

GOVERNANCE COMMITTEE

AGENDA

Board of Fire and Police Pension Commissioners

Sam Diannitto, Chair
Pedram Salimpour, Vice Chair
Belinda Vega
Robert von Voigt

May 21, 2015
8:30 a.m.

Los Angeles Times Building
202 W. First Street, Suite 500
Los Angeles, CA 90012

Commissioner Diannitto will participate telephonically from
4612 El Reposo Drive, Los Angeles, CA 90065

An opportunity for the public to address the Board or Committee about any item on today's agenda for which there has been no previous opportunity for public comment will be provided before or during consideration of the item. Members of the public who wish to speak on any item on today's agenda are requested to complete a speaker card for each item they wish to address, and present the completed card(s) to the commission executive assistant. Speaker cards are available at the commission executive assistant's desk.

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board or applicable Committee of the Board in advance of their meetings may be viewed at the office of the Los Angeles Fire and Police Pension System (LAFPP), located at 360 East 2nd Street, 4th Floor, Los Angeles, California 90012, or by clicking on LAFPP's website at www.lafpp.com, or at the scheduled meeting. Non-exempt writings that are distributed to the Board or Committee at a scheduled meeting may be viewed at that meeting. In addition, if you would like a copy of any record related to an item on the agenda, please contact the commission executive assistant, at (213) 978-4555 or by e-mail at barbara.nobregas@lafpp.com.

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 the Department of Fire and Police Pensions, (213) 978-4545 voice or (213) 978-4455 TDD.

1. GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION
2. [REVIEW OF BOARD OPERATING POLICIES AND PROCEDURES, SECTION 1.0 AND POSSIBLE COMMITTEE ACTION](#)
3. [REVIEW OF BOARD GOVERNANCE POLICIES, SECTION 2.0 AND POSSIBLE COMMITTEE ACTION](#)
4. [REVIEW OF BOARD GOVERNANCE POLICY, SECTION 17.0, CITY ATTORNEY PERFORMANCE EVALUATION POLICY, AND SURVEY INSTRUMENT AND POSSIBLE COMMITTEE ACTION](#)

SPECIAL MEETING

AGENDA

Board of Fire and Police Pension Commissioners

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- 2. REVIEW OF BOARD OPERATING POLICIES AND PROCEDURES, SECTION 1.0 AND POSSIBLE COMMITTEE ACTION**
- 3. REVIEW OF BOARD GOVERNANCE POLICIES, SECTION 2.0 AND POSSIBLE COMMITTEE ACTION**
- 4. REVIEW OF BOARD GOVERNANCE POLICY, SECTION 17.0, CITY ATTORNEY PERFORMANCE EVALUATION POLICY, AND SURVEY INSTRUMENT AND POSSIBLE COMMITTEE ACTION**



DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE GOVERNANCE COMMITTEE

DATE: MAY 21, 2015 **ITEM:** 2

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: REVIEW OF BOARD OPERATING POLICIES AND PROCEDURES, SECTION 1.0 AND POSSIBLE COMMITTEE ACTION

RECOMMENDATION

That the Governance Committee recommend that the Board amend Board Operating and Procedures Policies, Section 1.0 – Ethics Responsibilities for Board Members, the General Manager, and Staff, to improve clarity and reflect recent statutory changes.

DISCUSSION

Effective February 10, 2014, the City Ethics Commission updated its Governmental Ethics Ordinance, Los Angeles Municipal Code, Chapter IV, Article 9.5 (LAMC Sections 49.5.1 et seq.). On February 5, 2015, Ethics Commission staff provided an ethics overview for LAFPP Board Members and Staff. As a result, Staff presents the following amendments to the Board Operating Policies and Procedures, Section 1.0 – Ethics Responsibilities for Board Members, the General Manager, and Staff to improve clarity and reflect changes in the LAMC (Governmental Ethics Ordinance), California Code of Regulations pertaining to ethics laws, and recent Market Cessation changes included in our Investment Policy.

Board Operating Policies and Procedures, Section 1.0 – Ethics Responsibilities for Board Members, the General Manager, and Staff

- Section 1.1 – Amend language to provide the governmental ordinance LAMC Chapter 4, Section 9.5 as reference.
- Section 1.3 – Amend ethics training language for Board and Staff to be consistent with the LAMC Section 49.5.15 clarifying the type and frequency of training (every two years).
- Section 1.4 – Amend language to clarify title of Executive Directive 2005-1.
- Section 1.5 – Amend language to clarify reporting requirements for contractor disclosure forms to add that late filing, in addition to failing to file, may also result in fines or corrective action per LAMC Section 49.5.17.
- Section 1.6 – Amend language to clarify title of Executive Directive 2005-1.

- Section 1.7 – Amend language to clarify title of Executive Directives 2005-1 and 2006-7.
- Section 1.8 – Amend language to clarify title of Executive Directive 2006-7.
- Section 1.12 – Amend language to remove reference to the City’s Commissioner Participation in Contracting Ordinance which has been replaced with requirements per LAMC Section 49.5.11.
- Section 1.13 – Amend language to provide a general definition of a Gift and add statutory references relating to Gifts. Amend the numerical designations to reflect the current California Code of Regulations and LAMC Sections.
- Section 1.14 – Change the acronym from “LAF&PPS” to “LAFPP” for consistency.
- Section 1.15 – Amend language to reflect recent changes to the Market Cessation start date for Investment Contracts which now begins with the Board’s approval of the minimum criteria for a search (Investment Policy Section 9.0 revised September 18, 2014). Also, language was amended to remove reference to the City’s Commissioner Participation in Contracting Ordinance and replace with LAMC requirements (LAMC Section 49.5.11).
- Section 1.18.B.2 – Contractor Disclosure Policy – Update numbering from “9.16” to “9.17” to reflect correct Board policy number.
- Section 1.18.C – Contractor Disclosure Policy – Amend language to clarify reporting requirements for private equity partnerships to be consistent with Section 1.18.D and with current practice.
- Section 1.18.G.2.e – Contractor Disclosure Policy – Amend language for consistency and in consideration of Section 1.18.G.2.f to require LAFPP’s internal audit staff to report to the Board Contractor Disclosure information.
- Section 1.18.H.3. – Penalties – Add language to allow Board of Commissioners to take action to ban the Contractor from future contracting opportunities in case of material omission or inaccuracy in the Contract Disclosure Policy or any other violation of the Policy.
- Section 1.20 – Review Period – Amend language to clarify that the entire Board Operating Policy and Procedure Section 1.0 should be reviewed every three years, with the exception of the Market Cessation Policy which is to be reviewed annually as part of the regular Investment Policy review per City Charter requirements.
- Appendix A – Title – Clarify that definitions included in Appendix A are for purposes of the Contractor Disclosure Policy.
- Appendix A – Pursuant to a meeting with the City Attorney on March 16, 2015, add introductory language to reflect Board Commissioner responsibilities to comply with current laws and changes thereto.

- Appendix A – Gift Definition – Amend numerical designations and the definition of “Gift” to reflect LAMC Section 49.5.8 that references the Political Reform Act 2015 and California Constitution including Section 82028.

BUDGET

There is no budgetary impact.

POLICY

Staff has provided the City Attorney with the proposed revisions and incorporated their comments into the draft policies and procedures.

This report was prepared by:

Diana Pointer
Administrative Operations Division

RPC:WSR:SHC:MS:DP

Attachment I – Proposed Changes to Board Operating Policies and Procedures, Section 1.0 – Ethics Responsibilities for Board Members, the General Manager, and Staff (with tracked changes).

Attachment II – Proposed Changes to Board Operating Policies and Procedures, Section 1.0 – Ethics Responsibilities for Board Members, the General Manager, and Staff (final version).

Los Angeles Fire & Police Pension System

1.0 - ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, AND STAFF

- 1.1 Purpose of the Policy: The purpose of establishing a comprehensive Ethics Policy is to allow Commissioners to have a single point of reference with guidelines governing their behavior to avoid a real or perceived conflict of interest or violation of the City Governmental Ethics Ordinance (Los Angeles Municipal Code (LAMC) Chapter 4, Section 9.5), State ethics laws or Mayoral Executive Directives.
- This policy is designed to be a series of sub policies that may be expanded or modified as ethics laws are changed or as additional situations which might result in real or perceived conflicts of interest arise.
- 1.2 Definition of Staff: For the purpose of this policy, staff is defined as persons and positions that are designated in the System's Conflict of Interest Code as having influence over the decision making processes of the System, which includes Attorneys in the Retirement Benefits Division of the City Attorney's Office.
- 1.3 Mandatory Ethics and Fraud Awareness Training: Pursuant to the City's Governmental Ethics Ordinance (LAMC Section 49.5.15), all Board members are required to complete ethics training at the time of entering City service and once every two years thereafter. All full-time City employees are required to complete on-line training for fraud awareness at the time of entering City service and once every two years thereafter.
- 1.4 Divestment and Recusal Notification Requirements: Charter Section 707 requires that Board members divest any investment, interest, or source of income that results in a significant and continuing conflict of interest. In order to achieve compliance with Charter Section 707, Executive Directive 2005-1 requires that Board members disclose, to the Office of the Mayor and the City Ethics Commission, any conflicts by completing and submitting a recusal notice for any matter which they are disqualified from participating, or would have been disqualified from participating had they been in attendance.
- 1.5 Timely and Complete Filing of All Disclosure Forms: State and City law require that all Board members, the General Manager and staff complete disclosure forms, such as the Statement of Economic Interest and City-related business disclosures. Such disclosures are required upon assuming office, upon leaving office, and annually. The Department's Ethics Liaison is responsible for notifying Board members and staff of the filing requirements and ensuring the timely and complete filing of all required forms. Late filing or failure to complete the required forms may result in a fine or other corrective action taken by the City Ethics Commission, Fair Political Practices Commission, and/or the Office of the Mayor. (Amended 07/17/14)
- 1.6 Commitment to a Code of Ethics: Executive Directive 2005-1 requires all appointed Board members and the General Manager to sign a Pledge committing to a Code of Ethics upon assuming office.

- 1.7 Update Departmental Conflict of Interest Code: In accordance with Executive Directives 2005-1 and 2006-7, the Board is responsible for reviewing and adopting the Departmental Conflict of Interest Code by July 31, every even-numbered year. (Amended 07/17/14)
- 1.8 Cooperation with Ethics Commission Investigations and Enforcement: All Board members, the General Manager and staff are required under Executive Directive 2006-7 to fully cooperate with any investigations conducted by the City Ethics Commission by responding promptly, completely and candidly to any inquiry they may receive for documents, information, or testimony. Further, Board members, the General Manager and staff are directed to report in a timely manner potential wrongdoing within the Ethics Commission's jurisdiction.

Approved: 08/02/07, Amended __/__/__

**LOS ANGELES FIRE AND POLICE PENSION (LAFPP) COMMISSIONERS:
COMMUNICATION WITH CONSULTANTS AND ADVISORS**

- 1.9 Consistent with the City Charter and the California Constitution, Board members are expected to discharge their duties "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Charter Section 1106(c))
- 1.10 To properly fulfill these duties and stay current with best practices in pension system governance, Board members must seek to educate themselves on an ongoing basis.
- This education takes place in the Board room, in conversations with professional staff, and in meetings with consultants and advisors at conferences or other events.
- 1.11 In meetings Board members have with consultants and advisors, outside the Board setting, Board members must exercise common sense, balancing their need for education with the need to comply with ethics laws seeking to have Board decisions be transparent and made in open session.
- 1.12 To promote our desire to educate, and at the same time to comply with the Governmental Ethics Ordinance (LAMC Section 49.5.11), in discussions with advisors and consultants away from Board meetings, Board members should avoid conversations that reasonably might influence that Commissioner's decisions related to a current contract or possible future contract with the Fire and Police Pension System.

Approved: 08/02/07; Amended __/__/__

GIFTS

- 1.13 The Governmental Ethics Ordinance and the California Political Reform Act regulate the solicitation and receipt of gifts by City Officials. A gift is anything you receive that gives you a personal benefit for which you do not provide consideration of equal or greater value (California Political Reform Act). Certain exceptions apply. Please refer to California Government Code Sections 18940, 18941 and 18941 for the complete

definition. (See Appendix A and LAMC Section 49.5.8 for more information regarding Gifts)

Acceptance of Gifts (Including Gifts of Travel): Under the provisions of both the California Code of Regulations, Title 2, Section 18940 et seq., and the Governmental Ethics Ordinance (LAMC Section 49.5.8), a gift, including travel payments may be deemed a gift to the City agency rather than a gift to the individual City official and therefore not subject to restrictions, if certain requirements are met. Gifts accepted by an individual are subject to the reporting requirements of the California Code of Regulations and the LAMC.

Although State and local laws permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at the System's own expense if such attendance would be beneficial to the System.

Other monetary gifts to the system, such as stock, may be accepted under the following conditions:

- A. The Fire and Police Pension System receives and controls the payment.
- B. The gift becomes an asset of the System (i.e. a trust asset).
- C. The System appropriately memorializes the gift in a written public record, identifying the nature, amount and any terms of the gift.

The Chief Accounting Employee shall maintain entries for all gifts in the appropriate accounting ledger.

Adopted: 03/01/01; Amended: 11/18/04, 07/06/06, 08/17/06, 07/12/07, 08/02/07, 08/16/07, ___/___/___.

SOLICITATION OF CONTRIBUTIONS

- 1.14 A. Fiduciaries of LAFPP are prohibited from soliciting, directing, or receiving any contribution from any person who is engaged in business for gain, seeking to engage in business for gain, or who has a proceeding pending before the Board of LAFPP Commissioners or has had such a matter pending during the preceding 12 months.
- B. All LAFPP contracts shall include a requirement that contractors disclose if contributions are solicited by a LAFPP fiduciary.
- C. Definitions for the purposes of this policy:
- 1) "Fiduciary" is defined as a member of the Board of LAFPP Commissioners, executive and senior management staff.
 - 2) "Person" means a natural person or business entity of any type, and includes all directors, partners, officers and agents of such business entity.
 - 3) "Business for gain" is defined as any contract for goods or services, and any investment related contract.

- 4) "Proceeding pending" means all ministerial, administrative and legislative matters, potential contracts, current contracts and expired or terminated contracts for a subsequent period of 12 months.
(Added 10/29/1998)

Adopted: 03/01/01: Amended: 09/06/01, 10/16/03, 09/10/04, 07/12/06, and __/__/____.

MARKETING CESSATION (INVESTMENT CONTRACTS)

- 1.15 The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members in the award of all contracts.

Notification of this policy will be sent to all firms considered by Staff or the Consultant to be interview candidates. From the time the search begins with the Board's approval of the minimum criteria for the search until the search ends with the selection of the firm(s) to receive the contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with the Los Angeles Fire & Police Pension System are allowed to continue contact related to the existing contract with Staff and the Consultant.

Firms that are invited to interview with the Board, at the time of the interview, will be required to submit a Contact Statement. This Contact Statement shall list all contacts with Board members and Consultants during the three month period prior to the interview or during the search period, whichever is longer.¹

The City's Governmental Ethics Ordinance (LAMC Section 49.5.11.A) states:

"Except at a public meeting, a member of a Board or Commission shall not participate in the development, review, evaluation, or negotiation of or the recommendation process for bids, proposals, or any other requests for the award or termination of a contract, amendment, or change order involving that board, commission, or agency. This does not preclude the efforts of individual members from reviewing documents and other information provided by agency staff when preparing for a public meeting at which the matter will be considered."

Any violation of this policy shall result in automatic disqualification of the bidding firm.

¹See section 1.18.G.2.e of the Ethics Policy, also referred to as the Contractor Disclosure Policy.

Adopted: 02/07/02; Revised: 01/04/07; 09/03/09; 03/03/11; and __/__/__

See also Investments Policy.

HISTORY

1.16 Adopted 07/12/07; Revised: 08/02/07; 08/16/07; 09/03/09; 03/03/11; 09/18/14

REVIEW

1.17 The Market Cessation policy shall be reviewed by the Board annually in July, beginning beginning July 2008.

1.18 CONTRACTOR DISCLOSURE POLICY

A. PURPOSE

It is the policy of LAFPP for Contractors to disclose conflicts of interest - actual, potential and perceived.

The goal of this Policy is to prevent impropriety or the appearance of impropriety, to provide transparency and confidence in LAFPP's decision-making process, and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by Contractors to LAFPP.

This Policy sets forth the circumstances under which LAFPP requires the full and timely disclosure of ex parte communications with, 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 contractors with whom LAFPP conducts business.

This Policy shall apply in addition to, and is intended to supplement, any applicable state and city ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying and Campaign Finance Ordinances, the California Political Reform Act, and the California Constitution. Unless otherwise specified or required by the context, all terms used but not defined herein shall have the same meanings ascribed to them in **Appendix A**.

The Board recognizes that the flow of communication through staff between contractors or consultants and Board members is beneficial to the conduct of system business. However, there are instances wherein contractors or consultants may have ex parte communications directly with Board members. In those instances where the contact reasonably might give the appearance of being an attempt to influence the outcome of a Board or staff decision or consultant recommendation, the Board recognizes that there might be the potential for misunderstanding, misinformation, or conflicting instructions, and therefore reasonably could be interpreted as inappropriately affecting the Board, staff, or consultant. Such communications do not always rise to the level of "undue influence" as defined in this policy, but nevertheless are subject to disclosure.

B. APPLICATION AND EXCLUSIONS

1. APPLICATION

This Policy applies to LAFPP's application, selection, and monitoring processes regarding Contractors. It is applicable to all Contractors who participate in the selection process for the award of an LAFPP contract. This policy also applies to all agreements with Contractors that are entered into after the date this Policy is adopted. Additionally, this Policy applies to existing agreements with Contractors 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 Contractor to the extent that LAFPP's consent is required.

2. EXCLUSIONS

The following contracts are excluded from this Policy:

- 1) Contracts in the amount of \$20,000 or less and for not more than a one-year period for which the General Manager has authority to approve service agreements, pursuant to Administrative Code section 10.1.1 and as authorized by the Board pursuant to Board Policy 9.17.B.
- 2) Low cost equipment maintenance agreements and service for equipment repair. "Low cost" is defined as "\$2,000 or less."
- 3) Contracts for which contract terms are less than 3 months in duration.
- 4) City or state contracts/agreements for which LAFPP utilizes the existing City or state contract or agreement.
- 5) Contracts with unions and associations providing approved health plans subsidized by LAFPP.

C. CAMPAIGN CONTRIBUTION - PERIODIC DISCLOSURE

Except as otherwise provided in this section 1.18.C, every Contractor shall disclose monetary contributions and/or other financial benefits made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, members of the investment committee, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official or Applicable City Employee (collectively, "Contractor Campaign Contribution Disclosure"). Such Contractor Campaign Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, including general partners, disclosure information for the prior twenty-four month period shall be provided at the time the Board considers a new or additional investment in a private equity fund. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose monetary contributions and/or financial benefits, as described in this section, annually,

no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

For each such monetary contribution or financial benefit, the Contractor Campaign Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Monetary contributions and/or financial benefits given by any person to an Elected Official or Candidate for whom such person was entitled to vote at the time of the contributions and which in the aggregate do not exceed \$100 to any one Elected Official or Candidate per election are not required to be reported pursuant to this Section 1.18.C.

D. OTHER CONTRIBUTIONS/PAYMENTS - PERIODIC DISCLOSURE

Every Contractor shall disclose any and all monetary contributions and/or other financial benefits, including but not limited to contributions to charitable organizations, not covered by other sections of this Policy. The contributions/benefits to be disclosed can be made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP.

Disclosure shall include monetary contributions and/or other financial benefits which were solicited directly or indirectly by any Elected Official, Candidate, Appointed Official, or Applicable City Employee. Disclosure shall also include situations where contributions/benefits were made to an organization of which any Elected Official, Candidate, Appointed Official or Applicable City Employee is, to the best knowledge of the person paying the monetary contribution or financial benefit, an officer, employee, or member of the board of directors, advisory board, or any similar board or committee (collectively, "Contractor Miscellaneous Contribution Disclosures").

Such Contractor Miscellaneous Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, including general partners, disclosure information for the prior twenty-four month period shall be provided at the time the Board considers a new or additional investment in a private equity fund. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose monetary contributions and/or financial benefits, as described in this section, annually, no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

For each such monetary contribution and/or financial benefit, the Contractor Miscellaneous Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name of the organization and the name and title of each person receiving the contribution, and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

E. APPLICABILITY OF SECTIONS C AND D

Disclosures required by Sections C and D of this Policy include, but are not limited to, any monetary contribution or financial benefit to any of the following:

1. Any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official or Applicable City Employee.
2. Any account or trust set up through motion of the Los Angeles City Council that would seek funds controlled by an Elected Official or Candidate.
3. Any third party at the behest of an Elected Official, Candidate, or Appointed Official or for the purpose of supporting or opposing an Elected Official or Candidate or City ballot measure.
4. Any Elected Official, Candidate, Appointed Official or Applicable City Employee for the sale of private property.
5. Any charitable or other organization or individual at the behest of an Elected Official, Candidate, Appointed Official or Applicable City Employee.

F. GIFTS - PERIODIC DISCLOSURE

1. GIFTS MADE BY CONTRACTORS

Every Contractor shall disclose all Gifts made directly or indirectly by such Contractor and/or any of its Officers (and the Family Members of any of them), or made directly or indirectly by marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service

provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official, or Applicable City Employee, or to LAFPP's private equity consultant, general investment consultant, or real estate consultant.

For each such Gift, the Contractor shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift.

Such disclosures shall include Gifts made during the term of the agreement or investment (as applicable) and during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of and/or amendment to an existing contract, or an increase in funding of an existing investment commitment. Disclosures shall be made quarterly for all Contractors except for private equity partnerships and their general partners, which shall be required to make such disclosures annually, no later than 21 business days after December 31st each year.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose gifts, as described in this section, annually, no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

2. GIFTS RECEIVED BY CONSULTANTS

LAFPP's private equity consultant, general investment consultant, and real estate consultant shall disclose all gifts received directly or indirectly from Contractors and/or any of their Officers (and the Family Members of any of them), or directly or indirectly from their marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with any product or service provided, or sought to be provided, to LAFPP.

For each such Gift, the Consultant shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift

Such disclosures shall include Gifts received during the term of the Consultant's service agreement with LAFPP, and shall be made quarterly by the private equity consultant; and annually by the general investment consultant and real estate consultant with regard

to all Contractors, and otherwise as required by LAFPP in relation to any particular contracting process.

G. RESPONSIBILITIES

1. Each Contractor is responsible for:
 - a. Providing to Staff, as part of the Contractor Disclosure, the following information for existing agreements and prior to hiring for new agreements:
 - (1) A statement whether the Contractor, or any of its marketing or relationship representatives, portfolio managers, or members of the investment committee (or any Family Members of any of them) that are involved with the product or service provided to LAFPP, or any of its Officers (or Family Members of any of them), within the twenty-four month period prior to either (a) Board approval of a new agreement or investment, or (b) extension of or amendment to an existing agreement, 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 Contractor) or entity to act as an Intermediary in connection with any investment or procurement by LAFPP.
 - (2) Notice to LAFPP that if any person working on behalf of the Contractor with, or assigned on behalf of the Contractor to, an LAFPP contract is a current or former LAFPP Board member, employee or consultant or a Family Member of any such person.
 - (3) A description of all compensation provided or agreed to be provided directly or indirectly by the Contractor to any Intermediary or to any employee of the Contractor who was hired specifically 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.
 - (4) For investment and consulting contracts, a List of Contacts made by the Contractor with Appointed or Elected Officials within either 1) the three month period prior to the interview regarding a new agreement or investment; or, 2) the search period; whichever is longer. The List of Contacts shall include the date and names of the contact(s) and the nature of the contact.
 - (5) For investment and consulting contracts and except for private equity partnerships including their general partners, Contractors shall also disclose any contacts with Appointed or Elected Officials ***during the term of the agreement, contract, or investment on a quarterly basis.***

- (6) With regard to each Intermediary identified pursuant to Section 1.18.G.1.a.(3) above, each Contractor shall provide:
- (i) A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the Contractor with all prospective clients or only with a subset of the Contractor's prospective clients (and if a subset, describe the subset), and a resume of each officer, partner, and principal of the Intermediary detailing the person's education, professional designation, regulatory licenses, and investment work experience. Work experience need not be provided in connection with agreements unrelated to investments.
 - (ii) With regard to procurement of business from LAFPP, a copy of all written agreements between the Contractor and the Intermediary and a description of any agreement that is not in writing.
 - (iii) A list of contacts made by the Intermediary, on behalf of the Contractor, with Appointed Officials, Elected Officials, or staff within the 24 months period prior to Board approval of a new agreement or investment. The list shall include the date and names of the contact(s) and intermediary(s).
 - (iv) The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
 - (v) 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.
 - (vi) 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.
- b. Providing a representation and warranty signed by the Contractor'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.
- c. 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 Section
360 East Second St., Suite 400
Los Angeles, CA 90012
Office: 213-978-4432 Fax: 213-978-4463
Email address: audit@lafpp.com

The Contractor Disclosure of all contacts, monetary contributions, other financial benefits and/or Gifts, as required pursuant to Sections 1.18.C through 1.18.G hereof is due 21 business days after the end of the quarter or year as applicable.

2. LAFPP Staff are responsible for all of the following:
 - a. Section managers are responsible for providing Contractors 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.
 - b. Section managers are responsible for 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 Contractor or the decision to make any investment or procurement.
 - c. For new agreements and/or amendments to agreements existing as of the date of the Policy, Section managers are responsible for confirming that the final written agreement between LAFPP and the Contractor provides that the Contractor shall be solely responsible for, and LAFPP shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the Contractor.
 - d. Section managers are responsible for excluding any Contractor or Intermediary from the solicitation of new investments or business from LAFPP for a time period determined by the Board up to a maximum of 5 years 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. Refer to Penalties in Section H.
 - e. LAFPP internal audit staff will provide the Board, including the relevant Committee, with a copy of the Contractor Disclosure information prior to the Board making or approving any decision to invest or procure with a Contractor.
 - f. 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 Contractor; the campaign contributions and gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions.
 - g. 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.

3. Contractors 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.

H. PENALTIES

For new agreements and/or amendments to agreements existing as of the date of this Policy, the Contractor, in the final written agreement with LAFPP, will agree to provide LAFPP with any or all of 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:

1. Whichever is greater, the reimbursement of any contractor, management or advisory fees paid by LAFPP for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary in respect of LAFPP.
2. LAFPP shall have the authority to terminate immediately the separate account investment management agreement, without penalty. For non-investment agreements, LAFPP shall have the authority to terminate the agreement, without penalty.
3. In addition, the Board of Commissioners may take action to ban the Contractor from future contracting opportunities with LAFPP.

In addition, the Contractor will be ineligible for, and will not solicit, future agreements with LAFPP for five years after Board determination of the violation. However, the prohibition may be reduced by a majority vote of the Board at a public session upon showing of good cause.

Also, any Intermediary who the Board determines has materially violated this Policy shall be ineligible for, and shall not solicit, future contracts with LAFPP for five years after such Board determination. However, this penalty may be reduced by a majority vote of the Board at a public session upon showing of good cause.

I. NO RIGHT OF CONFIDENTIALITY

All Contractor Disclosures and attachments thereto shall be public records subject to disclosure under the California Public Records act and the Ralph M. Brown Act. No confidentiality restrictions shall be placed on any Contractor Disclosures or any information provided by Contractors pursuant to this Policy.

See APPENDIX A – CONTRACTOR DISCLOSURE POLICY DEFINITIONS

1.19 HISTORY

Adopted: 07/23/09; Revised: 02/04/10, 03/03/11, 04/05/12, and __/__/____.

1.20 REVIEW

This entire policy shall be reviewed every 3 years starting February 2013, with the exception of Section 1.15 – Market Cessation which shall be reviewed annually.

APPENDIX A – CONTRACT DISCLOSURE POLICY DEFINITIONS

Definitions are based on current laws. To the extent that Board policies are not updated subsequent to changes in law, the Board of Commissioners is responsible to comply with current laws and changes thereto.

Applicable City Employee

(1) An LAFPP employee or (2) a lawyer in the Retirement Benefits Division or Outside Counsel Oversight Division of the Los Angeles City Attorney's Office or who is in the direct supervisory chain of command over the lawyers in those divisions

Appointed Official

An appointed LAFPP Board Member (including a person who has been appointed, pending confirmation)

Candidate

A person who has filed to run for an Elected Office

City

The City of Los Angeles

Contractor

A person who, or entity that, seeks to be and/or is hired to provide goods and/or services to LAFPP. The individuals with reporting responsibility are those at a firm that would have any contact with or responsibility for a LAFPP investment or agreement.

Contractor Disclosure

Collectively, the information required from Contractors as described in Sections 1.18.C through 1.18.G of this Policy.

Elected Official or Office

Mayor of the City of Los Angeles
Members of the Los Angeles City Council
Los Angeles City Attorney
Los Angeles City Controller
Elected LAFPP Board Member

Family Member

The spouse or domestic partner, of a Contractor or Intermediary.

Gift

Pursuant to **Los Angeles Municipal Code Section 49.5.8 et seq., that references the Political Reform Act and California Constitution, and Section 82028 of the Political Reform Act 2015**, a "Gift" means, except as otherwise provided in this definition, any payment that confers a personal benefit on the recipient, 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, or periodicals. No payment for travel or reimbursement for any expenses shall be deemed "informational material."
- (2) Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code 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, 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).

Intermediary

A person or entity (1) who is hired, engaged or retained by or acting on behalf of a Contractor 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, and (2) who engages in, either personally or through an agent, any written or oral direct communication with any LAFPP representative in furtherance of obtaining an investment or a contract with LAFPP. This definition also includes agents of Intermediaries commonly referred to as sub-agents.

LAFPP

The Los Angeles Fire and Police Pension System.

Officers

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or functional equivalent in the Contractor's firm.

Undue influence

The employment of any improper or wrongful pressure, scheme, or threat by which one's will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to do freely.

Los Angeles Fire & Police Pension System

1.0 - ETHICS RESPONSIBILITIES FOR BOARD MEMBERS, THE GENERAL MANAGER, AND STAFF

PURPOSE

- 1.1 Purpose of the Policy: The purpose of establishing a comprehensive Ethics Policy is to allow Commissioners to have a single point of reference with guidelines governing their behavior to avoid a real or perceived conflict of interest or violation of the City Governmental Ethics Ordinance (Los Angeles Municipal Code (LAMC) Chapter 4, Section 9.5), State ethics laws or Mayoral Executive Directives.

This policy is designed to be a series of sub policies that may be expanded or modified as ethics laws are changed or as additional situations which might result in real or perceived conflicts of interest arise.

- 1.2 Definition of Staff: For the purpose of this policy, staff is defined as persons and positions whothat are designated in the System's Conflict of Interest Code as having influence over the decision making processes of the System, which includes Attorneys in the Retirement Benefits Division of the City Attorney's Office.

- ~~1.3~~ Mandatory Annual Ethics and Fraud Awareness Training: Pursuant to the City's Governmental Ethics Ordinance (LAMC Section 49.5.15), State law and Executive Directive No. 1 require that all Board members, the General Manager and staff attend an annual ethics training conducted by the City Ethics Commission, in partnership with the Office of the City Attorney.

- 1.3 aAll City officials-Board members are required to complete ethics training at the time of entering eCity service and once every two years thereafter. All full-time City employees are required to complete on-line training for fraud awareness at the time of entering City service and once every two years thereafter.

Comment [31]: Training language now consistent with Los Angeles Municipal Code Section 49.5.15

- 1.4 Divestment and Recusal Notification Requirements: Charter Section 707 requires that Board members divest any investment, interest, or source of income that results in a significant and continuing conflict of interest. In order to achieve compliance with Charter Section 707, Executive Directive ~~2005-No-1~~ requires that Board members disclose, to the Office of the Mayor and the City Ethics Commission, any conflicts by completing and submitting a recusal notice for any matter which they are disqualified from participating, or would have been disqualified from participating had they been in attendance.

Comment [shc2]: Proper title for the Executive Directive

- 1.5 Timely and Complete Filing of All Disclosure Forms: State and City law require that all Board members, the General Manager and staff complete disclosure forms, such as the Statement of Economic Interest and City-related business disclosures. Such disclosures are required upon assuming office, upon leaving office, and annually. The Department's Ethics Liaison is responsible for notifying Board members and staff of the filing requirements and ensuring the timely and complete filing of all required forms. Late filing or [Failure to complete the required forms may result in a fine or other corrective action

Comment [33]: Consistent with Los Angeles Municipal Code Section 49.5.17

taken by the City Ethics Commission, Fair Political Practices Commission, and/or the Office of the Mayor. (Amended 07/17/14)

~~4-51.6~~ 4-51.6 Commitment to a Code of Ethics: Executive Directive ~~2005-1 No. 1~~ requires all appointed Board members and the General Manager to sign a Pledge committing to a Code of Ethics upon assuming office.

~~4-61.7~~ 4-61.7 Update Departmental Conflict of Interest Code: In accordance with Executive Directives ~~2005-1 and 2006-7, Nos. 1 and 7 (Villaraigosa Series)~~, the Board is responsible for reviewing and adopting the Departmental Conflict of Interest Code by July 31, every even-numbered year. (Amended 07/17/14)

~~4-71.8~~ 4-71.8 Cooperation with Ethics Commission Investigations and Enforcement: All Board members, the General Manager and staff are required under Executive Directive ~~2006-7 No. 7~~ to fully cooperate with any investigations conducted by the City Ethics Commission by responding promptly, completely and candidly to any inquiry they may receive for documents, information, or testimony. Further, Board members, the General Manager and staff are directed to report in a timely manner potential wrongdoing within the Ethics Commission's jurisdiction.

Approved: 08/02/07, Amended / /

LOS ANGELES FIRE AND POLICE PENSION (LAFPP) BOARD OF PENSION COMMISSIONERS: COMMUNICATION WITH CONSULTANTS AND ADVISORS

1.9 Consistent with the City Charter and the California Constitution, Board members are expected to discharge their duties "with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." (Charter Section 1106(c))

1.10 To properly fulfill these duties and stay current with best practices in pension system governance, Board members must seek to educate themselves on an ongoing basis.

This education takes place in the Board room, in conversations with professional staff, and in meetings with consultants and advisors at conferences or other events.

1.11 In meetings Board members have with consultants and advisors, outside the Board setting, Board members must exercise common sense, balancing their need for education with the need to comply with ethics laws seeking to have Board decisions be transparent and made in open session.

1.12 To promote our desire to educate, and at the same time to comply with the Governmental Ethics Ordinance (Los Angeles Municipal Code Section 49.5.11) ~~the City's Commissioner Participation in Contracting Ordinance (Contracts Generally)~~, in discussions with advisors and consultants away from Board meetings, Board members should avoid conversations that reasonably might influence that Commissioner's decisions related to a current contract or possible future contract with the Fire and Police Pension System.

Comment [34]: Deleted reference to an old ordinance which was replaced

Approved: 08/02/07; Amended: / /

GIFTS

1.13 The Governmental Ethics Ordinance and the California Political Reform Act regulate the solicitation and receipt of gifts by City Officials. A gift is anything you receive that gives you a personal benefit for which you do not provide consideration of equal or greater value (California Political Reform Act). Certain exceptions apply. Please refer to California Government Code Sections 18940, 18941 and 18941 for the complete definition. (See Appendix A and LAMC Section 49.5.8 for more information regarding Gifts) ~~ACCEPTANCE OF GIFTS (INCLUDING GIFTS OF TRAVEL)~~

Comment [shc5]: New Section added to provide statutory references.

~~1.143~~ Acceptance of Gifts (Including Gifts of Travel) ~~ACCEPTANCE OF GIFTS (INCLUDING GIFTS OF TRAVEL):~~

~~Under the provisions of both the California Code of Regulations, Title 2, Section 18944.218940 et seq., and the Governmental Ethics Ordinance (LAMC Los Angeles Municipal Code Section 49.5.10(B)(4) 49.5.8), a gift, including travel payments may be deemed a gift to the City agency rather than a gift to the individual City official and therefore not subject to restrictions, if certain requirements are met. Gifts accepted by an individual are subject to the reporting requirements of the California Code of Regulations and the Los Angeles Municipal Code.~~

Comment [86]: These changes reflect California Code of Regulations and Los Angeles Municipal Code Sections' changes.

Under the provisions of both the California Code of Regulations, Title 2, Section 18940 et seq., and the Governmental Ethics Ordinance (LAMC Section 49.5.8), a gift, including travel payments may be deemed a gift to the City agency rather than a gift to the individual City official and therefore not subject to restrictions, if certain requirements are met. Gifts accepted by an individual are subject to the reporting requirements of the California Code of Regulations and the LAMC.

Although State and local laws permit gifts of travel to the System, if a third party offers to pay for some or all of the travel expenses associated with a particular conference, seminar or meeting, the Board shall decline the offer. However, the Board may consider authorizing attendance at the particular conference, seminar or meeting at the System's own expense if such attendance would be beneficial to the System.

Other monetary gifts to the system, such as stock, may be accepted under the following conditions:

- A. The Fire and Police Pension System receives and controls the payment.
- B. The gift becomes an asset of the System (i.e. a trust asset).
- C. The System appropriately memorializes the gift in a written public record, identifying the nature, amount and any terms of the gift.

The Chief Accounting Employee shall maintain entries for all gifts in the appropriate accounting ledger.

Adopted: 03/01/01; Amended: 11/18/04, 07/06/06, 08/17/06, 07/12/07, 08/02/07, 08/16/07, / /

SOLICITATION OF CONTRIBUTIONS

- 1.1544 A. Fiduciaries of ~~the Los Angeles Fire and Police Pension System (LAF&PPS)~~LAFPP are prohibited from soliciting, directing, or receiving any contribution from any person who is engaged in business for gain, seeking to engage in business for gain, or who has a proceeding pending before the Board of LAFPP Pension Commissioners or has had such a matter pending during the preceding 12 months.
- B. All ~~LAF&PPS~~LAFPP contracts shall include a requirement that contractors disclose if contributions are solicited by a ~~LAF&PPS~~LAFPP fiduciary.
- C. Definitions for the purposes of this policy:
- 1) "Fiduciary" is defined as a member of the Board of LAFPP Pension Commissioners, executive and senior management staff.
 - 2) "Person" means a natural person or business entity of any type, and includes all directors, partners, officers and agents of such business entity.
 - 3) "Business for gain" is defined as any contract for goods or services, and any investment related contract.
 - 4) "Proceeding pending" means all ministerial, administrative and legislative matters, potential contracts, current contracts and expired or terminated contracts for a subsequent period of 12 months.
(Added 10/29/1998)

Comment [87]: Replace LAF&PPS with LAFPP for consistency.

Comment [88]: Replace LAF&PPS with LAFPP for consistency.

Adopted: 03/01/01: Amended: 09/06/01, 10/16/03, 09/10/04, ~~and 07/12/06, and~~

MARKETING CESSATION (INVESTMENT CONTRACTS)

- 1.15 The purpose of this policy is to prevent, and avoid the appearance of, undue influence on the Board or any of its members in the award of all contracts.

Notification of this policy will be sent to all firms considered by Staff or the Consultant to be interview candidates. From the time the ~~candidate search begins with the Board's approval of the minimum criteria for the search~~search begins with the Board's approval of the minimum criteria for the search until the search ~~ends with the selection of the firm(s) to receive the contract(s)~~ends with the selection of the firm(s) to receive the contract(s), all direct marketing contact with firms that meet the search criteria will be limited to meetings with the Consultant, information sent to the Consultant or Department, questions about the search directed to the Staff or Consultant, one meeting at the Department's office with Staff and any site visits. The Board members, Department Staff or Consultant will accept no entertainment or gifts of any kind from any firm qualifying for the search. This policy does not prohibit contact with potential interview candidates at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing.

Comment [shc9]: Lanugage changed to mirror 09/18/14 Board-approved Investment Policy changes.

During the three months prior to the renewal of a contract with a firm currently under contract, the Board Members, Department Staff and Consultant will accept no entertainment or gifts from that firm until the contract has been renewed or terminated by the Board. Firms who currently have contracts with the Los Angeles Fire & Police Pension System are allowed to continue contact related to the existing contract with

Staff and the Consultant.

Firms that are invited to interview with the Board, at the time of the interview, will be required to submit a Contact Statement. This Contact Statement shall list all contacts with Board members and Consultants during the three month period prior to the interview or during the search period, whichever is longer.¹

The City's Governmental Ethics Ordinance (Los Angeles Municipal Code Section 49.5.11.A7) (Commissioner Participation in Contracting Process Contracts Generally) states:

~~A. "A. Except as provided below at a public meeting, a no-member of a Board or Commission shall not participate in or otherwise be involved in the development, review, evaluation, or negotiation of or the and recommendation process for bids, proposals, or any other submittals or requests for the award or termination of a contract, contract amendment, or change order involving that bBoard, cCommission, Office or Department or agency.~~

~~B. This Section does not preclude a Board or Commission, acting as a body, from reviewing staff recommendations when considering award of a contract, contract amendment or change order; providing direction to the general manager on contract requirements and negotiations; or considering proposals or other requests submitted for the award of a contract, contract amendment or change order. Nor does this SectionThis does not preclude the efforts of individual members in from reviewing documents and other information provided by or available from agency staff when preparing for the a public meetings of the full Board or Commission or committee at which the matter will be considered."~~

Comment [shc10]: These changes reflect California Code of Regulations and Los Angeles Municipal Code Sections' changes.

Any violation of this policy shall result in automatic disqualification of the bidding firm.

Adopted: 02/07/02; Revised: 01/04/07; 09/03/09; ~~and~~ 03/03/11; and / /

See also Investments Policy.

HISTORY

1.16 Adopted 07/12/07; Revised: 08/02/07; 08/16/07; 09/03/09; 03/03/11; ~~and~~ 09/18/14-

REVIEW

~~1.17 4.17~~ The Market Cessationis policy shall be reviewed by the Board annually in July, beginning July 2008.

Comment [shc11]: Added name of policy for clarity.

1.18 CONTRACTOR DISCLOSURE POLICY

¹See section 1.18.G.2.e of the Ethics Policy, also referred to as the Contractor Disclosure Policy.

A. PURPOSE

It is the policy of LAFPP for Contractors to disclose conflicts of interest - actual, potential and perceived.

The goal of this Policy is to prevent impropriety or the appearance of impropriety, to provide transparency and confidence in LAFPP's decision-making process, and to help ensure that investment and procurement decisions are made solely on the merits of the goods or services proposed to be provided by Contractors to LAFPP.

This Policy sets forth the circumstances under which LAFPP requires the full and timely disclosure of ex parte communications with, 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 contractors with whom LAFPP conducts business.

This Policy shall apply in addition to, and is intended to supplement, any applicable state and city ethics, campaign finance, and lobbying laws found in the City's Charter, Governmental Ethics, Lobbying and Campaign Finance Ordinances, the California Political Reform Act, and the California Constitution. Unless otherwise specified or required by the context, all terms used but not defined herein shall have the same meanings ascribed to them in **Appendix A**.

The Board recognizes that the flow of communication through staff between contractors or consultants and Board members is beneficial to the conduct of system business. However, there are instances wherein contractors or consultants may have ex parte communications directly with Board members. In those instances where the contact reasonably might give the appearance of being an attempt to influence the outcome of a Board or staff decision or consultant recommendation, the Board recognizes that there might be the potential for misunderstanding, misinformation, or conflicting instructions, and therefore reasonably could be interpreted as inappropriately affecting the Board, staff, or consultant. Such communications do not always rise to the level of "undue influence" as defined in this policy, but nevertheless are subject to disclosure.

B. APPLICATION AND EXCLUSIONS

1. APPLICATION

This Policy applies to LAFPP's application, selection, and monitoring processes regarding Contractors. It is applicable to all Contractors who participate in the selection process for the award of an LAFPP contract. This policy also applies to all agreements with Contractors that are entered into after the date this Policy is adopted. Additionally, this Policy applies to existing agreements with Contractors 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 Contractor to the extent that LAFPP's consent is required.

2. EXCLUSIONS

The following contracts are excluded from this Policy:

- 1) Contracts in the amount of \$20,000 or less and for not more than a one-

year period for which the General Manager has authority to approve service agreements, pursuant to Administrative Code section 10.1.1 and as authorized by the Board pursuant to Board Policy ~~9.16.(b)~~ 9.17.B.

- 2) Low cost equipment maintenance agreements and service for equipment repair. "Low cost" is defined as "\$2,000 or less."
- 3) Contracts for which contract terms are less than 3 months in duration.
- 4) City or state contracts/agreements for which LAFPP utilizes the existing City or state contract or agreement.
- 5) Contracts with unions and associations providing approved health plans subsidized by LAFPP.

Comment [812]: Updated to reflect correct Board Policy.

C. CAMPAIGN CONTRIBUTION - PERIODIC DISCLOSURE

Except as otherwise provided in this section 1.18.C, every Contractor shall disclose monetary contributions and/or other financial benefits made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, members of the investment committee, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official or Applicable City Employee (collectively, "Contractor Campaign Contribution Disclosure"). Such Contractor Campaign Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, including general partners, disclosure information for the prior twenty-four month period shall be provided at the time the Board considers a new or additional investment in a private equity fund. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

Comment [813]: This change is made to be consistent with Section D below and consistent with current practice.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose monetary contributions and/or financial benefits, as described in this section, annually, no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

For each such monetary contribution or financial benefit, the Contractor Campaign Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name and title of each person receiving the contribution and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

Exemption: Monetary contributions and/or financial benefits given by any person to an Elected Official or Candidate for whom such person was entitled to vote at the time of the contributions

and which in the aggregate do not exceed \$100 to any one Elected Official or Candidate per election are not required to be reported pursuant to this Section 1.18.C.

D. OTHER CONTRIBUTIONS/PAYMENTS - PERIODIC DISCLOSURE

Every Contractor shall disclose any and all monetary contributions and/or other financial benefits, including but not limited to contributions to charitable organizations, not covered by other sections of this Policy. The contributions/benefits to be disclosed can be made directly or indirectly by such Contractor and/or any of its Officers, marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP.

Disclosure shall include monetary contributions and/or other financial benefits which were solicited directly or indirectly by any Elected Official, Candidate, Appointed Official, or Applicable City Employee. Disclosure shall also include situations where contributions/benefits were made to an organization of which any Elected Official, Candidate, Appointed Official or Applicable City Employee is, to the best knowledge of the person paying the monetary contribution or financial benefit, an officer, employee, or member of the board of directors, advisory board, or any similar board or committee (collectively, "Contractor Miscellaneous Contribution Disclosures").

Such Contractor Miscellaneous Contribution Disclosures shall include contributions made during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of or amendment to an existing agreement, or an increase in funding of an existing investment commitment. For private equity partnerships, including general partners, disclosure information for the prior twenty-four month period shall be provided at the time the Board considers a new or additional investment in a private equity fund. Except for private equity partnerships, including their general partners, Contractors shall also disclose any monetary contributions and/or financial benefits paid during the term of the agreement or investment on a quarterly basis.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose monetary contributions and/or financial benefits, as described in this section, annually, no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

For each such monetary contribution and/or financial benefit, the Contractor Miscellaneous Contribution Disclosure shall include the following information:

- (1) The name and address of the contributor and the connection to the Contractor;
- (2) The name of the organization and the name and title of each person receiving the contribution, and the name of the Elected Official, Candidate, or Appointed Official or person for whose benefit the contribution was made;
- (3) The amount of the monetary contribution or financial benefit; and
- (4) The date of the monetary contribution or financial benefit.

E. APPLICABILITY OF SECTIONS C AND D

Disclosures required by Sections C and D of this Policy include, but are not limited to, any monetary contribution or financial benefit to any of the following:

1. Any Elected Official (and any of his or her controlled committees), Candidate (and any of his or her controlled committees), Appointed Official or Applicable City Employee.
2. Any account or trust set up through motion of the Los Angeles City Council that would seek funds controlled by an Elected Official or Candidate.
3. Any third party at the behest of an Elected Official, Candidate, or Appointed Official or for the purpose of supporting or opposing an Elected Official or Candidate or City ballot measure.
4. Any Elected Official, Candidate, Appointed Official or Applicable City Employee for the sale of private property.
5. Any charitable or other organization or individual at the behest of an Elected Official, Candidate, Appointed Official or Applicable City Employee.

F. GIFTS - PERIODIC DISCLOSURE**1. GIFTS MADE BY CONTRACTORS**

Every Contractor shall disclose all Gifts made directly or indirectly by such Contractor and/or any of its Officers (and the Family Members of any of them), or made directly or indirectly by marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with the product or service provided, or sought to be provided, to LAFPP, to any Elected Official, Candidate, Appointed Official, or Applicable City Employee, or to LAFPP's private equity consultant, general investment consultant, or real estate consultant.

For each such Gift, the Contractor shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift.

Such disclosures shall include Gifts made during the term of the agreement or investment (as applicable) and during the twenty-four month period prior to Board approval of a new agreement or investment, or extension of and/or amendment to an existing contract, or an increase in funding of an existing investment commitment. Disclosures shall be made quarterly for all Contractors except for private equity partnerships and their general partners, which shall be required to make such disclosures annually, no later than 21 business days after December 31st each year.

Non-investment and non-legal contractors paid \$20,000 or less each fiscal year by LAFPP shall disclose gifts, as described in this section, annually, no later than 21 business days after June 30th each year. LAFPP internal audit staff will review fiscal year expenditures to identify which non-investment or non-legal contractor shall report on an annual basis. Should fiscal year expenditures result in a change to the reporting frequency of a non-investment or non-legal contractor, LAFPP internal audit staff will notify the firm accordingly.

2. GIFTS RECEIVED BY CONSULTANTS

LAFPP's private equity consultant, general investment consultant, and real estate consultant shall disclose all gifts received directly or indirectly from Contractors and/or any of their Officers (and the Family Members of any of them), or directly or indirectly from their marketing representatives, relationship representatives, portfolio managers, investment committee members, and/or Intermediaries (and, in the case of individuals, the Family Members of any of them) that are involved with any product or service provided, or sought to be provided, to LAFPP.

For each such Gift, the Consultant shall disclose:

- (1) The name and address of each person providing the Gift and each such person's connection to the Contractor;
- (2) The name and title of each person receiving the Gift;
- (3) The value of the Gift;
- (4) A description of the Gift; and
- (5) The date of the presentation of the Gift

Such disclosures shall include Gifts received during the term of the Consultant's service agreement with LAFPP, and shall be made quarterly by the private equity consultant; and annually by the general investment consultant and real estate consultant with regard to all Contractors, and otherwise as required by LAFPP in relation to any particular contracting process.

G. RESPONSIBILITIES

1. Each Contractor is responsible for:
 - a. Providing to Staff, as part of the Contractor Disclosure, the following information for existing agreements and prior to hiring for new agreements:
 - (1) A statement whether the Contractor, or any of its marketing or relationship representatives, portfolio managers, or members of the investment committee (or any Family Members of any of them) that are involved with the product or service provided to LAFPP, or any of its Officers (or Family Members of any of them), within the twenty-four month period prior to either (a) Board approval of a new agreement or investment, or (b) extension of or amendment to an existing agreement, 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 Contractor) or entity to act as an Intermediary in connection with any investment or procurement by LAFPP.

- (2) Notice to LAFPP that if any person working on behalf of the Contractor with, or assigned on behalf of the Contractor to, an LAFPP contract is a current or former LAFPP Board member, employee or consultant or a Family Member of any such person.
- (3) A description of all compensation provided or agreed to be provided directly or indirectly by the Contractor to any Intermediary or to any employee of the Contractor who was hired specifically 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.
- (4) For investment and consulting contracts, a List of Contacts made by the Contractor with Appointed or Elected Officials within either 1) the three month period prior to the interview regarding a new agreement or investment; or, 2) the search period; whichever is longer. The List of Contacts shall include the date and names of the contact(s) and the nature of the contact.
- (5) For investment and consulting contracts and except for private equity partnerships including their general partners, Contractors shall also disclose any contacts with Appointed or Elected Officials **during the term of the agreement, contract, or investment on a quarterly basis.**
- (6) With regard to each Intermediary identified pursuant to Section 1.18.G.1.a.(3) above, each Contractor shall provide:
 - (i) A description of the services to be performed by the Intermediary and a statement as to whether the Intermediary is utilized by the Contractor with all prospective clients or only with a subset of the Contractor's prospective clients (and if a subset, describe the subset), and a resume of each officer, partner, and principal of the Intermediary detailing the person's education, professional designation, regulatory licenses, and investment work experience. Work experience need not be provided in connection with agreements unrelated to investments.
 - (ii) With regard to procurement of business from LAFPP, a copy of all written agreements between the Contractor and the Intermediary and a description of any agreement that is not in writing.

- (iii) A list of contacts made by the Intermediary, on behalf of the Contractor, with Appointed Officials, Elected Officials, or staff within the 24 months period prior to Board approval of a new agreement or investment. The list shall include the date and names of the contact(s) and intermediary(s).
 - (iv) The names of all persons who suggested the retention of the Intermediary and a description of how the Intermediary was selected.
 - (v) 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.
 - (vi) 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.
- b. Providing a representation and warranty signed by the Contractor'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.
 - c. 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 Section
360 East Second St., Suite 400
Los Angeles, CA 90012
Office: 213-978-4432 Fax: 213-978-4463
Email address: audit@lafpp.com

The Contractor Disclosure of all contacts, monetary contributions, other financial benefits and/or Gifts, as required pursuant to Sections 1.18.C through 1.18.G hereof is due 21 business days after the end of the quarter or year as applicable.

- 2. LAFPP Staff are responsible for all of the following:
 - a. Section managers are responsible for providing Contractors 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.

- b. Section managers are responsible for 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 Contractor or the decision to make any investment or procurement.
 - c. For new agreements and/or amendments to agreements existing as of the date of the Policy, Section managers are responsible for confirming that the final written agreement between LAFPP and the Contractor provides that the Contractor shall be solely responsible for, and LAFPP shall not pay (directly or indirectly), any fees, compensation or expenses for any Intermediary used by the Contractor.
 - d. Section managers are responsible for excluding any Contractor or Intermediary from the solicitation of new investments or business from LAFPP for a time period determined by the Board up to a maximum of 5 years 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. Refer to Penalties in Section H.
 - e. ~~LAFPP internal audit staff~~ Staff of the section responsible for the administration of the contract will provide the Board, including the relevant Committee, with a copy of the Contractor Disclosure information prior to the Board making or approving any decision to invest or procure with a Contractor.
 - f. 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 Contractor; the campaign contributions and gifts of each Contractor as reported in the Contractor Disclosures; the List of Contacts; and the List of Exclusions.
 - g. 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.
3. Contractors 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.

Comment [814]: Change is in consideration of Section 2.f. below and reflects current practice to ensure reporting consistency.

H. PENALTIES

For new agreements and/or amendments to agreements existing as of the date of this Policy, the Contractor, in the final written agreement with LAFPP, will agree to provide LAFPP with any or all of 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:

1. Whichever is greater, the reimbursement of any contractor, management or advisory fees paid by LAFPP for one year or an amount equal to the amounts that the Contractor has paid or promised to pay to the Intermediary in respect of LAFPP.
2. LAFPP shall have the authority to terminate immediately the separate account investment management agreement, without penalty. For non-investment agreements, LAFPP shall have the authority to terminate the agreement, without penalty.
3. In addition, the Board of Commissioners may take action to ban the Contractor from future contracting opportunities with LAFPP.

In addition, the Contractor will be ineligible for, and will not solicit, future agreements with LAFPP for five years after Board determination of the violation. However, the prohibition may be reduced by a majority vote of the Board at a public session upon showing of good cause.

Also, any Intermediary who the Board determines has materially violated this Policy shall be ineligible for, and shall not solicit, future contracts with LAFPP for five years after such Board determination. However, this penalty may be reduced by a majority vote of the Board at a public session upon showing of good cause.

I. NO RIGHT OF CONFIDENTIALITY

All Contractor Disclosures and attachments thereto shall be public records subject to disclosure under the California Public Records act and the Ralph M. Brown Act. No confidentiality restrictions shall be placed on any Contractor Disclosures or any information provided by Contractors pursuant to this Policy.

[See APPENDIX A – CONTRACTOR DISCLOSURE POLICY DEFINITIONS](#)

1.19 HISTORY

Adopted: 07/23/09; Revised: 02/04/10, 03/03/11, ~~and 04/05/12~~, and / /.

1.20 REVIEW

This entire policy shall be reviewed every 3 years starting February 2013, with the exception of Section 1.15 – Market Cessation which shall be reviewed annually.

[See APPENDIX A – DEFINITIONS](#)

Comment [815]: Additional language is added for consistency with Section 1.18.G.2.d and after consultation with the City Attorney.

Comment [shc16]: Clarifying review period

APPENDIX A – CONTRACT DISCLOSURE POLICY DEFINITIONS

Definitions are based on current laws. To the extent that Board policies are not updated subsequent to changes in law, the Board of Commissioners is responsible to comply with current laws and changes thereto.

Comment [817]: Pursuant to the 3-16-15 meeting with the City Attorney, add language to reflect Board Commissioner responsibilities to comply with current laws.

Applicable City Employee

(1) An LAFPP employee or (2) a lawyer in the Retirement Benefits Division or Outside Counsel Oversight Division of the Los Angeles City Attorney's Office or who is in the direct supervisory chain of command over the lawyers in those divisions

Appointed Official

An appointed LAFPP Board Member (including a person who has been appointed, pending confirmation)

Candidate

A person who has filed to run for an Elected Office

City

The City of Los Angeles

Contractor

A person who, or entity that, seeks to be and/or is hired to provide goods and/or services to LAFPP. The individuals with reporting responsibility are those at a firm that would have any contact with or responsibility for an LAFPP investment or agreement.

Contractor Disclosure

Collectively, the information required from Contractors as described in Sections 1.18.C through 1.18.G of this Policy.

Elected Official or Office

Mayor of the City of Los Angeles
Members of the Los Angeles City Council
Los Angeles City Attorney
Los Angeles City Controller
Elected LAFPP Board Member

Family Member

The spouse or domestic partner, of a Contractor or Intermediary.

Gift

Pursuant to Los Angeles Municipal Code Sections 49.5.2 and 49.5.10 49.5.8 et seq., that references the Political Reform Act and California Constitution, and Section 82028 of the Political Reform Act 2015, a "Gift", means, except as otherwise provided in this definition, any payment ~~to the extent that~~ confers a personal benefit on the recipient, 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:

Comment [818]: Changes reflect Los Angeles Municipal Code and Political Reform Act 2015 Section changes.

(1) Informational material such as books, reports, pamphlets, calendars, ~~or 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 ~~for~~ any expenses shall be deemed "informational material."

(2) Gifts which are not used and which, within 30 days after receipt, are either returned to the donor or delivered to a ~~charitable organization nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code~~ 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.~~

Comment [819]: All changes regarding the definition of gifts are made pursuant to The Political Reform Act 2015 and California Constitution Section 82028.

Intermediary

A person or entity (1) who is hired, engaged or retained by or acting on behalf of a Contractor 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, and (2) who engages in, either personally or through an agent, any written or oral direct communication with any LAFPP representative in furtherance of obtaining an investment or a contract with LAFPP. This definition also includes agents of Intermediaries commonly referred to as sub-agents.

LAFPP

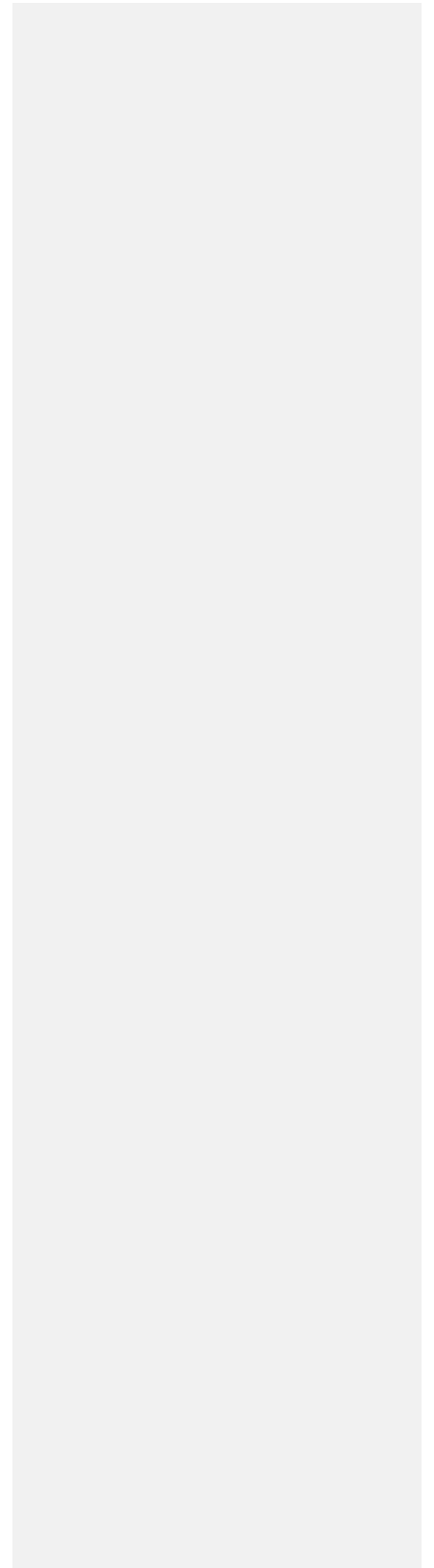
The Los Angeles Fire and Police Pension System.

Officers

The Chief Executive Officer, Chief Operating Officer, Chief Financial Officer or functional equivalent in the Contractor's firm.

Undue influence

The employment of any improper or wrongful pressure, scheme, or threat by which one's will is overcome and he or she is induced to do or not to do an act which he or she would not do, or would do, if left to do freely.





DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE GOVERNANCE COMMITTEE

DATE: MAY 21, 2015

ITEM: 3

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: REVIEW OF BOARD GOVERNANCE POLICIES, SECTION 2.0 AND POSSIBLE COMMITTEE ACTION

RECOMMENDATION

That the Governance Committee recommend that the Board amend Board Governance Policies, Section 2.0 – Governance Principles to reflect recent changes.

BACKGROUND

This fiscal year, the Board and staff collectively reviewed all elements of the LAFPP Strategic Plan. Through these efforts, the Board established a LAFPP Vision Statement on September 18, 2014 and updated the existing Mission Statement on December 14, 2014. The Board also established Values, Goals, Objectives and Strategic Initiatives. These elements were then incorporated into the 2015-18 Three-Year Strategic Plan, which will be used to develop, monitor and implement projects through the annual Business Plan. As such, the annual Business Plan will methodically allocate resources to specific projects in order to achieve the Board's long-term goals as set forth in the Strategic Plan.

DISCUSSION

To incorporate the new Vision and revised Mission, staff recommends amending Governance Policy Section 2.0 as follows:

Board Governance Policies, Section 2.0 – Governance Principles

- Section 2.9 – Amend language to add the Vision Statement and update the Mission Statement.
- Add new 'History' and 'Review Period' sections consistent with other Governance Policies.

BUDGET

There is no budgetary impact.

POLICY

City Attorney review was not required for these policy changes.

This report was prepared by:

Stephanie H. Clements
Chief Management Analyst
Administrative Operations Division

RPC:WSR:SHC:MS:DP

Attachment I – Proposed Changes to Board Governance Policies, Section 2.0 – Governance Principles (with tracked changes).

Attachment II – Proposed Changes to Board Governance Policies, Section 2.0 – Governance Principles (final version).

Los Angeles Fire & Police Pension System

2.0 - GOVERNANCE PRINCIPLES

- 2.1 In governing the System, the Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty and care. Consistent with their fiduciary duties, Board members must strive to meet the highest standards of ethical conduct.
- 2.2 The Board has ultimate responsibility for the prudent and effective administration of the System; its authority is vested in the entire Board rather than in individual board members or committees.
- 2.3 All decisions of the Board should be well supported, and documented as appropriate. Furthermore, they should be arrived at through sound, clear processes.
- 2.4 The Board is most effective when it focuses on setting policy and providing oversight, rather than on operational details, which are better carried out by staff.
- 2.5 The Board is committed to continually ensuring clear and distinct roles for the Board and staff, as this is necessary for effective decision-making and oversight.
- 2.6 Effective, ongoing Board education and orientation is crucial to the Board's success and requires a strong commitment by *both* the Board and individual Board members.
- 2.7 Accountability must be accompanied by the requisite authority and resources.
- 2.8 The Board is responsible for administering the System for three fundamental purposes:
 - A. To provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
 - B. To minimize City contributions; and
 - C. To defray the reasonable expenses of administering the System.The duty to system participants and their beneficiaries shall take precedence over any other duty. [Section 1106(a)]
- 2.9 [Our Vision is to be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.](#)

Our Mission is to advance the health and retirement security of those who dedicate their careers [and risk their lives](#) to ~~serve and~~ protect the people of Los Angeles.
- 2.10 Effective monitoring by the Board requires a sharp focus on determining whether decisions have resulted in the creation of value for members and the City of Los Angeles.

2.11 All staff of the System is accountable to the General Manager who is, in turn, accountable to the Board.

HISTORY

Comment [shc1]: Added History Section to mirror other Governance Policies

2.12 These principles were adopted by the Board on June 8, 2006; Amended on 03/19/09 and / / .:

REVIEW

Comment [shc2]: Added a Review Section and review period to mirror other Governance Policies

2.13 The Board shall review these Duties and Responsibilities at least every three (3) years.

2.14 The Board shall next review these Governance Principles by xxxx 2018.

Los Angeles Fire & Police Pension System

2.0 - GOVERNANCE PRINCIPLES

- 2.1 In governing the System, the Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty and care. Consistent with their fiduciary duties, Board members must strive to meet the highest standards of ethical conduct.
- 2.2 The Board has ultimate responsibility for the prudent and effective administration of the System; its authority is vested in the entire Board rather than in individual board members or committees.
- 2.3 All decisions of the Board should be well supported, and documented as appropriate. Furthermore, they should be arrived at through sound, clear processes.
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 - A. To provide benefits to system participants and their beneficiaries and to assure prompt delivery of those benefits and related services;
 - B. To minimize City contributions; and
 - C. To defray the reasonable expenses of administering the System.

The duty to system participants and their beneficiaries shall take precedence over any other duty. [Section 1106(a)]
- 2.9 Our Vision is to be a leader and innovator in the public pension industry through an uncompromising dedication to excellence, customer service, transparency, and education.

Our Mission is to advance the health and retirement security of those who dedicate their careers and risk their lives to protect the people of Los Angeles.
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- 2.12 These principles were adopted by the Board on June 8, 2006; Amended on 03/19/09 and __/__/____.

REVIEW

- 2.13 The Board shall review these Duties and Responsibilities at least every three (3) years.
- 2.14 The Board shall next review these Governance Principles by _____ 2018.



DEPARTMENT OF FIRE AND POLICE PENSIONS

360 East Second Street, Suite 400
Los Angeles, CA 90012
(213) 978-4545

REPORT TO THE GOVERNANCE COMMITTEE

DATE: MAY 21, 2015 **ITEM:** 4

FROM: RAYMOND P. CIRANNA, GENERAL MANAGER

SUBJECT: REVIEW OF BOARD GOVERNANCE POLICY, SECTION 17.0, CITY ATTORNEY PERFORMANCE EVALUATION POLICY, AND SURVEY INSTRUMENT AND POSSIBLE COMMITTEE ACTION

RECOMMENDATION

That the Governance Committee recommend that the Board:

- 1) Amend the current Board Governance Policy, Section 17.0, City Attorney Performance Evaluation Policy, and survey instrument to adjust the rating scale and revise formatting; and,
- 2) Direct the General Manager to use the new survey instrument beginning with Fiscal Year (FY) 2014-15.

BACKGROUND

On April 7, 2011, the Board completed its first annual evaluation of the City Attorney for the period of March 18, 2010 to March 17, 2011. On September 19, 2013, the Board adopted the current City Attorney Performance Evaluation Policy and evaluation survey based on feedback and suggestions received from Board members and staff. The current policy includes changes to the evaluation period to coincide with the fiscal year, two separate and distinct evaluations tailored to two different groups served by the City Attorney (Board members and staff), the procedure by which the evaluation would be conducted, and the results provided to the City Attorney and the Board for meaningful feedback.

DISCUSSION

The Board has determined that annually evaluating the performance of the City Attorney is of value, and Section 17.0 of the Board Governance Policy (attached) sets forth the City Attorney Performance Evaluation Policy (Policy). Per Policy, the Governance Committee is responsible for coordinating the implementation of the Policy. The evaluation process includes:

- The Board agreeing on any changes to the survey instrument criteria to evaluate the City Attorney's performance for the following fiscal year;

- The General Manager distributing Evaluation Packages to the Board and key LAFPP staff in July of each year;
- The General Manager ensuring the results are tabulated and summarized, then sharing the results with the City Attorney to provide an opportunity to address the responses;
- The Board and General Manager reviewing in closed session both the survey results and a draft letter to the City Attorney front office summarizing the evaluation results; and,
- The Board authorizing the President and General Manager to discuss the evaluation results with the City Attorney in a confidential manner, and signing the letter to the City Attorney front office.

The current policy measures the performance of the City Attorney within the following five areas: 1) Clarity and Soundness of Legal Advice; 2) Effective Management of Litigation; 3) Timeliness of Legal Advice; 4) Communication; and, 5) Effective and Appropriate Use of Resources.

Staff recommends no changes to the City Attorney Evaluation Criteria and Process as we believe it measures the most critical qualities and skills of the City Attorney. However, staff is recommending some minimal changes to the Evaluation policy, surveys instrument rating scale and formatting as follows:

Board Governance Policy Section 17.0, City Attorney Performance Evaluation Policy and Survey Instrument – Recommended Changes

1. Section 17.5: Clarify that only key staff would evaluate the annual City Attorney performance.
2. Appendices 1 and 2: City Attorney Performance Evaluation – Board and Staff
 - a. Add a summary page to the Appendices to ensure the intent and evaluation process are contained within the Appendices;
 - b. Amend the survey instrument to expand the rating scale numbering from “1 – 4” to “1 – 5”. This would provide the Board and LAFPP staff to evaluate the City Attorney’s Office based on the following satisfaction ratings: *1 – Unacceptable; 2 – Needs Improvement; 3 – Meets Expectations; 4 – Exceeds Expectations; and, 5 – Outstanding*. This additional rating of “Outstanding” would conform to recent General Manager survey instrument changes approved by the Board, the City’s employee evaluation guidelines, and would allow for recognition of exemplary work during the evaluation period; and,
 - c. Replace the “Unable to Assess” and “Observations/Comments” columns with a “Specific Observations” narrative section for consistency with the General Manager survey instrument and to allow for Board members and staff to provide additional space for comments in the respective aspects of management. If Board or Staff are unable to assess certain performance elements, then they would note that in the “Specific Observations” section.

For the FY 2014-15 City Attorney Performance Evaluation, staff recommends utilizing the same process as last year. Staff also recommends that the suggested formatting changes listed above be implemented retroactively, starting with the FY 2014-15 Evaluation process. While the Policy stipulates that the criteria to evaluate the City Attorney are to be defined in advance, staff believes these changes are appropriate at this time as they are relatively minor and provide the Board and key LAFPP staff with a larger range to measure its satisfaction with the general management and leadership abilities of the City Attorney. The City Attorney concurs that the rating scale change improves the fairness of the process.

The FY 2014-15 Evaluation Package including the survey instrument will be distributed electronically to each Board member and key staff in July 2015. The Board and staff shall treat the evaluation package as confidential.

BUDGET

As proposed, there is no impact to the Budget.

POLICY

The City Attorney has reviewed and agrees with the changes to Governance Policy Section 17.0 City Attorney Performance Evaluation Policy.

This report was prepared by:

Lindi Willhite, Senior Personnel Analyst I
Administrative Services Section

RPC:WSR:SHC:LLW

Attachment I – Governance Policy Section 17.0 City Attorney Performance Evaluation Policy with tracked changes

Attachment II – Final Governance Policy Section 17.0 City Attorney Performance Evaluation Policy

Los Angeles Fire & Police Pension System

17.0 –CITY ATTORNEY PERFORMANCE EVALUATION POLICY

INTRODUCTION

- 17.1 As provided in the City Charter, the City Attorney shall be the legal advisor to the City, and to all City boards, departments, officers and entities. The City Attorney shall give advice or opinion in writing when requested to do so by any City officer or board. [Section 271 (b)]
- 17.2 The Retirement Benefits Division of the City Attorney's Office serves as the Board's legal advisor under Charter Section 271 (b). The Retirement Benefits Division is supervised by an Assistant City Attorney, who for the purpose of this policy, shall be referred to as 'the City Attorney.'
- 17.3 The Board has determined that annually evaluating the performance of the City Attorney is of value. Accordingly, the Board has established the City Attorney Performance Evaluation Policy, the objectives of which are to:
 - A. Assist the Board in establishing and communicating clear and meaningful expectations to the City Attorney; and
 - B. Ensure the City Attorney receives clear and meaningful feedback to continuously improve client service.

ROLES AND RESPONSIBILITIES

- 17.4 Evaluating the performance of the City Attorney is a responsibility of the Board and therefore should include the participation of all Board members.
- 17.5 Key Staff shall also evaluate the performance of the City Attorney and provide their feedback to the Board for consideration.
- 17.6 The Governance Committee will be responsible for coordinating the implementation of this policy.

EVALUATION CRITERIA

- 17.7 The Board will ensure that any criteria used to evaluate the City Attorney:
 - A. Are defined in advance;
 - B. Are objective in nature, and to the extent possible, measurable; and
 - C. Pertain only to outcomes over which the City Attorney has a reasonable degree of control.
- 17.8 At a minimum, evaluation criteria will include Board satisfaction with the timeliness, clarity and soundness of legal advice, communication, the effective management of litigation, and the effective and appropriate use of resources, as determined through the use of a City Attorney Performance Evaluation Survey. (Amended 09/19/13)

City Attorney Performance Evaluation Policy

- 17.9 Using a separate evaluation survey, key staff will express their satisfaction with the City Attorney's performance and provide a summary of those findings to the Board to include in any feedback provided to the City Attorney. (Amended 09/19/13)

EVALUATION PROCESS

- 17.10 In July of each year, the General Manager will distribute an Evaluation Package to each member of the Board and to key staff. The Evaluation Package will include:
- A. A copy of this policy;
 - B. The performance evaluation survey forms to be completed by members of the Board and key staff;
 - C. Any supporting information or data that the General Manager believes may assist the Board in carrying out the evaluation. (Amended 09/19/13)
- 17.11 The Board and staff shall treat the Evaluation Package as confidential. Completed survey forms will be returned to the General Manager within a pre-determined time period. The General Manager will ensure that all completed surveys are tabulated and summarized, segregating the results of the Board from that of staff.
- 17.12 The evaluation results will be shared with the City Attorney to provide an opportunity to address any disputed responses. The City Attorney responses will be included in the final report to the Board.
- 17.13 The Board will meet as required in closed session to review a staff report on the survey results, a draft letter to the City Attorney front office to highlight strengths and any expectations for the future, and any other information relevant to the City Attorney's performance evaluation. The City Attorney will not be present at the meeting, unless the Board requests the City Attorney to attend to participate in the discussion of the results.
- 17.14 The Board will authorize the President and General Manager to present the Board evaluation to the City Attorney, in a confidential manner following the meeting.
- 17.15 Upon completion of the Board's discussion, the President will sign a written summary evaluation, indicating the Board's general level of satisfaction with the City Attorney and any expectations for the future, to be submitted to the Office of the City Attorney. Written survey forms will be destroyed.

HISTORY

- 17.16 This policy is adopted on 05/06/10; Amended 05/19/11 and 09/19/2013. The first evaluation period shall be from March 18, 2010 through March 17, 2011, with subsequent periods corresponding to the City's fiscal year (July 1st – June 30th).

City Attorney Performance Evaluation Policy

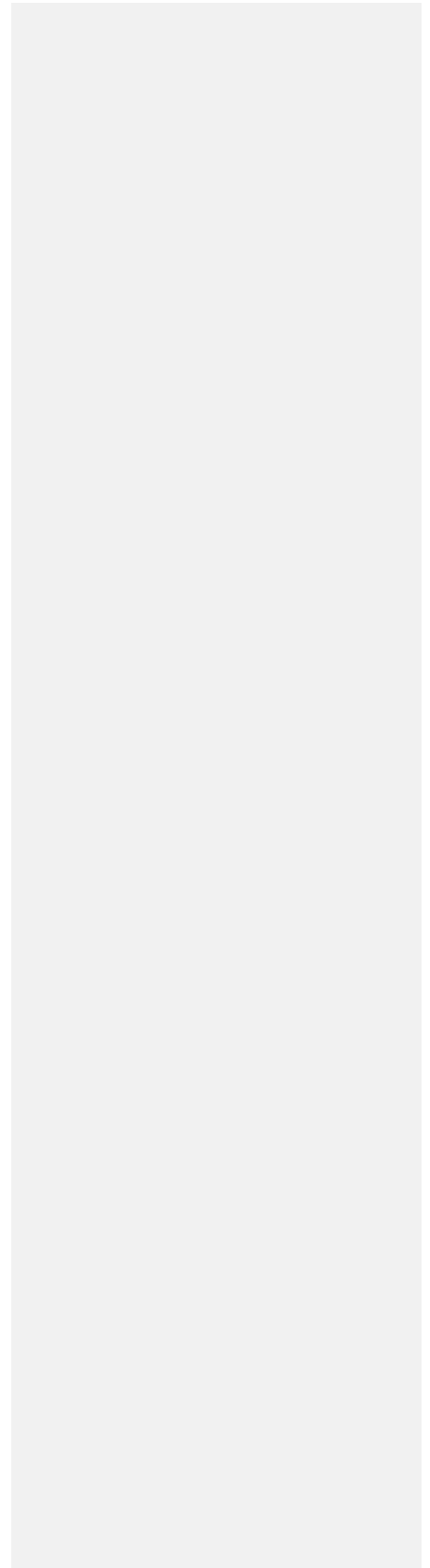
REVIEW

17.17 The Board shall review this policy at least every three (3) years to ensure that it remains relevant and appropriate.

17.18 The Board shall next review this policy by September 2016.

Attachment:

APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION– BOARD
APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF



City Attorney Performance Evaluation Policy

Los Angeles Fire & Police Pension System

Comment [21]: Addition of a summary page to the Appendices to ensure the intent and evaluation process are contained within the Appendices

Appendix 1 – City Attorney Performance Evaluation Survey Instrument

In accordance with the System's City Attorney Performance Evaluation Policy, the Board is required to evaluate the performance of the City Attorney. This evaluation form is designed to facilitate the gathering of input from Board members and key staff concerning advice, communication, management and related qualities and skills.

The results of this evaluation will be tabulated and summarized by a designee of the General Manager. A summary of the results will be presented to the Board, along with any other information and analysis necessary to complete the evaluation. Included with the summary will be the City Attorney response to the evaluation results.

Board members and key staff are asked to complete the respective questionnaire and submit it to [party] by [MONTH, DAY, YEAR].

INSTRUCTIONS

The Board members and key staff will use a scale of 1 - 5 to rate the City Attorney on his or her success with regard to each of the following criteria, (please circle the appropriate number), where:

- 1. = UNACCEPTABLE**
- 2. = NEEDS IMPROVEMENT**
- 3. = MEETS EXPECTATIONS**
- 4. = EXCEEDS EXPECTATIONS**
- 5. = OUTSTANDING**

In addition each of the raters should use the Specific Observations comment sections to elaborate and provide substantiation for the rating, or indicate if they are Unable to Assess any rating.

City Attorney Performance Evaluation Policy

APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION – BOARD

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| CLARITY AND SOUNDNESS OF LEGAL ADVICE | | | | | |
| 1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law. | 1 | 2 | 3 | 4 | 5 |
| 2. Identifies legal and fiduciary concerns and brings them to the Board's attention. | 1 | 2 | 3 | 4 | 5 |
| 3. Provides clear legal advice to the Board to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws. | 1 | 2 | 3 | 4 | 5 |
| 4. Effectively reviews the Board's requests for legal advice and opinions and informs the Board of consequences that might occur as a result of any action it may take. | 1 | 2 | 3 | 4 | 5 |
| 5. Is well prepared for Board meetings. | 1 | 2 | 3 | 4 | 5 |
| 6. Keeps the Board informed about relevant new developments in public pension law. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
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City Attorney Performance Evaluation Policy

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | <u>Outstanding</u> 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|-------------------------|
| EFFECTIVE MANAGEMENT OF LITIGATION | | | | | |
| 7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options. | 1 | 2 | 3 | 4 | <u>5</u> |
| 8. Obtains good results in litigation. | 1 | 2 | 3 | 4 | <u>5</u> |
| 9. Where appropriate, during and after a lawsuit, provides the Board effective recommendations to avoid future litigation. | 1 | 2 | 3 | 4 | <u>5</u> |
| 10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable the Board to make effective decisions. | 1 | 2 | 3 | 4 | <u>5</u> |
| <u>Specific Observations:</u> | | | | | |
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| TIMELINESS OF LEGAL ADVICE | | | | | |
| 11. Provides timely legal advice and reports to the Board to enable them to carry out their responsibilities. | 1 | 2 | 3 | 4 | <u>5</u> |
| 12. Is responsive in addressing the Board's requests for legal advice and opinions. | 1 | 2 | 3 | 4 | <u>5</u> |
| <u>Specific Observations:</u> | | | | | |
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City Attorney Performance Evaluation Policy

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| COMMUNICATION | | | | | |
| 13. Oral communication is organized, clear, concise, and articulate. | 1 | 2 | 3 | 4 | 5 |
| 14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of the Board's questions and concerns. | 1 | 2 | 3 | 4 | 5 |
| 15. Maintains open, responsive, and courteous communication with the Board and ensures confidentiality with all matters discussed. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
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| EFFECTIVE AND APPROPRATE USE OF RESOURCES | | | | | |
| 16. Appropriately recognizes its limitations and seeks the legal expertise of outside counsel in a timely manner. | 1 | 2 | 3 | 4 | 5 |
| 17. When outside counsel are assigned to a case, fully involve the Board in their selection (per Board Governance Policy 16.0) with merit and cost as exclusive criteria. | 1 | 2 | 3 | 4 | 5 |
| 18. Ensure internal and outside legal resources are available to assist the Board to carry out their responsibilities. | 1 | 2 | 3 | 4 | 5 |
| 19. _Manages risk effectively. | 1 | 2 | 3 | 4 | 5 |

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City Attorney Performance Evaluation Policy

APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| CLARITY AND SOUNDNESS OF LEGAL ADVICE | | | | | |
| 1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law. | 1 | 2 | 3 | 4 | 5 |
| 2. Identifies legal and fiduciary concerns and brings them to staff's attention. | 1 | 2 | 3 | 4 | 5 |
| 3. Provides clear legal advice to staff to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws. | 1 | 2 | 3 | 4 | 5 |
| 4. Effectively identifies legal issues and performs research, providing staff with a thorough and comprehensive analysis of each case. | 1 | 2 | 3 | 4 | 5 |
| 5. Effectively reviews, analyzes, and interprets documents and reports that are prepared by staff (e.g. contracts) and the City (e.g. ordinances, resolutions) and provides meaningful feedback. | 1 | 2 | 3 | 4 | 5 |
| 6. Keeps the staff informed about relevant new developments in public pension law. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
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Comment [23]: Deleted "Unable to Assess" and "Comments" columns. Added "Outstanding" column in place.

City Attorney Performance Evaluation Policy

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| EFFECTIVE MANAGEMENT OF LITIGATION | | | | | |
| 7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options. | 1 | 2 | 3 | 4 | 5 |
| 8. Obtains good results in litigation. | 1 | 2 | 3 | 4 | 5 |
| 9. Where appropriate, during and after a law suit, provides LAFPP staff effective recommendations to avoid future litigation. | 1 | 2 | 3 | 4 | 5 |
| 10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable staff to make effective recommendations to the Board. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |
| TIMELINESS OF LEGAL ADVICE | | | | | |
| 11. Provides timely legal advice to staff to enable them to carry out their responsibilities and meet established deadlines. | 1 | 2 | 3 | 4 | 5 |
| 12. Is responsive in addressing staff's requests for legal advice and opinions. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

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City Attorney Performance Evaluation Policy

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| COMMUNICATION | | | | | |
| 13. Oral communication is organized, clear, concise, and articulate. | 1 | 2 | 3 | 4 | 5 |
| 14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of staff's questions and concerns. | 1 | 2 | 3 | 4 | 5 |
| 15. Maintains open, responsive, and courteous communication with staff and ensures confidentiality with all matters discussed. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
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| EFFECTIVE AND APPROPRATE USE OF RESOURCES | | | | | |
| 16. Assigns experienced and capable counsel with a proven track record of good results to handle each case. | 1 | 2 | 3 | 4 | 5 |
| 17. When outside counsel are assigned to a case, fully involve LAFPP staff, as designated by the Board (per Board Governance Policy 16.0) in their selection with merit and cost as exclusive criteria. | 1 | 2 | 3 | 4 | 5 |
| 18. When outside counsel are assigned to a case, effectively monitors the quality of work performed, legal fees incurred, and ensures prompt payment for the services rendered. | 1 | 2 | 3 | 4 | 5 |
| 19. Ensures internal and outside legal resources are available to assist staff to carry out their responsibilities. | 1 | 2 | 3 | 4 | 5 |

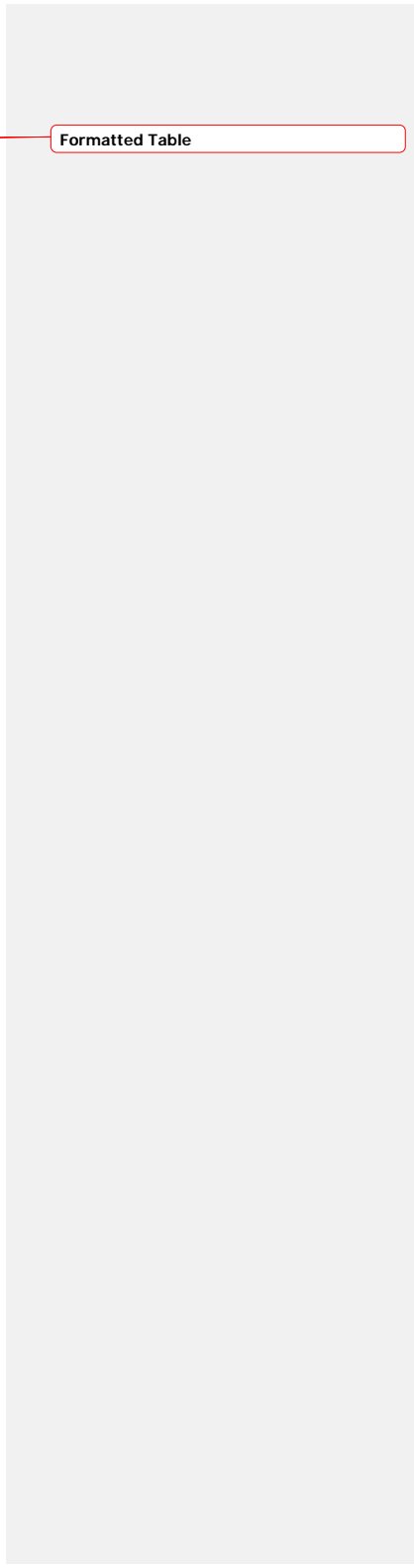
City Attorney Performance Evaluation Policy

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| 20. Manages the section's budget and expenditures effectively within budgetary goals and limits. | 1 | 2 | 3 | 4 | 5 |
| 21. Manages risk effectively. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
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Los Angeles Fire & Police Pension System

17.0 –CITY ATTORNEY PERFORMANCE EVALUATION POLICY

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ROLES AND RESPONSIBILITIES

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City Attorney Performance Evaluation Policy

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HISTORY

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City Attorney Performance Evaluation Policy

REVIEW

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17.18 The Board shall next review this policy by September 2016.

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APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION– BOARD
APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF

Los Angeles Fire & Police Pension System

Appendix 1 – City Attorney Performance Evaluation Survey Instrument

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Board members and key staff are asked to complete the respective questionnaire and submit it to [party] by [MONTH, DAY, YEAR].

INSTRUCTIONS

The Board members and key staff will use a scale of 1 - 5 to rate the City Attorney on his or her success with regard to each of the following criteria, (please circle the appropriate number), where:

- 1. = **UNACCEPTABLE**
- 2. = **NEEDS IMPROVEMENT**
- 3. = **MEETS EXPECTATIONS**
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In addition each of the raters should use the Specific Observations comment sections to elaborate and provide substantiation for the rating, or indicate if they are Unable to Assess any rating.

APPENDIX 1 – CITY ATTORNEY PERFORMANCE EVALUATION – BOARD

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| CLARITY AND SOUNDNESS OF LEGAL ADVICE | | | | | |
| 1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law. | 1 | 2 | 3 | 4 | 5 |
| 2. Identifies legal and fiduciary concerns and brings them to the Board's attention. | 1 | 2 | 3 | 4 | 5 |
| 3. Provides clear legal advice to the Board to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws. | 1 | 2 | 3 | 4 | 5 |
| 4. Effectively reviews the Board's requests for legal advice and opinions and informs the Board of consequences that might occur as a result of any action it may take. | 1 | 2 | 3 | 4 | 5 |
| 5. Is well prepared for Board meetings. | 1 | 2 | 3 | 4 | 5 |
| 6. Keeps the Board informed about relevant new developments in public pension law. | 1 | 2 | 3 | 4 | 5 |
| <p>Specific Observations:</p> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| EFFECTIVE MANAGEMENT OF LITIGATION | | | | | |
| 7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options. | 1 | 2 | 3 | 4 | 5 |
| 8. Obtains good results in litigation. | 1 | 2 | 3 | 4 | 5 |
| 9. Where appropriate, during and after a lawsuit, provides the Board effective recommendations to avoid future litigation. | 1 | 2 | 3 | 4 | 5 |
| 10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable the Board to make effective decisions. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |
| TIMELINESS OF LEGAL ADVICE | | | | | |
| 11. Provides timely legal advice and reports to the Board to enable them to carry out their responsibilities. | 1 | 2 | 3 | 4 | 5 |
| 12. Is responsive in addressing the Board's requests for legal advice and opinions. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|------------------------|-------------------------|---------------------------|------------------|
| COMMUNICATION | | | | | |
| 13. Oral communication is organized, clear, concise, and articulate. | 1 | 2 | 3 | 4 | 5 |
| 14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of the Board's questions and concerns. | 1 | 2 | 3 | 4 | 5 |
| 15. Maintains open, responsive, and courteous communication with the Board and ensures confidentiality with all matters discussed. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: | | | | | |
| _____ | | | | | |
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| _____ | | | | | |
| EFFECTIVE AND APPROPRATE USE OF RESOURCES | | | | | |
| 16. Appropriately recognizes its limitations and seeks the legal expertise of outside counsel in a timely manner. | 1 | 2 | 3 | 4 | 5 |
| 17. When outside counsel are assigned to a case, fully involve the Board in their selection (per Board Governance Policy 16.0) with merit and cost as exclusive criteria. | 1 | 2 | 3 | 4 | 5 |
| 18. Ensure internal and outside legal resources are available to assist the Board to carry out their responsibilities. | 1 | 2 | 3 | 4 | 5 |
| 19. Manages risk effectively. | 1 | 2 | 3 | 4 | 5 |

Completed by: _____ Date: _____

APPENDIX 2 – CITY ATTORNEY PERFORMANCE EVALUATION – STAFF

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| CLARITY AND SOUNDNESS OF LEGAL ADVICE | | | | | |
| 1. Approaches duties and responsibilities in a professional manner and demonstrates up to date knowledge and competencies in public pension law. | 1 | 2 | 3 | 4 | 5 |
| 2. Identifies legal and fiduciary concerns and brings them to staff’s attention. | 1 | 2 | 3 | 4 | 5 |
| 3. Provides clear legal advice to staff to enable them to carry out their responsibilities and ensure it is in compliance with pertinent laws. | 1 | 2 | 3 | 4 | 5 |
| 4. Effectively identifies legal issues and performs research, providing staff with a thorough and comprehensive analysis of each case. | 1 | 2 | 3 | 4 | 5 |
| 5. Effectively reviews, analyzes, and interprets documents and reports that are prepared by staff (e.g. contracts) and the City (e.g. ordinances, resolutions) and provides meaningful feedback. | 1 | 2 | 3 | 4 | 5 |
| 6. Keeps the staff informed about relevant new developments in public pension law. | 1 | 2 | 3 | 4 | 5 |
| <p>Specific Observations:</p> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| EFFECTIVE MANAGEMENT OF LITIGATION | | | | | |
| 7. Manages litigation effectively by conducting a comprehensive review of lawsuits early on, providing the Board an effective analysis of the case strength, strategies, options, exposure and settlement options. | 1 | 2 | 3 | 4 | 5 |
| 8. Obtains good results in litigation. | 1 | 2 | 3 | 4 | 5 |
| 9. Where appropriate, during and after a law suit, provides LAFPP staff effective recommendations to avoid future litigation. | 1 | 2 | 3 | 4 | 5 |
| 10. Provides timely reports with sufficient detail about what is taking place in a lawsuit to enable staff to make effective recommendations to the Board. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |
| TIMELINESS OF LEGAL ADVICE | | | | | |
| 11. Provides timely legal advice to staff to enable them to carry out their responsibilities and meet established deadlines. | 1 | 2 | 3 | 4 | 5 |
| 12. Is responsive in addressing staff's requests for legal advice and opinions. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|---|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| COMMUNICATION | | | | | |
| 13. Oral communication is organized, clear, concise, and articulate. | 1 | 2 | 3 | 4 | 5 |
| 14. Legal advice and other written documents are organized, clear, concise, understandable, and sufficiently address all of staff's questions and concerns. | 1 | 2 | 3 | 4 | 5 |
| 15. Maintains open, responsive, and courteous communication with staff and ensures confidentiality with all matters discussed. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |
| EFFECTIVE AND APPROPRATE USE OF RESOURCES | | | | | |
| 16. Assigns experienced and capable counsel with a proven track record of good results to handle each case. | 1 | 2 | 3 | 4 | 5 |
| 17. When outside counsel are assigned to a case, fully involve LAFPP staff, as designated by the Board (per Board Governance Policy 16.0) in their selection with merit and cost as exclusive criteria. | 1 | 2 | 3 | 4 | 5 |
| 18. When outside counsel are assigned to a case, effectively monitors the quality of work performed, legal fees incurred, and ensures prompt payment for the services rendered. | 1 | 2 | 3 | 4 | 5 |
| 19. Ensures internal and outside legal resources are available to assist staff to carry out their responsibilities. | 1 | 2 | 3 | 4 | 5 |

| CITY ATTORNEY EVALUATION | Unacceptable 1 | Needs Improvement 2 | Meets Expectations 3 | Exceeds Expectations 4 | Outstanding 5 |
|--|-------------------|---------------------------|----------------------------|------------------------------|------------------|
| 20. Manages the section’s budget and expenditures effectively within budgetary goals and limits. | 1 | 2 | 3 | 4 | 5 |
| 21. Manages risk effectively. | 1 | 2 | 3 | 4 | 5 |
| Specific Observations: <hr/> <hr/> <hr/> <hr/> <hr/> | | | | | |

Completed by: _____ Date: _____