

Section 2.0 GOVERNING STATUTES

2.1 Los Angeles City Charter, Section 1106

Added to Board Governance Statement on May 14, 2013

Pursuant to the City Charter and consistent with Article XVI, Section 17 of the California Constitution, and other governing laws, the Board has responsibility for the following:

- a) **Administration of the Pension or Retirement System.** Have sole and exclusive responsibility to administer its system for the following purposes:
- (1) to provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
 - (2) to minimize City contributions; and
 - (3) to defray the reasonable expenses of administering the system.

The duty to system participants and their beneficiaries shall take precedence over any other duty.

- b) **Assets.** Have sole and exclusive fiduciary responsibility over the assets of its system which are held in trust for the exclusive purposes of:
- (1) providing benefits to system participants and their beneficiaries; and
 - (2) defraying the reasonable expenses of administering the system.
- c) **Prudent Person Standard.** Discharge its duties with respect to its system with the care, skill, prudence, and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.
- d) **Investments.** Diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.
- (1) **Investment Statement.** The board of each pension and retirement system shall adopt a statement of investment objectives and policies for the system. The statement shall include at least the desired rate of return and acceptable levels of risk for each asset class, asset allocation goals, guidelines for the delegation of authority, and information of the types of reports to be used to evaluate investment performance. At least annually, the board shall review the statement and change or reaffirm it. After each annual review, the board shall forward the statement to the Mayor and Council for informational purposes.
 - (2) **Performance Evaluation.** At least annually, the board of each pension and retirement system shall retain an outside performance evaluation firm to calculate the returns on all of the system investments.
- e) **Actuarial Services.** Have the sole and exclusive power to provide for actuarial services in order to assure the competency of the assets of its systems in accordance with recognized actuarial methods.
- f) **Rules and Regulations.** Have the power to adopt any rules, regulations, or forms it deems necessary to carry out its administration of a pension or retirement system or assets under its control.