

## **Los Angeles Fire & Police Pension System**

### **10.0 - BOARD EDUCATION POLICY**

#### **BACKGROUND AND PURPOSE**

- 10.1 The Board is charged with the sole and exclusive fiduciary responsibility for the assets of the System, and is granted the sole and exclusive responsibility for administering the System in a manner that will assure prompt delivery of benefits and related services to members of the System.

The Board shall discharge its duties with respect to its 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 these matters would use in the conduct of an enterprise of a like character with like aims. This standard of sound pension management imposes a continuing need for Board members and staff to build and maintain their knowledge of pension and investment issues. Accordingly, this policy is intended to guide the Board's education efforts. [Section 1106(c)]

The Board has established a minimum of 24 hours for Board member education within the first two years of assuming office, and 24 hours of education every subsequent two-year period the Board Members remain in office. This standard for Board member education is consistent with fiduciary best practices and the education requirements placed on trustees who serve on the boards of the twenty 1937 Act County Retirement Systems pursuant to California Government Code Section 31522.8, and the education requirements placed on trustees who serve on the Board of Administration for the California Public Employees' Retirement System (CalPERS) pursuant to California Government Code Section 20100. Also consistent with the statutory education requirements of these peer pension boards, a report that details the training hours and education received by each Board member will be provided through the annual Board Education Report and will be subsequently published on the LAFPP website. Training "credit" may be received through relevant education provided: in-house (including New Board Member Orientation), by attending conferences, by academic institutions and by self-study courses. (Amended 01/19/23)

#### **REQUIREMENTS OF BOARD MEMBERS**

- 10.2 Throughout their terms on the Board, Board members are required to develop their knowledge and understanding of a broad range of pension-related issues including, but not limited to:
- A. Fiduciary duty law and pension board governance
  - B. Ethics
  - C. Pension and other relevant legislation (e.g. California Constitution and the Ralph M. Brown Act)
  - D. Pension and disability benefits administration
  - E. Fair hearings for disability cases
  - F. Health benefits administration, funding, and liability
  - G. Actuarial funding and liability principles
  - H. Institutional portfolio management:

- 1) Asset/liability management
- 2) Capital market theory (asset class characteristics)
- 3) Active and passive investment management
- 4) Investment performance measurement
- 5) Investment costs

- I. The financial audit and internal control functions  
(Amended 10/20/14; 01/19/23)

**10.3 Board members are also:**

- A. Expected to complete the in-house Board orientation program within 60 days of joining the Board (see Sections 10.5-10.8 below).
- B. Expected to participate in all in-house education seminars or presentations delivered by either staff or outside experts.
- C. Encouraged to attend at least two (2) approved educational conferences each year. (Attendance shall not exceed a maximum of six (6) conferences each fiscal year.) Conference agendas shall contain at least five hours of high quality educational content, as opposed to content geared towards marketing or the promotion of investment management and related sponsors.
- D. Encouraged to seek out relevant training offered through academic institutions and/or self-study courses.  
(Amended 10/02/14; 08/06/20; 01/19/23)

**THE BOARD EDUCATION PROGRAM**

**10.4 The System's Board education program will contain four key components:**

- A. New Board member orientation
- B. In-house training and education
- C. Conferences (e.g. CALAPRS, NCPERS, SACRS, IFEBP, Wharton School, etc.).
- D. Relevant academic institutions and/or self-study courses (Amended 10/02/14; 01/19/23)

***New Board Member Orientation***

**10.5 Staff will be responsible for designing and making available to each new Board member a formal Board orientation program, using consultants where appropriate.**

**10.6 The specific contents of the Board orientation program will be determined by staff, but will generally cover the following areas:**

- A. Role and expectations of Board members
- B. Fiduciary duties of Board members, conflict of interest guidelines, open meeting laws, Proposition 162, and other relevant law to be provided by the City Attorney
- C. Ethics responsibilities
- D. Overview of organizational structure and the roles of staff, and key service providers including the actuary, investment consultant, custodian bank, investment managers, attorneys and auditors
- E. Statement of Economic Interest filings and Robert's Rules of Order

- F. The disability application process
  - G. Overview of member services
  - H. Benefit structure of the System, delivery, and Board authority
  - I. Health benefits program structure, delivery, and Board authority
  - J. Actuarial valuation process
  - K. Investment and funding policies of the System
    - Structure of current investment program and portfolios
    - Current asset allocation process
    - Private Equity asset class
    - Passive vs Active management
    - Investment manager selection and due diligence process
    - Investment Consultant's role
  - L. Board governance policies and practices
  - M. Budget process
  - N. Travel policies and procedures
  - O. Strategic and Annual Plan process and goals
  - P. Audit process
- (Amended: 10/02/14, 11/21/19)

- 10.7 In covering the above concepts with new Board members, it is expected that staff will schedule in-house orientation sessions. The scheduling and duration of such sessions should be determined with input from the Board member(s) in question. As a general guide, it is expected that, in total, the orientation sessions will require up to two days to complete.
- 10.8 As part of the orientation process, Board members will also be provided, either a hard copy or electronic copy:
- A. A user friendly Board Reference Manual, the contents of which are to be determined by staff (See Appendix 1 for sample contents).
  - B. A listing of recommended conferences to be attended during a Board member's first year on the Board.
  - C. Suggested reading material of an educational nature.
  - D. Other relevant information and documentation deemed appropriate by staff.

***In-house Education and Training***

- 10.9 The System views in-house education and training to be an essential element of an effective Board education program. Accordingly,
- A. Staff will schedule education sessions during Board meetings so as to coincide with key policy decisions on the Board's agenda. To ensure that the Board is able to make such policy decisions in an informed manner, the education sessions will occur at least one meeting prior to the meeting at which the policy decision is to be made. For example, if the Board is scheduled to make a decision to invest in a new asset class, staff should schedule one or more education sessions on the asset class in question at least one meeting prior to the meeting at which the Board is to make its decision. These sessions may include a panel of consultants as appropriate for the asset class to ensure that the Board receives a balanced presentation.
  - B. Through the annual Board Member Self-Assessment Policy (Governance Policy, Section 11.0) the results can be used by staff in determining

educational needs for the following fiscal year and planning these educational items for the Board agendas. (Amended 10/02/14, 08/20/15, 11/21/19 and 09/21/23)

- C. In addition to the above, staff will coordinate special education sessions throughout the year on other topics of general interest and importance to the Board, and that will enhance the Board's ability to govern the System. It is expected that a minimum of one special education session will be organized each year. When possible, efforts should be made to coordinate educational training sessions with other systems or CALAPRS.
- D. Given the changing needs and time availability of Board members, staff is expected to consult with the Board when scheduling in-house education sessions so as to maximize the likelihood of full attendance. Notwithstanding this, it is the responsibility of each Board member to make all reasonable efforts to attend all in-house education sessions.

### ***Conferences***

- 10.10 The System believes that attending high quality conferences can also be of great value to Board members in effectively carrying out their fiduciary duties by, for example, exposing Board members to new issues and insights and enabling them to meet and learn from their peers throughout the pension industry.
- 10.11 While many conferences may be beneficial, the Board has found that conferences sponsored by industry associations (e.g. CALAPRS) or by academic institutions (e.g. the Wharton School) are particularly effective (see Appendix 2 for a listing of sample associations).
- 10.12 Staff is responsible for identifying high quality conferences and bringing them to the attention of the Board. Individual Board members are also encouraged to bring quality conferences to the attention of the Board.
- 10.13 Upon returning from a conference, Board members are encouraged to share relevant information with the Board, complete a conference evaluation form and submit it to the General Manager to assist in the evaluation of conferences for future recommendation to the Board. (see Appendix 3 - Conference Attendance Report) (Amended 07/18/13 and 10/02/14)

### ***Involvement by Staff***

- 10.14 An additional objective of the Board Education Policy is to establish over time a *common or shared* understanding by the Board and staff of the major issues and concepts involved in the governance and management of the System. Accordingly, the Board expects that staff will, whenever practical, participate in all in-house Board education and training.

## **REPORTING AND MONITORING**

- 10.15 An annual report summarizing the training hours and various educational activities, including travel, undertaken by the Board will be prepared by the General Manager and provided to the Board. (Amended: 01/19/23)

**HISTORY**

10.16 This policy was adopted by the Board on June 8, 2006; Revised 10/21/10, 07/18/13, 10/02/14, 08/20/15, 11/03/16, 11/21/19, 08/06/20, 01/19/23, and 09/21/23.

**REVIEW**

10.17 The Board will review this policy at least every three years to ensure that it continues to effectively meet the needs of the Board.

10.18 The Board shall next review this policy by January 2026.

## **APPENDIX 1 - BOARD REFERENCE MANUAL**

Some suggested items for inclusion in the Board Reference Manual include:

- A. Commissioners' Contact Information
- B. Current Committee Assignments
- C. Ethics Information
- D. Fiduciary Responsibilities
- E. Background of Contractor's Disclosure Policy
- F. iPad Usage Policy and User Guide
- G. LAFPP Organizational Chart
- H. Summary of LAFPP Sections
- I. Travel Flow Chart
- J. Travel and Education Policy
- K. Budget
- L. Business and Strategic Plans
- M. LAFPP Annual Report (Available Online)
- N. Disability Training Board Reports
- O. Medical and Dental Training
- P. Summary Plan Description of Tier 5 and Tier 6
- Q. Actuarially Speaking by Grant Boyken
- R. Suggested Readings

(Amended 09/2021)

### **BOARD POLICY MANUAL**

- I. Board Governance Policies
- II. Board Operating Policies and Procedures
- III. Board Investment Policies

## **APPENDIX 2 – RECOMMENDED ASSOCIATIONS**

The following Industry Associations have been found to offer educational conferences that are particularly useful for Board members:

- a. CALAPRS - (California Association of Public Retirement Systems) -  
<http://www.calaprs.org>
- b. NCPERS - (National Conference on Public Employee Retirement Systems) -  
<http://www.ncpers.org>
- c. IFEBP - (International Foundation of Employee Benefits Plans) -  
<http://www.ifebp.org>
- d. SACRS - (State Association of County Retirement Systems) -  
<http://www.sacrs.org>

The following academic institutions also offer programs that may be particularly useful for Board members:

- The Wharton School at the University of Pennsylvania

**APPENDIX 3 - CONFERENCE ATTENDANCE REPORT**

Board Member Name: \_\_\_\_\_

Name of Conference: \_\_\_\_\_

Date of Conference: \_\_\_\_\_

Location of Conference: \_\_\_\_\_

Key Topics Covered: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Were there any ideas taught at the Conference that staff or the Board should consider?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Did you learn anything at the Conference that you wanted to share with the Board?

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

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

	<b>Strongly Disagree</b>	<b>Disagree</b>	<b>Agree</b>	<b>Strongly Agree</b>
The conference sessions were mostly informative, well presented and relevant.				
The conference provided a good opportunity to network with, and learn from, industry peers.				
The conference represented good value.				
I would recommend that fellow Board members attend this conference in the future.				

Additional Comments: \_\_\_\_\_

Signature: \_\_\_\_\_