

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

ETHICS POLICY ADOPTED:

June 23, 2011

Amended July 15, 2021

****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**

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I. OVERVIEW AND PURPOSE

The Board of Trustees (the "Board or Board of Trustees") of the Police and Fire Retirement System of the City of Detroit ("PFRS") is established pursuant to, among other authority, the Plan of Adjustment (POA), Plan Documents and the Home Rule Charter of the City of Detroit, and its members serve as Board Members of PFRS. Board Members are fiduciaries to PFRS and shall prudently administer the retirement system for the sole and exclusive benefit of PFRS members, retirees and beneficiaries. Additionally, when performing certain functions, PFRS staff also have a fiduciary duty to prudently administer the retirement system for the sole and exclusive benefit of PFRS members, retirees and beneficiaries.

In order to maintain the respect, trust and confidence of its members and retirees, all Board members and PFRS staff must use the powers and resources of their office only to advance the interests of PFRS members, retirees and beneficiaries, and not to obtain personal benefits or pursue private advantage incompatible with these interests. Board members and PFRS staff shall conduct themselves in a manner that justifies the confidence placed in them by PFRS members and retirees, always maintaining their integrity and discharging their responsibilities ethically in the course of their association with PFRS.

Accordingly, Board members and PFRS staff are expected to comply with all applicable laws governing their conduct. This Ethics Policy is intended (to the extent possible) to reduce the likelihood of any vague or ambiguous principal or standard of conduct expected of PFRS representatives and to instill and maintain a high level of confidence in the relationship between PFRS and those persons doing business with PFRS as well as maintain the confidence of government officials and the general public in PFRS and the Board.

II. DEFINITIONS

For purposes of this policy, the following words shall have the meanings respectively ascribed to them by this section:

"Agent" means a person performing duties on behalf of PFRS other than an employee or Board member.

"Act 314" means Michigan Public Act 314 of 1965, as amended (M.C.L. § 38.1132 *et seq.*)

"Anything of value" includes anything of monetary value, including but not limited to, money, loans, gifts, food or beverages, social event tickets and expenses, travel expenses, golf outings, consulting fees, compensation, or employment.

"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" means any member of the PFRS Board of Trustees.

"Conflict of Interest" includes the prohibited transactions and interests described in Section III and V below, the gifts prohibited under Section VI below, and any other personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of the PFRS in the best interests of PFRS members and beneficiaries.

"*Fiduciary*" means (a) a Board member; or (b) such other person, including but not limited to staff, service providers, and agents, who are fiduciaries because they have been identified as such by contract, or because of the nature of the relationship with the PFRS.

"*PFRS*" or "*System*" means the Police and Fire Retirement System of the City of Detroit.

"*PFRS Staff*" or "*Staff*" shall mean the Executive Director, Assistant Executive Director, the Chief Investment Officer (CIO), the Investment Analyst, the Assistant Investment Analyst, the Recording Secretary, and all other employees of the PFRS including contractual employees.

"*Gift*" means any rendering of value for which legal consideration of equal value is not given and received. The term gift also includes the rendering of a personal benefit or favor that results in an economic benefit or financial gain by a Board member, staff member, or a related party that is not expressly permitted under applicable laws and administrative rules.

"*Party in interest*" means, as it relates to PFRS, any of the following:

1. An investment fiduciary, counsel, or employee of PFRS;
2. A person providing service to PFRS;
3. The City of Detroit or any of its political subdivisions;
4. An organization, any of whose members are covered by PFRS;
5. A spouse, domestic partner, ancestor, lineal descendant, or spouse of a lineal descendant of an individual described in subdivision (1) or (2); or
6. An entity controlled by an individual or organization described in subdivisions (1) through (5).

"*Policy*" means this Ethics Policy. "*Related Party*" means a person who is:

1. The spouse, domestic partner or child of a Board member;
2. A brother, sister or child or other descendant of a Board member of the spouse or domestic partner of any of them;
3. A parent of a Board member, or of a spouse or domestic partner of a Board member;
4. An entity in which a person referred to in any of paragraphs (1) through (3) has a substantial investment; or
5. A corporation or other business entity that is directly or indirectly controlled by a Board member.

"*Service Provider*" includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the Board or PFRS, including anyone who is known or should be known to be an agent or acting on behalf of such a party, including any partnership of which the PFRS is a partner, any person or entity that has a contract related to investment of the System's funds, and any other person marketing or otherwise attempting to secure business involving the System's funds.

III. STATUTORY GUIDELINES

A. STATUTORY GUIDELINES. In accordance with Section 13 of Act 314, the PFRS Board of Trustees shall have the authority and fiduciary responsibility for the administration of the retirement system and the investment of its assets subject to all of the following:

1. Board members shall discharge their duties solely in the interest of PFRS participants and the beneficiaries;
2. Board members shall act 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;
3. Board members shall act with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered;
4. Board members shall make investments for the exclusive purposes of providing benefits to PFRS participants and beneficiaries, and of defraying reasonable expenses of investing the assets of PFRS;
5. Board members shall give appropriate consideration to those facts and circumstances that the Board member knows or should know are relevant to the particular investment or investment course of action involved, including the role the investment or investment course of action plays in PFRS's investments; and act accordingly. Appropriate consideration includes, but is not limited to, a determination by the Board that a particular investment or investment course of action is reasonably designed, as part of the investments of PFRS, to further the purposes of PFRS, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment course of action:
 - i. the diversification of the investments of PFRS;
 - ii. the liquidity and current return of the investments of PFRS relative to the anticipated cash flow requirements of PFRS; and
 - iii. the projected return of the investments of PFRS relative to the funding objectives of PFRS.
6. Board members shall give appropriate consideration to investments that would enhance the general welfare of the City of Detroit and its citizens if those investments offer the safety and rate of return comparable to other investments permitted under Act 314 and available to the Board at the time the investment decision is made;
7. Board members may use a portion of the income of PFRS to defray the costs of investing, managing, and protecting the assets of PFRS; may retain investment and all other services necessary for the conduct of the affairs of PFRS; and may pay reasonable compensation for those services.

B. PROHIBITED TRANSACTIONS. In accordance with Section 13, subsection(8) and (9) of Act 314, the Board and PFRS staff shall not cause the PFRS to engage in a transaction if he or she knows or should know that the transaction is any of the following, either directly or indirectly:

1. A sale or exchange or a leasing of any property from PFRS to a party in interest for less than the fair market value, or from a party in interest to PFRS for more than the fair market value.
2. A lending of money or other extension or credit from PFRS to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to PFRS with the provision of excessive security or at an unreasonably high rate of interest.
3. A transfer to, or use by or for the benefit of, the City of Detroit of any assets of PFRS for less than adequate consideration.
4. The furnishing of goods, services, or facilities from PFRS to a party in interest for less than adequate consideration, or from a party in interest to PFRS for more than adequate consideration.

Board members and PFRS staff shall not do any of the following:

1. Deal with the assets of PFRS in his or her own interest for his or her own account;
2. In his or her individual or any other capacity act in any transaction involving PFRS on behalf of a party whose interests are adverse to the interests of PFRS or the interest of PFRS participants or beneficiaries; or
3. Receive any consideration for his or her own personal account from any party dealing with PFRS in connection with a transaction involving PFRS assets.

IV. GENERAL ETHICAL STANDARDS

A. FIDUCIARY DUTIES.

1. **Duty of Loyalty.** Board members and PFRS staff shall act solely for the benefit of the present and future PFRS participants and beneficiaries and shall give their undivided loyalty to such participants and beneficiaries. Good faith does not excuse disloyalty.
2. **Duty to Deal Impartially.** Board members and PFRS staff shall deal impartially with all PFRS participants, beneficiaries, and retirees.
3. **Duty to Preserve the Trust.** Board members and PFRS staff shall preserve the trust assets through implementation of the PFRS Investment Policy and the monitoring of fund performance. The Board has adopted a Due Diligence Policy to further preserve trust assets.
4. **Duty to be Educated.** The complexities of sound management of the assets and liabilities of PFRS impose a continuing responsibility for all Board members and PFRS staff to attend educational conferences, seminars, and other events that will

better prepare them to perform their fiduciary duties. Consistent with this duty, the Board has adopted an Education Policy.

5. Duty as a Board member. Board members and PFRS staff have a duty to use reasonable care to prevent other Board members from committing a breach and have a duty to compel performance or redress of a breach.

B. ETHICAL PRINCIPLES.

1. This Policy cannot address all of the circumstances in which Board members could benefit themselves or parties in interest, rather than PFRS participants and beneficiaries. This Policy must therefore consist of general principles that will provide Board members with guidelines for managing the many complicated situations that arise in administering a public employee retirement system.
2. In situations where the law or this policy are not clear, any doubt shall be resolved in a manner that abates or mitigates any actual conflict of interest and furthers the members sense of faith in the integrity of the administration of PFRS by the Board members and staff.
3. Board members must be aware that the mere appearance of a conflict of interest or conduct that may be legal but appears to conflict with the interest of the members and beneficiaries of PFRS, can erode confidence in PFRS and its administration, and should be avoided.
4. Board members and staff must be honest in the exercise of their duties and must not take actions that will discredit the PFRS.
5. Board members and staff must be loyal to the interests of the PFRS, its members and its beneficiaries.

C. GUIDING PRINCIPLES. Guiding Principles of which are hereby adopted as follows:

1. Service to the beneficiaries of public pension funds is the primary function of public pension fund trustees.
2. The beneficiaries of public pension funds are sovereign, and the trustees of those funds are ultimately responsible to them.
3. In those situations where the law is not clear, the best interests of the fund beneficiaries must be served. Conscience is critical. Good ends never justify unethical means.
4. Efficient and effective administration and investment management is basic to public pension funds. Misuse of influence, fraud, waste, or abuse is unacceptable conduct.
5. Safeguarding the trust of fund beneficiaries is paramount. Conflicts of interest, bribes, gifts or favor which subordinate fund trustees to private gains are unacceptable.

6. Service to public pension fund beneficiaries demands special sensitivity to the qualities of justice, courage, honesty, equity, competence, and compassion.
7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by pension fund trustees.

D. POLICY GUIDELINES. PFRS Board members and staff shall not:

1. Solicit or accept employment from anyone doing business with the Board or PFRS, unless the Board member or staff member completely withdraws from any PFRS discretionary or decision-making activity regarding the party offering employment, and the Board approves the withdrawal in the case of a Board member or the Executive Director of the System, and the Executive Director approves the withdrawal in the case of another PFRS staff member;
2. Use his or her public position to obtain benefits or a special privilege for the Board member or a related party;
3. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the Board or PFRS;
4. Hold or benefit from a contract with, authorized by, or approved by, the Board or System;
5. Vote, authorize, recommend, or in any other way use his or her position to secure approval of a Board or PFRS contract (including employment or personal services) in which the Board member or a related party has an interest;
6. Use or authorize the use of, his or her title, the name of the PFRS Board or System, or the Board's or System's logo in a manner that suggests impropriety, favoritism, or bias by the Board, PFRS or a staff member;
7. Solicit or accept any compensation, except as allowed by law, to perform his or her official duties or any act of service in his or her official capacity; or
8. Do through third parties that which he or she may not do directly under the foregoing restrictions.

V. CONFLICTS OF INTEREST

The phrase conflict of interest includes prohibited transactions and interests, gifts, and any other personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of PFRS in the best interests of PFRS members and beneficiaries.

A. EXISTENCE. A conflict of interest exists for a Board member, PFRS staff, or service provider whenever there exists personal or private, commercial, or business relationship or interest that could reasonably be expected to diminish the Board member's, staff's, service provider's independence of judgment in the performance of the person's responsibilities to PFRS.

B. **DISCLOSURE.** Board members, staff, service providers, and any other person(s) or organization(s) having fiduciary obligations to PFRS must promptly disclose any actual or potential conflicts of interest in detail sufficient to be understood by the Board and by the public. Disclosure may be made orally during Board meetings or by submission of a written statement to the Chair of the PFRS Board, with a copy to all Board members and the Executive Director. Disclosure shall be made immediately prior to the Board's consideration of a matter and shall be reflected in the official record of the meeting. Members of the PFRS Board shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Recusal from acting on any matter in which an actual or potential conflict exists is required.

In addition to the disclosures required above, each Board member shall disclose his or her and any related party's financial interest in any business proposing to engage in a transaction with PFRS prior to any official act by the Board on such transaction. Such disclosure shall be set forth in the minutes of the meeting of the Board at which such transaction is considered.

C. **DUTY TO CURE.** Persons and organizations who have a duty to disclose a conflict of interest also have a duty to cure the conflict, if the conflict is their own and a cure is deemed required prior to any action by the Board. A person normally cures a conflict of interest by promptly eliminating it. Persons who cannot or do not wish to eliminate the conflict must terminate their relationship with PFRS as soon as is reasonably possible. However, if the conflict of interest involves a Board member or employee who may prudently withdraw from action on a particular matter in which a conflict exists, he or she may cure the conflict in that manner provided that:

1. The person may be and is effectively separated from influencing the action taken;
2. The action may properly be taken by others; and
3. The nature of the conflict is not such that the person must regularly and consistently withdraw from decisions which are normally his or her responsibility with respect to PFRS. Board members must disclose any conflicts regarding matters which are before the Board, leave the room during any relevant deliberations, and not vote on the matter.

D. **EXCEPTIONS.** It shall not be considered a conflict, and a disclosure and recusal shall not be required if;

1. A Board member or staff member is a member, retiree, or beneficiary of PFRS or, with respect to the matter at issue, has an interest no greater than a large class of its members or retirees;
2. A Board or staff member or party in interest has an investment in the securities of a publicly or privately traded corporation which is owned, purchased, sold, or otherwise dealt with by PFRS provided that that affected persons interest in the securities is not more than five percent (5%) of any class of securities and the person is not a director or officer of the corporation other than as a representative of PFRS; or

3. A Board or staff member or party in interest maintains ownership in a mutual fund or commingled investment fund that holds securities or other assets of a firm that provides or is being considered to provide services to PFRS unless the Board, staff member or related party participates in the management of such funds.

VI. GIFTS, POLITICAL CONTRIBUTIONS AND SOLICITATIONS, GOLF AND SPORTING/CULTURAL EVENT ACTIVITIES

A. GENERAL POLICY STATEMENT

Engaging in or condoning bribery is strictly prohibited.

Board members and PFRS staff shall not, directly or indirectly, solicit, accept or receive any gift, whether in the form of money, service, loan, travel, gratuity, favor honoraria, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be expected or perceived to compromise, impair or influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part. More simply put, regardless of legality, no gifts of any kind or in any amount should be accepted if someone might consider that gift as influencing a decision made in service to PFRS. Board members and staff shall not solicit or accept contributions or gifts from current, prospective or potential service providers if they know, or reasonably should know, that such contributions or gifts are intended to influence their actions or decisions with respect to PFRS.

All members of the Board and PFRS staff who are responsible for investment decisions or who are involved in the management of PFRS assets shall not solicit, accept, or agree to accept any gifts of more than de minimus value, personal benefits, or personal favors offered to them because of their positions with PFRS (examples of de minimus gifts are educational, promotional, or advertising items of a nominal value which are defined as items estimated to cost less than \$100.00 with minimum resale value). An occasional gift of less than \$20.00 in value shall not be included in the limitations on gifts. De minimus gifts should not be received on so frequent a basis as to lead a reasonable person to believe that a Board member or staff member is using his or her office for personal gain.

Solicitation or encouragement by a Board member or PFRS staff member of entertainment, including but not limited to meals, refreshment, or entry fees for a cultural or sporting event from a current, prospective, or potential service provider of PFRS is prohibited.

No cash, cash equivalents or securities of any value may ever be accepted.

B. GIFTS AND GRATUITIES

Board members and PFRS staff shall not solicit or accept contributions or gifts (to include meals, lodging, entertainment, transportation, or invitations to social/sporting/cultural events) from any single current, prospective or potential service provider which exceed a value totaling \$300.00 in any calendar year. However, this limitation on gifts does not apply:

1. to business meals/receptions where a representative of the service provider is present for the purpose of conducting business or providing education; or
2. to seminar/conferences sponsored by a service provider or prospective service provider where attendance is approved by the Board of Trustees pursuant to the PFRS Travel and Expense Policy; or

3. to transportation sponsored by a service provider in connection with receptions, business meals or business meetings when the service provider will be present at such reception, business meal or business meeting; or
4. to participation in recreational or social events while attending a seminar/conference provided said events are available to a majority of the seminar/conference attendees;
5. to participation in recreational or social events sponsored by a service provider or prospective service provider provided the service provider will be present.

This prohibition regarding the solicitation or acceptance of gifts or other economic benefits does not apply to seminar or conference fees when the seminar relates to the Board member's or employee's job duties and is sponsored by PFRS service providers or agents. Business meetings and discussions, including meetings which include meals, with current service providers may provide useful information or benefit to the Board member, and are not prohibited by this *Ethics Policy*. However, the prohibition does apply during a period in which the seminar or conference sponsor is under consideration as a new or continued service provider, that is, an eligible respondent to a *Request for Proposal* issued by the PFRS as further provided in subparagraph F.

If a Board member or staff receives an unsolicited, prohibited contribution or gift, he or she should return such contribution or gift to the source; however, if returning the contribution or gift is not possible or feasible, the contribution or gift should be donated to a charitable organization.

C. POLITICAL CONTRIBUTIONS. A person who is a candidate for or serving on the Board by election of the PFRS membership (i.e., employee elected representative) shall not accept any political contributions from a Service Provider or a Prospective Service Provider. A person who is a candidate in a primary or general election for a position that qualifies the person for ex-officio membership on the Board or with the authority to appoint a person to the Board, or any member serving as ex-officio on the Board, shall not accept any political contributions from a Service Provider excepting a (i) statutorily permitted campaign contribution or (ii) a statutorily permitted political action committee (PAC) contribution.

The term *political contribution* as used herein shall mean a gift, donation, subscription, loan, deposit of money or anything of value made for the purpose of influencing or supporting an election for an office related either directly or indirectly to the Board.

A Prospective Service Provider is ineligible to provide consultant, investment or any other services to the Fund for a two (2) year period after such Prospective Service Provider makes a *political contribution* to a candidate in a primary or general election for a position that qualifies the candidate for a Board trustee position, excepting a (i) statutorily permitted campaign contribution or (ii) a statutorily permitted political action committee (PAC) contribution. A Prospective Service Provider is any person, corporation, partnership, limited liability company or other business entity (a "Prospective Service Provider"), including, but not limited to, anyone who is known or should be known to be an agent or acting on behalf of such entity and such entity ultimately seeks to provide services to the Fund.

Violation of these provisions will subject a Service Provider to disqualification, suspension or termination as determined by the Board. These provisions shall be effective on a going forward basis as of the date of this policy.

D. SPONSORED TRAVEL. It is well recognized that Board members of most governmental and private retirement systems are invited to and attend conferences sponsored by trade associations as well as service providers to the retirement plan industry (such as, but not limited to, consultants, investment managers, and investment advisors). Further, it is in PFRS's members, retirees, and survivors' best interest that the Board and PFRS staff be as well- educated and informed on various matters pertaining to pension design, investment opportunities, and management of a large governmental retirement system as reasonably possible. It is thus considered appropriate and desirable for Board members and staff members to attend various conferences throughout their tenure and employment, including those sponsored by service providers. Further, it is neither uncommon nor improper in many cases for the service provider to pay for the cost of travel and related costs of attendees, provided the same is uniformly done by such service provider.

Acceptance of expensive meals, refreshments, or entertainment from a service provider is discouraged. Of course, application of the rule in the preceding sentence shall take into account the location and context of the event at which such meal, refreshment, and entertainment occurs.

E. DISCLOSURES. All parties who engage in business or seek to do business with PFRS directly or indirectly are required to disclose in writing to the Executive Director whether they have provided, or have been requested to provide, during the preceding 12 months, any gifts to Board members inconsistent with this policy. The Executive Director will immediately provide the Board members copies of any disclosure. The information disclosed will be retained by the Executive Director (even if the response is that no gifts were made) for a period of five (5) years from the disclosure unless a longer period is required under applicable law. Such disclosures shall commence July 1, 2012.

Prior to any contract decisions made by the Board, the Executive Director and the Boards General Counsel will obtain and provide any third-party disclosures to the Board. Appropriate PFRS staff shall be responsible for responding to requests for such disclosures, and for notifying affected Board members when information concerning gifts or contributions to them is being disclosed.

F. PROCUREMENT OVERSIGHT. Written notice of PFRS gift prohibitions should be provided to all potential service providers. If an unsolicited prohibited gift is received by a Board member or staff, he or she should attempt to return the gift to its source. If that is not possible or feasible, the gift shall be forwarded to a bona fide charitable organization.

Blackout Period - During the pendency of any Request for Proposal or Invitation to Bid, no person or entity that submits an application or bid for the award of a PFRS contract, nor an agent for such person or entity, may have any communication concerning any topic with the Board or staff member, except as expressly provided in the procurement document. This communication restriction exists from the date that the procurement document is mailed until the pending contract is awarded.

Any applicant or bidder who violates these communication restrictions or permits an agent to violate these restrictions on behalf of the applicant or bidder, will be immediately disqualified from further consideration under the solicitation.

These communication restrictions shall not apply to:

1. Staff who are identified within the Request for Proposal or Invitation to Bid as responsible for responding to prospective applicant or bidder questions;
2. Communications by a firm under contract to provide services to the PFRS, where the communication is made formally to the Board or Committee and relates to the services for which the firm has been retained; and
3. Communication that is required of finalists, consistent with the terms of the Request for Proposal or Invitation to Bid, for the purpose of providing the Board and staff with information that updates any information previously included in the proposal or bid.

If the Chair (or the Vice Chair if the Chair is involved) determines that a violation has occurred, the Chair will promptly inform the Board and the Executive Director of this determination, and the Executive Director will inform the applicant or bidder of his/her immediate disqualification.

VII. PROHIBITED CONDUCT

A. CONFIDENTIAL/SENSITIVE INFORMATION. No member of the PFRS Board or staff shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board or staff member.

A Board or staff member shall not use information to which he or she has access by reason of his or her office to acquire, or aid another to acquire, a pecuniary interest in any property, transaction or enterprise that may be affected by the information; speculate, or aid another to speculate, on the information; or coerce another to suppress or fail to report that information to a law enforcement agency.

Board members and staff may not disclose confidential information, except when duly authorized personnel determine that disclosure is either permitted or required by law.

B. OUTSIDE EMPLOYMENT AND OTHER OUTSIDE ACTIVITY. Board members and the Executive Director may not engage in any outside employment or other activity that is not compatible with the full and proper discharge of their duties and responsibilities with the Board. Activities or actions that are not compatible with Board duties include, but are not limited to, the following:

1. Engaging in any outside employment, private business activity, or other interest which may interfere with the Board member's ability to perform his or her duties as a Board member, or which may impair the efficient operation of the Board;
2. Accepting employment or rendering services in exchange for pay regarding PFRS policies, rules or matters of PFRS business, except if the employment or services are in the course of public employment;
3. Ordering, directing or requesting Board members or staff to perform during regular working hours any personal services not related to official Board functions or activities;
4. Engaging in any outside employment, private business activity, or interest, which permits a Board member or others to capitalize on his or her official title or position;

and

5. Serving in a representative capacity or as an agent, consultant, expert witness or attorney for any outside entity involving any matter before the Board or matter that involves the Board.

C. USE OF PFRS RESOURCES FOR PRIVATE GAIN. No PFRS Board or staff member shall use Board consultants or staff, or PFRS facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities and duties to the retirement system.

D. USE OF POSITION FOR PRIVATE GAIN. No PFRS Board or staff member shall use or seek to use his or her position to obtain an economic benefit or financial gain for himself or herself, for any party in interest or for any for-profit business or not-for profit organization on whose behalf such economic benefit or financial gain is solicited by a Board member or PFRS staff member.

E. NEPOTISM. On the basis of objective qualifications and competitive cost, the Board is not prohibited from hiring or retaining the relative of a Board or staff member; however, it will be incumbent upon the Board or staff member to disclose such a relationship to the Board as early in the evaluation and selection process as is reasonably possible.

VIII. ETHICS ADVISORY OPINIONS

In its sole discretion, the Board of Trustees from time to time may seek advisory opinions from its General Counsel or special counsel to the PFRS to aid in its application of this policy to particular factual situations presenting an apparent ethical issue. Such counsel's opinion shall be advisory only, but any Board member or staff member acting in reliance thereon shall be deemed to be acting in good faith compliance with this policy.

Advisory opinions sought by the Board of Trustees pursuant to this provision, together with the Board's initial request and that documentation setting forth the factual circumstances giving rise to the request for advisory opinion, shall not be public information unless or until so determined by a court of competent jurisdiction.

Counsel rendering an advisory opinion hereunder and so acting at the direction of the Board shall not owe an express or implied ethical duty of loyalty or confidentiality to a Board member, staff member, or any other party affected by such advisory opinion, nor does the consideration or issuance of such advisory opinion establish an attorney-client relationship between counsel and any person other than the PFRS and its full Board of Trustees with regards to the subject matter of the Board's request for the advisory opinion.

IX. COMPLIANCE AND ENFORCEMENT

The Board, with the assistance of its general counsel, shall enforce this *Ethics Policy* with respect to Board members, service providers and agents providing investment and actuarial services. Such enforcement shall be through resolutions of reprimand, censure, or other appropriate parliamentary measures, including, but not limited to requests for resignation. The Board may also pursue all available legal remedies against any Board member, PFRS staff member, agent, service provider or other offender of this *Ethics Policy*.

The Executive Director, with the assistance of the general counsel, shall enforce this policy with respect to PFRS staff, using the full range of disciplinary options under PFRS personnel policies and collective bargaining agreements, up to, and including termination. The Executive Director shall also enforce this policy with respect to PFRS service providers and agents other than those providing investment and actuarial services.

The Executive Director, pending approval of the Board, shall enforce this policy with respect to the general counsel.

Board members and PFRS staff with knowledge of a violation of this policy shall report such violation to the general counsel. No retaliatory action will be taken for any such report made in good faith.

The Board may not impose a fine on another Board member; however, the Board may order restitution to repay assets of the PFRS that have been dissipated because of a Board members behavior. Additionally, a Board member may be required to reimburse the PFRS or repay the value of a gift to comply with this policy.

PFRS staff and Board members, respectively, shall comply with its provisions, that it is their duty to report violations of this policy, and, for PFRS staff, that adherence to the policy is a condition of their employment. They shall disclose of any conflicts of interest or violations of the policy of which they are aware. A copy of this policy shall be provided to all PFRS service providers, receipt of which shall be acknowledged in writing.

No Board member or staff may engage in illegal activities at any time, in matters related to the PFRS. Such illegal behavior is not tolerated and is subject to immediate discipline, including possible termination and prosecution.

X. POLICY REVIEW

The Board shall review this *Ethics Policy* at least every three (3) years to assure its efficacy and relevance. The Board may amend this policy, from time to time, by majority vote of the Board.

