

## OCERS Board Charter

# Board of Retirement

---

### Introduction

1. The Board of Retirement of OCERS (Board) is committed to carrying out its policy and oversight role in accordance with the highest standards of fiduciary practice. The Board recognizes the need to clearly delineate the responsibilities of the various decision-making bodies involved in the governance and management of OCERS. Accordingly, the Board has established this charter, which sets out its duties and responsibilities in governing the retirement system (System).

### Duties and Responsibilities

#### *Board Members*

2. Under the California Constitution and the County Employees' Retirement Law of 1937, members of the Board have plenary authority and fiduciary responsibility for investment of moneys and administration of the System, and must discharge their duties with respect to the System solely in the interest of, and for the exclusive purposes of providing benefits to, members of the System and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the System. Members of the Board function together as a nine-member Board (with one alternate member), exercising their collective judgment.
3. In carrying out their duties, Board Members must act "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." (Cal. Const., art. XVI, §17(c)<sup>1</sup>; Gov. Code §31595(b)<sup>2</sup>.)
4. In order to prudently discharge their responsibilities, each Board Member is expected to participate in the activities of the Board and its committees, and to commit the time and effort necessary to knowledgably, effectively and efficiently administer the affairs of the System.
5. Each Board Member will:
  - a. Be familiar and comply with OCERS' governing laws, rules, regulations, charters and policies.
  - b. Endeavour to attend all regular meetings of the Board and committees on which the Board Member serves. The Board meets regularly once each month, subject to adjustment from time to time. Regular meetings of the Board and the Investment Committee are generally expected to last most of the day. Committees generally meet less frequently than monthly, and meetings of committees other than the Investment Committee generally last between two and four hours.
  - c. Be prepared in advance for informed discussion at each meeting. Preparation for regular Board and Investment Committee meetings can require between one and eight hours.
  - d. Comply with the OCERS Trustee Education Policy and state law, which require that

## OCERS Board Charter Board of Retirement

---

Board Members complete a minimum of 24 hours of Board Member education within the first two years of assuming office and every subsequent two-year period in which the Board Member serves on the Board (Gov. Code §31522.8<sup>3</sup>); two hours of ethics training every two years (Gov. Code §53235<sup>4</sup>); and two hours of harassment prevention training every two years (Gov. Code §12950.1<sup>5</sup>); and take advantage of educational opportunities in areas necessary for OCERS' prudent administration, including but not limited to investments, benefit administration, fiduciary duties, ethics and conflicts of interest, actuarial matters, pension funding, disability evaluation, fair hearings, open meetings and sound governance. In-house programs and outside conferences and seminars are available for this purpose. The time commitment for Board Member education is usually five days per year. Some travel may be required.

- e. Comply with the very strict limitations and reporting requirements with respect to personal financial interests, income and gifts, as required by the Political Reform Act and the regulations of the Fair Political Practices Commission (FPPC); and annually file a Statement of Economic Interests (Form 700) with the County.
  - f. Be familiar with the several helpful publications that are updated annually by the FPPC and that explain the Form 700 and the limitations on and reporting requirements with respect to personal financial interests, income and gifts, including without limitation the Fact Sheet for Local Officials and Employees entitled, "Limitations and Restrictions on Gifts, Honoraria, Travel and Loans"; the annual Form 700 Reference Pamphlet; the Form 700 FAQs; and the Expanded Statement of Economic Interests Fact Sheet, all of which can be found on the following FPPC website: <https://www.fppc.ca.gov/>.
  - g. Treat members of OCERS' staff and all persons having business with OCERS with civility, courtesy, respect and dignity.
- 6. Board Members should treat each other with civility, courtesy, respect and dignity.
  - 7. Unless expressly waived by the Board, no Board Member will solicit or accept employment as a member of OCERS direct staff while he or she is a Member of the Board and for a period of three years following the termination of their service as a Member of the Board.
  - 8. If a Board Member is unwilling or incapable of committing to and discharging the foregoing duties and responsibilities, he or she should consider resigning from the Board for the benefit of the System and the Board.

### ***Governance***

- 9. The Board will:
  - a. Approve, and amend as necessary, the mission statement of OCERS;
  - b. Adopt regulations or By-Laws, consistent with the County Employees Retirement Law of 1937, Government Code, Title 3, Division 4, Part 3, Chapter 3 and 3.9, Government Code Sections 31450 - 31899.10 as amended, the California Public

## OCERS Board Charter Board of Retirement

---

Employees' Pension Reform Act of 2013, Government Code sections 7522 – 7522.74 as amended, and other applicable law;

- c. Adopt and amend as necessary policies to ensure appropriate governance practices and review each on a triennial basis.
- d. Adopt and amend as necessary charters describing the roles and responsibilities of the Board, the committees of the Board, the Chief Executive Officer, the Board Chair, the Board Vice Chair, and the Committee Chairs;
- e. In cooperation with and upon the recommendation of the Chief Executive Officer, adopt and amend as necessary the charter describing the roles and responsibilities of the Chief Investment Officer;
- f. During the last regularly scheduled meeting of the Board for each calendar year, elect a Vice Chair for a term beginning on the first day of the following calendar year. The person holding the office of Vice Chair as of the last day of the calendar year will automatically succeed to the office of Chair effective the first day of the following calendar year. In the event the person holding the office of Vice Chair as of the last day of the calendar year declines to accede to the office of Chair, a Chair will be elected during the last scheduled meeting of the Board for a term beginning on the first day of the following calendar year;
- g. The Board may determine, upon a minimum two-thirds vote in favor by the Board members present, to extend the term of office of a sitting Chair and/or Vice Chair of the Board for one calendar year.
- h. If, prior to the expiration of their term, the Chair becomes disabled or otherwise incapable of continuing to serve as Chair, or is no longer a member of the Board, or is no longer eligible to hold office for any reason, the Vice Chair will automatically succeed to the office of Chair and will serve out the remainder of that calendar year. In the event the person holding the office of Vice Chair declines to accede to the office of Chair, the Board will hold a special election to elect a new Chair who will serve out the remainder of that calendar year.
- i. If there is a vacancy in the office of Vice Chair, the Board will hold a special election to elect a new Vice Chair, who will serve until the end of the Vice Chair's term of office, at which time such Vice Chair will succeed to the office of Chair, as provided for above.
- j. In any election of the Vice Chair, strive to elect a Vice Chair that is (1) an elected Board Member when the Chair is an appointed Board Member; and (2) an appointed Board Member when the Chair is an elected Board Member; and in any election of the Chair, strive to elect a Chair that is (1) an elected Board Member when the Vice Chair is an appointed Board Member; and (2) an appointed Board Member when the Vice Chair is an elected Board Member.
- k. As provided in OCERS By-Law, establish committees of the Board as deemed necessary to carry out the business of the Board;

## OCERS Board Charter Board of Retirement

---

- l. Initiate, support, oppose or take a neutral position regarding legislative proposals affecting OCERS; and
- m. Authorize and approve any actions concerning claims, disputes, demands or legal proceedings that may affect the functions, investments, benefits or funding of OCERS and the Board.

### *Conflicts of Interest*

- 10. The Board will:
  - a. Adopt and maintain an OCERS Conflict of Interest Code and list of Designated Filers, and obtain the approval of both by the County Board of Supervisors;
  - b. Review and update the OCERS Conflict of Interest Code every two years as required by the Political Reform Act; and
  - c. Designate the CEO as the OCERS Filing Officer who is responsible for ensuring Board Members and Designated Filers are aware of and comply with the requirement of an annual disclosure of financial interests (Form 700).

### *Investments and Funding*

- 11. The Board has exclusive control of the investments of the Fund. The assets of OCERS are trust funds and, as such, the Board will manage the Fund (Gov. Code §31595<sup>6</sup>):
  - 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 OCERS;
  - 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 OCERS 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.
- 12. The Board will conduct a study of the relationship between the assets and liabilities of OCERS not less than every three years.
- 13. The Board will approve an Investment Policy Statement that includes investment objectives, and will review and confirm or amend such policy statement at least every three years and following the completion of any asset/liability study of OCERS.
- 14. The Board will approve broad investment strategies for achieving the investment objectives of OCERS.

## OCERS Board Charter Board of Retirement

---

### *Benefits Administration*

15. The Board will:

- a. Adopt Board policies necessary to promote effective administration of member benefits;
- b. Authorize the Chief Executive Officer to approve all qualified members who apply for service retirement (Gov. Code §31670<sup>7</sup>);
- c. Determine the merits of applications for disability benefits, making necessary determinations of service connection and permanency of incapacity (Gov. Code §31720<sup>8</sup>);
- d. Act on member appeals of decisions made by OCERS staff;
- e. Annually determine whether there has been an increase or decrease in the cost of living as provided in Gov. Code §31870.1<sup>9</sup>, and consider and determine whether to approve a Supplemental Targeted Adjustment for Retirees (STAR) cost of living adjustment (Gov. Code §31874.3(c)<sup>10</sup>);
- f. Determine eligibility of safety members when in doubt; and
- g. Periodically review approved disabilities as appropriate.

### *Operations*

16. The Board will:

- a. Adopt a business and strategic plan and any updates thereto;
- b. Adopt an annual Operating Budget within the statutory limit and approve any changes thereto (Gov. Code §31580.2<sup>11</sup>);
- 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. Establish OCERS principal business offices;
- f. Approve leasehold and purchase agreements in connection with OCERS principal business offices; and
- g. Approve operational control policies to ensure efficient delivery of member benefits and services.

### *Financial, Actuarial and Accounting*

17. The Board will:

- a. Ensure that appropriate accounting, actuarial and internal financial control policies are established;
- b. 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

## OCERS Board Charter

# Board of Retirement

---

the Orange County Board of Supervisors a recommendation to implement such changes in the contribution rates of the county and districts, and members, as are necessary (Gov. Code §§31453 - 31454.6<sup>12</sup>);

- c. Approve the annual financial statements;
- d. Ensure a financial audit is conducted at least annually (Gov. Code § 31593<sup>13</sup>);
- e. Ensure an actuarial experience study is conducted at least every three years; and
- f. Ensure an actuarial audit is conducted at least every five years.

### *Human Resources*

18. The Board will:

- a. Upon recommendation of the Personnel Committee, consider and approve revisions to the OCERS Compensation Policy and adopt human resources policies, as determined to be in the best interests of OCERS; and
- b. Ensure that appropriate succession plans are in place to provide continuity in OCERS management.

### *Communications*

19. The Board will:

- a. Ensure effective communications with all significant interest groups;
- b. Ensure that an Annual Financial Report is issued to members;
- c. Ensure that Member Statements are available on OCERS' website and that OCERS makes paper copies available upon request; and
- d. Conduct internal and external communications in accordance with the Board Communications Policy.

### *Key Appointments*

20. The Board will appoint staff and Named Service Providers (as defined in the Board's Procurement and Contracting Policy) as necessary to assist the Board in carrying out its responsibilities, including:

- a. The CEO (Gov. Code § 31522.11<sup>14</sup>);
- b. The actuary;
- c. The actuarial auditor upon recommendation of the Audit Committee;
- d. The financial auditor upon recommendation of the Audit Committee;
- e. Legal counsel (also referred to as the Board's fiduciary counsel) retained to represent and advise the Board (Gov. Code § 31529.5<sup>15</sup>);
- f. Investment consultants retained to advise the Board;

## OCERS Board Charter Board of Retirement

---

- g. Human resource consultants retained to assist the Board with issues pertaining to the CEO; and
- h. Other service providers the Board may choose to retain.

### Monitoring and Reporting

- 21. The Board will ensure that appropriate monitoring and reporting practices are established within OCERS.
- 22. As a general rule, the Board will comply with all Board policies. If the Board takes 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 will also request that a review of the policy be undertaken.
- 23. The Board will annually:
  - a. Review the CEO's job performance;
  - b. Review the funded status of OCERS;
  - c. Review OCERS's internal financial and operating controls;
  - d. Review the investment performance of the Fund and the performance of the investment managers of the Fund; and
  - e. Review the quality of service delivered to OCERS members.
- 24. The Board will review the actuarial experience of OCERS not less than every three years.
- 25. The Board will review the results of an actuarial audit of OCERS at least every five years.
- 26. The Board will review progress toward the implementation of OCERS business plan on a semi-annual basis.
- 27. The Board will review Board policies every three years or as set out in each policy.
- 28. The Board will review the OCERS Operating Budget on a quarterly basis.
- 29. With the assistance of the CEO, the Board (or a committee of the Board) will review, at least biennially, the performance of its advisors including the actuary, the financial auditor, the investment consultants, and fiduciary counsel.
- 30. The Board will provide for appropriate monitoring of compliance with applicable laws and regulations.

### Charter Review

- 31. The Governance Committee will review this Charter at least once every three (3) years and recommend any amendments to the Board for approval as necessary to ensure that the Charter remains relevant and appropriate.

## OCERS Board Charter Board of Retirement

---

### Charter History

32. This Charter was adopted by the Board of Retirement on November 18, 2002 and amended on August 22, 2011, January 21, 2014, January 20, 2015, July 20, 2015, May 15, 2017, October 15, 2018, March 18, 2019, June 20, 2022 and October 17, 2022.

### Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this charter.



---

Steve Delaney  
Secretary of the Board

**10/17/2022**

---

Date



## OCERS Board Charter Board of Retirement

---

### **ENDNOTES**

- <sup>1</sup> Cal. Const., art. XVI, §17: [Law section \(ca.gov\)](#)
- <sup>2</sup> Gov. Code §31595: [Law section \(ca.gov\)](#)
- <sup>3</sup> Gov. Code §31522.8: [Law section \(ca.gov\)](#)
- <sup>4</sup> Gov. Code §53235: [Law section \(ca.gov\)](#)
- <sup>5</sup> Gov. Code §12950.1: [Law section \(ca.gov\)](#)
- <sup>6</sup> Gov. Code §31595: [Law section \(ca.gov\)](#)
- <sup>7</sup> Gov. Code §31670: [Law section \(ca.gov\)](#)
- <sup>8</sup> Gov. Code §31720: [Law section \(ca.gov\)](#)
- <sup>9</sup> Gov. Code §31870.1: [Law section \(ca.gov\)](#)
- <sup>10</sup> Gov. Code §31874.3: [Law section \(ca.gov\)](#)
- <sup>11</sup> Gov. Code §31580.2: [Law section \(ca.gov\)](#)
- <sup>12</sup> Gov. Code §31453: [Law section \(ca.gov\)](#); Gov. Code §31453.5: [Law section \(ca.gov\)](#); Gov. Code §31453.6: [Law section \(ca.gov\)](#); Gov. Code §31454: [Law section \(ca.gov\)](#); Gov. Code §31454.1: [Law section \(ca.gov\)](#); Gov. Code §31454.5: [Law section \(ca.gov\)](#); Gov. Code §31454.6: [Law section \(ca.gov\)](#)
- <sup>13</sup> Gov. Code §31593: [Law section \(ca.gov\)](#)
- <sup>14</sup> Gov. Code §31522.11: [Law section \(ca.gov\)](#)
- <sup>15</sup> Gov. Code §31529.5: [Law section \(ca.gov\)](#)