

# LIVE VIRTUAL COMMITTEE MEETING



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LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 N. LAKE AVENUE, SUITE 650, PASADENA, CA

# AGENDA

## A SPECIAL MEETING OF THE JOINT ORGANIZATIONAL GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT AND BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION

300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., FRIDAY, SEPTEMBER 17, 2021

This meeting will be conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

Any person may view the meeting online at  
[https://members.lacera.com/lmpublic/live\\_stream.xhtml](https://members.lacera.com/lmpublic/live_stream.xhtml).

*The Committee may take action on any item on the agenda,  
and agenda items may be taken out of order.*

- I. CALL TO ORDER
- II. APPROVAL OF MINUTES
  - A. Approval of the Minutes of the Joint Organizational Governance Committee of July 21, 2021
- III. PUBLIC COMMENT

(Written Public Comment - You may submit written public comments by email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). Correspondence will be made part of the official record of the meeting. Please submit your written public comments or documentation as soon as possible and up to the close of the meeting.

Verbal Public Comment - You may also request to address the Committee. A request to speak must be submitted via email to [PublicComment@lacera.com](mailto:PublicComment@lacera.com). We will contact you with information and instructions as to how to access the meeting as a speaker. If you would like to remain anonymous at the meeting without stating your name, please let us know.)

IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee review and recommend the revised Media Policy to the Board of Retirement and Board of Investments for approval. (Memo dated September 9, 2021)
- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee review and recommend the revised Code of Ethical Conduct to the Board of Retirement and Board of Investments for approval. (Memo dated September 9, 2021)

V. ITEMS FOR STAFF REVIEW

VI. GOOD OF THE ORDER

VII. ADJOURNMENT

***\*The Board of Retirement and Board of Investments have each adopted a policy permitting any member of the Board to attend a standing committee meeting open to the public. In the event five (5) or more members of the Board of Retirement or the Board of Investments (including members appointed to the Committee) are in attendance, the meeting shall constitute a joint meeting of the Committee and the Board or Boards for which a quorum is present. Members of the Board of Retirement and Board of Investments who are not members of the Committee may attend and participate in a meeting of the Committee but may not vote on any matter discussed at the meeting. The only action the Committee may take at the meeting is approval of a recommendation to take further action at subsequent meetings of the Board of Retirement and Board of Investments.***

***Documents subject to public disclosure that relate to an agenda item for an open session of the Committee that are distributed to members of the Committee less than 72 hours prior to the meeting will be available for public inspection at the time they are distributed to a majority of the Committee members at LACERA's offices at 300 N. Lake Avenue, Suite 820, Pasadena, CA 91101, during normal business hours of 9:00 a.m. to 5:00 p.m., Monday through Friday.***

***Requests for reasonable modification or accommodation of the telephone public access and Public Comments procedures stated in this agenda from individuals with disabilities, consistent with the Americans with Disabilities Act of 1990, may call the Board Offices at (626) 564-6000, Ext. 4401/4402 from 8:30 a.m. to 5:00 p.m. Monday through Friday or email [PublicComment@lacera.com](mailto:PublicComment@lacera.com), but no later than 48 hours prior to the time the meeting is to commence.***

MINUTES OF THE SPECIAL MEETING OF THE JOINT ORGANIZATIONAL  
GOVERNANCE COMMITTEE AND BOARD OF RETIREMENT  
AND BOARD OF INVESTMENTS\*

LOS ANGELES COUNTY EMPLOYEES RETIREMENT ASSOCIATION  
300 NORTH LAKE AVENUE, SUITE 810, PASADENA, CALIFORNIA 91101

8:00 A.M., WEDNESDAY, JULY 21, 2021

This meeting was conducted by the Joint Organizational Governance Committee and the Board of Retirement and Board of Investments by teleconference under the Governor's Executive Order No. N-29-20.

PRESENT: Shawn R. Kehoe, Chair

Elizabeth Greenwood, Vice Chair (Joined meeting at 8:27 a.m.)

Alan Bernstein

Vivian H. Gray

Joseph Kelly

Herman B. Santos

ABSENT: Keith Knox

Les Robbins

MEMBERS AT LARGE:

David Green, Board of Investments

Gina Sanchez, Board of Investments (Joined at 8:06 a.m.)

Santos H. Kreimann, Chief Executive Officer

Jon Gabel, Chief Investment Officer

STAFF ADVISORS AND PARTICIPANTS

JJ Popowich, Assistant Executive Officer

Steven P. Rice, Chief Counsel

Carly Ntoya, Human Resources Director

Cynthia Martinez, Communications Director

Klausner, Kaufman, Jensen & Levinson

Bob Klausner, Partner

Nossaman LLP

Ashley K. Dunning, Partner

I. CALL TO ORDER

The meeting was called to order virtually by Mr. Kehoe at 9:00 a.m.

II. APPROVAL OF MINUTES

A. Approval of the Minutes of the Joint Organizational Governance Committee of June 16, 2021

Ms. Gray made a motion, Mr. Kelly seconded, to approve the meeting minutes of June 16, 2021. The motion passed (roll call) with Messrs. Bernstein, Kehoe, Kelly, Santos, and Ms. Gray voting yes. Ms. Greenwood was absent for the vote.

III. PUBLIC COMMENT

There were no requests from the public to speak.

#### IV. NON-CONSENT ITEMS

- A. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee provide input on the proposed Use of Name Policy and make a recommendation to the Board of Retirement and Board of Investments if deemed appropriate. (Memo dated July 12, 2021)

Mr. Rice was present and answered questions from the Board.

Mr. Santos made a motion, Ms. Gray seconded, to receive and file agenda item IV.A.

Mr. Kelly made a substitute motion, to incorporate enhanced wording into the Code of Ethical Conduct. The motion failed without a second.

The motion to receive and file the Policy passed (roll call) with Messrs. Santos, Bernstein, Kehoe, and Ms. Gray voting yes and Mr. Kelly voting no. Ms. Greenwood was absent for the vote.

- B. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee provide input on the content and possible revision of the Code of Ethical Conduct and make a recommendation to the Board of Retirement and Board of Investments if deemed appropriate. (Memo dated July 12, 2021)

(Agenda item IV. B. was held after agenda item IV. C)

Mr. Rice was present and answered questions from the Board.

Mr. Kehoe made a motion, Mr. Santos seconded, to incorporate the suggested revisions to the Code of Ethical Conduct and bring back to the Committee for additional review. The motion passed (roll call) with Messrs. Santos, Kelly, Bernstein, Kehoe, and Ms. Gray and Ms. Greenwood voting yes.

IV. NON-CONSENT ITEMS (Continued)

- C. Recommendation as submitted by Steven P. Rice, Chief Counsel: That the Committee provide input on the content and possible revision of LACERA's Media Policy and make a recommendation to the Board of Retirement and Board of Investments if deemed appropriate. (Memo dated July 12, 2021)

(This item was held before agenda item IV. B) (Ms. Greenwood joined the meeting at 8:37 a.m.)

Mr. Rice was present and answered questions from the Board.

Mr. Santos made a motion, seconded by Mr. Bernstein, to incorporate the suggested revisions to LACERA's Media Policy and send to the Boards for approval.

The makers of the motion amended the motion to bring back to the Committee for additional review. The motion passed (roll call) with Messrs. Santos, Kelly, Bernstein, Kehoe, Ms. Gray and Ms. Greenwood voting yes.

- D. Recommendation as submitted by Carly Ntoya, Ph.D., Director of Human Resources: That the Committee (1) recommend the proposed classification changes be approved for implementation for the existing Media Artist classification by the Board of Retirement and Board of Investments and (2) recommend the proposed classification and compensation changes be approved for implementation for the creation of a new Senior Media Artist classification by the Board of Retirement and Board of Investments. (Memo dated July 11, 2021)

Ms. Ntoya was present and answered questions from the Board.

Mr. Kehoe made a motion, Ms. Greenwood seconded, to approve staff's recommendation. The motion passed (roll call) with Messrs. Santos, Bernstein, Kehoe, Ms. Gray and Ms. Greenwood voting yes and Mr. Kelly voting no.

V. REPORT

- A. For Discussion Purposes as submitted by Ashley K. Dunning and Allison C. Callaghan, Nossaman LLP; Robert D. Klausner and Adam Levinson, Klausner Kaufman Jensen & Levinson, Fiduciary Counsel, regarding Trustees as Employees and Trustee Health Care Issues. (Memo dated July 13, 2021) (Privileged and Confidential Attorney-Client Communication/Attorney Work Product)

Mr. Rice, Mr. Klausner of Klausner Kaufman Jensen & Levinson

and Ms. Dunning of Nossaman LLP provided a presentation and answered questions from the Committee. The report was received and filed without objection.

Committee members raised questions, as noted in Item VI below, for further review and analysis without objection.

VI. ITEMS FOR STAFF REVIEW

The Committee requested a list of entities in the Quiet Period be added to the CEO Report or other method of communication. In addition, a tax analysis for Item V. A. was requested for further discussion at a future meeting. Lastly, a review of LACERA's travel insurance was requested.

VII. GOOD OF THE ORDER

There were no items to report.

VIII. ADJOURNMENT

There being no further business to come before the Committee, the meeting adjourned at 11:00 a.m.



September 9, 2021

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Steven P. Rice, *SPR*  
Chief Counsel

FOR: September 17, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: Review and Recommendation for Approval of Revised Media Policy

### **Recommendation**

That the Joint Organizational Governance Committee (JOGC) review and recommend the revised Media Policy to the Board of Retirement and Board of Investments for approval.

### **Legal Authority**

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets. Under Section 7.4 of its Charter, the JOGC has authority to make recommendations to the Boards with respect to joint policies.

### **Background**

At the July 21, 2021 JOGC meeting, the Committee reviewed the Media Policy. The Committee noted that the Policy has in the past been an Executive Office policy and was not approved by the Boards. The Committee reviewed the Policy and requested revisions, which are tracked in the version attached as Attachment A. The memo submitted to the Committee for the July 21, 2021 meeting is also attached as Attachment B (without attachments). The Committee requested that staff make revisions and return the Policy at the September 17, 2021 JOGC meeting for final review.

### **Discussion**

Based on the discussion at the July 21, 2021 JOGC meeting, staff made the following categories of revisions to the Policy for the Committee's review:

1. The Policy was expanded so that it is not limited to media regarding "policies." The Policy was expanded to include "policies and actions" of LACERA and the Boards. This terminology is used consistently throughout the revised Policy.

2. A statement was added that information subject to legal protection may not be disclosed.
3. The term “Chief Administrative Officer” in reference to the County of Los Angeles’s senior executive was changed to “Chief Executive Officer.”
4. The reference to disclosure of documents was clarified to include records that are subject to disclosure under the Public Records Act.
5. References to LACERA’s Deputy Chief Executive Officer (DCEO) were added where necessary.
6. The Policy was revised to expand the staff to whom authority for media contacts may be delegated.
7. A sentence was added concerning staff’s use of LACERA’s engaged public relations and media consultant, under the terms of their contract.
8. Board “members” was changed to Board “Trustees.”
9. Changes based on other editorial comments made by the Committee members were included.

### **Conclusion**

Staff requests that the JOGC provide any additional comments and that the Committee recommend the revised Media Policy to the Board of Retirement and Board of Investments for approval.

c: Santos H. Kreimann  
Jonathan Grabel  
Luis Lugo  
JJ Popowich  
Richard Bendall  
Cynthia Martinez

**Attachment A**  
**Revised and Redlined Media Policy**



## **MEDIA POLICY**

### **PURPOSE:**

The purpose of creating a formal LACERA media policy is to ensure that the policies and actions of LACERA and the Boards of Retirement and Investments are accurately transmitted and explained to legitimate representatives of the mass media. The same policy will serve as a guide for communications with all outside parties, including the Board of Supervisors, Chief ~~Administrative~~ Executive Officer, County departments, employee organizations, and other industry groups.

Information subject to legal protection, including under the Brown Act, the Public Records Act, and other legal privileges, may not be disclosed.

### **LACERA STAFF:**

The general spokesperson for LACERA is the Chief Executive Officer (CEO), or designee. The CEO is authorized to respond to legitimate inquiries by relaying any policy and action officially adopted by LACERA or the Board(s). This includes making available any documents which have been presented to the Board(s) and are therefore matters of public record or which are otherwise organizational records subject to disclosure under the Public Records Act.

Neither the CEO, nor any other LACERA employee, is authorized to speculate as to the intent or motivations of a Board Trustee or staff member. Personal opinions are to be avoided whenever possible. When a personal opinion is provided, discretion is to be utilized and the opinion is to be so identified to the inquiring party.

On Board of Investments policies and practices, the Chief Investment Officer (CIO), or designee, is the primary spokesperson. The CIO's discretion and restrictions are the same as those mentioned above.

The ~~Assistant Executive Officer (AEO)~~ Deputy Chief Executive Officer (DCEO), or designee, which may include the Assistant Executive Officers (AEOs), is the primary spokesperson for Board of Retirement policies and practices and general administrative and benefits issues. The same discretionary authority and restrictions as those mentioned above apply to the ~~AEO~~ DCEO.

On occasion, the CEO, CIO, or DCEO or AEO may designate a particular staff member as the sole and exclusive contact for a particular issue. Such designations will be made only to ~~senior~~ staff members who are technically proficient with respect to the subject of the designation and who ~~possess the maturity and discretion to~~ can effectively deal with media representatives. The CEO and CIO, and designees, in their discretion may use LACERA's engaged public relations and media consultants, under the terms of their contract, to assist in communicating with the media and other outside parties.

As a general rule, LACERA staff members will not initiate any mass media contact without specific Board direction. Written press releases should be referred to the respective Board

Chairman for review. All media contacts will be reported to the respective Board immediately using e-mail as part of the Staff Activity and the attached Report of Media Contact.

#### LACERA BOARD MEMBER TRUSTEES:

In order to achieve the purposes of the press this policy, Board members Trustees should be encouraged to refer inquiries directly to the CEO or CIO.

In the event that a Board member Trustee does respond to a media inquiry, discretion should be used to limit the discussion to formally approved Board or LACERA policies and actions. Personal opinions and speculation as to the motivations of the Board or any Board Trustee or staff member are to be avoided. Any personal opinion given must be clearly identified as such.

As a courtesy to other Board members Trustee, all such contacts should be reported to the Board concerned at the earliest opportunity.

All Board contacts with outside parties, in which LACERA policies and practices are discussed, shall be conducted in accordance with the intent of this policy.

#### RESPONSES TO MEDIA REPORTS:

Generally, LACERA representatives will not initiate contacts with the media. News stories related to LACERA, even when positive in content, often provoke consternation and concern among our participants and beneficiaries. However, if a news story contains clearly inaccurate information, authorized LACERA representatives will contact the author and/or publication responsible for the inaccuracy in order to request a correction. Such instances shall be reported to the respective LACERA Boards.

Editorials or opinion pieces will be addressed as necessary by "letters to editor." Such communications will be submitted to the Board for approval prior to their release.

Executive Office staff will prepare position papers on media articles for staff to use when responding to member inquiries. Copies of these "position papers" will also be provided to Board members Trustees.

#### ATTENDANCE AT A CONFERENCE AND OTHER PUBLIC MEETINGS:

Board members Trustees and staff members representing LACERA at conferences and other public meetings should remember that reporters often attend such events. When making presentations or participating in discussions at such events, care should be taken not to speculate about past or future Board or LACERA policies and actions. Moreover, the expression of personal opinions should be avoided. If a personal opinion is given, it should be clearly identified as such. If media representatives are present when a LACERA representative makes a presentation, copies of the presentation materials should be provided to all Board members Trustees.

Approved: Board of Retirement, 2021; Board of Investments, 2021

## **LACERA REPORT OF MEDIA CONTACT**

Prepared By

Date of Contact:

Reporter's Name:

Reporter's Phone Number:

Reporter's Employer:

Where Will the Story Be Aired?

When Will the Story Appear?

Is the Story for an Opinion Piece or a News Story?

What Prompted the Reporter's Interest?

What Topics Were Covered by the Reporter?

Distribution: ~~Members of the~~ Board of Retirement  
~~Members of the~~ Board of Investments  
Chief Executive Officer  
Deputy Chief Executive Officer  
Assistant Executive Officers  
Chief Counsel  
Chief Financial Officer

Attachment B  
July 12, 2021 JOGC Memo

July 12, 2021

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Steven P. Rice, *SPR*  
Chief Counsel

FOR: July 21, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: Review of Media Policy

**Recommendation**

That the Joint Organizational Governance Committee (JOGC) provide input on the content and possible revision of LACERA's Media Policy and make a recommendation to the Board of Retirement and Board of Investments if deemed appropriate.

**Legal Authority**

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets. Under Section 7.4 of its Charter, the JOGC has authority to make recommendations to the Boards with respect to joint policies.

**Background**

The current Media Policy is dated March 18, 2009. A copy is attached as Attachment A. It has not been revised since that time. Staff cannot confirm that the policy was approved by either Board.

At its April 10, 2019 meeting, the JOGC determined not to recommend an External Communications Policy put forth by staff. The Board of Retirement and Board of Investments concurred with that recommendation at their respective May 1 and 15, 2019 meetings. The Boards determined not to adopt either policy and to keep the current policy and practice in place with respect to trustee communications. The proposed staff policy from 2019 is attached as Attachment B.

At the June 13, 2019 Board of Retirement Operations Oversight Committee meeting, Trustee Kelly put forth a proposal to add a section on Communications to the Code of Ethical Conduct. Motions to recommend the proposal, with amendments, failed for lack of a second. A copy of Trustee Kelly's proposal is attached as Attachment C.



At the First Amendment training provided by fiduciary counsel to the Board of investments on April 14, 2021 and to the Board of Retirement on May 5, 2021, counsel raised the question for discussion of whether the current Media Policy and Code of Ethical Conduct sufficiently respect the roles and responsibilities of trustees and executive staff. Fiduciary counsel provided a governance framework to address communications by trustees in their roles as trustees and as private citizens. Fiduciary counsel's presentation is attachment as Attachment D (see particularly Slides 8 and 12).

The Code of Ethical Conduct, which is also on today's agenda for JOGC review, addresses political activities. It does not specifically address media, although it does generally provide that ethics and fiduciary duty apply to all interactions with the public, which includes the media. The Code is attached to the memo on the separate agenda item.

### **Discussion**

The agenda item for today's meeting is intended for the JOGC to discuss the current Media Policy and provide staff with direction as to the policy. Given the recent history of JOGC and Board consideration as described above, staff does not at this time present a revised policy and instead request JOGC input and direction.

Suggested issues to consider include:

1. The need for a clear. policy that is consistent with other LACERA policies , including the Code of Ethical Conduct and any Use of Name Policy, both of which are also on today's JOGC agenda. This issue includes the appropriate place to state the Boards' policy on media, whether it be a separate policy or the Code of Ethical Conduct.
2. The importance of the concepts of fiduciary duty laid out by fiduciary counsel, including the principle expressed by fiduciary counsel that statements by trustees as a private citizen on LACERA matters can impact the organization and therefore have fiduciary implications.
3. The role of the Chief Executive Officer (CEO) as LACERA's spokesperson for administrative matters, and the Chief Investment Officer's (CIO) role as spokesperson for investment matters.
4. The positive organizational value to LACERA's Mission of consistent and coordinated media and public messaging.
5. Continuation of the requirement to provide media contact reports to the trustees.

Re: Review of Media Policy

July 12, 2021

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6. The responsibility of the CEO and CIO to oversee their staff with respect to media and public communications.

In reviewing the Media Policy, the presence of the Code of Ethical Conduct and a proposed Use of Name Policy provides the JOGC with the opportunity to harmonize the three overlapping documents to enhance clarity and consistency of the Boards' standards in these areas.

### **Conclusion**

Staffs recommends that the Committee provide direction as to the content and possible revision of the Media Policy and make a recommendation to the Boards if deemed appropriate

c: Santos H. Kreimann  
Jonathan Grabel  
Luis Lugo  
JJ Popowich  
Richard Bendall  
Cynthia Martinez  
Johanna Fontenot

September 9, 2021

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Steven P. Rice, *SPR*  
Chief Counsel

FOR: September 17, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: Review and Recommendation for Approval of Revised Code of Ethical Conduct

## **Recommendation**

That the Joint Organizational Governance Committee (JOGC) review and recommend the revised Code of Ethical Conduct to the Board of Retirement and Board of Investments for approval.

## **Legal Authority**

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets. Under Section 7.4 of its Charter, the JOGC has authority to make recommendations to the Boards with respect to joint policies. The Code has previously been acted upon by both Boards as a joint policy, most recently in December 2016.

## **Background**

At the July 21, 2021 JOGC meeting, the JOGC reviewed the Code of Ethical Conduct. The Committee provided comments and requested certain revisions. The Committee also requested staff to consult with fiduciary counsel on two issues. Based on the JOGC's input, staff prepared a revised and redlined Code, which is attached as Attachment A. The memo submitted to the Committee for the July 21, 2021 meeting is also attached as Attachment B (without attachments). The Committee requested that the revised Code be returned at the September 17, 2021 JOGC meeting for final review.

## **Discussion**

Based on the discussion at the July 21, 2021 JOGC meeting, staff made the following categories of revisions to the Code for the Committee's review:

**Cover Letter.** The existing cover letter has been deleted. The Chief Executive Officer will prepare a new cover letter once the revised Code is finalized. The

cover letter will emphasize the importance of the Code and provide instructions to staff to review the document and provide an acknowledgment confirming that review. Staff requests input as to whether Trustees should also provide an acknowledgment.

**Section I, Purpose and Scope.** A specific reference to the Brown Act was added to the bullet referencing the laws applicable to LACERA and its business. In addition, the terms “Board Member” was changed to “Board Trustees” throughout the Code in the interest of consistency among LACERA policies.

**Section II, General Ethical Standards.** References to the Brown Act and Public Records Act were added. Language was added clarifying that the obligation to report inappropriate conduct includes personal conduct as well as the conduct of other persons and entities. In connection with the issue of awareness of conflicts, language was added tying ethical obligations to “available information and reasonable due diligence and inquiry under the circumstances;” this language was added where appropriate throughout the Code.

**Section III, Prohibited Transactions.** Language was added clarifying that Trustees and staff may not permit the use of LACERA property for personal gain by others, as well as themselves. The language described above with respect to the awareness of conflicts was added. Additional references to Brown Act compliance were added. The duty to report misconduct by others was added in this section as above.

**Section IV, Fiduciary Duty.** The duty to report breaches of fiduciary duty by any person or entity known to have such a duty and about which any Trustee or staff becomes aware was added. With respect to vendors, the language was revised to clarify that LACERA as an organization shall monitor compliance of those vendors with a fiduciary duty; monitoring processes may be developed on a case-by-case basis. A requirement was added that staff shall ensure that the contracts of vendors with a fiduciary duty include a provision confirming that duty.

**Section V, Conflicts of Interest.** Language was added confirming the biennial review of the Conflict of Interest Code for LACERA and the separate Code for the title holding companies. Language was added confirming that the Treasurer and Tax Collector is an 87200 Filer for Form 700 purposes and that service as the Treasurer and Tax Collector is not an incompatible office with service on the LACERA Boards as an *ex officio* Trustee. Recognition was included that certain Trustees are both Code Filers and 87200 Filers and that a combined Form 700 may be filed. The gift limit was updated to \$520 for 2021-2022. Language was

added clarifying the honoraria prohibition, including the law that honoraria include non-cash benefits. With respect to disclosure and recusal, the language described above was added to clarify that the obligations are based on available information and due diligence and inquiry under the circumstances. Similar language was added with respect to vendor conflicts. A change to gender neutral pronouns was made in this section, as well as throughout the Code.

**Section VI, Employment of Related and Unrelated Persons.** There was discussion at the July 21, 2021 meeting about possibly relaxing this anti-nepotism provision to permit the Boards to authorize employment of related persons, with recusal of the related Trustee. The JOGC requested that fiduciary counsel be consulted. Staff and fiduciary counsel believe that relaxation of the standards create risk of potential conflict of interest prohibitions, particularly with respect to close relatives; relaxation of the standard also creates an appearance of unfairness, will place implicit, even if not express, pressure on staff to favor those potential new hires with connections to Trustees or management, and could interfere with employee performance evaluation and discipline for the same reason. Exercise of approval authority by the Boards would also create a new appointing authority role for the Boards, which would require a change to the County Salary Ordinance providing that the CEO is appointing authority. The recommendation is to maintain the current scope of the anti-nepotism provision, without permitting the employment of related persons to Trustees and senior management. Based on this discussion, language was added clarifying that the anti-nepotism policy is intended to avoid potential conflicts of interest and appearance of unfairness, and that even staff's hiring of permitted related persons may not include preferential or unfair treatment.

**Section VII, Contracting and Vendor Language.** With respect to conflicts, the language regarding awareness and due diligence was added, as discussed above. A provision that staff provide quiet period lists was also added. Currently, quiet period lists are now provided with both the CEO and CIO reports for monthly Board meeting providing current information on open solicitations in both the administrative and investment sides of the LACERA organization. These lists will aid in the avoidance of vendor conflicts and quiet period violations.

**Section VIII, Use of LACERA Position, Resources, and Information.** No substantive changes were made.

**Section IX, Personal Conduct and Communication.** No substantive changes were made.

**Section X, Political Activities.** The JOGC requested that staff consult with fiduciary counsel on this section. Fiduciary counsel advised that the LACERA policy tracks the applicable statute, Cal. Gov't Code §§ 3201 et seq., and does not require more than is required under that law. These statutes are identified in this section and linked in Section XV.G. Therefore, no substantive changes were made to this section.

**Section XI, Leaving LACERA.** This section describes the prospective employment rules under the Political Reform Act and the two-year revolving door rule under CERL, both of which include citations to the applicable statutes. For the sake of completeness, a description has been added of a one-year revolving door rule in the Political Reform Act applicable to elected Trustees and the CEO. The scope of prohibited activities under the one-year rule is the same as CERL's two-year rule, and therefore, it does not substantively change or add to the scope of the applicable revolving door limitations under CERL, as already stated in this section of the Code.

**Section XII, Reporting.** Reference to the obligation to report the conduct of others subject to the awareness and due diligence standard discussed above was added. The Ethics Hotline telephone number and online access was updated.

**Section XIII, Enforcement.** Reference was added to the responsibilities of and County policies applicable to the Treasurer and Tax Collector, while recognizing the independent fiduciary duties and legal obligations owed by the *ex officio* member to LACERA and its members.

**Section XIV, Training.** No substantive changes were made to this section.

**Section XV, Resource.** This section contains a comprehensive set of references to relevant statutes, guides, and other resources with respect to ethical obligations as described in the Code of Ethical Conduct. As requested by the JOGC, citations to relevant statutes are also already included in individual sections of the Code where helpful. Information regarding the Ethics Hotline telephone number and online access was updated. The link to the California Constitution was updated. A new subsection linking to the Brown Act was added.

**Section XVI, Review of Code.** No substantive changes were made.

**Appendix A – Summary of Gift Limitations and Restrictions.** The \$520 gift limit for 2021-2022 was updated.

**Conclusion**

Staff requests that the JOGC provide any additional comments and that the Committee recommend the revised Code of Ethical Conduct to the Board of Retirement and Board of Investments for approval.

c:	Santos H. Kreimann	JJ Popowich
	Jonathan Grabel	Richard Bendall
	Luis Lugo	Cynthia Martinez

Attachment A  
Revised and Redlined  
Code of Ethical Conduct



# CODE OF ETHICAL CONDUCT

Restated Revised  
and Approved:

Board of Retirement: December 15, 2016  
Board of Investments: December 14, 2016



NOTE: Once the revised Code is finalized by the Boards, the CEO will add his transmittal letter emphasizing the importance of the Code and providing staff with instruction to review and acknowledge the Code. The Board may discuss whether to also have a Board Trustee acknowledgment.

To LACERA Board ~~Members-Trustees~~ and Staff:

~~LACERA holds itself to the highest ethical standards of honesty, integrity, trustworthiness, and fairness.~~

~~We must employ these principles every day in fulfilling LACERA's **Mission** to produce, protect, and provide the promised benefits. These principles are an important part of our shared **Values** of Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork (PROFIT) and our collective **Vision** of Excellence, Commitment, Trust, and Service.~~

~~Ethics extends to all aspects of our business, including our interactions with each other inside the organization, with LACERA's members, with our plan sponsor, with vendors, with the public, and with all others.~~

~~The attached Code of Ethical Conduct provides detailed information as to the ethical standards of conduct required at LACERA. The Code addresses specific legal requirements. The Code also includes other standards rooted beyond the law in concepts of what we want to be as an organization. The Code applies equally to everyone at LACERA, including Board members and staff, because ethical lapses by any of us will reflect on all of us.~~

~~Please read the Code carefully and familiarize yourself with it. Every ethical situation you may encounter cannot be specifically addressed in such a document, and it is important that you seek additional information when needed. In this regard, the Code has sections on Reporting and Resources, including contacts for specific questions and reporting of ethical concerns.~~

~~Ethics is one of the most important criteria by which our colleagues and stakeholders will measure us. Each and every one of us has responsibility for ensuring the excellence of LACERA's ethics. Thank you for following the Code of Ethical Conduct in your work at LACERA.~~

Very truly yours,

~~Gregg Rademacher~~Santos H. Kreimann  
Chief Executive Officer

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## APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

## I. Purpose and Scope

The Los Angeles County Employees Retirement Association (LACERA) is a public pension plan organized under the County Employees Retirement Law of 1937 (CERL) (Cal. Gov't Code §§ 31450 et seq.) and the California Public Employees' Pension Reform Act of 2013 (PEPRA) (Cal. Gov't Code §§ 7522 et seq.). The management and administration of LACERA are vested in the Board of Retirement. All investments of LACERA are the responsibility of the Board of Investments.

The ~~members~~ Trustees of the LACERA Boards are mindful of the positions of trust and confidence they hold. The Boards adopt this Code of Ethical Conduct to define standards of ethical conduct required of LACERA Board ~~members~~ Trustees and staff. The purpose of the Code is to ensure the proper administration of LACERA and to foster public confidence in LACERA's institutional integrity as a well-managed public pension system.

"Ethics" and "ethical conduct" are defined for purposes of this Code as conduct that complies with principles of honesty, integrity, trust, fairness, and duty in connection with LACERA's business as a public pension fund. This Code looks to three sources for determination of ethical standards:

- First, laws and regulations applicable to LACERA and its business, Board ~~members~~ Trustees, and staff, including the California Constitution, CERL, the Political Reform Act and the regulations adopted thereunder, the Ralph M. Brown Act, and other statutes, regulations, and case law.
- Second, best practices of ethical conduct. Best practices are drawn from ethical codes and practices of other public pension systems in California and elsewhere, professional associations, and similar sources.
- Third, LACERA's **Mission**, **Values**, and **Vision**, historical LACERA practices, and judgment as to the moral principles and behavior that LACERA as an organization strives to follow.

This Code provides ethical standards for LACERA Board ~~members~~ Trustees and staff. The Code provides specific guidance for common situations raising ethical issues. However, the Code does not specifically address every issue that Board ~~members~~ Trustees and staff will encounter. As to those other situations, the Code should be used and followed as a reference for standards of conduct and the basis for evaluation of facts and circumstances. The Code requires that additional information be requested when a user is unsure as to how the Code should be interpreted or when a user encounters an ethical issue not covered in the Code.

This Code is important:

- To ensure legal compliance with ethics laws and regulations.

- To further best ethical business practices.
- To establish an organization-wide culture and accountability for ethics.
- To foster trust, credibility, and positive relationships between LACERA and all parties necessary for the effective performance of LACERA's **Mission** to *produce, protect and provide the promised benefits*. These parties include others inside the organization, members, the plan sponsor and other participating employers, vendors, the public, and all others with whom LACERA may deal.
- To further LACERA's **Values** and **Vision**, which incorporate ethics, honesty, integrity, fairness, and trust.
- To establish common ethical standards followed by everyone at LACERA, instead of leaving ethics to unguided and possibly inconsistent personal judgment and interpretation.
- To mitigate the legal and business risks associated with ethical issues.
- To further the organization's business goals and objectives.
- To confirm the process for reporting or raising ethical concerns or questions.
- To identify resources for additional information concerning ethics and the applicable laws and regulations.

The Code shall not be construed as the sole source of ethics laws and regulations which must be observed by LACERA Board ~~members~~Trustees and staff. Nothing in this Code shall exempt any person from any other applicable federal, state, or local law or regulation. The standards of ethical conduct in this Code are in addition to any such other laws and regulations.

## II. General Ethical Standards

This Code addresses specific ethical requirements in subsequent sections. The application of those specific requirements is summarized in this Section II as General Ethical Standards.

The following General Ethical Standards apply to LACERA Board ~~members~~Trustees and staff:

- Recognize and be accountable for all fiduciary responsibilities.
- Comply with all applicable laws and regulations, including those listed in Section I and elsewhere in this Code or which may be determined to be applicable in individual circumstances.
- Further the interests of transparency in the conduct of the public's business as described in the Ralph M. Brown Act and Public Records Act.
- Conduct all LACERA business in a fair ~~manner~~, and manner and be honest in all business dealings.
- Strive to provide the highest quality of performance and counsel.
- Avoid any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted as a conflict of interest by others.
- Avoid exerting improper influence or being improperly influenced, and the appearance of improper influence or being improperly influenced.
- Exercise prudence and integrity in the management of funds.
- Report to an appropriate person actions of themselves or other persons or entities of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances which may constitute violations of this Code of Ethical Conduct.
- Be responsible for maintaining professional competence.
- Be respectful, professional, and courteous to all LACERA Board ~~members~~Trustees and staff, LACERA members, and all persons and entities with which LACERA does business or may otherwise interact.
- Maintain the confidentiality of all plan member information and all other confidential or privileged information so designated, including but not limited to information provided for or related to closed sessions of the Boards, which is



received from or created or maintained by LACERA.

- To the extent not otherwise covered by the preceding bullets, conduct LACERA business in a manner consistent with:
  - LACERA's **Mission** *to produce, protect, and provide the promised benefits.*
  - LACERA's **Values** of *Professionalism, Respect, Open Communications, Fairness, Integrity, and Teamwork.*
  - LACERA's **Vision** of *Excellence, Commitment, Trust, and Service.*
  - All other applicable LACERA policies and procedures.
- Report or seek additional information from an appropriate person, when necessary, concerning ethical questions and issues.

### III. Prohibited Transactions

The specific ethical requirements in subsequent sections of the Code define and describe certain prohibited conduct. Those prohibitions are summarized in this Section III as Prohibited Transactions.

LACERA Board ~~members~~ Trustees and staff shall not engage in the following Prohibited Transactions:

- Utilizing or permitting others to use any property, resources, information, or opportunity of LACERA for personal gain.
- Engaging in any activity or failing to disclose any activity which, based on available information and reasonable due diligence and inquiry under the circumstances, constitutes an actual conflict of interest or which could be perceived or interpreted by others as a conflict of interest in the impartial and objective execution of duty to LACERA and its members.
- Falsifying or failing to record proper entries on any books or records of LACERA.
- Engaging in serial meetings or other conduct in violation of the Ralph M. Brown Act.
- Knowingly becoming a party to, or condoning, any illegal activity, including failing to report the misconduct under this Code of themselves or other persons or entities.
- Authorizing payment of any amount on behalf of LACERA, or for any purpose, other than that explicitly disclosed in the original request for payment.
- Directly or indirectly seeking or accepting gifts, money, property, or other benefit that would influence or appear to influence the conduct of duties.
- ~~Engaging in or conducting outside activities or offices of financial or personal interest that may conflict with the impartial and objective execution of LACERA business activities.~~
- Selling or providing goods or services to LACERA without disclosure.
- Utilizing the services of relatives or close personal associates for LACERA business without disclosing such relationship prior to execution and obtaining the appropriate approval.
- Engaging in activities involving dishonesty, fraud, deceit or misrepresentation.
- Engaging in outside employment with any providers of supplies or services to LACERA.

- Engaging in outside employment that would interfere with or hamper expected performance at LACERA.
- Engaging in other activities which compromise or appear to compromise one's objectivity in the conduct of one's duties.
- Releasing to any third person plan member information or other confidential or privileged information so designated, including but not limited to [member information and information](#) provided for or related to closed sessions of the Boards [protected by the Ralph M. Brown Act](#), which is received from or created or maintained by LACERA.
- Engaging in any other conduct prohibited by this Code of Ethical Conduct, [Board or LACERA policy](#), or applicable laws and regulations.

## IV. Fiduciary Duties

~~Members-Trustees~~ of LACERA's Board of Retirement and Board of Investments have fiduciary duties under the California Constitution and other law. LACERA as an organization also has fiduciary duties, which are implemented through LACERA's employees. Finally, certain of LACERA's vendors have a fiduciary duty to LACERA. This Section IV addresses all three categories of fiduciary duty. Board Trustees and staff shall report actions of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances that may constitute a breach of fiduciary duty by any person or entity known to have such a duty.

### A. Fiduciary Duties of Board ~~Members~~Trustees

The California Constitution, Article XVI, Section 17, defines the fiduciary duties of the LACERA Boards, and the Board ~~members~~Trustees:

- The Boards "shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system."
- The Boards "shall have the sole and exclusive fiduciary responsibility over the assets of the system. The retirement board also has sole and exclusive responsibility to administer the system in a manner that will assure prompt delivery of benefits and related services to the participants and their beneficiaries. The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system."
- The ~~members-Trustees~~ of the LACERA Boards "shall discharge their duties solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty."
- The member of the LACERA Boards "shall discharge their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise with a like character and like aims."
- As to the Board of Investments, the ~~members-of-the-Board~~Trustees "shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly not prudent to do so."

These duties are also included in Section 31595 of CERL.

California case law provides that the Boards and the Board ~~members-Trustees~~ have a trust relationship with LACERA's members and beneficiaries. This trust relationship means that the Boards and the Board ~~members-Trustees~~ have a fiduciary duty of prudence and loyalty to members and beneficiaries, which must be exercised in good faith. Further, the Boards and the Board ~~members-Trustees~~ have a duty to deal fairly with the members and beneficiaries, without the slightest misrepresentation, concealment, threat, or adverse pressure. *Hittle v. Santa Barbara County Employees Retirement Assn.* (1985) 39 Cal.3d 374.

To perform their fiduciary duties, each member of the LACERA Boards shall diligently attend to the business of the Board on which he or she serves, and shall not leave to the other ~~members-of-the-Board~~Trustees control over the administration of the affairs of such Board.

### **B. Fiduciary Duties of LACERA, and Staff's Role**

LACERA as an organization has the same fiduciary duties. LACERA staff supports the organization, the LACERA Boards, and Board ~~members-Trustees~~ in the fulfillment of their fiduciary duties as described in Section IV(A) of this Code. Accordingly, LACERA staff shall be familiar with the fiduciary duties described in Section IV(A) and conduct themselves at all times in a manner consistent with those duties. LACERA staff shall take no action inconsistent with those duties. LACERA staff shall avoid any conduct which is, or may be perceived to be, detrimental to LACERA and its members and beneficiaries. In dealing with members, LACERA staff shall be honest and forthright. Staff shall ensure that the information provided to members in connection with their rights, questions, choices and decisions, concerns, and issues is complete and accurate.

### **C. Fiduciary Duties of Certain Vendors**

Certain LACERA vendors have a fiduciary duty to the organization under applicable law or under the terms of a contract with LACERA. LACERA ~~Board members and staff~~ shall ~~be aware of~~monitor those vendors that owe a fiduciary duty ~~and monitor them~~ to ensure that the vendors comply with that duty. Staff shall ensure that the contract of any vendor with a fiduciary duty includes a provision confirming that duty.

## V. Conflicts of Interest

LACERA Board ~~members~~Trustees and staff shall avoid conflicts of interest, including the appearance of conflicts of interest, in all aspects of their work for LACERA and shall comply with applicable laws and regulations relating to conflicts.

### A. Form 700 Statement of Economic Interests

Public officials, including LACERA Board ~~members~~Trustees and certain staff, who make or influence governmental decisions are required to submit Form 700 Statements of Economic Interests. Form 700s are an important tool in the identification of actual or potential conflicts of interest by LACERA Board ~~members~~Trustees and staff. Form 700s are public documents. LACERA Board ~~members~~Trustees and designated staff, as generally described below, shall file Form 700s when and as required by applicable law and regulations, which are generally summarized here. Additional information can be obtained from LACERA's Legal Office and from Fair Political Practices Commission publications.

Pursuant to California's Political Reform Act, LACERA's Boards have adopted, and the County of Los Angeles Board of Supervisors has approved as code reviewing authority, a Conflict of Interest Code that requires the filing of a Form 700 by positions "which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest," except positions which manage public investments. Cal. Gov't Code § 87302(a). Persons, including ~~members~~Trustees of the Board of Retirement and identified staff, who file under an agency-adopted Conflict of Interest Code are referred to as "Code Filers." LACERA's Conflict of Interest Code sets forth the positions of all Code Filers and describes the specific economic interest Disclosure Categories that apply to each position.

There is also a separate Conflict of Interest Code for staff who serve as officers or hold other positions in LACERA's wholly-owned title holding entities.

[The LACERA and title holding entity Conflict of Interest Codes are subject to biennial review.](#)

Separate provisions of the Political Reform Act require positions managing public investments to file a Form 700. Cal. Gov't Code § 87200. Persons who file under Section 87200, including ~~members~~Trustees of the Board of Investments, the Los Angeles County Treasurer and Tax Collector as an ex officio member of both Boards, and identified staff, are referred to as "87200 Filers." 87200 Filers are required to disclose investments, interests in real property, income (including gifts, loans, and travel payments), and business positions as described in Form 700 and the Political Reform Act. While 87200 Filers are not subject to LACERA's Conflict of Interest Codes, they are listed as a matter of information in the Appendix to LACERA's Code.

Form 700s shall be filed, both by Code Filers and 87200 Filers, upon assuming an applicable position, annually thereafter, and on leaving an applicable position. [Certain](#)

Board Trustees and staff are Code Filers and 87200 Filers in different capacities and may complete a combined Form 700. Form 700s shall be filled out by all required filers in a timely, accurate, and thorough and complete manner.

## **B. Gifts, Honoraria, Travel & Loans**

The Political Reform Act, and Regulations promulgated thereunder by the Fair Political Practices Commission (FPPC), impose limitations on gifts, honoraria, travel, and loans. The legal rules associated with gifts, honoraria, travel, and loans are lengthy and detailed. Additional information can be obtained from LACERA's Legal Office and from FPPC publications. A summary of the general standards with respect to these matters is as follows:

**Gifts.** LACERA Board of Retirement ~~members-Trustees~~ and staff who are Code Filers are prohibited from receiving gifts totaling more than the legally established gift limit from any single source in a calendar year; if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments ~~members-Trustees~~ and staff who are 87200 Filers may not accept gifts totaling more than the legally established limit from any single source in a calendar year. Even if a gift is not subject to Form 700 reporting or the gift limit, a gift may still create a conflict of interest; therefore, LACERA requires Board ~~members-Trustees~~ and all staff shall make disclosure to the Legal Office of all gifts from a single source with a combined total equal to or greater than \$50 in a calendar year from any individual or entity. Gifts to family members are included in the gift rules under certain circumstances. There are also exceptions to the gift rules for certain gifts; questions should be addressed to LACERA's Legal Office or the FPPC. The gift limit is adjusted biennially. The gift limit for ~~2015-2016 is \$460; the limit for 2017-2018 is \$470~~ 2021-2022 is \$520; the limit for any date after December 31, ~~2018~~ 2022 should be confirmed with the LACERA Legal Office or the FPPC. Gifts from a single source with a combined total less than \$50 in a calendar year currently are not reportable under FPPC law and regulations; gifts equal to or in excess of this limit are subject to reporting on Form 700, subject to the requirements and limitations described above. A more detailed SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS is attached as Appendix A.

**Honoraria.** LACERA Board of Retirement ~~members-Trustees~~ and staff who are Code Filers are prohibited from receiving honoraria from any source in consideration for any speech, article published, or attendance at any public or private conference, convention, meeting, social event, meal, or like fathering, if receipts of gifts from that source are required to be disclosed on Form 700 by LACERA's Conflict of Interest Code. LACERA Board of Investments ~~members-Trustees~~ and staff who are 87200 Filers may not accept any honoraria payments. There are certain exceptions to the honoraria rules; questions should be addressed to LACERA's Legal Office or the FPPC. Even if an honorarium is not subject to disclosure, Board ~~members-Trustees~~ and staff shall make disclosure to the Legal Office of such a payment from any individual or entity as to which

LACERA will take any action. Honoraria include money, advances, reimbursements, and gifts of any other type that have more than nominal value.

**Travel.** Payments or reimbursement for travel are subject to the reporting requirements for gifts and income. If a travel payment is a gift, it is subject to the gift limit. A travel payment can also be considered an honorarium. Recusal may be required from any decision that will have a materially foreseeable financial effect on the source of a travel payment. There are exceptions to the travel rules; additional information can be obtained from LACERA's Legal Office or the FPPC.

**Loans.** 87200 Filers and elected members-Trustees of the Boards may not receive a personal loan that exceeds \$250 at any given time from an officer, employee, member, or consultant of LACERA or from any individual or entity that has a contract with LACERA. Ordinary retail loans and credit card transactions are excepted if they are offered on the same terms as generally available to the public. Elected members-Trustees of the Boards may not receive a loan of \$500 or more unless the loan is made in writing and clearly states the terms. There are other limitations and exceptions. A loan can constitute a gift under certain circumstances. Additional information is available from LACERA's Legal Office or the FPPC.

Board members-Trustees and staff are prohibited from soliciting any gift or any other consideration (including but not limited to money, service, gratuity, favor, entertainment, hospitality, loan, or other thing of value) from anyone who is doing or is seeking to do business of any kind with LACERA.

Board members-Trustees and staff are prohibited from accepting any gift from anyone who is doing or is seeking to do business of any kind with LACERA, when the gift is offered with a view toward securing favorable treatment in the awarding of any contract or agreement, or the making of any determination.

All rules relating to gifts, honoraria, travel, and loans are subject to change by the FPPC and other authority. Confirmation of the current rules can be obtained from LACERA's Legal Office or the FPPC.

### **C. Incompatible Activities/Incompatible Offices**

LACERA Board members-Trustees and staff shall not engage in any employment, activity, or enterprise which is inconsistent, incompatible, in conflict with, or inimical to his or her duties for or on behalf of LACERA, or with the duties, functions, or responsibilities of the position he or she occupies for LACERA. LACERA Board members-Trustees and staff shall not perform any work, service, or counsel outside his or her responsibilities for LACERA where any part of his or her efforts will be subject to approval by the Boards or any employee of LACERA acting in that capacity. Cal. Gov't Code § 1126.



Board ~~members-Trustees~~ may not simultaneously hold two public offices where the functions of the offices are inconsistent or where there are conflicting interests. Cal. Gov't Code § 1199. The Los Angeles County Treasurer and Tax Collector holds that position as well as, under CERL, positions as a member of both the Board of Retirement and Board of Investments; these are not incompatible offices.

#### **D. Contracts**

LACERA Board ~~members-Trustees~~ and staff shall not be financially interested, directly or indirectly, in any contract made between LACERA and any individual or entity. The making of a contract includes any participation whatsoever, including the development of the need for the goods or services subject to the contract, issuance of a Request for Proposals (RFP), Request for Information (RFI), purchase order, or other solicitation or contracting process, evaluation of prospective contracting parties, selection of contracting parties, negotiation of the terms of the contract, and performance of the contract. Cal. Gov't Code § 1090 et seq.

#### **E. Investments**

LACERA Board ~~members-Trustees~~ and staff shall not have any personal interest, direct or indirect, in the making of any investment by LACERA, or in the gains or profits from any investment. Board ~~members-Trustees~~ and staff shall not, directly or indirectly, for ~~himself or herself~~themselves, or as an agent or partner of others, sell or provide any investment product to LACERA. Cal Gov't Code § 31528 (a), (b).

#### **F. Disclosure and Recusal**

LACERA Board ~~members-Trustees~~ and staff shall disclose actual or potential conflict of interest, based on available information and reasonable due diligence and inquiry under the circumstances, or the appearance of an actual or potential conflict of interest, to the Chief Executive Officer and the Legal Office. Board ~~members-Trustees~~ and staff shall recuse themselves from involvement, consideration, and decision of a matter as to which the member has an actual conflict of interest. Recusal, or disqualification, is mandatory in certain circumstances, and discretionary in others. Board ~~members-Trustees~~ and staff should consider recusing themselves from consideration and decision of a matter as to which the member has a potential conflict of interest, or the appearance of an actual or potential conflict of interest. Board ~~members-Trustees~~ and staff shall consult with the Legal Office on any issue of recusal to discuss legal requirements that may apply to the particular circumstances, including whether recusal is required, whether recusal is an effective remedy for a conflict or potential conflict or whether other steps (up to and including disqualification of an individual or the Board) are necessary, and the way in which recusal, if possible, should be documented.

#### **G. Conflicts of Interest by Vendors**

LACERA's contracts shall include appropriate provisions to ensure that there are no conflicts of interest during the contracting process and to prevent conflicts of interest

during the term of a contract. Board ~~members~~Trustees and staff should be alert to, and take other appropriate steps to prevent, actual or potential conflicts of interest of which they are aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances by vendors in connection with the making or performance of contracts.

## VI. Employment of Related and Unrelated Persons

To avoid nepotism or the appearance of nepotism, including the potential conflicts of interest and appearance of unfairness that may result, LACERA may not employ a person who is related to:

- A Board ~~member~~Trustee.
- The Chief Executive Officer.
- Persons serving as Deputy Chief Executive Officer, an Assistant Executive Officer, and any other employee reporting directly to the Chief Executive Officer.
- A division manager.

This prohibition does not prevent the continued employment of a person who has already been working for LACERA in a full time and non-probationary capacity for thirty consecutive days prior to the date the Board ~~member~~Trustee or other individual described above acquired their position, or the related party became related. If a related party is retained under these circumstances, any actual or potential conflict of interest must still be corrected or sufficiently mitigated.

Related parties of other LACERA staff may be considered for employment by LACERA provided the applicant possesses all the qualifications for employment and that no preferential or unfair treatment is given based on any relationship. Such a related party may not be hired for or assigned to a position which would either:

1. Create either a direct or indirect supervisor/subordinate relationship with a related party; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting a staff member.

For purposes of this policy, “related parties” include:

- Spouse, parent or grandparent, child or grandchild, or sibling.
- First degree aunt, uncle, niece, nephew or cousin.
- Any “step” or “in-law” variant of the aforementioned relationships.
- Any member of the employee’s household, whether or not related.

A LACERA Board ~~member~~Trustee or staff may not exercise individual discretionary authority to hire, evaluate or promote a related party under any circumstances, even

when otherwise permitted under the standards above.

| Board ~~members~~ Trustees and staff may participate in the hiring process for any person, whether related or unrelated, only in accordance with established LACERA policies and procedures and shall not use or attempt to use influence outside of their individual hiring authority to cause the organization to hire any individual as a permanent or temporary LACERA employee. Board ~~members~~ Trustees and staff may refer individuals interested in potential employment to LACERA's Human Resources.

## VII. Contracting and Vendor Relationships

LACERA Board ~~members-Trustees~~ and staff shall not have contact with individuals or entities who are or should be reasonably known, based on available information and reasonable due diligence and inquiry under the circumstances, are seeking engagement by LACERA in response to an RFP, RFI, purchase order, or other solicitation or contracting process, except in accordance with the published terms of the contracting process or except for, and limited to, contact necessary in connection with ongoing LACERA business with an individual or entity.

LACERA's RFPs, RFIs, and other contract solicitations shall include notice that a "quiet period" will be in place from the beginning of the contracting process until the selection of the successful party such that LACERA Board ~~members-Trustees~~ and staff, as well as potential contracting parties, are instructed that contact between Board ~~members-Trustees~~ and staff, on the one hand, and all potential contracting parties, on the other hand, shall not occur, except as provided in the preceding paragraph. As part of the contracting process, potential contracting parties shall be required to disclose potential conflicts of interest. LACERA staff shall provide quiet period lists to Board Trustees and staff in monthly Board of Retirement and Board of Investments meeting packets to assist in compliance.

LACERA Board ~~members-Trustees~~ and staff shall participate in the contracting process only in accordance with established LACERA policies and procedures, and the published terms of the process. Board ~~members-Trustees~~ and staff shall not use or attempt to use influence, outside of their individual authority to cause the organization to enter into a contract with any individual or entity. Board ~~members-Trustees~~ and staff may refer individuals or entities for consideration for contracting to the appropriate LACERA staff responsible for the particular procurement or contract process.

## VIII. Use of LACERA Position, Resources, and Information

LACERA Board ~~members~~Trustees and staff shall not use their position or status with LACERA, LACERA property, funds, or other resources, or LACERA information, including plan member information, investment information, and other information concerning LACERA's business, for any personal purpose or gain, to secure any special privilege or exemption for ~~himself or herself~~themselves or any other individual or entity, or to assist or further the interests of any other individual or entity except in the normal course of LACERA's business. LACERA position, resources and information are to be exclusively used for LACERA business.

Board ~~members~~Trustees and staff shall maintain the confidentiality of plan member information. Cal. Gov't Code § 31532.

Disclosures of public LACERA information pursuant to the Public Records Act shall be handled by the Legal Office to ensure compliance with legal requirements, consistency, and proper recordkeeping.

Board ~~members~~Trustees and staff shall not disclose information acquired during a closed session of the Board unless the Board takes action to authorize disclosure. Cal. Gov't Code § 54963.

Board ~~members~~Trustees and staff shall not, directly or indirectly, for ~~himself or herself~~themselves, or as an agent or partner of others, borrow or use any of the funds or deposits of LACERA, except to make authorized current and necessary payments of the retirement system. Cal. Gov't Code § 31528(a).

## IX. Personal Conduct and Communication

LACERA Board ~~members~~Trustees and staff shall adhere to the following standards in their personal conduct in performing their work on behalf of LACERA:

- Board ~~members~~Trustees and staff shall conduct themselves in accordance with this Code of Ethical Conduct.
- Board ~~members~~Trustees and staff shall abide all applicable laws and regulations.
- Board ~~members~~Trustees and staff shall act in a manner consistent with LACERA's **Mission, Values, and Vision** and shall follow all LACERA policies and procedures.
- Board ~~members~~Trustees and staff shall treat similarly situated individuals and entities in a similar way, absent good cause, in the conduct of LACERA's business and decision-making to ensure consistency and fairness.
- Board ~~members~~Trustees and staff shall communicate with, orally and in writing, and otherwise in all respects and at all times treat each other and all others in a respectful, professional, courteous, and civil manner.

A Board ~~member~~Trustee shall not correspond with a non-LACERA person or entity using LACERA letterhead unless the communication is authorized by the Board on which the member serves. Copies of all written communications from a Board ~~member~~Trustee to a current service provider, or person or entity related to a current service provider, relating to LACERA's business (other than purely personal or social correspondence) shall be provided to the Chief Executive Officer for subsequent distribution to all ~~members~~Trustees of the Board on which the ~~member~~Trustee serves. A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board ~~member~~Trustee from a current LACERA service provider, or person or entity related to a current service provider, shall be forwarded to the Chief Executive Officer for subsequent distribution to all ~~members~~Trustees of the Board on which the ~~member~~Trustee serves. For purposes of this paragraph, the terms "communication" and "written communication" include email and other forms of electronic communication as well as physical or hard copy forms of communication.

Board ~~members~~Trustees and staff shall be aware of the risk of communicating inaccurate information to plan members. Board ~~members~~Trustees and staff shall refrain from providing specific advice or counsel with respect to a plan member's rights, benefits, or obligations, except staff who are authorized to communicate with members on such matters. All others should refer plan member questions and concerns to the Chief Executive Officer or appropriate designee.

## **X. Political Activities**

LACERA Board ~~members~~Trustees and staff may work on individual candidate and ballot campaigns, and attend campaign events, during their personal time. They may make campaign contributions using personal funds, subject to applicable campaign finance laws. No LACERA funds, property, technology, letterhead, logo, or other resources may be used by LACERA Board ~~members~~Trustees and staff to support personal political activities. LACERA Board ~~members~~Trustees and staff may not solicit political contributions to a candidate or ballot campaign from other Board ~~members~~Trustees and staff except (1) as part of a solicitation that is made to a significant segment of the public or (2) with respect to a ballot measure which would affect the rate of pay, hours of work, retirement, civil service, or other working conditions of LACERA employees; solicitations permitted by these two exceptions may only be made on personal time. LACERA Board ~~members~~Trustees and staff may not use their influence or make any threats or promises relating to potential or current employment, promotion, or compensation to secure a vote or financial or other support for a candidate or ballot campaign. Cal. Gov't Code §§ 3201 et seq. LACERA Board ~~members~~Trustees and staff may use their LACERA position to identify themselves when making an endorsement, provided that no statement may be made or action taken directly or indirectly indicating that the person represents LACERA in making the endorsement or that the endorsement is supported by or represents the position of LACERA, except when providing information authorized by the Boards. Nothing in this section is intended to impose any limitation on the personal political activities of LACERA Board ~~members~~Trustees and staff not permitted by California law.



## **XI. Leaving LACERA**

### **A. Prospective Employment**

LACERA Board ~~members~~ Trustees and all staff shall not make, participate in making, or influence a decision by LACERA that directly relates to a nongovernmental prospective employer while negotiating or after reaching an employment agreement. The foregoing prohibition is triggered by an interview with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, discussing an offer of employment with a nongovernmental prospective employer or a nongovernmental prospective employer's agent, or accepting an offer of employment. The foregoing prohibition does not apply if the Board ~~member~~ Trustee or staff is legally required to make or participate in the making of the decision or if the decision affects the nongovernmental prospective employer in substantially the same way as it will affect a significant segment of the public generally. Cal. Gov't Code § 87407.

### **B. Limitations on Subsequent Activities**

LACERA Board ~~s—members~~ Trustees, the Chief Executive Officer, Deputy Chief Executive Officer, Assistant Executive Officers, persons next in line to Assistant Executive Officers, Chief Counsel, chief deputy legal officers, the Chief Investment Officer, and persons next in line to the Chief Investment Officer shall not, for two years after leaving that position, for compensation, act as agent or attorney for, or otherwise represent, any person except the County of Los Angeles, by making any formal or informal appearance before, or any oral or written communication to, LACERA, or any Board ~~member~~ Trustee or employee of LACERA, for the purpose of influencing action by LACERA, including any action involving the awarding or issuance of a contract or sale or purchase of goods or property. Cal. Gov't Code § 31528(c).

In addition, under Government Code Section 87406.3, elected Trustees and the CEO shall not, for a period of one year after leaving that office or employment, act as agent or attorney for, or otherwise represent, for compensation, any other person, by making any formal or informal appearance before, or by making any oral or written communication to, LACERA, the Boards, or any committee of the Boards, or any LACERA officer or employee if the appearance or communication is made for the purpose of influencing action by LACERA involving the issuance, amendment, awarding, or revocation of a contract or the sale or purchase of goods or property.

## **XII. Reporting**

Reporting of ethical issues with respect to their own conduct or the conduct of others of which they become aware or suspect based on available information and reasonable due diligence and inquiry under the circumstances is an important element of ensuring compliance with ethical requirements. Any such concerns by Board ~~members~~ Trustees and staff about possible violations of this Code of Ethical Conduct or other ethical issues by themselves or others shall be reported to the Chief Executive Officer, the Chief Audit Executive, or Chief Counsel. Board ~~members~~ Trustees may also report concerns to their Board Chair. Staff may also report ethical issues to their immediate supervisor or division manager.

Concerns may be reported anonymously at the Internal Audit LACERA Ethics Hotline, which may be reached externally at (626) 564-6000, extension 2040, or internally by dialing extension 2040 directly by telephone at (844) 794-9416 or online at [lacera.ethicspoint.com](http://lacera.ethicspoint.com).

### **XIII. Enforcement**

LACERA's Chief Executive Officer is responsible for communicating, implementing and enforcing the Code of Ethical Conduct with respect to LACERA staff. The Board Chairs will enforce this Code with respect to Board ~~members~~ Trustees and the Chief Executive Officer in accordance with Board administrative policies and applicable laws.

Violations of any of the provisions of the Code by staff may result in disciplinary action as the situation may warrant, up to and including termination of employment. Violations by Board ~~members~~ Trustees will be handled in accordance with Board Regulations, Bylaws, and policies and applicable law.

With respect to the Los Angeles County Treasurer and Tax Collector, application of this Code shall take into account their responsibilities in that position and Los Angeles County policies applicable to the position, while recognizing that the Treasurer and Tax Collector has separate and independent fiduciary duties and legal obligations to LACERA and its members as described in this Code.

Questions on this matter should be referred to LACERA's Director of Human Resources, Internal Audit, or the Legal Office.

## **XIV. Training**

LACERA management will provide training to new staff on this Code of Ethical Conduct as part of the new employee orientation. Management will provide training to existing staff on this Code at least every two years.

Management will include discussion of this Code in the training for new and incoming Board ~~members~~Trustees. The Code will be circulated to all Board ~~members~~Trustees at least every two years.

## **XV. Resources**

Board ~~members-Trustees~~ and staff may refer to the following resources for additional information concerning this Code, questions concerning the application and interpretation of the Code to specific situations, and other issues concerning ethics and ethical conduct relevant to the performance of their duties and work for LACERA and its members and beneficiaries.

### **A. LACERA's Legal Office**

The LACERA Legal Office is familiar with the laws and regulations that form the foundation for this Code. The Legal Office is experienced in applying those laws and regulations to specific situations. The Legal Office is available at any time to provide additional information concerning ethics questions and issues and provide written or oral advice or opinions with respect to specific situations. The Legal Office will respond to information about potential ethical issues, concerns, and violations in the LACERA organization and take appropriate action. Questions for the Legal Office should be directed to LACERA's Chief Counsel.

### **B. LACERA's Internal Audit Division/~~Audit Ethics~~ Hotline**

LACERA's Internal Audit Division will respond to information concerning ethical issues, problems, and concerns regarding acts or omissions in connection with LACERA's operations and will take appropriate action. Questions for the Internal Audit Division should be directed to LACERA's Chief Audit Executive. The Internal Audit Division may also be contacted anonymously on the ~~Internal Audit~~LACERA Ethics Hotline, which may be reached ~~externally at (626) 564-6000, extension 2040, or internally by dialing extension 2040 directly by telephone at (844) 794-9416 or online at~~ [lacera.ethicspoint.com](http://lacera.ethicspoint.com).

### **C. LACERA's Conflict of Interest Code**

Board ~~members-Trustees~~ and staff should refer to LACERA's current Conflict of Interest Code, which is available on LACERA's website, [www.lacera.com](http://www.lacera.com), with respect to LACERA's requirements for the filing of Form 700 Statements of Economic Interests.

### **D. California Constitution**

The California Constitution, Article XVI, Section 17, which sets forth the fiduciary duties of the Board and Board ~~members-Trustees~~ and the retirement system, is available on line at [https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=XVI](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=CONS&division=&title=&part=&chapter=&article=XVI) [https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=CONS&sectionNum=SEC.%2017.&article=XVI](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=CONS&sectionNum=SEC.%2017.&article=XVI).

## **E. CERL**

CERL, California Government Code §§ 31450 et seq., is available online at [https://leginfo.legislature.ca.gov/faces/codes\\_displayexpandedbranch.xhtml?tocCode=GOV&division=4.&title=3.&part=3.&chapter=3.&article=](https://leginfo.legislature.ca.gov/faces/codes_displayexpandedbranch.xhtml?tocCode=GOV&division=4.&title=3.&part=3.&chapter=3.&article=).

## **F. California Government Code Section 1090 et seq.**

Conflict of interest rules relating to financial interest in the making of contracts, incompatible activities, and incompatible offices are contained in California Government Code Section 1090 et seq., which is available online at [https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=1.&article=4](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=1.&article=4).

## **G. California Government Code Section 3201 et seq.**

Rules regarding political activities are contained in California Government Code Section 3201 et seq., which is available on—line at [https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=9.5.&article=](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?lawCode=GOV&division=4.&title=1.&part=&chapter=9.5.&article=).

## **H. The Brown Act**

The Brown Act may be found online at [https://leginfo.legislature.ca.gov/faces/codes\\_displayText.xhtml?division=2.&chapter=9.&part=1.&lawCode=GOV&title=5](https://leginfo.legislature.ca.gov/faces/codes_displayText.xhtml?division=2.&chapter=9.&part=1.&lawCode=GOV&title=5).

## **H.I. Other California Statutes**

Other California statutes relating to ethics issues are available online at <https://leginfo.legislature.ca.gov/faces/codes.xhtml>.

## **H.J. Fair Political Practices Commission**

The California Fair Political Practices Commission (FPPC) has a large number of resources available concerning ethics issues under the Political Reform Act, FPPC Regulations, and related law. FPPC resources include:

1. Website: [www.fppc.ca.gov/](http://www.fppc.ca.gov/).
2. FPPC Publications available on the website:
  - a. Form 700 Statement of Economic Interests, and Form 700 Statement of Economic Interests Reference Pamphlet.
  - b. Limitations and Restrictions on Gifts, Honoraria, Travel and Loans: A Fact Sheet for Local Officials.

- c. Recognizing Conflicts of Interest: A Guide to the Conflict of Interest Rules of the Political Reform Act.
  - d. Leaving Local Government Employment.
  - e. Political Reform Act, including the full text of the law.
  - f. FPPC Regulations, including the full text of the regulations.
  - g. FPPC Letters and Opinions, including a searchable database of letter and opinions issued by the FPPC on ethical issues.
- 3. Campaign Rules/Finance. <http://www.fppc.ca.gov/learn/campaign-rules.html>.
  - 4. Advice and Enforcement. The FPPC offers informal and formal advice on ethical issues and has procedures for making a complaint. Instructions for seeking advice or making a complaint are on the FPPC website.

#### **J.K. California Attorney General Conflict of Interest Guide**

The California Attorney General has published a Conflict of Interest Guide which contains information on a wide range of conflict of interest issues. Although the Guide was last updated in 2010, it remains a useful reference. The Guide is available online at <https://oag.ca.gov/sites/all/files/agweb/pdfs/publications/coi.pdf>.

#### **K.L. Los Angeles County Registrar-Recorder/County Clerk**

Information concerning Los Angeles County campaign rules and finance can be obtained at <https://lavote.net/home/voting-elections/candidate-measure-information/campaign-finance-prop-b-reporting/campaign-disclosure-information>.

#### **L.M. Los Angeles County Fraud Hotline**

Ethical concerns may be reported to the Los Angeles County Fraud Hotline, <http://fraud.lacounty.gov/>. The County Fraud Hotline will not generally investigate LACERA issues, but it will forward concerns to LACERA for response.

## **XVI. Review of Code**

This Code shall be reviewed by the Board of Retirement and Board of Investments every three years. The Legal Office and Internal Audit shall monitor applicable laws, regulations, and best practices on an ongoing basis and shall request amendment of the Code when deemed necessary and appropriate. This Code may be amended by action of both Boards at any time.



## APPENDIX A – SUMMARY OF GIFT LIMITATIONS AND RESTRICTIONS

**WHAT IS A GIFT?** A “gift” is any payment or other benefit that confers a personal benefit for which you do not provide payment or services of equal or greater value. Gifts are valued at fair market value as of the time the gift is received. Gifts include price discounts and rebates, unless generally available to the public. Gifts are income reportable on Form 700, Schedule D or E, subject to applicable rules and exceptions, including those below.

### ***Examples of Gift Exceptions (no reporting/no dollar limit/no conflict of interest):***

1. Items returned unused to the donor, or for which you reimburse the donor, within 30 days.
2. Items donated unused, within 30 days of receipt, to (a) a 501(c)(3) non-profit with which you do not hold a position, or (b) a government agency. You cannot claim a tax deduction.
3. Gifts from a family member (spouse or former spouse, child, parent, grandparent, grandchild, sibling, current or former parent-in-law, siblings-in-law, aunt, uncle, niece, nephew, or first cousin, or the spouse of any such person), unless the family member is acting for another person.
4. Informational material provided to assist you in performing your official duties, including books, periodicals, videos, admission or discounts to informational conferences, demonstrations, or tours. This exception does NOT apply to meals, lodging, or (generally) transportation.
5. Tickets that you do not use and do not give to another person.
6. Two tickets, used by you and one guest, to attend a fundraiser for a campaign committee or candidate or a 501(c)(3) non-profit, provided the tickets are received from the organizer.
7. Items provided to LACERA and used by you for official business.
8. Travel payments made to LACERA and used to pay for your official business travel.

### ***Examples of Limited Gift Exceptions:***

1. Gifts commonly received from a dating partner, long-time personal friend, existing personal or business relationship unrelated to LACERA, or as an act of human compassion (no reporting or dollar limit, but these exceptions do not apply if person has LACERA business).
2. Wedding gifts received (not subject to dollar limit but reportable on Form 700 if meet gift threshold, with ½ of value reportable by each spouse; disqualification applies if donor has LACERA business).
3. Gifts commonly exchanged on holidays, birthdays, or similar occasions to the extent the gifts exchanged are not disproportionate in value.
4. Reciprocal exchanges with another individual (e.g., rotating lunches) so long as payments are not substantially disproportionate, payments are roughly equal over any calendar year, and no single payment is greater than the gift limit.
5. Travel payments for actual transportation, meals, and lodging the day of, day before, and day after you give a speech for a legitimate LACERA business purpose or on a state/national policy issue. Such payments are reportable on Form 700 and subject to conflict of interest disqualification.

## **GIFT LIMITS**

Gifts with a combined total of under \$50 from a single source for the calendar year need not be disclosed. Gifts greater than the gift limit below in any 12-month period may require disqualification.

### ***Board of Retirement and Staff Identified in LACERA Conflict of Interest Code (“Code Filers”):***

For ~~2016~~2021-2022, you may not accept gifts from a single source with a combined total of more than ~~\$460-520~~ for the calendar year if the Code requires you to report gifts from that source on your Form 700. ~~For 2017-18, the limit increases to \$470.~~

### ***Board of Investments and Staff Identified in Appendix to the Conflict of Interest Code (“87200 Filers”):***

For ~~2016~~2021-2022, you may not accept gifts from ANY single source with a combined total of more than ~~\$460-520~~ for the calendar year. ~~For 2017-18, the limit increases to \$470.~~

**IMPORTANT NOTE:** This document is only a summary of applicable law as of ~~December 2016~~September 2021; additional rules apply. Any gift may create the appearance of a conflict of interest. Please contact the LACERA Legal Office with any questions. This summary will be updated as needed.

Attachment B  
July 12, 2021 JOGC Memo

July 12, 2021

TO: Each Trustee,  
Joint Organizational Governance Committee

FROM: Steven P. Rice, *SPR*  
Chief Counsel

FOR: July 21, 2021 Joint Organizational Governance Committee Meeting

SUBJECT: Review of Code of Ethical Conduct

### **Recommendation**

That the Joint Organizational Governance Committee (JOGC) provide input on the content and possible revision of LACERA's Code of Ethical Conduct and make a recommendation to the Board of Retirement and Board of Investments if deemed appropriate.

### **Legal Authority**

Under Article XVI, Section 17 of the California Constitution, the Board of Retirement and Board of Investments have plenary authority and exclusive fiduciary responsibility for, respectively, the administration of the system and investment of system assets. Under Section 7.4 of its Charter, the JOGC has authority to make recommendations to the Boards with respect to joint policies.

### **Background**

The current Code of Ethical Conduct was approved by the Board of Investments and Board of Retirement on, respectively, December 14 and 15, 2016. The Code provides for a three-year review cycle, and accordingly, it is overdue for review. In 2016, the Code was completely updated and restated from the version that had been in use for many years. The Code remains current, with a couple of minor exceptions noted below. The Code has served as a useful and important tool in the communication and enforcement of ethical standards among trustees and staff.

In reviewing the Code, the JOGC may consider the extent to which it overlaps with the issues addressed in the proposed Use of Name Policy and the Media Policy, both of which are also on today's agenda. The consideration of these two policies and the Code at the same meeting provides an opportunity to consider how the policies fit together and may be harmonized to ensure consistency and compliance. It is also possible to expand the way in which the Code of Ethical Conduct addresses use of name, media, and

communication issues, so that the Code continues to serve as the primary comprehensive document defining ethical conduct at LACERA.

## **Discussion**

The current Code of Ethical Conduct is attached to this memo. It is annotated to identify areas for possible revision. Because the Code remains current in its content, the proposed areas for suggested review are narrow, but important. The annotations include the following parts of the Code:

Cover Page, page 1. Upon revision of the Code, the Communications Division will update the look and formatting of the Code. Board approval dates will also be updated.

CEO Letter, page 2. The CEO's transmittal letter, which sets a tone from the top in fostering an ethical culture at LACERA, will be rewritten for the revised Code when it is transmitted to the organization to highlight his views and perspectives on the importance of the Code and its content.

Section II, General Standards, pages 7-8. Depending on the JOGC's approach to use of name, media, and communication issues, one or more bullets may be added to the list of General Standards to clarify ethical expectations in these areas.

Section III, Prohibited Transactions, pages 9-10. As above, the JOGC's approach to use of name, media, and communication issues may support additional language in this section to describe limitations that apply in these areas.

Section IV.C, Fiduciary Duties of Vendors, page 12. Staff suggests that language may be added to this section to state that, when a vendor is a fiduciary, its contract must contain language defining that duty. LACERA's current contract templates for fiduciary vendors include such language. However, addition of language in the Code will emphasize the importance of defining the duty in contracts with fiduciary vendors.

Section V.B, Gifts, Honoraria, Travel & Loans, page 14. The annual single source gift limit will be updated to \$520, which is the amount in effect for the period January 1, 2021 through December 31, 2022.

Section VIII, Use of LACERA Positions, Resources, and Information, page 20. Depending on the JOGC's approach to the Use of Name Policy discussion, language may be added in this section to described relating to use of the LACERA name and logs in that they constitute valuable assets of the organization. This section may also implicate the committee's discussion of use of name and media issues.

///

Section IX, Personal Conduct and Communication, page 21. The JOGC may consider revisions to this section based on the committee's discussion of use of name, media, and communication to clarify standards of ethical conduct in these areas.

Section X, Political Activities, page 22. This section may also be revised based on the JOGC's discussion of media and communication issues. The use of name issue is also relevant in this area.

Section XIII, Reporting, page 24. The reference to the hotline in this section will be updated to provide information for the new LACERA Ethics Hotline.

Section XV.B, Resources, page 28. This section should also be updated with the new hotline information.

Appendix A – Summary of Gift Limitations and Restrictions, page 31. The appendix will be updated to state the new \$520 annual single source gift limit in effect from January 1, 2021 to December 31, 2022.

In addition to these areas, the JOGC may identify additional sections of the Code for review and possible change.

### **Conclusion**

Staffs recommends that the Committee provide direction as to the content and possible revision of the Code of Ethical Conduct and make a recommendation to the Boards if deemed appropriate

c: Santos H. Kreimann  
Jonathan Grabel  
Luis Lugo  
JJ Popowich  
Richard Bendall  
Cynthia Martinez  
Johanna Fontenot