

**STANDARDS OF CONDUCT AND FINANCIAL DISCLOSURE
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 and Financial 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.

II. Definitions

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

- A. “Benefit” means any gift, favor or service reasonably regarded as pecuniary gain or pecuniary advantage (including a Benefit to any other person in whose welfare the Fiduciary has a direct or substantial interest) with a value in excess of Fifty and No/100’s Dollars (\$50.00) that could reasonably be expected to impair or influence the Fiduciary’s independence of judgment in the performance of the Fiduciary’s official duties. Benefit excludes (i) ordinary social hospitality; (ii) a gift relating to a special occasion (wedding, anniversary, birth, holiday, etc.); (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) a gift conferred on account of kinship or a personal, professional or business relationship independent of the Fiduciary’s position with the Fund; (vii) admission to an event in which the Fiduciary is participating in connection with official duties; (viii) participation in charitable or civic activities and events; or (ix) campaign contribution made pursuant to Texas Election Code and ordinances of City of San Antonio.

- 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. “Trustee” means:
 - 1. The Mayor of the City of San Antonio or a City Councilperson appointed by the City Council of San Antonio to the Board of Trustees of the Fund.
 - 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; and

III. Prohibitions

- A. No Fiduciary of the Fund, either directly or indirectly through a Business Entity, shall receive any Benefit from any Person in connection with any action involving assets of the Fund.
- 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.

- C. No Fiduciary of the Fund, either directly or indirectly through a Business Entity, shall engage in the purchase, sale, exchange, or leasing of property with the Fund if that Fiduciary holds an interest in the property.
- D. No Fiduciary of the Fund, either directly or indirectly through a Business Entity, shall engage in the purchase, sale, or exchange of any investment with the Fund if that Fiduciary holds an interest in the investment.
- E. No Fiduciary of the Fund shall participate in the lending of money or furnishing of other credit by the Fund if the Fiduciary has a direct or indirect 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 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 or her personal interests.
- I. Once a request for proposal or search for a service provider to the Fund is solicited from any Person, all contacts between prospective service providers and Fiduciaries shall be limited.
- J. 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 officers, elected officials and employees.

- K. The Fund shall not employ as Executive Director any individual who is either:
 - a. A current or former elected official of the City of San Antonio; or
 - b. An active or retired member of the San Antonio Fire Department or San Antonio Police Department.
- L. 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.
- M. The Fund shall not employ a Family Member of any Fiduciary.

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. Conflict of interest affidavits shall be completed annually and a record of voting abstentions shall be maintained outlining the basis for such abstention.
- F. 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.
- G. 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.
- H. 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 quarter. 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 this Standards of Conduct and Financial Disclosure. All investment professionals shall strictly conform to this Standards of Conduct and Financial Disclosure. 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".

* * * * *

The foregoing Standards of Conduct and Disclosure Statements were adopted by the Board of Trustees of the Fire and Police Pension Fund, San Antonio at its meeting of June 16, 2004.

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.

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.

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.

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.

CONFLICTS:

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

CERTIFICATION

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

Date Printed Name

Signature

EXHIBIT "B"
CONFLICT DISCLOSURE STATEMENT

20__

The Fire and Police Pension Fund Board of Trustees of San Antonio, Texas, is currently doing business, or is intending to do business, with the following organizations:

ACTUARY

The Segal Company

CUSTODIAL BANK

The Northern Trust Company

INVESTMENT MANAGERS

Acadian
Ashmore
Atlanta Life
Benchmark Plus
Brandywine
Century Asset Management
C. S. McKee
Capital Prospects
Commonwealth Advisors, Inc.
Davidson Kempner
Declaration
Entrust
Federal Street
Goldman Sachs
Great Northern
HBK Investments
Ironwood Capital
J P Morgan
J. & W. Seligman & Co.
Julius Baer
Lazard
LSV Asset Management
MacKay Shields
Mesirow
Optima Asset Management
Palisades
Profit Investment Management
Redwood Investments
Robeco-Sage
Rothschild Asset Management
Silver Creek
Waddell & Reed
Wellington

LEGAL COUNSEL

Martin & Drought, P.C.

AUDITOR

Carneiro, Chumney & Co.

INVESTMENT CONSULTANT

Consulting Services Group
New England Pension Consultants
The Townsend Group

ALTERNATIVE INVESTMENT MANAGERS

Aldus Equity
Apollo Management, L.P.
Capital Resource Partners
Hancock Timber Resource Group
Huff Energy Fund, LLC
Lehman / Crossroads Group
Levine Leichtman
RMK Timberland Group
Siguler Guff Advisors
Texas Growth Fund Management Corp.
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.
Legacy Partners
LBA Realty Fund III
Niam Nordic
Noble Hospitality Fund
Principal
RREEF
Square Mile Partners
Walton Street Mexico Fund I
Warburg Pincus

DIRECTED COMMISSION BROKER

Knight Securities

I, _____, with the Fire and Police Pension Fund, San Antonio ("Fund"), do hereby state that I do ___ do not ___ (check one) have a material business relation with any of the aforelisted organizations.

Further, if during this year, I engage in a material business relation with any of the aforementioned entities, or if the Fund hires a subsequent consultant or manager with which I may have a material business 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.

Signature

Date