
MEMORANDUM

TO: JOINT GOVERNANCE COMMITTEE

FROM: TOM IANNUCCI, CORTEX

SUBJECT: REVIEW OF BOARD EDUCATION POLICY

DATE: JUNE 17, 2021

CC: ROBERTO PENA

In recent Board performance evaluations, both Boards identified potential improvement opportunities in the area of board education. To assist the Boards in continually enhancing their education program, we have provided a summary of the above-mentioned improvement opportunities in Table 1 below along with the current Federated Board Education Policy (Appendix A) which is virtually identical to the Police and Fire Board policy. We have also provided a number of sample peer policies in Appendix B.

Table 1	
Summary of Board Education-related Improvement Opportunities	
P&F Board Self-Evaluation (2019)	Federated Board Self-Evaluation (2020)
<ul style="list-style-type: none"> • A more structured approach to education, particularly for new trustees and those with no finance backgrounds. • Defining criteria for individuals who are considering joining the Board, so that they understand the level of knowledge and training that is required. • A mechanism to assess the education needs of Board members. • Designing a core education curriculum or program for Board members (e.g. suggested external conferences) • Systematic follow-up with new Board members to re-assess their education needs and provide them with more tailored guidance for future training. • More emphasis on investment education designed to make the Board aware of potential decision-making biases and how they can be managed. • More education on governance best practices and what constitutes a high performing board. 	<ul style="list-style-type: none"> • New trustee orientation could perhaps be longer and enhanced (currently about one hour). • It is difficult for Board members to maintain a familiarity with current policies and rules, so greater access to such documents may be beneficial. • Board members would also benefit from being provided key historical documents (e.g., reports) in order to have a stronger background and context for current issues. • The Board may wish to consider review the Board member application form to ensure that it is designed to align with the Board's need for trustees with a broad range of knowledge and experience. • More education on the disability process.

Staff and Cortex look forward to discussing potential changes to the Board Education Policy at the upcoming JGC meeting.

APPENDIX A
FEDERATED CITY EMPLOYEES' RETIREMENT SYSTEM
BOARD EDUCATION POLICY

BACKGROUND & PURPOSE

- 1) Board members are required to carry out their responsibilities in a manner consistent with strict standards of fiduciary care imposed by law. Accordingly, the Board recognizes the need to ensure that the Board and each board member have access to an effective education program that will provide them with the knowledge they need to meet their fiduciary duties and serve as effective trustees. This policy is intended to guide such an education program.

DEFINITIONS

- 2) For the purposes of this policy, an "external education program" shall be defined as a conference, seminar, workshop, or similar educational activity held in a physical location, offered by organizations other than the Plan, and relating to matters involving the governance and administration of public retirement systems.

OBJECTIVES

- 3) The objective of the Board's education program is to help board members gain an adequate level of knowledge and understanding of all major facets of a public retirement system, including but not limited to:
 - a) The legal and fiduciary obligations of board members including but not limited to requirements of trust law, the Political Reform Act, the California Constitution, the Public Records Act, legal status of charter cities, open meeting laws, and generally accepted ethical standards.
 - b) Roles of the Board, management, and vendors; and principles of effective governance, decision-making, and conduct of meetings.
 - c) The structure and workings of the City of San Jose and how the Plan operates in relation to it.
 - d) The general design of the pension plan and health care plan.
 - e) Actuarial principles.
 - f) Asset allocation policy, asset/liability management, and investment risk management.
 - g) Capital market history and the general characteristics of public and private market asset classes.
 - h) Investment performance measurement and evaluation.
 - i) Benefit administration and operations.
 - j) Disabilities.
 - k) Accounting and auditing.
 - l) Risk management.

GUIDELINES

- 4) The Board's educational program shall consist of the following components:
 - a) A board member orientation program
 - b) In-house education
 - c) External education programs
 - d) Internet-based education programs

- e) Educational reading materials and resource documents
 - f) Self-study
- 5) Further details and guidelines concerning each of the above elements are provided below:
- a) *Trustee orientation program.* Each new board member will attend an orientation program developed or coordinated by the CEO, to be held within three months of the board member's election or appointment to the Board. (See Appendix A for guidelines regarding the content of the orientation program.)
 - b) *In-house education.* The CEO will be responsible for ensuring the Board receives appropriate in-house training delivered by staff or external experts as appropriate. Such training will be guided by a board education plan, to be developed by the CEO with input from the Board.

In-house education shall not only address investment and benefit administration, but shall also include formal periodic orientation and updates regarding the City's budget. Staff shall invite City management to assist in delivering any orientation and updates regarding the City's budget.
 - c) *External education programs.* To allow for education and interaction with industry peers, board members will have the opportunity to attend relevant external education programs, subject to any budgets and to any parameters contained in this policy.
 - d) *Internet-based education.* Board members are encouraged to take advantage of relevant internet-based education (e.g. webinars).
 - e) *Educational reading materials and resource documents.* Staff will ensure that Board members are provided timely and relevant educational reading materials, or access thereto. In addition, staff will ensure that board members have access to resource materials specific to the Plan.
 - f) *Self-study.* Board members may undertake self-study programs of their own design, or may enroll in academic or professional programs that, if successfully completed, may grant board members a certificate, designation, or similar recognition of accomplishment. Board members wishing to have the Plan provide funding for any self-study program (e.g. to pay for reading materials, enrollment fees, or registration fees) must submit a request for such funding to the Board for approval along with a description of the self-study program and the nature of the expenditures.

STANDARDS & EXPECTATIONS

- 6) At a minimum, board members must attend ethics training for local officials, as required by Assembly Bill No. 1234.¹
- 7) Board members are expected to undergo additional education over and above the required ethics training noted above. In establishing standards and expectations regarding such additional education, the Board believes that board members, as fiduciaries, should be capable of exercising discretion in determining the educational activities that will best meet their own needs, subject to budget limits and general guidelines set out below:²

¹ The City of San José has elected to comply with Assembly Bill No. 1234, which requires state officials to complete an ethics training course within six months of being hired. If service is ongoing, the course must be completed once during each two-year period. The two-year period begins with an odd-numbered year, for example, 2017-18, 2019-20, etc. To help state officials meet this requirement, the Attorney General's Office and the Fair Political Practices Commission have developed an online training course.

² This approach is in contrast to the Board requiring that board members attend specific external education programs or limit the number of programs that may be attended.

- a) Board members are expected to seek out educational opportunities that will over time provide them with a broad base of knowledge reflecting the range of topics set out in paragraph 3 herein.
- b) Each board member is encouraged to attend at least one external education program annually.
- c) Each board member is expected to attend all in-house education sessions that may be provided. The Board recognizes however that this guideline may not be appropriate in all circumstances; e.g. experienced board members may not need to attend in-house sessions aimed at new board members.
- d) Attendance by board members at any external education program that will result in costs being borne by the Plan shall require approval by the Board in accordance with the Board Travel Policy.
- e) Acceptance by board members of donations of education or travel by third parties requires approval of the Board. Board members who receive education and travel donations are subject to the disclosure requirements and limitations of the *Political Reform Act*.
- f) Board members are encouraged to attend external education programs within the continental United States. However, given the sophisticated and internationally diversified nature of the Plan's investment portfolio, board members may attend education programs outside the continental United States, provided they can demonstrate to the Board's satisfaction that the session is expected to be of particular value to the Plan and that a comparable program is not conveniently available within the continental United States, and further provided that City rules and laws permit such travel.
- g) In selecting external education programs, board members shall select programs that are expected to provide relevant, high quality educational content using an academic or professional teaching approach, and that in no way might reflect negatively on the reputations of the Board or the Plan due to the inclusion of excessive entertainment or leisure activities. The CEO will maintain a list of recommended external education programs as a resource for board members.
- h) Board members shall complete and submit to the CEO a report on each external education program they attend using a standard form to be made available by the CEO. Said report is to be included in the Board agenda and packet. The purpose of the report is to share information and to help board members identify quality external education sessions in the future.

REPORTING AND COMPLIANCE

- 8) Staff will provide the Board an annual report summarizing the educational activities of board members over the prior year.
- 9) Board members must attend ethics training for local officials, as required by law. Furthermore, board members are strongly encouraged to comply with all of the guidelines contained in this policy. As provided for in the Board's Code of Conduct, the Board may take appropriate action if it determines that a board member has not made a good faith effort to do so.

POLICY REVIEW & HISTORY

- 10) The Board will review this policy at least once every three years.
- 11) The Board adopted this policy on May 17, 2012. Reviewed and amended April 19, 2018; October 17, 2019.

GENERAL OUTLINE OF BOARD MEMBER ORIENTATION PROGRAM

The CEO will make available to new board members an orientation program of 1-2 days in duration and covering relevant topics such as those listed below:

- 1) History and background of the Plan;
- 2) An introduction to members of senior management;
- 3) A tour of the Plan's offices;
- 4) Introductory education sessions on the following:
 - a) Board and staff roles and responsibilities;
 - b) Fiduciary duties, conflict of interest laws, governing legislation and other pertinent legislation (e.g. open meeting laws), Board policies (e.g. Code of Conduct);
 - c) Plan design and funding;
 - d) Current investment policy and strategy;
 - e) Workings of the City and stakeholders and their relationship with the Plan;
 - f) Actuarial Principles;
 - g) Disabilities; and
 - h) Benefit Administration.

For Reference Purposes

Recommended/Suggested External Education

Management believes the following external education programs may be of interest to board members. Management would be pleased to provide interested board members with additional information upon request.

1. The General Assembly and Trustee Roundtable of California Association of Public Retirement Systems (CALAPRS).
2. The International Foundation for Employee Benefit Plans (IFEBP) Annual Conferences and Trustee accreditation programs (e.g. Certificate Achievement in Public Plan Policy).
3. CALAPRS Principles of Pension Management for Trustees.
4. Rock Center for Corporate Governance, Stanford University – Fiduciary College.
5. IFEBP, In Association with the Wharton School:
 - a. Advanced Investment Management
 - b. Portfolio Concepts and Management
 - c. Hedge Funds, Real Estate and Other Alternative Investments
6. Wharton School – Investment Strategies and Portfolio Management.
7. Rotman School of Management, University of Toronto – Board Effectiveness Program for Pension and Other Long-Horizon Investment Institutions.

Note: The above list is for reference purposes only, and does not officially form part of the policy. The CEO is responsible for maintaining and updating this list, and making it available to board members.

Appendix B
Sample Peer Board Education Policies

Attachments

Attachment A - CalSTRS Board Education Policy 7

Attachment B - COPERA Trustee Education Policy 12

Attachment C - KCERA Trustee Education Policy 7

Attachment D - OCERS Trustee Education Policy 13

Attachment A -
CalSTRS Board Education Policy

Education Policy

1. Purpose

In order to permit Board Members to discharge their fiduciary duties under the California Constitution and the Education Code to act with care, skill, prudence, and diligence and to ensure that all Board Members have a full understanding of the issues facing CalSTRS, the Board has adopted orientation and mentoring programs, mandatory fiduciary education, ethics training sessions and continuing education; and makes available appropriate periodicals to foster Board Member awareness of relevant developments. Participation on certain committees, including but not limited to Audits and Risk Management (ARM) and Appeals, will require educational development. The Annual Work plan for each committee will set forth educational requirements for the year.

2. Definitions

For purposes of this Education Policy only, the following definitions apply:

- a. The terms “Board Member” and Board Members” mean member-elected, appointed and ex-officio Teachers’ Retirement Board members and their Primary Delegates.
- b. The term “Primary Delegate” means a delegate of an ex-officio board member who acts in a representative capacity in one (1) or more board or committee meetings per calendar year for their respective office.
- c. The term “Continuing Education” includes any educational opportunity which assists the Board Member in the performance of their official duties.

3. Orientation of New Board Members

Attendance. Each new Board Member shall attend an orientation session.

Timing for Orientation. The new Board Member is urged to attend the orientation session before sitting at the first Board meeting as a voting member.

Development and Content. The orientation sessions will be developed by the CEO and will, at a minimum, include the following topics:

- A brief history and overview of CalSTRS, including the mission and purpose of the System
- A summary of the laws and rules governing CalSTRS and the Board
- A summary of the CalSTRS benefit structure
- An overview of the role of the system actuary
- An explanation of Proposition 162 and its effect on CalSTRS in contrast to state agencies
- An explanation of fiduciary responsibility, conflicts of interest, and ethics
- An explanation of the strategic plan and the process
- A high level review of existing Board policies
- A briefing on current and emerging issues before the Board
- A review of Board committees and their purposes
- Biographical information on the other Board members
- A review of best practices for Board governance
- An introduction to CalSTRS' Executive Management team
- A tour of the CalSTRS offices, if practicable.

Materials. At or before the orientation session, the following documents will be made available to new members:

- A listing of names, addresses, and contact information for the Board Members
- A listing of names, addresses, and contact information for Executive Management
- The Board Member Handbook, which contains policies and committee charters
- The strategic plan
- A sample Board packet
- A copy of the Bagley-Keene Open Meeting Act
- Copies of Board and committee meeting minutes for the past six months
- A list of upcoming recommended educational conferences
- Any other relevant information or documents deemed appropriate by the CEO

4. Mentoring

Any new Board Member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board Chair will designate one experienced Board Member to be a mentor to the new Board Member for a period of one year. The mentor will contact the new Board Member at least once each calendar quarter, outside of regularly scheduled Board meetings, for consultation or discussion related to new Board Member orientation.

5. Ongoing Board Member Education

- Educational Conferences. The CEO will maintain a list of educational conferences appropriate for Board Members and Board Members may attend any of these conferences subject to the Board's travel expense policy. The CEO will regularly update this list when new educational opportunities arise. The list will also be modified to reflect the evaluations from Board Members who have attended specific conferences to ensure that the conferences remain worthy of the Board's time and the System's expense. In considering out-of-state educational opportunities, Board Members should weigh the costs and benefits of travel versus locally based education.
- In-House Education Sessions. Based on the personal education needs of the Board Members, the CEO will arrange for staff or outside service providers to conduct educational sessions throughout the year at regularly scheduled Board meetings or off-sites.
- Bi-Annual Board Education. Within every two (2) years of service on the Board, all Board Members are required to complete 24 hours of Continuing Education to aid in the performance of their duties. The new member orientation, fiduciary education session, state ethics training, Bagley-Keene training and other regularly scheduled or required training may be credited toward the 24 hour requirement. New Board Members are encouraged to attend at least one educational session or conference designed to give them a general understanding of the responsibilities of a public retirement system fiduciary. Continuing Board Members are encouraged to attend at least one educational session or conference designed to help them become proficient in performing their duties on Board committees.
- Evaluation Form. Board Members must complete an Education Evaluation form upon completion of any educational conference and such form must be turned in with any request for reimbursement of expenses associated with the conference. A reimbursement will not be made without a completed Education Evaluation form.
- Compliance Reporting. Board Members are responsible to track their continuing education and furnish an attestation of completion of the requirements of this section upon request.

6. Fiduciary Education Session

Each year the General Counsel will arrange for a fiduciary education session that will update the Board Members on issues affecting their service on the Board. Board Members and their designated representatives are expected to attend.

7. State Ethics Training

Every two years, Board Members are required to complete an ethics training course. The on-line course developed by the California Attorney General's Office and the Fair Political Practices Commission may be used to satisfy this requirement.

8. Retirement Industry Periodicals

Board Members are encouraged to subscribe to periodicals selected from a list of pension and investment-related periodicals maintained by the CEO. The expense for the periodicals will be paid by the System. The CEO will annually review and update this list with input from the Board Members.

Amended April 6, 2005

Amended April 3, 2008

Amended April 1, 2015

Attachment B -
COPERA Trustee Education Policy

Public Employees' Retirement Association of Colorado

Board Education Policy

Purpose and Background

- 1) PERA is a trust for the exclusive benefit of PERA Participants, and the administration of PERA is subject to strict fiduciary responsibilities under law. All of PERA's operations and activities must be undertaken solely to advance and protect the interests of PERA Participants and must be conducted in a prudent manner.
- 2) As fiduciaries of PERA, Trustees are expected to be capable of completing their duties and responsibilities. The diversity of each individual Trustee's background presents a challenge in addressing necessary and recommended continuing professional education opportunities.
- 3) It is the policy of PERA that all Trustees should have a cogent understanding of the issues and problems facing PERA and the pension and health care business generally, so that the Board may craft policies to guide the administration of PERA and effectively monitor its implementation. To that end, each Trustee should be educated sufficiently to discharge the obligations of the position. For these reasons, PERA hereby adopts the *Board Education Policy* applicable to all Trustees.

Objectives

- 4) The objectives of this policy are to establish among Trustees a general understanding of the following:
 - a) The role of a Trustee and the role of management;
 - b) The obligations and role of a fiduciary and the paramount duties of loyalty and prudence; including applicable ethics and conflict of interest policies and requirements;
 - c) The business model, including knowledge of what constitutes success for the organization, the driving factors that shall determine whether PERA is successful, and the major risks that need to be managed in connection with the business;
 - d) Governance principles;
 - e) The legal and legislative environment;
 - f) Actuarial principles;
 - g) Pension plan design and other benefit program design;
 - h) Investment and asset allocation policy;
 - i) CAP design; and
 - j) Health care and related-program design.

Definitions

- 5) For the purposes of this policy, an “Educational Session” shall be defined as a conference, or internal or external seminar, workshop, course, or other substantive educational activity (physical or on-line) on any pension or other benefit program subject matter.

Guidelines

Trustee Orientation

- 6) Each new Trustee shall attend orientation sessions developed by the Executive Director, to be held within two months of the Trustee’s election or appointment. The orientation sessions should, at a minimum, include the following:
 - a) A briefing by the Executive Director on the history and background of PERA;
 - b) An orientation by the Board Chair on current issues before the Board;
 - c) An introduction to members of executive management;
 - d) A tour of PERA offices, provided by executive management;
 - e) A review of the Board’s Website;
 - f) Introductory Educational Sessions on the following:
 - g) Board and staff roles and responsibilities;
 - h) Fiduciary duties, conflict of interest guidelines, [PERA Law](#), [PERA Rules](#), and other pertinent law;
 - i) PERA plan design, implementation, and funding; and
 - j) PERA [investment policy](#) and strategy.
- 7) Any Trustee returning to the Board for an additional non-consecutive term must attend the Trustee orientation sessions described in section 6 above.
- 8) The Board Chair shall designate one member of the Board as a mentor for each new Trustee for a period of one year. The mentor shall meet with the new Trustee at least twice during the year following the new Trustee’s election or appointment, and shall be available for consultation or discussion at other reasonable times.
- 9) Newly elected or appointed Trustees shall be encouraged to attend, if time permits, at least one meeting of the Board or its committees as observers prior to officially taking office, in order to familiarize themselves with the workings of the Board. During their first two years on the Board, such Trustees are further encouraged, but not required, to make special efforts to attend meetings of committees they do not serve on to continue building their knowledge of all matters being addressed by the Board.

Education Standards

- 10) Within two years of a Trustee joining the Board, the Trustee shall attend a minimum of 30 hours of Educational Sessions sufficient to gain a general understanding of the topics outlined in section 4 of this policy. This shall include 15 hours of Educational Sessions focused on pension investments and attendance in the first 18 months at one of the following Educational Sessions:
 - a) IFEBP Certificate of Achievement in Public Plan Policy-Employee Pensions;
 - b) NEA Trustee Workshop;
 - c) NCTR Trustee Workshop, including new Trustee orientation;
 - d) GFOA Funding for Pension and Other Postemployment Benefits; or
 - e) Any other Educational Sessions the Executive Committee or Board may approve.
- 11) Any Trustee returning to the Board for an additional non-consecutive term may tailor their first two years of education to reflect any relevant education and experience obtained in their prior term(s).
- 12) After their first two years of service, Trustees are responsible for self-evaluating their additional educational needs and obtaining additional knowledge in specific areas as necessary. Trustees are encouraged to complete a *Board of Trustees Education Needs Assessment Form* (available on the Board Website), to assist them in determining their needs. In every two-year period following the first two years of service, Trustees shall participate in at least 20 hours of education. This requirement may be satisfied through internal or external educational opportunities. Beginning in their fifth year on the Board, Trustees may also satisfy this requirement through independent study. Independent study programs must be approved in advance by the Executive Committee. Trustees shall use the *Trustees' Education Compliance Form* (available on the Board Website) to report their compliance with this requirement to the Executive Committee.
- 13) The Executive Committee may accept a substitution or waiver in the educational requirements based upon documentation of professional and educational experience that is deemed sufficient to meet the intent of the above obligation. Trustees shall use the *Request for Substitution or Waiver of a Trustee Educational Requirement Form* (available on the Board Website) to apply for a substitution or waiver of an educational obligation. With respect to each substitution or waiver granted under this section, the Executive Committee shall retain the documentation for the basis of the substitution or waiver. If the Executive Committee denies a substitution or waiver, the affected Trustee may appeal that determination to the Board at its next regular meeting. The Board shall have power to hear and decide the issue *de novo*, and its determination by majority vote shall govern.
- 14) All Trustees must also meet the following additional education requirements:
 - a) Attend a PERA Benefit Information Meeting within the first year of joining the Board; and

- b) Attend a PERA Care Information Meeting, PERA Care Open Enrollment Meeting, Health Care Education Workshop or PERA Care and Medicare Meeting within the first three years of joining the Board.

The above requirements apply only to a Trustee's first term on the Board. During any subsequent term, Trustees are encouraged, but not required, to attend a PERA Benefit Information Meeting and a PERA Care-related Meeting.

- 15) The following activities are deemed to be Educational Sessions and qualify towards the completion of the 30-hour education requirement noted in paragraph 10 above and to the 20-hour education requirement noted in paragraph 12 above:
 - a) Attendance at new trustee orientation;
 - b) Attendance at PERA Benefit Information Meetings; and
 - c) Attendance at PERA Care Information Meetings, PERA Care Open Enrollment Meetings, Health Care Education Workshop and PERA Care and Medicare Meetings.
- 16) Staff shall maintain a list of recommended Educational Sessions (available on the Board Website) for Trustees' consideration. Trustees may recommend education opportunities to staff for inclusion on the list.
- 17) The PERA office shall maintain a database of evaluations from all Trustees who have attended specific conferences. Trustees should check this database before attending a conference to see if it is worthwhile and warrants the expense to PERA. If possible, they should speak with another Trustee who has attended previously.
- 18) Trustees must complete a *Trustees' Educational Evaluation Form* upon completion of any Educational Session (available on the Board Website). This should be turned in with any request for reimbursement.
- 19) An annual fiduciary education session shall be scheduled and made available for all Trustees. All in-house Educational Sessions shall count toward a Trustee's education requirements.
- 20) To help confirm compliance with their education requirements, Trustees shall maintain documentation of their attendance at all Educational Sessions.

Reimbursement of Expenses

- 21) A two-year education budget shall be established for each Trustee, the amount to be approved periodically by the Board. The education budget shall be administered by PERA staff to ensure consistency during circumstances involving additions, departures, or appointments of Trustees.
- 22) The education budget is available to each Trustee for expenses incurred in attending any Educational Session provided such expenses are reimbursable under the [Board Expense Reimbursement Policy](#).
- 23) Staff shall maintain an accessible record of a Trustee's education budget and balance.

Reporting & Compliance

- 24) The Executive Director shall provide an annual report to the Board summarizing trustees' compliance with the requirements of the *Board Education Policy*.
- 25) The willful failure of a Trustee to substantially comply with this *Board Education Policy* is a violation of provision 5(e) of the [Standards of Professional and Ethical Conduct](#) for the Board of Trustees and shall be reviewed by the Board.

Policy Review and History

- 26) The Board shall review this policy at least every five years
- 27) The Board adopted this policy on November 16, 2001. The Board approved changes to this policy on April 18, 2003, February 18, 2005, December 16, 2005, January 21, 2011, July 1, 2012, June 24, 2014, September 19, 2014, September 18, 2015, and on January 1, 2020.

Attachment C -
KCERA Trustee Education Policy

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TRUSTEE EDUCATION POLICY

INTRODUCTION

- 1) This policy is intended to comply with §31522.8 of the County Employees Retirement Law of 1937 (the Act) and addresses certain educational requirements contained in said statute. In addition, this policy sets out further policy guidelines established by the Board concerning the education of KCERA trustees.

- 2) Effective January 1, 2013, trustees are required by statute to undergo a minimum of 24 hours of trustee education within the first two years of assuming office and for every subsequent two-year period the trustee continues to hold membership on the Board. (§31522.8).

- 3) Appropriate topics for trustee education may include, but are not limited to, the following (§31522.8):
 - a) Fiduciary responsibilities
 - b) Ethics
 - c) Pension fund investments and investment program management
 - d) Actuarial matters
 - e) Pension funding
 - f) Benefits administration
 - g) Disability evaluation
 - h) Fair hearings
 - i) Pension fund governance
 - j) New trustee orientation

DEFINITIONS

- 4) "External Education Programs" shall refer to education sessions sponsored by third-parties and may include conferences, workshops, seminars, courses, and other similar events that take place in a physical location such as a hotel, conference center, or academic institution.

DETERMINING QUALIFYING EDUCATION

- 5) By statute, education seminars sponsored by the state or national public pension fund organizations, and seminars sponsored by accredited academic institutions shall be deemed to meet trustee education requirements.

- 6) As provided for in the applicable statute, External Education Programs sponsored by entities other than the state or national public fund organizations or accredited academic institutions may also be deemed by the Board to meet the statutory trustee education requirements.

- 7) Other types of educational activities the Board may determine meet the statutory trustee education requirements include but are not limited to:
 - a) In-house continuing education sessions delivered by KCERA management, staff, advisors, or other external experts.
 - b) In-house new trustee orientation sessions delivered by KCERA management, staff, advisors, or other external experts.
 - c) On-line or computer-based education programs, such as webinars.
 - d) Academic or self-study programs based on academic or professional reading materials, journals, books, textbooks, etc.
 - e) Credits earned from educational activities required to maintain a trustee's related professional designation.

- 8) Any educational activity undertaken by a trustee that requires the expenditure of KCERA funds shall require Board approval. Any activity so approved shall be deemed to meet trustee education requirements. The Executive Director shall include a recommendation as to the maximum number of qualifying hours associated with the activity in the Board packet.

- 9) With respect to in-house education, and any education activities undertaken by trustees that do not require expenditure of KCERA funds (e.g. free External Education Programs, and certain self-study programs and on-line education programs), the Chair and Executive Director shall together determine if such education may count towards meeting a trustee's education requirements as well as the number of hours that may be credited.

- 10) The Board and Management shall continually seek to identify appropriate External Education Programs. Programs currently recommended for trustees' consideration include:
 - a) The semi-annual Conference of the State Association of County Retirement Systems (SACRS);
 - b) Public Pension Investment Management Program, offered by SACRS;
 - c) The General Assembly and Trustee Roundtables of California Association of Public Retirement Systems (CALAPRS);
 - d) The International Foundation for Employee Benefits (IFEB) Annual Conferences and Trustee accreditation programs;
 - e) CALAPRS "Basic Principles of Pension Management"; and
 - f) CALAPRS "Advanced Board Leadership Institute".

- 11) Management shall inform the Board of appropriate on-line education and other External Education Programs for trustees' consideration.

- 12) Trustees are especially encouraged to attend appropriate on-line education programs, such as webinars, as the Board believes such programs may represent an effective and low-cost means of obtaining education.

- 13) In approving trustee attendance at External Education Programs, the Board shall give preference to events that are within close proximity to Kern County, and that are sponsored by academic institutions or pension industry associations (such as SACRS, CALAPRS and the National Conference on Public Employee Retirement Systems) as distinct from programs sponsored by for-profit entities.
- 14) Trustees may request Board approval to attend External Education Programs not identified by Management. When doing so, trustees shall provide supporting background information about such Programs.
- 15) In addition to, and consistent with, the statutory requirements set out in paragraph 2 above, Trustees shall endeavor to attend:
 - a) At least one External Education Program annually.
 - b) One intensive, multi-day External Education Program of an academic nature and classroom-format every two years.
 - c) All dedicated annual in-house planning and educational initiatives organized by Management with input from the Board, as well as any additional in-house educational briefings or presentations.
 - d) Education related to the mandates of trustees' assigned committees.
- 16) Notwithstanding anything contained herein, trustees may attend, at KCERA's expense, up to six External Education Programs during the first two years of assuming office and during every subsequent two-year period the trustee continues to hold membership on the Board.
- 17) Trustees who do not attend their allotted number of External Education Programs in a two-year period may not carry them forward to subsequent periods. Trustees may, with Board approval, exceed the limits contained in paragraph 16 regarding attendance at External Education Programs.

ORIENTATION PROGRAM

- 18) The Executive Director shall develop a formal orientation program for new trustees, the aim of which shall be to ensure that new trustees are in a position to contribute fully to board and committee deliberations and effectively carry out their fiduciary duties as soon as possible upon joining the Board. If more than one new trustee requires orientation, the orientation sessions may take place in a group setting rather than one-on-one. Furthermore, orientation need not take place in a single session, but rather in multiple sessions, based on the needs and preferences of the trustees in question.
- 19) As part of the orientation, new trustees shall, within 45 days following their election or appointment to the Board:
 - a) Be assigned a trustee mentor by the Chair;
 - b) Be briefed on the contents of the KCERA Trustee Handbook by Management;
 - c) Be introduced to all members of Management and staff;
 - d) Be provided a tour of the KCERA offices by Management;
 - e) Be briefed by the Chair and/or the Executive Director on matters before the Board;
 - f) Be briefed on their fiduciary duties by legal counsel; and

- g) Receive other relevant information and documentation from Management or the Chair.
- 20) Within six months of joining the Board, the Executive Director shall hold a follow-up discussion with each new trustee to address any questions they may have regarding their positions and duties.
- 21) During the course of their first year on the Board, new trustees shall endeavor to attend the CALAPRS Principles of Pension Management for Trustees program. New trustees shall also meet separately with the Assistant Executive Director, Chief Investment Officer, and General Counsel to learn about their respective functional areas within KCERA.
- 22) Prior to their first meeting of the Board, new trustees shall endeavor to attend a meeting of the Board or a standing committee as an observer.
- 23) A KCERA Trustee Handbook and other relevant materials shall be provided to each new trustee including, at a minimum:
- a) The '37 Act, the Brown Act, and the By-laws;
 - b) List of '37 Act provisions adopted applicable to KCERA;
 - c) Most recent Plan Member handbook;
 - d) Copies of KCERA board policies;
 - e) Most recent actuarial valuation and financial statements;
 - f) Most recent asset/liability study;
 - g) Most recent quarterly investment performance report;
 - h) Most recent business plan and Operating Budget;
 - i) Organizational chart;
 - j) Names and phone numbers of other trustees and the Executive Director;
 - k) Listing of current committee assignments;
 - l) Listing of service providers;
 - m) List of recommended External Education Programs; and
 - n) Copies of other KCERA publications/brochures deemed relevant and appropriate by Management.
- 24) Management shall review and update the Trustee Handbook as needed.

REPORTING AND DISCLOSURE

- 25) All trustees attending an External Education Program shall complete and submit to the Executive Director an Education Program Attendance Report. Similarly, trustees seeking credit towards the statutory education requirement by attending an on-line education program, such as webinars, shall also complete and submit an Education Program Attendance Report.
- 26) Management shall maintain a record of trustee compliance with this policy and shall file a semi-annual report with the Board regarding such compliance.
- 27) Consistent with §31522.8 of the Act, this policy and an annual report on trustee compliance shall be placed on the KCERA website.

POLICY REVIEW

- 28) This policy shall be reviewed at least every five years.

POLICY HISTORY

- 29) The policy was adopted by the Board on September 27, 2000; reviewed and amended by the Board on June 23, 2004; July 13, 2005; September 26, 2007, June 15, 2011; December 12, 2012; April 10, 2013; April 13, 2016, and on February 10, 2021.

Attachment D -
OCERS Trustee Education Policy

Purpose

1. It is the policy of the Board of Retirement to ensure that individual Trustees have sufficient knowledge of the issues and challenges facing OCERS so as to craft policies to guide the administration of the plan and effectively monitor their implementation based on ongoing exposure to up-to-date benefit, financial, investment and policy information and together with staff are properly trained to perform their respective duties.
2. Effective January 1, 2013, Trustees are required to complete a minimum of 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent 2-year period in which the Trustee serves on the Board (Gov. Code § 31522.8).
3. Trustees are also required to complete two hours of ethics training every two years. (Gov. Code § 53235) Ethics training received as part of the 24 hours of Trustee education will satisfy this requirement.
4. Trustees are also required to complete two hours of harassment prevention training every two years. (Gov. Code § 12950.1) Harassment prevention training is in addition to the 24 hour education requirement set forth in Gov. Code § 31522.8.
5. To that end, each Trustee is encouraged to regularly participate in those educational opportunities that will enable competent discharge of the obligations of that position and meet the statutory requirements for continuing education.

Policy Objectives

6. The objective of this policy is to ensure that all Trustees have adequate opportunity to acquire the knowledge they need to carry out their fiduciary duties.

Policy Guidelines

7. Trustees agree to develop and maintain knowledge of relevant issues pertaining to the administration of OCERS throughout their terms.
8. Trustees agree to pursue appropriate education across a range of pension-related areas, rather than limiting their education to specific areas. General pension-related areas to be pursued include:
 - a. Pension funding;
 - b. Institutional investments and investment program management;
 - c. Investment performance measurement;
 - d. Actuarial science;
 - e. Benefits structure and administration;
 - f. Disability retirements;
 - g. Due process in benefit determinations;

OCERS Board Policy **Trustee Education Policy**

- h. Pension law;
 - i. Organizational structure, methods, and practices;
 - j. Budgeting;
 - k. Governance and fiduciary duty; and
 - l. Ethics.
9. Trustees agree that at least two hours of education they receive will qualify as ethics training relevant to the Trustees' public service. Subject matter that qualifies for ethics training includes, but is not limited to:
- a. Laws relating to personal financial gain by public servants, including, but not limited to, laws prohibiting bribery and conflict-of-interest laws.
 - b. Laws relating to claiming prerequisites of office, including, but not limited to, gift and travel restrictions, prohibitions against the use of public resources for personal or political purposes, prohibitions against gifts of public funds, mass mailing restrictions, and prohibitions against acceptance of free or discounted transportation by transportation companies.
 - c. Government transparency laws, including, but not limited to, financial interest disclosure requirements and open government laws.
 - d. Laws relating to fair processes, including, but not limited to, common law bias prohibitions, due process requirements, incompatible offices, competitive bidding requirements for public contracts, and disqualification from participating in decisions affecting family members.
10. Educational tools for trustees include, but are not limited to:
- a. External conferences, seminars, workshops, roundtables, courses or similar sessions (henceforth referred to collectively as "conferences");
 - b. Industry association meetings or events;
 - c. In-house educational seminars or briefings;
 - d. Periodicals, journals, textbooks and similar materials; and
 - e. Electronic media including CD ROM-based education, Internet-based education and video-based education.
11. On an ongoing basis, the Chief Executive Officer and the Chief Investment Officer will identify appropriate educational opportunities, based on the needs of individual Trustees or the Board as a whole, and include details of such in Board meeting information packages for Trustee consideration. Trustees are encouraged to suggest educational opportunities that may provide value to the Board of Retirement.
12. Standards for determining the appropriateness of a potential educational opportunity shall include:
- a. The extent to which the opportunity is expected to provide Trustees with the knowledge they need to carry out their roles and responsibilities;
 - b. The extent to which the opportunity meets the requirements of this policy; and

OCERS Board Policy Trustee Education Policy

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- c. The cost-effectiveness of the program in light of travel, lodging and related expenses.
13. Beginning January 1, 2013, Trustees will acquire a minimum of 24 hours of Trustee education within the first two (2) years of assuming office and for every subsequent 2-year period for which the Trustee serves on the Board.
- a. Trustees will endeavor to complete 24 hours of education in the remainder of the first and second calendar year after appointment. For trustees who are appointed later in November or December, the first education year will commence on January 1 of the subsequent calendar year.
 - b. After the initial two years after assuming office, education hours will be tracked on a calendar year basis with each trustee required to complete 24 hours of education within each two year period.
 - c. OCERS staff will track hours on an odd and even year basis with trustees grouped according to the year of term commencement.
 - d. For example, if a trustee assumes office on April 1, 2016, he or she will be expected to complete 24 hours of education by December 31, 2017. Subsequent to January 1, 2018, his or her education will be tracked on a rolling basis with completion of the 24 hour requirement on December 31, 2019, 2021, 2023, etc.
14. Trustees will attempt to meet the following minimum goals:
- a. To secure, over time, a useful level of understanding in each of the topic areas listed in paragraph 8 above;
 - b. To attend at least one conference annually. In accordance with a. above, Trustees are encouraged to attend conferences, on occasion, that address pension topics other than investments; and
 - c. Participate in any in-house educational seminars or briefings that are organized by the Chief Executive Officer and Chief Investment Officer including:
 - i. The educational component of the annual Strategic Planning Session;
 - ii. The Education Forum;
 - iii. Individual sessions at regular Board meetings; and
 - iv. Workshops available to Board and staff members.
15. The Board shall maintain a record of Trustee compliance with this policy, and the Chief Executive Officer or his designee will ensure that the policy and annual compliance report are placed on the OCERS website.

Attendance at Conferences & Industry Association Meetings

16. Approval for attendance and reimbursement of travel expenses in connection with educational conferences and industry association meetings will be in accordance with the Travel Policy.
17. In furtherance of this policy, the Chief Executive Officer shall have discretionary authority to approve staff travel as necessary to carry out the administrative responsibilities of the OCERS,

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Trustee Education Policy

such as attendance at legislative meetings or hearings, conducting on-site visits as part of due diligence evaluation of existing and proposed service providers, participating in continuing education programs, and other duties as directed.

18. The Board will periodically review the programs, training or educational sessions that qualify for Trustee education.

Harassment Prevention Training

19. As an employer of over 5 employees, OCERS is required to provide two hours of harassment and abusive conduct prevention training to all “supervisory employees” every two years, and (effective calendar year 2020) one hour of prevention training to all nonsupervisory employees.
20. Trustees are considered “supervisory employees” for the purposes of the statute since Trustees may influence the terms and conditions of employment for OCERS employees.
21. The Chief Executive Officer working with the Legal Department and outside vendors will schedule appropriate training for Trustees every two years.

Orientation Program

22. Working with the Chief Investment Officer and OCERS’ professional advisors, the Chief Executive Officer will hold an orientation program, covering the general topic areas outlined in paragraph 8 above, and designed to introduce new Trustees to all pertinent operations of the System and highlight the knowledge bases required of a Trustee. The aim of the orientation program will be to ensure that new Trustees are in a position to contribute fully to Board of Retirement and committee deliberations, and effectively carry out their fiduciary duties as soon as possible after joining the Board.
23. Prior to a Trustee’s first official meeting with the Board of Retirement, he or she will endeavor to attend a Board meeting or a standing committee meeting in the role of an observer.
24. Within 30 days of a trustee’s election or appointment to the Board, the Chair will designate an incumbent member of the Board to provide the new Trustee an orientation to current Board governance practices.
25. As part of the orientation process, new Trustees will, within 30 days of their election or appointment to the Board of Retirement:
 - a. Be briefed by the Chief Executive Officer on the history and background of OCERS;
 - b. Be oriented by the Chair on current issues before the Board;
 - c. Be introduced to members of senior management;
 - d. Be provided a tour of OCERS offices by the Chief Executive Officer;
 - e. Be briefed by the Board’s fiduciary counsel on their fiduciary duties, conflict of interest guidelines, the County Employees Retirement Law of 1937, Proposition 162, The Brown Act, and other pertinent legislation; and

OCERS Board Policy **Trustee Education Policy**

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- f. Be provided with an iPad (or other electronic device) with access to a document repository containing the following:
 - i. A Trustee Reference Manual (the contents of which are listed in the Appendix);
 - ii. A listing of upcoming recommended educational opportunities; and
 - iii. Other relevant information and documentation deemed appropriate by the Chief Executive Officer.
 - 26. During the course of their first 12 months on the Board of Retirement, new Trustees will endeavor to attend a seminar on the principles of pension management or a comparable program.
 - 27. The Chief Executive Officer will review, and if necessary, update all orientation material. It is the responsibility of Trustees to maintain their Trustee Reference Manuals, by ensuring that they contain the most up to date materials. A master copy of the Trustee Reference Manual will be available for use by Trustees at the OCERS office.

Policy Review

- 28. The Board of Retirement will review this policy at least every three years to ensure that it remains relevant and appropriate.

Policy History

- 29. This policy was adopted by the Board of Retirement on February 19, 2002.
- 30. The policy was revised on May 16, 2005, March 24, 2008, June 18, 2012, November 19, 2012, July 20, 2015, and December 19, 2016, September 25, 2019

Secretary's Certificate

I, the undersigned, the duly appointed Secretary of the Orange County Employees Retirement System, hereby certify the adoption of this policy.

Steve Delaney
Secretary of the Board

10/21/19

Date

Trustee Reference Manual

A Trustee Reference Manual will include the following materials:

- a. OCERS Board Handbook;
- b. Relevant sections of the *County Employees Retirement Law of 1937*;
- c. The Brown Act and Proposition 162;
- d. Most recent plan description and member handbook;
- e. Copies of Board policies;
- f. Most recent Annual Report;
- g. Most recent actuarial valuation and financial statements;
- h. Most recent actuarial experience study;
- i. Most recent asset/liability study;
- j. Most recent investment performance report;
- k. Most recent Business Plan and budget;
- l. Organizational chart;
- m. Names and phone numbers of the trustees and the Chief Executive Officer;
- n. Listing of current committee assignments;
- o. Listing of current service providers; and
- p. Glossary of ke