



EMPLOYEES' RETIREMENT SYSTEM  
THE MARYLAND-NATIONAL CAPITAL PARK AND PLANNING COMMISSION

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**ETHICS**  
**POLICY**

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(Approved at the February 1, 2011 Board of Trustees Meeting)

**I. PREAMBLE**

The Board of Trustees of the Maryland-National Capital Park and Planning Commission Employees' Retirement System Board (the Board) is responsible for managing the Employees' Retirement System (ERS). The Board manages the ERS under a Trust Agreement dated July 26, 1972 and amended June 13, 1979 and a Memorandum of Understanding dated February 11, 1982.

The ERS' principle responsibility, through the Board of Trustees, is to hold in Trust all funds for the sole benefit of participants and their beneficiaries; to administer the Plan and collection of contributions to the Plan; to invest and reinvest the Trust Fund; to maintain an ongoing evaluation of retirement provisions; and to recommend amendments to the ERS as are necessary for sound management. Members of the Board hold positions of public trust.

The members of the Board are mindful of the positions of trust and confidence held by them. They adopt this Ethics Policy to ensure the proper administration of the ERS, and to foster unquestioned public confidence in the ERS' integrity as a prudently managed pension plan and fiduciary to its members. This policy is intended to eliminate to the extent reasonable any perception or appearance of impropriety on behalf of the ERS Board, Administrator, employees and among their respective business relationships.

**II. SCOPE OF POLICY**

This Ethics Policy provides a fiduciary framework for the proper conduct of the ERS' Board, Administrator, employees, and vendors and a basis for the evaluation of that conduct. However, this policy should not be relied upon as an exclusive or comprehensive list of applicable legal or fiduciary requirements of conduct. It does not attempt to specify every possible activity that might be inappropriate or prohibited under applicable laws and regulations. Nothing in this policy shall exempt any person from any federal or state law or regulation. The standards of conduct set forth in this policy are in addition to any such law or regulation.

**III. THE FIDUCIARY DUTY**

The ERS' fiduciary duty is owed to its participants, including plan members and beneficiaries. In fulfilling this duty, the ERS must serve the interests of all participants when feasible, and, when the interests of the various participants come in conflict with each other, the Board must balance conflicting interests of its participants to achieve the fairest overall results.

The ERS is mindful that it is accountable to all of its stakeholders to exercise this fiduciary duty in an ethical and legal manner. The ERS' stakeholders are all who contribute to the ERS and all who benefit from the ERS' mission. This includes the ERS' sponsor, its members, their beneficiaries, and the general public, since public resources are often used to provide the ERS sponsor's contributions.

The ERS' fiduciary duty rests with the Board. Each member of the Board shall discharge his or her duties with respect to the ERS solely in the interests of, and for the exclusive purposes of providing benefits to participants, minimizing and stabilizing employer contributions thereto, and defraying reasonable expenses of administering the ERS, with the duty to the participants taking precedence over any other duty.

From the Board, the fiduciary duty cascades down to all those who assist the Board in serving the ERS. Accordingly, the following parties, who are collectively referred to hereafter as “COVERED PARTIES”, share some responsibility to help the Board meet their fiduciary duty:

- Members of the Board of Trustees.
- All Management and designated Staff of the ERS as determined by the Administrator.
- All External Associates of the ERS, such as attorneys and investment managers and consultants, who have discretionary authority over the ERS’ assets or operations.

All COVERED PARTIES must comply with this Ethics Policy.

In addition to COVERED PARTIES, related parties (as defined in the section entitled “Nepotism”) of COVERED PARTIES must comply with this policy to the extent that their involvement with the ERS or its COVERED PARTIES creates a possible conflict of interest. However, accountability for compliance in this instance lies primarily with the ERS’ COVERED PARTIES rather than their related parties.

All others who conduct business with the ERS must comply with legal and professional standards that require the ethical and good faith performance of their duties. However, they generally do not owe a fiduciary duty to the ERS, and, therefore, are not required to adhere to this ethics policy.

#### **IV. STANDARDS OF ETHICAL CONDUCT**

COVERED PARTIES are to strive for the *Best Performance* on behalf of the ERS and are to perform their duties *solely* for the benefit of the ERS and its participants and beneficiaries. Best Performance is defined here as actions, counsel or decisions that best further the objectives of the ERS and its participants or protect their interests. Best Performance requires *professional competence* and *due diligence*.

COVERED PARTIES are to avoid *Conflicts of Interest*, both in *actuality* and in *appearance*. A conflict of interest exists when a COVERED PARTY has a personal interest that may impair the COVERED PARTY’S loyalty to the ERS or performance on behalf of the ERS.

The conduct of COVERED PARTIES is always to be both *Legal* and *Ethical*.

The demeanor of COVERED PARTIES is always to be *Professional* and *Respectful*. Such a positive demeanor fosters trust and cooperation.

COVERED PARTIES are to maintain *Accountability* and *Transparency* before the ERS’ stakeholders. That is, they must be forthcoming and candid in their disclosures to the Stakeholders regarding any matters pertaining to the ERS, unless maintaining confidentially is legally required, or both legal and in the best interests of the ERS and its stakeholders.

**ETHICAL STANDARDS APPLIED**

**A. GENERAL RULES**

**1. Addressing Conflicts of Interest**

COVERED PARTIES who become aware of a personal conflict of interest that affects their duty owed to the ERS have an obligation to disclose that conflict to the Chairman or alternative individual as stated by policy, and the COVERED PARTIES must cure the conflict. Disclosure will be prior to any action being taken that may be considered as presenting a conflict of interest but no later than 3 business days after discovery.

A person may cure a conflict of interest by promptly addressing it in the following manner. Prudently withdrawing from action on a particular matter in which a conflict exists whenever possible. The conflict will typically be cured in that manner provided:

- a) The person may be and is effectively separated from influencing the action taken.
- b) The action may properly be taken by others, and 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 the ERS.

If a conflict cannot be cured in the manner described above, the affected COVERED PARTY must work with the Chairman and the ERS' appropriate management to resolve the conflict of interest in a manner consistent with governing law and the traits and standards of ethical conduct espoused in this Ethics Policy and may include any action up to and including separation when the conflicts require regular and consistent withdrawal from decisions which are normally his or her responsibility with respect to the ERS.

**2. Nepotism**

For purposes of this policy, related parties to COVERED PARTIES include any child, step-child, foster child, grandchild, parent, step-parent, grandparent, spouse, brother, sister, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law, or sister-in-law, domestic partners, and any member of the household, whether or not related.

To prevent related party conflicts of interest, the ERS may not employ a person who is related to:

- a) A Board member;
- b) The Administrator or other designated ERS staff; or
- c) A Vendor.

This does not prevent the continued employment of a person who has already been working for the ERS for thirty consecutive days prior to the date that the Board member, executive staff, or vendor acquired their position, or the related party became a related party.

Parties related to other Plan employees may be considered for employment by the ERS provided the applicant possesses all the qualifications for employment. A Plan employee may not exercise

discretionary authority to hire, evaluate or promote their related party. A related party may not be hired if such employment would:

1. Create either a direct or indirect supervisor/subordinate relationship between the related party and the related COVERED PARTY; or
2. Create either an actual conflict of interest or the appearance of a conflict of interest.

These criteria will also be considered when assigning, transferring, or promoting an employee.

No COVERED PARTIES may utilize the services of other COVERED PARTIES or close personal associates for ERS business without disclosing such relationship to the Chairman or other party assigned this function prior to execution and obtaining the approval to do so. Any such approved arrangements shall be reported to the Board.

### **3. Hiring and Contracting**

The hiring of employees, vendors, and consultants should not create either an actual or the appearance of conflict of interest. COVERED PARTIES should not unnecessarily retain employees, vendors, or consultants. The hiring of such employees, vendors and consultants shall be based purely on merit. The compensation of such employees, vendors and consultants shall not exceed the fair value of the services rendered.

Whenever the ERS commences search procedures or RFP's, or directs such activity be undertaken by any other entity for the retention of an outside service provider (including but not limited to investment managers, attorneys, consultants, accountants, auditors, etc.) clear direction to prospective respondents concerning the proper form of communication and allowable point of contact with the ERS shall be given. All candidates, upon their submission, shall be advised in writing and provided written acknowledgement of this prohibition and the potential of disqualification. This will ensure the integrity of the decision-making process and will avoid any and all appearances of conflict.

The Board and all other ERS staff not designated as the point of contact will refrain from having any contact with the candidates, their representatives, and supporters unless and until it is desired that specific candidates should be interviewed by the Board or designated committees as part of the selection process. Any contacts including unintended incidental interactions should be reported in accordance with the procedure set forth under the incident reporting section.

All COVERED PARTIES are to avoid any decision-making practices, particularly with respect to hiring, contracting, or investments, that are or appear to be "kickbacks" or "pay-to-play," practices.

- a) "Kickbacks" are transactions where candidates seeking to do business with THE ERS provide some personal benefit to the COVERED PARTY to influence a decision.
- b) A "Pay-to-play" transaction is one where a solicitor, in order to participate in a business process such as a bidding competition, or to influence a Plan decision, or to maintain an existing contract or business association, provides a benefit unrelated to the ERS' business requirements for that decision.

Any violation of this policy must be immediately reported to the Chairman or alternative individual as stated under the incident reporting section. Such violation may result in the removal of such vendor's proposal from consideration and additional actions against Board or ERS employees.

**4. Employment Negotiations and Post Employment Restrictions**

A Board Member or employee of the ERS must disclose to the Chairman or alternative individual as stated by policy any employment negotiations with firms that do business with the ERS. Any vendor or contractor currently doing business with the ERS, or in the process of seeking to do business with the ERS, that has received a copy of this policy, shall also be obligated to disclose to the Chairman or alternative individual as stated by policy any employment negotiations with a Board Member of the ERS. Employment negotiations means participating in an employment interview, discussing an offer of employment, and accepting an offer of employment, even if precise terms of employment are not yet defined.

A Board Member or employee of the ERS, after termination of his or her term of office or employment with the ERS, shall not appear before the ERS or receive compensation for any services rendered on behalf of any person in relation to any business dealing with the ERS or application therefore, or any case, proceeding, determination or any other matter upon which he or she took any discretionary act during his or her term of office or employment with the ERS for a period of two (2) years. This does not preclude a Board Member or ERS Employee from being hired by the ERS through appropriate means as consultant, vendor, or other related supporting position after their separation from the ERS Board.

**5. Gifts**

A gift is any payment, thing or other benefit provided to a COVERED PARTY for which the COVERED PARTY did not provide goods or services of equal or greater value, including a discount or a rebate that is not available to the general public including travel expenses, lodging and meals, even if the travel is in connection with official ERS business.

Cash gifts are strictly prohibited in all cases.

A COVERED PARTY shall not accept or solicit any gift, favor, or service clearly distinguishable as such in the discharge of official duties, or that the affected person knows, or should know, is being offered with the intent to influence the affected person's official conduct. Notwithstanding the aforementioned prohibition a COVERED PARTY may accept a gift valued below "nominal value" as defined by Commission Notice No. 06-03 as it applies on the date the gift was received.

Generally speaking meals and hotel accommodations offered as part of the packages pricing are acceptable, while optional outings and services such as golf passes, sightseeing trips, sports events, etc. would not be considered acceptable. It is recognized that this distinction is sometimes less than clear, especially in the area of educational and networking conferences and seminars where the items are bundled together in the pricing plans. This shall not apply where:

- a) The Board has determined in advance that registration or similar fees are adequate for the inclusive meals and services offered as part of any educational or networking

conferences/seminars and when the same offer is available for all attendees without regard to an existing business relationship.

- b) In cases of novelties that are of no practical value and when they are available for all attendees without regard to an existing business relationship.

## **6. Travel and Incidental Reimbursements**

The ERS' board members and employees are reimbursed for out-of-pocket job-related expenses, particularly travel, lodging and meals. Public funds should be prudently expended. Therefore, The Board and ERS employees should be reimbursed for expenses that meet the "actual," "reasonable" and "necessary" tests. All travel and accounting of travel shall be done in compliance with the ERS Travel Policy. Waivers or Exceptions to this policy shall be vetted through the Administrative and Oversight Committee.

*Actual* expenses include those expenses that were incurred personally by the Board and ERS employees. If the board member or employee paid an expense that was somehow covered by another entity, it would not be reimbursable.

*Reasonable* expenses include the costs of travel lodging, meals or supplies that enable the person to achieve their objectives in an efficient, safe and cost-effective manner. For example, travelers are not expected to lodge at the cheapest hotel, which may provide unclean or unsafe accommodations. But, at the other extreme, they are also not entitled to secure extravagant accommodations at luxury resorts. Public travelers, including board members, should locate and secure accommodations at moderately priced hotels. Hotels generally may be chosen in part to facilitate efficient conduct of business and to minimize daily travel time while at the business site, when reasonable costs are obtainable.

*Necessary* expenses are those that are required to achieve the goals of the organization, and travel and associated expenses are often required to achieve those objectives. But with the communication methodologies available today, such as telephone, email, fax and video conferencing, travel is often avoidable. Therefore, the need for travel should be carefully evaluated. And when travel is deemed necessary, efforts should be made to keep the trip as short as possible.

## **7. Attendance at Functions**

All COVERED PARTIES are prohibited from attending functions paid for by vendors or potential vendors of the ERS, except as provided below. In particular, all persons responsible for investment decisions or involved in the management of the ERS' assets are prohibited from accepting invitations to functions, the costs of which will be borne by brokers, investment managers, dealers or corporations except as provided herein.

Exceptions to this rule are invitations to seminars, conferences or other educational meetings presenting topics pertinent to the management of the ERS or its assets that are not primarily intended to promote a certain business relationship or product. Further, such meetings must be openly available to other similarly situated retirement plans and systems and must not be reasonably perceived to cause a loss of independence or objectivity. The Chairman must approve attendance at

all events paid for entirely or in part by entities other than the ERS. The Vice Chairman must approve all travel by the Chairman.

This prohibition does not apply to business meals and receptions at which the sponsor is present, to conference events or ground transportation in connection with business meetings, meals, receptions and conference events. However, staff should use reasonable care and judgment to not place themselves in a situation that might cause, or be perceived to cause, a loss of independence or objectivity.

**8. Use of the ERS' Assets**

COVERED PARTIES may not utilize any property or resources of the ERS for personal gain. Public assets include, but are not limited to:

- a) Physical assets, such as equipment, furniture, supplies, and facilities.
- b) Computing resources, including hardware and software.
- c) Financial resources, such as cash and checks.
- d) Human resources, such as staff time.
- e) Intangible assets, such as goodwill, political influence, and intellectual property.

Certain exceptions are commonly made for de minimus personal use, in unavoidable circumstances (e.g., phone call to child's school that must be made during working hours), and in conformance with the ERS' policies, MNCPPC practices, and Administrative Procedures.

Assets of public funds are only to be used to achieve the business purposes of the ERS. The use of ERS assets for personal interest, pleasure or profit is not acceptable. It is also not acceptable to use public assets, however meritorious, to further the goals of an outside charitable organization with which the public employee might be affiliated. This includes organizations such as churches, scouting groups, athletic groups, etc.

COVERED PARTIES are required to diligently protect the ERS' assets from theft, loss, abuse, or waste. In addition the ERS Administrator shall ensure the ERS generally adheres to and follows the Commission's Fixed Asset Policy found under Practice No. 3-14.

**9. Accounting**

COVERED PARTIES responsible for financial accounting or other record keeping functions on behalf of the ERS are to follow established laws, policies, procedures and standards, and are to exercise prudent judgment to ensure that such accounting or record keeping are always accurate, reliable, appropriately transparent to the ERS' stakeholders, and secured. COVERED PARTIES are strictly prohibited from falsifying or failing to record proper entries in any records of the ERS.

**10. Confidentiality**

Although the ERS is an entity which fosters accountability and transparency before its stakeholders, the ERS is also entrusted with confidential information, which may be classified as follows:

- a) Non-public, individually identifiable information of its members and staff.
- b) Legally privileged information developed through the attorney-client relationship.
- c) The ERS' security information that must be kept confidential to protect the ERS' assets.
- d) The ERS' specific investment transactions that are considered confidential, to protect the ERS' assets and investment performance, and to comply with applicable laws.

All confidential information must be diligently safeguarded as required by law.

COVERED PARTIES may not disclose or use confidential information acquired in their positions without proper authorization.

No private information, including, but not limited to, member retirement benefit and health insurance information, and non-public investment information, shall be provided to any other person or used in any way other than in the lawful performance ERS' duties and responsibilities. Accessing information for any other purpose is prohibited.

Further, no COVERED PARTY shall accept employment or engage in any business or professional activity that will require him or her to disclose confidential information that he or she has gained by reason of his or her official position with the ERS.

**11. Illegal Acts**

No COVERED PARTIES may engage in illegal activities at any time, whether related to ERS matters or not. No COVERED PARTIES may knowingly become a party to, or condone, any illegal activity. No COVERED PARTY may engage in activities involving moral turpitude, such as dishonesty, fraud, deceit or misrepresentation. Illegal behavior is not tolerated and is subject to immediate discipline, including possible termination and prosecution.

**B. RULES AND LAWS APPLICABLE SPECIFICALLY TO THE BOARD**

**1. General**

Each member of the Board shall exercise his or her duties with the care, skill, prudence, and diligence that a prudent person would exercise under similar circumstances. Each member of the Board shall not leave to the other members of the Board control over the administration of the affairs of such Board.

A member of The ERS' Board shall not engage in any employment, activity, or enterprise for compensation that is inconsistent, incompatible, in conflict with, or intertwined to his or her duties as a member of a Board, or with the duties, functions, or responsibilities of the Board. In any situation where there may be a conflict of interest or the appearance of a conflict the Board member shall seek the approval of the Board prior to the employment, activity, or enterprise.

Board members must disclose to the Board any conflicts regarding matters that are before the Board and not vote on the matter.

**2. Financial Interests**

ERS' Board members are prohibited from making, participating in making, or using their positions to influence Board and ERS decisions in which they have a financial interest. A Board member is deemed to have a financial interest if all of the following are present:

- a) It is reasonably foreseeable that the decision will have a financial effect;
- b) The anticipated financial effect is on a financial interest of the Board member;
- c) The anticipated financial effect is material; and
- d) The decision's financial effect on the Board member's financial interest is distinguishable from its effect on the public generally.

In addition, this policy prohibits Board members from using their positions to influence Board and ERS decisions in which close associates and/or political associates have a financial interest.

Each member of the ERS' Board must disclose their financial interest fully and completely upon election or appointment and annually thereafter or as requested by the Chairman and otherwise required by law.

**3. Investments**

A member of The ERS' Board(s) shall not become an endorser, surety, or obligor on, or have any personal interest, direct or indirect, in the making of any investment for the Board, or in the gains or profits accruing therefrom.

**4. Loans**

Each member of the ERS' Board, the ERS Administrator and the ERS staff shall refrain from receiving personal loans from any officer, employee, member, consultant, or contractor with the ERS.

**5. Contracts**

Members of the ERS Board are prohibited from being financially interested in any contract made by the ERS.

**6. Training and Education**

Each member of the ERS Board is responsible for achieving and maintaining the expertise and education appropriate to their duties to the plan. Training and education shall be done in compliance with the Board of Trustee Training Requirements and Guidelines.

**7. Board Interaction with Outside Parties**

Communications with service providers and other non-plan persons and entities:

A Board member shall not correspond with a non-plan person or entity using the ERS' letterhead or any other form or format that could lead the recipient to believe the communication may be official, either as an individual Board member or speaking collectively, unless the communication is authorized by the Board. 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 the ERS' business (other than purely personal or social correspondence not involving any ERS related issue or information) shall be provided to the Chairman for subsequent distribution to all members of the Board.

A copy of any written communication (other than purely personal or social correspondence, routine announcements, generally distributed newsletters, and the like) received by a Board member from a current Plan service provider, or person or entity related to a current service provider, shall be forwarded to the Chairman or designee for subsequent distribution to all members of the Board. Unless authorized by the Board, no Board member or ERS staff shall disseminate or otherwise disclose any information obtained in the course and scope of his or her employment, which has not been released, announced, or otherwise made available publicly.

In the event that personal or incidental contact with representatives of service providers and other non-plan persons and/or entities that turns to questions, inquiries or discussions involving ERS business the Board member shall immediately withdraw from the conversation. The involved Board member shall report the incident in writing to the Chairman or designee for further action as may be deemed appropriate.

No Board member may speak for the pension fund without prior written authorization. If someone other than the authorized spokesman makes a statement without authorization, orally or in writing, they must explicitly acknowledge that it is not an authorized pension fund statement.

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

## **8. Communications 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 potential exposure to liability and possible harm to a plan member that may result from such miscommunications.

Board members shall mitigate the risk of miscommunication with plan members and thereby avoid creating additional plan liability by refraining from providing specific advice or counsel with respect to the rights or benefits to which a plan member may be entitled under the ERS.

Where explicit advice or counsel, with respect to retirement plan provisions, policies or benefits is needed, Board members will refer inquiries to appropriate ERS management or staff.

## **9. Board Oversight of the ERS' Management and Staff**

The Board is responsible for the oversight of the ERS' operations. To accomplish this oversight, the ERS has established a chain of command and delegation of authority that promote operational effectiveness and accountability. The following guidelines help Board members to interact effectively and efficiently with the ERS' management and staff within the framework of the established chain of command.

- a) **Collective Authority:**  
The Board collectively is empowered to direct the ERS' management and staff on all matters of its operations. Normally, this authority is exercised through the Chairman's supervision of the ERS' Administrator. The orderly conduct of the ERS' operations requires that Board management directives be handed down through Chairman to the Administrator. The Administrator is then responsible for directing the actions of the ERS staff. Under extraordinary circumstances, if the Board determines that the ERS staff's ability to faithfully serve the ERS' interests has been compromised; the Board(s) may collectively initiate corrective actions that temporarily circumvent any part of this chain of command.
  
- b) **Individual Board Member Authority:**  
Each member of the Board shares in the Board's oversight responsibility, but may issue directives to the ERS' Administrator and staff only in conjunction with the full Board through the Chairman or one of its committees if so empowered to do so. However, an officer of the Board or of a committee of the Board may in extraordinary situations, when the Chairman or Vice-Chairman are unavailable and if the interests of the ERS justify urgent or confidential action, take emergency measures to protect the ERS' interests without prior Board approval, on condition that full disclosure to the Board is made and Board approval is obtained in a timely manner.

Nothing in this policy prohibits a Board member from interacting with any management or staff member of the ERS in a non-managerial function which is consistent with all other rules in the ERS' ethics policies, other ERS policies, the Board's by-laws and other legal authority.

**10. Conduct at Retirement Board Meetings**

The ERS' Board shall provide fair and equal treatment for all persons and matters coming before the Board or any Board committee. Board members shall listen courteously to all discussions at meetings and abide by the rules of procedure and refrain from abusive or disruptive conduct, personal charges or verbal attacks upon the character, motives, ethics, or morals of others.

**V. ADMINISTRATION OF ETHICS POLICY**

**A. CHAIRMAN**

The Chairman is responsible for administering, implementing, promoting, interpreting and enforcing this policy. His or her duties include:

- Providing for ethics training for the ERS' Board, administrator, and staff.
- Issuing opinions with the assistance of legal counsel as needed on the proper interpretation of this policy.
- Determining if potential conflicts of interest should be disclosed, avoided or corrected.
- Counseling Board and staff members regarding compliance and potential violations and to make policy waivers that ultimately comply with governing law.
- Ensuring that he or she is available to assist COVERED PARTIES with ethics questions or problems.

**B. ETHICS QUESTIONS**

Questions on this policy should be referred to the ERS' Chairman in a timely manner and in sufficient detail. In some cases the Chairman may respond or have legal counsel respond in writing concerning matters of interpretation of this policy. In all cases of written responses the response will be furnished to the ERS' Board and when relevant ERS staff. Written opinions will be logged sequentially by the ERS Administrator for further reference and made available for review. The Chairman may use whatever resources reasonably needed to provide the proper opinion. All Covered persons may rely on such opinions to apply this policy and shall be deemed to be acting in good faith compliance with this Ethics Policy.

In matters concerning potential Board, Chairman or Administrator impropriety and in their sole discretion, individual Board members or the ERS Administrator may seek advisory opinions from legal counsel to the ERS to aid in its application of the Ethics Policy to particular factual situations presenting an apparent ethical issue. The counsel's opinion shall be advisory only, but any Board member or the ERS Administrator acting in reliance thereon shall be deemed to be acting in good faith compliance with this Ethics Policy.

Nothing in this policy should be construed as limiting any COVERED PARTY's right to contact any appropriate independent authority at any time for ethics advice or reporting. Such guidance should whenever possible be sought prior to the action in question. However, COVERED PARTIES of the ERS should follow the advice and reporting procedures contained in this policy when possible.

**C. TRAINING**

The Chairman or designee will ensure via a signed receipt that the ethics policy is received within ten days of hiring, appointment or election of ERS Board members, an ERS Administrator or ERS staff. The respective Board member, administrator, or staff will not be permitted to have any active participation in ERS functions until they have signed for receipt of the Ethics Policy.

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The Chairman or designee will ensure that training concerning ethics requirements is received within 60 days of hiring, appointment, or election and that said training can be adequately documented.

Contractors and vendors will be provided a copy of this Ethics Policy as soon as feasible depending upon the process being used and required to provide a signed acceptance of the policy prior to submission of a bid, interview or retention.

The Chairman is responsible for ensuring that additional classes are held periodically for all employees to reinforce and explain the provisions of and answer any questions pertaining to this policy. Board members shall receive periodic ethics training regarding governing ethics laws.

### **D. CERTIFICATION**

All COVERED PARTIES agree to comply with this Ethics Policy at the commencement of their service or contract with the ERS and shall certify annually in writing their continuing compliance. These certifications are due as required annually by the Administrator who is responsible for collecting and maintaining these documents.

The compliance statement will state that they have received, read and understand this policy, that they will comply with its provisions, that it is their duty to report any acts by others when they have knowledge of potential violations of this policy, and that adherence to the policy is a condition of their appointment, employment or continued business with the ERS. The statement will also include a disclosure of any conflicts of interest, failures to meet the requirements set forth in the policy or violations of the policy of which they are aware and a reminder that they are required to update their statements if a change in circumstances occurs which would require reporting under this policy.

### **E. DISCLOSURES**

#### **1. Public Disclosure of Board Economic Interests**

When a potential conflict is known prior to any Board action that may present a conflict of interest the Board member shall disclose an actual or potential conflict in detail sufficient to be understood by the public, recuse himself or herself from acting on the matter, and, except in the case of consent agenda items, leave the room until the matter is concluded.

Disclosure during Board meetings may be made 1) orally or 2) by handing a written statement to the Chair of the Board, with a copy to all Board Members and the Administrator. Such a disclosure shall be reflected in the official record of the meeting and a copy kept in a disclosure file maintained by the Administrator. In the event of an oral disclosure the disclosing Board member shall follow-up the oral statement with a written statement to the Board Chair within 72 hours. The follow-up statement will be kept in the aforementioned disclosure file.

#### **2. Disclosures**

COVERED PARTIES are required to disclose the following activities to the Chairman or alternative individual as stated by policy:

- a) Any official action on matters that will result in a benefit to COVERED PARTIES, related parties, or their business associates, where such benefit is greater than that which accrues to a large class, such as across-the-board retirement benefit increases.
- b) Any transaction wherein a COVERED PARTY, related party, or their business associate is selling or providing goods or services to the ERS.
- c) Employment negotiations between a COVERED PARTY and firms that do business with the ERS. Employment negotiations means participating in an employment interview, discussing an offer of employment, and accepting an offer of employment, even if precise terms of employment are not yet defined.
- d) Any gift received.
- e) Any perceived or actual conflict of interest should be disclosed to the Chairman to ensure that the existence of the conflict is verified and addressed appropriately.

**F. INCIDENT REPORTING**

Not reporting knowledge of a possible violation of the Ethics Policy may result in sanctions including any action deemed appropriate up to and including dismissal, separation or removal of ERS Board members, the administrator, or staff. Reporting violations may also result in cancellation of business relationships for contractors and vendors.

**1. General**

Any person with knowledge of a violation of any part of the Ethics Policy or related laws shall report such information to the Chairman in a timely manner and in sufficient detail. No retaliatory action will be taken for any such report made in good faith.

**2. Alternative**

Any member of the Board, the Administrator or ERS staff with knowledge of a violation of any part of the Ethics Policy involving the Chairman that has not been properly disclosed may report that conduct to the Vice-Chairman or the General Counsel. No retaliatory action will be taken for any such report made in good faith.

**3. Board Member Disputes or Reports of Board Member Misconduct**

The ERS' Board is responsible for governing the conduct of individual members. In adopting this policy, the Board seeks to promote the orderly, ethical and professional resolution of disputes, as well as alleged Board member misconduct.

Disputes or reports of misconduct within the ERS Board or with the Administrator are to be addressed in an executive session of the full Board. Any person authorized to receive a complaint in accordance with the aforementioned reporting procedures may bring the matter before an executive session of the full Board. In this executive session, appropriate actions may be taken, including:

- a) Resolving the matter within the current or future meetings of the Board.
- b) Referring the matter to an existing or ad-hoc committee for further action.
- c) Appointing appropriate staff or outside consultants for further action.

- d) Referring the matter to outside agencies, such as law enforcement or a prosecuting attorney.

The proceedings of this executive session and the results of any follow-up actions must be disclosed in an open session of the Board in a manner and at a time that the Board deems appropriate to fulfill its fiduciary duty to its members.

**G. ENFORCEMENT**

Violation of any of the provisions of the Ethics Policy may result in proceedings to remove a Board member, termination of employment, or other disciplinary action as the situation may warrant.

The Board will enforce this policy through the Chairman, who is responsible for implementation of the Board's decisions, with respect to COVERED PARTIES other than the Board. Inquiries and investigations under this policy will be handled in accordance with policies and procedure developed by the Board for such matters.

In matters concerning individual or multiple members of the Board (including the Chairman) the remaining members of the Board who are not in violation of the Ethics Policy will enforce this policy with respect to individual or multiple members found in violation.

Enforcement will be through any measures the enforcing Board member(s) deem appropriate including resolutions of reprimand, censure, or other appropriate parliamentary measures, including requests for resignation. This includes possibly removing the offender from the position of Chair or Vice-Chair of the ERS' Board, or from any other assignment on behalf of the Board. Nothing in this policy prohibits the Board from also pursuing any and all legal remedies available against any member of the Board who violates the provisions of this Policy.

Business with contractors and vendors who violate this policy may be terminated immediately. Even when such parties do not technically owe a fiduciary duty to the ERS, the ERS reserves the right to terminate business with any contractor or vendor that does not loyally serve the ERS' interests or live up to the ERS' Standards of Ethical Conduct.

**EFFECTIVE DATE**

This policy shall become effective February 1, 2011 and shall remain in effect until amended.