

## SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION

### BOARD POLICY DEVELOPMENT PROCESS

#### I. BACKGROUND

- A. In order to carry out its fiduciary role, the Board may adopt and monitor policies covering all aspects of SDCERA business, including governance, investments, funding, and benefit administration.

#### II. POLICY OBJECTIVES

- A. The objectives of the *Board Policy Development Process* are to:
  - 1. Set out the process by which significant policies and decisions of the Board shall be arrived at; and
  - 2. Help ensure that the Board's policies and decisions are sound, thorough, and effectively support the goals and objectives of SDCERA.

#### III. GUIDELINES

##### A. Roles and Responsibilities

- 1. The role of the Chief Executive Officer in the policy and decision making process is to:
  - a) Assist the Board in identifying necessary board policies or decision to be made;
  - b) Provide the Board and designated committees with sound, thorough analysis , as required; and
  - c) Provide recommendations for consideration by the Board or its committees.
- 2. The role of the Board and its committees in the policy development process is to satisfy themselves that the policy recommendations and the underlying analysis thereof, emanating from the Chief Executive Officer reflect the requisite level of skill, diligence, and care, and effectively support the mission and goals of SDCERA.
- 3. The Chief Executive Officer, with the support of staff as required, will be responsible for performing all necessary research and analysis to support the Board's policy development process.

##### B. Policy Development

- 1. The Chief Executive Officer or any board member, or board committee, may recommend to the Board that it consider the development of a new board policy.
- 2. In determining whether a particular issue warrants a board policy, the Board shall consider whether the issue satisfies the following criteria:
  - a) The issue may have a significant impact on SDCERA in its ability to meet its fundamental mission;

- b) The issue is expected to recur or continue indefinitely; and
  - c) The issue is not an operational issue, which would fall within the discretion of the Chief Executive Officer.
3. If it is determined by the Board that an issue warrants a board policy, the Board shall direct the Chief Executive Officer to bring forward a recommended policy to the Board or to a specified committee of the Board. The purpose of the policy and the general parameters to be satisfied shall be recorded in the minutes of the board meeting at which the determination is made.
  4. Policies shall contain at a minimum the following sections:
    - a) Background / purpose;
    - b) Guidelines to be followed;
    - c) Frequency of policy review; and
    - d) Policy history (date adopted or amended).
- C. Approval
1. Policies must be approved by formal board resolution in order to take effect.
  2. Where a committee has been assigned responsibility for making recommendations to the Board concerning a board policy, it shall review the recommendation of the Chief Executive Officer prior to making its recommendation to the Board.
  3. Staff will inform the Board of any third parties that provided input or assisted in the preparation of the policy.
- D. Policy Compliance
1. As a general rule, the Board will comply with all board policies. Should the Board take an action contrary to one of its policies, it will state in the board minutes the reasons for doing so. At such time, the Board may also request that a review of the policy be undertaken.
  2. Where there is a clear conflict between state law and a board policy, state law shall prevail.
- E. Policy Maintenance and Review
1. All board policies will be numbered for easy reference, maintained in up-to-date form in a single volume or series of volumes within SDCERA's offices, and will be accessible to board members, staff, and the public.
  2. All policies shall be formally reviewed no less frequently than every three years, with a third of Board policies being reviewed each year, or on such greater frequency as specified in a given policy.
  3. If a board member, board committee, or the Chief Executive Officer believes that a particular policy requires review in advance of the time specified, they may recommend to the Board that such a review be initiated.

**REVIEW**

This policy shall be reviewed by the Board at least every three (3) years and may be amended at any time.

**HISTORY**

April 1, 2004	Adopted, effective July 1, 2004
November 1, 2007	Revised, effective immediately
April 5, 2012	Revised, effective immediately
June 4, 2015	Reviewed, no changes