

MENDOCINO COUNTY EMPLOYEES RETIREMENT ASSOCIATION RETIREMENT BOARD CHARTER

I. INTRODUCTION PURPOSE AND BACKGROUND

To ensure that the accountability and authority for the governance and management of MCERA are clearly stated, the Board has established policies describing the roles and responsibilities of the key decision-making bodies within MCERA.

All authority granted by the California State Constitution and the County Employees' Retirement Law (CERL) to the Board is retained, except as delegated by the Board. Consistent with its fiduciary role, the Board's principal duty is to ensure that MCERA 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.

The Board employs a policy-focused governance model and operates as a high-performing team. It focuses on matters that are truly important to the Board and delegates all else to MCERA management. The Board seeks analysis and recommendations from experts before making decisions.

II. RETIREMENT BOARD DUTIES AND RESPONSIBILITIES

A. Governance

The Board will:

1. Approve the Mission Statement and ~~Core Values~~Strategic Plan of MCERA;
2. Adopt regulations or by-laws consistent with the CERL;
3. Approve and amend, as necessary, policies and charters to ensure appropriate governance practices;
4. Approve policies describing the roles and responsibilities of the Board, ~~the officers of the Board,~~ each committee of the Board, and the Retirement Administrator, and amend these policies as appropriate;
5. Annually elect a Chair, ~~and~~ Vice Chair and Secretary of the Board;
6. Provide for the election of employee and retired trustees to the Board; and
7. Establish the committee structure and delegate authority to the Chair to annually appoint members to each Committee.

B. Investments

1. The Board has exclusive control of the investments of the Fund. The assets of MCERA are trust funds and, as such, the Board will manage the Fund (§31595):
 - 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 MCERA.
 - 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

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- c. By diversifying the investments of MCERA 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 MCERA not less than every three (3) 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 (2)~~three (3) years.
4. The Board will approve a written statement of investment philosophy describing the principles, beliefs and assumptions underlying the investment policy and program.
5. The Board will approve investment objectives and strategies for achieving the investment objectives.

C. Benefits Administration

The Board will:

1. Approve policies necessary to ensure effective administration of member benefits;
2. Approve all members who apply and qualify for service retirement (§31670);
3. ~~Review and determine~~ Determine the merits of applications for disability benefits, making determinations with respect to permanency of injury and, if necessary, service and causation (§31720);
4. Provide for, and act on, member appeals of decisions made by MCERA staff when required by law or deemed appropriate by the Board; and
5. Annually review potential cost-of-living adjustments, as provided for in the County Employees' Retirement Law (CERL).

D. Operations

The Board will:

1. Approve the Board Work Plan and updates thereto, as deemed appropriate;
- ~~1.2.~~ Approve the annual Administrative Budget, including any budget amendments;
- ~~2.3.~~ Ensure that all required contributions to the Fund are collected in a timely manner;
- ~~3.4.~~ Ensure that all required distributions from the Fund are made in a timely manner;
- ~~4.5.~~ Approve the location of MCERA's office and the associated leases or purchase agreements;
- ~~5.6.~~ Ensure that appropriate operational control policies are in place to provide secure, efficient, and accurate delivery of member services; and
- ~~6.7.~~ Ensure that appropriate and sufficient insurance coverage is in place.

E. Financial, Actuarial and Accounting

The Board will:

1. Ensure that appropriate accounting, actuarial and internal financial control policies and reporting systems are established.
2. Approve the actuarial valuation and the actuarial assumptions, upon the advice of the actuary and other experts as required, and recommended to the Board of Supervisors such changes in the rates of interest, in the rates of contributions of members, and in the rates of county and district appropriations, as necessary;
3. Approve the annual financial statements;

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4. Ensure that a financial audit is conducted at least annually (§31593), and oversee all external and internal audits;
5. Ensure that an actuarial experience study is conducted at least every three (3) years; and
6. Ensure that an actuarial audit or equivalent analysis is conducted at least every 5-7 years unless there has been a recent change or a change is contemplated in the Actuary.

F. Human Resources

The Board will:

1. Appoint and terminate the Retirement Administrator (§31522.2)
2. Establish the compensation of the Retirement Administrator;
3. Review the Retirement Administrator's Job performance; and
4. Ensure that appropriate succession provisions are in place to provide continuity among MCERA management and staff.

G. Legal Affairs

The Board will:

1. ~~The Board will e~~Establish Board policies and guidelines regarding proposed state and federal legislation and will initiate, support or oppose legislative proposals affecting MCERA as it deems appropriate; and
2. ~~The Board will p~~Provide direction concerning lawsuits that may affect the investments, benefits or funding of MCERA.

H. Communications

The Board will:

1. Approve a Communications Policy designed to ensure effective communications with plan members and all significant interest groups;
2. Ensure that an annual financial report is issued to members and interested parties; and
3. Ensure the timely distribution of the Annual Member Statement to all members, ~~and~~ periodically review the format of the statement.

I. Appointment of Service Providers

The Board will either appoint or ratify the appointment of each of the following vendors, as deemed necessary by the Board, ~~as specified in the Service Provider Selection Policy:~~

1. Actuarial firms;
2. ~~The f~~Financial auditor;
3. Outside legal counsel;
4. Investment consultants;
5. ~~The custodian~~Custodial Bank;
6. Investment managers (including transition managers);
7. Securities lending managers;
8. Directed commission brokers;
9. Proxy-voting advisors; and

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10. 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 MCERA. ~~In support of this task, the Board will establish a Reporting and Monitoring Policy that sets out the routine reporting requirements of the board.~~
2. The Board will regularly:
 - a. Monitor compliance with Board policies;
 - b. Review the funded status of MCERA;
 - c. Review progress toward the implementation of the MCERA Strategic Plan and Work Plan~~business plan~~;
 - d. Review the implementation of MCERA'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. Annually review the performance of the Board;
 - g. Review the appropriateness of the actuarial assumptions, methods and related matters;
 - h. Review the accuracy of the actuarial valuation process through an actuarial audit;
 - i. 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;
 - j. Monitor compliance with the Administrative Budget; and
 - k. 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 meetings.

III. POLICY CHARTER REVIEW

This Charter is subject to change in the exercise of the Board's judgment. The Board shall review this ~~policy Charter~~ at least every three years to ensure that it remains relevant and appropriate and consistent with state and federal laws and regulations. In the event of legislative changes to the pertinent sections addressed in this Charter, the Board will review the Charter as appropriate.

IV. POLICY CHARTER HISTORY

~~The Board adopted this This charter~~ Charter was adopted by the Board of Retirement on March 20, 2013.

This Charter was reviewed and amended by the Board of Retirement on May 18, 2016.