

**FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM**  
**MONITORING & REPORTING POLICY**

**BACKGROUND**

- 1) In keeping with the duty of the Board to monitor the activities and performance of the System, its agents, and employees, the Board has established this Monitoring and Reporting Policy, which sets out the Board's expectations concerning the routine reports it is to receive from various sources on a regular basis.

**GUIDELINES**

- 2) Staff shall provide the Board and its committees with the routine reports outlined in Appendix 1 of this policy with a frequency also set out in Appendix 1. Staff shall also provide the Board with any ad hoc reports it deems necessary or that are requested by the Board or committees of the Board.
- 3) Requests by board members for additional routine reports or for the discontinuation of a routine report shall require board approval and shall result in the updating of Appendix 1 of this policy.

**POLICY REVIEW & HISTORY**

- 4) The Board shall review this policy at least once every three years.
- 5) The Board adopted this policy on August 16, 2012 and amended it [December x, 2019].

**APPENDIX 1:**  
**ROUTINE REPORTS TO BE PROVIDED TO THE BOARD OR COMMITTEES**

Report Name	Frequency	Recipient(s)	Prepared By	Description/Purpose of Report	Reference
<b>GOVERNANCE REPORTS</b>					
1. Board Performance Review - Report of Findings	<del>Annually</del> <u>Every 2 years</u>	Board	<del>Director</del> <u>Governance Committee</u>	The results of the Board's assessment of its own performance <del>in over the</del> prior <u>two</u> years. <del>Focus of the report varies from year to year.</del>	Board Performance Assessment Policy
2. Board Education Report	Annually	Board	Staff	Summarizes the educational activities of the Board and board members and related expenditures.	Board Education Policy
3. Statement of Economic Interest - Compliance Confirmation Report	Annually	Audit Committee/ Board	Staff	Summary of confirmation by board members, Staff and applicable consultants to the Board that they have filed Statements of Economic Interest and any other filings as required by law; and that all Staff and board members have reviewed the Code of Conduct.	Code of Conduct
4. Approval of Travel Conference Attendance	Monthly (consent agenda)	Board	Staff	Requests by trustees to travel to specific conference(s).	Board Education Policy
5. Upcoming Education and Training Report	Monthly (consent agenda)	Board	Staff	A list of future conferences and seminars available for trustees to attend.	Board Education Policy
6. Trustee Travel Report	Monthly	Board	Trustee	A report provided by the trustee summarizing any conference or seminar attended.	Board Education Policy

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<b>ADMINISTRATION &amp; OPERATIONS</b>					
7. Member Benefits Report	Monthly (consent agenda)	Board	Staff	Report contains the following for Board approval: <ul style="list-style-type: none"> <li>• benefits to be approved for individual plan individual</li> <li>• Disability retirements for re-hearing</li> <li>• Resolutions denying Disability Retirement</li> <li>• Approvals to rescind retirement application, change retirement dates,</li> <li>• Monthly Payment Option</li> <li>• Death notifications</li> </ul>	
8. Corrections of errors in Benefit Payments	Semi-annually	Board	Staff	A summary of corrections made to benefit payments along with any trends and analysis.	
9. Benefits Review Forum Report	Monthly (consent agenda)	Board	Staff	Summary of discussion and activities at the monthly Benefits Review Forum held within the City.	
10. Administrative Budget Proposal	Annually	Board	Staff	Operational and Capital Budgets that set out proposed expenses and capital expenditures for the System for the coming year.	
11. Budget Variance Reports	Quarterly	Board	Staff	Budget variance reports compare year-to-date spending versus year-to-date budget.	
12. Reports on internal controls	Annually	Audit Committee/ Board	Auditor	Update of financial and operational internal controls, including any significant changes and improvements to such over the year.	Board Charter Audit Comm. Charter
13. Strategic Plan Progress Report	At least annually	Board	Staff	Summarizes the status of each initiative contained in the Strategic Plan.	Strategic Planning Policy
14. Operational Risk Assessment	Annually	Audit Committee	Staff	Review and assessment of key risks and exposures concerning the operations of the System; e.g. cash flow, personnel, information technology.	

Report Name	Frequency	Recipient(s)	Prepared By	Description/Purpose of Report	Reference
<b>ACTUARIAL</b>					
15. Actuarial Valuation Report & 20 Year Contribution Projection Report	Annually	Board	Plan Actuary	Summarizes the results of the actuarial valuation, and 20-year contribution requirement projections.	SJMC § 3.28.170
16. Report on Contribution Rates and Amounts	Annually	Board	Plan Actuary / Staff	Report contains contribution rates and amounts for the upcoming fiscal year.	
17. Report on the City's prefunding of required contributions and reconciliation	Annually	Board	Plan Actuary / Staff	Report on the city's prefunding of required contributions for the current fiscal year and reconciliation for the prior fiscal year.	
18. Actuarial experience study	Every 2-3 years	Board	Plan Actuary	Review of appropriateness of long-term economic assumptions (e.g. investment return, wage & price inflation) and demographic assumptions (e.g. disability/ morality rates).	SJMC § 3.28.160
19. Actuarial Audit	Every 5 Years <sup>1</sup>	Board	Actuarial Auditor	An independent review of the validity of the analyses and methodologies used in preparing the Systems' actuarial valuation.	
20. Return of Contributions <ul style="list-style-type: none"> <li>• Voluntary</li> <li>• Involuntary</li> </ul>	Monthly (consent agenda)	Board	Staff	Summary of contributions returned to members each month.	

<sup>1</sup> A change in actuaries shall serve to satisfy the requirement for an actuarial audit.

Report Name	Frequency	Recipient(s)	Prepared By	Description/Purpose of Report	Reference
<b>ACCOUNTING/AUDIT</b>					
21. Audit Service Plan	Annually	Audit Committee	Auditor	Initiates the annual financial audit and contains a summary of the proposed audit process.	
22. Audit Report	Annually	Audit Committee/ Board	Auditor	Contains the financial auditor's findings, opinions, and recommendations, as well as other required communications.	SJMC § 3.28.170
23. Audited Financial Statements (CAFR)	Annually	Audit Committee/ Board	Staff	States the financial position of the System, opinion by the auditor, and other information of interest to stakeholders.	SJMC § 3.28.260
24. Retirement System Expenses Report	Monthly (consent agenda)	Board	Staff	Summary of all System expenses for prior month.	
25. Annual Expense Report	Annual	Board	Staff	Review and analysis of all costs of the System including investment costs, operational costs, vendors, etc. Analysis to be presented in absolute terms and relative to appropriate benchmarks.	

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<b>INVESTMENTS</b>					
26. Asset/Liability Study	3-5 Years	Investment Committee/ Board	Staff	A review of the appropriateness of the System's asset mix policy and any recommendations for change.	Investment Policy
27. Presentation on the Portfolio Investment Structure	Annually	Investment Committee/ Board	Staff / Investment Consultant	A review of the structure and composition of the various asset classes in the portfolio.	
28. Investment Performance Report	Quarterly	Investment Committee/ Board	Staff / Investment Consultant	A broad review of the total fund and each of the portfolios in the fund, along with a capital market.	
29. Derivatives Update	Quarterly	Investment Committee	Staff/ Investment Consultant	Report on derivatives exposure of the Plan including long, short, and net positions.	
30. Proxy Voting Report	Annually	Board	Proxy Voting Advisor	Confirms compliance with Board's proxy voting policy.	Investment Policy
31. Report on Brokerage Commissions	Annually	Investment Committee	Custodian	Summarizes brokerage commissions. Also contained in CAFR.	
32. Flash Investment Report	Monthly	Investment Committee <u>and</u> Board	Staff	A review of the performance of the fund and each asset class relative to benchmarks, one month in arrears.	
<u>33. Investment Program Risk Exposures Report</u>	<u>Quarterly</u>	<u>Investment Committee</u>	<u>Risk Consultant</u>	<u>Review of security-level exposure analysis of factor exposures; asset class exposures, tracking error; tail-risk and drawdown, geographic exposures.</u>	<u>IPS (section XIII)</u>
<u>33.34. Investment Risk Assessment Report*</u>	Annually	Investment Committee <u>and</u> Board	Staff	A review of the risk management processes in place or under development, including information concerning overall portfolio risk exposure.	CIO Charter (para. 7)
<u>35. Asset Allocation Effectiveness</u>	<u>Periodically</u>	<u>Investment Committee &amp; Board</u>	<u>Staff</u>	<u>A report evaluating the effectiveness of the Board's asset allocation decisions using portfolio benchmarks set out in the IPS (LPB, LCPP, SAAP, actual portfolio and investable benchmark portfolio).</u>	<u>IPS (section VI)</u>

Report Name	Frequency	Recipient(s)	Prepared By	Description/Purpose of Report	Reference
36. <u>CIO Update to Investment Committee</u>	<u>Every other month</u>	<u>Investment Committee</u>	<u>CIO</u>	<u>A brief report to keep the IC informed of any news or developments between IC meetings; i.e. every other month.</u>	

Report Name	Frequency	Recipient(s)	Prepared By	Description/Purpose of Report	Reference
<b>COMMITTEE REPORTS</b>					
<del>34-37.</del> Audit Committee Report to the Board	After each Audit Committee meeting	Board	Committee Chair	Oral report on the business of the Audit Committee.	Audit Committee Charter
<del>35-38.</del> Investment Committee Report to the Board	After each Investment Committee meeting	Board	Committee Chair	Oral report on the business of the Investment Committee	Investment Committee Charter
<b>STAFF REPORTS</b>					
<del>36-39.</del> <u>Director's-CEO's</u> Report	Each Board meeting	Board	Staff	Updates the Board on significant matters not reported in routine reports, or in other staff or committee reports.	
<del>37-40.</del> CIO's Report	Each Board meeting	Board	Staff	Updates the Board on significant investment matters not reported in routine reports.	
<del>38-41.</del> Legislative/Legal Updates	As required	Board	Legal Counsel	An update on any proposed legislation or litigation affecting the System.	