

LIVE VIRTUAL COMMITTEE MEETING



TO VIEW VIA WEB



TO PROVIDE PUBLIC COMMENT

You may submit a request to speak during Public Comment or provide a written comment by emailing PublicComment@lacera.com. If you would like to remain anonymous at the meeting without stating your name, please let us know.

Attention: Public comment requests must be submitted via email to PublicComment@lacera.com.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

A SPECIAL MEETING OF THE BOARD OF RETIREMENT: ROLES AND
RESPONSIBILITIES COMMITTEE AND THE BOARD OF RETIREMENT*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 N. LAKE AVENUE, SUITE 810, PASADENA, CA

8:15 A.M., TUESDAY, OCTOBER 19, 2021*

This meeting will be conducted by the Board of Retirement by teleconference under
California Government Code Section 54953(e).

Any person may view the meeting online at
<https://LACERA.com/leadership/board-meetings>

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

COMMITTEE MEMBERS:

William Pryor, Chair
Herman Santos, Vice Chair
JP Harris
Ronald A. Okum

I. CALL TO ORDER

II. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to PublicComment@lacera.com. Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Board PublicComment@lacera.com. We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

III. REPORTS

- A. For Discussion Purposes as submitted by Robert Klausner, LACERA Fiduciary Counsel: That the Committee Recommend 1) Narrowing the current Joint Organizational Governance Committee Charter as recommended; and 2) Creating master index of existing BOR (and BOI) policies, practices, and documents into a single, consolidated resource.
(Memo dated October 12, 2021)

IV. ITEMS FOR STAFF REVIEW

- V. GOOD OF THE ORDER
(For information purposes only)

VI. ADJOURNMENT

****The Board of Retirement has adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five or more members of the Board of Retirement (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board of Retirement. Members of the Board of Retirement who are not members of the Committee may attend and participate in a meeting of a Board 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 a subsequent meeting of the Board.***

Documents subject to public disclosure that relate to an agenda item for an open session of the Board of Retirement that are distributed to members of the Board of Retirement less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Board of Retirement Trustees 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.

Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email PublicComment@lacera.com, but no later than 48 hours prior to the time the meeting is to commence.



Date: October 12, 2021

To: Committee on Board Duties and Responsibilities

From: Klausner, Kaufman, Jensen & Levinson
LACERA Fiduciary Counsel

Re: Next Steps on Board Responsibilities

In its final report, the Ad Hoc Committee on Board responsibilities recommended the abolition of the Joint Operational Governance Committee (JOGC). The primary basis for the recommendation is that CERL specifies those areas of responsibility that belong specifically to the Board of Retirement (BOR) and those that belong to the Board of Investment (BOI), as well as those areas that belong to the joint boards. At its meeting of August 4, 2021, the Board of Retirement voted to establish a Brown Act Committee to recommend further steps to continue the discussions and implement the recommendations of the Ad Hoc Committee.

The Ad Hoc Committee identified the following responsibilities as solely those of the BOR¹. Where appropriate, CERL citations are noted.:

- i. *Pension benefits administration upon service retirement. (Section 31670.).*
- ii. *Compensation earnable and pensionable compensation, including implementation of applicable provisions of PEPR. (Sections 7522.34, 31461.)*
- iii. *Disability retirement benefits administration. (Sections 31530, 31720 et seq.)*
- iv. *All other benefits and benefit-related issues. All other benefits and benefit-related issues under CERL and PEPR, including, for example, survivor*

¹The statutory list is taken from the March 27, 2018 memo from Chief Legal Officer Steven Rice and the accompanying endorsement dated June 15, 2018 from then fiduciary counsel Harvey Leiderman.

benefits, death benefits, investigation of benefits questions, felony forfeiture, and reciprocity, are within the BOR's authority.

- v. Collections. The BOR oversees collection issues, including underpayment of contributions and overpayment of benefits.*
- vi. Administrative appeals. The BOR has established and oversees an administrative appeals process, to provide due process and hears and decides member appeals with regard to plan administration issues.*
- vii. Procedure for assessing and determining whether an element of compensation was paid to enhance benefits. (Section 31542.) The BOR is required to implement a procedure to address potential "pension spiking." If the BOR determines that compensation was paid to enhance a member's benefit, the member or employer may present evidence that the compensation was not paid for that purpose and request the BOR to reverse its decision. This requirement was implemented in part through the administrative appeals process described in (vi) above.*
- viii. LACERA operations. All LACERA operational issues are addressed by the BOR, other than those assigned to the Boards jointly or to the BOI. This includes such important matters as privacy, Public Records Act requests, member communications, and all issues not specifically provided to be performed elsewhere.*
- ix. Financial and accounting services. (Section 31593.) Aside from financial, actuarial, and auditing responsibilities of the BOI and the Audit Committee as explained above, the BOR monitors and supervises the Financial and Accounting Services Division and related financial reporting compliance issues and approves retention of LACERA's external financial auditor based on a recommendation from the Audit Committee.*
- x. Personnel issues. The personnel function, which includes Human Resources, is part of the management of the system, and is therefore under the jurisdiction of the Board of Retirement. Personnel issues includes employment claims and litigation, excluding the CEO and the CAE, who report jointly to both Boards as noted above. It also excludes classification, compensation, and union contracts (although negotiations will be overseen by the BOR), which are joint board responsibilities. Boards have an interest in significant personnel issues concerning senior management, such as the Chief Counsel, who regularly advise the BOR. Accordingly, while the BOR will have oversight responsibility for most personnel issues, certain personnel issues may appropriately be addressed by both Boards working together or by the BOI alone.*

- xi. Aids to benefits administration. The BOR's broad authority over benefits, including service retirements, disability retirements, and other benefits, encompasses the ability to procure consultants and whatever other aids are necessary for the effective performance of that work.*
- xii. Tax compliance issues. The BOR oversees tax qualification issues and monitors that LACERA remains in compliance with applicable requirements of the Internal Revenue Code for plan qualification and member related matters such as withholding and tax reporting.*
- xiii. Adopt BOR regulations. (Sections 31525, 31526.)*
- xiv. Filling of BOR vacancies. (Section 31523.) The BOR is required to cause an election to be held at the earliest possible date for any vacancy in the elected positions.*
- xv. Separation from County service. (Section 31524.) Separation from County service of an elected member vacates the trustee's office.*
- xvi. 24 hours of trustee education. (Section 31522.8.) BOR trustees are required to obtain 24 hours of education every two years on the subjects listed in Section 31522.8.*
- xvii. Conflict of interest and "revolving door" limits. (Section 31528.)*
- xviii. Authority to obtain legal representation. (Sections 31529, 31529.1, 31529.5, 31529.6, 31529.9.)*
- xix. Litigation related to LACERA benefits, operations, and management, excluding investment related litigation.*
- xx. Issuance of subpoenas. (Section 31535.1)*
- xxi. Administration of the OPEB program. (Sections 31691, 31694.) The BOR administers the retiree healthcare program under the 1982 Agreement, as amended, with the County and under separate agreements with participating districts.*
- xxii. Approval of travel. The BOR has the responsibility under the Education and Travel Policy to approve travel and educational opportunities for its trustees according to the terms of the policy.*
- xxiii. Appointment of Committees as provided in BOR Regulations.*

Attached to this report is a revised JOGC Charter. It eliminates certain functions currently delegated to the JOGC and reduces the number of issues within its designated portfolio of responsibilities.

In addition to some stylistic changes to comport with editorial changes, the following substantive changes are recommended in the attached draft:

Section 3 Purpose - Three of the stated purposes in the current charter have been eliminated, as explained below:

The first is “combined oversight of both Boards.” The Committee’s view was that the JOGC is designed to coordinate where the duties of the BOR and the BOI intersect as required by law; not to act as an oversight vehicle of the distinct duties of each Board.

The second was acting as a liaison between the two Boards. The Committee’s view is that communication can best be handled between the Chairs with the assistance of the CEO, other Executive office staff, the Chief Investment Officer, and the Chief Legal Officer. Using the JOGC in the current form created a blurring of the lines of the statutory duties unique to each Board.

The third recommended change was deleting the statement that the JOGC’s purpose was to ensure that each Board is comfortable that its perspectives are properly represented. The Committee expressed the view that this shared perspective should be reserved to the specific duties conferred jointly in the Boards by CERL and the Constitution.

Section 4 Scope - The Ad Hoc Committee recommended combining certain responsibilities and eliminating others as set forth below. As the Scope is expanded in Section 7, the corresponding changes in that Section of the current Charter are also discussed here:

Eliminated were “Organizational Philosophy,” “CEO Search,” “Legislation, Engagement and Advocacy,” and “Board disputes.” The Committee expressed the belief that these were too general and again lead to responsibility drift. Reference to Organizational Philosophy in Section 7.1, Legislation in Section 7.5 and Board Disputes in Section 7.8 was also eliminated.

The scope for CEO Search was altered to assistance in recommending a consultant for both CEO and Chief Legal Officer vacancies as those positions equally serve both Boards. This is also referenced in a change to current Section 7.7 (renumbered as 7.4) Current Section 7.5 (renumbered as 7.3) relating to claims and litigation has been narrowed to litigation involving senior staff and other litigation affecting the interests of both Boards. The Committee recommended that litigation concerning senior staff would be managed with assistance from the CEO and the Chief Legal Officer.

“Education and Travel” was combined with “Joint Board Policy Development” to ensure that policies common to the statutory work of both Boards was uniform, while still leaving each Board the flexibility to tailor education and travel to its own needs. This is also reflected in existing Section 7.4 (renumbered as 7.3).

Strategic Planning and Budgeting were divided into separate items. The former may involve the use of an outside consultant and primarily involves Board policy making, whereas budget development is largely a staff driven function. These functions are more specifically described in current Section 7.2 (renumbered as 7.1).

Classification and salaries of staff was added as this is a responsibility imposed on both Boards by law.

Lastly, a miscellaneous category was retained but made dependent on both Boards requesting the JOGC's assistance.

Section 10 Meeting Frequency

The Committee members expressed concern about both the number of meetings (Board and committees) and the length of meetings. This would suggest an increase in the amount of delegation to staff of ministerial matters may be desirable. As a result of the recommended changes in the mission of the JOGC, a fixed meeting schedule was eliminated in favor of meetings called at the joint request of the Board Chairs.

Implementation of the Recommendations

The current JOGC membership (whether the name is retained or not) could serve as a committee to vet and reach a preliminary consensus on the above issues. Once properly vetted, they could be presented for adoption jointly by the BOR and BOI. The above recommendations are consistent with the recommendation of the Ad Hoc Committee. In particular, paragraph reflects the Ad Hoc Committee's belief that in personnel matters, the direct involvement of the CEO and Chief Legal Officer are essential.

Fiduciary Counsel recommendations

In the course of the Ad Hoc Committee's work, it was noted by Fiduciary Counsel that LACERA has a significant number of policies and procedures in separate documents. In addition to the Charter revisions, Fiduciary Counsel recommended creating a master index of all policies which could aid Board members, staff, and advisors in assuring that advice and subsequent decision-making was consistent with existing practice. That does not suggest that once developed, policies and practices should remain unchanged. The Boards were specifically granted rule making authority so that the constantly changing needs of the System allowed for a dynamic process of policy change. This is regular and critical review of policies and practices by each Board itself a sound fiduciary "best practice." To that end, each Board could establish a regular schedule of policy review. In the alternative, the first step of that process could be delegated to staff or advisors.

Summary

In summary, the following is recommended by the Ad Hoc Committee and by Fiduciary Counsel:

1. Narrow the current JOGC Charter as recommended.
2. Create a master index of existing BOR (and BOI) policies, practices and documents into a single, consolidated resource.

ATTACHMENT A

JOGC Charter (Red-Lined Version)



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Joint Organizational Governance Committee Charter

Revised and Restated
Adopted by Board of Retirement on May 1, 2019
Adopted by the Board of Investments on May 15, 2019

LACERA
Joint Organizational Governance Committee Charter

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1 Overview of the LACERA Board of Retirement and the Board of Investments¹

The Los Angeles County Employees Retirement Association (LACERA) is a public pension system formed in 1937 in accordance with the County Employees Retirement Law of 1937 (the '37 Act or CERL) and administered pursuant to the '37 Act, the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the California Constitution. ~~Since 1971, LACERA has also administered~~ the Retiree Healthcare Benefits Program for the County and outside districts, through contractual agreements with the County, and the Other Postemployment Benefits Program (OPEB) trusts formed by the County, LACERA, and the Los Angeles Superior Court to provide support for the retiree health program in the future.

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 that 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~~OPEB trust assets for participating employers. In addition, the BOI is responsible for obtaining pension actuarial valuations that measure the funded status and serve as the basis for setting employer and employee contribution rates required to fund the system. The BOR is responsible for obtaining actuarial valuations for the OPEB Program as part of its responsibility for administration of the OPEB Program.

The BOR and BOI have joint authority under CERL over certain shared responsibilities, including: classification and compensation of personnel; adoption of LACERA's administrative budget; the appointment and evaluation of the Chief Executive Officer (CEO); and other matters as specified in CERL.

Under the California Constitution, the Boards have plenary authority over administration of the pension fund.

¹ For a detailed analysis of the statutory duties of each board and their joint duties, please review the memorandum from Chief Legal Officer Steven Rice date March 27, 2018 and the concurrence from then fiduciary counsel Harvey Leiderman dated June 15, 2018. {00198633.DOCX;1} [2](#)

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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);

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- 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;
- make recommendations, not decisions.

4 Scope

The scope of the JOGC's responsibilities, as explained and defined in Section 7, includes:

- - Strategic Planning;
 - Budgeting;
 - Joint Board Policy Development for ~~s~~System-wide policies such as ethics, conflict of interest, media, and education and travel;
 - ;
 - Senior Staff Related Employment Litigation and other litigation affecting the interests of both Boards ;
 - Assist in recommending Search Consultant for Chief Executive Officer and Chief Legal Officer;
 - ~~Recommendations concerning selection of CEO, Chief Legal Officer, and Fiduciary Counsel serving both Boards~~
 - -Such other assistance as may be jointly requested by the Boards; and
 - Classification and salaries of staff ~~(consistent) with County Ordinance~~
 -

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5 Powers Reserved for the BOR and BOI

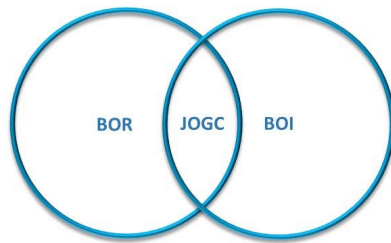
The BOR reserves for itself all powers related to (i) retirement and healthcare benefits including policy, legislation, litigation, operations, and administration, and (ii) actuarial valuations of the OPEB Program.

The BOI reserves for itself all powers related to (i) investments, including policy, legislation, litigation, operations, and administration, (ii) actuarial valuations of the pension fund, and (iii) oversight of the OPEB Trusts.

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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 Venn diagram visually highlights the JOGC role to facilitate the work of both Boards when the Boards' duties intersect.



7 Responsibilities

7.1 Strategic Planning and Budgeting

Provide guidance on the development of a three-year strategic plan and the associated annual budgeting process for the Administrative, Retiree Healthcare, OPEB Program, and Non-Administrative budgets and make recommendations to the Boards, including the following:

- Strategic Plan: Provide oversight and guidance on the development of a three-year strategic plan that will guide the annual budgeting process, including resources needed to achieve organizational objectives.

In providing input and guidance on the development of the strategic plan, and associated budget plans, the JOGC will take into account, but will not reconsider, actions taken by the Boards within the areas of their separate jurisdiction, including the Board of Retirement for pension, healthcare, and administrative matters and the Board of

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Investments for investment-related strategic planning. The JOGC's role reflects an understanding that the entire budget process for LACERA, under Government Code Section 31580.2, is subject to the approval of both Boards, and that therefore oversight and guidance for the development of the budget is a joint Board responsibility, based in part upon actions taken by the Boards separately, including vendor selections and other matters.

Additionally, the JOGC's role reflects an understanding that each three-year strategic plan is a rolling plan and will also take into account past strategic plan initiatives that have already been set in motion and for which resources have already been allocated and expended as they provide input on new expectations and initiatives.

- Staffing Needs.
 - Staff Classifications: Review and make recommendations on staff requests to create all new Staff Member classifications.
 - Staff Compensation: Review and make recommendations on Staff Member requests related to:
 - Negotiation and approval of collective bargaining agreements;
 - Approval of initial compensation levels and ranges applicable to new positions to be added to the County Code;
 - Approval of compensation level and range changes for existing positions that require changes to the County Code; and
 - Budgeting for compensation to be provided for existing positions within existing County Code ranges.
- Budget Development: Provide guidance during the annual budget development cycle for the Administrative, Retiree Healthcare, OPEB Program, and Non- Administrative budgets. The staff will develop preliminary budget plans that take into account and support the approved strategic plans and general operating needs. The JOGC will review and provide a recommendation regarding the proposed budgets which will in turn be presented to the Boards during budget hearings. Both Boards will then independently take action on the JOGC's recommended proposed budget.

Staff will present a three-year strategic plan for the sSystem as a whole incorporating the strategic plan of each Board and annual budget plan development process, including a proposed JOGC meeting schedule with respect to planning and budget issues, for the JOGC's approval. This process will govern how the organization will conduct the strategic plan and budgeting process on an annual basis. Once approved the process will remain in effect until

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reviewed and modified by the JOGC and staff, with a mandatory review every six years.

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The JOGC will complete its strategic planning and budgeting responsibilities on a timetable outlined in the approved annual strategic planning and budgeting process. All plans will include presentation of the budget to the Boards for final approval no later than June of each year.

On-going Oversight: Once a three-year strategic plan and annual budget is approved the JOGC will provide on-going oversight of the budget-to-actual results and the progress made towards fulfilling the Strategic Plan initiatives of each Board and the combined Strategic Plan for the ~~s~~System as a whole, during the fiscal year according to a schedule approved by the Committee in consultation with the staff.

By this section, the JOGC does not assume and will not exercise any responsibility as Appointing Authority not granted to the Boards under the Los Angeles County Code, including Section 5 (Personnel) and Section 6 (Salaries), or otherwise in conflict with the County Code and LACERA Policy.

~~7.2 — Education and Travel~~

~~Oversee and make recommendations with respect to the:~~

- ~~• — Education and Travel Policy; and~~
- ~~• — Other training issues relevant to both Boards as needed.~~

~~7.3.2~~ Joint Policies

When not otherwise reserved to either the BOR or the BOI, assist in the ~~-~~development of and make recommendations with respect to all joint policies, — such as ethics, conflict of interest, media, and education and travel as outlined in Section 4, .

~~7.4 — Legislation, Engagement, and Advocacy~~

~~May make recommendations about legislation, engagement, and advocacy that impact both Boards.~~

~~7.5.3~~ Litigation and Claims

Make recommendations about employment related and other Litigation and Claims affecting the interests of both Boards as described in Section 4. In matters specifically related to employment litigation concerning senior staff that serve both Boards, the CEO and Chief Legal Officer shall participate in the Committee's deliberations.

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. 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 all those reporting directly to them or as to whom the Boards or any of their committees have an Appointing Authority role as stated in this section), and the general operations and administration of the retirement system and the OPEB Program (including actuarial services for the OPEB Program),
- (2) As to the Board of Investments, Litigation and Claims relating to the regular course of business regarding investments, pension actuarial services, and the OPEB Trusts, and
- (3) Litigation and Claims concerning contracts approved only by that Board.

By this section, the JOGC does not assume any responsibility as Appointing Authority not granted to the Boards under the Los Angeles County Code, including Section 5 (Personnel) and Section 6 (Salaries) or otherwise in conflict with the County Code.

7-67.4 [Chief Executive Officer and Chief Legal Officer](#)

Should a vacancy occur:

- Make a recommendation for a search consultant; and
- Provide such additional assistance in the selection process as the Boards may determine at the time.

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7.7.5 Miscellaneous Matters

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

8 Membership, Quorum, and Rules

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. In making their appointment, each Chair will endeavor to include an overall mix of trustees who are appointed by the Board of Supervisors, elected by active employees (general and safety), elected by retired members, and who serve in an ex officio capacity. The Chairs will also consider continuity of service when appointing members, so that development of expertise and familiarity with the subject matters jurisdictional to the JOGC are encouraged, and to benefit the JOGC's goals.

If there is one JOGC member who represents both Boards (one overlap), then an additional appointment will be made by the BOR Chair in even years and by the BOI Chair in odd years. If there is more than one overlap, the BOR and BOI Chairs will make an equal number of additional appointments; if there are an odd number of overlaps, the final appointment, after the Board Chairs make their separate appointments, will be made following the rule as stated in the preceding sentence that applies in the case of one overlap.

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

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

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

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9 Leadership

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

10 Meeting Frequency and Dates

10.1 Frequency

The Committee shall meet as needed with the concurrence of the Board Chairs ~~with exception of budget. Meetings related to budget and strategic planning shall be scheduled _____~~. All meetings shall be noticed in accordance with the Ralph M. Brown Act.

10.2 Dates

To the extent possible, meetings will alternate between scheduled BOR and BOI meetings, and as needed.

•

11 Charter Review

The BOR and BOI shall review and update this Charter, based on recommendations from the JOGC, at least once every three years.

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

HISTORY:

Revised and Restated by the Board of Retirement on _____ and by the Board of Investments on _____.

ATTACHMENT B

JOGC Charter (Clean Version)

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Joint Organizational Governance Committee Charter

Revised and Restated

Adopted by Board of Retirement on May 1, 2019

Adopted by the Board of Investments on May 15, 2019

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1 Overview of the LACERA Board of Retirement and the Board of Investments¹

The Los Angeles County Employees Retirement Association (LACERA) is a public pension system formed in 1937 in accordance with the County Employees Retirement Law of 1937 (the '37 Act or CERL) and administered pursuant to the '37 Act, the California Public Employees' Pension Reform Act of 2013 (PEPRA), and the California Constitution. LACERA also administers the Retiree Healthcare Benefits Program for the County and outside districts, through contractual agreements with the County, and the Other Postemployment Benefits Program (OPEB) trusts formed by the County, LACERA, and the Los Angeles Superior Court to provide support for the retiree health program in the future.

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 that 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 OPEB trust assets for participating employers. In addition, the BOI is responsible for obtaining pension actuarial valuations that measure the funded status and serve as the basis for setting employer and employee contribution rates required to fund the system. The BOR is responsible for obtaining actuarial valuations for the OPEB Program as part of its responsibility for administration of the OPEB Program.

The BOR and BOI have joint authority under CERL over certain shared responsibilities, including: classification and compensation of personnel; adoption of LACERA's administrative budget; the appointment and evaluation of the Chief Executive Officer (CEO); and other matters as specified in CERL.

Under the California Constitution, the Boards have plenary authority over administration of the pension fund.

¹ For a detailed analysis of the statutory duties of each board and their joint duties, please review the memorandum from Chief Legal Officer Steven Rice date March 27, 2018 and the concurrence from then fiduciary counsel Harvey Leiderman dated June 15, 2018.

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2 Purpose of this Document

The purpose of this document is to describe:

- a. the purpose, scope, responsibilities, meetings, and structure of the Joint Organizational Governance Committee (JOGC);
- b. the committee's membership and leadership; and
- c. meeting frequency and dates.

3 Purpose of the JOGC

The purpose of the JOGC is to:

- a. serve and facilitate the work of both Boards when the two boards duties intersect;
- b. make recommendations, not decisions.

4 Scope

The scope of the JOGC's responsibilities, as explained and defined in Section 7, includes:

- a. Strategic Planning;
- b. Budgeting;
- c. Joint Board Policy Development for system-wide policies such as ethics, conflict of interest, media, and education and travel;
- d. Senior Staff Related Employment Litigation and other litigation affecting the interests of both Boards ;
- e. Assist in recommending Search Consultant for Chief Executive Officer and Chief Legal Officer;
- f. Such other assistance as may be jointly requested by the Boards; and
- g. Classification and salaries of staff

5 Powers Reserved for the BOR and BOI

The BOR reserves for itself all powers related to (i) retirement and healthcare benefits including policy, legislation, litigation, operations, and administration, and (ii) actuarial valuations of the OPEB Program.

The BOI reserves for itself all powers related to (i) investments, including policy, legislation,

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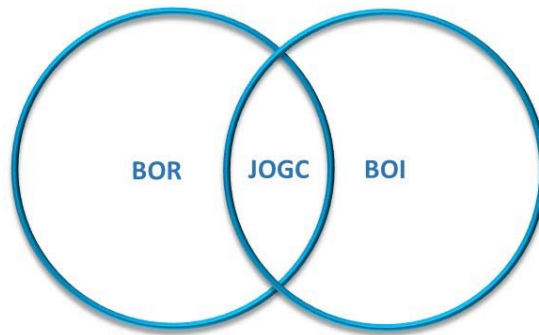
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litigation, operations, and administration, (ii) actuarial valuations of the pension fund, and (iii)

oversight of the OPEB Trusts.

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 Venn diagram visually highlights the JOGC role to facilitate the work of both Boards when the Boards' duties intersect.



7 Responsibilities

7.1 Strategic Planning and Budgeting

Provide guidance on the development of a three-year strategic plan and the associated annual budgeting process for the Administrative, Retiree Healthcare, OPEB Program, and Non-Administrative budgets and make recommendations to the Boards, including the following:

- Strategic Plan: Provide oversight and guidance on the development of a three-year strategic plan that will guide the annual budgeting process, including resources needed to achieve organizational objectives.

In providing input and guidance on the development of the strategic plan, and associated budget plans, the JOGC will take into account, but will not reconsider, actions taken by the Boards within the areas of their separate jurisdiction, including the Board of Retirement for pension, healthcare, and administrative matters and the Board of

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Investments for investment-related strategic planning. The JOGC's role reflects an understanding that the entire budget process for LACERA, under Government Code Section 31580.2, is subject to the approval of both Boards, and that therefore oversight and guidance for the development of the budget is a joint Board responsibility, based in part upon actions taken by the Boards separately, including vendor selections and other matters.

Additionally, the JOGC's role reflects an understanding that each three-year strategic plan is a rolling plan and will also take into account past strategic plan initiatives that have already been set in motion and for which resources have already been allocated and expended as they provide input on new expectations and initiatives.

- **Staffing Needs.**
 - **Staff Classifications:** Review and make recommendations on staff requests to create all new Staff Member classifications.
 - **Staff Compensation:** Review and make recommendations on Staff Member requests related to:
 - Negotiation and approval of collective bargaining agreements;
 - Approval of initial compensation levels and ranges applicable to new positions to be added to the County Code;
 - Approval of compensation level and range changes for existing positions that require changes to the County Code; and
 - Budgeting for compensation to be provided for existing positions within existing County Code ranges.
- **Budget Development:** Provide guidance during the annual budget development cycle for the Administrative, Retiree Healthcare, OPEB Program, and Non- Administrative budgets. The staff will develop preliminary budget plans that take into account and support the approved strategic plans and general operating needs. The JOGC will review and provide a recommendation regarding the proposed budgets which will in turn be presented to the Boards during budget hearings. Both Boards will then independently take action on the JOGC's recommended proposed budget.

Staff will present a three-year strategic plan for the system as a whole incorporating the strategic plan of each Board and annual budget plan development process, including a proposed JOGC meeting schedule with respect to planning and budget issues, for the JOGC's approval. This process will govern how the organization will conduct the strategic plan and budgeting process on an annual basis. Once approved the process will remain in effect until

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reviewed and modified by the JOGC and staff, with a mandatory review every six years.

The JOGC will complete its strategic planning and budgeting responsibilities on a timetable outlined in the approved annual strategic planning and budgeting process. All plans will include presentation of the budget to the Boards for final approval no later than June of each year.

On-going Oversight: Once a three-year strategic plan and annual budget is approved the JOGC will provide on-going oversight of the budget-to-actual results and the progress made towards fulfilling the Strategic Plan initiatives of each Board and the combined Strategic Plan for the system as a whole, during the fiscal year according to a schedule approved by the Committee in consultation with the staff.

By this section, the JOGC does not assume and will not exercise any responsibility as Appointing Authority not granted to the Boards under the Los Angeles County Code, including Section 5 (Personnel) and Section 6 (Salaries), or otherwise in conflict with the County Code and LACERA Policy.

7.2 Joint Policies

When not otherwise reserved to either the BOR or the BOI, assist in the development of and make recommendations with respect to all joint policies, such as ethics, conflict of interest, media, and education and travel .

7.3 Litigation and Claims

Make recommendations about employment related and other Litigation and Claims affecting the interests of both Boards as described in Section 4. In matters specifically related to employment litigation concerning senior staff that serve both Boards, the CEO and Chief Legal Officer shall participate in the Committee's deliberations.

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 all those reporting directly to them or as to whom the Boards or any of their committees have an Appointing Authority role as stated in this section), and the general operations and administration of the retirement system

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and the OPEB Program (including actuarial services for the OPEB Program),

(2) As to the Board of Investments, Litigation and Claims relating to the regular course of business regarding investments, pension actuarial services, and the OPEB Trusts, and

(3) Litigation and Claims concerning contracts approved only by that Board.

By this section, the JOGC does not assume any responsibility as Appointing Authority not granted to the Boards under the Los Angeles County Code, including Section 5 (Personnel) and Section 6 (Salaries) or otherwise in conflict with the County Code.

7.4 Chief Executive Officer and Chief Legal Officer

Should a vacancy occur:

- Make a recommendation for a search consultant; and
- Provide such additional assistance in the selection process as the Boards may determine at the time.

7.5 Miscellaneous Matters

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

8 Membership, Quorum, and Rules

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. In making their appointment, each Chair will endeavor to include an overall mix of trustees who are appointed by the Board of Supervisors, elected by active employees (general and safety), elected by retired members, and who serve in an ex officio capacity. The Chairs will also consider continuity of service when appointing members, so that development of expertise and familiarity with the subject matters jurisdictional to the JOGC are encouraged, and to benefit the JOGC's goals.

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.

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

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

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

9 Leadership

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

10 Meeting Frequency and Dates

10.1 Frequency

The Committee shall meet as needed with the concurrence of the Board Chairs. All meetings shall be noticed in accordance with the Ralph M. Brown Act.

10.2 Dates

To the extent possible, meetings will alternate between scheduled BOR and BOI meetings, and as needed.

11 Charter Review

The BOR and BOI shall review and update this Charter, based on recommendations from the JOGC, at least once every three years.

HISTORY:

Revised and Restated by the Board of Retirement on _____ and by the Board of Investments on _____.