



TITLE: Conflicts of Interest Policy

BOARD ADOPTION: December 13, 2018

Effective Date: January 1, 2019

I. PURPOSE

This Policy is meant to ensure that the investments of the Seattle City Employees' Retirement System (SCERS) are made solely on the merits of the investment opportunity in accordance with the Board's fiduciary responsibility and to avoid the appearance of undue influence on the Board or illegal pay-to-play practices in the award of investment-related contracts. This Policy is intended to apply broadly to all investment contracts made by SCERS.

II. DEFINITIONS

Placement Agent is defined as any person or entity hired, engaged, retained by, acting on behalf of or serving for the benefit of an Investment Manager ("Manager") or on behalf of another Placement Agent as a marketer, finder, solicitor, consultant, broker, or other intermediary to market, solicit, obtain access to SCERS, and/or raise money or investments either directly or indirectly from SCERS.

SCERS Related Party is defined as any of the following persons: (1) a current SCERS Board Member or any person who has been a SCERS Board Member within the last five years; (2) a SCERS employee in a position of management or otherwise involved in managing the investment portfolio; (3) an investment consultant to SCERS; (4) a current or former elected official of the City of Seattle that has served in such position within the last five years; or, (5) any other person acting on behalf of SCERS who was, or will be involved in the Manager's selection, negotiation, preparation, execution, administration, or evaluation. SCERS shall provide a list of persons in each of the foregoing categories.

III. DISCLOSURE REQUIREMENTS

Manager shall provide a written statement to SCERS with the required information listed below prior to the Board choosing to invest with the Manager. Manager will notify SCERS of any changes to any of the required information and provide an updated statement within 14 calendar days of a request by SCERS.

A. Placement Agents

- Whether the Manager or any of its principals, employees, agents or affiliates has compensated or agreed to compensate any person or entity to act as a Placement Agent in connection with SCERS's investments.

- The name of the Placement Agent, and, if the Placement Agent is an entity, the names of each individual employee involved in the marketing of the Manager's services to SCERS.
- Description of all compensation paid or agreed to be paid to the Placement Agent based in whole or in part upon an investment from SCERS.
- Description of the services rendered, or the services expected to be performed by the Placement Agent.
- Name of the regulatory agencies the Placement Agent or any of its affiliates are registered with, such as the Securities and Exchange Commission (SEC), the Financial Industry Regulatory Association (FINRA), or any similar regulatory agency; proof and details of such registration shall be included, or an explanation as to why no registration is required.

B. Relationships to SCERS

- Full disclosure of all compensation or any form of value that has been or will be provided either directly or indirectly to the Placement Agent or the Manager, or its officers and employees, to a SCERS Related Party in connection with an investment from SCERS.
- Full disclosure of all campaign contributions made by the Manager, or its officers and employees, to any campaign committee of a SCERS Related Party, made within the preceding 24 months prior to the date of the disclosure statement. This restriction is not intended to prohibit a campaign committee from engaging in lawful political solicitations, provided that full disclosure is made, as required by law, to the appropriate authorities.
- Full disclosure of the names of any SCERS Related Party who suggested the retention of the Placement Agent.
- Acknowledgement that, in the event that the Manager intends to utilize for work (whether as an employee or sub-Manager) any person who the Manager knows was a SCERS Related Party at any time during the 12 months immediately prior to such proposed utilization, the Manager shall give notice of such intention to the SCERS Executive Director, identifying by name the person to be utilized.
- Acknowledgement that the Manager shall not knowingly utilize any former City of Seattle employee who was involved in the initial selection of the Manager within the 12 months immediately preceding such proposed utilization by the Manager.

IV. DUTIES AND RESPONSIBILITIES

A. Duties of the Board

- The Board shall review the Manager disclosure information provided pursuant to this Policy, consider whether such disclosures present a material conflict, and decide whether to select or take any other action with respect to the Manager. In cases involving conflicts of interest or other concerns, the Board may choose to prohibit the Manager and/or Placement Agent from soliciting new investments from SCERS for a period of time of its choosing.

- Board Members must abide by the City of Seattle Code of Ethics.

B. Duties of the Staff

- Staff shall provide the Manager this Policy and ensure that the applicable disclosures have been received prior to the Board choosing whether to invest with the Manager.
- Staff shall assist legal counsel as necessary to secure the Manager's agreement that it has complied with and will continue to comply with this Policy.
- Staff must abide by the City of Seattle Code of Ethics, including disclosure to the Executive Director of relationships with a Manager, or its officers or employees that are directly involved in managing or servicing SCERS's investments, that would lead a reasonable person to believe that the Staff member's impartiality could be impaired. The Executive Director may choose to disclose any such relationship to the Board or require that the Staff member be recused from actions involving the Manager.

V. POLICY REVIEW

The Board shall review this policy at least once every three (3) years to ensure that it remains relevant and appropriate.