




RETIREMENT BOARD POLICY AND REFERENCE MANUAL

SUBJECT: CODE OF ETHICS POLICY	Section: 2-11 Date Adopted/Revised: 2/8/2012
SYSTEM(S): JOINT	Approved:  Retirement Administrator

PURPOSE

In order to foster confidence in the integrity of the Retirement Boards ("Boards") as they carry out their fiduciary duties on behalf of plan participants and beneficiaries, the Boards hereby establish this Code of Ethics for Board members, Retirement Office staff and consultants.

POLICY

The standards set out here are:

1. To affirm that the interests of plan participants and beneficiaries are paramount;
2. To demonstrate that the Boards, in the exercise of the public trust, act independently and impartially in their exercise of judgment and in taking action on issues which come before the Boards;
3. To maintain the confidentiality of matters considered in closed sessions (except when the disclosure of those decisions is required by law); and
4. To provide for Board meetings free from overt demonstration of personal animosity or hostility toward any meeting participant.

This Code of Ethics is in addition to and does not supersede any existing rules, regulations or policies of the Boards which might govern the matters set out in this Code of Ethics.

I. DUTY AND CARE

As agents of the public and fiduciaries of a public trust, Board members, Retirement Office staff members and consultants are expected to discharge faithfully the duties of their offices. As required by the California Constitution, each member of the Boards shall discharge his or her duties solely in the interest of, and for the exclusive purposes of administering benefits to participants and their beneficiaries.

Each member of the Boards shall exercise his or her duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aim.

Each member of the Boards shall diligently attend to the business of the Board on which he or she serves, and shall not leave to the other members of the Board control over the administration of the affairs of such Board.

Prescribed Conduct

1. Board members shall observe a "quiet time" once a Request for Proposal ("RFP") has been issued as part of the process in retaining a portfolio management firm, service provider or consultant. During this "quiet time" no meals, travel, hotel or other type of gift will be accepted by the Board Members, its Board officers or employees, from a portfolio manager, service provider or consultant under consideration of retention.
2. Board members and Board staff shall avoid activities which create contractual (GOV'T CODE §1090), non-contractual (GOV'T CODE §81,000. et seq.) ("Fair Political Practices Act") or common law conflicts of interest or activities which may impair the ability to exercise independent judgment in the discharge of official duties.
3. Board members and Retirement Office staff members shall not accept gifts, favors or promises of future benefits which might compromise or impair the exercise of independent judgment in the sole interest of plan participants and beneficiaries.

4. Board members shall disclose on the record the receipt of gifts of \$50.00 or more from any persons, firm or entity conducting business or seeking to conduct business with the Boards or otherwise seeking to receive something of value from the Board staff (e.g. a contract, an employment offer or a favorable benefits recommendation or decision).

II. CONFLICTS OF INTEREST

Each Board member should conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that any one of them can be improperly influenced in the performance of his or her public duty. All Board members and all other persons required to do so by law shall timely comply with all economic disclosure reporting requirements.

A. Conflict or Appearance of Conflict

If a situation arises where a potential or possibility of a conflict may be present, a Board member should:

1. Discuss the matter with and obtain the opinion of the Board's legal counsel.
2. Disclose on the record, before a matter is considered, any potential conflicts or impediment to impartial participation with respect to a decision on that matter and leave the meeting during the Board's consideration of the item.
3. Where feasible, obtain an opinion or advice letter from the Fair Political Practice Commission.

B. Permissible Business Activities

Business meetings and discussions, including meetings which include meals, with current or prospective investment advisors, service providers or other consultants, may provide useful information or benefit to the Plan, and are not prohibited by this Code of Ethics. However, any meals or other gifts which in the aggregate are valued at more than \$50 per calendar year, shall constitute reportable gifts to be disclosed on annual conflict of interest statements (Form 700).

III. CLOSED SESSION INFORMATION

All information received by a Board member in a closed session shall not be disclosed to third parties (except as might be required or authorized by law.)

No one shall obtain or use any confidential information for personal reasons or for private gain for one's self or for another.

IV. USE OF RETIREMENT BOARD RESOURCES & FACILITIES FOR PRIVATE GAIN

No member of the Boards or Retirement Office staff shall use Board consultants or staff, or Board facilities, equipment, materials or supplies for any purpose other than the discharge of his/her responsibilities to the retirement system. No one covered by this Code of Ethics shall use or attempt to use his/her position to secure unwarranted privileges or exemptions for themselves or others.

V. ETHICS AND CONDUCT AT RETIREMENT BOARD MEETINGS

- A. The Boards shall provide fair and equal treatment for all persons and matters coming before the Boards or any Sub Committee.
- B. In recognition of their fiduciary duty, which supersedes all other duties (with respect to the operation of the Systems), all Board members shall prepare for, attend and participate in all Board meetings unless unable to do so because of compelling reasons. Generally, scheduling conflicts are not compelling reasons excusing Board attendance. Board members should schedule vacations and personal business to accommodate Board meetings and, where conflicts arise, provide sufficient notice so that Board meetings can be rescheduled if necessary. Wherever possible, the Board shall accommodate the calendars of individual Board members when scheduling special Board meetings.
- C. No Board member shall receive special consideration, treatment or advantage from the Boards or Board staff beyond that which is available to every other individual.
- D. Board members shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics or morals of others, and from making other personal comments not germane to the issue(s) under consideration.

- E. Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members and staff.

VI. LIMITATIONS ON BOARD MEMBER CONTACT WITH MEMBERS OR RETIREES

The Boards recognize that Board members are obligated under most circumstances to communicate with members or retirees or beneficiaries of the respective retirement systems. There are, however, exceptions to this general rule. In cases where a specific claim for benefits, including but not limited to applications for disability retirement, has been filed with retirement staff or with the Board, board members shall not initiate communications with the claimant or with the claimant's representative and shall refer any inquiries concerning the claim to retirement staff.

It is acknowledged that the offering of advice or guidance by a Board member to a member or beneficiary may expose the Board to claims or lawsuits. Accordingly, Board members shall not offer advice as to what specific choices a member or beneficiary should make. Board members shall instead refer the member or beneficiary to retirement staff.

VII. COMMUNICATIONS WITH SERVICE PROVIDERS AND OTHER NON-CONTRACTUAL PERSONS AND ENTITIES

A Board member shall not correspond with a non-contractual person or entity using Board letterhead unless the communication is authorized by the Board on which the member serves. Copies of all written communications, including emails, from a Board member to a current service provider, or person or entity related to a current service provider, relating to Board business (other than purely personal or social correspondence) shall be provided to the Retirement Administrator for subsequent distribution to all members of the Board on which the member serves.

A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board member from a current service provider, or person or entity related to a current service provider, shall be forwarded to the Retirement Administrator for subsequent distribution to all members of the Board on which the member serves.

To maintain cost and to communicate directions from the Boards, telephone communications to the Board's Professional Service Providers, shall be limited to the Board Chairs, or Vice-Chairs in the absence of the Board Chairs, and the Retirement Administrator or staff as necessary to fulfill Retirement System assignments.

VIII. FIDUCIARY EDUCATION

Board members shall continually adhere to the need for fiduciary education. The Boards shall encourage each new Board member to attend a basic pension trustee course in the first year following appointment.

IX. CONDUCT TOWARDS STAFF

Board members shall not individually direct the work of Board staff or counsel, unless authorized by the Boards, nor shall any member attempt to influence the content of reports from staff or consultants.

X. USE OF OFFICIAL POSITION

Individual Board members should not use their Board position to negotiate on behalf of the Boards outside of any process established for that purpose or to become involved in personnel matters. Discussion by the Boards or a duly authorized Sub Committee regarding the performance of the Retirement Office staff, is however, permitted.

XI. NON-COMPLIANCE SANCTIONS

Violation of this Code of Ethics may adversely affect Board operations or otherwise bring discredit upon the Boards. The Boards have therefore determined that it is necessary to enforce this Code in the following manner:

- A. If a Board member or staff becomes aware of a possible violation of this Code of Ethics, they shall inform in writing the chair of the Board or both chairs if the violation affects both Boards. If the possible violation involves the Board chair, then the Board vice chair shall be informed.
- B. The chair or, as applicable, chairs or vice chair, shall refer the matter to Board counsel who shall in turn refer the matter to an independent, outside third party who is unaffiliated with either Board to conduct an investigation of the matter.
- C. The investigation shall be completed within a reasonable period. The affected Board member shall be given a copy of the alleged violations.
- D. The Board or Boards shall at their next regular meeting or at a special meeting if necessary consider the findings and conclusions of the investigation. The Board or Boards shall decide whether to convene a hearing to resolve any contested facts. The affected Board member may present arguments or evidence to the Board. The affected Board member shall not be entitled to vote on any matter concerning the investigation or any sanction.

- E. If the Board or Boards conclude that a willful violation of the Code has occurred, the Board or Boards shall consider the imposition upon the affected Board member of any or all of the following:
1. discussion of the policy and its requirements with the Board member;
 2. oral reprimand announced at a regular Board meeting;
 3. written letter of reprimand;
 4. publication of a written letter of reprimand from the Board to the affected Board member along with the affected Board member's written response, should he or she choose to submit one, published in the retirement newsletter;
 5. removal from position of chair or vice-chair;
 6. removal from or non-appointment to Board Sub committees; and
 7. in the event the Board member runs for re-election, attaching to the ballot a notice stating that the Board has sanctioned the member and that a copy of the letter of reprimand is available from the Retirement Office, and that the Board member's response (if there is one) is available from the Retirement Office .
- F. The Board or Boards in deciding upon an appropriate remedy shall consider all of the facts and circumstances, including the existence or absence of prior violations of the policy, the gravity of the violation, the First Amendment rights at issue, etc.

1. *Adopted 10/08/2003*

2. *Annual Review, revised Purpose, Policy, section I, II, VIII-XII, revised 5/14/2008.*

3. *Amended deleting Committee structure, revised 2/8/2012.*