

**PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

ETHICS POLICY

(As amended effective November 18, 2010)

The Trustees elected or appointed to serve as governing board members of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund") desire to enhance and promote the professional management of the Fund.

To further this objective and consistent with the provisions of the Illinois Pension Code, 40 ILCS 5/1-101, *et seq.*, all Trustees and Employees of the Fund shall adhere to legal and ethical standards in the fulfillment of their fiduciary responsibilities, and to the following statements of policy:

CHAPTER 1 – DEFINITIONS

The definitions used in this Policy are limited to the Policy and shall not be binding on the Fund for any other purpose. Whenever used in this Policy, the following terms shall have the following meanings:

1. **"Board"** means the Board of Trustees of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund.
2. **"Compensation"** means money, thing of value or other pecuniary benefit received or to be received in return for, or as reimbursement for, services rendered or to be rendered.
3. **"Domestic Partner"** means a "qualified Domestic Partner" as defined in Section 2-152-072 of the Municipal Code of Chicago, as amended.
4. **"Economic Interest"** means any interest valued or capable of valuation in monetary terms; provided that "Economic Interest" is subject to the same exclusions as "Financial Interest."
5. **"Employee"** means an individual employed by the Fund, whether part-time or full-time, but excludes Trustees and third party vendors of the Fund.
6. **"Financial Interest"** means (i) any interest as a result of which the owner currently receives or is entitled to receive in the future more than \$2,500.00 per year; (ii) any interest with a cost or present value of \$5,000.00 or more; or (iii) any interest representing more than 10 percent of a corporation, partnership, sole proprietorship, firm, enterprise, franchise, organization, holding company, joint stock company, receivership, trust, or any legal entity organized for profit; provided, however, Financial Interest shall not include (a) any interest of the spouse or Domestic Partner of a Trustee or Employee which interest is related to the spouse's or Domestic Partner's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or

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inheritance of less than one percent of the shares or a corporation, or any corporate subsidiary, parent or affiliate thereof, regardless of the value of or dividends on such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (c) the authorized Compensation paid to a Trustee or Employee for his office or employment; (d) any economic benefit provided to participants by virtue of their participation in the Fund in accordance with Article 12 of the Illinois Pension Code; (e) a time or demand deposit in a financial institution; (f) an endowment or insurance policy or annuity contract purchased from an insurance company.

7. **"Fund"** means the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago.
8. **"Gift"** means any gratuity, discount, entertainment, hospitality, loan, forbearance, or other tangible or intangible item having monetary value including, but not limited to, cash, food, drink, travel, lodging, and honoraria for speaking engagements related to or attributable to the official position of a Trustee or Employee.
9. **"Person"** means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, whether or not operated for profit.
10. **"Prohibited Source"** means any person or entity who:
 - (a) is seeking official action (i) by a Trustee or (ii) by an Employee, or by the Fund, Board, Trustee, or another Employee directing that Employee;
 - (b) does business or seeks to do business (i) with the Trustee or (ii) with an Employee, or with the Fund, Board, Trustee, or another Employee directing that Employee;
 - (c) conducts activities regulated (i) by the Trustee or (ii) by an Employee, or by the Fund, Board, Trustee, or another Employee directing that Employee;
 - (d) has interests that may be substantially affected by the performance or non-performance of the official duties of the Trustee or Employee;
 - (e) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, except that an entity not otherwise a Prohibited Source does not become a Prohibited Source merely because a registered lobbyist is one of its members or serves on its board of directors; or
 - (f) is an agent of, a spouse of, or an immediate family member who is living with a Prohibited Source.
11. **"Relative"** means a Person who is related to a Trustee or Employee, whether by blood or by adoption, as: husband, wife, parent, child, brother or sister, aunt or uncle, great aunt or

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great uncle, first cousin, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, brother-in-law, sister-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister, and including the father, mother, grandfather, or grandmother of the Trustee's or Employee's spouse and the Trustee's or Employee's fiancé or fiancée.

12. **"Seeking To Do Business"** means (a) taking any action to obtain business from the Fund when, if such action were successful, it would result in the Person's doing business with the Fund; and (b) the business sought has not been awarded to any Person.
13. **"Trustee"** means each of the elected and the appointed members of the Board.

CHAPTER 2 – CODE OF CONDUCT

Section 1. Rules and Regulations. Trustees and Employees shall at all times comply with the Board's Rules and Regulations, as amended by the Board from time to time and incorporated herein by reference. Article 6 of the Board's Rules and Regulations is attached hereto as Appendix A.

Section 2. Fiduciary Duty. Trustees and Employees shall at all times in the performance of their duties owe a fiduciary duty to the Fund and its participants. Trustees and Employees shall comply fully with all applicable requirements of the Illinois Pension Code and shall not engage in "Prohibited Transactions" as defined in the Illinois Pension Code.

Section 3. Illinois Governmental Ethics Act. Trustees and Employees shall abide by the applicable requirements of the Illinois Governmental Ethics Act, 5 ILCS 420/1-101, *et seq.*, which is incorporated herein by reference.

Section 4. State Officials and Employees Ethics Act. Trustees and Employees shall abide by the applicable requirements of the State Officials and Employees Ethics Act, 5 ILCS 430/1-1, *et seq.*, which is incorporated herein by reference.

Section 5. Offering, Receiving and Soliciting Gifts or Favors and Gift Ban.

(a) **Prohibition on Gifts.** Except as permitted in this Section, no Trustee or Employee, and no spouse or Domestic Partner of or immediate family member living with any Trustee or Employee ("Recipient") shall intentionally solicit or accept any Gift, monetary or non-monetary, from any Prohibited Source, as defined herein or which is otherwise prohibited by law or resolution of the Board. No Prohibited Source shall intentionally offer to make a Gift that violates this Section.

(b) **Exceptions.** The Gift Ban provided for in Section 5(a) does not apply to the following, each of which are mutually exclusive and independent of one another:

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- i. Opportunities, benefits, and services that are available on the same conditions as for the general public.
- ii. Anything for which the Recipient pays the fair market value.
- iii. Any (A) contribution that is lawfully made under the Election Code or (B) activities associated with a fundraising event in support of a political organization or candidate.
- iv. Educational materials. However, an educational mission and travel expenses for a meeting to discuss Fund business are not exceptions to the Gift Ban. Recipients are prohibited from being reimbursed by a Prohibited Source for travel to an educational conference or seminar and are prohibited from participating as a speaker or panel participant in such conference or seminar if such conference or seminar is being funded, in whole or in part, by a Prohibited Source.
- v. A Gift from a Relative.
- vi. Anything provided by an individual on the basis of a personal friendship unless the Recipient has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment with the Fund and not because of the personal friendship. In determining whether a Gift is provided on the basis of personal friendship, the Recipient shall consider the circumstances under which the Gift was offered, such as: (A) the history of the relationship between the individual giving the Gift and the Recipient of the Gift, including any previous exchange of Gifts between those individuals; (B) whether to the actual knowledge of the Recipient the individual who gave the Gift personally paid for the Gift or sought a tax deduction or business reimbursement for the Gift; and (C) whether to the actual knowledge of the Recipient the individual who gave the Gift also at the same time gave the same or similar Gifts to other Trustees or Employees, or their spouses or immediate family members.
- vii. Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (A) consumed on the premises from which they were purchased or prepared or (B) catered. For the purposes of this Section, "catered" means food or refreshments that are purchased ready to consume which are delivered by any means.
- viii. Food, refreshments, lodging, transportation, and other benefits resulting from outside business or employment activities (or

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outside activities that are not connected to the official duties of a Trustee or Employee), if the benefits have not been offered or enhanced because of the official position or employment of the Trustee or Employee, and are customarily provided to others in similar circumstances.

- ix. Any Gift given to a Trustee or Employee from another Trustee or Employee, and any Gift given to a Trustee or Employee by a board member or employee of another governmental entity.
- x. Bequests, inheritances, and other transfers at death.
- xi. Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100.

(c) Nothing in this Policy shall prohibit any Recipient, from accepting a Gift on the Fund's behalf; provided, however, the Recipient shall promptly report receipt of the Gift to the Board and to the Executive Director, who shall add it to the inventory of Fund property.

Section 6. Use or Disclosure of Confidential Information. No current or former Trustee or Employee shall use or disclose, other than in the performance of his or her Fund related duties and responsibilities, or as may be required by law, confidential information gained in the course of or by reason of his position or employment. For purposes of this section, "confidential information" means any information that may not be obtained pursuant to the Illinois Freedom of Information Act, as amended.

Section 7. Conflicts of Interest; Appearance of Impropriety.

(a) No Trustee or Employee shall make or participate in the making of any decision relating to the Fund or its assets with respect to any matter in which he or she has any Economic Interest, Financial Interest or business relationship distinguishable from that of the general public.

(b) To avoid even an appearance of impropriety, any Trustee or Employee who has a business relationship with a Person or entity with a matter pending before the Fund shall notify the Executive Director of such relationship in writing as soon as the business relationship arises and shall also publicly disclose the nature of such business relationship on the record at a regularly scheduled Board meeting. The Board shall make such disclosures available for public inspection and copying. The Trustee shall abstain from voting on any matter in which he or she has a Financial or Economic Interest but shall be counted present for purposes of a quorum. The obligation to report a potential conflict of interest under this subsection arises as soon as the Trustee or Employee is or should be aware of such potential conflict. For purposes of this subsection only: (i) "matter pending before the Fund" shall refer to Fund action involving the grant of disability

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benefits, award of investment management business, brokerage or custodial services, or any contractual matters involving expenditure of Fund assets; and (ii) "business relationship" shall refer to any contractual or other private business dealing of a Trustee or Employee, or his or her spouse or Domestic Partner, or of any entity in which a Trustee or Employee, or his or her spouse or Domestic Partner, has a Financial or Economic Interest, with a Person or entity which entitles a Trustee or Employee, or his or her spouse or Domestic Partner, to Compensation or payment in the amount of \$2,500 or more in a calendar year; provided, however, that "contractual or other private business dealing" shall not include any employment relationship of a Trustee's or Employee's spouse or Domestic Partner with an entity when such spouse or Domestic Partner has no discretion concerning or input relating to the relationship between that entity and the Fund.

(c) Any Trustee or Employee who has a Financial or Economic Interest in any entity Seeking To Do Business with the Fund or with respect to any matter pending before the Fund shall disclose the nature of such interest to the Board. The obligation to disclose under this subsection arises as soon as the Trustee or Employee is or should be aware of the pendency of the matter.

Section 8. Representation of Other Persons. No Trustee or Employee may have an Economic Interest in the representation of any Person in any judicial or quasi-judicial proceeding before any administrative agency or court in which the Fund is a party and that Person's interest is adverse to that of the Fund.

Section 9. Prohibition on Monetary Gain from Fund Investments. No Trustee or Employee or the spouse or Domestic Partner of such Trustee or Employee, or any entity in which such Trustee or Employee or his or her spouse or Domestic Partner has a Financial Interest shall knowingly have any direct interest in the income, gains, or profits of any investment made on behalf of the Fund. No Trustee or Employee or the spouse or Domestic Partner of such Trustee or Employee, or any entity in which such Trustee or Employee or his or her spouse or Domestic Partner has a Financial Interest shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the Fund.

Section 10. Prohibition on Fraudulent Statements. No Trustee or Employee shall knowingly make any false statement or falsify or permit to be falsified any record of the Fund in an attempt to defraud the Fund.

Section 11. Prohibition on Contingent and Placement Fees. No Person shall retain a person or entity to attempt to influence the outcome of an investment decision of or the procurement of investment advice or services of the Fund for compensation, contingent in whole or in part upon the decision or procurement.

Section 12. Prohibition on Employment with Fund's Providers. No Trustee or Employee shall accept employment or serve as an officer, director, or trustee of any entity that does business with or provides services to the Fund or is Seeking To Do Business with the Fund without first obtaining the approval of the Board.

CHAPTER 3 – PENALTIES FOR VIOLATION

Section 1. Sanctions. Any Employee found to have violated any of the provisions of this Policy, or to have furnished false or misleading information to the Board, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the Employee may otherwise be disciplined. Any Trustee or Employee found to have accepted a Gift in violation of this Policy shall be required to promptly return the Gift from a Prohibited Source to its source or give the Gift or an amount equal to its value to an appropriate charity that is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code of 1986, as now or hereafter amended, renumbered, or succeeded. Such Trustee or Employee shall provide proof of such reimbursement to the Board. Any Trustee who knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise violates any provision of this Policy, may be subject to appropriate sanctions in accordance with the applicable provisions of the Illinois Pension Code.

Section 2. Invalid Actions. All Fund contracts shall include a provision requiring compliance with this Policy. Any contracts negotiated, entered into, or performed in violation of any of the provisions of this Policy shall be voidable as to the Fund.

Section 3. Other Remedies. Nothing in this Policy shall preclude the Fund from maintaining an action for an accounting for any pecuniary benefit received by any Person in violation of this Policy or law, or to recover damages for violation of this Policy or law.