

SAN DIEGO COUNTY EMPLOYEES RETIREMENT ASSOCIATION
STATEMENT OF GOVERNANCE PRINCIPLES

- I. All facets of the governance process will support the Board's fiduciary duties of prudence, loyalty and care.
- II. The Board's authority resides with the Board itself, rather than with individual trustees.
- III. Prudence is demonstrated by the Board's decision-making process, structure, and monitoring mechanisms.
- IV. Managing investments risk in relationship to the Board's return objective is central to the Board's role.
- V. The Board is effective when it focuses on setting policy and providing oversight, rather than on operational details.
- VI. The Board will promote transparency and full disclosure in all aspects of its decision-making process.
- VII. In carrying out their respective duties, the Board will focus on policy and oversight and staff will focus on implementation of board policy.
- VIII. Clear and distinct roles for the Board and management are crucial to effective decision-making and oversight.
- IX. A largely horizontal organizational structure, with minimal layers of management, best supports superior organizational performance.
- X. Effective board training and education is crucial to the Board's success and requires commitment by *both* the Board and individual trustees.
- XI. Accountability must be accompanied by the requisite authority and resources.
- XII. Though the investment function is extremely important, the Board has oversight responsibility concerning *all* major functions within the Association, including service to its members, and will balance its efforts and attention accordingly.

REVIEW

This policy shall be reviewed by the Board at least every three (3) years and may be amended at any time.

HISTORY

April 5, 2012	Adopted, effective immediately
June 4, 2015	Revised, effective immediately