CONTRACTOR’S STATEMENT OF ETHICS

As amended through August 13, 2015
I. SCOPE AND OBJECTIVES

The Board of Trustees (the "Board") of the Dallas Police and Fire Pension System and the Supplemental Police and Fire Pension Plan of the City of Dallas, Texas (collectively referred to as the "System") adopts and shall enforce this Statement of Ethics to serve as guidance to the System as well as to persons who provide, or actively seek to provide, goods or services to the System (referred to herein as "Contractors"). This Statement of Ethics will apply to all Contractors in the performance of their respective duties and activities and is intended to instill and maintain a high level of confidence in the relationship between the System and the Contractors, as well as maintaining the confidence of the general public and government officials in the System, its Board and the Contractors.

This Statement of Ethics will provide assistance in clarifying certain obligations of the Contractors in carrying out their duties and obligations. Contractors are always expected to obey applicable law and to file any reports that may be required by Texas or Federal statutes. Should there be any conflict between this Statement of Ethics and state law, the state law will prevail.

Contractors must be honest in their dealings with the System and such other persons with whom they have dealings in the course of involvement in the System's matters, and must be loyal to the System to the extent such loyalty is not in conflict with other legal duties which are perceived to take precedence, provided in the event of any perceived conflict the Contractor shall advise the Executive Director in writing of same.

II. DEFINITIONS

A. Benefit – means anything reasonably regarded as economic gain or advantage.

B. Business Relationship – means any employment relationship or any other commercial connection between two or more parties that results in taxable income, other than investment income, to one or more of the parties. However, a Business Relationship does not arise as a result of one or more transactions conducted at a price and subject to the same terms available to the public or a transaction that is subject to rate or fee regulations by a government entity.
C. **Contractor** – means any person, whether an individual, partnership, corporation or other organization that provides, or actively seeks to provide goods or services to the System or any System Representative to be used in the performance of the System’s functions. Services means skilled or unskilled labor or professional services, including but not limited to, custodianship of funds, management of investments, advice with regard to investments and/or investment manager(s), maintenance of official records, the provision of professional advice and other System related services.

D. **Employee** – means any employee of the System, including, but not limited to, the Executive Director, Chief Investment Officer, Chief Financial Officer, General Counsel, and their staff, if any.

E. **Family Member** – means a parent, child (whether or not a minor), spouse, stepchild, mother-in-law, father-in-law, son-in-law or daughter-in-law.

F. **Fiduciary** – means any person who: (i) exercises any discretionary control over the management of the System or any authority or control over the management, investment or disposition of the System’s Assets; (ii) renders investment advice for a fee or other compensation, directly or indirectly, or has any authority or responsibility to do so; (iii) has any discretionary authority or discretionary responsibility in the administration of the System in the determination, application, approval or denial of benefits; or (iv) has been designated by the Board as a Fiduciary and has agreed to such designation in the performance of certain duties for or on behalf of the System. It is, however, recognized that the System's attorneys, actuary and accountant do not exercise the type of discretion or control over the management of the System that would make them Fiduciaries for purposes of this definition.

G. **Gift** – means, generally, anything of economic value given without adequate consideration including, but not be limited to, any payment of cash, goods or services. However, Gift shall not include meals or refreshments provided to another person as a guest when the host is present.

H. **Investment Income** – means dividends, capital gain or interest generated from: (i) a personal or business checking account, share draft or share account or similar account; or (ii) a personal or business investment, or (iii) a personal or business loan.

I. **Substantial Interest** – means: (i) ownership of ten percent or more of the voting stock, shares, or equity interest of an entity or investment; (ii) ownership of ten percent or more of the fair market value of an entity or investment; or (iii) receipt of ten percent or more of gross income in any twelve month period from
an entity or investment. With regard to real property, a substantial interest is an equitable or legal ownership with a fair market value of $2,500 or more. A person is considered to have a substantial interest in an entity or investment if a Family Member of that person has a substantial interest in that entity or investment.

J. **System Representative** – means any Trustee, Employee, Contractor or agent of the System.

K. **Trustee** – includes any person who has been elected or appointed as a Trustee of the System under Article 6243a-1 of the Revised Civil Statutes of Texas and has agreed, by acceptance or act, to serve as a Trustee of the System.

III. GENERAL DUTIES

A. The System is to be administered solely in the interest of the System's members, pensioners and their qualified survivors for the exclusive purpose of providing benefits to such members, pensioners and eligible survivors, and defraying reasonable expenses of the System.

B. All Contractors must comply with all applicable laws, maintain proper ethical standards of behavior, and be honest in their dealings with the System, its members, pensioners and eligible survivors, other Contractors, and government officials.

If there is a question concerning the applicability of this Statement of Ethics to the duties or activities of a Contractor, such Contractor must disclose the facts concerning the contemplated activity to the Board for the Board's review and approval.

IV. PROHIBITED CONDUCT

A. No Contractor will make any Gift or campaign contribution, or pay anything of substantial economic value, or offer to make any Gift or campaign contribution or pay anything of substantial value to any Trustee, person who is running for a position as a Trustee, Employee or Family Member of any of the foregoing in connection with a campaign for a Trustee position or for any public office.

B. The Contractor will not lend money to any Trustee, any person who is running for a position as a Trustee, or any Employee, unless such Contractor is normally engaged in such lending in the usual course of its business; and then only if such
loan or credit is generally available to the public and other members, pensioners or qualified survivors of the System and the terms of such loan are those customarily offered to others under similar circumstances to finance usual and customary activities.

V. EXERCISE OF DUTIES

A. In making or participating in decisions, subject to its contractual obligations and limitations thereupon, the Contractor may be obliged to make a determination that the particular course of action is reasonably designed, either standing alone or as part of the overall objectives of the System, to further the purposes of the System.

B. A Contractor (including management level employees of the Contractor) with a Substantial Interest in an entity in which the System invests or with respect to which the System does business must fully and promptly report such interest to the Executive Director.

C. A Contractor who, directly or indirectly, has a personal, private commercial, or business relationship unrelated to the services that the Contractor performs for the System, with any other System Representative that could reasonably be expected to diminish the Contractor’s independence of judgment in the performance of the Contractor’s responsibilities to the System shall promptly disclose that relationship in writing to the Executive Director.

D. No Contractor will knowingly participate in the breach of any duty by another System Representative or participate in concealing such breach. If a Contractor has knowledge of such a breach or a prospective breach, such Contractor has a duty to notify the Executive Director of same in writing.

E. It is understood that Contractors may contact Trustees or Employees to provide information believed to be pertinent to a matter. In light of the preceding, the Trustees will endeavor to keep an open mind on all matters properly the subject of Board deliberation. Pending such deliberation, no remark of any Trustee can be construed as any commitment to any person or firm regarding his or her vote or the Board's ultimate decision.

F. Trustees and Employees will, as accurately as possible, relay information they receive from Contractor(s) to the Board to permit full and open consideration of the subject matter of such information. This Paragraph is not intended in any way to restrict the administrative role of the Trustees to set the Board's agenda or otherwise be involved in the proper administration of the System.
VI. CONCURRENT BUSINESS RELATIONSHIPS

It is recognized that one or more Contractors may have other clients in common and may also render arms-length services to another Contractor. If such relationships are not intended to influence either Contractor with regard to the System, they will not be in violation of this Statement of Ethics; provided, however, that the existence and nature of such business relationship (including any economic relationship which bears upon the services rendered to the System) is disclosed to the Executive Director in writing.

VII. TRAVEL AND RELATED EXPENSES

A. It is the policy of the Board that the expenses of travel, lodging and meals for Trustees and Employees traveling on business of the System will be paid by the Contractor when it is the general practice of the Contractor to pay such expenses for other public retirement systems. Contractors must not provide anything of material value to a Trustee or Employee for the purpose of attending any conference, convention, seminar or other business meeting except for the payment of the travel or related expense as provided above, as well as generally provided and available entertainment events sponsored at such conferences, conventions, seminars or other business meetings. *Di minimus* promotional materials may be accepted by Trustees and Employees attending such events. However, door prizes are treated as Gifts and will be subject to the reporting requirements of Section IX.B. below.

B. Notwithstanding anything elsewhere herein, a Trustee or Employee is prohibited from accepting any travel expenses from a Contractor where the clear purpose of such expense is to affect the determination of the selection of a new Contractor or to affect the determination of the assignment or continuation of, or additional business to, an existing Contractor.

VIII. MISCELLANEOUS – BIDS AND PROPOSALS

A. Other than social conversations, a Contractor must not knowingly have direct or indirect contact with Trustees once the Board has decided to obtain bids or proposals from said Contractor. Notwithstanding the preceding, and unless otherwise in violation of this Statement of Ethics, contact (including contact during a meal) regarding existing business and current matters between a Contractor and a Trustee is permissible.
B. A Contractor must not entertain a Trustee or Employee during the bid and proposal period for the Contractor.

C. If necessary to properly conduct the bid processes the Contractor may have conversations with Employees regarding such bid process. Questions concerning the bid and proposal process will be addressed in accordance with Board approved procedures. It is strongly recommended that all such communications be made in writing. Copies of such writings will, generally, be given to all other bidding Prospective Contractors by the System.

IX. CONTRACTS AND REPORTING REQUIREMENTS

A. All contracts with Contractors, by affixing this Statement of Ethics as an exhibit thereto, will include a requirement that thereafter records will be maintained and filed annually with the System which reflect:

1. any finder's fees, commissions or similar payments, made to anyone whatsoever as consideration for the placement of business with the Contractor;

2. any items of substantial economic value offered or tendered to a System Representative; and

3. the extent, amount and placement of any business, other than directed brokerage placed in accordance with a resolution adopted by the Board in open meeting, which was in any way associated with the party's relationship with the System.

B. In addition to the annual filing described in A, above, a Contractor or agent of a Contractor may be required to file information with the System as provided by Local Government Code Section 176. Contractor agrees to comply with the requirements of such section. This Statement of Ethics will, by being affixed to all contractual agreements with Contractors, be incorporated into all such contractual agreements and will be referenced in each request for proposals issued by the Board.

C. To the extent a Contractor is a Fiduciary, the contract shall acknowledge such status and such Contractor will conform its conduct to appropriate Fiduciary Standards.
X. ADOPTION

The foregoing Statement of Ethics, which is subject to modification as deemed appropriate, from time to time by the Board of Trustees, was adopted by the Board of Trustees of the System at its meeting of January 11, 1996, and has been amended from time to time by the Board of Trustees of the System.

APPROVED on August 13, 2015 by the Board of Trustees on the Dallas Police and Fire Pension System.

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[signature]

William F. Quinn
Chairman

Attested:

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[signature]

Kelly Gottschalk
Executive Director