



RETIREMENT BOARD

I. INTRODUCTION

- A. All authority granted by the California State Constitution, the County Employees Retirement Law of 1937 (CERL) and the California Public Employees' Pension Reform Act of 2013 to the Board is retained, except as delegated by the Board. Consistent with its fiduciary role, the Board's principal role is to ensure that SCERA is appropriately governed and managed. The overriding goal of the Board is to serve the best interests of members and beneficiaries and to protect the assets of the Association.
- B. To ensure that accountability and authority for governance and management of SCERA are clearly stated, the Board has established bylaws, charters and policies describing the roles and responsibilities of the key decision makers within SCERA.

II. DUTIES AND RESPONSIBILITIES

A. Governance

- 1. The Board will:
 - a. Approve the Mission and Values Statements of SCERA;
 - b. Make regulations or bylaws consistent with the law;
 - c. Approve and amend, as necessary, a three to five year Strategic Plan;
 - d. Approve and amend, as necessary, policies to ensure appropriate governance practices;
 - e. Approve policies describing the roles and responsibilities of the Board, the officers of the Board, each committee of the Board, and the Retirement Chief Executive Officer (CEO), and amend said policies as appropriate;
 - f. Annually elect a Chair and Vice Chair of the Board;
 - g. Provide for the election of employee and retired Trustees to the Board;

- h. Establish the committee structure of the Board through delegation to the Chair and CEO and delegate to the Chair authority to appoint members to each committee annually and as needed.

B. Investments

- 1. The Board has exclusive control of the investments of the Fund. The assets of SCERA are trust funds and, as such, the Board will manage the Fund (§31595):
 - a. Solely in the interest of, and for the exclusive purposes of providing benefits to participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering SCERA;
 - b. 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; and
 - c. By diversifying the investments of SCERA so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
- 2. The Board will conduct a study of the relationship between the assets and liabilities of SCERA not less than every three years.
- 3. The Board will approve a written statement of Investment Policy and will review and confirm or amend the Investment Policy at least every two years.
- 4. The Board will approve a written statement of the investment philosophy describing the principles, beliefs, and assumptions underlying the Investment Policy and program.
- 5. The Board will approve a Securities Litigation Policy.
- 6. The Board will approve investment objectives and strategies for achieving the investment objectives.

C. Benefits Administration

- 1. 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 (§31670);
- c. Determine the merits of applications for disability benefits, making determinations with respect to permanency of injury and, if necessary, service and causation (§31720);
- d. Provide for, and act on, member appeals of decisions made by SCERA staff; and
- e. Annually review potential cost-of-living adjustments, as provided for in the CERL.

D. Operations

- 1. The Board will:
 - a. Approve a Business Plan and annual updates thereto, as deemed appropriate;
 - b. Approve the annual Administrative Budget, including any budget amendments thereto, pursuant to the Budget Approval Policy;
 - c. Ensure that all required contributions to the Fund are collected in a timely manner;
 - d. Ensure that all required distributions from the Fund are made in a timely manner;
 - e. Approve the location of SCERA's head office and any satellite offices, and the associated leases or purchase agreements;
 - f. Ensure that appropriate operational control policies are in place to provide secure, efficient, and accurate delivery of member services; and
 - g. Ensure that appropriate and sufficient insurance coverage is in place.

E. Financial, Actuarial and Accounting

- 1. The Board will:

- a. Ensure that appropriate accounting, actuarial and internal financial control policies and reporting systems are established;
- b. Approve the actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and establish the rates of interest and establish and recommend to the Board of Supervisors such changes in the rates of contributions of members and employers, and in county and district appropriations, as necessary;
- c. Approve the annual financial statements;
- d. Ensure that a financial audit is conducted at least annually (§31593), and oversee all external and internal audits;
- e. Ensure that an actuarial experience study is conducted at least every three years; and
- f. Ensure that an actuarial audit or equivalent analysis is conducted at least every five to seven years unless there has been a recent change or a change is contemplated in the Actuary.

F. Human Resources

1. The Board will:
 - a. Appoint and terminate the CEO (§31522.2);
 - b. Establish the compensation of the CEO;
 - c. Review the CEO's job performance; and
 - d. In consultation with the CEO, appoint and terminate the Chief Retirement Counsel (§31529.9), establish the compensation and review job performance; and
 - e. Ensure the appropriate succession provisions are in place to provide continuity among SCERA management and staff.

G. Legal Affairs

1. The Board will establish Board policies and guidelines regarding proposed state and federal legislation and will initiate, support or oppose legislative proposals affecting SCERA as it deems appropriate;

2. The Board will approve actions concerning lawsuits that may affect the investments, benefits or funding of SCERA.

H. Communications

1. The Board will:
 - a. Approve a SCERA Communications Policy designed to ensure effective communications with plan members and all significant interest groups;
 - b. Ensure that an annual financial report is issued to members and interested parties; and
 - c. Ensure effective distribution of Member estimates and information to all members, and periodically review the format of said estimates and information.

I. Appointment of Service Providers

1. The Board will either appoint or ratify the appointment of each of the following vendors as specified in the Service Provider Selection Policy:
 - a. Actuarial firms;
 - b. The financial auditor;
 - c. Outside legal counsel;
 - d. Investment consultants;
 - e. The custodian;
 - f. Investment managers (including transition managers);
 - g. Securities lending managers;
 - h. Directed commission brokers;
 - i. Proxy voting advisors; and
 - j. Other service providers, as may be determined by the Board.

J. Monitoring and Reporting

1. The Board will ensure that appropriate monitoring and reporting practices are established within SCERA.

2. The Board will regularly:
 - a. Monitor compliance with Board policies;
 - b. Review the funded status of SCERA;
 - c. Review progress toward the implementation of the SCERA Strategic Plan and Business Plan;
 - d. Review the implementation of SCERA's internal financial and operating controls;
 - e. Review the investment performance of the Fund and the performance of the investment managers of the Fund;
 - f. Review the appropriateness of the actuarial assumptions, methods and related matters;
 - g. Review the accuracy of the actuarial valuation process through an actuarial audit;
 - h. Review, on a regular basis, the performance of the Board's advisors and vendors, including at a minimum the Actuary, the Financial Auditor, the Investment Consultant, and the Custodian;
 - i. Monitor compliance with the Administrative Budget; and
 - j. Monitor the cost effectiveness of the administration and investment programs.
3. The Board will review Board policies at a frequency to be set out in each policy.
4. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.
5. The Board will maintain appropriate minutes of its meeting.

III. REVIEW

This Charter shall be reviewed by the Board at least every three years.

IV. HISTORY

This Charter was adopted by the Board on 7/15/2004.

Reviewed on 7/19/2007 and 7/15/2010.

SONOMA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
RETIREMENT BOARD CHARTER

Reviewed and revised on 7/18/2013, 4/17/2014, 12/18/2014, 1/29/15 and 1/25/2018.