

1. PARK EMPLOYEES' AND RETIREMENT BOARD EMPLOYEES'

ANNUITY AND BENEFIT FUND OF CHICAGO

ETHICS POLICY

(As amended effective September 15, 2022)

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:

2. **"Board"** means the Board of Trustees of the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund.
3. **"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.
4. **"Contribution"** has the same meaning as that term is defined in Section 9-1.4 of the Election Code (10 ILCS 5/9-1.4).
5. **"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."
6. **"Employee"** means an individual employed by the Fund, whether part-time or full-time, but excludes Trustees and third-party vendors of the Fund.
7. **"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;

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provided, however, Financial Interest shall not include (a) any interest of the Spouse of a Trustee or Employee which interest is related to the Spouse's independent occupation, profession or employment; (b) any ownership through purchase at fair market value or 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.

8. **"Fund"** means the Park Employees' and Retirement Board Employees' Annuity and Benefit Fund of Chicago.
9. **"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.
10. **"Party-in-Interest"** means: (a) a fiduciary, counsel, or Employee of the Fund; or a Relative of such a person; (b) a person providing services to the Fund, or a Relative of such a person; (c) an employer, any of whose employees are covered by the Fund; (d) an employee organization, any members of which are covered by the Fund; or (e) an employee, officer, or director (or an individual having powers or responsibilities similar to those of an officer or director) of the Fund or of a person described under item (b), (c), or (d) above.
11. **"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.
12. **"Political activity"** means any activity in support of or in connection with any campaign for elective office, except for election as a Trustee of the Fund, or for any political organization, but does not include activities (i) relating to the support or opposition of any executive, legislative, or administrative action, (ii) relating to collective bargaining, or (iii) that are otherwise in furtherance of the person's official duties.
13. **"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.

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14. **“Prohibited political activity”** means:
- (a) Preparing for, organizing, or participating in any political meeting, political rally, political demonstration, or other political event.
 - (b) Soliciting contributions, including but not limited to the purchase of, selling, distributing, or receiving payment for tickets for any political fundraiser, political meeting, or other political event.
 - (c) Soliciting, planning the solicitation of, or preparing any document or report regarding anything of value intended as a campaign contribution.
 - (d) Planning, conducting, or participating in a public opinion poll in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
 - (e) Surveying or gathering information from potential or actual voters in an election to determine probable vote outcome in connection with a campaign for elective office or on behalf of a political organization for political purposes or for or against any referendum question.
 - (f) Assisting at the polls on election day on behalf of any political organization or candidate for elective office or for or against any referendum question.
 - (g) Soliciting votes on behalf of a candidate for elective office or a political organization or for or against any referendum question or helping in an effort to get voters to the polls.
 - (h) Initiating for circulation, preparing, circulating, reviewing, or filing any petition on behalf of a candidate for elective office or for or against any referendum question.
 - (i) Making contributions on behalf of any candidate for elective office in that capacity or in connection with a campaign for elective office.
 - (j) Preparing or reviewing responses to candidate questionnaires.
 - (k) Distributing, preparing for distribution, or mailing campaign literature, campaign signs, or other campaign material on behalf of any candidate for elective office or for or against any referendum question.
 - (l) Campaigning for any elective office or for or against any referendum question.
 - (m) Managing or working on a campaign for elective office or for or against any referendum question.
 - (n) Serving as a delegate, alternate, or proxy to a political party convention.
 - (o) Participating in any recount or challenge to the outcome of any election.
15. **“Prohibited Source”** means any person or entity who:

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- (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.
16. **"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 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.
17. **"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.
18. **"Spouse"** means a party to a lawful marriage, civil union, or domestic partnership.
19. **"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

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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 fiduciary Employees shall at all times in the performance of their duties owe a fiduciary duty to the Fund, its participants and their beneficiaries. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-101.2, a person is a "fiduciary" with respect to the Fund to the extent that the person:

(a) exercises any discretionary authority or discretionary control respecting management of the Fund, or exercises any authority or control respecting management or disposition of its assets;

(b) renders investment advice or renders advice on the selection of fiduciaries for a fee or other Compensation, direct or indirect, with respect to any moneys or other property of the Fund, or has any authority or responsibility to do so; or

(c) has any discretionary authority or discretionary responsibility in the administration of the Fund.

Section 3. Prohibited Transactions. Trustees and fiduciary Employees who are fiduciaries shall comply fully with all applicable requirements of the Illinois Pension Code and shall not engage in "Prohibited Transactions," which are defined in the Illinois Pension Code as follows:

(a) Fiduciaries with respect to the Fund shall not cause the Fund to engage in a transaction if they know or should know that such transaction constitutes a direct or indirect:

(i) Sale, 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.

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(b) Fiduciaries of the Fund shall not:

(i) Deal with the assets of the Fund in their interest or for their own account;

(ii) In their 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 their 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 shall be construed to prohibit any fiduciary from:

(i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in the Fund; or

(ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with the Fund; or

(iii) Serving as a Trustee in addition to being an officer, employee, agent or other representative of a Party-in-Interest.

(d) A Trustee or Employee 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 Trustee or Employee, 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 the investment advisor that would result in a pecuniary benefit to the Trustee or Employee or Spouse of such Trustee or Employee, as a result of the investment transaction. Pursuant to the Illinois Pension Code, 40 ILCS 5/1-110(e), a violation of this subsection (d) is a Class 4 felony.

Section 4. 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 5. 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 6. 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 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:

- 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. 40 ILCS 5/1-125 provides that exceptions to the Gift Ban for educational missions and travel expenses to discuss Fund business shall not apply to Trustees and employees of the Fund.
- 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

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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 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.

(d) A violation of this Section is a Class A misdemeanor.

Section 7. 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 8. Conflicts of Interest; Appearance of Impropriety.

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(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 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 of any entity in which a Trustee or Employee, or his or her Spouse, has a Financial or Economic Interest, with a Person or entity which entitles a Trustee or Employee, or his or her Spouse, 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 with an entity when such Spouse 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 9. 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 10. Prohibition on Monetary Gain from Fund Investments. No Trustee or Employee or the Spouse of such Trustee or Employee, or any entity in which such Trustee or Employee or his or her Spouse 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 of such Trustee or Employee, or any entity in which such Trustee or Employee or his or her Spouse has a Financial Interest shall become an endorser or surety, or in any manner an obligor for money loaned or borrowed from the Fund. For the purposes of this Section, 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, or other passive investment is not considered monetary gain on investments. A violation of this provision is a Class 3 felony.

Section 11. 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. A violation of this provision is a Class 3 felony.

Section 12. 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. Any Person who violates this Section is guilty of a business offense and shall be fined not more than \$10,000. In addition, any Person convicted of a violation of this Section is prohibited for a period of 3 years from conducting such activities.

Section 13. 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.

Section 14. Prohibited Political Activities.

(a) No Trustee or Employee shall intentionally perform any prohibited political activity during any compensated time, as defined herein. No Trustee or Employee shall intentionally use any property or resources of the Fund in connection with any prohibited political activity.

(b) At no time shall any Trustee or Employee intentionally require any other Trustee or Employee to perform any prohibited political activity (i) as part of that Trustee or Employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).

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(c) No Trustee or Employee shall be required at any time to participate in any prohibited political activity in consideration for that Trustee or Employee being awarded additional compensation or any benefit, whether in the form of a salary adjustment, bonus, compensatory time off, continued employment or otherwise, nor shall any Trustee or Employee be awarded additional compensation or any benefit in consideration for his or her participation in any prohibited political activity.

(d) Any Contributions made by a person who has done business, is doing business with, 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, and Section 206 of the Investment Advisers Act of 1940 and SEC Rule 206(4)-5 (16 CFR 275.206(4)-5).

(e) Nothing in this Article prohibits activities that are permissible for a Trustee or Employee to engage in as part of his or her official duties, including duties or activities related to the annual election for Trustee, together with those provided in the Fund's Election Policy, or activities that are undertaken by a Trustee or Employee on a voluntary basis which are not prohibited by this Policy. Nothing in this Policy shall apply to or restrict the Election Policy used for Employee-Trustees.

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.

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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.

Chapter 4 - WHISTLE BLOWER PROTECTION

No complainant, or Trustee or Employee acting on behalf of a complainant, shall be retaliated or discriminated against because:

- (a) the complainant, or Trustee 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 Trustee or Employee acting on behalf of the complainant, participates or is about 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 Trustee or Employee acting on behalf of a complainant, who knowingly makes a false report.