under Government Code Section 31521.3, eligible Board of Retirement Members receive compensation for evaluating disability cases. The JOGC may evaluate the sufficiency of the current Board member compensation arrangement, and if needed, the JOGC could make recommendations to the Boards for a legislative update. Staff suggests that this issue be addressed at the March 2018 meeting, although it can be addressed in December 2017 if the Committee prefers.

CONCLUSION

Staff recommends that the JOGC direct Staff to calendar the items listed in this memo for JOGC consideration on the schedule described above.

c: Robert Hill Beulah Auten
 James Brekk Ted Granger
 John Popowich
 Bernie Buenaflor
 Richard Bendall

October 4, 2017

TO: Each Member,
Joint Organizational Governance Committee

FROM: Steven P. Rice *SPR*
Chief Counsel

FOR: October 12, 2017 Joint Organizational Governance Committee Meeting

SUBJECT: Review of JOGC Charter

The current version of the Joint Organizational Governance Committee (JOGC) Charter is attached for review by the Committee. Now that the JOGC has been formed and is operational, Staff requests the Committee to review the Charter and advise if any changes should be made. Staff does not have any changes at this time.

The JOGC has the authority, under Sections 7.8 (Organizational Philosophy) and 7.9 (Miscellaneous Matters) of the existing Charter, to make recommendations to the Board of Retirement and Board of Investments regarding changes to the Charter.

Attachment

c: Robert Hill
James Brekk
John Popowich
Bernie Buenaflor



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Joint Organizational Governance Committee Charter

Adopted by Board of Retirement on August 10, 2017
Adopted by the Board of Investments on August 10, 2017

V9

LACERA
Joint Organizational Governance Committee Charter

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LACERA
Joint Organizational Governance Committee Charter

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. In addition, the BOI is responsible for obtaining actuarial valuations that serve as the basis for setting employer and employee contribution rates required to fund the system.

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:

- 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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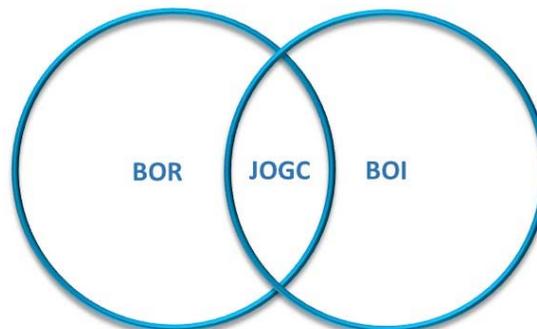
5 Powers Reserved for the BOR and BOI

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, and actuarial valuations, 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 Litigation and Claims

Oversee and make recommendations about Litigation and Claims that, in the judgment of the Board Chairs, the Chief Executive Officer, or Chief Counsel, raise Unusual and Material Risks to the organization. Unusual and Material Risks may include Litigation and Claims making allegations of

- (1) legal theories,
- (2) conduct by LACERA, the Board, Board members, staff, members, vendors, or other third-parties,

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Joint Organizational Governance Committee Charter

- (3) an amount or type of damages, or
- (4) potential adverse reputational impact or publicity,

that are beyond the type of Litigation or Claims that each Board is generally expected to separately manage, as stated below. Unusual and Material Risks may include Litigation and Claims by or against or concerning the conduct of the Chief Executive Officer and those reporting directly to him. They may also include any other Litigation and Claims, including ones that each Board is generally expected to separately manage, that the Board Chairs, the CEO, or Chief Counsel reasonably believe justify the involvement of this Committee because of mutual interest and concern to both Boards.

Litigation and Claims are defined as court actions, pre-litigation demands or claims, potential court actions, demands, or claims, and other forms of dispute resolution, such as arbitration and mediation.

Each Board is generally expected to separately manage:

- (1) As to the Board of Retirement, Litigation and Claims relating to the regular course of business regarding retirement, disability, and healthcare benefits, all LACERA personnel (other than the Chief Executive Officer and those reporting directly to him), and the general operations and administration of the retirement system and the OPEB plan,
- (2) As to the Board of Investments, Litigation and Claims relating to the regular course of business regarding investments, actuarial services, and the OPEB Trusts, and
- (3) Litigation and Claims concerning contracts approved only by that Board.

7.2 Legislation

Make recommendations about Legislation that impacts both Boards.

7.3 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

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Administration of the Chief Audit Executive's compensation using the Boards' established compensation structure is reserved to the Audit Committee.

7.4 Staff Classification

Make recommendations to create all new staff classifications.

7.5 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

7.6 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

7.7 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

7.8 Organizational Philosophy

Make recommendations regarding LACERA:

- Mission statement

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Joint Organizational Governance Committee Charter

- Values
- Vision
- Strategic planning
- General engagement

7.9 Miscellaneous Matters

Miscellaneous matters, including dispute resolution between the Boards and its members, 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

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, agendized, 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.

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Joint Organizational Governance Committee Charter

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

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 August 10, 2017 and by the Board of Investments on August 10, 2017.