Board of Administration Charter

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PURPOSE

The purpose of this charter (Charter) is to delineate the Board of Administration (Board) for the Police and Fire Department Retirement Plan's (Plan) governance, oversight, and fiduciary responsibilities with respect to the Plan.

SCOPE

This Charter applies to the Board of the following retirement system/plan as well as the supporting staff of Office of Retirement Servies (ORS):

- ☐ Federated City Employees' Retirement System
- ☒ Police & Fire Department Retirement Plan

AUTHORITY & GOVERNANCE

This Charter is issued under the authority of the Board of the Police & Fire Department Retirement Plan.

The Board of the above-referenced retirement plan(s) is responsible for approving and maintaining this document, including reviewing it periodically to ensure it remains accurate and up to date.

Implementation and administration of this Charter are the responsibility of ORS, under the direction of the Chief Executive Officer.

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OVERVIEW

The Police and Fire Department Retirement Plan's Board is responsible for the governance, oversight, and fiduciary stewardship of the Plan. This Charter defines the Board's core responsibilities, authority, and relationship with the Chief Executive Officer (CEO) and the Chief Investment Officer (CIO). It is intended to operate as a **governance framework**, not a procedural manual. Detailed meeting, officer, committee, quorum, and administrative procedures are addressed in separate Board-adopted policies, including without limitation the Board Operations Policy and committee charters.

Consistent with law, the Board focuses on policy-setting, strategic direction, and oversight. Day-to-day administration of the Plan is delegated to the CEO and CIO, subject to Board-approved policies and ongoing oversight.

Board Operations

The Board will conduct its business in accordance with the City of San José City Charter (City Charter), the San José Municipal Code, open meeting laws, other applicable laws and regulations, and established Board policies.[1] The Board will ensure that its meetings and decision-making processes comply with applicable open-meeting and other legal requirements, including but not limited to the Ralph M. Brown Act (Gov't. C. §§ 54950 *et seq.*), the Political Reform Act (Gov't Code §§ 81000 *et seq.*), government contracting laws (Gov't Code § 1090), and the City of San José's Sunshine requirements.

Refer to the **Board Operations Policy** for further details.

Legal Authority

The Board derives its authority from the City Charter, applicable provisions of the San José Municipal Code, Article XVI, Section 17 of the California Constitution (California Pension Protection Act), and other applicable state and local law. These authorities vest the Board with sole and exclusive fiduciary responsibility over the Plan's assets, including exclusive control over the investment of those assets, and plenary authority over the administration of the Plan, in accordance with applicable law.

Scope of Authority and Reserved Powers

Except as expressly delegated, all powers granted by law to the Board remain reserved to the Board. The Board may act directly or through committees and may delegate authority to the CEO and CIO consistent with applicable law and Board-adopted policies.

DUTIES & RESPONSIBILITIES OF THE BOARD

A. Governance and Board Effectiveness

The Board shall:

[1] For purposes of this Charter, the City Council appointed non-voting, non-fiduciary member shall not be considered a member of the Board. (SJMC § 2.08.170)

- Adopt, maintain, and periodically review governance and ethics policies, including the Code of Conduct Policy;
- Elect Board officers and establish, modify, or dissolve committees;
- Define and periodically review the roles of the Board, committees, officers, and senior staff;
- Ensure Board member education, training, and orientation; and
- Conduct periodic self-evaluations of Board performance.

B. Policy Setting and Strategic Direction

The Board shall:

- Adopt policies governing material aspects of the Plan, including governance, investments, funding, benefits, risk management, reporting, and communications;
- Determine the time and place of regular Board meetings;
- Review and approve long-term strategies, business plans, and initiatives in accordance with the Strategic Planning Policy; and
- Approve and forward operating and capital administrative budgets to the City Budget Office and City Council.[2]

Refer to the **Strategic Planning Policy** for further details.

C. Membership and Benefits Administration

The Board shall:

- Determine employee eligibility for membership in the Plan (SJMC § 3.36.350);
- Determine, modify, or terminate benefits for service, disability, death, and/or any other benefits as provided for by law (SJMC § 3.36.370);
- Ensure necessary policies governing benefits administration are in place; and
- Provide strategic direction for staff regarding member and beneficiary services.

D. Funding and Actuarial Oversight

The Board shall:

- Adopt actuarial valuations, experience studies, and actuarial audits as required by law;
- Approve actuarial assumptions and methodologies employed in preparing actuarial valuations;
- Adopt mortality, service, and other actuarial tables as necessary (SJMC § 3.36.410);
- Fix monthly member and City contribution rates (SJMC § 3.36.410);

[2] While the Board approves the operating and capital budgets, new personnel positions are created in partnership with, and subject to final approval by, the City.

- Ensure actuarial experience studies are performed as required (SJMC § 3.36.400), and that actuarial audits are performed periodically; and
- Establish contributions to fund medical and related benefit programs (SJMC § 3.36.575).

E. Investment Oversight

Consistent with its exclusive fiduciary authority, the Board shall:

- Adopt and monitor an Investment Policy Statement and all material investment policies and resolutions (SJMC §§ 3.36.530, 3.36.540);
- Invest and reinvest Plan assets in accordance with fiduciary standards imposed by law (SJMC § 3.36.540);
- Approve the asset allocation policy and related benchmarks in accordance with the Investment Policy Statement;
- Ensure alignment between investment strategy, actuarial assumptions, and funding objectives;
- Ensure prudent and appropriate delegation of investment authority to the CIO and external advisors;
- Ensure prudent processes are in place for the selection, monitoring, and termination of investment managers and consultants;
- Approve the acquisition and disposition of real properties and, in the case of dispositions, any listing prices or ranges to be set; and
- Enter into custodian arrangements, as appropriate (SJMC § 3.36.520).

Refer to the **Investment Policy Statement** for further details.

F. Financial Oversight and Reporting

The Board shall:

- Submit audited annual financial reports of the Plan as required by law and in accordance with the time frames and specifications required by law (SJMC § 3.36.440);
- Establish policies governing accounting, auditing, actuarial, and financial reporting;
- Approve the scope of financial audits and ensure auditor qualifications and independence;
- Approve annual and quarterly financial statements, audit reports, and management letters; and
- Ensure special audits or investigations are conducted when necessary.

The Board may:

- Appoint the financial auditor for the Plan, or it may use the services of the financial auditor approved by the City Auditor.

G. Vendors and Professional Services

The Board shall:

- Adopt and monitor policies governing procurement and contracting for goods and services, such as the Policy Regarding the Procurement and Contracting for Goods and Services;
- Appoint professional Designated Service Providers, as listed in the Policy Regarding the Procurement and Contracting for Goods and Services, including, but not limited to, the custodian, actuary, auditor, investment consultant, counsel, disability independent medical examiner, and other service provider vendors and consultants; and
- Approve and enter into contractual arrangements for medical and investment-related services (SJMC § 3.36.385).

The Board may:

- Delegate to the CIO authority to select and terminate investment managers and supporting consultants, subject to Board-approved Investment Policy Statement and related policies and/or procedures. .

Refer to the **Policy Regarding the Procurement and Contracting for Goods and Services** and the **Investment Policy Statement** for further details.

H. Human Resources Oversight (CEO/CIO)

The Board's appointing authority is limited to the CEO and CIO. The Boards act jointly where required by law and shall:

- Appoint and prescribe the duties of the CEO and CIO (City Charter § 810.1(a));
- Recommend the creation or elimination of staff positions to the Mayor and City Council for approval through the City's budget process;
- Approve compensation and human resource policies in accordance with its authority;
- Recommend compensation adjustments to the Mayor and City Council for approval;
- Recommend the compensation structures and total compensation for the CEO, CIO, or such equivalent positions, and investment professional staff to City Council (City Charter § 810.1(e));
- Approve CEO and CIO performance evaluation policies, criteria, and weights;
- Evaluate CEO performance and participate in the CIO performance evaluation in accordance with Board policies; and
- Review senior staff succession planning and related risks, and take action as appropriate.

I. Joint Authority

When the Boards exercise joint authority, including senior personnel matters, discipline and/or termination of the CEO or CIO, and other designated areas, they shall follow the procedures in the Joint Personnel Committee Charter and related joint governance policies.

If the Boards cannot agree on joint, non-personnel matters, each Board will appoint an equal number of members to an *ad hoc* committee to propose a resolution. This process will continue until the Boards reach agreement. For confidentiality matters under joint authority, both Boards must agree to waive confidentiality; neither Board may waive it unilaterally.

Refer to the **Joint Personnel Committee Charter** for further details.

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J. Legislative, Stakeholder, and External Communications

The Board shall:

- Establish policies guiding communications with stakeholders;
- Designate Board spokespersons as appropriate; and
- Review proposed ordinances affecting the Plan (SJMC § 3.36.485).

The Board may:

- Provide recommendations to City Council regarding proposed ordinances affecting the Plan (SJMC § 3.36.485); and
- Communicate Board concerns regarding state and federal legislation relating to the Plan, consistent with City Policy 0-4, Involvement in the Legislative Process.

Refer to the **Board Communications Policy** for further details.

K. Risk Management

The Board shall identify, monitor, and oversee the mitigation of material risks to the Plan, including, but not limited to, technology and cybersecurity, investment, funding, operational, legal, and reputational risks.

L. Litigation Oversight

The Board shall approve the initiation, conduct, settlement, and termination of litigation involving the Plan, based on advice of the CEO and legal counsel.

M. Monitoring & Reporting.

The Board is responsible for collaborating with staff to develop a reporting and information system that serves the needs of the Board. Accordingly, the Board will approve a reporting and monitoring policy and related policies prescribing the nature and frequency of reports to be provided to the Board and its committees by management and service providers. The reporting system must, at a minimum, address: (i) the performance of member services and benefit delivery functions; (ii) the performance of the investment function; (iii) compliance with applicable legislation, Board policies, strategic plans, risk management processes, operating and capital budgets, and the Board's Code of Conduct; (iv) the morale and effectiveness of the Plan's human resources; and (v) the performance of key vendors, as appropriate.

Refer to the **Monitoring & Reporting Policy** for further details.

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DOCUMENT REVIEW HISTORY

Version	Approval Date	Description of Changes
1.0	4/5/2012	Creation of Policy
2.0	1/9/2020	Updates to Policy
3.0	3/7/2024	Updates to Policy
4.0	8/19/2026	Updates to Policy -shifted from procedural steps to policy guidance -added references to related policies -included feedback per City Manager Office's review (Section H)