

KERN COUNTY EMPLOYEES' RETIREMENT ASSOCIATION
TRUSTEE EDUCATION POLICY

INTRODUCTION

- 1) This policy is intended to comply with §31522.8 of the Act and addresses certain educational requirements contained in said statute. In addition, this policy sets out additional 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). For the purposes of implementing the above statutory requirement, this policy shall require that Trustees who assumed office prior to January 1, 2013 and for every subsequent two-year period the trustee continues to hold membership on the Board.

- 3) Appropriate topics for trustee education may include, but are not limited to, the following:
 - 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) External Education Programs sponsored by entities other than the state or national public fund organizations or accredited academic institutions may also be deemed to meet the statutory trustee education requirements.

- 7) Other types of educational activities that may 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 an individual 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 individual 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 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 be responsible for identifying appropriate on-line education and External Education Programs and including information about such programs in the board packet 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 will 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) Any 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) Educational activities related to the mandates of trustees' assigned committees.
- 16) Notwithstanding anything contained herein, trustees may attend, at KCERA's expense, up to four 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) Notwithstanding paragraph 16 above, trustees who took office prior to January 1, 2013 may attend up to four External Education Programs during the two years beginning January 1, 2013 and during every subsequent two-year period the trustee continues to hold membership on the Board.
- 18) 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 above limit regarding attendance at External Education Programs.

ORIENTATION PROGRAM

- 19) 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.

- 20) 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 Management 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.

- 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.

- 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 (See the trustees' website for the sample form).

Similarly, trustees seeking credit towards the statutory education requirement by attending an on-line education program, such as webinars, shall also complete and submit a Conference Attendance Report.

- 26) Management shall maintain a record of trustee compliance with this policy and will file an 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 3 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.