

TITLE 2. STATE TREASURER'S OFFICE
Notice of Intention to Amend Conflict of Interest Code

NOTICE IS HEREBY GIVEN that JOHN CHIANG, the Treasurer of the State of California, pursuant to the authority vested in him by Government Code sections 87300 through 87302, and 87306, proposes to amend the conflict of interest code to add the following council and board chaired by the State Treasurer:

- California Healthy Food Financing Initiative Council
- California Secure Choice Retirement Savings Investment Board

Pursuant to Government Code sections 87300 through 87302, and 87306, the conflict of interest code designates employees and others who must disclose certain investments, income, interests in real property, and business positions, and who must disqualify themselves from making or participating in the making of governmental decisions affecting those interests. The amendment is proposed to revise and update disclosure categories. The amendment includes:

- Changes to disclosure categories to add "council" among the multi-member bodies chaired by the State Treasurer.
- Addition of designated positions.

Copies of the proposed amended code are available and may be requested from the agency contact set forth below.

WRITTEN COMMENT PERIOD

A written comment period has been established commencing on May 29, 2015 and terminating on July 13, 2015. Any interested person may submit written comments concerning the proposed conflict of interest code amendment no later than July 13, 2015 to:

State Treasurer's Office
Attention: Deborah Yang, Senior Attorney
915 Capitol Mall, Room 110
Sacramento, CA 95814

A public hearing on this matter will not be held unless no later than 15 days prior to the close of the written comment period, an interested person or his or her representative submits to the agency contact set forth below a request for a public hearing.

The State Treasurer has prepared a written explanation of the reasons for the designations, disclosure categories, and disclosure responsibilities, and has available all of the information upon which the proposed amendment is based.

AGENCY CONTACT

Copies of the proposed amendment to the conflict of interest code and all of the information upon which the amendment is based may be obtained from, and any inquiries concerning the proposed amendment should be directed to:

State Treasurer's Office
Attention: Deborah Yang, Senior Attorney
915 Capitol Mall, Room 110
Sacramento, CA 95814
(916) 653-2995
dyang@treasurer.ca.gov

ALTERNATIVES CONSIDERED

The State Treasurer must determine that no alternative considered by the State Treasurer would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

The State Treasurer has determined that the proposed amended code:

1. Imposes no mandate on local agencies or school districts.
2. Imposes no cost or savings on any State agency.
3. Imposes no cost on any local agency or school district that is required to be reimbursed under part 7 (commencing with section 17500) of division 4 of title 2 of the Government Code.
4. Will not result in any nondiscretionary cost or savings to local agencies.
5. Will not result in any cost or savings in federal funding to the State.
6. Will not have any potential cost impact on private persons or businesses, including small businesses.

**INITIAL STATEMENT OF REASONS FOR THE PROPOSED AMENDMENT
TO THE REGULATIONS OF THE STATE TREASURER
Pursuant to Article 3, Chapter 7, Title 9 of the Government Code**

In compliance with section 87306 of the Government Code, John Chiang, Treasurer of the State of California, sets forth below the reasons for the proposed amendment to section 1897 of subchapter 1, chapter 4, division 2, title 2 of the California Code of Regulations (the “Regulations”).

Overview

The Political Reform Act of 1974 (Government Code section 8100 et seq.) requires among other things that each State agency adopt a conflict of interest code applicable to certain positions and multi-member bodies affiliated with the agency. In addition, Government Code section 87306 mandates that each State agency amend its conflict of interest code when needed due to changed circumstances, including the addition of positions which must be designated. As part of an ongoing review process, the State Treasurer has determined that the conflict of interest code (the “Code”) for the State Treasurer’s Office and the multi-member bodies chaired by the State Treasurer requires revision.

Accordingly, this amendment is proposed to revise and update the disclosure categories and designated positions of the State Treasurer’s Office and the multi-member bodies chaired by the State Treasurer. The amendment includes:

- Addition of the California Healthy Food Financing Initiative Council.
- Addition of the California Secure Choice Retirement Savings Investment Board.
- Changes to disclosure categories to add “council” among the multi-member bodies chaired by the State Treasurer.
- Addition of positions.

Addition of Positions Required to Report

The California Healthy Food Financing Initiative Council is added, including Council Members as designated positions under this Council. The Council and positions are newly created under Assembly Bill No. 581 (Chapter 505, Statutes of 2011), codified under Health and Safety Code section 104660 et seq. The disclosure category for the positions is “3”, which is narrowly tailored to the specific types of financial interests, sources, and transactions relevant to the Council.

The California Secure Choice Retirement Savings Investment Board is added, including Board Members as designated positions under this Board. The Board and positions are newly created under Senate Bill No. 1234 (Chapter 734, Statutes of 2012), codified under Government Code section 100000 et seq. The disclosure category for the positions is “3”, which is narrowly tailored to the specific types of financial interests, sources, and transactions relevant to the Board.

Changes to Disclosure Categories

Disclosure categories 1, 3, and 4 are changed to add “council” among the list of multi-member bodies chaired by the State Treasurer, due to the addition of the California Healthy Food Financing Initiative Council in the proposed amendment to the conflict of interest code.

Addition of Positions

Director of Risk Management for the Office of the State Treasurer is added to the list of designated positions because it is a newly created position and the duties of this position include the making or participating in the making of decisions concerning the Office of the State Treasurer and the boards, authorities, councils, commissions, and committees chaired by the State Treasurer. The disclosure category for the position is “1”, which is narrowly tailored to the specific types of financial interests, sources, and transactions relevant to the Office of the State Treasurer and the boards, authorities, councils, commissions, and committees chaired by the State Treasurer.

Data Processing Manager (all levels) is added as a designated position under the State Treasurer's Office because the duties of this position include the making or participating in the making of governmental decisions on purchasing, renting, or leasing information technology equipment, software, facilities, supplies or services for the State Treasurer's Office and the boards, authorities, councils, commissions, and committees chaired by the State Treasurer. The position is designated disclosure category “4”.

Associate Governmental Program Analyst, Business Services Unit, is added under the Office of the State Treasurer. Employees in this position are required to make or participate in the making of governmental decisions involving a wide range of procurements/purchases, contracts, and leases for the State Treasurer's Office and the boards, authorities, councils, commissions, and committees chaired by the State Treasurer. The position is designated disclosure category “1”.

Staff Services Manager (all levels) for the California School Finance Authority is added to the list of designated positions because it is a newly created position and the duties of this position include the making or participating in the making of decisions concerning the Authority. The disclosure category for the position is “3”, which is narrowly tailored to the specific types of financial interests, sources, and transactions relevant to the Authority.

Alternatives Considered

The State Treasurer must determine that no alternative considered would be more effective in carrying out the purpose for which the amendment is proposed or would be as effective and less burdensome to affected private persons and businesses than the proposed action.

Cost or Savings to State Agencies

The adoption of the proposed amendment to the Regulations will not impose a cost or savings on any State agency.

Mandate on Local Agencies and School Districts

The adoption of the proposed amendment to the Regulations imposes no mandate on local agencies or school districts in which reimbursement is required under part 7 (commencing with section 17500) of division 4 of the Government Code.

Nondiscretionary Cost or Savings to Local Agencies

The adoption of the proposed amendment to the Regulations will not result in any nondiscretionary cost or savings to local agencies.

Cost or Savings in Federal Funding to the State

The adoption of the proposed amendment to the Regulations will not impose cost or savings in federal funding to the State.

Effect on Housing Costs and Businesses

The adoption of the proposed amendment to the Regulations will have no significant effect on housing costs or on private persons or businesses, including small businesses.

Assessment

The adoption of the proposed amendment to the Regulations will not create or eliminate jobs in the State of California, result in the elimination of existing businesses, or create or expand businesses in the State of California.

THE OFFICE OF THE STATE TREASURER

CONFLICT-OF-INTEREST CODE

The Political Reform Act (Government Code Sections 81000, et seq.) requires state and local government agencies to adopt and promulgate conflict-of-interest codes. The Fair Political Practices Commission (FPPC) has adopted a regulation (2 California Code of Regulations Section 18730) that contains the terms of a standard conflict-of-interest code, which can be incorporated by reference in an agency's code. After public notice and hearing, the standard code may be amended by the Fair Political Practices Commission to conform to amendments in the Political Reform Act. Therefore, the terms of 2 California Code of Regulations Section 18730 and any amendments to it duly adopted by the Fair Political Practices Commission are hereby incorporated by reference. This regulation and the attached Appendices designating positions and establishing disclosure categories shall constitute the conflict-of-interest code of the Office of the State Treasurer and the various boards, authorities, councils, commissions and committees chaired by the State Treasurer.

Individuals holding designated positions shall file their statements of economic interests with the FPPC filing officer in the Office of the State Treasurer, who will make the statements available for inspection and reproduction. (Gov. Code Sec. 81008.) With respect to officials who are determined to manage public investments within the meaning of Government Code Section 87200, the Office of the State Treasurer shall make and retain a copy and forward the original of these statements to the Fair Political Practices Commission. The Office of the State Treasurer shall forward copies of all other statements for appointed members of multi-member boards, authorities, councils, committees and commissions to the Fair Political Practices Commission.

NOTE: Authority cited: Sections 81008, 87300, and 87306, Government Code. Reference: Section 87302, Government Code.

**APPENDIX A
DESIGNATED POSITIONS**

Designated Positions	Disclosure Category
Office of the State Treasurer	
Deputy Treasurer	1
General Counsel	1
Attorney (all levels)	1
Director, Public Finance Division	1
Director, Centralized Treasury & Securities Management Division	2
Director, Administration Division	1
Assistant Director, Investment Division	2
Assistant Director, Public Finance Division	1
Assistant Director, Centralized Treasury & Securities Management Division	2
Partner Business Executive, Financial Information System for California (FI\$Cal)	2
Director of Legislative Affairs	1
Director of Public Liaison	1
<u>Director of Risk Management</u>	<u>1</u>
Treasury Program Manager (II and III), except Centralized Treasury & Securities Management and Investment Divisions	1
Treasury Program Manager (II and III), Centralized Treasury & Securities Management Division	2
Treasury Program Manager (all levels), Investment Division	2
Staff Services Manager (II and III), except Business Services Unit	2
Accounting Administrator (all levels)	2
Associate Treasury Program Officer, Investment Division	2
Director, Information Services Division	4
System Software Specialist II	4
System Software Specialist III	4
Senior Program Analyst	4
Senior Information Systems Analyst (Supervisor)	4
<u>Data Processing Manager (all levels)</u>	<u>4</u>
Staff Services Manager (all levels), Business Services Unit	1
Associate Business Management Analyst, Business Services Unit	1
<u>Associate Governmental Program Analyst, Business Services Unit</u>	<u>1</u>
California Alternative Energy and Advanced Transportation Financing Authority	
Authority Members	3
Executive Director	3
Deputy Executive Director	3
Treasury Program Manager (all levels)	3
California Debt and Investment Advisory Commission	
Commission Members	3
Executive Director	3
Deputy Executive Director	3
Research Manager (all levels)	3
Staff Services Manager (all levels)	3

Designated Positions	Disclosure Category
California Debt Limit Allocation Committee	
Committee Members	3
Executive Director	3
Staff Services Manager (all levels)	3
California Educational Facilities Authority	
Authority Members	3
Executive Director	3
Deputy Executive Director	3
Treasury Program Manager (all levels)	3
California Health Facilities Financing Authority	
Authority Members	3
Executive Director	3
Deputy Executive Director	3
Treasury Program Manager (all levels)	3
<u>California Healthy Food Financing Initiative Council</u>	
Council Members	3
California Industrial Development Financing Advisory Commission	
Commission Members	3
Executive Director	3
Deputy Executive Director	3
California Pollution Control Financing Authority	
Authority Members	3
Executive Director	3
Deputy Executive Director	3
Treasury Program Manager (all levels)	3
<u>California Secure Choice Retirement Savings Investment Board</u>	
Board Members	3
California School Finance Authority	
Authority Members	3
Executive Director	3
Staff Services Manager (all levels)	3
California Tax Credit Allocation Committee	
Committee Members	3
Executive Director	3
Staff Services Manager (all levels)	3
California Transportation Financing Authority	
Authority Members	3
Executive Director	3

Designated Positions	Disclosure Category
California Urban Waterfront Area Restoration Financing Authority	
Authority Members	3
Executive Director	3
Deputy Executive Director	3
Local Agency Investment Advisory Board	
Board Members	3
Executive Secretary	3
Pooled Money Investment Board	
Board Members	3
Executive Secretary	3
ScholarShare Investment Board	
Board Members	3
Executive Director	3
Staff Services Manager (all levels)	3
Consultants and New Positions	
Consultants/New Positions	*

*Consultants and new positions shall be included in the list of designated positions and shall disclose pursuant to the broadest disclosure category in the code, subject to the following limitation:

The Chief Deputy Treasurer may determine in writing that a particular consultant or new position, although a “designated position,” is hired to perform a range of duties that is limited in scope and thus is not required to fully comply with the disclosure requirements described in this section. Such determination shall include a description of the consultant’s or new position’s duties and, based upon that description, a statement of the extent of disclosure requirements. The Chief Deputy Treasurer’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. (Gov. Code Sec. 81008.)

Officials Who Manage Public Investments

The following individuals are NOT covered by the code because they must file under Government Code Section 87200 and, therefore, are listed for informational purposes only:

- (1) Chief Deputy Treasurer
- (2) Deputy Treasurer (with oversight responsibility for the Investment Division)
- (3) Director, Investment Division
- (4) Pension & Benefits Officer
- (5) Pension Investment Officer
- (6) Treasurer’s Designee for CalPERS and CalSTRS (whose names are listed on an up-to-date public document maintained by the filing officer)

An individual holding one of the above listed positions may contact the Fair Political Practices Commission for assistance or written advice regarding their filing obligations if they believe that their position has been categorized incorrectly. The Fair Political Practices Commission makes the final determination whether a position is covered by Government Code Section 87200.

APPENDIX B
DISCLOSURE CATEGORIES

1. All investments, business positions, and income (including receipt of loans, gifts and travel payments) from, in or with any source of the type to do business with, or apply for or receive bonds, grants, loans, tax credit allocations or tax-advantaged bond allocations, or any other forms of assistance from the Office of the State Treasurer or any board, authority, council, commission or committee chaired by the Treasurer or of which the Treasurer is a member, as well as from, in or with any source of the type that provides services on State bond projects or other programs maintained by the Office of the State Treasurer or projects funded by bonds, grants or loans, or other forms of assistance, including tax credit allocations or tax-advantaged bond allocations, provided by a board, authority, council, commission or committee chaired by the Treasurer or of which the Treasurer is a member, and interests in real property in the State of California.
2. All investments, business positions, and income (including receipt of loans, gifts, and travel payments) from, in or with any source of the type to do business with, or apply for or receive bonds, grants, loans, or any other forms of assistance from the Office of the State Treasurer, as well as from, in or with any source of the type that provides services on State bond projects or other programs maintained by the Office of the State Treasurer, and interests in real property in the State of California.
3. All investments, business positions, and income (including receipt of loans, gifts and travel payments) from, in or with any source of the type to do business with, or apply for or receive bonds, grants, loans, tax credit allocations or tax-advantaged bond allocations, or any other forms of assistance from the board, authority, council, commission or committee of which the filer is a member, employee, or consultant, as well as from, in or with any source of the type that provides services on projects funded by bonds, grants or loans, or other forms of assistance, including tax credit allocations or tax-advantaged bond allocations, provided by the board, authority, council, commission or committee of which the filer is a member, employee, or consultant, and interests in real property in the State of California.
4. All investments, business positions, and income (including receipt of loans, gifts and travel payments) from, in or with any source of the type to sell, rent, or lease information technology equipment, software, facilities, supplies or services, to the Office of the State Treasurer or any board, authority, council, commission or committee chaired by the Treasurer.

Description of the Proposed Amendment to the Office of the State Treasurer

Conflict of Interest Code

- 1) Due to the addition of the California Healthy Food Financing Initiative Council (Health and Safety Code section 104660 et seq.), “council” is added to the following sentence: “This regulation and the attached Appendices designating positions and establishing disclosure categories shall constitute the conflict-of-interest code of the Office of the State Treasurer and the various boards, authorities, councils, commissions and committees chaired by the State Treasurer.”
- 2) Due to the addition of the California Healthy Food Financing Initiative Council (Health and Safety Code section 104660 et seq.), “council” is added to the following sentence: “The Office of the State Treasurer shall forward copies of all other statements for appointed members of multi-member boards, authorities, councils, committees and commissions to the Fair Political Practices Commission.”
- 3) The “California Healthy Food Financing Initiative Council” is added (Health and Safety Code section 104660 et seq.), and “Council Members” is added for this Council under disclosure category “3”.
- 4) The “California Secure Choice Retirement Savings Investment Board” is added (Government Code section 100000 et seq.), and “Board Members” is added for this Board under disclosure category “3”.
- 5) Due to the addition of the California Healthy Food Financing Initiative Council (Health and Safety Code section 104660 et seq.), “council” is added to disclosure categories 1, 3, and 4 among the list of multi-member bodies chaired by the State Treasurer.
- 6) “Director of Risk Management” is added under the “Office of the State Treasurer”. The disclosure category for this position is “1”.
- 7) “Data Processing Manager (all levels)” is added under the “Office of the State Treasurer”. The disclosure category for this position is “4”.
- 8) “Associate Governmental Program Analyst, Business Services Unit” is added under the “Office of the State Treasurer”. The disclosure category for this position is “1”.
- 9) “Staff Services Manager (all levels)” is added under the “California School Finance Authority”. The disclosure category for this position is “3”.