



# BOARD EDUCATION POLICY

## PURPOSE

The purpose of this policy is to establish a Board Education Policy (Policy) consistent with statutory requirements and the Board's fiduciary duty.

- A. To assure that all SCERS Board Members have access to the knowledge they need to prudently and effectively carry out their fiduciary and statutory duties.
- B. To assure that all SCERS Board Members possess a common base of knowledge relevant to pension fund administration, the investment of pension fund assets, and fiduciary practices sufficient to enable effective group discussion, debate and decision-making.
- C. To encourage all Board Members to seek and maintain up-to-date knowledge regarding the information necessary to prudently administer the retirement system.
- D. To establish a Board Education Policy that facilitates compliance with Section 31522.8 of the 1937 Act, which, effective January 1, 2013, requires Board Members to complete twenty-four (24) hours of Board Member education within the first two (2) years of assuming office, and for every subsequent two year period thereafter.

## POLICY

Relevant subjects for Board Member education include, but are not limited to the following:

- Fiduciary responsibilities
- Effective governance practices;
- Institutional investment practices, asset allocation principles and investment program management;
- Actuarial analysis;
- Pension funding policy;
- Benefits structure and administration;
- Fiscal management;
- Regulatory and legal consideration; and
- Ethics.

Board Members may receive education in these and other relevant subjects through various formats including, but not limited to the following:

- External conferences, seminars, workshops, roundtables or similar programs (collectively, 'conferences');
- Courses and programs conducted by and/or through academic institutions;
- In-house educational presentations can take place at regular SCERS Board Meetings or at special sessions;
- Programs related to professional licensing requirements or obtaining/maintaining professional credentials;
- Training programs mandated by law, including ethics training and sexual harassment prevention training;
- Electronic media, including video and Internet-based education; and
- Relevant periodicals, journals, textbooks or similar materials.

On an ongoing basis, SCERS Staff will identify appropriate external educational opportunities and make information regarding such educational opportunities available to the SCERS Board. Standards for evaluating the appropriateness of a potential educational opportunity will include: (1) The extent to which the opportunity is expected to provide Board Members with the skills and knowledge they need to carry out their roles and responsibilities; (2) The timeliness and relevance of the education opportunity; (3) The extent to which the opportunity meets the requirements of this Policy; and (4) The cost-effectiveness of the education opportunity in light of travel, lodging, program cost and related expenses.

Members of the SCERS Board may also identify and propose external educational opportunities. The CEO will utilize his/her best professional judgment to determine the appropriateness of any such proposed opportunities. In making that determination, the CEO shall consider the four factors set forth in the previous paragraph and the fiduciary status of the trustees. In particular, the CEO shall consider whether the proposed educational opportunity presents any appearance of impropriety, due to factors such as geographic location, venue, the nature of the education, and travel/lodging costs. Upon request, the CEO's determination about the appropriateness of the educational opportunity may be reviewed by the SCERS Board.

Board Members may also gain credit for educational activity based on writing an article for a qualified publication, or teaching or presenting educational information at a qualified conference or program, on the subjects noted in this Policy. Whether an article or presentation qualifies as an educational opportunity under this Policy will be determined, in the first instance, by the Chief Executive Officer. Upon request, such a determination may be reviewed by the SCERS Board.

The Chief Executive Officer will utilize his/her best professional judgment to determine the number of hours an educational opportunity qualifies for under this Policy. Upon request, a determination regarding the number of hours the education opportunity qualifies for may be reviewed by the SCERS Board.

SCERS Staff will prepare and present an annual report regarding each Board member's education activities for the year.

Beginning January 1, 2013, Board Members will acquire a minimum of twenty-four (24) hours of Board Member education within the first (2) years of assuming office and for every

subsequent two (2) year period thereafter. SCERS will maintain a record of Board Members compliance with the Board Education Policy. An annual compliance report and a copy of this Policy will be posted on the SCERS website.

A formal orientation program will be developed by the Chief Executive Officer for the benefit of new Board Members. The goal of the orientation program will be to help assure that new Board Members are in a position to effectively carry out their fiduciary and statutory duties as soon as possible upon joining the Board. The orientation program will focus on the subject areas noted in this Policy.

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During the course of their first twenty-four (24) months on the SCERS Board, new Board Members will endeavor to attend and participate in extended programs focused on new Board Member training, the principles of pension fund management, and the principles of institutional investing.

## **BACKGROUND**

Under Article XVI, Section 17 of the California Constitution, the SCERS Board has plenary authority and fiduciary responsibility for the investment of the SCERS pension trust and administration of the retirement system. Under the County Employees' Retirement Law, the SCERS Board and staff shall discharge their duties with respect to the retirement system with the care, skill, prudence and diligence that would be used by a prudent person, familiar with such matters.

This Policy is grounded in the SCERS Board's recognition there is a unique body of knowledge that is relevant to Board Members in carrying out their distinct roles and responsibilities, and that education in such matters is necessary for Board Members to successfully carry out their fiduciary and statutory duties.

This Board Education Policy also reflects the SCERS Board's affirmation that it is incumbent on each Board Member to achieve and maintain proficiency in matters central to the administration of the retirement system, the investment of retirement system assets, and prudent fiduciary practices.

## **RESPONSIBILITIES**

Executive Owner: Chief Executive Officer

## **POLICY HISTORY**

<b>Date</b>	<b>Description</b>
10/20/2021	Board affirmed policy with amendments
12/20/2017	Board affirmed in revised policy format
12/19/2012	Board approved new policy