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## **TRUSTEE RESPONSIBILITIES, CORE COMPETENCIES AND EDUCATION POLICY**

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Revised January 23, 2023

### **A. Introduction**

Members of the Pension Trust Board of Trustees are charged with the administration of the Pension Trust (Article 16, section 17 of the California Constitution; California Government code Sections 53215 et seq.; County Code Chapter 2.56; and Article 16 of the Retirement Plan). The Pension Trust Board believes that there are identifiable responsibilities and core competencies for Board members that must be exercised and/or acquired in order to ensure the successful governance of the Pension Trust in a manner that fulfills the Board members' fiduciary duties. To help Board members gain and enhance these necessary skills, a structured program of trustee education has been developed.

The Board further recognizes that service as a Board member involves significant responsibility and requires a major commitment of time and effort in order to be successful. For that reason, a summary of trustee duties and responsibilities, which identifies the obligations that a trustee will confront upon assuming office, has been developed and approved by the Board. (Appendix 1). This summary will be provided to any individual seeking election or appointment as a Board member.

The Board further directs that this summary be refreshed, with Board member input, no less than once every two years.

## **B. Board Member Responsibilities and Core Competencies**

1. ATTENDANCE. All Board members are expected to attend all Board and applicable committee meetings. While attendance is not always possible, Board members should, once the calendar for a year is set, immediately flag any scheduling conflicts and thereafter manage their schedules to avoid creating additional conflicts. Absences for medical or other substantial reasons shall be deemed excused absences in the discretion of the Board President and shall be reflected as such in the Board minutes.
2. COMMITTEE SERVICE. Each Board member should serve annually on at least one standing or ad hoc committee as appointed by the Board President.
3. PREPARATION. Board members should come to Board meetings having read the materials prepared and circulated by staff and/or consultants and having asked any questions of staff necessary to their understanding of the materials.
4. INQUISITIVENESS. Board members should be inquisitive, and should question staff, advisors and fellow board members as circumstances require in a constructive manner that encourages critical thinking and analysis. There is no such thing as a “dumb question.”
5. INTEGRITY. Board members shall conduct themselves with integrity and dignity, maintaining the highest ethical conduct at all times. They should understand system objectives and exercise care, prudence and diligence in handling confidential information.
6. KNOWLEDGE. Board members should develop and maintain their knowledge and understanding of the issues involved in the management of the system. The specific areas in which Board members should develop and maintain a high level of knowledge should include:
  - Public pension plan governance
  - Asset allocation and investment management
  - Actuarial principles and funding policies
  - Financial reporting, controls and audits
  - Risk management and oversight
  - Benefits administration
  - Disability retirement
  - Vendor selection process
  - Open meeting and public records laws
  - Fiduciary responsibility
  - Ethics, conflicts of interest and disclosures
7. EDUCATION. Board members should identify areas where they might benefit from additional education and work with staff to find educational opportunities.

Board members should fulfill the training expectations outlined in the Education Policy and are encouraged to attend additional relevant educational opportunities as outlined in Section 5 of that policy.

8. COLLEGIALITY. Members shall make every effort to engage in collegial deliberations, and to maintain an atmosphere where Board or committee members can speak freely, explore ideas before becoming committed to positions, and seek information from staff and other members. Board members should come to meetings without having fixed or committed their positions in advance.
9. INDEPENDENCE. Board members and their delegates shall, upon the adoption of this policy and thereafter upon taking office, sign a pledge confirming their independence and their understanding of their fiduciary duties. The pledge shall read as follows:

“I understand that as a Board member, I must discharge my duties as a fiduciary with respect to the system solely in the interest of its members, retirees and beneficiaries. I pledge not to allow political meddling or other forms of intimidation to affect my independence of judgment in the exercise of my fiduciary responsibilities.”

## **C. Board Member Education**

### **1. PURPOSE**

In order to permit Board members to develop core competencies, discharge their fiduciary duties to act with care, skill, prudence, and diligence and to ensure that all Board members have a full understanding of the issues facing the system, the Board has adopted orientation and mentoring programs; mandatory fiduciary education and ethics training sessions; encourages education; and makes available appropriate periodicals to foster Board member awareness of relevant developments.

### **2. PRINCIPLES**

The Education Policy rests on the following important principles:

- There is a unique body of knowledge that can be imparted to Board members to facilitate the carrying out of their distinct roles and responsibilities.
- Board members are responsible for making policy decisions affecting all major aspects of pension plan administration. They also must maintain prudent oversight of the operations of the Pension Trust, including the functioning of the consultants and investment managers retained by the Pension Trust and of the assets, including the real property assets, owned

by the Pension Trust. They, therefore, must acquire an appropriate level of knowledge of all significant facets of the Plan, rather than only specializing in particular areas.

- No single method of educating board members is optimal. Instead, a variety of methods is necessary and appropriate.
- This policy is not intended to dictate that Board members attend only specific conferences, programs, etc. Instead, Board members should work with the Executive Director to determine their own educational needs and which educational opportunities best address those needs.

### 3. ORIENTATION OF NEW BOARD MEMBERS

- Attendance. Each new Board member shall attend an orientation session.
- Timing for Orientation. The new Board member is urged to attend the orientation session before sitting at the first Board meeting as a voting member.
- Development and Content. The orientation sessions will be developed by the Executive Director and will, at a minimum, include the following topics:
  - Role and expectations of Board members.
  - A brief history and overview of the system, including the mission and purpose of the System.
  - A review of Board committees and their purposes.
  - An overview of the organizational structure and the roles of staff and key service providers, including the actuary, investment consultant, investment managers, custodian, attorneys and auditors.
  - A summary of the actuarial basis of the system, its assets and liabilities, and actuarial assumptions and methodologies.
  - A summary of the asset allocation and investment and funding policies of the system.
  - A summary of the laws and rules governing the system and the Board, including applicable open meeting and public records laws.
  - A summary of the benefit structure and administration.
  - An explanation of fiduciary responsibility, conflicts of interest, and ethics
  - A review of Board member immunity, indemnity and fiduciary insurance.
  - An explanation of the strategic planning process
  - A high-level review of existing Board policies
  - A briefing on current and emerging issues before the Board
  - Biographical information on the other Board members
  - A review of best practices for pension governance
  - An introduction to the Executive Management team

- A tour of system offices, if practicable.
- Materials. At or before the orientation session, the following documents will be made available to new members:
  - A listing of names, addresses, and contact information for the Board members
  - A listing of names, addresses, and contact information for Executive Management
  - A listing of key information available on the Pension Trust's website, such as board agendas, minutes, and financial reports.
  - A copy of the Open Meeting Act
  - A list of upcoming recommended educational conferences
  - Any other relevant information or documents deemed appropriate by the Executive Director

#### 4. MENTORING

Consistent with the Board's collegial and collaborative values, experienced Board members are available and willing to provide assistance to new Board members on an informal basis. In addition, any new Board member may request a mentor to assist him or her in becoming familiar with his or her responsibilities on the Board. If a request is made, the Board President will designate one experienced Board member to be a mentor to the new Board member for a period of one year. The mentor will be available to the new Board member for consultation or discussion on a basis that best serves the mutual interests of the new Board member and mentor.

#### 5. BOARD MEMBER EDUCATION

**A. First 36 months:** In the Board members' first 36 months of service on the Board after their election or appointment, in addition to attending the orientation session, Board members should attend programs in –

1. **Principles of Pension Management** - such as the California Association of Public Retirement Systems (CALAPRS) Principles of Pension Governance for Trustees.
2. **Investments** - such as the SACRS Berkeley Investment program.
3. Alternative educational programs will satisfy this requirement if the Executive Director determines that they are comparable in both quality, content and cost-effectiveness.

**B. Ongoing:** Board members should attend **12 hours per year** of continuing education. Examples include events such as the CALAPRS General Assembly and CALAPRS Trustee Roundtables.

- 1) Staff will monitor and advise the Board members as to the number of hours of continuing education earned by each Trustee. The required 12 hours per year of continuing education will be measured over rolling three year periods to allow for greater or lesser than 12 hours in any particular year.
- 2) Professional education in an individual Board member's normal field of employment may be applied toward meeting the educational requirement established by this policy if the subject of such education is directly related to the individual Board member's obligations as a Trustee.
- 3) Board members are responsible for self-evaluating their additional educational needs and obtaining knowledge in specific needs areas in a controlled manner. Board members shall complete annually a Board member Knowledge Self-Assessment (Attachment 2) and then discuss their results and training needs with the Executive Director.
- 4) While attendance at the programs suggested for newly elected or appointed trustees is deemed to fulfill the continuing education requirement during the first 36 months of service, new Board members are nevertheless encouraged to attend additional continuing education each year if feasible.
- 5) **In-House Education Sessions.** Based on the personal education needs of the Board members, the Executive Director will arrange for staff or outside service providers to conduct educational sessions throughout the year at regularly scheduled Board meetings or off-sites. Time spent in such sessions will count towards fulfilling the Board member's annual continuing education responsibility.
- 6) **Self Study.** Attendance at educational sessions or conferences is the preferred mode of Trustee education. However, based on personal education needs of the Board members the Executive Director may approve selected topical articles, papers, books, or online training tools relevant to the duties of a Trustee for Trustee self study. Upon completion of the assigned materials the Trustee may self-certify to the Executive Director its completion and an appropriate number of hours may be counted towards the requirement for continuing education.
- 7) **Educational Conferences.** **The Executive Director will maintain a list of educational conferences appropriate for Board members and Staff.** Board members may attend any of these conferences subject to the Board's travel expense policy. The Executive Director will scrutinize conference agendas and materials to ensure that they are geared appropriately towards

education as opposed to marketing and consider whether associated recreational/entertainment activities present potential appearance concerns for board members. The Executive Director will regularly update this list when new educational opportunities arise. The list will also be modified to reflect the evaluations from Board members who have attended specific conferences to ensure that the conferences remain worthy of the Board's time and the System's expense. In considering out-of-state educational opportunities, board members should weigh the costs and benefits of travel versus locally based education.

- 8) **Board Member Reporting.** Board members are requested to make a verbal report during the next Board of Trustees meeting during Trustee Comments on educational conferences they attend and significant items of learning warranting sharing with other Trustees.
  
- 9) **Compliance with Provisions of the Brown Act:** Travel by multiple Board members shall be conducted in such a manner as to maintain compliance with the provisions of the Brown Act (Government Code Section 54950 et. seq.). Attendance by members of the Board of Trustees at educational meetings, conferences, seminars and related events is not a violation of the Brown Act provided that the conference or seminar is open the public and involves a discussion of issues of general interest to public agencies of the same type as the Pension Trust (Government Code Section 54952.2.).

## 6. FIDUCIARY EDUCATION SESSION

Each year the General Counsel will arrange for a fiduciary education session that will update the Board members on issues affecting their service on the Board. Board members are expected to attend.

## 7. ETHICS TRAINING

Board members and their designated representatives shall complete the ethics training required by Assembly Bill 1234, either through the online or in-person courses. The General Counsel will periodically provide additional training on ethics laws designed to supplement the AB 1234 training. In the event that the AB 1234 training requirement is changed in future legislation, the new training requirement shall be substituted for the existing training and shall be supplemented if necessary by training provided by the General Counsel.

8. RETIREMENT INDUSTRY PERIODICALS

Board members are encouraged to subscribe to periodicals selected from a list of pension and investment-related periodicals maintained by the Executive Director. The expense for the periodicals will be paid by the System. The Executive Director will annually review and update this list with input from the Board members.

9. COMPLIANCE

The willful failure of a Board member to comply substantially with this education policy will be reviewed by the Board for appropriate corrective action.

## APPENDIX 1

# **“FIDUCIARY RESPONSIBILITY” YOUR ROLE AS A SAN LUIS OBISPO COUNTY PENSION TRUST BOARD MEMBER**

## **INTRODUCTION**

Board members of a public pension system provide an important service to the community. They are responsible for administering the system and overseeing the investments of the system to ensure that public employees receive a secure retirement after long years of public service. This promise to public employees allows governmental entities to attract and retain qualified employees. As a Pension Trust Board member, you can expect to commit at least 10 hours of your time each month discharging your duties to the system, not including additional time required for training and education.

The following is intended to serve as a general overview of fiduciary responsibilities and duties relating to administration of a public employee retirement system.

## **WHO IS A FIDUCIARY?**

A fiduciary is anyone who has discretionary authority or control over plan assets and/or the administration of the employee benefit plan, whether they are administrators, staff, board members or consultants. Board members are fiduciaries charged with fiduciary responsibilities in administration of the retirement system.

## **YOUR FIDUCIARY DUTIES**

It is important to note that your fiduciary duties are measured on an objective standard. It is not enough that you “mean well.” You must approach your duties on the Board exercising the following fiduciary duties:

1. **Duty of Loyalty:** A Board member must discharge his or her duties with respect to the system solely in the interests of and for the exclusive purpose of providing benefits to participants and their beneficiaries, minimizing employer contributions and defraying reasonable expenses of administering the system. The duty to participants and their beneficiaries is the Board member’s primary duty that takes precedence over all other duties. A Board member has an undivided duty of loyalty to the participants and beneficiaries and does not serve as an “agent” or representative of the employer, union or other constituency responsible for his or her appointment to the Board. The Board member must act in the best interests of all of the

participants and beneficiaries even where doing so is not in the best interests of the electorate or appointing authority responsible for the Board member's appointment.

2. **Duty of Impartiality:** The duty of impartiality is really a corollary of the Duty of Loyalty and applies where the Board is required to make a decision that will impact groups of participants differently. Where there are conflicting interests among different groups of participants, the Board member must act in a way that serves the overall best interests of the members of the system.
3. **Duty of Care:** Fiduciaries must discharge their duties with respect to the system with the same *care, skill, prudence and diligence* under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character with like aims. Encompassed within the duty of care are:
  - a. The duty to assure that the assets of the system are sufficient to pay the benefits promised
  - b. The duty to monitor and take corrective action when reasonably appropriate
  - c. The duty to exercise reasonable effort and diligence in making and monitoring investments for the trust and to diversify investments to maximize returns and minimize risk
  - d. The duty to consult with experts and secure and consider the advice of others to the extent necessary or appropriate to the making of informed decisions
  - e. The duty to exercise prudence in decision-making which requires asking questions, analyzing advice and recommendations from experts and understanding the rationale for actions before taking them
  - f. The duty to follow the Plan document and other applicable laws governing the retirement system and ensure that trust assets are used for the exclusive benefit of delivering benefits and related services to participants and beneficiaries

## CONFLICT OF INTEREST

A fiduciary must act in the best interest of the Plan and its participants. Fiduciaries should exercise extraordinary precaution to assure that decisions and transactions are fair to the participants and free of any conflict of interests. Board members must not participate in any decisions that will impact, either negatively or positively, their own financial interests. The Political Reform Act requires that board members file an initial disclosure of their financial interests, an annual disclosure thereafter, and a final disclosure when they leave office. Every Board member should become familiar with the California conflict of interest and disclosure laws applicable to their duties as a public pension plan board member. Conflict of interest laws are complex. Board members should seek assistance from the General Counsel to determine that financial disclosures are required and to seek advice in any situation giving rise to a potential conflict of interest.

## **DELEGATION OF RESPONSIBILITY**

Many aspects of plan administration such as day-to-day operations, investment decisions and other services necessary to conduct the affairs of the system are delegated to persons other than the Board members. Fiduciaries must exercise reasonable care in delegating responsibilities over administration of the Plan. Board members must ensure that the persons selected are qualified and capable of adequately performing the duties delegated. Once delegated, Board members must actively monitor the activities of the person selected to ensure that he or she is adequately performing and that policies and procedures are being timely and accurately implemented.

## **PLAN ADMINISTRATION**

A Board member's duties relating to plan administration will include:

1. **Legal Compliance:** Board members must ensure that the Plan maintains compliance with the Plan documents and all applicable laws governing the system. Board members comply with this duty by conducting a periodic review of plan documents and monitoring changing legal requirements.
2. **Education:** Board members are expected to educate themselves on the issues that are likely to appear in front of them and ensure that staff members also obtain sufficient education to keep current with issues that impact administration of the system. Board members should establish an ongoing education program for Board members and staff.
3. **Board and Committee Meetings:** Board members are expected to prepare for, attend and participate in regularly scheduled meetings necessary to conduct the business of the system. Board members should ensure that accurate and detailed minutes are kept of all meetings.
4. **Payment of Benefits and Claims:** Board members are responsible for ensuring that plan benefits are paid to participants and beneficiaries in a timely and accurate manner.
5. **Competency of Assets:** Board members are responsible for formulating written investment policies and guidelines and overseeing investments to ensure adequate funding of the system to pay all promised benefits.
6. **Contributions:** Board members must ensure that contributions from plan sponsors and plan participants are set accurately and collected in a timely manner to ensure adequate funding of the system.
7. **Actuarial Advice:** Board members are responsible for retaining and working with a system actuary to analyze potential long-term funding deficiencies and provide advice on contribution rates to ensure adequate funding of the system.
8. **Retention of Vendors, Consultants and Experts:** Board members are responsible for retaining vendors, consultants and experts with sufficient skills and expertise to provide the services necessary to conduct the affairs of the system and pay reasonable compensation for those services.

## APPENDIX 2

# BOARD MEMBER KNOWLEDGE SELF-ASSESSMENT

## Introduction

Board policy provides that Board members should develop and maintain their knowledge and understanding of the issues involved in the management of the system across the broad spectrum of pension-related areas. The specific areas in which Board members should develop and maintain useful levels of knowledge shall include:

- Governance
- Asset Allocation and Investments
- Actuarial Process
- Benefits Administration
- Disability
- Fiduciary Responsibility
- Ethics, Conflicts and Disclosures
- Open Meeting and Public Records
- Financial Controls and Audits
- Vendor Selection Process

The policy goes on to state that Board members should identify areas where they might benefit from additional education and work with staff to find educational opportunities. The purpose of this self-assessment is to help Board members fulfill their responsibility to identify such areas so that they can engage in meaningful discussion with the General Counsel regarding educational needs and opportunities and make informed choices about the educational opportunities that they pursue.

## Instructions

Keeping in mind that this is not a “test” and that no one besides you will see the specific results, you should answer the questions using your best judgment as to your knowledge level in the given area. As indicated, use a simple numeric scale to identify your knowledge and understanding of the subject matters, with a “1” indicating no knowledge or understanding and a “5” indicating comprehensive and detailed knowledge and understanding. When you complete the self-assessment, identify those subject areas, by either general category or specific question as applicable, where you scored the lowest. Make a note of these areas for future discussion with the General Counsel about your educational needs and upcoming educational opportunities to address those needs.

## GOVERNANCE

I am confident that I understand the governance of the system.

This includes:

	1	2	3	4	5
Understanding board function, processes, committee structure, exercise of discretion, delegation of responsibilities and oversight role.					
Understanding the organizational structure and roles of staff and key service providers, including the actuary, investment consultant, attorneys and auditors.					
Understanding the laws and rules governing the system.					
Understanding the system's independence under applicable laws.					
Understanding best practices for public pension board governance.					

## ASSET ALLOCATION AND INVESTMENTS

I am confident that I understand the asset allocation and investment and funding policies of the system.

This includes:

	1	2	3	4	5
Understanding the major asset classes and their characteristics.					
Understanding specialized asset classes and techniques, such as private equity, market neutral, and securities lending.					
Understanding the concept of risk versus reward and the "efficient frontier" principle of asset allocation.					
Understanding the reports provided by staff and the investment consultant on the performance of the investment portfolio.					
Understanding the role of active management in the investment portfolio.					

## ACTUARIAL PROCESS

I am confident that I understand the information provided to me by our outside actuary concerning the actuarial soundness of the system.

This includes:

	1	2	3	4	5
Understanding of how assets and liabilities of the system are calculated on an actuarial basis.					
Understanding the difference and relationship between the actuarial value of assets and the market value of assets and the asset smoothing process.					
Understanding how changes in actuarial assumptions have an impact on system assets and liabilities.					
Understanding the nature of the plan sponsors' funding obligations and the responsibility of the Board to determine the annual required contribution.					
Feeling comfortable with asking our actuary questions when I need further information, explanation or clarification on a subject.					

## BENEFITS ADMINISTRATION

I am confident that I understand the benefit structure and benefits administration process at the system.

This includes:

	1	2	3	4	5
Understanding the different plans available to employees of all plan sponsors.					
Understanding how the system communicates with its members.					
Understanding the difference between the responsibility for plan design (plan sponsor) and the responsibility for plan administration (the system).					
Understanding how so-called "contingent" benefits are calculated and administered.					
Understanding how the DROP is administered.					

## **DISABILITY**

I am confident that I understand the disability benefit structure, program administration, and hearing/appeals process at the system.

This includes:

	1	2	3	4	5
Understanding the qualifications for a disability retirement and the benefits that are provided.					
Understanding the process that is followed in disability applications, from intake through determination of eligibility.					
Understanding the medical and legal issues that are discussed during consideration of disability matters.					
Understanding the reexamination process.					
Understanding the hearing and appeal process that is followed when a member is dissatisfied.					

## **FIDUCIARY RESPONSIBILITY**

I am confident that I understand the responsibilities that I have as a system fiduciary.

This includes:

	1	2	3	4	5
Understanding the duty to be prudent.					
Understanding the duty of loyalty and to whom that duty is owed.					
Understanding what constitutes a prohibited transaction.					
Understanding the duty to administer the plan in accordance with governing plan documents.					
Understanding how to delegate authority while retaining appropriate oversight.					

## ETHICS, CONFLICTS AND DISCLOSURE

I am confident that I understand the laws, rules and policies that address ethics, conflicts and disclosure at the system. This includes:

	1	2	3	4	5
Understanding applicable state and/or local conflict of interest laws and the duty to avoid participating in a decision that affects my economic interests.					
Understanding system policies concerning conflicts of interest.					
Understanding system policies regarding disclosure by board members and/or investment managers of third party communications.					

## OPEN MEETING AND PUBLIC RECORDS

I am confident that I understand the applicable laws and procedures concerning open meetings and public records.

This includes:

	1	2	3	4	5
Understanding the notice requirements for meetings, including teleconference meetings.					
Understanding the limitations on discussing matters that have not been noticed on the agenda.					
Understanding the circumstances under which communications outside of noticed meetings can be deemed under the law to be a “meeting.”					
Understanding what may and may not be discussed during a closed session.					
Understanding what constitutes a “public record” under the law and the circumstances under which system records must either be disclosed or withheld.					

## FINANCIAL CONTROLS AND AUDITS

I am confident that I understand the system of financial reporting, controls and audits.

This includes:

	1	2	3	4	5
Understanding the respective roles of the Chief Financial Officer, Chief Compliance Officer, the Internal Auditor, and the outside auditor.					
Understanding the Comprehensive Annual Financial Report (CAFR).					
Understanding the concepts of “risk assessment” and developing internal controls to address those risks.					
Understanding the responsibility for maintaining the security of confidential information kept by the system.					
Understanding the present relationship between the system and the plan sponsor(s) with respect to the system’s financial controls and reporting.					

## VENDOR SELECTION PROCESS

I am confident that I understand the vendor selection process.

This includes:

	1	2	3	4	5
Understanding when an RFP must be conducted and whether the Board must first approve the RFP.					
Understanding the “no contact” provisions of Board policy as they relate to RFP’s.					

### APPENDIX 3

## **POLICY ON EDUCATIONAL REQUIREMENTS FOR STAFF OF THE PENSION TRUST**

The employees and staff of the Pension Trust have an obligation, concurrent with that of the Board of Trustees, to maintain and increase their professional knowledge, and to stay informed and exercise prudent oversight of the advisors and managers retained by the Pension Trust, as well as the assets of the Pension Trust, including the real property assets held by the Trust. In order to clearly memorialize these responsibilities and to set forth the administrative procedures necessary or convenient to accomplish them, the Board of Trustees establishes the following minimum attendance guidelines regarding the Education Requirements for the Executive Director and staff designated by the Executive Director for attendance at training or continuing education:

1. During the Executive Director's term of employment, the Executive Director shall attend one or more educational programs presented by an approved sponsor annually.
2. For all staff designated by the Executive Director, attendance at one or more educational programs presented by an approved sponsor each year during designated staff member's term of employment. CALAPRS General Assemblies, appropriate CALAPRS Roundtables, CALAPRS Staff Training programs, and P2P educational conferences shall be recognized as applicable toward meeting those requirements.

APPENDIX 4

**POLICY ON REIMBURSEMENT FOR EXPENSES INCURRED  
FOR TRAVEL ON PENSION TRUST BUSINESS, INCLUDING  
EDUCATION AND DUE DILIGENCE**

**A. Authorization for attendance** by Trustees and staff at conferences, meetings, seminars and travel necessary to conduct the business of the Pension Trust at Pension Trust expense is hereby granted subject to the following:

1. The program includes subject matter directly pertinent to the operation or administration of the Trust.
2. The program includes subject matter that will enhance the professional knowledge or expertise of Trustees or staff, therefore providing benefit to the Pension Trust.
3. The necessary funds are available within the annual budget of the Pension Trust.
4. The number of nights authorized for overnight lodging is held to the period of the meeting plus timely travel and availability of public transportation.

**B. Authorization for attendance without expense reimbursement:** Authorization for attendance without travel reimbursement (but on Pension Trust time) at conferences, meetings, educational classes and seminars which relate to work in which the Trustee or staff member is engaged is hereby granted provided that said attendance will benefit both the Trust and the attendee.

**C. Authorization for Travel to Educational Programs or for Business (In-state):**

1. Pursuant to the conditions set forth herein, travel for the following Pension Trust business is hereby approved within the State of California:
  - a. Travel for necessary and essential Pension Trust business.
  - b. Travel for attendance at programs offered by approved providers as determined by the Executive Director and published annually.

**D. Authorization for Travel to Educational Programs or for Business (Out of State):**

1. Pursuant to the conditions set forth herein, travel for Pension Trust business is hereby approved for travel out of state for attendance at programs offered by approved providers determined by the Executive Director - and for due

diligence visitations as specified in The Pension Trust's Investment Policy.

2. Travel to seminars, conferences and classes sponsored by providers *other* than those identified in Section C-5(B)(7): Educational Conferences including the list of educational conferences appropriate for Board members and Staff approved by the Executive Director, must be approved by the Board of Trustees. A request from the attendee shall be included in the Board meeting agenda and approved by the Board. Sufficient information about the reason for the trip shall be provided to allow adequate evaluation.
3. Unless otherwise provided by the Retirement Plan or the provisions of this Policy, employees of the Pension Trust must obtain authorization from the Board of Trustees prior to travel out of state for educational programs. The minutes shall reflect approval of the travel for audit purposes. The Board of Trustees shall review the request and shall approve or disapprove the request, based on the criteria set forth Section C-5(B)(7): Educational Conferences of this policy.

Travel out of state to attend educational programs sponsored by those identified in Section C-5(B)(7): Educational Conferences including the list of educational conferences appropriate for Board members and Staff approved by the Executive Director s, or for purposes of conducting due diligence visitations, or travel necessary for business operational purposes as authorized by the Executive Director shall not require prior approval by the Board of Trustees.

## **E. Reimbursement**

1. Meals: Meal expense incurred while traveling or performing Pension Trust business shall be reimbursed based on actual expenses incurred not to exceed the per diem amount established pursuant to this policy. Meal expenses in excess of the per diem amount established herein shall be reimbursed upon presentation of proper substantiation and justification. Per diem meal limits are set forth in Appendix A. In cases where the per diem rate is used, supporting expense logs or meal receipts should be maintained by the Trustee or staff to support the claim. Individual meal expenses in excess of \$25.00 should be supported with a receipt attached to the travel claim.
2. Transportation:
  - a. Consistent with work schedules, distance and time requirements, the least expensive method of travel should be utilized.
  - b. Individuals using privately owned automobiles must certify that appropriate insurance is in effect prior to beginning travel.
  - c. Reimbursement for use of privately owned vehicles will be on a rate per mile basis as specified in Appendix A to this Policy.

- d. Commercial Auto Rental: Individuals will be reimbursed for the actual cost of car rentals and fuel when appropriate substantiation is presented. Damage and personal accident insurance should not be purchased, as the Pension Trust is covered for such liability through its insurance coverage.
- e. Air Travel: Reimbursement for the cost of commercial air tickets shall be made upon presentation of proper substantiation. Reimbursement shall be limited to coach fare.
- f. Railroad Transportation: Reimbursement for the cost of railroad tickets shall be made upon presentation of appropriate substantiation. Reimbursement shall be limited to coach or business fare, unless approved by the Board of Trustees.

3. Lodging:

- a. Individuals attending seminars, conferences or classes pursuant to this policy are encouraged to obtain lodging at the hotel or motel where the seminar, conference or class is being presented or adjacent overflow hotels. **In such cases, reimbursement may be made for the full amount of lodging expense incurred.** Individuals traveling on Pension Trust business should make advance lodging arrangements through the Pension Trust Office.
  - b. Individuals who are traveling on Pension Trust business (other than attendance at seminars, conferences or classes) shall be reimbursed for actual lodging expenses up to the limits established by this policy. Maximum lodging limits are set forth in Appendix 4-B which shall be reviewed annually and adjusted as necessary by the Board of Trustees.
4. Business Expenses: Individuals who are traveling on Pension Trust business shall be reimbursed for actual and necessary business expenses (as the term is defined in this policy), other than meals, transportation and lodging. Business expenses must be directly related to the purpose of travel.
5. Claims for Reimbursement: Claims for reimbursement of authorized travel expenses will be submitted on a Pension Trust Travel Reimbursement form. The Executive Director, or designee thereof, shall review the claim for accuracy and compliance with this policy. Reimbursement shall be made by the Office of Pension Trust. Claims and supporting documentation shall be maintained in the office of the Pension Trust for a period of five years.

**F. Waiver of Policy:** The Board of Trustees may waive any provision of this policy if it determines that extraordinary circumstances exist which indicate that such waiver is in the best interests of the Pension Trust.

## **G. Definitions**

1. The following definitions shall apply to this Travel Policy
  - a. Pension Trust Business: Consists of activities directly related to the functions of the San Luis Obispo County Pension Trust.
  - b. Authorized Personnel: Those eligible for reimbursement of expenses incurred for the Pension Trust include:
    - i. Members of the Pension Trust Board of Trustees.
    - ii. Officers, employees and agents of the Pension Trust.
    - iii. Assigned employees of the County subject to approval by the Board of Trustees.
  - c. Authorized Point of Departure: The authorized point of departure shall be the individual's residence, normal work location or such other place that may be designated by the Board of Trustees.
  - d. Authorized Point of Return: The authorized point of return shall be the individual's residence, normal work location or such other place that may be designated by the Board of Trustees.
  - e. Lodging: Lodging expenses consist of those charges for overnight sleeping or dwelling accommodations as required during travel for the conduct of Pension Trust business. Reimbursable lodging expenses shall be limited to single occupancy rates.
  - f. Meals: Meal expenses shall be those charged for food and beverages purchased and consumed in the course of Pension Trust business.
  - g. Transportation Expenses: Transportation expenses are the direct costs related to movement from the authorized point of departure to the authorized point of return. Transportation expenses include, but are not limited to, common carrier tickets, private vehicle mileage and car rental charges.
  - h. Other Transportation Expenses: These expenses include taxi, bus and

streetcar fares; road, bridge and ferry tolls; parking fees and other incidental costs related to the individual's transportation.

- i. Business Expenses: Business expenses are all expenses incidental to travel on Pension Trust business that are not transportation, lodging or meal expenses. Business expenses include, but are not limited to, conference registration fees, telephone, telegraph, hotel internet connection fees and fax charges related to Pension Trust business, reasonable non-meal gratuities (i.e., sky-caps, bellhops, etc.).
- j. Expenses Not Reimbursed by the Pension Trust:
  - i. Airline or other travel insurance.
  - ii. Annual premium for personal property insurance.
  - iii. Unauthorized extra charges.
  - iv. Traffic or parking violations.
  - v. Gasoline purchase for private vehicles whenever the individual claims reimbursement at the established per mile rate.
  - vi. Additional expenses for spouses or other traveling companions are not reimbursable.

## APPENDIX 4-B

### TRAVEL REIMBURSEMENT RATES

Effective January 23, 2023

1. **MEALS & INCIDENTALS:** Total daily costs reimbursed at actual cost up to a maximum specified in the current County of San Luis Obispo Employee Travel Reimbursement policy. Receipts not required unless paid on SLOCPT credit card.
2. **PRIVATE VEHICLE MILEAGE:** Per mile reimbursement shall be the amount established by the Internal Revenue Code for non-taxable reimbursement at the time the travel was undertaken.
3. **LODGING REIMBURSEMENT RATE FOR TRAVEL OTHER THAN TRAVEL SPECIFIED IN SECTION E, 3 (a):**
  - A. Reimbursed at actual cost up to a maximum rate specified in the current County of San Luis Obispo Employee Travel Reimbursement policy. Receipts required.
  - B. Lodging rates shown above may be exceeded by up to 50% if approved by the Executive Director.
  - C. Pursuant to Section E, 3(a) above - Individuals attending seminars, conferences or classes pursuant to this policy are encouraged to obtain lodging at the hotel or motel where the seminar, conference or class is being presented or adjacent overflow hotels. **In such cases, reimbursement shall be made for the full amount of lodging expense incurred.**