



Governance Committee Agenda

REGULAR MEETING

TUESDAY, MAY 26, 2020

TIME: 9:15 A.M.

MEETING LOCATION:

In conformity with the Governor's Executive Order N-29-20 (March 17, 2020) and due to the concerns over COVID-19, the LACERS Governance Committee's May 26, 2020, meeting will be conducted via telephone and/or videoconferencing.

Important Message to the Public

Information to call-in to participate:

Dial: (669) 900-6833 or (346) 248-7799

Meeting ID# 930 5437 9661

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: Nilza R. Serrano

Committee Members: Annie Chao
Cynthia M. Ruiz

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

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.ghoukassian@lacers.org.

Disclaimer to participants

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

[**CLICK HERE TO ACCESS BOARD REPORTS**](#)

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – ***THIS WILL BE THE ONLY OPPORTUNITY FOR PUBLIC COMMENT - PRESS *9 TO RAISE HAND DURING PUBLIC COMMENT PERIOD***

- II. [APPROVAL OF MINUTES FOR THE REGULAR MEETING OF DECEMBER 10, 2019 AND POSSIBLE COMMITTEE ACTION](#)
- III. [PROPOSED LACERS CITY ATTORNEY CONFLICT OF INTEREST POLICY AND POSSIBLE COMMITTEE ACTION](#)
- IV. [REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE COMMITTEE ACTION](#)
- V. OTHER BUSINESS
- VI. 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 public health concerns relating to the novel coronavirus continue.
- VII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, MAY 26, 2020

TIME: 9:15 A.M.

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President: Cynthia M. Ruiz
Vice President: Michael R. Wilkinson

Commissioners: Annie Chao
Elizabeth Lee
Sandra Lee
Nilza R. Serrano
Sung Won Sohn

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
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- II. APPROVAL OF MINUTES FOR THE SPECIAL MEETING OF DECEMBER 10, 2019 AND POSSIBLE COMMITTEE ACTION
- III. PROPOSED LACERS CITY ATTORNEY CONFLICT OF INTEREST POLICY AND POSSIBLE COMMITTEE ACTION
- IV. REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE COMMITTEE ACTION
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- VII. ADJOURNMENT

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

LACERS Ken Spiker Boardroom
202 West First Street, Suite 500
Los Angeles, California

December 10, 2019

Agenda of: <u>II</u> Item No: <u>MAY 26, 2020</u>
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9:16 a.m.

PRESENT:	Chair:	Nilza R. Serrano
	Committee Member:	Annie Chao
	Commissioner:	Michael R. Wilkinson
	Manager-Secretary:	Lita Payne
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Anya Freedman
ABSENT:	Committee Member:	Cynthia M. Ruiz

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

Commissioner Wilkinson was present at the Meeting, any votes will be taken by Governance Committee members only.

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chair Serrano asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there was no response and no public comment cards were received.

II

APPROVAL OF MINUTES FOR THE REGULAR MEETING OF JULY 9, 2019 AND SEPTEMBER 10, 2019, AND POSSIBLE COMMITTEE ACTION – Committee Member Chao moved approval of the minutes of July 9, 2019 and September 10, 2019, adopted by the following vote: Ayes, Committee Member Chao and Chair Serrano -2; Nays, None.

III

PROPOSED REVISION TO THE BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administration Division presented this item to the Committee for four minutes. After discussion a Motion to approve staff's

recommendation was moved by Committee Member Chao, and adopted by the following vote: Ayes, Committee Member Chao and Chair Serrano -2; Nays, None.

IV

CONSIDERATION OF BOARD AGENDA TITLE FOR PRIVATE REAL ESTATE INVESTMENT ITEMS AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer and Eduardo Park, Investment Officer I discussed this item with the Committee for 19 minutes. Commissioner Wilkinson arrived to the Meeting at 9:34 a.m. After discussion, Chair Serrano recommended this item to the full Board.

V

POLICY DISCUSSION REGARDING TOTAL COMPOSITION OF WORKFORCE FORM AND POSSIBLE COMMITTEE ACTION – Lita Payne, Executive Officer and Rod June, Chief Investment Officer discussed this item with the Committee for 22 minutes. Chair Serrano and Committee Member Chao provided staff with recommendations and Chair Serrano recommended this item to the full Board.

VI

OTHER BUSINESS – Committee Member Chao asked about the Board Election Policy and asked that this item be added to the next Governance Committee Agenda.

VII

NEXT MEETING – The next Committee Meeting is not yet scheduled.

VIII

ADJOURNMENT – There being no further business before the Committee, Chair Serrano adjourned the Meeting at 10:05 a.m.

Nilza R. Serrano
Chair

Lita Payne
Manager-Secretary



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

MEETING: MAY 26, 2020

ITEM: III

Neil M. Guglielmo

SUBJECT: PROPOSED LACERS CITY ATTORNEY CONFLICT OF INTEREST POLICY AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee consider the addition of the proposed LACERS City Attorney Conflict of Interest Policy to the LACERS Board Administrative Policies.

Executive Summary

Staff proposes the inclusion of the LACERS City Attorney Conflict of Interest Policy in the LACERS Board Administrative Policies. This policy establishes protocols to follow upon determination that a City Attorney conflict of interest exists.

Discussion

Staff proposes, as a best practice recommended by the Office of the City Attorney, the addition of the City Attorney Conflict of Interest Policy to the LACERS Board Administrative Policies. This is to ensure that any potential City Attorney conflict of interest that arises is addressed accordingly. On occasion, the City Attorney may determine based on applicable professional and ethical obligations, including Rule 3-310 of the California Rules of Professional Conduct, that the City Attorney's representation of the Board may not be prudent in a specific matter. The City Attorney shall present such conflict determinations to the LACERS Board of Administration with the basis for and scope of the perceived conflict.

Pursuant to the proposed policy, upon notice of the City Attorney's conflict of interest determination, the Board shall select a law firm to serve as the independent conflict counsel to represent the Board in the matter identified by the Office of the City Attorney. This law firm shall be chosen from the bench of firms pre-selected by the City Attorney's Office and approved by the Board to provide fiduciary law services. Once the independent conflict counsel is engaged, all written and verbal communications shall be deemed confidential attorney-client privileged communications between the Board and its outside conflict counsel. This privilege may be waived only by a majority vote of the Board.

The proposed policy also addresses situations wherein the Board believes a conflict of interest exists that the City Attorney has not identified. In such instances, the Board President and the General Manager may engage with the City Attorney to discuss the basis of the Board's perceived conflict of interest. If a difference of opinion remains, the Board may request the City Attorney to seek guidance and an opinion from an outside fiduciary counsel regarding the perceived conflict to make a determination. This opinion may be publicly released only by a majority vote of the Board and with written consent from the City Attorney.

Attached is the proposed LACERS City Attorney Conflict of Interest Policy which contains the same language used by Los Angeles Fire and Police Pensions (LAFPP) for their adopted City Attorney conflict of interest policy that was most recently updated in 2018. The City Attorney strongly recommends the use of identical policy language for both LACERS and LAFPP for consistency. Once approved by the LACERS Board, this policy will be incorporated by the City Attorney as an exhibit in the Board's new outside fiduciary counsel contracts.

Strategic Plan Impact Statement

The establishment of new Board Administrative Policies as part of the LACERS Board Manual conforms to the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

Prepared By: Edeliza Fang, Senior Management Analyst II

NG/TB:DWN:EF

Attachment: Proposed LACERS City Attorney Conflict of Interest Policy

Proposed LACERS City Attorney Conflict of Interest Policy

1.1 CONFLICT GOVERNANCE POLICY

II. Potential City Attorney Conflicts of Interest

From time to time, pursuant to the City Attorney's professional and ethical obligations under California Law, including Rule 3-310 of the California Rules of Professional Conduct, the City Attorney may determine that it would be prudent for it to avoid representation of the Board in a particular matter. In those situations, the City Attorney shall make a conflict determination, specifying the basis for and the scope of that conflict, and notify the Board of that determination.

A. In the event the City Attorney believes a conflict exists, the Board, by a majority vote, shall select a law firm to serve as independent conflict counsel in the matter identified by the City Attorney's Office. Such independent conflict counsel shall be selected from those firms currently under a three-year contract with the City Attorney's Office for fiduciary law services who have the requisite professional expertise to handle the matter. As the Board shall select as conflict counsel a law firm currently under contract with the City Attorney's Office for Fiduciary law services, no additional consent from the City Attorney shall be required.

Once conflict counsel is engaged, all communications with and legal opinions from such independent conflict counsel will be handled as confidential attorney-client privileged communications between the Board and its independent conflict counsel. Only the Board may waive this privilege, by a majority vote.

B. In the event the City Attorney does not believe a conflict exists, then the Board President and the General Manager may meet with the City Attorney to discuss the circumstances and reasoning of the Board's perceived conflict. After meeting with the City Attorney, if the City Attorney still does not believe a conflict exists, the Board may request the City Attorney to seek an opinion from outside fiduciary counsel regarding the perceived conflict. The outside counsel opinion may only be publicly released by a majority vote of the Board and the written consent of the City Attorney.



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

MEETING: MAY 26, 2020
ITEM: IV

Neil M. Guglielmo

SUBJECT: REVIEW OF BOARD PROCEDURES ON OFFICER ELECTIONS AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Committee discuss the Board Procedures on Officer Elections and direct staff accordingly.

Executive Summary

Following the Board officer election last July, a request was made for the Governance Committee to review the policies and procedures on the election of Board President and Vice President.

Discussion

Election of Board President and Vice President is codified in the Board Governance Policies, Board Procedures Section 4.4, last reviewed on September 11, 2018. The policy states:

4.4 ELECTION

The Election of Board Officers for the then current fiscal year is generally held on the second meeting of July each year, or when a Board Officer seat becomes vacant. The Board shall elect one of its members to the office of President, and one to the office of Vice President. The Board Officers shall hold office for one year and until replaced by the election of a successor or reelected at the next Election, unless their membership on the Board expires sooner.

At the appointed time, the General Manager/Manager-Secretary shall call for nominations for the office of President. After nominations have concluded, the General Manager/Manager-Secretary shall call for the Ayes and Nays from among the Members of the Board for each candidate nominated. Upon one candidate securing a majority vote, the General Manager/Manager-Secretary shall announce that the office of President is filled until the newly elected Member is replaced or re-elected at the next election.

The General Manager/Manager-Secretary shall then call for nominations for the office of Vice President and repeat the election procedure described above until one candidate secures a majority vote, at which time the office of Vice President may be deemed filled.

Staff consulted with the Assistant City Attorney to confirm that the Board has the broad authority to adopt any Board procedural rules they deem necessary so long as the rules do not conflict with the Los Angeles City Charter, Section 503(a) and there is a majority vote of the Board to adopt said policies.

LOS ANGELES CITY CHARTER, SECTION 503 (a). ORGANIZATION OF THE BOARD.

(a) Officers. Each of the boards created in the Charter shall elect one of its members President and one Vice-President. Officers shall hold office for one year and until their successors are elected, unless their membership on the board expires sooner. Elections shall be held during its last meeting in July of each year, but the board may fill the unexpired term of any vacancy occurring in the office of President or Vice-President at any meeting.

LACERS Board Policy is consistent with policies of six California peer retirement systems (see Attachment). The policies all specify the election to be conducted at a specified meeting annually, and upon a vacancy of the President or Vice President.

Differences in policies exist, with some unique characteristics listed below:

- Limitation that an officer may not serve more than one term consecutively as President or Vice President
- Intervening elections made be called by 2/3rd majority vote
- Run-off vote by secret ballot
- Election of the Vice Chair who automatically succeeds to Chair the next calendar year
- An aspirational statement to elect one officer that is an elected trustee and one that is an appointed trustee
- LACERS' policy is unique in that it provides a procedure for nominations

Staff recommends one change to the first sentence of the Board Procedure to align it with the Los Angeles City Charter, as indicated below:

*The Election of Board Officers for the then current fiscal year is ~~generally~~ held on the ~~second meeting~~ **fourth Tuesday** of July each year, or when a Board Officer seat becomes vacant.*

Strategic Plan Impact Statement

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

Prepared By: Dale Wong-Nguyen, Chief Benefits Analyst

NG/TB:DWN

Attachment: Sample Board Officer Election Policies

SAMPLE BOARD OFFICER ELECTION POLICIES

LOS ANGELES FIRE AND POLICE PENSIONS (LAFPP)

https://www.lafpp.com/sites/default/files/file-attachments/section_i_-_board_governance_policies.pdf?1585336589

Duties and Responsibilities of the President

Consistent with the City Charter, the Board shall elect one of its members President and that member shall hold office for a term of one year or until a successor has been elected. Elections shall be held during the Board's last meeting in July of each year, but the Board shall, by election, fill the unexpired term of any vacancy occurring in the office of President within 30 days of the date the vacancy occurs. In addition to the Charter requirement, members of the Board of Fire and Police Pension Commissioners:

- A. Shall not serve more than one term consecutively as President or Vice President;
- B. The President is prohibited from being elected to the Office of Vice President immediately upon completion of their term as President; and C. Shall decide those positions by majority vote.

The term limit provision is added to ensure that no one individual member have undue influence over, or be perceived as having control over, the entire Board. (Revised 12/19/13; 09/20/18; and 11/21/19)

Duties and Responsibilities of the Vice President

Consistent with the City Charter, the Board shall elect one of its members Vice-President and that member shall hold office for a term of one year or until a successor has been elected. Elections shall be held during the Board's last meeting in July of each year, but the Board shall, by election, fill the unexpired term of any vacancy occurring in the office of Vice-President within 30 days of the date the vacancy occurs. In addition to the Charter requirement, members of the Board of Fire and Police Pension Commissioners:

- A. Shall not serve more than one term consecutively as President or Vice President;
- B. The President is prohibited from being elected to the Office of Vice President immediately upon completion of their term as President; and C. Shall decide those positions by majority vote.

The term limit provision is added to ensure that no one individual member have undue influence over, or be perceived as having control over, the entire Board. (Revised 12/19/13; 09/20/18; and 11/21/19)

CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM (CALPRS)

<https://www.calpers.ca.gov/docs/board-governance-policy.pdf>

The Board President and Vice President will be elected annually by members of the Board in open session at the January meeting of the Board for the term of one calendar year.

CALIFORNIA STATE TEACHERS RETIREMENT SYSTEM (CALSTRS)

https://www.calstrs.com/sites/main/files/file-attachments/trb_policy_manual.pdf

Election of Officers

1. The election of the Board Chair and Vice-chair shall be held at the regularly scheduled Board meeting in May of each calendar year as the first agenda item. Intervening elections may be called by a 2/3rd majority of the Board. In determining the 2/3rd majority, vacant positions on the Board shall not be considered.
2. The election of the Chair and Vice-chair shall be by majority vote of the Board with a run-off to be held in the event that no candidate receives a majority of the first ballot. Where there is more than one candidate, the vote is to be conducted by secret ballot. The election shall be run by the Chief Executive Officer.

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION (LACERA)

https://www.lacera.com/about_lacera/bor/BOR_Regulations.pdf

Election of Chair

At the first regular meeting in January, the Board of Retirement shall elect one of its members chair for a term of one year or until his or her successor is duly elected and qualified.

Election of Vice Chair

At the first regular meeting in January, the Board of Retirement shall elect one of its members vice chair for a term of one year or until his or her successor is duly elected and qualified.

Filling of Vacancy in Office

In the event of a vacancy in the office of chair, vice chair or secretary, the Board of Retirement shall, at its next regular meeting, elect one of its members to fill such vacancy for the remainder of the term.

ORANGE COUNTY EMPLOYEES RETIREMENT SYSTEM (OCERS)

https://www.ocers.org/sites/main/files/file-attachments/boardofretirementcharter_0.pdf?1554486536

During the last regularly scheduled meeting of the Board for each calendar year elect a Vice Chair for a term beginning on the first day of the following calendar year, and in the event of a vacancy in the position of the Vice Chair during the year, elect a new Vice Chair at the next regularly scheduled meeting of the Board following such vacancy. The person holding the office of Vice Chair as of the last day of the calendar year will automatically succeed to the office of Chair effective the first day of the following calendar year;

In any election of the Vice Chair, strive to elect a Vice Chair that is (1) an elected Board member when the Chair is an appointed Board member; and (2) an appointed Board member when the Chair is an elected Board member;

SAN BERNADINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION (SBCERA)

https://www.sbcera.org/sites/main/files/file-attachments/2019-04-16-amended_by-laws.pdf?1587064262

Appointment of Chair and Vice Chair

Annually at its first regular meeting in January the Board of Retirement ("Board") of the San Bernardino County Employees' Retirement Association ("SBCERA" or "the Association"), shall elect one of its members Chair and one of its members Vice Chair.

The Chair and Vice Chair shall each hold office for a term of one year, but such term May be extended into the next succeeding term pending a successor being duly elected and qualified. If the Chair, for any reason, fails to complete the term, the Vice Chair shall succeed to the position of Chair for the remainder of the unexpired term and the Board shall elect a Successor Vice Chair for the balance of the unexpired term. In the case of the temporary incapacity or unavailability of the Chair, the Vice Chair shall have all of the powers of the Chair for the duration of the incapacity or unavailability. Either office may be filled by any Board member.