



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND BOARD  
BOARD EDUCATION AND TRAVEL POLICY**

**Preamble**

- 1) The San Francisco Retiree Health Care Trust Fund Board's (Board) fiduciary duties of loyalty, skill, care and diligence extend across all facets of plan administration. Accordingly, in order to satisfy their fiduciary duties and mitigate the risk of legal liability to the San Francisco Retiree Health Care Trust Fund (Fund) and the Board personally, Board members acknowledge the need to acquire and maintain a level of knowledge of all significant facets of the Fund appropriate for prudent policy determination. The Board as a whole will encourage its members to secure the necessary knowledge as required by this policy, and monitor the member's compliance with this policy.
- 2) This policy statement is to be implemented in compliance with the relevant provisions of the City Charter and in harmony with existing philosophy, objectives, policies, rules and guidelines previously approved by the Board.

**Policy Objectives**

- 3) The objectives of this policy are to:
  - a) Ensure that all Board members are provided with adequate opportunity and assistance to acquire the knowledge they need to effectively carry out their fiduciary duties;<sup>1</sup>
  - b) Serve as a guide to raise awareness among prospective Board members of the importance of fiduciary education, and of the level of commitment to such education that is expected of Board members; and
  - c) To facilitate travel by Board members for the purposes of obtaining fiduciary education on matters relevant to the Fund.

**Assumptions**

- 4) Each Board member brings unique skills and experience to the Board, and possesses differing amounts of knowledge in the area of pension plan and fund administration.

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<sup>1</sup> The scope of this policy is limited to the education of the members of the Board.

- 5) No single method of educating Board members is optimal. Instead, a variety of methods may be necessary and appropriate.

## **Policy Guidelines**

### *General Provisions*

- 6) Board members agree to develop and maintain an adequate level of knowledge and understanding of relevant issues pertaining to the administration of the Fund throughout their terms on the Board.
- 7) Board members agree to pursue appropriate education across a range of areas, rather than limiting their education to particular areas, including:
- a) Governance and fiduciary duty;
  - b) Investment policy and asset allocation;
  - c) Actuarial policies and funding;
  - d) Technology; and
  - e) Regulatory and legal issues.

Specific topics within these general areas are identified in Appendix 1 of this policy, for reference purposes.

- 8) Appropriate educational tools for Board members include, but are not limited to:
- a) External conferences, seminars, workshops, roundtables, courses or similar vehicles;
  - b) Association meetings or events;
  - c) In-house educational seminars or briefings;
  - d) Relevant periodicals, journals, textbooks or similar materials; and
  - e) Electronic media.
- 9) On an ongoing basis, the Board Secretary will identify appropriate educational opportunities and include details of such in Board meeting information packages for Board members' consideration. Conferences and seminars recommended by the Board Secretary should include an average of at least 5 hours of substantive educational content per day, if they require overnight lodging or other significant travel-related expenses. Board members are also encouraged to suggest educational vehicles that may provide value to the Board.

- 10) Board members will attempt to meet the following minimum goals:
- a) To secure, over time, a useful level of understanding in each of the topic areas listed in paragraph 7 above;
  - b) To attend at least one conference annually, which includes an average of at least 5 hours of substantive educational content per day of the conference. In accordance with paragraph a) above, Board members are encouraged to attend conferences, on occasion, that address topics other than investments. (Recommended conferences are listed in Appendix 2 of this policy); and
  - c) Participate in any in-house educational seminars or briefings that may be organized from time to time.

*Orientation Program*

- 11) An orientation program, covering the general topic areas outlined in paragraph 7 above, will be developed by the Board Secretary for the benefit of new Board members. The aim of the orientation program will be to ensure that new Board members are in a position to contribute fully to Board and committee deliberations, and effectively carry out their fiduciary duties as soon as possible after joining the Board.
- 12) Prior to attending their first meeting of the Board as a Board member, new Board members will endeavour to attend a meeting of the Board or a standing committee as an observer.
- 13) As part of the orientation process, new Board members will, within 45 days of their election or appointment to the Board:
- a) Be briefed by the Board Secretary on the history and background of the Fund;
  - b) Be oriented by the Board President on current issues before the Board;
  - c) Be briefed on their fiduciary duties, conflict of interest guidelines, *The Brown Act*, the *Sunshine Ordinance* and other pertinent legislation; and
  - d) Be provided with:
    - i. Board Member Reference Manual (the contents of which are listed in Appendix 4 of this policy);
    - ii. A listing of recommended educational opportunities; and

- iii. Other relevant information and documentation deemed appropriate by the Board Secretary.
- 14) Within 30 days of being appointed or elected to the Board, new Board members must complete a *Statement of Economic Interests, Form 700*. The Board Secretary will provide new Board members with the necessary assistance in properly completing the Statement.
- 15) The Board Secretary will review and, if necessary, update all orientation material as needed. It is the responsibility of Board members to maintain their Board Member Reference Manuals by ensuring that they contain the most up-to-date materials. A master copy of the Board Member Reference Manual will be available for use by Board members by the Board Secretary.

#### *Education Needs Assessment*

- 16) The Board Secretary will annually conduct a formal education needs assessment of the Board to determine education topics of interest to board members as well as board members' preferences regarding training methods, e.g., preferred training vehicles; and length, timing, and location of in-house training. The results of the assessment, along with a recommended Board Education Plan, will be presented to the Board for review.

#### *Attendance at Conferences & Association Meetings*

- 17) Approval for attendance and reimbursement of travel expenses in connection with conferences, seminars and association meetings will be in accordance with the provisions set out in Appendix 5 of this policy.
- 18) Each board member is generally limited to (6) six seminars or conferences per fiscal year that require travel outside of the nine (9) Bay Area counties (defined in Appendix 5, Section 4). No more than one of the one (1) conference may involve travel to a destination outside North America. North America is defined as the United States of America and its territories, Canada and Mexico. Board members may request board approval to attend any number of conferences held within the nine (9) Bay Area counties.
- 19) In cases where attendance at a particular conference is limited:
  - a) The Board will, by majority vote, select those members who are authorized to attend;
  - b) Designate the remaining interested members as alternate attendees, who may attend in the event the members originally selected are unable to attend; and

- c) In authorizing attendance, the Board will give priority to those Board members who have not previously attended the conference or seminar in question, so as to carry out the Board's intent to distribute conference and seminar opportunities on a fair and equitable basis.
- 20) The Board Secretary will retain and catalogue all relevant conference materials submitted to the Board Secretary by Board members. Where appropriate, the Board Secretary may distribute copies to board and staff members.
- 21) No more than three members of the Board are authorized to meet together for business purposes unless there is appropriate public notice of the meeting. However, more than three Board members may attend educational conferences, seminars, and social activities, provided that such Board members act in accordance with the Brown Act and the Sunshine Ordinance.

### **Reporting**

- 22) Board members will inform the Board Secretary, for information purposes, of all fund-related conferences attended, whether paid for by the Fund or not.
- 23) Attendees will complete a brief written assessment of the quality and relevance of each conference attended on the Board's Conference Attendance Form. On an annual basis, the Board Secretary will review these assessments and update the list of recommended conferences as appropriate.
- 24) Upon returning from a conference, attendees shall report to the Board on information or knowledge attained at the conference for the benefit of board members who did not attend.
- 25) On an annual basis, the Board Secretary will submit a report to the Board on the educational activities of the Board. At a minimum, the report will summarize the attendance by Board members at conferences during the year.

### *Publication*

- 26) A copy of this policy will be made available to the Mayor's office upon request, for the information of candidates seeking appointment to the Board. Copies of this policy will also be made available to candidates seeking election or appointment to the Board, for their information.

### **Policy Review**

- 27) The Board will review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

**Policy History**

28) The Board adopted this policy on May 22, 2012.



**APPENDIX 1  
SPECIFIC PENSION-RELATED TOPICS**

The following is a list of educational topics relating to each of the general topic areas listed in paragraph (7) of this policy. The list is intended to provide guidance to board members in identifying appropriate topics for the development of their knowledge and understanding of pension matters. The list is intended as a guideline only, and is not exhaustive:

**Governance and Fiduciary Duty**

Fiduciary duty  
Roles of the sponsor, administrator,  
management and service providers  
Basics of trust or fiduciary law  
Effective decision-making  
Roberts Rules of Order

**Actuarial Policies and Funding**

Role of the actuary  
The actuarial process  
Funding policy  
Asset/liability management

**Technology**

Management Information Systems from a  
governance perspective  
Technology risk  
Security in the technology area

**Investment Policy and Asset Allocation**

Asset classes and their characteristics  
Historical risk and returns  
Investment risk tolerance  
Diversification and asset allocation  
Active versus passive management  
Investment/trading/execution costs  
Performance measurement

**Regulatory and Legal Issues**

California Constitution  
San Francisco City Charter  
Ethics Law or training  
The Brown Act  
The Sunshine Ordinance  
Tax policy and plan qualification features  
Non-tax legal requirements  
Legislative updates

**APPENDIX 2  
RECOMMENDED CONFERENCES AND SEMINARS**

Board members will forward information to the Board Secretary regarding conferences or seminars that have been found to be informative and beneficial. The Board Secretary will forward this information to the Board. The following recommended conference has been found to be informative and beneficial. It contains the required five (5) hours of substantive educational content per day, as required in this policy:

- CALAPRS: Principles of Pension Management, Stanford University Law School

Approval for attendance and reimbursement of travel expenses in connection with educational conferences will be in accordance with Appendix 5 of this policy, Travel Expense Reimbursement Guidelines.



**APPENDIX 3  
RECOMMENDED ASSOCIATION MEETINGS**

Board members will forward information to the Board regarding association meetings that have been found to be informative and beneficial. The Board Secretary will forward the information to the Board.

Approval for attendance and reimbursement of travel expenses in connection with association meetings will be in accordance with Appendix 5 of this policy, Travel Expense Reimbursement Guidelines.

**APPENDIX 4  
BOARD MEMBER REFERENCE MANUAL**

The Board Member Reference Manual cited in the Board Education and Travel Policy, Section 13(d)(i) shall include the following materials:

- a. Most recent plan description
- b. Most recent Annual Report
- c. Most recent actuarial valuation and financial statements
- d. Names and phone numbers of the Board members, the Fund administrator and the City Actuary
- e. Listing of current Board committee assignments
- f. Listing of current Board service providers
- g. Glossary of key administration terms and definitions

It is the responsibility of board member to maintain their Board Member Reference Manuals by ensuring that they contain the most up-to-date materials. A master copy of the Trustee Reference Manual will be available for use by board members with the Board Secretary.



**APPENDIX 5  
TRAVEL EXPENSE REIMBURSEMENT GUIDELINES**

**Travel Authorization**

- 1) Each Board member is generally limited to six (6) seminars or conferences per fiscal year that require travel outside of the nine (9) Bay Area counties (defined in Section 4 below). No more than one (1) conference may involve travel to a destination outside of North America, as defined in Board Education and Travel Policy Section 18. Board members may request Board approval to attend any number of conferences held within the nine (9) Bay Area counties.
- 2) Attendance by Board members at seminars and conferences requiring reimbursement of expenses from the Fund requires prior approval of the Board, and is subject to the limits set out in paragraph 1 above.
- 3) Attendance by Board members at association meetings, due diligence visits or other board business requiring travel outside of the nine (9) Bay Area counties also requires prior approval of the Board.
- 4) Travel within the nine (9) Bay Area counties which will require only modest expenses (e.g. mileage, parking, BART, muni, or taxi) does not require Board approval. If other expenses are involved, the same rules are applicable as for travel outside the nine (9) Bay Area counties. The nine (9) Bay Area counties, as defined by the City Controller's expense policy are: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.
- 5) The Board may ratify travel and expense reimbursement by Board members for which prior approval was not obtained for good cause explained in written communication to the Board.
- 6) The acceptance of any gifts which enable board members to attend seminars and conferences requires prior approval of the Board in strict compliance with section 18944.2 of FPPC Regulations.
- 7) Review and approval of educational travel will depend on the cost, substance and quality of the seminar or conference. As a general rule, travel to a conference or seminar outside of the nine (9) Bay Area counties should only be approved if the conference/seminar agenda contains an average of five (5) hours

of substantive educational content per day. The Board may waive this requirement if the best interests of the Fund would be served by such a waiver.

- 8) The Board recognizes that Board members are often considered experts in their professional fields or as having considerable experience as a fiduciary. As such, they are often invited to speak at conferences. While the Board encourages the exchange of professional information, it must be evident that a conference or seminar as a whole would provide value to the Fund, before attendance is authorized.

#### **Cost of Administration**

- 9) Travel expenses of Board members shall be direct costs of administration to the Fund and may not be paid through third party contracts or otherwise without express approval of the Board. Board members shall pay special attention to reporting requirements for expenses paid or reimbursed by third parties.

#### **Authorized Expenses**

- 10) Reimbursement requests from Board members shall comply with the guidelines established by the City Controller concerning reimbursement of authorized expenses, in the same manner as applied to all other City and County officials.

#### **Limitation On Allowance Of Time And Expenses**

- 11) Allowance for time and expense shall not exceed that which is usual and reasonable as claimed by others to that precise destination. Normally when meeting, conference, or seminar agendas calendar substantive content prior to 9:30 a.m., travel and arrival the evening before is authorized. When substantive content continues after 5:00 p.m., lodging for that night is authorized. Reasonable additional expenses (i.e., lodging and per diem for extra days either before or after a conference) will be reimbursed if such extension results in lower overall trip costs.

#### **Limitation On Car Rental**

- 12) Normally, Board members will be expected to use an economical means of ground transportation while on travel. Reimbursement of alternative modes of transportation will be justified for good cause, e.g., for reasons of personal safety



or scheduling conflicts. Payment for fuel, parking, tolls, collision and personal property insurance will be reimbursed in cases where car rental is appropriate.

### **Cancellation Of Travel And Lodging Arrangements**

- 13) Normally, Board members are responsible for timely cancellation of conference registration, travel and lodging arrangements made on his/her behalf which will not be used so that no costs will be incurred by the Fund.

### **Transportation Expense In Lieu Of Airfare**

- 14) Reimbursement for transportation expense in lieu of airfare will be limited to an amount equal to the standard fare as deemed to be usual, reasonable and available at the time that travel is approved or as claimed by others to that precise destination. This limitation may be waived for good cause, such as closure of an airport or cancellation of all available flights.

### **Filing Claims**

- 15) Claims for reimbursement of travel expenses shall be submitted within 60 days following completion of the travel for which expenses are claimed. Mileage claim forms shall be submitted at least once each quarter if expenses are claimed.

### **Cash Advances**

- 16) Cash advances will not be allowed unless specifically approved by the Board.

### **Expenses For Travel Companions**

- 17) Expenses of travel companions, including spouses and domestic partners, are not reimbursable by the Fund.

### **Quarterly Travel Reports**

- 18) A quarterly travel expenditure report covering board member travel outside San Francisco County shall be provided to the Board. Such report shall identify the Board member, location, cost, and purpose of travel.