



LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

Joint Organizational Governance Committee Charter

Revised and Restated
Adopted by Board of Retirement on September 6, 2023
Adopted by the Board of Investments on September 13, 2023

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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. Each Board is responsible for development of its own separate strategic plan.

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), consistent with each Board's respective strategic plan; and other matters as specified in CERL. The Boards also jointly set LACERA's mission, vision, and values.

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 dated 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:

- the purpose, scope, responsibilities, meetings, and structure of the Joint Organizational Governance Committee (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; make recommendations, not decisions.

4 Scope

- The scope of the JOGC’s responsibilities, as explained and defined in Section 7, includes: recommendation to the Boards for approval of a System-wide mission statement and statement of vision and values and application of each Board’s respective Strategic Plan in the annual and mid-year budget processes;
- Budgeting to the extent of recommending an annual budget and mid-year budget adjustments to the Boards for their approval;
- Joint Board Policy Development for 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;
- Such other assistance as may be jointly requested by the Boards; and Classification and salaries of staff.

5 Powers Reserved for the BOR and BOI

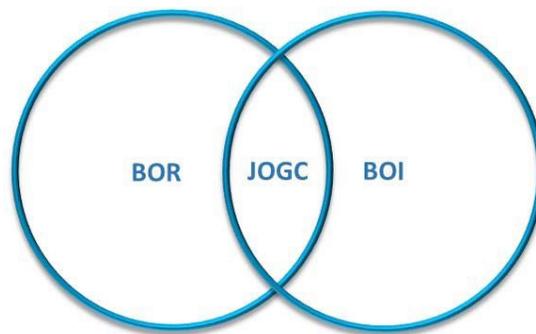
The BOR reserves for itself all powers related to (i) retirement and healthcare benefits including policy, legislation, litigation, operations, and administration, (ii) actuarial valuations of the OPEB Program, and (iii) a BOR strategic plan.

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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, (iii) oversight of the OPEB Trusts, and (iv) a BOI strategic plan.

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 Application of BOR and BOI Strategic Plans as they relate to Budgeting.

Each Board is expected to adopt a strategic plan and those plans will provide guidance on the annual budgeting process for the Administrative, Retiree Healthcare, OPEB Program, and Non-Administrative budgets and make recommendations to the Boards, including the following:

- Joint Mission Statement and Statement of Vision and Values: While each Board will adopt its own strategic plan, it is vital that LACERA have a well-developed mission statement and statement of vision and values applicable to the System as a whole. These statements should be reflected in and guide each Board's individual strategic plans and objectives.

In developing each annual and mid-year budget plans, the JOGC will take into account, but will not reconsider, actions taken by the Boards within the areas of their separate jurisdiction as reflected in their individual strategic plans. 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. Therefore, guidance for the development of the budget is a joint Board responsibility, based in part upon actions taken by the Boards separately, including the details of their respective strategic plans, vendor selections, and other matters.

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Additionally, the JOGC's role reflects an understanding that each Board's strategic plan will 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 and mid-year budget review and adjustment 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 act on the JOGC's recommended proposed budget.

Staff will present to each Board separately a strategic plan developed for their unique needs and mission and assist the JOGC with applying the strategic plan of each Board in the annual budget plan development and mid-year budget review and adjustment process. This will include 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 implement the respective strategic plans in the annual budgeting process. Once approved the process will remain in effect until ~~revised~~ and modified by the JOGC and staff, with a mandatory review every six years. In this process, the JOGC will not change the strategic plans developed by each Board but rather simply address budget issues to support the Boards' separate plans.

The JOGC will complete the joint budgeting responsibilities on an agreed timetable which will enable timely adoption of the budget as required by CERL. All budget plans will include

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presentation of the budget to the Boards for final approval no later than June of each year and a mid-year budget adjustment, as needed, in December.

On-going Review: Once each Board has adopted a strategic plan and an annual budget is approved, the JOGC will provide on-going review of the budget-to-actual results, make recommendations to the Boards with respect to the budget-to-actual results and the mid-year budget review and adjustment process, and review consistency with the stated mission, vision, and values 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 onesthat 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

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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.

7.4 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

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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.

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

The Committee shall meet in the first quarter for the purpose of electing Committee officers and to review policies applicable to the System as a whole. The Committee shall meet in April for budget review for the System. Further meetings shall be scheduled as needed with the concurrence of the Board Chairs or the committee Chair. All meetings shall be noticed in accordance with the Ralph M. Brown Act.

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 September 6, 2023 and by the Board of Investments on September 13, 2023.