Charter for the Board of Trustees
for the
Municipal Employees' Retirement System of Louisiana
Amendments Proposed on Pages 4 and 7

A. POLICY

1. The Municipal Employees' Retirement System of Louisiana (MERS) is a public retirement system established under the Revised Statutes of Louisiana, R.S. 11:1731, et seq. for the purpose of providing retirement allowances and other benefits for municipal officers and employees and their beneficiaries.

2. MERS is under the management of a Board of Trustees (Board), the composition of which is set out in R.S. 11:1821.

3. The Board is committed to carrying out its responsibilities in a manner consistent with the highest standards of fiduciary practice. This Charter is adopted to assist in that endeavor.

B. DUTIES AND RESPONSIBILITIES

1. General

a. Board members shall act in the best interest of MERS consistent with the fiduciary duty standards set forth in R.S. 11:261-269.
b. The Board is responsible for establishing governance policy for overseeing MERS while the executive director is responsible for establishing operating policy, implementing policy and managing day-to-day operations.
c. Trustees agree to become familiar with and abide by laws pertaining to MERS, the Open Meetings Law, and the Code of Governmental Ethics (R.S. 11:181-186, 261-269, and 1731, et seq.; R.S. 42:11, et seq.; and R.S. 42:1101, et seq.)

2. Governance

a. The Board will approve and amend as necessary:
    i. Charters describing the roles and responsibilities of the board, board committees, and officers;
    ii. Rules and regulations for the operations of MERS; and
    iii. Policies to ensure appropriate governance practices on the part of the Board and staff.
b. The Board will:
    i. Elect a Chair and Vice Chair at the latter of its first meeting of the fiscal year which starts July 1 or at the conclusion of any pending board seat election results; and

ii. Ensure that an education program is in place to assist trustees in securing knowledge to execute their duties as fiduciaries and to meet the legislatively mandated educational requirements in R.S. 11:185.

3. Investments

a. The Board will:
   i. Ensure that a sound investment philosophy and strategy exist to guide the management of the investment program and achieve investment objectives; and
   ii. Approve and review, at least annually, a written Investment Policy Statement which includes the asset allocation.

4. Funding

a. The Board will annually approve an actuarial valuation, upon the advice of its actuary, including actuarial assumptions and mortality and service tables.
b. The approved valuation shall be submitted to the Public Retirement Systems' Actuarial Committee (PRSAC).

5. Agreements with Employers

a. The Board will provide a sample agreement for employers wishing to obtain coverage for their employees in MERS.
b. An agreement for coverage will be effective only upon approval by the Board in accordance with R.S. 11:1733.
c. Agreements for municipalities and marshal's offices will not be approved in the six month period preceding an election for the mayor/marshal or during the months after an election but prior to a change in administration.

6. Finance and Operations

a. The Board will annually approve an operating budget and monitor compliance with the budget through the course of the fiscal year.
b. The Board will ensure that:
   i. Resources to maintain an adequate system of internal controls is in place;
   ii. An independent financial audit is performed annually (by a CPA or the legislative auditor) and any corrective action required is instituted; and
   iii. The executive director implements and maintains the necessary technology and information systems to manage and secure the data, information, and records of MERS.
c. The Board will approve contracts/relationships with:
   i. An actuary;
   ii. An attorney;
   iii. An auditor;
   iv. Physicians to review disability claims;
   v. A custodian of funds;

vi. An investment consultant; and
vii. Money managers.

The use of the singular above shall not preclude the Board from approving multiple contractors in each category.

7. Policies and Procedures

a. The Board may adopt policies and procedures to provide for efficient governance and to guide system operations.
b. Policies and procedures as to day-to-day operations may be adopted at the staff level and do not require Board oversight.
c. Policies may not be inconsistent with statutes or rules.
d. Any adopted policies must be reviewed at least once every three years.

8. Communications – In General

a. Communications by trustees, acting in their capacity as trustees, should be consistent with the fiduciary duty to represent the interests of the system and all participants.
b. When communicating with MERS staff, trustees should avoid requests that require a significant use of staff time, e.g. two or more hours, and/or system resources, e.g. out-of-pocket research costs. Such requests should be made at a board or committee meeting and approved by the board or committee.

9. Communications – At Board and Committee Meetings

a. Trustees will communicate in a straightforward and open manner and disclose any actual or perceived conflicts of interest.
b. The Board will conduct meetings in accordance with the Open Meetings Law. R.S. 42:11, et seq.
c. The conduct of meetings will generally follow *Robert's Rules of Order.*
d. Board members are prohibited from disclosing, other than to another board member, ex officio member for whom they serve as designee, or MERS staff member with knowledge of the information, any confidential information discussed in executive session of a board meeting.

10. Communications – with Participants

a. Trustees should refrain from providing specific and technical advice with respect to a member's benefits to avoid potential liability of miscommunication or misinformation. Exception: A trustee who is employed in Human Resources for a participating employer may counsel employees on retirement issues to the extent they are expected to do so as a part of their job responsibilities.
b. Trustees should refer members to the executive director or other MERS staff member for response to specific benefit questions.
c. Trustees may provide generic information about MERS to plan members.

11. Communications – with Vendors

a. Trustees may, but are not obligated to, communicate with MERS vendors.
b. If a trustee receives a proposal or written communication regarding potential or existing investments, the trustee shall refer the matter to the MERS chief investment officer.
c. A trustee should not communicate, outside of the Board meeting process, with a potential vendor which is a finalist in a selection process.
d. Trustees are prohibited from receiving a thing of economic value, including food and drink, from any vendor or prospective vendor, or a representative, except food or drink consumed in the presence of the vendor's representative in conjunction with an educational or professional development seminar or conference, or as otherwise allowed under the Code of Governmental Ethics.

12. Communications – with Media and External Parties

a. The executive director or designee will serve as the MERS spokesperson unless the Board designates a trustee as spokesperson on a specific issue.
b. The spokesperson will alert the Board Chair when asked to discuss sensitive, high profile issues. If unable to do so before commenting publicly on an issue, the Chair will be notified as soon as possible. The entire Board will then be notified.
c. A trustee may publicly express their disagreement with a policy or decision of the Board. Trustees should do so in an open and professional manner.
d. Any written press release concerning MERS will be issued at the discretion of the executive director. A copy of the press release will be shared with trustees.

13. Legislation and Litigation

a. The Board may consider and approve recommendations made by the executive director concerning the institution of legal actions to protect the rights of MERS.
b. The Board may consider and approve recommendations made by the executive director concerning the settlement of legal actions.
c. The Board may establish positions on proposed changes in federal or state laws, rules, and regulations that may have a significant impact on MERS.
d. The Board may recommend changes to legislation consistent with the best interests of MERS.

14. Key Appointments

a. The Board is responsible for the selection and appointment of an executive director and/or administrative director.
b. The Board is responsible for the confirmation of the appointment of a chief financial officer and a chief investment officer selected by the executive director.
c. The executive director may enlist the assistance of the Personnel Committee in the search for a chief financial officer or chief investment officer.

15. Monitoring and Reporting

a. The Board will regularly monitor the effectiveness and performance of the trust fund.
b. The Board will regularly monitor the effectiveness and efficiency of the administration of MERS.
c. Any personnel issues involving potential violations of law or breach of fiduciary duty must be reported to the Board Chair and placed on the Board agenda, in executive session as allowed by law, as soon as practicable.
d. At least annually, based on the anniversary date of their start date, the Board will review the performance of the executive director.
e. In January of each year, the Board will review performance of the Board itself. The Board Chair will provide trustees the opportunity to raise concerns and suggestions about board operations.
f. Any wrongful acts discovered by the Board shall be reported to the errors and omissions insurer for the system, as required by the policy in effect at the time of act or discovery thereof.

16. Enforcement

a. The Board Chair and committee chairs, when presiding over meetings, will enforce the provisions of this Charter.
b. Any breaches of this Charter may be reported to the Board Chair or Vice Chair if the breach is by the Chair.
c. At the discretion of the Board Chair, or a majority of the Board, reported breaches may be placed on an agenda for discussion and action at the next regularly scheduled board meeting. The Trustee alleged to have violated the Charter will have the opportunity to respond at the meeting.
d. The Board may censure a trustee found, by a majority of the Board, to have violated this Charter. Further, a trustee found in violation of the Charter may be removed from committee assignments.
e. Any potential violations of law should be reported to the proper authority.

C. BOARD OPERATIONS

1. Board Meetings

a. Regular meetings shall be held at a time and place determined by the Board. A schedule of meetings for the next calendar year will be approved by the Board no later than October of each year. The meeting schedule will be provided to the House and Senate committees on retirement. R.S. 11:184.
    i. The schedule of meetings may be modified as necessary, with timely notice in accordance with the Open Meetings Law. R.S. 42:19.
    ii. Special meetings may be called by the Board Chair or a majority of the Board with notice as required with the Open Meetings Law. R.S. 42:19.

iii. Committees established by the Board are required to meet in accordance with the Open Meetings Law. R.S. 42:11, et seq.

b. Board members are expected to prepare for and attend all meetings.
c. Failure to attend a majority of the Board's meetings in the period of September 1 through August 31 will result in an elected trustee's inability to attend the annual conference sponsored by the Louisiana Association of Public Employees' Retirement Systems (LAPERS) at the expense of MERS. This restriction shall not apply to Trustees appointed or elected to the Board in the three months immediately preceding the conference. Trustees serving more than three months but less than a year before the conference must have attended the majority of the meetings during their term of office to have conference expenses paid by MERS. The Board may waive this requirement by a majority vote.

2. Committees

a. A standing Personnel Committee of the Board is established.
b. The Board may create additional standing committees.
c. The Board may approve the establishment of ad hoc committees with responsibilities that do not overlap those of standing committees.
d. Committees shall have at least three members.
e. Each standing committee will have its own charter approved by the Board.
f. Committees will comply with all laws applicable to the Board.

3. Agendas and Meeting Materials

a. The executive director will ensure that the agenda and meeting materials are distributed to Board members at least seven calendar days before the meeting, whenever possible. Meeting materials must be distributed at least three days prior to a meeting.
b. Meeting agendas and minutes will be posted on the system's website.
c. Agendas for board and committee meetings will be posted as required by the Open Meetings Law.

4. Attendance

a. Trustees unable to attend a board or committee meeting should notify the board secretary as soon as possible prior to the meeting to determine whether a quorum will be achieved.
b. Trustees may attend any committee meetings, but only committee members may vote on matters before the committee.
c. Trustees unable to attend a meeting may participate remotely, but may not be considered for a quorum and may not vote, unless the meeting complies with the provisions of R.S. 42:17.1, for meetings conducted during a gubernatorially declared disaster or emergency.
d. Members of the public may attend board and committee meetings, except for executive session properly called pursuant to R.S. 42:16-17.

e. A member of the public who disrupts a meeting and continues to do so after warning from the presiding officer may be removed from the meeting. R.S. 42:17.

5. Quorum and Voting

a. A majority of board members shall constitute a quorum for the transaction of business.
b. For committee meetings, a majority of the committee members represents a quorum. The Board Chair and Vice Chair may be counted to establish a quorum at committee meetings for which they are not already an assigned member.
c. Trustees may not vote by proxy.

6. Minutes

a. The secretary will prepare minutes for all board and committee meetings, recording at a minimum:
    i. The date, time, and place of each meeting;
    ii. The names of trustees, staff, representatives of contractors, and other invited guest or speakers present at the meeting;
    iii. The names of trustees absent from the meeting;
    iv. The substance of all matters decided; votes taken when an action is not unanimous; and sufficient other details to evidence the Board's due diligence concerning the action taken; and
    v. Any other item requested by the Board to be included.
b. Minutes will be presented by the secretary for approval at the next regular meeting. Minutes will be signed by the secretary and Board or Committee Chair.
c. Minutes will be preserved as a permanent record of MERS.
d. Board and committee meetings will generally be recorded. ~~except for certain matters related to internal and external audits~~.

7. Emergency Situations

In the event of an Act of God or other circumstances beyond the control of the Board prevents compliance with timelines set forth in this policy, the Board shall fulfill its responsibilities as soon as practicable.

D. REVIEW

The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.