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GOVERNANCE POLICY

Adopted October 27, 2014
Reviewed January 28, 2019
Revised January 23, 2023

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I. ROLE AND DUTIES OF BOARD

A. TRUSTEES

The composition of the Board of Trustees and the rules regarding the election and appointment of Trustees are set out in Article 3, section 3.05 of the Pension Trust By-Laws and Article 16, section 16.01 of the Retirement Plan.

B. DUTIES OF BOARD OF TRUSTEES

1. Retirement Plan Provisions: Article 3, section 16.02 of the Retirement Plan identifies the following duties of the Board of Trustees:

The Board of Trustees shall administer and operate the Pension Trust and Retirement Plan and shall interpret, construe, and apply all provisions of the By-Laws and the Retirement Plan, and its decision with respect thereto shall be final. Its duties, among others shall include:

- (a) It shall authorize the employment of such personnel as may be necessary for the operation of the Pension Trust and Retirement Plan including such legal, actuarial, accounting, auditing, investment and other professional services as it may deem appropriate.
- (b) It shall be responsible for the filing and maintaining of personnel, financial, and other records necessary for operation of the Pension Trust and the Retirement Plan.
- (c) It shall authorize the payment of retirement allowances and benefits under the Pension Trust and Retirement Plan.
- (d) It shall approve mortality tables, interest rates, and all other actuarial factors to be used in determining the requirements of the Pension Trust and the Retirement Plan.
- (e) It shall authorize the purchase, lease, or other acquisition of such other goods, services and property as are reasonably necessary to the operations of the Pension Trust and the Retirement Plan.
- (f) It shall annually cause to be prepared and shall adopt a budget for the operation of the Pension Trust and the Retirement Plan.
- (g) It shall administer and apply the provisions of any contract between the County and a local agency which contract is pursuant to Article 25 of this Retirement Plan.

(h) It shall have no power to, and shall not, authorize the Pension trust to act as surety for any person or entity, or as guarantor for the debt or obligations of any person or entity as stated in Section 16.02 (h), except as authorized by Section 16.02 (j).

(i) It shall have no power to, and shall not, authorize the Pension Trust to indemnify any person or entity, as stated in Section 16.02 (h) unless authorized pursuant to of Section 16.02(j).

2. By-Law Provisions: Article 4, sections 4.02 and 4.03 of the By-Laws provide that the Board of Trustees shall appoint and direct the work of the Executive Director.

3. Additional Duties: Consistent with its duties as specified in the Retirement Plan delineated above, the Board of Trustees shall also :

(a) Approve the creation or dissolution of standing and ad hoc committees of the Board of Trustees.

(b) Adopt and promulgate such policies as are necessary for the effective administration of the Pension Trust.

(c) Establish all investment objectives and policies related to the investment of Trust funds. The Board shall develop and approve guidelines for the execution of the Pension Trust's investment policies. The Board shall be responsible for taking appropriate action if investment objectives are not being met or if policies and guidelines are not being followed.

(d) Retain investment consultants to provide such services as conducting investment performance review and analysis, asset allocation studies and recommendations, investment manager searches and ongoing investment manager reviews and investment research. The Board shall be responsible for selecting a qualified Investment Consultant with the assistance and recommendation of the Executive Director and Investment Officer. The Board shall be responsible for selecting a qualified custodian with advice from the Executive Director, Investment Officer, and the Investment Consultant. The Board, in its sole discretion, may delegate to the Executive Director, Investment Officer, and to external, qualified investment management organizations, the authority and responsibility for buying and selling assets in accordance with the Board of Trustees' guidelines.

The investment authority vested in the Board shall not be delegated to any committees of the Board, except by formal resolution. Such resolutions shall specify the limits of the authority delegated and require that all actions be reported to the Board of Trustees.

(e) Review and approve the release of the Pension Trust's annual actuarial valuation and the Annual Comprehensive Financial Report (ACFR).

(f) Commission an actuarial audit at least every five years or more frequently as determined by the Board of Trustees to confirm the valuations of the system actuary.

(g) Delegate appropriate responsibilities to the Executive Director and, consistent with its fiduciary duties, exercise general supervision over the Executive Director.

(h) Establish performance goals and objectives for and conduct an annual performance review of the Executive Director consistent with a formal policy and process that is adopted by the Board of Trustees.

II. STRUCTURE AND ROLE OF THE COMMITTEES

A. STANDING COMMITTEES

The Board of Trustees has established two standing committees, the Audit Committee and the Personnel Committee and ad hoc committees as deemed necessary. No more than three Trustees may be assigned to any standing or ad hoc committee.

A. Audit Committee

The duties of the Audit Committee are as follows:

- (a) Meet as necessary to fulfill its responsibilities.
- (b) Oversee the annual audit of the Pension Trust's financial statements and any other internal or external audits of the Pension Trust.
- (c) Refer all audit results to the full Board of Trustees for further action.
- (d) Recommend the issuance and timing of Requests for Proposals for selecting the outside auditor, review Requests for Proposals and oversee the selection process.
- (e) Review the adequacy of internal controls as determined by the Committee.
- (f) Direct investigations, as appropriate.
- (g) Perform other duties as directed by the Board.

B. Personnel Committee

The duties of the Personnel Committee are as follows:

- (a) Meet as necessary to fulfill its responsibilities.

- (b) Subject to the approval of the Board of Trustees, develop and implement the recruitment strategy for the selection of the Executive Director when the position is vacant.
- (c) Develop for Board adoption the formal policy and process for the identifying the performance goals and objectives for and conducting the annual performance review of the Executive Director.
- (d) Advise the Board and the Executive Director concerning appropriate labor market benchmarks for Pension Trust personnel salaries.
- (e) Advise the Board and the Executive Director as necessary regarding the recruitment, development and retention of talent necessary to meet the business objectives of the Pension Trust.
- (f) Perform other duties as directed by the Board or as requested by the Executive Director.

C. Ad Hoc Committees

In addition, the Board may establish additional ad hoc committees to assist with conducting Board business. When an ad hoc committee is created, the Board must state for the record the committee's: (1) purpose, (2) composition, (3) scope of duties, and (4) duration.

III. ROLE OF THE BOARD PRESIDENT AND VICE-PRESIDENT

A. BOARD PRESIDENT

1. By-Law Provisions: Article 3, section 3.05 of the By-Laws provides that the President shall be elected each year by the Board of Trustees at the first regular meeting of the Board of Trustees in January, and that the term of office of the President shall be for a period of one year or until his or her successor is duly elected and qualified. Article 3, section 3.03 of the By-Laws provides that the President shall preside at all meetings of the Board of Trustees and shall preserve order and decorum, shall decide questions of order, subject to appeal to the Board of Trustees, and perform all acts, duties and functions generally appertaining to such office.
2. Additional Duties: Consistent with his or her duties as specified in the By-Laws delineated above, the Board President shall also:

- (a) Appoint the members of all of the Board of Trustees' standing and ad-hoc committees.
- (b) Have final approval authority for whether an item is to be included or not included on the agenda for regular and special meetings of the Board of Trustees unless a majority of Board members directs that an item be included on an agenda during the "Trustee Comments" portion of a Board meeting.
- (c) Perform other duties as directed by the Board.

B. BOARD VICE-PRESIDENT

- 1. By-Law Provisions: Article 3, section 3.06 of the By-Laws provides that the Vice-President shall be elected each year by the Board of Trustees at the first regular meeting of the Board of Trustees in January, and that the term of office of the Vice-President shall be for a period of one year or until his or her successor is duly elected and qualified. Article 3, section 3.04 of the By-Laws provides that the Vice-President shall act as President of the board of Trustees in the absence of the President.
- 2. Additional Duties: The Vice-President shall also perform other duties as directed by the Board.

IV. ROLE AND DUTIES OF EXECUTIVES AND BOARD REPORTING RELATIONSHIPS

A. EXECUTIVE DIRECTOR

- 1. Retirement Plan Provisions:
 - (a) **Communications to the Pension Trust:** Article 6, section 6.01 of the Retirement Plan provides that communications and requests directed to the Board of Trustees shall be made in writing, and the Executive Director shall report the substance of each such communication and/or request to the Board of Trustees.
 - (b) **Preparation of the Annual Budget:** Article 7, section 7.01 of the Retirement Plan provides that the Executive Director shall annually examine the financial requirements of the Pension Trust and shall prepare and present a budget for the coming fiscal year to the board of Trustees. The Board of Trustees shall review said proposed budget and shall adopt a budget for the coming fiscal year. The Executive Director shall send a copy of the annual budget to the County Administrative Officer.

2. By-Law Provisions: Article 4, sections 4.01 through 4.5 and 4.10 identifies the following role and duties of the Executive Director

- (a) The Executive Director is the administrator of the Pension Trust under the Board of Trustees and is responsible to the Board of Trustees for the efficient and lawful administration of the affairs of the Pension Trust.
- (b) The Executive Director is appointed by the Board of Trustees and serves at the pleasure of the Board of Trustees.
- (c) The Executive Director shall perform his or her duties under the direction of the Board of Trustees.
- (d) The Executive Director shall perform those duties set forth for the Executive Director in these By-Laws, the Retirement Plan, and as are from time-to-time assigned by the Board of Trustees.
- (e) Among the duties of the Executive Director are:
 - (i) Serving as Secretary to the Board of Trustees.
 - (ii) Maintaining a written record of all official actions taken by the Board of Trustees at all meetings.
 - (iii) Keeping a complete record of all correspondence and documents of said Board of Trustees and of the Pension Trust.
 - (iv) Developing and recommending to the Board of Trustees all practices and procedures necessary for the efficient and lawful functioning of the Pension Trust and of the Pension Trust offices.
 - (v) Organizing and directing the operation of the office maintained by the Pension Trust and of the employees of the Pension Trust.
 - (vi) Overseeing the functioning of all of the agents and advisors of the Pension Trust.
 - (vii) Maintaining the accounts of the Pension Trust in accordance with the law and with generally accepted accounting standards.
 - (viii) Maintaining the records of all Pension Trust participants, members, retired members and beneficiaries.

3. Additional Duties Delegated by Board of Trustees to Executive Director

- (a) Determine the amount of and make timely payment of retirement, survivor and beneficiary benefit allowances, lump sum benefits and refunds under the Retirement Plan, including the authority to adjust any benefit payments and to correct any underpayment or overpayment of benefit payments and collect any overpayments of benefits, all in accordance with the Retirement Plan and applicable governing laws.
- (b) Establish and determine the maintenance of an effective system of internal controls and records and accounts following recognized accounting principles.
- (c) Execute documents relating to asset allocation rebalancing actions.
- (d) Negotiate, execute, amend and terminate contracts for both investment and non-investment services and/or goods as may be necessary for the administration of the Pension Trust as authorized by the Board of Trustees.
- (e) Collaborate with the Investment Consultant, supervise and oversee all activities of the Pension Trust Investment Officer (if applicable), monitor the activities of external investment managers and ensure that all investment activities are in compliance with the Investment Policy.
- (f) Manage and supervise the activities of the Investment Officer at such times as this position exists and is filled.
- (g) Coordinate as part of the normal due diligence process, with the Investment Officer (if applicable), due diligence meetings with the Master Custodian, Investment Managers, and the Investment Consultant, as appropriate.
- (h) Accept service of summons and any other legal service of process for and on behalf of the Board of Trustees and/or the Pension Trust.
- (i) Act as the primary liaison for the Pension Trust with the County and other participating employers and as the primary spokesperson to stakeholders, the public, and the press.

B. DEPUTY DIRECTOR

The Executive Director may appoint a Deputy Director. The Deputy Director shall report to and assist and support the Executive Director in the management of the Pension Trust and perform such duties and responsibilities as are determined by the Executive Director. The Deputy Director shall have the authority to act in the place of the Executive Director in his or her absence.