



Ethics Policy
of the
Firefighters'
Pension Investment Fund

(To be presented to the Board on July 27, 2020)

This Ethics Policy (this "**Policy**") is adopted by the Board of Trustees (the "**Board**") of the Firefighters' Pension Investment Fund ("**FPIF**"), established under Article 22C of the Illinois Pension Code, 40 ILCS 5/1-101 et seq. (the "**Pension Code**") to provide for the ethical and responsible management of FPIF for the benefit of its participants and beneficiaries. In the event of any inconsistency between this Policy and the provisions of applicable law, including the Pension Code, the provisions of applicable law shall prevail. This Policy serves to further supplement those provisions of the Agency Directives Manual related to the appropriate conduct of FPIF Board Members and Employees, and in the event of any inconsistency between this Policy and the Agency Directives Manual, the requirements of the more restrictive policy shall prevail.

Trustees and employees of FPIF shall at all times seek to apply the highest standards of ethical behavior and act with honor, integrity, prudence, and care. They shall act in good faith and in the best interest of participants and beneficiaries.

The Illinois General Assembly has enacted the State Officials and Employees Ethics Act, 5 ILCS 430/1-1 et seq. ("**State Ethics Act**"), to comprehensively regulate ethical conduct, political activities, and the solicitation and acceptance of gifts by State officials and employees. The Pension Code makes certain provisions within the State Ethics Act applicable to pension fund and retirement system board members and employees of public pension funds. The Board recognizes that FPIF's staff is ultimately employed by the members of FPIF, the participating units of local government, and the taxpayers of those local governments. It is appropriate to apply the same restrictions against Prohibited Political Activity found in the State Ethics Act, and which are also applicable to units of local government, to FPIF's employees and Board Members.

Trustees and employees will respect the policies and processes put in place to ensure proper governance of the FPIF, and shall respect and protect privileged information to which they have access by virtue of their roles as Trustees or as employees.

To further these objectives, all Board members and employees of FPIF will comply with this Ethics Policy.

1. DEFINITIONS

When used in this Policy, the following terms have the following meanings given to them, respectively:



"Agency Directives Manual" means the agency directives manual adopted by the Board on April 20, 2020, as amended from time to time by action of the Board.

"Board Member" means each of the elected, appointed, and ex officio members of the Board.

"Campaign for elective office" means any activity in furtherance of an effort to influence the selection, nomination, election, and/or appointment of any individual to any federal, State, or local public office or office in a Political Organization, or the selection, nomination, or election of Presidential or Vice-Presidential electors.

"Candidate" means a person who has filed nominating papers or petitions for nomination or election to an elected public office, or who has been appointed to fill a vacancy in nomination, and who remains eligible for placement on the ballot at a regular election, as defined in section 1-3 of the Election Code.

"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.

"Compensated time" means, with respect to an employee, any time worked by or credited to the employee that counts toward any minimum work time requirement imposed as a condition of employment, but does not include any designated holidays, vacation periods, personal time, or compensatory time off.

"Consultant" has the meaning ascribed to it in the Pension Code.

"Contribution" has the same meaning as that term is defined in section 9-1.4 of the Election Code.

"Election Code" means the Illinois Election Code, 10 ILCS 5/1 et seq.

"Employee" means an individual employed by FPIF, whether part-time or full-time, or by a contract of employment, but excludes Board Members and any third-party vendor of FPIF.

"Employer" means FPIF.

"Ethics Officer" means the ethics officer so designated by the Board; and in the absence of such a designation, the Executive Director.

"Economic interest" means any direct or indirect interest valued or capable of valuation in monetary terms; provided, however, that "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 or expense reimbursement paid to a Board Member or Employee for service or employment to FPIF; (3) any economic benefit provided equally to all residents of Illinois; (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 FPIF; or (7) with respect to a mutual fund, the individual securities of other instruments owned by the mutual fund.

"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 FPIF employment or the official position of a Board Member or Employee of FPIF.



"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.

"Party in Interest" means (1) any person that is a fiduciary, counsel, or Employee of FPIF or a relative of such person; (2) any person that provides services to FPIF or a relative of such person; (3) a municipality or fire protection district whose employees are covered by FPIF or a pension system established under Article 4 of the Pension Code for such a municipality or fire protection district; (4) an employee organization, any members of which are covered by FPIF; and (5) an Employee, officer or director of FPIF or of a person described under items (2), (3) or (4) above.

"Political Activity" means any activity in support of or in connection with any campaign for elective public office or 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.

"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.

"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 public 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 public 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 public office or for or against any referendum question.
- (g) Soliciting votes on behalf of a candidate for elective public 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 public office or for or against any referendum question.



- (i) Making contributions on behalf of any candidate for elective public office in that capacity or in connection with a campaign for elective public 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 public office or for or against any referendum question.
- (l) Campaigning for any elective public office, for or against any referendum, or for or against any referendum question.
- (m) Managing or working on a campaign for elective public office or for or against a 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 public office election.

"Prohibited source" means any person or entity who:

- (a) is seeking official action (A) by the Board, (B) by any Board Member, or (C) by an Employee;
- (b) does business or seeks to do business (A) with the Board or (B) with a Board Member or Employee;
- (c) has interests that may be substantially affected by the performance or non-performance of the official duties of the Board Member; or
- (d) is registered or required to be registered with the Secretary of State under the Lobbyist Registration Act, 25 ILCS 170/1 et seq., 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.

"State" means the State of Illinois.

2. FIDUCIARY DUTY

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

2.2 Duties of Fiduciaries. Pursuant to the Pension Code, a fiduciary with respect to a retirement system or pension fund established under the Pension Code shall discharge his or her duties with respect to the retirement system or pension fund solely in the interest of the participants and beneficiaries and:



- (a) For the exclusive purpose of:
 - (i) Providing benefits to participants and their beneficiaries; and
 - (ii) Defraying reasonable expenses of administering the retirement system or pension fund;
- (b) With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims;
- (c) By diversifying the investments of the retirement system or pension fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and
- (d) In accordance with the applicable provisions of the Article of the Pension Code governing the retirement system or pension fund.

3. GIFTS

3.1 Prohibition. Except as otherwise provided, no Board Member or Employee, and no spouse of or immediate family member living with a 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. No Prohibited Source shall intentionally offer or make a gift that violates this Section.

3.2 Exceptions. The restrictions in Section 3.1 above do not apply to the following:

- (a) Opportunities, benefits, and services that are available on the same conditions as for the general public.
- (b) 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.
- (c) 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.
- (d) Educational materials.
- (e) 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.



- (f) 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 of FPIF or employees or their spouses or immediate family members living with them.
- (g) 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.
- (h) 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.
- (i) 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 FPIF from another Board Member or Employee of FPIF; and "inter-governmental gift" means any gift given to a Board Member or Employee of FPIF by a Board Member or employee of State of Illinois agency, of a federal agency, or of any governmental entity.
- (j) Bequests, inheritances, and other transfers at death.
- (k) Any item or items from any one Prohibited Source during any calendar year having a cumulative total value of no more than \$100.

Each exception listed in this section is mutually exclusive and independent of one another.

3.3 Return of Gifts. 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.

4. PROHIBITED POLITICAL ACTIVITY

- 4.1 Prohibition on Prohibited Political Activity.** No Employee shall intentionally perform any Prohibited Political Activity during any compensated time, as defined herein. No Board Member or Employee shall intentionally use any property or resources of FPIF in connection with any Prohibited Political Activity.
- 4.2 Prohibition on Requiring Prohibited Political Activity.** At no time shall any Board Member or Employee require any Employee to perform any Prohibited Political Activity (i) as part of that Employee's duties, (ii) as a condition of employment, or (iii) during any compensated time off (such as holidays, vacation or personal time off).
- 4.3 Prohibition on Compensation for Prohibited Political Activity.** No Employee shall be required at any time to participate in any Prohibited Political Activity in consideration for additional compensation or any benefit, nor shall any employee be awarded additional compensation or any benefit in consideration for his or her participation in any Prohibited Political Activity.
- 4.4 Voluntary Activity.** Nothing in this Policy prohibits activities that are permissible for a Board Member or Employee to engage in as part of his or her official duties, or activities that are undertaken by a trustee or employee on a voluntary basis which are not prohibited by this Policy.
- 4.5 Employment.** No person shall be denied or deprived of employment at FPIF solely because he or she is a member or an officer of a political committee, political party, or Political Organization or club.

5. CONFLICTS OF INTEREST AND PROHIBITED TRANSACTIONS

- 5.1 In General.** No Board Member or Employee shall make, or participate in making, any FPIF 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.
- 5.2 Notice of Conflict by Employees.** Any Employee who has a conflict of interest as described by Section 5.1 above shall advise his or her supervisor or Ethics Officer of the conflict or potential conflict. The immediate supervisor shall either:
- (a) assign the matter to another Employee; or
 - (b) 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.



5.3 Disclosure and Abstention by Board Members. Any Board Member who has a conflict of interest as described by Section 5.1 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:

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

5.4 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 (a) before FPIF, any administrative agency or any court in which FPIF is a party and that person's interest is adverse to that of FPIF or (b) in which the Board's or FPIF staff's action or non-action is of a non-ministerial nature.

5.5 No Monetary Gain on Investments. No Board Member or Employee, 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 FPIF, 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 created under the Pension Code, including FPIF, the Illinois State Board of Investment and the Police Officers' Pension Investment Fund. For the purposes of this provision, an annuity otherwise provided in accordance with the 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 Pension Code, a violation of this provision is a Class 3 felony.

5.6 Prohibited Transactions.

- (a) No Board Member, Employee, or other fiduciary of FPIF shall cause FPIF 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 FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.
 - (ii) Lending of money or other extension of credit from FPIF to a Party in Interest without the receipt of adequate security and a reasonable rate of interest, or from a Party in Interest to FPIF with the provision of excessive security or an unreasonably high rate of interest.



- (iii) Furnishing of goods, services, or facilities from FPIF to a Party in Interest for less than adequate consideration, or from a Party in Interest to FPIF for more than adequate consideration.
 - (iv) Transfer to, or use by or for the benefit of, a Party in Interest of any assets of FPIF for less than adequate consideration.
- (b) No Board Member, Employee, or fiduciary of FPIF shall:
 - (i) Deal with the assets of FPIF in his or her own interest or for his own account;
 - (ii) In his or her individual capacity or any other capacity act in any transaction involving FPIF on behalf of a party whose interests are adverse to the interests of FPIF 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 FPIF in connection with a transaction involving the assets of FPIF.
- (c) Nothing in this provision shall be construed to prohibit any Board Member or Employee from:
 - (i) Receiving any benefit to which he or she may be entitled as a participant or beneficiary in FPIF;
 - (ii) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties with FPIF; or
 - (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 FPIF shall knowingly cause or advise FPIF to engage in an investment transaction when the Board Member, Employee or fiduciary (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 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 Pension Code, a violation of this Subsection (d) is a Class 4 felony.
- (e) A Board Member, Employee or Consultant, with respect to FPIF shall not knowingly cause or advise FPIF 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 Pension Code, a violation of this Subsection (e) is a Class 4 Felony.



6. FINANCIAL DISCLOSURE

- 6.1 Required 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.

7. POST-EMPLOYMENT OBLIGATIONS

- 7.1 One-Year Bar.** For a period of one year from and after the expiration or other termination of his or her term of office as a Board Member or employment as an Employee, no former Board Member or Employee shall assist or represent any person in any business transaction involving or other matter adverse to FPIF, if the Board Member or Employee participated personally and substantially in the consideration of or implementation of that transaction or matter during his or her term of office or employment.

8. TRAINING

- 8.1 Annual Ethics Training.** Pursuant to the Pension Code, each Board Member must attend ethics training of at least eight 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 FPIF. The Board must annually certify its Board Members' compliance with the Pension Code's ethics training requirements. Board Members will comply with any other training requirements under State law.

- 8.2 Harassment and Discrimination Prevention Training.** Beginning upon the adoption of this Policy, each Board Member and Employee must, within 30 days of initial appointment or employment and thereafter annually, participate in a harassment and discrimination prevention training program. The training will be determined by the Ethics Officer and will include:

- (a) the definition and a description of sexual harassment, unlawful discrimination, and harassment, including examples of each;
- (b) details on how an individual can report an allegation of sexual harassment, unlawful discrimination, or harassment, including options for making a confidential report to a supervisor, Ethics Officer, Inspector General, or the Department of Human Rights;
- (c) the definition and description of retaliation for reporting sexual harassment, unlawful discrimination, or harassment allegations utilizing examples, including availability of whistleblower protections under the State Ethics Act, the Whistleblower Act, 740 ILCS 174/1 et seq., and the Illinois Human Rights Act, 775 ILCS 5/1-101 et seq.; and
- (d) the consequences of a violation of the prohibition on sexual harassment, unlawful discrimination, and harassment and the consequences for knowingly making a false report.



Proof of completion must be submitted to the Ethics Officer.

9. ETHICS OFFICER

9.1 Duties of Ethics Officer. 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 FPIF's Ethics Officer.

9.2 Representation. Further, Board Members and Employees are hereby advised that the Ethics Officer represents FPIF 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 FPIF.

10. WHISTLEBLOWER PROTECTION

10.1 No Retaliation. 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.

11. VIOLATIONS

11.1 Discipline for Violations. 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, as outlined in the Agency Directives Manual. Any Board Member who intentionally files a false or misleading statement of economic interest, 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 Pension Code.



Certain actions in violation of this Policy may subject the Board Member or Employee to criminal penalties.