

Vendor	Question #	Questions	Answer
Vendor A	1	We note that last December, the Investment Committee met on December 19 and the Board met the next day. Attachment B of the RFP does not list any Investment Committee meetings. Is the general consultant expected to attend both Board and Investment Committee meetings? If yes, is there a 2018 schedule for Investment Committee meetings?	Investment Committee meetings are not regularly scheduled. Instead, Staff recommends a separate IC meeting for the following month when investment related workflow necessitates. If a committee meeting is recommended, it will be held the day before the Board meeting: Tuesday at 2:00 p.m. Yes, the consultant is expected to attend both in those instances.
Vendor A	2	Will the incumbent general consultant be rebidding for this assignment?	Yes.
Vendor A	3	The 2016 CAFR lists fees paid to RVK in 2015 and 2016. What was the amount of consulting fees paid to RVK in 2017?	The 2017 fiscal year fees paid were \$277,808.
Vendor A	4	Are there any current investment-related initiatives which the incoming general consultant will be expected to complete?	Nothing in progress. However, the incoming general consultant should be familiar with and agreeable to continue working with a thematic asset allocation.
Vendor A	5	When was the last asset liability study completed?	2015
Vendor A	6	What is FWERF's current return assumption? Is the Board considering an adjustment to the Plan's return assumption?	7.75%. The Board may consider a change when the actuary completes the next experience study in 2019.
Vendor A	7	Does FWERF follow any particular governance practices related to the appropriate roles, responsibilities, and interactions between the Board, Investment Committee, staff, and consultant?	Please see the attached Accountability Matrix and Ethics Policy for specific governance practices. It is expected that consultants work with staff to develop investment recommendations that are then presented to the Investment Committee (when called) and the Board. All Investment Committee recommendations must be approved by the Board as the Investment Committee is a recommending body.

Vendor A	8 From what form of media to Board members prefer to receive presentations: paper, projection, or electronic documents?	We deliver the meeting packets to the Board in electronic format and material is projected during the meeting. On occasion, paper documents may be necessary to report late or changed info.
Vendor A	9 We understand that Board meetings will be in-person at the FWERF's offices. Based on FWERF's experience, what is your preferred way to communicate with the general consultant between meetings: email, telephone, video conference, in-person meetings?	Staff communicates with consultants via email and telephone conference calls between board meetings.
Vendor A	10 Relative to investment performance reporting, does the Board prefer detailed information or high level overviews?	All. The Board is accustomed to seeing high-level, composite level, and manager level performance.
Vendor B	1 Will a proposal that does not allow FWERF to be billed quarterly in arrears as set under Compensation in Attachment H Sample Professional Services Agreement of the RFP but alternatively allows FWERF to be billed monthly in arrears or quarterly in advance be disqualified?	The Fund will allow monthly billing in arrears, the Fund does not want to be billed in advance.
Vendor B	2 Section II of the RFP provides that Offeror(s) shall be subject to the indemnification and other provisions of Attachment H. Can you please provide a copy of the indemnification provisions? If selected to provide consulting services, would FWERF be willing to negotiate a consulting agreement such that the contract terms would be mutually acceptable to both parties, including making certain changes to the provisions in Attachment H?	The indemnification provision would not be mutual, as FWERF is a governmental entity and, as such, cannot commit to indemnify another party. FWERF would be willing to negotiate in good faith the terms of an the indemnification provision. Although the sample provision was inadvertently omitted from the RFP, it is attached here for your reference.
Vendor C	1 Do you expect the general consultant to be present for all of the monthly due diligence / prospective manager visits? If so, do we need to be available in person or via teleconference?	We prefer that the general consultant participate with staff on initial due diligence visits for manager selection. We do not require that the general consultant attend ongoing due diligence or prospective manager visits.

Vendor C	2 Attachment I (Statement of Investment Objectives and Guidelines) was not included with the RFP. Can we receive a copy of the current document?	Provided to all respondents and attached to RFP on website currently. Also available on the Funds website: <a href="http://www.fwretirement.org/document_center/Policy/Investment_Policy_Statement_01_24_18.pdf">http://www.fwretirement.org/document_center/Policy/Investment_Policy_Statement_01_24_18.pdf</a>
Vendor C	3 We had noticed a decline in fees paid to the general investment consultant from 2015 to 2016. Can you explain the decrease in fees?	The fiscal 2016 fees did not properly reflect a fee accrual. The 2016 fees should have reflected \$305,502. In 2017 the fees were reduced to reflect real estate consulting no longer being provided by the general consultant.
Vendor C	4 Can you verify the current general investment consultant and current fees paid to said consultant	RVK; \$215,000
Vendor C	5 Can you verify the current private asset investment consultant and current fees paid to said consultant?	Hamilton Lane; \$700,000
Vendor D	1 What is the most important investment issue your Fund is currently facing?	Achieving the Fund's assumed rate of return without taking excessive risk or illiquidity. Thus creating an asset allocation that recognizes the funding status, contribution policy and risk tolerance of the board.
Vendor D	2 What do you think is the single most important characteristic of an investment consulting firm?	An investment consultant should be forward thinking and innovative while understanding the environment in which a public pension operates as well as maintaining a collaborative relationship with the Fund's staff and board.
Vendor D	3 What prompted your desire to conduct a search at this time?	Our existing investment consulting agreements have reached 10 years, a timeframe when it may be prudent to explore the consulting universe.
Vendor D	4 Who is the current consultant? Is the current consultant being considered as part of this process?	RVK. Yes.

Vendor D	5 What are the annual fees for the existing contract that the Board is paying to its current consultant? Are there project-related fees associated with the current arrangement that are not part of the base fee?	The new agreement has base annual fees of \$215,000. An asset/liability study is a special project that is only paid when requested by the Fund.
Vendor D	6 Do you have any specific issues in regards to your current consultant?	No.
Vendor D	7 When was the last time the Fund performed a liability-based asset allocation study? What is the funded status of the Fund? What are the assumed/target rates of return for the Fund?	An asset/liability study was conducted in 2015. The FWERF is 58.5% funded with an infinite amortization period. The target rate assumption is 7.75%.
Vendor D	8 Do you have a separate alternative assets consultant? Do you currently use fund of funds or direct funds for your alternative investments?	We currently use separate consultants for direct investment in hedge funds, real estate, and private equity. We have not selected fund of fund investments since 2008, but have legacy PE fund of funds in place.
Vendor D	9 Do you anticipate making any changes to the asset allocation of the Fund? Are you considering any new asset classes?	We wish to continue using the thematic asset allocation; no changes are planned at this time. We would like to introduce direct lending, liquid alternatives/smart beta, and possibly reinsurance strategies.



**Accountability Chart - Procurement**

-----Procurement of Service Providers-----					
-----Responsible Party-----	Investment Consultants, Custody Bank	Actuary	Legal Counsel	Auditor	Pension Admin Software & Consultant
Board	Interviews finalists & Decides (may participate with RFP)	Interviews finalists & Decides (may participate with RFP)	Delegates to GC & Monitors	Interviews finalists & Decides (may participate with RFP)	May Interview finalists & Decides (may participate with RFP)
Board Chairperson					
Investment Committee	Interviews finalists & Recommends				
Audit & Budget Committee				Interviews finalists & Recommends	
Personnel Committee					
ED/CIO	Recommends	Recommends	Approves GC decision	Recommends	Recommends
General Counsel	Negotiates contract	Negotiates contract	Evaluates, Decides, & Negotiates contract	Negotiates contract	Negotiates contract
Investment Staff	By RFP* process: Search, Screen, Evaluate candidates & Recommends				
Finance Staff				By RFP* process: Search, Screen, Evaluate candidates & Recommends	
Benefits Admin Staff		By RFP* process: Search, Screen, Evaluate candidates & Recommends			By RFP* process: Search, Screen, Evaluate candidates & Recommends
Operations Staff					Provides IT input for RFP evaluation
Investment Consultants					
External Legal Counsel	Negotiates and/or reviews contracts				Negotiates contract
Actuary					
Strategic Planning Consultant					
Auditor					
Custody Bank					
Specialized consultants					Facilitates: development of RFP, candidate screening, evaluation
Asset managers					

\*The RFP process encompasses defining scope of services, detailing minimum and broad requirements, identifying the eligible vendor universe, establishing a timeline, developing rating criteria and weighted rating scale, reading responses, interviewing respondents, checking references, evaluating and scoring responses, screening a short list, requesting best and final offers, making recommendation utilizing a best value approach.

Revised and approved: December 20, 2017



**Accountability Chart - Setting Strategy**

	-----Setting Strategy-----			
-----Responsible Party-----	Actuarial Assumptions	Governance Policies	Asset Allocation & Investment Policy	Strategic Planning
Board	Approves	Approves	Approves	Approves & Oversees
Board Chairperson				
Investment Committee			Recommends, & Monitors	
Audit & Budget Committee				
Personnel Committee		Reviews personnel-related, recommends revisions, decides		
ED/CIO		Recommends & Oversees compliance	Recommends & oversees compliance	Recommends, reports & ensures achievement
General Counsel		Reviews & Oversees compliance		
Investment Staff		Proposes IPS revisions	Reviews & Recommends	Provides recommendations
Finance Staff				Provides recommendations
Benefits Admin Staff	Compiles & transmits pension data			Provides recommendations
Operations Staff				Prepares 5-year IT Plan
Investment Consultants	Prepares Asset/Liability study	Assists with IPS revisions	Prepares AA studies & Recommends	
External Legal Counsel		Reviews (optional)		
Actuary	Prepares actuarial experience study & recommends assumptions			
Strategic Planning Consultant		Facilitates Board self-evaluation		Develops retreat agenda, Facilitates, & Prepares strategic plan
Auditor				
Custody Bank				
Specialized consultants		Facilitates Board self-evaluation		
Asset managers				

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**Accountability Chart - Implementing Board Initiatives**

-----Implementing Board Initiatives-----				
	Investing & Investment Manager Selection	Budget	Audit	Strategic Plan
-----Responsible Party-----				
Board	Approves & Monitors managers	Approves	Oversees	Oversees
Board Chairperson				
Investment Committee	Recommends & Monitors managers			
Audit & Budget Committee		Recommends & Monitors	Oversees	
Personnel Committee		Recommends personnel budget		
ED/CIO	Oversees & Reviews reporting	Recommends, oversees compliance	Completes representation letter	Develops process, Delegates assignments, Monitors timeline, Achieves objectives
General Counsel	Negotiates & Secures manager contract amendments		Completes disclosures	Achieves objectives
Investment Staff	Conducts due diligence, Recommends managers, Monitors & reviews reporting			Achieves objectives
Finance Staff		Develops, monitors, reports	Coordinates, compile reports & CAFR	Achieves objectives
Benefits Admin Staff		Provides data for PAS related exp, communications exp, Disability expert exp	Provides data & compile reports	Achieves objectives
Operations Staff		Provides data for IT exp, Building exp		Achieves objectives
Investment Consultants	Researches, Screens & Recommends managers, Oversees, Reports, Develops watchlist			Provides assistance
External Legal Counsel	Negotiates LPA agreements & side letters			
Actuary				
Strategic Planning Consultant				Monitors
Auditor			Conducts & Reports	
Custody Bank	Records investment transactions, Clearinghouse, FX			
Specialized consultants				
Asset managers	Invests Portfolio			



Accountability Chart - Operating

-----Operating-----					
-----Responsible Party-----	Hiring	Day-to-day Operations	Periodic Studies and Reporting	Meeting Agendas & OPA/PIA Compliance	Member & Stakeholder Outreach
Board	ED/CIO: Hires, Monitors, Evaluates	Delegates & Oversees	Reviews	Complies	Communicates
Board Chairperson				Decides & Approves agenda	
Investment Committee				Committee Chair decides & approves agenda	
Audit & Budget Committee				Committee Chair decides & approves agenda	
Personnel Committee	ED/CIO: Recruits, Recommends			Committee Chair decides & approves agenda	
ED/CIO	FWERF staff: Recruits, Sets salaries & benefits, Evaluates, Terminates	Oversight, Compliance, Supervision, Workplan, Internal Controls	Presents update at Joint Meeting, Provides quarterly Strategic Plan update	Compiles agenda, Provides meeting support, OMA compliance	Provide regular updates: Retiree groups, City Councilors, Legislative bodies
General Counsel		Contracts, Governance, PIRs, Legislative, Compliance, Risk		Handles PIA requests, Review agenda, OMA compliance	
Investment Staff		Monitor investment AUM, Liquidity, Investment Mgr compliance, Market	Prepares Investment DD reports, Reviews manager performance		
Finance Staff		Bookkeeping, Budget updates, Accounting reports	Prepares CAFR, Internal audits, Audit & Budget reports		
Benefits Admin Staff		Counsel members & process retirements, Conducts seminars, field participant inquiries	Conducts benefit audits, customer satisfaction surveys		Provide newsletter, social media updates, website info, navigation videos, member education/events
Operations Staff		Coordinates: building leases & maintenance, office equipment, records retention, IT related work, CFW file interface	Actuarial data feed		
Investment Consultants			Provides quarterly & annual performance reports, Structure Studies, Recommends watchlist		
External Legal Counsel					
Actuary			Prepares annual actuarial valuation, Presents to Board & City Council		
Strategic Planning Consultant	Facilitate ED/CIO evaluation for Board				
Auditor			Prepares annual audit, Provides entry & exit interviews		
Custody Bank			Provides some		
Specialized consultants	Facilitate ED/CIO evaluation for Board				Legislative: provides updates, intros & ongoing legislative contact
Asset managers			Provides some		



**Accountability Chart - Educating**

	----Educating----	
	Board Education	Staff Education
-----Responsible Party-----		
Board	Participates & Suggests topics	
Board Chairperson		
Investment Committee	Participates & Suggests topics	
Audit & Budget Committee		
Personnel Committee		
ED/CIO	Suggests topics, Provides training & New Trustee Orientation	Participates in national & local pension assn, Investment educ, Policy educ, Leadership
General Counsel	Provides training & New Trustee Orientation	Participates in national & local pension assn, TX legal assn, legal continuing ed, PIA, OMA training
Investment Staff	Provides New Trustee Orientation	Participates in ILPA, Consultant or Manager annual meetings, CFA continuing ed
Finance Staff		Participates in national pension assn, local GFOA or AGA continuing ed
Benefits Admin Staff	Provides New Trustee Orientation	Participates in national & local pension assn, pension communication assn, PIA training
Operations Staff		
Investment Consultants	Provides training	Provides training
External Legal Counsel		
Actuary	Provides training	
Strategic Planning Consultant		
Auditor		
Custody Bank	Provides training	
Specialized consultants	Provides training	
Asset managers	Provides some	

Revised and approved: December 20, 2017

# Fort Worth Employees' Retirement Fund Ethics Policy

## Purpose

It shall be the goal of every member of the Board of Trustees (the "Board") and each employee of the Fort Worth Employees' Retirement Fund (the "FWERF" or "Fund") to demonstrate the highest level of professional and ethical behavior in dealings with retirees, active members, employer representatives, the public and each other to ensure that the highest ethical standards in the public retirement industry are followed. This policy is based upon the duty of loyalty that all Board members, as fiduciaries, owe to the beneficiaries of the Fund. It also demonstrates the Board's commitment to fairness, openness, and transparency in the governance of the Fund. It is important to the Board that it preserve the confidence of the membership, the City, local and state government officials, and the general public.

The Board recognizes that compliance with an ethics policy may, at times, be confusing because ethical matters can be complex and that not all situations involving ethical dilemmas can be specifically addressed by policy. Because of this, Board and Fund staff are strongly encouraged to seek the advice of the Fund's legal counsel whenever there is uncertainty about compliance with the policy.

## Definitions

As used in this policy, unless the context otherwise requires:

- 1) "Business" means a corporation, partnership, sole proprietorship, trust or foundation, or any other individual or organization carrying on a business, whether or not operated for profit.
- 2) "Compensation" means any money, thing of value, or economic benefit conferred on or received by any person in return for services rendered or to be rendered by himself or another.
- 3) "Conflict of Interest" means a transaction or relationship that could reasonably be expected to diminish a Board Trustee's or Fund staff's independence of judgment in the performance of their duties with respect to the Fund or create a conflict between the Board Trustee's or Fund staff's responsibilities or obligations to the Fund and their personal, business or other interests.
- 4) "Financial interest" means a substantial interest held by an individual which is:
  - (a) An ownership interest in a business;
  - (b) A creditor interest in an insolvent business;
  - (c) An employment or prospective employment for which negotiations have begun;
  - (d) An ownership interest in real or personal property;
  - (e) A loan or other debtor interest; or
  - (f) A directorship or officership in a business.
- 5) "Official act" or "official action" means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority with respect to the Fund.
- 6) "Vendor" means a person who enters or seeks to enter into a contract with the Fund and includes any agent of a vendor.

## Rules of Conduct

A Board Trustee or Fund staff member shall not:

## Fort Worth Employees' Retirement Fund Ethics Policy

- 1) Disclose or use confidential information acquired in the course of official duties in order to further personal financial interests; or
- 2) Accept any gift, favor or service that might reasonably tend to influence the discharge of official actions or that the Board Trustee knows or should know is being offered with the intent to influence official action; or
- 3) Engage in a substantial financial transaction for private business purposes with a person whom the Board Trustee inspects or supervises in the course of their official duties; or
- 4) Assist any person for a fee or other compensation in obtaining a contract, claim, license, or other economic benefit from the Fund; or
- 5) Assist any person for a contingent fee in obtaining a contract, claim, license, or other economic benefit from any city agency or department; or
- 6) Perform an official act which may have a direct economic benefit on a business or other undertaking in which the Board Trustee has a direct or substantial financial interest, or is engaged as counsel, consultant, representative, or agent.
- 7) A Board Trustee should not initiate contact with an entity under consideration during a request for proposal/search process until the business is awarded. During this "no-contact", or "quiet", period, Board Trustees and Fund staff who are contacted by these entities for anything other than routine information should immediately inform them of the "no-contact" or "quiet" period rule, and that any further contact could disqualify them from further consideration.

### **Limitations and Exceptions**

- 1) An economic benefit tantamount to a gift of substantial value includes without limitation a loan at a rate of interest substantially lower than the commercial rate then currently prevalent for similar loans and compensation received for private services rendered at a rate substantially exceeding the fair market value of such services.
- 2) The following shall not be considered gifts of substantial value or gifts of substantial economic benefit tantamount to gifts of substantial value for purposes of paragraph 2 under the Rules of Conduct:
  - a. An occasional nonpecuniary (non-financial) gift, insignificant in value;
  - b. A nonpecuniary award publicly presented by a nonprofit organization in recognition of public service;
  - c. Payment of or reimbursement for actual and necessary expenditures for travel and subsistence for attendance at a convention or other meeting at which the Board Trustee or Fund staff is scheduled to participate, including educational conferences sponsored by independent educational organizations and business meetings conducted by asset managers;
  - d. Reimbursement for or acceptance of an opportunity to participate in a social function or meeting which is offered to the Board Trustee or employee which is not extraordinary when viewed in light of the Board Trustee's or employee's position;
  - e. Items of perishable or nonpermanent value including, but not limited to, meals or tickets to sporting, recreational, educational, or cultural events.

## Fort Worth Employees' Retirement Fund Ethics Policy

- 3) A Board Trustee or Fund staff shall not solicit any gift, regardless of value, and including those items set forth in paragraph 2, from any person doing business with the Fund, or seeking to do business with the Fund.<sup>1</sup>
- 4) Paragraph 5 of the Rules of Conduct does not apply to a Board Trustee if they comply with the voluntary disclosure procedures set forth below.

### **Disclosure Requirements**

Board Trustees must promptly disclose any conflict of interest or potential conflict of interest with respect to their fiduciary responsibility to the Fund. They must also refrain from voting or attempting to influence the vote on any matter involving a personal conflict of interest.

Additionally, pursuant to Section 176.003 of Title 5 of the Local Government Code, each Board Trustee and executive Fund staff member shall annually file with the Fund a Conflict of Interest Disclosure in a form prescribed by the Fund. The form shall require disclosure of any relationships or situation(s) applicable to the Board Trustee or executive Fund staff member and to each of their family members which may impinge on the Board Trustee's or executive Fund staff's fiduciary duty.

### **Ethical Principles**

- 1) A Board Trustee or Fund staff should not acquire or hold an interest in any business or undertaking which is believed may be directly and substantially affected to its economic benefit by official action to be taken by the Fund.
- 2) A Board Trustee or Fund staff should not, during the term of their office or employment, obtain employment in which they will take direct advantage, unavailable to others, of matters with which they were directly involved during the term of membership or employment. These matters include rules which they actively helped to formulate and applications, claims, or contested cases in the consideration of which they were an active participant.
- 3) A Board Trustee or Fund staff should not perform an official act directly and substantially affecting a business or other undertaking to its economic detriment when they have a substantial financial interest in a competing firm or undertaking.
- 4) A Board Trustee, during and within 12 months following the termination of their office, shall be ineligible for employment as a member of the Fund staff.

### **Special Rules Governing Contracts and Claims**

- 1) Board Trustees or Fund staff shall not receive any benefit whatsoever resulting from any contract that the Fund enters into during the course of their official action .
- 2) A former Fund staff may not, within six months following the termination of their employment, contract or be employed by an employer who contracts with the Fund involving matters with which they were directly involved during Fund employment.
- 3) Board Trustees or Fund staff shall not be vendors for any purchase made in their official Fund capacity.

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<sup>1</sup> Activities and expenses that arise, or may arise, during the course of the Fund's business dealings are further set forth in the "Dealings with Businesses" guidelines, attached hereto as Appendix A.

## Fort Worth Employees' Retirement Fund Ethics Policy

### **Enforcement**

A Board Trustee or executive Fund staff may be reprimanded, censured, or requested to resign if he or she knowingly fails to comply with a requirement adopted under this policy. The Board shall have final decision-making authority with respect to violations of this policy, and such decision shall be binding on all parties.

### **Policy Review**

The Board shall periodically review this policy to assure its accuracy and relevance. This policy may be amended from time to time by majority vote of the Board.

*Revised and Adopted by the Board of Trustees on \_\_\_\_\_*

# Fort Worth Employees' Retirement Fund Ethics Policy

## Appendix A

### Dealings with Businesses

To assist with the application of the Fort Worth Employees' Retirement Fund Ethics Policy, the Board has considered certain specific activities and expenses which might arise in the course of dealing with parties with whom the Fund does business or might do business in the future.

This Appendix sets forth guidelines concerning the appropriateness of those activities and expenses. This list is not intended to be all-inclusive. Rather, the following are examples of appropriate and inappropriate activities and expenses. If questions arise about activities and expenses which are not included in this Appendix, the following examples should be used for guidance as to whether an activity or expense is appropriate or not.

#### 1. Dealing with third parties **with whom the Fund currently does business.**

##### Appropriate activities and expenses:

- 1.1. In general, it is permissible for Board Trustees, including members of their immediate families, to accept or participate in "reasonable entertainment," which would include, among other things, an occasional meal, a ticket to a sporting event or the theater, or comparable entertainment, which is neither so frequent nor so excessive as to raise any question of propriety; attended by the third party providing the entertainment, meal, or tickets; and not more frequent than once per quarter.
- 1.2. Acceptance of inexpensive gifts with a value under twenty-five dollars (\$25.00).
- 1.3. Covering of reasonable expenses (lodging and meals) at business meetings conducted by the third party.

##### Inappropriate activities and expenses:

- 1.4. Solicitation of any recreational activity or gift of any kind.
- 1.5. Acceptance of any gift having a value over twenty-five dollars (\$25.00) offered by the third party.

#### 2. Dealing with third parties **with whom the Fund does not do business.**

- 2.1. It is inappropriate to solicit or accept any activity or gift from a third party with whom the Fund does not do business. Any expenses incurred in meeting with such third parties, if infrequent and reasonable (e.g. coffee or a meal), are permissible.
- 2.2. Notwithstanding the foregoing, it is not a violation of this policy for a Board Trustee or Fund staff to attend a group meal or other group event of a social nature which is held in conjunction with an educational conference or seminar and which is sponsored by one or more third parties who are not doing business with the Fund.

# Fort Worth Employees' Retirement Fund Ethics Policy

## POTENTIAL CONFLICT OF INTEREST DISCLOSURE

### Purpose

Each Board Trustee and each executive Fund staff is asked to annually disclose business connections or relationships, which could be construed as conflicts of interest.

### Disclosure

Each disclosing person is asked to identify the following:

- Business connections you or any of your family members have with vendors doing business with the Fund or who may do business with the Fund.  
This would include working as an employee of a vendor and the amount of compensation received, or working directly for a vendor as a supplier of goods and/or services and the volume of goods or services supplied. This category would also include a statement of ownership in a vendor or the holding of an officer or Board position of a vendor.
- Business connections you or your family members have directly with the Fund.  
This category would include working as a vendor supplying goods and/or services directly to the Fund. The nature of the relationship and the volume of business should be disclosed.
- Direct or indirect family connections with the Fund.  
The disclosing person should state any direct family member or in-law who works for the Fund or for any FUND vendor.
- Shared ownership in a nonpublicly traded enterprise.  
The disclosing person should state the enterprise and their interest if that enterprise is shared by another Board Trustee, Fund staff member, or a vendor.

Each person stated within the PURPOSE of this statement should disclose any business association in any of the categories specifically enumerated above annually. Such disclosure shall be made on a form provided by the Fund. The completed disclosure form will be sent to the Board Chairperson or the Executive Director and acknowledged at the next scheduled Board meeting. Disclosing persons should understand the intent of this disclosure and should, in addition, disclose any relationship they feel is not specifically stated in this policy, but is of a nature that is intended to be disclosed by this policy.

In addition to annual disclosure, at the time the Fund is entertaining the establishment of a business relationship which will commence a disclosable relationship, the disclosing party should notify the Board Chairperson or the Executive Director.

# Fort Worth Employees' Retirement Fund Ethics Policy

## **Definitions**

**DIRECT FAMILY MEMBER** includes spouse, children, parents, siblings, and children of siblings.

**INDIRECT FAMILY MEMBER** includes the direct family members of the disclosing member's spouse.

**SUBSTANTIAL OWNERSHIP POSITIONS** are defined as an amount equal to or in excess of 3% of outstanding ownership.

## **Enforcement**

Pursuant to Section 176.013 of Title 5 of the Local Government Code, a Board Trustee or executive Fund staff commits a disclosure offense if he or she knowingly fails to file a conflicts disclosure statement before 5:00 p.m. on the seventh (7th) business day after the date he or she becomes aware of the disclosure statement filing requirement.

A conflicts disclosure offense under the Local Government Code is a Class C misdemeanor if the contract amount is under 1 million dollars; a Class B misdemeanor if the contract amount is between 1 million dollars and five million dollars; or a Class A misdemeanor if the contract amount is five million dollars or more. In addition, the Fund's Board may, at its discretion, declare a contract void if it determines that a vendor fails to file a required conflict of interest questionnaire pursuant to Section 176.006 of Title 5 of the Local Government Code.

Fort Worth Employees' Retirement Fund  
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**CONFLICT OF INTEREST DISCLOSURE FORM**

Please provide the following information, as required by the FUND disclosure requirements set forth in its Ethics Policy. Updated information should be provided on a continuing basis. Please return the form to FUND's Executive Director. Attach additional sheets, if necessary.

1. Describe your or any of your family member's business connections or the extent of any relationship with any vendor(s) doing business with the Fund.

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2. Disclose any gifts that you or any of your family members have accepted from a vendor doing business with the Fund if the aggregate value of the gifts exceeds one hundred dollars (\$100.00).

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3. Describe any business connections that you or any of your family members have directly with the Fund.

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4. Identify direct or indirect family members who work for the Fund or for any FUND vendor.

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5. Describe ownership in non-publicly traded enterprises which you share with any other Board Trustee, FUND staff member, or vendor organization.

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## **STANDARD OF CARE AND INDEMNITY**

Consultant shall discharge its responsibilities, and perform its services hereunder in accordance with the care, skill, prudence, discretion and diligence under the circumstances prevailing that a prudent person acting in a similar capacity and familiar with similar matters would use in the conduct of an enterprise with a similar character and aims. Consultant shall perform its duties hereunder solely in the interest of the Fund's participants and beneficiaries and for the exclusive purpose of providing benefits to such participants and beneficiaries.

CONSULTANT COVENANTS AND AGREES TO, AND DOES HEREBY, INDEMNIFY AND HOLD HARMLESS THE FUND, THE BOARD, THE EXECUTIVE DIRECTOR OF THE FUND, ANY OFFICERS OF THE FUND, AND THE FUND'S EMPLOYEES (the "INDEMNITIES"), FROM AND AGAINST, AND HEREBY ASSUMES ALL DAMAGES OR INJURIES, INCLUDING DEATH, TO ANY AND ALL PERSONS OR PROPERTY, OR WHATEVER KIND OR CHARACTER, WHETHER REAL OR ASSERTED, ARISING OUT OF OR IN CONNECTION WITH ANY ACT OF NEGLIGENCE ON THE PART OF CONSULTANT, ITS OFFICERS, AGENTS, SERVANTS, EMPLOYEES OR SUBCONTRACTORS. CONSULTANT SHALL FURTHER BE FULLY LIABLE, INDEMNIFY AND DEFEND THE INDEMNITIES FROM ANY WILLFUL MISCONDUCT, NEGLIGENCE AND/OR ANY VIOLATION BY CONSULTANT, ITS OFFICERS, AGENTS, SERVANTS OR EMPLOYEES, OF THE STANDARD OF CARE OR BREACH OF FIDUCIARY DUTY SET FORTH IN THIS AGREEMENT.

Notwithstanding the foregoing paragraph, the Fund acknowledges and agrees that (i) Consultant has no responsibility to manage or in any way direct the investment of any assets whose management is the subject of Consultant's consulting services under this Agreement; (ii) Consultant has not and cannot make any promise, guarantee or other statement or representation regarding the future investment performance of such assets; and (iii) Consultant will not be liable for any losses or expenses incurred as a result of any action or omission by an investment manager, custodian or unrelated third party, unless such losses or expenses are due to the failure of Consultant to fulfill or comply with its duties under this Agreement.