

TARGETED FIDUCIARY AND ETHICS TRAINING  
FOR CCCERA'S BOARD OF RETIREMENT  
OCTOBER 2, 2013

HARVEY L. LEIDERMAN  
REED SMITH, LLP

Meeting Date  
**10/02/13**  
Agenda Item  
**#8**

**1. What are the fundamental fiduciary duties?**

**EXHIBIT A**

- Primary Loyalty Rule
- Exclusive Benefit Rule
- Prudent Expert Rule

**2. What are the requirements of the CCCERA Code of Fiduciary Conduct and Ethics?**

**EXHIBIT B**

- Adhere to fundamental fiduciary duties
- Obey conflict of interest laws and CCCERA's Conflicts Code
- Avoid activities that improperly influence or impair your judgment, or are inconsistent with your duty to act in the best interest of the system
- Disclose conflicting interests; when in doubt, disclose
- Comply with all legal limitations on gifts and things of value
- Honor the "quiet period" during investment manager searches
- Avoid using your public position for private gain or influence
- Maintain the confidentiality of closed sessions
- Conduct yourself civilly and respectfully at board meetings
- Use care in communications with service providers, members and plan sponsors

**3. When does a member of the Board or staff have a conflict because his/her outside interests are contrary to the interests of the system?**

- Personal financial interests in contracts
- Personal financial interests in other board agenda items
- Litigation against the system or board
- Interests of your "constituency" clouding your independent judgment

**4. When should a member of the Board or staff recuse him/herself from considering a matter before the Board?**

**EXHIBIT C**

- "Materiality" rule for government salaries under the Political Reform Act
- "Public generally" rule under the Political Reform Act
- Adverse litigant – see Hypothetical

**5. What and when should a member of the Board or staff disclose so that others are aware of their outside interests?**

**EXHIBIT D**

- Annual Form 700, Statement of Economic Interests
- Content of disclosure for Board meetings
- Timing of disclosure for Board meetings
- Recording of disclosure at Board meetings

**6. What obligation does a member of the Board have to keep closed session discussions confidential?**

- Brown Act section 54963

**EXHIBIT E**

- CCCERA Code of Fiduciary Conduct and Ethics, Part 7

**EXHIBIT B**

## **EXHIBIT A**

**THE FUNDAMENTAL FIDUCIARY DUTIES OF TRUSTEES  
OF COUNTY EMPLOYEES' RETIREMENT SYSTEMS**

**CALIFORNIA CONSTITUTION, ART. XVI, § 17**

**1. Primary Loyalty Rule**

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system. A retirement board's duty to its participants and their beneficiaries shall take precedence over any other duty.

**2. Exclusive Benefit Rule**

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system.

**3. Prudent Person Rule/Duty to Diversify Investments**

The members of the retirement board of a public pension or retirement system shall discharge their duties with respect to the system 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....[They] shall diversify the investments of the system so as to minimize the risk of loss and maximize the rate of return, unless under the circumstances it is clearly not prudent to do so.

**THE COUNTY EMPLOYEES RETIREMENT LAW OF 1937, § 31595**

The assets of a public pension or retirement system are trust funds and shall be held for the exclusive purposes of providing benefits to participants in the pension or retirement system and their beneficiaries and defraying reasonable expenses of administering the system....The board and its officers and employees shall discharge their duties with respect to the system:

(a) Solely in the interest of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system.

(b) 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.

(c) Shall diversify the investments of the system so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.

Reed Smith, LLP

## **EXHIBIT B**

**CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION**  
*Code of Fiduciary Conduct and Ethics*  
Adopted 7/23/03

**WHEREAS**, the National Conference on Public Employee Retirement Systems has published NCPERS' Model Code of Ethics, the Guiding Principles of which are as follows:

1. Service to the beneficiaries of public pension funds is the primary function of public pension fund trustees.
2. The beneficiaries of public pension funds are sovereign and the trustees of those funds are ultimately responsible to them.
3. In those situations where the law is not clear, the best interests of the fund beneficiaries must be served. Conscience is critical. Good ends never justify unethical means.
4. Efficient and effective administration and investment management is basic to public pension funds. Misuse of influence, fraud, waste or abuse is unacceptable conduct.
5. Safeguarding the trust of fund beneficiaries is paramount. Conflicts of interest, bribes, gifts or favors which subordinate fund trustees to private gains are unacceptable.
6. Service to public pension fund beneficiaries demands special sensitivity to the qualities of justice, courage, honesty, equity, competence and compassion.
7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by pension fund trustees.

**WHEREAS**, the Political Reform Act of 1974 and Government Code section 1090 set forth specific circumstances which require public officials to disqualify themselves from making, participating in, or attempting to influence governmental decisions which may affect any of their financial interests.

**NOW, THEREFORE, BE IT RESOLVED**, that the Board of the Contra Costa County Employees' Retirement Association (the "Board") hereby adopts the following Code of Fiduciary Conduct and Ethics:

**PREAMBLE**

The Contra Costa County Employees' Retirement Association ("CCCERA") is a public pension plan organized under the County Employees Retirement Law of 1937. (California Government Code Section 31450, et seq.)

The management of CCCERA is vested in the Retirement Board.

Each member of CCCERA's Board shall discharge his or her duties with respect to the system solely in the interests of, and for the exclusive purposes of providing benefits to, participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the system, with the duty to the participants and beneficiaries taking precedence over any other duty. (California Constitution Article XVI, Section 17(b).)

The members of CCCERA's Board are mindful of the positions of trust and confidence held by them. They adopt this Code to ensure the proper administration of CCCERA, and to foster unquestioned public confidence in CCCERA's institutional integrity as a prudently managed and fiduciarily governed public pension system.

CCCERA's *Code of Fiduciary Conduct and Ethics* provides a fiduciary framework for the proper conduct of CCCERA's affairs.

**1. Fiduciary Duties.**

Each member of CCCERA's Board shall execute their duties as set forth in the County Employees' Retirement Law of 1937, as amended, 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.

Each member of CCCERA's Board shall diligently attend to the business of the Board and shall not leave to other Board members control over the administration of the affairs of the Board.

Each member of CCCERA's Board shall comply with CCCERA's *Code of Fiduciary Conduct and Ethics*.

**2. Fiduciary Conflicts of Interest.**

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 1090 et seq., which prohibit Board Members from being financially interested, directly or indirectly, in any contract made by the Board.

Each member of CCCERA's Board shall abide by the provisions of the Political Reform Act, Government Code sections 81000, et seq, including section 87100 which prohibits Board Members from making, participating in making, or using their positions to influence Board and Association decisions in which they have a financial interest.

No member of CCCERA's Board shall engage in any employment, activity, or enterprise for compensation which is inconsistent, incompatible, or in conflict with, his or her duties as a member of CCCERA's Board, or with the duties, functions, or responsibilities of CCCERA's Board.

No member of CCCERA's Board shall perform any work, service, or counsel for compensation outside his or her Board responsibilities where any part of his or her efforts will be subject to approval by any other members of the Board on which he or she serves.

Each member of CCCERA's Board shall abide by the provisions of California Government Code Sections 87200 et seq., which require the public disclosure of economic interests as prescribed therein.

In keeping with the provisions of the Government Code, a member of CCCERA's Board shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing therefrom. These people are prohibited from having any financial interest in any contract made by them in their official capacity and from making or influencing official decisions in which they have a financial interest.

Each member of CCCERA's Board shall strive to avoid activities which may impair the ability to exercise independent judgment in the discharge of official duties.

In order to maintain the highest standards of conduct and ethics above the minimum requirements of the California Government Code and to avoid even the appearance of a conflict of interest, each member of CCCERA's Board should conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty.

Members of the CCCERA Board shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Immediately prior to the Board's consideration of the matter, a Member shall publicly disclose the actual or potential conflict in detail sufficient to be understood by the public, recuse himself or herself from acting on the matter, and, except in the case of consent agenda items, leave the room until the matter is concluded. Disclosure during Board meetings may be made 1) orally or 2) by handing a written statement to the Chair of the CCCERA Board, with a copy to all trustees and the Retirement Administrator. Such a disclosure shall be reflected in the official record of the meeting.

**3. Limitations on Gifts, Honoraria and Personal Loans; and Disclosure of Gifts on the Record.**

Each member of CCCERA's Board and designated staff shall comply with the gift limitation provisions and the prohibition on acceptance of honoraria under California Government Code Sections 89500 et seq.

Each member of CCCERA's Board and designated staff shall abide by the loan limitation provisions of California Government Code Sections 87460 et seq., which prohibits receiving



personal loans from any officer, employee, member, consultant, or contractor with the CCCERA.

In addition to the minimum gift limitation requirements of California Government Code Sections 89500 et seq., CCCERA Board Members shall not accept or solicit gifts, favors, services or promises of future benefits which might compromise or impair the Board Member's exercise of independent judgment, or which the Board Member knows, or should know, are being offered with the intent to influence that Board Member's official conduct.

If a Board Member or designated staff has received gifts of \$75.00 or more in the current calendar year from a person, firm or entity conducting business or seeking to conduct business with the CCCERA Board, immediately before the Board considers an item involving that donor, the Board Member or designated staff shall disclose on the record the receipt of the gift(s), the donor's name, and the nature and value of the gift(s).

If CCCERA has received a gift(s) (i.e., of travel, admission to seminars, tickets to events, use of sporting facilities, entertainment) of \$75.00 or more in the current calendar year from a person, firm or entity, at the time the Board considers assignment to a particular Board Member or designated staff, the Retirement Administrator shall disclose on the record the original donor's name, and the nature and value of the gift(s).

**4. Contacts with Vendors, Consultants and Advisors.**

- (a) **Prospective Vendors, Consultants and Advisors.** During the time when the CCCERA is in the process of selecting a vendor, consultant or advisor (a "service provider"), no member of the CCCERA Board or staff shall accept any gifts, favors, or services from any current or prospective service provider that the Board Member or staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. During the time when CCCERA is in the process of selecting a vendor, consultant or advisor, no member of the CCCERA Board or staff shall accept any gift, benefit or service from CCCERA if it was donated to CCCERA by a current or prospective service provider that the Board or staff knows has responded to a Request for Proposal, or is otherwise a candidate in a non-RFP selection process. Furthermore, each member of the Board shall refrain from any discussions with any current or prospective service provider who is a finalist in the selection process regarding the Request for Proposal outside of an open public meeting, other than as part of a regularly scheduled interview during the selection process.
- (b) **Existing Vendors, Consultants and Advisors.** Business meetings and discussions, including meetings which include meals, with current vendors, consultants and advisors ("service providers") may provide useful information of benefit to the Board member, and are not prohibited by this *Code of Fiduciary Conduct and Ethics*.

**5. Use of CCCERA Resources and Facilities for Private Gain.**

No member of the CCCERA Board shall use Board consultants or staff, or CCCERA facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities to the retirement system.

**6. Use of Official Position.**

No CCCERA Board member shall use his or her Board position either to negotiate on behalf of the CCCERA Board outside of any process established for that purpose or to become involved in personnel matters. Furthermore, no Board member shall use his or her official position to secure a special privilege or exemption for himself or herself or on behalf of others.

**7. Confidential Information.**

No member of the CCCERA Board shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board.

Each Board Member shall abide by the provisions of Government Code section 54963, which prohibits the disclosure of confidential information acquired during authorized closed sessions.

**8. Conduct at Retirement Board Meetings.**

The CCCERA Board shall provide fair and equal treatment for all persons and matters coming before the Board or any Board committee.

Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members, staff or committee members, except as may be permitted by established Rules of Order.

Board members shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others.

**9. Communications with Service Providers and other Non-CCCERA Persons and Entities.**

A Board member shall be respectful of the Board and its decisions in all external communications, even if he or she disagrees with such decision.

Board members shall indicate when they are speaking in a capacity as a member of the CCCERA Board or in another capacity in their external communications.

A Board member shall not correspond with a non-CCCERA person or entity using CCCERA letterhead or as a spokesperson on behalf of the Board unless the communication is authorized by the Board.

Copies of all written communications from a Board member to a current service provider (vendor, consultant or advisor), or person or entity related to a current service provider, relating to CCCERA's business (other than purely personal or social correspondence) shall be provided to the CCCERA Administrator for subsequent distribution to all members of the Board.

A copy of any written business related communication (other than routine announcements, generally distributed newsletters, and similar material) received by a Board member from a current CCCERA service provider, or person or entity related to a current service provider, and not received by any other Board Member, shall be forwarded to the CCCERA Administrator for subsequent distribution to all members of the Board.

#### **10. Communications with Plan Members.**

Board members shall be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the potential exposure to liability and possible harm to a plan member that may result from such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members and thereby avoid creating additional plan liability by refraining from providing specific advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the CCCERA plan. To that end, any Board member communication to three or more members of the public should include the following disclaimer: "The following statement has not been authorized by CCCERA or its Board. It reflects the personal views of the author and should not be construed as an official statement of CCCERA or its Board. Additionally, members of CCCERA should not rely on any factual information contained in the following statement when making retirement related decisions. All inquiries relating to a member's retirement should be directed to the CCCERA staff."

Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to the CCCERA Administrator or appropriate designee.

#### **11. Non-Compliance Sanctions.**

Violation of this *Code of Fiduciary Conduct and Ethics* is grounds to remove the offender from the position of Chair or Vice-Chair of the CCCERA Board, or from any other assignment on behalf of the Board, and may also subject the offender to censure by the Board. The Board may also pursue all of its legal remedies against any Board member who violates the provisions of this *Code of Fiduciary Conduct and Ethics*.

## **EXHIBIT C**

**EXCERPTS FROM FPPC REGULATIONS UNDER THE POLITICAL REFORM ACT  
CALIFORNIA CODE OF REGULATIONS, TITLE 2**

**§ 18705.5. Materiality Standard: Economic Interest in Personal Finances.**

(b) The financial effects of a decision which affects only the salary, per diem, or reimbursement for expenses the public official or a member of his or her immediate family receives from a federal, state, or local government agency shall not be deemed material, unless the decision is to appoint, hire, fire, promote, demote, suspend without pay or otherwise take disciplinary action with financial sanction against the official or a member of his or her immediate family, or to set a salary for the official or a member of his or her immediate family which is different from salaries paid to other employees of the government agency in the same job classification or position, or when the member of the public official's immediate family is the only person in the job classification or position.

**§ 18707.1. Public Generally: General Rule.**

(a) Except as provided in Government Code sections 87102.6 and 87103.5, the material financial effect of a governmental decision on a public official's economic interests is indistinguishable from its effect on the public generally if both subdivisions (b)(1) and (b)(2) of this regulation apply.

(b) Significant Segments and Indistinguishable Effects.

(1) Significant Segment. The governmental decision will affect a "significant segment" of the public generally if any of the following are affected as set forth below:

(A) Individuals. For decisions that affect the personal expenses, income, assets, or liabilities of a public official or a member of his or her immediate family, or that affect an individual who is a source of income or a source of gifts to a public official, the decision also affects:

(i) Ten percent or more of the population in the jurisdiction of the official's agency or the district the official represents; or

(ii) 5,000 individuals who are residents of the jurisdiction.

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(E) Exceptional Circumstances. The decision will affect a segment of the population which does not meet any of the standards in subsections (b)(1)(A) through (b)(1)(D), however, due to exceptional circumstances regarding the decision, it is determined such segment constitutes a significant segment of the public generally.

(2) Substantially the Same Manner. The governmental decision will financially affect a public official's economic interest in substantially the same manner as it will affect the significant segment identified in subdivision (b)(1) of this regulation. The financial effect need not be identical for the official's economic interest to be considered "financially affected" in "substantially the same manner."



## **"ADVERSE LITIGANT" HYPOTHETICAL**

The Retired Members Assn. (RMA) is a private association of county retirees. The RMA wants to raise a war-chest to fund a legal challenge to new legislation eliminating COLAs for the next five years. RMA asks the Board to authorize deductions from retirees' monthly benefit checks to fund the litigation. The Board declines, saying it has no authority to do so. RMA sues the Board on behalf of all retirees for breach of fiduciary duty.

Sally Forth is a member of the RMA and an elected Board Trustee.

- *Should Sally recuse herself from Board discussions about the lawsuit?*
- *Would it matter if Sally was the RMA President?*
- *Would it matter if Sally had contributed her own money to help pay for the lawsuit?*
- *What about the young Union President who sits on the Board, and hopes the retirees lose? Recuse? Same with all elected active members?*
- *What about the County Supervisor? Treasurer?*
- *How do you know what is in the best interest of the system in this situation?*

## **EXHIBIT D**



**BOARD OF RETIREMENT  
OF THE  
CONTRA COSTA COUNTY EMPLOYEES' RETIREMENT ASSOCIATION  
CONFLICT OF INTEREST CODE**

Adopted: 02/24/76  
Amended: 11/06/02, 11/17/04, 4/8/09, 12/8/10

Section 100, Purpose

Pursuant to the provisions of Government Code Sections 87300, et seq., the Board of Retirement of the Contra Costa County Employees' Retirement Association adopts this Conflict of Interest Code. Nothing contained herein is intended to modify or abridge the provisions of the Political Reform Act of 1974 (Government Code Secs. 81000 et seq.) The provisions of this Code are in addition to the laws pertaining to conflicts of interest, including but not limited to Government Code Section 87100 which provides that: "No public official at any level of state or local government shall make, participate in making or in any way attempt to use his official position to influence a governmental decision in which he knows or has reason to know he has a financial interest." Except as otherwise indicated, the definitions of the Political Reform Act and regulations adopted pursuant thereto, including specifically but not limited to FPPC Regulation 18730, are incorporated herein, and this Code shall be interpreted consistently therewith. Pursuant to Government Code sections 87303 and 82011(b), this Conflict of Interest Code and any amendments thereto become effective upon approval by the Contra Costa County Board of Supervisors.

Section 200, Designated Positions and Employees

The positions listed in Exhibit "A" (attached hereto) are "designated positions". Every incumbent of these is a "designated employee", and is deemed to make, or participate in the making of, decisions which could affect his or her personal economic interests.

Section 300, Disclosure, Statements

Designated positions shall be assigned to one or more of the disclosure categories set forth in Exhibit "B". Each designated employee shall file an annual statement disclosing that employee's interest in investments, business positions, real property and income designated as reportable under the category to which the employee's position is assigned.

Agency positions that manage public investments for purposes of Section 87200 of the Government Code are listed in Exhibit "C", as required pursuant to Government Code section 87314. Each Retirement Board member and CCCERA employee listed as a Section 87200 filer must file an annual statement of economic interest with the Contra Costa County Clerk – Elections Division.

Disclosure statements are public records pursuant to Government Code section 81008(a).

#### Section 400. Place and Time of Filing

- (a) Every designated employee shall file the original of his or her statement of financial interests with the Retirement Administration Manager in the Retirement office.
- (b) The Retirement Administration Manager shall make and retain a copy, and forward the original to the Clerk of the Board of Supervisors.
- (c) Employees appointed, promoted or transferred to designated positions shall file initial statements within 30 days thereafter, and shall disclose any reportable investments, business positions and interests in real property held on, and income received during the 12 months before the effective date of the amendment, appointment, transfer or promotion.
- (d) Every designated employee shall file annual statements during March covering the preceding calendar year.
- (e) A designated employee required to file a statement of financial interest under any other agency's conflict of interest code, or under Article 2 of Chapter 7 of the Political Reform Act for a jurisdiction contained within the territorial jurisdiction of this agency may comply with the provisions of this Code by filing a duplicate copy of that statement and an expanded statement which covers reportable interests in that portion of this agency's jurisdiction which differs from the jurisdiction described in the other statement.

#### Section 500. Disclosure Statement, Form and Content

- (a) Clerk of the Board of Supervisors' Forms. Disclosure statements shall be made on forms supplied by the Clerk of the Board of Supervisors.
- (b) Content. The disclosure statement shall contain the following information:
  - (1) Investment or Interest in Real Property. When an investment or an interest in real property is required to be reported, the statement shall contain: a statement of the nature of the investment or interest, the name of the business entity in which each investment is held, a general description of the business activity in which the business entity is engaged, and the address or other precise location of the real property. The statement shall also contain a statement whether the fair market value of the investment or interest in real property equals or exceeds one thousand dollars (\$1,000) but does not exceed ten thousand dollars (\$10,000), whether it exceeds ten thousand dollars (\$10,000) but does not exceed one hundred thousand dollars (\$100,000), or whether it exceeds one hundred thousand dollars (\$100,000). This information need not be provided with respect to an interest in real property which is solely the principal residence of the filer or any other property which the filer utilizes exclusively as the personal residence of the filer.
  - (2) Personal Income. When income is required to be reported under this article, the statement shall contain: the name and address of each source of income aggregating two hundred fifty dollars (\$250) or more in value, or fifty dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source. The statement shall also contain a statement whether the aggregate value of income from each source, or in the case

of a loan, the highest amount owed to each source, was at least two hundred fifty dollars (\$250) but did not exceed one thousand dollars (\$1,000), whether it was in excess of one thousand dollars (\$1,000) but was not greater than ten thousand dollars (\$10,000), or whether it was greater than ten thousand dollars (\$10,000); and a description of the consideration, if any, for which the income was received. In the case of a loan, the statement shall contain the annual interest rate and the security, if any, given for the loan.

- (3) In the case of a gift, the name, address and business activity of the donor and any intermediary through which the gift was made, a description of the gift, the amount or value of the gift, and the date on which the gift was received.
- (4) Business Entity. When income of a business entity, including income of a sole proprietorship, is required to be reported, the statement shall contain: the name, address, and a general description of the business activity of the business entity, and the name of every person from whom the business entity received payments if the filer's pro rata share of gross receipts from such person was equal to or greater than ten thousand dollars (\$10,000).
- (5) Business Position. When business positions are required to be reported, a designated person shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds any position of management, a description of the business activity in which the business entity is engaged, and the designated person's position with the business entity.
- (6) Acquisition or Disposal During Period. In the case of an annual or leaving office statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the statement, the statement shall contain the date of acquisition or disposal.

#### Section 600, Disqualifications.

Designated employees must disqualify themselves from making or participating in the making of any decisions or using their official position to influence the making of any decision in which they have a reportable financial interest, when it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on the employee, a member of his or her immediate family or on any other interest indicated in Government Code section 87103. No designated employee shall be required to disqualify him or herself with respect to any matter which could not be legally acted upon or decided without his or her participation, provided the "rule of necessity" appropriately applies to the circumstances.

All other provisions of this Code notwithstanding, the following provisions hereafter apply:

1. No designated person shall accept any honorarium.

Government Code Section 89502 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code section 89506 or other provision of law.

2. No designated employee shall accept any gifts with a total value in a calendar year from any single source that exceeds the limitations set forth in Government Code section 89503.

**EXHIBIT "A"**

**Position Categories**

<u>Designated Positions</u>	<u>Disclosure Category</u>
Retirement Deputy Chief Executive Officer	General
Retirement Accounting Manager	1
Retirement Administration/Human Resources Coordinator	2
Retirement General Counsel	1
Retirement Investment Analyst	1
Outside fiduciary counsel	1
Outside investment consultant	1

- Consultants shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code subject to the following limitation:

The Chief Executive Officer may determine in writing that a particular consultant, although a "designated position", is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this code. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Executive Officer's determination is a public record and shall be retained for public inspection in the same manner and location as this conflict of interest code.

## EXHIBIT "B"

### Disclosure Categories

#### General:

An investment, interest in real property, or income is reportable if the business entity in which the investment is held, the interest in real property, or the income or source of income may foreseeably be affected materially by any decision made or participated in by the designated employee by virtue of the employee's position.

#### Designated Employees in Category 1:

Employees designated in Category 1 of Exhibit A shall complete all schedules of Form 700 unless there are no reportable interests for that schedule. A "reportable interest" shall be any business entity or source of income of a type in which the Board is authorized to invest.

#### Designated Employees in Category 2:

Employees designated in Category 2 of Exhibit A shall complete all schedules of Form 700 except those relating to interests in real property (Form 700, Schedules B and C), unless there are no reportable interests for a schedule. A "reportable interest" shall be any business entity or source of income which, within the filing period has contracted, or in the foreseeable future may contract with the Board to provide products or services, to the Retirement System or the Retirement Office.

**EXHIBIT "C"**

**Agency Positions that Manage Public Investments**  
**For Purposes of Section 87200 of the Government Code**

The following is a list of each position with the Retirement Board and CCCERA for which an individual occupying the position is required to file a Statement of Economic Interests as a public official who manages public investments within the meaning of Government Code Section 87200:

Members of the Board of Retirement, including Alternate Members  
Retirement Chief Executive Officer  
Retirement Chief Investment Officer

## **EXHIBIT E**



**THE RALPH M. BROWN ACT ("OPEN MEETINGS LAW")**  
**SECTION 54963**

**CONFIDENTIALITY OF CLOSED SESSIONS**

(a) A person may not disclose confidential information that has been acquired by being present in a closed session authorized by Section 54956.7, 54956.8, 54956.86, 54956.87, 54956.9, 54957, 54957.6, 54957.8, or 54957.10 to a person not entitled to receive it, unless the legislative body authorizes disclosure of that confidential information.

(b) For purposes of this section, "confidential information" means a communication made in a closed session that is specifically related to the basis for the legislative body of a local agency to meet lawfully in closed session under this chapter.

(c) Violation of this section may be addressed by the use of such remedies as are currently available by law, including, but not limited to:

(1) Injunctive relief to prevent the disclosure of confidential information prohibited by this section.

(2) Disciplinary action against an employee who has willfully disclosed confidential information in violation of this section.

(3) Referral of a member of a legislative body who has willfully disclosed confidential information in violation of this section to the grand jury.

(d) Disciplinary action pursuant to paragraph (2) of subdivision (c) shall require that the employee in question has either received training as to the requirements of this section or otherwise has been given notice of the requirements of this section.

(e) A local agency may not take any action authorized by subdivision (c) against a person, nor shall it be deemed a violation of this section, for doing any of the following:

(1) Making a confidential inquiry or complaint to a district attorney or grand jury concerning a perceived violation of law, including disclosing facts to a district attorney or grand jury that are necessary to establish the illegality of an action taken by a legislative body of a local agency or the potential illegality of an action that has been the subject of deliberation at a closed session if that action were to be taken by a legislative body of a local agency.

(2) Expressing an opinion concerning the propriety or legality of actions taken by a legislative body of a local agency in closed session, including disclosure of the nature and extent of the illegal or potentially illegal action.

(3) Disclosing information acquired by being present in a closed session under this chapter that is not confidential information.

(f) Nothing in this section shall be construed to prohibit disclosures under the whistleblower statutes contained in Section 1102.5 of the Labor Code or Article 4.5 (commencing with Section 53296) of Chapter 2 of this code.