LACERA
Los Angeles County Employees Retirement Association
300 N. Lake Ave., Pasadena, CA 91101 ■ Mail to: PO Box 7060, Pasadena, CA 91109-7060 626/564-6000

December 12,2003

537

RECEIVED
DEC 2 2 2003
OFFICE OF THE SECRETARY

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street N.W.
Washington, DC 20549-0609

Dear Secretary Katz:

RE: SEC File No. S7-19-03

The Los Angeles County Employees Retirement Association's (LACERA) Board of Investments appreciates the opportunity to provide **the SEC** with its views regarding proposed rules that, if adopted, would substantially improve an investor's ability to participate in the proxy process for the nomination of corporate directors.

LACERA's Board of Investments **is** responsible for the management of $28 billion in public pension fund assets providing retirement benefits for 87,624 active employees and 47,233 retired members. LACERA distributes approximately $1.3 billion each year in benefit payments. Approximately 70% of these payments come from investment earnings Therefore, investor confidence in the market place is critical to LACERA's mission.

LACERA believes that improving shareholder access to the proxy process is the most important corporate governance issue facing investors today. Therefore, LACERA vigorously endorses the SEC's efforts to provide shareholders with a structured method to nominate directors. Allowing long-term investors to nominate candidates (who meet eligibility requirements) for director slots would provide shareholders with meaningful access to corporations in which they have an economic interest. Improved access for shareholders also automatically motivates a Board of Directors to be more conscientious about their oversight responsibilities.

LACERA also strongly supports the adoption of the proposed "non-implementation trigger" as a third procedure in the director nomination process. Given that approximately 92% of majority-approved shareholder proposals were **not** implemented in 2003[1], it is essential that shareholders have the capability to hold directors accountable for their unresponsiveness. If this new trigger is implemented, it will immediately strengthen corporate accountability by forcing companies to seriously consider implementing the recommendations contained in an approved shareholder proposal.

Finally, capital markets are driven by many institutional investors, such as LACERA, that are willing to risk pension fund assets to invest in these publicly-traded companies. LACERA's request to provide shareholders with more access to the proxy process is a reasonable expectation considering investor capital is a fundamental requirement for the successful operation and continued growth of Corporate America.

Respectfully submitted,

Marsha D. Richter

Marsha D. Richter
Chief Executive Officer

MDR:SM:jm
JonathanKatz-12-12-03
c: Members, Board of Investments
Members, Board of Retirement

[1] **Source:** Council **of** Institutional **Investors**