



# Board of Retirement Regular Meeting

## Sacramento County Employees' Retirement System

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### Agenda Item 6

**MEETING DATE:** September 18, 2019

**SUBJECT:** Conflict of Interest Code

**SUBMITTED FOR:**  Consent       Deliberation and Action       Receive and File

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### **RECOMMENDATION**

Staff recommends that the Board amend the SCERS Conflict of Interest Code to designate the Communication Officer as a Form 700 (Statement of Economic Interest) filer.

### **PURPOSE**

This item is necessary to comply with Government Code section 87302 and Title 2, Section 18730 of the California Code of Regulations.

### **DISCUSSION**

Pursuant to statute, public agencies must maintain a Conflict of Interest Code that "specific[ally] enumerat[es] the positions within the agency . . . which involve the making or participation in the making of decisions which may foreseeably have a material effect on any financial interest and for each such enumerated position, the specific types of investments, business positions, interests in real property, and sources of income which are reportable." Similarly, the California Code of Regulations requires agencies to designate those employees that "make or participate in the making of decisions which may foreseeably have a material effect on economic interests." Such designated employees must file a statement of economic interest with the Sacramento County Clerk.

In May 2019, SCERS established and hired its first Communication Officer (Communication and Media Officer 2). The Communication Officer advises the Chief Executive Officer on operations, contracting, and communications about investments and investment strategies. Those duties call for the Communication Officer to participate in the making of decisions that have a material effect on financial interests. Accordingly, staff recommends amending SCERS' Conflict of Interest Code to identify the Communication Officer as a designated filer.

Due to the range of decisions in which the Communication Officer participates, staff recommends the position be required to disclose all four categories of economic interests

(investments, interests in real property, sources of income, and business positions). No other changes to the existing policy are recommended.

**DISCUSSION**

- Conflict of Interest Code – Revised September 18, 2019

Prepared by:

Reviewed by:

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Stephen Lau  
General Counsel

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Eric Stern  
Chief Executive Officer



# **CONFLICT OF INTEREST CODE**

## **PURPOSE**

To establish the Conflict of Interest Code for the Sacramento County Employees' Retirement System (SCERS) as required by the Political Reform Act (Government Code Section 81000, et seq.) for state and local agencies.

## **POLICY**

The Fair Political Practices Commission (FPPC) has adopted a regulation, 2 Cal. Code of Regs. Section 18730 that contains the terms of a standard conflict of interest code. The terms of that Section 18730 and any amendments thereto adopted by the FPPC are hereby incorporated by reference and, along with the attached Appendix A – Designated Positions, Appendix B – Disclosure Categories, and Appendix C – Agency Positions that Manage Public Investments for the Purpose of Government Code Section 87200, constitute the Sacramento County Employees' Retirement System (SCERS) Conflict of Interest Code (Code).

## **APPLICATION**

Pursuant to Section 4 of the standard conflict of interest code, designated employees shall file statements of economic interest (Form 700) with the Sacramento County Clerk. Any SCERS Retirement Board members or employees already required to file statements of economic interest pursuant to Government Code Section 87200, et seq. are identified in Appendix C and no additional disclosure is required by this Code. Officials designated in Appendix C shall file their disclosure statements with the Sacramento County Clerk or to the appropriate agency pursuant to 2 Cal. Code of Regs. Section 18753(d).

Responsibility for accurately reporting disclosable interest rests solely with the person(s) required to file pursuant to statute or this Code and not with SCERS.

Pursuant to Government Code Section 87314, Appendix C entitled "Agency Positions that Manage Public Investments for the Purpose of Section 87200 of the Government Code" shall remain posted on SCERS website in a manner that is easily identifiable and accessible.

## **BACKGROUND**

The Political Reform Act, Government Code Section 81000, et seq., requires every state and local government agency to adopt a conflict of interest code. The FPPC has adopted regulation, 2 Cal. Code of Regs. Section 18730 that contains the terms of a standard conflict of interest code, and which may be amended by the FPPC after public notice and hearings to conform to amendments to the Political Reform Act. This standard conflict of interest code can be incorporated by reference into local conflict of interest codes.

## RESPONSIBILITIES

Executive Owner: General Counsel

Review Frequency: At least once every two years (usually pursuant to written notice from the Sacramento County Board of Supervisors)

## POLICY HISTORY

Date	Description
09-18-2019	Board to amend Appendix A to include Communication Officer
04-24-2018	Approved by Board Of Supervisors
02-21-2018	Board amended Code in revised format by Resolution 2018-02
02-28-2017	Approved by Board of Supervisors
08-17-2016	Board amended Appendix A; Resolution 2016-07
03-24-2010	Approved by Board of Supervisors
02-18-2010	Board amended Appendix A; Resolution 2010-03
12-05-2000	Approved by Board of Supervisors
10-19-2000	Board replaced Code in Resolution 2000-05
05-23-1985	Board adopted Code

**DESIGNATED POSITIONS**

Persons occupying the following positions are designated as persons who must disclose economic interests as specified under categories described in Appendix B.

<b><u>POSITION</u></b>	<b><u>DISCLOSURE CATEGORY</u></b>
Chief Benefits Officer (Asst. Retirement Administrator – Benefits)	All Categories
Chief Operations Officer (Asst. Retirement Administrator – Operations)	All Categories
Chief Strategy Officer (Asst. Retirement Administrator – Enterprise Solutions Management)	All Categories
General Counsel (Retirement General Counsel)	All Categories
Communication Officer (Communication and Media Officer 2)	All Categories
Retirement Services Managers	Category 3
Senior Accounting Manager	Category 3
Accounting Managers	Category 3
Senior Information Technology Analyst	Category 3
Consultants*	All Categories

\* The Chief Executive Officer may determine that a particular consultant performs a type or range of duties that would cause the consultant to be subject to comply with the disclosure requirements described in this Code. Such determination shall be made in the sole discretion of the Chief Executive Officer in writing and include a description of the consultant’s duties upon which the requirement and extent of disclosure is based. The determination is a public record and shall be retained for public inspection in the same manner and location as this Code.

NOTE: The following positions, although not designated in this Conflict of Interest Code, are required to file Form 700 as “public officials who manage public investments” under Government Code Section 87200:

Retirement Board Members	
Chief Executive Officer	(Retirement Administrator)
Chief Investment Officer	(Chief Investment Officer – Retirement)
Deputy Chief Investment Officer	(Asst. Retirement Administrator – Investments)
Investment Officers	(Retirement Investment Officers)

**DISCLOSURE CATEGORIES<sup>1</sup>****CATEGORY 1**

**Investments** in any business, entity, or real estate venture of the type which the Retirement Board is legally authorized to invest, or in any type of entity that provides services or supplies of the type used by SCERS (currently Schedules A-1 and/or A-2 of Form 700)

**CATEGORY 2**

**Interests in Real Property** that could be affected by any decision made or participated in by the designated individual (currently Schedules B and/or C of Form 700). If the designated individual is a trustee or SCERS employee, disclosure is only required on real property located in the County of Sacramento.

**CATEGORY 3**

**Income** from any source of the type in which the Retirement Board is legally authorized to invest, or from any person or entity that provides services or supplies of the type used by SCERS (currently Schedules, C, D, E, and/or F of Form 700).

**CATEGORY 4**

**Any Position Held** as a director, officer, partner, trustee, or any position of management in any business entity that offers or holds investments of the type in which the Retirement Board is legally authorized to invest, or in any type of entity that provides services or supplies of the type used by SCERS (currently Schedule C of Form 700).

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<sup>1</sup> Only investments in and sources of income from business entities, and sources of income which do business in the geographic area of SCERS, or real property interests located in the County of Sacramento need to be reported.

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

Retirement Board Members

Chief Executive Officer

(Retirement Administrator)

Chief Investment Officer

(Chief Investment Officer - Retirement)

Deputy Chief Investment Officer

(Asst. Retirement Administrator – Investments)

Investment Officers

(Retirement Investment Officers)