



ETHICS POLICY

General

The Board of Directors (“Board”) of the Fort Worth Employees’ Retirement Fund (“ERF” or “the Fund”) has adopted this Ethics Policy for individual Board and staff members and made it part of its Administrative Rules, in order to comply with applicable city ordinances and state laws and to make sure that the highest ethical standards in the public retirement industry are followed. This policy is based upon the duty of loyalty that all Board members, as fiduciaries, owe to the members and retirees of the ERF. It also demonstrates the Board’s commitment to fairness, openness and transparency in the governance of the Fund. It is important to the Board that it preserves the confidence of the membership, the City, local and state government officials, and the general public.

In adopting this policy the Board recognizes that compliance with any ethics policy may, at times, be confusing because ethical matters can be complex. The Board also recognizes that not all situations involving ethical dilemmas can be specifically addressed in this policy. Because of this, Board and staff members are strongly encouraged to seek the advice of the Fund’s General Counsel whenever there is uncertainty about compliance with the policy.

This Ethics Policy will be thoroughly discussed with new trustees during orientation and will be reviewed annually during a regular meeting of the Board. It will be updated and revised as needed.

Definitions

As used in this code, unless the context otherwise requires:

- 1) "Business" means a corporation, partnership, sole proprietorship, trust or foundation, or any other individual or organization carrying on a business, whether or not operated for profit.
- 2) "Compensation" means any money, thing of value, or economic benefit conferred on or received by any person in return for services rendered or to be rendered by himself or another.
- 3) "Financial interest" means a substantial interest held by an individual which is:
 - (a) An ownership interest in a business;
 - (b) A creditor interest in an insolvent business;
 - (c) An employment or prospective employment for which negotiations have begun;
 - (d) An ownership interest in real or personal property;
 - (e) A loan or other debtor interest; or
 - (f) A directorship or officership in a business.

- 4) "Official act" or "official action" means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority.

Rules of Conduct

A Board member or employee shall not:

- 1) Disclose or use confidential information acquired in the course of his official duties in order to further substantially his personal financial interests; or
- 2) Accept a gift of substantial value or a substantial economic benefit tantamount to a gift of substantial value:
 - a) Which would tend to improperly influence a reasonable person in his position to depart from the faithful and impartial discharge of his public duties; or
 - b) Which he knows or which a reasonable person in his position should know under the circumstances is primarily for the purpose of rewarding him for official action he has taken; or
- 3) Engage in a substantial financial transaction for his private business purposes with a person whom he inspects or supervises in the course of his official duties; or
- 4) Assist any person for a fee or other compensation in obtaining a contract, claim, license, or other economic benefit from the Fund; or
- 5) Assist any person for a contingent fee in obtaining a contract, claim, license, or other economic benefit from any city agency or department; or
- 6) Perform an official act which may have a direct economic benefit on a business or other undertaking in which the member has a direct or substantial financial interest, or is engaged as counsel, consultant, representative, or agent.
- 7) A Board member should not initiate contact with any entity under consideration in final stages of a search process until the business is awarded. During this "no-contact" period, Board members and staff who are contacted by these entities for anything other than routine information should immediately inform them of the "no-contact" rule, and that any further contact could disqualify them from further consideration.

Limitations and Exceptions

- 1) An economic benefit tantamount to a gift of substantial value includes without limitation a loan at a rate of interest substantially lower than the commercial rate then currently prevalent for similar loans and compensation received for private services rendered at a rate substantially exceeding the fair market value of such services.
- 2) The following shall not be considered gifts of substantial value or gifts of substantial economic benefit tantamount to gifts of substantial value for purposes of paragraph 2 under the Rules of Conduct:
 - a. An occasional nonpecuniary (non-financial) gift, insignificant in value;
 - b. A nonpecuniary award publicly presented by a nonprofit organization in recognition of public service;
 - c. Payment of or reimbursement for actual and necessary expenditures for travel and subsistence for attendance at a convention or other meeting at which the Board member or employee is scheduled to participate, including educational conferences sponsored by independent educational organizations and business meetings conducted by ERF managers;

- d. Reimbursement for or acceptance of an opportunity to participate in a social function or meeting which is offered to the Board member or employee which is not extraordinary when viewed in light of the Board member's or employee's position;
 - e. Items of perishable or nonpermanent value including, but not limited to, meals or tickets to sporting, recreational, educational, or cultural events.
- 3) Notwithstanding the exceptions in paragraph 2, a Board member or employee shall not solicit any gift, regardless of value, and including those items set forth in paragraph 2, from any person doing business with the ERF, or seeking to do business with the ERF.
 - 4) Paragraph 5 of the Rules of Conduct does not apply to a Board member if he complies with the voluntary disclosure procedures set forth below and if he is not a full-time state employee.

Disclosure Requirements

Board members must promptly disclose any conflict of interest or potential conflict of interest with respect to their fiduciary responsibility to the ERF. They must also refrain from voting or attempting to influence the vote on any matter involving a conflict.

Additionally, each Board member and senior staff member shall annually file with the ERF a Conflict of Interest Disclosure in a form prescribed by the ERF. The form shall require disclosure of any relationships or situation which may impinge on the member's or employee's fiduciary duty, if any, and the public trust.

Ethical Principles

- 1) A Board member or employee should not acquire or hold an interest in any business or undertaking which he has reason to believe may be directly and substantially affected to its economic benefit by official action to be taken by the ERF.
- 2) A Board member or employee should not, during the term of his office or employment, obtain employment in which he will take direct advantage, unavailable to others, of matters with which he was directly involved during his term of membership or employment. These matters include rules, other than rules of general application, which he actively helped to formulate, and applications, claims, or contested cases in the consideration of which he was an active participant.
- 3) A Board member or employee should not perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when he has a substantial financial interest in a competing firm or undertaking.
- 4) A Board member, during and within 12 months following the termination of his office, shall be ineligible for employment as a member of the ERF staff.

Special Rules Governing Contracts and Claims

- 1) Board members or employees shall not be interested in any contract made by them in their official capacity or by the ERF.
- 2) A former employee may not, within six months following the termination of his employment, contract or be employed by an employer who contracts with the ERF involving matters with which he was directly involved during his employment.
- 3) Board members or employees shall not be vendors at any purchase made by them in their official capacity.

Appendix to the Code of Ethics

To assist with the application of the Fort Worth Employees' Retirement Fund Code of Ethics and Standards of Professional Conduct, the Board has considered certain specific activities and expenses which might arise in the course of dealing with third parties with whom the Fund does business or might do business in the future.

This Appendix sets forth guidelines concerning the appropriateness of those activities and expenses. This list is not intended to be complete or all-inclusive. Rather, the following are examples of appropriate and inappropriate activities and expenses. If questions arise about activities and expenses which are not included in this Appendix, the following examples should be used if possible for guidance as to whether an activity or expense is appropriate or not.

1) Dealing with third parties **with whom the Fund currently does business.**

Appropriate activities and expenses:

- a) In general, it is permissible for Trustees, including members of their immediate families, to accept or participate in "reasonable entertainment," which would include, among other things, an occasional meal, a ticket to a sporting event or the theater, or comparable entertainment, which is neither so frequent nor so excessive as to raise any question of propriety; attended by the person or company providing the entertainment, meal, or tickets; and not more frequent than once per quarter.
- b) Acceptance of inexpensive gifts with a value under \$25.
- c) Covering of reasonable expenses (lodging and meals) at business meetings conducted by the third party.
- d) Also appropriate are trips for educational purposes, including international trips, offered by independent educational groups and funded by investment managers with whom the ERF may or may not currently be doing business.

Inappropriate activities and expenses:

- e) Solicitation of any recreational activity or gift of any kind.
- f) Acceptance of any expensive gift offered by the third party.

2) Dealing with third parties **with whom the Fund does not do business.**

- a) It is inappropriate to solicit or accept any activity or gift from a third party with whom the Fund does not do business. Any expenses (e.g. coffee or a meal) incurred in meeting with such third parties, if infrequent and reasonable, are permissible.
- b) Notwithstanding the foregoing, it is not a violation of this policy for a Board member or employee to attend a group meal or other group event of a social nature which is held in conjunction with an educational conference or seminar and which is sponsored by one or more persons who are not doing business with the Fund.

FORT WORTH EMPLOYEES' RETIREMENT FUND

POTENTIAL CONFLICT OF INTEREST DISCLOSURE

Purpose

It shall be the goal of every member of the Board of Directors and each employee of the Fort Worth Employees' Retirement Fund to demonstrate the highest level of professional and ethical behavior in dealings with retirees, employee members, employer representatives, the public and the staff.

In pursuit of this goal, each member of the Board of Directors and each Executive and investment department staff member is asked to annually disclose business connections or relationships, which could be construed as conflicts of interest.

Disclosure

Each disclosing person is asked to identify the following:

- Business connections with vendors doing business with the Fund.
This would include working as an employee of a vendor and the amount of compensation received, or working directly for a vendor as a supplier of goods and/or services and the volume of goods or services supplied. This category would also include a statement of ownership in a vendor or the holding of an officer or Board position in a vendor.
- Business connections directly with the Fund.
This category would include working as a vendor supplying goods and/or services directly to the Fund. The nature of the relationship and the volume of business should be disclosed.
- Direct or indirect family relations.
The disclosing person should state any direct family member or in-law who works for the Fund or for any ERF vendor.
- Shared ownership in a nonpublicly traded enterprise.
The disclosing person should state the enterprise and his interest if that ownership is shared by another ERF Board member, an ERF staff member, or a vendor organization.

Each person stated within the PURPOSE of this statement should disclose any business association in any of the categories specifically enumerated above annually. Such disclosure shall be made on a form provided by the Fund. The completed disclosure form will be sent to the Chairman of the Board or the Executive Director and acknowledged at the next scheduled Board meeting. Disclosing persons should understand the intent of this disclosure and should, in addition, disclose any relationship they feel is not specifically stated in this policy, but is of a nature that is intended to be disclosed by this policy.

In addition to annual disclosure, at the time the ERF is entertaining the establishment of a business relationship which will commence a disclosable relationship, the disclosing party should notify the Chairman of the Board or the Executive Director.

Definitions

DIRECT FAMILY MEMBER includes spouse, children, parents, siblings, and children of siblings.

INDIRECT FAMILY MEMBER includes the direct family members of the disclosing member's spouse.

SUBSTANTIAL OWNERSHIP POSITIONS are defined as an amount equal to or in excess of 3% of outstanding ownership.



CONFLICT OF INTEREST DISCLOSURE FORM

Please provide the following information, as required by the ERF Policy on Potential Conflict of Interest Disclosure. Updated information should be provided on a continuing basis. Please return the form to ERF's Executive Director. Attach additional sheets, if necessary.

1. Describe your business connections with vendors doing business with the Fund.

2. Describe business connections you have directly with the Fund. _____

3. Identify direct or indirect family members who work for the Fund or for any ERF vendor. _____

4. Describe ownership in non-publicly traded enterprises which you share with any other ERF Board member, ERF staff member, or vendor organization.

Signature

Title

Date