

Attachment A

CODE OF ETHICS CALIFORNIA MUNICIPAL TREASURERS ASSOCIATION (As Amended by the Board of Directors April 2001)

Ethics is defined by Webster as the rules or standards governing the conduct of the members of a profession. Ethical Conduct must be based upon justice and fair play in the fullest sense.

The purpose of this code is to assemble a body of principles to guide members of the California Municipal Treasurers Association as they confront ethical problems when carrying out their duties and responsibilities.

According to Henry J. Wirtenberger, S.J. author of "Morality and Business", two virtues stand out in evaluating the quality of human conduct. They are justice and prudence.

- (1) St. Thomas Aquinas defined justice as "a cardinal virtue whereby one has the constant and perpetual will to give to others whatever is due them."
- (2) Prudence is the ability by which a person learns to differentiate between what is good and what is evil, i.e., capable of exercising sound judgment in practical matters. According to Aristotle's brief definition, "Prudence is a reasonable way of doing things."

Using the foregoing principle of justice and prudence as guides, the following Code of Ethics shall govern the professional conduct of active members of the California Municipal Treasurers Association.

- (1) To protect, preserve and maintain intact cash, investments and other assets placed in trust with the Treasurer on behalf of the residents of the community.
- (2) To promote principles of good government. To be dedicated to the concepts of effective and efficient local government service being provided by elected and appointed Treasurers.
- (3) To maintain personal conduct in such manner as will enhance the stature of the profession and its ability to serve the public.
- (4) To observe the profession's technical standards and continually strive to improve the Treasurers' level of competence.
- (5) To be dedicated to the highest ideals of honor, integrity, and objectivity in all public and professional relationships, and to function within existing legal guidelines.

- (6) To promote cooperation, good relations, bonds of friendship and mutual understanding among the membership.
- (7) To encourage the development of clear lines of communication between residents and elected officials, administrative officers and employees.
- (8) To resist encroachments upon areas of responsibility, as the Treasurer must be free to carry out official duties without interference.
- (9) To seek no personal advantage or gain as a result of the position occupied, or due to the commission of a questionable act.

By accepting membership, each member agrees to be bound and governed by the Code of Ethics and the Code of Professional Conduct as adopted by the CMTA.

**CALIFORNIA MUNICIPAL
TREASURERS ASSOCIATION
CODE OF
PROFESSIONAL CONDUCT
(As Amended by the Board April 2001)**

I. THE ASSOCIATION

The California Municipal Treasurers Association (CMTA) is a professional association of public treasurers organized in 1959.

II. PURPOSE

The purpose of the Association shall be to promote professional standards for public Treasurers and a fraternal fellowship among the members.

III. GENERAL POLICY STATEMENT

The code was prepared as a policy statement regarding how a member of CMTA approaches matters involving professional conduct. It is a fundamental principle that professional conduct for a public treasurer shall exist at a level well above the minimum required by law.

IV. GENERAL RESPONSIBILITIES

The Treasurer performs at least the following basic functions:

- (1) Acts as trustee and custodian of all jurisdiction monies.
 - (a) The Treasurer's primary responsibility is to maintain the safety of monies placed in his/her public trust.
 - (b) In order to limit exposure to risk, investment transactions should be executed with bankers and brokers with adequate capital resources, and purchases should be limited to a small percentage of the firm's capital and surplus.
- (2) Disburse public monies in accordance with prescribed statutes in a timely manner.
 - (a) The receipt of revenues and maturities of investments should be scheduled so that adequate cash will be available to meet disbursements.
 - (b) An adequate percentage of the portfolio should be maintained in liquid short-term securities to be converted to cash if necessary.
 - (c) The weighted average life of the general governmental portfolio should be maintained within limits dictated by cash flow needs of the jurisdiction.

- (d) Yield becomes a consideration only after the basic requirements of safety and liquidity have been met.
- (3) Invests temporarily idle monies in accordance with State or local statutes, regulations and administrative directives. (Section 53601 et seq. of the Government Code.)
 - (a) Purchase of securities should be made on the basis of competitive bids when practical.
 - (b) Security purchases and holdings are to be maintained within statutory limits imposed by the Government Code or local ordinance.

V. REPORTS

The Treasurer shall file reports as required by various sections of the Government Code.

VI. HEARINGS RELATED TO ALLEGATIONS OF PROFESSIONAL MISCONDUCT

A violation of CMTA's code of professional conduct is grounds for suspension and/or termination of CMTA membership. Upon receiving allegations that a CMTA member has violated provisions of CMTA's code of professional conduct from another CMTA member, the President and board shall do the following:

- (1) **Board Notification by President.** The President shall notify board members that an allegation has been made and shall forward all background information provided. The Board will then determine by conference call or fax vote if a Board hearing should be scheduled.
- (2) **Discussion at Board Meeting.** If the Board determines a vote is required, the Board shall schedule the matter for discussion and action at a regularly scheduled CMTA Board meeting.
- (3) **Notice and Opportunity to Be Heard.** The President shall notify the delegate/member whose conduct is at issue of the fact and nature of the allegations, as well as the delegate/member's opportunity to provide the Board additional information relating to the allegations. Such notice shall occur at least four weeks prior to the Board meeting at which the allegations will be discussed. The member may provide the Board information orally at the board meeting, or in writing at least four days prior to the Board meeting, or both.
- (4) **Board Deliberation and Discussion.** After considering all of the information received, the Board may, by majority vote, do one of the following:

- (a) Find that no violation occurred and continue the delegate/representative's membership in good standing.
- (b) Depending on the severity of the violation(s) the Board find occurred:
 - i. Suspend delegate/representative's membership for a specified period, or
 - ii. Terminate the delegate/representative's membership.

Suspension and terminations shall be effective immediately.

- (5) **Reinstatement.** Any delegate/representative who has been terminated may, for good cause shown, petition for reinstatement.
- (6) **Notice to Agency.** If the Board determines that suspension or termination is appropriate, it may provide written notice of its decision and the basis therefore to the delegate/representative's employer.