

Section 3.0 DUTIES AND RESPONSIBILITIES

3.8 Governance Committee Charter

Adopted by the Board: January 14, 2014; Revised: September 23, 2014

I. PURPOSE/ROLE

The purpose of this Committee is to help ensure good governance internally at LACERS and in the corporations in which LACERS is invested to the extent that the governance impacts shareholder value.

Governance refers to the system by which an organization is directed and controlled. The governance structure specifies the distribution of rights and responsibilities among different participants in the organization; specifies the rules and procedures for decision-making; and monitors actions, policies, and decisions of the organization. Good governance practices align interests among key stakeholders, leading to a higher probability that goals and objectives will be attained, maximizing stakeholder value if applicable. A good governance structure helps ensure effective organizational performance and reduce organizational risks.

II. AUTHORITY

The Committee has the authority to:

- Monitor developments in the corporate governance arena that may affect the value of the equity holdings in LACERS' portfolio and to review and make recommendations to the Board regarding corporate governance issues, proxy voting practices related to corporate securities held in the LACERS portfolio, and securities litigation issues/activities;
- Seek any information it requires from LACERS staff;
- Seek information from outside service providers as long as the expense, if any, has been approved by the Board in advance.

III. COMPOSITION OF COMMITTEE

The Committee shall consist of three LACERS Board Members. All members shall be appointed by the LACERS Board President. The LACERS Board President shall appoint a Committee Chair.

The Committee Chair is responsible for setting the agendas for each Committee Meeting. The Chair shall take as an agenda item any matter referred by the LACERS Board. The Chair shall also take as an agenda item any matter submitted by two or more members of the Committee.

IV. FREQUENCY OF MEETINGS

The Committee shall meet no less than twice during the calendar year, or more often as needed.

The General Manager or designee will confer with the Committee Chair on the Committee agenda items. The Commission Executive Assistant shall schedule meetings and prepare meeting agendas and other materials. The General Manager will assign Investment staff members to draft reports, perform research, and render other types of assistance as

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reasonably requested by the Committee related to Corporate Governance items; and an Administrative Services staff member to draft reports, perform research, and render other types of assistance as reasonably requested by the Committee related to Board Governance and Department Administrative items.

V. DUTIES AND RESPONSIBILITIES

The Board assigns specific duties to the Committee as follows:

Board Governance Policies & Monitoring

- Establish a schedule for review of the LACERS' Board Governance Policies in light of best practices among public retirement systems;
- Consider and recommend to the Board, if appropriate, new governance policies or changes to the existing governance policies;
- Review management audit findings on Board Governance issues and recommend actions if appropriate;
- Monitor and report compliance with Board Governance Policies;
- Make recommendations for an annual schedule of Board Governance education;
- Make recommendations for a periodic Board Self-Evaluation.

Consultant Monitoring

- Review and make necessary recommendations to the Board on RFPs, contract awards, and on-going consultant monitoring in areas relating to:
 - Board support services (Board governance consultant and fiduciary liability insurance);
 - Department administrative services (actuarial, information technology service providers, lease contracts, and other administrative services except those relating to audit).

Corporate Governance Policies & Monitoring

- Examine the effectiveness of LACERS current corporate governance policies and activities;
- Review and recommend modifications of existing Corporate Governance Policies; and
- Report to the Board on activities of other state and national pension fund associations and of member stakeholder associations regarding corporate governance issues.

Proxy Voting Policies & Monitoring

- Periodically, recommend proxy voting policies and guidelines to the Board;
- Through staff, monitor proxy voting activity including, but not limited to, the status of current proxy votes and votes which fell outside existing guidelines and previously established policy; and
- Interact with staff and legal counsel on shareholder responsibility policy matters.

Securities Litigation Policies & Monitoring

- Recommend a securities litigation policy to the Board if found desirable by the Committee;
- Review and monitor securities litigation issues/activities and make recommendations to the Board, as appropriate.

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Committee Annual Work Plan

- Develop an annual work plan for the Committee;
- Make recommendations to the Board regarding new or continued strategic initiatives related to Governance and make the necessary budgetary requests to support the initiatives;
- Request reports to monitor expenditures throughout the year against budgeted amounts.

Miscellaneous

- Address other issues as directed by the Board.

VI. CHARTER REVIEW

The Committee and the Board will review the Charter at least every three years to ensure it remains appropriate. The Committee will recommend any changes to the Board for review and approval. The Board may adjust the Charter at any time.