

**TAB 24**  
**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 its members, 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 the members, retirees and beneficiaries of PERA 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 the plan and effectively monitor their implementation. To that end, each Trustee should be educated sufficiently to discharge the obligations of the position. For these reasons, PERA hereby adopts an education program 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;
  - 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; and
  - h) Investment and asset allocation strategies.

## **Definitions**

- 5) For the purposes of this policy, an “educational session” shall be defined as a conference, seminar, workshop, course or other substantive educational activity on any pension administration subject matter.

## **Guidelines**

### **Trustee Orientation**

- 6) Each new Trustee will attend an orientation session developed by the Executive Director, to be held within two months of the Trustee’s election or appointment. The orientation session 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 briefing on fiduciary duties, conflict of interest guidelines, PERA Law, PERA Rules and other pertinent legislation;
  - f) The provision of:
    - i) A Trustee Reference Manual (the contents of which are listed in Appendix A).
    - ii) A listing of upcoming recommended educational sessions.
    - iii) Other relevant information and documentation deemed appropriate by the Executive Director.
- 7) 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**

- 8) The Board will prescribe educational standards for Trustees, which shall be documented in this policy.

- 9) At a minimum, in the first year of a new Trustee's service on the Board, such Trustee will attend educational sessions sufficient to create a general understanding of the principles outlined in paragraph 4) of this policy. Attendance at one of the following educational sessions will be deemed sufficient to discharge this initial educational obligation:
- a) IFEBP Certificate of Achievement in Public Plan Policy-Employee Pensions.
  - b) IFEBP New Trustees Institute.
  - c) NEA Trustee Workshop.
  - d) NCTR Trustee Workshop, including new Trustee orientation.
  - e) Any others the Audit Committee or Board may approve.

The Audit Committee may accept a substitution or waive the educational requirement of paragraph 9) 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* (Appendix E) to apply for a substitution or waiver of an educational obligation. With respect to each substitution or waiver granted under paragraph 9) the Audit Committee will retain the documentation for the basis of the substitution or waiver. If the Audit 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.

- 10) Within two years of election or appointment, a new Trustee will also attend the Pension Fund and Investment Management program presented by the Wharton School of Business at the University of Pennsylvania.

The Audit Committee may accept a substitution or waive the educational requirement of paragraph 10) 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* (Appendix E) to apply for a substitution or waiver of an educational obligation. With respect to each substitution or waiver granted under paragraph 10) the Audit Committee will retain the documentation for the basis of the substitution or waiver. If the Audit 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.

- 11) After their first two years of service that, each Trustee is responsible for self-evaluating their additional educational needs and obtaining knowledge in specific-needs areas in a controlled manner. Trustees are encouraged to complete a *Board of Trustees Education Needs Assessment Form* (Appendix B), in order to assist them to determine their educational needs.

- 12) In every two-year period following the first two years of service, Trustees will participate in at least twenty hours of educational programming at an educational session. Trustees will use the *Trustees' Education Compliance Form* (Appendix C) of this policy to report their compliance with this requirement to the Audit committee.
- 13) Many conferences are available, but unfortunately not all are valuable. The PERA office will maintain a database of evaluations from all Trustees who have traveled to specific conferences. Trustees should check this database before attending a conference to see if it is worth their time and expense to PERA. If possible, they should speak with another Trustee who has attended previously.
- 14) Trustees must complete a *Trustees' Educational Evaluation Form* upon completion of any educational session (Appendix D). This should be turned in with any request for reimbursement. A Trustee's request for reimbursement will not be completed without this evaluation.
- 15) The Executive Director will schedule an annual fiduciary update that will be attended by all Trustees.
- 16) Periodically, Trustees may attend non-educational functions. This could include attendance at legislative hearings, organizational meetings, meetings with other state's pension funds or to review the activities of PERA's investment managers and custodian bank. (Expenses incurred by Trustees attending such meetings will be reimbursed under the existing guidelines and are not considered part of this policy.)

### **Reimbursement of Expenses**

- 17) A two-year budget for education will be established for each Trustee, the amount to be determined and approved periodically by the Board. The budget will be administered by PERA staff to ensure consistency during circumstances involving additions, departures, or appointments of Board Trustees.
- 18) This 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.
- 19) For Trustees using airports other than Denver International, air travel will be charged against their budget at the lesser of the actual air travel cost or the fare available for a trip originating in and returning to Denver International Airport. Mileage incurred by Trustees living outside the immediate Denver area to get to another airport will be reimbursed but not charged against their education budgets nor will any expenses necessary to attend board meetings.
- 20) Management will inform Trustees of the amount of the remaining balance of their education budget allotment, upon request by the Trustee.

- 21) Any Trustee requesting an exception from this policy must present their request to the full Board for consideration.
- 22) Trustees may not accept payment, directly or indirectly, except for reimbursement of travel or other expenses associated with speaking engagements, while holding themselves out as or being represented as members of the PERA Board of Trustees. Vendor sponsored trips are prohibited by the ethics standards because of the appearance of a conflict of interest.
- 23) PERA will not make any reimbursement of travel and other expenses associated with speaking engagements when a Trustee is campaigning for Board re-election, or when a Trustee is in support of another Trustee who is running for re-election. The time period begins when a Trustee first serves notice to PERA that he or she will be running for Board re-election and lasts through May 31 of the election year.

### **Compliance**

- 24) The willful failure of a Trustee to substantially comply with this education policy will be reviewed by the Board.

### **Policy Review**

- 25) The Board will review this policy at least once every three years to ensure that it remains relevant and appropriate.

### **Policy History**

- 26) This policy is a consolidation of, and replaces, the Board of Trustees Education Policy, approved June 15, 2001, and the Board of Trustees Educational Travel Policy.
- 27) The Board adopted this policy on November 16, 2001. Modified by the Board April 18, 2003.

**APPENDIX A**  
**CONTENT OF THE TRUSTEE REFERENCE MANUAL**

A Trustee Reference Manual will include the following materials:

- a. PERA Law, PERA Rules, and the *Colorado Sunshine Law*
- b. Most recent plan description and member handbook
- c. Copies of PERA Board policies
- d. Most recent Annual Report
- e. Most recent actuarial valuation and financial statements
- f. Most recent asset/liability study
- g. Most recent investment performance report
- h. Most recent business plan and budget
- i. Organizational chart
- j. Names and phone numbers of all Trustees and executive management
- k. Listing of current committee assignments
- l. Listing of current PERA service providers
- m. Glossary of key pension administration terms and definitions

It is the responsibility of Trustees to maintain their Reference Manual, by ensuring that they contain the most up to date materials. Staff will provide assistance in this regard.

**APPENDIX B**  
**BOARD OF TRUSTEES EDUCATIONAL NEEDS ASSESSMENT**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**

Trustee: \_\_\_\_\_

Trustee since: \_\_\_\_\_

Self Evaluation of Current Level of Understanding and Conceptual Knowledge:

	Very High	Good	Limited	Inadequate
PERA's Law	_____	_____	_____	_____
Investments	_____	_____	_____	_____
Benefits	_____	_____	_____	_____
Actuarial Concepts	_____	_____	_____	_____
Legislative Process	_____	_____	_____	_____
Financial Reporting	_____	_____	_____	_____
Accounting	_____	_____	_____	_____
Auditing	_____	_____	_____	_____
Budgeting	_____	_____	_____	_____
Corporate Governance	_____	_____	_____	_____
Fiduciary Law	_____	_____	_____	_____
Board/Staff Interaction	_____	_____	_____	_____
Effective Communication	_____	_____	_____	_____
Taxation	_____	_____	_____	_____
Healthcare	_____	_____	_____	_____
DB/DC Differences	_____	_____	_____	_____
Government Relations	_____	_____	_____	_____

Trustee Signature: \_\_\_\_\_

Date: \_\_\_\_\_



**APPENDIX D**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**TRUSTEES' EDUCATIONAL EVALUATION FORM**

Trustee Name \_\_\_\_\_

Conference/Seminar Title \_\_\_\_\_

Location \_\_\_\_\_ Date(s) \_\_\_\_\_

Sponsoring Organization \_\_\_\_\_

Please help us evaluate the quality of this program and its relevance to you as a Trustee. Please respond to each question by placing an X near the appropriate rating. Please attach this form to your expense report.

**THE CONFERENCE/SEMINAR**

What was your reason for attending? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Not really    A Little    Definitely

Did the sessions increase your understanding of the topics?    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

How? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Did the sessions offer new insights on the topic?    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

What were they? \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

Would you recommend this conference/seminar to others?    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

Why? \_\_\_\_\_  
 \_\_\_\_\_

Poor    Okay    Good    Excellent

How effective were the presentations?    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

How would you rate the overall value of the program?    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_    \_\_\_\_\_

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THE SPONSORING ORGANIZATION

	No	Yes
Did the program topics actually follow the brochure?	_____	_____
Were the presenters knowledgeable about the topics?	_____	_____
Was the program well organized?	_____	_____

Other comments - \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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How does what you learned contribute to the goals, objectives and operations of PERA?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

How did this conference/seminar contribute to your own goals and education?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX E**  
**PUBLIC EMPLOYEES' RETIREMENT ASSOCIATION OF COLORADO**  
**REQUEST FOR SUBSTITUTION OR WAIVER OF A TRUSTEE EDUCATIONAL**  
**REQUIREMENT FORM**

**INSTRUCTIONS:** This form is to be completed by the Trustee and submitted to the Audit Committee Chair for approval.

Trustee name \_\_\_\_\_

Education requirement you are requesting for substitution or waiver

\_\_\_\_\_

Educational session you would like to take if requesting a substitution

\_\_\_\_\_

Sponsoring Organization \_\_\_\_\_

Reason for requesting the substitution or waiver (attach supplemental documentation)

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**For Audit Committee use only:**

Approved

Denied

Audit Committee Chair \_\_\_\_\_

Date \_\_\_\_\_