



El Paso Firemen & Policemen's Pension Fund



FIDUCIARY EDUCATION AND TRAVEL POLICY

Re-Stated and Approved July 19, 2006

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Statement of Purpose

The El Paso Firemen and Policemen's Pension Fund ("the Pension Fund") is a public trust, and the operation of the Pension Fund is subject to those strict fiduciary standards and responsibilities provided under state statute, Chapter 802, Subchapter C of Title 8, Subtitle A of the Government Code, Article 6243b V.A.T.S., and such other state and federal statute as may apply and the common law of trusts. The Board of Trustees has the constitutional and statutory duty and responsibility to operate the Pension Fund in a fiduciarly prudent manner in the sole interests of its members and beneficiaries.

As a matter of general policy concerning fiduciary education, each and every Trustee of the Board ("Trustee or Trustees") and Staff ("Staff") have an inherent and continuing obligation to the Pension Fund's members and beneficiaries to be informed in the prudent management of their trust, and are encouraged to attend educational sessions reasonably calculated to better prepare them in the discharge of their fiduciary duties under the Pension Fund.

The complexities of the prudent management of the hundreds of millions of dollars held in trust by the Board, and the delegated administration by Staff of the current and future retirement benefits of the members and beneficiaries of the Pension Fund, impose a continuing need for its Trustees and Staff to attend business meetings, professional and educational conferences, seminars and any fact-finding required to conduct the business of the Pension Fund, and to better prepare them to perform those fiduciary and administrative duties owed the members of the Pension Fund. Such business meetings, conferences, seminars and fact-finding may occur within Texas, outside the State, or outside of the United States.

It is incumbent upon the Trustees of the Board individually and collectively, to perform 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
- in accordance with state law and city ordinance.

The knowledge required to perform at this high level of fiduciary care and prudence is not innate -- it must be learned and re-learned to maintain fiduciary competence. Typically, such education and preparation of the fiduciary can be acquired by formal self-study pursuant to curriculum, in-house seminars, and/or attendance at professional meetings and conferences that accomplish the fiduciary educational purposes of the Pension Fund. The cost of a fiduciary learning strictly by experience is often high, and a risk not fairly or necessarily imposed upon the members and beneficiaries of the Pension Fund where the less risky option of fiduciary education is available.

The complexities of prudent management of Fund assets, and the efficient administration of those benefits provided under this public trust, therefore, impose an affirmative obligation for all Trustees and Staff of the Pension Fund from time to time to attend business meetings, professional and educational conferences, seminars, and fact-finding sessions to conduct the Pension Fund's business, and better prepare the Trustees and Staff to perform their fiduciary and staff duties effectively.

This Fiduciary Education and Travel Policy is intended to harmonize the fiduciary obligations of the Board of Trustees with its obligation to the members of the Pension Fund to administer the Pension Fund in a cost-effective manner, and minimize operational costs where appropriate.

Board Responsibility And Delegation

Establishing standards of accountability for the Board of Trustees and Staff relative to Pension Fund-related business is vested with the Board as having full power over the administration, conduct and operation of the Pension Fund. Authorized attendance at Pension Fund-related business (outside of Board meetings) and related travel for Trustees and Staff is vested exclusively with the Board. The Executive Director or his designated representative, on behalf of the Board, shall coordinate all Pension Fund-related travel requests by Trustees and Staff.

Conference Attendance and Travel

Trustees and Staff may individually attend four (4) educational conferences per fiscal year of their choice provided such address benefit, investment management or pertinent related topics appropriate to the fiduciary or professional education of the Trustees and Staff. This will permit Trustees or Staff to register early, allowing for savings on registration fees, lower airfare costs and to ensure they are booked into the conference hotel. Conference attendance within the United States must not exceed \$3,500.00 per conference, including, travel, lodging, registration and other related expenses. Conference travel within the United States in excess of \$3,500.00 per conference, and conference travel outside the United States shall be submitted in writing and approved in advance by the Board of Trustees at a regularly scheduled meeting. Authorized

attendance at any TEXPERS related conference within Texas, is not included in the four-conference limit.

Trustees and designated Staff may travel to such meetings as may be authorized by the Board to represent the Pension Fund. These meetings are in addition to the permitted and approved four (4) educational conferences per year.

The Executive Director or his designated representative shall periodically inform the Board of Trustees of upcoming business meetings, fiduciary and other professional educational and training conferences, seminars, and events that may be necessary or helpful in the conduct the business of the Pension Fund, by better preparing the Trustees and Staff in the performance of their duties on behalf of the Fund.

Individual Trustees and Staff shall first file a written request to the Executive Director or his designated representative to participate in any conference or other Pension Fund-related events. All such requests shall be submitted timely prior to the scheduled event. All Staff travel must be approved in advance by the Executive Director.

Guidelines for Fiduciary Education/Travel Requests

As to each meeting, seminar, conference or due diligence session for which such travel is required, there shall be a submission of the meeting agenda and such other material as shall affirm the competence and experience of those persons anticipated to provide instruction or training or otherwise make a presentation at such meeting. It shall be demonstrated that attendance is calculated to enhance the conduct and operations of the Pension Fund, and/or that such attendance will better prepare the attending Trustee(s) or Staff in the discharge of their duties under the Pension Fund.

Procedures

Standard forms shall be developed and routinely utilized to facilitate the filing and disposition of fiduciary education/travel requests. Reports on concluded programs and travel shall be received by the full Board as provided below. The Executive Director or his designated representative shall assist the Trustee and/or Staff member in making the necessary registration and travel arrangements. While traveling on Pension Fund business, Trustee and Staff shall exercise the same care and economy in managing expenses that a prudent person would exercise as if traveling on personal business at his or her own expense.

Trustees and Staff may make their own arrangements at their personal expense, however, reimbursement from the Pension Fund will only be made upon proper documentation and authorization by the Board of Trustees. A copy of all related travel expenses shall be submitted to the Executive Director or his designated representative. All reimbursements received by Trustees or Staff for out-of-pocket expenses incurred in connection with Pension Fund-related travel shall be disclosed in writing to the Executive Director or his designated representative and if received by the Executive Director, to the Chairman of the Board.

If personal travel is combined with Pension Fund travel, the personal portion of the trip will be clearly identified and at the expense of the Trustee or Staff member. Travel expenses or any other expenses incurred by any person accompanying a Trustee or Staff member shall be considered personal travel and shall not be reimbursable by the Fund. All expenses reported on the Travel/Expense Voucher shall be only for those expenses applicable to the attending Trustee or Staff member.

Transportation

The Fund recognizes that various modes of transportation may be utilized appropriate to the destination. Trustees and Staff may travel to educational conferences and or seminars via airline, train, or motor vehicle. When traveling by airline carrier, the Trustee or Staff member shall make every attempt to book the lowest possible air fare available, which shall not require more than one stop each way, shall not require the Trustee or Staff member to make more than one scheduled transfer between aircraft during any such trip, and shall have reasonable departure and arrival times. In the event it is more economical to pay for an additional night's lodging and per diem in order to obtain a reduced airfare, in which the additional night's lodging and per diem is less expensive than the higher air fare, such arrangement may be permitted. A Trustee or Staff member may upgrade to First Class or purchase an airline membership at the Trustee or Staff member's personal expense. The additional cost for First Class travel or airline membership is not reimbursable by the Fund. When traveling by personal automobile, the Trustee or Staff member shall be reimbursed for mileage consistent with approved Internal Revenue Regulations.

Expenses for rental cars will be reimbursed when it is necessary and incidental to Trustee or Staff related travel. Rental cars utilized shall be from a regional rental agency. The Executive Director, his designated representative or Trustee shall negotiate the rental rates for such conveyance. The Fund shall reimburse the Trustee or Staff member at the "standard class vehicle rate", although a Trustee or Staff member may upgrade the vehicle at their own expense. The Trustee or Staff member will be provided with a copy of the Fund's Business Auto Coverage Form Declaration as proof of insurance for the rental of such vehicle. Any motor vehicle accidents which may occur while renting a car on business travel must be reported in accordance with applicable law to the proper authorities. Copies of any reports and or documents filed in connection to such motor vehicle accident must also be filed with the Executive Director or his designated representative. Any fines or other expenses related to traffic violations while on Fund

related travel are the responsibility of the respective Trustee or Staff member. The Fund under no circumstance will reimburse a Trustee or Staff member for traffic violations and or parking tickets. All reasonable parking fees and tolls associated with Fund related travel shall be reimbursed. Reimbursement will be made for taxi/shuttle service, airport parking and hotel parking for Fund related travel provided proper receipts are obtained and submitted. Gratuities for taxi/shuttle service should be indicated on the receipt. Courtesy vans/shuttles should be utilized whenever possible. Reasonable reimbursement will be made for transportation to and from conference/seminar related functions upon submission of receipt.

Lodging

All reservations for hotel accommodations should be made in advance and in the hotel in which the conference or seminar is being held or at the most economical hotel located within walking distance of the conference, utilizing the single person, standard room rate. Should the Trustee or Staff member be traveling with another person, any increase in the cost of accommodations associated with the additional person shall not be paid or reimbursed by the Fund. The Fund shall not reimburse any Trustee or Staff member for any expense for an extended stay beyond that associated with such conference or seminar. If the cost for lodging is part of the registration fee for a conference or seminar, the Fund will not reimburse a Trustee or Staff member for lodging. If the cost of lodging is separate and distinct from the registration fee for the conference or seminar, the Fund shall reimburse the Trustee or Staff member for the cost of said lodging at the standard room rate. Should any Trustee or Staff member not make a timely request for a conference or seminar and is not able to secure accommodations in the conference hotel and required to seek alternate lodging, the Fund shall reimburse the Trustee or Staff member in an amount not to exceed the daily standard rate as incorporated in the registration fee for the conference hotel. When the Fund is prepaying hotel accommodations, the Trustee or Staff member shall secure with the hotel their own personal credit card to cover all incidentals at the

time of check-in. For flights departing after 9:00 p.m., the Fund may reimburse for late check out charges. Reimbursement for baggage handlers, bell captains and maid service will be allowed up to a maximum of \$5.00 per day.

Meals

Trustee and Staff members who attend educational seminars and or conferences shall be provided a per diem allowance for meals in the amount of \$50.00 per day and may be obtained prior to travel by submitting a request to the Executive Director or his designated representative. The standard per diem may include the date of departure and the date of return as determined by the Executive Director or his designated representative. When the departure time is after twelve noon or the return home prior to twelve noon, the per diem shall be pro-rated to one-half of the daily date or \$25.00. Should meal expenses for the entire trip exceed the total per diem allowed, all meal receipts must be submitted for review and approval before reimbursement will be made. Gratuities for meals should be included in the costs of meals. In the event a per diem is not provided prior to travel, all meal receipts must be submitted and approved before reimbursement will be made. Under no circumstance, shall any Trustee or Staff member be reimbursed for the cost of alcoholic beverages.

Miscellaneous Reimbursable and Non-Reimbursable Expenses

The Fund recognizes that there may be reimbursable expenses associated with business travel. Trustees or Staff members shall be reimbursed for expenses incurred which are incidental and necessary to travel, provided that for any request for reimbursement of expenses in excess \$10.00, must be accompanied by an original receipt. For expenses less than \$10.00, the Trustee or Staff member shall be reimbursed upon submitting a written explanation to the Fund as to the reason for incurring such expenses, and certifying that such expenses were necessary and

incidental to the travel. Reimbursement shall be made only to the person who actually made payment for the expense, and any request for reimbursement shall be signed under the pains and penalties of perjury. Trustees and Staff members must submit any and all receipts for reimbursement not later than thirty (30) days after returning from Fund related travel. Unless otherwise approved by the Executive Director, no reimbursement shall be paid for receipts submitted beyond the thirty day period for expenses incurred.

A Trustee or Staff member may seek reimbursement for miscellaneous expenses including but not limited to gratuities paid accordance with local custom, telephone expenses limited to Fund business or business related calls, one (1) personal long distance personal call per day, not to exceed \$5.00 per day, internet connections, charges for faxing and costs associated with reproduction of documents. With regard to the one personal call per day limit, a Trustee or Staff member who needs to utilize the telephone for an emergency related to an immediate family member may be reimbursed, at the Fund's sole discretion for additional calls. An immediate "family member" shall be limited to spouse, child, parent, grandparent, significant other or the sibling of the Trustee or Staff member seeking reimbursement. A Trustee or Staff member will not be reimbursed for personal expenses associated with business travel, such as in-room movies, mini-bar charges, gym fees, entertainment or recreational expenses, laundry and dry cleaning or any payments for personal services except in such circumstance as the Fund deems appropriate and necessary.

Report to the Board of Trustees

Upon completing attendance at any reimbursable event, each attending Trustee or Staff member shall provide a written report summarizing to the Board of Trustees information gained at the next regularly scheduled meeting following the event. Failure to submit such reports to the Board may result in the denial of future fiduciary education and travel requests.

Due Diligence Travel

The Fund recognizes that Trustees and the Staff are required to discharge their duties for the exclusive purpose of providing benefits to members and their beneficiaries with the care, skill, prudence and diligence under 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 by diversifying the investments of the Fund so as to minimize risk of large losses unless under the circumstances it is clearly prudent not to do so. To that end, the Fund recognizes that from time to time, Trustees and Staff as a matter of fiduciary prudence may be obliged to travel to observe the operation of a particular entity in which the Pension Fund has invested, or as to ascertain whether a current or prospective investment in a particular entity is prudent under the circumstances. In situations where such travel is deemed appropriate by the Investment Committee of the Board of Trustees, no more than three (3) of the Trustees serving on the Investment Committee plus the Executive Director may conduct on-site due diligence visits and their findings documented and on file with the Pension Fund.