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San Bernardino County Employees' Retirement Association

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Area	Education and Training
Applicability	SBCERA systemwide

## Trustee Travel and Expense Policy

POLICY NO. 003

### I. Policy Objectives

The San Bernardino County Employees' Retirement Association (SBCERA or the Fund) is a public agency charged with administering a public pension trust fund. The objectives of this policy are to:

- a. Ensure all Trustees gain the knowledge necessary to carry out their fiduciary responsibilities;
- b. Ensure Trustees possess shared knowledge relevant to pension administration and the investment of trust assets to enable effective group discussion, debate and informed decision making;
- c. Acknowledge that SBCERA's significant use of alternative investments may give rise to additional training needs in order for Trustees to make informed policy decisions to fulfill their responsibilities;
- d. Set forth the guidelines for approved travel and education, and qualifying travel expenditures;
- e. Set forth Brown Act requirements or limits on numbers of attendees at a single educational forum or due diligence meeting;
- f. Mitigate risk of impropriety (perceived or actual) that could arise from business-related travel;
- g. Balance transparency and accountability with administrative efficiencies; and
- h. Focus travel efforts on gaining knowledge that is consistent with the Board's role as a high level, policy setting, and oversight body.

This policy governs the approval of training and travel requests, the appropriateness of such educational forums, and reimbursement or direct payment by SBCERA of reasonable actual and necessary expenses incurred by a Trustee when traveling on SBCERA business, as outlined in the TRUSTEES EDUCATION/ TRAINING POLICY No. 001.

## II. Education and Training Travel Approvals

### A. Travel for Education and Training:

Educational training opportunities offered through the following organizations are pre-authorized for attendance within established and approved expense parameters/guidelines, set forth below.

- a. California Association of Public Retirement Systems (CALAPRS);
- b. State Association of County Retirement Systems (SACRS);
- c. National Conference on Public Employee Retirement Systems (NCPERS);
- d. Retired Employees of San Bernardino County (RESBC), and
- e. California Retired County Employees Association (CRCEA).

Trustees may also select to attend two (2) additional training opportunities each fiscal year from any of the following providers:

- a. Council for Institutional Investors (CII);
- b. Institutional Investor (II);
- c. National Association of State Retirement Administrators (NASRA);
- d. NEPC;
- e. Pension & Investments (P&I);
- f. With Intelligence (fka Pension Bridge); and/or
- g. An annual meeting of a fund manager currently managing investments on behalf of SBCERA.

Any other training or educational opportunities require Board approval in advance (see "Other Travel" section below). Attendance at official SBCERA due diligence meetings in accordance with the annual due diligence meeting schedule approved by the Board is **excluded** from these parameters (see "Due Diligence Travel Approvals") section below.

Travel associated with conferences, forums or events should be coordinated through the Administrative Office at SBCERA for the purposes of making travel arrangements and reporting. The Administrative Office will provide a calendar of educational opportunities on a regular basis to all Trustees, and will coordinate attendance to ensure that the Brown Act limitations noted below are not violated.

### B. Travel and Related Expenses that are Not Permitted:

Certain types of events are not eligible for expense reimbursement, or to attend at the expense of SBCERA, including:

- a. Purely social or ceremonial events that are not pre-approved by the Board on a public agenda; and
- b. Political meetings.

### C. Other Travel:

Any conference, forum or event that is neither on the pre-authorized list nor on the list that is ineligible for expense reimbursement must be placed on the Board's agenda for approval in advance of the travel, with a finding that such conference, forum or event benefits the organization.

1. A trustee wishing to attend such a conference, forum or event shall submit a travel request to the Chief Executive Officer (CEO) or his/her designee in a timely fashion<sup>1</sup> for inclusion on the next Board meeting agenda. The agenda will include the name(s) of those wishing to attend as well as the estimated expenses associated with the travel, including airfare, lodging, registration fees, meals and other expenses (such as parking or transportation).
2. The Board's practice is to require requests for approval before an expenditure is incurred, but recognizes that on an infrequent non-recurring basis, it is not possible to include the advance approval on a Board agenda. In this instance, and only on an infrequent basis, the Board Chair may authorize the travel and attendant expenses. Such travel must then be placed on the next Board meeting agenda for ratification. If such expenses are not approved by the Board, and an SBCERA corporate credit card was used for such expense, the trustee shall reimburse SBCERA for any charges within 30 days. Trustees are not entitled to reimbursement for any expenses incurred for travel that is not approved by the Board, or otherwise pre-authorized under this Policy.
3. International travel (to any location beyond the borders of the United States) is permitted for Trustees, however attendance should be limited to educational training that is not available domestically, or when the information is not accessible through the SBCERA staff, consultants, investment managers or other research sources. In approving international educational travel, the Board shall make findings that the international travel meets these requirements.

<sup>1</sup>Requests should be made at least eight (8) weeks prior to the travel date to ensure that the travel can be included on a Board agenda for approval before incurring expenses.

### III. Brown Act Limitations on Trustee Travel

With the exception of events hosted by SACRS or CALAPRS, the Board shall generally limit educational training and travel to no more than four SBCERA Trustees at an event, forum or conference. In the event that more than four Trustees wish to attend the same event, the Board Chair shall determine the attendees in his/her sole discretion. In no event shall such attendance be permitted where it would cause a quorum of the Board to engage in a "meeting" in violation of the Brown Act.

### IV. Due Diligence Travel Approvals

On an annual basis, staff will publish a schedule for investment due diligence-related travel on a public agenda, with cost estimates for associated travel costs per person. Such travel is considered necessary to carry out the Trustees' fiduciary responsibilities, and is pre-authorized within the Travel Guidelines set forth below. In no event shall more than four Trustees in total, and not more than two Trustees on the Investment Committee, be permitted to attend any such meeting due to Brown Act limitations.

## V. Travel Guidelines

The Chief Financial Officer is responsible for ensuring that all travel and expense reimbursements are in accordance with established guidelines and laws; the CEO may approve expenses outside of guidelines in limited circumstances in which the expenses incurred were necessary and benefit SBCERA.

The SBCERA Administrative office is responsible for the central booking of conferences, travel and lodging reservations for the Trustees, as well as any resulting cancellations thereof. To arrange for travel plans, Trustees should, as soon as practicable after the proposed travel is identified, contact the Administrative office with dates of travel.

### A. Airfare:

SBCERA will reimburse the cost of a coach ticket and one piece of checked baggage, plus any fees associated with traveling with necessary medical equipment. Options that provide for extra legroom in a coach class fare are acceptable when requested, and consideration should be given for the coach subclass of airfare that permits the ticket to be transferred or refunded in the event of travel disruption. SBCERA recognizes that airlines are increasing the use of special fees and baggage charges, and such may be reimbursed with the approval of the Board Chair or the CEO. Domestic and international travel should be booked in advance, when possible, at coach or lowest fare rates; the benefit of locking in a fare should be weighed against the risk of having to make changes in travel plans with additional costs or fees. Business class airfares are allowed for pre-approved international travel only if the air travel will be in excess of five (5) hours. In no event shall SBCERA pay for first class airfares.

### B. Lodging:

Trustees are encouraged to stay at the conference hotels, where possible. Transportation, availability, convenience and safety may all be a basis for lodging decisions. Expense costs, including lodging and meals, for extra days prior to or after a conference/meeting will be reimbursed if such extension results in lower overall trip costs or is necessitated by the conference/meeting schedule or available flights. Extra nights of lodging for personal reasons shall be paid for by the Trustee and not SBCERA. Costs for Wi-Fi are reimbursable, when connectivity is required.

### C. Mileage:

Mileage will be reimbursed based on the standard mileage rates for business miles, as determined by the Internal Revenue Service. Mileage is calculated as follows:

1. Since Trustees do not maintain a workplace at SBCERA's offices, if the Trustee travels to/from their designated home location directly to/from a business destination, the mileage is calculated to/from their home and business destination. Mileage reimbursement shall be paid for Trustees' travel to the SBCERA office for agendaized meetings and other business purposes.
2. Mileage reimbursement is considered to cover all expenses of operating a vehicle, including insurance, maintenance, tires, oil, etc. Mileage does not include parking or toll charges, the actual cost of which is reimbursable with a receipt, where possible.

- Trustees who are employed by a participating SBCERA employer and who are assigned an employer vehicle or receive a mileage allowance shall not be reimbursed by SBCERA for mileage.

### D. Meals:

Trustees may not receive per diem reimbursements for meals, as all expenses must be accompanied by receipts documenting each expense [California Government Code Section 53232.3]. Reimbursement will be by actual cost, and consistent with the following criteria:

- SBCERA will not reimburse for business meals that are lavish or extravagant. The cost of the meal must be reasonable based on the facts and circumstances. SBCERA acknowledges that some travel destinations have much higher expenses for meals; the CEO is authorized to approve such expenses.
- Itemized receipts, with a listing of food and beverages, is required. Alcohol will not be reimbursed. Claims not accompanied by an itemized receipt may be approved in the CEO's sole discretion. A meal gratuity of 15% to 20% is generally considered a reasonable amount, which is reimbursable as part of the cost of the meal.
- In the absence of special circumstances or meal restrictions, as determined by the CEO, a meal will not be reimbursed if that meal was provided at a hosted function, such as meals included with event attendance. However, if attending an event and only a continental breakfast or a reception is provided, such is not considered a meal and reimbursement may be claimed.

### E. Incidentals:

Any incidental expenses (such as tips for porters, baggage carriers, bell staff or housekeeping staff, or for snacks or non-alcoholic beverages), incurred during SBCERA business travel are reimbursable up to \$20 per day. Receipts are required, as obtainable. Reimbursable incidental expenses do not include expenses for laundry, cleaning and pressing of clothing, personal reading materials, etc.

For trustees who travel frequently, SBCERA will reimburse the cost of one homeland security traveler program, such as TSA PreCheck or Global Entry, and for the CLEAR service used to expedite travel clearance at airports nationwide.

### F. Impermissible Expenses:

Movies, alcohol, mini-bar, entertainment, personal items, companion expenses and other non-essential services will not be reimbursed.

### G. Reimbursement:

SBCERA encourages Trustees to use their SBCERA business credit card for all SBCERA-related travel and expenses. In the event that a Trustee makes use of their personal credit card or cash, upon completion of a meeting, seminar, conference, due diligence meeting or speaking engagement, the Trustee shall complete a claim for the business-related expenses within thirty (30) days of the conclusion of the travel. Reimbursements submitted after thirty (30) days must be approved by the CFO and CEO. Late

reimbursement requests or credit card justifications may be required to be reported as taxable income to the Trustee.

In order to receive reimbursement for valid business expenses, the request must meet all of the following requirements:

1. Must be a business reason for the expense and must have paid for the expense while performing services as a Trustee of SBCERA.
2. Must adequately and clearly account to SBCERA for these expenses by including the business purposes and names of attendees. Itemized receipts are required for all business expenses incurred, except where obtaining an itemized receipt is not possible, such as a gratuity. The CEO may approve an expense if a receipt was lost.
3. Where applicable, must return any amount advanced in excess of actual business expenses within thirty (30) days of the conclusion of the travel.

## H. Frequent Flier or Guest Loyalty Programs:

Trustees may retain the frequent flier or guest loyalty program points earned while traveling for SBCERA. However, flights and hotels should be selected solely on the basis of meeting the needs of SBCERA, without regard to loyalty program relationships. If a Trustee redeems miles for business travel, such value will not be reimbursed by SBCERA.

## VI. Use of an SBCERA Issued Business Credit Card

All Trustees will be issued an SBCERA business credit card. Charges to the card shall be for business purposes only. It is best practice for business travel to be paid for using an SBCERA issued business credit card.

In order to ensure proper accounting practices and to meet quarterly reporting deadlines, credit card justification statements must be completed and timely submitted by the card users for all charges no later than one (1) week after the statement closes.

## VII. Late Filed Expenses

Any expense for which a receipt has not been submitted more than sixty (60) days after the charge was incurred shall be placed on the next available SBCERA Board agenda for review and ratification by the full Board. If the Board declines to ratify such expenses, the Trustee shall promptly reimburse SBCERA for any SBCERA credit card charges incurred and will not receive reimbursement of other business expenses incurred with personal funds.

## VIII. Reporting Transparency

Trustees shall report the content and quality of the educational training and investment due diligence meetings attended at the next Board meeting, which report may be oral or written.

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On a quarterly basis, staff will summarize the expenses associated with all Trustee travel and expense reimbursement and place the report on a public agenda, for the Board to ratify the expenses incurred. The summary shall identify major expense categories, such as airfare, lodging, registration fees, meals and other expenses, to provide transparency of the expenses being incurred.

### Approval Signatures

Step Description

Approver

Date

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### Applicability

SBCERA, SBCERA Internal