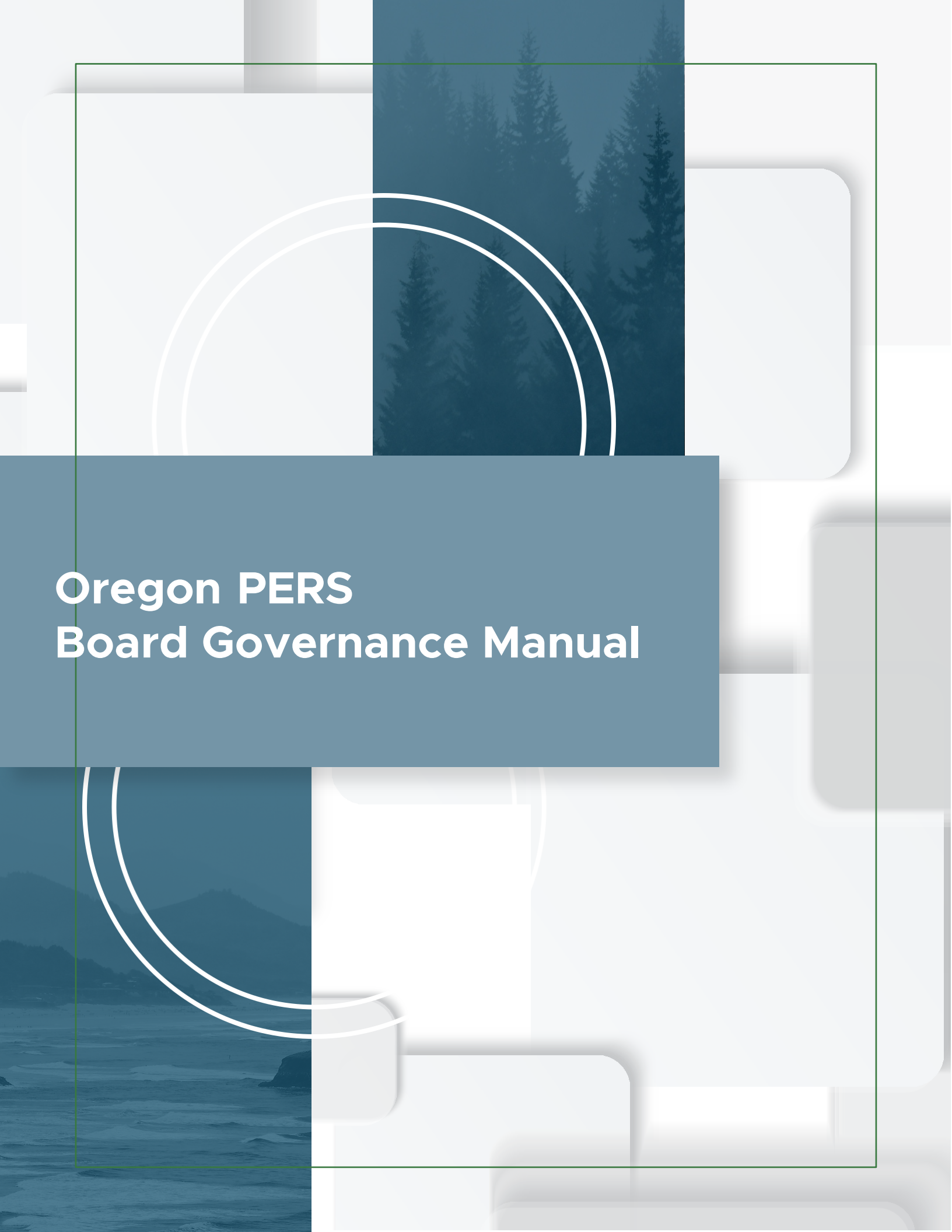




Oregon PERS Board Governance Manual



Board Governance Document

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Section 1: Overview

The Oregon Public Employees Retirement System (PERS) was established in 1945 to provide retirement, survivor, and disability benefits to participating employees and their beneficiaries. There are three main parties involved in the oversight of PERS:

1. Plan sponsor – Oregon Legislature
2. Plan trustee – PERS Board (Board)
3. Plan administrator – PERS agency

Roles

Plan Sponsor

The Oregon Legislature serves as the plan sponsor for PERS. The legislature determines the benefit structure for participating public employees. Those benefits have been modified over time, beginning with the inception of the plan, in 1945, to establish benefits now known as Tier One; then the creation of the Tier Two program for employees, starting in 1996; the Oregon Public Service Retirement Plan (OPSRP) for employees who started work after August 28, 2003; and, lastly, the creation of the Individual Account Program (IAP), an account-based benefit for all PERS members, starting in 2004.

Plan Trustee

The PERS Board serves as the plan trustee and is responsible for formulating policies that govern the administration of the Public Employees Retirement Fund and System, reviewing actuarial valuation results, and approving employer contribution rates. The board also approves required changes to plan rules. In the discharge of these responsibilities, PERS Board members serve the state of Oregon, its citizens, and trust fund beneficiaries, including more than 900 participating employers, current and retired public employees, school district employees, and local government employees. As trustee of the Public Employees Retirement Fund, the PERS Board has a responsibility to manage and administer the system as set forth by law. The board also monitors the plan for compliance with federal laws.

Plan Administrator

The plan is administered by the PERS agency, led by the director. The agency is responsible for the administration of the following programs:

1. The defined benefit pensions for Tier One, Tier Two, and OPSRP members.
2. The Individual Account Program (IAP), an account-based benefit, for all PERS members employed after January 1, 2004.
3. The PERS Health Insurance Program (PHIP), including the Retirement Health Insurance Account and the Retiree Health Insurance Premium Account.
4. The Oregon Savings Growth Plan (OSGP), a voluntary deferred-compensation program for employees of eligible participating employers.

The plan is administered by the rules established by the legislature and set in Oregon Revised Statutes (ORS) Chapter 238 and 238A and in accordance with the direction provided by the board.

Section 2: PERS Board Organization

The legislature has delegated authority to the PERS Board of Trustees to administer the system. The PERS Board is composed of five members who administer retirement (service and disability), death, and retiree health insurance benefits.

More information about the board and an overview of the system and agency can be found in the Board Orientation Manual found in the Boardvantage Reference file.

Membership

Statute (ORS 238.630) specifies that the board shall consist of five members as follows:

- Three people with experience in business management, pension management, or investing who are not members of the PERS system.
- One person who is either an employee of the state in a management position or a person who holds an elective office in the governing body of a participating public employer other than the state.
- One person representing public employees and retirees.

All board members must be at least 21 years of age, citizens of the United States of America, and residents of Oregon for at least two years immediately preceding appointment to the board. All board members have the same fiduciary duties and must exercise the same degree of independent judgment.

Appointment

Members are appointed to three-year terms by the Governor and subject to confirmation by the Oregon Senate in the manner provided in ORS 171.562 and 171.565. The Governor shall designate one member to serve as chairperson. Members may be reappointed to another term. All members serve at the pleasure of the Governor and may be removed from the board in accordance with ORS 236.140. Vacancies will be filled by appointment for the unexpired term of the member replaced.

Section 3: Statutory Requirements

ORS 238.630 identifies the powers and responsibilities of the PERS Board ("Board"), summarized here as follows:

- 1) The Board shall have the powers and privileges of a corporation, including the right to sue and be sued in its own name as such board.
- 2) The Board shall have the power and duty, subject to the limitations of ORS chapters 238 and 238A, of managing the system.
- 3) The Board shall arrange for actuarial service for the system.
- 4) The Board shall employ a director and create such other positions as it deems necessary to sound and economical administration of the system. The director shall fill these other positions by appointment.
- 5) The Board shall, with the approval of the director of the Oregon Department of Administrative Services, and as otherwise provided by law, fix the salaries of persons employed for purposes of administering the system.
- 6) The Board shall publish and distribute to all employer and employee members of the system an annual report including a summary of investments of moneys in the fund, investment earnings, significant legislative or administrative changes in the system, and other pertinent information on the operation of the system for the preceding year.
- 7) The Board shall determine the actuarial equivalency of optional forms of retirement allowances and pensions and adopt for that purpose the necessary actuarial equivalency factor tables in the manner provided by ORS 238.607, which shall constitute a part of the system.
- 8) The Board shall adopt rules and take all actions necessary to maintain qualification of the Public Employees Retirement System and the Public Employees Retirement Fund as a qualified governmental retirement plan and trust under the Internal Revenue Code and under regulations adopted pursuant to the Internal Revenue Code. Rules under this paragraph may impose limits on contributions to the system, limits on benefits payable from the system, and other limitations or procedures required or imposed under federal law or regulation for the purpose of qualification of the Public Employees Retirement System and Public Employees Retirement Fund under the Internal Revenue Code as a governmental retirement plan and trust.
- 9) The Board shall carry out the duties and prerogatives of the Public Employees Retirement Board created by chapter 401, Oregon Laws 1945, in relation to the Public Employees Retirement Fund, and in addition shall perform all duties required of it by ORS 237.950 to 237.980, regarding moneys payable to or from such fund.
- 10) The Board shall identify by rule those records that must be maintained by participating public employers for the purposes of maintaining tax qualification status as described in (8) above. A participating public employer shall maintain records for all employees who are members of the system as required by board rules and shall provide that information to the board upon request.

Appointment of Director and Consultants

The PERS Director serves at the discretion of the board and is responsible for the PERS staff. The board delegates operating and administrative functions to the director and provides governance oversight of those functions. It is important that the board observe the distinction between the policymaking and monitoring roles of the PERS Board and the administrative and management functions delegated to the director, staff, and external service providers.

Consultants include:

- Actuary.
- Legal counsel (Department of Justice, as required by statute).
- Medical advisor.
- Health insurance consultant.

Section 4: PERS Funding Administration

The PERS Board is tasked with administering the system to create and maintain long-term stability and viability in the system and shall act to achieve full funding for the benefits provided by the system, giving equal consideration to the interests of the public employer and the employee, to the extent that treatment does not violate the fiduciary duties of the board.

The funding policy provides a transparent, dependable, and systematic process to ensure system funding objectives are met over the long term. As fiduciaries of the PERS system, the board has a fundamental objective to ensure the system is adequately funded, through current plan assets and future contributions and investment earnings, in order to provide the benefits to the members when due.

The funding policy (1.03.03.01.001.POL) can be found at <https://www.oregon.gov/pers/Documents/1.03.03.01.001.POL.pdf>.

Section 5: Education

As fiduciaries, PERS Board members are expected to be capable of performing their duties and responsibilities. To that end, each board member should avail themselves of sufficient education to discharge the obligations of the position.

The PERS Board has established a Board Education policy (1.03.02.01.001.POL), which is applicable to all board members.

Some statewide training is required, such as those related to information security and human resources. Board members should also evaluate their own educational needs to obtain knowledge in specific subject matters. Board members are encouraged to attend educational sessions related to:

- Pension benefit design
- Fiduciary responsibilities
- Actuarial issues and trends
- Investment issues and trends
- Other subjects related to the administration, management, and operation of PERS.

The Board Education policy (1.03.02.01.001.POL) can be found at: <https://www.oregon.gov/pers/Documents/1.03.02.01.001.POL.pdf>.

Section 6: Meetings

Board and committee meetings will be open to the public in accordance with Public Meeting Law as set out in the Department of Justice, Attorney General's Public Records and Meeting Manual [2024-PRM-Manual.pdf](#).

Items for Consideration:

Meeting Notice: If a meeting will consist only of an executive session, notice must be given to the members of the governing body, to the general public, and to news media that have requested notice. The notice also must state the specific legal provision authorizing the executive session. Notices for meetings that will include both an executive session and a nonexecutive session should give notice of both and state the statutory authority for the executive session.

Number of Meetings: The board meets six times a year. Additional meetings may be called at the request of the board chair. The Audit & Risk Committee meets three times per year, immediately after every second board meeting

Quorum: Any meeting in which a quorum (three or more of the five board members) is present will be considered a public meeting which must be properly noticed and have minutes taken.

Executive Session: In accordance with *ORS 192.660*, in certain limited situations, the board may meet in "executive session," which is closed to the public. Discussions related to conferring with legal counsel on current litigation or litigation likely to be filed meet the requirements for an executive session. No executive session may be held for the purpose of taking any final action or making any final decision.

Meeting Materials: Meeting materials will be provided to board members two weeks prior to each meeting. It is expected that members will review the materials prior to the meeting. There may be some time-sensitive materials that will not be available until just before the meeting.

Public Disclosure of Records: PERS follows ORS 192.345 that identifies which public records are conditionally exempt from public disclosure. The Department of Justice maintains an online searchable database of exemptions at: [Public Records Exemptions - Oregon Department of Justice : Public Records](#).

Voting: A vote will be taken for agenda items requiring approval, with the members' individual votes noted in the minutes. A majority vote will determine the outcome. Members may request a delay of the vote to request additional information or time to consider the matter. A delay can be granted by the board chair.

Serial Communications: A "convening" of a meeting includes serial electronic written communications and/or using an intermediary to communicate among participants, and is not permitted under Oregon law even if the number of communicators is below the quorum threshold. This includes "serial electronic written" communications, such as email and text messaging. The term "intermediary" is undefined, but may include both in-person and other means of communication, such as telephone, videoconferencing, or computer applications.

Section 7: Communication

Principles

The PERS Board's communication efforts shall be guided by the following principles:

- 1) One Voice: The board shall promote a diversity of views in its internal deliberations, but it shall strive to communicate externally as a unified body to promote clear and consistent communications.
- 2) Policy Focus: The board's role in communications shall focus on establishing communications-related policies, providing input into communication plans or other strategic communications, and overseeing implementation. Day-to-day communications involving plan members, service providers, and stakeholders shall occur only through staff.
- 3) Transparency: The board shall be transparent in all published communications with Stakeholders.

Spokesperson

The PERS director shall serve as the spokesperson for PERS. In the director's absence, the deputy director or other designee shall serve as the spokesperson.

When communicating regarding the PERS Board members or their actions, the spokesperson shall only communicate positions that have been decided by the board or that reflect the official views or policies of the board. The spokesperson shall confer with the board chair beforehand on any significant issues.

Communication with Staff and Members

To support transparency and coordination of activities and resources, material communications between board members and staff are expected to occur through the Director's Office or appropriate Executive Leadership Team member. Board members should inform the director of all material communications they may have with staff or management.

Board members should not attempt to educate or counsel PERS members with respect to their individual benefit entitlements or membership questions, but instead shall direct the members to the PERS website, member services, or to an Executive Leadership Team member.

See the Board Communication Policy, (link to be established post September board meeting, once approved).

Section 8: Ethics

Board members are considered to be public officials and, consequently, expected to comply with Oregon ethics laws pursuant to ORS 244.320 as administered by the Oregon Government Ethics Commission (OGE). If board members have concerns, they should bring them to the attention of the director.

Code of Conduct

The commission adopted the following aspirational code of conduct as recommended by the Secretary of State:

As an elected, appointed, employed, or volunteer public official, I acknowledge that I am subject to compliance with Oregon Government Ethics law as set forth in ORS Chapter 244.

In the conduct of my official duties as a public official, I will act ethically when I:

- *Uphold the public trust by safeguarding the public money and resources.*
- *Behave in an open, honest, and transparent manner.*
- *Conduct the public's business fairly and objectively.*
- *Disclose financial conflicts of interest.*
- *Do not use my public position for personal gain.*
- *Observe limits on the receipt of gifts.*

For more information on ethics rules, see the Guide for Public Officials at:
<https://www.oregon.gov/ogec/Pages/Guide-for-Public-Officials.aspx>

Statement of Economic Interest

Each year, PERS Board members are required to submit a Statement of Economic Interest form through OGEC's Electronic Filing System by April 15.

<https://apps.oregon.gov/OGEC/EFS/Home/SignIn>

Section 9: Committees

Audit and Risk Committee

The PERS Board has one standing committee, known as the Audit and Risk Committee. This committee assists the board in its oversight of the effectiveness of governance, risk management, and compliance over strategic, financial, operations, and control objectives. In addition, the Audit Committee shall oversee the performance of PERS' internal audit and risk functions, which include continuity management and information security.

The board appoints three committee members, one of whom is designated as the committee chair.

Details of the committee duties are found in the formal charter found here the Boardvantage Reference file.