CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
BOARD MEMBER EDUCATION POLICY

I. PURPOSE

This Education Policy is established to:

A. Provide a framework to assist Board members as they develop their individual knowledge and expertise in the matters set forth in the Board Member Competencies (Appendix A);

B. Improve the knowledge, expertise and functioning of the CalPERS Board overall; and

C. Establish the roles and responsibilities of Board members and CalPERS management and staff relating to Board member education.

By design, individual Board members come to the CalPERS Board of Administration with diverse backgrounds and experiences. This Education Policy is not intended to serve as a one-size-fits-all model for Board members, but is instead designed to serve as a catalyst for each Board member's individual development and advancement to best serve the members and beneficiaries of the System.

"Educational Activity" for purposes of this Education Policy includes any substantive educational activity, such as conferences, seminars, accredited courses, workshops, on-line training and self-study programs, and shall include educational sessions provided by or incorporating the work of CalPERS staff.

This Education Policy applies to Board members and their designees.

II. BOARD MEMBER ORIENTATION

New Board members ~~are encouraged to~~ will attend Board Member Orientation within the first three months of joining the CalPERS Board. When there is a period of more than 30 days between the date a Board member is elected or appointed to the Board and the date the Board member takes his or her oath of office, the Board member will attend Board Member Orientation within three months of his or her election or appointment.

Board Member Orientation will include, at a minimum, all of the following:

A. CEO Briefing. The CEO will brief new Board members on the history and background of CalPERS.

B. Board President Briefing. The Board President will brief new Board members on current issues before the Board.

C. Executive Management Introduction. New Board members will be introduced to members of Executive Management.

D. Orientation Materials. New Board members will be provided with the following materials:

   i. A New Board Member Orientation Book (two volumes; see Appendix B for a Table of Contents). Staff knowledgeable in each of the subjects included in the New Board Member Orientation Book will provide the new Board member with a brief "tutorial" on each subject included in the Orientation Book; and
   ii. Any other relevant information or documents deemed appropriate by the Board President or CEO.

E. Mentorship. Incumbent Board members are encouraged to provide mentoring to new Board members on a formal or informal basis. When requested by a new Board member, the Board President will work with experienced members of the Board to facilitate mentoring opportunities.

F. Education. Subject to individual experience and background, during the first year of a new Board member's term on the Board, the Board member ~~is encouraged to~~ will participate in Educational Activities that focus on the following:

   i. The duties and responsibilities of a trustee of a public pension system;
   ii. CalPERS retirement and health benefits plan design, implementation and funding;
   iii. CalPERS investment policy and strategy.

G. Board members who have previously served in a non-consecutive term on the CalPERS Board are strongly encouraged to attend Board Member Orientation in order to familiarize themselves with changes to the system that will have taken place during their absence. Such Board members may, with the advice and consent of the Board President, choose to forgo the Orientation contemplated herein. All Board members are encouraged to attend the Board Member Orientation at the beginning of a new term on the Board.

III. BOARD MEMBER EDUCATION

A. Educational Activities.

i. The Board's Governance Policy requires that each Board member will attend annual training on the fiduciary duties applicable to trustees of a public pension system. (Board Governance Policy, section X, paragraph O.)

ii. State law requires that every two years Board members will complete an orientation course on the relevant ethics statutes and regulations that govern the official conduct of state officials. (Government Code § 11146 et seq.)

iii. State law requires that every two years Board members will complete sexual harassment prevention training. (Government Code § 12950.1.)

iv. Board members are ~~strongly encouraged~~ expected to attend Educational Activities to develop their individual knowledge and expertise in the matters and areas set forth in the Board Member Competencies (Appendix A).

~~iv.~~v. Chairs and Vice Chairs of the Board's committees will focus a significant portion of their Educational Activities towards the subject matter of their committee. Chairs and Vice Chairs will also familiarize themselves with the proper conduct of committee meetings in accordance with the rules adopted by the Board.

~~v.~~vi. Board members will obtain preapproval from the Board President and the Board before attending any Educational Activities that include a registration fee over $500 or that requires out-of-state travel.

~~vi.~~vii. Board members will complete and submit to the Board Services Unit evaluations of all Educational Activities that are attended and will report, on a monthly basis, to the Board Services Unit the Educational Activities that have been attended and the number of hours of the activity so that attendance can be tracked by staff.

B. Individual Education Plans. Board members are encouraged to meet with the Board President at the beginning of each calendar year to discuss an individual education plan for the Board member's self-development goals and objectives for the year. Board members are encouraged to subscribe to pension and investment-related periodicals to stay update-to-date on relevant current events and to reinforce their educational goals and objectives.

C. Staff Responsibilities and Support. Staff will assist the Board members in meeting their educational objectives under this Education Policy as follows:

i. Staff will maintain, and post to the Resource Center on the Diligent Board Book, a list and calendar of recommended Educational Activities for the

consideration of Board members. Board members may recommend Educational Activities to the Board President or CEO for inclusion on the list.

ii. Staff will help to facilitate Board member evaluations of Educational Activies and will obtain from the Board members and post to the Resource Center on the Diligent Board Book all Board member evaluations of Educational Activities.

iii. Staff will provide, facilitate or arrange for Educational Activities to meet the requirements of State law and the Board Governance Policy.

iv. Staff will, and Board members may, suggest opportunities for staff to provide, facilitate or arrange for workshops or other Educational Activities to assist Board members in developing their knowledge and expertise in the Board member Competencies (Appendix A).

v. Staff will log Board member attendance at Educational Activities and track the number of hours of Educational Activity each Board member attends.

IV. BUDGET AND REPORTING

A. Annual budget. An annual budget for Educational Activities (including travel expenses, such as transportation, lodging and per diem) will be established to cover expenditures incurred pursuant to this Education Policy. The Board President will review and may make any necessary changes to the budget during the course of the year.

B. Reporting. The annual budget, with a report of expenditures against the budget, will be reported to the Board of Administration every three months.

APPENDIX A

BOARD MEMBER COMPETENCIES

Governance Competencies:

- The role and responsibilities of Board members;
- The Board committees and their purposes;
- The CalPERS Board Governance Policy and other Board policies;
- Fiduciary responsibilities and duties, conflicts of interest and ethics;
- The CalPERS organizational structure and the roles of executive staff and key service providers, including Board consultants, external auditors and attorneys, investment managers and the custodian;
- The Open Meeting Act and the Public Records Act;
- The role of CalPERS as a state agency and a trust fund, CalPERS mission and purpose, as well as applicable principles of public administration and public policymaking;
- Best practices for and current trends regarding pension and trust fund governance;
- The proper conduct of Board and Committee Meetings in accordance with rules adopted by the Board;

Strategic Competencies:

- The CalPERS health benefits program structure and delivery;
- The CalPERS pension benefit structure and administration;
- Investment markets, investment asset classes and CalPERS investment processes;
- Financial statements, balance sheets, budgets, audit reports, and legal opinions;
- Economic principles;
- The actuarial valuation, assumptions and methodologies and asset/liability management processes;
- Risk management and oversight;
- CalPERS strategic planning process, the CalPERS Strategic Plan, and corresponding performance measures;
- The U.S. healthcare system and the healthcare marketplace;
- Defined contribution plans, ERISA, Social Security and the private retirement marketplace;

Communication Competencies:

- CalPERS objectives and approach with respect to communications with the media and stakeholders;
- The use of current forms of electronic communication tools; and
- How to express opinions and ask questions in a constructive manner that encourages critical thinking and analysis and improves decision making.

APPENDIX B

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[DRAFT]

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7. Division Acronyms and Office Locations
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13. Board Governance Delegation
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