

**BOARD OF TRUSTEES OF THE
EMPLOYEES' RETIREMENT SYSTEM OF THE
CITY OF BALTIMORE**

EDUCATION AND TRAINING POLICY

Adopted March 21, 2002.

Amended May 20, 2004; March 17, 2005; July 20, 2006; November 20, 2014.

The general administration and responsibility for the proper operation of the Employees' Retirement System of the City of Baltimore ("Retirement System") are vested in the Board of Trustees ("Board") of the Retirement System. In discharging their duties, the Trustees serve in a fiduciary capacity. Baltimore City Code, Article 22, §§ 5(a) and 5(r)(2).

The Trustees are required to discharge their duties with respect to the investment of the funds of the Retirement System –

- solely in the interest of the members and beneficiaries of the Retirement System,
- for the exclusive purpose of providing benefits to members and beneficiaries and defraying reasonable expenses of administering the Retirement System,
- with the 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,
- by diversifying the investments of the Retirement System's funds so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, and
- in accordance with the provisions of section 7(h) of Article 22 of the Baltimore City Code; and
- in accordance with the provisions of the Baltimore City Ethics Law, Article 8 of the Baltimore City Code and section 5(b)(5)(ii)(f) of Article 22 of the Baltimore City code.

The statutory prudence standard stated above charges Trustees with a high degree of knowledge, whether they are rendering decisions or monitoring consultants and advisors. Board decisions will be scrutinized against those of a prudent and knowledgeable person (with similar duties and responsibilities) experienced in the subject matter. A Trustee's lack of familiarity with the subject matter is no excuse.

The Trustees serve without compensation, but they shall be reimbursed for all necessary expenses that they may incur through service on the Board. Baltimore City Code, Article 22, § 5(d).

1. Objectives and Intent.

A. The objectives of this policy are to:

- i. Ensure that the Trustees are provided with adequate opportunity and assistance to acquire the knowledge they need to effectively carry out their fiduciary duties;
- ii. Raise awareness of the importance of fiduciary education and of the level of commitment to such education that is required of Trustees; and
- iii. Facilitate travel by the Trustees for the purposes of fiduciary education on matters relevant to the Retirement System.

B. The intent of the policy is to reimburse the Trustees for all reasonable expenses properly and actually incurred by the Trustees while pursuing education and training related to the business of the Retirement System on overnight trips outside the City of Baltimore. To the extent relevant, this policy also is intended to apply to the Executive Director/CIO and Deputy Executive Director of the Retirement System.

C. Trustees are required to pursue appropriate education across a range of pension-related areas, such as fiduciary obligations. They are encouraged to attend educational conferences that address investment issues. The Retirement System is invested in a broad range of investments as part of its asset allocation policy. Also, on occasion, Trustees are encouraged to pursue educational opportunities that address pension topics other than investments. General topic areas to be pursued include governance and fiduciary duty; investment policy and asset allocation; benefits administration; actuarial policies and funding; technology; and regulatory and legal issues.

2. Expenses.

A. The expenses that may be reimbursed or paid under this policy must be directly related to the fiduciary's role with the Retirement System. They include ordinary and necessary expenses related to or consisting of:

- i. Educational Conferences. The Retirement System will pay for a Trustee's attendance at Educational Conferences (including registration expenses, program materials and related fees) in accordance with this policy. Permissible Educational Conferences are conferences that cover subjects focusing on the operation or administration of employee benefit plans or those that address topics aimed at obtaining, improving or maintaining skills helpful to a Trustee in effectively carrying out his or her fiduciary duties.

Educational Conferences should include an average of at least five (5) hours of substantive educational content per day. Conferences within the United States that do not satisfy this rule should be presented to the Board for consideration.

All Educational Conferences outside the United States must be approved in advance by the Board. A Trustee may not attend more than one Educational Conference outside the United States during one fiscal year (July 1 - June 30), and no more than three Trustees may attend the same Educational Conference outside the United States.

- ii. Related college level course work, including online educational courses.
- iii. Related certifications.
- iv. Journals, books and publications.
- v. Computer hardware, software and internet connections.

B. Disallowable expenses include:

- i. Gifts or charitable contributions;
- ii. Political contributions and other political-related expenses;
- iii. Expenses that do not relate to the business of the Retirement System;
- iv. Expenses incurred for travel, meals, daily expenses, hotel accommodations, and/or other expenses of a spouse, child or other guest of the Trustee (or expenses that result from the presence of such guests at an Educational Conference);
- v. Expenses incurred in connection with business that a Trustee conducts for any other entity or organization while traveling for the Retirement System;
- vi. Dues or memberships in clubs organized for pleasure, recreation and social purposes, golfing, tennis, tickets to sporting or theater or similar events, personal telephone calls, spa fees, gift shop purchases, in-room movies, and the like; and
- vii. Expenses for which the Trustee is reimbursed from another source.

3. Annual Educational Allowance. Each Trustee will be entitled to an annual educational allowance not to exceed \$10,000 effective July 1 of each year. In the event that a Trustee has utilized his or her educational allowance for the current fiscal year, he or she may nevertheless attend an Educational Conference held within 30 days of the succeeding fiscal year. Expenses for that Educational Conference must be paid by the Trustee in advance of the succeeding fiscal year and will be reimbursed by the Retirement System and deducted from the Trustee's educational allowance in the new fiscal year.
4. Conference Attendance. Trustees will be reimbursed or paid by the Retirement System only for expenses for which the Retirement System has reasonable documentation. There should be a written receipt for all expenses; provided however that the Retirement System may waive the documentation requirement for incidental expenses under \$25. The expenses should be individually itemized on the receipt or credit card billing and include the date. All requests for reimbursement or payments will be reviewed for compliance with this policy, and any material interpretive issue or deviation from this policy shall be reported to the Board.
 - A. All Educational Conference attendance for the Trustees must be noted on the Board's regular meeting agenda as soon as is practical prior to the dates of the Educational Conference.
 - B. Conference Related Expenses:
 - i. Air Transportation. Air transportation to and from the location of the Educational Conference will not exceed the cost of an unrestricted, full-fare economy coach ticket. When possible, Trustees should endeavor to purchase tickets sufficiently in advance of the actual travel date to obtain a lower-priced ticket, although this policy recognizes that it will not always be practicable to do so.
 - ii. Other Transportation. The least expensive, reasonable form of transportation will be reimbursed. For example, if the cost of air travel to a conference is \$200, but the Trustee prefers to drive and the mileage reimbursement would be \$250, then the Trustee will be reimbursed \$200. Subject to this limitation, the Retirement System will reimburse a Trustee for the reasonable cost of travel by train, bus, or personal or rental automobile in accordance with this policy. If a Trustee travels to and from the Educational Conference location by using his or her personal automobile, the Retirement System will reimburse him or her for gasoline, mileage, insurance, wear and tear, etc., at the rate per mile approved by the Internal Revenue Service for the reimbursement of automobile travel expenses, plus tolls and parking expenses. Trustees may not use their personal vehicles unless they have automobile insurance in an amount required by Maryland and any other applicable motor vehicle laws. If the Trustee travels to and from the Educational Conference location by rental car, the Retirement System will reimburse him or her for the actual and reasonable daily rental cost

for the car, plus fuel, collision and personal property insurance, taxes, tolls and parking expenses.

iii. Hotels. Reimbursement will be provided for the reasonable and direct hotel, motel or similar lodging costs actually incurred in connection with an attendance at Educational Conferences, including all taxes, occupancy fees, and reasonable gratuities.

iv. Meals and Daily Expenses. Up to \$100.00 per day (for full days) with documentation. Trustees will be reimbursed for the reasonable cost of all meals and beverages actually purchased and consumed by him or her, and reasonable and necessary incidentals (e.g., room service, Retirement System-related telephone calls, parking) actually incurred in connection with an Educational Conference. Daily reimbursable expenses will not include the "disallowable expenses" described in Section 1 above.

v. Local Ground Transportation. Up to \$150 per day with documentation. Reimbursement will be provided for the reasonable and actual cost of taxi, car or van service, or similar form of reasonable transportation, or the use of a personal or a rental automobile, for travel between home and the airport or bus or train station, between the airport or station and the Educational Conference location or lodging, and between the lodging and the Educational Conference and restaurants.

vi. Registration fees. Registration fees are to be paid in full directly to the Educational Conference sponsor by the Retirement Systems.

vii. Cancellations. Trustees are responsible for canceling their own reservations in a timely manner.

C. Advances of Expenses. The Retirement System may provide advances to cover expenses of the Trustees if (1) the amount of the advance is reasonable with respect to the amount of the direct expense that is likely to be properly incurred for an Educational Conference in the immediate future (such as during the next month) and (2) the Trustee accounts to the Retirement System in accordance with the expense documentation and other requirements of this policy following the event and promptly returns any excess advance to the Retirement System.

D. Speaker Engagements. Trustees, acting in their capacities as such, may accept travel and hotel expenses to give a speech, participate in a panel, or provide similar service at an Educational Conference, to the extent allowable by section 5 of Article 22. Trustees should obtain Board approval of the engagement in advance. A written request for Board approval should include (1) a description of the event to be attended; (2) identification of the person or entity, if any, that has offered to pay the expenses, and (3) a description of the expenses that will be covered or reimbursed.

E. Gifts from and/or Travel and Other Expenses Paid by Service Providers. In accordance with section 5(b)(ii)3.A., but subject to section 5(b)(5)(ii)3.B., a trustee

may not accept any gift or payment, free admission, or expense reimbursement for attendance at a conference, seminar, or similar meeting, or for related food, travel, lodging or entertainment, if the gift or the payment, free admission, or reimbursement is, directly or indirectly, from:

i. any person or entity engaged in an activity or providing a product or service that Trustee knows or has reason to know has been marketed to a City Benefit Plan or is of a type that the Trustee reasonably would expect to be marketed to a City Benefit Plan; or

ii. any trade, professional, or other association that has members engaged in an activity or providing a product or service that the Trustee knows or has reason to know has been marketed to a City Benefit Plan or is of a type that the Trustee reasonably would expect to be marketed to a City Benefit Plan.

For example, a Trustee may attend a general client reception for a diverse group of clients sponsored by a service provider to the Retirement System or similar social event that is open to the general employee benefits community in connection with an Educational Conference or similar activity. Therefore, if the Retirement System would normally reimburse the Trustee for his or her expenses for such an Educational Conference under this policy, a service provider may pay for it, but only with the knowledge and consent of the Board, and to the extent otherwise allowable by Article 22.

4. Expenses Before or Beyond the Date of a Conference.

A. Generally, allowance for expenses may not exceed that which is usual and reasonable as claimed by others to that precise destination. Total expenses will be determined for the given length of the Educational Conference. That total expense is the maximum amount that can be reimbursed.

B. If travel is extended before or beyond the given length of a conference, and if overall savings in airfare can be obtained (e.g., by including Saturday travel), then the savings can be used to offset hotel costs before or beyond the actual conference dates. In addition to hotel expenses, reimbursement for meals and daily expenses for days before or after an Educational Conference will be allowed up to the amount of travel savings accrued. Any savings that may result (beyond the expenses of an extended stay) revert to the Retirement System and not to the attendee.

5. Conference Reports

A. Conference reports must be submitted to the Board by Trustees attending any conferences outside the City of Baltimore and surrounding areas.

B. The Conference Report must be submitted to the Retirement System's Executive Director/CIO within thirty (30) days after the end of the conference/trip.

C. If several Trustees attend a conference, one report may be submitted, provided the report's preparation was contributed to by all the attendees.

D. The report will be distributed to the other Trustees with the agenda of the next full Board meeting following the submission of the report. All Conference Reports will be a part of the records of the Retirement System.

E. The Conference Report should be written in a brief narrative or outline format containing sufficient information so that anyone who reads the Report will be able to understand what the conference and specific presentations were about. Copies of handouts distributed at the conference which contain information of interest to the other Trustees should be attached to the Conference Report (or, if voluminous, made available to the other Trustees).

F. The Conference Report must identify the key sessions attended by each Trustee and should address specific questions as in the examples below. Each summary should include the name of the major speaker/panel members.

EXAMPLES OF QUESTIONS TO BE ADDRESSED IN THE SUMMARY

i. Topic – Investments

- a. new instruments being presented -- advantages/disadvantages
- b. new strategies--what system is using them/ pros and cons
- c. market forecasts
- d. concerns raised about existing strategies--for example, continuing discussion of derivatives/ pros and cons
- e. legal issues to watch -- pending court cases/ do they apply to Baltimore

ii. Topic – Trustees (handouts which are appropriate for inclusion in the Trustee handbook should be brought back from conferences and seminars)

- a. items discussed that can contribute to becoming a better trustee
- b. contacts made with other system trustees
- c. problems facing other Boards
- d. guidelines for the handling of issues/investment guidelines
- e. trustee committee structures

iii. Topic – Management

- a. innovations in pension system management
- b. computer software for pension systems

- c. methods for serving active and retired members more efficiently
- d. what publications and communications are sent to members
- e. innovations in the preparation of the Comprehensive Annual Financial Reports
- iv. Topic – Legislation
 - a. new proposals before Congress etc. that may impact the Retirement System
 - b. amendments to existing legislation that may impact the Retirement System
 - c. Benefit issues--enhancements? funding?
- v. Topic – Contacts

G. As an alternative to the Conference Report described in sections 5.E. and F above, *each* Trustee who attended the conference may submit the form Conference Attendance Report that appears as Appendix 1 to this policy.

Trustee's Name: _____

Name of Conference: _____

Date(s) of Conference: _____

Location of Conference: _____

Key Topics Covered: _____

Key Sessions Attended: _____

For each of the following statements, please select the response that best describes your opinion:

	Strongly Disagree	Disagree	Agree	Strongly Agree
1. The conference covered topics that were relevant to the business of the Board.				
2. Most, if not all, sessions were informative and well presented.				
3. The conference provided a good opportunity to network with, and learn from, industry peers.				
4. The conference was well organized.				
5. The conference represented good value.				
6. I would recommend that other Trustees attend this conference in the future.				

What conference handouts/materials are available for other Trustees to review?

Additional Comments:

Signature: _____

Date: _____

Title of conference: _____
Person attending: _____
Date(s): _____

1 = Disagree most, & 5 = Agree most

1. Rating of Conference Objectives	1	2	3	4	5
The educational objectives were clearly identified in conference materials					
The conference was consistent with the stated objectives					
All of the educational objectives were met					

2. Rating of Presenters/Workshops	1	2	3	4	5
Appear to be knowledgeable in the subject area					
Provided a well organized presentation					
Was able to facilitate discussions effectively					
Communicated material in clear language					
Demonstrated ability to provide appropriate examples					
Overall rating of the presenters					

3. Rating of Conference Relevancy to ERS	1	2	3	4	5
Discussions were relevant to ERS					
Handouts were useful					
Overall the course content was relevant to my needs as a Trustee					

4. Overall Rating of the Conference	1	2	3	4	5

5. Would you recommend attendance by others in the future? Yes: No:

For 1-4 above, if you gave a score of 3 or less – please explain.

What aspects of the conference were most helpful for you? Why?

Any other comments:

