

**CITY OF LOS ANGELES
DEPARTMENT OF FIRE & POLICE PENSIONS
CONTRACTOR DISCLOSURE POLICY**

July 23, 2009

This disclosure policy is in addition to state and city ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying and Campaign Finance Ordinances, the state Political Reform Act, and the California Constitution.

I. PURPOSE

It is the policy of the Los Angeles Fire & Police Pension System ("LAFPP") to disclose potential or perceived conflicts of interest to ensure that there are no undisclosed influences in connection with investments, advisory contracts or any other contracts. The goal of this Policy is to help ensure that LAFPP investment and procurement decisions are made solely on the merits of the investment or services proposed.

This Disclosure Policy ("Policy") sets forth the circumstances under which LAFPP requires the disclosure of relationships with, and payments to, entities such as placement agents, third party marketers, lobbyists and other intermediaries. This Policy is intended to apply broadly to all providers of goods and services with whom LAFPP does business.

II. APPLICATION

This Policy applies to all agreements with External Providers that are entered into after the date this Policy is adopted. This Policy also applies to existing agreements with External Providers if, after the date this Policy is adopted, (a) the term of the agreement is extended, (b) there is any increased commitment of funds by LAFPP pursuant to the existing agreement or (c) there is an amendment to the substantive terms of an existing agreement, including the fees or compensation payable to the External Provider.

III. CAMPAIGN CONTRIBUTION - QUARTERLY DISCLOSURE

Every External Provider (as defined in Appendix A) shall disclose all contributions made by the External Provider and any of its principals, employees, agents, and Intermediaries (and by Family Members of any of them), to any Elected or Appointed Official (as defined in Appendix A) or any person who has filed to run for an elective City office or for LAFPP Board Commissioner, or has been appointed (pending confirmation) as a Commissioner to the LAFPP Board. Refer to Section VI of this Policy for required disclosure information. Such disclosures shall include contributions made during the term of the contract or investment (as applicable) and during the twenty-four months prior to Board approval of a new contract or investment, or extension of or amendment to an existing contract, or an increase in funding of an existing investment commitment.

IV. OTHER CONTRIBUTIONS/PAYMENTS - QUARTERLY DISCLOSURE

Every External Provider shall disclose all contributions/payments not covered by other sections of this Policy made by the External Provider and any of its principals, employees, agents, and Intermediaries (and by Family Members of any of them) that were solicited directly or indirectly by any Elected or Appointed Official and/or that were made to an organization of which any Elected or Appointed Official is an officer, employee, or member of the board of directors, advisory board, or any similar board or committee. Refer to Section VI of this Policy for required disclosure information. Such disclosures shall include contributions made during the term of the contract or investment (as applicable) and during the twenty-four months prior to Board approval of a new contract or investment, or extension of or amendment to an existing contract, or an increase in funding of an existing investment commitment. This category includes, but is not limited to the following:

- A. City officeholder/candidate and all of his or her controlled committees.
- B. Any account or trust set up through council motion that would seek funds controlled by the officeholder/candidate.
- C. Any payments made to third parties at the behest of the officeholder/candidate.
- D. Any independent expenditure or membership communication made to support or oppose a city officeholder/candidate.
- E. Any payment to a city officeholder/candidate for the sale of private property.

V. GIFTS - QUARTERLY DISCLOSURE

Every External Provider shall disclose all Gifts (as defined in Appendix A) made by the External Provider and any of its principals, employees, agents, and Intermediaries (and by Family members of any of them) to any Elected or Appointed Official or any person who has filed to run for an elective City office or for LAFPP Board Commissioner, or has been appointed (pending confirmation) as a Commissioner to the LAFPP Board, or employee of LAFPP, or lawyer in the Los Angeles City Attorney's Office. Refer to Section VI of this Policy for required disclosure information. Such disclosures shall include contributions made during the term of the contract or investment (as applicable) and during the twenty-four months prior to Board approval of a new contract or investment, or extension of or amendment to an existing contract, or an increase in funding of an existing investment commitment.

VI. RESPONSIBILITIES

- A. Each External Provider is responsible for:
 - 1. Providing the following information (collectively, the "Contractor Disclosure") (as defined in Appendix A) to Staff (see Section VI.A.4) for existing contracts and prior to hiring for new contracts:

- a. A statement whether the External Provider, or any of its principals, employees, agents or associates, within twenty-four months prior to either (a) Board approval of a new contract or investment, or (b) extension of or amendment to an existing contract, or (c) an increase in funding of an existing investment commitment, has compensated or agreed to compensate, directly or indirectly, any person (whether or not employed by the External Provider) or entity to act as an Intermediary in connection with any investment or procurement by LAFPP.
- b. A resume for each officer, partner or principal of the External Provider (and any employee providing similar services) detailing the person's education, professional designations, regulatory licenses and investment and work experience. If any such person is a current or former LAFPP Board member, employee or consultant or a member of the immediate family of any such person, this fact shall be specifically noted.
- c. A description of all compensation provided or agreed to be provided directly or indirectly to any Intermediary (as defined in Appendix A) or to any employee of the External Provider who was hired in order to solicit an investment or other business with LAFPP or is compensated on the basis of the procurement of any such investment or business. The description of such compensation shall include the nature, timing and amount thereof and any condition precedent to receiving the compensation.
- d. A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the External Provider with all prospective clients or only with a subset of the External Provider's prospective clients (and if a subset, describe the subset).
- e. A copy of all written agreements between the External Provider and the Intermediary and a description of any agreement that is not in writing with regard to procurement of business from LAFPP.
- f. The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
- g. A listing for the Intermediary and/or any of its affiliates showing registration with the Securities and Exchange Commission or the Financial Industry Regulatory Association or any similar regulatory agency or self-regulatory organization outside the

United States, and either the details of any such registration or an explanation of why registration is not required.

- h. A listing for the Intermediary, and/or any of its affiliates, showing registration as a lobbyist with any local, state or national government and the details of any such registration.
- i. Any and all contributions and payments by the External Provider and Intermediaries, including the firm, individual, principals, agents, employees and family members, to any Elected or Appointed Official or any person who has filed to run for an elective City office or for LAFPP Board Commissioner, or has been appointed (pending confirmation) as a Commissioner to the LAFPP Board, or any contributions or payments covered in Section IV of this Policy.

For all such Contributions and Payments, the External Provider shall disclose:

- (1) The name and address of the contributor and the connection to the External Provider;
 - (2) The name and title of each person receiving the contribution and the name of the elected or appointed City official or person seeking an elected or appointed City position, as defined in Appendix A of this Policy or the name of the entity if the disclosure is under Section IV of this Policy;
 - (3) The amount of the contribution or payment; and
 - (4) The date of the contribution or payment.
- j. Any Gift provided directly or indirectly by the External Provider and any of its principals, employees, agents, and Intermediaries (and by Family members of any of them) to any Elected or Appointed Official or any person who has filed to run for an elective City office or for LAFPP Board Commissioner, or has been appointed (pending confirmation) as a Commissioner to the LAFPP Board, or employee of LAFPP, or lawyer in the Los Angeles City Attorney's Office.

For all such gifts, the External Provider shall disclose:

- (1) The name and address of the benefactor and the connection to the External Provider;
 - (2) The name and title of each person receiving the gift;
 - (3) The value of the gift; and
 - (4) The date the gift was provided.
- k. All expenses, excluding overhead, incurred by the External Provider and Intermediaries in connection with LAFPP Board

and Staff member contact, except for Board or Committee meetings, either telephonically or in-person.

For all such expenses, the External Provider and Intermediaries shall disclose quarterly:

- (1) The name and address of the person incurring the expense and the connection to the External Provider;
 - (2) The name of the Board or Staff member connected to the expense;
 - (3) The amount of the expense;
 - (4) A description of the expense;
 - (5) The date of the expense; and
 - (6) Nature of the discussion.
2. Providing an update of any changes to any of the information included in the Contractor Disclosure within 21 business days of the occurrence of the change in information.
 3. Providing a representation and warranty signed by the External Provider's chief executive officer or head of the business unit that provides, or will be providing, the service to LAFPP, of the accuracy of the information included in the Contractor Disclosure in any final written agreement with a continuing obligation to update any such information within 21 business days of any change in the information.
 4. All information required in the Contractor Disclosure shall be sent to LAFPP Internal Audit Staff as follows:

Department of Fire and Police Pensions
Internal Audit Division
360 East Second St., Suite 400
Los Angeles, CA 90012
Ofc: 213-978-4432 Fax: 213-978-4463
Email address: pen.audit@lacity.org

Quarterly disclosure information for contributions, payments and gifts, as required in Sections III, IV, and V are due 21 business days after the end of the quarter.

B. LAFPP Staff are responsible for all of the following:

1. Section Managers are responsible for providing External Providers with a copy of this Policy with all Requests for Proposals at the time that due diligence in connection with a prospective investment or engagement begins.
2. Confirming that the Contractor Disclosure has been received prior to the completion of due diligence and any recommendation to proceed

with the engagement of the External Provider or the decision to make any investment or procurement.

3. For new contracts and amendments to contracts existing as of the date of the Policy, confirming that the final written agreement between LAFPP and the External Provider provides that the External Provider shall be solely responsible for, and LAFPP shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the External Provider.
 4. Excluding any External Provider or Intermediary from the solicitation of new investments or business from LAFPP for twenty-four months after they have committed a material violation of this Policy, as determined by the Board in its sole discretion, and promptly informing the Board of any such action.
 5. LAFPP Internal Audit Staff will provide the Board, including the relevant Committee, with a copy of the Contractor Disclosure prior to the Board making or approving any decision to invest or procure with an External Provider.
 6. LAFPP Internal Audit Staff will compile a quarterly Board report containing the names and amount of compensation agreed to be provided to each Intermediary by each External Provider; and the campaign contributions, gifts and expenses of each External Provider, as reported in the Contractor Disclosures.
 7. Reporting to the Board immediately any conduct that the Staff reasonably believes constitutes a material violation of the Policy, to enable the Board to make a determination whether the conduct constitutes a material violation.
 8. If an External Provider does not agree in writing to comply with this Policy, Staff shall so report to the Board.
- C. External Providers shall comply with the Policy and cooperate with Staff in meeting Staff's obligations under this Policy. All parties responsible for implementing, monitoring and complying with this Policy should consider the spirit as well as the literal expression of the Policy. In cases where there is uncertainty whether a disclosure should be made pursuant to this Policy, the Policy shall be interpreted to require disclosure.

VII. PENALTIES

For new contracts and amendments to contracts existing as of the date of this Policy, the External Provider, in the final written agreement with LAFPP, will agree to provide LAFPP the following remedies in the event that there was or is a material omission or inaccuracy in

the Contractor Disclosure or any other violation of this Policy, as determined by the Board in its sole discretion:

- A. Whichever is greater, the reimbursement of any management or advisory fees for one year or an amount equal to the amounts paid or promised to be paid to the Intermediary; and
- B. LAFPP shall have the authority to terminate immediately the separate account investment management contract, without penalty. For non-investment contracts, LAFPP shall have the authority to terminate the contract, without penalty.
- C. The External Provider will be ineligible for and will not solicit future contracts with LAFPP for two years thereafter.

Adopted: _____

Next Review: 2 years from date of adoption

DEFINITIONS

Contractor Disclosure

Collectively, the information required from External Providers as described in Section VI of this Policy.

Elected or Appointed Official/Position

Mayor
Members of the Council
City Attorney
Controller
LAFPP Board Member

External Provider

Any person or entity that seeks to be and/or is hired to provide goods and/or services to LAFPP.

Family Member

The spouse, domestic partner, child, step-child, son-in-law, daughter-in-law, parent, or dependent of an External Provider, Intermediary, LAFPP Board or Staff member.

Gift

Per **Los Angeles Municipal Code Sections 49.5.2 and 49.5.10**, means, except as otherwise provided in this definition, any payment to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value. The term "gift" does not include:

- (1) Informational material such as books, reports, pamphlets, calendars, periodicals, seminars, or informational conferences, exclusively for official or office use and valued at less than \$250 (except that such dollar limit does not apply to informational material received from a government agency). No payment for travel or reimbursement of any expenses shall be deemed "informational material."
- (2) Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes.
- (3) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, partner in a bona fide

dating relationship, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or intermediary for any person not covered by this paragraph.

(4) Campaign contributions required to be reported under Chapter 4 of the Political Reform Act of 1974, as amended.

(5) Any devise or inheritance.

(6) Personalized plaques and trophies with an individual value of less than two hundred fifty dollars (\$250).

(7) Gifts of food, beverages or occasional lodging provided in an individual's home.

(8) Meals provided at an event at which the recipient speaks, participates in a seminar or similar activity or provides a similar service.

(9) Gifts valued at no more than \$100 from an individual to a City official or to a member of the official's immediate family in connection with a non-recurring ceremonial occasion.

Intermediary

Any person or entity hired, engaged or retained by or acting on behalf of an External Provider as a placement agent, finder, lobbyist, solicitor, marketer, consultant, broker or other type of agent to raise money or investments from or obtain access to LAFPP, directly or indirectly. This definition also includes agents of Intermediaries commonly referred to as sub-agents.