



# **LOS ANGELES FIRE & POLICE PENSION SYSTEM**

## **I. BOARD GOVERNANCE POLICIES**

Updated 8/20/20

# LOS ANGELES FIRE & POLICE PENSION SYSTEM

## I. BOARD GOVERNANCE POLICIES

### Policy Review Due Dates

**UPDATED: 8/20/2020**

Section 1.0	-	Defined Terms .....	11/2022
Section 2.0	-	Governance Principles .....	11/2022
Section 3.0	-	Duties and Responsibilities – Board of Commissioners .....	11/2022
Section 4.0	-	Benefits Committee (Disbanded 05/19/16) Review and Assess .....	N/A
Section 5.0	-	Governance Committee (Disbanded 05/19/16) Review and Assess .....	N/A
Section 6.0	-	Audit Committee (Disbanded 05/19/16) Review and Assess .....	N/A
Section 7.0	-	Duties and Responsibilities – President .....	11/2022
Section 8.0	-	Duties and Responsibilities – Vice President.....	11/2022
Section 9.0	-	Duties and Responsibilities – General Manager.....	11/2022
Section 10.0	-	Board Education Policy .....	11/2022
Section 11.0	-	Board Member Self-Assessment Policy .....	11/2022
Section 12.0	-	General Manager Performance Evaluation Policy .....	06/2023
Section 13.0	-	Monitoring and Reporting Policy.....	11/2022
Section 14.0	-	Board Operations Policy.....	11/2022
Section 15.0	-	Strategic and Business Plan Policy .....	09/2021
Section 16.0	-	Duties and Responsibilities – City Attorney.....	12/2021
Section 17.0	-	City Attorney Performance Evaluation Policy .....	11/2022
Section 18.0	-	Compensation of City Attorney Legal Fees, Benefits and Expenses .....	08/2022
Section 19.0	-	Distinguished Service Medal .....	11/2022
Section 20.0	-	Investment Consultant Evaluation Policy.....	N/A

# LOS ANGELES FIRE & POLICE PENSION SYSTEM

## I. BOARD GOVERNANCE POLICIES

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## Los Angeles Fire & Police Pension System

### **1.0 - DEFINED TERMS**

- 1.1 “System” refers to the City of Los Angeles Fire and Police Pension System.
- 1.2 “Board” refers to the City of Los Angeles Fire and Police Pension Board of Commissioners.
- 1.3 “Fund” refers to the Investment Portfolio of the City of Los Angeles Fire and Police Pension System.
- 1.4 “Section” refers to Los Angeles City Charter Section.

#### Attachments:

APPENDIX 1 - CHARTER PROVISIONS  
APPENDIX 2 - BROWN ACT SUMMARY

#### **REVIEW**

- 1.5 The Board shall review these Defined Terms and Appendices at least every three years. (Added 01/21/16) Revised on 11/03/16 and 11/21/19.
- 1.6 The Board shall next review these Defined Terms and Appendices by November 2022. (Added 01/21/16)

**APPENDIX 1 - CHARTER PROVISIONS**

***Sec. 1104. Pension and Retirement System Boards.***

- (a) **Board of Fire and Police Pension Commissioners.** The Board of Fire and Police Pension Commissioners shall consist of nine members. Five shall be appointed by the Mayor, subject to the approval of the City Council. One shall be an active sworn member of the Fire Department as defined in this Article and elected by the members of the Fire Department. One shall be an active sworn member of the Police Department as defined in this Article and elected by the members of the Police Department. One shall be a retired member of the Fire Department as defined in this Article and elected by the retired members of the Fire Department. One shall be a retired member of the Police Department as defined in this Article and elected by the retired members of the Police Department.
  
- (d) **Terms of Board Members.** For the Board of Fire and Police Pension Commissioners and the Board of Administration for LACERS, each elected board member shall serve for a term of five years. For the Board of Administration for WPERP, the appointed retired member and each elected board member shall serve for a term of three years. The terms of board members on all boards shall be staggered as determined by each board. In case of a vacancy of an appointed seat on any board, the appointing authority for the seat shall appoint a member to serve out the unexpired term of office. In case of a vacancy of an elected seat on any board that has more than six months remaining before expiration of the term, the applicable board shall conduct an election to select a member of the group represented by the vacant seat to serve out the unexpired term of office.

***Sec. 1106. Powers and Duties of Pension and Retirement Boards.***

Consistent with Article XVI, Section 17 of the California Constitution, and any successor constitutional provision, and subject to the limitations set forth elsewhere in the Charter concerning anything other than pension and retirement system administration and control over system investments, each pension and retirement board of the City shall:

- (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 the 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.

**Sec. 1108. General Manager of Pension or Retirement Systems.**

- (a) **Applicability.** Except as provided in this section, the provisions regarding general managers contained in Article V shall apply to the general managers of the pension and retirement systems of the City.
- (b) **Appointing Authority.** The Board of Fire and Police Pension Commissioners and the Board of Administration of the Los Angeles City Employees Retirement System shall appoint their respective general manager subject to confirmation by the Mayor and Council and shall remove their respective general manager subject to confirmation by the Mayor. A general manager removed pursuant to the provisions of this section may appeal the removal to the Council in the manner provided in Section 508(e).
- (c) **Annual Review.** The Board of Fire and Police Pension Commissioners and the Board of Administration for the Los Angeles City Employees Retirement System shall evaluate their respective general manager at least annually and shall set or adjust the compensation of the general manager with guidelines established by Council. Each board shall forward a copy of its performance evaluation and salary determination to the Mayor and Council.

**Sec. 1110. Control of Pension and Retirement Funds.**

- (a) **Special Funds.** Each pension and retirement board shall have a special trust fund or funds on deposit with the Treasurer for the purpose of segregating its revenues from the other money of the City.
- (b) **Control of Special Funds.** The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter.
- (c) **Master Trustee or Custodian.** Each pension and retirement board, in its sole discretion, may designate one or more master trustees or custodians to hold securities and funds of the system for the purpose of carrying out the investment policies and decisions of the board.
- (d) **Fund Earnings.** The money in any pension or retirement system fund shall be invested at the sole and exclusive direction of the respective board and all earnings shall be credited to the respective funds by the Treasurer or the Master Trustee or Custodian designated by the respective board.

**Sec. 1112. Management Audits.**

- (a) **Conduct of Audit.** The Mayor, Council, and Controller at least once in every five years, shall jointly require a management audit to be made of the business and property of each of the pension and retirement systems by an independent qualified management auditing firm. Each audit shall examine whether the pension or retirement system is operating in the most efficient and economical manner and shall evaluate the asset allocation of the system. The firm employed to conduct the audit shall be selected by the Mayor, Council and Controller.
- (b) **Audit Results.** A copy of the report of each audit shall be transmitted to the Mayor, Council and the board of the audited pension or retirement system. Upon receipt of the audit, Council may request that some or all of the audit recommendations be implemented by a board, but the board shall retain sole and exclusive authority over administration of its system and assets to the extent provided in Article XVI, Section 17 of the California Constitution.

**Sec. 1114. Council Veto of Board Decisions.**

The right of Council to veto board decisions provided in Section 245 shall not apply to decisions of the City's pension and retirement boards.

**Sec. 1116. Right to Retire While on Military Leave.**

Any officer or employee who, while on Military Leave as defined in Section 1023 of the civil service provisions of the Charter, is or becomes entitled to retire on pension or is or becomes entitled to any benefits under any provision of this Article, may exercise such rights or claim such benefits while on Military Leave.

**Sec. 1118. Gender and Number.**

As used in this Article, the masculine, feminine or neuter gender, and the singular or plural number, shall each be deemed to include the others unless the context clearly indicates otherwise.

**Sec. 1120. Purchases of Real Property.**

(a) **Real Estate Held in Board Name.** Notwithstanding the provisions of Sections 105 and 385 of the Charter, title to any real property or interest in real property shall be held in the name of the applicable board and any real property or interests owned by a board may be sold, leased, or encumbered by the board.

(b) **Board Names for Real Estate Purposes.** The pension and retirement boards shall hold real property in the following names:

Board of Fire and Police Pension Commissioners of the City of Los Angeles

Board of Administration of the Los Angeles City Employees Retirement System

Board of Administration of the Water and Power Employees Retirement Plan of the City of Los Angeles

(c) **Voting Procedure for Real Estate Investments.** Any purchase of real property by a pension or retirement board shall require approval by a majority vote of all its members but one of the affirmative votes must be cast by an elected employee member of the board.

## APPENDIX 2 - BROWN ACT SUMMARY

(as amended through 2014)

(The Act is contained in Sections 54950 through 54963 of the California Government Code. The following is not a complete description - it summarizes the sections most pertinent to the Board of Pension Commissioners. If there is a difference between this Summary and the legal text of the California Government Code, the legal text prevails.)

1. **Meeting Definition** - The term "meeting" includes any congregation of the majority of the Board at the same time and place to hear, discuss or deliberate upon any item that is within the jurisdiction of the Board. Any use of direct communication, personal intermediaries or technological devices employed by the majority of the Board to develop an action to be taken on an item by the Board is prohibited.

This restriction shall not apply to individual contacts or conversations between a Board member and any other person, the attendance of the majority of the Board at a conference, community meeting, notices meeting of another legislative body or board, or social or ceremonial occasion, provided the Board members do not discuss among themselves any matter within the jurisdiction of the Board. (Sec. 54952.2)  
(Revised 01/21/16)

2. **Open Public Meetings** - All meetings of the Board of Pension Commissioner shall be open and public, except those that meet specified requirements. Members of the Board may use teleconferencing in connection with any meeting or proceeding authorized by law<sup>1</sup>. Open meeting requirements apply<sup>2</sup>. All votes taken during a teleconferencing meeting shall be by roll call. (Sec. 54952, 54952.2, 54953)  
(Revised 01/21/16)

3. **Time and Place** - The Board shall provide by its rules for the time and place of regular meetings. Meetings must be in the closest facility except under following circumstances:
  - a. inspection of real property;
  - b. administrative or judicial proceedings to which the Board is party;
  - c. meetings to discuss legislative, regulatory or items of multiagency significance;
  - d. interview of potential employees;
  - e. meetings relocated due to natural disaster or other emergency. (Sec. 54954)

4. **Agendas** - Must be posted in a location accessible to the public 72 hours before regular meetings. Such agendas shall contain a brief description of each item of business. No action or discussion can be undertaken on any item not appearing on the posted agenda, except Board members and staff may respond to statements made or questions posed by persons exercising their public testimony rights. A member of the Board or staff may ask a question for clarification, make a brief announcement or report or may provide a reference to staff or other resources for

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<sup>1</sup> A quorum of the members shall participate from locations within the boundaries over which the Board exercises jurisdiction.

<sup>2</sup> Agendas must be posted at each teleconference location, the teleconference location must be identified in the agenda of the meeting and shall be accessible to the public.

## Defined Terms

factual information, or take action to direct staff to place a matter of business on a future agenda. (Sec. 54954, 54954.2)

5. **Emergencies** - The Board may take action on items not appearing on the posted agenda upon a determination of the majority of the Board that an emergency exists. An emergency is defined as a crippling disaster, work stoppage or other activity which severely impairs public health, safety or both. (Sec. 54954.2, 54956.5)
6. **Public Comment** - Every agenda must provide members of the public with the opportunity to address the Board on any item within the Board's jurisdiction, and the Board Chair must also provide the public with the opportunity to address the Board on a specific agenda item before or during Board consideration of the item. The Board may adopt reasonable rules limiting the time allotted for public comment and for each individual speaker. (Sec. 54954.3) (Revised 11/21/19)
7. **Registration of Attendance** - No member of the public shall be required to identify him or herself by name as a condition of attendance at such public meeting. Any attendance list shall state that the signing of the document is voluntary. (Sec. 54943.3)
8. **Recording of Proceedings** - Any person attending Board meetings shall have the right to record the proceedings on an audio or video tape recorder, or still or motion picture camera unless there is a reasonable finding that such action would constitute a persistent disruption of the proceedings. Any tape made at the direction of the Board is subject to public inspection under the California Public Records Act but may be erased or destroyed 30 days from the date of recording. (Sec. 54953.5)
9. **Meeting Disruptions** - The Board may have removed from a meeting any individuals who are willfully interrupting the meeting. In the event order cannot be restored by removing such individuals, the Board's presiding officer may order the meeting room cleared. In such instances, the press may remain after the meeting room is cleared if they are not parties to the disturbance. Individuals not responsible for the disturbance may also be readmitted by the Board's presiding officer. The Board's actions on these matters must also comply with any applicable protections afforded to the individuals press or by the First Amendment to the United States Constitution, and other applicable laws. (Sec. 54957.9) (Revised 01/21/16, 11/21/19)
10. **Special Meeting** - May be called at any time by the presiding officer or by a majority of the Board, by delivering written notice to each Board member and posting such notice 24 hours before the time of the meeting. The notice must identify the time and place of the meeting and the business to be conducted. No other business may be conducted. (Sec. 54956)
11. **Closed Sessions** - Notwithstanding the above, closed sessions may be held by the Board to consider certain types of issues, examples of which include:
  - a. conference with real property negotiator (Sec. 54956.8)
  - b. consideration of any specific, particular investment decision for the Fund (including private equity and real property funds) (Sec. 54956.81)
  - c. conference with legal counsel on anticipated or existing litigation; (Sec. 54956.9) (Revised 01/21/16)
  - d. personnel matters such as appointments, evaluations, discipline and confidential medical information

## Defined Terms

Closed sessions must be identified and described on an agenda. Prior to holding a closed session, the item to be discussed may be required to be disclosed in an open meeting. The Ralph M. Brown Act requires a public report of final actions taken in closed session including the vote or abstention on that action of each member present. Some closed sessions items require a roll call vote.

- The timing of this report will be contingent on the final disposition of the matter and its resolution.
- The vote of every member present must be disclosed. The Board has discretion on how this is reported (if the vote was not unanimous) and can be made in terms of the majority or minority votes cast.

Minutes may be kept but are not available for public inspection. (Sec. 54954.5, 54957.1, 54957.7) (Revised 11/21/19)

12. **Penalties for Violation** - Any Board member who attends a meeting where action is taken in violation of the Ralph M. Brown Act and where the member intends to deprive the public of information to which the member knows or has reason to know the public is entitled, is guilty of a misdemeanor. Persons elected to serve on a Board who have not yet taken office are subject to the conduct requirement of the Act. (Sec. 54959, 54952.1)

## Los Angeles Fire & Police Pension System

### 2.0 - GOVERNANCE PRINCIPLES

- 2.1 In governing the System, the Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty and care. Consistent with their fiduciary duties, Board members must strive to meet the highest standards of ethical conduct.
- 2.2 The Board has ultimate responsibility for the prudent and effective administration of the System; its authority is vested in the entire Board rather than in individual board members or any committee.
- 2.3 All decisions of the Board should be well supported, and documented as appropriate. Furthermore, they should be arrived at through sound, clear processes.
- 2.4 The Board is most effective when it focuses on setting policy and providing oversight, rather than on operational details, which are better carried out by staff.
- 2.5 The Board is committed to continually ensuring clear and distinct roles for the Board and staff, as this is necessary for effective decision-making and oversight.
- 2.6 Effective, ongoing Board education and orientation is crucial to the Board's success and requires a strong commitment by *both* the Board and individual Board members.
- 2.7 Accountability must be accompanied by the requisite authority and resources.
- 2.8 The Board is responsible for administering the System for three fundamental purposes:
  - A. To provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
  - B. To minimize City contributions; and
  - C. To defray the reasonable expenses of administering the System.

The duty to system participants and their beneficiaries shall take precedence over any other duty. [Section 1106(a)]

- 2.9 Our Vision is to be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education. (Added 06/04/15)

Our Mission is to advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles. (Amended 06/04/15)

## **Governance Principles**

- 2.10 Effective monitoring by the Board requires a sharp focus on determining whether decisions have resulted in the creation of value for members and the City of Los Angeles.
- 2.11 All staff of the System is accountable to the General Manager who is, in turn, accountable to the Board.

### **HISTORY**

- 2.12 These principles were adopted by the Board on June 8, 2006; Amended on 03/19/09, 06/04/15; and 11/03/16.

### **REVIEW**

- 2.13 The Board shall review these Duties and Responsibilities at least every three (3) years.
- 2.14 The Board shall next review these Governance Principles by November 2022.



## Los Angeles Fire & Police Pension System

### 3.0 - DUTIES AND RESPONSIBILITIES-BOARD OF COMMISSIONERS

#### INTRODUCTION

- 3.1 To ensure clear accountability and authority within the System, the Board has established governance policies called Duties and Responsibilities describing the duties and responsibilities of the key decision-making bodies involved in the governance and management of the System.
- 3.2 The Board's principal role is to ensure that the System is appropriately governed and managed for the following purposes:
- A. To provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
  - B. To minimize City contributions; and
  - C. To defray the reasonable expenses of administering the System.

The duty to system participants and their beneficiaries shall take precedence over any other duty. [Section 1106(a)]

- 3.3 The Board shall discharge its duties with respect to the System with the care, skill, prudence, and diligence under the 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. [Section 1106(c)]
- 3.4 The Board shall have the authority to adopt any rules, regulations, or forms it deems necessary to carry out its administration of the System and the assets under its control. [Section 1106 (f)]

#### DUTIES AND RESPONSIBILITIES

##### *Governance*

- 3.5 The Board will:
- A. Approve, and amend as necessary, policies to ensure appropriate governance practices;
  - B. Approve the Duties and Responsibilities of the Board, the officers of the Board, and the General Manager, and amend their policies as necessary or advisable;
  - C. Review, develop and approve new governance policies as may be necessary, and review existing governance policies in accordance with the schedule for review established within each policy;
  - D. Coordinate the annual performance evaluation of the General Manager, as set out in the General Manager Performance Evaluation Policy;

## **Duties and Responsibilities-Board of Commissioners**

- E. Coordinate the annual performance evaluation of the City Attorney's Office, Public Pensions General Counsel Division, as set out in the City Attorney Performance Evaluation Policy; (Added 11/21/19)
- F. Coordinate the annual Board performance and educational needs assessment, as set out in the Board Member Self-Assessment Policy; (Amended 12/05/13)
- G. Monitor and report on compliance with the governance policies of the Board;
- H. Elect a President and Vice-President at the last regular meeting in July of each year; and
- I. Provide for the election of employee and retired Board members in accordance with the City Charter, Administrative Code, and Board rules.

### ***Investments***

***(Specific Board Investment Policies are contained in Section III of this manual)***

- 3.6 The Board has exclusive control of the investments of the System. The assets of the System are trust funds and, as such, the Board will manage the assets in a manner consistent with its fiduciary duties as described in paragraph 3.3 above.
- 3.7 The Board shall conduct an asset allocation study every three to five years.
- 3.8 Consistent with the City Charter [Section 1106 (d)1], the Board will:
  - A. Adopt a Statement of Investment Objectives and Policies which shall include at least:
    - i. The desired rate of return and acceptable levels of risk for each asset class;
    - ii. Asset allocation goals;
    - iii. Guidelines for the delegation of authority; and
    - iv. Information on the types of reports to be used to evaluate investment performance.
  - B. Annually review and reaffirm or amend the Statement of Investment Objectives and Policies; and
  - C. After each review, include the Statement in the Annual Report and forward to the Mayor and Council for information purposes. (Revised 09/06/18)
- 3.9 The Board will review all other investment policies deemed necessary to properly manage the Fund, including policies on alternative investments and real estate.
- 3.10 The Board will approve the broad investment strategies for achieving the investment objectives of the Fund.

### ***Benefits Administration***

- 3.11 The Board will:
  - A. Approve policies necessary to ensure effective administration of member benefits;
  - B. Approve all members who apply and qualify for service retirement;

## Duties and Responsibilities-Board of Commissioners

- C. Determine the merits of applications for disability benefits, making necessary determinations with respect to disability, service connection and permanency of injury;
- D. Provide for and act on member appeals of decisions made by the System's staff;
- E. Be responsible for reviewing matters pertaining to benefit design and the determination of benefits. Issues the Board may consider include, but are not limited to:
  - i. Health subsidy program;
  - ii. The disability application procedures;
  - iii. Changes in pension plan benefit design, including those requiring amendments to the City Charter or Administration Code;
  - iv. Policy on Payment of Actuary Studies with Plan Assets, per Operating Policies and Procedures/Section 7.0; and
  - v. Audits of the Board-approved medical and dental plans that are administered by the Los Angeles Police Relief Association, Los Angeles Firemen's Relief Association, Los Angeles Police Protective League and United Firefighters of Los Angeles City
- F. Review benefit provisions that the Board or staff determines are unclear and require clarification by the Board or the City; and
- G. Regularly review the continued appropriateness of benefit related policies and review compliance with such policies.

### **Operations**

- 3.12 The Board will approve a strategic plan and any updates thereto, in accordance with the Strategic and Business Plan Policy;
- 3.13 In accordance with the City Charter, the Board will:
  - A. Provide suitable quarters, equipment and supplies for the System;[Section 511 (a)]
  - B. Adopt a budget each year setting forth the administration expenses for each Tier of the System; [Section 1210(a)] and
  - C. Annually prepare and transmit to the Mayor, Council, and Controller a budget setting forth the estimated cost of maintaining the System, and containing the items specified in the City Charter, Section 1210 (b). Any resolution subsequently adopted making appropriation from the Unappropriated Balance shall promptly be filed with the Mayor and Controller. [Section 511(b)] (Revised 09/06/18)
- 3.14 The Board will ensure:
  - A. That all required contributions to the Fund are collected in a timely manner;
  - B. That all required distributions from the Fund are made in a timely manner; and
  - C. Appropriate operational control policies are in place to provide efficient and accurate delivery of member services.

***Financial, Actuarial and Accounting***

3.15 The Board will fulfill its fiduciary oversight responsibilities in connection with financial reporting, internal control, actuary and audit functions of the System by ensuring that appropriate accounting, actuarial, and internal financial control policies and reporting systems are established. Regarding Sections 3.15.A through 3.15.G, the Board will:

A. Financial Statements and Audits

- i. Ensure a financial audit is conducted at least annually, overseeing the audit process, the search process, and appointing the external financial statements auditor, with periodic review of their performance;
- ii. Review and approve the scope and general approach of the annual financial audit;
- iii. Review and approve the audited annual financial statements, accompanying management letters, and reports; considering whether they are complete, consistent with information known to Board members, and reflect appropriate accounting principles; and
- iv. Review the findings and recommendations of the external financial statements auditor with management and the Departmental Audit Manager.

B. Internal Audit

- i. Approve the internal audit charter (see APPENDIX 2), the risk-based internal audit plan, and updates thereto;
- ii. Review the manner in which, and the extent to which, external audit resources will be used to support internal resources in carrying out the internal audit plan;
- iii. Review all internal audits and recommendations, and management's responses thereto;
- iv. Review with management and the Departmental Audit Manager the duties of the Internal Audit Section, as well as the objectives, activities, staffing, budget, qualifications, organizational structure, and performance of the Internal Audit Section;
- v. Review any reassignment or termination of the Departmental Audit Manager by the General Manager; and
- vi. Review any other significant personnel issues or problems concerning the Departmental Audit Manager that the General Manager may raise; the Board expects the General Manager to keep it apprised of such issues or problems as they develop.

C. Internal Controls

- i. Periodically review compliance with policies and laws pertaining to conflicts of interest and ethics, and compliance with provisions of the City Charter and Administrative Code;
- ii. Review the findings and recommendations of the City's management audit with management and the Departmental Audit Manager; and

## **Duties and Responsibilities-Board of Commissioners**

- iii. Review and approve the department's response to the City's management audit with management and the Departmental Audit Manager.
- D. Actuarial Valuations and Audits
  - i. Approve an actuarial valuation and related assumptions each year, and ensure that an experience study is conducted at least every three (3) years; and
  - ii. Ensure an actuarial audit or equivalent is conducted at least every 5-7 years.<sup>1</sup>
- E. Engagement of Service Providers
  - i. Oversee the search process for other auditors or advisors undertaking audit-related activities for the System.
- F. Independence
  - i. Work to assure and maintain the independence of all internal and external audits by:
    - 1. Reviewing the independence of the external financial statements auditor and any other audit firm that may be retained by the System;
    - 2. Ensuring that internal and external auditors have access to all documents, information, and systems in the organization necessary to carry out their duties or mandates; and
    - 3. Ensuring there are no unjustified restrictions or limitations placed on the Departmental Audit Manager.
- G. Special Investigations and Whistleblower Mechanisms
  - i. Oversee special investigations and ensuring there is an appropriate mechanism for any individual to provide, in a confidential manner, information concerning potential fraudulent financial reporting or breaches of internal control to the Board or other appropriate party.

### ***Human Resources***

3.16 In accordance with the City Charter, the Board will:

- A. Create the necessary positions in the System; [Section 511 (a)]
- B. Authorize the necessary deputies, assistants and employees and fix their duties and may require bonds of any or all of the employees for the faithful performance of their duties; [Section 511 (a)]
- C. Appoint the General Manager, subject to confirmation by the Mayor and Council and remove the General Manager subject to confirmation by the Mayor; [Section 1108 (b)] and

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<sup>1</sup> Unless the System has recently appointed, or is about to appoint, a new actuary at or about the time an actuarial audit is scheduled to be performed.

## **Duties and Responsibilities-Board of Commissioners**

- D. Annually review the performance of the General Manager, set or adjust the compensation of the General Manager within guidelines established by Council, and forward a copy of its evaluation and salary determination to the Mayor and Council. [Section 1108 (c)]
- 3.17 In addition, the Board will:
- A. Approve any human resource and compensation policies that may be necessary; and
  - B. Ensure that appropriate succession plans are in place to provide continuity among the System's staff.

### ***Legal & Legislative Affairs***

- 3.18 Staff will evaluate proposed legislation and in consultation with the Board will provide input to the City. The City Council in turn will establish an official City position on such legislation. Pending legislation that is determined by staff to have a significant impact on the System will be brought to the attention of the Board. [Section 254]
- 3.19 The Board will approve actions concerning lawsuits that may involve the System.
- 3.20 Only the Board can authorize legal opinions and retain all attorney-client privileges, as to all legal opinions, as specified in Section 16.0 of this policy.
- 3.21 Section 271(b) of the City Charter authorizes any Board member to request an opinion from the City Attorney. The Board, not the individual Board member, shall retain the attorney-client privileges of any resulting legal opinion, as specified in Section 16.0 of this policy.

### ***Communications***

- 3.22 The Board will:
- A. Ensure that an Annual Report is posted on the Departmental website and distributed to interested parties;
  - B. Ensure the timely electronic availability of the Annual Member Statement to all members;
  - C. Ensure that stakeholder communications take place, as appropriate; and
  - D. Include agendas, Board reports including appropriate consultant and investment advisor reports, and Board policies on the Departmental website.

### ***Service Provider Appointments***

- 3.23 The Board will approve the appointment and termination of the following service providers, having considered the recommendations of staff and/or advisors where appropriate:
- A. Actuarial firms
  - B. Financial auditors
  - C. Investment consultants
  - D. Performance evaluation firms

## Duties and Responsibilities-Board of Commissioners

- E. Custodian bank
- F. Investment managers and partners (traditional and alternative investments)
- G. Benefits consultants and other service providers as may be determined by the Board

### ***Monitoring and Reporting***

- 3.24 The Board will ensure that appropriate monitoring and reporting practices are established within the System. As part of this task, the Board will establish a Monitoring and Reporting Policy that sets out the routine reporting requirements of the Board.
- 3.25 At least annually, the Board shall retain an outside performance evaluation firm (e.g., investment consultant) to calculate the returns on the Fund's investments. [Section 1106 (d) 2]
- 3.26 The Board will regularly:
- A. Monitor compliance with Board policies;
  - B. Review the performance of the Board;
  - C. Review the General Manager's job performance;
  - D. Review the job performance of the City Attorney's Office, Public Pensions General Counsel Division; (Added 11/21/19)
  - E. Review the funded status of the System;
  - F. Review progress on the implementation of the System's strategic plan;
  - G. Review the implementation of the System's internal financial and operating controls;
  - H. Review the investment performance of the Fund and the performance of the investment managers of the Fund, including but not limited to the value added or lost as the result of active management;
  - I. Review the levels of service quality provided to members;
  - J. Review the appropriateness of the actuarial assumptions, methods, and related matters;
  - K. Review the accuracy of the actuarial valuation process, through an actuarial audit;<sup>2</sup> and
  - L. Monitor compliance with the Administrative Budget.
- 3.27 The Board will review Board policies at a frequency to be set out in each policy.
- 3.28 The Board will provide for appropriate monitoring of compliance with applicable laws and regulations (e.g. IRC, GASB, City Charter, etc.).

### Attachments:

APPENDIX 1 – SUMMARY OF DELEGATIONS TO THE GENERAL MANAGER  
APPENDIX 2 – INTERNAL AUDIT CHARTER

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<sup>2</sup> Unless the System has recently appointed, or is about to appoint, a new actuary at or about the time an actuarial audit is scheduled to be performed.

## **Duties and Responsibilities-Board of Commissioners**

### **HISTORY**

- 3.29 These Duties and Responsibilities were adopted by the Board on June 8, 2006; Revised 10/21/10, 03/01/12, 04/03/14, 10/20/16, 07/19/18, 09/06/18 and 11/21/19.
- 3.30 Summary of Delegations to the General Manager added February 21, 2008; Revised 10/21/10, 11/03/16 and 09/06/18.
- 3.31 Internal Audit Charter added 07/19/18.

### **REVIEW**

- 3.32 The Board shall review these Duties and Responsibilities at least every three (3) years.
- 3.33 The Board shall next review these Duties and Responsibilities by November 2022.



**Duties and Responsibilities-Board of Commissioners**

**APPENDIX 1 – SUMMARY OF DELEGATIONS TO THE GENERAL MANAGER**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>I. GOVERNANCE POLICIES</b>			
<b>1.0 – APPENDIX 1 – CHARTER PROVISIONS</b>			
Gov. Policies Sec. 1  Appendix 1	Control of Pension and Retirement Funds  Sec. 1110(b) Control of Special Funds.	The board of each pension and retirement system shall have control over their respective funds. Transfers or expenditures shall be drawn upon funds only upon demands signed by the chief accounting employee of the board. All payments from the funds shall be made upon demands prepared and approved in accordance with the provisions of the Charter.	Chief Accounting Employee
<b>7.0 – DUTIES AND RESPONSIBILITIES – PRESIDENT</b>			
Gov. Policies Sec. 7.2 D	Duties and Responsibilities	D. The President and the General Manager will confer to determine who shall act as spokesperson for the System should the need arise, with the President having the authority to make the final determination. The General Manager however may exercise discretion to communicate on routine matters without consulting the President (e.g. requests by the media for simple factual information);	GM
<b>9.0 – DUTIES AND RESPONSIBILITIES – GENERAL MANAGER</b>			
Gov. Policies Sec. 9.1 B	Introduction	Consistent with the City Charter, the General Manager will: B. Administer the affairs of the Department as its Chief Administrative Officer. [Section 509(a)]	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.2	Introduction	The General Manager is the executive ultimately responsible to the Board for the entire operations of the System and is therefore expected to provide executive leadership for the System in implementing the programs necessary to achieve its mission, goals and objectives. It is understood, however, that the General Manager may not necessarily administer the operations directly, but will ensure proper delegation of duties to staff in a manner that maximizes the efficiency and effectiveness of the System;	GM
Gov. Policies Sec. 9.3	Introduction	The General Manager will support the Board and all committees in establishing policies by identifying and analyzing issues requiring Board policy, and providing clear, well-supported policy recommendations for their consideration.	GM
Gov. Policies Sec. 9.4	Introduction	The General Manager will designate key staff members who will provide administrative support to the Board in the areas of Governance, Benefits Administration and Audit Oversight Responsibilities.	GM
Gov. Policies Sec. 9.5	Introduction	The General Manager will be responsible for ensuring that all rules, regulations and policies of the Board are properly implemented, with the exception of the General Manager Performance Evaluation Policy and policies governing the conduct of the Board, which are the responsibility of the Board itself.	GM
Gov. Policies Sec. 9.6	Governance	The General Manager will assist the Board in carrying out its governance role by A. Recommending policies to ensure appropriate governance practices; B. Coordinating fiduciary education; C. Coordinating Board member travel arrangements, which may include purchasing air travel via TravelStore. (Amended 10/02/14)	GM/Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.7	Governance	The General Manager will serve as the Secretary to the Board in accordance with the City Charter. [Section 504(a)]	GM
Gov. Policies Sec. 9.8	Governance	The General Manager and President will confer to determine who shall act as spokesperson for the System should the need arise, with the President having the authority to make the final determination. The General Manager however may exercise discretion to communicate on routine matters without consulting the President (e.g. requests by the media for simple factual information).	GM
Gov. Policies Sec. 9.10	Governance	The General Manager may nominate a candidate for the Distinguished Service Medal and must vote to award the Medal as stipulated in Section 19.0 of this Policy. (Amended 10/02/14)	GM
Gov. Policies Sec. 9.11 A	Investments	The General Manager will carry out all investment functions of the System including, but not limited to: A. In consultation with the Chief Investment Officer and System consultants, recommending investment policies and strategies to the Board;	GM
Gov. Policies Sec. 9.11 B	Investments	B. Managing investment staff and external service providers in the implementation of all policies and strategies;	GM/Staff
Gov. Policies Sec. 9.11 C	Investments	C. Performing investment due diligence and monitoring;	GM/CIO
Gov. Policies Sec. 9.11 D	Investments	D. Providing information to allow the Board to make a decision in regard to hiring, renewing or terminating contracts for the general consultant, real estate consultant, alternative investments manager and investment managers and other advisors;	GM/CIO
Gov. Policies Sec. 9.11 E	Investments	E. Rebalancing the portfolio as required.	GM/CIO

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.12 A	Benefit Admin. & Operations	In accordance with the City Charter, the General Manager will: A. Recommend to the Board prior to the beginning of each fiscal year an annual departmental budget covering the anticipated revenues and expenditures of the System, conforming so far as practical to the forms and dates provided in City Charter, Article III in relation to the general City budget. [Section 509 (e)]	GM
Gov. Policies Sec. 9.12 B	Benefit Admin. & Operations	B. As authorized by the Board (06/21/18), modify the departmental administrative expense budget appropriations through intra-departmental fund transfers, commensurate with the transfer limit adjusted annually and released by the City Administrative Officer. [Section 343 (b)(c)] (Added 09/06/18)	GM
Gov. Policies Sec. 9.12 C	Benefit Admin. & Operations	C. Expend the funds of the System in accordance with the provisions of the budget appropriation or of appropriations made after adoption of the budget. [Section 509 (d)]	GM
Gov. Policies Sec. 9.12 D	Benefit Admin. & Operations	D. Certify all expenditures of the System to the Chief Accounting Employee. [Section 509 (f)]	GM
Gov. Policies Sec. 9.12 E	Benefit Admin. & Operations	E. File with the Board and the Mayor a written report on the work of the System on a regular basis and as requested by the Mayor or the Board. [Section 509 (g)]	GM
Gov. Policies Sec. 9.13 A	Benefit Admin. & Operations	The General Manager will direct and oversee senior staff in the performance of all administrative and operational activities of the System including, but not limited to: A. In consultation with System consultants, where appropriate, developing and recommending to the Board all policies necessary to ensure effective administration of member benefits;	GM
Gov. Policies Sec. 9.13 B	Benefit Admin. & Operations	B. Managing administrative staff involved in the delivery of service to plan members and in the operations of the System;	GM/Senior Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.13 C	Benefit Admin. & Operations	C. Overseeing actuarial valuations and audits;	GM/Senior Staff
Gov. Policies Sec. 9.13 D	Benefit Administration and Operations	D. In consultation with Board and System consultants, developing and recommending to the Board the annual Business Plan and triennial Strategic Plan; (Amended 10/02/14)	GM/Senior Staff
Gov. Policies Sec. 9.13 E	Benefit Admin. & Operations	E. Authorizing payments and, in conjunction with the President and City Attorney executing agreements related to the administration of System and the appointment of all service providers, consistent with the Departmental Budget and internal controls of the System;	GM/Senior Staff
Gov. Policies Sec. 9.13 F	Benefit Admin. & Operations	F. Ensuring effective and timely communications with members and stakeholders on matters relating to the administration of System; and	GM/Senior Staff
Gov. Policies Sec. 9.13 G	Benefit Admin. & Operations	G. Coordinating and approving staff travel for education and due diligence purposes, subject to the travel resolution that forms part of the annual budget. The General Manager is authorized to approve travel expenditures by staff of up to \$4,500 per trip. (Travel Resolution)	GM/Senior Staff
Gov. Policies Sec. 9.14 A	Financial and Accounting	The General Manager will: A. Oversee the preparation of the annual financial statements of the System;	GM/Senior Staff
Gov. Policies Sec. 9.14 B	Financial and Accounting	B. Coordinate the annual financial audit and ensure appropriate responses to any management letters or issues arising out of such audits;	GM/Senior Staff
Gov. Policies Sec. 9.14 C	Financial and Accounting	C. Ensure necessary internal audits of the operations are performed as required; and	GM/IA
Gov. Policies Sec. 9.14 D	Financial and Accounting	D. Ensure all necessary internal controls are in place to protect the assets of the System and ensure all policies and procedures are followed.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.15 A	Human Resources	In accordance with the City Charter, the General Manager will: A. Appoint, discharge, suspend, or transfer the employees of the System, other than the Secretary of the Board and the Chief Accounting Employee, all subject to the civil service provisions of the Charter [Section 509 (b)]. Consistent with this language and in accordance with past practice, the General Manager will conduct the selection process for the Chief Accounting Employee and present the successful candidate to the Board for approval and appointment; and (Revised 09/06/18)	GM
Gov. Policies Sec. 9.15 B	Human Resources	B. Issue instructions to employees, in the line of their duties, all subject to the civil service provisions of the Charter. [Section 509 (c)].	GM
Gov. Policies Sec. 9.16	Human Resources	The General Manager will ensure ongoing assessment of the human resource needs of the System and the development of appropriate human resource programs and procedures, as necessary, including an employee education program.	GM
Gov. Policies Sec. 9.17 A	Legislation and Litigation	The General Manager will carry out the following duties with the assistance of legal counsel: A. Monitor trends regarding legislation that may have a significant impact on the System;	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 9.17 B	Legislation and Litigation	B. Evaluate proposed legislation and in consultation and concurrence with the Board President and Vice President determine that the legislation 1) does not materially impact member benefits, System administration, nor defined benefit plan design; and, 2) if there is a need to provide input to the City before the next regularly scheduled Board Meeting. If both criteria are met, and upon approval of both the Board President and Vice President, the General Manager may communicate directly to the City Council through the Chief Legislative Analyst. If both criteria are not met, then the General Manager will report to the Board with a recommendation(s). The City Council in turn will establish an official City position on such legislation. All pending legislation that is determined by staff to have a significant impact on the System will be brought to the attention of the Board; (Amended 07/18/13)	GM
Gov. Policies Sec. 9.17 C	Legislation and Litigation	C. Coordinate, with the City Attorney, all legal proceedings involving the System; [Section 272] and	GM
Gov. Policies Sec. 9.17 D	Legislation and Litigation	D. Provide recommendations to the Board concerning settlements or other client decisions in legal actions involving the System. [Section 272 (c)]	GM
Gov. Policies Sec. 9.18 A	Service Providers	The General Manager will: A. Cause all necessary due diligence to be undertaken in the appointment of service providers and provide information to allow the Board to make a decision in regard to hiring, renewing or terminating contracts for the general consultant, real estate consultant, alternative investments manager and investment managers and other advisors, and ensure sound recommendations are provided to the Board in connection with the appointment or termination of service providers for which the Board has retained appointing authority.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Admin. Code & Gov. Policies Sec. 9.18 B	Service Providers	B. Appoint those service providers in accordance with Administrative Code Section 10.1.1 which provides authority for the General Manager to approve service agreements for up to \$20,000 for not more than a one-year period.	GM
Gov. Policies Sec. 9.18 C	Service Providers	C. Regularly monitor the performance of all service providers and report regularly to the Board on all such monitoring efforts.	GM
Gov. Policies Sec. 9.19	Monitoring and Reporting	The General Manager will ensure that monitoring and control mechanisms are in place to ensure that policies and procedures are properly implemented and that the operations of the System are effective.	GM
Gov. Policies Sec. 9.20	Monitoring and Reporting	The General Manager will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the General Manager will apprise the Board in a timely manner of all significant issues, problems, or developments pertaining to the System, and provide recommended courses of action as appropriate.	GM
Gov. Policies Sec. 9.21	Other	In accordance with the Charter, the General Manager will exercise any further powers in the administration of the System as may be conferred upon him or her by the Board. [Section 509 (h)]	GM
<b>10.0 – BOARD EDUCATION POLICY</b>			
Gov. Policies Sec. 10.5	New Board Member Orientation	Staff will be responsible for designing and making available to each new Board member a formal Board orientation program, using consultants where appropriate.	Staff



**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 10.7	New Board Member Orientation	In covering the above concepts with new Board members, it is expected that staff will schedule in-house orientation sessions. The scheduling and duration of such sessions should be determined with input from the Board member(s) in question. As a general guide, it is expected that, in total, the orientation sessions will require at least two days to complete.	Staff
Gov. Policies Sec. 10.8	New Board Member Orientation	As part of the orientation process, Board members will also be provided, either a hard copy or electronic copy: A. A user friendly Board Reference Manual, the contents of which are to be determined by staff (See Appendix 1 for sample contents). B. A listing of recommended conferences to be attended during a Board member's first year on the Board. C. Suggested reading material of an educational nature. D. Other relevant information and documentation deemed appropriate by staff.	Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 10.9	In-house Education and Training	<p>A. Staff will schedule education sessions during Board meetings so as to coincide with key policy decisions on the Board's agenda. To ensure that the Board is able to make such policy decisions in an informed manner, the education sessions will occur at least one meeting prior to the meeting at which the policy decision is to be made. For example, if the Board is scheduled to make a decision to invest in a new asset class, staff should schedule one or more education sessions on the asset class in question at least one meeting prior to the meeting at which the Board is to make its decision. These sessions may include a panel of consultants as appropriate for the asset class to ensure that the Board receives a balanced presentation.</p> <p>B. Through the annual Board member Self-Assessment Policy (Governance Policy, Section 11.0) the results can be used by staff in planning the Annual Board Educational Meeting. (Amended 08/20/15)</p> <p>C. In addition to the above, staff will coordinate special education sessions throughout the year on other topics of general interest and importance to the Board, and that will enhance the Board's ability to govern the System. It is expected that a minimum of one special education session will be organized each year. When possible, effort should be made to coordinate educational training sessions with other systems or CALAPRS.</p> <p>D. Given the changing needs and time availability of Board members, staff is expected to consult with the Board when scheduling in-house education sessions so as to maximize the likelihood of full attendance. Notwithstanding this, it is the responsibility of each Board member to make all reasonable efforts to attend all in-house education sessions.</p>	Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 10.12	Conferences	Staff is responsible for identifying high quality conferences and bringing them to the attention of the Board. Individual Board members are also encouraged to bring quality conferences to the attention of the Board.	Staff
Gov. Policies Sec. 10.15	Reporting and Monitoring	An annual report summarizing the various educational activities, including travel, undertaken by the Board will be prepared by the General Manager and provided to the Board.	GM
<b>11.0 – BOARD MEMBER SELF-ASSESSMENT POLICY</b>			
Gov. Policies Sec. 11.8	Assessment Process	The General Manager shall be responsible for ensuring that all Board members receive an electronic link (via e-mail) to the online Survey in April of each year. Each Board member shall complete and submit (electronically) the Survey within a time frame to be stipulated by the General Manager.	GM
Gov. Policies Sec. 11.9	Assessment Process	The Board and staff shall treat the Survey results as confidential. The General Manager will ensure that the completed surveys are then used to determine educational needs for the following fiscal year and annual offsite meeting, as appropriate.	GM/Staff
<b>12.0 – GENERAL MANAGER PERFORMANCE EVALUATION POLICY</b>			
Gov. Policies Sec. 12.9	Evaluation Process	The General Manager will meet with the Board in the fourth quarter of each fiscal year (April – June) to discuss and establish: A. The proposed evaluation criteria for the General Manager for the next year and their relative weights; and B. Any proposed evaluation forms or surveys, or other measurement tools to be used in evaluating the General Manager for the year in question.	GM
Gov. Policies Sec. 12.10	Evaluation Process	The General Manager shall ensure that the Board is provided a final status report of the business plan projects for the evaluation	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
		period at a Board meeting in July. (Amended 04/16/15; 06/20/19)	
Gov. Policies Sec. 12.12	Evaluation Process	The General Manager at his or her discretion may also provide the Board with a self-assessment of the extent to which the General Manager believes the performance criteria were met.	GM
<b>13.0 – MONITORING AND REPORTING POLICY</b>			
Gov. Policies Sec. 13.0  Appendix 1	Routine Reports  1 - Monthly Report	Presented by the General Manager. Addresses a range of issues including, but not limited to: <ul style="list-style-type: none"> <li>- Summary of Investment Performance</li> <li>- Asset Allocation</li> <li>- Marketing Cessation Listing</li> <li>- Pension and Administrative Operations Division Activities</li> <li>- Budget Compliance</li> <li>- Contracts including Searches, Expirations, And Renewals</li> <li>- Ad hoc Committee Assignments (as appropriate)</li> <li>- Status Report of Board Assignments to Staff and the City Attorney</li> </ul> (Amended 10/02/14)	GM/Chief Accounting Employee/Auditor/City Attorney/ Department al Audit Manager

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 13.0  Appendix 1	Routine Reports  2 - 15: Investment & Funding Reports	2. Investment Performance 3. Investment Manager Compliance Exception Report 4. Report on Investment Costs 5. Proxy Voting 6. Real Estate 7. Private Equity 8. Minority/Women/Disabled Veteran/ LGBTQ Broker Report 9. Due Diligence 10. Market Cessation Listing 11. Portfolio Value & Asset Allocation 12. Actuarial Valuation 13. Asset Allocation Study 14. Actuarial Experience Study 15. Actuarial Audit <b>Please see Section 13.0, Appendix 1 for                      Frequency, Presented by &amp; Description                      and Purpose of Report. (Amended                      10/02/14)</b>	CIO/Real Estate Consultant/ Private Equity Consultant/ GM/Actuary/ Investment Consultant/ Actuarial Auditor
Gov. Policies Sec. 13.0  Appendix 1	Routine Reports  16 - 25: Administration and Operations Reports	16. Strategic Plan 17. Business Plan 18. Business Plan: Status Report 19. External Financial Audit 20. Annual Report 21. Legal Affairs 22. Staff and Board Travel Report 23. Contractor Disclosure Report 24. Annual Audit Plan 25. Management Audit Report <b>Please see Section 13.0, Appendix 1 for                      Frequency, Presented by &amp; Description                      and Purpose of Report. (Amended                      10/02/14)</b>	GM/Chief Accounting Employee/ Auditor/City Attorney/ Department al Audit Manager
Gov. Policies Sec. 13.0  Appendix 1	Routine Reports  26 - 30: Governance Reports	26. General Manager Evaluation 27. Annual Governance Report 28. Board Education Report 29. City Attorney Evaluation 30. Board Self-Assessment <b>Please see Section 13.0, Appendix 1 for                      Frequency, Presented by &amp; Description                      and Purpose of Report. (Amended                      10/02/14)</b>	Third Party or Confidential Staff/GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>14.0 – BOARD OPERATIONS POLICY</b>			
Gov. Policies Sec. 14.8	Agendas, Meeting Materials, and Minutes	The Board President and General Manager have the authority to place items on the agenda. Any Board member may propose items for future Board meetings. Emergency items may be placed on Board meeting agendas in accordance with the Ralph M. Brown Act. <sup>3</sup> (Revised 01/21/16)	GM
Gov. Policies Sec. 14.9	Agendas, Meeting Materials, and Minutes	The General Manager shall prepare the agenda for each Board and committee meeting. The Board President shall approve the agenda in sufficient time to comply with the Ralph M. Brown Act. (Revised 01/21/16)	GM
Gov. Policies Sec. 14.11	Agendas, Meeting Materials, and Minutes	Minutes for each Board meeting shall be prepared, which provide a summary of all business conducted and a disposition of all motions, and shall be presented to the Board for approval. Once approved, the minutes will be signed by the Board President and the General Manager and shall form part of the permanent records of the Board. Board meeting minutes will be posted on <a href="http://www.LAFPP.com">www.LAFPP.com</a> . (Revised 01/21/16)	GM
Gov. Policies Sec. 14.25	Decision-Making Process	The General Manager shall ensure that all matters scheduled to go before the Board or ad hoc committees are thoroughly researched and analyzed by staff or appropriate outside experts; and this shall include any recommendation by an ad hoc committee being put forward for Board consideration or approval.	GM

<sup>3</sup> The Board may take action on items not appearing on the posted agenda upon a determination of the majority of the Board that an emergency exists. An emergency is defined as a crippling disaster, work stoppage or other activity, which severely impairs public health, safety or both. [California Government Code Sections 54954.2, 54956.5]

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 14.26	Decision-Making Process	Prior to any ad hoc committee recommendations being brought forward to the Board, staff shall review the recommendations and prepare any necessary commentary to accompany them for the Board's consideration. In most cases, staff will prepare such commentary and provide it to the Board approximately two weeks after the ad hoc committee meeting.	GM
Gov. Polices Sec. 14.27	Decision-Making Process	Because the Board has elected not to have an investment committee, investment matters involving policy decisions or service provider selection or termination may be considered by the Board at two separate meetings. At the first meeting, investment matters shall be presented to the Board for information purposes only. The Board may take formal action only at the second meeting at which the item is considered. Notwithstanding the above, the President and General Manager may agree to schedule a particular investment matter for board action at the first meeting at which it is to be considered, if they believe it is prudent to do so under the circumstances. Such agreement shall be reflected in the minutes of the Board meeting.	GM
Gov. Polices Sec. 14.28	Attendance and Compensation	The General Manager and the Commission Executive Assistant, or a designee of the General Manager shall attend all Board meetings. No action shall be taken without the General Manager or his/her designee being allowed an opportunity to participate in the discussion.	GM/Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>15.0 – STRATEGIC AND BUSINESS POLICY</b>			
Gov. Policies Sec. 15.7	The Planning Process – Three Year Strategic Plan	Every three years, the General Manager will initiate the strategic planning process by coordinating a Board Strategic Planning workshop to seek input from the Board, Staff, and the Board’s appropriate consultants/advisors to review the System’s strategic direction including but not limited to an evaluation of LAFPP’s: A) Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis); B) Mission; C) Vision Statement; D) Values; and E) Long-term Goals, Goal Objectives and Goal Strategic Initiatives.	GM
Gov. Policies Sec. 15.12	The Planning Process – Annual Business Plan	The General Manager shall seek input from the Board and the Board’s appropriate consultants/advisors on current or new business initiatives for inclusion in the business plan.	GM
Gov. Policies Sec. 15.13	The Planning Process – Annual Business Plan	In conjunction with the proposed budget, the General Manager will annually present a proposed, updated business plan to the Board for review, discussion and approval. The format of the business plan will be at the discretion of the General Manager, but will normally include: A. The mission and vision statement and long-term goals of the System; B. Proposed new business plan projects, along with supporting information and planning parameters, which may include: 1) Reasons for undertaking the project; 2) Timelines for completion; 3) Assignment of responsibilities for implementation; 4) Budget implications; 5) Criteria for assessing the success of the initiative; and 6) Provisions for reporting to the Board. C. Wherever feasible, the use of metrics to consider new projects and evaluate the status of ongoing projects.	Staff



**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Gov. Policies Sec. 15.17	Communications	Staff will provide the Board with a quarterly update on the implementation of the business plan or more frequently if circumstances dictate.	Staff
<b>17.0 – CITY ATTORNEY PERFORMANCE EVALUATION</b>			
Gov. Policies Sec. 17.5	Roles and Responsibilities	Key staff shall also evaluate the performance of the City Attorney and provide their feedback to the Board for consideration. (Amended 06/04/15)	Staff
Gov. Policies Sec. 17.9	Evaluation Criteria	Using a separate evaluation survey, key staff will express their satisfaction with the City Attorney's performance and provide a summary of those findings to the Board to include in any feedback provided to the City Attorney. (Amended 09/19/13)	Staff
Gov. Policies Sec. 17.10	Evaluation Process	In July of each year, the General Manager will distribute an Evaluation Package to each of the Board and to key staff. The Evaluation Package will include: A. A copy of this policy; B. The performance evaluation survey forms to be completed by members of the Board and key staff; C. Any supporting information or data that The General Manager believes may assist the Board in carrying out the Board in carrying out the evaluation. (Amended 09/13/13)	GM/Staff
Gov. Policies Sec. 17.11	Evaluation Process	The Board and staff shall treat the Evaluation Package as confidential. Completed survey forms will be returned to the General Manager within a pre-determined time period. The General Manager will ensure that all completed surveys are tabulated and summarized, segregating the results of the Board from that of staff.	GM/Staff
Gov. Policies Sec. 17.14	Evaluation Process	The Board will authorize the President and General Manager to present the Board evaluation to the City Attorney, in a confidential manner following the meeting.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>18.0 – COMPENSATION OF CITY ATTORNEY LEGAL FEES, BENEFITS, AND EXPENSES</b>			
Gov. Policies Sec. 18.3 D.6	Compensation-Non Salary Expenses	City Attorney staff shall not incur any cost related to LAFPP without first receiving approval in writing from the General Manager.	GM
Gov. Policies Sec. 18.4	Payment	LAFPP shall make payment for direct costs, indirect costs, shared costs, and expenses incurred by the City Attorney only after satisfactory approval by the General Manager of LAFPP of the quarterly invoices submitted by the City Attorney and the annual invoice submitted by LACERS.	GM
<b>19.0 – DISTINGUISHED SERVICE MEDAL</b>			
Gov. Policies Sec. 19.2	Criteria & Responsibilities	A) The Medal may be awarded from time to time by a unanimous vote of the Board President, or the President’s designee, the Vice President and the General Manager. B) Candidates shall be nominated by a Commissioner or General Manager. C) The General Manager shall maintain a plaque on behalf of the Board, in a prominent location, inscribed with the names and date of receipt of prior recipients.	GM
<b>II. BOARD OPERATING POLICIES AND PROCEDURES</b>			
<b>2.0-FISCAL ADMINISTRATION APPENDIX 1-GUIDELINES FOR TRAVEL AND PERSONAL EXPENSES</b>			
Operating Policies & Procedures  Sec. 2.0 Appendix A4	General Guidelines	Approving authority for: <ul style="list-style-type: none"> <li>• the Board Members and the General Manager shall be the Board President;</li> <li>• the Board President shall be the Vice President; and</li> <li>• the staff shall be the General Manager</li> </ul>	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures  Sec. 2.0 Appendix A5	General Guidelines	All Personal Expense Statements (PES) will be reviewed by the Chief Accounting Employee for compliance with the System's travel guidelines before a payment is authorized.	Chief Accounting Employee
Operating Policies & Procedures  Sec. 2.0 Appendix C2a	Personal Vehicle	a. Use of this alternative mode of transportation in lieu of air travel must be pre-approved by the traveler's approving authority, except when the destination is an adjacent county since air travel is generally not the most economical or convenient. Adjacent counties include Orange, Riverside, San Diego, San Bernardino, Ventura, Kern, Santa Barbara, and San Luis Obispo.	GM
Operating Policies & Procedures  Sec. 2.0 Appendix C3d	Ground Transportation	d. Automobile rental is allowable if it is less expensive or more appropriate for the efficient conduct of System business than the use of taxi or bus. Pre-approval by the traveler's approving authority is required. Written justification is needed.	GM
Operating Policies & Procedures  Sec. 2.0 Appendix H1	Other Expenses	1. Other travel expenses are allowable when deemed necessary in the conduct of System business provided such expenses are reviewed and certified by the traveler's approving authority as reasonable, proper, and incurred in pursuit of System business. Otherwise, these expenses become personal expenditures.	GM
<b>3.0 – PENSION PROCESSING</b>			
Operating Policies & Procedures Sec. 3.3	Authority of Board and General Manager	The General Manager shall present to the Board all eligible pension applications. The Board as a ministerial act shall approve all properly qualified service pension and surviving spouse applications. On August 7, 2003 the Board adopted Resolution 04008 delegating authority to the General Manager to perform this function. The General Manager's actions are reported to the Board at the next subsequent Board	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
		meeting. The General Manager shall adopt procedures for the submission, verification and withdrawal of applications and shall determine whether applicants meet the qualifications specified in the Charter and Administrative Code.	
Operating Policies & Procedures Sec. 3.3.1	Authority of Board and General Manager	<p>The Board has delegated authority to the General Manager to adjust the effective date of a Declaration of Domestic Partnership, provided the following criteria are met:</p> <p>A. The Member completes LAFPP's Declaration of Domestic Partnership prior to his/her retirement effective date of DROP entry date; and,</p> <p>B. The Member makes a written request to accept the filing date with the Personnel Department, Employee Benefits Office's (EBO) or the Los Angeles City Employees' Retirement System (LACERS) as the effective date of the Domestic Partnership; and,</p> <p>C. Staff has verified with the EBO or LACERS the following: a) the date that the parties filed an Affidavit of Domestic Partnership with the EBO or LACERS; b) the fact that this partnership has not been terminated subsequent to the filing date.</p> <p>If the General Manager determines that any of the above criteria is not met, then the matter will be referred to the Board along with staff's analysis and recommendation. (Section added 11/15/2012, Amended 10/19/17)</p>	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 3.3.2	Authority of Board and General Manager	In the event a retired member receives benefits from more than one of the City of Los Angeles' defined benefit plans, and their combined benefit exceeds the applicable Internal Revenue Code (IRC) section 415(b) limit, the plans must coordinate when limiting the combined benefit. Pursuant to Administrative Code Section 4.1906(s), the Board has delegated authority to the General Manager to enter into agreements with the Water and Power Employees' Retirement Plan and/or the Los Angeles City Employees' Retirement System and to create the administrative rules necessary to facilitate different manners for reduction of benefits in order to comply with IRC section 415(b). (Section added 03/21/19)	
Operating Policies & Procedures Sec. 3.4 D	Disability Application Process	The General Manager shall be responsible for selecting physicians to examine applicants. Physicians, preferably Board certified in their specialty, shall whenever possible be rotated considering geographical and availability constraints. Refusal by an applicant to be examined will cause suspension of disability application processing and initiate the administrative withdrawal process Section 3.4(C). The General Manager may consider applicant objections to physicians made for good cause to select a different physician. (Amended 01/18/18)	GM
Operating Policies & Procedures Sec. 3.7	Survivor Benefit Applications	Applications for surviving spouse, minor or dependent children or dependent parent benefits when members are deceased while on active duty due to indisputably service connected causes shall be processed automatically by staff for service connected benefits.	Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 3.10	Correction of Erroneous Payments	The Department of Fire and Police Pensions shall recover any payments made in error exceeding \$100, pursuant to the IRS Employee Plans Compliance Resolution System Section 6.06(3), or as a result of failure of a beneficiary to notify the Department of discontinuation of entitlement to benefits (e.g., due to death of a pensioner or surviving spouse; marriage, attainment of Charter/Administrative Code specified age for a minor, or discontinuation of full-time student status of a minor). <b>Partial summary of paragraph 5:</b> "For amounts up to \$20,000, the General Manager shall have the authority to write off the overpayment in whole or in part." (Amended 01/07/16 and 05/07/20)	Staff & GM
Operating Policies & Procedures Sec. 3.11	Pension Payroll Deductions for Organizations	The General Manager or his/her designee shall establish a procedure for approving or denying applications from organizations seeking eligibility to receive voluntary pension deductions. If the organization is approved to receive deductions, the authorized deductions shall be submitted to LAFPP electronically. Payment shall be prepared and issued to such organizations by LAFPP after the close of each respective Pension payment period. All organizations must submit to the General Manager financial records upon request. (Added 04/19/18)	Staff
<b>4.0 – HEARINGS</b>			
Operating Policies & Procedures Sec. 4.5	Assignment of Cases	The General Manager shall designate a limited number of commissioners to preside over disability pension and survivor application hearings as Disability Hearing Officers. These designated commissioners will serve as subject matter experts and be trained in conducting administrative hearings. Disability Hearing Officers will be responsible for ensuring that each disability hearing proceeds fairly, efficiently, and expeditiously	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>5.0 – MEMBER ACCOUNTS</b>			
Operating Policies & Procedures Sec. 5.1	Crediting Interest of	The General Manager shall determine the approximate earned investment income of all funds for each (6) six-month period ending December 31 and June 30, excluding profits and losses from the sale of securities, as follows: Earned Investment Income for the six-month period divided by (1/2 of the beginning asset balance + each of the following five months asset balance + 1/2 of ending asset balance) divided by six months. A recommendation shall be presented to the Board, based upon this calculation. The Board shall adopt an official interest rate that shall be credited to individual member contribution accounts.	GM
Operating Policies & Procedures Sec. 5.2.1	Refunds of Contributions	Upon application by a former member of LAFPP who currently is employed by the City as a member of LACERS or WPERP, the General Manager is authorized to transfer all contributions (including interest) of the former member directly to LACERS or WPERP for purpose of enabling the former member to purchase service credit and other benefits as authorized under the provisions of LACERS or WPERP. In connection with this transfer, the former member shall be required to sign a written waiver of all rights to benefits from LAFPP.	GM
Operating Policies & Procedures Sec. 5.2	Refunds of Contributions	Upon the written request of terminated System members, the General Manager shall process refunds of contributions, plus interest credited as of the last day of each June and December, and additional interest for any period of service between the next preceding last day of June and December and the end of the pay period preceding the date of termination, at the rate at which regular interest was last credited to plan member's individual accounts.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 5.3	Contributions Owed to the System	The General Manager is authorized to collect mandatory regular pension contributions owed to the System that were not collected and voluntary additional pension contributions as defined in Administrative Code Section 4.1167. For amounts less than or equal to a member's biweekly contribution, no notification is required to the member. For amounts greater than a member's biweekly contribution, the member shall be notified of the amount due and provided an opportunity to pay the total amount in a lump sum. If the member does not pay such amount within 30 days of such notification, the General Manager is authorized to initiate deductions from the member's salary in the amount of 2% until the amount due has been collected. This 2% deduction may be reduced upon the member's election to pay interest equivalent to the Board approved assumed actuarial rate in effect when the agreement is made. The payment period, not to exceed ten years, shall be determined in advance by the member, except however, the General Manager may prescribe a minimum payment amount. The entire balance may be paid at any time. If the member applies for a pension prior to completing the agreement, the entire balance of the purchase agreement, including interest accrued to date, becomes due. (Amended 12/06/12)	GM
Operating Policies & Procedures Sec. 5.4	Contributions Collected in Error	The General Manager is authorized to refund mandatory and non-mandatory contributions collected in error.	GM



**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 5.5 B	Purchase of Service Credit	The General Manager may prescribe a minimum payment amount for all contracts. The member's payroll deduction for a contract will be the greater of the minimum amount prescribed by the General Manager or the amount necessary to complete the contract within the allowable time as defined in the previous paragraph. The schedule, which shall be determined by the member in advance, cannot be changed except the member may pay off the balance at any time.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 5.6	Workers' Compensation Award	Disability pension payments must be reduced by the total amount of compensation awarded or paid pursuant to Workers' Compensation. As to Workers' Compensation payments being received concurrently with a disability pension, the General Manager is directed to reduce the monthly pension by the monthly equivalent of the Workers' Compensation payments. As to Workers' Compensation awards or payments received prior to the granting of the disability pension, the General Manager is directed to deduct from monthly pension payments on an installment basis until the total amount of prior Workers' Compensation has been offset. Each deduction made on an installment basis shall be in an amount of no less than twenty-five (25) percent of the monthly gross pension amount. The member, at his or her discretion, may elect to repay the full amount of prior Workers' Compensation at any time. The member and General Manager may agree on deduction amounts greater than twenty-five (25) percent. If a member, upon being granted a disability pension, is eligible to receive a pension payment retroactive to a date earlier than the Board action date, the deduction provisions stated above shall be applied to the retroactive pension payment. (Amended 03/07/13)	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Operating Policies & Procedures Sec. 5.7	Workers' Compensation Recapture Suspension	Members receiving disability pension payments that are reduced by the Workers' Compensation recapture amount may apply for a six-month recapture suspension. The recapture suspension will only apply to the amount determined as no less than twenty-five (25) percent of the monthly gross pension amount. The suspension request with justification must be made in writing addressed to the General Manager. The General Manager or the Board will review and may approve the recapture suspension request. However, Workers' Compensation payments being received continuously on a bi-weekly basis are not subject to suspension and will continue to reduce the pensioner's monthly pension payment.	GM
Operating Policies & Procedures Sec. 5.9	Forfeiture of Unclaimed Funds to the Plan	The Board authorizes the General Manager to declare a forfeiture of money or relieve a person from forfeiture of money. The General Manager is authorized to declare a forfeiture of all monies, including but not limited to contributions, interest, and benefits that become payable or distributable from LAFPP to any owner who either cannot be found or refuses to accept payment or distribution within ten years of the date such monies become payable or distributable from LAFPP. (Added 09/03/15)	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>7.0 – AUTHORIZATION OF SPECIAL ACTUARIAL STUDIES</b>			
Operating Policies & Procedures 7.2	Scope of Authority	The Board has determined that this policy shall be limited to (1) authorizing actuarial studies to evaluate possible inequities existing in the current retirement and health benefit structure, and (2) considering written requests by the Plan Sponsor for actuarial studies to be conducted by the Plan’s actuary at the Plan Sponsor’s expense, and (3) authorizing the General Manager to have the Plan’s actuary prepare an illustration of contributions, funded ratio and Unfunded Actuarial Accrued Liability (UAAL) each year after the adoption of the annual valuation. The Board does not have authority to establish new benefits. (Amended 10/03/13, 08/06/15)	GM
Operating Policies & Procedures 7.7.1	Actuarial Study	The General Manager shall request that the actuary prepare an illustration of contributions, funded ratio and Unfunded Actuarial Accrued Liability (UAAL) each year after the adoption of the annual valuation, using the actuarial assumptions adopted for the annual valuation and the actuarial return assumptions as directed by the General Manager. If the Plan Sponsor requests additional scenarios, said illustrations shall be at the Plan Sponsor’s expense. (Amended 10/03/13, 08/06/15)	GM
<b>8.0 – HEALTH AND DENTAL SUBSIDIES AND REIMBURSEMENTS</b>			
Operating Policies & Procedures Sec. 8.3-G	Medicare Part B Reimbursement Program	Claim forms and documentation will be accepted for up to one year following the HIPR claim submission period for eligible pensioners who file for Medicare Part B premium reimbursement through the HIPR program. (Removed Section 8.3 G, and Amended Section 8.3 G-H 10/05/17)	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>III. INVESTMENT POLICIES</b>			
<b>1.0 - INVESTMENT GUIDELINES</b>			
Investment Policies Sec. 1.7 B	Rebalancing	B. Staff will monitor the portfolio's asset allocation relative to the target allocations. If the actual allocations fall within the defined ranges, no rebalancing will be required. If the actual allocations fall outside the predetermined range, Staff will implement a rebalancing back within the range of the target allocation. (Amended 9/16/15)	Investment Staff
Investment Policies Sec. 1.7 C	Rebalancing	C. In rebalancing, Staff should prioritize implementation procedures as follows:  1. Investing net contributions into asset classes that are below their range limitations; 2. Drawing cash flows out of the portfolio (for benefit payments and expenses) from asset classes that are above their range limitations (using interest payments, rental revenues and dividends); and 3. Selling over weighted assets and/or buying underweighted assets.	Investment Staff
Investment Policies Sec. 1.7 F	Rebalancing	Staff will report all rebalancing activities to the Board on a quarterly basis at a minimum. In circumstances where it is impractical to rebalance the portfolio for any market or portfolio-specific reason, Staff shall assess the rebalancing options, notify the Board of the out of balance situation, and report its recommendations to the Board. Staff shall seek approval from the Board to implement rebalancing according to Staff's recommended rebalancing plan in situations that involve leaving the portfolio, or some portion of the portfolio out of balance for an extended period of time.	Investment Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>2.0 – PRIVATE EQUITY INVESTMENTS</b>			
Investment Policies Sec. 2.3	Use of Private Equity Managers	Private equity managers may receive information about prospective investments from Board members or Staff, and each Manager shall designate a contact person within the firm to receive and coordinate all such information. The General Manager shall designate a member of Staff to coordinate such communications between the Managers and Board or staff members. Prospective investments referred by a Board or staff member shall not influence the Manager’s evaluation of the prospective investment. Such referrals and information will be given solely in the interest of contributing to the deal flow seen by the Manager, and supplementing the information the Manager gathers.	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>3.0 – REAL ESTATE</b>			
Investment Policies Sec. 3.3B(2)	Investment Policies Risk Management 2) Defined Roles for Participants	The real estate program shall be planned, implemented, and monitored through the coordinated efforts of the Board, Staff, Real Estate Consultant (“Consultant”) and Investment Managers (“Manager” or “Managers”). Set forth below is the delegation of the major responsibilities of each participant.  Duties of the LAFPP Staff: <ul style="list-style-type: none"> <li>• Reports to the Board on matters of policy.</li> <li>• Oversees Consultant’s preparation of the Strategic Plan and Investment Plan.</li> <li>• Participates with the Consultant in the Annual Real Estate Portfolio Review, including Budget and Management Plans and presents summary findings to the Board.</li> <li>• Brings any non-conforming items or significant issues to the attention of the Board.</li> <li>• Documents and monitors funding procedures.</li> <li>• Completes any other activity as directed by the Board.</li> </ul>	CIO
Investment Policies Sec. 3.4A(1)e	Investment Procedures Separately Managed Accounts 1) Manager Selection Process	e. Staff and Consultant, shall review and evaluate RFI responses, identify material issues related to each candidate, including proposed fee structures, and compile numerical rankings for each respondent for each objective evaluation factor.	Investment Staff
Investment Policies Sec. 3.4A(1)f	Investment Procedures Separately Managed Accounts 1) Manager Selection Process	f. Staff and Consultant shall prepare a report to the Board that reviews the findings of interviews/on-sites.	Investment Staff
Investment Policies Sec. 3.4A(1)g	Investment Procedures Separately Managed Accounts 1) Manager Selection Process	g. Staff, with the assistance of Consultant, shall coordinate final presentations which will be held at a noticed meeting.	Investment Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Investment Policies Sec. 3.4A(1)i	Investment Procedures Separately Managed Accounts 1) Manager Selection Process	i. Staff and Consultant will negotiate and close manager agreements, including final fee structures.	Investment Staff
Investment Policies Sec. 3.4A(3)a	Investment Procedures Separately Managed Accounts 1) Manager Selection Process	a. Staff and Consultant will meet with the Manager personnel directly responsible for portfolio and asset management for a review and evaluation of the reasonableness of the submitted Budget and Management Plan.	Investment Staff
<b>5.0 – EMERGING MANAGERS</b>			
Investment Policies Sec. 5.4	Monitoring and Change of Status	Emerging Managers and Managers of Emerging Managers shall be subject to the standard Monitoring and Watch Status procedures of LAFPP. Staff will report to the Board annually regarding any change of status of emerging managers in the Program.  When an emerging manager is retained directly by LAFPP, Staff shall automatically notify the Board when that emerging manager’s assets under management grow larger than the LAFPP Policy-defined maximum assets under management of \$2 billion.  When an emerging manager is retained by LAFPP through a manager of emerging managers, the manager shall automatically notify the LAFPP Board when an emerging manager exits the portfolio due to growth in the emerging manager’s assets under management. (Amended 04/18/13)	Investment Staff
Investment Policies Sec. 5.5	Manager Termination	For any emerging manager retained directly by LAFPP for the management of public securities, notwithstanding the provisions of Section 8.0 – Manager Selection and Retention, the Board delegates to Staff the authority to terminate the investment management contract.	Investment Staff



**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>7.0 – PROXY GUIDELINES</b>			
Investment Policies Sec. 7.0	Proxy Issues	<p>The Board delegates to the General Manager the voting of normally routine proxy solicitation matters, such as election of directors and appointment of independent auditors. Exceptions shall be brought to the Board's attention at the General Manager's discretion.</p> <p>The Board instructs the General Manager to use his or her discretion as to whether or not proxy issues may be voted by Staff for the purpose of protecting the Pension System's economic interest, when such issues are not covered in the existing guidelines or timing does not allow the issue to be brought to the Board. The General Manager will report to the Board on all votes cast in this manner.</p> <p>In researching potentially significant proxy issues, the General Manager is also instructed to obtain and consider recommendations from the applicable investment advisor(s) on proxy issues which may have an economic impact on the corporation or on the value of its stock.</p> <p>As to proxy matters for non-U.S. securities, the Board delegates to the international equity advisors the authority to vote the Board's proxies using the guidelines set forth above for the General Manager on U.S. proxy matters.</p>	GM
Investment Policies Sec. 7.44 Management Proposals Regarding the Board	Election of Directors	<p>The Board authorizes the General Manager to vote accordingly on the following proxy issues:</p> <p>Election of Directors – Withhold votes from director nominees if 40% or more of the directors are (1) employees or (2) have financial ties to the company, if 33% or more serving on the nominating committee are employees or have ties, if any director nominee attends less than 75% of the board</p>	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
		and committee meetings during the previous fiscal year, if the company does not have an independent chair or lead director, or from audit committee member nominees if non-audit services exceed 40% of fees. In a contested election, vote for all management nominees.	
Investment Policies Sec. 7.125 Shareholder Proposals - Abstain	Social Issues	Abstain from voting on all social issues. The General Manager shall present exceptional issues to the Board.	GM
<b>8.0 – MANAGER SELECTION AND RETENTION</b>			
Investment Policies Sec. 8.4	Watch List	When a manager is placed on the list, Staff will speak to the manager and send a letter (Appendix 2) as soon as possible to discuss the Board's concern at which time that manager will sign and return that letter acknowledging their watch list notification by this Board. The Board, Staff and the performance consultant will monitor the manager's quarterly performance. Upon the decision to terminate, Staff will implement its termination checklist. Staff will have the responsibility to manage the details of terminating an investment manager.	Investment Staff
<b>11.0 – DUTIES AND RESPONSIBLE PARTIES</b>			
Investment Policies Sec. 11.1(5)	Duties of the Board or its Designate(s)	The Board shall expect Staff to administer the Plan's investments in a cost-effective manner subject to Board approval. These costs include, but are not limited to, management, consulting and custodial fees, transaction costs, and other administrative costs chargeable to the Board.	Investment Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
Investment Policies Sec. 11.2	Duties of the Staff	<p>The Staff provides analysis and recommendations to the Board on a wide variety of investments and investment related matters. Additionally, Staff oversees and directs the implementation of Board policies and manages the Fund on a day-to-day basis. Furthermore, Staff's responsibilities include the following duties:</p> <ol style="list-style-type: none"> <li>1. Invests the Fund's cash without requiring Board's permission as set forth elsewhere in the Board's Investment Guidelines.</li> <li>2. Monitors investment managers for adherence to appropriate policies and guidelines.</li> <li>3. Evaluates and manages the relationships with brokers, managers and custodian(s) to the Fund to ensure that they are providing all of the necessary assistance to the Board and Staff.</li> <li>4. Conducts the manager search process, as approved by the Board, with assistance from consultants as needed.</li> <li>5. Negotiates investment management fees and executes contracts on behalf of the Board for the Plan.</li> <li>6. Manages portfolio restructuring resulting from portfolio rebalancing or manager terminations with the assistance of consultants and managers, as needed.</li> <li>7. Organizes and/or participates in any special research for the Board.</li> <li>8. Ensures that Investment Managers conform to the terms of their contracts and that performance-monitoring systems are sufficient to provide the Board with the most timely, accurate and useful information as possible.</li> <li>9. Advises and appraises the Board of any other events of investment significance.</li> <li>10. Implements and administers policies made by the Board.</li> </ol>	Investment Staff

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
<b>ADMINISTRATIVE CODE</b>			
Admin. Code Sec. 504	City Charter	<p>Sec. 504. Secretary and Chief Accounting Employee.</p> <p>(a) Secretary to the Board. The head of each department shall appoint an employee of the department other than a member of the board, to serve as secretary to the board. The secretary shall perform those duties imposed upon him or her by the Charter, ordinance or order of the board.</p> <p>(b) Chief Accounting Employee. The head of each department shall conduct the selection process for the chief accounting employee and present the successful candidate to the board for approval and appointment. Such candidate must not be a member of the board or the chief administrative officer, to serve as chief accounting employee. The chief accounting employee shall perform those duties imposed upon him or her by the Charter, by ordinance, or by the board. Revised 09/06/18)</p>	GM & Chief Accounting Employee
Admin. Code Sec. 506	City Charter	<p>Sec. 506. Powers of the Board and the Head of the Department. Subject to the provisions of the Charter, and to any ordinances as are not in conflict with the grants of power made to each department in the Charter:</p> <p>(a) Management. The head of each department shall have power to supervise, control, regulate and manage the department.</p> <p>(b) Rules and Regulations. The head of each department shall have the power to make and enforce all rules and regulations necessary for the exercise of the powers conferred upon the department by the Charter. The board of each department under the control and management of a general manager shall have the power to make and enforce all rules and regulations necessary for the exercise of powers and the performance of the duties conferred</p>	GM

**Duties and Responsibilities-Board of Commissioners**

<b>BOARD DELEGATIONS TO THE GM OR STAFF</b>			
<b>SOURCE/ SEC.</b>	<b>TITLE</b>	<b>REVIEW</b>	<b>ASSIGNEE</b>
		upon that board by the Charter. Every order or resolution adopting a rule of general application to be followed by the public shall be published once in a daily newspaper and shall take effect upon publication. Those rules, when adopted by order of a general manager who is the head of a department, shall be subject to the approval of the Mayor.	
<b>ADOPTED BUDGET</b>			
Adopted Budget Schedule 10	Travel Resolution	Travel Authorizations The General Manager is authorized to approve travel expenditures by staff of up to \$4,500 per trip.	GM

## APPENDIX 2 – INTERNAL AUDIT CHARTER

### INTRODUCTION

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

### PURPOSE

The main purposes of the Internal Audit Charter are to institutionalize the internal audit function for the Los Angeles Fire and Police Pension System (System), reaffirm the principles that underpin the function, and define the pertinent conditions for the effective and efficient delivery of internal audit services.

The mission of the Internal Audit Section is to enhance and protect organizational value by providing risk-based and objective assurance, advice, and insight. To this end, Internal Audit Section performs independent, objective audit, reviewing, and consulting services. The Internal Audit Section furnishes management with analysis, appraisals, recommendations, and information concerning activities reviewed. Internal audit objectives include promoting effective controls that are feasible. The Internal Audit Section carries out its responsibilities and activities in a manner consistent with the mission, goals, and objectives of the System. The Internal Audit Section:

- Provides quality independent internal auditing, reviewing, and consulting services for Executive Management and the Board;
- Performs independence assessments of the systems of risk management, internal controls, and operating efficiency, guided by professional standards;
- Supports the organization's efforts to achieve its mission, goals, and objectives through independent auditing, reviewing, and consulting services; and,
- Maintains a dynamic, team-oriented environment which encourages personal and professional growth, and challenges and rewards internal audit staff for reaching full potential and for excellence.

The internal audit function differs from external audit functions. Internal auditors are a part of the organization. External auditors are not part of the organization, but are engaged by it. The internal auditors' scope of work is comprehensive and concerned with all aspects of the organization – both financial and non-financial. Internal auditors focus on future events as a result of continuous review and evaluation of controls and processes. The primary mission of external auditors is to provide an independent opinion on the organization's financial statements, and their approach is historical in nature.

## Duties and Responsibilities-Board of Commissioners

The internal audit function also differs from that of the City Controller. Internal auditors are responsible to conduct work to support LAFPP's mission, goals, and objectives. The City Controller is the City's Chief Auditor and is responsible for financial and performance audits as related to the mission, goals, and objectives of the City of Los Angeles.

The internal audit function considers the work of the external auditors and that of the City Controller in the continuous review and evaluation of controls and processes.

### PROFESSIONAL STANDARDS AND ETHICS

All internal auditing activities are to be conducted in accordance with the System's objectives and policies. Additionally, all activities are conducted pursuant to the *Professional Practices Framework of Internal Auditing* and its mandatory elements as promulgated by the Institute of Internal Auditors, and with *Government Auditing Standards* issued by the United States Government Accountability Office. These standards require that ethical principles guide the work of Internal Audit Section. These ethical principles are integrity; objectivity; professional behavior; confidentiality; competency; the interest of the fund, its members, and the public; and the proper use of information, resources, and position.

### OBJECTIVES AND SCOPE

#### Auditing Services

The objectives of the Internal Audit Section's auditing services are to provide independent assurance to the Board and to Executive Management that the organization's assets are safeguarded, operating efficiency is enhanced, internal controls are operating as intended, risk is properly assessed, and compliance is maintained with prescribed laws, regulations, and Board and management policies. These objectives of auditing services include independent assessment of the organization's governance, risk management, and control processes. Auditing services are often also referred to as "assurance services."

#### Consulting Services

The objectives of the Internal Audit Section's consulting services are to provide management with assessments and advice for improving the organization's governance, risk, and control without Internal Audit Section assuming management responsibility. In particular, consulting services may provide assessments and advice at the beginning of a project so that risks may be identified, managed, and internal controls may be designed adequately.

Consulting services differ from auditing ("assurance") services in that Internal Audit Section may participate in management decisions regarding a particular program or function. When Internal Audit Section provides consulting services for a program or function, Internal Audit Section will not audit the program or function. This ensures Internal Audit Section maintains independence for its auditing services.

#### Scope

## Duties and Responsibilities-Board of Commissioners

The scope of work of the Internal Audit Section is to determine whether the organization's network of risk management, internal control, and governance processes, as designed and represented by management, is adequate and functioning in a manner to ensure programs are operating efficiently, effectively, in accordance with standards and the law, and as management intended. The Internal Audit Section recognizes management's commitment to continuous improvement and quality service, and therefore commits itself to these same goals.

The scope of internal audit activities encompasses, but is not limited to, objective examinations of evidence for the purpose of providing independent assessments to the Board, management, and outside parties on the adequacy and effectiveness of governance, risk management, and control processes for the System. Internal audit assessments include evaluation whether:

- Risks relating to the achievement of the System's strategic objectives are appropriately identified and managed;
- The actions of the System's officers, directors, employees, and contractors are in compliance with the Systems' policies, procedures, and applicable laws, regulations, and governance standards;
- The results of operations or programs are consistent with established goals and objectives;
- Operations or programs are being carried out effectively and efficiently;
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the System;
- Information and the means used to identify, measure, analyze, classify, and report such information are reliable and have integrity;
- Resources and assets are acquired economically, used efficiently, and protected adequately.

Opportunities for improving member service, management of risks, internal control, governance, efficiency, and the organization's effectiveness and image may be identified during audits. This information will be communicated through the General Manager to the Board.

### **AUTHORITY**

The internal control and audit function of this organization is established by Board policies and governance principles, and the Board is responsible to oversee the internal control and audit function. The Internal Audit Section was established by the Board to fulfill the internal control and audit function. This Charter is approved by and all future amendments to it are to be reviewed and approved by the Board. This Charter shall be reviewed annually, updated as required, and included in the Board's Governance Policies.



## **Duties and Responsibilities-Board of Commissioners**

The Departmental Audit Manager is responsible for managing the Internal Audit Section and preparing an audit plan. The Board reviews and approves the audit plan annually. The Departmental Audit Manager shall periodically inform the Board of the status of the audit plan and any changes needed. The Departmental Audit Manager is authorized to allocate internal audit resources, set project frequencies, select audit subjects, determine scopes of work, and apply the techniques necessary to accomplish the audit objectives. The Departmental Audit Manager is responsible to train and develop internal audit staff to achieve the objectives.

The Departmental Audit Manager and internal audit staff are not authorized to perform operational duties for the organization and/or its contractors. Internal Audit Section staff is not authorized to initiate or approve accounting transactions external to the Internal Audit Section. Internal Audit Section staff is not authorized to direct the activities of any organization employee not employed by the Internal Audit Section, except to the extent such employees have been appropriately assigned to auditing teams or to assist the internal auditors.

Internal Audit Section staff is authorized to perform consulting services and is therefore not authorized to audit these activities. The Departmental Audit Manager works closely with the General Manager to determine the extent of these activities.

### **ACCESS**

The Departmental Audit Manager and designated audit staff, as appropriate and in the course and scope of internal audit and nonaudit services, are granted authority for full, free, and unrestricted access to all of the organization's functions, records, files and information systems, personnel, contractors, physical properties and locations, and any other item relevant to the function, process or division under review. Contracts with vendors shall include the City's standard audit language enabling LAPFF's authorized auditors or representatives to have access to relevant records and information. Any exceptions shall be approved by the City Attorney. All LAFPP employees are required to assist the staff of Internal Audit Section as appropriate in fulfilling their duties.

The Departmental Audit Manager shall have open and direct communication with the Board. The Departmental Audit Manager shall also have free and unrestricted access to the General Manager, the other Executives, management and all personnel, contractors and vendors of the organization, and employers, members, retirees, and beneficiaries of the organization.

Documents and information given to the Internal Audit Section including confidential information, confidential or sensitive employee records, personally identifiable information (PII), and Health Insurance Portability and Accountability Act (HIPAA) information, shall be handled in the same prudent and confidential manner as by those employees normally accountable for them. The Departmental Audit Manager shall ensure that internal audit staff is instructed in the handling and safeguarding of confidential information.

## **INDEPENDENCE**

### Organizational Placement

To provide for the independence of the Internal Audit Section, its personnel report to the Departmental Audit Manager. The Departmental Audit Manager reports functionally to the Board and reports administratively to the General Manager. By reporting functionally to the Board, the Departmental Audit Manager is able to ensure objectivity in the planning and execution of internal audit work. Functionally, the Board is the governing body that sets the direction for the internal audit activity. As such, it supports internal audit's role by maintaining independence of internal audit, ensuring management cooperates with internal audit, and recognizing and promoting internal audit as a value-added activity.

By reporting administratively and directly to the General Manager, the Departmental Audit Manager is assured that the internal audit function is of sufficient stature within the organization. Administratively, the General Manager is responsible for purposes of pay, performance, space, equipment, and related matters. The General Manager retains hiring and firing responsibility pursuant to City policies. The Board reviews the General Manager's reassignment or termination of the Departmental Audit Manager pursuant to Board policies.

### Professional Standards Independence

The Board recognizes that professional independence requires that the auditors have knowledge of operations and appropriate expertise in the subject matter that is being audited. Therefore, the Departmental Audit Manager will report annually regarding internal audit personnel, including their qualifications, certifications, and development. The Departmental Audit Manager shall discuss standards of professional audit independence at least annually with the Board. The reporting relationships of the Departmental Audit Manager should be reviewed annually.

### Potential Impairment of Independence

The Departmental Audit Manager should discuss any potential issues regarding impairment of independence and/or conflicts of interest and their mitigation(s) with the Board as necessary. If objectivity or independence is impaired in fact or appearance, the details of the impairment should be disclosed to the appropriate parties. The nature of the disclosure will depend on the impairment.

Internal Audit Section is required to assess threats to independence, evaluate the significance of threats, and apply safeguards as necessary to eliminate threats or reduce them to an acceptable level. Internal Audit Section should certify its threat assessment annually to the Board, typically through a Board report entitled "Annual Confirmation of Organizational Independence and Possible Board Action."

## **RESPONSIBILITIES AND ACCOUNTABILITY**

## Duties and Responsibilities-Board of Commissioners

The Departmental Audit Manager is responsible for the following in order to meet the purpose, objectives, and scope of this Charter and the Internal Audit Section:

1. Select, train, develop, and retain a competent internal audit staff who collectively have the abilities, knowledge, skills, experience, expertise and professional certifications necessary to accomplish the mission, objectives, and scope of this Charter subject to General Manager approval and budgetary considerations. Provide opportunity and support for staff obtaining professional training, professional examinations, and professional certifications.
2. Establish policies for conducting its activities and directing its technical and administrative functions according to the organization's policies and direction provided by the Board, and to professional internal auditing and government auditing standards and as approved by the General Manager.
3. Perform an annual risk-assessment. Develop and implement a flexible annual audit plan using an appropriate risk-based methodology, including any risks or concerns identified by management, and submit the annual audit plan to the Board for review and approval. Performance of the audit plan will be periodically reviewed and reported to the Board. The audit plan may be updated if necessary.
4. Prepare a budget that is complementary to the implementation of the audit plan.
5. Perform independent analyses of significant operations to evaluate the adequacy and effectiveness of existing systems of internal control and the quality of performance (economy, efficiency, and effectiveness) in carrying out its business objectives. Implement the audit plan as approved, including as appropriate, any plan amendments, special tasks, or projects requested by management or the Board.
6. Coordinate with audit clients to finalize recommendations for improvement and identify implementation timelines. Internal audit staff shall consider costs and benefits while formulating and discussing their recommendations.
7. Assist management in the internal control assessment as required by City standards.
8. Transmit copies of all audit reports to the Board and/or General Manager to ensure timely communication of results. Should the General Manager disagree with the contents of any report, the report shall include the General Manager's position in the "Management's Response" section of the report. This process is intended to ensure independence and to alleviate any undue pressure that may be actual or perceived regarding the internal audit function.
9. Establish and maintain a follow-up system to monitor the disposition of results communicated to management and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action. Issue periodic reports through the General Manager to the Board and management summarizing results of audit activities, and summarizing the status of follow-up activities. Any management letters should also be reported to the President of the Board.

## Duties and Responsibilities-Board of Commissioners

10. Select performance measures that reflect the above goals and implementation of the audit plan approved by the Board.
11. Annually assess whether the purpose, authority, and responsibility as defined in this Charter continue to be adequate to enable the Internal Audit Section to accomplish its purpose, objectives, and scope. The result of this periodic assessment should be communicated in a report to the Board.
12. Attend all Board meetings, and ensure attendance of additional audit staff and attendance by auditees as appropriate.
13. Obtain a peer review by other auditors as required by professional standards, no less frequently than every three (3) years.
14. Assist in the investigation of significant suspected fraudulent activities within the organization and notify the General Manager, Board, and/or other Executives, as appropriate, of the results in a timely manner.
15. Inform the Board of significant risk exposures and control issues including fraud risks, governance issues, and other significant matters.
16. Ensure trends and emerging issues that could impact the System are considered and communicated to senior management and the Board as appropriate.
17. Ensure emerging trends and successful practices in internal auditing are considered.
18. Consider the scope of work of the external auditors, the City Controller, City auditors, and regulators, as appropriate, for the purpose of providing optimal audit coverage to the organization at a reasonable overall cost.
19. As appropriate, provide consulting services to management that add value and improve the organization's governance, risk management, and control processes without assuming management responsibility. In doing so, Internal Audit Section must be mindful of its ability to remain independent and objective for future audits.
20. Lead in the selection of the external financial statements audit firm Coordinate/manage the contract with the external financial statements audit firm and evaluate its performance. Report to the Board on activities and associated cost of work performed by the external financial statements audit firm. The Departmental Audit Manager is not responsible to coordinate/manage contracts for which management determines scope.
21. Act as the primary point of contact for handling all matters related to audits, examinations, investigations, or inquiries of the state auditor or other appropriate state or federal auditors. Participate in professional audit organizations by attending meetings, joining the governing boards, presenting speeches and papers, and networking with other professionals. Network with internal audit staff of other public pension systems to learn and exchange best practices information. Participate in other professional organizations related to the mission of the organization. These

organizations may be involved in benefits, investments, accounting, or operations, for example.

**RELATIONSHIP TO THE RISK MANAGEMENT AND INTERNAL CONTROL PROGRAMS**

The Board has overall responsibility for ensuring that risks are managed. In practice, the Board delegates to management the operation and implementation of the risk management system. The Internal Audit Section's role is to provide an independent and objective assurance on the effectiveness of the risk management system

Management is responsible for implementing a system of internal control. The Internal Audit Section's role is to provide an independent and objective assurance that the internal control system is operating effectively. Ultimately, it is the role of executive management and the Board to determine the role of internal audit in the risk management process.

**PROCUREMENT OF EXPERTISE OUTSIDE OF THE INTERNAL AUDIT SECTION**

The Departmental Audit Manager may need to obtain expertise of persons outside of the Internal Audit Section. This expertise may be obtained within the organization through appropriate arrangements with management. When obtaining this expertise, care must be taken to avoid conflicts of interest that could damage the quality of the audit work performed and/or conclusions obtained.

Expertise may also be obtained from outside the organization. In such cases, the Departmental Audit Manager needs to obtain sufficient information regarding the scope of work of the external service provider to ensure the scope of work is adequate for the purposes of the internal audit activity. The Departmental Audit Manager must document the scope of work, professional standards to be used, deliverables, deadlines, and other matters in an engagement letter or contract. The Board should be informed about the use of an external service provider.

## **Los Angeles Fire & Police Pension System**

### **4.0 - BENEFITS COMMITTEE**

On May 19, 2016, the Board disbanded the Standing Committees (e.g, Benefits, Governance and Audit) for several reasons, most notably that the current Board is actively engaged during all meetings. The Board has directed staff to report back in twenty-four months (May 2018) to review and assess this new governance structure. On May 17, 2018, the Board maintained the current governance structure indefinitely, with no standing committees and continued utilization of ad hoc committees to address specific tasks or objectives, until the Board determines a change is warranted.

## **Los Angeles Fire & Police Pension System**

### **5.0 - GOVERNANCE COMMITTEE**

On May 19, 2016, the Board disbanded the Standing Committees (e.g, Benefits, Governance and Audit) for several reasons, most notably that the current Board is actively engaged during all meetings. The Board has directed staff to report back in twenty-four months (May 2018) to review and assess this new governance structure. On May 17, 2018, the Board maintained the current governance structure indefinitely, with no standing committees and continued utilization of ad hoc committees to address specific tasks or objectives, until the Board determines a change is warranted.

## **Los Angeles Fire & Police Pension System**

### **6.0 - AUDIT COMMITTEE**

On May 19, 2016, the Board disbanded the Standing Committees (e.g, Benefits, Governance and Audit) for several reasons, most notably that the current Board is actively engaged during all meetings. The Board has directed staff to report back in twenty-four months (May 2018) to review and assess this new governance structure. On May 17, 2018, the Board maintained the current governance structure indefinitely, with no standing committees and continued utilization of ad hoc committees to address specific tasks or objectives, until the Board determines a change is warranted.



## Los Angeles Fire & Police Pension System

### 7.0 – DUTIES AND RESPONSIBILITIES-PRESIDENT<sup>6</sup>

#### INTRODUCTION

7.1 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

7.2 The President will exercise the powers and will perform the duties and functions as specified herein:

- A. Form and dissolve ad hoc committees of the Board and appoint members as follows:

- 1. Ad Hoc Committees:

Board President forms, dissolves and appoints committee members, and must appoint at least one appointed and one elected Commissioner to each ad hoc committee; and, (Revised 04/03/14)

Committee members elect the chair and vice-chair. Ad hoc committees will be comprised of not more than four members and will have a minimum of three members. Vacancies in ad hoc committees may be filled at any time by the Board President. (Revised 04/03/14)

- B. Approve the agenda for each Board meeting. Every effort shall be made to contact the President to approve the agenda. However, if the General Manager is unable to review the agenda with the President sufficiently in advance of a Board meeting, the General Manager shall have the authority to approve the agenda for such meeting;

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<sup>6</sup> In accordance with the City Charter Section 503

## **Duties and Responsibilities-President**

- C. Preside at all Board meetings, ensuring that such meetings are conducted in an efficient manner and in accordance with the City Charter and Administrative Code, applicable public meeting laws, and relevant Board policies, including utilizing Robert's Rules of Order as a guideline in conducting meetings;
- D. The President and the General Manager will confer to determine who shall act as spokesperson for the System should the need arise, with the President having the authority to make the final determination. The General Manager however may exercise discretion to communicate on routine matters without consulting the President (e.g. requests by the media for simple factual information);
- E. Work to ensure that the Board discharges its duties and responsibilities as set forth in the City Charter and Administrative Code, the Board's Duties and Responsibilities, and any other policies of the Board;
- F. Approve the travel expenses incurred by the General Manager and the Board, as appropriate;
- G. The President, or the President's designee, may nominate a candidate, must vote to award, and may present the Distinguished Service Medal as stipulated in Section 19.0 of this Policy; and
- H. Be available to provide assistance to the ad hoc committee chairs in the exercise of their duties.

### **HISTORY**

- 7.3 These Duties and Responsibilities were adopted by the Board on June 8, 2006; Revised on 11/05/09, 05/19/11, 12/19/13, 11/03/16, 09/20/18 and 11/21/19.

### **REVIEW**

- 7.4 The Board shall review these Duties and Responsibilities at least every three years.
- 7.5 The Board shall next review these Duties and Responsibilities by November 2022.

## Los Angeles Fire & Police Pension System

### 8.0 – DUTIES AND RESPONSIBILITIES-VICE PRESIDENT<sup>7</sup>

#### INTRODUCTION

- 8.1 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)

#### DUTIES AND RESPONSIBILITIES

- 8.2 The Vice-President will exercise the powers and will perform the duties and functions as specified herein:
- A. Assume the duties of the President when the President is absent, or when the President shall designate the Vice-President to act;
  - B. Assume the duties of President for the balance of the President's term or until the Board elects a new President in the event of the death, resignation, removal from office, or permanent disability of the President, and
  - C. The Vice-President may nominate a candidate for the Distinguished Service Medal and must vote to award the Medal as stipulated in Section 19.0 of this Policy.
- 8.3 When acting for the President, the Vice-President shall have all of the powers of the President and shall assume all of the duties of the President.

#### HISTORY

- 8.4 These Duties and Responsibilities were adopted by the Board on June 8, 2006; Revised on 11/05/09, 12/19/13, 11/03/16, 09/20/18, and 11/21/19.

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<sup>7</sup> In accordance with the City Charter Section 503

**REVIEW**

- 8.5 These Duties and Responsibilities shall be reviewed by the Board at least every three years.
- 8.6 The Board shall next review these Duties and Responsibilities by November 2022.

## Los Angeles Fire & Police Pension System

### 9.0 - DUTIES AND RESPONSIBILITIES-GENERAL MANAGER

#### INTRODUCTION

- 9.1 Consistent with the City Charter, the General Manager will:
- A. be appointed by the Board, subject to confirmation by the City Council and the Mayor; [Section 1108 (b)] and
  - B. Administer the affairs of the Department as its Chief Administrative Officer. [Section 509 (a)]
- 9.2 The General Manager is the executive ultimately responsible to the Board for the entire operations of the System and is therefore expected to provide executive leadership for the System in implementing the programs necessary to achieve its mission, goals and objectives. It is understood, however, that the General Manager may not necessarily administer the operations directly, but will ensure proper delegation of duties to staff in a manner that maximizes the efficiency and effectiveness of the System;
- 9.3 The General Manager will support the Board and all its committees in establishing policies by identifying and analyzing issues requiring Board policy, and providing clear, well-supported policy recommendations for their consideration.
- 9.4 The General Manager will designate key staff members who will provide administrative support to the Board in the areas of Governance, Benefits Administration and Audit Oversight Responsibilities.
- 9.5 The General Manager will be responsible for ensuring that all rules, regulations and policies of the Board are properly implemented, with the exception of the General Manager Performance Evaluation Policy and policies governing the conduct of the Board, which are the responsibility of the Board itself.

#### GOVERNANCE

- 9.6 The General Manager will assist the Board in carrying out its governance role by:
- A. Recommending policies to ensure appropriate governance practices;
  - B. Coordinating fiduciary education;
  - C. Coordinating Board member travel arrangements, which may include purchasing air travel via TravelStore. (Amended 10/02/14)
- 9.7 The General Manager will serve as the Secretary to the Board in accordance with the City Charter. [Section 504(a)]
- 9.8 The General Manager and President will confer to determine who shall act as spokesperson for the System should the need arise, with the President having the authority to make the final determination. The General Manager however may

## **Duties and Responsibilities-General Manager**

exercise discretion to communicate on routine matters without consulting the President (e.g. requests by the media for simple factual information).

- 9.9 The Administrative Code Section 4.1407(e)(3) requires the General Manager to serve on the City's Deferred Compensation Board effective July 1, 2008.
- 9.10 The General Manager may nominate a candidate for the Distinguished Service Medal and must vote to award the Medal as stipulated in Section 19.0 of this Policy. (Amended 10/02/14)

### ***Investments***

- 9.11 The General Manager will carry out all investment functions of the System including, but not limited to:
  - A. In consultation with the Chief Investment Officer and System consultants, recommending investment policies and strategies to the Board;
  - B. Managing investment staff and external service providers in the implementation of all policies and strategies;
  - C. Performing investment due diligence and monitoring;
  - D. Providing information to allow the Board to make a decision in regard to hiring, renewing or terminating contracts for the general consultant, real estate consultant, alternative investments manager and investment managers and other advisors.
  - E. Rebalancing the portfolio as required.

### ***Benefit Administration and Operations***

- 9.12 In accordance with the City Charter, the General Manager will:
  - A. Recommend to the Board prior to the beginning of each fiscal year an annual departmental budget covering the anticipated revenues and expenditures of the System, conforming so far as practical to the forms and dates provided in City Charter, Article III in relation to the general City budget; [Section 509 (e)]
  - B. As authorized by the Board (06/21/18), modify the departmental administrative expense budget appropriations through intra-departmental fund transfers, commensurate with the transfer limit adjusted annually and released by the City Administrative Officer. [Section 343(b)(c)] (Added 09/06/18)
  - C. Expend the funds of the System in accordance with the provisions of the budget appropriation or of appropriations made after adoption of the budget. [Section 509 (d)]
  - D. Certify all expenditures of the System to the Chief Accounting Employee. [Section 509 (f)]
  - E. File with the Board and the Mayor a written report on the work of the System on a regular basis and as requested by the Mayor or the Board. [Section 509 (g)]
- 9.13 The General Manager will direct and oversee senior staff in the performance of all administrative and operational activities of the System including, but not limited to:

## **Duties and Responsibilities-General Manager**

- A. In consultation with System consultants, where appropriate, developing and recommending to the Board all policies necessary to ensure effective administration of member benefits;
- B. Managing administrative staff involved in the delivery of service to plan members and in the operations of the System;
- C. Overseeing actuarial valuations and audits;
- D. In consultation with Board and System consultants, developing and recommending to the Board the annual Business Plan and triennial Strategic Plan; (Amended 10/02/14)
- E. Authorizing payments and, in conjunction with the Board President and City Attorney executing agreements related to the administration of System and the appointment of all service providers, consistent with the Departmental Budget and internal controls of the System;
- F. Ensuring effective and timely communications with members and stakeholders on matters relating to the administration of System; and
- G. Coordinating and approving staff travel for education and due diligence purposes, subject to the travel resolution that forms part of the annual budget.

### ***Financial and Accounting***

9.14 The General Manager will:

- A. Oversee the preparation of the annual financial statements of the System;
- B. Coordinate the annual financial audit and ensure appropriate responses to any management letters or issues arising out of such audits;
- C. Ensure necessary internal audits of the operations are performed as required; and
- D. Ensure all necessary internal controls are in place to protect the assets of the System and ensure all policies and procedures are followed.

### ***Human Resources***

9.15 In accordance with the City Charter, the General Manager will:

- A. Appoint, discharge, suspend, or transfer the employees of the System, other than the Secretary of the Board and the chief accounting employee of the department, all subject to the civil service provisions of the Charter [Section 509 (b)]. Consistent with this language and in accordance with past practice, the General Manager will conduct the selection process for the chief accounting employee and present the successful candidate to the Board for approval and appointment; and (Revised 09/06/18)
- B. Issue instructions to employees, in the line of their duties, all subject to the civil service provisions of the Charter. [Section 509 (c)]

9.16 The General Manager will ensure ongoing assessment of the human resource needs of the System and the development of appropriate human resource programs and procedures, as necessary, including an employee education program.

***Legislation and Litigation***

- 9.17 The General Manager will carry out the following duties with the assistance of legal counsel:
- A. Monitor trends regarding legislation that may have a significant impact on the System;
  - B. Evaluate proposed legislation and in consultation and concurrence with the Board President and Vice President determine that the legislation 1) does not materially impact member benefits, System administration, nor defined benefit plan design; and, 2) if there is a need to provide input to the City before the next regularly scheduled Board Meeting. If both criteria are met, and upon approval of both the Board President and Vice President, the General Manager may communicate directly to the City Council through the Chief Legislative Analyst. If both criteria are not met, then the General Manager will report to the Board with a recommendation(s). The City Council in turn will establish an official City position on such legislation. All pending legislation that is determined by staff to have a significant impact on the System will be brought to the attention of the Board; (Amended 07/18/13)
  - C. Coordinate, with the City Attorney, all legal proceedings involving the System; [Section 272] and
  - D. Provide recommendations to the Board concerning settlements or other client decisions in legal actions involving the System. [Section 272 (c)]

***Service Providers***

- 9.18 The General Manager will:
- A. Cause all necessary due diligence to be undertaken in the appointment of service providers and provide information to allow the Board to make a decision in regard to hiring, renewing or terminating contracts for the general consultant, real estate consultant, alternative investments manager and investment managers and other advisors, and ensure sound recommendations are provided to the Board in connection with the appointment or termination of service providers for which the Board has retained appointing authority.
  - B. Appoint those service providers in accordance with Administrative Code Section 10.1.1 which provides authority for the General Manager to approve service agreements for up to \$20,000 for not more than a one-year period.
  - C. Regularly monitor the performance of all service providers and report regularly to the Board on all such monitoring efforts.

**MONITORING AND REPORTING**

- 9.19 The General Manager will ensure that monitoring and control mechanisms are in place to ensure that policies and procedures are properly implemented and that the operations of the System are effective.
- 9.20 The General Manager will provide the Board with relevant, appropriate and timely information to enable it to properly carry out its oversight responsibilities. Furthermore, the General Manager will apprise the Board in a timely manner of all



## **Duties and Responsibilities-General Manager**

significant issues, problems, or developments pertaining to the System, and provide recommended courses of action as appropriate.

FOR SUMMARY OF BOARD DELEGATIONS TO THE GENERAL MANAGER SEE SECTION 3.0 – DUTIES AND RESPONSIBILITIES-BOARD OF COMMISSIONERS

### **OTHER**

- 9.21 In accordance with the Charter, the General Manager will exercise any further powers in the administration of the System as may be conferred upon him or her by the Board. [Section 509 (h)]

### **HISTORY**

- 9.22 These Duties and Responsibilities were adopted by the Board on June 8, 2006; Revised 10/21/10, 05/19/11, 07/18/13, 10/02/14. 11/03/16 and 09/06/18.

### **REVIEW**

- 9.23 The Board shall review these Duties and Responsibilities at least every three years.
- 9.24 The Board shall next review these Duties and Responsibilities by November 2022.

## **Los Angeles Fire & Police Pension System**

### **10.0 - BOARD EDUCATION POLICY**

#### **BACKGROUND AND PURPOSE**

- 10.1 The Board is charged with the sole and exclusive fiduciary responsibility for the assets of the System, and is granted the sole and exclusive responsibility for administering the System in a manner that will assure prompt delivery of benefits and related services to members of the System.

The Board shall discharge its duties with respect to its system with the care, skill, prudence, and diligence under the 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 with like aims. This standard of sound pension management imposes a continuing need for Board members and staff to build and maintain their knowledge of pension and investment issues. Accordingly, this policy is intended to guide the Board's education efforts. [Section 1106(c)]

#### **EXPECTATIONS OF BOARD MEMBERS**

- 10.2 Throughout their terms on the Board, Board members are expected to develop their knowledge and understanding of a broad range of pension-related issues including, but not limited to:

- A. Fiduciary duty law
- B. Pension and other relevant legislation (e.g. California Constitution and the Ralph M. Brown Act)
- C. Pension and disability benefits administration, funding, and liability
- D. Health benefits administration, funding, and liability
- E. Actuarial funding principles
- F. Institutional portfolio management:
  - 1) Asset/liability management
  - 2) Capital market theory (asset class characteristics)
  - 3) Active and passive investment management
  - 4) Investment performance measurement
  - 5) Investment costs
- G. The financial audit and internal control functions  
(Amended 10/20/14)

- 10.3 Board members are also:

- A. Expected to complete the in-house Board orientation program within 60 days of joining the Board (see Sections 10.5-10.8 below).
- B. Expected to participate in all in-house education seminars or presentations delivered by either staff or outside experts.
- C. Encouraged to attend at least two (2) approved educational conferences each year. (Attendance shall not exceed a maximum of six (6) conferences each fiscal year.) Conference agendas shall contain at least five hours of high quality educational content, as opposed to content geared towards

marketing or the promotion of investment management and related sponsors.

(Amended 10/02/14; Amended 8/6/20)

## **THE BOARD EDUCATION PROGRAM**

10.4 The System's Board education program will contain three key components:

- A. New Board member orientation
- B. In-house training and education
- C. Conferences (e.g. CALAPRS, NCPERS, SACRS, IFEBP, Wharton School, etc.). (Amended 10/02/14)

### ***New Board Member Orientation***

10.5 Staff will be responsible for designing and making available to each new Board member a formal Board orientation program, using consultants where appropriate.

10.6 The specific contents of the Board orientation program will be determined by staff, but will generally cover the following areas:

- A. Role and expectations of Board members
  - B. Fiduciary duties of Board members, conflict of interest guidelines, open meeting laws, Proposition 162, and other relevant law to be provided by the City Attorney
  - C. Ethics responsibilities
  - D. Overview of organizational structure and the roles of staff, and key service providers including the actuary, investment consultant, custodian bank, investment managers, attorneys and auditors
  - E. Statement of Economic Interest filings and Robert's Rules of Order
  - F. The disability application process
  - G. Overview of member services
  - H. Benefit structure of the System, delivery, and Board authority
  - I. Health benefits program structure, delivery, and Board authority
  - J. Actuarial valuation process
  - K. Investment and funding policies of the System
    - Structure of current investment program and portfolios
    - Current asset allocation process
    - Private Equity asset class
    - Passive vs Active management
    - Investment manager selection and due diligence process
    - Investment Consultant's role
  - L. Board governance policies and practices
  - M. Budget process
  - N. Travel policies and procedures
  - O. Strategic and Business Plan process and goals
  - P. Audit process
- (Amended: 10/02/14, 11/21/19)

10.7 In covering the above concepts with new Board members, it is expected that staff will schedule in-house orientation sessions. The scheduling and duration of such sessions should be determined with input from the Board member(s) in question.

As a general guide, it is expected that, in total, the orientation sessions will require up to two days to complete.

- 10.8 As part of the orientation process, Board members will also be provided, either a hard copy or electronic copy:
- A. A user friendly Board Reference Manual, the contents of which are to be determined by staff (See Appendix 1 for sample contents).
  - B. A listing of recommended conferences to be attended during a Board member's first year on the Board.
  - C. Suggested reading material of an educational nature.
  - D. Other relevant information and documentation deemed appropriate by staff.

***In-house Education and Training***

- 10.9 The System views in-house education and training to be an essential element of an effective Board education program. Accordingly,
- A. Staff will schedule education sessions during Board meetings so as to coincide with key policy decisions on the Board's agenda. To ensure that the Board is able to make such policy decisions in an informed manner, the education sessions will occur at least one meeting prior to the meeting at which the policy decision is to be made. For example, if the Board is scheduled to make a decision to invest in a new asset class, staff should schedule one or more education sessions on the asset class in question at least one meeting prior to the meeting at which the Board is to make its decision. These sessions may include a panel of consultants as appropriate for the asset class to ensure that the Board receives a balanced presentation.
  - B. Through the annual Board Member Self-Assessment Policy (Governance Policy, Section 11.0) the results can be used by staff in planning the Annual Board Educational Meeting. (Amended 10/02/14, 08/20/15 and 11/21/19)
  - C. In addition to the above, staff will coordinate special education sessions throughout the year on other topics of general interest and importance to the Board, and that will enhance the Board's ability to govern the System. It is expected that a minimum of one special education session will be organized each year. When possible, efforts should be made to coordinate educational training sessions with other systems or CALAPRS.
  - D. Given the changing needs and time availability of Board members, staff is expected to consult with the Board when scheduling in-house education sessions so as to maximize the likelihood of full attendance. Notwithstanding this, it is the responsibility of each Board member to make all reasonable efforts to attend all in-house education sessions.

***Conferences***

- 10.10 The System believes that attending high quality conferences can also be of great value to Board members in effectively carrying out their fiduciary duties by, for example, exposing Board members to new issues and insights and enabling them to meet and learn from their peers throughout the pension industry.
- 10.11 While many conferences may be beneficial, the Board has found that conferences sponsored by industry associations (e.g. CALAPRS) or by academic institutions

(e.g. the Wharton School) are particularly effective (see Appendix 2 for a listing of sample associations).

- 10.12 Staff is responsible for identifying high quality conferences and bringing them to the attention of the Board. Individual Board members are also encouraged to bring quality conferences to the attention of the Board.
- 10.13 Upon returning from a conference, Board members are encouraged to share relevant information with the Board, complete a conference evaluation form and submit it to the General Manager to assist in the evaluation of conferences for future recommendation to the Board. (see Appendix 3 - Conference Attendance Report) (Amended 07/18/13 and 10/02/14)

***Involvement by Staff***

- 10.14 An additional objective of the Board Education Policy is to establish over time a *common or shared* understanding by the Board and staff of the major issues and concepts involved in the governance and management of the System. Accordingly, the Board expects that staff will, whenever practical, participate in all in-house Board education and training.

**REPORTING AND MONITORING**

- 10.15 An annual report summarizing the various educational activities, including travel, undertaken by the Board will be prepared by the General Manager and provided to the Board.

**HISTORY**

- 10.16 This policy was adopted by the Board on June 8, 2006; Revised 10/21/10; 07/18/13, 10/02/14, 08/20/15, 11/03/16, 11/21/19 and 8/6/20.

**REVIEW**

- 10.17 The Board will review this policy at least every three years to ensure that it continues to effectively meet the needs of the Board.
- 10.18 The Board shall next review this policy by November 2022.

**APPENDIX 1 - BOARD REFERENCE MANUAL**

Some suggested items for inclusion in the Board Reference Manual include:

- A. Commissioners' Contact Information
- B. Ethics Information
- C. LAFPP Organizational Chart
- D. Summary of LAFPP Sections
- E. Disability Training Board Reports
- F. Medical and Dental Benefits Training
- G. Travel Flow Chart
- H. Travel and Education Policy
- I. LAFPP Annual Report
- J. Budget: Current Fiscal Year
- K. Business & Strategic Plans
- L. Summary Plan Descriptions of Tier 5 and Tier 6
- M. Background of Contractor's Disclosure Policy
- N. Fiduciary Responsibilities
- O. Actuarially Speaking by Grant Boyken
- P. Suggested Readings
- Q. iPad Usage Policy and User Guide  
(Amended 10/02/14)

**BOARD POLICY MANUAL**

- I. Board Governance Policies
- II. Board Operating Policies and Procedures
- III. Board Investment Policies

## APPENDIX 2 – RECOMMENDED ASSOCIATIONS

The following Industry Associations have been found to offer educational conferences that are particularly useful for Board members:

- a. CALAPRS - (California Association of Public Retirement Systems) - <http://www.calaprs.org>
- b. NCPERS - (National Conference on Public Employee Retirement Systems) - <http://www.ncpers.org>
- c. IFEBP - (International Foundation of Employee Benefits Plans) - <http://www.ifebp.org>
- d. SACRS - (State Association of County Retirement Systems) - <http://www.sacrs.org>

The following academic institutions also offer programs that may be particularly useful for Board members:

- The Wharton School at the University of Pennsylvania

**APPENDIX 3 - CONFERENCE ATTENDANCE REPORT**

Board Member Name: \_\_\_\_\_

Name of Conference: \_\_\_\_\_

Date of Conference: \_\_\_\_\_

Location of Conference: \_\_\_\_\_

Key Topics Covered: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Were there any ideas taught at the Conference that staff or the Board should consider?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Did you learn anything at the Conference that you wanted to share with the Board?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

For each of the following statements, please select the response that best describes your opinion:

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
The conference sessions were mostly informative, well presented and relevant.				
The conference provided a good opportunity to network with, and learn from, industry peers.				
The conference represented good value.				
I would recommend that fellow Board members attend this conference in the future.				

Additional Comments: \_\_\_\_\_

\_\_\_\_\_

Signature: \_\_\_\_\_



## **Los Angeles Fire & Police Pension System**

### **11.0 – ANNUAL BOARD MEMBER SELF-ASSESSMENT POLICY**

#### **INTRODUCTION**

- 11.1 Consistent with Governance Best Practices and as recommended by the Stanford Fiduciary College, an Annual Board Member Self-Assessment process is a model practice within the pensions industry. The process allows for Board members to: 1) identify their own areas of educational need in order to work with staff to obtain the training; 2) provide feedback on various Board roles and responsibilities, Board structure and overall Board performance; and, 3) gauge their knowledge of the critical subject areas to administer the System. (Added 08/20/15, Revised 11/03/16 and 11/21/19)

Further, the results of the Annual Board Member Self-Assessment can be used by staff in planning the Annual Board Educational Meeting pursuant to the Board Education Policy, Section 10.9. (Amended 08/20/15, Revised 11/21/19)

#### **ROLES AND RESPONSIBILITIES**

- 11.2 The Board as a whole is responsible for evaluating its own performance, and all Board members are expected to participate in the Board member self-assessment process.
- 11.3 Individually, Board members are responsible for assessing their knowledge in relevant subject areas.
- 11.4 The Board as a whole will be responsible for coordinating the implementation of this policy.

#### **GUIDELINES**

##### ***Survey***

- 11.5 The Board will review the Annual Board Member Self-Assessment Survey (the Survey) every three years and make modifications, as appropriate. The purpose of the Survey will be to provide Board members with a framework to evaluate the general performance of the Board and to identify subject areas that may be appropriate for in-house training. (Amended 08/20/15)
- 11.6 The questions contained in the survey may take any format deemed appropriate, but the Survey must allow Board members to provide written comments or suggestions.
- 11.7 The Survey will be conducted online and the individual responses will remain anonymous and confidential. (Amended 08/20/15)

**ASSESSMENT PROCESS**

- 11.8 The General Manager shall be responsible for ensuring that all Board members receive an electronic link (via e-mail) to the online Survey in April of each year. Each Board member shall complete and submit (electronically) the Survey within a time frame to be stipulated by the General Manager.
- 11.9 The Board and staff shall treat the Survey results as confidential. The General Manager will ensure that the completed surveys are then used to determine educational needs for the following fiscal year and annual educational meeting, as appropriate. (Revised 11/21/19)

**HISTORY**

- 11.10 The Board adopted this policy on June 8, 2006; Repealed on October 21, 2010; Re-adopted revised policy on December 2013; Revised 08/20/15, 11/03/16, and 11/21/19.

**REVIEW**

- 11.11 The Board will review this policy at least every three year(s) to ensure that it remains relevant and appropriate.
- 11.12 The Board shall next review this policy by November 2022.

**Los Angeles Fire & Police Pension System**

**APPENDIX 1 - SAMPLE BOARD MEMBER SELF-ASSESSMENT SURVEY**

In accordance with the Board Member Self-Assessment Policy, Board members are asked to complete the attached survey. The purpose and benefits of the Self-Assessment are enumerated below:

- Consistent with Governance Best Practices and as recommended by the Stanford Fiduciary College, an Annual Board Member Self-Assessment process is a model practice within the pensions industry. The process allows for Board members to: 1) identify their own areas of educational need in order to work with staff to obtain the training; 2) provide feedback on various roles and responsibilities, Board structure and overall Board performance; and, 3) gauge their knowledge of the critical subject areas to administer the System. (Added 08/20/15, Amended 11/21/19)
- The Annual Board Member Self-Assessment Policy can be used in planning the Annual Board Educational Meeting, pursuant to the Board Education Policy, Section 10.9. (Amended 08/20/15, 11/21/19)

**INSTRUCTIONS**

The Board members will use a scale of 1-5 to complete the Self-Assessment. The results should be used reflectively by the Board member to identify educational needs and to work with staff to obtain such training. Staff will also use the results to help plan for the Annual Board Educational Meeting.

(Added 08/20/15, Amended 11/21/19)

**BOARD MEMBER SELF-ASSESSMENT**

**A. Board - ROLES AND RESPONSIBILITIES:**

Please indicate the extent to which you agree with each of the following statements:	<u>Very Unclear</u>		<u>Neutral</u>		<u>Very Clear</u>		<u>Unable to Assess</u>
1. In your opinion, how clear are the responsibilities of each of the following:							
a. Board	1	2	3	4	5	UA	
b. Ad hoc Committee(s)	1	2	3	4	5	UA	
c. Board President	1	2	3	4	5	UA	
d. Ad hoc Committee Chair(s)	1	2	3	4	5	UA	
e. General Manager	1	2	3	4	5	UA	

(Amended 11/03/16)

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**B. Board - Overall Evaluation**

Please indicate the extent to which you agree with each of the following statements:	<u>Strongly Disagree</u>		<u>Neutral</u>		<u>Strongly Agree</u>	<u>Unable to Assess</u>
1. Overall, the Board is performing effectively.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above question.

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If you have any additional comments or suggestions regarding the performance of the Board, please list them in the space provided below:

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**BOARD MEMBER SELF-ASSESSMENT**

**A. BOARD MEMBER - GOVERNANCE:**

<p>Please indicate the extent to which you agree with the following statement: I am confident that I understand the governance of the System. This includes:</p>	<p align="center"><u>Strongly Disagree</u>      <u>Neutral</u>      <u>Strongly Agree</u>      <u>Unable to Assess</u></p>					
1. Understanding Board functions, processes and structure.	1	2	3	4	5	UA
2. Understanding the Board's exercise of discretion, delegation of responsibilities and oversight.	1	2	3	4	5	UA
3. Understanding that the role of the Board is to focus on governance, or policy decisions (why we do things), and not management, or tactical decisions (how we do things).	1	2	3	4	5	UA
4. Understanding the roles of key service providers, including the actuary, investment consultant, attorneys and external auditors.	1	2	3	4	5	UA
5. Understanding the laws and rules governing the System.	1	2	3	4	5	UA
6. Understanding the System's independence under applicable laws.	1	2	3	4	5	UA
7. Understanding best practices for public pension board governance.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**B. BOARD MEMBER - ASSET ALLOCATION AND INVESTMENTS:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the asset allocation and investment and funding policies of the System. This includes:</p>						<p><u>Unable to Assess</u></p>
	<p><u>Strongly Disagree</u></p>	<p>2</p>	<p><u>Neutral</u></p>	<p>4</p>	<p><u>Strongly Agree</u></p>	
<p>1. Understanding the major asset classes and their characteristics.</p>	1	2	3	4	5	UA
<p>2. Understanding the specialized asset classes and techniques, such as private equity, commodities and real estate.</p>	1	2	3	4	5	UA
<p>3. Understanding the reports provided by staff and the investment consultant on the performance of the investment portfolio.</p>	1	2	3	4	5	UA
<p>4. Understanding the role of active management in the investment portfolio.</p>	1	2	3	4	5	UA
<p>5. Understanding the Board's role in manager selection, evaluation and retention.</p>	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**C. BOARD MEMBER - ACTUARIAL PROCESS:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the information provided to me by the System’s actuary. This includes:</p>						<p><u>Unable to Assess</u></p>
	<u>Strongly Disagree</u>	2	<u>Neutral</u>	4	<u>Strongly Agree</u>	
1. Understanding of how assets and liabilities of the system are calculated on an actuarial basis.	1	2	3	4	5	UA
2. Understanding the difference and relationship between the actuarial value of assets and the market value of assets and the asset smoothing process.	1	2	3	4	5	UA
3. Understanding how changes in actuarial assumptions have an impact on System assets and liabilities.	1	2	3	4	5	UA
4. Understanding the nature of the City’s funding obligations and the responsibility of the Board to approve the actuarial valuation that determines the annual required contribution.	1	2	3	4	5	UA
5. Feeling comfortable with asking the actuary questions when I need further information, explanation or clarification on this subject.	1	2	3	4	5	UA
6. Understanding the difference between the actuarial funding policy and financial reporting.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**D. BOARD MEMBER - BENEFITS ADMINISTRATION:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the benefit structure and benefits administration process at the System. This includes:</p>						
	<u>Strongly Disagree</u>	2	<u>Neutral</u>	4	<u>Strongly Agree</u>	<u>Unable to Assess</u>
1. Understanding the benefits provided in each of the six tiers.	1	2	3	4	5	UA
2. Understanding how the System communicates with its members.	1	2	3	4	5	UA
3. Understanding the difference between the responsibility for plan design (plan sponsor) and the responsibility for plan administration (the System).	1	2	3	4	5	UA
4. Understanding how the DROP is administered.	1	2	3	4	5	UA
5. Understanding how the annual Cost of Living Adjustments (COLAs) are calculated and administered.	1	2	3	4	5	UA
6. Understanding the role of the Relief Associations in administering health benefits.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**E. BOARD MEMBER - DISABILITY:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the disability benefit structure, program administration, and hearing/appeals process at the System. This includes:</p>						<u>Unable</u>
	<u>Strongly</u>		<u>Neutral</u>		<u>Strongly</u>	<u>to</u>
	<u>Disagree</u>				<u>Agree</u>	<u>Assess</u>
1. Understanding the qualifications for a disability retirement and the benefits that are provided.	1	2	3	4	5	UA
2. Understanding the process that is followed in disability applications, from intake through determination of eligibility.	1	2	3	4	5	UA
3. Understanding the medical and legal issues that are discussed during consideration of disability matters.	1	2	3	4	5	UA
4. Understanding the hearing and appeal process, including the standard that should be applied in each situation.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**F. BOARD MEMBER - FIDUCIARY RESPONSIBILITY:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the responsibilities that I have as a fiduciary of the System. This includes:</p>						
	<u>Strongly Disagree</u>		<u>Neutral</u>		<u>Strongly Agree</u>	<u>Unable to Assess</u>
	1	2	3	4	5	UA
1. Understanding the fiduciary legal standard.						
2. Understanding the “Prudent Person Standard” by which duties must be discharged.						
3. Understanding what constitutes a prohibited transaction.						
4. Understanding the duty to administer the plan in accordance with governing plan documents.						

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**G. BOARD MEMBER - ETHICS, CONFLICTS AND DISCLOSURE:**

<p>Please indicate the extent to which you agree with the following statement:                      I am confident that I understand the laws, rules and policies that address ethics, conflicts and disclosure at the System.                      This includes:</p>						<u>Unable</u>
	<u>Strongly</u>		<u>Neutral</u>		<u>Strongly</u>	<u>to</u>
	<u>Disagree</u>				<u>Agree</u>	<u>Assess</u>
1. Understanding applicable state and/or local conflict of interest laws and the duty to avoid participating in a decision that affects my economic interests.	1	2	3	4	5	UA
2. Understanding System policies concerning conflicts of interest.	1	2	3	4	5	UA
3. Understanding the Marketing Cessation policy.	1	2	3	4	5	UA
4. Understanding the City's Commissioner Participation in Contracting Ordinance and how it limits communications between Board members and contractors.	1	2	3	4	5	UA
5. Understanding the Contractor Disclosure Policy.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**H. BOARD MEMBER - OPEN MEETING AND PUBLIC RECORDS:**

<p>Please indicate the extent to which you agree with the following statement:  I am confident that I understand the applicable laws and procedures concerning open meetings and public records. This includes:</p>						<u>Unable</u>
	<u>Strongly</u>		<u>Neutral</u>		<u>Strongly</u>	<u>to</u>
	<u>Disagree</u>				<u>Agree</u>	<u>Assess</u>
1. Understanding the notice requirements for meetings, including teleconference requirements.	1	2	3	4	5	UA
2. Understanding the limitations on discussing matters that have not been noticed on the agenda.	1	2	3	4	5	UA
3. Understanding the circumstances under which communications outside of noticed meetings can be deemed under the law to be a "meeting."	1	2	3	4	5	UA
4. Understanding what may and may not be discussed during a closed session.	1	2	3	4	5	UA
5. Understanding what constitutes a "public record" under the law and the circumstances under which System records must either be disclosed or withheld.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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**BOARD MEMBER SELF-ASSESSMENT**

**I. BOARD MEMBER - FINANCIAL AUDIT AND INTERNAL CONTROLS:**

<p>Please indicate the extent to which you agree with the following statement:                      I am confident that I understand the system of financial reporting, controls and audits.                      This includes:</p>						<u>Unable</u>
	<u>Strongly</u>		<u>Neutral</u>		<u>Strongly</u>	<u>to</u>
	<u>Disagree</u>				<u>Agree</u>	<u>Assess</u>
1. Understanding the respective roles of the Chief Accounting Employee, the Departmental Audit Manager, and the external financial statements auditor.	1	2	3	4	5	UA
2. Understanding the concepts of “risk management” and “risk assessment” and the development of internal controls to address risks.	1	2	3	4	5	UA
3. Understanding the responsibility for maintaining the security of confidential member information and personal health information kept by the System.	1	2	3	4	5	UA

Please provide any additional comments that you may have in regard to the above questions. If your comment refers to a specific question, please note it.

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## **Los Angeles Fire & Police Pension System**

### **12.0 - GENERAL MANAGER PERFORMANCE EVALUATION POLICY**

#### **INTRODUCTION**

- 12.1 In accordance with the City Charter, the Board has the authority to hire the General Manager, subject to confirmation by the Mayor and City Council and may remove the General Manager, subject to confirmation by the Mayor. The General Manager, if so removed, may appeal the removal to the City Council as provided in Section 508(e) of the City Charter [Section 1108 (b)].
- 12.2 In accordance with the City Charter, the Board is responsible for annually evaluating the performance of the General Manager. [Section 1108 (c)]. Accordingly, the Board has established this General Manager Performance Evaluation Policy, the objectives of which are to:
- A. Assist the Board in establishing and communicating clear and meaningful goals and performance targets for the General Manager; and
  - B. Ensure the General Manager receives useful and objective performance feedback from the Board on a periodic basis.

#### **ROLES AND RESPONSIBILITIES**

- 12.3 Evaluating the performance of the General Manager is a primary responsibility of the Board and therefore should include the participation of all Board members.
- 12.4 The Board as a whole will be responsible for coordinating the implementation of this policy.

#### **EVALUATION CRITERIA**

- 12.5 The Board will ensure that any criteria used to evaluate the General Manager:
- A. Are defined in advance;
  - B. Are objective in nature and, to the extent possible, measurable;
  - C. Pertain only to outcomes over which the General Manager has a reasonable degree of control; and
  - D. Apply only to July 1 through June 30 of the respective year being evaluated.
- 12.6 At a minimum, evaluation criteria will include Board satisfaction with the general management and leadership abilities of the General Manager, as determined through the use of a General Manager Performance Evaluation Survey.
- 12.7 In addition to the above minimum criterion, the Board may over time establish other criteria as appropriate. These must meet the conditions set out in 12.5 above and may include, but are not limited to:

## General Manager Performance Evaluation Policy

- A. Implementation of the triennial strategic plan and annual business plan; (Amended 04/16/15)
  - B. Implementation and management of Board policies and associated reporting to the Board;
  - C. Effective fiscal and operational controls, as evidenced by internal or external financial audits.
- 12.8 Performance evaluation criteria established pursuant to paragraph 12.7 above will be recommended by a designated third party (e.g., Department confidential staff or consultant) to the Board for approval.

### EVALUATION PROCESS

- 12.9 The General Manager will meet with the Board in the fourth quarter of each fiscal year (April – June) to discuss and establish:
- A. The proposed evaluation criteria for the General Manager for the next year and their relative weights; and
  - B. Any proposed evaluation forms or surveys, or other measurement tools to be used in evaluating the General Manager for the year in question.
- 12.10 The General Manager shall ensure that the Board is provided a final status report of the business plan projects for the evaluation period during a Board meeting in July. (Amended 04/16/15; 06/20/19)
- 12.11 Each year, the Board President or, if applicable, a designated third party (e.g., Department confidential staff or consultant), will distribute an Evaluation Package to each member of the Board within ten (10) business days after the Board approves the final status report of the business projects as specified in Section 12.10 above. The Evaluation Package will include (Amended 06/20/19):
- A. A copy of this policy;
  - B. The performance criteria established by the Board for the year in question;
  - C. Any survey forms to be completed by members of the Board; and
  - D. Any supporting information or data that the General Manager believes may assist the Board in carrying out the evaluation.
- 12.12 The Board shall meet in closed session shortly after distribution of the survey instrument for a pre-evaluation discussion. (Amended 06/18/20)
- 12.13 The General Manager at his or her discretion may also provide the Board with a self-assessment of the extent to which the General Manager believes the performance criteria were met.
- 12.14 The Board shall treat the Evaluation Package as confidential. Completed survey forms will be returned directly to a designated third party, within a predetermined time period. The designated third party, will in turn ensure that all completed surveys are tabulated and summarized. The outliers (one high rating and one low rating) will be removed from the surveys prior to tabulating the numerical rating. The product of this tabulation and summary will be known as the Survey Summary.



## **General Manager Performance Evaluation Policy**

The Survey Summary shall include all comments from every Commissioner.  
(Amended 06/18/20)

- 12.15 The designated third party will provide the Board with either an electronic or hard copy of the completed survey instrument at least one week prior to the Board meeting that the General Manager evaluation discussion is scheduled. (Amended 06/18/20)
- 12.16 The designated third party will report to the Board on the results of the Board's review of the General Manager's performance. The discussion of the General Manager's performance will be held in closed session and the General Manager will be present.
- 12.17 Upon completion of the Board's discussion, the President and the General Manager will sign a Written Summary Evaluation indicating the results of the Survey Summary, whether the General Manager is in good standing or to be placed under review, the details of any merit pay increase and any other details as appropriate. The President shall cause the Written Summary Evaluation to be placed in the General Manager's personnel file and ensure that the Survey Summary and all completed survey forms are destroyed.
- 12.18 The Board may grant the General Manager a merit pay increase in accordance with City Council guidelines [Section 1108 (c)]. Further, the Board may grant the General Manager additional increases (i.e., Cost of Living Adjustments, Retirement Contribution Offsets, or similar increases) in accordance with City Council guidelines.
- 12.19 The Board will promptly notify the Office of the Mayor the results of the evaluation. Further, the Board will promptly notify the Offices of the Controller and City Administrative Officer of the amount of any merit pay increase granted by the Board to implement the Board's action.
- 12.20 If the Board places the General Manager under review, the General Manager will meet with the Board every quarter to discuss his or her performance until the under review status is removed by the Board.

### **HISTORY**

- 12.21 The Board adopted this policy on June 8, 2006; Amended 03/06/08, 03/19/09, 03/01/12, 04/16/15, 11/03/16, 06/20/19, and 06/18/20.

### **REVIEW**

- 12.22 The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- 12.23 The Board shall next review this policy by June 2023.

Los Angeles Fire & Police Pension System

APPENDIX 1 - GENERAL MANAGER EVALUATION SURVEY INSTRUMENT

GENERAL MANAGER LEADERSHIP SKILLS SUBJECTIVE EVALUATION FORM

In accordance with the System's *General Manager Performance Evaluation Policy*, the Board is required to evaluate the performance of the General Manager. This evaluation form is designed to facilitate the gathering of input from Board members concerning leadership, management and related qualities and skills.

The results of this evaluation will be tabulated and summarized by a designated third party (e.g., Department confidential staff or consultant). A summary of the results will be presented to the Board, along with any other information and analysis necessary to complete the evaluation.

**Board members are asked to complete this questionnaire and submit it to [party] by [MONTH, DAY, YEAR].**

**INSTRUCTIONS**

The Board members will use a scale of 1- 5 to rate the General Manager on his or her success with regard to each of the following criteria, (please circle the appropriate number), where:

- 1. = UNACCEPTABLE
- 2. = NEEDS IMPROVEMENT
- 3. = MEETS EXPECTATIONS
- 4. = EXCEEDS EXPECTATIONS
- 5. = OUTSTANDING

In addition, each of the raters should use the Specific Observations comment sections to elaborate and provide context for the rating.

**General Manager Performance Evaluation Policy**

<b>GENERAL MANAGER EVALUATION</b>	<b>Unacceptable 1</b>	<b>Needs Improvement 2</b>	<b>Meets Expectations 3</b>	<b>Exceeds Expectations 4</b>	<b>Outstanding 5</b>
<b><u>Three-Year Strategic Planning and Annual Business Plan Implementation</u></b> (Planning, Vision)					
1. Sought input from the Board in the development of new three-year strategic initiatives.	1	2	3	4	5
2. Assisted the Board in establishing a strategic direction for the System.	1	2	3	4	5
3. Identified issues of strategic importance and brought them to the Board's attention.	1	2	3	4	5
4. Contributed to the Board accomplishing its strategic plan goals, objectives and strategic initiatives by recommending appropriate projects in the Annual Business Plan.	1	2	3	4	5
5. Kept the Board apprised of the status of Annual Business Plan projects through Quarterly Reports.	1	2	3	4	5
<b>Specific Observations:</b> _____ _____ _____ _____					
<b><u>Operations</u></b> (Budgeting and Financial Management, Risk Management, Continuous Improvement, Board Support, Stakeholder Relations, Member Education)					
6. Demonstrated leadership in setting organizational priorities.	1	2	3	4	5
7. Acted responsibly in preparing a financially sound operating Budget for Board adoption.	1	2	3	4	5
8. Managed the budget in a fiscally responsible manner keeping revenue and costs in balance.	1	2	3	4	5
9. Demonstrated a commitment to continuous improvement in system services and operations.	1	2	3	4	5
10. Maintained and promoted good customer relations with stakeholder and was responsive to needs/issues.	1	2	3	4	5

**General Manager Performance Evaluation Policy**

<b>GENERAL MANAGER EVALUATION</b>	<b>Unacceptable 1</b>	<b>Needs Improvement 2</b>	<b>Meets Expectations 3</b>	<b>Exceeds Expectations 4</b>	<b>Outstanding 5</b>
11. Kept the Board informed of industry changes and future risks, and positioned the Board and the Department to address change.	1	2	3	4	5
12. Evaluated and considered risk exposure in managing current programs and proposing new programs or services.	1	2	3	4	5
13. In a complete and timely fashion, provided the Board with the information it needed to carry out its responsibilities and assured that all meetings were well planned and organized.	1	2	3	4	5
14. Demonstrated a commitment to enhancing member educational content and opportunities.	1	2	3	4	5
<b>Specific Observations:</b> _____ _____ _____ _____					
<b>Leadership and Personal Development</b> (Ethics and Conduct, Stakeholder Relations, Professional/Technical Competence, Problem Solving and Decision-Making, Flexibility, Self-Development, Communication, Credibility)					
15. Demonstrates a strong principled and ethical leadership style and promotes high standards of conduct and job performance to subordinates.	1	2	3	4	5
16. Approaches his or her duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in the administration of a public pension system.	1	2	3	4	5
17. Prepares organized and informative reports and correspondence.	1	2	3	4	5
18. Communicates orally with the Board, as well as with stakeholders, in a clear and effective manner.	1	2	3	4	5

**General Manager Performance Evaluation Policy**

<b>GENERAL MANAGER EVALUATION</b>	<b>Unacceptable 1</b>	<b>Needs Improvement 2</b>	<b>Meets Expectations 3</b>	<b>Exceeds Expectations 4</b>	<b>Outstanding 5</b>
19. Is committed to identifying and addressing areas of performance or personal development that need attention.	1	2	3	4	5
20. Demonstrates the ability to provide leadership and appropriately handle stressful situations.	1	2	3	4	5

**Specific Observations:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Staff Development and Supervision**

21. Maintains effective control over operations and effectively hires, retains, assigns and leads and directs staff in the performance of their duties and assignments.	1	2	3	4	5
22. Demonstrates a commitment to improving the performance, technical and personal development of staff.	1	2	3	4	5
23. Is respected by staff and promoted a positive work culture.	1	2	3	4	5

**Specific Observations:** \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

**Completed by:** \_\_\_\_\_ **on (date)** \_\_\_\_\_

## **Los Angeles Fire & Police Pension System**

### **13.0 - MONITORING AND REPORTING POLICY**

#### **BACKGROUND AND PURPOSE**

- 13.1 In keeping with the duty of the Board to oversee the activities and performance of the System, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the reports it is to receive on a regular basis.

#### **PRINCIPLES AND ASSUMPTIONS**

- 13.2 The Board should receive all appropriate information that is relevant to its duties and responsibilities in a timely manner.
- 13.3 The system of reporting to the Board is a dynamic one, and often must change over time to meet the changing needs of the Board. A process should be in place to help direct and keep track of such changes.
- 13.4 To the extent practical, reports to the Board should be in written form. Verbal reports should be accompanied by supporting documentation where feasible. The Commission Executive Assistant will work with the General Manager to ensure this is completed.

#### **GUIDELINES**

- 13.5 The Board will be provided the routine reports outlined in Appendix 1 with a frequency also set out therein. The Board may be provided other ad hoc reports as required.
- 13.6 Requests by Board members for additional routine reports and changes to existing routine reports shall require Board approval and an amendment to Appendix 1 of this policy.

#### **HISTORY**

- 13.7 The Board adopted this policy on June 8, 2006; Reviewed 10/21/10, 10/02/14, 11/03/16, and 11/21/19.

#### **REVIEW**

- 13.8 The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- 13.9 The Board shall next review this policy by November 2022.

APPENDIX 1 - ROUTINE REPORTS

Monthly Report

Report Name	Frequency	Presented By	Description and Purpose of Report
1. Monthly Report	Monthly	General Manager	<p>Addresses a range of issues including, but not limited to:</p> <ul style="list-style-type: none"> <li>• Summary of Investment Performance</li> <li>• Asset Allocation</li> <li>• Market Cessation Listing</li> <li>• Pensions and Administrative Operations Division Activities</li> <li>• Budget Compliance</li> <li>• Contracts including Searches, Expirations, and Renewals</li> <li>• Ad hoc Committee Assignments (as appropriate)</li> <li>• Status Report of Board Assignments to Staff and the City Attorney</li> </ul>

Investment & Funding Reports

Report Name	Frequency	Presented By	Description and Purpose of Report
2. Investment Performance	Quarterly	Investment General Consultant	Report on compliance with asset mix policy and investment performance for the total Fund, for each asset class, and by investment manager. Provides analysis based on return over various periods (3 months, 1 year, 5 year, etc.), and seeks to identify sources of returns.
3. Investment Manager Compliance Exception Report	On an Exception Basis only	Chief Investment Officer	In the event that the investment managers are not investing plan assets in compliance with their mandate, investment agreement, regulatory requirements and System policy, the findings will be summarized for the Board.
4. Report on Investment Costs	Annually in the Budget	Chief Investment Officer	Estimates the costs of the investment program.

**Monitoring and Reporting Policy**

**Investment & Funding Reports (continued)**

<b>Report Name</b>	<b>Frequency</b>	<b>Presented By</b>	<b>Description and Purpose of Report</b>
5. Proxy Voting	Annually	Chief Investment Officer	Included in the Annual Report. Confirms compliance with the Board's Proxy Voting Policy, and summarizes how the System exercised its voting rights in public companies. Specific reports available upon request.
6. Real Estate	Semi-Annually	Real Estate Consultant	Provides overview of real estate portfolio and performance.
7. Private Equity	Annually	Private Equity Consultant	Provides overview of real estate portfolio and performance.
8. Minority/Women/Disabled Veteran/LGBTQ Broker Report	Annually	Chief Investment Officer	Status report on brokerage activity of each active large cap equity manager and the percentage of trading with minority, women, disabled veteran and LGBTQ owned brokerage firms.
9. Due Diligence	Annually	Chief Investment Office	Summary of due diligence visits over a year period.
10. Market Cessation Listing	Monthly	General Manager	Listing included in the Monthly Report of investment firms that shall have no direct marketing contact with the Board and staff during searches or three months prior to the renewal of a contract with a firm currently under contract.
11. Portfolio Value & Asset Allocation	Monthly	General Manager	Included in the Monthly Report.
12. Actuarial Valuation	Annually	Actuary	Summarizes the results of the actuarial valuation for the System, together with any recommendations.
13. Asset Allocation Study	At least every three years	Investment Consultant	A study of the relationship between the System's assets and liabilities.
14. Actuarial Experience Study	Every 3 years	Actuary	Reviews the appropriate long-term economic assumptions such as investment return and wage and price inflation, and demographic assumptions such as disability rates, mortality rates.



## Monitoring and Reporting Policy

15. Actuarial Audit	Every 5-7 years <sup>1</sup>	Actuarial Auditor	An independent review of the validity of the analyses and methodologies used in preparing the System's actuarial valuation.
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### Administration and Operations Reports

Report Name	Frequency	Presented By	Description and Purpose of Report
16. Strategic Plan	Every 3 years	General Manager	Summarizes the vision, mission, and long term goals.
17. Business Plan	Annually	General Manager	Annual listing of all initiatives and projects identified to achieve the LAFPP vision, mission and long term goals.
18. Business Plan: Status Report	Quarterly/Annually	General Manager	Summarizes the status of each initiative/project contained in the annual business plan.
19. External Financial Audit	Annually	Chief Accounting Employee/ Auditor	Confirms that the financial statements present fairly, in all materials respects, the financial status of the System, in accordance with generally accepted accounting principles.
20. Annual Report	Annually	Distributed	Reviews the operations and activities of the System during the last fiscal year. The financial statements shall be part of the annual report and indicate the financial position of the System.
21. Legal Affairs	Semi-Annually	City Attorney	An update on significant litigation, potential litigation, and on changes and potential changes to legislation that would significantly affect the System.
22. Staff and Board Travel Report	Quarterly	General Manager	Summary of staff travel approved by General Manager cumulative fiscal year summary of Board travel and other relevant information.

<sup>1</sup> Unless the System has recently appointed, or is about to appoint, a new actuary at or about the time an actuarial audit is scheduled to be performed.

**Monitoring and Reporting Policy**

<b>Report Name</b>	<b>Frequency</b>	<b>Presented By</b>	<b>Description and Purpose of Report</b>
23. Contractor Disclosure Report	Quarterly	Departmental Audit Manager	Listing of all disclosures of monetary contributions and/or other financial benefits made directly/indirectly by contractors.
24. Annual Audit Plan	Annually	Departmental Audit Manager	Listing of all audit activities for the upcoming year.
25. Management Audit Report	Every 5 Years	Departmental Audit Manager	Reports on the findings of the management audit required by the Mayor, Council and Controller per City Charter.

**Governance Reports**

<b>Report Name</b>	<b>Frequency</b>	<b>Presented By</b>	<b>Description and Purpose of Report</b>
26. General Manager Evaluation	Annually	President, Board, or Third Party Designee.	Summarizes the Board's performance assessment of the General Manager.
27. Annual Governance Report	Annually	President, Board	A summary confirmation of compliance with the governance policies of the Board.
28. Board Education Report	Annually	General Manager	Summarizes the activities of the Board with respect to education.
29. City Attorney Evaluation	Annually	General Manager	Summarizes the performance assessment of the City Attorney's Office made by the Board and staff.
30. Board Self-Assessment	Annually	General Manager	Summarizes the performance assessment of the Board made by the Board. Due 1 <sup>st</sup> meeting in June.

(Amended 11/21/19)

**Los Angeles Fire & Police Pension System**

**14.0 - BOARD OPERATIONS POLICY**

**PURPOSE**

14.1 This Board Operations Policy is intended to describe the manner in which the Board will appoint officers, establish ad hoc committees and conduct its meetings and affairs, so as to ensure efficient operation of the Board.

## GOVERNANCE

### ***Board Officers***

- 14.2 In accordance with the City Charter, the Board shall elect one of its members President and one Vice-President. Elections shall be held during the Board's last meeting in July of each year. [Section 503(a)] In addition to the Charter requirement, members of the Board. (Revised 01/21/16 & 09/20/18):
- 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;
  - C. Shall decide those positions by majority vote; and,
  - D. The Board shall, by election, fill the unexpired term of any vacancy occurring in these offices within 30 days of the date the vacancy occurs.
- 14.3 The President shall preside at all meetings of the Board. During the absence of the President the Vice-President shall preside, and in the absence of the President and Vice-President, the Board members shall elect a temporary chair.

### ***Meetings***

- 14.4 At least two regular meetings shall be held each month. Meetings may be added or cancelled at the direction of the President of the Board. [Section 503(b)] Special meetings may be called by the President, or Vice-President, or in the absence of the President, by a majority of the Board members. (Revised 01/21/16)
- 14.5 To assist Board members in planning ahead to attend Board meetings, the Board shall annually adopt a schedule for regular Board meetings.
- 14.6 All meetings of the Board shall be open to the public, except those that meet specific requirements. The requirements of the Ralph M. Brown Act (California Government Code Section 54950 et seq.) shall govern all such meetings. Highlights of the Act are included in Board Governance Policy 1.0, Appendix 2 – Brown Act Summary. (Revised 01/21/16)
- 14.7 The President or presiding member of the Board shall determine all questions of procedure and order. Parliamentary formality shall not be required; however Robert's Rules of Order shall be utilized as a guideline to resolve any procedural questions. Any issues involving a potential conflict of interest of a Board member may be referred to the Board's legal counsel for advice and determination.

### ***Agendas, Meeting Materials, and Minutes***

- 14.8 The Board President and General Manager have the authority to place items on the agenda. Any Board member may propose items for future Board meetings.

Emergency items may be placed on Board meeting agendas in accordance with the Ralph M. Brown Act.<sup>1</sup> (Revised 01/21/16)

- 14.9 The General Manager shall prepare the agenda for each Board and committee meeting. The Board President shall approve the Board meeting agenda in sufficient time to comply with the Ralph M. Brown Act.<sup>2</sup> (Pursuant to Section 7.2B of this Policy, the General Manager shall have the authority to approve the agenda if the President cannot be reached and is not able to review the agenda sufficiently in advance of a Board meeting.) All Board meetings will comply with the Ralph M. Brown Act. (Revised 01/21/16)
- 14.10 Board meeting materials will normally be provided to Board members at least six calendar days in advance of meetings. Ad hoc committee meeting materials will also normally be provided to committee members at least six days in advance of committee meetings. Appropriate Board meeting materials will be posted on www.LAFPP.com. (Revised 11/03/16)
- 14.11 Minutes for each Board meeting shall be prepared, which provide a summary of all business conducted and a disposition of all motions, and shall be presented to the Board for approval. Once approved, the minutes will be signed by the Board President and the General Manager and shall form part of the permanent records of the Board. Board meeting minutes will be posted on www.LAFPP.com. (Revised 01/21/16)

***Public Comment***

- 14.12 The Board shall provide the public an opportunity to address the Board at each meeting on any item under its jurisdiction as follows:
- A. Agenda Items: With respect to any item which is already on the agenda, the public will be given the opportunity to comment before or during the Board's consideration of the item. The public shall also be given an opportunity to comment on closed session items prior to adjournment into closed session.
  - B. Non-Agenda Items: Members of the public shall have the right to address the Board on items which are within the subject matter jurisdiction of the Board. Except as otherwise permitted by the Ralph M. Brown Act, no deliberation of action may be taken by the Board concerning a non-agenda item, except that members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a question for clarification, or (3) provide a reference to staff for factual information. Further, the Board may take action to direct staff to place a matter of business on a future agenda. (Added 01/21/16)

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<sup>1</sup> The Board may take action on items not appearing on the posted agenda upon a determination of the majority of the Board that an emergency exists. An emergency is defined as a crippling disaster, work stoppage or other activity, which severely impairs public health, safety or both. [California Government Code Sections 54954.2, 54956.5]

- 14.13 To ensure the efficient conduct of Board business, there shall be a 3-minute limit on public comment by a member of the public per agenda item or new matter which is to be enforced by the presiding officer. (Added 01/21/16)

***Quorum and Voting Requirements***

- 14.14 The Board shall exercise the powers conferred upon it by the Charter by order or resolution adopted by a majority of its members. Action of the Board shall be attested by the signatures of the President or Vice-President, or two members of the Board, and by the signature of the Secretary of the Board (General Manager). [Sections 503(c), 1106, and 1120] (Revised 01/21/16)
- 14.15 A vote by voice may be utilized as the method of voting at Board meetings. When the voice vote is not unanimous, roll call for voting shall be taken to provide a clear record of Board actions. For any meeting whereby a Board member is teleconferencing as authorized in the Ralph M. Brown Act, roll call voting is required. (Revised 01/21/16)
- 14.16 With respect to Board meetings, a majority of Board members then serving on the Board is a quorum. With respect to ad hoc committee meetings, a majority of ad hoc committee members then serving on the ad hoc committee in question represents a quorum. (Revised 11/03/16)
- 14.17 All approved motions transacted by an ad hoc committee are subject to Board approval, unless the Board has granted the ad hoc committee specific authority to act on its own (e.g. actions pertaining to the ad hoc committee's own operation such as approving an agenda, selecting a Chair, meeting schedules, etc.). (Revised 01/21/16, 11/03/16.)
- 14.18 Any Board member may attend, and participate in discussions of, any meeting of any ad hoc committee of the Board; however, at any ad hoc committee meeting only members of the ad hoc committee may vote. Any ad hoc committee meeting at which a quorum of the Board is present must comply with the Ralph M. Brown Act. Ad hoc committees only have the authority to vote on recommendations to the full Board.  
(Revised 11/03/16)

***Active Elected Employee Member - Real Estate Vote***

- 14.19 Any purchase of real property or interest in real property shall require approval by a majority vote of all the Board members, but one of the affirmative votes must be cast by an active elected employee member of the Board. [Section 11209(c)] This Charter provision does not apply to Real Estate Investment Trusts (REITs).  
(Revised 01/21/16)

***Committees***

- 14.20 Effective May 19, 2016, standing committees were disbanded by the Board. Consequently, the Board utilizes only one type of Board advisory committee: ad hoc committees. Ad hoc committees have a defined purpose and a limited

duration to accomplish that purpose. All ad hoc committee agendas will comply with the Ralph M. Brown Act. (Revised 09/15/16)

- 14.21 Standing committees were disbanded and abolished by Board resolution 16127 on May 19, 2016. The Board shall approve the formation of any standing committee deemed necessary to support the Board in carrying out its responsibilities. The Board shall approve duties and responsibilities for standing committees based on the recommendation of the General Manager. (Revised 11/03/16)
- 14.22 The Board President may establish any ad hoc committees and should define the duties of an ad hoc committee at the time it is created to help establish expected duration. For ad hoc committees, the Board President will disband ad hoc committees once they have fulfilled their assigned duties. (Revised 01/21/16)
- 14.23 The Board President will appoint the members of ad hoc committees and must select at least one elected and one appointed Commissioner to sit on each ad hoc committee. Ad hoc committee members will elect the chair and vice-chair of the committee. Ad hoc committees will be comprised of not more than four members and will have a minimum of three members. Vacancies in ad hoc committees may be filled at any time by the Board President. (Revised 09/15/16)
- 14.24 The chair of each ad hoc committee shall preside at all meetings of the committee. In the absence of the committee chair, the vice-chair presides over the meeting. (Revised 11/03/16)

***Decision-Making Process***

- 14.25 The General Manager shall ensure that all matters scheduled to go before the Board or ad hoc committees are thoroughly researched and analyzed by staff or appropriate outside experts; and this shall include any recommendation by an ad hoc committee being put forward for Board consideration or approval. (Revised 11/03/16)
- 14.26 Prior to any ad hoc committee recommendations being brought forward to the Board, staff shall review the recommendations and prepare any necessary commentary to accompany them for the Board's consideration. In most cases, staff will prepare such commentary and provide it to the Board within two weeks of the prior ad hoc committee meeting. (Revised 11/03/16; 09/06/18)
- 14.27 Because the Board has elected not to have an investment committee, investment matters involving policy decisions or service provider selection or termination may be considered by the Board at two separate meetings. At the first meeting, investment matters shall be presented to the Board for information purposes only. The Board may take formal action only at the second meeting at which the item is considered. (Revised 11/03/16, 09/06/18)

Notwithstanding the above, the President and General Manager may agree to schedule a particular investment matter for board action at the first meeting at which it is to be considered, if they believe it is prudent to do so under the circumstances.

***Attendance and Compensation***

- 14.28 The General Manager and the Commission Executive Assistant, or a designee of the General Manager shall attend all Board meetings. No action shall be taken without the General Manager or his/her designee being allowed an opportunity to participate in the discussion.
- 14.29 A hearing reporter shall be present at all disability hearings conducted by the Board and at other meetings deemed necessary by the Board.
- 14.30 Members of the Board shall be compensated at the rates established in the Administrative Code. The rate shall be applied once each day or portion thereof, of actual attendance at a Board meeting or an ad hoc committee meeting held for the purposes of conducting the business of the System.

**HISTORY**

- 14.31 The Board adopted this policy on June 8, 2006; Revised 07/12/07, Reviewed 10/21/10, Revised 04/03/14, 01/21/16 ,11/03/16, 09/20/18, and 11/21/19.

**REVIEW**

- 14.32 The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- 14.33 The Board shall next review this policy by November 2022.

## Los Angeles Fire & Police Pension System

### 15.0 - STRATEGIC AND BUSINESS PLAN POLICY

#### BACKGROUND AND OBJECTIVES

- 15.1 The Board believes that effective strategic and business planning is critical to the long-term success of the System and has adopted this Policy to guide the planning efforts.
- 15.2 The objectives of this policy are:
- A. To ensure that strategic and business planning occurs in a rigorous and systematic manner;
  - B. To ensure clear and appropriate roles for the Board and staff in the planning processes;
  - C. To facilitate the communication of the System's strategic direction throughout the organization and to our stakeholders.
- 15.3 Three-Year Strategic Plan - The Board will approve an updated strategic plan every three years. The strategic plan provides direction for both long-term and short-term decision making by the Board to fulfill the LAFPP vision and mission. The strategic plan sets forth common values, goals, objectives and strategic initiatives and serves as a road map for the annual business plan. (Revised 09/60/18)
- 15.4 Annual Business Plan – Every year, the Board will approve an annual business plan that will include specific projects to ensure the strategic plan goals, objectives and strategic initiatives are achieved.

#### ***Time Frames***

- 15.5 The strategic planning cycle shall correspond to the System's fiscal year and will occur every three years. However, the planning horizon may be several years in duration depending on the nature of the goals and projects set out in the strategic plan.
- 15.6 The business planning cycle shall correspond to the System's fiscal year and will occur annually.

#### ***The Planning Process – Three Year Strategic Plan***

- 15.7 Every three years, the General Manager will initiate the strategic planning process by coordinating a Board Strategic Planning workshop to seek input from the Board, Staff, and the Board's appropriate consultants/advisors to review the System's strategic direction including but not limited to an evaluation of LAFPP's:
- A. Strengths, Weaknesses, Opportunities and Threats (SWOT Analysis);
  - B. Mission;
  - C. Vision Statement;



- D. Values; and
  - E. Long-term Goals, Goal Objectives and Goal Strategic Initiatives.
- 15.8 The Strategic Plan will be developed and approved by the Board by March 31<sup>st</sup> every third year. (Revised 09/06/18)
- 15.9 In approving the strategic plan, the Board will affirm that the plan is reasonable and supports the vision, mission and long-term goals of the System.

***The Planning Process – Annual Business Plan***

- 15.10 The annual business plan will normally begin in conjunction with the budget process when staff will begin to review and consider:
- A. Current business plan initiatives, which may need to be carried forward into the next fiscal year; and
  - B. New business initiatives that may need to be undertaken in support of the strategic plan and meet the vision, mission and goals of the System.
- 15.11 When identifying business plan initiatives, possible functional areas to be addressed include, but are not limited to:
- A. Investments;
  - B. Funding;
  - C. Member services and benefit administration;
  - D. Human resources;
  - E. Operations and information systems; and
  - F. Governance.
- 15.12 The General Manager shall seek input from the Board and the Board's appropriate consultants/advisors on current or new business initiatives for inclusion in the business plan.
- 15.13 In conjunction with the proposed budget, the General Manager will annually present a proposed, updated business plan to the Board for review, discussion and approval. The format of the business plan will be at the discretion of the General Manager, but will normally include:
- A. The mission and vision statement and long-term goals of the System;
  - B. Proposed new business plan projects, along with supporting information and planning parameters, which may include:
    - 1) Reasons for undertaking the project;
    - 2) Timelines for completion;
    - 3) Assignment of responsibilities for implementation;
    - 4) Budget implications;
    - 5) Criteria for assessing the success of the initiative; and
    - 6) Provisions for reporting to the Board.
  - C. Wherever feasible, the use of metrics to consider new projects and evaluate the status of ongoing projects.

- 15.14 In approving the business plan, the Board will affirm that the plan is reasonable and supports strategic plan goals.
- 15.15 Once the business plan is approved, additional projects will only be added if the necessary additional resources can be secured.

***Communications***

- 15.16 Should staff determine that changing circumstances will not allow it to meet a particular business plan project; the Board will be informed in a timely manner.
- 15.17 Staff will provide the Board with a quarterly update on the implementation of the business plan or more frequently if circumstances dictate.

**HISTORY**

- 15.18 The Board adopted this policy on June 8, 2006; Revised 09/03/09; 09/06/18.

**REVIEW**

- 15.19 The Board will review this process at least every three (3) years to ensure that it remains relevant and appropriate.
- 15.20 The Board shall next review this policy by September 2021.

## **Los Angeles Fire & Police Pension System**

### **16.0 – DUTIES AND RESPONSIBILITIES – CITY ATTORNEY**

#### **POWERS AND DUTIES OF THE CITY ATTORNEY**

- 16.1 As provided in Section 271 of the City Charter, the City Attorney:
- A. Shall represent the City in all legal proceedings against the City;
  - B. Shall be the legal advisor to the City, and to all City boards, departments, officers and entities. The City Attorney shall give advice or opinion in writing when requested to do so by any City officer or board [Section 271 (b)];
  - C. Shall, unless otherwise provided by the Charter, approve in writing the form of all contracts before the contracts are entered into by or on behalf of the City [Section 271(d)]; and,
  - D. Shall keep records of all actions and proceedings in which the City or any officer or board is an interested party, and copies of all written opinions given by the City Attorney's office. [Section 271 (e)]

#### **CONTROL OF LITIGATION**

- 16.2 As provided in Section 272 of the City Charter, the City Attorney shall manage all litigation of the City subject to client direction and subject to the City Attorney's duty to act in the best interest of the City and to conform to professional and ethical obligations. The City Attorney shall defend the City in litigation, as well as its officers and employees.
- 16.3 In the course of litigation, consistent with Charter Section 272(c), the Board shall make all client decisions exclusively involving the policies and funds over which the Charter gives the Board control. When a matter exclusively involves the policies and funds over which the Charter gives the Board control, such that the Board is authorized to make a decision to initiate litigation, the City Attorney shall initiate civil litigation on behalf of the Board when requested to do so.

#### **SETTLEMENT OF LITIGATION**

- 16.4 As provided in Section 273 of the City Charter, the Board shall have the authority to approve or reject settlement of litigation exclusively involving the policies and funds over which the Charter gives the Board control.

#### **EMPLOYMENT OF ASSISTANTS**

- 16.5 As provided in Section 274 of the City Charter, the City Attorney may appoint assistants, deputies, clerks and other persons as the City Council shall prescribe by ordinance. Each Assistant City Attorney must, at the time of appointment, be qualified to practice in all courts of the state and must have been so qualified for

at least two years immediately preceding the appointment. Employment in the City Attorney's Office shall be subject to Section 1050 of the City Charter.

**EMPLOYMENT OF OTHER LEGAL COUNSEL**

- 16.6 As provided in Section 275 of the City Charter, upon recommendation of the Board and the written consent of the City Attorney, the City may contract with attorneys outside of the City Attorney's Office to assist the City Attorney in providing legal services to the Los Angeles Fire and Police Pension System.
- 16.7 In order to effectively serve the System, the City Attorney may maintain contracts with outside counsel specializing in the following areas:
  - A. Real Estate and Alternative Investments
  - B. Tax law
  - C. Securities Monitoring and Litigation
  - D. Health Law and Data Privacy

Additionally, the City Attorney shall maintain contracts with outside counsel specializing in fiduciary law, who would also be qualified to serve as independent conflict counsel to the Board, in order to effectively serve the System in the event the City Attorney makes a conflict determination in a specific matter, as provided in Section 16.12 below.

- 16.8 When selecting outside counsel, the Office of the City Attorney shall solicit bids from qualified firms and work with one or more staff representative(s) designated by the Board or General Manager to establish a short list of the most highly qualified candidates, conduct interviews, and recommend firms for the Board's consideration.
- 16.9 The City Attorney shall assist LAFPP staff in tracking the use of outside legal counsel and accounting for all expenses incurred. The costs for outside counsel shall be included in the System's administrative budget.
- 16.10 The Managing Assistant City Attorney of the Public Pensions General Counsel Division will promptly review and approve outside counsel invoices to help meet a goal of paying invoices within 90 days of being issued.
- 16.11 With the concurrence of the General Manager, the City Attorney may engage the services of specialized outside counsel to assist the City Attorney's Office on a given matter when the Managing Assistant City Attorney of the Public Pensions General Counsel Division believes that specialized outside counsel possesses expertise necessary to address questions raised by the Board or staff. Additionally, the Board or General Manager may recommend the use of outside legal counsel to assist the City Attorney at any time they believe it would be prudent to do so.
- 16.12 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,

## Duties and Responsibilities – City Attorney

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 Board for independent conflict counsel who have the requisite professional expertise to handle the matter. As the Board shall select as conflict counsel for the designated matter a law firm currently under contract with the Board for independent conflict counsel, and each contract shall have received the written consent of the City Attorney pursuant to Charter Section 275, no additional consent from the City Attorney shall be required. (Revised 08/20/2020)

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.

### HISTORY

- 16.13 The Board adopted this policy on October 1, 2009; Amended 03/01/2012, 12/20/18 and 08/20/2020.

### REVIEW

- 16.14 The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.
- 16.15 The Board shall next review this policy by December 31, 2021.

## Los Angeles Fire & Police Pension System

### 17.0 –CITY ATTORNEY PERFORMANCE EVALUATION POLICY

#### INTRODUCTION

- 17.1 As provided in the City Charter, the City Attorney shall be the legal advisor to the City, and to all City boards, departments, officers and entities. The City Attorney shall give advice or opinion in writing when requested to do so by any City officer or board. [Section 271 (b)]
- 17.2 The Public Pensions General Counsel Division of the City Attorney's Office serves as the Board's legal advisor under Charter Section 271 (b). The Public Pensions General Counsel Division is supervised by an Assistant City Attorney, who for the purpose of this policy, shall be referred to as "the City Attorney." (Amended 11/21/19)
- 17.3 The Board has determined that annually evaluating the performance of the City Attorney is of value. Accordingly, the Board has established the City Attorney Performance Evaluation Policy, the objectives of which are to:
- A. Assist the Board in establishing and communicating clear and meaningful expectations to the City Attorney; and
  - B. Ensure the City Attorney receives clear and meaningful feedback to continuously improve client service.

#### ROLES AND RESPONSIBILITIES

- 17.4 Evaluating the performance of the City Attorney is a responsibility of the Board and therefore should include the participation of all Board members.
- 17.5 Key staff shall also evaluate the performance of the City Attorney and provide their feedback to the Board for consideration. (Amended 06/04/15)
- 17.6 The Board as a whole will be responsible for coordinating the implementation of this policy. (Amended 11/03/16)

#### EVALUATION CRITERIA

- 17.7 The Board will ensure that any criteria used to evaluate the City Attorney:
- A. Are defined in advance;
  - B. Are objective in nature, and to the extent possible, measurable; and
  - C. Pertain only to outcomes over which the City Attorney has a reasonable degree of control.
- 17.8 At a minimum, evaluation criteria will include Board satisfaction with the timeliness, clarity and soundness of legal advice, communication, the effective management of litigation, and the effective and appropriate use of resources, as determined

## City Attorney Performance Evaluation Policy

through the use of a City Attorney Performance Evaluation Survey. (Amended 09/19/13)

- 17.9 Using a separate evaluation survey, key staff will express their satisfaction with the City Attorney's performance and provide a summary of those findings to the Board to include in any feedback provided to the City Attorney. (Amended 09/19/13)

### EVALUATION PROCESS

- 17.10 In July of each year, the General Manager will distribute an Evaluation Package to each member of the Board and to key staff. The Evaluation Package will include:
- A. A copy of this policy;
  - B. The performance evaluation survey forms to be completed by members of the Board and key staff;
  - C. Any supporting information or data that the General Manager believes may assist the Board in carrying out the evaluation. (Amended 09/19/13)
- 17.11 The Board and staff shall treat the Evaluation Package as confidential. Completed survey forms will be returned to the General Manager within a pre-determined time period. The General Manager will ensure that all completed surveys are tabulated and summarized, segregating the results of the Board from that of staff.
- 17.12 The evaluation results will be shared with the City Attorney to provide an opportunity to address any disputed responses. The City Attorney responses will be included in the final report to the Board.
- 17.13 The Board will meet as required in closed session to review a staff report on the survey results, a draft letter to the City Attorney front office to highlight strengths and any expectations for the future, and any other information relevant to the City Attorney's performance evaluation. The City Attorney will not be present at the meeting, unless the Board requests the City Attorney to attend to participate in the discussion of the results.
- 17.14 The Board will authorize the President and General Manager to present the Board evaluation to the City Attorney, in a confidential manner following the meeting.
- 17.15 Upon completion of the Board's discussion, the President will sign a written summary evaluation, indicating the Board's general level of satisfaction with the City Attorney and any expectations for the future, to be submitted to the Office of the City Attorney. Written survey forms will be destroyed.

### HISTORY

- 17.16 This policy is adopted on 05/06/10; Amended 05/19/11, 09/19/2013 06/04/15, and 11/21/19, Appendix 1 & 2 on 05/19/16. The first evaluation period shall be from March 18, 2010 through March 17, 2011, with subsequent periods corresponding to the City's fiscal year (July 1<sup>st</sup> – June 30<sup>th</sup>) and 11/03/17 and 11/21/19.

**REVIEW**

17.17 The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

17.18 The Board shall next review this policy by November 2022.

Attachment:

APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION – BOARD  
APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF  
(Amended 05/19/16)



Los Angeles Fire & Police Pension System

Appendix 1 – City Attorney Performance Evaluation Survey Instrument

In accordance with the System's *City Attorney Performance Evaluation Policy*, the Board is required to evaluate the performance of the City Attorney. This evaluation form is designed to facilitate the gathering of input from Board members and key staff concerning advice, communication, management and related qualities and skills.

The results of this evaluation will be tabulated and summarized by a designee of the General Manager. A summary of the results will be presented to the Board, along with any other information and analysis necessary to complete the evaluation. Included with the summary will be the City Attorney response to the evaluation results.

**Board members and key staff are asked to complete the respective questionnaire and submit it to [party] by [MONTH, DAY, YEAR].**

**INSTRUCTIONS**

The Board members and key staff will use a scale of 1 - 5 to rate the City Attorney on his or her success with regard to each of the following criteria, (please circle the appropriate number), where:

- 1. = UNACCEPTABLE
- 2. = NEEDS IMPROVEMENT
- 3. = MEETS EXPECTATIONS
- 4. = EXCEEDS EXPECTATIONS
- 5. = OUTSTANDING
- UA = Unable to Assess

In addition, each of the raters should use the Specific Observations comment sections to elaborate and provide substantiation for the rating, or indicate if they are Unable to Assess any rating.

**APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION – BOARD**

CITY ATTORNEY EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
<b>CLARITY AND SOUNDNESS OF LEGAL ADVICE</b>						
1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law.	1	2	3	4	5	UA
2. Identifies legal and fiduciary concerns and brings them to the Board's attention.	1	2	3	4	5	UA
3. Provides clear legal advice to the Board to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws.	1	2	3	4	5	UA
4. Effectively reviews the Board's requests for legal advice and opinions and informs the Board of consequences that might occur as a result of any action it may take.	1	2	3	4	5	UA
5. Is well prepared for Board meetings.	1	2	3	4	5	UA
6. Keeps the Board informed about relevant new developments in public pension law.	1	2	3	4	5	UA
<b>Specific Observations:</b>						
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CITY ATTORNEY EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
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<b>EFFECTIVE MANAGEMENT OF LITIGATION</b>						
7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options.	1	2	3	4	5	UA
8. Obtains good results in litigation.	1	2	3	4	5	UA
9. Where appropriate, during and after a lawsuit, provides the Board effective recommendations to avoid future litigation.	1	2	3	4	5	UA
10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable the Board to make effective decisions.	1	2	3	4	5	UA

**Specific Observations:**

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**TIMELINESS OF LEGAL ADVICE**

11. Provides timely legal advice and reports to the Board to enable them to carry out their responsibilities.	1	2	3	4	5	UA
12. Is responsive in addressing the Board's requests for legal advice and opinions.	1	2	3	4	5	UA

**Specific Observations:**

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<b>CITY ATTORNEY EVALUATION</b>	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
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**COMMUNICATION**

**City Attorney Performance Evaluation Policy**

13. Oral communication is organized, clear, concise, and articulate.	1	2	3	4	5	UA
14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of the Board's questions and concerns.	1	2	3	4	5	UA
15. Maintains open, responsive, and courteous communication with the Board and ensures confidentiality with all matters discussed.	1	2	3	4	5	UA

**Specific Observations:**

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**EFFECTIVE AND APPROPRATE USE OF RESOURCES**

16. Appropriately recognizes its limitations and seeks the legal expertise of outside counsel in a timely manner.	1	2	3	4	5	UA
17. When outside counsel are assigned to a case, fully involve the Board in their selection (per Board Governance Policy 16.0) with merit and cost as exclusive criteria.	1	2	3	4	5	UA
18. Ensure internal and outside legal resources are available to assist the Board to carry out their responsibilities.	1	2	3	4	5	UA
19. Manages risk effectively.	1	2	3	4	5	UA

Completed by: \_\_\_\_\_ Date: \_\_\_\_\_

**APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF**

**City Attorney Performance Evaluation Policy**

CITY ATTORNEY EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
<b>CLARITY AND SOUNDNESS OF LEGAL ADVICE</b>						
1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law.	1	2	3	4	5	UA
2. Identifies legal and fiduciary concerns and brings them to staff's attention.	1	2	3	4	5	UA
3. Provides clear legal advice to staff to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws.	1	2	3	4	5	UA
4. Effectively identifies legal issues and performs research, providing staff with a thorough and comprehensive analysis of each case.	1	2	3	4	5	UA
5. Effectively reviews, analyzes, and interprets documents and reports that are prepared by staff (e.g. contracts) and the City (e.g. ordinances, resolutions) and provides meaningful feedback.	1	2	3	4	5	UA
6. Keeps the staff informed about relevant new developments in public pension law.	1	2	3	4	5	UA
<b>Specific Observations:</b>						
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CITY ATTORNEY EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
<b>EFFECTIVE MANAGEMENT OF LITIGATION</b>						

**City Attorney Performance Evaluation Policy**

7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options.	1	2	3	4	5	UA
8. Obtains good results in litigation.	1	2	3	4	5	UA
9. Where appropriate, during and after a law suit, provides LAFPP staff effective recommendations to avoid future litigation.	1	2	3	4	5	UA
10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable staff to make effective recommendations to the Board.	1	2	3	4	5	UA

**Specific Observations:**

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**TIMELINESS OF LEGAL ADVICE**

11. Provides timely legal advice to staff to enable them to carry out their responsibilities and meet established deadlines.	1	2	3	4	5	UA
12. Is responsive in addressing staff's requests for legal advice and opinions.	1	2	3	4	5	UA

**Specific Observations:**

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<b>CITY ATTORNEY EVALUATION</b>	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
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**COMMUNICATION**

**City Attorney Performance Evaluation Policy**

13. Oral communication is organized, clear, concise, and articulate.	1	2	3	4	5	UA
14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of staff's questions and concerns.	1	2	3	4	5	UA
15. Maintains open, responsive, and courteous communication with staff and ensures confidentiality with all matters discussed.	1	2	3	4	5	UA

**Specific Observations:**

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**EFFECTIVE AND APPROPRATE USE OF RESOURCES**

16. Assigns experienced and capable counsel with a proven track record of good results to handle each case.	1	2	3	4	5	UA
17. When outside counsel are assigned to a case, fully involve LAFPP staff, as designated by the Board (per Board Governance Policy 16.0) in their selection with merit and cost as exclusive criteria.	1	2	3	4	5	UA
18. When outside counsel are assigned to a case, effectively monitors the quality of work performed, legal fees incurred, and ensures prompt payment for the services rendered.	1	2	3	4	5	UA
19. Ensures internal and outside legal resources are available to assist staff to carry out their responsibilities.	1	2	3	4	5	UA

**City Attorney Performance Evaluation Policy**

CITY ATTORNEY EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)
20. Manages the section's budget and expenditures effectively within budgetary goals and limits.	1	2	3	4	5	UA
21. Manages risk effectively.	1	2	3	4	5	UA

**Specific Observations:**

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Completed by: \_\_\_\_\_ Date: \_\_\_\_\_



## Los Angeles Fire & Police Pension System

### 18.0 – COMPENSATION OF CITY ATTORNEY LEGAL FEES, BENEFITS, AND EXPENSES

#### INTRODUCTION

- 18.1 As provided in the City Charter, the City Attorney:
- A. Shall be the legal advisor to the City, and to all City boards, departments, officers and entities. The City Attorney shall give advice or opinion in writing when requested to do so by any City officer or board; [Section 271 (b)] and
  - B. Shall keep records of all actions and proceedings in which the City or any officer or board is an interested party, and copies of all written opinions given by the City Attorney's office. [Section 271 (e)]
- 18.2 The objective of this policy is:
- A. To establish an equitable compensation arrangement for the legal fees, benefits, and expenses incurred by the Office of the City Attorney, Public Pensions General Counsel Division (City Attorney), staff based on the actual number of hours worked by City Attorney staff on LAFPP's business.
  - B. To delineate the cost sharing agreement of City Attorney salaries and expenses between LAFPP, Los Angeles City Employees' Retirement System (LACERS), and Water and Power Employees' Retirement Plan (WPERP). (Revised 01/21/16)

#### COMPENSATION

- 18.3 In exchange for the services provided by the City Attorney, LAFPP shall compensate the City Attorney for direct, indirect, and shared costs related to salaries, and non-salary expenses incurred by its staff in performing the legal work of LAFPP. Funding for City Attorney expenses shall be included as an administrative expense in the Budget and shall be paid from fund assets. The Board shall determine the level of City Attorney funding provided. These costs are defined as follows: (Revised 01/21/16)
- A. Direct Salary Costs
    - 1. Direct costs include salaries that are incurred by City attorneys only (not support staff) working directly on LAFPP business in the Public Pensions General Counsel Division. (Revised 01/21/16)
    - 2. LAFPP shall compensate the City Attorney quarterly for the services provided by the City Attorney which are reasonably necessary. The fees for such services shall be based upon the time expended to render the required services, with fractions thereof being stated to the tenth of an hour, and shall be computed at a rate not to exceed the bi-weekly salary rates of the respective staff in the City Attorney's Office. The direct costs paid to the City Attorney shall be based on the bi-weekly salary rates of staff in effect

## Compensation of City Attorney Legal Fees, Benefits, and Expenses

during the time services are provided as specified in their respective MOU agreements with the City of Los Angeles.  
(Revised 01/21/16)

### B. Indirect Costs

1. LAFPP shall compensate the City Attorney quarterly for the indirect costs incurred by its staff. This cost includes fringe benefits, central services, and department administration and support fees. The amount to be compensated shall be based upon the application of the most current cost allocation plan (CAP) rates in effect for the City Attorney (Direct Billed – User’s Site, Proprietary Departments), as posted on the City Controller’s website, to the direct costs incurred by LAFPP as specified in Section 18.3, A.1. above. (Revised 01/21/16)

### C. Shared Salary Costs

1. LAFPP shall compensate the City Attorney quarterly for shared costs incurred by its staff. Shared costs include salaries incurred by City Attorney clerical staff, hours worked by City Attorney staff in joint support of LAFPP, LACERS, and WPERP, and compensatory time off (CTO) taken by City Attorney staff. LAFPP shall be responsible for its portion of shared costs, which is calculated based on a percentage of salary per work order to the total salary rather than a percentage of hours per work order to better reflect the billable rate for the City Attorney providing service to the respective System. This “salary-based percentage” may also apply to the cost sharing of non-salary expenses. (Revised 01/21/16)

### D. Non-Salary Expenses

1. Effective July 1, 2014, LACERS will be the central billing agency for all non-salary expenses incurred by the City Attorney for LAFPP, LACERS, and WPERP to facilitate and streamline the billing process between the Systems. All expenses will be incurred and paid for by LACERS in support of the City Attorney, including but not limited to office space lease, office furniture and equipment, parking, dues, subscriptions, publications, travel expenses, training, copy machine rental, office supplies, and computer equipment and shall be charged back to LAFPP and WPERP for reimbursement to LACERS based upon the percentage of City Attorney staff time used by each party. (Revised 01/21/16)
2. By November 15 of each year, if either LAFPP or WPERP incurs non-salary expenses in support of the City Attorney, each System shall submit for reimbursement the gross receipts for any City Attorney expenses of the prior fiscal year to LACERS. No payment will be made for gross receipts submitted after November 15 unless a prior authorization is provided by LACERS for late submissions. LACERS will add all expenses, apply the salary-based percentage for the City Attorney’s Office, and then apply a credit for the full gross amount of the payment(s) made by the respective System during the fiscal year. Any excess credits, if any, should be carried over to the next fiscal year. At the same time payments are made, LACERS

## **Compensation of City Attorney Legal Fees, Benefits, and Expenses**

will provide to each System an annual billing worksheet that clearly reflects the pro-rata charges. (Revised 01/21/13)

3. WPERP will reimburse its pro-rata share of the primary office lease expense incurred by LACERS. Satellite office space lease expenses incurred by LAFPP will not be reimbursed by WPERP. (Added 01/21/16)
  4. Expense items to be shared will be based on an actual expense method where available and a pro-rata cost for all other expenses as follows:
    - a. Expense items which have discrete invoices shall be expensed based on actual amounts. This includes travel expenses, conferences/seminars, subscriptions, petty cash reimbursements, parking, and specifically requested furniture or equipment.
    - b. For administrative efficiency, all other expenses shall be based on a fair and reasonable pro-rata method. Office space will be billed based on the lease rate per square footage exclusively utilized by/for City Attorney at the primary offices at LACERS. Office supplies, facility maintenance, and any other expenses shared with the billing agency staff will be calculated on a per user basis and a pro-rata share for City Attorney staff will be billed. (Added 01/21/16)
  5. All Systems shall reconvene as-needed to review and discuss any changes to the cost sharing arrangement. Discussions should take place sufficiently in advance to allow transition to any new cost sharing arrangements at the beginning of a fiscal year. (Added 01/21/16; Amended 08/06/20)
  6. City Attorney staff shall not incur any cost related to LAFPP without first receiving approval in writing from the General Manager.
- E. LAFPP's Reservation of Rights to Adjust Invoices
1. LAFPP shall reserve the right to adjust invoices accordingly any time LAFPP determines that fees and expenses were not properly invoiced by the City Attorney, and shall reserve payment until such invoices comply with the provisions of this policy.

### **PAYMENT**

18.4 LAFPP shall make payment for direct costs, indirect costs, shared costs, and expenses incurred by the City Attorney only after satisfactory approval by the General Manager of LAFPP of the quarterly invoice submitted by the City Attorney and the annual invoice submitted by LACERS.

18.5 LAFPP shall process payment within thirty (30) calendar days after receiving the quarterly invoice submitted by the City Attorney, or 30 calendar days after any invoice dispute is resolved, whichever is later. LAFPP shall not pay interest or finance charges on any outstanding balance(s).

### **AUDITS AND REVIEWS**

## **Compensation of City Attorney Legal Fees, Benefits, and Expenses**

- 18.6 LAFPP shall conduct periodic audits of the City Attorney's timekeeping entries and invoices as they pertain to LAFPP's business to ensure compliance with the procedures as outlined in this policy.
- 18.7 LAFPP shall review all invoices and shall request that the City Attorney adjust such invoices to comply with the procedures as outlined in this policy.

### **HISTORY**

- 18.8 The Board adopted this policy on November 3, 2011. Revised 01/21/16; 08/06/20.  
Reviewed 08/01/19.

### **REVIEW**

- 18.9 The Board shall review this policy at least every three (3) years to ensure that it remains appropriate and relevant.
- 18.10 The Board shall next review this policy by August 2022.

## **Los Angeles Fire & Police Pension System**

### **19.0 – DISTINGUISHED SERVICE MEDAL**

#### **INTRODUCTION**

- 19.1 The Board of Fire and Police Pension Commissioners hereby establishes a Distinguished Service Medal. The Medal may be awarded to individuals who have made an outstanding contribution to the Board or to the Department.

#### **CRITERIA AND RESPONSIBILITIES**

- 19.2 The Board of Fire and Police Pension Commissioners will adhere to the following criteria in awarding the Distinguished Service Medal:
- A. The Medal may be awarded from time to time by a unanimous vote of the Board President, or the President's designee, the Vice President and the General Manager.
  - B. Candidates shall be nominated by a Commissioner or General Manager.
  - C. Recipients must be present or former Commissioners, System members or Department employees.
  - D. The award is awarded by the Board of Fire and Police Pension Commissioners, in the name of the Department, and presented by the President, or the President's designee, at a Board meeting or an appropriate event approved by the Board.
  - E. The award consists of a medal, ribbon and citation.
  - F. The General Manager shall maintain a plaque on behalf of the Board, in a prominent location, inscribed with the names and date of receipt of prior recipients.

#### **HISTORY**

- 19.3 The Board adopted this policy on May 19, 2011. Amended 11/03/16. Reviewed 11/21/19.

#### **REVIEW**

- 19.4 The Board shall review this policy at least every three (3) years to ensure it remains relevant and appropriate.
- 19.5 The Board shall next review the policy by November 2022.

## **Los Angeles Fire & Police Pension System**

### **20.0 – INVESTMENT CONSULTANT EVALUATION POLICY**

#### **INTRODUCTION**

- 20.1 The purpose of the Investment Consultant Evaluation Policy is to enhance the value of investment consulting services received by the Board and the Department, through a process of periodic evaluations of the Investment Consultant's performance, coupled with feedback to the consultant.

This Policy does not confer any rights to any consultant or prospective consultant.

#### **ROLES AND RESPONSIBILITIES**

- 20.2 Periodic evaluation of the performance of the Investment Consultant is a primary responsibility of the Board, General Manager, CIO and the Senior Investment Staff and therefore should include the participation of all.

#### **EVALUATION CRITERIA**

- 20.3 The Board will ensure that the criteria used to evaluate the Investment Consultant:
- A. Are objective in nature and, to the extent possible, measurable; and
  - B. Pertain only to outcomes over which the Investment Consultant has a reasonable degree of control.
- 20.4 At a minimum, evaluation criteria will include Board satisfaction with the Consultant's ability to:
- A. Accurately analyze investment issues;
  - B. Provide clear, relevant recommendations concerning policies and guidelines;
  - C. Identify issues of strategic importance and bring them to the Board's attention;
  - D. Provide impartial advice pertaining to the Board's investment advisors;
  - E. Produce high quality, comprehensive and clear reports to the Board;
  - F. Provide reports that are accurate, error free and delivered on time;
  - G. Attend Board meetings regularly.

#### **EVALUATION PROCESS**

- 20.5 The Investment Consultant will be evaluated annually. The General Manager will distribute an Evaluation Package to each member of the Board, the General Manager, the CIO and Investment Officers II and III. The Evaluation Package will include:
- A. A copy of this Policy;
  - B. An evaluation form; and
  - C. Any supporting information that the Investment Consultant believes may assist in the completion of the Evaluation.

## **Investment Consultant Evaluation Policy**

- 20.6 Completed evaluation forms will be returned to the General Manager, or designee, within a predetermined time period. The General Manager or designee will insure that all evaluation forms are tabulated and summarized.
- 20.7 The evaluation results will be presented to the Board for review, discussion and possible action. The Investment Consultant will be present at the meeting and may participate in the discussion.

### **HISTORY**

- 20.8 Adopted: November 1, 2012, Amended 08/02/18 and 12/20/18.

### **REVIEW**

- 20.9 This Policy will be reviewed and amended by the Board as needed.

Los Angeles Fire & Police Pension System

**APPENDIX 1 – INVESTMENT CONSULTANT EVALUATION SURVEY INSTRUMENT**

**GENERAL INVESTMENT CONSULTANT SUBJECTIVE EVALUATION FORM**

In accordance with the System's Investment Consultant Evaluation Policy, the Board and senior investment staff are required to evaluate the performance of the Investment Consultant annually. This evaluation form is designed to facilitate the gathering of input from Board members and senior investment staff concerning strategic analysis, recommendations, reporting, attendance and related qualities and skills.

The results of this evaluation will be tabulated and summarized by Department investment staff. A summary of the results will be presented to the Board, along with any other information and analysis necessary to complete the evaluation.

**Board members and senior investment staff are asked to complete this questionnaire by [MONTH, DAY, YEAR].**

**INSTRUCTIONS:**

The Board members and senior investment staff will use a scale of 1- 5 to rate the Investment Consultant on their success with regard to each of the following criteria, (please select the appropriate number), where:

- 1. = UNACCEPTABLE**
- 2. = NEEDS IMPROVEMENT**
- 3. = MEETS EXPECTATIONS**
- 4. = EXCEEDS EXPECTATIONS**
- 5. = OUTSTANDING**
- UA = Unable to Assess**

In addition, each of the raters should use the Specific Observations comment sections to elaborate and provide substantiation for the rating, or indicate if they are Unable to Assess any rating.



**APPENDIX 1 – INVESTMENT CONSULTANT EVALUATION POLICY**

INVESTMENT CONSULTANT EVALUATION	Unacceptable 1	Needs Improvement 2	Meets Expectations 3	Exceeds Expectations 4	Outstanding 5	Unable to Assess (UA)	Observations/Comments
<b><u>Strategic Analysis and Recommendations</u></b>							
1. Demonstrates the ability to accurately analyze issues.	1	2	3	4	5	UA	
2. Makes clear, relevant recommendations concerning policies and guidelines.	1	2	3	4	5	UA	
3. Identifies issues of strategic importance and brings them to the Board’s attention.	1	2	3	4	5	UA	
4. Provides impartial advice pertaining to the Board’s investment advisors.	1	2	3	4	5	UA	
<b><u>Reporting and Attendance</u></b>							
5. Demonstrates the ability to produce high quality, comprehensive and clear reports to the Board.	1	2	3	4	5	UA	
6. Reports are accurate, error free and delivered on time.	1	2	3	4	5	UA	
7. Regularly attends Board meetings.	1	2	3	4	5	UA	
<b><u>Overall Performance</u></b>							
8. The Consultant is providing value to the Fund.	1	2	3	4	5	UA	

Completed by: \_\_\_\_\_ on (date) \_\_\_\_\_