



## ***Report to Investment Committee***

Agenda of: **MARCH 14, 2017**

From: Thomas Moutes, General Manager

ITEM: **VI**

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**SUBJECT: CONTINUED DISCUSSION OF INVESTMENT COMMITTEE CHARTER AND POSSIBLE COMMITTEE ACTION**

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Recommendation:

That the Committee review the Investment Committee Charter draft for possible revisions and provide further direction to staff.

Discussion:

*Background*

At its meeting of February 14, 2017, the Committee reviewed the second draft of a Committee Charter. Upon its review, the Committee requested staff to return with several changes, which are included in the attached draft of the Committee Charter.

Upon the Committee's finalization of a proposed Charter, it will be presented to the Board for further consideration and approval.

This report was prepared by Rod June, Chief Investment Officer.

RJ

Attachments: A) Investment Committee Charter – Draft (Redline Version)  
B) Investment Committee Charter – Draft (Clean Version)

## (DRAFT 3) ARTICLE I. BOARD GOVERNANCE STATEMENT

## Section 3.0 DUTIES AND RESPONSIBILITIES

**3.9 Investment Committee Charter***Adoption: Pending***I. PURPOSE/ROLE**

The purpose of the Investment Committee (Committee) is to provide assistance to the Board in fulfilling its fiduciary oversight of the LACERS Investment Program.

**II. AUTHORITY**

The Committee is authorized by this Investment Committee Charter to:

- Present investment recommendations to the Board for consideration and action.
- Seek information from readily-available research resources to include (but not limited to) LACERS' investment staff, investment consultants, investment managers, master trust custodian, and proxy voting agent.
- Render opinions on investment matters that are either delegated by the Board or delineated in the Investment Policy Statement.

~~**III. COMPOSITION OF THE COMMITTEE**~~

~~The Committee shall consist of three LACERS Board Members. The LACERS Board President is authorized to appoint Committee members and a Committee Chair.~~

**IV.III. COMMITTEE MEETINGS**

The Committee shall meet no less than four times a year, and more often as needed. Through the General Manager, the Chief Investment Officer will support the Committee's designated duties and responsibilities. Coordinating through the Commission Assistant, the Chief Investment Officer will assist the Chair of the Committee with administrative tasks, as follows:

- Establish dates and times of the Committee meetings.
- Develop the Committee agenda.
- Review the minutes.
- Draft Committee reports.
- Provide other assistance to prepare for future Committee meetings.

**V.IV. DUTIES AND RESPONSIBILITIES**

The Committee's primary duty is to consider investment matters and make appropriate recommendations to the Board for further consideration and action. The Committee's oversight duties and responsibilities extends to three broad but distinct investment functions:

## 1. Policy and Strategy

- Review the Investment Policy Statement at least annually; propose revisions and amendments as necessary.
- Review and monitor the asset allocation policy on a periodic basis.
- Review investment benchmarks as needed.

## (DRAFT 3) ARTICLE I. BOARD GOVERNANCE STATEMENT

### Section 3.0 DUTIES AND RESPONSIBILITIES

#### ~~1. Policy and Strategy~~

- ~~• Review the Investment Policy Statement at least annually; propose revisions and amendments as necessary.~~
- Consider other investment matters that are consistent with the Committee Charter.

#### 2. Operations

- Oversee the selection processes for hiring public market investment managers, investment consultants, and third-party investment support providers; make contracting recommendations consistent with the Investment Policy Statement and/or Board direction.
- Monitor public market investment managers, private market funds, investment consultants, and third-party investment support providers.
- Consider the termination of public market investment managers, consultants, and third-party investment support providers consistent with the Investment Policy Statement.
- Review investment activity reports including (but not limited to) the Emerging Investment Manager Program, Securities Lending Program, Proxy Voting, and Brokerage Commissions.
- Provide advisory input to the General Manager regarding the selection of the Chief Investment Officer.
- Consider investment opportunities and strategies as recommended by staff and consultant.
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- Refer investment opportunities to staff for further review and consideration.

#### 3. Education

- Request investment education.
- Hear investment manager presentations.
- Receive off-site investment education as necessary.

The Committee and the Board will review this Charter at least once every three years to ensure it remains appropriate. The Committee will recommend any changes to the Board for review and approval. The Board may amend the Charter at any time.

## (DRAFT 3) ARTICLE I. BOARD GOVERNANCE STATEMENT

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*Adoption: Pending*

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**(DRAFT 3) ARTICLE I. BOARD GOVERNANCE STATEMENT****Section 3.0 DUTIES AND RESPONSIBILITIES**

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**V. CHARTER REVIEW**

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