



Board Policy Development Process

I. Purpose

A fundamental role of the Board is to establish policies guiding critical aspects of Board governance and ACERA's operations. This policy provides a process for development, approval and review of board policies, thus reducing the risk of duplication or unnecessary proliferation of board policies.

II. Guidelines

- A. Board policies shall provide guidance to the Board and senior management and are intended to provide benefit to or, mitigate significant risks to, ACERA.
- B. Board policies will be developed only if each of the following conditions is met:
 - 1. The issue in question poses substantial risk or benefit to ACERA;
 - 2. The issue is expected to recur regularly (i.e., it is generic in nature);
 - 3. The issue is within the Board's responsibility to effectively administer the pension plan, including Board governance or high level oversight of administrative functions; and
 - 4. A Chief Executive Officer internal administrative procedure or process would not suffice.

III. Policy Development

- A. The need for a potential board policy may be identified by the Board, Board Committee or Senior ACERA staff.
- B. If the topic of the policy falls into the jurisdiction of a standing committee, that committee will evaluate and develop the policy. If the issue does not clearly fall under the jurisdiction

of another standing committee, the Governance Committee will evaluate and develop the policy.

- C. If the staff identifies the need for a Board policy, staff should bring a request for a policy to the relevant committee and shall provide the following information:
 - 1. A brief description of the policy issue;
 - 2. An explanation as to why the trustee or senior manager believes that a board policy is needed (as per Section III.B. above) or whether a CEO administrative policy would suffice;
 - 3. The broad objective or purpose that will be served by such a policy; and
 - 4. Confirmation that no existing board policy already addresses the broad risk(s) posed by the issue under consideration. No other policy addresses the need.
- D. If a Committee determines that the policy is needed, the Committee and staff shall draft the policy for Committee and Board review and approval.

IV. Policy Review Process

- A. Policies shall be reviewed every three years unless the policy provides otherwise or there is a change in the law or circumstances or as requested of the relevant committee by a Trustee or Trustees at a sooner time.
- B. The Committees assigned to the policy shall consider the following when reviewing Board policies:
 - 1. Does the policies continue to be necessary?
 - 2. Does the Policy continue to be appropriate in meeting the needs of ACERA?
 - 3. Does the Policy require revisions due to changes in the law, current practices or any other relevant reasons?
- C. The Committee reviewing the Policy will recommend to the Board that the specified policies continue to be necessary and appropriate, and recommend any revisions as warranted.

D. The Board will consider and may approve the recommendations of the Committee.

V. Policy Modifications

This Policy shall be reviewed by the Governance Committee at least every three years. The Committee shall make recommendations to the Board concerning any improvements or modifications it deems necessary.

VI. Policy History

A. The Board affirmed this policy as revised on August 15, 2019¹.

¹ The Board adopted the Board Policy Development Process on August 19, 1999. The Board reviewed and affirmed this Policy, without revisions, on October 19, 2006, and March 19, 2009. The Board reviewed and affirmed this Policy, with revisions, on August 18, 2011; December 19, 2013; December 17, 2015; November 9, 2017; and August 15, 2019.