

## ETHICS POLICY

The Trustees elected or appointed to serve as governing members of the Retirement Board (the "Board") of the Firemen's Annuity & Benefit Fund of Chicago (the "Fund") desire to enhance and promote the professional management of the Fund in order to provide retirement and other benefits to participants and beneficiaries who have served the City of Chicago and its citizens.

Effective April 3, 2009 the General Assembly of Illinois amended the Illinois Pension Code to make certain provisions within the State Officials and Employees Ethics Act, 5 ILCS 430 et seq. ("State Ethics Act"), which established a code of ethical conduct for all state officers, members of the Illinois General Assembly, and state employees, applicable to pension fund and retirement system board members and employees of public pension funds.

The Board recognizes that it is essential to the proper operation of a public pension fund that pension fund board members and employees be independent and impartial, that public office and employment not be used for personal gain, and that the participants and beneficiaries of a public pension fund have full confidence in the integrity and fair and honest administration of such pension fund.

The Board also recognizes that Board Members and certain Employees of the Fund serve the Fund in a fiduciary capacity, and must act at all times to avoid conflicts of interest, impropriety, or even the appearance of impropriety.

In recognition of these principles and to further these objectives and the provisions of the Illinois Pension Code governing the Fund and the Board, all Board Members and Employees of the Fund shall adhere to legal and ethical standards in the fulfillment of their fiduciary and other responsibilities owed to the Fund and its participants and beneficiaries, and to the following statements of policy:

### **Definitions.**

The definitions used in this Ethics 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:

- (a) **"Administrative action"** means any decision on, or any proposal, consideration, enactment or making of any rule or any other official action or non-action involving the expenditure of Fund assets by the Board, the executive director, or by any Employee of the Fund, or any matter which is within the jurisdiction of the Board.
- (b) **"Board"** means the Board of Trustees of the Retirement Board of the Firemen's Annuity and Benefit Fund of Chicago.

- (c) **"Board Member"** means each of the elected and the appointed ex officio members of the Board.
- (d) **"Candidate"** means any person who has filed nominating papers or petitions for nomination or election to an elected office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at either a general primary election or general election or who has raised or expended money in pursuit of elected office.
- (e) **"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.
- (f) **"Domestic partner"** means a "qualified domestic partner" as defined in Section 2-152-072 of the Municipal Code of Chicago, as amended.
- (g) **"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."
- (h) **"Employee"** means an individual employed by the Fund, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third party vendor of the Fund.
- (i) **"Ethics Officer"** means the Executive Director of the Fund.
- (j) **"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 per year; (ii) any interest with a cost or present value of \$5,000 or more; or (iii) any interest representing more than ten percent (10%) 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 Board Member 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 inheritance of less than one percent (1%) 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 Board Member 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 V 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.

- (k) **"Fund"** means the Firemen's Annuity and Benefit Fund of Chicago.
- (l) **"Gift"** means any thing of value given without consideration or expectation of return; provided, however, Gift shall not to be deemed to include reimbursement of travel expenses relating to Fund business.
- (m) **"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
- (n) **"Political organization"** means a party, committee, association, fund, or other organization (whether or not incorporated) that is required to file a statement of organization with the State Board of Elections or a county clerk under Section 9.3 of the Election Code (10 ILCS 5/9-3), but only with regard to those activities that require filing with the State Board of Elections or a County clerk.
- (o) **"Prohibited source"** means any person or entity who:
  - (1) is seeking official action (A) by the Board or (B) by the Board Member;
  - (2) does business or seeks to do business (A) with the Board or (ii) with a Board Member;
  - (3) has interests that may be substantially affected by the performance or non performance of the Board Member duties of the Board Member; or
  - (4) 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.
- (p) **"Relative"** means a person who is related to a Board Member or Employee as spouse or as any of the following, whether by blood or by adoption: parent, child, brother or sister, aunt or uncle, niece or nephew, grandparent, grandchild, father-in-law, mother-in-law, son-in-law, daughter-in-law, stepfather or stepmother, stepson or stepdaughter, stepbrother or stepsister, half-brother or half-sister.
- (q) **"Seeking to do business"** means (1) 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 (2) the business sought has not been awarded to any Person.

- (r) **"State"** means the State of Illinois.
- (s) **"Statement"** means the statement of economic interest form required to be filed by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended from time to time.

## ARTICLE I

### CODE OF CONDUCT

#### **Fiduciary duty.**

Board Members and Employees, who exercise discretionary authority or responsibility with respect to the management of the Fund or the management or operation of its assets, shall at all times in the performance of their Fund duties owe a fiduciary duty to the Fund and its participants and beneficiaries.

#### **Offering, receiving and soliciting Gifts and favors.**

- (a) No Prohibited Source shall give to any Board Member or Employee, or to the spouse, domestic partner or immediate family member living with them, and none of them shall solicit or accept, any Gift.
- (b) No Prohibited Source shall give or offer to give to any Board Member or Employee or to the spouse, domestic partner or immediate family member living with them, and none of them shall solicit or accept, anything of value, including, but not limited to, a Gift, favor or promise of future employment, based upon any mutual understanding, either explicit or implicit, that the votes, official actions, decisions or judgments of any Board Member or Employee, concerning the business of the Fund would be influenced thereby.
- (c) The restrictions in Subsections (a) and (b) above do not apply to the following:
  - (i) Opportunities, benefits, and services that are available on the same conditions as for the general public.
  - (ii) Anything for which the Board Member or Employee or his or her spouse, domestic partner or immediate family member living with him or her pays the market value.
  - (iii) Any (i) contribution that is lawfully made under the Election Code or under the State Ethics Act or (ii) activities associated with a fundraising event in support of a political organization or candidate.

- (iv) Educational materials.
- (v) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great aunt, great uncle, cousin, nephew, niece, husband, wife, grandfather, grandmother, grandson, granddaughter, father-in-law, mother-in-law, son-in-law, daughter-in-law, brother-in-law, sister-in-law, stepfather, stepmother, stepson, stepdaughter, stepbrother, stepsister, half brother, half sister, and including the father, mother, grandfather, or grandmother of the individual's spouse and the individual's fiancé or fiancée.
- (vi) Anything provided by an individual on the basis of a personal friendship unless the Board Member or Employee has reason to believe that, under the circumstances, the Gift was provided because of the official position or employment of the Board Member or Employee and not because of the personal friendship.

In determining whether a Gift is provided on the basis of personal friendship, the Board Member or Employee 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 Board Member or Employee 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 Board Member or Employee the individual who gave the Gift also at the same time gave the same or similar Gifts to other Board Members of the Fund or employees or their spouses or immediate family members living with them.
- (vii) Food or refreshments not exceeding \$75 per person in value on a single calendar day; provided that the food or refreshments are (i) consumed on the premises from which they were purchased or prepared or (ii) catered. For purposes of this subsection, "catered" means food or refreshments that are purchased ready to eat and delivered by any means.
  - (viii) Food, refreshments, lodging, transportation, and other benefits resulting from the outside business or employment activities (or outside activities that are not connected to the duties of the Board

Member or Employee as an office holder or employee) of the Board Member or Employee, or the spouse of the Board Member or Employee, if the benefits have not been offered or enhanced because of the position or employment of the Board Member or Employee, and are customarily provided to others in similar circumstances.

- (ix) Intra-governmental and inter-governmental gifts. For the purpose of this Policy, "intra-governmental gift" means any gift given to a Board Member or Employee of the Fund from another Board Member or Employee of the Fund; and "inter-governmental gift" means any gift given to a Board Member or Employee of the Fund by a Board Member or employee of another City agency or department, of a State of Illinois agency, of a federal agency, or of any 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 no more than \$100.

Each of the exceptions listed in this subsection (c) is mutually exclusive and independent of one another.

- (d) A Board Member or Employee does not violate this Policy if the Board Member or Employee promptly takes reasonable action to return the prohibited Gift to its source or gives 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.
- (e) Gifts which have a value of greater than \$100 (or a series of gifts with an aggregate value of greater than \$100 from one Prohibited Source during any twelve month period) received by any Board Member or Employee from a Prohibited Source shall be disclosed to the Fund's Ethics Officer by the recipient within ten (10) business days of receipt. The disclosure shall include the name and government title of the recipient; the name, address, occupation and employer of the donor; a description of the Gift and its value; and the intended use or disposition of the Gift.
- (f) Any and all Gifts having a value greater than \$100 and received by a Board Member or Employee for participating in speaking engagements, lectures, debates or organized discussion forums arising out of his or her involvement with, or employment by, the Fund shall be disclosed to the Fund's Ethics Officer within ten (10) business days of receipt.

### **Use or disclosure of confidential information.**

No current or former Board Member 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 or her 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 from time to time.

### **Conflicts of interest; appearance of impropriety.**

- (a) No Board Member 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 distinguishable from that of the general public.
- (b) To avoid even an appearance of impropriety, any Board Member who has a business relationship with a person or entity with a matter pending before the Fund shall publicly disclose the nature of such business relationship on the record at a regularly scheduled meeting of the Board of Trustees and shall also notify the Fund's Ethic's Officer of such relationship in writing as soon as the business relationship arises. The Board of Trustees shall make such disclosures available for public inspection and copying. The Board Member 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 or interest under this subsection arises as soon as the Board Member 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 benefits, award of investment management business, any contractual matters involving expenditure of Fund assets; and (ii) "business relationship" shall refer to any contractual or other private business dealing of a Board Member, or his or her spouse or domestic partner, or of any entity in which a Board Member or his or her spouse or domestic partner has a Financial or Economic Interest, with a person or entity which entitles a Board Member 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 Board Member'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 Board Member 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 of Trustees. The obligation to disclose under this subsection arises as soon as the Board Member or Employee is or should be aware of the pendency of the matter.

**Representation of other persons.**

No Board Member or Employee may represent, or have an Economic Interest in the representation of, any person, in any formal or informal proceeding or transaction (i) before the Fund, any administrative agency or any court in which the Fund is a party and that person's interest is adverse to that of the Fund or (ii) in which the Board's or Fund staff's action or non-action is of a non-ministerial nature.

**Prohibited conduct.**

No Board Member or Employee or the spouse or domestic partner of such Board Member or Employee, or any entity in which such Board Member or Employee or his or her spouse or domestic partner has a Financial Interest, shall apply for, solicit, accept or receive a loan of any amount from any person who is either doing business or seeking to do business with the Fund; provided, however, that nothing in this section prohibits application for, solicitation for, acceptance of or receipt of a loan from a financial lending institution, if the loan is negotiated at arm's length and is made at a market rate in the ordinary course of the lender's business.

**Prohibitions pertaining to former Trustees, aides and staff.**

It shall be the policy of the Fund, consistent with the ordinance of the City of Chicago, to prohibit any former Board Member, Board Member aide or Employee of the Fund from receiving a direct financial benefit from any transaction, contract or relationship pertaining to the matters involving the Fund and its vendors for a period of one year from the date of expiration or termination of the position of Board Member or Board Member aide or date of cessation of employment with the Fund (the "Year Block Out Period").

Nothing in this provision shall be construed as prohibiting the Fund from maintaining existing contractual relationships with vendors who may employ a former Board Member, Board Member's aide or employee of the Fund or from entering into new relationships with such vendors provided the former Board Member, Board Member's aide or employee employed by such vendor does not directly benefit financially from such relationship for the Year Block Out Period. This prohibition also shall not apply to any direct contract or employment authorized by the Board between the Fund and any such individual.



### **No Monetary Gain on Investments.**

No Board Member or Employee of the Fund, or any spouse or domestic partner of such Board Member or Employee, shall knowingly have any direct interest in the income, gains, or profits of any investments made on behalf of the Fund, nor receive any pay or emolument for services in connection with any investment. No Board Member or Employee shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from any retirement system or pension fund or the Illinois State Board of Investment. For the purposes of this provision, an annuity otherwise provided in accordance with the Illinois Pension Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, insurance contract, annuity, trust or other passive investment shall not be considered monetary gain on investments.

Pursuant to the Illinois Pension Code, a violation of this provision is a Class 3 felony.

### **Prohibited Transactions.**

- (a) No Board Member, Employee, or other fiduciary of the Fund shall not cause the Fund to engage in a transaction if he or she knows or should know that such transaction constitutes a direct or indirect:
  - (i) Sale or exchange, or leasing of any property from the Fund to a party in interest for less than adequate consideration, or from a party in interest to the Fund for more than adequate consideration.
  - (ii) Lending of money or other extension of credit from the Fund to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the Fund with the provision of excessive security or an unreasonably high rate of interest.
  - (iii) Furnishing of goods, services or facilities from the Fund to a party in interest for less than adequate consideration, or from a party in interest to the Fund for more than adequate consideration.
  - (iv) Transfer to, or use by or for the benefit of, a party in interest of any assets of the Fund for less than adequate consideration.
- (b) No Board Member, Employee or fiduciary of the Fund shall:
  - (i) Deal with the assets of the Fund in his or her own interest or for his own account;
  - (ii) In his individual capacity or any other capacity act in any transaction involving the Fund on behalf of a party whose interests are adverse to the interests of the Fund or the interests of its participants or beneficiaries; or

- (iii) Receive any consideration for his or her own personal account from any party dealing with the Fund in connection with a transaction involving the assets of the Fund.
- (c) Nothing in this provision shall be construed to prohibit any Board Member from:
  - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in the Fund.
  - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with the Fund.
  - (iii) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a party in interest.
- (d) No Board Member, Employee or fiduciary of the Fund shall knowingly cause or advise the Fund to engage in an investment transaction when the Board Member, Employee or fiduciary (1) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (2) has a business relationship with the investment adviser that would result in a pecuniary benefit to the fiduciary as a result of the investment transaction. Pursuant to the Illinois Pension Code, a violation of this subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or consultant with respect to the Fund shall not knowingly cause or advise the Fund to engage in an investment transaction with an investment adviser when the Board Member, Employee or consultant, or their spouse or domestic partner (i) has any direct interest in the income, gains, or profits of the investment adviser through which the investment transaction is made or (ii) has a relationship with that investment advisor that would result in a pecuniary benefit to the Board Member, Employee or consultant or spouse or domestic partner of such Board Member, Employee or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant includes an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Pursuant to the Illinois Pension Code a violation of this subsection (e) is a Class 4 Felony.

### **Whistleblower Protection.**

No complainant, or Employee acting on behalf of a complainant, shall be discharged, threatened or otherwise discriminated against regarding compensation, terms, conditions, location or privileges of employment because:

- (a) the complainant or Employee acting on behalf of the complainant reports or is about to report, verbally or in writing, a violation or suspected violation of this Policy; or

- (b) the complainant or Employee acting on behalf of the complainant is requested to participate in an investigation, hearing or inquiry held pursuant to this Policy, or in any related court action.

This Section shall not apply to a complainant, or Employee acting on behalf of a complainant, who knowingly makes a false report.

### **Contributions to Candidates and Elected Board Members.**

Any political contributions made by a person who has done business with the Fund or is seeking to do business with the Fund shall be made in accordance with the provisions of the Election Code, 10 ILCS 5/1-1 et seq., as amended.

## **ARTICLE II**

### **ETHICS TRAINING**

Pursuant to the Illinois Pension Code, each Board Member must attend ethics training of at least eight (8) hours per year. The training required includes training on ethics, fiduciary duty, and investment issues and any other curriculum that the Board establishes as being important for the administration of the Fund. The Board must annually certify its Board Members' compliance with the Code's ethics training requirements.

## **ARTICLE III**

### **FINANCIAL DISCLOSURE**

On or before May 1 of each year, each Board Member shall file verified written statements of economic interests as required by the Illinois Governmental Ethics Act, 5 ILCS 420/4A-101 et seq., as amended. All statements shall be available in electronic form for examination and duplication by the Board upon request.

## **ARTICLE IV**

### **ETHICS OFFICER**

The Executive Director for the Fund shall be appointed as the Fund's Ethics Officer for the purposes of this Policy. The duties of the Ethics Officer include (i) reviewing statements of economic interest and disclosure forms of Board Members before they are filed and (ii) providing requested guidance to Board Members and Employees in the interpretation and implementation of this Policy; *provided, however*, that compliance with this Policy remains the individual responsibility of each Board Member and Employee. If uncertainty exists as to the proper procedure(s) to be followed in connection with this Policy, Board Members and Employees are encouraged to consult with the Fund's Ethics Officer *before* any action is taken.

**ARTICLE V**  
**PENALTIES FOR VIOLATION**

**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 of Trustees, shall be subject to employment sanctions, including discharge, in accordance with procedures under which the employee may otherwise be disciplined. Any Board Member who intentionally files a false or misleading statement of Financial Interests, or 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 recall in accordance with the applicable provisions of Illinois Pension Code. Certain actions in violation of this Policy may subject the Board Member or Employee to criminal penalties.

**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.

**Certification of Compliance.**

As of each year, each Board Member shall execute and deliver to the Fund a Certification of Compliance with this Policy, in the form attached hereto as an exhibit.

**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 chapter or other law, or to recover damages for violation of this Policy.

Effective Date: March 17, 2010  
(Rev. 3/21/07; 10/20/04)