

**Public School Retirement System of the City of St. Louis**  
**Education, Travel, and Code of Ethics Policies**

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Missouri Statutes §§105.450, 105.452, 105.454, and 105.458 describe certain prohibited acts by elected and appointed public officials and employees which apply to trustees who serve on the Board of Trustees (the “Board”) of the Public School Retirement System of the City of St. Louis (the “System”) and the individuals the Board employs. For reference, copies of the relevant statutes are attached.

Above and beyond these broad statutes, the Board believes it is prudent to adopt specific additional policies that establish high, ethical standards for the System’s trustees and employees. In this regard, education, travel, and code of ethics policies are contained herein. These policies have been adopted by the Board to provide standards for trustee and employee behavior and to protect the System from the implications of actual and/or perceived improprieties.

**Education Policy**

Because trustees are not employed in the pension industry, it is expected that they will need ongoing education about investment, actuarial, and legal issues in order to discharge their fiduciary duties properly and effectively.

Regarding the need for education, it is important to note that Section 7 of the Uniform Management of Public Employee Retirement Systems Act (UMPERSA) states that a trustee or other fiduciary shall discharge his/her duties “with the care, skill and caution under the circumstances then prevailing which a prudent person acting in like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose”. It is also important to note that case law regarding fiduciary responsibilities does not permit comparison to a novice, whether or not a prudent novice. Rather, both UMPERSA and case law clearly indicate that trustees will be held to no lower standard than that of others familiar with such matters. Therefore, while the applicable standard of prudence contains some flexibility, trustees need to be properly equipped to oversee complex investment situations.

Because each trustee and employee has an obligation to further his/her knowledge and skills regarding the prudent management of the System, the Board encourages individual educational endeavors and supports such educational opportunities as are described below.

☞ ***Publications, Subscriptions, Membership Dues***

- The System will provide each new trustee with a Dictionary of Finance and Investment Terms.
- The System will pay for an annual subscription to “Pensions & Investments” in behalf of each trustee.
- The System will pay membership dues for the National Council on Teacher Retirement (NCTR), the National Association of Securities Professionals (NASP), and the Missouri Association of Public Employee Retirement Systems (MAPERS).

☞ ***Conferences, Workshops***

- The Board has authorized trustees and the executive director to attend conferences sponsored by the NCTR, NASP, at the national level, and MAPERS. Attendance at other educational conferences will be authorized by specific Board approval on a case by case basis.
- From time to time, the Board will invite its professional staff and its investment managers to conduct workshops on specific issues related to pension management.
- On an annual basis, at least two education and training workshops are to be provided by the investment consultant, investment managers or other professionals at a location in or around the St. Louis Metropolitan Area as approved by the Board of Trustees.

## Travel Policy

The Travel Policy is intended to provide for the payment of reasonable and proper expenses of the trustees and employees of the System which are actually incurred, appropriately documented, and in connection with the performance of an individual's duties to the System. Travel to educational conferences sponsored by NCTR, NASP, and MAPERS has been authorized by the Board. Travel to other conferences and to business meetings requires specific Board approval.

Trustees and employees who are attending approved educational conferences or business meetings will be responsible for making their own travel arrangements and reservations. Trustees and employees who are planning to attend conferences which have been pre-approved under the System's Education Policy must advise the Executive Director in advance of their intention to attend. The Executive Director will include such information under the Report of the Executive Director at the next regularly scheduled meeting of the Board in order that minutes of the Board meetings will reflect attendance at pre-approved conferences.

The Board encourages trustees and employees to book travel plan arrangements at least fourteen (14) days during the school year and twenty-one (21) days during the summer break in advance to the extent reasonably practical.

After their return, individuals will be required to submit a Travel Expense Voucher to the Retirement Office and will be subject to the same documentation requirements for the payment of reasonable expenses whether they use the Reimbursement Method or Advance Method, both of which are described below.

Except in situations involving emergencies such as illness or work-related demands, individuals will be responsible for any changes in travel costs as a result of voluntarily changing a booked and paid travel itinerary. If travel is cancelled or not completed by the individual and a travel advance has been paid by the System, then individuals must file a Travel Expense Voucher and reimburse any amount owed the System.

### *↪ Reimbursement Method*

Individuals using the Reimbursement Method will pay their expenses and, within thirty (30) days of their return, submit Travel Expense Vouchers (sample attached) and proper documentation and receipts to the Retirement Office for reimbursement. The Retirement Office will reimburse individuals for approved travel expenses within ten (10) days of final approval of their Travel Expense Vouchers.

### *↪ Advance Method*

Individuals using the Advance Method may request an advance from the Retirement Office for anticipated expenses for registration fees, transportation and lodging by completing the appropriate form and providing documentation that shows the anticipated expenses. Within thirty (30) days of returning from their trips, individuals **must** submit Travel Expense Vouchers (sample attached) and proper documentation and receipts to the Retirement Office, and

- if their advances exceed their approved, actual expenses, they must reimburse the System for the difference within ten (10) days of final approval of their Travel Expense Vouchers, or
- if their approved, actual expenses exceed their advances, the Retirement Office will reimburse them for the difference within ten (10) days of final approval of their Travel Expense Vouchers.
- Any trustee or employee who fails to timely submit a Travel Expense Voucher, or to timely reimburse the System the amount of any over-advanced money shall not be entitled to request any further advances or make any System related travel plans until such time as the appropriate Travel Expense Voucher has been submitted, finally approved, and any over-advanced money reimbursed to the System.

- The Executive Director will include information on Trustees ineligible to travel under the Report of the Executive Director at the next regularly scheduled meeting of the Board.

### 🔗 *Receipts*

- An itemized receipt **must** be submitted for all expenditures, if receipts are normally available for the type of expense incurred. For example, receipts are normally available for meals, parking and taxi fare, but not from a doorman or bellhop. Credit card or cash summary receipts that do not itemize expenses may not be accepted.
- A receipt from a travel agent is **not** acceptable for transportation expenditures. Rather, individuals must submit a ticket stub or passenger receipt from the carrier.
- If a receipt includes expenses for another individual, the relationship of the other individual to the System will determine whether the expense will be paid by the System.
  - ◆ For example, if one trustee pays for meals for several trustees, such that the expenditure would have been reimbursable if it had been paid individually by the other trustees, the entire expenditure would be reimbursable to the trustee who paid for the meals. The trustee who paid for the meals should indicate on the receipt the names of the individuals for whom the expenses were incurred and their relationship to the System.
  - ◆ On the other hand, if a receipt includes an expenditure for the meal of a trustee's spouse or guest, an adjustment should be made to exclude that expense and so noted on the receipt.

### 🔗 *Payable Days*

Payable expenses may be incurred during one-day traveling to and one-day traveling from an approved conference or meeting, and while in attendance at the conference or meeting. In cases where a trustee or employee intends to request payment for an extended stay, such individual must submit to the Executive Director, at least 48 hours prior to traveling to the conference or meeting, a written statement detailing the savings to the System resulting from the extended stay. Within 24 hours after receipt of any such written statement, the Executive Director shall notify the trustee or employee that such written statement: (1) appears in compliance with the Travel Policy and will be recommended for final approval; (2) raises issues or concerns that will need to be resolved by the Board or appropriate committee of the Board responsible for administering this Travel Policy (the "Committee"). The Committee shall be appointed by the Chairperson of the Board and shall be representative of the Board in composition.

Expenses incurred as the result of an individual's extended stay which exceed the limits of this Travel Policy will not be payable by the System.

### 🔗 *Transportation Expenses*

- Payable transportation expenses will be the lesser of reasonable coach airfare or, if alternative transportation is utilized, the actual cost of alternative transportation.
- Payable transportation expenses will include the cost of public transportation to and from the airport or the cost of long-term airport parking.
- In cases where individuals use automobiles which they own or lease, payable cost will be determined by actual miles driven on the most direct route at the current mileage rate permitted by the Internal Revenue Code. Expenses incurred as the result of a detour taken voluntarily by the individual will not be paid by the System.
- Generally, car rental fees will not be paid by the System; however, the System will reimburse an individual for car rental fees for the days of a conference plus arrival and departure days in the event of an unusual situation where renting a car will result in lower overall cost than alternative transportation, such as taxis or shuttle buses. In cases where an individual is requesting reimbursement for car rental expenditures, such

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individual must comply with the procedures set forth above regarding additional day's stays to establish that the overall cost of renting a car will be less costly than available alternative transportation.

### ☞ *Personal Expenses*

Generally, expenses of a personal nature, such as recreational expenditures or additional expenses incurred on behalf of a spouse or guest, are **not** reimbursable. However, reasonable expenses for long distance telephone calls to an individual's family and employer shall be paid by the System and shall not be included under any maximum daily living expense allowance established by the Board. To provide additional guidance regarding "reasonable" long distance telephone expenses, the Board would deem it reasonable for individuals to call their families and employers once a day during their absences; however, lengthy or numerous long distance telephone calls should be explained in writing and payment will be subject to approval by the Committee.

### ☞ *Approval Process*

- The Executive Director will conduct an initial review of Travel Expense Vouchers to assure that submitted expenditures are in compliance with the System's Travel Policy, that advances have been properly recorded, and that appropriate documentation has been included. As a part of the initial review process, the Executive Director will discuss issues of concern with the trustee or employee who submitted the voucher for payment. At the conclusion of the initial review process, the Executive Director will forward Travel Expense Vouchers to the Committee with a recommendation (a) to pay the voucher as submitted, or (b) to scrutinize specified expenditures that do not appear to be addressed by or in compliance with the System's Travel Policy.
- The Committee will be responsible for final approval of Travel Expense Vouchers in cases where the expenditures are addressed by and in compliance with the System's Travel Policy; however, payment of expenditures that are not included as payable under the System's Travel Policy and/or reimbursement of extraordinary or unanticipated expenditures will require full Board approval.
- In the event the Committee, or the full Board, if full Board approval is required, is unable to determine if a specific expenditure is payable, the Committee, or the Board, shall obtain advice from the System's legal counsel and/or its accounting firm to assist them in coming to an appropriate conclusion which is consistent with the spirit of the Travel Policy and applicable law.
- With respect to the payment of travel expenses, the decision of the Committee, or the Board, as the case may be, will be final.

### **Code of Ethics Policy**

The Uniform Management of Public Employee Retirement Systems Act (UMPERSA) defines a trustee as a person having ultimate authority to manage a retirement system or to invest or manage its assets. Section 7 of the Act describes General Fiduciary Duties as follows:

“A trustee or other fiduciary shall discharge duties with respect to a retirement system:

- (1) solely in the interest of the participants and beneficiaries;
- (2) for the exclusive purpose of providing benefits to participants and beneficiaries and paying reasonable expenses of administering the system;
- (3) with the care, skill and caution under the circumstances then prevailing which a prudent person acting in like capacity and familiar with those matters would use in the conduct of an activity of like character and purpose;
- (4) impartially, taking into account any differing interests of participants and beneficiaries;
- (5) incurring only costs that are appropriate and reasonable; and

- (6) in accordance with a good-faith interpretation of the law governing the retirement program and system.”

It is a trustee’s duties of loyalty and care to the participants and beneficiaries of the System that create standards prohibiting conflicts of interest and requiring trustees and employees to act with the highest level of ethical responsibility in the performance of their duties. This Code of Ethics Policy addresses conflicts of interest and situations that can appear to be conflicts of interest from two perspectives: (a) as they relate directly to trustees and employees of the System, and (b) as they relate to the professionals employed by the System, such as investment consultants, money managers, brokerage firms, insurance brokers, attorneys, auditors, actuaries, custodians, etc.

### *Trustees and Employees*

Trustees and employees, by their conduct, shall not create a reasonable basis for the impression or perception that any person, organization or firm can influence them in the performance of their official acts or actions. In this regard, any trustee/employee relationship or association with a current or prospective vendor must be directly beneficial to the System, or must be reasonably expected to provide the trustee or employee with educational assistance that will be immediately relevant to his/her duties to the System. A trustee’s duty of loyalty also includes the obligation not to be influenced by the interest of any third party, including an obligation to subjugate the interests of the party who appointed the trustee, for example, the union or plan sponsor, to the interests of the participants and beneficiaries of the System.

#### > Gifts and Gratuities

- ♦ Trustees and employees shall not solicit or accept contributions or gifts (to include lodging, transportation, or invitations to social/sporting events) from any single current or prospective vendor which exceed a value totaling \$50 in any calendar year. Trustees and employees shall disclose on the Annual Disclosure Statement any and all contributions or gifts (to include lodging, transportation, or invitations to social/sporting events) that were extended to a relative, spouse or guest of the Trustee or employee. However, the limitation on gifts does not apply:
  - a) to business meals/receptions where a representative of the vendor is present for the purpose of conducting business or providing education,
  - b) to seminars/conferences sponsored by a vendor or prospective vendor where attendance is approved by the Board of Trustees or the System’s Travel Policy,
  - c) to participation in recreational or social events while attending a seminar/conference, provided said events are available to a majority of the seminar/conference attendees,
  - d) to participation in recreational or social events sponsored by a vendor or prospective vendor provided attendance is expected to benefit the System and provided attendance is reported on the trustee’s/employee’s Annual Disclosure Statement.
- ♦ Trustees and employees shall not solicit or accept contributions or gifts from current or prospective vendors for their own personal benefit or in behalf of any third party.
- ♦ Trustees and employees shall not solicit or accept contributions or gifts from current or prospective vendors if they know, or reasonably should know, that such contributions or gifts are intended to influence their actions or decisions with respect to the System.
- ♦ If a trustee or employee receives an unsolicited, prohibited contribution or gift, he/she should return such contribution or gift to the source; however, if returning the contribution or gift is not possible or feasible, the contribution or gift should be donated to a charitable organization.

#### > Personal Investments/Obligations

Trustees and employees shall not make personal investments, engage in transactions or professional activities, or incur obligations of any nature which would create, or which the trustee or employee should

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reasonably foresee would create, a substantial interest in a business, contract, property, or investment that would result in a significant or continuing conflict of interest, or the appearance of a conflict of interest, with the System.

➤ Confidential Information

Trustees and employees shall not use confidential information pertaining to the System, or confidential information obtained by reason of their position with the System, for the purpose of personal gain or gain for a third party, nor, except as may be required by law, shall they disclose confidential information pertaining to the System to any person not authorized by the Board to receive such confidential information.

➤ Nepotism

On the basis of objective qualifications and competitive cost, the System may elect to hire or retain the relative of a trustee or employee; however, it will be incumbent upon the trustee or employee to disclose such a relationship to the Board as early in the evaluation and selection process as is reasonably possible.

➤ Annual Disclosure Statement

- ◆ No later than January 31st each year, every trustee and employee of the System shall complete an Annual Disclosure Statement (sample attached) which will be received by and maintained in the Retirement Office for a period of at least five (5) years.
- ◆ The Executive Director will include information on Trustees and employees that are in noncompliance with the Annual Disclosure Statement at the first regularly scheduled meeting of the Board each year, usually in February, under the Report of the Executive Director.
- ◆ A trustee or employee who fails to file an Annual Disclosure Statement by January 31st, or who violates the System's Code of Ethics Policy, will be subject to sanctions, at the discretion of the Board, up to and including removal from office or employment termination.

➤ **Vendors**

At the time a vendor is hired/retained, and thereafter, on or about November 1st each year, every vendor who conducts business with the System will receive a copy of the System's Code of Ethics Policy. Vendor copies will contain a form to be returned to the System on which vendors will acknowledge receipt and acceptance of the System's Policy. If the System learns that a vendor has violated the Code of Ethics Policy without a prior written waiver from the Board, the vendor's contract will be terminated and the vendor will not be eligible to do business with the System for a period of at least two (2) years.

(Appendix A, Revised 04-17-17)