

# **POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT**

## *CODE OF CONDUCT POLICY*

*ADOPTED: June 23, 2011*

*AMENDED: May 16, 2019*

\*\*Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment (“POA”) and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

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## **STATEMENT OF PURPOSE**

The Trustees of the PFRS, both individually and collectively, must maintain the highest morals and standard of fiduciary care and loyalty to avoid erosion of the trust of PFRS members and the public at large. Board members and PFRS staff shall conduct themselves in a manner that justifies the confidence placed in them by PFRS members and retirees, at all times maintaining their integrity and discharging their responsibilities ethically in the course of their association with PFRS.

In addition to the statutory obligations set forth in the Michigan Public Employee Retirement System Investment Act, 1965 PA 314, as amended, his Code of Conduct, in conjunction with the Board's Ethics Policy, provides guidelines for PFRS Trustees in conducting themselves with the utmost integrity and accountability required of a PFRS Board member.

\*\*Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment (“POA”) and Exhibit B of the State Contribution Agreement (“Governance Term Sheet”), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

## **DEFINITIONS**

**“Board” or “Board of Trustees”** shall mean the Board of Trustees of the Police and Fire Retirement System of the City of Detroit.

**“Board member”** shall mean any member of the PFRS Board Trustees.

**“PFRS”** shall mean the Police and Fire Retirement System of the City of Detroit.

**“PFRS Staff” or “Staff”** shall mean the Executive Director, the Assistant Executive Director, member of the Investment Committee, Chief Investment Officer and all other employees of the PFRS as well as independent contractors who are not designated as employees.

**“Service provider”** shall mean any consultant, manager, advisor, custodian or other individual or entity providing professional services to the Board and/or PFRS.

## **GENERAL**

Each member of the PFRS Board shall execute their duties and responsibilities in accordance with all applicable federal, state, local laws, including but not limited to, the Public Employee Retirement System Investment Act, 1965 PA 314, as amended, (“Act 314”) and the Plan of Adjustment and shall discharge his or her duties solely in the interest of the participant and the beneficiaries, acting with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims.

Each and every member of the PFRS Board shall diligently attend to the business of the PFRS and shall not leave to other Board members control over the administration of the affairs of the Board and

retirement system.

Each and every member of the PFRS Board shall fully comply with the Board's Policies.

### **AVOIDING CONFLICTS**

In order to maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy, and to avoid even the appearance of a conflict of interest, each member of the PFRS Board should conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty. In addition, each member of the PFRS Board should conduct official and private affairs so as to avoid giving rise to the reasonable conclusion that he or she is using his or her position on the Board to further his or her own financial interests.

### **CONTACT WITH SERVICE PROVIDERS**

No member of the PFRS Board or staff shall accept any gifts, favors, or services from any current or prospective service provider that the Board member or staff knows has responded to a Request for Proposal ("RFP") from PFRS, or is otherwise a candidate in a non-RFP selection process by the PFRS. Furthermore, each and every member of the Board shall refrain from any discussions with any current or prospective service provider, who is a finalist in the selection process, regarding the RFP outside of an open public meeting other than as a part of a regularly scheduled interview during the selection process or otherwise as part of the normal course of business.

### **CONDUCT AT BOARD MEETINGS**

Each and every member of the PFRS Board shall provide fair and equal treatment to all personal and matters coming before the Board or any Board committee. Board members shall listen courteously to all discussions at meetings and avoid interrupting other speakers, including other Board members, staff or committee members, except as may be permitted by established PFRS and Order of Business. Board members will only speak on an item when recognized by the Board Chair. Board members shall refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of other.

Violation of this section of the policy is grounds for formal reprimand and public censure by the Board which shall be by the adoption of an appropriate motion and permanently noted in the Board minutes. In the event of repeated violations of this section of the policy, or in the event of disruptive conduct which impairs the Board's ability to proceed with the meeting, the Board, by the adoption of an appropriate motion, may direct that the offender of this policy be removed from a particular meeting for a period of time or the remainder of that meeting.

## **COMMUNICATIONS**

### **A. WITH ALL PARTIES**

A Board member shall be respectful of the Board and its decisions, and of committees and their recommendations, in all external communications, even if he or she disagrees with such decisions or recommendations.

A Board member, other than the Chairperson, or in his or her absence the Vice Chairperson, shall not correspond with a non-PFRS person or entity using PFRS letterhead or as a spokesperson on behalf of the Board unless the communication is authorized by the Board. The Board member when speaking on their own behalf shall not represent themselves as speaking on behalf of the Board.

### **B. WITH SERVICE PROVIDERS AND OTHER NON-PFRS INDIVIDUALS**

A Board member shall be respectful of the Board and its decisions, and of committees and their recommendations, in all external communications, even if he or she disagrees with such decisions or recommendations. As a means to provide correct, timely and uniform information regarding PFRS administration, the provision of PFRS benefits, and related matters, inquiries on such matters from service providers, and other non-PFRS entities and individuals should be directed to the Executive Director. All media requests should be reviewed by general counsel, Public Relations representative, Executive Director and Board Chair prior to release if timing allows, otherwise the media liaison may respond and then relay the information to all necessary parties. If Board members receive inquiries from non-PFRS entities and individuals regarding PFRS and choose to respond to such inquiries, such Board members shall clarify that they are not speaking on behalf of the Board, unless the communications is specifically authorized by the Board via resolution

Individual Board members shall not correspond with a non-PFRS person or entity using PFRS letterhead or as a spokesperson on behalf of the Board unless the communication is authorized by the Board via resolution

Copies of all written communications from a Board member to a current service provider or person or entity related to a current service provider, relating to PFRS business (other than purely personal or social correspondence) shall be provided to the Executive Director for possible subsequent distribution to all members of the Board.

A copy of any written business related communication (other than routine announcements, generally distributed newsletters, and similar material) received by a Board member from a current PFRS service provider, and not received by any other Board member, shall be forwarded to the Executive Director for possible subsequent distribution to all members of the Board.

### **C. WITH THE ELECTORATE**

The Board may publicly express an opinion through a resolution with regard to the merits of a proposed ballot measure or legislation that is reasonably expected to impact PFRS members or their beneficiaries with respect to their retirement or the operation of the retirement system. PFRS may provide information to its membership regarding the measure that is fair and impartial and generally avoids advocacy of any particular vote. Notwithstanding the foregoing, the Board may take and pursue the appropriate advocacy position to protect the interest of the Retirement System, its membership, retirees and beneficiaries.

In addition, unless authorized by the Board, an individual Board member shall not use his or

her position as a member of the PFRS Board when expressing an opinion regarding any ballot measure legislation (except as above noted) or candidate for office, unless the individual specifically identifies his or her opinion as personal and not that of the Board or PFRS. PFRS shall consult with its general counsel and Public Relations Representative prior to speaking officially, or expanding PFRS resources, on any items that will be brought before the electorate so as to avoid any potential misuse of trust funds.

**D. WITH PLAN MEMBERS**

Board members shall be aware of the risk of communicating inaccurate information to plan members (both active members and retirees), and the possible harm to a plan member that may result from any such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the PFRS plan. Board members are expected to and may provide general information to Plan members. Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to the Executive Director or appropriate designee.

**NON-COMPLIANCE SANCTIONS**

Except as otherwise provided above, violation of this Code of Conduct Policy is grounds to remove the offender from the position of Chair or Vice-Chair of the PFRS Board, or from any other assignment on behalf of the Board, and may also subject the offender to censure by the Board. The Board may also pursue all of its legal remedies against any Board member who willfully violates the provisions of this policy.

**POLICY REVIEW**

The Board shall review the Code of Conduct Policy at least every three years to assure its efficacy and relevance. The Board may amend this policy from time to time, by majority vote of the Board.