

## INVESTMENT CONSULTING AGREEMENT

THIS INVESTMENT CONSULTING AGREEMENT (the "Agreement") is executed and entered into as of the 1st day of January 1, 2012, by and between \_\_\_\_\_ limited liability company (the "Investment Consultant") and Fire and Police Pension Fund, San Antonio (the "Fund").

### W I T N E S S E T H :

WHEREAS, the Fund has established a plan for investment of its assets; and

WHEREAS, the Investment Consultant has represented itself to the Fund as an expert investment consultant; and

WHEREAS, the Fund has selected the Investment Consultant based on its representations and wishes to appoint the Investment Consultant as investment consultant to the Fund, and the Investment Consultant wishes to accept this appointment on the terms and conditions set out below.

NOW THEREFORE, the Investment Consultant and the Fund agree as follows:

### ARTICLE I

#### DEFINITIONS

As used herein, the following terms have the following respective meanings:

Assets: The investment assets and cash of the Fund, together with all interest and income there from, and all proceeds thereof.

Compensation: The monetary consideration paid to the Investment Consultant as calculated in accordance with Schedule II attached hereto and incorporated herein.

Custodian: Any Person charged with the safekeeping of Assets, and having such powers, duties, and rights as set forth in a custody agreement between the Fund and such Person (on the date hereof, Northern Trust Bank).

Fund: Fire and Police Pension Fund, San Antonio.

Investment Consultant: \_\_\_\_\_

Investment Allocation: Those performance and investment allocations set forth in Schedule I attached hereto and incorporated herein, as may be amended from time to time by the Fund in writing.

Person: An individual, a corporation, an association, a partnership, an organization, a limited liability company or partnership, a business, a trust, an estate, or any other legal entity.

Standards of Conduct: Those Standards of Conduct set forth in Schedule III, attached hereto and incorporated herein, as may be amended from time to time by the Fund in writing.

Third Party Compensation Policy: That policy set forth in Schedule IV, attached hereto and incorporated herein, as may be amended from time to time by the Fund in writing.

## **ARTICLE II**

### **APPOINTMENT, AUTHORITY AND RESPONSIBILITY OF INVESTMENT CONSULTANT**

2.01 Appointment. The Fund hereby appoints the Investment Consultant as the consultant to the Fund, and Investment Consultant agrees to serve, on the terms and conditions set forth herein.

2.02 Duties. The Investment Consultant shall provide general investment consulting services to the Fund, including, but not limited to:

(a) Board Meetings. Participation at the following Board meetings (a minimum of eight face to face meetings per year):

- (1) quarterly performance presentation;
- (2) annual investment review;
- (3) annual managers conference; and
- (4) interviews in connection with managers searches.

Additional participation may be required at critical meetings of the Board and/or Investment Committee in person, by video conference. Investment Consultant shall attend such additional meetings as requested by the Fund at its own cost and expense unless the frequency of such meetings is such that reimbursement of expenses is approved by the Fund.

(b) Services: Manager Searches, Alternative Investments performance reporting only, Asset Allocation (including such real assets as timber, infrastructure and commodities), Asset/Liability Modeling (subject to additional charges), Client Monitoring/Reporting, Due Diligence on traditional and real asset managers, Investment Policy/Objectives, , Manager Structure Analysis, Multiple Manager Analysis/Structure, Peer Group Analysis, Performance Attribution, Performance-Based Fee Structure/Negotiation, Performance Measurement/Analysis, Portfolio Optimization, Quantitative Analysis, Reports/Custom Research, and Strategic Planning Services.

(c) Performance Evaluation and Manager Monitoring: Investment Consultant shall provide accurate, meaningful comparative contexts for the Fund's performance. Investment Consultant shall provide an independent review of the Fund's performance, relating these results to Fund objectives and policies, the market environment, and have a database that is a complete statistical inventory of current and historical performance information for all major asset categories and manager styles to insure that its investments are being measured against peers.

(d) Strategic Planning: Investment policy review every three to five years (more often if there are significant changes in the investment environment or plan liabilities). Investment Consultant shall assist in reviewing current policy statements and presenting the benefits and consequences of alternatives for each of the statement components. If revisions are required, the Investment Consultant shall assist in drafting a policy that clearly communicates the overall objectives of the plan, as well as goals and restrictions for the investment managers.

(e) Plan Implementation: Investment Consultant shall help choose the optimal investment manager structure, select top-performing money managers and custodians, negotiate their fees, and allocate assets among appropriate asset classes. Using a combination of qualitative and quantitative screening techniques, the Investment Consultant shall identify possible manager candidates and provide detailed profiles of each and assist the Fund in interviewing the candidates of choice.

(f) International Consulting: Investment Consultant shall include assistance in developing an international policy statement and investment guidelines, as well as help in optimizing both a portfolio's asset mix and manager structure. It shall also assist in selecting an appropriate performance benchmark or in creating indices to match the plan's unique investment strategy and objectives. An international database should be available to help select management specialist, evaluate global custodial services, coordinate fund implementation, and portfolio transition strategies. The Investment Consultant should offer international performance measurement and evaluation and provide an assessment of alternative hedging strategies.

2.03 Investment Allocation. The Investment Consultant acknowledges that the Fund has established the Investment Allocation for the Assets and shall work with the Fund to insure compliance with such Allocation. Such Investment Allocation shall be evaluated regularly by Investment Consultant to determine a range of optional asset allocations, taking into consideration future liabilities.

2.04 Fiduciary Duties. The Investment Consultant acknowledges that it is a fiduciary of the Fund with respect to the investment and management of the Assets similar to that under ERISA. The Investment Consultant shall discharge all of its duties and exercise all of its powers hereunder (i) solely in the interest of the Fund, (ii) with the care, skill, prudence, and diligence under the circumstances prevailing that a prudent expert who is familiar with such matters would use in discharging such duties and exercising such powers, and (iii) in a manner that avoids conflicts of

interest and self-dealing, and (iv) in compliance with federal and state securities laws and regulations.

The Investment Consultant and its affiliates perform investment advisory and management services for various clients. The Fund agrees that the Investment Consultant may give advice and take action in the performance of its duties with respect to any of its other clients or with respect to its officers or employees which may differ from advice given or the timing or nature of action taken with respect to the Assets.

2.05 Administration and Reports. The Investment Consultant shall keep accurate and detailed accounts and records of its services hereunder, the Assets and all transactions involving the Assets, including such records as are customary or required under any applicable law, regulation, or requirement. The Investment Consultant agrees that all accounts and records relating to said services and Assets shall be open to inspection, copying, and audit at all reasonable times by any Person designated by the Fund. Upon termination, the Fund may request all books and records be transferred to it, except for those books and records that are required to be, or are customarily, retained by the Investment Consultant.

The Investment Consultant agrees that, except for accounts and records routinely or customarily destroyed in the ordinary course of business in compliance with existing laws governing the retention of such documents, no such accounts and records relating to the Fund may be destroyed by it unless the Investment Consultant first notifies the Fund in writing of its intention to do so and then provides the Fund with the opportunity to take possession of such accounts and records as the Fund and the Investment Consultant shall mutually agree.

2.06 Reporting. The Investment Consultant shall provide the Fund and the Fund's staff, auditors, accountants, and other professional advisers, with such documents, reports, data, and other information at such times as the Fund may reasonably require. Such information shall be in a form satisfactory to, and approved by, the Fund.

In addition to the “required attendance” meetings set out in Section 2.02(a), the Investment Consultant shall meet with the Fund at such times and places as the Fund may reasonably request. The Investment Consultant shall regularly consult with the Fund and its staff to provide full information regarding portfolio management strategy and analysis, in order to assist the Fund's development of a diversified, skilled, and balanced team approach to quantitative investment of its funds. This interface shall include regular telephone communication, exchange of written data and analysis, limited working periods at the offices of both the Investment Consultant and the Fund and other interaction as requested by the Fund. The Investment Consultant shall consult with and inform the Fund's staff as requested in development of portfolio investment ideas, strategy and execution, as well as ongoing evaluation of strategy and performance.

The Investment Consultant shall use best efforts to review all performance and other reports provided to it by the Custodian with respect to the Assets and notify the Fund monthly in writing of

any material errors or discrepancies that have an adverse effect on the Assets.

2.07 No Legal or Tax Advice. The Investment Consultant will not provide any tax advice to the Fund, nor will the Investment Consultant advise or act for the Fund in any legal proceedings.

2.08 Proxy Voting. The Investment Consultant will not vote any proxies on behalf of the Fund.

### **ARTICLE III**

#### **COMPENSATION**

3.01 Fees. For each calendar quarter hereafter during which this Agreement is in effect, the Investment Consultant shall be paid Compensation in arrears for its services hereunder. No other form of remuneration or benefit of any nature, including, but not limited to, "in-kind" services, brokerage fees, shared information, placement fees, referral fees, or "soft" dollar compensation shall be received by Investment Consultant from any third party in connection with or relating to the Assets or investments made by the Fund.

3.02 Invoices. The Investment Consultant shall submit to the Fund a quarterly invoice within thirty (30) calendar days of the close of the quarter for which services were provided. Each invoice shall include the quarterly share of the Investment Consultant's Compensation (prorated for any partial quarter), as set forth in the then current Schedule II. Invoices shall only cover work already performed; no Compensation shall be paid to the Investment Consultant in advance of services rendered. Invoices shall be mailed to:

Fire and Police Pension Fund, San Antonio  
Attn: Warren Schott  
11603 W. Coker Loop  
San Antonio, Texas 78216

3.03

### **ARTICLE IV**

#### **REPRESENTATIONS AND WARRANTIES OF INVESTMENT CONSULTANT**

The Investment Consultant hereby represents and warrants to the Fund as follows:

(a) The Investment Consultant is duly organized, validly existing, and in good standing under the laws of the state of its organization and has full corporate power and authority to carry on its business as it has been and is conducted. The execution and delivery of this Agreement and the

consummation of the transactions contemplated hereby are within the power of the Investment Consultant and have been duly authorized by all necessary corporate and other action.

(b) Neither the execution and delivery of this Agreement nor the consummation of the transactions provided herein will violate any agreement to which the Investment Consultant is a party or by which it is bound, any law, regulation, order, or any provision of the charter documents to the Investment Consultant.

(c) The Investment Consultant has completed, obtained, and performed all registrations, filings, approvals, licenses, authorizations, consents, or examinations required by any government or governmental authority for entry into this Agreement and performance of its acts contemplated by this Agreement, and the Investment Consultant shall maintain such proper authorizations during the term hereof.

(d) The personnel of the Investment Consultant responsible for discharging the Investment Consultant's duties and obligations under this Agreement are and will be individuals experienced in the performance of the various functions contemplated by this Agreement. None of such individuals has been found guilty of any violation of any federal or state securities law or the NASD Code of Conduct.

(e) Neither any representation or warranty contained in this Agreement nor any written statement, certificate, or document furnished or to be furnished to the Fund by or on behalf of the Investment Consultant pursuant to this Agreement contains or will contain any known misstatement of a material fact or omits or will omit to state a material fact necessary to make the statements contained herein or therein not misleading.

(f) The Investment Consultant acknowledges, agrees, represents and warrants that, except as set forth in Schedule IV attached hereto, neither the Investment Consultant, nor any officer or affiliate thereof, has paid any monies or given any other compensation or consideration, or incurred any obligation or liability, contingent or otherwise, for brokerage fees, placement fees, finder's fees, agents' commissions or other fees, commissions or payments in connection with this Agreement or other transactions contemplated hereby.

## **ARTICLE V**

### **COVENANTS OF INVESTMENT CONSULTANT**

The Investment Consultant covenants with the Fund as follows:

(a) The Investment Consultant covenants that it will comply with all requirements which any federal or state law or regulation may impose with respect to the subject matter of or transactions contemplated by this Agreement, including, without limitation, all transactions involving the Assets, and will promptly cooperate with and furnish information to the Fund regarding such requirements.

(b) The Investment Consultant covenants that it shall fully and faithfully discharge all its obligations, duties, and responsibilities pursuant to this Agreement, and refrain from transactions in which it may have a conflicting material interest (direct or indirect) without prior written consent.

(c) The Investment Consultant shall promptly, and in any case within five (5) calendar days, notify the Fund in writing: (i) if any of the representations and warranties of the Investment Consultant set forth in this Agreement shall cease to be true at any time during the term of this Agreement; or (ii) if there is any material change in the management personnel of the Investment Consultant, the senior professional personnel actively involved in rendering services hereunder, or any change in control of the Investment Consultant.

(d) If such information is readily accessible to the Investment Consultant, the Investment Consultant shall assist the Fund and the Custodian as necessary to prepare required reporting or regulatory forms and filings regarding the Assets; to take action necessary to recover any taxes improperly paid or withheld; and to pursue any legal claims relating to any of the Assets. If such assistance requires addition of personnel, substantial reprogramming or addition of data processing capabilities, it shall be at the Fund's expense.

(e) The Investment Consultant shall disclose to the Fund (i) any non-routine SEC inquiry or investigation (or similar federal or state investigation), (ii) any litigation alleging breach of fiduciary relationship; and (iii) any claims submitted to "errors and omissions" or fiduciary liability insurance carriers.

(f) The Investment Consultant, in writing, shall disclose any "soft dollar" arrangements or practices with any broker and shall also disclose any affiliate brokerage relationship relating to the Assets.

## **ARTICLE VI**

### **LIABILITY**

#### **6.01 Liability of Investment Consultant.**

(a) The Investment Consultant shall be liable to the Fund and its employees, trustees, and agents (any and all of whom is/are referred to as "Indemnified Party") from and against any and all losses, disputes, proceedings, regulatory actions, suits, claims, damages, judgments, or liabilities (any and all of which is/are referred to as "Claims"), joint or several, of every kind and description, to which the Indemnified Party may become subject, insofar as such Claims are caused by or arise out of:

(1) the negligence, willful misconduct, fraud, violation of law, or breach of fiduciary duty on the part of Investment Consultant and its Agents; or

- (2) a breach of this Investment Consultant Agreement.

For purpose of this Agreement, the term "negligence" shall mean failure to exercise the care, skill, prudence and diligence under the circumstances then prevailing which a prudent expert acting in a similar capacity, with the same resources, and familiar with like matters, would exercise in the conduct of an enterprise of a like character with like aims.

(b) The Investment Consultant shall further indemnify and hold harmless an Indemnified Party, jointly and severally, for all costs and expenses (including attorney's fees), incurred by an Indemnified Party, in connection with any Claim arising under 6.01(a).

(c) Investment Consultant shall not be liable for any default or delay in the performance of its obligations under this Agreement if and to the extent such default or delay is caused, directly or indirectly, by: flood, earthquake, elements of nature or acts of God, riots, civil disorders, rebellions or revolutions in any country or any other cause beyond the reasonable control of such party.

6.02 Control of Settlement and Disputes. The Investment Consultant shall, at its sole cost, have control over any Claim involving any obligation or liability assumed by or imposed upon the Investment Consultant pursuant to this Article VI, with counsel selected by Investment Consultant and which counsel is reasonably acceptable to the Indemnified Parties, and the Investment Consultant shall have the right to conduct and control all negotiations and proceedings with respect thereto; provided, however, that (1) the Investment Consultant shall fully and promptly keep all Indemnified Parties informed of the status of such actions, and (2) no such payment, settlement, or disposition shall be made without the prior express written approval of the Fund, which approval shall not be unreasonably withheld. The Indemnified Party or Indemnified Parties (if more than one) may select one counsel separate from counsel to the Investment Consultant and participate directly in the action if in the reasonable written opinion of the separate counsel selected by the Indemnified Party or Indemnified Parties a potential conflict of interest exists between such Indemnified Party or Indemnified Parties and the Investment Consultant. Indemnified Party(ies) shall cooperate with Investment Consultant in all actions covered by this Article VI.

6.03 Insurance. The Investment Consultant shall certify to the Fund upon execution of this Agreement and at least annually thereafter the nature, amount of and carrier of insurance insuring the Investment Consultant against the indemnification liabilities of the Investment Consultant under this Agreement. The Investment Consultant shall not cancel or modify such coverage, except upon forty-five (45) days prior written notice to the Fund, and in any event shall maintain insurance which meets the following minimum standards: errors and omission insurance coverage in the amount of \$5 million.

## **ARTICLE VII**

### **MISCELLANEOUS**



7.01 The Fund's Authority. The Fund represents and warrants that the Fund is duly authorized and has full legal power and authority to employ and pay the Investment Consultant for the services contemplated in this Agreement.

7.02 Violation of Law. Neither the execution and delivery of this Agreement nor the consummation of the transactions provided herein will cause the Fund to violate any agreement to which the Fund is a party or by which it is bound or any law, order, or decree.

7.03 Headings. The headings in the Agreement have been inserted for convenience of reference only and shall in no way restrict or otherwise modify any of the terms or provisions hereof.

7.04 Further Acts and Assurances. In addition to the acts and deeds recited herein and contemplated to be performed, executed and/or delivered by or on behalf of the parties hereto, the parties hereby agree to perform, execute and/or deliver or cause to be performed, executed and/or delivered any and all such further acts, deeds, and assurances as the other party may reasonably require to consummate the transactions contemplated hereby.

7.05 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be an original, but all of which counterparts shall together constitute but one and the same instrument.

7.06 Confidentiality. The Investment Consultant shall retain as strictly confidential all information about the Fund, the Assets, and financial transactions regarding the Assets received in performing services contemplated by this Agreement; provided, however, that such restrictions shall not apply to any disclosure required by regulatory authorities, applicable law or the rules of any securities exchange which may be applicable.

7.07 Assignment. The Investment Consultant may not assign this agreement or any rights and responsibilities hereby created without the prior written consent of the Fund.

7.08 Publicity. No publicity release or announcement concerning this Agreement shall be issued without advance written approval of the Fund.

7.09 Severability. Should one or more provisions of this Agreement be held by any court to be invalid, void, or unenforceable, the remaining provisions shall nevertheless continue in full force and effect.

7.10 Modifications-Waiver. No termination, cancellation, modification, amendment, deletion, addition, or other change in this Agreement, or any provision hereof, or waiver of any right or remedy herein provided, shall be effective for any purpose unless specifically set forth in writing and signed by the party or parties to be bound thereby. The waiver of any right or remedy in respect to any occurrence or event on one occasion shall not be deemed a waiver of such right or remedy in

respect to such occurrence or event on any other occasion.

7.11 Governing Law; Jurisdiction. This Agreement shall be construed and enforced according to the laws of the State of Texas, without regard to choice of law rules. Any controversy arising out of or in any way related to the Agreement shall be settled by arbitration conducted in San Antonio, Bexar County, Texas in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment on any award rendered by the arbitrator(s) may be entered in any court having jurisdiction thereof. The expenses of the arbitrator(s) shall be borne (or reimbursed, as applicable) by the non-prevailing party.

7.12 Notices. All notices, reports, and other communications required hereunder shall be in writing and shall be deemed properly delivered if delivered by hand, certified mail, overnight courier, or telecopy (receipt confirmed), addressed as set forth below or to such other address or marked for such other attention as the addressed party shall have designated in writing to the party:

Fund:

Investment Consultant:

Fire and Police Pension Fund,  
San Antonio  
Attn: Warren J. Schott, CFA  
Executive Director  
11603 W. Coker Loop  
San Antonio, Texas 78216

Notice shall be deemed given upon receipt.

7.13 Nondiscrimination. In connection with the performance of services under this Agreement, the Investment Consultant agrees not to discriminate against any employee or applicant for employment because of age, race, religion, color, handicap, sex, physical condition, developmental disability, sexual orientation, or national origin. This provision shall include, but not be limited to, the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and selection for training, including apprenticeship.

7.14 Standard of Conduct. The Investment Consultant shall not engage directly or indirectly in any financial or other transaction with any trustee, staff member, or employee of the Fund which would violate the Standards of Conduct.

7.15 Third Party Compensation. The Investment Consultant shall not engage directly or indirectly in any financial or other transaction with any party that would violate the Third Party Compensation Policy.

7.16 Integration. This Agreement supersedes all prior understandings and agreements

among the parties hereto.

7.17 No Agency. Nothing in this Agreement or in any other document referred to herein and no action taken pursuant hereto shall cause the Investment Consultant to be treated as an agent of the Fund except as expressly provided in and limited by the terms of this Agreement; shall be deemed to constitute the Investment Consultant and the Fund a partnership, association, joint venture, or other entity; or, except as otherwise contemplated herein, shall otherwise cause the Fund to be responsible for any action or inaction of the Investment Consultant or any of its officers, directors, employees, or agents.

7.18. Attorneys' Fees. The prevailing party in any arbitration to enforce this Agreement, for a declaration of rights, or for damages for breach of this Agreement, or any provision hereof, shall be entitled to receive from the other party all costs and expenses, including reasonable attorneys' fees, incurred by the prevailing party in connection with such action or proceeding.

7.19 Disclosure by Investment Consultant. The Fund acknowledges receipt of the Investment Consultant's Brochure (Form ADV Part II) and privacy policy, current as of the date of this Agreement, not less than forty-eight hours prior to the date of execution of this Agreement.

## **ARTICLE VIII**

### **EFFECTIVE DATE, TERMINATION AND RESIGNATION**

8.01 Effective Date. This Agreement shall be effective as of the day and year first above written.

8.02 Termination. The status of the Investment Consultant as investment consultant hereunder may be terminated upon written notice given by the Fund to the Investment Consultant. A decision by the Fund to terminate shall be within the sole discretion of the Fund, regardless of cause. Such termination shall take effect twenty (20) days following the receipt of such notice, or on another date selected by the Fund. Upon the effective date of such termination, the Investment Consultant shall cease to perform any and all of its duties and obligations under this Agreement.

8.03 Resignation. The Investment Consultant may resign as Investment Consultant hereunder upon thirty (30) days prior written notice to the Fund.

IN WITNESS WHEREOF, the parties hereunto executed this Agreement as of the day and year first above written.

FIRE AND POLICE PENSION FUND,  
SAN ANTONIO

By: \_\_\_\_\_

WARREN J. SCHOTT, CFA, Executive Director

XYZ

By: \_\_\_\_\_  
Its: \_\_\_\_\_

Schedules

I - Investment Allocation

II - Compensation

III - Standards of Conduct

IV – Third-Party Compensation Disclosure

## **DISCLOSURE**

# **STANDARDS OF CONDUCT, FINANCIAL AND CONFLICTS DISCLOSURES FIRE AND POLICE PENSION FUND, SAN ANTONIO (THE “FUND”)**

The Board of Trustees of the Fund is obligated to administer its pension fund for the exclusive benefit of fire fighters and police officers of the City of San Antonio, Texas, their qualified survivors and dependents. In performance of this obligation, the Board of Trustees is required to administer the Fund in accordance with Article 6243o, Vernon’s Texas Civil Statutes, and other applicable state and federal laws and regulations. In furtherance of these obligations, the Board of Trustees hereby adopts the following Standards of Conduct, Financial Disclosure, and Conflict Disclosure (“Standards”):

### **I. Overview**

Under Texas statutes and applicable federal law and regulations, the Fund is a trust fund to be administered solely in the interests of the participants and beneficiaries thereof, for the exclusive purpose of providing retirement, survivor and disability benefits to participants and beneficiaries and to defray reasonable expenses of the trust. In performance of these duties, all Fiduciaries (as herein defined) shall exercise their duties with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent investor acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims. Further, all Fiduciaries of the Fund shall maintain high ethical and moral character, both professionally and personally, such that the conduct of all Fiduciaries shall not reflect negatively upon the Fund. A Fiduciary shall not knowingly and willingly breach a duty imposed by these Standards. Words of any gender used in these Standards shall be held and construed to include any other gender and words in the singular

number shall be held to include the plural, and vice versa, unless the context requires otherwise.

## **II. Definitions**

For the purposes of these Standards, the following words have specific definitions:

- A. “Benefit” means any gift, payment, fee, favor or service reasonably regarded as pecuniary gain or pecuniary advantage with a value in excess of Fifty and No/100’s Dollars (\$50.00). Benefit excludes: (i) ordinary social hospitality related to educational or investment activities of the Fund; (ii) a gift relating to a special occasion (wedding, anniversary, birth, death, holiday, etc.) provided that the gift is commensurate with the occasion; (iii) reimbursement of reasonable expenses for travel, entertainment, lodging, and incidentals in connection with educational opportunities or client conferences approved by the Board; (iv) admission to a widely attended event, such as a convention, conference, forum, dinner, reception or similar event, offered by the sponsor and unsolicited by the Fiduciary, if attendance is appropriate to the performance of the duties of the Fiduciary; (v) any Benefit used solely to defray the expenses that accrue in the performance of duties or activities of the Fiduciary that are not reimbursable by the Fund; (vi) admission to an event in which the Fiduciary is participating in connection with official duties; (vii) participation in charitable or civic activities and events unsolicited by the Fiduciary and attendance is appropriate to the performance of duties of Fiduciary; or (ix) campaign contribution made pursuant to Texas Election Code and ordinances of City of San Antonio. Placement fees, referral fees, and similar types of payments are strictly prohibited and fall within the definition of Benefit without exception.

- B. “Board” refers to the Board of Trustees of the Fund.
- C. “Business Entity” means an entity through which business for profit is conducted or which provides financial management, legal, actuarial, custodial, investment or consulting services, including, among others, a sole proprietorship, partnership, firm, corporation, holding company, unincorporated association, joint stock company, receivership, trust, or any other entity recognized by law.
- D. “Executive Officer” refers to the executive director, executive administrator, chief financial officer, chief executive officer, and the chief investment officer of the Fund.
- E. “Family Member” includes spouse and child(ren) of a Fiduciary.
- F. “Fiduciary” refers to any “Trustee” and “Executive Officer” of the Fund.
- G. “Person” means an individual or a Business Entity.
- H. "Spouse" means the current spouse of a Fiduciary.
- I. “Trustee” means:
  - 1. The Mayor of the City of San Antonio (or qualified mayoral designee) or a City Councilperson appointed by the City Council of San Antonio to the Board of Trustees of the Fund; and
  - 2. An individual who is elected to the Board of Trustees of the Fund pursuant to the provisions of Article 6243o, Section 2.01, V.T.C.S.

### **III. Prohibitions**

- A. No Fiduciary, or Spouse, either directly or through a Business Entity, shall receive any Benefit.
- B. No Fiduciary of the Fund shall participate in a decision or action involving any asset

of the Fund or Benefit for his or her own interest, except legislative changes that affect the membership of the Fund generally.

- C. No Fiduciary, or Spouse, either directly or through a Business Entity, shall engage in the purchase, sale, exchange, or leasing of property with the Fund if that Fiduciary or Spouse holds an interest in the property.
- D. No Fiduciary, or Spouse, either directly or through a Business Entity, shall engage in the purchase, sale, or exchange of any investment with the Fund if that Fiduciary, or Spouse, holds an interest in the investment.
- E. No Fiduciary, or Spouse, of the Fund shall participate in the lending of money or furnishing of other credit by the Fund if the Fiduciary, or Spouse, has an interest in the loan or credit.
- F. Any goods, services, or facilities furnished by the Fund to any Person shall be used for the exclusive benefit of the Fund unless reasonable consideration is received by the Fund for the use of the goods, services, or facilities.
- G. No Fiduciary, or Spouse, shall make personal investments that could reasonably be expected to create a substantial conflict between the Fiduciary's private investments and the investments of the Fund.
- H. No Fiduciary shall disclose confidential information which he has gained by reason of his service to the Fund to further his personal interests.
- I. No Fiduciary of the Fund shall cause the Fund to engage in any of the prohibited transactions listed above with (1) any Family Member or business associate of the Fiduciary; (2) any other custodian or counsel to the Fund; (3) any other Fiduciary of



the Fund; (4) any Person providing services to the Fund; (5) any employee organization whose members are covered by the Fund; or (6) the City of San Antonio or any of its elected officials and employees.

- J. The Fund shall not engage, or continue the engagement of, a consultant, advisor or manager who employs a former Fiduciary or Family Member of the Fund, within one (1) year of service as a Fiduciary, as an employee, agent, or marketer of such consultant, advisor, or manager.
- K. The Fund shall not employ a Family Member of any Fiduciary.
- L. No Fiduciary shall use his position with the Fund to solicit for civic or charitable events, causes, or entities unless such solicitations are previously disclosed to Board. To the extent such solicitations result in contributions, the Fiduciary shall disclose such contributions.

The Board may grant an exception/waiver to any prohibition upon full disclosure of all relevant information at a public hearing with due notice.

#### **IV. Exercise of Fiduciary Duties**

- A. In making or participating in decisions, the Fiduciaries of the Fund shall give appropriate consideration to those facts and circumstances that the Fiduciary knows, or should know, are relevant to the particular decision, and shall refrain from using facts or circumstances which are not relevant to the decision.
- B. In making decisions, the Fiduciaries shall make a determination that the particular investment or course of action is reasonably designed, as part of the portfolio, to further the purposes of the Fund, taking into consideration the risk of loss and the

opportunity for gain or other return.

- C. The Fiduciaries of the Fund shall keep adequate records of all investment decisions sufficient to provide documentation for those decisions for future reference.
- D. If a Fiduciary is present at any time a decision is being made concerning any investment or other action in which the Fiduciary has an interest, the Fiduciary shall disclose the interest and refrain from participating in the decision or discussion concerning the action, including abstention from voting regarding such action.
- E. Fiduciaries shall never act when there may be a conflict of interest or appearance of a conflict of interest. A conflict of interest is understood to be a situation when a relationship exists that could reasonably be expected to diminish independence of judgment in performance of official duties.
- F. Conflict of interest affidavits shall be completed annually and a record of voting abstentions shall be maintained outlining the basis for such abstention.
- G. No Fiduciary of the Fund shall participate in the breach of fiduciary duty of another Fiduciary of the Fund, participate in concealing such breach, or knowingly or negligently permit such breach to occur.
- H. In the conduct of all decision-making regarding the Fund, it is understood that at times Persons will consult with Trustees in order to impact decisions of the Board. However, communications between Trustees and Persons seeking to influence the decisions of the Board shall be minimized to the extent reasonably possible.
- I. Once a list of final or interview candidates for a service provider to the Fund is selected by the Board, all contacts between prospective service providers on such list

and Trustees shall be prohibited (except site visits and posted meetings with the Fund). All contacts shall be referred to Executive Director.

- J. To the extent a Fiduciary receives a campaign contribution from a Business Entity engaged by the Fund, such contribution should be disclosed to the Board at the end of each month. The Fund shall also require any potential service provider that responds to a search or request for proposal to disclose all campaign contributions made to any Fiduciary within twenty-four (24) months prior to the date of such response .

### **V. Travel and Related Expenses**

It shall be the policy of the Fund that, except as provided below, the Fund shall pay the expenses of travel, lodging, meals, and incidentals for its Fiduciaries and employees traveling on official business or educational activities on behalf of the Fund. This policy shall apply to all travel related to any business meeting, educational seminar, conference, or convention attended by any Fiduciary of the Board. If the interests of the Fund are served by accepting travel, entertainment, lodging and related expenses from another source to attend any conference, convention, seminar, event, activity, dinner or other meeting, then the acceptance of the expense by any Fiduciary is authorized, provided no Benefit is received.

### **VI. Responsibilities Of Investment Managers and Consultants**

Each investment advisor and consultant retained by the Fund for investments shall be notified in writing of these Standards. All investment professionals shall strictly conform to these Standards.

Any suggestions or offer to deviate from these provisions made by a Fiduciary shall be reported by the advisor or consultant, in writing, to legal counsel for the Fund.

## **VII. Other Laws**

Nothing in this policy shall excuse any Fiduciary from complying with any other restrictions of state or federal law concerning conflicts of interest and fiduciary duties.

## **VIII. Disclosure Statements**

To further the objectives of these Standards, all Fiduciaries of the Fund shall annually complete and submit to the Fund a Financial Disclosure Statement in the form attached hereto as Exhibit "A" and Conflict Disclosure Statement to the Fund in the form attached as Exhibit "B".

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The foregoing Standards were adopted by the Board of Trustees of the Fire and Police Pension Fund, San Antonio at its meeting of October 26, 2010.

Exhibits:

- "A" - Financial Disclosure Statement
- "B" - Conflict Disclosure Statement

**EXHIBIT "A"**

**FIRE AND POLICE PENSION FUND, SAN ANTONIO**

**FINANCIAL DISCLOSURE STATEMENT**

NAME: \_\_\_\_\_

POSITION: \_\_\_\_\_

REPORTING PERIOD: \_\_\_\_\_

Article 6243o, Vernon’s Texas Civil Statutes (the “Fund” Law), provides for the adoption of Standards of Conduct and Financial Disclosure pertinent to the Trustees of the Fund Board and to the Executive Director of the Fund. The Board has adopted a Standards of Conduct, and this Financial Disclosure Statement is the result of this Policy. Copies of the Policy and of this form are available from the Executive Director. Any questions with regard to completing this form may be addressed to the Executive Director or Legal Advisor of the Fund. All defined terms in this statement have the same meaning as set out in the Standards.

The Financial Disclosure Statement for each year is required to be filed on or before March 30 for the preceding calendar year covering the period from January 1 to December 31. The report must be filed with the Executive Director of the Fund. A person who becomes a Fiduciary has sixty (60) days from the date of appointment or election to complete and submit a Financial Disclosure Statement.

In this Financial Disclosure Statement, the information to be reported is for the Fiduciary and for spouse and dependent children. If the entry is for a spouse or dependent child, please so note by using the “S” or “DC” respectively before the entry.

**INCOME:**

Please identify, by source, all income of \$10,000 or more, including, but not limited to, occupational income; investment income; income from interest, dividends, royalties or rents; and trust income.

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

**ASSETS:**

Please list all assets of \$10,000 or more at the fair market value, including, but not limited to, investments, bonds, notes, other commercial paper, securities, and real property.

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**LOANS:**

Please identify each person or financial institution to whom a note, lease, guaranty, or other document evidencing the obligations to pay funds creating an unsecured financial liability of \$5,000 or more.

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**DIRECTORSHIPS AND EXECUTIVE POSITIONS:**

Please list all Boards of Directors of which you are a member and list all executive positions you or a Family Member held in any Business Entity, including the name of the entity and the position held.

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**BUSINESS ENTITY:**

Please list any partnerships, joint ventures, or other Business Entity in which you or a Family Member have a interest representing ten percent (10%) or more of ownership or control.

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**CONFLICTS:**

Please list any direct or indirect conflict with the proper discharge of your duties as a Fiduciary.

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**CERTIFICATION**

I certify that the information provided above is correct and complete to the best of my knowledge.

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Date	Printed Name
	Signature

EXHIBIT "B"  
CONFLICT DISCLOSURE STATEMENT  
20\_\_

This Conflict Disclosure Statement is part of the Standards of the Fire and Police Pension Fund Board of Trustees of San Antonio, Texas (the "Fund"). This Fund is currently doing business, or is intending to do business, with the following entities:

**ACTUARY**

The Segal Company

**CUSTODIAL BANK**

The Northern Trust Company

**INVESTMENT MANAGERS**

Acadian  
Artio (Julius Baer)  
Ashmore  
Benchmark Plus  
Brandywine  
Century Asset Management  
C. S. McKee  
Capital Prospects  
Commonwealth Advisors, Inc.  
Cornerstone Investment Partners  
Davidson Kempner  
Entrust  
Federal Street  
First Eagle  
GoldenTree Asset Management  
Great Northern  
Herndon (Atlanta Life)  
HBK Investments  
Ironwood  
J P Morgan  
Lazard  
LSV Asset Management  
MacKay Shields  
Optima Asset Management  
Palisades  
Putnam Investments  
Profit Investment Management  
Redwood Investments  
Research Affiliates  
Robeco-Sage  
Rothschild Asset Management  
Silver Creek  
Valley Forge Asset Management  
Wellington

**LEGAL COUNSEL**

Martin & Drought, P.C.

**AUDITOR**

Carneiro, Chumney & Co.

**INVESTMENT CONSULTANT**

Albourne America  
The Townsend Group

**ALTERNATIVE INVESTMENT MANAGERS**

Apollo Management, L.P.  
Capital Resource Partners  
Hancock Timber Resource Group  
Highstar Capital  
Huff Energy Fund, LLC  
Kohlberg Kravis Roberts & Co.  
Levine Leichtman  
Medley Capital  
Neuberger Berman (Crossroads)  
RMK Timberland Group  
Siguler Guff Advisors  
Westech Investment Advisors

**REAL ESTATE MANAGERS**

AEW  
Blackstone VI  
Carlyle Europe III  
Carlyle Realty Partners V  
Colony Investors VIII  
CPI Capital Partners Asia Pacific  
IL&FS India Fund II  
ING Clarion  
INVESCO  
Intercontinental Real Estate Corp.  
L&B Realty Advisors  
Legacy Partners  
LBA Realty Fund III  
Niam Nordic IV  
Noble Hospitality Fund  
Principal  
RREEF  
Square Mile Partners II  
Walton Street Mexico Fund I  
Warburg Pincus I

**DIRECTED COMMISSION BROKER**

Knight Securities



I, \_\_\_\_\_, with the Fire and Police Pension Fund, San Antonio ("Fund"), do hereby state that I, or my spouse, do \_\_\_\_ do not \_\_\_\_ (check one) have a relation with any of the aforelisted organizations. I further state that I have no knowledge of a Family Member having a relation with any such entity.

Further, if during this year, (i) I, or my spouse, engage in a relation with any of the aforementioned entities, (ii) I become aware of a Family Member having a relationship with any of these entities, or (iii) I become aware that the Fund is considering the engagement of a consultant or manager with which I, my spouse, or a Family Member may have a relation, then I will hereby inform the Board immediately and will keep the Board of Trustees apprised of same.

Note:

If you checked the box which indicates a material business relation, please list with specificity the nature of the relation that you have with the respective organization(s).

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
Name

\_\_\_\_\_  
Title



## PUBLIC INFORMATION CONFIDENTIALITY

The Texas Government Code, Section 552.117, excepts from disclosure the home addresses, telephone numbers, social security numbers, and family information of current or former officials or employees of a government body who request that this information be kept confidential.

By execution hereof, I hereby request that all confidential information in the possession of the Fund be withheld from public disclosure to the full extent permitted by the Texas Public Information Act, including, but not limited to, information that relates to home address, telephone numbers, social security number, information relative to family members, and any other information that is of a personal nature or that might result in an unwarranted invasion of my privacy.

If an open records request is filed requesting to view or obtain a copy of this form, the request will be referred to the Texas Attorney General's office for a ruling. However, as required by the Standards, this information must be provided for our files.

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Signature

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Date