



San Joaquin County Employees Retirement Association

A G E N D A

ADMINISTRATIVE COMMITTEE MEETING SAN JOAQUIN COUNTY EMPLOYEES RETIREMENT ASSOCIATION BOARD OF RETIREMENT THURSDAY, JUNE 22, 2023 AT 10:00 AM

Location: SJCERA Board Room, 6 S. El Dorado Street, Suite 400, Stockton, California

Persons who require disability-related accommodations should contact SJCERA at (209) 468-2166 or GregF@sjcera.org at least forty-eight (48) hours prior to the scheduled meeting time.

1.0 ROLL CALL

2.0 PUBLIC COMMENT

- 2.01** The public is welcome to address the Committee during this time on matters within the Committee's jurisdiction. Members of the public are encouraged to complete a Public Comment form, which can be found near the entry to the Board Room. Speakers are limited to three minutes, and are expected to be civil and courteous. Public comment on items listed on the agenda may be heard at this time, or when the item is called, at the discretion of the Chair.

Except as otherwise permitted by the Ralph M. Brown Act (California Government Code Sections 54950 et seq.), no deliberation, discussion or action may be taken by the Committee on items not listed on the agenda. Members of the Committee may, but are not required to: (1) briefly respond to statements made or questions posed by persons addressing the Committee; (2) ask a brief question for clarification; or (3) refer the matter to staff for further information.

3.0 CONSENT ITEMS

3.01 Board Policies and Charters Not Requiring Amendments

- | | |
|-----------------------------------|---|
| 01 CEO Performance Review Charter | 3 |
| 02 CEO Performance Review Policy | 4 |

3.02 Board Policies Requiring Amendments

- | | |
|--|----|
| 01 Cash Management and Liquidity Policy | |
| a Cash Management and Liquidity Policy - Mark-up | 11 |
| b Cash Management and Liquidity Policy - Clean | 15 |
| 02 Declining Employer Payroll Policy | |
| a Declining Employer Payroll Policy - Mark-up | 18 |
| b Declining Employer Payroll Policy - Clean | 23 |
| 03 Disability Retirement Policy and Procedure | |
| a Disability Retirement Policy and Procedure - Mark-up | 28 |
| b Disability Retirement Policy and Procedure - Clean | 45 |

04	Investment Manager Monitoring and Communications Policy	
	a Investment Manager Monitoring and Communications Policy - Mark-up	61
	b Investment Manager Monitoring and Communications Policy - Clean	66
05	Investment Roles and Responsibilities Policy	
	a Investment Roles and Responsibilities Policy - Mark-up	71
	b Investment Roles and Responsibilities Policy - Clean	76
06	Placement Agent Information Disclosure Policy	
	a Placement Agent Information Disclosure Policy - Mark-up	81
	b Placement Agent Information Disclosure Policy - Clean	85
07	Proxy Voting Policy	
	a Proxy Voting Policy - Mark-up	89
	b Proxy Voting Policy - Clean	90
3.03	Committee to consider and take possible action on consent items	
4.0	STATEMENT OF ECONOMIC INTEREST - SUMMARY REPORT	91
4.01	Summary of Sources of Income on Statements of Economic Interest (Form 700) Report	92
4.02	Committee to receive and file report	
5.0	COMMENTS	
5.01	Comments from Members of the Committee	
6.0	ADJOURNMENT	



CEO Performance Review Committee Charter

I. Establishment

- A) The Board of Retirement established the CEO Performance Review Committee to fulfill its fiduciary duties of loyalty, skill, care and diligence across all facets of SJCERA governance, including assuring effective executive management.

II. Membership

- A) The Board Chair appoints members to the Committee, in accordance with SJCERA's Bylaws.
- B) In making committee appointments, the Board Chair shall consider, to the extent possible, the following factors:
 - 1) Retention of no more than 50 percent of the previous year's committee;
 - 2) Membership mix of elected and appointed trustees; and
 - 3) Inclusion of a trustee with knowledge of County human resources practices.

III. Meetings

- A) The Committee meets at least once annually, during the first quarter of the calendar year.

IV. Responsibilities

- A) Document the Board's collective assessment of the CEO's performance
- B) Develop a recommendation to the full Board regarding the CEO's compensation, in accordance with the CEO Performance Review policy and the CEO's employment agreement.

V. Authority

- A) The CEO Performance Review Committee is an advisory committee to the Board. All Committee actions must be ratified or adopted by the Board.

VI. History

- | | |
|---------------|--------------------------------|
| July 10, 2020 | Adopted by Board of Retirement |
| July 14, 2023 | Reviewed, no changes |

Certification of Board Adoption:

Clerk of the Board

07/14/2023

Date



Board of Retirement Administrative Committee
San Joaquin County Employees' Retirement Association

June 22, 2023

Agenda Item 3.01-02

SUBJECT: CEO Performance Review Policy

SUBMITTED FOR: X CONSENT ACTION INFORMATION

RECOMMENDATION

Staff recommends the Administrative Committee approve no amendments to the CEO Performance Review Policy and recommend adoption by the Board of Retirement.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

The current Chair of the CEO Performance Review Committee expressed concerns about how quickly the Committee Chair must compile the feedback received from the trustees and draft the performance review memo. It was agreed that holding the Board meeting the third Friday of January contributed to the challenge. After reviewing the calendar, staff decided to try moving the Board meeting back to the second Friday of January to better assess whether a change in policy is required. If moving the Board meeting date does not sufficiently address the difficulty, staff will bring the policy back to the Committee in the future with recommended changes.

ATTACHMENTS

CEO Performance Review Policy

Johanna Shick
Chief Executive Officer

Greg Frank
Management Analyst III



Board Administrative Policy

Chief Executive Officer Performance Review

I. Purpose

- A. To provide guidelines and procedures for the systematic assessment of Chief Executive Officer (CEO) performance.
- B. To enhance CEO and organizational effectiveness, by ensuring that:
 - 1. SJCERA's mandates are being carried out appropriately,
 - 2. The working relationship between the Board and the CEO is effective and strong, and
 - 3. The CEO is provided with specific expectations and feedback regarding his/her performance.

II. Frequency and Content

- A. CEO performance is evaluated annually against clearly defined objectives and expectations, which are developed jointly by the CEO and trustees.
 - 1. Objectives and expectations may include SJCERA's achievement of financial and organizational goals, and service targets, as well as effective human resource management, progress on implementing SJCERA strategy, and other Board directives.

III. Objectives

- A. The CEO Performance Review includes two objectives: assessment of performance during the past calendar year and development of goals for the upcoming year. The evaluation should document past successes and targeted achievements, future objectives and goals, and also the CEO's ability, vision, strategy and resources to achieve those aims.

IV. Process and Timeline

- A. The CEO Performance Review will proceed according to the following process and timeline:
 - 1. October
 - a. The CEO presents to the Board of Retirement for their approval written goals for the upcoming calendar year.
 - b. Goals should include performance targets and personal/development goals.
 - c. The approved goals will be incorporated into the staff goals and budget, and considered by the Board and the CEO Performance Review Committee in the performance and compensation review process.

2. December

- a. The CEO presents a budget, which identifies necessary funding to achieve approved goals.
- b. The CEO provides the Committee Chair a schedule of proposed due dates for tasks outlined in this policy. The schedule will consider, among other things, Board meeting dates and required approvals.

3. January

- a. The CEO reports on accomplishments on prior-year goals to the full board at its regularly scheduled meeting in open session.
- b. In closed session, the CEO provides to all Board members a self-evaluation for the Board's consideration in completing their overall evaluation.
- c. CEO Performance Feedback Worksheets (Attachment A) are distributed to all Board members.
- d. The CEO Performance Review Committee meets and appoints a Committee Chair, if the Board Chair did not assign a Committee Chair when making committee assignments. The Committee Chair is responsible for gathering the Worksheets, compiling/summarizing results, relaying trustee comments during review discussions and, in collaboration with the committee, drafting the performance review memo.
- e. The Worksheets shall be returned to the Committee Chair. The Chair shall set a due date that is no later than month-end.
 - i. The Committee Chair consolidates feedback into the Consolidated Trustee Feedback form (Attachment B) and drafts a memo using the Memo Template (Attachment C) reflecting the collective assessment of the CEO's performance. The Committee Chair distributes the consolidated feedback and draft memo to the CEO Performance Review Committee.
 - ii. The Committee Chair may have one-on-one discussions as needed to clarify trustees' individual input, provided appropriate care is taken to ensure compliance with the Brown Act.
- f. The Committee Chair instructs staff to schedule a meeting, and prepare and timely post an agenda for the February/March committee meeting.

4. February/March

- a. The committee meets, without staff present, to review and provide input on the memo based on the consolidated feedback, including assisting with summarizing the feedback, determining the key accomplishments, and making suggestions for further development (if any) to include in the memo. The committee will also formulate a recommendation regarding

compensation in accordance with Section IV(A)(4)(g) of this policy and the CEO's employment agreement.

- b. The Committee Chair distributes the summarized feedback and committee-approved draft memo to the trustees and the CEO.
 - i. The trustees may have one-on-one discussions with the Committee Chair as needed regarding the draft memo, provided appropriate care is taken to ensure compliance with the Brown Act.
- c. The Board Chair and the Committee Chair meet with the CEO to discuss the feedback.
- d. The CEO meets with the Board in closed session to discuss the performance review memo and feedback.
 - i. Upon completion of IV.A.4.d, the Board Chair signs the memo, obtains the CEO signature acknowledging receipt, provides a copy of the review memo to the CEO, and submits the original signed memo to the County Human Resources Department (44 North San Joaquin Street, Suite 330, Stockton, CA 95202) for inclusion in the CEO's personnel file.
 - ii. Upon completion of IV.A.4.d, all Board members shall shred or otherwise destroy all feedback, notes, drafts, emails, and other related documents and correspondence, whether paper or electronic, that were produced or obtained, sent or received, as part of the CEO Review Process.
- e. The Board subsequently authorizes merit, equity, or incentive compensation increases, if any, based on performance. Such increases, if any, shall be in addition to any COLA increases awarded to the Executive Unit.
 - i. Compensation for the CEO position shall be included in a market survey of total compensation every three years, to ensure its competitiveness.
 1. The County Human Resources Division conducts total compensation surveys for County department heads.
 - ii. The Board may authorize incentive compensation increases if it determines the goals approved pursuant to Section IV.A.1 have been achieved. Such incentive compensation increases shall not exceed 10 percent of the CEO's annual base salary, increase base pay, or be included as part of the CEO's retirement-eligible compensation.
 - iii. The Board may authorize equity compensation increases if it determines the CEO's annual base salary is below market. Annual merit (step) increases occur automatically upon completion of 2080 hours unless the CEO receives an unsatisfactory performance review. Equity and merit increases are retirement-eligible compensation.
 - iv. To comply with the Brown Act's requirement for the Board to vote on any merit, equity, or incentive compensation increases in open session, the Committee Chair, or designee, shall promptly request the CEO place any

Board-approved increase on the next available Board meeting's open session agenda, typically in March.

5. June

- a. CEO provides mid-year progress report on calendar year goals presented to the Board pursuant to Section IV(A)(1).
- b. Board discusses mid-year progress and performance with CEO present in closed session.
 - i. This meeting is intended to assist the Board in monitoring the organization's progress toward the annual goals, to provide an opportunity to adjust expectations in light of new circumstances, and to provide the opportunity for the CEO to make adjustments, if needed, during the second half of the calendar year.

6. August

- a. The Board Chair appoints CEO Performance Review committee members.

V. Policy Review

- A. Staff shall review this Policy annually to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VI. History

06/08/2018	Adopted Policy
06/29/2018	Staff updated format
07/12/2019	Amended to make Committee a standing committee with appointment considerations, clarified Committee's role, and integrated compensation review into the process
07/10/2020	Amended to align the committee appointment timing with other standing committees, remove text included in committee charter, assign responsibility for proposing schedule of tasks, and clarify compensation discussion and decision requirements
07/08/2022	Added requesting staff create/add items on Committee and Board agendas and made clarifying wording changes.
07/14/2023	Reviewed; no changes

Certification of Board Adoption:

Clerk of the Board	07/14/2023
	Date



Board of Retirement Administrative Committee
San Joaquin County Employees' Retirement Association

June 22, 2023

Agenda Item 3.02

SUBJECT: Board Policy Amendments

SUBMITTED FOR: X CONSENT ACTION INFORMATION

RECOMMENDATION

Staff recommends the Administrative Committee approve the proposed policy amendments and recommend adoption by the Board of Retirement.

PURPOSE

To amend the policies to ensure that they remain relevant, appropriate and in compliance, per Section III.C of the Administrative Committee Charter.

DISCUSSION

In accordance with the Board's requirement, staff reviews one-third of the policies annually. As a result of the review, staff proposes the amendments described to the policies listed below.

- Cash Management and Liquidity Policy – Amend to reflect current procedure, clarify the purpose of each cash account, and add an Emergency Cash Management section
- Declining Employer and Payroll Policy – Add statutory authority, which became effective 1/1/2021, and correct one typo
- Disability Retirement Policy and Procedure – Update to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Retiree's recommended decision, and other minor clarifications
- Investment Manager Monitoring and Communications Policy – Expand mandatory notifications to include Investment Officer and other non-substantive changes
- Investment Roles and Responsibilities Policy – Align Investment Officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarify staff and general counsel reference, and make other non-substantive changes
- Placement Agent Information Disclosure Policy – Clarify Placement Agency violation sanctions and other non-substantive changes
- Proxy Voting Policy – Revise to include Custodian Bank in the Proxy Voting process

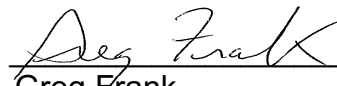
The Strategic Asset Allocation (SAA) policy was also scheduled to be reviewed at this meeting; however, at its March 10, 2023 meeting, the Board approved relabeling of the subcomponents of the Crisis Risk Offset (CRO) policy. At that time, staff and consultant reviewed the rest of the policy and determined no additional changes were required. The SAA policy will be reviewed again in no longer than three years, along with the other investment policies on this meeting's agenda.

ATTACHMENTS

Proposed revisions to Cash Management and Liquidity Policy – Mark-up
Proposed revisions to Cash Management and Liquidity Policy – Clean
Proposed revisions to Declining Employer Payroll Policy – Mark-up
Proposed revisions to Declining Employer Payroll Policy – Clean
Proposed revisions to Disability Retirement Policy and Procedures – Mark-up
Proposed revisions to Disability Retirement Policy and Procedures – Clean
Proposed revisions to Investment Manager Monitoring and Communications Policy – Mark-up
Proposed revisions to Investment Manager Monitoring and Communications Policy – Clean
Proposed revisions to Investment Roles and Responsibilities Policy – Mark-up
Proposed revisions to Investment Roles and Responsibilities Policy – Clean
Proposed revisions to Placement Agent Information Disclosure Policy – Mark-up
Proposed revisions to Placement Agent Information Disclosure Policy – Clean
Proposed revisions to Proxy Voting Policy – Mark-up
Proposed revisions to Proxy Voting Policy – Clean



Johanna Shick
Chief Executive Officer



Greg Frank
Management Analyst III



Cash Management and Liquidity Policy

I. Purpose

- A. ~~The purpose of this policy is to~~ establish general guidelines for cash flow management to ensure that sufficient cash is available for the day-to-day operational needs of the system in order to pay SJCERA retirement benefit expenses, operating expenses, and handle fund manager capital calls.

II. Background

- A. SJCERA's cash and short-term investments are held by our Custodian Bank, Northern Trust (NT), and the San Joaquin County Treasurer.

- B. SJCERA has two primary cash management accounts with Northern Trust: the Liquidity Pool Account and the Treasury Account.

~~A.~~

A. Northern Trust Liquidity Pool Account

SJCERA uses this account, which leverages Northern Trust's Short-Term Investment Fund (STIF) to invest in high-grade money market instruments with very short maturities to:

a)

~~a)~~

- (1) 1. Receive distributions from fund managers, receive bi-weekly Employer and Employee contributions, and to provide available cash for capital calls and SJCERA administrative expenses.

- (2) Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager

- (3) Provide daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers

- B. ~~———— SJCERA's cash and short-term investments are managed by The Northern Trust (NT), SJCERA's master custodian bank, and the San Joaquin County Treasurer office. SJCERA uses NT's Short-Term Investment Fund (STIF) which is invested in high-grade money market instruments with very short maturities. Northern Trust Treasury Account~~

- a) SJCERA uses NT's Treasury account for all SJCERA's benefit payments to members and beneficiaries.
- C. County Treasurer Administrative Account
- a) SJCERA uses the County Treasurer Administrative Account to pay SJCERA staff payroll, County Shared Services Fees, and Trustee and staff travel expenses.
 - b) The County is responsible for the control and safekeeping of all instruments of title and for all investment of the pooled funds in this account. These two cash accounts are is monitored daily weekly by the Retirement Financial Officer SJCERA's Accounting Technician II. If cash is needed in these cash accounts, in consultation with the Retirement Financial Officer, with approval from h-SJCERA's Executive Management and investment consultant, the Retirement Financial Officer will initiate the funds transfer transfer funds from the NT NT-Liquidity Pool Account

B.C. Liquidity Management

~~A. To facilitate liquidity requirements, SJCERA established and maintains a Liquidity Pool with the Master Custodian Bank to:~~

- ~~1. Accept biweekly transfers of member and employer retirement contributions and monthly sick leave bank benefit payment reimbursements deposited by the County (as paying agent for all participating employers) into SJCERA's Operation Fund~~
- ~~2. Pay benefits and expenses~~
- ~~3. Facilitate funding of capital calls~~
- ~~4. Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager~~
- ~~5. Daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers~~

B.A. The Liquidity Northern Trust Liquidity Pool will be funded to contain a sufficient reserve and will be monitored monthly. At a minimum, the Liquidity Pool will contain a one-month payment reserve and will be replenished by the end of any month in which the balance is less than a one-month payment reserve. The funding sources of the Liquidity Pool will be in accordance with the SJCERA's Strategic Asset Allocation Policy. The Liquidity Pool is invested in the Master Custodian Bank's Short Term Investment Fund. In addition, Northern Trust is authorized to transfer, on a daily basis, all available U.S. dollar cash balances of each account to NT Liquidity Pool Account. Northern Trust will monitor and identify cash balances that exist as of the close of each business day, and that such cash balance, if any, will then be transferred to the NT Liquidity Pool Account.

C.B. When cash is needed in the Liquidity Pool, in consultation with SJCERA's investment consultant, staff will determine the appropriate funding sources. Funding sources may include accounts with greater liquidity, lower transaction costs, or accounts which are overweight compared to their target allocation.

1. Authority to move cash between manager accounts and SJCERA's Liquidity Pool, or to liquidate assets, up to a maximum of \$50,000,000 per transaction will be accomplished at the staff level at the authority of the Chief Executive Officer.
2. Liquidation of assets to fund the Liquidity Pool in excess of \$50,000,000 per transaction will be submitted to the Board for approval. In the rare event that time does not permit action by the Board, the Chief Executive Officer, in consultation with SJCERA's investment consultant, will seek approval from the Board Chair. The Board Chair may grant such approval. Any asset liquidation in excess of \$50,000,000 approved by the Board Chair must be reported to the full Board at its next meeting. Funding of new managers or strategies from an existing manager's mandate will be submitted to the Board for approval.
3. Generally, fixed income interest will be reinvested by SJCERA's Fixed Income asset managers. However, based on SJCERA's projected cash demands such as paying benefits and expenses, the Chief Executive Officer, in consultation with SJCERA's investment consultants, may direct one or more of the Fixed Income asset managers to distribute, rather than reinvest, fixed income interest to SJCERA until further notice. Subsequently, based on SJCERA's projected cash demands and in consultation with SJCERA's investment consultants, the Chief Executive Officer may direct one or more Fixed Income asset managers to reinvest fixed income interest again.

G.D. Communications

- A. ~~The s~~Staff will report to Chief Executive Officer all cash management activity including:
 1. Quarterly Cash Activities Report;
 2. Annual Cash Flow Statement with Fixed Income Interest, Contributions and Benefit Payment;
 3. Resolutions pertaining to Liquidation of Assets/Transfer of Funds in excess of \$50,000,000 per transaction.

V. Emergency Cash Management

- A. ~~SJCERA shall maintain an agreement with the County to send and receive funds through the Administrative Account held at the County Treasurer, to preserve~~

operations in case of an emergency which renders SJCERA unable to receive or distribute funds through the Northern Trust Liquidity Pool.

A.

B. The County Treasurer has established separate emergency banking relationships and accounts in the event the primary County Administrative Account also becomes inaccessible and will provide SJCERA use of this emergency account as needed.

VI. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VII. History

02/25/2011	Adopted by Board of Retirement as INV 0600
01/24/2014	Adopted by Board of Retirement as INV 0620
09/26/2014	Revised by the Board of Retirement as ADMIN 0108
06/26/2015	Revised by the Board of Retirement as ADMIN 0108
06/29/2018	Reviewed, no content changes, staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to increase reporting threshold to \$50 million, update Liquidity Pool funding sources, and other non-substantive changes
<u>07/14/2023</u>	<u>Revised to reflect current procedure, clarify the purpose of each cash account, and add the Emergency Cash Management section</u>

Certification of Board Adoption:

	07/14/2023
_____ Clerk of the Board	_____ Date



Cash Management and Liquidity Policy

I. Purpose

- A. To establish general guidelines for cash flow management to ensure that sufficient cash is available for the day-to-day operational needs of the system in order to pay SJCERA retirement benefit expenses, operating expenses, and handle fund manager capital calls.

II. Background

- A. SJCERA's cash and short-term investments are held by our Custodian Bank, Northern Trust (NT), and the San Joaquin County Treasurer.
- B. SJCERA has two primary cash management accounts with Northern Trust: the Liquidity Pool Account and the Treasury Account.
 - A. Northern Trust Liquidity Pool Account
 - a) SJCERA uses this account, which leverages Northern Trust's Short-Term Investment Fund (STIF) to invest in high-grade money market instruments with very short maturities to:
 - (1) Receive distributions from fund managers, receive bi-weekly Employer and Employee contributions, and to provide available cash for capital calls and SJCERA administrative expenses.
 - (2) Provide the margin and liquidity necessary for the Cash Overlay program that is maintained by the Cash Overlay Manager
 - (3) Provide daily sweep of cash balance from Commingled Fund, Private Real Estate and Private Equity managers
 - B. Northern Trust Treasury Account
 - a) SJCERA uses NT's Treasury account for all SJCERA's benefit payments to members and beneficiaries.
 - C. County Treasurer Administrative Account
 - a) SJCERA uses the County Treasurer Administrative Account to pay SJCERA staff payroll, County Shared Services Fees, and Trustee and staff travel expenses.
 - b) The County is responsible for the control and safekeeping of all instruments of title and for investment of this account. This account is monitored weekly by SJCERA's Accounting Technician II. If cash is needed, the Retirement

Financial Officer, with approval from SJCERA's Executive Management, will transfer funds from the NT Liquidity Pool Account

C. Liquidity Management

- A. The Northern Trust Liquidity Pool will be funded to contain a sufficient reserve and will be monitored monthly. At a minimum, the Liquidity Pool will contain a one-month payment reserve and will be replenished by the end of any month in which the balance is less than a one-month payment reserve. The funding sources of the Liquidity Pool will be in accordance with the SJCERA's Strategic Asset Allocation Policy. The Liquidity Pool is invested in the Custodian Bank's Short Term Investment Fund. In addition, Northern Trust is authorized to transfer, on a daily basis, all available U.S. dollar cash balances of each account to NT Liquidity Pool Account. Northern Trust will monitor and identify cash balances that exist as of the close of each business day, and that such cash balance, if any, will then be transferred to the NT Liquidity Pool Account.

- B. When cash is needed in the Liquidity Pool, in consultation with SJCERA's investment consultant, staff will determine the appropriate funding sources. Funding sources may include accounts with greater liquidity, lower transaction costs, or accounts which are overweight compared to their target allocation.
 1. Authority to move cash between manager accounts and SJCERA's Liquidity Pool, or to liquidate assets, up to a maximum of \$50,000,000 per transaction will be accomplished at the staff level at the authority of the Chief Executive Officer.
 2. Liquidation of assets to fund the Liquidity Pool in excess of \$50,000,000 per transaction will be submitted to the Board for approval. In the rare event that time does not permit action by the Board, the Chief Executive Officer, in consultation with SJCERA's investment consultant, will seek approval from the Board Chair. The Board Chair may grant such approval. Any asset liquidation in excess of \$50,000,000 approved by the Board Chair must be reported to the full Board at its next meeting. Funding of new managers or strategies from an existing manager's mandate will be submitted to the Board for approval.
 3. Generally, fixed income interest will be reinvested by SJCERA's Fixed Income asset managers. However, based on SJCERA's projected cash demands such as paying benefits and expenses, the Chief Executive Officer, in consultation with SJCERA's investment consultants, may direct one or more of the Fixed Income asset managers to distribute, rather than reinvest, fixed income interest to SJCERA until further notice. Subsequently, based on SJCERA's projected cash demands and in consultation with SJCERA's investment consultants, the Chief Executive Officer may direct one or more Fixed Income asset managers to reinvest fixed income interest again.

D. Communications

- A. Staff will report to Chief Executive Officer all cash management activity including:
 - 1. Quarterly Cash Activities Report;
 - 2. Annual Cash Flow Statement with Fixed Income Interest, Contributions and Benefit Payment;
 - 3. Resolutions pertaining to Liquidation of Assets/Transfer of Funds in excess of \$50,000,000 per transaction.

V. Emergency Cash Management

- A. SJCERA shall maintain an agreement with the County to send and receive funds through the Administrative Account held at the County Treasurer, to preserve operations in case of an emergency which renders SJCERA unable to receive or distribute funds through the Northern Trust Liquidity Pool.
- B. The County Treasurer has established separate emergency banking relationships and accounts in the event the primary County Administrative Account also becomes inaccessible and will provide SJCERA use of this emergency account as needed.

VI. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VII. History

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06/26/2015	Revised by the Board of Retirement as ADMIN 0108
06/29/2018	Reviewed, no content changes, staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to increase reporting threshold to \$50 million, update Liquidity Pool funding sources, and other non-substantive changes
07/14/2023	Revised to reflect current procedure, clarify the purpose of each cash account, and add the Emergency Cash Management section

Certification of Board Adoption:

	07/14/2023
Clerk of the Board	Date



Declining Employer Payroll Policy

I. Purpose

- A. A participating employer in the San Joaquin County Employees' Retirement Association (SJCERA) may experience an actual or expected material decline in the payroll attributable to its SJCERA active members (SJCERA-covered payroll). The Declining Employer Payroll Policy is intended to establish guidelines by which SJCERA intends to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as SJCERA members.

II. Background and Objectives

- A. As a general rule, under SJCERA's practice in place prior to the adoption of this Declining Employer Payroll Policy, SJCERA determined employers' contribution obligations for UAAL by applying a contribution rate determined by SJCERA's actuary to the employer's SJCERA-covered payroll (the percentage-of-payroll methodology), with separate rates applied for General and Safety members. For employers whose payrolls are generally consistent with SJCERA's actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology continues to be appropriate. But for employers whose SJCERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is generally not the appropriate means of collecting employer contributions owed to the system. The objectives of this Declining Employer Payroll Policy are to (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining SJCERA-covered payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.
- B. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended, and other applicable provisions of law. Pursuant to Gov't. Code sections 31453, 31453.5, [31454.7](#), 31581, 31582, 31584, 31585, 31586 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers, to SJCERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from SJCERA.
- C. It is the Board of Retirement's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations.

This will generally require redetermination of the funding obligations of the employer for a number of years.

III. Policy Procedures and Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

A. Commencement of Coverage – Triggering Events

1. This Policy covers only those employers for whom the Board determines, based on a recommendation from SJCERA's Chief Executive Officer (CEO), that a *triggering event* as described in this section has occurred *and* who are not excluded from coverage under this Policy as described below. The Board hereby directs the CEO to work with SJCERA staff and service providers (*e.g.*, the actuary) to obtain the information (*e.g.*, SJCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.
 - a. *Triggering event resulting from ceasing to enroll new hires.* Some SJCERA participating employers cease to enroll new hires with SJCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active SJCERA members. These employers' SJCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an SJCERA participating employer, or an SJCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.
 - b. *Triggering event resulting from a material and expected long-lasting reduction in SJCERA-covered payroll.* Some employers may experience a material reduction in their SJCERA-covered payroll, but nevertheless continue to enroll their new hires with SJCERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discrete event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's SJCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other employers, if any, in the same SJCERA rate group. Generally, by its nature, the determination of whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

B. Exclusions from Coverage; Terminations of Coverage

1. This Policy also covers *only* those employers (i) who are financially-viable entities when a triggering event occurs, *and* (ii) whom SJCERA expects to continue

indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a “withdrawing employer” who ceases to provide SJCERA membership for *all* of the employer’s active SJCERA members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with SJCERA).

2. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for a number of years. Therefore, if concerns arise during that period of time regarding the employer’s ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system including, without limitation, assessing the projected entire amount of the employer’s UAAL (as recommended by the fund’s actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due, as has been described under the Board’s Employer Termination Policy.

C. Procedures

1. The CEO will (i) work with SJCERA’s staff, service providers, and SJCERA’s participating employers to obtain the information (*e.g.*, SJCERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.
2. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will determine, at a duly-noticed public meeting, (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section III.B.1 above. Employers may be required to provide SJCERA with updated employee census and payroll data and financial reports. See Gov’t. Code section 31543.
3. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer’s UAAL contribution obligation, SJCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of SJCERA’s actuary, and shall maintain such separate accounting for the employer until all of the participating employer’s obligations to SJCERA have been fully satisfied.
4. SJCERA’s actuary will determine, and certify to the Board of Retirement, the covered employer’s funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer’s share of the actuarial accrued liability (AAL), including the remaining liability for any inactive members who have accrued service with the employer.

The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed the lesser of the current amortization period used to compute SJCERA's UAAL contribution (as represented by the "Single Equivalent Period" applicable to that employer reported in the most recent annual actuarial valuation) or the average duration of the benefit payments associated with the members' service with the employer, beginning on January 1 of the calendar year immediately after the year in which the triggering event occurs.

Upon the request of the employer, and if they can demonstrate an expectation of increasing revenues and/or overall payroll, the Board in consultation with staff and its actuary, may consider an increasing payment schedule, at a rate of increase not to exceed SJCERA's overall payroll growth assumption, as opposed to a level dollar amortization schedule. Once such a request is made and approved by the Board, the Board may require renewed demonstration of the appropriateness of this approach in future years.

The employer's UAAL contribution will also include a load for administrative expenses, based on the same employer administrative load applied to the other contributing employers as determined in the most recent actuarial valuation.

5. The actuary will use the actuarial valuation performed for SJCERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of SJCERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.*, based on the employer's initial UAAL allocation determined in accordance with section 4 above), and will be determined separately for the assets and liabilities associated with General and Safety members (*i.e.*, the employer will receive an allocation of the VVA associated with the General members based on their share of the General member liabilities, and similarly for Safety, as applicable).

Later values of the VVA (*i.e.*, those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments and the employer's share of administrative expenses, and crediting earnings at the actual smoothed (VVA) earnings rate on total SJCERA assets. The employer's share of the administrative expenses (determined based on the share of the employer's total AAL as of the most recent actuarial valuation to the total SJCERA AAL),

6. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, SJCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to SJCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. As a default, the amortization schedule

will be determined based on the policy described above (*i.e.*, the shorter of the Single Equivalent Period applicable to the employer from the most recent actuarial valuation, or the average duration of the projected benefit payments for the employer’s members). SJCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.

7. Eventually, the Board may determine, in consultation with staff and its service providers, that it is in the best interest of the Plan – for administrative burden or other reasons – for the employer’s coverage under this policy to transition to a “Terminating Employer”, and thus determine a final single sum payment under the SJCERA “Employer Termination Policy.” Staff and service providers will conduct this analysis when the remaining duration approaches the asset smoothing period (currently five years), and at any other time determined to be in the best interest of the plan. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), SJCERA will distribute the Final Surplus in accordance with the terms of applicable law.

IV. Policy Review

Staff shall review this Policy annually to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

V. History

04/12/2019	Adopted
07/08/2022	Reviewed, corrected one typo, no substantive changes
<u>07/14/2023</u>	<u>Reviewed (including actuarial consideration of smaller employers' payroll volatility), added statutory authority effective 1/1/2021, corrected one typo</u>

Certification of Board Adoption:

Clerk of the Board	07/14/2023
	Date



Declining Employer Payroll Policy

I. Purpose

- A. A participating employer in the San Joaquin County Employees' Retirement Association (SJCERA) may experience an actual or expected material decline in the payroll attributable to its SJCERA active members (SJCERA-covered payroll). The Declining Employer Payroll Policy is intended to establish guidelines by which SJCERA intends to assure that such employer will continue to satisfy its obligation to timely pay all unfunded actuarial accrued liability (UAAL) attributable to the employer's active, retired and deferred employees and their beneficiaries by reason of their prior and future service as SJCERA members.

II. Background and Objectives

- A. As a general rule, under SJCERA's practice in place prior to the adoption of this Declining Employer Payroll Policy, SJCERA determined employers' contribution obligations for UAAL by applying a contribution rate determined by SJCERA's actuary to the employer's SJCERA-covered payroll (the percentage-of-payroll methodology), with separate rates applied for General and Safety members. For employers whose payrolls are generally consistent with SJCERA's actuarial assumptions regarding payroll growth, the percentage-of-payroll methodology continues to be appropriate. But for employers whose SJCERA-covered payroll is declining, or is expected to decline, materially over time, the Board of Retirement has determined that the percentage-of-payroll methodology is generally not the appropriate means of collecting employer contributions owed to the system. The objectives of this Declining Employer Payroll Policy are to (i) to ensure equitable and adequate funding of UAAL in cases involving employers with declining SJCERA-covered payrolls, (ii) approve procedures for identifying employers who should be subject to this Policy, and (iii) approve a different methodology for determining any UAAL attributable to such employers and setting the amount and schedule of the contributions needed to fund such UAAL. This Policy does *not* change the methodology regarding how contributions for "normal cost" are determined for participating employers.
- B. Generally, the objectives of this Policy also are to ensure compliance with County Employees Retirement Law of 1937, California Government Code sections 31450 et seq., as amended, and other applicable provisions of law. Pursuant to Gov't. Code sections 31453, 31453.5, 31454.7, 31581, 31582, 31584, 31585, 31586 and other applicable provisions of law, a participating employer remains liable, and must make the required appropriations and transfers, to SJCERA for the employer's share of liabilities attributable to its officers and employees who are and may be entitled to receive retirement, disability and related benefits from SJCERA.
- C. It is the Board of Retirement's intent to allow an employer covered by this Policy to satisfy its funding obligation in a manner that provides the employer reasonable flexibility; however, primary consideration will be given to ensuring the adequacy of the assets attributable to the employer to satisfy the employer's funding obligations.

This will generally require redetermination of the funding obligations of the employer for a number of years.

III. Policy Procedures and Guidelines

Absent exigent circumstances or unless otherwise expressly approved by the Board of Retirement at a duly-noticed public meeting, the procedures and guidelines for implementing this Policy are set forth below.

A. Commencement of Coverage – Triggering Events

1. This Policy covers only those employers for whom the Board determines, based on a recommendation from SJCERA's Chief Executive Officer (CEO), that a *triggering event* as described in this section has occurred *and* who are not excluded from coverage under this Policy as described below. The Board hereby directs the CEO to work with SJCERA staff and service providers (*e.g.*, the actuary) to obtain the information (*e.g.*, SJCERA-covered payroll history) needed for the Board to make determinations regarding triggering events. The CEO is further directed to report to the Board, at least annually, regarding these activities.
 - a. *Triggering event resulting from ceasing to enroll new hires.* Some SJCERA participating employers cease to enroll new hires with SJCERA but, for a period of time, continue to have at least some previously-enrolled employees maintaining their status as active SJCERA members. These employers' SJCERA-covered payroll will eventually diminish to zero as their active employees retire or otherwise terminate employment. Examples of employers in this category may include an employer that is acquired by another entity that is not an SJCERA participating employer, or an SJCERA employer that is taken over by a state agency whose employees are covered by another pension system such as CalPERS. There may be other examples as well.
 - b. *Triggering event resulting from a material and expected long-lasting reduction in SJCERA-covered payroll.* Some employers may experience a material reduction in their SJCERA-covered payroll, but nevertheless continue to enroll their new hires with SJCERA. The reduction may be sudden (*e.g.*, due to a discrete event such as a partial loss of funding, or partial outsourcing), or it may be more gradual, over a period of years, and might not be tied to a discrete event. Generally, the Board would determine that this type of triggering event has occurred only if the Board expects that the reduction in employer's SJCERA-covered payroll is expected to be permanent, long-lasting or for an indefinite period of time that is greater than a cycle that the employer may typically experience, or a cycle similarly experienced by the other employers, if any, in the same SJCERA rate group. Generally, by its nature, the determination of whether this type of triggering event has occurred is more subjective than that described in subparagraph a) immediately above.

B. Exclusions from Coverage; Terminations of Coverage

1. This Policy also covers *only* those employers (i) who are financially-viable entities when a triggering event occurs, *and* (ii) whom SJCERA expects to continue

indefinitely thereafter to be financially-viable entities. This Policy does not cover any other situation, including, without limitation, an employer going out of business by reason of dissolution, loss of funding, consolidation or merger (unless there is a surviving financially-viable entity that is acceptable to the Board that will make the ongoing payments under the Policy). This Policy also does not cover a “withdrawing employer” who ceases to provide SJCERA membership for *all* of the employer’s active SJCERA members (*i.e.*, as of a date certain, withdraws both new hires and existing actives from membership with SJCERA).

2. The Board of Retirement also recognizes that participating employers covered by this Policy will have UAAL funding obligations for a number of years. Therefore, if concerns arise during that period of time regarding the employer’s ongoing existence as a financially-viable entity, the Board may remove the employer from coverage under this Policy and/or take any other measures that may be available to ensure the actuarial soundness of the retirement system including, without limitation, assessing the projected entire amount of the employer’s UAAL (as recommended by the fund’s actuary and approved by the Board) using a lower discount rate and payable in a single sum immediately due, as has been described under the Board’s Employer Termination Policy.

C. Procedures

1. The CEO will (i) work with SJCERA’s staff, service providers, and SJCERA’s participating employers to obtain the information (*e.g.*, SJCERA-covered payroll history, financial reports) needed for the Board to make determinations regarding triggering events and exclusions from, or terminations of, coverage and (ii) report to the Board, at least annually, regarding these activities.
2. Upon a recommendation from the CEO and notice to the affected participating employer, the Board will determine, at a duly-noticed public meeting, (i) whether a triggering event has occurred for the employer, (ii) whether the employer should be excluded from coverage under this Policy, and (iii) for those employers that the Board has previously determined to be covered under the Policy, whether their coverage should be terminated under section III.B.1 above. Employers may be required to provide SJCERA with updated employee census and payroll data and financial reports. See Gov’t. Code section 31543.
3. If the Board determines that a triggering event has occurred and the employer is not excluded from coverage under the Policy, then, solely for purposes of determining the covered employer’s UAAL contribution obligation, SJCERA will segregate on its books all assets and liabilities attributable to the employer, based upon the recommendation of SJCERA’s actuary, and shall maintain such separate accounting for the employer until all of the participating employer’s obligations to SJCERA have been fully satisfied.
4. SJCERA’s actuary will determine, and certify to the Board of Retirement, the covered employer’s funding obligation for its initial UAAL, which obligation shall not be pro-rata based on payroll, but rather based on the employer’s share of the actuarial accrued liability (AAL), including the remaining liability for any inactive members who have accrued service with the employer.

The Board may determine to require the employer's contributions to be paid in level, fixed-dollar amounts over a period not to exceed the lesser of the current amortization period used to compute SJCERA's UAAL contribution (as represented by the "Single Equivalent Period" applicable to that employer reported in the most recent annual actuarial valuation) or the average duration of the benefit payments associated with the members' service with the employer, beginning on January 1 of the calendar year immediately after the year in which the triggering event occurs.

Upon the request of the employer, and if they can demonstrate an expectation of increasing revenues and/or overall payroll, the Board in consultation with staff and its actuary, may consider an increasing payment schedule, at a rate of increase not to exceed SJCERA's overall payroll growth assumption, as opposed to a level dollar amortization schedule. Once such a request is made and approved by the Board, the Board may require renewed demonstration of the appropriateness of this approach in future years.

The employer's UAAL contribution will also include a load for administrative expenses, based on the same employer administrative load applied to the other contributing employers as determined in the most recent actuarial valuation.

5. The actuary will use the actuarial valuation performed for SJCERA as of the end of the calendar year immediately prior to the calendar year in which the triggering event occurs (and based on all of SJCERA's then current actuarial assumptions and methodologies) to determine the initial valuation value of assets (VVA), a smoothed value, allocated to the covered employer. That initial VVA will be a pro-rata allocation based on the employer's AAL (*i.e.*, based on the employer's initial UAAL allocation determined in accordance with section 4 above), and will be determined separately for the assets and liabilities associated with General and Safety members (*i.e.*, the employer will receive an allocation of the VVA associated with the General members based on their share of the General member liabilities, and similarly for Safety, as applicable).

Later values of the VVA (*i.e.*, those used in the future valuations described below) shall be determined by rolling forward the initial VVA, adding contributions, deducting benefit payments and the employer's share of administrative expenses, and crediting earnings at the actual smoothed (VVA) earnings rate on total SJCERA assets. The employer's share of the administrative expenses (determined based on the share of the employer's total AAL as of the most recent actuarial valuation to the total SJCERA AAL),

6. Annually, after the determination of the covered employer's initial funding obligation, as part of the regular annual actuarial valuation of the plan, SJCERA's actuary will measure any change in the UAAL of the participating employer due to actuarial experience or changes in actuarial assumptions. In addition to the amortized payments for the covered employer's initial UAAL funding obligation determined as of the initial valuation, the employer will be liable for, and must contribute to SJCERA, any such new UAAL determined as of subsequent valuations, based upon an amortization schedule recommended by the actuary and adopted by the Board of Retirement. As a default, the amortization schedule

will be determined based on the policy described above (*i.e.*, the shorter of the Single Equivalent Period applicable to the employer from the most recent actuarial valuation, or the average duration of the projected benefit payments for the employer’s members). SJCERA will hold any negative UAAL (Surplus) to be applied against any future UAAL of the covered employer.

- 7. Eventually, the Board may determine, in consultation with staff and its service providers, that it is in the best interest of the Plan – for administrative burden or other reasons – for the employer’s coverage under this policy to transition to a “Terminating Employer”, and thus determine a final single sum payment under the SJCERA “Employer Termination Policy.” Staff and service providers will conduct this analysis when the remaining duration approaches the asset smoothing period (currently five years), and at any other time determined to be in the best interest of the plan. If any Surplus remains after the covered employer has satisfied *all* of its UAAL obligations (Final Surplus), SJCERA will distribute the Final Surplus in accordance with the terms of applicable law.

IV. Policy Review

Staff shall review this Policy annually to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

V. History

04/12/2019	Adopted
07/08/2022	Reviewed, corrected one typo, no substantive changes
07/14/2023	Reviewed (including actuarial consideration of smaller employers' payroll volatility), added statutory authority effective 1/1/2021, corrected one typo

Certification of Board Adoption:

Clerk of the Board	07/14/2023
	Date



Board Administration Policy **Disability Retirement and Active Member Death Policy and Procedure**

I. Purpose

A. The purpose of this policy is to provide a procedure for acting upon applications to the Board for disability retirement and related rights, benefits and privileges inuring to Members of the San Joaquin County Employees' Retirement Association (SJCERA) and their designated beneficiaries. It is intended that applications be fairly and expeditiously processed, that the applicant and the Board have fair notice of any required hearing, and consider sufficient facts to arrive at a true and fair decision on the application. For the purposes of a fair hearing, the Board shall act as an independent body, finding facts and applying law. Upon receipt of the ~~CEO's~~ recommendation from the SJCERA Chief Executive Officer (CEO), the Board may approve, dismiss, or deny the application, or take other appropriate action authorized by the California Employees' Retirement Law of 1937 (CERL) and, if applicable, or the Public Employees' Pension Reform Act of 2013 (PEPRA).

II. Definitions

- A. Unless the context otherwise requires, the definitions in this section shall govern the construction of this policy and procedures.
1. "Interested Party" means any person, including an Applicant, a Member to whom an Application pertains, the Fund, and any authorized representatives of each of them, disclosed by the records of SJCERA or by the Application to have a legal interest in the subject matter of the Application.
 2. "Applicant" means any person or entity that has filed an application for disability retirement benefits or a survivor allowance resulting from an active Member's death, which may include any Member of SJCERA, the head of the office or department in which the Member is or was last employed, the Board or its agents, or any other person claiming benefits, rights, or privileges under the CERL and, if applicable, or PEPRA.
 3. "Application" means a claim for benefits, rights, or privileges under CERL and, if applicable, or PEPRA, submitted to SJCERA by an Applicant on a form authorized by SJCERA for that purpose.
 4. "Application Packet" means the documents that an Applicant is required to provide to SJCERA before an Application will be deemed submitted or filed for processing and evaluation. These documents include: a completed and signed application form, completed and signed questionnaires, signed authorizations for release of information, all relevant medical records and reports, and such other documents and information reasonably required by

SJCERA pursuant to this policy and procedure.

5. "Board" means the San Joaquin County Employees' Retirement Association's Board of Retirement.
6. "Board's Counsel" means an employed staff attorney, an attorney from the Office of County Counsel, or other independent counsel designated by the Board pursuant to Government Code Section 31529.9.
7. "The Fund" means the trust fund governed~~created~~ by the Board pursuant to Government Code Section 31588 and administered under the CERL solely for the overall best interest~~benefit~~ of ~~the~~ Members and retired Members of the system and their ~~his/her survivors and~~ beneficiaries. The Fund shall be a real Party in interest at all disability hearings conducted under this policy and independent Fund~~legal e~~Counsel, who does not advise the Board with respect to such proceedings, shall represent the Fund in such hearings.
8. "Disability Medical Provider" means medical, psychiatric, or other healthcare experts retained by SJCERA to examine Members and provide opinion evidence regarding permanent disability and causation issues.
9. "Retirement Office" means the physical office of ~~the San Joaquin County Employees' Retirement Association (SJCERA)~~ currently located at 6 South El Dorado Street Suite 400, Stockton, CA 95202.
10. "Member" means the SJCERA member who is the subject of the Application or on whose behalf the Application is filed.
11. "Fund's Counsel" means the attorney retained by SJCERA to represent the interests of the Fund in investigating and evaluating Applications, providing recommendations to SJCERA, and representing the Fund before the Board.
12. References to written notice or any notice in writing from or by SJCERA mean that such notice may be delivered electronically, by first class mail or certified mail at the discretion of the CEO.

III. Representation by Counsel

- A. Any Interested Party, at that Party's expense, may hire and be represented by an attorney subject to the provisions of this section. No Applicant is required to have an attorney at any time. It is advised, however, that Applicants consider retaining an experienced attorney knowledgeable in CERL and disability retirement matters.
- B. If any Interested Party becomes represented by an attorney, either such Party or such attorney shall promptly file with the Retirement Office and serve upon all other Interested Parties written notice of such representation, including the attorney's name, address, and telephone number. Unless appearing with an Interested Party at a hearing, an attorney shall not be deemed counsel of record until such notice of representation is duly filed and served. The Interested Party

shall be deemed represented by said attorney until written notice of withdrawal or substitution of said attorney is filed with SJCERA and served on all other Interested Parties.

- C. The failure to retain an attorney or to provide written notice of representation by such attorney shall in no event be considered good cause, in and of itself, to delay any proceeding under this policy and procedure.

IV. Communication with Individual Board Members

- A. The Board is the decision-maker for all ~~disability retirement a~~Applications. As such, communications concerning the merits or substance of an ~~a~~Application between any Board member and any Interested Party or ~~their his/her~~ representatives, ~~other than the CEO,~~ are forbidden until the Board's decision is final and the time to appeal by writ or otherwise has expired. This prohibition shall remain in effect during the pendency of any writ, appeal, and rehearing. A copy of the *Ex Parte Communication Policy* can be found at www.sjcera.org.

V. Confidential Records

- A. All individual records of Members (including, but not limited to, reports, sworn statements, medical reports and records, applications, notices, orders, and findings and decision relating to an application for disability retirement) are confidential and shall not be disclosed by SJCERA to anyone except as set forth in these procedures, upon order of a court of competent jurisdiction, or upon written authorization by the Member.

VI. Application Process

- A. Disability retirement Applications may be filed by SJCERA Members, the head of the office or department in which the Member is or was last employed, the Board or its agents, any other person acting on a Member's behalf, or as authorized by CERL.

B. Claim

1. A claim for disability retirement ~~or survivor allowance~~ shall be made by filing with the Retirement Office a complete Application Packet. The Application shall not be deemed complete or filed until the Applicant has submitted all of the following to the Retirement Office:
 - a) An Application, on a form approved by SJCERA for that purpose, signed and complete with all requested information therein. The Application shall include a specific description of the injuries, conditions, and diagnoses that give rise to that alleged permanent incapacity.
 - b) Signed authorizations for release of medical and other information

deemed by SJCERA relevant to a full and complete evaluation of the Application.

- c) A physician's statement [dated no earlier than a year prior to the date of the Application](#), in a form approved by SJCERA for that purpose complete with all requested information therein, signed and dated by the physician, stating that the Member is permanently incapacitated.
- d) Copies of all medical/psychiatric reports and records relevant to the claims made in the Application.
- e) All other documents and information that support the granting of the Application.

C. Initial Review of the Application Packet

- 1. Within 30 days of receipt of an Application Packet for filing, SJCERA shall review the submitted Application Packet and determine whether the application is complete and acceptable for filing. If the Application is determined to be complete, SJCERA shall notify the Applicant electronically and/or by U.S. mail that the Application has been accepted for filing. A complete Application shall be deemed filed as of the date SJCERA received the Application.
- 2. If, [during the 30-day review period in this section](#), the Application Packet is determined to be incomplete ~~or otherwise deficient~~, SJCERA shall notify the Applicant of the deficiency(ies) and that the application has been rejected for filing [as incomplete](#).

D. Further Information Required from Applicant

- 1. If at any time during the pendency of the Application, the Applicant changes, in any material way, the facts or claims set forth in the Application, the Applicant shall immediately file with the Retirement Office and serve on all Parties written notice of such change, including any changes in employment or accommodation and any medical evidence supporting such an amendment. The failure to do so, may, in the discretion of the Board, preclude the Applicant from asserting the facts so alleged or introducing evidence with respect thereto. Notice of any such amendment shall be given, in writing, to Retirement Office within ten (10) days of the date thereof, and in no event later than thirty (30) days prior to any proceeding before the Board or Referee.
- 2. At any time during the pendency of an Application or in connection with any re-evaluation of the Member's disability status permitted under CERL, the Board or SJCERA may, by written notice to the Applicant, require that the Applicant produce within 30 days any or all of the following items. Said items shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming that the Applicant has made a diligent search and reasonable inquiry and that

no other responsive items exist.

- a) Copies of records, reports, notes, statements, documents, photographs, or other writings, within the definition of Evidence Code Section 250.
 - b) A narrative report of the Member's current medical condition, and a list of the names and contact information for all of the Member's healthcare providers.
 - c) Written responses to written questions concerning any matter that is reasonably calculated to lead to the discovery of evidence that would be admissible at a hearing. Said written responses shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming the truthfulness and completeness of the responses.
3. Any Interested Party shall be entitled to notice and take oral depositions in the manner prescribed by the California Code of Civil Procedure, except that there shall be no distinction between the depositions of expert and non-expert witnesses, and the provisions of the California Code of Civil Procedure pertaining to the depositions of expert witnesses shall not apply. The Party noticing a deposition shall pay any and all deposition costs and the fees to which a witness may be entitled.

E. Investigation and Evaluation

1. Before an administrative recommendation is made to the Board or a hearing before a Referee is set, the following shall be completed:
 - a.) Within 90 days after an Application is accepted for filing, SJCERA will request any and all records that may be relevant to the determination of the Application. These may include, but are not necessarily limited to, the following: medical, psychiatric, psychological, chiropractic, physical therapy, and acupuncture records; radiology and ultrasound records; electrodiagnostic testing records; laboratory (blood, urine, pathology, etc.) testing records; psychological testing records; personnel and human resources records, incident and injury reports; reports prepared by any law enforcement agency; the Member's complete worker's compensation file pertaining to the subject claim and other potentially related claims including all medical records, reports, deposition transcripts, etc.; HIV and alcohol treatment/testing records in cases where these conditions are at issue.
 - b.) SJCERA shall require a written statement from the employer/department regarding employment status, job duties, work restrictions and accommodations, if any.
 - c.) All reasonably pertinent records ~~pertaining to the Application~~ will be

provided to the Disability Medical Provider and the Fund's Counsel.

- d.) The Fund's Counsel and/or the Disability Medical Provider will review and summarize the records. The Fund's Counsel will coordinate independent medical examination(s) as necessary and appropriate.
- e.) Additional records may be requested or subpoenaed of the Applicant or others.
- f.) All medical examinations required of the Member are completed and reports thereof have been submitted to SJCERA.
- g.) The Fund's Counsel will review medical findings and other evidence and make recommendations to the CEO.
- h.) Applicant is notified of pending action.
 - i. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has met their/his/her burden of proof to show eligibility for a disability retirement benefit, staff will place the matter on the closed session consent calendar at a Board of Retirement meeting with a recommendation to grant the application.
 - ii. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has not met their/his/her burden of proof to receive a disability retirement benefit, the CEO will be notified. The Applicant will be notified and given the option to request a hearing. (See below.)

F. Medical Examinations

1. Members may be required to undergo one or more medical or psychiatric examinations by a physician or physicians of SJCERA's choice as necessary to evaluate the conditions and diagnoses presented in the Application. Such examinations may be unnecessary in the following cases: (1) where the Member has already been examined by at least one qualified medical expert and there is overwhelming and undisputed medical evidence that the Member is permanently incapacitated, such that referring the Member to another examination would be futile; and (2) where the Applicant has not submitted substantial medical evidence that the Member is permanently incapacitated, such that referring the Member to an examination would be unjustified.
2. Members must cooperate during the medical or psychiatric examination process and, if requested, must promptly provide additional medical records and information, or submit to additional examinations.
3. SJCERA shall at least fifteen (15) days before the appointment date, serve the Member (and if the Applicant is not the Member, the Applicant-all Parties)

with written notice of the date, time and place of the medical or psychiatric examination. Notice may be served electronically and/or by first-class mail through the US Postal Service. If the Member is unable to keep the examination appointment, the Member or ~~their~~^{his/her} attorney shall notify SJCERA or the Fund's Counsel in writing of such fact at least ten (10) calendar days before the scheduled examination. Failure to provide such notice and appear for the medical examination without good cause may result in the Board assessing medical cancellation fees against the Member and/or any other penalties for failure to comply with these Disability Retirement procedures.

4. The cost of such medical examinations shall be borne by SJCERA.

~~5. If the examination is at a facility located outside of San Joaquin County, Members may request reimbursement from SJCERA for mileage costs incurred to attend such examination. SJCERA reimburse mileage costs incurred for travel between the examination address and either the San Joaquin County line or the Member's home address, whichever is less. SJCERA will not reimburse for out-of-state travel. Except as set forth in this paragraph, unless otherwise authorized by the Board, travel expenses that are incurred by Members or other Interested Parties relating to these procedures, including but not limited to appearances at hearings, Board meetings and medical examinations, are not eligible for reimbursement by SJCERA.~~

G. Penalties for Failure to Comply with Disability Retirement Procedures.

1. The failure of an Applicant to comply with the requirements set forth in these procedures may result in a recommendation to dismiss the Application. Upon the Board's own motion or a recommendation by the CEO, and 30 days' written notice to the Applicant without cure, the Board may:
 - a) Dismiss any Application in which the Board finds the Applicant to be non-compliant with these procedures. Failure to comply includes, but is not limited to: failure to submit to a duly noticed medical examination, failure to cooperate with any medical examination without good cause, failure, or refusal to comply with, any notice or demand made pursuant to this policy, failure to cooperate in the formal hearing process, and failure to comply with any order of the Board or the Referee.
 - b) Dismiss the Application with prejudice upon a finding of bad faith actions, dilatory or frivolous tactics causing undue delay in the proceedings, disobedience to a lawful order, and/or obstruction of the due course of a hearing proceeding.

H. CEO's Recommendation

1. The CEO may recommend to the Board that a Member be retired for service-connected or nonservice-connected disability retirement benefits.

The recommendation shall be in writing and include:

- a) A determination of permanent physical or mental incapacity for the performance of the Member's duties;
- b) A determination whether the incapacity is the result of an injury or disease arising out of and in the course of the Member's employment and whether such employment contributed substantially to the incapacity;
- c) A summary of the evidence in support of the recommendation.

I. Setting the Matter for Hearing

1. If, after investigation, the CEO determines that the Applicant has failed to meet theirhis/her burden of proof regarding any element legally necessary for the granting of the Application, the Applicant will be notified of its decision in writing, giving the aApplicant the following options, if applicable:
 - a) If the Applicant has met theirhis/her burden of proof regarding permanent incapacity but not service connectedness:
 - i. The Applicant may amend the Application from service-connected to nonservice-connected disability retirement or death to permit SJCERA to recommend that the Board grant a non-service-connected disability retirement or death without need for hearing; or
 - ii. The Applicant may request both of the following: a hearing on the issue of service-connection, and a request that the Board grant a nonservice-connected disability retirement or survivor allowance;
 - b) Stipulate to waive the right to hearing and withdraw the Application.
 - c) Request a hearing on all issues presented by the Application.
2. If a written response is not received from the Applicant within thirty (30) calendar days after issuing the written notice in section VI.I.1 above, SJCERA shall commence dismissal procedures ~~will recommend that the Board dismiss the Application pursuant to under~~ section VI.G for noncompliance ~~at the next available regularly scheduled meeting of the Board of Retirement.~~
3. In cases where, as set forth in section VI.I.1.a above, the Applicant has opted to amend the Application from service-connected to non-service-connected disability retirement, or where the Applicant requests a nonservice-connected disability retirement or survivor benefit and a hearing on the issue of service-connection, SJCERA will recommend that the Board grant a non-service-connected disability retirement or death benefit.
4. The Applicant may withdraw the Application at any time prior to the Board's final determination. Any withdrawal of an application prior to the assignment to a Referee shall be deemed a withdrawal without prejudice. A withdrawal

without prejudice means that any re-submission of the withdrawn application will be considered a new application that must meet all filing requirements, including timely filing requirements. Any withdrawal of an application after the assignment to a Referee will be deemed to be with prejudice. An application withdrawn with prejudice precludes subsequent submission of the withdrawn application based on the same disability, injury or disease in the absence of new evidence.

VII. Hearings Before A Referee

A. Referral to Referee

4. If the Applicant timely requests a hearing, the matter shall be referred for hearing de novo before a Board-appointed Referee. The Referee shall be provided by the Office of Administrative Hearings of the State of California or by a prescreened panel of acceptable Referees selected by SJCERA. Compensation for the Referee shall be determined by the CEO and shall be paid by SJCERA.

B. Notification of Referral to Referee and Statement of Issues; Certification of Issues, Documents and Witnesses

1. Before a hearing date is set, the following notifications and certifications shall be provided:
 - a) The Fund's Counsel shall notify the Applicant in writing that SJCERA has referred the matter to hearing before a Referee and that a Referee will be appointed and a hearing scheduled as soon as SJCERA receives the certification required by this section. The written notice will further advise that if SJCERA does not receive the required certification within 30 calendar days, SJCERA will commence dismissal procedures recommend that the Board dismiss the Application for lack of diligence pursuant to under section VI.GF for noncompliance. above.
 - b) The written notice will include the following:
 - i. A list of issues to be determined at the hearing and the names and contact information of all witnesses that may be called by the Fund's Counsel to testify at the hearing.
 - ii. A copy of SJCERA's Disability Retirement Policy and Procedures.
 - iii. An electronic copy of all medical records, reports, and other nonprivileged documents in SJCERA's file that have been obtained as part of the disability retirement application process. If the Applicant is not the Member, such records shall not be disclosed to the Applicant unless authorized by the Member, the Referee or the Board of Retirement.
 - c) Notwithstanding anything in this subdivision, unless otherwise ordered by the Referee or the Board, SJCERA shall only furnish psychiatric

[and/or other mental health ~~medical~~ reports and records to the Member's attorney or](#) a treating physician designated by the ~~m~~Member in writing.

- d) Enclosed with the notice to the Applicant will be a form which will require the Applicant to certify the following:
- i. That there are no additional documents to introduce as evidence at the hearing other than those provided to the Applicant in electronic form along with SJCERA's letter. If there are additional documents, the Applicant must provide them to SJCERA along with the signed certification form. Unless otherwise ordered by the Referee or by stipulation of the parties, any documents not produced with the certification will be barred from introduction as evidence at hearing.
 - ii. Whether the Applicant will be represented by an attorney at the hearing and, if so, the name and contact information for the attorney.
 - iii. List the names and contact information for any witnesses the Applicant intends to call to testify at the hearing. Unless otherwise ordered by the Referee or by stipulation of the parties, any witnesses not identified by the Applicant on the certification shall be barred from testifying at the hearing.

C. Setting the Hearing Date

1. Within 30 days of the timely receipt of the Applicant's certification of documents and witnesses, the Fund's Counsel shall contact the Applicant or their attorney to select a mutually agreeable hearing date. The hearing date selected must be no later than 90 days after the filing of the Applicant's certification of documents and witnesses. If an Applicant fails to respond to SJCERA's reasonable requests to set a hearing date, SJCERA may either schedule a hearing date or notify the Applicant in writing that continued failure to confer on a hearing date may result in dismissal of the Application for ~~lack of diligence~~[noncompliance](#). If the Interested Parties cannot agree on a hearing date, either Interested Party may request a prehearing conference with the Presiding Judge of the Office of Administrative Hearings to set the hearing date.

D. Time and Place of Hearings

1. Unless the parties and the Referee agree otherwise, all hearings shall take place at SJCERA, 6 South El Dorado Street, Suite 400, Stockton, CA. When the date and time of the hearing are selected, SJCERA shall notify the parties and the Referee of the time and place of the hearing.
2. Unless the parties and the Referee agree otherwise, all hearings are deemed set for one full day, beginning at 9:30 a.m. [Unless the parties and the Referee agree otherwise,](#) H~~earings~~hearings which are not completed by the end of the day shall be continued to the next agreeable hearing date which shall be no more than 30 days from the initial hearing date.

E. Prehearing Conferences

1. At the request of any Interested Party, a prehearing conference may be scheduled with the Referee for the purpose of resolving any evidentiary, discovery and/or other prehearing disputes or issues. Prehearing conferences may be conducted personally or telephonically. Following the prehearing conference, the Referee may issue any orders relating to briefing, discovery, and/or the conduct of the hearing, including the final exchange of documents and witnesses.
2. Unless otherwise stipulated by the parties, a prehearing conference is mandatory in all cases where the Applicant is unrepresented by counsel.

F. Determining Issues

1. The Referee shall determine all issues ~~presented by the Application set forth in the written statement of issues required by this policy~~ by a preponderance of the evidence, including the following, if applicable:
 - a) Whether the Member was employed prior to January 1, 1981, and was required as a condition to such employment to execute a waiver for the alleged disability under Government Code Section 31009;
 - b) Whether the Member is disabled, that is, whether there is a substantial mental or physical incapacity to perform the Member's normal and usual employment duties ("incapacity");
 - c) Whether the ~~incapacity~~disability is permanent, ~~that is, whether as a reasonable medical probability the disability is likely to persist indefinitely~~;
 - d) Whether, for non-service-connected disability, the Member has completed five (5) years of service;
 - e) Whether for a service-connected disability:
 - i. the incapacity is a result of injury or disease
 - ii. the injury or disease arose out of and in the course of the Member's employment; and
 - iii. the employment contributed substantially to the incapacity~~;~~
 - f) Whether, for Members described in Government Code Sections 31720.5, 31720.6, 31720.7 or 31720.9 alleging heart trouble, cancer, blood-borne infectious disease, or illness due to exposure to biochemical substances:
 - i. the Member has completed five (5) years of safety service, if required;
 - ii. the Member has the condition alleged;

- iii. the Member is permanently incapacitated due to the condition alleged;
- iv. the condition developed while a qualified Member of SJCERA;
- v. and whether the presumption of the relevant Government Code Section has been rebutted

G. Conduct of Hearing

1. A stenographic reporter shall record the proceedings of all hearings authorized by the Board at SJCERA's cost. Any transcription and copies shall be charged to the requesting Party. The hearing shall be considered closed [to the public](#). The Referee shall mark for identification only, and not as evidence, all exhibits submitted by the parties, which should include:
 - a) the completed Application Packet;
 - b) the notice of hearing, with proof of service on the Applicant;
 - c) other documents required to be submitted by this policy including, without limitation, relevant medical reports, medical records, employment records, worker's compensation records, etc.
2. Hearing Process.
 - a) Each Party may make an opening statement.
 - b) Each other Party then shall present evidence, in the order determined by the Referee in accordance with each Party's burden of proof and burden of presenting evidence to establish such proof.
 - c) Each Party may cross-examine witnesses.
 - d) Rebuttal evidence may be presented.
 - e) Each Party may make oral closing arguments.
 - f) Upon the conclusion of all closing arguments, the Referee shall determine if all parties are ready to submit the matter for decision, and if so, or if the Referee otherwise orders for good cause, the Referee shall close the hearing and declare the matter submitted for decision.

H. Stipulations

1. Nothing in these procedures may be construed as preventing the parties from stipulating to lesser time requirements than prescribed in these procedures. The Referee may, upon written notice and for good cause shown, lengthen or shorten the times specified in these procedures.

VIII. Rules of Evidence

A. Burden of Proof

1. The Applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the Application depends—~~as identified in the statement of issues submitted by the Fund's Counsel~~. In addition, if the Applicant seeks to assert one or more of the legislative presumptions afforded by Government Code Sections 31720.5 (heart trouble), 31720.6 (cancer), 31720.7 (blood-borne infectious disease), or 31720.9 (illness due to exposure to biochemical substances), then the Applicant first must establish their/his/her entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

B. Evidence

1. Oral evidence shall be taken only on oath or affirmation. Unless expressly waived by an opposing Party, all written evidence shall be sworn to or given under penalty of perjury, subject to Subsection E, below.

C. Witnesses

1. Each Party may call and examine witnesses, introduce exhibits, and cross-examine and impeach any witness on any matter relevant to the issues. If the Applicant or any other Party does not testify on that Party's own behalf, that Party may be called and examined as if under cross-examination under Evidence Code Section 776.

D. Refusal of Witness

1. Refusal by an Applicant or other Party to submit to examination or to answer relevant questions shall be grounds for considering those questions to be answered unfavorably to the refusing Party for the purpose of that hearing, and for denying the relief or benefits sought by the refusing Party.

E. Hearing Conduct

1. The hearing need not be conducted according to the technical rules of law relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions.

F. Certified Copies

1. Certified copies of the reports and records of any governmental agency, division or bureau, will be accepted as evidence in lieu of the original thereof.

G. Deposition Transcripts/Video Recordings

1. Any Party may offer, and the Referee shall receive into evidence, any relevant deposition transcript and/or video recording thereof if: (1) the deposition was taken in the manner provided by law or by stipulation of the Parties; and (2) at least twenty (20) calendar days before the hearing the offering Party delivered a copy of the transcript and/or video recording of the deposition to all Parties along with notice of intent to introduce same into evidence. Nothing herein shall require or permit receiving into evidence any deposition testimony to which objection is properly raised if such testimony would be inadmissible were the witness present and testifying at the hearing. Deposition transcripts/video recordings shall be admissible notwithstanding that the deponent is available to testify. Depositions of experts, including medical experts, may be introduced in lieu of live testimony pursuant to Code of Civil Procedure Section 2025.620(d)

H. Written Medical Reports As Evidence

1. A written medical report bearing the signature of the medical witness shall be admissible in evidence as the author's direct testimony. Such medical reports shall not be inadmissible on the basis that they constitute hearsay. Each Party has the right to cross-examine the authors of medical reports pursuant to a subpoena issued and served in compliance with these procedures.

I. Subpoena Powers and Witness Fees

1. Subpoena powers shall be vested in the Board officers, the CEO and the Referee in accordance with Government Code Section 31535. Subpoenas shall be requested through the Fund's Counsel who shall transmit the request to SJCERA. Subpoenas issued shall be transmitted to the Party requesting the subpoena. The requesting Party shall have the sole responsibility for serving and enforcing the subpoena and for paying all costs associated with the subpoena.
2. A written motion to quash a subpoena may be made to the Referee on one or more of the following grounds, which shall be clearly and fully stated in the motion and supported by declarations under penalty of perjury:
 - a) Compliance will be unduly burdensome or against public policy.
 - b) The things subpoenaed are privileged by law.
 - c) The things subpoenaed are irrelevant or unnecessary to the proceedings.
 - d) The things subpoenaed have not been described with sufficient clarity to enable the witness to comply. Before it commences or continues with the proceeding, the Referee shall wholly or partially grant or deny the

motion to quash.

3. The Party calling a witness to testify (whether by subpoena or otherwise) shall be solely responsible for paying any expert or nonexpert witness fees, mileage charges, and other costs associated with the witness' testimony. Non-expert witness fees and mileage charges shall be calculated as provided by law.

J. Service of Proposed Findings of Fact and Recommended Decision

1. Within 30 days After closing the hearing, the Referee will prepare a summary of the evidence received, findings of fact, conclusions of law, and a recommended decision. In accordance with the provisions of Government Code Section 31533, the findings of fact and proposed recommendation of the Referee shall be served on the CEO, who in turn shall distribute a copy to all parties.
2. Either Party may submit written objections to the Referee's recommended decision to SJCERA within ten (10) calendar days from the date SJCERA distributes the notice to all parties. The non-objecting Party may submit their response to the objections 10 days after the filing of the objections. The written objections and response shall be incorporated into the record submitted to the Referee's consideration.

K. Board's Decision

1. Upon receipt and review of the recommended decision of the Referee and any filed objections and responses, the Board may:
 - a.) Approve and adopt the recommended decision of the Referee, or
 - b.) Refer the Application to the Referee for further hearing and/or consideration, or
 - c.) Require a written transcript or summary of all testimony plus all other evidence received by the Referee to be submitted by the CEO to the Board. Following its receipt and review of the transcript and evidence, the Board shall:
 - i. Take action as is appropriate to the evidence and the provisions of the CERL, or
 - ii. Refer the matter back to the Referee with or without instruction for further proceedings; or
 - iii. Set the matter for hearing de novo before itself. The Board shall hear and decide the matter as if it had not been referred to the Referee. Unless otherwise allowed by the Board, the hearing shall be confined to the evidence, witnesses, and issues set forth in the certification and statement required by this policy. All hearings before the Board shall require the attendance of at least the same seven (7) members

throughout the hearing and shall be conducted as if it were a hearing held before a Referee in accordance with this policy.

IX. Final Decision

- A. The Board's decision shall become final upon notice of the decision on all parties, including the employer.
- B. Judicial Review. In those cases where a Party or Applicant is entitled to judicial review of the proceedings before the Board, any petition for writ of mandate shall be filed with the superior court within ninety (90) days from the date the notice of this Board's decision is mailed to the Party or Applicant or is delivered to the Party or Applicant.

X. Law Prevails

- A. In the event a conflict between this policy and ~~CERLthe County Employees Retirement Law~~, ~~PEPRAthe Public Employees' Pension Reform Act~~, or other applicable statutes arises, the law shall prevail.

XI. Policy Review

- A. Staff shall review this policy every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must, be approved by the Board of Retirement in accordance with the bylaws. Effective upon adoption.

XII. History

- 3/1/2018 Bylaw Sections 8, 9, 10 & 11 Converted to Board Policy and Board of Supervisor approved Bylaws
- 06/28/2018 Staff updated format
- 08/10/2018 Modified the definitions of Applicant and Application to conform with SJCERA's adopted code sections
- 07/12/2019 Revised to include definitions, add requirements that an application must meet before being filed, allow the member to elect not to go to hearing, allow the use of depositions, clarify mileage reimbursement may be requested for out-of-county travel to SJCERA-scheduled examinations, and specify that SJCERA may determine an examination is not required in some cases.
- 7/10/2020 Amended to clarify the use of a Referee for hearings, the order of the prehearing and hearing process, subpoena options, and penalties for noncompliance.
- 07/14/2023 Updated to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications.

Certification of Board Adoption:

7/14/2023

Clerk of the Board

Date



Board Administration Policy

Disability Retirement Policy and Procedure

I. Purpose

- A. The purpose of this policy is to provide a procedure for acting upon applications to the Board for rights, benefits and privileges inuring to Members of SJCERA. It is intended that applications be fairly and expeditiously processed, that the applicant and the Board have fair notice of any required hearing and consider sufficient facts to arrive at a true and fair decision on the application. For the purposes of a fair hearing, the Board shall act as an independent body, finding facts and applying law. Upon receipt of the CEO's recommendation, the Board may approve, dismiss, or deny the application, or take other appropriate action authorized by the California Employees' Retirement Law (CERL) or the Public Employees' Pension Reform Act (PEPRA).

II. Definitions

- A. Unless the context otherwise requires, the definitions in this section shall govern the construction of this policy and procedures.
1. "Interested Party" means any person, including an Applicant, a Member to whom an Application pertains, the Fund, and any authorized representatives of each of them, disclosed by the records of SJCERA or by the Application to have a legal interest in the subject matter of the Application.
 2. "Applicant" means any person or entity that has filed an application for disability retirement benefits, which may include any Member of SJCERA, the head of the office or department in which the Member is or was last employed, the Board or its agents, or any other person claiming benefits, rights, or privileges under the CERL or PEPRA.
 3. "Application" means a claim for benefits, rights, or privileges under CERL or PEPRA submitted to SJCERA by an Applicant on a form authorized by SJCERA for that purpose.
 4. "Application Packet" means the documents that an Applicant is required to provide to SJCERA before an Application will be deemed submitted or filed for processing and evaluation. These documents include: a completed and signed application form, completed and signed questionnaires, signed authorizations for release of information, all relevant medical records and reports, and such other documents and information reasonably required by SJCERA pursuant to this policy and procedure.
 5. "Board" means the San Joaquin County Board of Retirement.

6. "Board's Counsel" means the County Counsel or other counsel designated by the Board pursuant to Government Code Section 31529.9.
7. "The Fund" means the trust fund created by the Board pursuant to Government Code Section 31588 and administered under the CERL solely for the benefit of the Members and retired Members of the system and his/her survivors and beneficiaries. The Fund shall be a real Party in interest at all disability hearings conducted under this policy and independent legal counsel shall represent the Fund in such hearings.
8. "Disability Medical Provider" means medical, psychiatric, or other healthcare experts retained by SJCERA to examine Members and provide opinion evidence regarding permanent disability and causation issues.
9. "Retirement Office" means the physical office of the San Joaquin County Employees' Retirement Association (SJCERA) currently located at 6 South El Dorado Street Suite 400, Stockton, CA 95202.
10. "Member" means the SJCERA member who is the subject of the Application or on whose behalf the Application is filed.
11. "Fund's Counsel" means the attorney retained by SJCERA to represent the interests of the Fund in investigating and evaluating Applications, providing recommendations to SJCERA, and representing the Fund before the Board.
12. References to written notice or any notice in writing from or by SJCERA mean that such notice may be delivered electronically, by first class mail or certified mail at the discretion of the CEO.

III. Representation by Counsel

- A. Any Interested Party, at that Party's expense, may hire and be represented by an attorney subject to the provisions of this section. No Applicant is required to have an attorney at any time. It is advised, however, that Applicants consider retaining an experienced attorney knowledgeable in CERL and disability retirement matters.
- B. If any Interested Party becomes represented by an attorney, either such Party or such attorney shall promptly file with the Retirement Office and serve upon all other Interested Parties written notice of such representation, including the attorney's name, address, and telephone number. Unless appearing with an Interested Party at a hearing, an attorney shall not be deemed counsel of record until such notice of representation is duly filed and served. The Interested Party shall be deemed represented by said attorney until written notice of withdrawal or substitution of said attorney is filed with SJCERA and served on all other Interested Parties.
- C. The failure to retain an attorney or to provide written notice of representation by such attorney shall in no event be considered good cause, in and of itself, to delay any proceeding under this policy and procedure.

IV. Communication with Individual Board Members

- A. The Board is the decision-maker for all disability retirement applications. As such, communications concerning the merits or substance of an application between any Board member and any Interested Party or his/her representatives are forbidden until the Board's decision is final and the time to appeal by writ or otherwise has expired. This prohibition shall remain in effect during the pendency of any writ, appeal, and rehearing. A copy of the *Ex Parte Communication Policy* can be found at www.sjcera.org.

V. Confidential Records

- A. All individual records of Members (including, but not limited to, reports, sworn statements, medical reports and records, applications, notices, orders, and findings and decision relating to an application for disability retirement) are confidential and shall not be disclosed by SJCERA to anyone except as set forth in these procedures, upon order of a court of competent jurisdiction, or upon written authorization by the Member.

VI. Application Process

- A. Disability retirement Applications may be filed by SJCERA Members, the head of the office or department in which the Member is or was last employed, the Board or its agents, any other person acting on a Member's behalf, or as authorized by CERL.

B. Claim

1. A claim for disability retirement shall be made by filing with the Retirement Office a complete Application Packet. The Application shall not be deemed complete or filed until the Applicant has submitted all of the following to the Retirement Office:
 - a) An Application, on a form approved by SJCERA for that purpose, signed and complete with all requested information therein. The Application shall include a specific description of the injuries, conditions, and diagnoses that give rise to that alleged permanent incapacity.
 - b) Signed authorizations for release of medical and other information deemed by SJCERA relevant to a full and complete evaluation of the Application.
 - c) A physician's statement dated no earlier than a year prior to the date of the Application, in a form approved by SJCERA for that purpose complete with all requested information therein, signed and dated by the physician, stating that the Member is permanently incapacitated.

- d) Copies of all medical/psychiatric reports and records relevant to the claims made in the Application.
- e) All other documents and information that support the granting of the Application.

C. Initial Review of the Application Packet

1. Within 30 days of receipt of an Application Packet for filing, SJCERA shall review the submitted Application Packet and determine whether the application is complete and acceptable for filing. If the Application is determined to be complete, SJCERA shall notify the Applicant electronically and/or by U.S. mail that the Application has been accepted for filing. A complete Application shall be deemed filed as of the date SJCERA received the Application.
2. If, during the 30-day review period in this section, the Application Packet is determined to be incomplete, SJCERA shall notify the Applicant of the deficiency(ies) and that the application has been rejected for filing as incomplete.

D. Further Information Required from Applicant

1. If at any time during the pendency of the Application, the Applicant changes, in any material way, the facts or claims set forth in the Application, the Applicant shall immediately file with the Retirement Office and serve on all Parties written notice of such change, including any changes in employment or accommodation and any medical evidence supporting such an amendment. The failure to do so, may, in the discretion of the Board, preclude the Applicant from asserting the facts so alleged or introducing evidence with respect thereto. Notice of any such amendment shall be given, in writing, to Retirement Office within ten (10) days of the date thereof, and in no event later than thirty (30) days prior to any proceeding before the Board or Referee.
2. At any time during the pendency of an Application or in connection with any re-evaluation of the Member's disability status permitted under CERL, the Board or SJCERA may, by written notice to the Applicant, require that the Applicant produce within 30 days any or all of the following items. Said items shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming that the Applicant has made a diligent search and reasonable inquiry and that no other responsive items exist.
 - a) Copies of records, reports, notes, statements, documents, photographs, or other writings, within the definition of Evidence Code Section 250.
 - b) A narrative report of the Member's current medical condition, and a list of the names and contact information for all of the Member's healthcare

providers.

- c) Written responses to written questions concerning any matter that is reasonably calculated to lead to the discovery of evidence that would be admissible at a hearing. Said written responses shall be accompanied by a declaration (on a form approved by SJCERA for that purpose) signed by the Applicant under penalty of perjury affirming the truthfulness and completeness of the responses.
3. Any Interested Party shall be entitled to notice and take oral depositions in the manner prescribed by the California Code of Civil Procedure, except that there shall be no distinction between the depositions of expert and non-expert witnesses, and the provisions of the California Code of Civil Procedure pertaining to the depositions of expert witnesses shall not apply. The Party noticing a deposition shall pay any and all deposition costs and the fees to which a witness may be entitled.

E. Investigation and Evaluation

1. Before an administrative recommendation is made to the Board or a hearing before a Referee is set, the following shall be completed:
 - a.) Within 90 days after an Application is accepted for filing, SJCERA will request any and all records that may be relevant to the determination of the Application. These may include, but are not necessarily limited to, the following: medical, psychiatric, psychological, chiropractic, physical therapy, and acupuncture records; radiology and ultrasound records; electrodiagnostic testing records; laboratory (blood, urine, pathology, etc.) testing records; psychological testing records; personnel and human resources records, incident and injury reports; reports prepared by any law enforcement agency; the Member's complete worker's compensation file pertaining to the subject claim and other potentially related claims including all medical records, reports, deposition transcripts, etc.; HIV and alcohol treatment/testing records in cases where these conditions are at issue.
 - b.) SJCERA shall require a written statement from the employer/department regarding employment status, job duties, work restrictions and accommodations, if any.
 - c.) All reasonably pertinent records will be provided to the Disability Medical Provider and the Fund's Counsel.
 - d.) The Fund's Counsel and/or the Disability Medical Provider will review and summarize the records. The Fund's Counsel will coordinate independent medical examination(s) as necessary and appropriate.
 - e.) Additional records may be requested or subpoenaed of the Applicant or

others.

- f.) All medical examinations required of the Member are completed and reports thereof have been submitted to SJCERA.
- g.) The Fund's Counsel will review medical findings and other evidence and make recommendations to the CEO.
- h.) Applicant is notified of pending action.
 - i. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has met his/her burden of proof to show eligibility for a disability retirement benefit, staff will place the matter on the closed session consent calendar at a Board of Retirement meeting with a recommendation to grant the application.
 - ii. If the Fund's Counsel determines based upon findings and SJCERA procedures that the Applicant has not met his/her burden of proof to receive a disability retirement benefit, the CEO will be notified. The Applicant will be notified and given the option to request a hearing. (See below.)

F. Medical Examinations

1. Members may be required to undergo one or more medical or psychiatric examinations by a physician or physicians of SJCERA's choice as necessary to evaluate the conditions and diagnoses presented in the Application. Such examinations may be unnecessary in the following cases: (1) where the Member has already been examined by at least one qualified medical expert and there is overwhelming and undisputed medical evidence that the Member is permanently incapacitated, such that referring the Member to another examination would be futile; and (2) where the Applicant has not submitted substantial medical evidence that the Member is permanently incapacitated, such that referring the Member to an examination would be unjustified.
2. Members must cooperate during the medical or psychiatric examination process and, if requested, must promptly provide additional medical records and information, or submit to additional examinations.
3. SJCERA shall at least fifteen (15) days before the appointment date, serve the Member (and if the Applicant is not the Member, the Applicant) with written notice of the date, time and place of the medical or psychiatric examination. Notice may be served electronically and/or by first-class mail through the US Postal Service. If the Member is unable to keep the examination appointment, the Member or his/her attorney shall notify SJCERA or the Fund's Counsel in writing of such fact at least ten (10) calendar days before the scheduled examination. Failure to provide such notice and appear for the medical examination without good cause may

result in the Board assessing medical cancellation fees against the Member and/or any other penalties for failure to comply with these Disability Retirement procedures.

4. The cost of such medical examinations shall be borne by SJCERA.
5. Members may request SJCERA reimburse mileage costs incurred for travel between the examination address and either the San Joaquin County line or the member's home address, whichever is less. SJCERA will not reimburse for out- of-state travel. Except as set forth in this paragraph, unless otherwise authorized by the Board of Retirement, travel expenses that are incurred by Members or other Interested Parties relating to these procedures, including but not limited to appearances at hearings, Board meetings and medical examinations, are not eligible for reimbursement by SJCERA.

G. Penalties for Failure to Comply with Disability Retirement Procedures.

1. The failure of an Applicant to comply with the requirements set forth in these procedures may result in a recommendation to dismiss the Application. Upon the Board's own motion or a recommendation by the CEO, and 30 days' written notice to the Applicant without cure, the Board may:
 - a) Dismiss any Application in which the Board finds the Applicant to be non-compliant with these procedures. Failure to comply includes, but is not limited to: failure to submit to a duly noticed medical examination, failure to cooperate with any medical examination without good cause, failure, or refusal to comply with, any notice or demand made pursuant to this policy, failure to cooperate in the formal hearing process, and failure to comply with any order of the Board or the Referee.
 - b) Dismiss the Application with prejudice upon a finding of bad faith actions, dilatory or frivolous tactics causing undue delay in the proceedings, disobedience to a lawful order, and/or obstruction of the due course of a hearing proceeding.

H. CEO's Recommendation

1. The CEO may recommend to the Board that a Member be retired for service-connected or nonservice-connected disability retirement benefits. The recommendation shall be in writing and include:
 - a) A determination of permanent physical or mental incapacity for the performance of the Member's duties;
 - b) A determination whether the incapacity is the result of an injury or disease arising out of and in the course of the Member's employment and whether such employment contributed substantially to the incapacity;
 - c) A summary of the evidence in support of the recommendation.

I. Setting the Matter for Hearing

1. If, after investigation, the CEO determines that the Applicant has failed to meet his/her burden of proof regarding any element legally necessary for the granting of the Application, the Applicant will be notified of its decision in writing, giving the Applicant the following options, if applicable:
 - a) If the Applicant has met his/her burden of proof regarding permanent incapacity but not service connectedness:
 - i. The Applicant may amend the Application from service-connected to nonservice-connected disability retirement to permit SJCERA to recommend that the Board grant a nonservice-connected disability retirement without need for hearing; or
 - ii. The Applicant may request both of the following: a hearing on the issue of service-connection, and a request that the Board grant a nonservice-connected disability retirement;
 - b) Stipulate to waive the right to hearing and withdraw the Application.
 - c) Request a hearing on all issues presented by the Application.
2. If a written response is not received from the Applicant within thirty (30) calendar days after issuing the written notice in section VI.I.1 above, SJCERA shall commence dismissal procedures under section VI.G for noncompliance.
3. In cases where, as set forth in section VI.I.1.a above, the Applicant has opted to amend the Application from service-connected to nonservice-connected disability retirement, or where the Applicant requests a nonservice-connected disability retirement and a hearing on the issue of service-connection, SJCERA will recommend that the Board grant a nonservice-connected disability retirement.
4. The Applicant may withdraw the Application at any time prior to the Board's final determination. Any withdrawal of an application prior to the assignment to a Referee shall be deemed a withdrawal without prejudice. A withdrawal without prejudice means that any re-submission of the withdrawn application will be considered a new application that must meet all filing requirements, including timely filing requirements. Any withdrawal of an application after the assignment to a Referee will be deemed to be with prejudice. An application withdrawn with prejudice precludes subsequent submission of the withdrawn application based on the same disability, injury or disease in the absence of new evidence.

VII. **Hearings Before A Referee**

A. Referral to Referee

If the Applicant timely requests a hearing, the matter shall be referred for hearing de novo before a Board-appointed Referee. The Referee shall be

provided by the Office of Administrative Hearings of the State of California or by a prescreened panel of acceptable Referees selected by SJCERA. Compensation for the Referee shall be determined by the CEO and shall be paid by SJCERA.

B. Notification of Referral to Referee and Statement of Issues; Certification of Issues, Documents and Witnesses

1. Before a hearing date is set, the following notifications and certifications shall be provided:
 - a) The Fund's Counsel shall notify the Applicant in writing that SJCERA has referred the matter to hearing before a Referee and that a Referee will be appointed and a hearing scheduled as soon as SJCERA receives the certification required by this section. The written notice will further advise that if SJCERA does not receive the required certification within 30 calendar days, SJCERA will commence dismissal procedures under section VI.G for noncompliance.
 - b) The written notice will include the following:
 - i. A list of issues to be determined at the hearing and the names and contact information of all witnesses that may be called by the Fund's Counsel to testify at the hearing.
 - ii. A copy of SJCERA's Disability Retirement Policy and Procedures.
 - iii. An electronic copy of all medical records, reports, and other nonprivileged documents in SJCERA's file that have been obtained as part of the disability retirement application process. If the Applicant is not the Member, such records shall not be disclosed to the Applicant unless authorized by the Member, the Referee or the Board of Retirement.
 - c) Notwithstanding anything in this subdivision, unless otherwise ordered by the Referee or the Board, SJCERA shall only furnish psychiatric and/or other mental health reports and records to the Member's attorney or a treating physician designated by the Member in writing.
 - d) Enclosed with the notice to the Applicant will be a form which will require the Applicant to certify the following:
 - i. That there are no additional documents to introduce as evidence at the hearing other than those provided to the Applicant in electronic form along with SJCERA's letter. If there are additional documents, the Applicant must provide them to SJCERA along with the signed certification form. Unless otherwise ordered by the Referee or by stipulation of the parties, any documents not produced with the certification will be barred from introduction as evidence at hearing.
 - ii. Whether the Applicant will be represented by an attorney at the

hearing and, if so, the name and contact information for the attorney.

- iii. List the names and contact information for any witnesses the Applicant intends to call to testify at the hearing. Unless otherwise ordered by the Referee or by stipulation of the parties, any witnesses not identified by the Applicant on the certification shall be barred from testifying at the hearing.

C. Setting the Hearing Date

1. Within 30 days of the timely receipt of the Applicant's certification of documents and witnesses, the Fund's Counsel shall contact the Applicant or their attorney to select a mutually agreeable hearing date. The hearing date selected must be no later than 90 days after the filing of the Applicant's certification of documents and witnesses. If an Applicant fails to respond to SJCERA's reasonable requests to set a hearing date, SJCERA may either schedule a hearing date or notify the Applicant in writing that continued failure to confer on a hearing date may result in dismissal of the Application for noncompliance. If the Interested Parties cannot agree on a hearing date, either Interested Party may request a prehearing conference with the Presiding Judge of the Office of Administrative Hearings to set the hearing date.

D. Time and Place of Hearings

1. Unless the parties and the Referee agree otherwise, all hearings shall take place at SJCERA, 6 South El Dorado Street, Suite 400, Stockton, CA. When the date and time of the hearing are selected, SJCERA shall notify the parties and the Referee of the time and place of the hearing.
2. Unless the parties and the Referee agree otherwise, all hearings are deemed set for one full day, beginning at 9:30 a.m. Unless the parties and the Referee agree otherwise, hearings which are not completed by the end of the day shall be continued to the next agreeable hearing date which shall be no more than 30 days from the initial hearing date.

E. Prehearing Conferences

1. At the request of any Interested Party, a prehearing conference may be scheduled with the Referee for the purpose of resolving any evidentiary, discovery and/or other prehearing disputes or issues. Prehearing conferences may be conducted personally or telephonically. Following the prehearing conference, the Referee may issue any orders relating to briefing, discovery, and/or the conduct of the hearing, including the final exchange of documents and witnesses.
2. Unless otherwise stipulated by the parties, a prehearing conference is mandatory in all cases where the Applicant is unrepresented by counsel.

F. Determining Issues

1. The Referee shall determine all issues presented by the Application by a preponderance of the evidence, including the following, if applicable:
 - a) Whether the Member was employed prior to January 1, 1981, and was required as a condition to such employment to execute a waiver for the alleged disability under Government Code Section 31009;
 - b) Whether the Member is disabled, that is, whether there is a substantial mental or physical incapacity to perform the Member's normal and usual employment duties;
 - c) Whether the disability is permanent;
 - d) Whether, for nonservice-connected disability, the Member has completed five (5) years of service;
 - e) Whether for a service-connected disability:
 - i. the incapacity is a result of injury or disease
 - ii. the injury or disease arose out of and in the course of the Member's employment; and
 - iii. the employment contributed substantially to the incapacity.
 - f) Whether, for Members described in Government Code Sections 31720.5, 31720.6, 31720.7 or 31720.9 alleging heart trouble, cancer, blood-borne infectious disease, or illness due to exposure to biochemical substances:
 - i. the Member has completed five (5) years of safety service, if required;
 - ii. the Member has the condition alleged;
 - iii. the Member is permanently incapacitated due to the condition alleged;
 - iv. the condition developed while a qualified Member of SJCERA;
 - v. and whether the presumption of the relevant Government Code Section has been rebutted

G. Conduct of Hearing

1. A stenographic reporter shall record the proceedings of all hearings authorized by the Board at SJCERA's cost. Any transcription and copies shall be charged to the requesting Party. The hearing shall be considered closed to the public. The Referee shall mark for identification only, and not as evidence, all exhibits submitted by the parties, which should include:

- a) the completed Application Packet;
- b) the notice of hearing, with proof of service on the Applicant;
- c) other documents required to be submitted by this policy including, without limitation, relevant medical reports, medical records, employment records, worker's compensation records, etc.

2. Hearing Process.

- a) Each Party may make an opening statement.
- b) Each other Party then shall present evidence, in the order determined by the Referee in accordance with each Party's burden of proof and burden of presenting evidence to establish such proof.
- c) Each Party may cross-examine witnesses.
- d) Rebuttal evidence may be presented.
- e) Each Party may make oral closing arguments.
- f) Upon the conclusion of all closing arguments, the Referee shall determine if all parties are ready to submit the matter for decision, and if so, or if the Referee otherwise orders for good cause, the Referee shall close the hearing and declare the matter submitted for decision.

H. Stipulations

- 1. Nothing in these procedures may be construed as preventing the parties from stipulating to lesser time requirements than prescribed in these procedures. The Referee may, upon written notice and for good cause shown, lengthen or shorten the times specified in these procedures.

VIII. Rules of Evidence

A. Burden of Proof

- 1. The Applicant has the burden of proving by a preponderance of the evidence each affirmative issue on which the Application depends. In addition, if the Applicant seeks to assert one or more of the legislative presumptions afforded by Government Code Sections 31720.5 (heart trouble), 31720.6 (cancer), 31720.7 (blood-borne infectious disease), or 31720.9 (illness due to exposure to biochemical substances), then the Applicant first must establish his/her entitlement to invoke the asserted presumption by offering prima facie evidence of each foundational element required by the applicable Government Code section(s), and the presumption(s) so invoked shall be rebuttable as provided in the applicable section(s).

B. Evidence

1. Oral evidence shall be taken only on oath or affirmation. Unless expressly waived by an opposing Party, all written evidence shall be sworn to or given under penalty of perjury, subject to Subsection E, below.

C. Witnesses

1. Each Party may call and examine witnesses, introduce exhibits, and cross-examine and impeach any witness on any matter relevant to the issues. If the Applicant or any other party does not testify on that party's own behalf, that party may be called and examined as if under cross-examination under Evidence Code Section 776.

D. Refusal of Witness

1. Refusal by an Applicant or party to submit to examination or to answer relevant questions shall be grounds for considering those questions to be answered unfavorably to the refusing party for the purpose of that hearing, and for denying the relief or benefits sought by the refusing party.

E. Hearing Conduct

1. The hearing need not be conducted according to the technical rules of law relating to evidence and witnesses. Any relevant evidence shall be admitted if it is the sort of evidence on which responsible persons are accustomed to rely in the conduct of serious affairs, regardless of the existence of any common law or statutory rule that might make improper the admission of such evidence over objection in civil actions. Hearsay evidence may be used for the purpose of supplementing or explaining any direct evidence but shall not be sufficient in itself to support a finding unless it would be admissible over objection in civil actions.

F. Certified Copies

1. Certified copies of the reports and records of any governmental agency, division or bureau, will be accepted as evidence in lieu of the original thereof.

G. Deposition Transcripts/Video Recordings

1. Any party may offer, and the Referee shall receive into evidence, any relevant deposition transcript and/or video recording thereof if: (1) the deposition was taken in the manner provided by law or by stipulation of the parties; and (2) at least twenty (20) calendar days before the hearing the offering party delivered a copy of the transcript and/or video recording of the deposition to all parties along with notice of intent to introduce same into evidence. Nothing herein shall require or permit receiving into evidence any deposition testimony to which objection is properly raised if such testimony would be inadmissible were the witness present and testifying at the hearing. Deposition transcripts/video recordings shall be admissible

notwithstanding that the deponent is available to testify. Depositions of experts, including medical experts, may be introduced in lieu of live testimony pursuant to Code of Civil Procedure Section 2025.620(d)

H. Written Medical Reports As Evidence

1. A written medical report bearing the signature of the medical witness shall be admissible in evidence as the author's direct testimony. Such medical reports shall not be inadmissible on the basis that they constitute hearsay. Each party has the right to cross-examine the authors of medical reports pursuant to a subpoena issued and served in compliance with these procedures.

I. Subpoena Powers and Witness Fees

1. Subpoena powers shall be vested in the Board officers, the CEO and the Referee in accordance with Government Code Section 31535. Subpoenas shall be requested through the Fund's Counsel who shall transmit the request to SJCERA. Subpoenas issued shall be transmitted to the party requesting the subpoena. The requesting party shall have the sole responsibility for serving and enforcing the subpoena and for paying all costs associated with the subpoena.
2. A written motion to quash a subpoena may be made to the Referee on one or more of the following grounds, which shall be clearly and fully stated in the motion and supported by declarations under penalty of perjury:
 - a) Compliance will be unduly burdensome or against public policy.
 - b) The things subpoenaed are privileged by law.
 - c) The things subpoenaed are irrelevant or unnecessary to the proceedings.
 - d) The things subpoenaed have not been described with sufficient clarity to enable the witness to comply. Before it commences or continues with the proceeding, the Referee shall wholly or partially grant or deny the motion to quash.
3. The party calling a witness to testify (whether by subpoena or otherwise) shall be solely responsible for paying any expert or nonexpert witness fees, mileage charges, and other costs associated with the witness' testimony. Non-expert witness fees and mileage charges shall be calculated as provided by law.

J. Service of Proposed Findings of Fact and Recommended Decision

1. Within 30 days after closing the hearing, the Referee will prepare a summary of the evidence received, findings of fact, conclusions of law, and a recommended decision. In accordance with the provisions of Government Code Section 31533, the findings of fact and proposed recommendation of

the Referee shall be served on the CEO, who in turn shall distribute a copy to all parties.

2. Either Party may submit written objections to the Referee's recommended decision to SJCERA within ten (10) calendar days from the date SJCERA distributes the notice to all parties. The non-objecting party may submit their response to the objections 10 days after the filing of the objections. The written objections and response shall be incorporated into the record submitted to the Referee's consideration.

K. Board's Decision

1. Upon receipt and review of the recommended decision of the Referee and any filed objections and responses, the Board may:
 - a.) Approve and adopt the recommended decision of the Referee, or
 - b.) Refer the Application to the Referee for further hearing and/or consideration, or
 - c.) Require a written transcript or summary of all testimony plus all other evidence received by the Referee to be submitted by the CEO to the Board. Following its receipt and review of the transcript and evidence, the Board shall:
 - i. Take action as is appropriate to the evidence and the provisions of the CERL, or
 - ii. Refer the matter back to the Referee with or without instruction for further proceedings; or
 - iii. Set the matter for hearing de novo before itself. The Board shall hear and decide the matter as if it had not been referred to the Referee. Unless otherwise allowed by the Board, the hearing shall be confined to the evidence, witnesses, and issues set forth in the certification and statement required by this policy. All hearings before the Board shall require the attendance of at least the same seven (7) members throughout the hearing and shall be conducted as if it were a hearing held before a Referee in accordance with this policy.

IX. Final Decision

- A. The Board's decision shall become final upon notice of the decision on all parties, including the employer.
- B. Judicial Review. In those cases where a Party or Applicant is entitled to judicial review of the proceedings before the Board, any petition for writ of mandate shall be filed with the superior court within ninety (90) days from the date the notice of this Board's decision is mailed to the party or Applicant or is delivered to the party or Applicant.

X. Law Prevails

A. In the event a conflict between this policy and the County Employees Retirement Law, the Public Employees' Pension Reform Act, or other applicable statutes arises, the law shall prevail.

XI. Policy Review

A. Staff shall review this policy every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must, be approved by the Board of Retirement in accordance with the bylaws. Effective upon adoption.

XII. History

- 03/01/2018 Bylaw Sections 8, 9, 10 & 11 Converted to Board Policy and Board of Supervisor approved Bylaws
- 06/28/2018 Staff updated format
- 08/10/2018 Modified the definitions of Applicant and Application to conform with SJCERA's adopted code sections
- 07/12/2019 Revised to include definitions, add requirements that an application must meet before being filed, allow the member to elect not to go to hearing, allow the use of depositions, clarify mileage reimbursement may be requested for out-of-county travel to SJCERA-scheduled examinations, and specify that SJCERA may determine an examination is not required in some cases.
- 7/10/2020 Amended to clarify the use of a Referee for hearings, the order of the prehearing and hearing process, subpoena options, and penalties for noncompliance.
- 07/14/2023 Updated to reflect current practices including non-Member Applicant role, travel reimbursement, deadline for Referee's recommended decision, and other minor clarifications.

Certification of Board Adoption:

	7/14/2023
Clerk of the Board	Date



Board Investment Policy

Investment Manager Monitoring and Communications Policy

I. Purpose

- A. To establish general guidelines for monitoring investment manager effectiveness **and**, identifying issues of concern.
- B. To provide a process for the Investment Officer and Investment Consultant(s), with oversight by the Chief Executive Officer, to employ when making decisions and recommendations to the Board concerning manager retention and evaluation.

II. Definition of Status

- A. The Investment Consultant(s) will classify the fund's managers into two status categories: **Good Standing** or **Under Review**. The Investment Consultant(s) will make this determination in accordance with this policy, and their professional and fiduciary judgment, taking into account specific circumstances affecting the manager and/or SJCERA's relationship.
 1. **Good Standing:** Managers that have met the performance objectives and other criteria established by the Board's Policies will be considered to be in Good Standing on the Quarterly Performance Report
 2. **Under Review:** Managers that fail to meet expectations in any of the five general areas specified below under monitoring procedures will be Under Review.

III. Monitoring Procedures

- A. Managers will be monitored in five areas:
 1. Investment performance (relative to a specific benchmark, objectives of the investment manager's fund and peer group as appropriate);
 2. Adherence to the firm's philosophy, process, and stated style;
 3. Organizational and personnel continuity;
 4. Guideline compliance, and
 5. Other.
- B. Managers will be monitored on a continuous basis by the Investment Officer and the Investment Consultant(s) based on custodian's holdings reports, monthly performance, manager announcements, the custodian's reporting, consultant(s) evaluations, and other inputs, such as conference calls, in-person meetings, email exchanges and qualitative factors.
- C. SJCERA's Investment Consultant(s) will prepare a quarterly report for the Board summarizing these reviews and stating whether SJCERA's expectations have been met. Those managers meeting the expectations of the above criteria will be categorized as in Good Standing.

IV. Review Criteria

- A. Managers may be placed **Under Review** if one or more of the criteria listed below are met:
1. **Under-performance:** A manager may be placed under review when the manager's net-of-fee performance falls below the agreed upon benchmark and/or when the investment manager does not perform as expected according to the mandate and investment style of the portfolio. A manager's expected tracking error will be used as a reference point in the short-term evaluation.
 2. **Adherence to Stated Philosophy, Process and Style:** A manager may be placed under review if the Investment Consultant believes there has been a substantive change in the manager's stated philosophy, process, or style.
 3. **Organizational Change:** A manager may be placed under review when there has been a material change in the manager's organizational structure, ownership or personnel, which the Investment Consultant determines requires more in-depth due diligence. This category shall also include instances where a firm may be under investigation by regulatory agencies.
 4. **Violation of Guidelines:** A manager may be placed under review when the manager is materially out of compliance with any of the criteria established in the manager's Investment Guidelines. Subject to review and discussion with the manager, the manager will be expected to bring the portfolio into compliance. The manager shall provide recommended revisions to the guidelines in writing to the Investment Consultant; however, SJCERA shall be under no obligation to accept such recommendations. The Board may grant exceptions on a case-by-case basis.
 5. **Other:** The Board of Retirement may place a manager Under Review for other reasons deemed appropriate, including insufficient responsiveness to requests for information, non-attendance at meetings, or any other reason deemed appropriate by SJCERA.
- B. Managers who are placed "Under Review" may not be eligible for additional funding and may also be subject to asset reductions.
- C. If the Investment Consultant determines that any review criteria will adversely impact the manager's ability to provide contracted investment services, the manager may be recommended for immediate termination.

V. Manager Notification

- A. Copies of this policy shall be made available to all SJCERA Investment managers.
- B. The Investment Consultant shall notify Managers in writing of their status should it fall Under Review.

VI. Reassessing Under Review Status

- A. The Investment Officer and Investment Consultant will continue to monitor the manager on at least a quarterly basis, or more often if appropriate. The length of the review period may vary based on analysis and strategy.
- B. The Investment Consultant will determine the appropriate course of action up to and including recommendation for termination to the Board.
- C. In no event will a manager be returned to Good Standing until the manager meets the criteria for Good Standing.

VII. Termination

- A. A recommendation to the Board for termination of the management contract will occur if there is a failure to correct or show improvement in the deficiencies that placed them in Under Review Status.
 - 1. If the Investment Consultant(s) believe(s) that immediate action is necessary due to evidence of a manager engaging in illegal or unethical practices, or for other extraordinary reasons that cause the Consultant to believe that continued management is contrary to fiduciary standards of prudence, the Investment Consultant is authorized by the Board to notify the manager in writing that trading on the account must cease immediately. Notice of such action and the termination recommendation will be presented to the Retirement Board for ratification at its next monthly meeting.
- B. Nothing in this policy shall be construed to conflict with SJCERA's right to terminate an investment manager pursuant to the terms of their applicable investment management agreement.

VIII. General Investment Guidelines / Restrictions

- A. Each investment manager is expected to perform its fiduciary duties as 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 to conform with all State and Federal statutes governing the investment of retirement funds. The following restrictions apply to each separate account manager:
 - 1. Purchases of securities issued by San Joaquin County without written consent from the Board.
 - 2. The manager shall promptly notify [the Investment Officer and](#) the Chief Executive Officer of any violation of the guidelines and provide an explanation of the limit that was exceeded, an evaluation of the situation, the recommended course of action and the status of the corrective action proposed.
 - 3. Whenever SJCERA invests in a commingled fund, rather than a separate account, the stated rules and regulations of the manager's commingled fund will take precedence over the SJCERA Investment Policy Guidelines.

IX. Communications

- A. Related to the monitoring and retention process, investment managers are expected to communicate with the Investment Consultant, Chief Executive Officer and Investment Officer as follows:
 - 1. Immediately
 - a. Violation of manager guidelines
 - b. Any organizational or personnel changes impacting SJCERA's account
 - c. Any purchases or sales that result in unusual gains or losses are to be reported in writing after each transaction
 - 2. Monthly
 - a. Monthly Performance and attribution
 - b. Positive certification of compliance with guidelines
 - 3. Quarterly
 - a. Current Strategy
 - b. Recent Investment Performance and attribution
 - c. Summary of Key Personnel Changes
 - d. New/Lost Accounts within the same mandate
 - 4. Annually
 - a. Presentation to the Board/staff/consultant (as requested).
- B. Additional information and reports may be required on a regular or ad hoc basis as requested by staff or consultant.

X. Reporting

- A. The Investment Consultant(s) report allocations and performance to the Board at least quarterly.
- B. The Investment Consultant(s) present the Manager Monitoring Report to the Board at least quarterly
- C. The Investment Consultant/Staff report to the Board on changes related to the investment managers and significant deviations in the performance as warranted.

XI. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

XII. History

05/30/2008	Adopted
10/06/2017	Revised
07/05/2018	Reviewed, no changes required; Staff updated format
10/12/2018	Added General Investment Guidelines/Restrictions language and Manager Strategy Summaries from other investment policies.
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to clarify Consultant and Investment Officer Roles, update procedures used to monitor investment managers, and remove Manager Strategy Summaries
<u>07/14/2023</u>	<u>Expanded mandatory notifications to include Investment Officer, made other non-substantive changes</u>

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board Investment Policy

Investment Manager Monitoring and Communications Policy

I. Purpose

- A. To establish general guidelines for monitoring investment manager effectiveness and identifying issues of concern.
- B. To provide a process for the Investment Officer and Investment Consultant(s), with oversight by the Chief Executive Officer, to employ when making decisions and recommendations to the Board concerning manager retention and evaluation.

II. Definition of Status

- A. The Investment Consultant(s) will classify the fund's managers into two status categories: **Good Standing** or **Under Review**. The Investment Consultant(s) will make this determination in accordance with this policy, and their professional and fiduciary judgment, taking into account specific circumstances affecting the manager and/or SJCERA's relationship.
 - 1. **Good Standing:** Managers that have met the performance objectives and other criteria established by the Board's Policies will be considered to be in Good Standing on the Quarterly Performance Report
 - 2. **Under Review:** Managers that fail to meet expectations in any of the five general areas specified below under monitoring procedures will be Under Review.

III. Monitoring Procedures

- A. Managers will be monitored in five areas:
 - 1. Investment performance (relative to a specific benchmark, objectives of the investment manager's fund and peer group as appropriate);
 - 2. Adherence to the firm's philosophy, process, and stated style;
 - 3. Organizational and personnel continuity;
 - 4. Guideline compliance, and;
 - 5. Other.
- B. Managers will be monitored on a continuous basis by the Investment Officer and the Investment Consultant(s) based on custodian's holdings reports, monthly performance, manager announcements, the custodian's reporting, consultant(s) evaluations, and other inputs, such as conference calls, in-person meetings, email exchanges and qualitative factors.
- C. SJCERA's Investment Consultant(s) will prepare a quarterly report for the Board summarizing these reviews and stating whether SJCERA's expectations have been met. Those managers meeting the expectations of the above criteria will be categorized as in Good Standing.

IV. Review Criteria

- A. Managers may be placed **Under Review** if one or more of the criteria listed below are met:
1. **Under-performance:** A manager may be placed under review when the manager's net-of-fee performance falls below the agreed upon benchmark and/or when the investment manager does not perform as expected according to the mandate and investment style of the portfolio. A manager's expected tracking error will be used as a reference point in the short-term evaluation.
 2. **Adherence to Stated Philosophy, Process and Style:** A manager may be placed under review if the Investment Consultant believes there has been a substantive change in the manager's stated philosophy, process, or style.
 3. **Organizational Change:** A manager may be placed under review when there has been a material change in the manager's organizational structure, ownership or personnel, which the Investment Consultant determines requires more in-depth due diligence. This category shall also include instances where a firm may be under investigation by regulatory agencies.
 4. **Violation of Guidelines:** A manager may be placed under review when the manager is materially out of compliance with any of the criteria established in the manager's Investment Guidelines. Subject to review and discussion with the manager, the manager will be expected to bring the portfolio into compliance. The manager shall provide recommended revisions to the guidelines in writing to the Investment Consultant; however, SJCERA shall be under no obligation to accept such recommendations. The Board may grant exceptions on a case-by-case basis.
 5. **Other:** The Board of Retirement may place a manager Under Review for other reasons deemed appropriate, including insufficient responsiveness to requests for information, non-attendance at meetings, or any other reason deemed appropriate by SJCERA.
- B. Managers who are placed "Under Review" may not be eligible for additional funding and may also be subject to asset reductions.
- C. If the Investment Consultant determines that any review criteria will adversely impact the manager's ability to provide contracted investment services, the manager may be recommended for immediate termination.

V. Manager Notification

- A. Copies of this policy shall be made available to all SJCERA Investment managers.
- B. The Investment Consultant shall notify Managers in writing of their status should it fall Under Review.

VI. Reassessing Under Review Status

- A. The Investment Officer and Investment Consultant will continue to monitor the manager on at least a quarterly basis, or more often if appropriate. The length of the review period may vary based on analysis and strategy.
- B. The Investment Consultant will determine the appropriate course of action up to and including recommendation for termination to the Board.
- C. In no event will a manager be returned to Good Standing until the manager meets the criteria for Good Standing.

VII. Termination

- A. A recommendation to the Board for termination of the management contract will occur if there is a failure to correct or show improvement in the deficiencies that placed them in Under Review Status.
 - 1. If the Investment Consultant(s) believe(s) that immediate action is necessary due to evidence of a manager engaging in illegal or unethical practices, or for other extraordinary reasons that cause the Consultant to believe that continued management is contrary to fiduciary standards of prudence, the Investment Consultant is authorized by the Board to notify the manager in writing that trading on the account must cease immediately. Notice of such action and the termination recommendation will be presented to the Retirement Board for ratification at its next monthly meeting.
- B. Nothing in this policy shall be construed to conflict with SJCERA's right to terminate an investment manager pursuant to the terms of their applicable investment management agreement.

VIII. General Investment Guidelines / Restrictions

- A. Each investment manager is expected to perform its fiduciary duties as 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 to conform with all State and Federal statutes governing the investment of retirement funds. The following restrictions apply to each separate account manager:
 - 1. Purchases of securities issued by San Joaquin County without written consent from the Board.
 - 2. The manager shall promptly notify the Investment Officer and the Chief Executive Officer of any violation of the guidelines and provide an explanation of the limit that was exceeded, an evaluation of the situation, the recommended course of action and the status of the corrective action proposed.
 - 3. Whenever SJCERA invests in a commingled fund, rather than a separate account, the stated rules and regulations of the manager's commingled fund will take precedence over the SJCERA Investment Policy Guidelines.

IX. Communications

- A. Related to the monitoring and retention process, investment managers are expected to communicate with the Investment Consultant, Chief Executive Officer and Investment Officer as follows:
 - 1. Immediately
 - a. Violation of manager guidelines
 - b. Any organizational or personnel changes impacting SJCERA's account
 - c. Any purchases or sales that result in unusual gains or losses are to be reported in writing after each transaction
 - 2. Monthly
 - a. Monthly Performance and attribution
 - b. Positive certification of compliance with guidelines
 - 3. Quarterly
 - a. Current Strategy
 - b. Recent Investment Performance and attribution
 - c. Summary of Key Personnel Changes
 - d. New/Lost Accounts within the same mandate
 - 4. Annually
 - a. Presentation to the Board/staff/consultant (as requested).
- B. Additional information and reports may be required on a regular or ad hoc basis as requested by staff or consultant.

X. Reporting

- A. The Investment Consultant(s) report allocations and performance to the Board at least quarterly.
- B. The Investment Consultant(s) present the Manager Monitoring Report to the Board at least quarterly
- C. The Investment Consultant/Staff report to the Board on changes related to the investment managers and significant deviations in the performance as warranted.

XI. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

XII. History

05/30/2008	Adopted
10/06/2017	Revised
07/05/2018	Reviewed, no changes required; Staff updated format
10/12/2018	Added General Investment Guidelines/Restrictions language and Manager Strategy Summaries from other investment policies.
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to clarify Consultant and Investment Officer Roles, update procedures used to monitor investment managers, and remove Manager Strategy Summaries
07/14/2023	Expanded mandatory notifications to include Investment Officer, made other non-substantive changes

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board Investment Policy

Investment Roles and Responsibilities

I. Purpose

- A. To outline the legal authority and fiduciary responsibilities of the Board of Retirement in administering SJCERA.
- B. To assign specific roles to Staff and the Investment Consultant(s), thereby explicitly stating which responsibilities the Board has ~~discharged~~delegated.

II. Legal Authority and Fiduciary Responsibilities

A. Introduction

1. The Board of Retirement (Board) of the San Joaquin County Employees' Retirement Association (SJCERA) has plenary authority and the fiduciary responsibility for investment of moneys and administration of SJCERA. The assets of a public pension or retirement system are held in trust, and the Board has exclusive control of the investment of SJCERA's Trust Fund (Fund) assets. (California Constitution Article XVI, Section 17.)

B. Legal Authority

1. Under the California State Constitution and the County Employees Retirement Law of 1937 (CERL), the Board is authorized to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of CERL Section 31595, which provides in part:
 - a. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the Fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

C. Fiduciary Responsibility

1. The Board and its officers and employees shall ~~discharge~~delegate their duties:
 - 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 the system;
 - 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;

- c. By diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and
 - d. Recognizing that its duty to its participants and their beneficiaries takes precedence over any other duty.
2. In ~~discharging~~ delegating its fiduciary duties, the Board will exercise prudent judgment and ~~to make these judgments will~~ seek expert advice and guidance from the internal staff and external investment consultants. The Board's judgment will reflect the prevailing facts and circumstances. The Board recognizes the importance of maintaining a long-term perspective when setting policy and asset allocation.
 3. SJCERA's investment policies collectively will serve as SJCERA's Investment Policy Statement (IPS) and govern all asset classes and establish the guidelines, policies and procedures for the management of SJCERA's diversified investment portfolio. The IPS is subject to applicable provisions of law and the applicable limitations and requirements of SJCERA's governance policies. The Board may amend, supplement or rescind its policies at any time at its discretion.

III. Governance: Roles and Responsibilities

- A. The Board is responsible for formulating, adopting, and supervising the investment policies of SJCERA's investment program, including, but not limited to, the following decisions.
 1. Board Investment-Related Responsibilities
 - a. The Board is responsible for setting SJCERA's investment philosophy, objectives, and risk tolerances, and for adopting the Trust Fund's asset allocation that forms the basis of the implementation of the investment program. This includes:
 - i. Decisions on which asset classes and benchmarks will be used in the investment programs;
 - ii. The allocation to each asset class;
 - iii. Risk tolerances for the total Trust Fund and individual asset classes;
 - iv. The operational policies that will implement the asset allocation; and

- v. The monitoring and reporting of the risk management and performance measurement of the investment program.
2. The Board is responsible for approving the specific policies required to implement the investment program.
3. The Board is responsible for the approval of the general and any specialty investment consultants to the investment program.
4. The Custodian maintains custody of SJCERA's assets ~~and accounts for~~ and reports on all of SJCERA's assets. Given the importance of this role, the Board is responsible for the selection of the Custodian. SJCERA's finance staff will provide supporting analysis and input to the Board in making this decision.
5. SJCERA's external investment counsel reviews, edits and negotiates the legal documents and agreements related to investment contracts. SJCERA's Chief Executive Officer, Investment Officer (IO) and County General Counsel, if any, screens and approves external investment counsel, in consultation with ~~staff and~~ the Board as appropriate.

B. Investment Program Duties Delegated to Staff

1. Under the legal authority granted, the Board establishes the core operating principals of responsibility, accountability and transparency. Actions related to delegated authority should not result in any substantive change in the terms applicable to SJCERA's investments and agreements.
2. The Board grants to SJCERA's ~~Investment Officer (IO)~~ and staff as assisted by the appropriate advisors (e.g., investment and specialty consultants, actuary, legal counsel) the following authority and responsibilities:
 - a. Recommend a plan to implement the Board-approved asset allocation and related investment policies.
 - b. ~~Rebalance~~ assets to maintain the Board-approved asset allocation and risk limits.
 - c. Develop and manage requests for proposal (RFPs) for and ~~Recommend~~ firms to serve as the general ~~investment~~ and specialty investment consultants, investment counsel and other advisors to assist in the implementation of the investment program.
 - d. Oversee and monitor the investment consultants' and other advisors' compliance with their contract, management of their workload and quality of Board requested activities.
 - e. Recommend firms to serve as the Custodian and, if appropriate, the securities lending agent;
 - f. Provide input to the Board on the finalist firms to serve as Investment Managers;

f.g. Evaluate, analyze, and provide input on various investment topics and/or the investment program generally.

g.h. Manage day-to-day investment operations;

- i. Take action on time-sensitive, routine requests or administrative items related to SJCERA's investment program;
- ii. Manage liquidity needs and rebalance the Trust Fund;
- iii. Implement manager transitions;
- iv. Manage major changes in Asset Allocation;
- v. Address and resolve violations of investment manager guidelines;
- vi. Work with investment counsel to include enhanced language in side letters related to Limited Partnership Agreements (LPA);
- vii. Monitor and evaluate the work product of the General Investment Consultant and other advisors to the investment program;
- viii. Vote Fund/Manager level (not security level) proxies; and
- ix. Amend LPAs or related documents for minor adjustments (e.g., closing dates or investment periods).

h.i. Report on its the use of delegated authority monthly or at a frequency to be determined by the Board.

C. The Role of Investment Consultants

1. SJCERA will employ a General Consultant and specialty consultants, as needed, who serve as fiduciaries for the Trust Fund and work for the Board in a direct role as the independent experts. The consultants will also work for SJCERA's staff to provide Board requested reports e.g., risk-return analysis, investment manager performance and monitoring analysis and overall support.
2. The General Consultant and as appropriate, the Specialty Consultant(s) will:
 - a. Provide an Asset/Liability Study in conjunction with SJCERA's actuary;
 - b. Provide governance and policy development;
 - c. Provide global resources and deep research capabilities to perform due diligence on existing and potential investment managers, conduct manager searches, investigate investment strategies, research asset classes and examine additional topics related to SJCERA's investment program;
 - d. Monitor and report investment returns, benchmark returns, manager peer group rankings, portfolio risk(s), and active management risk;
 - e. Provide the Board and Staff with reports and analysis of material events

affecting the portfolio asset allocation, risk profile, and external managers;

- f. Analyze and advise on the annual and tri-annual Asset Allocation updates;
- g. Monitor portfolio performance attribution for the total Trust Fund and asset classes;
- h. Perform external manager tracking, manager peer group ranking and benchmark comparisons, performance reporting, and evaluation;
- i. Advise the Board with respect to the investment program in general;
- j. Negotiate, and monitor, manager fees and other outside vendor fees;
- k. Assist staff as requested.

IV. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

V. History

08/03/2017	Adopted
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Added Purpose section, removed outdated policy numbers, and clarified roles
07/14/2023	<u>Aligned investment officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarified staff and general counsel reference, made other non-substantive changes.</u>

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board Investment Policy

Investment Roles and Responsibilities

I. Purpose

- A. To outline the legal authority and fiduciary responsibilities of the Board of Retirement in administering SJCERA.
- B. To assign specific roles to Staff and the Investment Consultant(s), thereby explicitly stating which responsibilities the Board has delegated.

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A. Introduction

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B. Legal Authority

1. Under the California State Constitution and the County Employees Retirement Law of 1937 (CERL), the Board is authorized to invest in any form or type of investment deemed prudent by the Board pursuant to the requirements of CERL Section 31595, which provides in part:
 - a. Except as otherwise expressly restricted by the California Constitution and by law, the Board may, in its discretion, invest, or delegate the authority to invest, the assets of the Fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the Board.

C. Fiduciary Responsibility

1. The Board and its officers and employees shall delegate their duties:
 - 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 the system;
 - 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;

- c. By diversifying the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so; and
 - d. Recognizing that its duty to its participants and their beneficiaries takes precedence over any other duty.
2. In delegating its fiduciary duties, the Board will exercise prudent judgment and seek expert advice and guidance from the internal staff and external investment consultants. The Board's judgment will reflect the prevailing facts and circumstances. The Board recognizes the importance of maintaining a long-term perspective when setting policy and asset allocation.
 3. SJCERA's investment policies collectively will serve as SJCERA's Investment Policy Statement (IPS) and govern all asset classes and establish the guidelines, policies and procedures for the management of SJCERA's diversified investment portfolio. The IPS is subject to applicable provisions of law and the applicable limitations and requirements of SJCERA's governance policies. The Board may amend, supplement or rescind its policies at any time at its discretion.

III. Governance: Roles and Responsibilities

- A. The Board is responsible for formulating, adopting, and supervising the investment policies of SJCERA's investment program, including, but not limited to, the following decisions.
 1. Board Investment-Related Responsibilities
 - a. The Board is responsible for setting SJCERA's investment philosophy, objectives, and risk tolerances, and for adopting the Trust Fund's asset allocation that forms the basis of the implementation of the investment program. This includes:
 - i. Decisions on which asset classes and benchmarks will be used in the investment programs;
 - ii. The allocation to each asset class;
 - iii. Risk tolerances for the total Trust Fund and individual asset classes;
 - iv. The operational policies that will implement the asset allocation; and

- v. The monitoring and reporting of the risk management and performance measurement of the investment program.
2. The Board is responsible for approving the specific policies required to implement the investment program.
3. The Board is responsible for the approval of the general and any specialty investment consultants to the investment program.
4. The Custodian maintains custody of SJCERA's assets and reports on all of SJCERA's assets. Given the importance of this role, the Board is responsible for the selection of the Custodian. SJCERA's finance staff will provide supporting analysis and input to the Board in making this decision.
5. SJCERA's external investment counsel reviews, edits and negotiates the legal documents and agreements related to investment contracts. SJCERA's Chief Executive Officer, Investment Officer (IO) and General Counsel, if any, screen and approve external investment counsel, in consultation with the Board as appropriate.

B. Investment Program Duties Delegated to Staff

1. Under the legal authority granted, the Board establishes the core operating principals of responsibility, accountability and transparency. Actions related to delegated authority should not result in any substantive change in the terms applicable to SJCERA's investments and agreements.
2. The Board grants to SJCERA's IO and staff as assisted by the appropriate advisors (e.g., investment and specialty consultants, actuary, legal counsel) the following authority and responsibilities:
 - a. Recommend a plan to implement the Board-approved asset allocation and related investment policies.
 - b. Rebalance assets to maintain the Board-approved asset allocation and risk limits.
 - c. Develop and manage requests for proposal (RFPs) for and recommend firms to serve as the general and specialty investment consultants, investment counsel and other advisors to assist in the implementation of the investment program.
 - d. Oversee and monitor the investment consultants' and other advisors' compliance with their contract, management of their workload and quality of Board requested activities.
 - e. Recommend firms to serve as the Custodian and, if appropriate, the securities lending agent;
 - f. Provide input to the Board on the finalist firms to serve as Investment Managers;

- g. Evaluate, analyze, and provide input on various investment topics and/or the investment program generally.
- h. Manage day-to-day investment operations;
 - i. Take action on time-sensitive, routine requests or administrative items related to SJCERA's investment program;
 - ii. Manage liquidity needs and rebalance the Trust Fund;
 - iii. Implement manager transitions;
 - iv. Manage major changes in Asset Allocation;
 - v. Address and resolve violations of investment manager guidelines;
 - vi. Work with investment counsel to include enhanced language in side letters related to Limited Partnership Agreements (LPA);
 - vii. Monitor and evaluate the work of the General Investment Consultant and other advisors to the investment program;
 - viii. Vote Fund/Manager level (not security level) proxies; and
 - ix. Amend LPAs or related documents for minor adjustments (e.g., closing dates or investment periods).
- i. Report on the use of delegated authority monthly or at a frequency to be determined by the Board.

C. The Role of Investment Consultants

1. SJCERA will employ a General Consultant and specialty consultants, as needed, who serve as fiduciaries for the Trust Fund and work for the Board in a direct role as the independent experts. The consultants will also work for SJCERA's staff to provide Board requested reports e.g., risk-return analysis, investment manager performance and monitoring analysis and overall support.
2. The General Consultant and as appropriate, the Specialty Consultant(s) will:
 - a. Provide an Asset/Liability Study in conjunction with SJCERA's actuary;
 - b. Provide governance and policy development;
 - c. Provide global resources and deep research capabilities to perform due diligence on existing and potential investment managers, conduct manager searches, investigate investment strategies, research asset classes and examine additional topics related to SJCERA's investment program;
 - d. Monitor and report investment returns, benchmark returns, manager peer group rankings, portfolio risk(s), and active management risk;
 - e. Provide the Board and Staff with reports and analysis of material events

affecting the portfolio asset allocation, risk profile, and external managers;

- f. Analyze and advise on the annual and tri-annual Asset Allocation updates;
- g. Monitor portfolio performance attribution for the total Trust Fund and asset classes;
- h. Perform external manager tracking, manager peer group ranking and benchmark comparisons, performance reporting, and evaluation;
- i. Advise the Board with respect to the investment program in general;
- j. Negotiate, and monitor, manager fees and other outside vendor fees;
- k. Assist staff as requested.

IV. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

V. History

08/03/2017	Adopted
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Added Purpose section, removed outdated policy numbers, and clarified roles
07/14/2023	Aligned investment officer's delegated authority with existing practice to include RFPs and evaluating and providing input on investment topics, clarified staff and general counsel reference, made other non-substantive changes.

Certification of Board Adoption

Clerk of the Board	07/14/2023 Date
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Placement Agent Information Disclosure

I. Purpose

A. To describe the circumstances under which the San Joaquin County Employees' Retirement Association (SJCERA) shall require the disclosure of payments to Placement Agents in connection with SJCERA investments in or through External Managers.

A.B. To help ensure that SJCERA's investment decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective, and are consistent with SJCERA's investment policy objectives.

II. Definitions

- A. The terms "External Manager," "Gifts" and "Placement Agent" shall have the meanings given in Government Code sections 7513.8 and 82028. Unless otherwise defined within this policy, all other defined terms in this policy shall have the meanings given in Government Code sections 7513.8 and 82028.
- B. "Consultant" means a person or firm, including key personnel of such firm(s), who are contractually retained by SJCERA to provide advice to SJCERA on investments, External Manager selection and monitoring, and other services.

III. Application

- A. This Policy shall apply to all types of investment partners with whom SJCERA conducts business including, but not limited to, current investment managers and all investment managers being considered by SJCERA for an investment management engagement.

IV. Responsibilities

- A. Each External Manager is responsible for:
1. Providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly upon request.
 - a. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by SJCERA.

- b. A resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former SJCERA Board member, employee or Consultant, or a member of the immediate family of any such person, this fact shall be specifically noted.
- c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the general structure and timing of such compensation.
- d. A description of the services to be performed by the Placement Agent.
- e. A copy of any and all agreements between the External Manager and any third-party (non-employee) Placement Agent(s).
- f. A statement as to whether the Placement Agent is utilized by the External Manager with all clients or prospective clients or with only a subset of clients or prospective clients.
- g. Whether any current or former SJCERA Board Member, employee or Consultant suggested retention of the Placement Agent.
- h. A statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.
- i. Representing to SJCERA that the External Manager is solely responsible for any fees, compensation or expenses for any Placement Agent and that SJCERA will not pay any such items.
- j. A statement that the External Manager agrees and understands that, for two years after leaving their position, former board members or administrators shall not receive compensation for appearing before or communicating with a SJCERA Board member or staff for the purpose of influencing the Board to take certain actions regarding investments.
- k. Representing to SJCERA that the External Manager understands and agrees that all of the information provided to SJCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.

2. Providing an update of any changes to any of the information included in the Placement Agent Disclosure Form within 30 days of the occurrence of the change in information.
3. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to SJCERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant during the prior ~~twenty-four~~ 24-month period.
4. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with a SJCERA investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant, during such period.

B. Staff is responsible for all of the following:

1. Assure that an agreement to comply with this Policy is incorporated in all current and future investment manager agreements.
2. Assure that all existing External Managers complete and submit the Placement Agent Information Disclosure to SJCERA in a timely manner.
3. Assure that an External Manager candidate completes and submits the disclosure information to SJCERA before consideration by the Board for an investment management engagement.
4. Provide the Board with the disclosure information before any investment decision by the SJCERA Board with respect to that manager.
5. Promptly advise the Board of any material violation of this Policy.

C. Sanctions in the event of a material omission or inaccuracy in the Disclosure can include, but are not limited to:

1. ~~A penalty. For~~ failure to disclose a third-party Placement Agent relationship, ~~with a third party Placement Agent the reimbursement to SJCERA of an amount~~ equal to the amounts paid or promised to be paid to that Placement Agent in connection with any investment committed by SJCERA.
2. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle, or suspension of any further capital contributions (and any fees on these re-called commitments) to limited partnership, limited liability company, or other investment vehicle.

3. A prohibition on the External Manager or Placement Agent from soliciting new investment from SJCERA for five (5) years. This prohibition may be reduced by a majority vote of the Board upon a showing of good cause.
 4. The SJCERA Board shall determine which, if any, sanctions will apply in a given case based on the nature of the violation and any other relevant legal parameters.
- D. All parties responsible for implementing, monitoring, and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require such disclosure.

V. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VI. History

05/21/2010	Adopted
01/28/2011	Revised
01/27/2012	Revised
07/05/2018	Staff reviewed, no changes required; updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Rewritten
<u>07/14/2023</u>	<u>Clarified Placement Agency violation sanctions and other non-substantive changes.</u>

Certification of Board Adoption

	07/14/2023
Clerk of the Board	Date



Placement Agent Information Disclosure

I. Purpose

- A. To describe the circumstances under which the San Joaquin County Employees' Retirement Association (SJCERA) shall require the disclosure of payments to Placement Agents in connection with SJCERA investments in or through External Managers.
- B. To help ensure that SJCERA's investment decisions are made solely on the merits of the investment opportunity, are reasonable and prudent from a fiduciary perspective, and are consistent with SJCERA's investment policy objectives.

II. Definitions

- A. The terms "External Manager," "Gifts" and "Placement Agent" shall have the meanings given in Government Code sections 7513.8 and 82028. Unless otherwise defined within this policy, all other defined terms in this policy shall have the meanings given in Government Code sections 7513.8 and 82028.
- B. "Consultant" means a person or firm, including key personnel of such firm(s), who are contractually retained by SJCERA to provide advice to SJCERA on investments, External Manager selection and monitoring, and other services.

III. Application

- A. This Policy shall apply to all types of investment partners with whom SJCERA conducts business including, but not limited to, current investment managers and all investment managers being considered by SJCERA for an investment management engagement.

IV. Responsibilities

- A. Each External Manager is responsible for:
 - 1. Providing the following information (collectively, the "Placement Agent Disclosure Form") to Staff promptly upon request.
 - a. A statement whether the External Manager, or any of its principals, employees, agents or affiliates has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Manager) or entity to act as a Placement Agent in connection with any investment by SJCERA.

- b. A resume for each officer, partner or principal of the Placement Agent (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses, and investment and work experience. If any such person is a current or former SJCERA Board member, employee or Consultant, or a member of the immediate family of any such person, this fact shall be specifically noted.
- c. A description of any and all compensation of any kind provided or agreed to be provided to a Placement Agent, including the general structure and timing of such compensation.
- d. A description of the services to be performed by the Placement Agent.
- e. A copy of any and all agreements between the External Manager and any third-party (non-employee) Placement Agent(s).
- f. A statement as to whether the Placement Agent is utilized by the External Manager with all clients or prospective clients or with only a subset of clients or prospective clients.
- g. Whether any current or former SJCERA Board Member, employee or Consultant suggested retention of the Placement Agent.
- h. A statement whether the Placement Agent or any of its affiliates are registered as a lobbyist with any state or national government, or with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agent in a country other than the United States and the details of such registration or explanation of why no registration is required.
- i. Representing to SJCERA that the External Manager is solely responsible for any fees, compensation or expenses for any Placement Agent and that SJCERA will not pay any such items.
- j. A statement that the External Manager agrees and understands that, for two years after leaving their position, former board members or administrators shall not receive compensation for appearing before or communicating with a SJCERA Board member or staff for the purpose of influencing the Board to take certain actions regarding investments.
- k. Representing to SJCERA that the External Manager understands and agrees that all of the information provided to SJCERA pursuant to this Policy is public information and subject to disclosure under the Public Records Act.

2. Providing an update of any changes to any of the information included in the Placement Agent Disclosure Form within 30 days of the occurrence of the change in information.
3. Causing its engaged Placement Agent, prior to acting as a Placement Agent with regard to SJCERA, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant during the prior 24-month period.
4. Causing its engaged Placement Agent, during the time it is receiving compensation in connection with a SJCERA investment, to disclose to Staff any campaign contribution, gift or other item of value made or given to any member of the SJCERA Board or Staff or Consultant, during such period.

B. Staff is responsible for all of the following:

1. Assure that an agreement to comply with this Policy is incorporated in all current and future investment manager agreements.
2. Assure that all existing External Managers complete and submit the Placement Agent Information Disclosure to SJCERA in a timely manner.
3. Assure that an External Manager candidate completes and submits the disclosure information to SJCERA before consideration by the Board for an investment management engagement.
4. Provide the Board with the disclosure information before any investment decision by the SJCERA Board with respect to that manager.
5. Promptly advise the Board of any material violation of this Policy.

C. Sanctions in the event of a material omission or inaccuracy in the Disclosure can include, but are not limited to:

1. A penalty, for failure to disclose a third-party Placement Agent relationship, equal to the amount paid or promised to be paid to that Placement Agent in connection with any investment committed by SJCERA.
2. Immediate termination of the investment management engagement without penalty, or withdrawal without penalty from the limited partnership, limited liability company, or other investment vehicle, or suspension of any further capital contributions (and any fees on these re-called commitments) to limited partnership, limited liability company, or other investment vehicle.
3. A prohibition on the External Manager or Placement Agent from soliciting new investment from SJCERA for five (5) years. This prohibition may be reduced by a majority vote of the Board upon a showing of good cause.

4. The SJCERA Board shall determine which, if any, sanctions will apply in a given case based on the nature of the violation and any other relevant legal parameters.

D. All parties responsible for implementing, monitoring, and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made, the Policy should be interpreted to require such disclosure.

V. Policy Review

A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with the bylaws.

VI. History

05/21/2010	Adopted
01/28/2011	Revised
01/27/2012	Revised
07/05/2018	Staff reviewed, no changes required; updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Rewritten
07/14/2023	Clarified Placement Agency violation sanctions and other non-substantive changes.

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board Investment Policy

Proxy Voting Policy

I. Purpose

- A. The Board of Retirement of the San Joaquin County Employees' Retirement Association has the significant responsibility in participating in all equity fund proxy voting. Careful review and research is necessary to make voting decisions in the best interest of the Fund and timely filing of proxy votes is essential.
- B. The Board of Retirement delegates the filing of all proxy votes to the Fund's Investment Managers and Custodian Bank, with the following requirements:
 - 1. Investment Managers and Custodian Bank will review and timely cast all proxy votes on behalf of the Retirement Board;
 - 2. Investment Managers and Custodian Bank will be responsible to ~~insure~~ensure that their reasons for voting on behalf of the Fund will primarily result in supporting or improving the shareholder's interest.
 - 3. When significant or unusual issues arise on proxy voting matters that would directly impact the shareholder's interest, the Investment Managers and Custodian Bank will timely contact the Chief Executive Officer (CEO) or Investment Officer (IO) regarding the issue and make a recommendation on the proxy vote.
 - 4. Should the CEO or IO disagree with the recommendation, the Chair of the Retirement Board will be contacted and his or her decision shall be final.

II. Policy Review

- A. Staff shall review this Policy at least once every three years to ensure that it remains relevant, appropriate, and in compliance. Any revisions or amendments to this policy must be approved by the Board of Retirement in accordance with its bylaws.

III. History

11/01/1991	Board adopted policy
09/24/2010	Updated format and title changes
07/05/2018	Reviewed, no changes required; Staff updated format
04/12/2019	Policy Review section amended to at least once every three years
07/10/2020	Revised to update IO job title and other non-substantive changes.
<u>06/22/2023</u>	<u>Revised to include Custodian Bank in the Proxy Voting process.</u>

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board Investment Policy Proxy Voting Policy

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06/22/2023	Revised to include Custodian Bank in the Proxy Voting process.

Certification of Board Adoption

Clerk of the Board	07/14/2023
	Date



Board of Retirement Administrative Committee
San Joaquin County Employees' Retirement Association

Agenda Item 5.0

June 22, 2023

SUBJECT: Sources of Income Reported on Statements of Economic Interests

SUBMITTED FOR: ___ CONSENT __ ACTION X INFORMATION

PURPOSE

To comply with Section III of the *Conflict of Interest* policy requiring staff to prepare an annual summary report of the Statements of Economic Interest (Form 700) filed with SJCERA.

DISCUSSION

At the January 20, 2023, meeting, the Board of Retirement amended the *Conflict of Interest* policy and *Administrative Committee Charter*. The amendments require staff to prepare, and submit to the Administrative Committee for receipt and filing, an annual summary report of the Statements of Economic Interests (Form 700) filed with SJCERA. The intent is for staff and counsel to review all Forms 700, identify whether any potential conflicts exist, and highlight any conflicts in the summary report. If any potential conflicts were identified, the CEO and/or counsel would discuss that with the individual before submitting the report.

Based on the information reported in the most recently submitted Statements of Economic Interests, no conflicts were identified requiring recusal of a trustee due to their sources of income and SJCERA's current financial interests.

ATTACHMENTS

Summary of Sources of Income on Statements of Economic Interest (Form 700) report

JOHANNA SHICK
Chief Executive Officer

GREG FRANK
Management Analyst III

SJCERA Summary of Sources of Income on Statements of Economic Interest (Form 700) Report - June 22, 2023

Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$2,000 - \$10,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$10,001 - \$100,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$100,001 - \$1,000,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) Over \$1,000,000	Schedule A-2 Investments, Income, and Assets of Business Entities/Trusts (Ownership Interest is 10% or Greater)	Schedule B Interest in Real Property (Including Rental Income)	Schedule C Income, Loans, & Property Positions (Other than Gifts and Travel Payments)	Schedule D Income - Gifts	Schedule E Income - Gifts Travel Payments, Advances, and Reimbursements
Affirm (S)	3M Company (T)	Cheiron (C)		Four Sewyn, Inc. (S)	18921 N. Lower Sacramento Rd., Woodbridge, CA (T)	Alta Bates Summit Medical (C)		None of the filers reported having received gifts in excess of \$590 during 2022
Broadridge FINL Solutions (T)	Air Products & Chemicals (T)	Farmers & Merchants (T)		Restuccia Enterprises (T)	18939 N. Lower Sacramento Rd., Woodbridge, CA (T)	Bank of Stockton and 1867 Financial Corp. (T)		
Cameco(T)	Alcoa Corp. (T)	Visa Inc. Com Class A (T)		Restuccia Family Trust (T)	1908 East Street, Tracy, CA (T)	CB Merchants (T)		
CDK Global (T)	Alitra (T)			The Hair Mill (T)	204-212 3rd St., Ripon, CA (T)	Cheiron (C)		
Coca Cola (T)	American International Group Inc. Com New (T)			Woodbridge Crossing (T)	2531 Jimenez Way, Stockton, CA (S)	Financial Center Credit Union/Valley Strong (T)		
Coinbase Global Inc. Com Class A (T)	Annaly (Tx2)				49 East 10th St., Tracy, CA	McCray Investment Mgmt (T)		
Corteva (T)	Appian Corp. Class A (T)				623 Walnut Ave, Ripon, CA (T)	Meketa Investment Group (C)		
Dow (T)	Apple (T)				633 Walnut Ave, Ripon, CA (T)	SJCERA (T)		
Dupont De Nemours (T)	ATT (T)							
General Electric (Tx2)	Avery Dennison-bonds (T)							
General Electric Co. Com New (T)	Ballard Power Systems (T)							
Gilead Sciences (C)	Bank of America (T)							
HIVE Blockchain (T)	Berkshire Hathaway Series B (T)							
Kraft Heinz (T)	Best Buy (T)							
Lynas (T)	BP PLC Sponsored ADR-United Kingdom (T)							
Metlife (T)	Broadcom (T)							
Olion Corp. Par \$1 (T)	Capstead (T)							
Pacific Gas & Electric (T)	Chubb Limited (T)							
Paramount Global Class A Com (T)	Cisco Systems (Tx2)							
Paypal (S)	Citigroup Global-bonds (T)							
Roblox (C)	CME Group (T)							
Sturm Ruger (T)	Comcast Corp. New Class A (T)							
Tesla (S)	Cummins (T)							
United Airlines (T)	Darden Restaurant (T)							
Waste Management (T)	Devon Energy (T)							
	Devon Energy-bonds (T)							
	Dow (Tx2)							
	Eaton Corp. PLC SHS-Ireland(T)							
	Edison International-bonds (T)							
	Exxon Mobile (T)							
	Ford Motor (T)							
	Gaming & Leisure Properties (T)							
	General Motors (T)							
	General Motors-bonds (T)							
	Global Foundries (T)							
	Goldman Sachs (T)							
	HCA Inc.-bonds (T)							
	HNDL (T)							
	Home Depot (T)							
	IBM (Tx2)							
	Johnson & Johnson (Tx2)							
	JPMorgan Chase (Tx2)							
	Kimberly-Clark (T)							
	Leggett & Platt (T)							
	Lennar-bonds (T)							
	Lowes (T)							
	Marathon Pete (T)							
	Marathon Petroleum-bonds (T)							
	Medtronic PLC SHS-Ireland (T)							
	Meketa Investment Group (C)							
	Merck & Company (T)							
	Microchip Technology (T)							
	Micron Technology-bonds (T)							
	Mondelez International Inc. Class A (Tx2)							
	Morgan Stanley (T)							
	Motorola Solutions (T)							
	NNN Net Lease (T)							
	NorthWestern Corp. (T)							
	NY Preferred (T)							
	Omnicom Group (T)							
	Paypal (T)							
	PG&E (T)							
	Philip Morris (T)							
	PLUG (T)							

SJCERA Summary of Sources of Income on Statements of Economic Interest (Form 700) Report - June 22, 2023

Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$2,000 - \$10,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$10,001 - \$100,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) \$100,001 - \$1,000,000	Schedule A-1 Investments Stocks, Bonds, and Other Interest (Ownership Interest is Less Than 10%) Over \$1,000,000	Schedule A-2 Investments, Income, and Assets of Business Entities/Trusts (Ownership Interest is 10% or Greater)	Schedule B Interest in Real Property (Including Rental Income)	Schedule C Income, Loans, & Property Positions (Other than Gifts and Travel Payments)	Schedule D Income - Gifts	Schedule E Income - Gifts Travel Payments, Advances, and Reimbursements
	Proctor and Gamble (T)							
	Redwood Trust (T)							
	Simon Property Group Corp. New REIT (T)							
	Sirius XM Holdings (T)							
	T. Rowe Price Group (Tx2)							
	Union Pac (T)							
	US Bancorp Del Com New (T)							
	Verizon Communications (T)							
	Walgreens Boots Alliance (T)							
	Walmart (T)							
	Warner Bros Discovery Com Ser A (T)							
	Wells Fargo-bonds (T)							
	Whirlpool (T)							
	Williams Co. (T)							

TRUSTEES (T)

Chanda Bassett
 Steven Ding
 Michael Duffy
 Jennifer Goodman
 Phonxay Keokham
 Ray McCray
 Stephan Moore
 Emily Nicholas
 Michael Restuccia
 James Weydert

STAFF (S)

Paris Ba
 Adnan Khan
 Brian Mckelvey
 Carmen Murillo
 Johanna Shick

CONSULTANTS (C)

David Sancewich
 Graham Schmidt

Highlight indicates financial interest that may require recusal of trustee with respect to that source of income, based on currently known information and current financial interests of SJCERA. (See, e.g., FPPC Informal Advice File No. I-17-093; see also Cal. Gov. Code Section 1090 et seq.) Notations are for informational purposes only and are subject to change, depending on changes in the financial interests of SJCERA and/or its Form 700 filers. The notations, as well as other comments in this summary, are not intended to be exhaustive or legally binding.