



TITLE: Conflicts of Interest for Managers and Placement Agents Policy

BOARD ADOPTION: June 11, 2015

EFFECTIVE DATE: July 1, 2015

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.

For purposes of this Policy, a Placement Agent includes 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 third-party marketer, finder, solicitor, marketer, consultant, broker, or other intermediary to market, solicit, obtain access to SCERS, and/or raise money or investments either directly or indirectly from SCERS.

For purposes of this policy, Manager shall include any employee of the Manager who was, is, or will be involved in the negotiation, preparation, execution, administration, or performance of any agreement or proposed agreement between SCERS and the Manager.

II. DISCLOSURE REQUIREMENTS

Each Manager shall provide to SCERS the required information listed below prior to the completion of due diligence:

A. Placement Agents

- A written statement of 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 any and 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 and a list of the prospective clients for which such Placement Agent is utilized.
- Copies of all agreements between the Manager and the Placement Agent pertaining to the marketing of services to SCERS.
- 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

- Whether any Board Member, employee, consultant, agent or other person acting for SCERS, either directly or indirectly, has received anything of value from the Manager, or from a third party or other person acting for the Manager, in connection with an investment from SCERS.
- Full disclosure of any connection between the Placement Agent or the Manager and SCERS, including whether anyone receiving compensation or who will receive compensation, or any other form of value, with respect to an investment from SCERS is: (A) any person who is an officer or employee of the City of Seattle who was, is or will be involved in the selection of the Manager for work under this Agreement, or the negotiation, preparation, execution, administration, or evaluation of the Manager's performance under this Agreement; or (B) any of the following persons: (1) a current SCERS Board Member or any person who had been a SCERS Board Member within the last five years; (2) a SCERS employee in a position of management; (3) a 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) a current department head of the City of Seattle . SCERS shall provide lists of persons in each of the foregoing categories.
- Full disclosure of all campaign contributions made by the Manager, or its officers and employees, to any campaign committee of a SCERS Board Member or to a campaign committee of any current or former elected official of the City of Seattle that has served in such position within the last five years (such persons as set forth in a list of Elected Officials to be provided by SCERS), in each case made within the preceding 24 months prior to the execution of this agreement, and upon the SCERS's request, any subsequent campaign contributions, provided that SCERS shall provide the Manager with a list of Elected Officials in connection with any such request. 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. The Manager may not make campaign contributions to SCERS Board Members, except to campaign committees.
- Full disclosure of the names of any current or former SCERS Board Members, SCERS employees or SCERS's consultants who suggested the retention of the Placement Agent.
- 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 employed by the City of Seattle 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 so utilized. The Manager shall not knowingly utilize any former City of Seattle employee who, in the course of his/her City of Seattle employment, was involved in the initial selection of the Manager within the 12 months immediately preceding such proposed utilization by the Manager.

III. DUTIES AND RESPONSIBILITIES

A. Duties of the Staff and Consultants

At the time that investment discussions between a Manager and SCERS for a prospective investment commence, Staff is responsible for providing Managers with a copy of this Policy.

Staff and Consultants must confirm that the applicable disclosures have been received prior to the completion of due diligence and completion of any recommendation to proceed with the decision to invest with the Manager. For new contracts and amendments to existing contracts, SCERS will:

- Stop investment negotiations with a Manager who refuses to disclose the required information;
- Decline the opportunity to retain or invest with a Manager who has used or intends to use a Placement Agent who is not registered with the SEC, FINRA, or any similar regulatory agency and cannot provide an

explanation as to why no registration is required; and

Staff and Consultants will assist legal counsel as necessary for securing in the final contract terms and side letter agreements between SCERS and the Manager, including but not limited to, the following:

- The Manager's agreement that it has complied with and will continue to comply with this Policy.
- The Manager's representation and warranty that it will notify the Staff of any changes to any of the information required above within 14 calendar days of a request by SCERS for such information.

At any meeting where an investment decision with a Manager will be considered, Staff and Consultants must notify the Board of the name(s) of any Placement Agent(s) used by the Manager in connection with the proposed investment, and any campaign contributions or gifts reported by each Placement Agent.

Staff must maintain records of all information disclosed to SCERS in accordance with this Policy, and provide the Board with notice of any violation of this Policy as soon as practicable.

B. Duties of Counsel

Legal counsel to SCERS must secure in the final contract terms and side letter agreements between SCERS and the Manager all requisite agreements and representations and warranties by the Manager for compliance in accordance with this Policy.

C. Duties of the Board

The Board must review all violations of this policy reported by Staff, consider whether each violation is material, and consider whether to prohibit that Manager and/or Placement Agent from soliciting new investments from SCERS for a period (the length of such period to be in its sole discretion) from the date of the determination.