

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

EDUCATION POLICY
ADOPTED: June 23, 2011
Amended: August 1, 2019

**Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment (“POA”) and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

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I. PURPOSE

The Board of Trustees (the “Board”) of the Police and Fire Retirement System of the City of Detroit (the “PFRS”) recognizes and affirms the importance of education to the success of fulfilling its statutory fiduciary duty to prudently administer the PFRS for the exclusive benefit of the members and their beneficiaries as set forth below.

Section 13 of Michigan Public Act 314 of 1965, MCL 33.1121, et. seq., as amended, mandates that the Board and other fiduciaries of the PFRS (i) discharge their duties with the care, skill, prudence, and diligence, under the circumstances then prevailing, that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and (ii) diversify the investments of the PFRS so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

**Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment (“POA”) and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

A. This Education Policy rests on the following important premises:

1. The PFRS is a trust for the exclusive benefit of its members, and the administration of the PFRS is subject to strict fiduciary responsibilities under the law. All of the PFRS’s operations and activities must be undertaken solely to advance and protect the interests of the members, retirees and beneficiaries of the PFRS and must be conducted in a prudent manner.
2. As fiduciaries, Board members are expected to be capable of completing their duties and responsibilities. Board members are also responsible for making policy decisions relating to pension plan administration of the PFRS. The diversity of each individual Board member’s background presents a challenge in addressing necessary and recommended continuing professional education opportunities. To that end, they must acquire an appropriate level of knowledge to achieve proficiency in the conduct of the PFRS’s business.
3. There exists a unique body of knowledge that is relevant to Board members in carrying out of their distinct roles and responsibilities.
4. Both continuing education in the topics vital for pension trustees and participation in state and national pension organizations are essential to successfully carrying out these fiduciary duties.
5. Each Board member has an ongoing obligation to make every effort to attend and participate in the Board's meetings with its policy and investment advisors; to represent the PFRS in such national and state organizations as the Board determines are beneficial

to its interests; and to acquire and maintain the knowledge necessary to carry out his or her fiduciary obligations to the PFRS.

B. The objectives of this Education Policy are as follows:

1. To ensure that all Board members gain the knowledge necessary to carry out their fiduciary responsibilities.
2. To ensure that access to relevant information is made available to all Board members.
3. To ensure that Board members possess shared trust relevant to pension administration and the investment of trust assets, to enable effective group discussion, debate, and decision making.

Prudent administration requires each Board member to achieve and maintain proficiency in the conduct of the PFRS's business by educating himself or herself in matters central to the prudent administration of the retirement system and the investment of retirement funds. To that end, the Board adopts this Education Policy (this "Policy") to promote the Board members' ability to achieve this proficiency.

II. DEFINITIONS

"Board" or *"Board of Trustees"* shall mean the Board of Trustees of the Police and Fire Retirement System of the City of Detroit.

"Board member" or *"Trustee"* shall mean any member of the Board of Trustees.

"PFRS" shall mean the Police and Fire Retirement System of the City of Detroit.

"PFRS Executive Staff" shall mean the Executive Secretary, Assistant and Executive Secretaries.

"PFRS Staff" or *"Staff"* shall mean the Executive Director, Assistant Executive Director, the Recording Secretary, the Chief Investment Officer, and all other employees of the PFRS, including certain independent contractors who are not designated as employees.

"Service provider" shall mean any consultant, manager, advisor, custodian or other individual or entity providing services to the Board and/or PFRS.

III. GUIDELINES

This Policy sets forth guidelines that govern the Board's continuing education activities, which are designed to develop the skills necessary to promote the prudent administration of the PFRS and investment of the retirement funds. These guidelines are intended to be read and applied in conjunction with, and to complement, PFRS's Trustee Due Diligence and Travel and Expense Policies. Due diligence

activities however, may not be a substitute for educational programs.

In accordance with the PFRS Travel and Expense Policy, each Board member and PFRS staff shall have an established travel allowance to cover the travel and expenses related to participation in educational activities. Board members and PFRS staff are encouraged to carefully consider their development as an investment fiduciary.

A. General Provisions

1. Board members and PFRS Executive Staff shall strive to develop and maintain an appropriate level of knowledge and skill necessary to administer the PFRS prudently throughout their term as members of the Board or Staff. Continuing education is required in the following areas:
 - a. pension law and regulatory issues;
 - b. selection and retention of plan professionals;
 - c. institutional investment principals and performance measurement;
 - d. principles of asset allocation and investment in management;
 - e. actuarial evaluation and process;
 - f. benefits administration;
 - g. board governance, ethics and fiduciary obligations; and
 - h. organizational, budget and audit procedures.
2. Educational opportunities designed to help Board members and PFRS Executive Staff achieve proficiency in these areas include, but are not limited to:
 - a. external conferences, seminars, workshops and events held or sponsored by corporate sponsors, professional or trade organizations, investment managers and/or other primary service providers, including, but not limited to, investment consultants, investment managers, legal counsel, custodians and/or actuaries;
 - b. in certain circumstances, external conferences, seminars, workshops and events sponsored by corporate sponsors, professional or trade organizations, investment managers and/or primary service providers, including, but not limited to, investment consultants, investment managers legal counsel, custodians and/or actuaries
 - c. pension association meetings and events;

- d. in-house educational seminars, presentations, new trustee orientations and briefings; and
 - e. relevant print and electronic media resources.
 - f. courses offered by a U.S. Department of Education recognized accredited college or university (e.g., North Central Association of Colleges and Schools) covering business/finance classes. Registration for such courses shall require approval of the Board.
3. Board members and PFRS Executive Staff shall seek out, evaluate and attend appropriate educational programs to meet the following minimum goals:
- a. achieve, over time, proficiency in the areas identified in Section III(A)(1) of this Policy; and
 - b. stay apprised of new relevant developments.
4. PFRS shall support its Board members' efforts to achieve these minimum goals and shall provide further education and training as appropriate under the circumstances. It is recommended that during his or her initial term a new Board member should seek out one or more of the following basic educational experiences:
- a. Ethics Training;
 - b. Trustee training provided by MAPERS
 - c. Trustee training provided by NCPERS- National Accredited Fiduciary (NAF) Program
 - d. Trustee training provided by IFEBP- Certificate of Achievement in Public Plan Policy (CAPPP®)
 - e. Investment Program at Wharton School of Business or other similar higher educational program
 - f. Board Strategic Workshops;
 - g. Educational and training programs offered by retained consultants;

B. Education not listed above

- 1. Other educational programs as approved by the Board.
- 2. In certain circumstances, external conferences, seminars, workshops and events sponsored by corporate sponsors, professional and trade organizations and/or third party professional conferences ("Professional Conference") may be appropriate for a Board member to attend in a non-Trustee capacity, should the subject matter be germane to

Board or PFRS functions. However, Board members who attend such Professional Conferences in his or her professional capacity may not also attend in his or her capacity as a Board member. In no event will the expense of attending a Professional Conference by a Board member who attends the Professional Conference in his or her professional capacity as well as in a Trustee capacity be reimbursed by PFRS without the written permission of the Board.

C. Annual Budget and Expenses

Per the Travel and Expense Policy the Board shall establish an annual budget to cover the cost of providing continuing fiduciary education for PFRS Board members and Staff. As provided by the Trustee Travel and Expense Policy, PFRS shall reimburse Board members for all reasonable and necessary expenses incurred in attending educational programs encouraged hereunder as provided in this Policy subject to the limitations as provided in the PFRS Travel and Expense Policy.

D. Reporting

1. A board member attending an education program shall provide an oral report evaluating the program and its merits to the Board at their next regular meeting after the program, reference to which shall be included in the minutes of the meeting. In addition, Board members may provide the Board with the materials obtained during the program, so that they may be made available to other Board members and staff for reference purposes.
2. If the educational program provides a certificate of attendance, Board members must provide a copy of the certificate of attendance from the conference or seminar sponsor with his or her travel reimbursement request to be reimbursed. Failure to provide a copy of their certificate of attendance within a reasonable period of time may result in the suspension of future travel reimbursements for attendance at educational programs for a period of time as determined by the Board. The Board acknowledges that there may be extenuating circumstances (i.e., family or personal emergencies, illness, etc.); or instances where an individual's schedule may not permit participation in the entire conference; which may result in a conference attendee not attending the required number of sessions or classes to receive a certificate of attendance. Under these circumstances, the Board shall have the discretionary authority to approve an appropriate reimbursement request notwithstanding that a certificate of attendance was not obtained.
3. If courses are completed at an accelerated college or university, with respect to each course the Board member must obtain a passing grade or passing status (as defined by such college or university). If the passing grade/passing status requirement is not met, the Board may require the Board member to repay all costs advanced for such course(s).

E. New Board Member Orientation

1. In order to provide information to those who may be considering becoming Board members, copies of this and other Board policies relating to the responsibilities of Board members shall be made available to the public.

2. The Executive Director, Assistant Executive Director, Chief Investment Officer and the Board General Counsel shall also be responsible for developing a Trustee handbook and a New Trustee Orientation Program, designed to familiarize each new Board member with all aspects of PFRS's operations and policies. The goal is to assure that each new Board member is prepared to participate fully in the responsibilities of the Board and to obtain required education as soon as possible after joining the Board. Board members shall participate in the orientation program within 45 days of being elected or appointed to the Board.

3. The New Trustee Orientation Program shall include:
 - a. The history and organization of PFRS, and all relevant governing documents, regulations, laws, ordinances and Charter provisions(Plan of Adjustment (POA) and applicable CBA/MOU's);
 - b. Most recent plan descriptions and member and retiree handbooks;
 - c. Most recent actuarial valuation and financial statements;
 - d. An introduction to the Board, Staff, and PFRS premises;
 - e. Fiduciary duties of the Board members and other investment fiduciaries;
 - f. Relevant laws affecting the Board and PFRS- (Public Act 314, Open Meetings Act, Freedom of Information Act, etc.);
 - g. Most recent asset/liability study;
 - h. Most recent investment performance report;
 - i. Board policies and procedures, including parliamentary procedure and disability process.
 - j. Current issues before the Board;
 - k. Most recent business plan and budget;
 - l. Up-to-date organization chart;
 - m. Up-to-date names and phone numbers of Service Providers, other Board members and PFRS Staff; and
 - n. Most recent meeting calendar, recent meeting agendas and minutes, and other relevant manuals, materials and documentation.
 - o. Introduction to one of more of the longer standing trustees.

IV. POLICY REVIEW

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