

Section 3.0 DUTIES AND RESPONSIBILITIES

3.1 The Board's Role

Revised: May 14, 2013; February 25, 2014

All authority granted by statute in Article XVI, Section 17 of the California State Constitution, by Article XI of the City Charter and Administrative Code provisions of the City of Los Angeles, to the Board of Administration, is retained, except as delegated by specific resolution. Consistent with its fiduciary role as Trustee of the Fund, the Board's principal role is to proactively manage the delivery of benefits and investment of trust assets for the exclusive benefit of its members and beneficiaries. The Board will establish policies and procedures to ensure LACERS is appropriately governed and managed to meet its fiduciary obligations.

The Board's role is to:

A. Develop and Adopt Policies

1. Set the long-term strategic direction through the adoption of a strategic plan and set an annual business plan for LACERS through the adoption of the annual budget, focusing on the goals of LACERS against which its performance is measured and monitored.
2. Set policies for LACERS, which include:
 - a) A statement of investment objectives and policies for the system, inclusive of the desired rate of return, acceptable levels of risk for each asset class, asset allocation goals, guidelines for delegation of authority, and evaluation of investment performance.
 - b) An Actuarial Funding Policy, inclusive of the Actuarial Cost Method, Asset Smoothing Method, and Amortization Policy.
 - c) Board Governance policies, inclusive of clearly defined roles, responsibilities and permissible conduct of the key players; a Committee structure with charters defining their roles and responsibilities; and an educational and travel policy for Board and staff.
 - d) Board rules and regulations necessary to carry out the administration of the System or assets under its control
3. Select, regularly evaluate, and, if necessary, take disciplinary action against the General Manager.
4. Delegate execution of established Board policy and strategic objectives to the General Manager and through him/her re-delegation to the employees of LACERS.

B. Review and Evaluate Performance

1. Monitor organizational performance and regularly review results as compared to:
 - a) LACERS mission/vision statement
 - b) Strategic plan and other long-range goals
 - c) Annual business plans
 - d) Performance measures that include external as well as internal measures
2. Monitor investment performance and regularly review results as compared to benchmarks.

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3. Monitor Actuarial Services, including:
 - Review, approve, and monitor actuarial data and assumptions.
 - Periodically review the services of the actuary and conduct an actuarial audit when the retained actuary has provided consecutive service for more than six years, or as reasonably determined.

C. Risk Control

1. Ensure the integrity of the financial control and reporting system.
2. Oversee all audits, including approval of the outside financial auditor, the annual internal audit plan, and provide that financial controls and reporting systems are set forth.
3. Review and consider the purchase of fiduciary liability insurance, to provide an optional layer of liability protection for Board Members and others acting in a capacity of Fiduciary to the LACERS trust in the event of legal claim(s) that the Trustee(s) have not fulfilled their fiduciary duty in any action or decision. The purchase of the policy will result in a cost to the System to cover the premium and a personal cost to the Trustee in form of a waiver of recourse of approximately \$50 per year.

D. Other Board Responsibilities

1. At all times meet high ethical standards.
2. Organize the Board of Administration; organize its Committees; and approve charters and delegations to Committees and the General Manager.
3. Periodically evaluate the Board, its performance, and take any steps necessary to improve Board operations.
4. Set the Board agenda by identifying, articulating, prioritizing, and scheduling matters the Board will regularly address.
 - a) Identify benchmarks that trigger Board review.
 - b) Identify information needs and determine how, when, and in what form information is to be delivered to Board Members so as to enable the Board to meet its responsibilities, having regard for time available.
5. Be primarily responsible and accountable to members and their beneficiaries, ensuring the System provides strong member relations and effective communications. Be responsive to inquiries of member representative organizations, and the public. Work collaboratively with stakeholders with oversight responsibilities for the Retirement System including the Plan sponsor, the Internal Revenue Service, and other governmental entities.
6. Provide for the election of employee and retired representatives on the Board.
7. Conduct member hearings and decide appeals.

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8. The Board is responsible for creating and maintaining an atmosphere that encourages frank and collegial discussions both at the Board and Committee level and as between the Board and management. The Board strives to achieve a governing style that emphasizes:
 - Strategic leadership
 - Outward vision
 - Focus on the future
 - Proactivity
 - Encouragement of collegiality
 - Respect for diversity in viewpoints
 - Governance by consensus
 - A partnership with LACERS management
 - Ethical conduct of Board business to avoid even the appearance of impropriety.
- The Board establishes and communicates Board policies and priorities, and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole and by individual Board Members to live by the policies articulated herein and to govern with excellence.