

**SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM
CONFLICT OF INTEREST CODE
APPENDIX A**

Designated Positions

| <u>Position</u> | <u>Duties</u> | <u>Category</u> |
|---|---|---|
| 1. <u>Members of the Retirement Board also known as "Trustees"</u> | Board Members/Trustees exercise responsibility for the management of public investments, and are identified in SDMC sections 27.3503, 27.3510 as statutory filers to Government Code section 87200. | Form 700 (Government Code § 87200) |
| 2. <u>Chief Executive Officer ("CEO")</u> | Under policy direction of SDCERS' Board of Administration ("Board"), the CEO manages the routine affairs of retirement office and staff; directs SDCERS staff; sets policy direction for staff; counsels and informs employees regarding options and benefits; has primary responsibility to deal with actuaries; and provides assistance and recommendations to the Board and its committees. | Form 700 (Government Code § 87200) |
| 3. <u>Deputy Chief Executive Officer</u> | Under the direction of the CEO, the Deputy CEO assists the CEO in managing routine affairs of the retirement office and staff; provides assistance and recommendations to the Board and its committees; oversees operations; and coordinates projects with the actuary. | Form 700 (Government Code § 87200) |
| 4. <u>General Counsel / Chief Compliance Officer</u> | Under the direction of the CEO, the General Counsel provides legal representation, advice, and recommendations to the Board and staff; directs and reviews the work of SDCERS' Legal Services Division and outside legal firms. Under the direction of the Board, the Chief Compliance Officer develops and maintains procedures to prevent illegal, unethical, or improper conduct; develops and updates ethics standards for the Board and staff; ensures compliance with federal tax laws; monitors compliance with local, state, and federal laws; and conducts investigations as required. | 1 – Form 700 (Local Code Filer Under San Diego Municipal Code §27.3503; Government Code§87300) |

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| 5. <u>Chief Investment Officer</u> | Under the direction of the CEO, the Chief Investment Officer prepares recommendations regarding investment policy, practices, allocations, and instruments; coordinates and participates in the review, selection, evaluation, and termination of investment managers; and negotiates contracts for investment managers and other investment-related activities. | Form 700 (Government Code § 87200) |
| 6. <u>Associate General Counsel / Assistant General Counsel</u> | Under the direction of the General Counsel, the Associate General Counsel/Assistant General Counsel acts on behalf of the General Counsel when necessary and provides legal representation, advice, and recommendations to the Board and staff. | 1 |
| 7. <u>Member Services Director</u> | Under the direction of the Chief Benefits Officer, the Member Services Director oversees customer service functions, including the call center, direct correspondence, and meetings with Members; resolves complex Member benefit issues and directs all Member counseling, education, and outreach activities; and oversees the Communications Manager and communications with Members. | 1 |
| 8. <u>Chief Benefits Officer</u> | Under the direction of the CEO, the Chief Benefits Officer oversees benefits administration, Member services, and the processing of disability retirements; directs and manages benefits administration staff in the delivery of services and benefits to SDCERS' Members, including calculating and preparing pension payments, administering health benefits, processing enrollments and terminations, tracking service credit and Member contributions, reconciling deceased Member accounts, and processing beneficiary payments; and coordinates with the actuary. | 1 |
| 9. <u>Chief Information Officer/Chief Information Security Officer</u> | Under the direction of the CEO, the Chief Information Officer/Chief Information Security Officer directs and manages information technology ("IT") security, staff, contractors, consultants, vendors, and technical services contracts; manages technical infrastructure and | 1 |

facilities, desktop services, application support, SDCERS Help Desk, IT procurement and system implementation and integration projects; manages Board audio/video production; develops and manages division budget to support business operations; develops and implements IT strategic initiatives to support SDCERS' business objectives; and develops, implements, and enforces organizational IT policies and procedures.

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| 10. <u>Senior Investment Officer</u> | Under the direction of the Chief Investment Officer, the Senior Investment Officer advises and makes recommendations to the Chief Investment Officer, CEO, and the Board by conducting research and investigations and preparing or presenting reports and/or analyses; and acts as back-up to the Chief Investment Officer when the Chief Investment Officer is unavailable. | 1 |
| 11. <u>Investment Officer</u> | Under the direction of the Chief Investment Officer, the Investment Officer advises and makes recommendations to the Chief Investment Officer, CEO, and the Board by conducting research and investigations and preparing or presenting reports and/or analyses. | 1 |
| 12. <u>Assistant Investment Officer</u> | Under the direction of the Chief Investment Officer, the Assistant Investment Officer is responsible for the management of SDCERS' operational, audit, and cash management functions and serves as a resource for the Investment Division. | 1 |
| 13. <u>Internal Auditor</u> | Under the direction of the Board and Audit Committee, the Internal Auditor plans, conducts, and reports on internal audit projects; evaluates SDCERS' internal control procedures and processes; evaluates compliance with governing laws, policies, and procedures; coordinates audit efforts with external auditors; assists the Audit Committee in its review of the Comprehensive Annual Financial Report; and performs investigations or other duties as requested by the CEO or Audit Committee. | 1 |

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| 14. <u>Disability Review Officer</u> | Under the direction of the Chief Benefits Officer, the Disability Review Officer reviews disability applications for compliance with medical and administrative requirements and makes recommendations to the Board and the Disability Committee regarding eligibility for disability retirements by preparing or presenting reports and analyses. | 1 |
| 15. <u>Controller</u> | Under the direction of the CEO, the Controller directs and manages finance and accounting staff and budget operations; develops and administers department budgets; prepares financial reports for the Board; prepares financial analyses for management, actuaries, plan sponsors, and consultants as assigned; implements department goals, objectives, policies, and procedures; oversees the maintenance of accounting system and related interfaces; oversees the preparation of the annual state comptroller's report; and coordinates preparation of the annual financial report and interactions with the independent auditor. | 1 |
| 16. <u>Communications Manager</u> | Under the direction of the Member Services Director, the Communications Manager ensures the accuracy, consistency, timeliness, and functionality of SDCERS' broad range of communication responsibilities to its membership, plan sponsors, media, and general public; manages the budget for communications; and is responsible for procurement of contracts necessary to complete their duties such as, but not limited to, contracts related to printing services, mailing services, web site design, and other vendors and consultants. | 1 |
| 17. <u>Consultant / Investment Manager</u> | An individual who, pursuant to a contract with SDCERS: (1) authorizes SDCERS to enter into, modify, or renew a contract requiring agency approval, (2) grants agency approval to a contract requiring agency approval, or (3) serves in a staff capacity and, in that capacity, performs duties that would otherwise be performed by a designated position without supervision of that designated position. Consultant shall be included in the list of designated employees and shall disclose pursuant to category 1, subject to the following limitation: The | 1 |

CEO may determine in writing that a particular consultant is hired to perform a range of duties that is limited in scope and thus, is not required to fully comply with the disclosure requirement in this section. Such written determination shall include a description of the consultant's duties and, based upon that description, a statement of the extent of disclosure requirements. The CEO's determination is a public record and shall be retained for public inspection in the same manner and location as this Conflict of Interest Code.

18. Independent Non-Board Members of the Audit or Investment Committees

Audit Committee Independent Non-Board Member: Oversees financial reporting processes, systems of internal controls, audit process, and process for monitoring compliance with laws, regulations, and internal financial policies and procedures.

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Investment Committee Independent Non-Board Member: Develops investment guidelines; monitors investment transactions and performance, market conditions, and recommends changes as needed; recommends investment managers and consultants; and develops proxy voting guidelines.

**SAN DIEGO CITY EMPLOYEES' RETIREMENT SYSTEM
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APPENDIX B**

Disclosure Categories

Category 1 Investments or business positions in any business entity that supplies goods or services to SDCERS or in any security which was or is held by any fund administered by the Board of Administration wherein the reporting party's interest in said security amounts to 1% or more of the issue of that security.

Income and gifts from any person or business entity that supplies goods or services to SDCERS or that may be reasonably anticipated to do business with SDCERS.

Interests in real property.

For the purposes of this Appendix, an "interest in real property" is any real property located in or within two miles of the City of San Diego, or within two miles of any land owned by SDCERS as set forth in the Attachment to this Appendix, which lists the real properties owned by SDCERS in its direct and co-investment real estate portfolio. A copy of this Attachment is also on file at the SDCERS office.



Direct Real Estate Holdings as of July 1, 2020

| | PROPERTY NAME | PROPERTY TYPE |
|----|--|----------------------|
| 1. | Chelmsford Office Building Chelmsford, MA | Office |
| 2. | Foothills Corporate Center Phoenix, AZ | Office |

CONFLICT OF INTEREST POLICY

PURPOSE

1. The Board adopts this Conflict of Interest Policy to ensure the proper administration of SDCERS and to foster unquestioned public confidence in SDCERS' institutional integrity as a prudently-managed and fiduciarily-governed public pension system operated for the sole and exclusive purpose of providing benefits to SDCERS' participants.

SCOPE OF POLICY

2. This Policy provides a fiduciary framework for the proper conduct of SDCERS' affairs. It should not be relied upon as an exclusive or comprehensive list of applicable legal or fiduciary requirements of conduct. It does not attempt to specify every possible activity that might be inappropriate or prohibited under applicable laws and regulations. Nothing in this Policy exempts any person from any other applicable law or regulation. The standards of conduct set forth in this Policy are in addition to all other applicable laws and regulations.

COVERED PARTIES

3. This Policy covers all Board Members, Independent Non-Board Members, and staff (collectively "SDCERS Person" or "SDCERS Personnel" for the purposes of this Policy). This Policy also covers all investment consultants, and any external managers, general partners, managing members, financial services providers or any other external consultants or service providers of SDCERS who have discretionary authority over SDCERS' assets or operations (collectively "Consultant" or "Consultants" for the purposes of this Policy). This Policy shall not apply to persons or entities which might otherwise be considered "Consultants" or be otherwise subject to this Policy solely as a result of their relationship to SDCERS arising out of SDCERS' investments or potential investments in a commingled fund. Conflicts of interest for these persons and entities shall be governed by contract terms and applicable law.

FIDUCIARY STANDARDS

4. SDCERS is a trust fund that is administered by the Board of Administration ("Board") on behalf of SDCERS' Members and beneficiaries. SDCERS Personnel and Consultants are expected to adhere to the fiduciary standards set forth in Article XVI, section 17 of the California Constitution. Consultants shall discharge their duties solely in the interest of, and for the exclusive purpose of, providing benefits to SDCERS' Members and beneficiaries. SDCERS Personnel and Consultants shall exercise their duties with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. SDCERS Personnel and Consultants must discharge their responsibilities with integrity and fidelity and are expected to refrain from taking any actions that could reasonably be expected to interfere with their fiduciary duties.

CONSTRUCTION OF THE POLICY & COMPLIANCE WITH THE LAW

5. SDCERS Personnel and Consultants are expected to understand, and shall comply with, the provisions of this Policy as well as applicable legal requirements, including without limitation California's Political Reform Act of 1974 (Government Code sections 81000, *et seq.* "Political Reform Act"), Government Code sections 1090, *et seq.*, SDCERS' Placement Agent Payment Disclosure Policy and related state disclosure laws, and the ethics provisions and lobbyist registration laws of the San Diego Municipal Code. This Policy is intended to be broadly construed and if there is any question as to whether a provision of the Policy or the corresponding law applies, the SDCERS Person or Consultant should disclose the issue to the SDCERS' Chief Compliance Officer ("CCO") and collaborate with the CCO to resolve any doubts about the meaning of the Policy. All SDCERS Personnel are encouraged to seek legal advice to understand their obligations under this Policy and California law.

PERTAINING TO SDCERS PERSONNEL

6. Interest in Board and/or Independent Non-Board Member Constituency:

A Board or Independent Non-Board Member's interest in a constituency (e.g., Mayor, retirees, safety police) that elected or appointed that Board or Independent Non-Board Member may cause a conflict of interest on a particular matter. If a Board or Independent Non-Board Member believes that an interest of the constituency that has appointed or elected them may create a conflict or the appearance of a conflict, the Board or Independent Non-Board Member is encouraged to seek legal advice before participating in the discussion, vote, or contract at issue. Board and Independent Non-Board Members should recognize at all times that their fiduciary obligation is to act in the best interest of SDCERS and its Members as a whole and not to a particular constituency that elected or appointed them.

7. Financial Interest:

For purposes of this Policy, the term "financial interest" means the same term as defined by the Political Reform Act, except where the SDCERS Person is participating in the making of a contract, in which case the term means a "financial interest" as defined in Government Code sections 1090, 1091, and 1091.5.

8. Financial Interest in SDCERS' Activities:

- a. Each SDCERS Person must comply with Government Code section 87100, which prohibits a person from attempting in any way to participate in or influence an SDCERS decision in which the person has a disqualifying financial interest.
- b. An SDCERS Person is deemed to have a disqualifying financial interest if all of the following are present:

- i. It is reasonably foreseeable that the decision will have a financial effect;
 - ii. The anticipated financial effect is in the financial interest of the SDCERS Person;
 - iii. The anticipated financial effect is material; and
 - iv. The decision's financial effect on the SDCERS Person's financial interest is distinguishable from its effect on the public generally served by SDCERS.
- c. Each SDCERS Person must abide by the provisions of Government Code sections 1090 through 1097, which prohibit public officers or employees from being financially interested in any contract made by them in their official capacity, or by any body or Board of which they are members. Board and Independent Non-Board Members who are employed by the City of San Diego may be prohibited by Government Code section 1090 from participating in a contract that affects the department with which they are employed and should seek legal advice when they will or are expected to participate in a decision affecting their department.

9. Prohibition on Personal Interest in Outside Activities/Employment Statement:

- a. No SDCERS Person may have a financial or personal interest in activities outside of SDCERS that may conflict with SDCERS' interests.
- b. No SDCERS Person may have a financial or personal interest in activities outside of SDCERS that affects or would create the appearance of having an adverse effect on that person's independence, objectivity, or loyalty to SDCERS. By way of example, an SDCERS Person is prohibited from the following:
 - i. Borrowing from contractors, outside service providers, banks, or other financial institutions with which SDCERS has a business relationship, unless such entities are normally engaged in lending in the usual course of their business. If so, the SDCERS Person may only borrow based on customary terms offered to others under similar circumstances to finance proper and usual activities;
 - ii. Referring Plan participants to any outside business provider, such as a deferred compensation vendor or an SDCERS-contracted investment advisor, without prior written approval of the CEO;
 - iii. Referring any outside business provider, such as a deferred compensation vendor or an SDCERS-contracted investment advisor, to a Plan participant without prior written approval of the CEO;

- iv. Engaging in outside employment with any Consultants or providers of supplies or services to SDCERS;
- v. Engaging in outside employment that would interfere with or hamper their expected performance at SDCERS; and
- vi. Selling or providing goods or services to SDCERS without disclosure to the CCO.
- vii. Selling or providing investment products to other California public retirement funds in violation of Government Code section 7513.95.

10. SDCERS' Conflict of Interest and Disclosure Code:

The Political Reform Act requires state and local government agencies to adopt conflict of interest codes. The Fair Political Practices Commission has adopted a regulation that may be incorporated by reference in an agency's code. Therefore, the terms of this regulation (Cal. Code Regs., tit. 2, § 18730) and any duly adopted amendments are hereby incorporated by this reference. This regulation and the attached Appendix A and Appendix B shall constitute the Conflict of Interest Code for SDCERS as applied to SDCERS Personnel. SDCERS Personnel designated under Appendix A shall timely file their Form 700 with the City Clerk of the City of San Diego via its online filing system.

11. Addressing Conflicts of Interest:

- a. An SDCERS Person who becomes aware of a personal or financial conflict of interest or the appearance of a personal or financial conflict of interest that affects their duty owed to SDCERS has an immediate obligation to disclose that conflict to the CCO.
- b. The SDCERS Person must recuse themselves from any participation, whether direct or indirect, in any SDCERS decision that may reasonably be expected to affect their interest consistent with this Policy and with California law; and the SDCERS Person must work with the CCO and appropriate SDCERS management to resolve the conflict of interest in a manner consistent with this Policy, governing law, and the standards of ethical conduct set forth in SDCERS' Ethical Conduct, Compliance, and Training Policy.

12. Addressing Conflicts of Interest on Matters Presented for Decision at SDCERS Meetings:

- a. Any SDCERS Person who has a personal or financial interest in a matter before or likely to come before the Board who will or is expected to participate in that decision must, following the announcement of the agenda item to be discussed or voted upon but before either the discussion or vote commences, do the following:

- i. Publicly identify the personal or financial interest giving rise to the conflict and request that this disclosure be made part of the record of the proceedings;
- ii. Recuse themselves from discussing, voting, or attempting to use their influence to affect the outcome of this matter;
- iii. Leave the room until after the discussion and vote on the item in question, except that an SDCERS Person is not required to leave the room during the consent agenda or if the person wishes to appear before the Board as a member of the public to represent their interests in a matter related to those interests.
- iv. In the event the discussion or vote is to occur in closed session, the public identification may be made orally during the open session before the body goes into closed session and may be limited to a declaration that their recusal is because of a conflict of interest under Government Code section 87100; and
- v. If a Board or Independent Non-Board Member has a direct or indirect interest in a contract being made by the Board, they shall disclose their interest to the CCO immediately and seek advice as to whether or not the Board may enter into the contract despite that member's interest. Upon disclosure of any Board or Independent Non-Board Member's interest in a contract under this section, the CCO shall provide guidance to the Board.

13. Nepotism:

- a. For purposes of this Policy, a "Related Person" to an SDCERS Person includes any child, step-child, foster child, grandchild, parent, step-parent, grandparent, spouse, brother, sister, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law and any member of the household, whether or not related by blood or marriage. No SDCERS Person shall:
 - i. Directly supervise a Related Person or a person with whom the SDCERS Person has a close personal relationship (this does not apply to out-of-class assignments of 30 days or less);
 - ii. Influence the approval of any employee rewards for a Related Person or person with whom the SDCERS Person has a close personal relationship;
 - iii. Interfere with any performance evaluation or disciplinary proceeding for a Related Person or person with whom the SDCERS Person has a close personal relationship or business relationship; or

- iv. Recommend or attempt to influence any contractor or business which has a business relationship with SDCERS to employ a Related Person or any other person with whom the SDCERS Person has a close personal relationship or business relationship.
 - b. No SDCERS Person may utilize the services of any Related Person for SDCERS business without disclosing the relationship to the CCO and obtaining the approval of the CEO. Any approved arrangements must be reported to the Board before a contract is executed.
- 14. Procurement Process for SDCERS' Vendors:
 - a. The hiring processes for vendors that provide services or goods to SDCERS are consistent with the highest fiduciary standards. SDCERS shall retain a vendor only when their services are necessary to the effective and efficient management of SDCERS' assets. The hiring of vendors is based solely on competitive merit. The compensation of vendors may not exceed the fair market value of the services rendered.
 - b. Communications With Prospective Vendors: During the process leading to an award of a contract for services to a vendor, SDCERS Board and Independent Non-Board Members, staff, and any persons or entities participating in the procurement process (collectively "SDCERS Representatives" for the purposes of this Policy) shall not have any communications with a person or entity financially interested in the prospective contract (including without limitation the bidders and their representatives) unless the communication is:
 - i. Part of the process expressly described in the Request For Proposals ("RFP"), Request For Qualifications ("RFQ"), or other procurement solicitation document;
 - ii. Part of a noticed meeting of the SDCERS Board or one of its Committees;
 - iii. Exclusively social, and does not involve the SDCERS Representative's position at SDCERS;
 - iv. A communication with a current vendor which solely concerns work performed, or to be performed, by the vendor pursuant to an existing contract with SDCERS; or
 - v. An unintended, incidental communication.
 - vi. This "Quiet Period" shall commence immediately upon the issuance of the RFP, RFQ, or other procurement solicitation document by SDCERS and shall terminate upon execution of the contract.

- c. Notice of Quiet Period: The RFP, RFQ, or other procurement solicitation document shall expressly notify all prospective candidates and bidders and their representatives of the terms of this Policy. This Policy shall also be posted in a prominent place on the SDCERS website.
- d. Identification of Candidates: Nothing in this Policy shall prohibit an SDCERS Representative from communicating with another official conducting the procurement process about the identity of any person or entity that might be a qualified bidder or candidate or about the procurement process itself unless the SDCERS Representative is financially interested in the prospective contract or otherwise has a conflict of interest within the meaning of this Policy or California law.
- e. Integrity of the Process: SDCERS Representatives are strictly prohibited from receiving a “kickback” or engaging in “pay to play” as part of the procurement process.
 - i. A “kickback” is a financial or other personal benefit provided to an SDCERS Representative in exchange for an agreement to influence the selection of a vendor.
 - ii. “Pay to play” is a scheme or agreement to provide an SDCERS Representative with a financial or other personal benefit in exchange for the opportunity to participate in a procurement process, maintain an existing contract or other financial relationship with SDCERS, or obtain some other financial benefit from SDCERS.
- f. Any violation of this Policy must be immediately reported to the CCO. Such violation shall result in the automatic removal of a service provider’s proposal from consideration.

15. Prospective Employment Communications:

- a. SDCERS Personnel are prohibited from making, participating in making, or using their official position to influence SDCERS’ decisions directly relating to a prospective employer. As used in this paragraph, a “prospective employer” of an SDCERS Person is an employer with whom the person interviews, discusses the prospect of employment, or accepts an offer of employment.
- b. SDCERS Personnel must disclose to the CCO any prospective employer that is also a party presently or prospectively engaged in business with SDCERS.

16. Post-Employment Restrictions:

- a. An SDCERS Person must not do any of the following during the 12 months after termination of office or employment:

- i. Receive compensation to represent a third person before SDCERS for the purpose of influencing any administrative action (the proposal, drafting, development, consideration, amendment, enactment, or defeat of any matter including any rule, regulation, or any adjudication), legislative action (drafting, introduction, modification, enactment, approval, or defeat of any resolution, report, nomination, or resolution of the Board or any of its Committees), or any action or proceeding involving the issuance, amendment, award, or revocation of a permit, license, grant, contract, or the purchase or sale of property.
 - ii. Receive compensation to represent a third person in relation to any application, case, proceeding, contract, or other determination upon which the SDCERS Person took any discretionary action during their term of office or employment with SDCERS.
- b. These prohibitions shall not apply when the former SDCERS Person is:
 - i. Representing their own personal interests before SDCERS, unless the appearance is in an administrative adjudication in which the person previously participated;
 - ii. Receiving no compensation for the representation or appearance; or
 - iii. Representing another government agency in the capacity of employee or officer of that agency.

17. Incompatible Activities Statement:

- a. An SDCERS Person may not engage in any activity that is incompatible with their duties, or with the duties, functions, or responsibilities of the SDCERS Board/Committee on which they serve.
- b. An SDCERS Person is therefore prohibited from engaging in the following incompatible activities:
 - i. Using the facilities, equipment, property, or supplies of SDCERS for personal gain;
 - ii. Using their prestige, influence, or position with SDCERS for personal gain;
 - iii. Receiving compensation from anyone other than SDCERS for doing work that the SDCERS Person would be required or expected to perform as part of their duties for SDCERS;

- iv. Receiving compensation from a third party for performing an act outside of their capacity as an SDCERS Person that would be directly or indirectly subject to the approval, control, inspection, review, audit, or enforcement of any other SDCERS Person;
- v. Falsifying or improperly recording entries in any books or records of SDCERS;
- vi. Knowingly condoning, or becoming a party to, any illegal activity at SDCERS;
- vii. Engaging in dishonesty, fraud, deceit, or misrepresentation at SDCERS;
- viii. Engaging in outside activities that conflict with the impartial and objective execution of their duties at SDCERS;
- ix. Directly or indirectly selling goods or services to SDCERS without prior disclosure to the CCO;
- x. Engaging in outside employment with any providers of goods or services to SDCERS; or

Working for two public entities that involve incompatible offices. An incompatible office exists where (a) there is a significant overlap or conflict of interests between the SDCERS Person's duties and loyalties to SDCERS and those owed to the alternate office such that the SDCERS Person is subject to conflicting loyalties or (b) the SDCERS Person holds an office subordinate to another office held by that person.

- c. Nothing in this Policy prohibits a Board or Independent Non-Board Member from performing work, service, or counsel in the course of their regular employment with the City of San Diego or any department within the City, where the Board or Independent Non-Board Member is an ex officio member or is an elected member of the Board.

18. Gifts:

- a. A gift includes anything of economic value, whether in the form of money or cash equivalent, service, loan, travel, entertainment, hospitality, promise, or favor, unless the SDCERS Person provided something of equal or greater value in return for the item. A gift also includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to an individual's public official status (such as frequent flyer miles).
- b. An SDCERS Person who is required to file a Statement of Economic Interests ("Form 700") may not accept any gift that would cause the value of gifts received from a

single source to exceed that amount set forth in California Government Code section 89503.

- c. An SDCERS Person shall not, on an individual basis:
 - i. Accept one or more gifts having a total value in excess of \$50 annually or solicit any gift, favor, or service from any third party which has done, is doing, or may do business with SDCERS;
 - ii. Accept free travel or accommodations from any third party which has done, is doing, or may be reasonably anticipated to do business with SDCERS; or
 - iii. Accept free meals, entertainment, gifts of cash or cash equivalents (including gift certificates, securities, below-market loans, etc.) in any amount from any third party which has done, is doing, or may be reasonably anticipated to do business with SDCERS.
- d. Notwithstanding sections (b) and (c) above, an SDCERS Person is not prohibited from accepting a gift under this Policy if the gift is given under the following circumstances:
 - i. It is a gift from a spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, aunt, uncle, niece, nephew, first cousin, or the spouse of any of these people, unless the person providing the gift is acting as an agent or intermediary for another person not included in this list who is the true source of the gift;
 - ii. It is a gift of hospitality, food, drink, or occasional lodging received in a person's home when the individual providing the gift or a member of that individual's family is present; or
 - iii. It is a gift of approximately equal value for one exchanged between the SDCERS Person and the person providing the gift on holidays, birthdays, or similar occasions.

PERTAINING TO CONSULTANTS

- 19. Communications With SDCERS During A Request for Proposals, Request for Qualifications, or Other Procurement Solicitation Process:
 - a. During a RFP, RFQ, or other procurement solicitation process, a prospective bidder (including without limitation the bidders and their representatives) who is financially interested in a prospective contract shall not have any communications with any SDCERS Person or SDCERS' Representative unless the communication is:

- i. Part of the process expressly described in the RFP, RFQ, or other procurement solicitation document;
 - ii. Part of a noticed meeting of the SDCERS Board or one of its Committees;
 - iii. Exclusively social and does not involve the SDCERS Representative's position at SDCERS;
 - iv. A communication with an SDCERS Representative which solely concerns work performed, or to be performed, by the bidder pursuant to an existing contract with SDCERS; or
 - v. An unintended, incidental communication.
 - vi. This "Quiet Period" shall commence immediately upon the issuance of the RFP, RFQ, or other procurement solicitation document by SDCERS and shall terminate upon execution of the contract.
- b. Notice of Quiet Period: The RFP, RFQ, or other procurement solicitation document shall expressly notify all prospective candidates and bidders and their representatives of the terms of this Policy.
 - c. Identification of Candidates: Nothing in this Policy shall prohibit an SDCERS Representative from communicating with another official conducting the procurement process about the identity of any person or entity that might be a qualified bidder or candidate, or about the procurement process itself, unless the SDCERS Representative is financially interested in the prospective contract or otherwise has a conflict of interest within the meaning of this Policy or California law.
 - d. Integrity of the Process: Consultants are strictly prohibited from giving SDCERS Representatives a "kickback" or engaging in "pay to play" as part of the procurement process.
 - i. A "kickback" is a financial or other personal benefit provided to an SDCERS Representative in exchange for an agreement to influence the selection of a Consultant.
 - ii. "Pay to play" is a scheme or agreement to provide an SDCERS Representative with a financial or other personal benefit in exchange for the opportunity to participate in a procurement process, maintain an existing contract or other financial relationship with SDCERS, or obtain some other financial benefit from SDCERS.

20. Conflicts of Interest:

Consultants shall not participate in any decision of SDCERS or in any decision affecting the investment or management of SDCERS' assets when the Consultant, or any of its individual officers, directors, or employees participating in the decision, might have a conflict of interest without fully disclosing the nature of the conflict of interest in advance. A conflict of interest exists when the Consultant's relationship with another party, or when the financial interests of the Consultant or any of its officers, directors, or employees participating in the decision, could reasonably be expected to diminish the Consultant's independence or judgment in performing its duties to SDCERS. In addition, Consultants shall comply with all applicable California conflict of interest statutes including Government Code sections 1090, *et seq.* and the Political Reform Act.

21. SDCERS' Conflict of Interest and Disclosure Code:

- a. 2 Cal. Code Regs. Section 18730, any duly adopted amendments thereto, and the positions and disclosure categories designated in Appendix A and Appendix B attached hereto are hereby incorporated by this reference and shall constitute the Conflict of Interest Code for SDCERS as applied to Consultants. Designated position(s) of each Consultant shall abide by the Act, as applicable, and timely file their Form 700 with the City Clerk of the City of San Diego via its online filing system. SDCERS shall make the statements available for public inspection and reproduction consistent with the Act. (Gov. Code § 81008.) The lead partner or contact for SDCERS work performed by a Consultant who provides these services is generally the individual who works in a "designated position" under the Act.
- b. Any "consultant," as defined by 2 Cal. Code Regs. Section 18700.3(a), of SDCERS shall abide by the Act, as applicable, including but not limited to filing a Form 700, abiding by gift limits, and complying with conflicts of interest provisions.

POLICY REVIEW & HISTORY

22. The Board shall review this Policy annually to ensure that it remains relevant and appropriate.

Adopted November 16, 2007; amended March 4, 2011; reviewed May 9, 2014; amended July 10, 2015; reviewed July 8, 2016; and amended May 12, 2017, July 13, 2018, July 12, 2019, and September 11, 2020.