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San Bernardino County Employees' Retirement Association

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Last Approved	N/A
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Next Review	4/3/2028

Area	General
Applicability	SBCERA systemwide

## Policy on SBCERA Governing Documents

### POLICY NO. 005

## I. Purpose

The purpose of this policy is to set out the process by which the San Bernardino County Employees' Retirement Association (SBCERA or Association) Board of Retirement (Board) develops, revises and approves the Governing Documents of SBCERA. These Governing Documents shall include the Bylaws and Policies of the Association and approved Procedures for Disability Retirement Applications and Formal Hearings.

## II. Definitions

*Governing Documents* provide direction and organization in the administration and operation of SBCERA. They are living documents that are periodically changed and updated to reflect new laws, information, and the decisions of the Board and Association. The Governing Documents include the Bylaws, Board Policies and Operational Policies.

*Bylaws* are the codified, foundational principles that apply to the Association which regulate and outline the roles and responsibilities of the Board and others involved in the governance of the Association, and constitute "regulations" as that term is used in Government Code section 31525. The Bylaws reflect the fundamental rules governing SBCERA that are not likely to change frequently.

*Policies*, for the purpose of this document, are defined as guidelines describing how specified activities of the Association are to be carried out on an ongoing basis. Policies include Board Policies and Operational Policies. An SBCERA Policy:

- Is a governing principle that mandates or constrains actions,
- Has Association-wide application,

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- Changes infrequently and sets a course for the foreseeable future,
- Helps insure compliance with applicable laws and regulations,
- Reduces Association risk, and
- Is approved at the Board level or Chief Executive Officer (CEO) level.

**Board Policies** are those policies set by the Board of Retirement that deal with issues of relatively high importance as SBCERA pursues its fundamental mission. Board Policies are subordinate to Bylaws, should be interpreted in such a manner as to ensure that they are consistent with Bylaws, and must be consistent with Bylaws in order to be valid.

**Operational Policies** are those policies set by the CEO that deal with issues of a day-to-day, administrative nature, requiring specialized knowledge and expertise pertaining to the internal operations and the staff of SBCERA. Operational Policies are subordinate to Bylaws and Board Policies, should be interpreted in such a manner as to ensure that they are consistent with Bylaws and Board Policies, and must be consistent with Bylaws and Board Policies in order to be valid.

### III. Objective

To ensure the approach to Board Governing Document development, review and revision are sound and thorough, and produce documents that are consistent and effective in supporting the goals and objectives of the Association.

### IV. Principles

Governing Document development is a deliberate and proactive process by which SBCERA continually anticipates the need for current Governing Documents, and meticulously develops, reviews and monitors existing Bylaws and Policies to ensure they continue to support the fiduciary responsibilities of the Board and the needs of the Association.

### V. Policy Guidelines

1. The Board and all of its individual members (Trustees), and the staff of SBCERA, shall act in accordance with the adopted Governing Documents as applicable.
2. In determining whether a particular issue warrants a formal Board Policy, the Board shall consider the following factors:
  - a. The level of risk the issue poses to the Association;
  - b. The extent to which the issue is expected to recur;
  - c. Whether the issue is amenable to, and could benefit from, a general directive from the Board that will bind the Association and limit flexibility in future situations; and
  - d. That the issue is a Board issue and is not an operational issue which would be the responsibility of the CEO.
3. When the Board determines a new policy or revision to an existing policy is necessary, it shall, by action reflected in its minutes, direct the CEO or Chief Counsel to bring forward a recommended policy with supporting documentation to the Board through the appropriate

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committee of the Board as described below. Such direction shall include the specific topic of the policy to be developed and the time frame for its development. The Board may opt to consider the Policy without a committee recommendation. The Board may delegate to its Chair the function of assigning policy action to Committees, including the ability to create an Ad Hoc Committee.

4. Should the Board contemplate an action that is inconsistent with an approved Board Policy, the Board shall carefully document its decision to deviate from the stated Policy and consider whether a Policy review and modification is in order.
5. The CEO will assist the Board in developing and reviewing Board policies by identifying the need for a Board Policy and providing the Board with a sound and thorough analysis and a set of recommendations for the Board's consideration. Outside consultants and specialists may be used in Policy development.
6. The Board will satisfy itself that the Board Policy recommendations and the underlying analysis thereof have been prepared with the requisite level of skill, diligence and care effectively supporting the mission and goals of SBCERA.
7. The Board shall review and update all Board Policies on a regular basis and may designate that the CEO monitor the schedule of such reviews. Board Policies shall be reviewed every three (3) years by the appropriate standing committee as described below, unless changes in laws or SBCERA business needs require a different review/revision schedule. The standing committees may recommend that Board Policies be rescinded upon presentation of appropriate justification and support documentation.
8. The Board may authorize the Chair to create an Ad Hoc Committee from time-to-time to review the need for a specified Board Policy or for consideration of a new Board Policy. The Ad Hoc Committee shall present its review and recommendation to the Board. If new formal Board Policy creation is recommended as the result of such action, the new Board Policy shall be assigned to the appropriate standing committee as described below.

## VI. Format

A standard Policy format will be adhered to that will ensure clarity and consistency. Although not all Policies will contain all of the format elements, Board and Operational Policies should generally be written and maintained following the format described below.

- Header information: (mandatory element)
  - Policy number
  - Reviewing Committee (Board Policies Only)
  - Policy Category (Board Policies Only)
  - Issue Number
  - Effective Date
  - Policy Subject
  - Signature and title of person approving: (For Board Policies this shall be the Board Chair and for Operational Policies this shall be the CEO).
- Purpose: (mandatory element) The purpose of the Policy and the statement of philosophy,

position, rule, regulation or direction.

- **Definitions:** (optional element) Meaning and interpretation of terms used in the Policy.
- **Background:** (optional element) The historical, social and other antecedents or impetus for implementation of the Policy.
- **Objective:** (optional element) The strategies or implementation plan or statement to attain or accomplish the goals of the Policy.
- **Principles:** (optional element) A statement that puts the Policy's intentions into more practical terms, and guides interpretation and implementation, by setting a more detailed conceptual framework that supports the overall Policy objective.
- **Policy:** (mandatory element) Description of the operative elements of the Policy covering a coherent set of directives with a common long-term objective (or objectives), including risks to be mitigated, affecting or relevant to the Policy subject
- **Guidelines:** (optional element) A range of advice and guidance on what would be best practice and may contain examples, checklists, further clarifications or extrapolations, etc.
- **NOTE:** For policies that predate this Policy issue, the format described above is not applicable. If it is feasible, revised Policies should be written in the approved Policy format.

## VII. Location of Governing Documents

To ensure ready access to the SBCERA Bylaws and Board Policies, SBCERA will maintain official SBCERA Bylaws and Board Policies web pages (<https://www.sbcera.org/AboutUs>) with the most current approved versions of the Bylaws and all Board Policies. The web pages will be maintained by the CEO or his/her designee in electronic format. The Operational Policies will be maintained on a shared directory accessible to the staff of SBCERA.

## VIII. Governing Documents Administration

The Chief Executive Officer or designee shall maintain copies of Policies and Policy revisions. The Chief Executive Officer or designee shall notify responsible parties when particular Policies are scheduled for review or revision and is available to work with the responsible parties during any phase of the Policy development process. Chief Counsel or designee shall maintain copies of the the SBCERA Bylaws and revisions, including the Procedures for Disability Retirement Applications and Formal Hearings. In all cases, new and revised By-laws and Policies, including the Procedures for Disability Retirement Applications and Formal Hearings shall be distributed as appropriate to ensure that all who are bound by those documents are informed of the obligations they impose.

## IX. Review and Organization of Governing Documents

Board Policies are organized and reviewed as follows:

- **Investment Policies** - The Investment Committee shall provide all Investment Policy review and recommended revisions to the Board.

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- **Investment Policies** serve as a blueprint for SBCERA's investment strategy, outlining SBCERA's investment goals, detailing the Fund's asset mix and target allocations, as well as the principles that guide the investment and risk management of the fund.
- **Administrative, General, Benefits, and, Education and Training Policies** – The Administrative Committee shall provide all Administrative, General, Benefits, and, Education and Training Policy review and recommended revisions to the Board.
  - **Administrative Policies** are those Policies that pertain to the management of the affairs of the SBCERA organization, duties of the administration of SBCERA, and staff.
  - **General Policies** deal with the goals for which SBCERA exists, and provide general principles in which to provide broad guidance for Association decisions in a variety of situations. These Policies are implemented to promote consistency and standards to reflect the basic needs of SBCERA, as well as its Board, staff, members and beneficiaries, plan sponsors and other stakeholders.
  - **Benefits Policies** are established by the Board to define in more operational terms how member and beneficiary benefits will be interpreted and implemented.
  - **Education and Training Policies** are created to ensure that Trustees and staff have access to required and optional business-related education and training that is effective, efficient, and timely, using sources, methods, and strategies consistent with SBCERA's goals and business strategies.
- **Actuary and Audit Policies** - The Audit Committee shall provide all Policy review and recommended revisions to the Board on matters related to actuarial and audit work.
  - **Actuary and Audit Policies** are those Policies established by the Board that delineate certain actuarial methodologies and accounting standards by which the SBCERA funding policy is determined.
- **Bylaws** –The Administrative Committee shall provide all Bylaws review and recommended revisions to the Board. Upon Board approval, the Board of Supervisors of the County of San Bernardino must approve any revisions to the Bylaws.

## Approval Signatures

Step Description	Approver	Date
Policy Owner	Debby Cherney: Chief Executive Officer	Pending

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## Applicability

SBCERA, SBCERA Internal