

Tab 27

Board 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 trust 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 will 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 programs;
 - h) Investment and asset allocation policy;
 - i) CAP design; and
 - j) Health care and related-programs 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 on any pension or other benefit program subject matter.

Guidelines

Trustee Orientation

- 6) Each new Trustee will 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 Web site (the relevant contents of which are listed in Appendix A);
 - f) Introductory Educational Sessions on the following:
 - i) Board and staff roles and responsibilities;
 - ii) Fiduciary duties, conflict of interest guidelines, PERA Law, PERA Rules, and other pertinent legislation;
 - iii) PERA plan design, implementation, and funding; and
 - iv) 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 will designate one member of the Board as a mentor for each new Trustee for a period of one year. The mentor will meet with the new Trustee at least twice during the year following the new Trustee's election or appointment, and will be available for consultation or discussion at other reasonable times.

Education Standards

- 9) Within two years of a Trustee joining the Board, such Trustee will attend a minimum of 30 hours of Educational Sessions sufficient to create 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 year 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) Any others the Compensation & Budget Committee or Board may approve.
- 10) 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).
- 11) After their first two years of service, Trustees are responsible for self-evaluating their additional educational needs and obtaining knowledge in specific areas as necessary. Trustees are encouraged to complete a *Board of Trustees Education Needs Assessment Form* (available on the Board Web site), in order to assist them in determining their educational needs. In every two-year period following the first two years of service, Trustees will 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 by the Compensation & Budget Committee in advance. Trustees will use the *Trustees' Education Compliance Form* (available on the Board Web site) to report their compliance with this requirement to the Compensation & Budget Committee.
- 12) The Compensation & Budget 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 this obligation. Trustees will use the *Request for Substitution or Waiver of a Trustee Educational Requirement Form* (available on the Board Web site) to apply for a substitution or waiver of an educational obligation. With respect to each substitution or waiver granted under section 9 or 11 the Compensation & Budget Committee will retain the documentation for the basis of the substitution or waiver. If the Compensation & Budget Committee denies a substitution or waiver, the affected Trustee may appeal that determination to the full 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.
- 13) All Trustees must also meet the following additional education requirements during each term served on the Board:
 - a) Attend a PERA Benefit Information Meeting in the first year of each term; and
 - b) Attend at least one of each of the following types of PERA meetings by the end of the third year of each term:
 - i. Shareholder Meeting;

- ii. Retirement Process Meeting; and
- iii. PERACare Meeting.

(Where a Trustee was mid-term as of July 1, 2012, this section shall not apply to the Trustee for the balance of that term. Instead, such Trustee shall be required to attend at least one of the PERA information meetings listed above each year until the end of the term.)

- 14) Staff will maintain a list of recommended Educational Sessions (available on the Board Web site) for Trustees' consideration. Trustees may recommend education opportunities to staff for inclusion in the list.
- 15) The PERA office will 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.
- 16) Trustees must complete a *Trustees' Educational Evaluation Form* upon completion of any Educational Session (available on the Board Web site). This should be turned in with any request for reimbursement. A Trustee's request for reimbursement will not be completed without this evaluation.
- 17) An annual fiduciary session will be scheduled and made available for all Trustees. All in-house Educational Sessions will count toward a Trustee's education requirements.
- 18) To help confirm compliance with their education requirements, Trustees shall maintain documentation of their attendance at all Educational Sessions.

Reimbursement of Expenses

- 19) A two-year education budget will be established for each Trustee, the amount to be approved periodically by the Board. The education budget will be administered by PERA staff to ensure consistency during circumstances involving additions, departures, or appointments of Trustees.
- 20) 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*.
- 21) Staff will maintain an accessible record of a Trustee's education budget and balance.

Compliance

- 22) 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 will be reviewed by the Board.

Policy Review and History

- 23) The Board will review this policy at least once every five years
- 24) 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, and on July 1, 2012.