

**BOARD OF TRUSTEES OF THE  
EMPLOYEES' RETIREMENT SYSTEM OF THE  
CITY OF BALTIMORE**

**RESOLUTION REGARDING TRUSTEE CONFLICTS OF INTEREST**

This Resolution of the Board of Trustees of the Employees' Retirement System of the City of Baltimore ("Board") is made this 19th day of February, 2015. This Resolution supersedes the November 15, 2001 Resolution of the Board regarding Trustee Conflicts of Interest.

W I T N E S S E T H

WHEREAS, Article 22, Section 7(h) provides that "The Board of Trustees shall discharge its duties . . . solely in the interest of the participants . . . for the exclusive purpose of providing benefits to members and beneficiaries . . .";

WHEREAS, Article 22, Section 7(e), of the Baltimore City Code generally prohibits Board members from, directly or indirectly, using gains or profits from any investment made by the Board and from receiving any pay or emolument for services;

WHEREAS, the above fiduciary standards are similar to the relevant fiduciary duty provisions of ERISA which, while not directly applicable to the Employees' Retirement System of the City of Baltimore and the Elected Officials' Retirement System of the City of Baltimore (collectively, "Systems"), have been found by the Maryland courts to be highly relevant and persuasive in interpreting the City law fiduciary provisions;

WHEREAS, outside legal counsel issued an opinion dated July 3, 2001, interpreting how City fiduciary responsibility laws apply to, and federal and State fiduciary responsibility laws are instructive on, certain possible conflicts of interest involving members of the boards of trustees of the City's retirement systems who are employed by, or who are corporate officers or owners of, investment brokerage and management companies that execute trades involving assets of the City's retirement systems;

WHEREAS, in the interest of maintaining the integrity of the System and preventing practices that might be perceived as improper and thus result in public mistrust of the Board's decision-making process, the Board desires to establish guidelines to implement the recommendations in legal counsel's opinion and to take further steps to avoid the appearance of impropriety regarding the investment of System assets.

NOW, THEREFORE, BE IT RESOLVED THAT:

1. A member of the Board who is employed by, or who is an officer or owner of, an investment brokerage and management company (a "Broker Trustee", and with respect to such Trustee, the "Broker Trustee's Firm") shall not participate in consideration of (1) whether the Broker Trustee's Firm should be hired as an investment manager, (2) the terms and conditions of any Request For Proposal to which the Broker Trustee's Firm might respond, or (3) proposals submitted by other investment managers which compete with a proposal submitted by the Broker Trustee's Firm.
2. If a Broker Trustee's Firm is hired as an investment manager, the Broker Trustee shall not participate in evaluation of the performance of the Broker Trustee's Firm or consideration of whether the Broker Trustee's Firm should be retained.
3. A Broker Trustee may not participate in the consideration of hiring any investment manager (other than the Broker Trustee's Firm) which during the six months prior to the Board's vote on hiring such manager directed one or more Systems or Fire and Police Employees' Retirement System ("F&P") trades to the Broker Trustee or the Broker Trustee's Firm.
4. Nothing in this Resolution precludes a Broker Trustee from participating in the consideration of evaluating or retaining any investment manager (other than the Broker Trustee's Firm), provided that such investment manager is otherwise precluded hereunder from directing Systems or F&P trades to the Broker Trustee and the Broker Trustee's Firm.

5. If a Broker Trustee's Firm is headquartered in Baltimore, Maryland the Broker Trustee with respect to such Firm shall not participate in the consideration of whether an investment manager has used best efforts to exceed the specified percentages for local brokerage transactions, or of possible changes to the investment guidelines relating to the percentage of trades to be directed to local brokerages. Nothing in this Resolution precludes a Broker Trustee from participating in the consideration of whether an investment manager (other than the Broker Trustee's Firm) has obtained best price and execution.
6. As a condition of appointment by the Systems, Systems investment managers must agree that they will not direct trades of Systems or F&P assets to a Broker Trustee or to a Broker Trustee's Firm. All Broker Trustee Firms shall be advised of this restriction on Systems investment managers.
7. A copy of this Resolution shall be provided to all Systems investment managers and Broker Trustee Firms, each of which, as a condition of providing services to the Systems, shall acknowledge in writing their agreement to comply with this Resolution.
8. This Resolution shall be interpreted and applied by the Board in its discretion so as to accomplish the purposes stated herein.

IN WITNESS WHEREOF the undersigned hereby attests to the adoption of the above Resolution on the date first above written.

WITNESS:

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Joan M. Pratt, Chair  
Board of Trustees of the City of Baltimore  
Employees' Retirement System