

Deferred Compensation Plan

BOARD REPORT 15-34

Date: July 16, 2015

To: Board of Deferred Compensation Administration

From: Staff

Subject: Training: Making Board Decisions and Avoiding Conflicts of Interest / Brown Act Plan Governance Policies & Bylaws

*Board of Deferred
Compensation Administration
John R. Mumma, Chairperson
Michael Amerian, Vice-Chairperson
Cliff Cannon, First Provisional Chair
Tom Moutes, Second Provisional Chair
Ray Ciranna, Third Provisional Chair
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Recommendation:

That the Board of Deferred Compensation receive and file training information regarding (a) the Ralph M. Brown Act and (b) information regarding the Plan's bylaws, specifically as they relate to conflicts of interest and the procurement process and contacts with prospective vendors during procurement processes.

Discussion:

The Board recently requested training information relative to the Ralph M. Brown Act ("Brown Act"). The Brown Act is incorporated as an attachment to the Plan's Governance Policies & Bylaws ("Bylaws"), which were adopted by the Board of Deferred Compensation Administration on July 19, 2011.

Both the Bylaws and Brown Act guide the Board's conduct of its meetings. In addition, the Bylaws address other aspects of Board governance, including its Board & Committee structure, fiscal administration policy, and rules regarding procurements and contracting. Given the Board is also presently considering initiating one of its more complex procurement process (for the Deferred Compensation Plan's Third-Party-Administrator, or TPA, contract - see Board Report 15-35), staff is also highlighting as part of this training Bylaws information as it relates specifically to procurements. This information will be presented at the Board meeting jointly by staff and Board Counsel.

I. BROWN ACT REQUIREMENTS

The Ralph M. Brown Act, or California Government Code 54950 *et seq.*, was authored by Assemblymember Ralph M. Brown and enacted in 1953. The law guarantees the public's right to attend and participate in meetings of local legislative bodies. The Brown Act applies to California city and county government agencies, boards, and councils. Key provisions of the Brown Act, excerpted from a publication by the California Attorney General's Office, are summarized in **Attachment A** and will be reviewed with the Board by Board counsel at the meeting.

The Brown Act requirements provide a strong framework for establishing transparency in the conduct of public meetings. The Board's Bylaws, which will be reviewed next,

Deferred Compensation Plan

BOARD REPORT 15-34

incorporate these provisions and apply the principles of transparency in an even broader framework.

II. GOVERNANCE POLICIES & BYLAWS

The Board enacted its Bylaws (**Attachment B**) in order to provide greater transparency as to how the Board conducts its meetings, defines certain core principles, and addresses certain key governance policies. Use of the Bylaws in general represents the Board's interest in achieving best practice administration of the City's Plan. Individual Bylaws provisions similarly strive to achieve best practice administration and execution of important policies.

A key Bylaws provision is a Code of Ethics for the Board members and staff (Chapter 6, "Code of Ethics"). The Code of Ethics provides essential context for a subsequent Bylaw provision related to procurements and contracting (Chapter 7, "Procurement Processes & Contracting").

The Code of Ethics was developed to help ensure that the Board and staff meet the highest ethical standards in the conduct of their business. Important highlights of this Code of Ethics include the following provisions:

6.1 Members of the Board and staff must at all times meet high ethical standards that exceed legal minimums as mandated in State ethics laws, the City Ethics Ordinance and Code of Ethics, and Mayoral Directives. Individual Board members and staff shall avoid favoritism, conflict and disclosure of privileged information at all times and shall act in the best interest of the Plan consistent with their fiduciary duties.

6.5 Board members and staff 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 and discussion with any respondents to any procurement process concerning issues directly related to the matter while the procurement process is underway.

6.8 Board members and staff shall not communicate with current or prospective vendors or their representatives, or any other person or organization, for the purpose or intent of having a particular vendor secure or maintain a contract or business with the City's Plan, or otherwise realize financial gain from the City's Plan. As soon as a Board member or staff member becomes aware of a potential breach of this obligation, he/she shall immediately consult with the Board Counsel and Plan staff.

6.10 Board members and staff recognize that all Plan business transactions are to be based on integrity, competence, financial merit and benefit to Plan participants and their beneficiaries, and not on personal relationships.

Next, staff will review how these broad principles are incorporated in policy and practice relative to the conduct of procurements and contracts.

(a) Procurement and Contracts – Best Practices in Execution

Key Bylaws provisions related to the conduct of procurements and contracting were developed to help ensure that procurement processes and contract decision-making are conducted strictly and solely in the best interests of plan participants. As stated in Section 7.1:

Pursuant to the obligations and expectations outlined in Section 6, Code of Ethics, the Board and staff recognize that it is imperative during all procurement and contracting processes to safeguard the trust of the City of Los Angeles Deferred Compensation Plan participants, assure the integrity of the process, meet their fiduciary obligations as members of the Board and staff, provide a fair and equitable process for interested vendors, efficiently consider the broadest pool of potential providers, and make decisions which are based strictly on what is in the best interests of the Plan and its participants.

In order to put these provisions into action as part of our procurement processes, staff and the Board incorporate the following practices:

- Information related to the scheduling, development, and initiation of procurement processes is reported to the Board during its public meetings and duly agendaized in accordance with the Brown Act;
- Requests for Proposal, which include all details of the Scope of Services, vendor questionnaire, evaluation criteria, and evaluation process, are provided to the Board at their public meetings and adopted by the Board prior to release of the RFP;
- The assistance of consultants is utilized in all procurement development processing requiring expert or technical assistance;
- Once an RFP is released, all questions and responses to the RFP are required to be in writing and those questions and their responses are published as addendums to the RFP in order to assure that all communications regarding the RFP are fully transparent and no individual prospective bidder is provided information related to the RFP that is not made available to all prospective bidders.
- The evaluation panel is comprised of technical experts in the subject matter, which may include members of staff, a consultant, and/or outside raters;
- Board selections of contractors are made during public meetings and based on published materials documenting the evaluation process and its results;
- Contract negotiation and development is performed by Personnel Department staff in close cooperation with the City Attorney's Office;
- Procurement and search processes and the results of changes are communicated to Plan participants through the Plan's various communication venues; and
- All Board meeting materials, both current and historical, are maintained on the Personnel Department's Employee Benefits/Deferred Compensation Plan web pages.

Each of these practices helps to fulfill the objectives of transparency, neutrality and merit-driven decision-making in procurement processes.

(b) Procurement and Contracts – Best Practices in Vendor Contacts, Transparency, and Avoiding Conflicts of Interest

City procurement processes are frequently of keen interest to the vendor community and may be highly competitive. To help safeguard the integrity and transparency of the decision-making process, the Board adopted specific provisions within its Bylaws to provide structure and discipline around communication with potential vendors during a procurement process. The Bylaws specify the following:

Section 7.1 (A):

Board members and staff agree not to meet privately with employees, representatives or registered lobbyists of any actual or potential respondents in the twelve months prior to scheduled initiation of a procurement process, nor within any time period following the initiation of a procurement process and up until the final contract award, with the purpose or result of engaging in a conversation materially related to the vendor's securing business from the City's Plan. Should a Board member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance, be disqualified from voting on or taking any other action in regard to the selection of the contractor. Should a staff member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance or disciplinary action, be disqualified from participating directly or indirectly in the evaluation of RFP responses. The date, location, and substance of the matters discussed in such meetings as described above shall be disclosed in writing and submitted to staff for distribution to the Board and made available for public review. Nothing in this section shall prohibit staff members from communicating with actual or potential respondents to an RFP as provided for in the rules for communication as set forth in a given RFP, nor shall it restrict communications with incumbent vendors for the purpose of ongoing administration of the City's Plan.

In order to put these provisions into action as part of our procurement processes, staff and the Board incorporate the following practices:

- Once a procurement “window” has opened, contacts with vendors by Board and staff members related to the services included within a given procurement are required to be in public;
- Questions from vendors regarding the City's Plan, programs, services and features are required to be in writing; and
- Relatedly, vendors have continuous access to details of the City's Plan, programs, services and features in an ongoing manner through public materials such as quarterly Plan Administration and Investments reports, annual reports, staff reports on various policy initiatives and project results, etc.

Deferred Compensation Plan

BOARD REPORT 15-34

The Bylaws further specify the following:

Section 7.1 (C):

This section is not intended to prohibit contact with potential candidates for award of a contract at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing, and there are no discussions about the contract or the process to award it.

The Bylaws recognize that contacts and conversations may occur at events such as conferences and that these are not prohibited so long as there is no discussion around marketing the vendor's services or the City's procurement process. In general, however, once an RFP window has opened, it is advisable for Board and staff members to avoid non-public conversations or other communications wherever possible, even if the subject matter is unrelated to an upcoming procurement, as such communications may present the appearance or suggestion of a prohibited discussion.

A sample response to a contact from a vendor or vendor representative, whether one is approached formally or informally, electronically or in person, is provided as follows:

"Thank you very much for your interest in the City's Plan. Our practice is to avoid communications and meetings with potential service providers during the RFP process in order to protect the transparency and integrity of our search processes, and to avoid any appearance of special access or influence. Since the RFP process is currently underway, I will respectfully decline your invitation to meet. Information related to the City's Plan and this RFP process is available through the Plan website at http://per.lacity.org/deferredcomp/Deferred_Comp_Main%20Page.htm. Additionally, the RFP, once released, will include a point-of-contact and details for submitting questions and receiving responses in writing. All Board meetings are public and provide opportunities for public comment. In addition, inquiries to the Board can be directed in writing to the Plan Manager. Our goal is to ensure a merit-driven decision-making process that is conducted strictly and solely in the best interests of Plan participants."

(c) Procurement and Contracts – Best Practices in Communication

Although the Bylaws do not explicitly address the topic of participant communications during procurement processes, such communications are a logical extension of the principle of transparency. Plan participants expect that the Board's search processes incorporate the highest standards for transparency, neutrality, and merit-driven decision-making. Communicating changes to Plan participants is key to ensuring participants are aware of the Board's activities related to provider searches and understand how contracting decisions made by the Board will impact them.

Adherence to and communication of the Board's diligence in procurements and contracting builds confidence that the Board's decision-making is based strictly and

Deferred Compensation Plan

BOARD REPORT 15-34

solely on what is in the best interests of Plan participants. In order to further assure transparency as part of our procurement processes, staff and the Board incorporate the following practices:

- Upcoming search processes are communicated to Plan participants through the Plan's various communication venues (including quarterly newsletters);
- Participant feedback is frequently sought and incorporated into the procurement development process (for example through surveys and focus groups); and
- As decisions are made which may involve changes, participants are provided with ample detail and advance notification.

In prior procurements and Plan design changes, participants have often expressed their views and opinions to Board and staff regarding potential or actual Board actions and changes. This feedback is not only welcome but a vital part of informing the decision-making process.

Key Takeaways

Key takeaways for Board members and staff from this report include the following:

- Contacts/discussions with potential service providers regarding their products and services once an RFP window has opened should be avoided in order to assure the transparency and integrity of the procurement and contracting process.
- The Board's and staff's ongoing efforts to be transparent and publicly document information regarding Plan services and features, goals and objectives, and the conduct of its business - as well as ongoing efforts to be transparent and publicly document information regarding its various provider searches - provide ample opportunity for individual vendors to evaluate their products and services relative to the City's needs without involving non-public communications.
- Plan participants should and will be engaged by the Plan in the Board's evaluative processes.
- All process and decision-making outcomes should always be strictly and solely in the best interests of Plan participants.

Conclusion

The City's Plan has consistently reached for excellence and leadership among governmental plans in all aspects of Plan administration. Excellence in the areas of ethics and the conduct of procurements is no exception. Each new procurement process provides an opportunity for the City's Plan to further demonstrate the Board's and staff's dedication to achieve and model excellence and to always be guided by what is in the best interest of Plan participants.

Deferred Compensation Plan
BOARD REPORT 15-34

Submitted by: _____
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Approved by: _____
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SUMMARY OF KEY PROVISIONS: RALPH M. BROWN ACT

- **Preamble** - *Public commissions, boards, councils and other legislative bodies of local government agencies exist to aid in the conduct of the people's business. The people do not yield their sovereignty to the bodies that serve them. The people insist on remaining informed to retain control over the legislative bodies they have created.*
- **Governing Bodies:** *Includes city councils, boards of supervisors, and district boards. Also covered are other legislative bodies of local government agencies created by state or federal law.*
- **Subsidiary Bodies:** *Includes boards/commissions of a local government agency as well as standing committees of a legislative body. A standing committee has continuing subject matter jurisdiction or a meeting schedule set by its parent body. Less-than-a quorum advisory committees, other than standing committees, are exempt.*
- **Meeting Defined Includes:** *Any gathering of a quorum of a legislative body to discuss or transact business under the body's jurisdiction; serial meetings are prohibited.*
- **Exempts:** *(1) Individual contacts between board members and others which do not constitute serial meetings; (2) Attendance at conferences and other gatherings which are open to public so long as members of legislative bodies do not discuss among themselves business of a specific nature under the body's jurisdiction; (3) Attendance at social or ceremonial events where no business of the body is discussed.*
- **Locations of Meetings:** *A body must conduct its meetings within the boundaries of its jurisdiction unless it qualifies for a specific exemption.*
- **Teleconference Meetings:** *Teleconference meetings may be held under carefully defined conditions. The meeting notice must specifically identify all teleconference locations, and each such location must be fully accessible to members of the public.*
- **Public Rights Public Testimony:** *Public may comment on agenda items before or during consideration by legislative body. Time must be set aside for public to comment on any other matters under the body's jurisdiction.*
- **Non-Discriminatory Facilities:** *Meetings may not be conducted in a facility that excludes persons on the basis of their race, religion, color, national origin, ancestry, or sex, or that is inaccessible to disabled persons, or where members of the public may not be present without making a payment or purchase.*

Deferred Compensation Plan

BOARD REPORT 15-34

- **Copy of Recording:** Public may obtain a copy, at cost, of an existing tape recording made by the legislative body of its public sessions, and to listen to or view the body's original tape on a tape recorder or viewing device provided by the agency.
- **Public Vote:** All votes, except for those cast in permissible closed session, must be cast in public. No secret ballots, whether preliminary or final, are permitted.
- **Closed Meeting Actions/Documents:** At an open session following a closed session, the body must report on final action taken in closed session under specified circumstances. Where final action is taken with respect to contracts, settlement agreements and other specified records, the public may receive copies of such records upon request.
- **Taping or Broadcasting:** Meetings may be broadcast, audio-recorded or video-recorded so long as the activity does not constitute a disruption of the proceeding.
- **Conditions to Attendance:** Public may not be asked to register or identify themselves or to pay fees in order to attend public meetings.
- **Public Records:** Materials provided to a majority of a body which are not exempt from disclosure under the Public Records Act must be provided, upon request, to members of the public without delay.
- **Required Notices and Agendas Regular Meetings:** Agenda containing brief general description (approximately twenty words in length) of each matter to be considered or discussed must be posted at least 72 hours prior to meeting.
- **Special Meetings:** Twenty-four hour notice must be provided to members of legislative body and media outlets including brief general description of matters to be considered or discussed.
- **Emergency Meetings:** One hour notice in case of work stoppage or crippling activity, except in the case of a dire emergency.
- **Closed Session Agendas:** All items to be considered in closed session must be described in the notice or agenda for the meeting. Prior to each closed session, the body must orally announce the subject matter of the closed session. If final action is taken in closed session, the body generally must report the action at the conclusion of the closed session.
- **Agenda Exception:** Special procedures permit a body to proceed without an agenda in the case of emergency circumstances, or where a need for immediate action came to the attention of the body after posting of the agenda.

Deferred Compensation Plan

BOARD REPORT 15-34

- **Public Security:** *A body may meet with law enforcement or security personnel concerning the security of public buildings and services.*
- **Pending Litigation:** *A body may meet in closed session to receive advice from its legal counsel concerning existing litigation, initiating litigation, or situations involving a significant exposure to litigation.*
- **Remedies and Sanctions Civil Remedies:** *Individuals or the district attorney may file civil lawsuits for injunctive, mandatory or declaratory relief, or to void action taken in violation of the Act. Attorneys' fees are available to prevailing plaintiffs.*
- **Criminal Sanctions:** *The district attorney may seek misdemeanor penalties against a member of a body who attends a meeting where action is taken in violation of the Act, and where the member intended to deprive the public of information which the member knew or has reason to know the public was entitled to receive.*

GOVERNANCE POLICIES/BYLAWS

BOARD OF DEFERRED COMPENSATION ADMINISTRATION

ADOPTED JULY 19, 2011

(Revised November 15, 2011; revised December 16, 2014)

NEXT REVIEW JULY 2013

AVAILABLE: http://per.lacity.org/deferredcomp/Deferred_Comp_Main%20Page.htm

1. DEFINED TERMS

- 1.1. "Plan" refers to the City of Los Angeles Deferred Compensation Plan.
- 1.2. "LAAC" refers to the City of Los Angeles Administrative Code.
- 1.3. "Board" refers to the Board of Deferred Compensation Administration.
- 1.4. "Staff" refers to positions, either in whole or in part, within the Personnel Department providing support to the Board in its administration of the Plan and which have been authorized by the Board for reimbursement from the Plan.
- 1.5. "Board Counsel" refers to positions, either in whole or in part, within the Office of the City Attorney providing legal advice and support to the Plan and which have been authorized by the Board for reimbursement from the Plan.
- 1.6. "RFP" refers to a Request For Proposal.
- 1.7. "NAGDCA" refers to the National Association of Governmental Defined Contribution Administrators, Inc.
- 1.8. "Plan Year" refers to the City of Los Angeles Deferred Compensation Plan fiscal year which begins January 1 and ends December 31 of each calendar year.

ATTACHMENTS

Appendix A – Ralph M. Brown Act [Government Code 54950-54962]
Appendix B – City's Code of Ethics
Appendix C – Executive Directive No. 1 – Ethics in Government (Oct. 20, 2005)
Appendix D – Deferred Compensation Plan Accountability Summary (Nov. 15, 2011)
[Next Review Date: July 2013]

2. DUTIES AND RESPONSIBILITIES OF THE BOARD, STAFF, AND COUNSEL

2.1 The Board

- A. The authority for the operation of the Plan is provided under Internal Revenue Code Section 457 and the regulations promulgated thereunder; LAAC Division 4, Chapter 14; and the Deferred Compensation Plan “Plan Document” as adopted by the Board. The Board’s duties and responsibilities are outlined as follows:
- 1) Administer and exercise its authority under the Plan for the exclusive benefit of Plan participants and their beneficiaries.
 - 2) Rule on all questions arising out of the administration, interpretation and application of the Plan, which determination shall be conclusive and binding on all Participants, except as provided by Charter Section 245, which allows the Los Angeles City Council to veto a decision of the Board and remand it back to the Board for reconsideration.
 - 3) Provide a diverse array of investment options providing Plan participants opportunities to devise investment strategies appropriate for their individual investment objectives and risk tolerance.
 - 4) Exercise prudence and diligence in the selection of contractors providing support services to the Plan and in seeking legal, regulatory or interpretive advice regarding the proper administration of the Plan.
 - 5) Exercise prudence and diligence in all matters regarding the collection of and expenditure of participant fees.
 - 6) Adopt and administer a Plan Document which shall provide for the appropriate administration of the Plan consistent with Internal Revenue Code Section 457, the regulations promulgated thereunder, and other applicable and related portions of Federal and State law and City regulations.
- B. The duty to act for the exclusive benefit of Plan participants and their beneficiaries shall take precedence over any other duty.
- C. In governing the Plan, the Board is committed to acting in strict accordance with its fiduciary duties, including those of prudence, loyalty and care. Consistent with their fiduciary duties, Board members will strive to meet the highest standards of ethical conduct consistent with the City's Code of Ethics the Governmental Ethics Ordinance (Municipal Code Chapter IV, Article 9.5) and Executive Directive No. 1 – Ethics in Government.

D. Developing and Adopting Policies

- 1) Review the Board Deferred Compensation Administration Governance Policies/Bylaws and Administrative Policies Manual at least every three years to ensure that the policies continue to effectively meet the needs of the Board and the Plan.
- 2) Approve and amend as necessary policies to ensure appropriate administration of the Plan.
- 3) Delegate the execution of established Board policies to staff and contracted agents.

E. Reviewing and Evaluating Performance

Monitor no less frequently than quarterly the performance and institutional viability of its various investment providers, incorporating where applicable appropriate performance benchmarks and peer comparisons.

F. Other Board Responsibilities include:

- 1) At all times meet high ethical standards that exceed legal minimums.
- 2) Be responsible and accountable to Plan participants.
- 3) Effectively and proactively communicate with Plan participants to advise them of the rules, benefits and features of the Plan.
- 4) Provide for the elections of constituent representatives on the Board in accordance with the governance requirements set forth in LAAC Division 4, Chapter 14.
- 5) Establish standing and ad hoc Committees as appropriate to facilitate the consideration of matters under the jurisdiction of the Board.
- 6) Create and maintain an atmosphere that encourages frank and collegial discussions both at the Board and Committee level and as between the Board and staff. The Board strives to achieve a governing style that emphasizes:
 - a. An outward vision with a focus on the future
 - b. Being proactive
 - c. Respect for diversity of viewpoints
 - d. Governance by consensus

- e. A partnership with staff
- f. Ethical conduct of Board business to avoid actual or apparent impropriety

2.2 Staff

Staff duties and responsibilities are outlined as follows:

- A. Provide oversight of and facilitate all aspects of employee participation in the Plan, including but not limited to enrollment, contributions to and withdrawals from individual accounts, rollovers and transfers, hardships, loans, account separations due to divorce, records requests, payroll corrections, and all other participant-related functions and processes.
- B. Provide the Board with information, analysis and recommendations related to policies, procedures and issues related to the Board's proper administration of the Plan.
- C. Develop a proposed annual budget for Plan revenues and expenses and recommend to the Board quarterly reimbursements for expenses incurred by the City in support of the administration of the Plan.
- D. Under the direction of the Board, coordinate and administer procurement processes for all services related to administration of the Plan, including but not limited to investment management, consulting, and third-party-administrative services.
- E. Under the direction of the Board, coordinate and administer the Board's review of investment options offered by the Plan.
- F. Under the direction of the Board, draft, execute and monitor all Plan contracts for services.
- G. Coordinate with the City Clerk to facilitate all elections on behalf of the Plan for the Board of Deferred Compensation Administration.
- H. Provide recommendations as necessary to update the Plan Document.
- I. Review, monitor and execute Plan administrative processes to ensure they are compliant with applicable law and regulations.
- J. Oversee development, and ensure effectiveness and accuracy, of all participant communications, including group meeting presentations, newsletters, Plan websites, forms, and educational materials.
- K. Schedule, coordinate and develop agendas for all Board and Committee meetings, including recurring presentations from the Board's investment managers, consultants, and third-party-administrator.

- L. Participate to the extent possible in associations, educational forums, and similar organizations/events outside the City's Plan for the purpose of information gathering/sharing and creating strategic alliances that inure to the benefit of the Plan.
- M. Act as liaison to Board Counsel and contractors for all administrative, regulatory, technical and legal issues affecting the Plan.
- N. Review and monitor proposed and enacted Federal, State and City legislation that may impact the Plan and its participants.
- O. Exercise all other directives of the Board as well as obligations mandated by Federal/State/Local law, the Plan Document, or other applicable policies or procedures.

2.3 Board Counsel

The duties and responsibilities of Board Counsel are outlined as follows:

- A. Attend all Board and Committee meetings to ensure compliance with applicable public meeting laws and relevant Federal/State/Local laws and Board policies.
- B. Provide the Board with information, analysis and advice related to all regulatory matters and legislative changes that may affect the Plan.
- C. Review all documents related to Plan procurement and contracting, including but not limited to investment management, consulting, and third-party-administrative services.
- D. Provide recommendations as necessary to update the Plan Document.
- E. Facilitate employee participation in the Plan related to those functions and participant services (including but not limited to account separations due to divorce, beneficiary claims, and death claims) requiring legal review.
- F. As and when appropriate, seek outside legal services provided the Board has agreed in advance as to funding the cost of such services.
- G. Carry out all other directives of the Board as well as obligations mandated by Federal/State/Local law, the Plan Document, or other applicable policies or procedures.
- H. Provide advice and guidance on conflicts of interest to Board members, staff and contractors and consultants.
- I. Defend the Board and staff in legal actions regarding the Plan and other matters under the jurisdictions of the Board as allowed by Federal/State/Local law.

3. GOVERNANCE AND ADMINISTRATION OF MEETINGS

3.1. Board Officers - The Board shall elect a Chair, Vice-Chair, and First, Second, and Third Provisional Chairs at its first meeting following the first day in January of every even numbered year; or in the event one of the individuals holding one of these titles separates from the Board, at the earliest possible meeting following that individual's separation. Presiding over meetings shall be the responsibility of the Chair; or, in the absence of the Chair, the Vice-Chair; or, in the absence of both the Chair and Vice-Chair, each Provisional Chair in numerical ranking assuming the absence of all those higher in the successive order. That successive order shall be as follows:

- (1) Chair
- (2) Vice Chair
- (3) First Provisional Chair
- (4) Second Provisional Chair
- (5) Third Provisional Chair

This same successive order would apply in the event that attendance of a Board representative is required at a meeting of the Los Angeles City Council, a City Council Committee, or other similar event.

3.2. Chair Duties and Responsibilities - The Chair will exercise the powers and will perform the duties and functions as specified herein:

- A. Recommend to the Board for its consideration the formation, or dissolution of standing committees;
- B. Form and dissolve ad hoc committees;
- C. Appoint members to each standing or ad hoc committee; and
- D. Preside at all Board meetings, ensuring that such meetings are conducted in an efficient manner and in accordance with the City Charter and LAAC, applicable public meeting laws including the Ralph M. Brown Act, and relevant Board policies, including utilizing Robert's Rules of Order as a guideline in conducting meetings.

3.3. Vice-Chair & Provisional Chairs Duties and Responsibilities - The Vice-Chair, or in the absence of the Vice-Chair, the Provisional Chairs in successive order as outlined in 3.1, will exercise the powers and perform the duties and function as specified herein:

- A. Assume the duties of the Chair when the Chair is absent, or when the Chair shall designate the Vice-Chair/Provisional Chairs to act; and

- B. Assume the duties of Chair for the balance of the Chair's term or until a majority of the Board elects a new Chair in the event of the death, resignation, removal from office, expiration of term, or permanent incapacity of the Chair.

3.4. Meetings

- A. The Board will hold regular meetings on the third Tuesday of each month at 9:00 AM and will be located at 700 E. Temple Street, Room 350 Los Angeles, CA 90012. The approximate length of meetings will be three hours. Meetings may be cancelled at the direction of the Chair or staff, or if a quorum is not met. Special meetings may be called by the Chair or by staff.
- B. All meetings of the Board shall be open to the public and held in conformance with the requirements of the Ralph M. Brown Act.
- C. The Chair shall determine all questions of procedure and order and may seek guidance from the Board Counsel. Parliamentary formality shall not be required; however, Robert's Rules of Order shall be utilized as a guideline to resolve any procedural questions. Any issues involving a potential conflict of interest of a Board member may be referred to the Board Counsel for advice and guidance.
- D. Board members are expected to attend all Board and assigned Committee meetings. Staff will provide the Board with an annual report indicating the attendance of each Board member during the prior year.

3.5. Agendas, Minutes, and Meeting Materials

- A. Staff shall prepare the agenda for each Board and Committee meeting.
- B. The Board Chair or appropriate Committee Chair and staff have the authority to place items on the Board or Committee agenda. Any Board member may propose items for future agendas. Board members proposing items may do so by making a request through the Board or Committee Chair or making a request at a Board or Committee meeting. Emergency items may be considered by the Board in accordance with the Ralph M. Brown Act.
- C. Agendas shall be posted online and in accordance with the Ralph M. Brown Act.
- D. Every agenda for a regular Board or committee meeting shall provide the public an opportunity to address the Board or committee on any item under the subject matter jurisdiction of the Board. With respect to any item on the agenda, the public will be given the opportunity to comment before or during the Board or Committee's consideration of the item. The public shall also be given an opportunity to comment on closed session items prior to adjournment into closed session. Where a member of the public raises an issue not yet before the Board or a Committee, the matter may be briefly discussed but no action may be taken on it at that meeting. To ensure the

efficient conduct of Board and Committee business, there shall be a 5-minute limit on public comment by a member of the public per agenda item or new matter which is to be enforced by the Chair.

- E. Board meeting materials will be provided to Board members within a reasonable number of days in advance of meetings such that Board members will have sufficient time to review and consider the materials. Committee meeting materials will also be provided electronically to Committee members within a reasonable number of days in advance of Committee meetings. Meeting materials provided to Board members will be posted on the Personnel Department Deferred Compensation Plan website and made available at the same time they are provided to Board members.
- F. Minutes for each Board and Committee meeting shall be prepared, which provide a summary of all business conducted and a disposition of all motions, and shall be presented to the appropriate body for approval. Once approved, the minutes shall form part of the permanent records of the Board and will be posted on the Personnel Department Deferred Compensation Plan website.

3.6. Quorum, Voting Requirements, & Staff Attendance

- A. The Board shall exercise its conferred powers by order or resolution adopted by a majority of its members.
- B. To provide a clear record of Board actions, roll call votes shall be taken when the vote is not unanimous.
- C. The Board shall consist of nine members as described in the LAAC Sec. 4.1407. Five Board members shall constitute a quorum for meetings of the Board.
- D. Staff shall attend all Board and Committee meetings. No action shall be taken without staff being allowed an opportunity to participate in the discussion.

3.7. The Board has the authority to amend its bylaws by a majority vote consistent with LAAC 21.16.

3.8. Resignations – Any elected or appointed Board member who becomes ineligible to serve based on an inability to meet the eligibility requirements of the position, or incapacity to attend meetings and participate fully in the Board’s deliberations, may resign from the Board by informing the Board or staff, preferably in writing, of the effective date of his/her resignation. An elected or appointed Board member who chooses to resign for any other reason may similarly submit a letter to the Board Chair indicating the effective date of his/her resignation.

4. COMMITTEE OPERATIONS & GOVERNANCE POLICY

4.1. Operational Rules

- A. The purpose of the Board's committees is to review items that have been referred by the full Board and propose recommendations to the full Board.
- B. The Board Chair may establish ad hoc Committees or recommend to the Board the formation of standing Committees deemed necessary to support the Board in carrying out its responsibilities.
- C. The Board has established two standing Committees: the Investments Committee, which is responsible for examining issues related to the investments options made available under the Plan; and the Plan Governance & Administrative Issues Committee, which is responsible for examining issues related to Plan oversight, ethics, surveys, fees and other issues of a non-investment nature delegated for consideration by the full Board.
- D. The Board Chair will appoint the members of each standing and ad hoc Committee. The Board Chair will also appoint the Chair of each Committee.
- E. No Committees shall be comprised of a quorum of the Board or greater.
- F. Committee Members may be removed or replaced by the Board Chair by his/her own act.
- G. In determining the members and chairs of each Committee, the Board Chair shall consider:
 - 1) The need to maintain a level of continuity in Committee membership
 - 2) The need to ensure to the extent possible that Board members' Committee appointments reflect their areas of interest and experience; and
 - 3) The need to ensure that Board members gain experience on different Committees.
- H. A minimum of two Committee members are required to conduct a Committee meeting and take Committee actions.
- I. Committees shall make recommendations to the full Board by order adopted by a majority of Committee members present at the Committee meeting.
- J. The Chair of each Committee shall preside at all meetings of the Committee. In the absence of the Committee Chair, the remaining members of the Committee will elect a temporary chair.

- K. Any Board member may attend, and participate in discussions of, any meeting of any committee of the Board; however, at any committee meeting (or at any committee meeting that has become a Special Meeting of the Board due to the presence of a quorum of the Board), only members of the Committee may vote on matters before the Committee. Unless otherwise provided herein, no actions taken by a Committee shall constitute a final action of the Board.
- L. All motions approved by a committee are subject to Board approval, unless the Board has delegated to the Committee specific authority to act on its own (e.g. actions pertaining to the Committee's own operation such as approving agenda, meeting schedules, etc.)
- M. Following assignment of an issue or issues to a Committee, Committee meetings shall be called by the Committee Chair in coordination with staff.
- N. Committees shall utilize Robert's Rules of Order as a guideline unless otherwise specified by statute, Board action, or these bylaws.
- O. Committees shall adhere to the same public notification and meeting requirements as the Board.
- P. Committees shall communicate with the Board in the form of Report(s) to the Board, offering recommendations and discussion upon referred matters for the Board's consideration.
- Q. Staff shall provide, in a timely manner prior to the meeting, agendas and the appropriate documents for conduct of a committee meeting.

5. FISCAL ADMINISTRATION POLICY

Pursuant to LAAC Division 5, Chapter 92, a “Deferred Compensation Plan Trust Fund” has been established for the receipt and retention of fees charged to Plan participants to provide funding for the administration of the Plan. In addition, the Board maintains an account with its third-party-administrator which functions as a repository for administrative fees collected in order to meet the Plan’s contractual fee obligations to the third-party-administrator. Monies maintained in either Fund shall be used to pay for all administrative and operating costs generated by the Plan, as approved by the Board, and under no circumstances may be used for any purpose other than that which accrues to the benefit of Plan participants and their beneficiaries.

- 5.1. On a quarterly basis Personnel Department staff will reconcile the revenues, expenditures, assets and liabilities of the Fund and submit to the Board for approval such fund transfers as may be necessary to reimburse the Personnel Department, and the Office of the City Attorney for their operational expenses in administering the Plan. In its quarterly reports Personnel Department staff will provide and update 5-year projections for Plan revenue/expenses.
- 5.2. At the beginning of each calendar year staff will present, for adoption by the Board, a recommended budget for the Trust Fund for that Plan Year. The Board, in structuring this budget, will maintain a long-term balance between revenues and expenditures that is consistent with avoiding volatility in the collection of participant fees. In furtherance of that objective, the Board shall maintain a prudent reserve in the Trust Fund to protect against fluctuations in Plan assets. The Board’s Plan Year budgets shall be consistent with ongoing 5-year revenue/expense reviews as described in Section 5.1.

6. CODE OF ETHICS

- 6.1. Members of the Board and staff must at all times meet high ethical standards that exceed legal minimums as mandated in State ethics laws, the City Ethics Ordinance and Code of Ethics, and Mayoral Directives. Individual Board members and staff shall avoid favoritism, conflict and disclosure of privileged information at all times and shall act in the best interest of the Plan consistent with their fiduciary duties.
- 6.2. Board members and staff shall conduct themselves with integrity and dignity, strive to understand the Plan's objectives, and exercise care, prudence and diligence in handling confidential information.
- 6.3. Board members and staff shall not seek nor accept any compensation or political contributions that would violate California law, including without limitation the Political Reform Act of 1974 and City Ethics Ordinance.
- 6.4. Board members and staff shall comply with gift restrictions and travel advancement/reimbursement requirements set forth in State law and City regulations and policy.
- 6.5. Board members and staff 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 and discussion with any respondents to any procurement process concerning issues directly related to the matter while the procurement process is underway.
- 6.6. Board members and staff shall not act or participate in any manner on matters on which they may have a conflict of interest or an appearance of a conflict of interest as set forth in California law and City regulations and policy. As soon as a Board member or staff member becomes aware of a potential conflict of interest, he/she shall immediately consult with the Board Counsel for guidance. A Board member or staff member who has a conflict of interest or an appearance of a conflict of interest on any matter shall comply with the rules regarding recusal.
- 6.7. Board and staff members shall not request, receive or agree to receive anything of value or other advantages in exchange for a decision or influence on a decision. As soon as a Board member or staff member becomes aware of a potential breach of this obligation, he/she shall immediately consult with the Board Counsel and staff.
- 6.8. Board members and staff shall not communicate with current or prospective vendors or their representatives, or any other person or organization, for the purpose or intent of having a particular vendor secure or maintain a contract or business with the City's Plan, or otherwise realize financial gain from the City's Plan. As soon as a Board member or staff member becomes aware of a potential breach of this obligation, he/she shall immediately consult with the Board Counsel and Plan staff.

6.9. Board members and staff recognize that all Plan business transactions are to be based on integrity, competence, financial merit and benefit to Plan participants and their beneficiaries, and not on personal relationships.

7. PROCUREMENT PROCESSES AND CONTRACTING

7.1. Pursuant to the obligations and expectations outlined in Section 6, Code of Ethics, the Board and staff recognize that it is imperative during all procurement and contracting processes to safeguard the trust of the City of Los Angeles Deferred Compensation Plan participants, assure the integrity of the process, meet their fiduciary obligations as members of the Board and staff, provide a fair and equitable process for interested vendors, efficiently consider the broadest pool of potential providers, and make decisions which are based strictly on what is in the best interests of the Plan and its participants. Towards that end, all members of the Board and staff agree to conduct themselves in the highest ethical manner before, during and following a procurement process, to include the following:

- A. Board members and staff agree not to meet privately with employees, representatives or registered lobbyists of any actual or potential respondents in the twelve months prior to scheduled initiation of a procurement process, nor within any time period following the initiation of a procurement process and up until the final contract award, with the purpose or result of engaging in a conversation materially related to the vendor's securing business from the City's Plan. Should a Board member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance, be disqualified from voting on or taking any other action in regard to the selection of the contractor. Should a staff member engage in such a meeting, he/she shall, apart from any potential sanctions under the Ethics Ordinance or disciplinary action, be disqualified from participating directly or indirectly in the evaluation of RFP responses. The date, location, and substance of the matters discussed in such meetings as described above shall be disclosed in writing and submitted to staff for distribution to the Board and made available for public review. Nothing in this section shall prohibit staff members from communicating with actual or potential respondents to an RFP as provided for in the rules for communication as set forth in a given RFP, nor shall it restrict communications with incumbent vendors for the purpose of ongoing administration of the City's Plan.
- B. No member of the Board shall participate directly in the development, review, evaluation, negotiation, or recommendation process of responses to RFPs or any other requests award of a contract, contract amendment, or change order involving the Board except as provided in Los Angeles Municipal Code Section 49.5.17 "Commissioner Participation in Contracting Process". All such reviews shall be conducted by the Board's staff, consultant, and/or other members of a review committee established by the Board for each RFP.
- C. This section is not intended to prohibit contact with potential candidates for award of a contract at group social events, educational seminars, conferences, or charitable events so long as there is no direct marketing, and there are no discussions about the contract or the process to award it.

7.2. In order to maintain a high standard of neutral and unbiased administrative services and investment counseling, the Board will not simultaneously contract with the same contractor for Third-Party Administrator (TPA) services and for Plan investment advice or investment provider services.