

## **BOARD OF RETIREMENT CHARTER**

### **INTRODUCTION**

- 1) The Board consists of nine members and two alternates. Subject to the provisions of the Act, the Board is responsible for the administration and oversight of KCERA and is committed to carrying out its responsibilities in a manner consistent with the highest standards of fiduciary practice. In keeping with this commitment, the Board has established this charter to guide its conduct and operations.

### **DUTIES AND RESPONSIBILITIES**

- 2) The Board has various powers and responsibilities under the Act. These include but are not limited to:
  - a) Making Regulations, consistent with the Act, which will become effective when approved by the Board of Supervisors. (§31525, §31526, & §31527)
  - b) Approving all qualified members who apply for service retirement or delegating the authority for such approvals to the Chief Executive Officer or other personnel<sup>1</sup>. (§31670)
  - c) Determining the merits of applications for disability benefits, making necessary determinations of service and permanency of injury. (§31720)
  - d) Annually approving cost-of-living adjustments. (§31870.1 & *Ventura* Settlement Agreement)
  - e) Approving the distribution of supplemental funds pursuant to the SRBR Policy. (§31618)
  - f) Approving the annual actuarial valuation and the actuarial assumptions contained therein, and the determination of supplemental funds, upon the advice of the actuary and other experts as required, and recommend adoption by the Board of Supervisors of such changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations, as necessary. (§31611)
  - g) Ensuring a financial audit is conducted at least annually. (§31593)
  - h) Appointing an Chief Executive Officer. (§31522.2)
  - i) Appointing a custodian. (§31596)

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<sup>1</sup> The Board has elected to delegate such authority to the Chief Executive Officer. See *Chief Executive Officer Charter*.

- 3) The Board also has certain powers and responsibilities under Article XVI section 17 of the California Constitution.
- 4) The Board believes that effective governance demands that the Board, directly or through its committees, also carry out the added responsibilities set out in the remainder of this charter.

### **POLICY & DECISION MAKING**

- 5) The Board can most effectively oversee KCERA through the establishment of prudent policies and controls. Accordingly, the Board is responsible for adopting policies pertaining to material aspects of KCERA's activities. Examples of such policies appear throughout the remainder of this Charter.

### **GOVERNANCE**

- 6) The Board shall:
  - a) Approve, and amend as necessary, Regulations and governance policies to support and promote appropriate governance practices.
  - b) Approve charters describing the roles and responsibilities of key parties involved in the governance and management of KCERA.
  - c) Elect a Chair and a Vice Chair.
  - d) Designate a Secretary to the Board.<sup>2</sup>
  - e) Establish the committee structure of the Board.
  - f) Provide appropriate opportunities and resources for board education.
  - g) Evaluate the performance of the Board on a regular basis.

### **INVESTMENTS**

- 7) The Board has exclusive control of the administration and investment of the Fund and shall invest the assets of the Fund in accordance with the fiduciary standards imposed by law. In keeping with this requirement, the Board will:
  - a) Approve a written investment policy statement and all other material investment policies of the Fund.
  - b) Approve investment manager mandates (i.e. dollar amount and asset class).
  - c) Regularly review that any delegation of authority or discretion to investment staff, investment managers, the Investment Committee, and investment advisors is prudent and consistent with industry best practices.
- 8) The Board shall participate in asset allocation studies as required.

### **BENEFITS ADMINISTRATION**

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<sup>2</sup> Under the Regulations, the Board has designated the Chief Executive Officer to serve as Secretary to the Board.

9) The Board shall:

- a) Provide staff with strategic direction concerning the nature and quality of services and communications to be provided to plan members and beneficiaries.
- b) Ensure appropriate processes and procedures are in place to provide for disability benefit hearings and appeals.
- c) Approve policies and review any service quality benchmarks that may be established to guide the effective administration and delivery of member services.
- d) Act on member appeals of decisions made by Management, as applicable.

**PLANNING AND OPERATIONS**

10) The Board shall:

- a) Review and approve the strategic plan, and other material plans of KCERA, including for example, those pertaining to stakeholder relations and plan sustainability.
- b) Approve the annual Operating Budget and any changes thereto.
- 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 KCERA's operations and associated leases or purchase agreements.
- f) Monitor that appropriate operational control policies are in place to provide secure, efficient and accurate delivery of member services and protect the confidentiality of member data.

**FINANCIAL, ACTUARIAL AND ACCOUNTING**

11) The Board shall:

- a) Approve the establishment of accounting and actuarial policies and any changes thereto.
- b) Approve the annual financial statements.
- c) Review the qualifications and independence of the financial auditor.
- d) Ensure actuarial valuations, experience studies, and audits are conducted on a regular basis.
- e) Ensure special investigations or audits are performed, as necessary.

## **RISK MANAGEMENT**

- 12)The Board is responsible for ensuring Management establishes an appropriate system of risk management that addresses risks including but not limited to those pertaining to investments, funding, insurance, and technology.

## **LITIGATION**

- 13)The Board shall be responsible for approving the commencement, conduct, settlement, and termination of all material litigation involving KCERA, with the advice of the Chief Executive Officer and legal counsel.

## **HUMAN RESOURCES**

- 14)The Board shall:
- a) Appoint and may terminate the Chief Executive Officer.
  - b) When it believes it would be appropriate to do so, meet with finalist candidates identified by the Chief Executive Officer for the positions of Chief Operations Officer, Chief Investment Officer, and Chief Legal Officer and advise the Chief Executive Officer when he or she is selecting individuals for such positions.
  - c) Approve any human resource policies that may be developed and recommended to the Board by the Chief Executive Officer.
  - d) Regularly review with the Chief Executive Officer the staffing, compensation, and succession planning needs of KCERA.
  - e) Periodically review the performance of the Chief Executive Officer.

## **STAKEHOLDER COMMUNICATIONS**

- 15)The Board shall be responsible for adequate and appropriate communications between KCERA and its stakeholders. Accordingly, the Board will:
- a) Establish a spokesperson for KCERA or otherwise authorize individuals to communicate on behalf of the Board.
  - b) Establish policies or plans to guide material communications and disclosure to stakeholders.
  - c) Establish policies to guide Board proposals on state or local legislation.
  - d) Approve the Comprehensive Annual Financial Report.

## **SERVICE PROVIDERS**

- 16)The Board shall appoint, and may terminate the:
- a) Actuary.
  - b) Actuarial auditor.
  - c) Financial auditor.
  - d) Legal counsel.

- e) Custodian. (§31596)
- f) Investment managers (including investment managers and partners, transition managers, securities lending managers, and commission recapture brokers).
- g) Investment consultants retained to advise the Board.
- h) Other service providers where the total value of the services to be rendered during a 12-month period exceeds \$50,000.

### **MONITORING AND REPORTING**

- 17) The Board shall work with staff to develop a system of reporting that effectively supports the Board in exercising its oversight responsibilities.
- 18) As part of the above, the Board shall establish a monitoring and reporting policy and any other necessary policies to set out the nature and frequency of reports to be provided to the Board and its committees by staff and service providers.

### **POLICY REVIEW AND HISTORY**

- 19) This charter shall be reviewed at least every five years.
- 20) This charter was:
  - a) Adopted by the Board on November 14, 2001.
  - b) Amended on January 28, 2004; June 23, 2004; September 27, 2006; August 27, 2008; July 28, 2010; December 12, 2012; April 13, 2016; March 11, 2020; August 11, 2021; and April 13, 2022.