

MONROE COUNTY EMPLOYEES RETIREMENT SYSTEM

P O L I C Y R E S O L U T I O N

Adopted: November 26, 2012

Revised: September 16, 2019

Re: Code of Conduct/ Education/ Travel/ Due Diligence Policy

WHEREAS, the Board of Trustees of the Monroe County Employees Retirement System (“Board”) is vested with the general administration, management, and operation of the Monroe County Employees Retirement System (“Retirement System”) and has fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries, and

WHEREAS, the Retirement System provides pension benefits to retirees in accordance with the Monroe County Employees Retirement System Ordinance, as amended, applicable collective bargaining agreements, and state and federal laws, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended, (“Act 314”) wherein the Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, the Board recognizes that in order for the beneficiaries of the Retirement System to have the best representation by their elected and appointed Trustees, it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments, and

WHEREAS, the Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Retirement System representatives to attend Board meetings and educational seminars/conferences so that the Board may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems, and

WHEREAS, the Board further recognizes that, consistent with its fiduciary duties, it is necessary to conduct regular due diligence on each current and prospective manager and consultant engaged by the Board in the ordinary course of business, and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in meetings of the Board and maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy, and

WHEREAS, the Board desires to state its policy with regard to Trustee conduct, education, travel, and due diligence, therefore be it

RESOLVED, that each and every member of the Board shall diligently attend to the business of the Retirement System and shall not leave to other Board members control over the administration of the affairs of the Board and Retirement System, and further

RESOLVED, that Board members shall conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty or that he or she is using his or her position on the Board to further his or her own financial interests, and further

RESOLVED, Board members shall not do any of the following:

- (a) accept or solicit any gift, favor, or service that may reasonably tend to influence a trustee in the discharge of official duties or that the trustee knows, or should know, is being offered with the intent to influence the trustee's official conduct;
- (b) accept other employment or compensation that could reasonably be expected to impair the trustee's independence of judgment in the performance of the trustee's official duties;
- (c) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised the trustee's official powers or for having performed the trustee's official duties in favor of another;
- (d) transact any business in the trustee's official capacity with any entity or person in which the trustee has an economic interest;
- (e) appear before the Board of Trustees while acting as an advocate for any other person, group, or entity;
- (f) represent any business entity before the Board of Trustees, for pay;
- (g) use the position as a trustee to secure a special privilege or exemption as an individual or for others, or to secure confidential information for any purpose other than official duties; and
- (h) intentionally or knowingly disclose any confidential information gained by reason of the trustee's position concerning the property operations, policies or affairs of the Board of Trustees, or use such confidential information for pecuniary gain, and further

RESOLVED, that Board members shall provide fair and equal treatment to all persons and matters coming before the Board, and further

RESOLVED, that Board members are expected to and may provide general information to Plan members, however, Board members shall also be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the possible harm to a plan member that may result from any such miscommunications, and further

RESOLVED, that Board members shall mitigate the risk of miscommunication with plan members by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a plan member may be entitled, and where explicit advice or counsel is needed, Board members will refer inquiries to the appropriate designee, and further

RESOLVED, that the Board hereby strongly recommends that each representative is encouraged and expected to attend pension related meetings/conferences/seminars on behalf of the Retirement System, and further

RESOLVED, that an annual education and travel allowance budget shall be established at the amounts provided for in Section 13(6) of Act 314. Retirement System representatives may attend any approved educational programs provided all approved travel and associated costs do not exceed the annual education and travel allowance budget. Accordingly, retirement system representatives are encouraged to carefully consider their individual educational needs and to pursue educational programs that support their continued development as a prudent fiduciary.

RESOLVED, that subject to the budget limitations provided herein, Retirement System representatives are encouraged to attend all meetings of the board, and attend (3) three educational seminars per calendar year; however, representatives may not attend more than one out of state educational seminars. Individuals wishing to attend additional educational seminars in a calendar year shall request prior board approval and provide a post educational seminar report to the board on topics covered, and further

RESOLVED, that that all travel requests of members and staff of the Retirement Board must be submitted as regular agenda items and must be accompanied by proper documentation, including sponsoring organization, location, registration costs, duration of seminar and any accompanying brochure. Specifically, for each seminar/conference request the following information shall be required: (1) the name of the traveler; (2) the title of the event, seminar, or conference; (3) location of the event, seminar, or conference; (4) the dates of travel; (5) name of hotel, number of nights, and daily rate; (6) registration fees; (7) mode of transportation; (8) cost of travel; (9) other expected incidental costs; (10) copy of promotional brochure for the event, seminar, or conference; and (11) reason for attendance at the event, seminar, or conference citing the benefits received or expected, and further

RESOLVED, that service providers are to appear before the Board for performance evaluation on a rotational basis at least once per year, and further

RESOLVED, that on-site due diligence evaluations shall be scheduled with service providers at their primary place of business as the Board deems necessary, and further

RESOLVED, that the following expenses will be reimbursed so long as proper documentation (i.e., itemized receipts, hotel folios, etc.) is provided to the Board within a reasonable time:

Registration: Educational seminar fees and actual registration charged by the conference shall be paid by the Retirement System.

Transportation: Individuals traveling on Retirement System business will utilize the most economical and efficient means of transportation. Use of a more expensive method of transportation other than the most economical and efficient, will be allowed only upon the approval of the Board

Air fare at coach fare. First class or business class will be allowed only where no other service is available or an urgency exists. Early arrival is allowed where there is a net gain to the Retirement System.

Ground transportation/parking includes airport parking and transportation to and from the conference site and any transportation necessary to conduct Retirement System business. All individuals traveling to an out-of-state educational seminar may have a rental vehicle available, upon request and prior approval by the Board, for their use during the time period that they are approved for Board travel.

Flat rate mileage will be paid for use of a private vehicle as per the current Internal Revenue Service regulations, plus parking fees.

Lodging: Allowance for lodging will be at the conference rate charged at the hotel facility housing the educational seminar. If the facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be at Board expense. Individuals may upgrade room at personal expense.

- Meals:** Individuals traveling on Retirement System business shall be reimbursed for all reasonable expenses incurred up to the per diem rate established by the Internal Revenue Service for business travel. Reimbursement of all reasonable meal expenses must be documented by itemized receipts. No alcoholic beverages will be paid for at Retirement System expense.
- Miscellaneous:** Reimbursement for miscellaneous expenses, such as tips, telephone service, taxicab service, valet services shall be paid at \$10.00 per day, or actual expenses, if documented by receipts. Any issues regarding reimbursement for expenses shall be determined by the Board.
- Upgrades:** Any upgrade above all established policy limits shall be at the individual's personal expense, unless otherwise allowed for and defined in this policy.
- Expenses:** It is preferred that the Board pre-pay any anticipated costs directly to the charging entity.

RESOLVED, that all requests for reimbursements shall be presented for payment within forty-five (45) days after attending the educational seminar, and further

RESOLVED, that all reimbursement requests must be submitted to the voting members of the Retirement Board for approval at a Retirement Board meeting. All reimbursement requests must be accompanied by original receipts for each item for which reimbursement is requested. This includes, but not restricted to, registration, transportation, accommodations, meals and taxis. Only those requests having receipts will be paid with the exception of mileage reimbursement and the \$10/day miscellaneous expenses reimbursement described above. All invoices and attachments will be brought to the Retirement Board meeting for review and approval, and further

RESOLVED, that all educational seminar reimbursement requests must be approved by a majority vote (5) of the voting members of the Retirement Board, and further

RESOLVED, that the Board shall not be responsible for any and all additional fees or costs incurred as a result of the member's untimely registration or cancellation of accommodations related to attendance at an educational seminar including, but not limited to lodging and travel. In the event a member cancels or fails to attend an educational seminar for which he/she registered, the Board shall be entitled to reimbursement from the individual for all expenses paid on the member's behalf including, but not limited to registration fees, hotel deposits, travel expenses and any other costs that were paid on the member's behalf. Exceptions will be determined by the Board of Trustees, and further

RESOLVED, that all persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate, and must enroll and participate in those educational programs offered by the seminar sponsor. The failure to earn such a certificate or participate in the educational programs may result in the particular attendee becoming ineligible for reimbursement of expenses and/or to attend any further educational seminars and/or conferences, and further

RESOLVED, that any representative(s) who attends an educational seminar or conference shall be required to provide a verbal report to the Board, at the next regular Board meeting following the educational seminar or conference, regarding the subject matter of the seminar or conference. The attendee(s) shall also provide the Board with the handout materials from the seminar or conference. Satisfaction of this requirement is a condition precedent to reimbursement of any expenses to the attendee. Failure to earn an attendance or participatory certificate where the sponsor offers one, may obligate the attendee(s) to reimburse the Retirement System in full for any expenses advanced to the attendee(s), and further

RESOLVED, the Trustees, or the Board's designee, participating in an on-site due diligence evaluation shall provide a verbal report to the Board for the next following regular Board meeting, summarizing their findings and recommendations, if any, and further

RESOLVED, that in accordance with Act 314, the Board may utilize a portion of the Plan's investment earnings to pay for such expenses, and further

RESOLVED, that the Retirement System shall retain a record of reimbursed expenses for a minimum of seven (7) years, and further

RESOLVED, that the Board acknowledges and understands that in the fulfillment of Retirement System responsibilities, an individual shall not suffer a loss because of absence from County employment, and further

RESOLVED, that abuse of the foregoing policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, removal from the Board, and further

RESOLVED, that the Board shall make this policy resolution available to the appropriate County and Union representatives.

Trustee Signature

Date

Print Name