

ETHICS POLICY

WHEREAS, the Trustees elected or appointed to serve as members of the Retirement Board (the “Board”) of the County Employees’ and Officers’ Annuity and Benefit Fund of Cook County and ex officio of the Forest Preserve District Employees’ Annuity and Benefit Fund (collectively, the “Fund”) desire to enhance and promote the professional management of the Fund in order to ensure that the Fund provides retirement and other benefits to participants and beneficiaries who have served the County of Cook and its citizens; and

WHEREAS, effective April 3, 2009 the General Assembly of Illinois amended the Illinois Pension Code (the “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; and

WHEREAS, 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; and

WHEREAS, the 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; and

WHEREAS, a written Ethics Policy will assist Board Members and Employees of the Fund to conform their conduct to the highest acceptable standards and to properly discharge their fiduciary and other duties owed to the Fund and its participants and beneficiaries.

NOW, THEREFORE, BE IT ORDAINED BY THE TRUSTEES OF THE RETIREMENT BOARD OF THE FUND, THAT THE FOLLOWING STATEMENTS OF POLICY SHALL SERVE AS THE FUND’S CODE OF ETHICAL CONDUCT:

ARTICLE I **DEFINITIONS**

The definitions used in this Ethics Policy are limited to this 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) “Board” means the Retirement Board of the Fund.
- (b) “Board Member” means each of the elected and the appointed members of the Board.

- (c) “County” means the County of Cook and all government agencies of the County of Cook.
- (d) “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.
- (e) “Economic interest” means any direct or indirect interest valued or capable of valuation in monetary terms; provided, however, “economic interest” shall not include (1) any ownership through purchase at fair market value or inheritance of less than 1% of the shares of a corporation, or any value of or dividends of such shares, if such shares are registered on a securities exchange pursuant to the Securities Exchange Act of 1934, as amended; (2) the authorized compensation paid to a Board Member or Employee for his office or employment; (3) any economic benefit provided equally to all residents of the County; (4) a time or demand deposit in a financial institution; (5) an endowment or insurance policy or annuity contract purchased from an insurance company; (6) any accrued pension rights in the County Fund; or (7) with respect to a mutual fund, the individual securities of other instruments owned by the mutual fund.
- (f) “Employee” means an individual employed by the Fund whether part-time or full-time or by a contract of employment, excluding any third party vendors of the Fund or any appointed or elected Board Member of the Fund.
- (g) “Ethics Officer” means the legal counsel for the Fund designated as being the Fund’s “Ethics Officer”.
- (h) “Fund” means the County Employees’ and Officers’ Annuity and Benefit Fund of Cook County and ex officio of the Forest Preserve District Employees’ Annuity and Benefit Fund.
- (i) “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 and drink, and honoraria for speaking engagements related to or attributable to Fund employment or the official position of a Board Member or Employee of the Fund; provided, however, Gift shall not be deemed to include reimbursement from the Fund of travel or educational expenses relating to Fund business.
- (j) “Party in interest” means (1) any person that is a fiduciary, counsel or Employee of the Fund or a relative of such person; (2) any person that provides services to the Fund or a relative of such person; (3) an employer, any of whose employees are covered by the Fund; (4) an employee organization, any members of which are covered by the Fund; and (5) an Employee, officer or director of the Fund or of a person described under items (2), (3) or (4) above.

- (k) “Person” means any individual, entity, corporation, partnership, firm, association, union, trust, estate, as well as any parent or subsidiary of any of the foregoing, and whether or not operated for profit.
- (l) “Prohibited source” means any person or entity who:
 - (1) is seeking official action (A) by the Board; (B) by the Board Member; or (C) by the Employee;
 - (2) does business or seeks to do business (A) with the Board or (B) with a Board Member;
 - (3) has interests that may be substantially affected by the performance or non performance of the official 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.
- (m) “State” means the State of Illinois.
- (n) “State Ethics Act” means the State Officials and Employees Ethics Act, 5 ILCS 430/1, as amended from time to time.
- (o) “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 II

2.1 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 public duties owe a fiduciary duty to the Fund and its participants and beneficiaries.

2.2 Offering, Receiving and Soliciting Gifts and Favors

- (a) No Board Member or Employee shall intentionally solicit or accept any Gift from any Prohibited Source or in violation of any federal or state statute, rule or

regulation. This prohibition applies to the spouse, domestic partner and immediate family members living with the Board Member or Employee.

- (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 a Board Member or Employee 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, Board Member actions, decisions or judgments of any Board Member or Employee, concerning the business of the Fund would be influenced thereby.
- (c) Nothing in this Policy shall prohibit any Board Member or Employee, or spouse, domestic partner or immediate family member living with a Board Member or Employee from accepting a Gift on the Fund's behalf; provided, however, the person accepting the Gift shall promptly report receipt of the Gift to the Board and to the Fund's Ethics Officer, who shall add it to the inventory of Fund property.
- (d) The restrictions in Subsections (a) and (b) above do not apply to the following:
 - (1) Opportunities, benefits, and services available on the same conditions as for the general public.
 - (2) 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.
 - (3) 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 a candidate for any elective office.
 - (4) Educational materials.
 - (5) A Gift from a relative, meaning those people related to the individual as father, mother, son, daughter, brother, sister, uncle, aunt, great uncle, great aunt, first 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.
 - (6) 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:

- (i) 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;
 - (ii) 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
 - (iii) 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 or employees or their spouses, domestic partners or immediate family members living with them.
- (7) 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.
- (8) 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.
- (9) 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 County agency or department, of a State of Illinois agency, of a federal agency, or of any governmental entity.
- (10) Bequests, inheritances, and other transfers at death.
- (11) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of less than \$100.

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

- (e) 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.

2.3 Fund Owned Property

No Board Member or Employee shall engage in or permit the unauthorized use of Fund-owned or Fund-leased property. Fund-owned and Fund-leased property shall only be used for official Fund business.

2.4 Use or Disclosure of Confidential Information

No Board Member or Employee shall use or disclose, other than (i) in the performance of his or her official duties as a Board Member or Employee; (ii) as may be required by law; or (iii) as permitted by this Policy or by resolution of the Board, confidential information gained in the course of or by reason of his or her position or employment with the Fund. 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.

2.5 Conflicts of Interest

- (a) No Board Member or Employee shall make, or participate in making, any Fund decision with respect to any matter in which the Board Member or Employee, or the spouse or domestic partner of the Board Member or Employee, has any economic interest distinguishable from that of the general public.
- (b) Any Employee who has a conflict of interest as described by subsection (a) above shall advise his or her supervisor of the conflict or potential conflict. The immediate supervisor shall either:
 - (1) assign the matter to another Employee; or
 - (2) require the Employee to eliminate the economic interest giving rise to the conflict and only thereafter shall the Employee continue to participate in the matter.
- (c) Any Board Member who has a conflict of interest as described by subsection (a) above shall disclose the existence of the conflict of interest on the record and should consider the possibility of abstaining from official action in relation to the matter. In making the decision as to abstention, the following factors should be considered:

- (1) whether a substantial threat to the Board Member's independence of judgment has been created by the conflict situation;
- (2) the effect of participation on public confidence in the integrity of the Board's decision;
- (3) whether participation is likely to have any significant effect on the disposition of the matter;
- (4) the need for the Board Member's contribution, such as special knowledge of the subject matter, to the effective functioning of the Fund.

2.6 Representation of Other Persons

No Board Member or Employee may represent, or have an economic interest in the representation of, any person in a formal or informal proceeding or transaction before the Fund in which the Board's or Employee's action or non-action is of a non-ministerial nature.

2.7 Post Employment Restrictions

For a period of one year from and after the expiration or other termination of a his or her term of office as a member of the Board or as an Employee, no former Board Member or Employee shall assist or represent any person in any business or adversarial transaction involving the Fund, if the Board Member or Employee participated personally and substantially in the consideration of or implementation of that transaction during his or her term of office or employment.

2.8 Ethics Training

Pursuant to the Illinois Pension Code, 40 ILCS 5 et seq. (the "Code"), all Board Members 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.

2.9 No Monetary Gain on Investments

No Board Member or Employee of the Fund, nor any spouse 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 the any retirement system or pension fund or the Illinois State Board of Investment. For the purposes of this Section 2.9, an annuity otherwise provided in accordance with the Code or any income, gains, or profits related to any non-controlling interest in any public securities, mutual fund, or other passive investment is not considered monetary gain on investments.

Pursuant to the Code, a violation of this Section 2.9 shall be a Class 3 felony.

2.10 Prohibited Transactions

- (a) A 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:
 - (1) 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.
 - (2) 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.
 - (3) 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.
 - (4) 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) A fiduciary of the Fund shall not:
 - (1) Deal with the assets of the Fund in his own interest or for his own account;
 - (2) 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
 - (3) Receive any consideration for his 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 Section 2.10 shall be construed to prohibit any Board Member from:
 - (1) Receiving any benefit to which he may be entitled as a participant or beneficiary in the Fund.

- (2) Receiving any reimbursement of expenses properly and actually incurred in the performance of his duties with the Fund.
 - (3) Serving as a Board Member in addition to being an officer, employee, agent or other representative of a party in interest.
- (d) A fiduciary of the Fund shall not knowingly cause or advise the Fund to engage in an investment transaction when the 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. 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 (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 of such Board Member, Employee or consultant as a result of the investment transaction. For purposes of this subsection (e), a consultant include an employee or agent of a consulting firm who has greater than 7.5% ownership of that consulting firm. Violation of this subsection (e) is a Class 4 Felony.

2.11 Compliance with SEC Rule 206 (4)-5

Any party providing investment advisory services to the Fund shall be required to comply with the requirements of Rule 206(4)-5 of the Securities and Exchange Commission (“Rule”) and shall adopt such policies and procedures designed to prevent violations of the Rule. If a violation of the Rule is established, the Board will take such action as required by the Rule to ensure that the investment adviser not receive compensation from the Fund for a two year period after a triggering contribution under the Rule has been made.

ARTICLE III **FINANCIAL DISCLOSURE**

On or before May 1 of each year, Board Members 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

Legal counsel for the Fund shall be designated 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 upon request 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.

Further, Board Members and Employees are hereby advised that the Ethics Officer represents the Fund and not the individual Board Members and Employees. As such, any guidance or advice provided to an individual by the Ethics Officer pursuant to this Policy is not given to him or her personally, but instead is given because of the position or employment of the particular Board Member or Employee with the Fund.

ARTICLE V
PENALTIES FOR VIOLATION

5.1 Sanctions

Any Employee found to have violated any provision of this Policy, or to have knowingly furnished false or misleading information in any investigation, hearing or inquiry held pursuant to this Policy, shall be subject to employment sanctions, including discharge. The provisions of this Policy shall not limit the power of officials to otherwise discipline Employees. Any Board Member who intentionally files a false or misleading Statement of Economic Interests, or knowingly fails to disclose a conflict of interest as described in this Policy, or otherwise knowingly violates any fiduciary duty, may be subject to equitable or remedial relief in accordance with the applicable provisions of the Code.

5.2 Validity of Contracts

All Fund contracts entered into after the effective date of this Policy shall include a provision requiring compliance with this Policy. Any contract negotiated, entered into, or performed in violation of any of the provisions of this Policy shall be voidable as to the Fund.

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

Approved and adopted October 6, 2010.