

**OAKLAND COUNTY EMPLOYEES' RETIREMENT SYSTEM ("OCERS")**

**-AND-**

**OAKLAND COUNTY VEBA ("VEBA")**

**TRUSTEE EDUCATION & TRAVEL POLICY**

Adopted: July 18, 2019

**I. PURPOSE**

Michigan Public Act 314 of 1965, as amended ("Act 314"), mandates that the Board of Trustees of the Oakland County Employees' Retirement System and the Oakland County VEBA (collectively, the "Plans") and other investment fiduciaries to the Plans discharge their duties with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Oakland County Employees' Retirement and Deferred Compensation Board and Oakland County VEBA Board (collectively, the "Board"), recognizes and emphasizes the importance of education to the success of fulfilling its fiduciary duty to prudently administer and invest the assets of the Plans for the exclusive benefit of the members and their beneficiaries. Prudent administration requires each Trustee to achieve and maintain proficiency in the conduct of OCERS business by educating himself or herself in matters central to the prudent administration of the Plans and the investment of Plan assets. To that end, the Board adopts this Education & Travel Policy (the "Policy") to promote the Trustees' ability to achieve this proficiency and fulfill their fiduciary responsibility in an informed and educated manner.

**II. GENERAL PRINCIPLES**

**A.** This Policy rests on the following primary principles:

1. The Retirement System and VEBA are each a trust for the exclusive benefit of its members and their beneficiaries, and the administration of the Plans is subject to strict fiduciary responsibilities under the law. All of the Plans' operations and activities must be undertaken solely to advance and protect the interests of the members, retirees and beneficiaries and must be conducted in a prudent and proper manner.
2. As fiduciaries, Trustees are expected to be capable of fulfilling their duties and responsibilities. Trustees are also responsible for making policy decisions relating to administration of the Plans. To that end, they must acquire an appropriate level of knowledge to achieve proficiency in the conduct of Plan business.
3. There exists a unique body of knowledge that is relevant to Trustees in carrying out of their distinct roles and responsibilities.
4. Both continuing education in the topics vital for pension and VEBA trustees and participation in state and national pension organizations are essential to successfully carrying out these fiduciary duties.

5. Each Trustee has an ongoing obligation to make every effort to attend and participate in the Board's meetings, and to represent the Plans in such national and state organizations as the Board determines are beneficial to its interests.

6. Members of the Board shall endeavor to conduct the business of the Plans in such a manner as to minimize the cost of providing efficient guidance and administration of the funds entrusted to the Board.

### **III. POLICY OBJECTIVES**

**A.** The objectives of this Policy are as follows:

1. To ensure that all Trustees gain the knowledge necessary to carry out their fiduciary responsibilities.
2. To ensure that access to relevant information is made available to all Trustees and staff.
3. To ensure that Trustees possess shared knowledge relevant to pension and healthcare administration and the investment of trust assets, to enable effective group discussion, debate, and decision making.
4. To establish a set of rules and regulations regarding travel and travel related expenses for Trustees.

### **IV. EDUCATION**

**A. General Guidelines**

1. Trustees shall strive to develop and maintain an appropriate level of knowledge and skill necessary to administer the Plans properly and prudently throughout their term as members of the Board. The following areas of continuing education are recommended:

- a. pension and healthcare law and regulatory issues;
- b. selection and retention of plan professionals;
- c. institutional investment principals and performance measurement;
- d. principles of asset allocation and investment management;
- e. actuarial evaluation and process;
- f. benefits administration;
- g. board governance, ethics and fiduciary obligations; and
- h. organizational budget and audit procedures.

2. Educational opportunities designed to help Trustees achieve proficiency in these areas include:

- a. external conferences, seminars, workshops and events sponsored by corporate sponsors, professional or trade organizations, investment managers and/or other primary service providers, including, but not limited to, investment consultants,

- investment managers legal counsel, custodians and/or actuaries;
- b. in-house educational seminars, presentations, new trustee orientations and briefings; and
- c. relevant print and electronic media resources.

3. Trustees may identify, evaluate and attend appropriate educational programs to meet the following minimum goals:

- a. achieve, over time, proficiency in the areas identified herein; and
- b. stay apprised of new and relevant developments.

4. OCERS shall support its Trustees' efforts to achieve these minimum goals and shall provide further education and training as appropriate under the circumstances.

## **B. Program Selection and Approval Process**

1. Certain educational programs are well-known to provide important training to trustees of public employee retirement systems and health care plans. Trustee attendance at educational conferences/programs sponsored by the following organizations is hereby pre-approved:

- a. Michigan Association of Public Employee Retirement Systems (MAPERS);
- b. National Conference on Public Employee Retirement Systems (NCPERS); and
- c. National Association of Government Defined Contribution Administrators (NAGDCA)

Membership in the foregoing organizations shall be maintained by the Board.

2. Other educational programs offered by the International Foundation of Employee Benefit Plans ("IFEBP"), Government Financial Officers Association, ("GFOA"), Pension Real Estate Association ("PREA"), Public Funds Forum and Institutional Investor Conferences; commercial enterprises such as Strategic Research Institute ("SRI") or institutions of higher education, such as The Wharton School of the University of Pennsylvania, the Stanford Directors College, Institute for International Research, and the Pacific Pension Institute provide valuable trustee education, and shall be given consideration by the Board.

3. External conferences, seminars, workshops and events sponsored by professional or trade organizations, investment managers and/or other professional service providers, including, but not limited to, investment consultants, investment managers, legal counsel, custodians and/or actuaries may also provide relevant educational opportunities and shall be given consideration by the Board.

4. Trustee attendance at any non pre-approved conference(s), seminar(s), webinar(s), due diligence visit(s), or similar educational or training opportunity shall require prior approval by a vote of the Board at a regularly scheduled meeting. Board approval shall

be sought via submission of a Travel Authorization Form (Exhibit A).

5. The Board may also subscribe to various educational publications and maintain memberships in organizations dedicated to providing education and training to pension and health care trustees and professionals.

### **C. Due Diligence Site Visits**

1. On-site due diligence visits and meetings provide Trustees with opportunities to:

- a. Evaluate an investment manager's or other professional service provider's staff and observe how they carry out their service and responsibilities to OCERS or the VEBA.
- b. Interact with individuals who directly service OCERS or the VEBA.
- c. Evaluate the significance of personnel shifts or other organizational changes that may affect OCERS or the VEBA.
- d. Observe the systems and controls utilized in the investment and administration of the assets of OCERS and the VEBA.
- e. Hold in-depth reviews regarding a professional's philosophy, style and approach to investing OCERS or VEBA assets.

2. An official on-site due diligence trip shall consist of one or more Trustees or the Board's designee. Prior approval shall be obtained via submission of a Travel Authorization Form to the Board. The Board shall coordinate all approved due diligence travel so as to maximize the effectiveness of the evaluations and minimize the cost of the necessary travel.

3. The Trustees, or the Board's designee, participating in an on-site due diligence evaluation shall provide an oral report to the Board at the next regular Board meeting following the visit, summarizing their findings and recommendations, if any. Any materials obtained during the evaluation shall be made available to other Board members and staff for reference purposes.

4. Trustees or the Board's designee may be reimbursed for all reasonable and necessary expenses incurred in conducting due diligence evaluations as set forth in this Education & Travel Policy. Said expenses shall be applied against the Board's annual budget for education and training, and the individual Trustee(s)' annual education, training, and travel allowance.

### **D. Annual Budget and Expenses**

1. Pursuant to Section 13(6) of Act 314 [MCL 38.1133(6)], the Board shall establish an annual budget to cover the cost of providing continuing fiduciary education and training for Trustees, including travel. The Board's annual budget shall comply with the limitations set forth in Act 314, as may be amended from time to time. As provided herein, OCERS and/or the VEBA shall reimburse Trustees for all reasonable and

necessary expenses incurred in attending approved educational programs, subject to the limitations on travel and expenses as provided herein.

**E. Reporting**

1. A Trustee attending an educational program may provide an oral report evaluating the program and its merits to the Board at their next regular meeting. In addition, Trustees shall provide the Retirement Administrator with the materials obtained during the program, so that they may be made available to other Trustees and OCERS staff for reference purposes.

2. If the educational or training program provides a certificate of attendance/completion, Trustees must provide a copy of the certificate upon receipt. Failure to provide a copy of the certificate of attendance/completion within a reasonable period of time following conclusion of the educational or training program may result in the suspension of future travel reimbursements or such other penalty as determined by the Board. The Board acknowledges that there may be extenuating circumstances (i.e., family or personal emergencies, illness, etc.); or instances where an individual's schedule may not permit participation in the entire conference; which may result in a conference attendee not attending the required number of sessions or classes to receive a certificate of attendance.

**F. New Trustee Orientation**

1. The Retirement Administrator and the Board's General Counsel shall be responsible for developing a Trustee Handbook and a New Trustee Orientation Program, designed to familiarize each new Trustee with all aspects of OCERS's operations and policies. The goal is to assure that each new Trustee is prepared to participate fully in the responsibilities of the Board and to obtain required education as soon as possible after joining the Board. Trustees shall participate in the orientation program within 45 days of being elected or appointed to the Board.

2. The New Trustee Orientation Program shall include:

- a. The history and organization of OCERS and all relevant governing documents;
- b. Most recent plan description and member and retiree handbooks;
- c. Most recent actuarial valuation and financial statements;
- d. An introduction to the Board and staff, and OCERS offices;
- e. Fiduciary duties of the Board and its individual members;
- f. Relevant laws affecting the Board and Plans;
- g. Most recent asset/liability study;
- h. Most recent investment performance report;
- i. Board policies and Bylaws;
- j. Current issues before the Board;
- k. Most recent business plan and budget;
- l. Up-to-date organization chart;
- m. Up-to-date names and phone numbers of Investment Consultants, Investment

Managers, General Counsel, other Trustees and staff; and  
n. Most recent meeting calendar and other relevant manuals, materials and documentation.

**G. Board Retreat**

1. The Board may periodically schedule an educational retreat for the benefit of all Trustees and OCERS staff. The Retirement Administrator will canvass the Board to identify topics of interest and may invite the Board's professional service providers to present on those topics.

**V. TRAVEL**

**A. Statutory Authority**

1. Section 13(6) of Act 314 [MCL 38.1133(6)] recognizes that the Board "may use a portion of the system's income to defray the costs of professional training and education, including travel costs, of system board members, which professional training and education, including travel, are directly related to the administration, management, and operation of the system."

**B. General Guidelines**

1. In every event members of the Board and OCERS staff shall endeavor to conduct the official affairs of OCERS in such a manner as to minimize the cost of providing proper and prudent administration and investment of the funds entrusted to the Board.

2. Trustees and staff traveling on OCERS business shall exercise care to avoid impropriety or the appearance of impropriety including, without limitation, the perception that a business trip was been taken for personal reasons.

3. OCERS will require documentation from each member of the Board as is necessary to verify their travel and travel related expenses, and to provide adequate records of the travel for OCERS's records.

4. It is the responsibility of the individual Trustee to ensure that the travel expenses incurred are in compliance with this Policy and the specific guidelines provided herein.

**C. Travel Authorization**

1. Trustee travel to attend an educational program or other OCERS business that has not been pre-approved requires prior Board authorization, except under exigent circumstances when Board pre-approval cannot be obtained in advance.

2. Individuals wishing to request pre-approval of travel to attend a non pre-approved educational program must submit a request via the Board's Travel Authorization Form containing the following information:

- a. Name of Trustee requesting pre-approval;
- b. Name of educational conference/program;
- c. Location and length of educational conference/program;
- d. Dates and estimated costs of travel and attendance;
- e. Amount of travel advance requested, if any; and
- f. Signature of person requesting pre-approval.

**D. Travel Budget**

1. OCERS annual budget for participation in educational and training programs, including travel, shall be approved on a fiscal year basis (i.e., October 1 – September 30).
2. Within the parameters of the Board’s annual budget for fiduciary education and training, each individual Trustee shall have an established annual education, training, and travel allowance to cover the costs of registration, travel, lodging, meals, and other expenses necessarily incurred on account of attendance and participation in educational and training programs. Individual Trustee education and travel allowances shall not exceed the limitations for individual board members specified at Section 13(6) of Act 314.
3. At the end of each fiscal year, all unused travel allowances will be cleared to a zero balance. There will be no carry over of unused balances from year-to-year.

**E. Travel Expenses.** OCERS will reimburse only those expenses that have actually been incurred. Trustees are expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and spending their own funds. Unless otherwise provided herein, all travel expenses shall be applied to an individual’s annual education and travel allowance.

1. Registration. OCERS staff will make arrangements for program registrations upon request, subject to any required prior Board approval. A Trustee shall notify the Retirement Administrator as soon as possible of any educational session he or she wants to attend, as early registration at a program may produce savings in overall expenses.
2. Covered Travel Days. The number of covered days will include:
  - a. The day prior to the beginning date of any program or pre-conference sessions;
  - b. Actual program attendance days; and
  - c. The day following a program conclusion if reasonable travel accommodations do not allow return on the day of program adjournment.

Typically, travel is limited to one day before and after the event scheduled dates. However, an exception is allowed to travel earlier or later when there is a savings to OCERS in an amount which exceeds the cost of an additional night’s stay plus meals and incidental expenses.

### 3. Transportation.

- a. Airfare. Trustees shall be reimbursed for actual and reasonable expenses for airfare for approved travel on OCERS business. Any scheduled U.S. or recognized international air carrier may be used for domestic or international travel. Trustees shall travel in coach/economy class. Substantiation of airline travel shall include a copy of the ticket or e-mail confirmation showing the cost of the air travel. The cost for airport curbside check-in and/or the airlines checked baggage fee for one (1) suitcase or travel bag will be reimbursed with a receipt. First class or business class travel rate will not be reimbursed.
- b. Private Vehicle. A traveler is entitled to payment for mileage when using his/her personal vehicle. However, the allowable mileage will be reimbursed in accordance with federal travel reimbursement allowances as prescribed by the Internal Revenue Service. Out-state mileage allowance shall not exceed the quoted roundtrip airfare for that trip plus mileage to and from the employee's residence and the airport. Out-state mileage will be computed using a reliable current internet source (i.e., Google Maps).
- c. Rental Vehicle. Generally, a rental car should not be allowed if the traveler is staying at the program hotel unless normal taxi or shuttle expense would exceed the rental car rate. In such instances the lowest rate available should be obtained.
- d. Public Transportation. The cost of a cab or shuttle service between airport and hotel and conference (if necessary) is reimbursable.
- e. Lodging. Hotel reservations should be made as far in advance as possible to assure the traveler has a room in the conference hotel. Lodging expenses will be reimbursed for a room at the conference hotel or at a convenient nearby hotel that results in a net savings of room and transportation costs. Reimbursement will be for the least expensive rate available; either conference rate, governmental rate, or special program rate. All sales, occupancy, or other taxes will also be reimbursed. A receipt from the hotel must be presented for any reimbursement.

4. Meals. Meals will be reimbursed in accordance with the daily meal allowance authorized by the IRS. A schedule of authorized meal allowances is available through the U.S. General Services Administration ([www.gsa.gov](http://www.gsa.gov)). Any meal provided as part of a program which are included in the registration cost, or other complimentary meal will not be reimbursed.

5. Miscellaneous. Reimbursement is authorized for all miscellaneous travel expenses which are reasonably incurred and directly related to the authorized travel. Miscellaneous expenses include tips, gratuities, road tolls, parking charges, etc. Fines or other violations incurred as a result of traffic or parking violations are the personal responsibility of the driver. No reimbursement shall be made for these expenses. In-room or airline internet service, when used for business, will also be reimbursed, if appropriately verified.

6. Non-Reimbursable Expenses. Expenses that are considered non-reimbursable are expenses for family members or companions, personal entertainment expenses, fees for athletic or exercise facilities, golf or tennis fees, and alcoholic beverages.

7. Personal Travel. In no event will personal travel expenses be reimbursed by OCERS or the VEBA. However, a Trustee wishing to extend his/her travel for personal reasons may still be reimbursed for the round-trip travel expense at the cost that would have been incurred if the travel had occurred during a Covered Travel Day.

**F. Travel Advances**

1. Trustees may request travel advances that do not exceed their estimated travel expenses, lodging, registration fee and the per diem meal and miscellaneous expense reimbursement. Any difference between the travel advance and the itemized expenses shall be (i) returned to OCERS within ten (10) days of completion of the travel; or (ii) reimbursed to the individual, as the case may be.

**G. Cancellations**

1. Trustees are responsible for the timely cancellation of or change to any registration, travel, and/or lodging reservations. Absent extenuating circumstances, the individual Trustee shall be responsible for the cost of any cancellation fees charged as a result of the failure to cancel a reservation on a timely basis. In the event that a travel advance has been pre-paid to an individual whose registration, travel, and/or lodging reservations have been cancelled, the advance must be repaid to OCERS within three (3) business days of the cancellation.

**VI. REPORTING REQUIREMENTS**

**A. Expense Report**

1. A Travel Expense Report (Exhibit B) must be completed by Trustees after incurring any business travel, transportation or other expense on behalf of OCERS. Proper receipts and documentation of the specified travel is required to be submitted by the traveler for reimbursement.

2. Original receipts must be submitted for all expenses including travel, lodging, meals and other expenses incidental to travel. Lodging receipts should itemize all charges. Receipts must be included for any reimbursement except for meals covered by the per diem or private vehicle mileage payments. Receipts for all other documented expenses are required for reimbursement. When receipts are lost, a statement from the traveler declaring that a good faith effort was made to produce the receipt must be submitted. The statement must be signed by the traveler and approved by the Board. In the event of a lost receipt, reimbursement will only be considered upon receipt of such a statement.

3. The Travel Expense Report and all receipts must be submitted within twenty-one (21) calendar days from the completion of the Trustee's travel.

**B. Travel Reports**

1. The Retirement Administrator shall report to the Board on an annual basis all travel by Trustees and which report will include: (a) notification of any outstanding Travel

Expense Reports, and (b) OCERS aggregate education/travel expenses for the fiscal year.

**C. Conference/Seminar Report**

1. Trustees are required to provide the Retirement Administrator with copies of all available conference materials, handouts, presentations, etc., so that such information is available and accessible to all members of the Board and OCERS staff. Trustees may provide an oral report of the educational or training program at the next regularly scheduled meeting of the Board.

**VII. RECORD RETENTION**

All records related to travel by Trustees shall be retained by OCERS for a period of six (6) years from the date of travel, and shall be subject to disclosure under the Michigan Freedom of Information Act. No travel related records shall be destroyed or discarded prior to the six (6) year timeframe established herein.

**VIII. VIOLATIONS**

The willful failure of a Trustee to substantially comply with this Policy will be reviewed by the Board. The Board may suspend travel authorization for an individual's failure to comply with the procedures herein.

**IX. POLICY REVIEW**

The Board shall review this Policy at least once every three years to assure its efficacy and relevance. This Policy may be amended from time to time by majority vote of the Board.

**EXHIBIT A**

**OAKLAND COUNTY EMPLOYEES' RETIREMENT SYSTEM  
&  
OAKLAND COUNTY VEBA  
Travel Authorization Form**

<b>Personal Information</b>		
Traveler Name:		
<b>Travel Purpose and Destination</b>		
Travel Destination		
Purpose of Trip	<input type="checkbox"/> Education <input type="checkbox"/> Due Diligence <input type="checkbox"/> Other (Explain):	
Name of Educational Program (if applicable)		
<b>Travel Details</b>		
Date(s) of Educational Program / Due Diligence Visit / Other		
Date of Departure	Date:	
Date of Return	Date:	
Transportation Mode	<input type="checkbox"/> Private Auto <input type="checkbox"/> Airplane <input type="checkbox"/> Other (Explain):	
<b>Cost Estimate</b>		
Are expenses being reimbursed by a third party?	<input type="checkbox"/> Yes - If Yes, Name of Third Party:	
Is a travel advance requested?	<input type="checkbox"/> Yes - If Yes, complete below:	
Lodging	Cost per night (\$)	\$ _____
Transportation		\$ _____
Registration Fee		\$ _____
Meals (Exclude meals included in the registration fee)		\$ _____
Other		\$ _____
<b>TOTAL</b>		
<b>Signature</b>		
Traveler's Signature and Date		

A TRAVELER ON OFFICIAL BUSINESS WILL EXERCISE THE SAME CARE IN INCURRING EXPENSES THAT A PRUDENT PERSON WOULD EXERCISE IF TRAVELING ON PERSONAL BUSINESS.

**EXHIBIT B**

**OAKLAND COUNTY EMPLOYEES' RETIREMENT SYSTEM  
&  
OAKLAND COUNTY VEBA  
Travel Expense Report**

<b>Personal Information</b>		
Traveler Name:		
<b>Travel Purpose and Destination</b>		
Travel Destination		
Purpose of Trip	<input type="checkbox"/> Education <input type="checkbox"/> Due Diligence <input type="checkbox"/> Other (Explain):	
Name of Educational Program (if applicable)		
<b>Travel Details</b>		
Date(s) of Educational Program / Due Diligence Visit / Other		
Date of Departure	Date:	
Date of Return	Date:	
Transportation Mode	<input type="checkbox"/> Private Auto <input type="checkbox"/> Airplane <input type="checkbox"/> Other (Explain):	
Travel Advance	<input type="checkbox"/> No <input type="checkbox"/> Yes (If yes, total advance): \$	
<b>Travel Expenses (receipts required)</b>		
Lodging	\$_____ per night x # of nights:_____ =	\$_____
Transportation	Airfare: \$_____ Personal Vehicle Mileage:_____ Public transportation: \$_____ Car rental: \$_____	\$_____
Registration Fee		\$_____
Meals (Exclude meals included in the registration fee)	# of Breakfasts:_____ x \$_____ daily breakfast allowance = # of Lunches:_____ x \$_____ daily lunch allowance = # of Dinners:_____ x daily dinner allowance = Gratuities (15%): \$_____	\$_____
Parking		\$_____
Miscellaneous/Other		\$_____
<b>TOTAL EXPENSES</b>		
<b>LESS TOTAL ADVANCE</b>		
<b>DUE TO/(FROM) TRAVELER</b>		
<b>Signature</b>		
<b>I hereby certify that all expenses stated above are accurate and that any amounts owed have not been paid to me or any other person on my behalf.</b>		
Traveler's Signature and Date		