

# **SANTA BARBARA COUNTY EMPLOYEES' RETIREMENT SYSTEM**

## **BOARD OF RETIREMENT CHARTER**

### **INTRODUCTION**

Pursuant to the California Constitution and the Government Code, the Board of Retirement ("Board") of SBCERS has exclusive control and fiduciary responsibility for the investments of SBCERS. Board Trustees have fundamental obligations of 1) loyalty to the members and beneficiaries of SBCERS, 2) prudence in protecting and managing SBCERS' assets and 3) diligence in serving the members' and beneficiaries' interests. The Board is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to outline the responsibilities of the various decision-making bodies involved in the governance and management of SBCERS. Accordingly, the Board has established this Charter, which sets out its duties and responsibilities, without limitation, in governing SBCERS.

### **DUTIES AND RESPONSIBILITIES**

#### **Governance**

The Board of Retirement will do the following:

- a. Adopt Regulations and/or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code Sections 31450 et seq., and other applicable law.
- b. Adopt policies to ensure appropriate governance practices.
- c. Adopt Charters describing the roles and responsibilities of the Board, the Chief Executive Officer and other positions or committees it may designate.
- d. Annually elect officers and fill officer vacancies as necessary.
- e. Govern itself in accordance with the Ralph M. Brown Act ("open meeting laws") and other statutory requirements.
- f. Conduct its meetings in accordance with its Bylaws.
- g. Establish committees of the Board, as appropriate.
- h. Consider initiating, supporting, opposing or taking a neutral position regarding legislative proposals affecting SBCERS.
- h. Authorize and or approve any actions concerning claims, disputes, demands or legal proceedings that may affect the funding, investments, benefits or functions of SBCERS and the Board.
- i. Ensure that SBCERS acts in compliance with its Plan Documents, as required by the Internal Revenue Code and regulations promulgated thereunder.

#### **Investments and Funding**

The assets of SBCERS are held in trust and, as such, the Board will manage the funds:

- a. Solely in the interest of, and for the exclusive purpose of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering SBCERS.
- 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.
- c. By diversifying the investments of SBCERS 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.

In addition, the Board will:

- a. Review and confirm or amend the asset allocation of SBCERS' investment portfolio not less than every three years taking into account SBCERS' liabilities.
- b. Review and confirm or amend the Board's investment policies, following completion of any significant change in the asset allocation, as appropriate.
- c. As part of the performance of the tasks outlined in a and b, approve investment strategies for achieving the investment objectives of SBCERS, which will include at a minimum:
  - i. Investment structure;
  - ii. Guidelines concerning each asset class in which the Fund is invested;
  - iii. Allocation ranges for each asset class.
- d. Review the performance of investment managers and investments not less than quarterly each year.
- e. Review the performance of the Board's investment consultants.

### **Benefits Administration**

The Board of Retirement will, from time to time as determined to be in the best interest of SBCERS:

- a. Adopt Board policies necessary to promote effective administration of member benefits.
- b. Approve all qualified members who apply for service retirement.
- c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of injury.
- d. Act on member appeals of decisions made by SBCERS Staff.
- e. Annually approve cost-of-living adjustments as recommended by the Board's Actuary;
- f. Consider use of available earnings in accordance with the Board's interest Crediting and Available Earnings Policy.
- g. Determine eligibility of safety members when in doubt.
- h. Periodically review previously approved disabilities, as appropriate.
- i. Perform other acts required by statute.

### **Operations**

The Board of Retirement will:

- a. Approve an annual Budget within statutory limits.

- b. Ensure that all actuarially required employer and employee contributions are collected in a timely manner.
- c. Ensure that all required distributions from the Fund are made in a timely manner.
- d. Establish and maintain SBCERS' principal business office(s).
- e. Approve leasehold or purchase agreements in connection with SBCERS' principal business office(s).
- f. Receive the CEO's Operations Report regarding significant operational activities of SBCERS at regular Board of Retirement meetings.

### **Financial, Actuarial and Accounting**

The Board of Retirement will:

- a. Ensure that appropriate accounting, actuarial and internal financial control policies are established and observed upon the advice of experts as required.
- b. Ensure that an annual actuarial valuation is completed and approve such actuarial valuation and the actuarial assumptions and methodologies contained therein, upon the advice of the actuary and other experts as required, and transmit to the Santa Barbara County Board of Supervisors a timely recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary.
- c. Cause staff to prepare annual financial statements, approve those statements and cause staff to timely provide copies to all appropriate state and local officials.
- d. Ensure a financial audit is conducted at least annually.
- e. Ensure an actuarial experience study is conducted at least every three years.
- f. Ensure an actuarial audit is conducted at least every six years.

### **Human Resources**

The Board of Retirement will, as determined to be in the best interests of SBCERS:

- a. Review the CEO's job performance.
- b. Review the staffing needs of SBCERS no less frequently than pursuant to the annual budget approval process.
- c. Ensure that SBCERS observes appropriate personnel policies, including but not limited to those prohibiting:
  - i. discrimination in employment,
  - ii. harassment and substance abuse in the workplace, and
  - iii. retaliation against whistleblowers and.

### **Communications**

The Board of Retirement will:

- a. Ensure effective communications with its members, plan sponsors and other significant interest groups pursuant to the Board's Communications Policy.

- b. Ensure the adequacy and accuracy of the Annual Member Statement and ensure its timely distribution to all members.

### **Key Appointments**

The Board of Retirement will, from time to time, appoint Staff and service providers to assist the Board in carrying out its responsibilities, including:

- a. The Chief Executive Officer (“CEO”)
- b. The actuary
- c. The actuarial auditor
- d. The financial auditor
- e. The custodian bank
- f. Outside legal counsel
- g. Investment consultant(s)
- h. Investment managers
- i. Other service providers retained to advise the Board

### **Monitoring and Reporting**

The Board of Retirement will:

- a. Ensure that appropriate monitoring and reporting practices are established within the SBCERS.
- b. Review the investment performance of the Fund and the performance of the investment managers of the Fund quarterly.
- c. Review the actuarial experience of the SBCERS not less than every three years.
- d. Review the results of an actuarial audit of the SBCERS at least every six years.
- e. Review the SBCERS Budget on a semi-annual basis.
- f. Review Board policies at a frequency to be set out in each policy and will review Charters at least every three years.
- g. With the assistance of the CEO, review the performance of its advisors including the actuary, the financial auditor, the investment consultant, counsel and the custodian on a regular basis.
- h. Provide for appropriate monitoring of compliance with applicable laws and regulations.

### **HISTORY**

This Charter was adopted by the Board of Retirement on October 26, 2011, revised April 23, 2014, and reviewed/revised on September 27, 2017.