

POLICY FOR APPROVAL OF REIMBURSEMENT TO STATE, SCHOOL AND
PUBLIC AGENCY EMPLOYERS OF ELECTED BOARD MEMBERS~~MEMBERS~~

By resolution adopted February 18, 2004, as amended ~~effective August 19, 2010, April 14, 2014,~~ CalPERS shall reimburse a state, school, or public agency employer of an elected Board ~~member~~Member for the ~~direct and reasonable costs that are incurred by the employer amount equal to the salary and benefits paid to the elected Board Member based on the Board approved percentage of the time that will be required of when~~ the Board ~~member~~Member ~~is fulfilling to fulfill~~ his or her responsibilities to CalPERS in the coming year. The Resolution was adopted to implement the provisions of Government Code ~~S~~section 20092, which allows CalPERS to reimburse the employers of elected ~~board~~Board ~~members~~Members.

~~The direct and reasonable costs for which an employer can be reimbursed under this policy shall include the actual out of pocket expenses incurred by the employer. Out of pocket expenses include, but are not limited to, 1) the salary and benefits payable to a person employed to replace the Board member and 2) any other costs that are directly related to the Board member fulfilling his or her responsibilities or duties to CalPERS. The elected Board Member salary and benefits paid under this policy to the employing agency is based on the percentage of the elected Board Member's regular work schedule during which the elected Board Member is on leave from the employing agency. The percentage is approved annually by the Board. The reimbursed leave is to fulfill the Board Member's responsibilities to CalPERS.~~

All acts taken in accordance with this policy are subject to the strictest fiduciary standards. The Board must exercise its authority in accordance with its fiduciary duties – in particular, the duties to deliver benefits promptly, to pay only reasonable expenses, to minimize employer contributions, and to act with the care, skill, prudence and diligence appropriate to the task at hand.

PROCEDURE

1. Memorandum of Understanding:

- a. On an annual basis, the CalPERS Fiscal Services Division will notify the Board Member's employer, in writing, of the requirements of this ~~p~~Policy and the reimbursement process and will forward a copy of the forms to the employer. A copy of the letter will be sent to the Board ~~member~~Member and the Board Services Unit. The letter will notify the employer of the annual full-time equivalent (FTE) number of hours that CalPERS has on record for the Board

Member's classification and a request for updated information if there has been a change due to any form of negotiation.

- b. On an annual basis, the Board ~~member~~ Member will propose and obtain the approval of the ~~Benefits and Program Administration Committee ("BPAC")~~ Finance & Administration Committee at its April meeting of the percentage of the Board ~~member's~~ Member's time, up to
- b. 100 percent%, that will be required of the Board ~~member~~ Member to fulfill his or her duties to CalPERS in the coming year.

- c. CalPERS Fiscal Services Division will work with the employer to document an agreement between CalPERS and the employer under this Policy ~~policy~~ by a ~~memorandum~~ Memorandum of Understanding (MOU). The MOU will include the percentage of the Board ~~member's~~ Member's time to be spent on fulfilling his or her duties to CalPERS as approved by ~~BPAC~~ Finance & Administration Committee under paragraph 1.b., above ("Percentage"), and an agreement by the employer to be bound by this ~~Policy~~ policy.

2. **Board ~~member~~ Member Request.** To initiate the reimbursement process, the Request for Employer Reimbursement Form (attached as Exhibit 1) must be completed by the Board ~~member~~ Member on a quarterly basis. Each request shall specify the time period of the request, which is limited to a time period (s) prior to the date of the request and must align with the invoice provided by the employer as required by paragraph 4, below. The Board ~~member~~ Member shall submit the completed forms and supporting documentation to the Board Services Unit.

~~The Board member shall attach to the Form supporting documentation, via Monthly Activity Reports (attached as Exhibit 2), explaining the activities for which the Board member is seeking reimbursement on behalf of his or her employer. Each report shall include "routine" activities without further documentation. Requests for additional time must include additional documentation to include the actual dates and time spent beyond the "routine."~~ The Board ~~member's~~ Member's signature on the ~~Form~~ form certifies that the Board ~~member~~ Member in fact attended the Board, Committee, subcommittee, offsite, workshops, interviews, and meetings with staff, consultants, beneficiaries, stakeholders or industry experts, as represented on the ~~Form~~ form. No employer shall be reimbursed for time under this Policy ~~policy~~ unless the Board Member actually attended the activities for which reimbursement is claimed.

3. **Board Services Unit Review:** The Board Services Unit will review the ~~Formform, with attached Monthly Activity Reports~~ and will calculate the full-time equivalent ~~Percentage percentage~~ of annual hours, and will submit the ~~Formform, with Monthly Activity Reports attached~~ to the CalPERS Fiscal Services Division – Administrative Accounting Section, with a copy to the Board President.
 - a. In the case of a non-routine category or amount of time requested, the Board Services Unit will elevate the report to the Board President and Chief Executive Officer (CEO) or his or her designee for joint approval.
 - b. In no event shall the ~~Percentage percentage~~ exceed 100% ~~percent~~ or the pPercentage agreed to in the MOU between CalPERS and the employer.
4. **Employer Invoices:** The employer shall apply the Percentage percentage per the MOU between CalPERS and the employer to salary and benefits ~~expenses paid of to~~ the employee. The employer (via invoice) and the Board ~~member Member~~ (via the Request for Employer Reimbursement Form ~~and Monthly Activity Reports~~) shall certify that the amount of reimbursement requested constitutes the correct amount. ~~direct and reasonable costs to the employer associated with this Board member.~~ Under no circumstances shall any employer receive any reimbursement unless the Board ~~member Member~~ actually attended the meetings, events, or other activities for which reimbursement is claimed. The employer shall submit invoices to the Board Services Unit for reimbursement on a quarterly basis no later than 30 days after the end of the applicable quarter, or pursuant to the MOU between the employer and CalPERS. If the employer fails to submit timely invoices, the employer ~~will~~ may forfeit the right to reimbursement from CalPERS under this ~~Policy~~policy.
5. **Approval:** CalPERS Fiscal Services Division will review for accuracy the ~~Form form and Monthly Activity Reports~~ received from the Board Services Unit and will submit the package to the ~~Chief Executive Officer (CEO)~~ or his or her designee and to the Board President for joint approval.
6. **Advise Employer of Decision:** After approval of the request for reimbursement by CalPERS in accordance with paragraph 5, above, CalPERS Fiscal Services Division will inform the employer that CalPERS will reimburse the employer for the costs claimed. CalPERS Fiscal Services Division will forward a copy of the finalized documents to the Board Services Unit upon release of payment to the employer.

7. **Transparency and Accountability:** The reporting, which correlates time to specific activities, and the streamlined approval and processing of reports, in combination with the proposed Board oversight role, provide a sound framework for transparency and accountability. The Executive Office, via the CalPERS Fiscal Services Division, will prepare an annual information report to the Board of Administration that summarizes the requests for reimbursement submitted by Board ~~members~~Members.

8. **Dispute Resolution:** In the event that the elected Board ~~member~~Member, employer, CEO (or designee) or Board President disagrees with elements contained in the request for reimbursement or payment, the issues will be brought to the Finance & Administration Committee~~BPAC~~ for resolution.