

## ***Governance Committee Agenda***

### **REGULAR MEETING**

**TUESDAY, AUGUST 28, 2018**

**TIME: 9:30 A.M.**

### **MEETING LOCATION:**

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, CA 90012-4401

Chair: Nilza R. Serrano

Committee Members: Elizabeth L. Greenwood  
Cynthia M. Ruiz

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counselor: City Attorney's Office  
Retirement Services Division

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
- II. [APPROVAL OF MINUTES FOR THE GOVERNANCE COMMITTEE MEETING OF JULY 10, 2018, AND POSSIBLE COMMITTEE ACTION](#)
- III. [TRIENNIAL BOARD POLICY REVIEW: THE BOARD PROCEDURES, GUIDANCE FOR BOARD MEMBERS, CONTRACT ADMINISTRATION AND POSSIBLE COMMITTEE ACTION](#)
- IV. OTHER BUSINESS
- V. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling.
- VI. ADJOURNMENT



## ***Board of Administration Agenda***

### **SPECIAL MEETING**

**TUESDAY, AUGUST 28, 2018**

**TIME: 9:30 A.M.**

### **MEETING LOCATION:**

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, CA 90012-4401

Sign Language Interpreters, Communication Access Real-Time Transcription, Assistive Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, you are advised to make your request at least 72 hours prior to the meeting you wish to attend. Due to difficulties in securing Sign Language Interpreters, five or more business days' notice is strongly recommended. For additional information, please contact: Board of Administration Office at (213) 473-7169.

President:	Cynthia M. Ruiz
Vice President:	Elizabeth L. Greenwood
Commissioners:	Elizabeth Lee Sandra Lee Nilza R. Serrano Sung Won Sohn Michael R. Wilkinson
Manager-Secretary:	Neil M. Guglielmo
Executive Assistant:	Ani Ghoukassian
Legal Counsel:	City Attorney's Office Retirement Services Division

- I. PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
- II. APPROVAL OF MINUTES FOR THE GOVERNANCE COMMITTEE MEETING OF JULY 10, 2018, AND POSSIBLE COMMITTEE ACTION
- III. TRIENNIAL BOARD POLICY REVIEW: THE BOARD PROCEDURES, GUIDANCE FOR BOARD MEMBERS, CONTRACT ADMINISTRATION AND POSSIBLE COMMITTEE ACTION
- IV. OTHER BUSINESS
- V. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time, and will be announced upon scheduling.
- VI. ADJOURNMENT

MINUTES OF THE REGULAR MEETING  
**GOVERNANCE COMMITTEE**  
BOARD OF ADMINISTRATION  
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

LACERS Ken Spiker Boardroom  
202 West First Street, Suite 500  
Los Angeles, California

Agenda of: Aug. 28, 2018  
Item No: II

July 10, 2018

9:18 a.m.

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PRESENT:	Chairperson:	Nilza R. Serrano
	Committee Member:	Elizabeth L. Greenwood
	Manager-Secretary:	Neil M. Guglielmo
	Executive Assistant:	Ani Ghoukassian
	Legal Counselor:	Anya Freedman
ABSENT:	Committee Member:	Vacant

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*The Items in the Minutes are numbered to correspond with the Agenda.*

I

PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION – Chairperson Serrano asked if any persons wished to speak on matters within the Committee's jurisdiction, to which there were two public comment cards received. Jordan Fein and Nicole Hunt of Unite Here Local 634 made public comments regarding the Item V on the agenda discussing Almanac Realty Securities.

II

APPROVAL OF MINUTES FOR THE GOVERNANCE COMMITTEE MEETING OF FEBRUARY 27, 2018 AND POSSIBLE COMMITTEE ACTION – A Motion to approve the Minutes as presented was moved by Committee Member Greenwood, seconded by Chairperson Serrano, and adopted by the following vote: Committee Member Greenwood and Chair Serrano - Ayes, 2; Nays, None.

III

TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S GOVERNING STATUTES AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administrative Services Division presented this item to the Committee. A Motion was moved by Committee Member Greenwood, seconded by Chair Serrano, and adopted by the following vote: Ayes, Committee Member Greenwood and Chair Serrano -2; Nays, None.

IV

TRIENNIAL BOARD POLICY REVIEW: THE BOARD'S STATEMENT OF DUTIES AND RESPONSIBILITIES AND POSSIBLE COMMITTEE ACTION – Edeliza Fang, Senior Management Analyst II with Administrative Services Division presented this item to the Committee. A Motion was moved by Committee Member Greenwood, seconded by Chair Serrano, and adopted by the following vote: Ayes, Committee Member Greenwood and Chair Serrano -2; Nays, None.

V

DISCUSSION OF INVESTMENT IN ALMANAC REALTY SECURITIES VI, L.P. AND POSSIBLE COMMITTEE ACTION – Rod June, Chief Investment Officer and Eduardo Park, Investment Officer I discussed this item. Matt Kaplan, Managing Partner with Almanac Realty discussed this item with the Committee. The Committee members took no action on this item.

VI

OTHER BUSINESS – There was no further business discussed.

VII

NEXT MEETING – The next Committee Meeting is not yet scheduled.

VIII

ADJOURNMENT – There being no further business before the Committee the discussion ended at 9:46 a.m.

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Nilza R. Serrano  
Chairperson

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Neil M. Guglielmo  
Manager-Secretary



**Report to Governance Committee**

Agenda of: **AUGUST 28, 2018**

From:   
 Neil M. Guglielmo, General Manager

ITEM: **III**

**SUBJECT: TRIENNIAL BOARD POLICY REVIEW: THE BOARD PROCEDURES, GUIDANCE FOR BOARD MEMBERS, CONTRACT ADMINISTRATION AND POSSIBLE COMMITTEE ACTION**

Recommendation

That the Committee consider the following:

- 1) Proposed revisions to the LACERS Board Governance Statement, Section 4.0: Board Procedures
- 2) Affirmation of the LACERS Board Administrative Policies, Section 1.0: Guidance for Board Members – Conflict Governance Policy and Board Communications Policy
- 3) Proposed revision to the LACERS Board Administrative Policies, Section 2.0: Contract Administration – Marketing Cessation Policy

Discussion

Every three years, LACERS performs a comprehensive review of its Board Governance Policies as a best practice. In March 2018, the Board adopted the Governance Committee's recommended schedule of review for the Board Governance and Administrative Policies of the LACERS Board Manual. In keeping with the timeline, staff has been conducting reviews of sections of the Board Manual. Proposed updates or revisions based on changes in applicable laws or standards of practice are presented to their respective committees and subsequently to the Board for adoption.

Staff completed their review of Section 4.0: Board Procedures of the Board Manual and several minor changes are proposed to add clarifying language to Subsection 4.1 – General and 4.2 – Agendas.

Additionally, staff reviewed Subsections 1.1 – Conflict Governance Policy and 1.3 – Board Communications Policy of the Guidance for Board Members section of the Board Manual. Only minor revisions were made to the documents since there were no significant issues that arose since their last update. The proposed changes include the addition of the affirmation of these Board policies.

Subsection 2.1 – Marketing Cessation Policy of the Contract Administration section was also reviewed by staff. The proposed revision involves the addition of language pertaining to LACERS monthly reporting requirement, the Marketing Cessation Report, to the Board.

There are two attachments to this report: (A) a redline version of the policies showing only the proposed changes, and (B) a clean version of the proposed policies accepting the changes to the redline version.

Staff is currently working with the Office of the City Attorney to establish language governing public comment procedures to be included in Section 4.0: Board Procedures and will report back as soon as recommended language has been finalized.

Upon the Committee's finalization of the proposed revised Governing Statutes section of the Board Governance Statement, it will be presented to the Board for further consideration and approval.

*Strategic Plan Impact Statement*

The review of the Board Governance Statement of the LACERS Board Manual conforms with the LACERS Strategic Plan Board Governance Goal to uphold good governance practices which affirm transparency, accountability, and fiduciary duty.

This report was prepared by Edeliza Fang, Senior Management Analyst, Administrative Services Division.

NMG:TB:DWN:EF

ATTACHMENTS: A) Board Policies – Redline Version  
B) Board Policies – Clean Version

**Section 4.0 BOARD PROCEDURES**

Section Affirmed: October 22, 2013; Revised: May 14, 2013, February 25, 2014, June 14, 2016, *August 28, 2018*

**4.1 GENERAL**

- A. **Procedural Standard**  
The Board and its Committees shall operate under Robert's Rules of Order unless statutes or Board action provide otherwise.
- B. **Board Actions**  
Actions of the Board require four votes. The Los Angeles City Charter §503(c) requires that "Each board shall exercise the powers conferred upon it by the Charter by order or resolution adopted by a majority of its members. Action of the board shall be attested by the signatures of the President or Vice President, or two members of the board, and by the signature of the secretary of the board."
- C. **Board Meeting Presiding Officer**  
**Board meetings shall be convened and presided over by the President of the Board.** In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the absence of both the President and Vice President, the **General Manager/Manager-Secretary** will open the meeting and call for nominations of a President Pro Tempore from the members present to serve the duration of the meeting.
- D. **Committee Assignments**  
Committee assignments are to be determined by the President or Acting President, who shall also name the Committee Chair. An alternate will be appointed for each Committee to serve in the absence of Committee Members. Additional alternates may be appointed on an as-needed basis by the Board President.
- E. **Committee Meeting Schedule and Attendance**  
All Committee meetings of the Board shall be open to all Board members, but only Committee Members may vote. Committee meetings shall be scheduled to occur on the same day as ~~the first~~ regular **Board meetings of the month** whenever possible.
- F. **Closed Sessions**  
Closed sessions of the Board and its Committees shall be limited to Board Members and only those other persons who are required by the Board.
- G. **Closed Session Discussions and Decisions**  
Pursuant to Section 54957.2, Chapter 9 of the California Government Code (The Ralph M. Brown Act), the legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The Executive Assistant to the Board of Administration shall be designated to serve in this capacity; and the **General Manager/Manager-Secretary** is designated as the alternate.
- H. **Board Member Compensation**  
Members of the Board shall be compensated for attendance at all Regular and Special meetings of the Board at a rate of \$50 per meeting with a maximum of \$250 per month, except when such Special meeting is concurrently scheduled as a meeting of a Committee of the Board.
- I. **Board Meeting Schedule and Location**  
The Board hereby approves the official meeting time for Regular Meetings of the LACERS Board of Administration as 10 a.m. on the second and fourth Tuesdays of each month, in

## Section 4.0 BOARD PROCEDURES

the LACERS Boardroom at 202 West First Street, Suite 500, as the official place for Regular Meetings. All Board and Committee meetings are open to the public, with the exception of “closed session” meeting items.

### 4.2 AGENDAS

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- A. The Commission Executive Assistant shall prepare an Agenda for each Board meeting which incorporates a consent agenda, new business, items previously requested by Board Member(s) for inclusion, as well as those items deferred from previous meeting(s) categorized in the order to be determined in concurrence with the General Manager and Board President.
- B. The consent agenda shall consist of approval of the minutes of the past meeting(s) and routine “receive and file” items which are presumed to be non-controversial, and which do not involve the investment of assets. The Board President and General Manager may concur on additional items to be routinely placed on the consent agenda. A Board Member may at any Board meeting, remove an item from the consent agenda for further discussion.
- C. Items presented in the Board President’s Report, General Manager’s Report, Chief Investment Officer Report, or other requested Manager’s Report, may be provided verbally without a written report.
- D. Informational items (i.e. “Receive and file” items):
  - 1. At Committee meetings – Shall be supported by a written report and presented by Staff or consultants, unless otherwise instructed by the Committee.
  - 2. At Board meetings – Shall be supported by a written report and presented by Staff or consultants upon request of any Board Member. The Staff or consultant should sit at the table and make a presentation only when cued or requested by the Board President.
- E. All Board Members shall receive in advance of each meeting copies of all Committee agendas, regular meeting agendas, and all support documentation.
- F. Committee reports: Following each Committee meeting in which a recommendation for action to the full Board is taken, the Staff, in consultation with the Committee Chair, will to the degree possible, prepare the Committee’s report to include a brief summary of the proposed Committee recommendation and attach the Staff’s report to the Committee report.
- G. Materials supplied to Board Members shall be numbered to facilitate locating items under discussion.

### 4.3 MINUTES

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- A. Minutes of the meetings of the Board shall conform in general to the format outlines in the “Trustees’ Handbook” published by the International Foundation of Employee Benefit Plans.



**Section 4.0 BOARD PROCEDURES**

- B. At each Board meeting, Board Members shall have the opportunity to review and approve the minutes of the previous meeting(s) before the President affixes his signature upon approval by the Board.
- C. The Minutes shall be prepared with letter-size paper for review before approval, and that the historical record of approved and signed minutes shall be maintained electronically with all appropriate considerations for security and accessibility as required by law.

**4.4 ELECTION**

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The Election of Board Officers for the then current fiscal year is generally held on the second meeting of July each year, or when a Board Officer seat becomes vacant. The Board shall elect one of its members to the office of President, and one to the office of Vice President. The Board Officers shall hold office for one year and until replaced by the election of a successor or re-elected at the next Election, unless their membership on the Board ~~sooner~~ expires **sooner**.

At the appointed time, the General Manager/Manager-Secretary shall call for nominations for the office of President. After nominations have concluded, the General Manager/Manager-Secretary shall call for the Ayes and Nays from among the Members of the Board for each candidate nominated. Upon one candidate securing a majority vote, the General Manager/Manager-Secretary shall announce that the office of President is filled until the newly elected Member is replaced or re-elected at the next election.

The General Manager/Manager-Secretary shall then call for nominations for the office of Vice President and repeat the election procedure described above until one candidate secures a majority vote, at which time the office of Vice President may be deemed filled.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

### 1.1 CONFLICT GOVERNANCE POLICY

*Adopted: December 10, 2004; Revised: February 25, 2014; Affirmed: August 28, 2018*

In the interest of maintaining the integrity of the LACERS and affirmatively embracing best practices that would be perceived as representing the highest fiduciary standards of conduct and thus enhance public trust of the Board's decision-making process, the Board, in addition to its established Ethics Policy, adopts this Conflict Governance Policy to promote confidence in their governance and oversight of the management of the System.

Mindful of their fiduciary obligation to discharge their duties solely in the interest of the participants of the System and for the exclusive purpose of providing benefits to the participants of LACERS, the Board is committed to pursuing a course of conduct that insures full compliance with all applicable laws, transparency in the actions taken, and recognition that even appearances of bias may reflect negatively upon the System.

#### **I. Required Disclosure**

The Board is cognizant of the complex nature of the statutory laws regarding financial conflicts of interest.

- Government Code Section 1090, a broadly drafted conflict of interest statute, prohibits public officers and employees from being financially interested in any City contract that the officer or employee is involved in making. Section 1090 is concerned with financial interests that could prevent officers or employees from exercising absolute loyalty and undivided allegiance in furthering the best interests of LACERS. Any participation in the process by which the contract is developed, negotiated or approved, including making a recommendation on the contract, is a violation of Government Code Section 1090 if the officer or employee has a financial interest in the decision. Also, if a commissioner has a financial interest in a contract, the commission of which he or she is a member may not act on the matter. However, there are some interests defined by the Government Code as "remote interests" which would disqualify the commissioner but not the entire commission.
- Government Code Section 87100 et. seq., the Political Reform Act, prohibits a City officer or employee from making, participating in making or attempting to use his or her official position to influence any governmental decision in which he or she has a "disqualifying economic interest" within the meaning of the Act. The Act defines a "disqualifying economic interest" by first determining whether there exists an economic interest, as defined in the Act, whether it is reasonably foreseeable that the decision will have a material financial effect on the economic interest, and whether the decision will affect that economic interest in a way that is distinguishable from its effect on the public generally or a significant segment of the public. The Act defines an economic interest broadly to include the officer's or employee's finances, those of members of his or her immediate family, investments in a business, interests in real property, sources of income or gifts, and management positions in businesses.
- In addition to State conflicts of interest laws, the City Charter contains its own conflict of interest provision. The standard for disqualification under the Charter is whether it is "not in the public interest" for the officer or employee to act in a particular matter, contract, sale, or transaction. (City Charter Section 222). It is "not in the public interest" for an officer or

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

employee to act on a matter if that person believes that he or she cannot act impartially or if the public might reasonably reach that conclusion. To be disqualified under this standard, you do not need to have a conflict of interest within the meaning of State law; simply having any relation to the matter, even if financial interests are not involved, can be cause for recusal.

Recognizing the complexity of the provisions of State law governing conflicts of interest (Government Code Sections 1090 and 87100, *et seq.*) and City Charter Section 222, the Board desires to act with the highest levels of integrity and transparency, always keeping the duty of loyalty to the System's members and beneficiaries in the forefront of their actions. The Board embraces the obligation of each trustee to fully disclose at the earliest opportunity all potential conflicts for a determination by the City Attorney as to the course of action required under the law.

The Board recognizes that there may be instances where a relationship between a trustee and potential responder to a Request for Proposal (RFP) or Request for Qualifications (RFQ) is such that he or she could not act objectively or where the facts are such that there may be a perception that the trustee could not act objectively. Additionally, the Board recognizes that there may be instances wherein a trustee has a personal or special relationship with a person or entity appearing before the Board that may give the appearance of possible bias.

At a minimum, any matter that reasonably could be expected to interfere or be perceived to be interfering with a trustee's obligation to discharge their duties with respect to the System in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, requires disclosure. Members of the Board are expected to act prudently and reasonably in providing the necessary information to the Office of the City Attorney for a determination of the course of action required under both State law and the City Charter.

**II. Policy Requirements**

- A. To prevent even the appearance of bias, all ~~Requests for Proposals (RFPs)~~ or ~~Requests for Qualifications (RFQs)~~ issued by the Board, or recommendations from consultants, shall contain the requirement that all respondents affirmatively provide information regarding any personal or business relationship with any Member of the Board or administrative staff of LACERS. All RFPs or RFQs, and due diligence reviews, will also require the disclosure by the respondents of any payments for placement services to any person, firm, or entity with respect to that contracting opportunity.
- B. The Department's Marketing Cessation Policy prohibits discussion of upcoming contracts or the contract process by any individual, firm, or entity that is identified as a potential respondent to a contracting opportunity with any Member of the Board or with Department staff or consultants, except communications allowed through the RFP process. The Marketing Cessation Policy requires proposer disclosure of any communications with Members of the Board, staff, or consultants; as well as any gifts given to these parties.

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

- C. In the event that the City Attorney opines that any commissioner is disqualified from acting on a matter under the provisions of State law or the Charter, the Commissioner who is recused shall publicly state the reason for their recusal and shall not participate in, or seek to influence in any manner, the matter before the Board. In addition, the Board may disqualify from consideration the proposer or responding entity with whom the financial or other relationship exists, but only to the extent that is consistent with the Board's fiduciary duty to LACERS, and to the participants and beneficiaries of the System.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

### 1.2 BOARD COMMUNICATIONS POLICY

*Adopted: June 14, 2011; Revised: March 24, 2015; Affirmed: August 28, 2018*

**Introduction:** In the process of managing and administering the Los Angeles City Employees' Retirement System, the LACERS Board of Administration may encounter various legal, ethical, and logistical issues involving communication with its stakeholders and with outside parties. To provide a framework for addressing these issues, the intent of this policy governing Board communications is to ensure that such communications are well-coordinated, effectively managed, responsive, and timely.

**LACERS' Official Spokesperson(s) for Administrative Matters:** The General Manager and/or his/her designee shall be the official representative for LACERS for any communication or presentation of LACERS administration of programs, services, or investments provided to its stakeholders, including but not limited to the following:

- LACERS Members and their Beneficiaries
- Retiree associations
- Labor unions
- City officials, including elected officials
- Other outside parties
- General public
- Media

Note: "Media," for purposes of this policy, is defined as radio, television, newspapers, newsletters, magazines, websites, blogs, social media, and other related outlets and modes of public communication transmitted verbally and/or in writing.

The General Manager may provide factual information verifying that committee or Board actions have taken place, but shall not provide information regarding why he/she believes the committee or Board voted a certain way. If such questions arise, the General Manager may refer the inquiry to the Board President and/or refer the inquiring party to the committee/Board report and/or meeting minutes.

**LACERS Official Spokesperson regarding Board Decisions:** The Board President shall serve as the spokesperson for the Board on all issues pertaining to decisions and direction given by the Board other than factual, publicly available information related to decisions made by the Board, which may be answered by Board Members and the General Manager. The Board President also shall serve as the spokesperson for the Board regarding pending or potential Board decisions. The Board President may delegate the general duty of spokesperson to another Board Member or to the General Manager as he/she sees fit.

Board Members shall refrain from publishing any written material and/or making any statements to the media or outside parties which purports to represent LACERS policies or initiatives on any matter or subject before the Board has formally adopted a policy or position on the matter or subject. However, this policy shall not be interpreted to preclude Board Members, as private citizens, from expressing their personal views.

Board Members who publish articles and/or ~~to~~ participate in speaking engagements while identifying themselves as trustees of LACERS may provide factual, publicly available information

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

without any disclaimer. If the Board Member wants to express views other than adopted Board positions, he/she shall state that the views they are expressing are their personal views and are not LACERS' official position, and/or that they are not acting in an official capacity for LACERS.

Board Members should avoid expressing personal opinions and/or speculation as to the motivations of any Board Member's actions on LACERS' behalf.

**Timely Responses to Media Inquiries:** Board Members may receive inquiries directly from the media regarding pending or potential Board decisions or LACERS actions. To ensure a timely response in such instances, the Board Members immediately shall refer or transmit such inquiries to the Board President or General Manager pursuant to the policy above for appropriate action.

**Press Releases:** The Board President and the Board Vice President shall review and approve press releases developed by LACERS staff prior to any dissemination to any media contact or outlet.

## Section 2.0 CONTRACT ADMINISTRATION

### 2.1 **MARKETING CESSATION POLICY**

*Adopted: April 24, 2007; Revised June 10, 2014, August 28, 2018*

#### **Purpose**

The purpose of this policy is to ensure a transparent and fair contracting process which provides equal information and opportunity to all parties interested in contracting with LACERS. The policy helps prevent, and avoid the appearance of, undue influence on the Board or any of its Members in the award of investment related and other service contracts by placing restrictions on communications between parties seeking contracts and those involved in contract award and the contract process.

#### **Parties Affected**

Any firm or representative seeking a contract or contract extension/renewal with LACERS is a "Restricted Source" as defined by the City's Governmental Ethics Ordinance, and is subject to this policy.

Any Board Member, Staff member, City Attorney, LACERS consultant, or anyone working on LACERS' behalf which has any privileged information about the potential contract is subject to this policy.

#### **Notification**

All firms responding to a Request for Proposal are notified of the Department's Marketing Cessation Policy through the Request for Proposal solicitation. All firms whose contracts are approaching expiration are additionally notified of the Marketing Cessation Policy through their contract provisions.

#### **Restricted Period**

Restrictions apply from the time the Request for Proposal is released until a contract is executed.

#### **Marketing Cessation Report – Notification to the Board**

On a monthly basis, LACERS provides a report to the Board apprising Board Members and staff of firms for which there shall be no direct marketing discussions about contracts the firms are seeking or the contract award process; or for contracts in consideration of renewal, there shall be no discussions regarding the renewal of the existing contract.

The Marketing Cessation Report lists only active items that are subject to the Marketing Cessation Policy (e.g., contracts under consideration for renewal, active RFPs and RFQs). A separate list reflecting all current LACERS contracts is available in the Board Office upon request.

#### **Restrictions:**

##### **Communication Restrictions**

All firms that are potential candidates for the award of a contract, or extension of an existing contract, are prohibited from engaging in any direct or indirect marketing of their services except through the process set forth in the Request for Proposal. This includes a prohibition on conversations about the contract or the process to award it, but does not exclude conversations with restricted sources about generic topics at group social events, educational seminars, conferences, or charitable events.

**Section 2.0 CONTRACT ADMINISTRATION**

Communications with firms who currently have contracts with LACERS are acceptable when they are related to the performance of the existing contract.

**Gift Restrictions**

In addition to all other applicable gift restrictions, Board Members and Staff will accept no entertainment or gifts of any kind from any Restricted Source, or intermediary, during the restricted period. An incumbent firm is also restricted from providing any type of gift or entertainment to Board Members or Staff during the three months prior to renewal of the existing contract or during the restricted period, whichever is longer.

**Proposer Disclosure**

All Proposers shall provide the following disclosures with their RFP response. All recommendations to the Board to award a contract shall include a copy of such disclosures:

1. All respondents are required to submit a statement listing all contacts with Board Members, Staff, and Consultants during the restricted period.
2. All respondents shall provide information regarding any personal or business relationship between their personnel and any Member of the Board, Staff of LACERS, or Consultants who are designated as Form 700 filers in the Department's Conflict of Interest Code.
3. All respondents shall disclose any payments for marketing or placement services to any person, firm, or entity to assist in seeking the LACERS contracting opportunity.

**Penalties**

Any failures to disclose, or false disclosures, are a violation of this policy shall result in automatic disqualification of the firm involved.

This policy shall be reviewed by the Board every three years or earlier if necessitated by a change in local, State, or Federal statutes.



**Section 4.0 BOARD PROCEDURES**

*Section Affirmed: October 22, 2013; Revised: May 14, 2013, February 25, 2014, June 14, 2016, August 28, 2018*

**4.1 GENERAL****A. Procedural Standard**

The Board and its Committees shall operate under Robert's Rules of Order unless statutes or Board action provide otherwise.

**B. Board Actions**

Actions of the Board require four votes. The Los Angeles City Charter §503(c) requires that "Each board shall exercise the powers conferred upon it by the Charter by order or resolution adopted by a majority of its members. Action of the board shall be attested by the signatures of the President or Vice President, or two members of the board, and by the signature of the secretary of the board."

**C. Board Meeting Presiding Officer**

Board meetings shall be convened and presided over by the President of the Board. In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the absence of both the President and Vice President, the General Manager/Manager-Secretary will open the meeting and call for nominations of a President Pro Tempore from the members present to serve the duration of the meeting.

**D. Committee Assignments**

Committee assignments are to be determined by the President or Acting President, who shall also name the Committee Chair. An alternate will be appointed for each Committee to serve in the absence of Committee Members. Additional alternates may be appointed on an as-needed basis by the Board President.

**E. Committee Meeting Schedule and Attendance**

All Committee meetings of the Board shall be open to all Board members, but only Committee Members may vote. Committee meetings shall be scheduled to occur on the same day as regular Board meetings whenever possible.

**F. Closed Sessions**

Closed sessions of the Board and its Committees shall be limited to Board Members and only those other persons who are required by the Board.

**G. Closed Session Discussions and Decisions**

Pursuant to Section 54957.2, Chapter 9 of the California Government Code (The Ralph M. Brown Act), the legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record of topics discussed and decisions made at the meeting. The Executive Assistant to the Board of Administration shall be designated to serve in this capacity; and the General Manager/Manager-Secretary is designated as the alternate.

**H. Board Member Compensation**

Members of the Board shall be compensated for attendance at all Regular and Special meetings of the Board at a rate of \$50 per meeting with a maximum of \$250 per month, except when such Special meeting is concurrently scheduled as a meeting of a Committee of the Board.

**I. Board Meeting Schedule and Location**

The Board hereby approves the official meeting time for Regular Meetings of the LACERS Board of Administration as 10 a.m. on the second and fourth Tuesdays of each month, in

## Section 4.0 BOARD PROCEDURES

the LACERS Boardroom at 202 West First Street, Suite 500, as the official place for Regular Meetings. All Board and Committee meetings are open to the public, with the exception of “closed session” meeting items.

### 4.2 AGENDAS

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- A. The Commission Executive Assistant shall prepare an Agenda for each Board meeting which incorporates a consent agenda, new business, items previously requested by Board Member(s) for inclusion, as well as those items deferred from previous meeting(s) categorized in the order to be determined in concurrence with the General Manager and Board President.
- B. The consent agenda shall consist of approval of the minutes of the past meeting(s) and routine “receive and file” items which are presumed to be non-controversial, and which do not involve the investment of assets. The Board President and General Manager may concur on additional items to be routinely placed on the consent agenda. A Board Member may at any Board meeting, remove an item from the consent agenda for further discussion.
- C. Items presented in the Board President’s Report, General Manager’s Report, Chief Investment Officer Report, or other requested Manager’s Report, may be provided verbally without a written report.
- D. Informational items (i.e. “Receive and file” items):
  - 1. At Committee meetings – Shall be supported by a written report and presented by Staff or consultants, unless otherwise instructed by the Committee.
  - 2. At Board meetings – Shall be supported by a written report and presented by Staff or consultants upon request of any Board Member. The Staff or consultant should sit at the table and make a presentation only when cued or requested by the Board President.
- E. All Board Members shall receive in advance of each meeting copies of all Committee agendas, regular meeting agendas, and all support documentation.
- F. Committee reports: Following each Committee meeting in which a recommendation for action to the full Board is taken, the Staff, in consultation with the Committee Chair, will to the degree possible, prepare the Committee’s report to include a brief summary of the proposed Committee recommendation and attach the Staff’s report to the Committee report.
- G. Materials supplied to Board Members shall be numbered to facilitate locating items under discussion.

### 4.3 MINUTES

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- A. Minutes of the meetings of the Board shall conform in general to the format outlines in the “Trustees’ Handbook” published by the International Foundation of Employee Benefit Plans.

**Section 4.0 BOARD PROCEDURES**

- B. At each Board meeting, Board Members shall have the opportunity to review and approve the minutes of the previous meeting(s) before the President affixes his signature upon approval by the Board.
- C. The Minutes shall be prepared with letter-size paper for review before approval, and that the historical record of approved and signed minutes shall be maintained electronically with all appropriate considerations for security and accessibility as required by law.

**4.4 ELECTION**

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The Election of Board Officers for the then current fiscal year is generally held on the second meeting of July each year, or when a Board Officer seat becomes vacant. The Board shall elect one of its members to the office of President, and one to the office of Vice President. The Board Officers shall hold office for one year and until replaced by the election of a successor or re-elected at the next Election, unless their membership on the Board expires sooner.

At the appointed time, the General Manager/Manager-Secretary shall call for nominations for the office of President. After nominations have concluded, the General Manager/Manager-Secretary shall call for the Ayes and Nays from among the Members of the Board for each candidate nominated. Upon one candidate securing a majority vote, the General Manager/Manager-Secretary shall announce that the office of President is filled until the newly elected Member is replaced or re-elected at the next election.

The General Manager/Manager-Secretary shall then call for nominations for the office of Vice President and repeat the election procedure described above until one candidate secures a majority vote, at which time the office of Vice President may be deemed filled.

**Section 1.0 GUIDANCE FOR BOARD MEMBERS****1.1 CONFLICT GOVERNANCE POLICY**

*Adopted: December 10, 2004; Revised: February 25, 2014; Affirmed: August 28, 2018*

In the interest of maintaining the integrity of the LACERS and affirmatively embracing best practices that would be perceived as representing the highest fiduciary standards of conduct and thus enhance public trust of the Board's decision-making process, the Board, in addition to its established Ethics Policy, adopts this Conflict Governance Policy to promote confidence in their governance and oversight of the management of the System.

Mindful of their fiduciary obligation to discharge their duties solely in the interest of the participants of the System and for the exclusive purpose of providing benefits to the participants of LACERS, the Board is committed to pursuing a course of conduct that insures full compliance with all applicable laws, transparency in the actions taken, and recognition that even appearances of bias may reflect negatively upon the System.

**I. Required Disclosure**

The Board is cognizant of the complex nature of the statutory laws regarding financial conflicts of interest.

- Government Code Section 1090, a broadly drafted conflict of interest statute, prohibits public officers and employees from being financially interested in any City contract that the officer or employee is involved in making. Section 1090 is concerned with financial interests that could prevent officers or employees from exercising absolute loyalty and undivided allegiance in furthering the best interests of LACERS. Any participation in the process by which the contract is developed, negotiated or approved, including making a recommendation on the contract, is a violation of Government Code Section 1090 if the officer or employee has a financial interest in the decision. Also, if a commissioner has a financial interest in a contract, the commission of which he or she is a member may not act on the matter. However, there are some interests defined by the Government Code as "remote interests" which would disqualify the commissioner but not the entire commission.
- Government Code Section 87100 et. seq., the Political Reform Act, prohibits a City officer or employee from making, participating in making or attempting to use his or her official position to influence any governmental decision in which he or she has a "disqualifying economic interest" within the meaning of the Act. The Act defines a "disqualifying economic interest" by first determining whether there exists an economic interest, as defined in the Act, whether it is reasonably foreseeable that the decision will have a material financial effect on the economic interest, and whether the decision will affect that economic interest in a way that is distinguishable from its effect on the public generally or a significant segment of the public. The Act defines an economic interest broadly to include the officer's or employee's finances, those of members of his or her immediate family, investments in a business, interests in real property, sources of income or gifts, and management positions in businesses.
- In addition to State conflicts of interest laws, the City Charter contains its own conflict of interest provision. The standard for disqualification under the Charter is whether it is "not in the public interest" for the officer or employee to act in a particular matter, contract, sale, or transaction. (City Charter Section 222). It is "not in the public interest" for an officer or

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

employee to act on a matter if that person believes that he or she cannot act impartially or if the public might reasonably reach that conclusion. To be disqualified under this standard, you do not need to have a conflict of interest within the meaning of State law; simply having any relation to the matter, even if financial interests are not involved, can be cause for recusal.

Recognizing the complexity of the provisions of State law governing conflicts of interest (Government Code Sections 1090 and 87100, *et seq.*) and City Charter Section 222, the Board desires to act with the highest levels of integrity and transparency, always keeping the duty of loyalty to the System's members and beneficiaries in the forefront of their actions. The Board embraces the obligation of each trustee to fully disclose at the earliest opportunity all potential conflicts for a determination by the City Attorney as to the course of action required under the law.

The Board recognizes that there may be instances where a relationship between a trustee and potential responder to a Request for Proposal (RFP) or Request for Qualifications (RFQ) is such that he or she could not act objectively or where the facts are such that there may be a perception that the trustee could not act objectively. Additionally, the Board recognizes that there may be instances wherein a trustee has a personal or special relationship with a person or entity appearing before the Board that may give the appearance of possible bias.

At a minimum, any matter that reasonably could be expected to interfere or be perceived to be interfering with a trustee's obligation to discharge their duties with respect to the System in the interest of, and for the exclusive purpose of, providing benefits to participants and their beneficiaries, requires disclosure. Members of the Board are expected to act prudently and reasonably in providing the necessary information to the Office of the City Attorney for a determination of the course of action required under both State law and the City Charter.

**II. Policy Requirements**

- A. To prevent even the appearance of bias, all RFPs or RFQs issued by the Board, or recommendations from consultants, shall contain the requirement that all respondents affirmatively provide information regarding any personal or business relationship with any Member of the Board or administrative staff of LACERS. All RFPs or RFQs, and due diligence reviews, will also require the disclosure by the respondents of any payments for placement services to any person, firm, or entity with respect to that contracting opportunity.
- B. The Department's Marketing Cessation Policy prohibits discussion of upcoming contracts or the contract process by any individual, firm, or entity that is identified as a potential respondent to a contracting opportunity with any Member of the Board or with Department staff or consultants, except communications allowed through the RFP process. The Marketing Cessation Policy requires proposer disclosure of any communications with Members of the Board, staff, or consultants; as well as any gifts given to these parties.
- C. In the event that the City Attorney opines that any commissioner is disqualified from acting on a matter under the provisions of State law or the Charter, the Commissioner who is

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

recused shall publicly state the reason for their recusal and shall not participate in, or seek to influence in any manner, the matter before the Board. In addition, the Board may disqualify from consideration the proposer or responding entity with whom the financial or other relationship exists, but only to the extent that is consistent with the Board's fiduciary duty to LACERS, and to the participants and beneficiaries of the System.

## Section 1.0 GUIDANCE FOR BOARD MEMBERS

### 1.2 BOARD COMMUNICATIONS POLICY

*Adopted: June 14, 2011; Revised: March 24, 2015; Affirmed: August 28, 2018*

**Introduction:** In the process of managing and administering the Los Angeles City Employees' Retirement System, the LACERS Board of Administration may encounter various legal, ethical, and logistical issues involving communication with its stakeholders and with outside parties. To provide a framework for addressing these issues, the intent of this policy governing Board communications is to ensure that such communications are well-coordinated, effectively managed, responsive, and timely.

**LACERS' Official Spokesperson(s) for Administrative Matters:** The General Manager and/or his/her designee shall be the official representative for LACERS for any communication or presentation of LACERS administration of programs, services, or investments provided to its stakeholders, including but not limited to the following:

- LACERS Members and their Beneficiaries
- Retiree associations
- Labor unions
- City officials, including elected officials
- Other outside parties
- General public
- Media

Note: "Media," for purposes of this policy, is defined as radio, television, newspapers, newsletters, magazines, websites, blogs, social media, and other related outlets and modes of public communication transmitted verbally and/or in writing.

The General Manager may provide factual information verifying that committee or Board actions have taken place, but shall not provide information regarding why he/she believes the committee or Board voted a certain way. If such questions arise, the General Manager may refer the inquiry to the Board President and/or refer the inquiring party to the committee/Board report and/or meeting minutes.

**LACERS Official Spokesperson regarding Board Decisions:** The Board President shall serve as the spokesperson for the Board on all issues pertaining to decisions and direction given by the Board other than factual, publicly available information related to decisions made by the Board, which may be answered by Board Members and the General Manager. The Board President also shall serve as the spokesperson for the Board regarding pending or potential Board decisions. The Board President may delegate the general duty of spokesperson to another Board Member or to the General Manager as he/she sees fit.

Board Members shall refrain from publishing any written material and/or making any statements to the media or outside parties which purports to represent LACERS policies or initiatives on any matter or subject before the Board has formally adopted a policy or position on the matter or subject. However, this policy shall not be interpreted to preclude Board Members, as private citizens, from expressing their personal views.

Board Members who publish articles and/or participate in speaking engagements while identifying themselves as trustees of LACERS may provide factual, publicly available information without any

**Section 1.0 GUIDANCE FOR BOARD MEMBERS**

disclaimer. If the Board Member wants to express views other than adopted Board positions, he/she shall state that the views they are expressing are their personal views and are not LACERS' official position, and/or that they are not acting in an official capacity for LACERS.

Board Members should avoid expressing personal opinions and/or speculation as to the motivations of any Board Member's actions on LACERS' behalf.

**Timely Responses to Media Inquiries:** Board Members may receive inquiries directly from the media regarding pending or potential Board decisions or LACERS actions. To ensure a timely response in such instances, the Board Members immediately shall refer or transmit such inquiries to the Board President or General Manager pursuant to the policy above for appropriate action.

**Press Releases:** The Board President and the Board Vice President shall review and approve press releases developed by LACERS staff prior to any dissemination to any media contact or outlet.



## Section 2.0 CONTRACT ADMINISTRATION

### **2.1 MARKETING CESSATION POLICY**

*Adopted: April 24, 2007; Revised June 10, 2014, August 28, 2018*

#### **Purpose**

The purpose of this policy is to ensure a transparent and fair contracting process which provides equal information and opportunity to all parties interested in contracting with LACERS. The policy helps prevent, and avoid the appearance of, undue influence on the Board or any of its Members in the award of investment related and other service contracts by placing restrictions on communications between parties seeking contracts and those involved in contract award and the contract process.

#### **Parties Affected**

Any firm or representative seeking a contract or contract extension/renewal with LACERS is a "Restricted Source" as defined by the City's Governmental Ethics Ordinance, and is subject to this policy.

Any Board Member, Staff member, City Attorney, LACERS consultant, or anyone working on LACERS' behalf which has any privileged information about the potential contract is subject to this policy.

#### **Notification**

All firms responding to a Request for Proposal are notified of the Department's Marketing Cessation Policy through the Request for Proposal solicitation. All firms whose contracts are approaching expiration are additionally notified of the Marketing Cessation Policy through their contract provisions.

#### **Restricted Period**

Restrictions apply from the time the Request for Proposal is released until a contract is executed.

#### **Marketing Cessation Report – Notification to the Board**

On a monthly basis, LACERS provides a report to the Board apprising Board Members and staff of firms for which there shall be no direct marketing discussions about contracts the firms are seeking or the contract award process; or for contracts in consideration of renewal, there shall be no discussions regarding the renewal of the existing contract.

The Marketing Cessation Report lists only active items that are subject to the Marketing Cessation Policy (e.g., contracts under consideration for renewal, active RFPs and RFQs). A separate list reflecting all current LACERS contracts is available in the Board Office upon request.

#### **Restrictions:**

##### **Communication Restrictions**

All firms that are potential candidates for the award of a contract, or extension of an existing contract, are prohibited from engaging in any direct or indirect marketing of their services except through the process set forth in the Request for Proposal. This includes a prohibition on conversations about the contract or the process to award it, but does not exclude conversations with restricted sources about generic topics at group social events, educational seminars, conferences, or charitable events.

**Section 2.0 CONTRACT ADMINISTRATION**

Communications with firms who currently have contracts with LACERS are acceptable when they are related to the performance of the existing contract.

**Gift Restrictions**

In addition to all other applicable gift restrictions, Board Members and Staff will accept no entertainment or gifts of any kind from any Restricted Source, or intermediary, during the restricted period. An incumbent firm is also restricted from providing any type of gift or entertainment to Board Members or Staff during the three months prior to renewal of the existing contract or during the restricted period, whichever is longer.

**Proposer Disclosure**

All Proposers shall provide the following disclosures with their RFP response. All recommendations to the Board to award a contract shall include a copy of such disclosures:

1. All respondents are required to submit a statement listing all contacts with Board Members, Staff, and Consultants during the restricted period.
2. All respondents shall provide information regarding any personal or business relationship between their personnel and any Member of the Board, Staff of LACERS, or Consultants who are designated as Form 700 filers in the Department's Conflict of Interest Code.
3. All respondents shall disclose any payments for marketing or placement services to any person, firm, or entity to assist in seeking the LACERS contracting opportunity.

**Penalties**

Any failures to disclose, or false disclosures, are a violation of this policy shall result in automatic disqualification of the firm involved.

This policy shall be reviewed by the Board every three years or earlier if necessitated by a change in local, State, or Federal statutes.