

VENTURA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION

BOARD OF RETIREMENT CHARTER

I. Introduction

- 1) The Board is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. In doing so, it recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of VCERA. Accordingly, the Board has established this charter, which sets out its own duties and responsibilities in governing VCERA.

II. Duties and Responsibilities

Governance

- 2) The Board will:
 - a) Approve, and amend as necessary, the mission statement of VCERA;
 - b) Enact regulations or bylaws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Sections 31450 *et. seq.* as amended, the California Public Employees' Pension Reform Act of 2012, and other applicable laws;
 - c) Enact, and amend as necessary, policies to ensure appropriate governance practices;
 - d) Enact charters describing the roles and responsibilities of the Board, the Retirement Administrator, the Chair, Vice Chair, and any board committees that may be established, and amend said charters as appropriate;
 - e) Elect a Chair and a Vice Chair;
 - f) Initiate, support or oppose legislative proposals affecting VCERA; and
 - g) Authorize and or approve all actions concerning litigation that may affect the investments, benefits or funding of VCERA.

Investments and Funding

- 3) The Board has exclusive control of the investments of VCERA. The assets of VCERA are trust funds and, as such, the Board will manage the assets:
 - 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 VCERA;

- 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 VCERA 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.
- 4) The Board's duties to its participants and their beneficiaries shall take precedence over any other duty.
 - 5) The Board will conduct a study of the relationship between the assets and liabilities of VCERA not less than every three years.
 - 6) The Board will approve an Investment Policy Statement including investment objectives, and will review and confirm or amend such policy as necessary.
 - 7) The Board will approve broad investment strategies for achieving the investment objectives of VCERA, which will include at a minimum:
 - a) Investment manager structures;
 - b) Investment style and market capitalization strategies; and
 - c) Active and passive investment allocations.

Benefits Administration

- 8) The Board will:
 - a) Adopt board policies deemed necessary to ensure effective administration of member and surviving beneficiary benefits;
 - b) Approve all qualified members who apply for service retirement;
 - c) Determine the merits of applications for disability benefits, making necessary determinations of eligibility and permanency of incapacity;
 - d) Act on member and surviving beneficiary appeals of decisions made by VCERA staff;
 - e) Annually approve cost-of-living adjustments for eligible retirees and surviving beneficiaries; and
 - f) Annually review any non-vested supplemental benefit payments to retirees and surviving beneficiaries.

Operations

- 9) The Board will:
- a) Approve a business plan and any updates thereto in accordance with the Business Planning Policy;
 - b) Approve the annual operating budget and any changes thereto;
 - c) Ensure that all required contributions to VCERA are collected in a timely manner;
 - d) Ensure that all required distributions from VCERA are made in a timely manner;
 - e) Approve leasehold or purchase agreements in connection with VCERA's offices; and
 - f) Approve operational policies to support the efficient delivery of member and surviving beneficiary services.

Financial, Actuarial and Accounting

- 10) The Board will:
- a) Approve the annual actuarial valuation and the actuarial assumptions contained therein, upon the advice of the actuary and other experts as required, and transmit to the Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary. At least 25 days prior to taking any action concerning the actuarial valuation, the Board shall provide a copy of the valuation to each employee organization recognized by the County of Ventura, and to any recognized retiree organization.
 - b) Approve the Comprehensive Annual Financial Report;
 - c) Ensure a financial audit is conducted at least annually;
 - d) Ensure an actuarial experience study is conducted every three years; and
 - e) Ensure an actuarial audit is conducted at least every six years, unless the Board has replaced the actuary or is contemplating replacing the actuary shortly before or after the time that an actuarial audit is due.

Human Resources

- 11) The Board will:

- a) Approve a Retirement Administrator, Board Counsel, and Chief Investment Officer Performance Evaluation Policy;
- b) Approve the compensation of the Retirement Administrator, Board Counsel, and Chief Investment Officer;
- c) Approve the staffing levels of VCERA; and
- d) Ensure that appropriate provisions for succession are in place to provide for continuity in VCERA staff.

Communications

12) The Board will:

- a) Ensure effective communications with all significant interest groups including, but not limited to, plan participants, the plan sponsors, recognized retiree organizations, and employee organizations;
- b) Ensure that the Comprehensive Annual Financial Report, or a summary thereof, is available to members and the public; and
- c) Ensure the adequacy of the Annual Member Statement and ensure its timely distribution to all members.

Key Appointments

13) The Board will appoint the Retirement Administrator, Board Counsel, and Chief Investment Officer.

14) The Board will appoint the following retained service providers, taking into consideration the recommendation of staff or consultants:

- a) The actuary;
- b) The actuarial auditor;
- c) The financial auditor;
- d) The custodian;
- e) Additional legal counsel retained to advise the Board;
- f) Investment consultants;
- g) Investment managers;
- h) Human resource consultants;

- i) Information systems technology providers; and
 - j) Hearing Officers.
- 15) Unless the Board determines otherwise, the Retirement Administrator will be responsible for appointing, and executing contracts with, service providers other than the retained service providers listed above and for informing the Board of such appointments, and will be responsible for seeking Board approval, where the services are publicly or politically sensitive, or the contract exceeds \$100,000.

III. Monitoring and Reporting

- 16) The Board will ensure that appropriate monitoring and reporting practices are established within VCERA.
- 17) The Board will annually:
- a) Review compliance with board policies;
 - b) Review the Retirement Administrator's, Board Counsel's, and Chief Investment Officer's job performance in accordance with the applicable Performance Evaluation Policy;
 - c) Review the performance of the Board itself;
 - d) Review the funded status of VCERA via the actuarial valuation;
 - e) Review VCERA's internal financial and operating controls as presented by the financial auditor;
 - f) Review the investment performance of VCERA and the performance of its investment managers.
- 18) The Board will review the actuarial experience of VCERA not less than every three (3) years.
- 19) The Board will review the results of an actuarial audit of VCERA at least every six years, except as otherwise provided in Section 10 e).
- 20) The Board will review progress toward the implementation of VCERA's business plan on an annual basis.
- 21) The Board will review board policies at a frequency to be set out in each policy.
- 22) The Board will review the operating budget on a monthly basis.

- 23) With the assistance of the Retirement Administrator, the Board will, on a regular basis, review the performance of all retained service providers including the actuary, the financial auditor, the investment consultant and counsel.

IV. Compensation of Members; Expenses

- 23) Eligible Board members shall receive compensation at a rate of not more than one hundred dollars (\$100) a meeting, meeting of a committee, or meeting of an ad hoc committee, authorized by the entire board, for not more than five meetings per month, together with actual and necessary expenses for all members of the Board.

V. Review

- 24) The Board will review this charter at least once every three (3) years to ensure that it remains relevant and appropriate.

VI. History

- 25) The Board last reviewed and approved this charter on September 12, 2016. This charter was originally adopted by the Board on September 15, 2008.