

Governance Committee Agenda

REGULAR MEETING

TUESDAY, FEBRUARY 28, 2023

TIME: 10:30 A.M. OR IMMEDIATELY FOLLOWING THE REGULAR BOARD MEETING

MEETING LOCATION:

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Governance Committee's February 28, 2023 meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to listen and/or participate:

Dial: (669) 254-5252 or (415) 449-4000

Meeting ID# 160 660 8850

Instructions for call-in participants:

- 1- Dial in and enter Meeting ID
- 2- Automatically enter virtual "Waiting Room"
- 3- Automatically enter Meeting
- 4- During Public Comment, **press *9** to raise hand
- 5- Staff will call out the last 3-digits of your phone number to make your comment

Information to listen only: Live Committee Meetings can be heard at: (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside), and (310) 547-CITY (San Pedro Area).

Chair: Janna Sidley

Committee Members: Nilza Serrano
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, Telecommunication Relay Services (TRS), or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at ani.ghokassian@lacers.org.

Disclaimer to participants

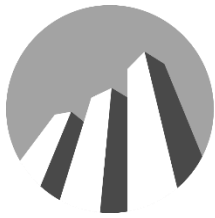
Please be advised that all LACERS Board and Committee Meeting proceedings are audio recorded.

LACERS Website Address/link:

www.LACERS.org

[CLICK HERE TO ACCESS BOARD REPORTS](#)

- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – *THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD*
- II. [APPROVAL OF MINUTES FOR THE MEETING OF DECEMBER 13, 2022, AND POSSIBLE COMMITTEE ACTION](#)
- III. [TRIENNIAL BOARD POLICY REVIEW: SECTION 3.0 DUTIES AND RESPONSIBILITIES, SUBSECTIONS 3.1 THROUGH 3.5 AND POSSIBLE COMMITTEE ACTION](#)
- IV. OTHER BUSINESS
- V. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VI. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, FEBRUARY 28, 2023

**TIME: 10:30 A.M. OR IMMEDIATELY
FOLLOWING THE REGULAR
BOARD MEETING**

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LACERS Website Address/link:

www.LACERS.org

President: Nilza R. Serrano

Vice President: Elizabeth Lee

Commissioners: Annie Chao
Thuy Huynh
Janna Sidley
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
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- II. APPROVAL OF MINUTES FOR THE MEETING OF DECEMBER 13, 2022, AND POSSIBLE COMMITTEE ACTION
- III. TRIENNIAL BOARD POLICY REVIEW: SECTION 3.0 DUTIES AND RESPONSIBILITIES, SUBSECTIONS 3.1 THROUGH 3.5 AND POSSIBLE COMMITTEE ACTION
- IV. OTHER BUSINESS
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- VI. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

In accordance with Government Code Section 54953, subsections (e)(1) and (e)(3), and in light of the State of Emergency proclaimed by the Governor on March 4, 2020 relating to COVID-19 and ongoing concerns that meeting in person would present imminent risks to the health or safety of attendees and/or that the State of Emergency continues to directly impact the ability of members to meet safely in person, the LACERS Governance Committee's December 13, 2022 meeting will be conducted via telephone and/or videoconferencing.

December 13, 2022

9:30 a.m.

PRESENT via Videoconferencing: Chair:	Janna Sidley
Committee Members:	Nilza R. Serrano Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Legal Counselor:	Miguel Bahamon
Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – **THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT – PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD** – Chair Sidley asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response.

II

APPROVAL OF MINUTES FOR THE MEETING OF OCTOBER 25, 2022 AND POSSIBLE COMMITTEE ACTION – Committee Member Serrano moved approval of the minutes for the Meeting of October 25, 2022, and adopted by the following vote: Ayes, Committee Members Serrano, Wilkinson, and Chair Sidley -3; Nays, None.

III

TRIENNIAL BOARD REVIEW: SECTION 2.0 GOVERNING STATUTES AND POSSIBLE COMMITTEE ACTION – John Koontz, Senior Management Analyst, presented and discussed this item with the Committee. After discussion, Committee Member Serrano moved approval, and adopted by the following vote: Ayes, Committee Members Serrano, Wilkinson, and Chair Sidley -3; Nays, None.

IV

OTHER BUSINESS – There was no other business.

V

NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings while response to public health concerns relating to the novel coronavirus continue.

VI

ADJOURNMENT – There being no further business before the Committee, Chair Sidley adjourned the Meeting at 9:35 a.m.

Janna Sidley
Chair

Neil M. Guglielmo
Manager-Secretary



LACERS
 LA CITY EMPLOYEES'
 RETIREMENT SYSTEM



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: FEBRUARY 28, 2023
ITEM: III

Neil M. Guglielmo

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: SECTION 3.0 DUTIES AND RESPONSIBILITIES, SUBSECTIONS 3.1 THROUGH 3.5 AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Governance Committee (Committee) consider the proposed revisions to the LACERS Board Governance and Administrative Policies, Section 3.0 Duties and Responsibilities, subsections 3.1 through 3.5.

Executive Summary

The Committee reviews Governance and Administrative policies on a triennial basis. Staff now brings proposed revisions to Section 3.0 Duties and Responsibilities, subsections 3.1 through 3.5, to the Committee for its consideration.

Discussion

As a best practice, LACERS performs a comprehensive review of its Board Governance Policies every three years. In November 2022, the Board adopted the Committee’s recommended schedule for the current review of these policies.

In accordance with that schedule, staff has completed its review of Section 3.0 Duties and Responsibilities, subsections 3.1 through 3.5 of the Board Governance Manual, and now presents proposed changes to the Committee for its consideration.

Only minor updates and revisions are proposed for this policy section since the last update. Upon the Committee’s finalization of the proposed revisions, staff will present the changes to the Board for further consideration and approval.

Strategic Plan Impact Statement

The triennial review of the Board Governance and Administrative Policies meets the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: John Koontz, Senior Management Analyst I

NMG/TB/EA/IC:jk

Attachment: Section 3.0 Duties and Responsibilities: Subsections 3.1, 3.2, 3.3, 3.4, 3.5 – Redline Version

Section 3.0 DUTIES AND RESPONSIBILITIES

3.1 The Board's Role

Revised: May 14, 2013; Revised: February 25, 2014; Revised: July 24, 2018

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 ~~m~~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~~ and manage the 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~~their 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.
3. Monitor Actuarial Services, including:
 - Review, approve, and monitor actuarial data and assumptions.

Section 3.0 DUTIES AND RESPONSIBILITIES

- 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 to cover the waiver of recourse annual premium which cannot be advanced by the Trust Fund in accordance with Government Code Section 7511.

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 available time ~~available~~.
5. Be primarily responsible and accountable to ~~m~~M~~m~~embers and their beneficiaries, ensuring the System provides strong ~~m~~M~~m~~ember relations and effective communications. Be responsive to inquiries of ~~m~~M~~m~~ember 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 ~~m~~M~~m~~ember hearings and decide appeals.
8. The Board is responsible ~~for creating and maintaining~~to create and maintain an atmosphere that encourages frank and collegial discussions both at the Board and

Section 3.0 DUTIES AND RESPONSIBILITIES

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.

3.2 General Manager

Revised: May 14, 2013; Revised: February 25, 2014; Affirmed: July 24, 2018

Board/General Manager Relationship

The Board has delegated to the General Manager the responsibility for the administration and management of the System. Policy and direction set by the Board is implemented through the General Manager so that a strong relationship between the Board and General Manager, and clear delineation of authority is maintained critical to the accomplishments of the Board's objectives.

General Manager Authority

The Board has delegated to the General Manager responsibility for the administration and management of the System consistent with Board delegation of authority. This includes broad responsibility for the following:

- Employing, training, developing, supervising, monitoring, and evaluating senior managers and staff. This may include succession planning for senior managers.
- Preparing and monitoring the annual administrative expense budget.
- Governmental affairs/media relations – The General Manager is authorized to work directly with the City executive and legislative branches as well as and to respond to public records requests, while keeping ~~the Board~~ Members ~~of the Board~~ informed of these actions during the General Manager's Report. The Board President retains authority as the Board's spokesperson.
- Actuarial valuations and studies – To the extent budgeted, the General Manager may direct actuarial services necessary for the administration of the System.

Section 3.0 DUTIES AND RESPONSIBILITIES

The General Manager's duties are defined by the Board and include the following:

- With advice and counsel from the Board, achieve the long-term policies and strategic objectives established for the System by the Board, including as necessary:
 - Determine the appropriate methods for attaining the Board-established policies and strategic objectives.
 - Direct LACERS employees in furtherance of those objectives.
 - Ensure that management activities and decisions are within Board-approved policies.
 - Represent LACERS, or designate other staff representatives, to outside parties and organizations.
 - Provide leadership to LACERS employees by promoting conduct which emulates the Department's Guiding Principles.
 - Act as the liaison for communications and information flow between the Board and LACERS employees.
 - Provide annual goals of the General Manager which augment those in the Strategic Plan, if any, to be presented to the Board on or preceding the General Manager's annual evaluation, upon request.

3.3 Commitment of a LACERS Board Member

Affirmed: July 24, 2018

~~Board Members of the Board of Administration~~ have a fiduciary responsibility to act solely for the exclusive benefit of LACERS ~~Members~~ and beneficiaries with a secondary duty to minimize the contributions required of the Plan sponsors~~employers~~. All responsibilities must be fulfilled in a cost effective and efficient manner.

Members function as part of a seven-member Board consisting of four appointed and three elected members.

The Board is required by the Administrative Code to meet twice per month. These meetings generally occur on the second and fourth Tuesday of each month and may last between one and four hours.

Committee meetings may last between one and two hours. Depending on the nature of the Committee assignment, meetings may be regular monthly meetings or on an as-needed (Ad Hoc) basis addressing single issues.

- Advanced preparation for the meetings is imperative. Depending on the Committee assignment, preparation can require between one and eight hours.

Section 3.0 DUTIES AND RESPONSIBILITIES

- Education is a fiduciary responsibility and is strongly encouraged. In-house seminars and outside conferences are available for this purpose. The time commitment for education is usually five days per year.
- Most meetings take place during normal business hours, Monday through Friday; however, some travel and conferences take place over weekends.
- Members are expected to attend all regularly scheduled Board and Committee meetings. If a Board Member's attendance becomes sporadic, the Member should strongly consider resigning from the Board for the benefit of the ~~m~~Members they have vowed to serve.

3.4 Committee Protocol

Revised: September 10, 2013; Affirmed: July 24, 2018

There are two types of ordinary committees, standing and ad hoc, to which the Board may refer or commit matters under consideration. A standing committee is expected to have a continuing existence, whereas an ad hoc committee is expected to cease to exist upon completion of the submittal of a final report.

1. Standing and ad hoc Committees shall be established by a majority vote of the Board.
2. Committee Chairs and Members shall be appointed by the President or Acting President of the Board.
3. Committees shall each have three Members.
4. Committee Members shall serve from the time they are designated until their successors have been designated, and may be removed or replaced by the President or Acting President by ~~his/her~~their own act.
5. Committees shall operate under Robert's Rules of Order unless otherwise specified by statute or Board action.
6. Committees shall adhere to the same public notification and meeting requirements as the Board.
7. Committee meetings shall be called by the Committee Chair.
8. Committee agenda topics shall be set by the Committee Chair, but the Committee Chair shall take as an agenda item any matter submitted by two Committee Members.
9. Committee meetings shall be open to all Board Members; however, only Committee Members may vote.
10. Ad hoc committees shall not be established for a matter that falls within the purview of a standing committee.
11. Committees shall receive such assignments as fall within their Charter.
12. Committees shall communicate with the Board in the form of report(s) to the Board, offering recommendations and discussion upon referred matters for the Board's consideration.

Section 3.0 DUTIES AND RESPONSIBILITIES

13. Ad hoc committees shall cease to exist upon submittal of the final report to the Board.

Section 3.0 DUTIES AND RESPONSIBILITIES

3.5 Committee Structure

Updated: November 21, 2016; Revised: July 24, 2018; Revised: August 7, 2019; Revised: June 22, 2021

**LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
COMMITTEE STRUCTURE FOR FISCAL YEAR 202~~1~~2-2~~2~~3**

STANDING COMMITTEES	
<p>Audit</p> <p>Annie Chao<u>Elizabeth Lee</u>, Chair Elizabeth Lee<u>Sung-Won Sohn</u> Thuy Huynh<u>Michael R. Wilkinson</u></p>	<p>Benefits Administration</p> <p>Michael R. Wilkinson, Chair Annie Chao Thuy Huynh<u>Sandra Lee</u></p>
<p>Governance</p> <p>Janna Sidley<u>Nilza R. Serrano</u>, Chair Nilza R. Serrano<u>Annie Chao</u> Michael R. Wilkinson<u>Cynthia Ruiz</u></p>	<p>Investment</p> <p>Elizabeth Lee<u>Sung-Won Sohn</u>, Chair Janna Sidley<u>Elizabeth Lee</u> Nilza R. Serrano</p>

Standing Committees remain in existence for the life of the establishing Board.

Ad Hoc Committees cease to exist upon completion of the submittal of a final report.