

**FRESNO COUNTY EMPLOYEES' RETIREMENT ASSOCIATION (FCERA)
BOARD OF RETIREMENT CHARTER**

I. Introduction

- 1) The Board of Retirement (the "Board") consists of nine (9) members and up to two (2) alternates. Under the provisions of the County Employees Retirement Law of 1937 (the "1937 Act"), the California Public Employees' Pension Reform Act of 2013, and court cases decided under those laws, the Board is responsible for overseeing all facets of the administration of the FCERA, including investment, actuarial, member service, and operational functions. The Board is committed to carrying out this policy and oversight role consistent with the highest standards of fiduciary practice. In support of this commitment, the Board has established this charter to guide the Board in carrying out its duties.

II. Duties and Responsibilities

1) Governance

a) The Board will:

- i. Administer the retirement system as provided by law;
- ii. Adopt (i) bylaws for its own governance and (ii) regulations consistent with the 1937 Act, which will become effective when approved by the Board of Supervisors;
- iii. Approve governance policies setting out the governance practices of the Board, and amend such policies as necessary;
- iv. Approve charters describing the roles and responsibilities of the Board, each committee of the Board, board officers, and the Retirement Administrator, and amend said charters as necessary;
- v. Annually elect a Chair and a Vice Chair;
- vi. Establish and disband standing and ad hoc board committees as needed;
- vii. Approve the appointment of members to standing, ad hoc, or special committees;
- viii. Review all policies, charters, regulations, and bylaws, on a periodic basis; and
- ix. Approve a strategic plan and any updates thereto.

2) Investments

- a) The Board has the sole and exclusive fiduciary responsibility over the assets of FCERA. The assets of the FCERA are trust funds and, as such, the Board will manage the Fund:
 - i. Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, and defraying reasonable expenses of administering the FCERA;
 - ii. 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
 - iii. By diversifying the investments of the FCERA 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.
- b) The Board will commission asset allocation or asset/liability studies as advisable to determine the appropriate asset mix for the Fund.
- c) The Board will approve a written investment policy and any other investment policies that may be required or advisable, and will amend such policies as necessary.

3) Benefits Administration and Operations

- a) The Board will:
 - i. Approve policies necessary to ensure effective benefit administration, and amend them as necessary;
 - ii. Approve all qualified members who apply for service retirement;
 - iii. Determine the merits of applications for disability benefits, making necessary determinations of service connectedness and permanency of injury;
 - iv. Act on member appeals of decisions made by FCERA Administration;
 - v. Annually approve cost-of-living adjustments;
 - vi. Approve the annual Operating Budget and any changes thereto;
 - vii. Approve a staff travel policy;
 - viii. Approve the location of the FCERA's operations; and

- ix. Ensure that measures are in place to provide for the security and continuity of the FCERA operations.
- 4) Financial, Actuarial and Accounting
- a) The Board will:
 - i. Approve accounting and actuarial policies, and amend them as necessary;
 - ii. Approve the adoption of appropriate actuarial assumptions and methodologies;
 - iii. Adopt an annual actuarial valuation upon the recommendation of the Actuary;
 - iv. Recommend to the Board of Supervisors such changes in the rates of interest, in the rates of contributions of members, and in county and district appropriations, as may be necessary;
 - v. Ensure a financial audit is conducted at least annually;
 - vi. Approve the audited financial statements;
 - vii. Commission actuarial experience studies as required; and
 - viii. Commission an actuarial audit on a periodic basis.
- 5) Human Resources
- a) The Board will appoint the Retirement Administrator, who will serve at the pleasure of the Board.
 - b) The Board will delegate the establishment of a process for effectively evaluating the performance of the Retirement Administrator to the Personnel Committee.
 - c) The Board will annually evaluate the performance of the Retirement Administrator and determine the Retirement Administrator's compensation and benefits.
 - d) The Retirement Administrator is responsible for administration of other human resource needs of FCERA, subject to Board oversight.
- 6) Legislation, Litigation and Legal Affairs
- a) The Board will initiate, support, or oppose legislative proposals where it deems such actions are in the best interest of FCERA and its members and beneficiaries.
 - b) The Board will approve actions concerning lawsuits that may affect the investments, benefits, or funding of the FCERA; and

- c) The Board will approve a securities litigation policy and any other necessary policies concerning litigation.

7) Advisors and Service Providers

- a) The Board will approve policies to provide for clear delegation and prudent due diligence with respect to the selection of service providers, and amend them as necessary.
- b) The Board will appoint, and may terminate the following primary service providers:
 - i. The actuary;
 - ii. The external auditor;
 - iii. The custodian;
 - iv. The general investment consultant;
 - v. Specialty investment consultants;
 - vi. Investment managers;
 - vii. Transition managers, securities lending managers, and commission recapture brokers;
 - viii. Board, fiduciary, and investment counsel;
 - ix. General partners for real estate and private equity investments;
 - x. The actuarial auditor;
 - xi. Human resource consultants that may be necessary to assist in filling vacancies in the position of Retirement Administrator, Assistant Retirement Administrator, and other key positions; and
 - xii. Other providers of goods and services where the total value of the goods to be provided or the services to be rendered during a 12-month period is expected to exceed \$50,000.
- c) Independent medical examiners, hearing officers, and investigators are not deemed to be primary service providers subject to the Board's appointment and termination, and the appointment and termination shall be delegated to the Retirement Administrator.
- d) The Board, committees of the Board, and board members shall direct service providers only during public board and committee meetings.

III. Monitoring and Reporting

- 1) The Board will work with the Retirement Administrator to ensure that the Board and its committees receive all necessary information and reporting to enable them to effectively carry out their duties.
- 2) The Board will monitor key aspects of the FCERA including, but not limited to:
 - a) The assets and liabilities of the FCERA;
 - b) The investment performance of the Fund;
 - c) Compliance with all policies of the Board;
 - d) Compliance with the Operating Budget;
 - e) Ongoing litigation;
 - f) Implementation of strategic or business plans;
 - g) The performance of the Retirement Administrator;
 - h) The performance of primary service providers; and
 - i) The performance of the Board itself.

IV. Charter Review and History

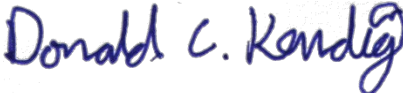
- 1) The Board will review this Charter at least every 3 years.
- 2) This Charter was adopted by the Board on April 4, 2007.
- 3) The Board of Retirement reviewed this Charter on August 4, 2010 and October 7, 2015.

V. Secretary's Certificate

I, Donald Kendig, the duly appointed Secretary of the Fresno County Employees' Retirement Association, hereby certify the adoption of this Policy.

October 7, 2015

Date of Action:



By: Retirement Administrator