

**OAKLAND COUNTY RETIREMENT AND DEFERRED COMPENSATION BOARD**  
**AND**  
**OAKLAND COUNTY VEBA BOARD**

**ETHICS POLICY**

Adopted: September 19, 2019

**I. OVERVIEW AND PURPOSE**

The Oakland County Retirement and Deferred Compensation Board and the Oakland County VEBA Board (collectively, the “Board”) is vested with the authority and responsibility for the operation, management and administration of benefits to be provided by the Oakland County Employees’ Retirement System (the “Retirement System”), and for the management and investment of Retirement System and Oakland County VEBA (the “VEBA”) assets for the exclusive purpose of providing benefits to members and beneficiaries of the Retirement System and VEBA (collectively, the “Plans”). The Board, in fulfilling the foregoing responsibilities, must act with the care, skill prudence, and diligence then prevailing that a prudent person acting in a like capacity – and familiar with such matters – would use in the conduct of an enterprise of like character and with like goals.

In order to maintain the respect, trust and confidence of its membership, all Trustees must use the powers and resources of their office only to advance the interests of Retirement System and VEBA members and beneficiaries, and not to obtain personal benefits or pursue private advantage incompatible with these interests. Trustees shall conduct themselves in a manner that justifies the confidence placed in them by Retirement System and VEBA members and beneficiaries, at all times maintaining their integrity and discharging their responsibilities ethically in the course of their service on the Board.

Accordingly, Trustees are expected to comply with all applicable laws governing their conduct. This Ethics Policy is intended (to the extent possible) to reduce the likelihood of any vague or ambiguous principle or standard of conduct expected of Trustees and to instill and maintain a high level of confidence in the relationship between the Board and those persons doing business with the Plans as well as maintain the confidence of members, beneficiaries and the general public in the Plans and the Board.

**II. DEFINITIONS**

For purposes of this policy, the following words shall have the meanings respectively ascribed to them by this section:

“*Agent*” means a person performing duties on behalf of the Plans other than a County employee or Trustee.

“*Act 314*” means Michigan Public Act 314 of 1965, as amended (M.C.L. § 38.1132 *et seq.*).

**“Board” or “Board of Trustees”** shall mean the Oakland County Retirement and Deferred Compensation Board and/or the Oakland County VEBA Board.

**“Conflict of Interest”** includes any personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of the Plans in the best interests of the Plans’ members and beneficiaries.

**“Fiduciary”** means (a) the Board of Trustees; (b) any individual Trustee; or (c) such other person, including but not limited to staff, service providers, and Agents, who are fiduciaries because they have been identified as such by contract, or because of the nature of the relationship with the Retirement System and/or VEBA.

**“Gift”** means any rendering of value for which legal consideration of equal value is not given and received. The term “gift” also includes the rendering of a personal benefit or favor that results in an economic benefit or financial gain by a Trustee, staff member, or a related party that is not expressly permitted under applicable laws and administrative rules.

**“Party in interest”** means, as it relates to the Plans, any of the following:

1. An investment fiduciary, counsel, or employee of the Plans;
2. A person or entity providing services to the Plans;
3. The County of Oakland or any of its political subdivisions;
4. An organization, any of whose members are covered by the Retirement System or VEBA;
5. A spouse, domestic partner, ancestor, lineal descendant, or spouse of a lineal descendant of an individual described in subdivision (1) or (2); or
6. An entity controlled by an individual or organization described in subdivisions (1) through (5).

**“Policy”** means this Ethics Policy.

**“Related Party”** means a person or entity who is:

1. The spouse, domestic partner or child of a Trustee;
2. A brother, sister or child or other descendant of a Trustee or the spouse or domestic partner of any of them;
3. A parent of a Trustee, or of a spouse or domestic partner of a Trustee;
4. An entity in which a person referred to in any of paragraphs (1) through (3) has a substantial investment; or
5. A corporation or other business entity that is directly or indirectly controlled by a Trustee or an individual identified in paragraphs (1) through (3);

**“Service Provider”** includes, but is not limited to, any person, corporation, or other party that is doing or seeking to do business with, regulated by, or has interests before the Board and/or Plans, including anyone who is known or should be known to be an Agent or acting on behalf of

such a party, including any partnership of which the Retirement System and/or VEBA is a partner, any person or entity that has a contract related to investment of the Retirement System's or VEBA's funds, and any other person marketing or otherwise attempting to secure business involving the Retirement System's or VEBA's funds.

*"Trustee"* shall mean any individual member of the Board of Trustees.

### III. GENERAL ETHICAL STANDARDS

#### A. FIDUCIARY DUTIES.

1. **Duty of Loyalty.** Trustees shall act solely for the benefit of the Plans' members and beneficiaries, and shall give their undivided loyalty to such members and beneficiaries. Good faith does not excuse disloyalty.
2. **Duty to Deal Impartially.** Trustees shall deal impartially with all Plan members and beneficiaries.
3. **Duty to Preserve the Trust.** Trustees shall preserve the trust assets through implementation of an *Investment Policy* and the monitoring of fund performance.
4. **Duty to be Educated.** The complexities of sound management of the assets and liabilities of the Plans impose a continuing responsibility for all Trustees to maintain adequate levels of information and education.
5. **Duty as a Trustee.** Trustees have a duty to use reasonable care to prevent other Trustees from committing a breach of fiduciary duty, and have a duty to compel performance or redress of a breach.

#### B. ETHICAL PRINCIPLES.

1. This Policy cannot address all of the circumstances in which Trustees could benefit themselves, a Related Party, or a Party in Interest, rather than Plan members and beneficiaries. This Policy must therefore consist of general principles that will provide Trustees with guidelines for managing the many complicated situations that may arise in managing and administering a public employee retirement system or retiree healthcare plan.
2. In situations where the law or this Policy are not clear, any doubt shall be resolved in a manner that abates or mitigates any actual conflict of interest and furthers the members' sense of faith in the integrity of the management and administration of the Plans by the Board.
3. Trustees must be aware that the mere appearance of a conflict of interest, or conduct that may be legal but appears to conflict with the interest of the members

and beneficiaries of the Plans can erode confidence in the Board's administration of the Plans, and should be avoided.

4. Trustees and staff must be honest in the exercise of their duties and must not take actions that will discredit the Plans or other members of the Board.

5. Trustees and staff must be loyal to the interests of the Plans, its members and its beneficiaries.

**C. NCPERS GUIDING PRINCIPLES.** The National Conference on Public Employee Retirement Systems has published NCPERS' Model Code of Ethics, the Guiding Principles of which are hereby adopted and restated as follows:

1. Service to the Plans' members and beneficiaries is the primary function of the Board of Trustees.

2. The members and beneficiaries of the Plans are sovereign and the Board of Trustees is ultimately responsible to them.

3. In those situations where the law is not clear, the best interests of the Plans' members and beneficiaries must be served. Conscience is critical. Good ends never justify unethical means.

4. Efficient and effective administration and investment management is basic to preservation of the trust fund. Misuse of influence, fraud, waste or abuse is unacceptable conduct.

5. Safeguarding the trust fund is paramount. Conflicts of interest, bribes, gifts or favors which subordinate Trustees to private gains are unacceptable.

6. Service to Plan members and beneficiaries demands special sensitivity to the qualities of justice, courage, honesty, equity, competence and compassion.

7. Timely and energetic execution of fiduciary responsibilities is to be pursued at all times by Trustees.

**D. PROHIBITED CONDUCT.** Trustees shall not:

1. Solicit or accept employment from anyone doing business with the Board or Plans;

2. Use his or her position to obtain benefits or a special privilege for the Trustee or a Related Party;

3. Be paid or accept any form of compensation for personal services rendered on a matter before, or sell goods or services to, the Board;

4. Hold or benefit from a contract with, authorized by, or approved by, the Board;
5. Vote, authorize, recommend, or in any other way use his or her position to secure approval of a contract (including employment or personal services) in which the Trustee or a Related Party has an interest;
6. Use or authorize the use of, his or her title, the name of the Board or Plan(s) in a manner that suggests impropriety, favoritism, or bias by the Board;
7. Solicit or accept any compensation, except as allowed by applicable law, to perform his or her official duties or any act of service in his or her official capacity; or
8. Do through third parties that which he or she may not do directly under the foregoing restrictions.

#### **IV. CONFLICTS OF INTEREST**

The phrase “conflict of interest” includes prohibited transactions and interests, gifts, and any other personal or private transaction, interest, or relationship that, under the circumstances, creates an appearance of impropriety that could reasonably be expected to diminish public confidence in the independent and impartial administration of the Plans in the best interests of the Plans’ members and beneficiaries.

**A. EXISTENCE.** A conflict of interest exists for a Trustee whenever there exists personal or private, commercial, or business relationship or interest that could reasonably be expected to diminish the Trustee’s independence of judgment in the performance of the individual’s responsibilities as a member of the Board of Trustees.

**B. DISCLOSURE.** Trustees and any other person(s) or entity(ies) having fiduciary obligations to the Plans’ members and beneficiaries must promptly disclose any actual or potential conflicts of interest in detail sufficient to be understood by the Board and by the public. Disclosure may be made orally during Board meetings or by submission of a written statement to the Chair of the Board. Disclosure shall be made prior to the Board’s consideration of a matter, and shall be reflected in the official record of the meeting. Trustees shall be accountable for recognizing a potential or actual conflict of interest and for disqualifying themselves from making, participating in, or attempting to influence Board decisions which may affect any of their financial interests. Recusal from acting on any matter in which an actual or potential conflict exists is required.

In addition to the disclosures required above, each Trustee shall disclose his or her and any Related Party’s financial interest in any business proposing to engage in a transaction with the Plans prior to any official act by the Board on such transaction. Such disclosure shall be set forth in the minutes of the meeting of the Board at which such transaction is considered.

**C. DUTY TO CURE.** Persons and organizations who have a duty to disclose a conflict of interest also have a duty to cure the conflict, if the conflict is their own and a cure is deemed required prior to any action by the Board. A person normally cures a conflict of interest by promptly eliminating it. Persons who cannot or do not wish to eliminate the conflict must terminate their relationship with the Plans as soon as administratively possible. However, if the conflict of interest involves a Trustee who may prudently withdraw from action on a particular matter in which a conflict exists, he or she may cure the conflict in that manner provided that:

1. The person may be and is effectively separated from influencing the action taken;
2. The action may properly be taken by others; and
3. The nature of the conflict is not such that the person must regularly and consistently withdraw from decisions which are normally his or her responsibility with respect to the Plans. Trustees must disclose any conflicts regarding matters which are before the Board, leave the room during any relevant deliberations, and not vote on the matter.

**D. EXCEPTIONS.** It shall not be considered a conflict, and a disclosure and recusal shall not be required if:

1. A Trustee is a member or beneficiary of the Plans or, with respect to the matter at issue, has an interest no greater than a large class of its members or retirees;
2. A Trustee or Party in Interest has an investment in the securities of a publicly or privately traded corporation which is owned, purchased, sold, or otherwise dealt with by the Plans provided that that affected person's interest in the securities is not more than 5 percent of any class of securities and the person is not a director or officer of the corporation other than as a representative of the Board; or
3. A Trustee or Party in Interest maintains ownership in a mutual fund or commingled investment fund that holds securities or other assets of a firm that provides or is being considered to provide services to the Plans unless the Trustee or Party in Interest participates in the management of such funds.

## **V. GIFTS, POLITICAL CONTRIBUTIONS AND SOLICITATIONS**

### **A. GENERAL POLICY STATEMENT**

1. Engaging in or condoning bribery is strictly prohibited.

2. Trustees shall not, directly or indirectly, solicit, accept or receive any gift, whether in the form of money, political contribution, service, loan, travel, gratuity, favor, honoraria, entertainment, hospitality, thing or promise, or in any other form, under circumstances in which it could reasonably be expected or perceived to compromise, impair or influence him or her, in the performance of his or her official duties or was intended as a reward for any official action on his or her part.

**B. DISCLOSURES.**

1. All parties who engage in business or seek to do business with the Board, directly or indirectly, may be requested to disclose whether they have provided, or have been requested to provide, during the preceding 12 months, any gifts to Trustees. The information disclosed will be retained by the Retirement Administrator (even if the response is that no gifts were made) for a period of five (5) years from the disclosure unless a longer period is required under applicable law.

2. Prior to any contract decisions made by the Board, the Retirement Administrator and the Board's General Counsel will obtain and provide any third party disclosures to the Board.

**C. PROCUREMENT OVERSIGHT.**

1. During the pendency of any Request for Proposal (RFP) or Request for Information (RFI), no person or entity that submits an application or bid for the award of a Retirement System or VEBA contract, nor an Agent for such person or entity, may have any communication concerning any topic with the Board or staff, except as expressly provided in the procurement document. This communication restriction exists from the date that the procurement document is issued until the contract is awarded.

(a) Investment managers and/or investment funds being considered by the Board during the pendency of a manager search shall direct all communications to the Board through its Investment Consultant(s).

2. Notification shall be communicated to applicable parties via inclusion of the restrictions and exceptions recognized in this Policy within any RFP and/or RFI issued by the Board. Any applicant or bidder who violates these communication restrictions, or permits an Agent to violate these restrictions on behalf of the applicant or bidder, will be immediately disqualified from further consideration under the applicable RFP/RFI.

3. These communication restrictions shall not apply to:

(a) Trustees, staff and/or service providers who are identified within the RFP or RFI as responsible for responding to prospective applicant or bidder questions;

(b) Communications by a firm under contract to provide services to the Board, where the communication is made formally to the Board or Retirement Administrator and relates to the services for which the firm has been retained; and

(c) Communication that is required of finalists, consistent with the terms of the RFP or RFI, investment manager search, or for the purpose of providing the Board with information that updates any information previously included in the proposal or bid.

4. If the Chair (or the Vice Chair if the Chair is involved) determines that a violation has occurred, the Chair (or Vice Chair as the case may be) will promptly inform the Board and the Retirement Administrator of this determination, and the Retirement Administrator will inform the applicant or bidder of his/her/its immediate disqualification.

## **VI. UNETHICAL CONDUCT**

### **A. CONFIDENTIAL/SENSITIVE INFORMATION.**

1. No member of the Board shall obtain or use for personal reasons or for private gain any confidential information acquired as a result of his or her position as a member of the Board.

2. A Trustee shall not use information to which he or she has access by reason of his or her position on the Board to acquire, or aid another to acquire, a pecuniary interest in any property, transaction or enterprise that may be affected by the information; speculate, or aid another to speculate, on the information; or coerce another to suppress or fail to report that information to a law enforcement agency.

3. Trustees may not disclose confidential information, except when duly authorized personnel determine that disclosure is either permitted or required by law.

### **B. OUTSIDE EMPLOYMENT AND OTHER OUTSIDE ACTIVITY.**

1. Trustees may not engage in any outside employment or other activity that is not compatible with the full and proper discharge of their duties and responsibilities with the Board. Activities or actions that are not compatible with Board duties include, but are not limited to, the following:

(a) Engaging in any outside employment, private business activity, or other interest which may interfere with the Trustee's ability to perform his or her duties as a Trustee, or which may impair the efficient operation of the Board;

(b) Accepting employment or rendering services in exchange for pay regarding Board policies, rules or matters of Board business, except if the employment or services are in the course of public employment;



(c) Ordering, directing or requesting Trustees or staff to perform during regular working hours any personal services not related to official Board functions or activities;

(d) Engaging in any outside employment, private business activity, or pecuniary interest, which permits a Trustee or others to financially capitalize on his or her official title or position; and

(e) Serving in a representative capacity or as an Agent, consultant, expert witness or attorney for any outside entity involving any matter before the Board or matter that involves the Board.

**C. USE OF PLAN RESOURCES FOR PRIVATE GAIN.** No Trustee shall use Board consultants or Plan facilities, equipment, materials or supplies for any purpose other than the discharge of his or her responsibilities and duties to the Plans.

**D. USE OF POSITION FOR PRIVATE GAIN.** No Trustee shall use or seek to use his or her position to obtain an economic benefit or financial gain for himself or herself, for any Related Party, Party in Interest or for any for-profit business or not-for-profit organization on whose behalf such economic benefit or financial gain is solicited by a Trustee.

**E. NEPOTISM.** On the basis of objective qualifications and competitive cost, the Board is not prohibited from hiring or retaining the relative of a Trustee; however, it will be incumbent upon the Board or staff member to disclose such a relationship to the Board as early in the evaluation and selection process as is reasonably possible.

## **VII. ETHICS ADVISORY OPINIONS**

In its sole discretion, the Board of Trustees from time to time may seek advisory opinions from its General Counsel or special counsel to aid in its application of this policy to particular factual situations presenting an apparent ethical issue. Such counsel's opinion shall be advisory only, but any Trustee acting in reliance thereon shall be deemed to be acting in good faith compliance with this policy. Advisory opinions sought by the Board of Trustees pursuant to this provision, together with the Board's initial request and that documentation setting forth the factual circumstances giving rise to the request for advisory opinion, shall not be public information unless or until so determined by a court of competent jurisdiction.

Counsel rendering an advisory opinion hereunder and so acting at the direction of the Board shall not owe an express or implied ethical duty of loyalty or confidentiality to a Trustee or any other party affected by such advisory opinion, nor does the consideration or issuance of such advisory opinion establish an attorney-client relationship between counsel and any person other than the Plans and the Board of Trustees with regards to the subject matter of the Board's request for the advisory opinion.

## **VIII. COMPLIANCE AND ENFORCEMENT**

The Board, with the assistance of its General Counsel, shall enforce this *Ethics Policy* with respect to Trustees, service providers and Agents providing investment, actuarial, legal, and other consulting services. Such enforcement shall be through resolutions of reprimand, censure, or other appropriate parliamentary measures, including, but not limited to requests for resignation. The Board may also pursue all available legal remedies against any Trustee, Agent, service provider or other offender of this *Ethics Policy*.

The Retirement Administrator, pending approval of the Board of Trustees, shall enforce this policy with respect to the General Counsel.

Trustees with knowledge of a violation of this policy shall report such violation to the General Counsel or Retirement Administrator as circumstances dictate. No retaliatory action will be taken for any such report made in good faith.

The Board may not impose a fine on another Trustee; however, the Board may order restitution to repay assets of the Plans that have been diminished because of a Trustee's behavior. Additionally, a Trustee may be required to reimburse the Plans or repay the value of a gift to comply with this policy.

No Trustee may engage in illegal activities at any time, in matters related to the Plans. Such illegal behavior is not tolerated and is subject to immediate discipline, including possible termination and prosecution.

## **IX. POLICY REVIEW**

The Board shall review this *Ethics Policy* at least once every three (3) years to assure its efficacy and relevance. The Board may amend this policy, from time to time, by majority vote of the Board.