



Governance Committee Agenda

REGULAR MEETING

TUESDAY, OCTOBER 22, 2024

TIME: 9:30 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

An opportunity for the public to address the Committee in person from the Boardroom and provide comment on items of interest that are within the subject matter jurisdiction of the Committee or on any agenda item will be provided at the beginning of the meeting and before consideration of items on the agenda.

Members of the public who do not wish to attend the meeting in person may listen to the live meeting via one-way audio on Council Phone by calling (213) 621-CITY (Metro), (818) 904-9450 (Valley), (310) 471-CITY (Westside) or (310) 547-CITY (San Pedro Area).

Disclaimer to Participants

Please be advised that all LACERS Committee meetings are recorded.

LACERS Website Address/link:

www.LACERS.org

In compliance with Government Code Section 54957.5, non-exempt writings that are distributed to a majority or all of the Board in advance of the meeting may be viewed by clicking on LACERS website at www.LACERS.org, at LACERS' offices, or at the scheduled meeting. In addition, if you would like a copy of a public record related to an item on the agenda, please call (213) 855-9348 or email at lacers.board@lacers.org.

Chair: Michael R. Wilkinson

Committee Members: Janna Sidley
Sung Won Sohn

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghokassian

Legal Counselor: City Attorney's Office
Public Pensions General
Counsel Division

Notice to Paid Representatives

If you are compensated to monitor, attend, or speak at this meeting, City law may require you to register as a lobbyist and report your activity. See Los Angeles Municipal Code §§ 48.01 *et seq.* More information is available at ethics.lacity.org/lobbying. For assistance, please contact the Ethics Commission at (213) 978-1960 or ethics.commission@lacity.org.

Request for Services

As a covered entity under Title II of the Americans with Disabilities Act, the City of Los Angeles does not discriminate on the basis of disability and, upon request, will provide reasonable accommodation to ensure equal access to its programs, services and activities.

Sign Language Interpreters, Communications Access Real-Time Transcription, Assisted Listening Devices, or other auxiliary aids and/or services may be provided upon request. To ensure availability, please 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 (800) 779-8328 or RTT (888) 349-3996.

Si requiere servicios de traducción, llámenos tres días (72 horas) antes de la reunión o evento al (800) 779-8328.

For additional information, please contact: Board of Administration Office at **(213) 855-9348** and/or email at lacers.board@lacers.org.

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- I. PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA

- II. [APPROVAL OF MINUTES FOR THE MEETING OF MAY 28, 2024, AND POSSIBLE COMMITTEE ACTION](#)
- III. [TRIENNIAL BOARD POLICY REVIEW: ARTICLE I, SECTION 1.4 MISSION, VISION, GUIDING PRINCIPLES, STRATEGIC GOALS, AND ARTICLE II, SECTION 5.2 STRATEGIC PLANNING POLICY, AND POSSIBLE COMMITTEE ACTION](#)
- IV. [TRIENNIAL BOARD POLICY REVIEW: PRESIDING OFFICERS AMENDMENTS TO ARTICLE I, SECTION 4.1 BOARD PROCEDURES AND POSSIBLE COMMITTEE ACTION](#)
- V. [TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 2.1 ETHICAL CONTRACT COMPLIANCE AND POSSIBLE COMMITTEE ACTION](#)
- VI. OTHER BUSINESS
- VII. NEXT MEETING: The next Governance Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.
- VIII. ADJOURNMENT



Board of Administration Agenda

SPECIAL MEETING

TUESDAY, OCTOBER 22, 2024

TIME: 9:30 A.M.

MEETING LOCATION:

LACERS Boardroom
977 N. Broadway
Los Angeles, California 90012

Important Message to the Public

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President: Annie Chao
Vice President: Janna Sidley

Commissioners: Thuy Huynh
Elizabeth Lee
Gaylord "Rusty" Roten
Sung Won Sohn
Michael R. Wilkinson

Manager-Secretary: Neil M. Guglielmo

Executive Assistant: Ani Ghoukassian

Legal Counsel: City Attorney's Office
Public Pensions General
Counsel Division

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- II. APPROVAL OF MINUTES FOR THE MEETING OF MAY 28, 2024, AND POSSIBLE COMMITTEE ACTION
- III. TRIENNIAL BOARD POLICY REVIEW: ARTICLE I, SECTION 1.4 MISSION, VISION, GUIDING PRINCIPLES, STRATEGIC GOALS, AND ARTICLE II, SECTION 5.2 STRATEGIC PLANNING POLICY, AND POSSIBLE COMMITTEE ACTION
- IV. TRIENNIAL BOARD POLICY REVIEW: PRESIDING OFFICERS AMENDMENTS TO ARTICLE I, SECTION 4.1 BOARD PROCEDURES AND POSSIBLE COMMITTEE ACTION
- V. TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 2.1 ETHICAL CONTRACT COMPLIANCE AND POSSIBLE COMMITTEE ACTION
- VI. OTHER BUSINESS
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- VIII. ADJOURNMENT

MINUTES OF THE REGULAR MEETING
GOVERNANCE COMMITTEE
LOS ANGELES CITY EMPLOYEES' RETIREMENT SYSTEM

May 28, 2024

12:05 p.m.

PRESENT:	Chair:	Janna Sidley
	Committee Members:	Sung Won Sohn Michael R. Wilkinson
	Manager-Secretary:	Todd Bouey
	Legal Counselor:	Miguel Bahamon
	Executive Assistant:	Ani Ghoukassian

The Items in the Minutes are numbered to correspond with the Agenda.

I

PUBLIC COMMENTS AND GENERAL PUBLIC COMMENTS ON MATTERS WITHIN THE COMMITTEE'S JURISDICTION AND COMMENTS ON ANY SPECIFIC MATTERS ON THE AGENDA – Chair Sidley asked if any persons wished to speak on matters within the Committee's jurisdiction, and there were no public comment cards submitted.

II

APPROVAL OF MINUTES FOR THE MEETING OF MARCH 26, 2024, AND POSSIBLE COMMITTEE ACTION – Committee Member Wilkinson moved approval, and adopted by the following vote: Ayes, Committee Members Sohn, Wilkinson, and Chair Sidley -3; Nays, None.

III

DISCUSSION ON BOARD GOVERNANCE POLICY REGARDING TEMPORARY PRESIDING OFFICERS FOR BOARD MEETINGS AND POSSIBLE COMMITTEE ACTION – John Koontz, Senior Management Analyst, presented and discussed this item with the Committee for 3 minutes. After discussion, Chair Sidley asked the Committee Members on their preferred recommendation to the Board. The Committee to recommend the following two choices equally: Option 2: Designation based on Committee Chair Hierarchy and they added and chose Option 4: Standing Agenda item to elect a temporary Chair for each meeting. Committee Member Wilkinson moved approval, and adopted by the following vote: Ayes, Committee Members Sohn, Wilkinson, and Chair Sidley -3; Nays, None.

IV

OTHER BUSINESS – There was no other business.

V

NEXT MEETING: The next Governance Committee meeting is not scheduled at this time and will be announced upon scheduling. Please continue to view the LACERS website for updated information on public access to Board/Committee meetings.

VI

ADJOURNMENT – There being no further business before the Committee, Chair Sidley adjourned the Meeting at 12:25 p.m.

Janna Sidley
Chair

Todd Bouey
Manager-Secretary



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: OCTOBER 22, 2024
ITEM: III

Neil M. Guglielmo

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: ARTICLE I, SECTION 1.4 MISSION, VISION, GUIDING PRINCIPLES, STRATEGIC GOALS, AND ARTICLE II, SECTION 5.2 STRATEGIC PLANNING POLICY, AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Governance Committee (Committee):

1. Approve the proposed amendments to the Board Governance and Administrative Policies, Article II, Section 1.4 Mission, Vision, Guiding Principles, Strategic Goals, and Section 5.2 Strategic Planning Policy.
2. Upon Committee approval, send the entire revised policy sections to the Board of Administration (Board) for final review and adoption.

Executive Summary

The Committee reviews Governance and Administrative policies on a triennial basis. Staff now presents proposed revisions to Section 1.4 and Section 5.2, to the Committee for its consideration.

Discussion

As a best practice, LACERS performs a comprehensive review of its Board Governance Policies every three years. In November 2022, the Board adopted the Committee’s recommended schedule for the current review of these policies.

In accordance with that schedule, staff has completed its review of Section 1.4 Mission, Vision, Guiding Principles, Strategic Goals, and Section 5.2 Strategic Planning Policy of the Board Governance Manual and is now presenting proposed changes to the Committee for its consideration.

Only minor updates and revisions are proposed for these policy sections since the last update, primarily for the purpose of updating information to reflect LACERS most recently adopted Strategic Plan. Upon the Committee’s finalization of the proposed revisions, staff will present the changes to the Board for further consideration and approval.

Prepared By: Chhintana Kurimoto, Management Analyst

NMG/TB/EA/LL/CK

Attachments: 1. Article I, Section 1.4 Mission, Vision, Guiding Principles, Strategic Goals – Redline Version
2. Article II, Section 5.2 Strategic Planning Policy – Redline Version

Section 1.0 GOVERNANCE PRINCIPLES

1.4 Mission, Vision, Guiding Principles, Strategic Goals

Adopted: March 12, 2013; Revised: February 12, 2019; October 22, 2024

Vision Statement

~~Provide retirement and healthcare benefits to all Members by securing and growing the trust fund~~
~~Trusted by our Members and partners for excellence, innovation, professionalism, and transparency.~~

Mission Statement

~~A forward-thinking organization and industry leader in financial strength and service excellence to our Members~~
~~To protect and grow our trust fund and to ensure the sustainable delivery of ethical, reliable, and efficient retirement service to our Members.~~

Motto

~~"Securing Your Tomorrows"~~

Guiding Principles

~~Professionalism, Culture of Innovation, Respect, Kindness & Caring, and Teamwork~~

Strategic Goals

- I. Customer Service – ~~To p~~Provide outstanding customer service that meets Members' needs
- II. Benefits Delivery – ~~To d~~Deliver accurate and timely Member benefits
- III. Health and Wellness – Improve value and minimize costs of Members' health and wellness benefits
- IV. Investment – ~~To o~~Optimize long-term risk adjusted returns through superior investments
- V. Governance – ~~To u~~Uphold good governance practices which affirm transparency, accountability, and fiduciary duty
- VI. Organization – ~~To i~~Increase organizational effectiveness, efficiency, and resilience~~resiliency~~
- VII. Workforce – ~~To r~~Recruit, retain, mentor, empower, and promote a high-performing workforce

Related Policy: Strategic Planning Policy

Section 5.0 OTHER

5.2 STRATEGIC PLANNING POLICY

Adopted: March 12, 2013; Revised: October 22, 2024

The Board and executive management of LACERS recognize that the best way to be efficient and orderly in fulfilling the legal responsibilities and Mission of the organization is through strategic planning. By adopting this policy, the Board states its intention to engage with management in a regular, systematic planning process to continually improve benefits administration, assess customer service, enhance investment performance, and evaluate new opportunities to fulfill the Mission of LACERS.

The purpose of this policy is to establish a framework for long-~~range-term~~ strategic planning that will guide shorter term (annual) business plans of the organization. ~~Establishment of~~ the strategic plan establishes general parameters for administrative and managerial decisions within which decisions will be made while the business plan focuses resources on high value activities within those parameters.

The principles that the Board has adopted for strategic planning are:

- The Board and executive management work together through cooperative efforts to develop the resulting LACERS strategic plan document every three to five years. is developed through the cooperative efforts of the Board and management consisting of a strategic planning process and the resulting written strategic plan document.
- The strategic plan will be a rolling ~~three~~multi-year plan which is initially established but allows for updates annually or as needed ~~within the said three year period.~~
- The Board and management will engage in a strategic planning session ~~triennial strategic planning session~~ which includes an environmental scan (SWOT analysis), and establishing/reaffirming the LACERS mission, vision, guiding principles, and multi-three-year goals.
- Input from staff, stakeholders, and other interested parties will be solicited throughout the process.
- The General Manager will provide a ~~An annual business plan review~~ annual strategic plan review will be brought by the General Manager to the Board for review its consideration and evaluation and will consist of:
 1. A written progress report under the plan
 2. Discussions of new initiatives
 3. Discussions of significant changes in direction of the System
- ~~Input from staff, stakeholders, and other interested parties will be solicited throughout the year.~~
- When the strategic plan has been updated, it will be communicated to the entire staff of LACERS and to other stakeholders.
- The Board's consensus view of progress under the plan will be one factor among others in the performance assessment of the General Manager.

The Board is responsible for:

- Reaching consensus and adopting the multi-year strategic plan ~~triennial strategic plan~~ for LACERS, including the vision, mission, guiding principles and goals.
- Assessing the System's strengths and weaknesses as well as the opportunities and threats in the LACERS environment through a strategic planning session facilitated preferably by a consultant/third party.

Section 5.0 OTHER

- Reviewing and reaching consensus on priorities under each goal and initiative.
- Approving an operational budget that takes into account the upcoming year's initiatives under the strategic plan.
- Ensuring proper management of the system, by monitoring the impact and progress of initiatives toward achieving the strategic plan goals through various methods of reporting reporting methods, or review which satisfy the Board's responsibility to ensure proper management of the System.—This could include the Board establishing a schedule for detailed reports on individual initiatives, assigning oversight to committees for regular review, and reporting the progress of each initiative to receive detailed reports on each individual initiative on a rotating basis; assigning oversight of goals to committees and requesting their regular view of initiatives under their goal; adding a statement at the conclusion of every Board report which indicates how the item relates to a strategic plan goal; and if the item is an initiative, that its progress as an initiative also be reported.
- The Board will review the Strategic Plan Strategic Planning Policy at least every three to five years to ensure that it remains relevant and and applicable appropriate.

The General Manager is responsible for:

- Preparing for or engaging a consultant to facilitate the multi-year strategic planning session triennial strategic planning session for the Board and management.
- Drafting the initial long-range-term strategic plan that reflects the consensus view of the Board as to mission, vision, guiding principles, and goals.
- Developing and managing the annual business plan to include strategies/initiatives for the achievement of the strategic plan goals.
- Closely monitoring progress under the plan by assigning responsibility to staff, consultants, and others, to develop detailed action plans that include timelines and budgets for the purpose of determining progress on the initiatives.
- Preparing progress reports for the Board annually and as needed.
- Preparing a timely written report to the Board to keep them apprised of any major issues with progress on a strategic initiative.
- Surveying the Board periodically to ensure they are receiving a satisfactory level of reporting on the strategic plan. Scheduling an annual business planning review annual strategic planning review for the purpose of adopting an annual business plan and updating the vision, mission, guiding principles, and goals, if needed.
- Seeking input from staff and stakeholders about key strategic issues prior to the multi-year strategic planning session and annual strategic business plan review triennial strategic planning session and annual strategic plan review.
- Identifying critical issues, business risks, opportunities, and needs of LACERS
- Recommending to the Board any modifications that should be made to the plan

The Strategic Planning Policy Strategic Planning Policy shall be reviewed by the Board at least every three to five years to ensure that it remains relevant and appropriate.



LACERS
LA CITY EMPLOYEES'
RETIREMENT SYSTEM



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

MEETING: OCTOBER 22, 2024
ITEM: IV

Neil M. Guglielmo

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: PRESIDING OFFICER AMENDMENTS TO ARTICLE I, SECTION 4.1 BOARD PROCEDURES AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Governance Committee (Committee):

1. Approve the proposed amendments to the Board Governance Statement, Article I, Section 4.1 Board Procedures;
2. Upon Committee approval, send the entire revised policy section to the Board for final review and adoption; and
3. Provide guidance to staff on determining a temporary presiding officer in all committees based on proposed options.

Executive Summary

Over the past few months, the Board has discussed various options for selecting a presiding officer if both the Board President and Vice-President are absent. At the August 27, 2024 Board Meeting, the Board approved a process where the temporary presiding officer would be the first available Committee Chair present of the Audit, Benefits Administration, Governance, or Investment Committee, in this alphabetical order.

Staff has incorporated the proposed language to formalize this in the attached 4.1 Board Procedures document. These amendments are also detailed in the discussion section below.

Additionally, staff are presenting options to identify a temporary presiding officer for a committee if the appointed Committee Chair is unavailable.

Discussion

The proposed policy changes to the Board Governance Statement Policy in Section 4.1 – Board Procedures are as follows:

Section 4.1.C: Board Meeting Presiding Officer

Board meetings shall be convened and presided over by the President of the Board. In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the absence of both the President and Vice President, the first available chairperson of the following committees, in alphabetical order, will serve as the temporary presiding officer: Audit, Benefits Administration, Governance, or Investment Committee. Should the last presiding officer need to leave an open meeting, the next available Committee Chair present, in the aforementioned order, shall be designated as the succeeding presiding officer.

For Committee meetings, the Committee Chair shall convene and preside over the meeting. In the Chair's absence, they shall designate a succeeding officer by notifying the Commission Executive Assistant or the General Manager in advance of the meeting at which they will be absent. If the Chair needs to leave before a Committee meeting ends, they shall designate a succeeding officer. (Amended 10/22/24)

Upon the Committee's approval of this report and the amended policy document (attached), staff ask that the proposed amendment be taken to the Board for final review and approval.

Committee Temporary Presiding Officer

To determine a temporary presiding officer for committees, staff have prepared the following options for consideration:

Option 1: Designation based on Seniority/Tenure and Last Name Alphabetical Order

- The temporary presiding officer would be designated based on seniority within the Board.
- This option acknowledges experience and familiarity with committee procedures.
- Should two committee members have the same seniority/tenure, the temporary presiding officer would be selected based on alphabetical order of last names.

Option 2: Designate Committee Vice Chairs

- Vice Chairs are selected by the Board Chair or Board President.
- Selection/nomination can occur concurrently with the selection of Committee Chairs and Members.
- Ensures that committee meetings can still take place with a majority present.

Option 3: Designation based on Committee Chair Hierarchy

- The temporary presiding officer would be selected based on a hierarchy of other Committee Chair assignments, for example: Audit, Benefits Administration, Governance, or Investment Committee, in this alphabetical order.
- This option ensures that individuals with experience leading committees assume responsibility.
- This is consistent with the selection of the temporary Board Meeting Presiding Officer.

Discussion and direction of the Committee are requested to determine the preferred method for selecting a temporary presiding officer for committees.

Prepared By: Horacio Arroyo, Senior Management Analyst II

NMG/TB/EA:ha

Attachment: 1. Article I, Section 4.1 Board Procedures-General - Redline Version

Section 4.0 BOARD PROCEDURES

4.1 GENERAL

Section Affirmed: October 22, 2013; Revised: May 14, 2013, February 25, 2014, June 14, 2016, August 28, 2018, December 11, 2018, February 12, 2019, July 11, 2023, October 22, 2024

A. **Procedural Standard**

The Board and its Committees shall operate under Robert's Rules of Order unless statutes or Board action provide otherwise.

B. **Board Actions**

Actions of the Board require four votes. The Los Angeles City Charter §503(c) requires that "Each board shall exercise the powers conferred upon it by the Charter by order or resolution adopted by a majority of its members. Action of the board shall be attested by the signatures of the President or Vice President, or two members of the board, and by the signature of the secretary of the board."

C. **Board Meeting Presiding Officer**

Board meetings shall be convened and presided over by the President of the Board. In the absence of the President, the Vice President shall assume all responsibilities and authority of the President. In the absence of both the President and Vice President, the first available chairperson of the following committees, in alphabetical order, will serve as the temporary presiding officer: Audit, Benefits Administration, Governance, or Investment Committee. the General Manager/Manager-Secretary will open the meeting and call for nominations of a President Pro Tempore from the members present to serve for the duration of the meeting. Should the last presiding officer need to leave an open meeting, the next available Committee Chair present, in the aforementioned order, they shall be designated as the succeeding presiding officer.

For Committee meetings, the Committee Chair shall convene and preside over the meeting. In the Chair's absence, they shall designate a succeeding officer by notifying the Commission Executive Assistant or the General Manager in advance of the meeting at which they will be absent. If the Chair needs to leave before a Committee meeting ends, they shall designate a succeeding officer. (Amended 10/22/24)

D. **Committee Assignments**

Committee assignments are to be determined by the President or Acting President, who shall also name the Committee Chair. An alternate will be appointed for each Committee to serve in the absence of Committee Members. Additional alternates may be appointed on an as-needed basis by the Board President.

E. **Committee Meeting Schedule and Attendance**

All Committee meetings of the Board shall be open to all Board members, but only Committee Members may vote. Committee meetings shall be scheduled to occur on the same day as regular Board meetings whenever possible.

F. **Closed Sessions**

Closed sessions of the Board and its Committees shall be limited to Board Members and only those other persons who are required by the Board.

G. **Closed Session Discussions and Decisions**

Pursuant to Section 54957.2, Chapter 9 of the California Government Code (The Ralph M. Brown Act), the legislative body of a local agency may, by ordinance or resolution, designate a clerk or other officer or employee of the local agency who shall then attend each closed session of the legislative body and keep and enter in a minute book a record

Section 4.0 BOARD PROCEDURES

of topics discussed and decisions made at the meeting. The Executive Assistant to the Board of Administration shall be designated to serve in this capacity; and the General Manager/Manager-Secretary is designated as the alternate.

H. **Board Member Compensation**

Members of the Board shall be compensated for attendance at all Regular and Special meetings of the Board at a rate of \$50 per meeting with a maximum of \$250 per month, except when such Special meeting is concurrently scheduled as a meeting of a Committee of the Board.

I. **Board Meeting Schedule and Location**

The Board hereby approves the official meeting time for Regular Meetings of the LACERS Board of Administration as 10 a.m. on the second and fourth Tuesdays of each month, in the LACERS Boardroom at 977 N. Broadway, Los Angeles, CA 90012, as the official place for Regular Meetings. All Board and Committee meetings are open to the public, with the exception of "closed session" meeting items.

J. **Public Comment**

The Board shall provide a member of the public the opportunity to address the Board or Committee on any item under its jurisdiction as follows:

1. Agenda Items – With respect to any item which is already on the agenda, the public shall be allowed the opportunity to comment at the commencement of the Board or Committee meeting. The Board/Committee Meeting Presiding Officer may request to have the speaker give their public comment prior to the agenda item to be addressed. The public shall also be given an opportunity to comment on closed session items prior to adjournment into closed session.
2. Non-Agenda Items – Members of the public shall have the right to address the Board on items which are within the subject matter jurisdiction of the Board. Except as otherwise permitted by the Ralph M. Brown Act, no deliberation of action may be taken by the Board concerning a non-agenda item, except that members of the Board may (1) briefly respond to statements made or questions posed by persons addressing the Board; (2) ask a question for clarification; or (3) provide a reference to staff for factual information. Furthermore, the Board may take action to direct staff to place a matter of business on a future agenda.

Each speaker giving a public comment shall be allotted two minutes per agenda item or new matter which is to be enforced by the Board/Committee Meeting Presiding Officer. The allotted time may be adjusted at the discretion of the Presiding Officer.

Written public comment addressing items on the meeting agenda shall be distributed to members of the Board or Committee prior to the beginning of the meeting but shall not be read out loud into the record by Board Members or LACERS' staff during the meeting as a matter of course. All submitted public comments, including public comment cards, shall be posted with the Board meeting documents on LACERS' website.



LACERS
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RETIREMENT SYSTEM



REPORT TO GOVERNANCE COMMITTEE
From: Neil M. Guglielmo, General Manager

Neil M. Guglielmo

MEETING: OCTOBER 22, 2024
ITEM: V

SUBJECT: TRIENNIAL BOARD POLICY REVIEW: ARTICLE II, SECTION 2.1 ETHICAL CONTRACT COMPLIANCE POLICY AND POSSIBLE COMMITTEE ACTION

ACTION: CLOSED: CONSENT: RECEIVE & FILE:

Recommendation

That the Governance Committee (Committee) recommend to the Board adoption of minor revisions to Article II, Section 2.1 Ethical Contract Compliance Policy.

Executive Summary

In accordance with the Triennial Board Review Policy, staff has completed its review of the Ethical Contract Compliance Policy and has prepared the minor revisions for Committee review.

Discussion

On September 28, 2021, the Board approved edits to this policy to enhance provisions for a transparent and fair contracting process; renamed the policy to more clearly convey its intended purpose; and added language to expand on the parties affected by this document.

Staff recommends only minor revisions to this policy that largely includes correcting named terms, grammatical improvements, and other clarifications. These revisions are detailed in the attached Ethical Contract Compliance Policy document.

Upon the Committee's approval of this report and the amended policy document (attached), staff ask that these proposed revisions be taken to the Board for final review and approval.

Prepared By: Horacio Arroyo, Senior Management Analyst II

NMG/TB/EA:ha

Attachment:

- Article II, Section 2.1 Ethical Contract Compliance Policy - Redline Version

Section 2.0 CONTRACT ADMINISTRATION

2.1 ETHICAL CONTRACT COMPLIANCE POLICY

Adopted: April 24, 2007; Revised June 10, 2014; September 28, 2021, October 22, 2024

Purpose

The purpose of this policy is to support a transparent and fair contracting process ~~which that~~ provides equal information and opportunity to all parties interested in contracting with LACERS. The policy primarily concerns the conduct of those seeking a new contract or contract extension/renewal. It aims to prevent, and avoid the appearance of, undue influence on the Board, individual Board Members, LACERS Staff, and City Consultants in the award of investment-related and other service contracts, by placing restrictions on communications between parties seeking contracts and those involved in awarding contracts and the contracting process.

This policy is intended to align with the city's Governmental Ethics Ordinance, Section 49.5.11(A) which states "Except at a public meeting, a member of a City 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 individual [Board] members from reviewing documents and other information provided by agency staff [or consultants] when preparing for a public meeting at which the matter will be considered."

Parties Affected

Any firm or representative seeking a contract or contract extension/renewal with LACERS is a "Restricted Source" as defined by the City's Governmental Ethics Ordinance, and is subject to this policy.

Any Board Member, Staff member, City Attorney, LACERS consultant, or anyone working on LACERS' behalf which has any privileged information about the potential contract is subject to this policy and to the City's Governmental Ethics Ordinance. The ~~ethical contract compliance marketing cessation~~ period applies to all aforementioned entities in all communications with potential or current contractors ~~who that~~ participate in either traditional Request for Proposals or private market opportunities, except when Staff, City Attorneys, or LACERS consultants are engaged in necessary communications as allowed under *Communication Restrictions: Exceptions – Permitted Communications*.

Notification

All firms responding to a Request for Proposal are notified of the Department's Ethical Contract Compliance Policy through the Request for Proposal solicitation. ~~Additionally, A~~all firms whose contracts are approaching expiration are ~~additionally~~ notified of the Ethical Contract Compliance Policy through their contract provisions.

Restricted Period

Restrictions apply from the time the Request for Proposal is released until a contract is executed. All Restricted Sources will be listed on the Ethical Contract Compliance Policy Report, which is to be updated and presented ~~monthly~~ to the Board, ~~on a monthly basis~~.

Restrictions:

Section 2.0 CONTRACT ADMINISTRATION

Communication Restrictions

During the Restricted Period, all firms that are potential candidates for the award of a contract or extension of an existing contract are prohibited from engaging in any direct or indirect marketing of their services except through the process set forth in the Request for Proposal. This prohibition includes all conversations about the contract or the process to award it, unless exception is permitted herein.

Exceptions – Permitted Communications:

- Board ~~of or~~ staff conversations with restricted sources about ~~generic general~~ topics at group social events, educational seminars, conferences, or charitable events.
- Communications between staff with firms ~~who that~~ currently have contracts with LACERS are acceptable when ~~they are~~ related to the performance of the existing contract.
- Communications initiated by staff with firms when related to the due diligence process or research.
- Communications initiated by staff with firms that were not subject to a competitive proposal process where contract negotiations are necessary prior to execution of a final agreement.
- Communications initiated by staff with a firm that is actively negotiating a contract with LACERS for the purpose of collecting documentation necessary for the execution of the final agreement.

Gift Restrictions

In addition to all other applicable gift restrictions, Board Members, Staff, and LACERS consultants will not accept entertainment or gifts of any kind from any Restricted Source, nor any intermediary or affiliate, during the restricted period. An incumbent firm is also restricted from providing any type of gift or entertainment to Board Members, Staff, or other LACERS consultants during the three months prior to renewal of the existing contract or during the restricted period, whichever is longer. Courtesies offered to staff during due diligence office visits, such as working meals and beverages, may be accepted by staff if consistent with all applicable ethics laws, including but not limited to the City Ethics Ordinance and Political Reform Act.

Proposer Disclosure

All Proposers shall provide the following disclosures with their RFP response. All recommendations to the Board to award a contract shall include a copy of such disclosures:

1. All ~~respondents-proposers~~ are required to submit a statement listing all contacts with LACERS Board Members, Staff, and Consultants during the restricted period.
2. All ~~respondents-proposers~~ shall provide information regarding any personal or business relationship between their personnel and any LACERS Board Members, Staff, or Consultants ~~Member of the Board, Staff of LACERS, or Consultants who that~~ are designated as Form 700 filers in the Department's Conflict of Interest Code.
3. All ~~respondents-proposers~~ shall disclose any payments for marketing or placement services to any person, firm, or entity to assist in seeking the LACERS contracting opportunity.

Section 2.0 CONTRACT ADMINISTRATION

Penalties

Any failures to disclose, or false disclosures, are a violation of this policy and shall result in an automatic disqualification of the firm involved.

This policy shall be reviewed by the Board every three years or earlier if necessitated by a change in local, State, or Federal statutes.