

## **Governance Committee Agenda**

### **REGULAR MEETING**

**TUESDAY, SEPTEMBER 23, 2025**

**TIME: 9:30 A.M.**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

#### **Important Message to the Public**

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

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In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Committee in advance of the meeting may be viewed by clicking on LACERS website at [www.LACERS.org](http://www.LACERS.org), at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at [lacers.board@lacers.org](mailto:lacers.board@lacers.org).

Chair: Janna Sidley

Committee Members: Thuy Huynh  
Thomas Moutes

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghoukassian

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

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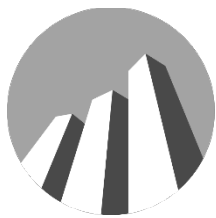
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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 26, 2025 AND POSSIBLE COMMITTEE ACTION](#)
- III. [BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE COMMITTEE ACTION](#)
- IV. [BOARD POLICY REVIEW: COMPENSATION POLICY 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.
- VII. ADJOURNMENT



## ***Board of Administration Agenda***

### **SPECIAL MEETING**

**TUESDAY, SEPTEMBER 23, 2025**

**TIME: 9:30 A.M.**

### **MEETING LOCATION:**

LACERS Boardroom  
977 N. Broadway  
Los Angeles, California 90012

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President: Annie Chao  
Vice President: Janna Sidley

Commissioners: Thuy T. Huynh  
Thomas Moutes  
Gaylord "Rusty" Roten  
Sung Won Sohn

Manager-Secretary: Todd Bouey

Executive Assistant: Ani Ghokassian

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

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- II. APPROVAL OF MINUTES FOR THE MEETING OF AUGUST 26, 2025 AND POSSIBLE COMMITTEE ACTION

- III. BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE COMMITTEE ACTION
- IV. BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE COMMITTEE ACTION
- V. OTHER BUSINESS
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- VII. ADJOURNMENT

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

August 26, 2025

9:15 a.m.

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PRESENT:	Chair:	(arrived at 9:19 a.m.) Janna Sidley
	Presiding Officer:	Thomas Moutes
	Committee Members:	Thuy Huynh
	Manager-Secretary:	Todd Bouey
	Legal Counselor:	Miguel Bahamon
	Executive Assistant:	Ani Ghoukassian

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*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 – Presiding Officer Moutes asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF MAY 27, 2025, AND POSSIBLE COMMITTEE ACTION – Committee Member Huynh moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, and Presiding Officer Moutes -2; Nays, None.

Chair Sidley arrived at 9:19 a.m. and announced that Presiding Officer Moutes will continue to Chair the meeting.

III

TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 1.2 BOARD EDUCATION AND TRAVEL POLICY AND POSSIBLE COMMITTEE ACTION – Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Committee for ten minutes. After discussion, Chair Sidley moved to send this item with the recommendations to the full Board for approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.

IV

TRIENNIAL BOARD POLICY REVIEW: CONTRACT RENEWAL POLICY AND POSSIBLE COMMITTEE ACTION – Horacio Arroyo, Senior Management Analyst II, presented and discussed this item with the Committee for five minutes. Committee Member Huynh moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.

## V

CHARTER CHANGE OPPORTUNITIES FOR CONSIDERATION IN THE CITY OF LOS ANGELES CHARTER REFORM AND POSSIBLE COMMITTEE ACTION – Chhintana Kurimoto, Management Analyst, and Lisa Li, Management Analyst, presented and discussed this item with the Committee for 11 minutes. The Committee proceeded to vote on each recommendation individually.

1. The authority for LACERS to determine its own staff hiring and compensation – Chair Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.
2. The authority for LACERS to determine its own frequency and timing of its board meetings – Chair Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.
3. Board Member removal for cause – Presiding Officer Moutes moved to take away the Mayor's authority to remove appointees without Council confirmation, and the following vote: Ayes, Presiding Officer Moutes -1; Nays, Chair Sidley, Committee Member Huynh -2. This motion did not pass.
4. Presiding Officer Moutes requested to add that the Board have the authority to choose the GM/CEO of LACERS, moved by Chair Sidley, and adopted by the following vote: Ayes, Chair Sidley, Presiding Officer Moutes, and Committee Member Huynh -3; Nays, None.
5. Clarifying language in Charter Section 1164 to be in line with the 2023 interpretation – Chair Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.
6. Requirements for actuary cost study on pension system initiatives – Chair Sidley moved approval, and adopted by the following vote: Ayes, Committee Members Huynh, Presiding Officer Moutes, and Chair Sidley -3; Nays, None.

## VI

OTHER BUSINESS – There was no other business.

## VII

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.

## VIII

ADJOURNMENT – There being no further business before the Committee, Presiding Officer Moutes adjourned the meeting at 9:42 a.m.

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Thomas Moutes  
Presiding Officer

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Todd Bouey  
Manager-Secretary



**LACERS**  
LA CITY EMPLOYEES'  
RETIREMENT SYSTEM



**REPORT TO GOVERNANCE COMMITTEE**  
**From: Todd Bouey, Interim General Manager**

**MEETING: September 23, 2025**  
**ITEM: III**

*TBouey*

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**SUBJECT: BOARD POLICY REVIEW: BUDGET APPROVAL POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

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### **Recommendation**

That the Governance Committee (Committee):

1. Review and approve the Budget Approval Policy; and,
2. Upon Committee approval, send the policy document to the Board of Administration (Board) for final review and adoption.

### **Executive Summary**

The 2022 Management Audit recognized LACERS for adhering to best practices through the adoption of a Board Governance Manual. The audit found that LACERS' existing policies largely align with industry standards and reflect the practices expected of a well-governed public fund. However, it is also recommended that LACERS consider adopting additional policies aligned with industry best practices, including the development of a Budget Approval Policy.

Once approved by the Board, the Budget Approval Policy would be added as a new entry in the Board Governance Manual under Article II – Board Administrative Policies.

### **Discussion**

The Los Angeles City Charter, Section 1106, provides the Board the sole and exclusive responsibility to administer its system, including the authority to defray the expenses of administering the retirement system. Staff recommends approval of this policy document, which formalizes the procedures for budget approvals, amendments, and transfers by the Board, including delegating authority to the General Manager to move funds between appropriation accounts. This policy supports the Board's role in ensuring financial transparency and accountability, while ensuring that the budget reflects the overall strategic direction and advances the organization's long-term goals. With the Committee's approval, the Budget Approval Policy (Attachment 1) will be incorporated into Article II – Board Administrative Policies as Section 3.3 of the Board Manual and subject to triennial review.



Prepared By: Chhintana Kurimoto, Management Analyst

TB/EA/LL/CK

Attachment: 1. Article II, Section 3.3 Budget Approval Policy Draft

## Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION

### 3.3 BUDGET APPROVAL POLICY

#### Purpose

Consistent with Article XVI, Section 17 of the California Constitution and pursuant to the Los Angeles City Charter, Section 1106, the Board has the sole and exclusive responsibility to administer its system, including the authority to defray the expenses of administering the retirement system. In accordance with the Los Angeles Administrative Code, Section 1160, the Board is required to prepare and transmit an annual budget to the Mayor and Controller. The LACERS budget is comprised of the Administrative Expense Budget, the Health Care Fund Administrative Expense Budget ("115" Trust), the Investment Management Fees and Expenses Budget, and the City's contribution to the LACERS Retirement Trust Fund and 115 Trust Fund. The Board also approves the personnel and annual resolutions (included within the budget schedules) that accompany the annual budget and are submitted to the Mayor for inclusion in the City's proposed and adopted budget.

This policy establishes the process for approving and amending the annual budget by the Board.

#### I. Guidelines

##### A. General Provisions

1. The Board is responsible for:
  - a. Adopting the annual budget, personnel, and annual resolutions.
  - b. Approving the asset allocations and investment contracts, which set fee rates used to establish the Investment Management Fee Budget.
  - c. Adopting the actuarial valuation in November, which sets the annual contribution rate (a percentage of City payroll) that the City will provide to LACERS to fund the retirement benefits for City employees.
  - d. Considering programs and Annual Business Plan initiatives to fund the upcoming fiscal year reflected in the Administrative Budget.
  - e. Approving budget amendments to the Adopted Budget amount.
2. The General Manager is responsible for:
  - a. Preparing and presenting the proposed annual budget.
  - b. Transmitting the annual budget, personnel, and annual resolutions for inclusion in the Mayor's Proposed Budget, which is due to the City Council by April 20<sup>th</sup>, and final Adopted Budget by June for the fiscal year beginning July 1<sup>st</sup>.

##### B. Proposed Budget Presentation

1. The General Manager will present to the Board a proposed administrative expense budget for the upcoming fiscal year that supports the organizational goals and initiatives aligned with the Annual Business Plan and LACERS' Strategic Plan.
2. The proposed annual budget will be comprised of the following components:
  - a. Administrative Expense Budget – consists of five broad expenditure categories
    - Personnel Services (Salaries, Overtime, Employee Benefits)
    - Professional Services

**Section 3.0 FINANCIAL, ACTUARIAL, AUDIT ADMINISTRATION**

- Information Technology
    - Education/Training and Travel
    - Office Expenses
  - b. Health Care Fund Administrative Expense Budget ("115" Trust) – self-insured health care fund for retiree medical, dental, and vision benefits
  - c. Investment Management Fees and Expenses
  - d. City Contribution to the LACERS Retirement Trust Fund and 115 Trust Fund
3. Personnel and Annual Resolutions accompanying the annual budget may include the following documents, but are not limited to:
- a. Positions and Salaries
  - b. Organization Chart
  - c. Delegation of Authority to the General Manager to Approve Transfers between Appropriation Accounts
  - d. Authorization for LACERS Departmental Exemplary Staff Recognition Program
  - e. Other resolutions delegating authority to the Board or General Manager

**II. Adoption, Amendment, Transfers, and Reporting**

- A. The preliminary proposed annual budget will be presented to the Board no later than March 31<sup>st</sup> of each year.
- B. The final proposed annual budget will be adopted and approved by the Board no later than May 31<sup>st</sup> of each year.
- C. When unexpected budgetary expenses are projected or arise, the General Manager may request that the Board amend the current fiscal year's budget by providing justification for the amendment, expected impact, and the cost of the amendment for the remainder of the budget year.
- D. Charter Section 343(b) and Administrative Code, Section 5.36 authorizes the Board to transfer funds between budget appropriation accounts within the limits prescribed by the City Administrative Officer for the most current fiscal year. The Board approves and delegates authority to the General Manager to move funds between appropriation accounts to help manage expenditures efficiently and promptly.



**REPORT TO GOVERNANCE COMMITTEE**  
**From: Todd Bouey, Interim General Manager**

**MEETING: SEPTEMBER 23, 2025**  
**ITEM: IV**

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**SUBJECT: BOARD POLICY REVIEW: COMPENSATION POLICY AND POSSIBLE COMMITTEE ACTION**

ACTION: ☒ CLOSED: ☐ CONSENT: ☐ RECEIVE & FILE: ☐

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### **Recommendation**

That the Governance Committee (Committee) provide direction on whether to pursue the development of a Compensation Policy and, if so, the appropriate scope and structure of such a policy.

### **Executive Summary**

The 2022 Management Audit commended LACERS for its comprehensive Board Governance Manual and the presence of most key governance policies. However, the audit also identified several best-practice policies to consider for adoption, including a formal Compensation Policy. However, the rationale for adopting such a policy is intended to complement the recommendation that LACERS be given autonomy in staff hiring. As LACERS currently does not have that authority, except to a certain extent over the General Manager, staff is proposing four potential options to move forward with the policy discussion.

### **Discussion**

LACERS' current authority to set compensation is limited to the General Manager position, as provided under Los Angeles City Charter Section 508(f). This provision allows the Board to approve merit-based compensation adjustments for the General Manager, provided that such adjustments remain within the salary guidelines adopted by the City Council and are subject to confirmation by the Mayor and Council. All other staff positions fall under the City's Civil Service system, which governs classification, hiring, and compensation.

In light of these constraints, staff has identified four potential courses of action for the Committee to consider:

#### **1. Defer Policy Adoption**

Given that the Compensation policy was intended to accompany the establishment of LACERS' independent hiring authority, one option is to defer its adoption until that authority is formally granted.

Deferral can avoid internal or external confusion regarding who is governed by the policy and under what circumstances, given that LACERS continues to follow the City's existing compensation framework. Staff and stakeholders can also consistently be directed to the City's established policies, avoiding ambiguity that LACERS may be operating under a separate system.

With no formal compensation policy in place amongst LACERS' peer pension systems within the City, it would be reasonable for LACERS to take a measured approach and revisit this discussion once the appropriate authority has been granted.

## 2. Develop a Narrow Compensation Policy Focused on General Manager Performance Pay

Although LACERS does not have autonomy over staff hiring and compensation, the Los Angeles City Charter Section 508(f) does grant the LACERS' Board of Administration the authority to approve merit-based compensation adjustments for the General Manager, provided that increases are within the salary guidelines adopted by the City Council. Therefore, it is within reason for LACERS to have a Compensation policy addressing the General Manager's merit pay, which brings transparency and structure to the existing authority. Having a policy in place would also demonstrate commitment to good governance and best practices.

Other public pension systems within California, such as the California Public Employees' Retirement System (CalPERS) and the California State Teachers' Retirement System (CalSTRS), do not have complete autonomy over all staff hiring and compensation but maintain independent authority over their executive and investment management positions and have established compensation policies specifically for these positions. If this option were to be adopted, LACERS would be following a comparable model by adopting a policy limited only to its areas of authority.

## 3. Establish LACERS' Strategic Goal Toward Staffing Autonomy

Separately, LACERS can adopt a policy that states the Board's need to recruit and retain the most qualified professionals is paramount to meet its fiduciary responsibilities. Autonomy in setting compensation is recognized as best practice, reinforcing the fiduciary duty of public pension systems, and was also a recommendation of the recent management audit. This policy could establish a regular salary study framework for Executive and Investment Officer roles to benchmark against the City's compensation structure and provide transparency on whether the compensation structure limits LACERS' ability to attract the most qualified individuals to LACERS. This approach would also underpin future efforts to seek Charter reform or other mechanisms to expand the Board's authority.

While this may not constitute a comprehensive Compensation Policy, it retains foundational elements, particularly the competitive salary benchmarking, that are embedded in the compensation policies of CalPERS and CalSTRS.

## 4. Consider a Hybrid Approach

Finally, the Board may consider a hybrid approach that combines the immediate adoption of a General Manager Compensation Policy with the establishment of a strategic framework for broader compensation benchmarking. This option would allow LACERS to take action within its current

authority while also laying the groundwork for long-term governance enhancements. It would address the audit recommendation to the extent practicable and align with best practices observed in other public pension systems.

Staff seeks the Committee's direction on which option or other alternative to pursue and will return with a draft policy or framework based on the Committee's guidance.

Prepared By: Lisa Li, Management Analyst

TB/EA/CK/LL