

**GENERAL RETIREMENT SYSTEM OF THE CITY OF DETROIT**  
**("GRS")**

**BUSINESS AND EDUCATION TRAVEL AND EXPENSE POLICY**

Adopted: April 7, 2010

**I. STATEMENT OF PURPOSE**

The Board of Trustees (the "Board" or "Trustees") of the General Retirement System of the City of Detroit ("GRS") recognizes the importance of fulfilling its constitutional and statutory fiduciary duty to administer the retirement system prudently which may best be accomplished through trustee education and the conduct of regular, periodic on-site due diligence examinations and meetings with its investment professionals. It is also the policy of the Board to ensure that GRS staff members are properly trained to perform their respective duties and are, on an ongoing basis, informed of up-to-date benefit, financial, investment, and other information regarding best practices.

In furtherance of its *Education Policy* and *Due Diligence Policy*, the Board recognizes the need to reimburse Trustees and GRS staff members for reasonable and necessary education and travel expenses incurred while participating in educational programs and conducting on-site due diligence evaluations and other business related activities. The Board adopts this Business and Education Travel and Expense Policy (the "Travel Policy") to facilitate the appropriate reimbursement of activities pursuant to GRS's Education and Due Diligence Policies. This Policy shall also apply to all other business-related travel of Trustees and GRS staff members. Because these are legitimate expenses of the retirement system, the amounts necessary to cover such expenses, as reflected in the Board's annual budget, shall be charged as an administration expense (e.g., conference/education expenses) or as an investment related expense (e.g., due diligence/site visits), as appropriate.

The purpose of this Travel Policy is to encourage and facilitate the pursuit of relevant educational and business-related initiatives by Trustees and GRS staff. The policy is designed to assist them in meeting fiduciary duties to administer the retirement system and to ensure that expenditures incurred in the process are prudent and cost-effective. Furthermore, the parameters for Trustees and staff to follow when traveling on retirement system business promote the prudent use of retirement system assets.

**II. APPLICABILITY**

This policy applies to all members of the Board of Trustees and GRS staff members traveling on official GRS business. Plan professionals and independent contractors (i.e., investment consultants, auditors, actuaries, attorneys, etc.) retained by GRS shall be responsible for their own travel costs unless otherwise provided for in their respective contracts or otherwise approved by the Board. Such approved travel at GRS expense shall be in accordance with this policy.

### III. DEFINITIONS

For the purposes of this policy, the following words shall have the meanings respectively ascribed to them by this section:

1. ***Board or Board of Trustees*** shall mean the Board of Trustees of the General Retirement System of the City of Detroit.
2. ***Educational program*** shall mean a conference, seminar, workshop, course or other substantive educational activity on any pension administration or investment subject matter.
3. ***GRS*** shall mean the General Retirement System of the City of Detroit.
4. ***GRS staff or staff*** shall mean the Executive Secretary, the Assistant Retirement Administrators, the Investment Analyst and such other staff members traveling on office GRS business as may be approved in advance by the Board.
5. ***In-state*** shall mean within the state of Michigan.
6. ***International travel*** shall mean outside of the United States and Canada.
7. ***Out-state*** shall mean outside the state of Michigan, but within the United States and Canada.
8. ***Receipt*** shall mean a hardcopy document which lists costs and, where possible, goods or services rendered.

### IV. GUIDELINES

In every event, members of the Board and staff shall endeavor to conduct the official affairs of GRS in such a manner as to minimize the cost of providing efficient guidance and administration of the funds entrusted to the Board. Travelers should exercise care to avoid impropriety or the appearance of impropriety, including the perception that a business trip has been taken for personal reasons. GRS funds may never be used for personal gain. At such time that a circumstance arises that has not been approved prior to the trip or is not specifically covered, the traveler is to be mindful of the “spirit” of this Policy using prudent judgment in making any decision. GRS will require documentation and/or explanation from each traveler as is essential to verify their travel, and to provide adequate records of the travel for GRS’s reference and files. It is the responsibility of the traveler to ensure that the travel expenses incurred are in compliance with this Policy and the guidelines provided herein.

This policy is established to provide a set of guidelines regarding travel for the GRS. It is also designed to cover the reasonable expenses incurred while traveling on GRS business, participating in educational programs and conducting due diligence and other prudent activities. International travel is increasingly necessary in light of today’s global economy and GRS’s ongoing prudent investment of a substantial portion of its assets outside of the United States. The purpose of

these guidelines is to establish approval procedures, impose certain limitations on travel reimbursement and identify expense guidelines to promote prudent and cost effective travel. These guidelines are intended to be read and applied in conjunction with, and to compliment, GRS's Education and Due Diligence Policies.

The intent of this policy and the procedures provided herein is to reimburse Trustees and GRS staff members for the reasonable cost of necessary expenses incurred while on GRS related business travel, over and above those that would have been incurred by the individual had the individual reported to their normal work location. Accordingly, the guidelines contained herein are intended to substantially comply with IRS regulations impacting the employee's taxable income.

### **A. Travel Authorization**

Reimbursement of travel and related expenses for a Trustee, or the Executive Secretary to attend an educational program or conduct a due diligence examination or other business for GRS requires the prior approval of the Board, except under exigent circumstances when Board approval cannot be obtained in advance. All reimbursement of travel expenses for GRS staff members, other than the Executive Secretary, to attend an educational program or to conduct due diligence visits, requires the prior approval of the Executive Secretary and the Board.

The Board shall annually adopt and maintain a "Schedule of Approved Educational Programs" for attendance by Trustees and/or staff. The scheduled may be amended to include additional educational programs throughout the year by prior approval of the Board. In accordance with GRS's Education Policy, travel by Trustees, the Executive Secretary, the Assistant Retirement Administrators, and/or the Investment Analyst to attend a program sponsored by the Michigan Association of Public Employee Retirement Systems ("MAPERS"), the National Conference of Public Employee Retirement Systems ("NCPERS"), the Council of Institutional Investors ("CII"), the International Foundation of Employee Benefit Plans ("IFEBP"), the National Association of Securities Professionals ("NASP") and the National Association of State Retirement Administrators ("NASRA"); are hereby pre-approved and shall be listed on the "Schedule of Approved Educational Programs".

### **B. Travel Limitations – Established Budget**

1. General Guidelines. Each board member and GRS staff shall have an established Annual Education and Travel Allowance to cover the registration, travel and expenses related to participation in educational activities. Within the budgeted travel allowance, board members and GRS staffs are further limited to the number of in-state and out-state educational programs in which they can participate. Accordingly, board members and GRS staffs are encouraged to carefully consider their individual educational needs and to pursue educational programs that support their continued development as a prudent fiduciary.

2. Annual Education and Travel Allowance Limitation. The Board's travel allowance for participation in educational programs shall be approved annually during the Board's budget process. Each Fiscal Year beginning July 1 through June 30, the Board will establish an Annual Education and Travel Allowance for each Board Member, the Executive Secretary, the Assistant Retirement Administrator, the Investment Analyst and an overall budget amount for GRS's support staff. The Executive Secretary and the Investment Analyst provide services to both the GRS and the Police and Fire Retirement System. Accordingly, the Annual Education and Travel Allowance for these two (2) positions has been adjusted to reflect a sharing of education and travel costs between the two retirement systems. Upon adoption of this Policy, the following individuals shall have an Annual Education and Travel Allowance per Fiscal Year as follows:
  - a. Individual Board Members: \$25,000.00;
  - b. Executive Secretary: \$10,000.00;
  - c. GRS Assistant Administrator: \$20,000.00;
  - d. Investment Analyst: \$10,000.00.

These allowances shall be reviewed on an annual basis as part of the budgeting process and may be revised by motion of the Board at any time. Board members and authorized GRS staff may attend any approved educational programs (whether in-state, out-state or international) provided all approved travel and associated costs do not exceed the individual's approved Annual Education and Travel Allowance. Travel and attendance at educational programs must be pre-approved by the Board and any GRS costs associated with such travel and attendance shall be applied to the individual's approved Education and Travel Allowance. Registration costs however, for attendance at the Stanford Law School's Fiduciary College and/or Director's College and the Wharton School of the University of Pennsylvania during a Trustee's initial term and every four (4) years thereafter shall not be applied to the individual's approved Education and Travel Allowance.

At the end of the Fiscal Year, all unused individual travel allowances will be cleared to a zero balance. There will be no carry-over credits. The budget will be administered by GRS staff to ensure consistency during circumstances involving additions, departures, or appointments to the Board of Trustees. An individual's annual education and travel expenses shall not exceed his or her respective approved annual allowance. However, the Board may pre-authorize expenses associated with travel for an individual whose expenses are expected to exceed his or her respective annual travel allowance, if prior to travel, a cost estimate is submitted for the Board's review and the Board determines the expenses are necessary and prudent under the circumstances.

3. Educational Program Attendance Limitation. Notwithstanding the Annual Education and Travel Allowance set forth above, attendance by Board members and GRS staff at educational programs shall be further limited as follows:

(a) Board members and the Executive Secretary may attend any approved educational program held within the state and may attend up to six (6) of any other approved out-state educational programs including a maximum of one (1) international conference, per calendar year.

(b) The Assistant Administrative Secretary and the Investment Analyst may attend any approved educational program held within the state and may attend up to six (6) of any other approved out-state educational programs not including any international conferences unless specifically approved by the Board, per calendar year.

(c) All such individuals may attend a maximum of two (2) additional out-state educational programs per year if: (1) an individual is a speaker/moderator; or (2) the program is sponsored or complimentary; and (3) there is minimal additional cost to GRS which shall be applied to the individual's annual Education and Travel Allowance.

4. Due Diligence Evaluations. In accordance with the GRS Due Diligence Policy, Business Travel and expenses related to the Retirement System's investments (i.e., due diligence on-site evaluations, annual meetings, client conferences, etc.) must be pre-approved by the Board, however are not subject to the Annual Education and Travel Allowance or Program Attendance Limitation provided above. Attendance at certain functions related to the retirement system's investments is an important exercise of fiduciary responsibility and, in keeping with the prudent trustee standard, is appropriate under the circumstances in light of the contractual investment relationship. Further, a pre-investment on-site review is typically necessary in making informed investment decisions. Travel and other expenses for these functions are occasionally provided or paid by investment advisors for all participants or potential investors. Due diligence evaluations will be appropriately allocated amongst all Trustees and shall be in accordance with the GRS Due Diligence Policy.
5. National or State Conference Office Holders. A Trustee who serves on the Executive Board (such as MAPERS or NCPERS) or in a similar capacity for a national or state pension fund organization shall be allowed to attend meetings, and pre-conference programs which are scheduled by the organization, which attendance shall not be applied to the Program Attendance Limitation provided in Paragraph 3 above. Any GRS costs associated with such travel and attendance however, shall be applied as provided in Paragraph 1 above to such individual's Annual Education and Travel Allowance as established by the Board.

### **C. Term Expiration/Retirement**

A Board member (or staff member as may be applicable) may not attend an educational program and have the costs paid for by GRS if (a) the member's term is scheduled to expire, or is known to be terminating, or (b) the individual is retiring from qualifying employment, within two (2) months after the last day of the educational program. An exception will be made if an

elected Board member is running for re-election to the same seat and will be attending the educational session prior to the time the election results are known. Attendance and reimbursement of expenses would also be allowed for members who are actively participating in the conference (e.g., presenting a paper or teaching a session on a committee of the organization sponsoring or hosting the event). If an airline ticket has already been purchased and/or the conference fees have already been paid before it became known that the Board member was prohibited from traveling by this restriction, the Executive Secretary shall be notified to transfer the reservations to another Board member or cancel the reservations, if possible. In all cases, the Board member will be reimbursed for the cost to the member, such as cancellation penalties.

#### **D. Travel Request Authorization**

Individuals wishing to request a travel advance must submit a "Request for Travel Advance and Reimbursement" Form containing the following information:

1. Name of Board or GRS staff member requesting authorization;
2. Purpose of the function;
3. Vicinity and length of time of travel;
4. Estimated cost of travel
5. Amount of Advance requested, if any;
6. Signature of person requesting authorization; and
7. Signature of Executive Secretary or designee.

The completed "Request for Travel Advance and Reimbursement Form" should be presented as early as possible prior to the travel date so that conference lodging will still be available and that cost effective rates may be obtained.

#### **E. Travel Expenses**

GRS will reimburse only those expenses that have actually been incurred with the exception that the traveler may elect to be reimbursed for meal expenses based upon the Board's per diem rates. Board members and Staff are expected to exercise the same care in incurring expenses that a prudent person would exercise if traveling on personal business and spending their own funds. Unless otherwise specifically provided, all travel expenses shall be applied to an individual's Annual Travel Allowance limitation.

Authorized expenses, as set forth below, include transportation (air, ground, and private auto), food, lodging, parking, telephone, laundry, postage, equipment rental (when necessary) and related gratuities. Expenses that are considered non-reimbursable are expenses for family members or companions, personal entertainment fees for athletic or exercise facilities, golf or tennis fees, and alcoholic beverages.

##### **1. Registration.**

The GRS Staff will make arrangements for program registrations upon request, subject to prior Board approval. A Board member shall notify the Executive Secretary as soon as

possible of any educational session he or she wants to attend, as early registration at a program may produce significant savings in overall expenses.

## 2. Covered Travel Days.

The number of covered days will include:

- (i) The day prior to the beginning date of any program or pre-conference sessions;
- (ii) Actual program attendance days; and
- (iii) The day following a program conclusion if reasonable travel accommodations do not allow return on the day of program adjournment.

Typically, travel is limited to one day before and after the event scheduled dates. However, an exception is allowed to travel earlier or later when there is a savings to GRS in an amount which exceeds the cost of an additional night's stay plus meals and incidental expenses. In addition, an individual will be granted one day of travel for each four (4) hours of time change encountered, not to exceed two (2) days prior and two (2) days after the scheduled conference or meeting.

## 3. Transportation.

(i) Airfare. Trustees and staff shall be reimbursed for actual and reasonable expenses for airfare for approved travel on GRS business. Any scheduled U.S. or recognized international air carrier may be used for domestic or international travel. Board Members and staff shall travel in coach/economy class except that they may travel in business class or its equivalent on flights having a scheduled flight time of six hours or more.

GRS will reimburse the additional cost of coach/economy class seats advertised as having additional leg room regardless of flight time. The cost for airport curbside check-in and/or the airlines checked baggage fee for one (1) suitcase or travel bag will be reimbursed with a receipt. Substantiation of airline travel shall include a copy of the ticket or e-mail confirmation showing the cost of the air travel.

If savings can be realized on the airfare by having a Trustee or staff member extend their stay to include a Saturday night, at his or her option, said Trustee or staff member may extend his or her stay in order to realize such savings. GRS shall reimburse the cost associated with the additional lodging and meals resulting from an extended itinerary, not to exceed the savings in airline fare.

If, at the conclusion of a business-related trip, it would be impractical for a Trustee or staff member to return home the same day and arrive home prior to 10:00 p.m. Michigan time due to the distance that must be traveled, or the unavailability of a return flight, the Trustee or staff member may lay over for one additional night and GRS shall reimburse the costs associated with the additional lodging and meals resulting from the extended stay.

First Class travel rate will not be reimbursed except as provided above.

(ii) Private Vehicle. A traveler is entitled to payment of mileage when using his/her personal vehicle. However, the allowable mileage will be reimbursed in accordance with federal travel reimbursement allowances as prescribed by the Internal Revenue Service. Out-state mileage allowance shall not exceed the quoted roundtrip airfare for that trip plus mileage to and from the employee's residence/GRS office (whichever is closer) and the airport. Out-state mileage will be computed using a reliable current internet source (i.e., MapQuest or Google Maps).

When two (2) or more GRS employees are traveling the same general route, consideration should be given to car pooling with pre-approval by the Executive Secretary.

(iii) Rental Vehicle. Generally, a rental car should not be allowed if the traveler is staying at the program hotel unless normal taxi or shuttle expense would exceed the rental car rate. If a major change in travel during a trip requires the use of a rental car, the traveler should obtain the lowest rental rate available.

GRS will reimburse the cost for rental of a mid-size vehicle. The difference in cost for rental of a full-size vehicle will be the responsibility of the Trustee or staff member. The only exception to this is where four (4) or more Trustees or staff members travel to the same location, or if a mid-size car is not available.

(iv) Public Transportation. The cost of a cab or shuttle service between airport and hotel and conference (if necessary) is reimbursable.

4. Lodging. Hotel reservations should be made as far in advance as possible to assure the traveler has a room in the conference hotel. Lodging expenses will be reimbursed for a room at the conference hotel or at a convenient nearby hotel that results in a net savings of room and transportation costs. Reimbursement will be for the least expensive rate available; either conference rate, governmental rate, or special program rate. All sales, occupancy, or other taxes will also be reimbursed. A receipt from the hotel, with a zero amount due, must be presented for any reimbursement.

5. Meals. Meals will be reimbursed in accordance with the GRS's per diem rate which includes the cost for food, local taxes, and tip. Any meal provided as part of a program which are included in the registration cost, or other complimentary meal will not be reimbursed. The GRS per diem rate for meal reimbursement is as follows:

- a. In-state: \$50.00
- b. Out-of-State: \$64.00
- c. Boston, California, Chicago,  
New York & Washington: \$75.00
- d. International Cities & Hawaii: \$90.00

6. Miscellaneous. Reimbursement is authorized for all miscellaneous travel expenses which are reasonably incurred and directly related to the authorized travel. Miscellaneous expenses will be reimbursed at the per diem rate of \$15.00/day. Miscellaneous expenses include tips, gratuities, road tolls, parking charges, shipping charges, etc., which do not exceed a total of \$15.00/day. In the event miscellaneous expenses total more than the \$15.00 per diem rate, such expenses should be listed separately on the "Travel Advance and Reimbursement Form" and a receipt for all miscellaneous expenses which are greater than ten dollars (\$10.00) shall be provided. Fines or other violations incurred as a result of traffic or parking violations are the personal responsibility of the driver. No reimbursement shall be made for these expenses.

In-room internet service, when used for business, will also be reimbursed, if part of the hotel receipt.

### **E. Travel Advances**

Board Members and authorized GRS staff may request a travel advance not in excess of their estimated travel expenses, lodging, registration fee and the per diem meal and miscellaneous expense reimbursement. Any difference between the travel advance and the itemized expenses shall be either (i) returned to the GRS within twenty-one (21) business days of the completion of the travel (forty-five (45) business days for International travel); or (ii) reimbursed to the Trustee; as the case may be.

### **F. Expenses for Traveling Companions**

Under no circumstances shall the expenses of a family member or traveling companion of a Trustee or staff member be reimbursed by GRS.

### **G. Travel and Lodging Cancellations**

Trustees and staff members are responsible for the timely cancellation of or change to any registration to a conference where fees may be charged and/or travel and lodging reservations are made on their behalf. Trustees and/or staff shall be responsible for the costs of any fees charged as a result of the failure to timely cancel or resulting from changes to said reservations, unless otherwise approved, on a case-by-case basis, by the Retirement Board. In the event a travel advance has been paid to a Trustee or staff member for attendance at a program or meeting, the advance must be repaid within three (3) business days of the cancellation of attendance.

## **V. REPORTING REQUIREMENTS**

### **A. Expense Report**

A Travel Expense Report must be completed by Board and staff members after incurring any business travel, transportation or other expense on behalf of the GRS. Proper receipts and documentation of the specified travel is required to be submitted by the traveler for reimbursement. Original receipts must be submitted for all expenses including travel, lodging, meals and other expenses incidental to travel. Lodging receipts should itemize all charges. Receipts must be included for any reimbursement except for meals covered by the per diem,

private vehicle mileage payments or expenses covered by the \$15.00 miscellaneous per diem. Receipts for all other expenses are required for reimbursement. When receipts are lost, a statement from the trustee/employee declaring that a good faith effort was made to produce the receipt must be submitted. The statement must be signed by the trustee/employee and approved by the Board. In the event of a lost receipt, reimbursement will only be considered upon receipt of such a statement.

The Travel Expense Report and all receipts must be submitted within twenty-one (21) calendar days from the completion of in-state or out-state travel and forty-five (45) calendar days from the completion of International travel.

#### **B. Travel Reports**

The Retirement Administrator shall report to the Board on a quarterly basis all travel by Trustees and Staff and which report will include: (a) notification of any outstanding Travel Expense Reports, (b) the total travel expense per Trustee and staff member for each educational program attended, (c) a reconciliation of each individual's Annual Education and Travel Allowance account, and (d) the total travel expense per Trustee and staff member for GRS expenses related to due diligence evaluations including annual expense meetings and client conferences.

#### **C. Conference/Seminar Report**

Trustees are required to provide an oral report of the educational program at the next regularly scheduled meeting of the Board. Trustees may also elect to complete a *Trustees' Educational Evaluation Form* upon completion of any educational session. This should be turned in with any request for reimbursement. The Board shall maintain a library that will retain material related to the educational functions/events attended.

#### **D. Due Diligence Report**

The Trustees or GRS staff participating in an on-site due diligence evaluation, client conference or annual meeting shall provide an oral report to the Board, summarizing their findings and recommendations, if any, at the next regular Board meeting, but in no event later than 45 days following the completion of the visit. Plan Professionals are responsible for their costs relating to providing due diligence reports unless otherwise authorized by the Board.

### **VI. RECORD RETENTION**

All records related to travel by Board members and GRS staff shall be retained by the GRS for a period of five (5) years from the date of travel, and shall be subject to disclosure under the Michigan Freedom of Information Act. No travel related records shall be destroyed or discarded prior to the five (5) year timeframe established herein.

## **VII. VIOLATIONS**

The willful failure of a Trustee or staff member to substantially comply with this Travel and Expense Policy will be reviewed by the Board. The Board may suspend travel advances and travel authorization for an individual's failure to comply with the procedures herein.

## **VIII. POLICY REVIEW**

The Board shall review this Travel Policy at least every three years to assure its efficacy and relevance. This Travel Policy may be amended from time to time by majority vote of the Board.