

Section 1.0 GOVERNANCE PRINCIPLES

1.1 LACERS Statement of Purpose

Adopted May 14, 2013

LACERS' Board and Staff, in the course of their duties for the Retirement System, are expected to adhere at all times to the highest level of ethical conduct. Personal integrity, transparency of action and the primary dedication to the benefit of the LACERS Members and their beneficiaries will at all times guide the activities of the Board and Staff.

These policies are intended to provide Board members and Staff with a guide to help them conduct their official duties with integrity, transparency and for the benefit of the System's members, while complying with applicable Federal, State and City laws and regulations. These policies do not attempt to address every possible activity that could present a fiduciary dilemma for a Board or Staff member; it is assumed that a person of integrity will always abide by the spirit of these policies.

These policies shall not be construed as the sole provision of laws and administrative rules which must be observed by Board members and Staff. Nothing in these policies shall exempt any persons from any Federal, State or City law or regulation. When in doubt, affected persons are advised and encouraged to consult directly with the City Attorney's office or the Board's fiduciary counsel.

1.2 Fiduciary Duty

Adopted May 14, 2013

The California Constitution, Article XVI, §17 and the Los Angeles City Charter, Section 1106, assign the Board of Administration Los Angeles City Employees' Retirement System as Fiduciaries of the Trust Fund and the System. The fundamental duties required to be fulfilled by a Fiduciary are:

Duty of Loyalty (or Primary Loyalty Rule)

LACERS Board members and Staff shall discharge their duties with respect to the System and the Plan solely in the interest of the Members and their beneficiaries for the exclusive purposes of providing benefits to Members and beneficiaries, and defraying reasonable expenses of administering the Plan. This duty to System members and their beneficiaries shall take precedence over any other duty.

Duty to Act Prudently (or Prudent Person Rule)

LACERS Board members and Staff must 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. Among other things, this requires that the Board:

- 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;

Section 1.0 GOVERNANCE PRINCIPLES

- Undertake appropriate analysis of proposed courses of action, including determination of the relevant facts, consideration of alternative courses of action and obtaining expert advice as needed;
- Acting in accordance with the documents and instruments governing the System;
- Provide for actuarial services in order to assure the competency of the assets of the public pension or retirement system.

Exclusive Benefit Rule

LACERS assets are trust funds and shall be held for the exclusive purposes of providing benefits to LACERS participants and their beneficiaries and defraying reasonable expenses of administering the system.

Prohibitions Against Self-Dealing

LACERS Board members, officers and employees shall never deal with the assets of the System for their own interest or for their own account, nor in their individual, or any other capacity, act in any transaction involving the System on behalf of a party, or represent a party, whose interest are adverse to the interests of the Plan or the interests of the Plan members and beneficiaries. Board members shall not receive any consideration for their personal account from any party conducting business with the System or seeking to conduct business with the System, in connection with a transaction involving the assets of the Plan.

1.3 Code of Ethics

Revised: May 14, 2013; Affirmed: October 8, 2013

Each member of the LACERS Board of Administration is bound by law to act in a fiduciary capacity in the best interest of LACERS members and their beneficiaries. To supplement their fiduciary duty, the Board of Administration adopts the following Code of Ethics.

- Board members shall maintain high ethical conduct at all times.
- Board members shall conduct themselves with integrity and dignity; strive to understand LACERS objectives; and exercise care, prudence and diligence in handling confidential information.
- Board members shall not seek or accept any compensation or political contributions that would violate the City's Governmental Ethics Ordinance or California law, including without limitation the Political Reform Act of 1974.
- Board members shall not seek or accept any gifts, or reimbursements for travel or any other activity, that is not specifically permitted in the City's Governmental Ethic Ordinance or California's Political Reform Act of 1974.
- Board members shall take positive steps to prohibit breaches of duty (through negligence or intentional action), unauthorized communication with individuals seeking to influence the Board, and unauthorized communication with individuals who may receive personal gains as a result of Board actions, such as, but not limited to, the conducting of serial meetings; discussion with any respondents of an RFQ or RFP while the selection process is underway.

Section 1.0 GOVERNANCE PRINCIPLES

- Board members shall never act where there may be a conflict of interest or appearance of conflict of interest. A conflict of interest is understood to be a situation where a relationship exists that could reasonably be expected to diminish independence of judgment in performance of official responsibilities as a Board member. Specifically, Board members may not participate in decisions which might result in personal economic advantage.
- Board members recognize that all LACERS business transactions are to be based on integrity, competence, financial merit and benefit to LACERS participants and their beneficiaries, and not on personal relationships.
- Board members shall act in accordance with the prudent expert rule.

Related Policy: Conflict Governance Policy

1.4 Mission, Vision, Guiding Principles, Strategic Goals

Adopted: March 12, 2013

Vision Statement

LACERS aspires to be valued by our Members for excellence in all we do.

Mission Statement

To establish a trustworthy lifelong relationship serving our Members through reliable and efficient delivery of benefits funded by prudent investment of plan assets

Guiding Principles

We are inspired by our mission to establish a trustworthy lifelong relationship serving our Members. Our Guiding Principles embody the traits that we as an organization value and espouse to be necessary in our every interaction to meet this mission. When faced with a decision, the desired path is that which best emulates our Guiding Principles.

Character

As a member of the LACERS team, we must continually seek to present a character that demonstrates honesty, integrity, prudence, superior judgment, and transparency. Character personifies who we are, what we represent, and defines our reputation. It shapes attitude, controls demeanor, and establishes commitment. It is individually personal and unique, and leaves a lasting impression upon people with whom we interact. Character provides the best assurance to LACERS Members that their retirement benefits are secure -- today and tomorrow.

Professionalism

A successful LACERS employee strives to be a consummate professional who demonstrates commitment to his or her work, expert knowledge and skill, and the initiative to share and enhance that body of knowledge. Professionals act with integrity in all endeavors, remaining businesslike, rational, and polite no matter the situation. As our Members rely on us to be professional, we dedicate ourselves to seeking answers and solving problems with a positive attitude.

Section 1.0 GOVERNANCE PRINCIPLES

Respect

A successful LACERS team member treats our Members, co-workers, and others with respect. We appreciate and consider everyone's beliefs, experience, knowledge, opinions, and values without judgment, and respond in a manner that facilitates collaboration toward the common goal of an excellent Member experience.

Kindness

A successful LACERS team member performs their work guided by the principle of kindness and with it practices patience, listens carefully, and responds to our members, co-workers and others in a friendly, open, and considerate manner. How we treat each other will ultimately affect how we treat our Members.

Teamwork

At LACERS, teamwork is the foundation for effective communication, exchange of ideas, and success of the organization. We are committed to the collaborative efforts and trusting relationships we have within LACERS. Our partnership of professionalism and active participation makes us effective and efficient in achieving our common goal of service to our Members, and to each other.

Strategic Goals

- I. Outstanding customer service
- II. Accurate and timely delivery of member benefits
- III. Maximize value and minimize costs of our health and welfare program
- IV. Achieve satisfactory long-term risk adjusted investment returns
- V. Uphold good governance practices which affirm transparency, accountability, and fiduciary duty
- VI. Maximize organizational effectiveness and efficiency
- VII. Recruit, mentor, empower, and promote a high performing workforce

Related Policy: Strategic Planning Policy