

**CODE OF ETHICS
OF THE
CITY OF MANCHESTER EMPLOYEES'
CONTRIBUTORY RETIREMENT SYSTEM**

DECLARATION OF POLICY

It is essential for the proper administration, effective operation, and fiducially prudent investment of the City of Manchester Employees' Contributory Retirement System ("the System") that its Board of Trustees, staff employees, outside service providers, professional advisors and consultants be, and give every appearance of being, independent and impartial; that service to and on behalf of the System never be used for unfair advantage or for individual profit or benefit to the detriment of the System; and that there be unquestioned public confidence in the System's institutional integrity as a prudently-managed and fiducially-governed trust, operated for the sole and exclusive purpose of providing benefits to the System's Members and Beneficiaries.

It is also vital that persons of competence and integrity be encouraged to serve the System. Accordingly, the standards of conduct established under the System's Code of Ethics should be interpreted and understood so as not to unreasonably frustrate or impede the recruitment and retention by the System of those persons best qualified to serve it and its Members and Beneficiaries. To that end, the System's professional advisors and consultants, its administrative staff employees, and particularly the members of its Board of Trustees, who, with the exception of the Mayor and the City Finance Director who serve as Ex-officio members, are essentially uncompensated volunteers, should not be denied the opportunity generally available to all other citizens to acquire and advance their private economic interests, except in circumstances in which a conflict of interest with the System would foreseeably result. All such conflicts are to be prospectively disclosed and acted upon as provided under "Disclosure and Disposition" below.

A "conflict of interest" exists whenever a Trustee, staff employee, service provider, professional advisor or consultant is in a position in which he or she takes any action that is, may be, or reasonably appears to be influenced by considerations of personal gain or benefit rather than motivated by the interests of the System, its Members and Beneficiaries. The fundamental principle underlying these conflict of interest rules is that any Trustee or employee of the System, or any service provider, professional advisor or consultant to it, occupies a special position of fiduciary trust and confidence such that he or she must studiously and conscientiously avoid not only actual fiduciary breaches of trust against the System, but also any reasonable appearance of a conflict of interest.

Adopted August 14, 1990
Revised November 14, 1995
Revised September 13, 2005
Revised December 13, 2005
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It is understood, particularly in the instance of voluntary and uncompensated Board members actuated by their commitment to public service, that it is not reasonable to demand so complete a disassociation from the private sector as to preclude each and every possibility of a conflict of interest arising. Accordingly, this Code considers the intention and motives as well as the extrinsic acts of those persons having a fiduciary relationship with the System. Although appearances and acts often outwardly manifest a person's intentions, motive becomes particularly relevant whenever the acts themselves are called into question as giving rise to even the appearance of a conflict of interest.

The principal responsibility for adherence to the provisions of this Code rests with the persons to whom the Code applies. The Code therefore does not admit to any claim of lack of knowledge of its provisions and direction.

STANDARDS OF CONDUCT

A. Confidential Information.

Confidential information shall be used solely for System purposes and under no circumstances revealed to unauthorized persons, except as may be otherwise required to be disclosed as a public record pursuant to the requirements of New Hampshire RSA 91-A, as may be amended, and by any applicable Federal disclosure regulations.

B. Personal Investments.

Information which might reflect favorably or adversely upon the present or future value of any investment or contemplated investment of the System shall not be used in any manner for the purpose of personal advantage or to provide advantage to others.

1. Trustees and staff employees of the System may buy, sell or own a security or other investment held by the System but shall not trade such for their own account or on behalf of others based upon information provided to the System but which is not otherwise readily known and available to the general public. Trustees and staff consciously acting upon such securities or investments, in order to avoid any appearance of a conflict of interest, shall disclose such activity by written notice to the Board. This rule shall not be construed to restrict Trustees and staff employees who may own such securities by happenstance because of positions taken by mutual funds or similar investments they may hold.

2. Trustees and staff employees of the System shall not under any circumstances accept offers by reason of their position with the System to trade in any security or other investment on terms more favorable than those offered to the general investing public.
3. No Trustee or staff employee shall participate in a matter before the System which involves a business, contract, property or other substantial investment directly or indirectly held by such person if it is reasonably foreseeable that System action on the matter would confer a benefit to such person by or through the business, contract, property or investment.
4. No Trustee or staff employee shall make any personal investment, engage in any transaction or professional activity, or incur any obligation of any nature which would create, or which such person should reasonably foresee would create, a substantial interest in a business, contract, property or investment involving the System which would result in a significant or continuing conflict of interest with the System.
5. No Trustee or staff employee shall use his or her position or employment with the System, or use System facilities, equipment or supplies, to obtain or attempt to obtain private gain or advantage to the detriment of the System.

C. Gifts, Fees, and Emolument.

1. Trustees, staff employees, or their relatives (defined under below paragraph E “Nepotism”) shall not:
 - (a) accept gifts or entertainment, non-System-related travel, or other questionable gratuities from System consultants, advisors, service providers, vendors or other persons connected with investments held by the System; except that unsolicited items of insignificant value which cost a Trustee or the System more in return shipping or handling than the value of the gift shall be exempted (Amended 07-11-06) or
 - (b) solicit, accept or agree to accept for themselves or for conferment to others any direct or indirect benefit, gratuity or emolument as consideration for a decision, opinion, recommendation, transaction, vote or other exercise of discretion by a Trustee, employee, or other agent or representative of the System.

D. Other or Successors Activities and Interests.

1. Trustees and staff employees shall not represent any person in any action or proceeding before or involving the interests of the System except as a duly authorized representative or agent of the System.
2. Trustees and staff employees should not participate in a matter or activity where such participation could reasonably permit an inference that a person, group or organization may be in a position to unduly influence the System, its Board of Trustees or staff employees.
3. Trustees and staff employees shall not borrow from investment managers, outside service providers, professional advisors or consultants, banks or other financial institutions with which the System has a business relationship, except and unless such entities are normally engaged in such lending in the usual course of their business, and then only on terms offered to the general public under similar circumstance. Trustees and staff employees shall further comply with the provisions of RSA 95:1 relative to personal interests in business transactions.
4. The System shall not enter into any contract with any entity employing or represented by a person who has been within the preceding twelve (12) month period a staff employee or Trustee of the System.
5. Trustees or staff employees traveling on System business to consult with present or prospective advisors, service providers, vendors, consultants or other persons connected with the System shall first advise, and later submit within thirty (30) days a report concerning such contact(s), to the Board through the Executive Director of the System.

E. Nepotism.

No Trustee or staff employee with discretionary authority to appoint, elect, hire or advance System personnel, whether such authority is granted by statute or delegated by the Board of Trustees or by the Executive Director, shall exercise that authority in favor of persons related to any System Trustee or staff employee exercising such discretionary responsibility over personnel.

For purposes of this Code, “related”, ”relative” or “relation” means a person's spouse, parent, child, grandparent, grandchild and/or sibling, as well as the respective spouses of any of the foregoing.

This provision shall not prevent the retention or advancement of any person employed by the System as of the date of adoption of this Code of Ethics by the Board of Trustees. In no instance shall a Trustee or staff employee participate in or influence any deliberation, evaluation, recommendation, or other decision process or discretionary action regarding such employee relation.

F. Ethics Compliance Reporting Policy.

The System’s success depends on a high level of public confidence. The System can sustain public confidence only if it continues to observe the highest standards of ethical behavior in the performance of duties and ensures compliance with this Code of Ethics. To guarantee continuing attention to matters of ethics and business conduct on the part of all System Trustees and employees, and to further the purposes of this Code of Ethics, the System has adopted an Ethics Compliance Reporting Policy, binding on the Board of Trustees and all staff employees. The Ethics Compliance Reporting Policy provides for the appointment of a Compliance Officer, who will report to the Board of Trustees and will have responsibility for monitoring performance under this Ethics Code and for resolving business conduct and ethical concerns. The Compliance Officer is also the individual responsible for receiving and investigating most reports of improper conduct, as articulated in the Ethics Compliance Reporting Policy.

Conduct of Trustees and staff employees can reinforce an ethical atmosphere at the System and positively influence the conduct of System Trustees and Employees. Trustees and staff employees are expected to raise a question of ethical behavior before it happens and to report any contract which is believed in good faith to be a violation or apparent violation of these standards.

All substantiated issues reported and investigated pursuant to the Ethics Compliance Reporting Policy will be handled in a manner consistent with the sanction provision of this Code of Ethics.

DISCLOSURE AND DISPOSITION

Trustees, staff employees, outside service providers, professional advisors or consultants to the System shall disclose to the Board of Trustees any substantial direct or indirect ownership or beneficial interest that such person or his or her relative (as defined above) or co-venturer may have in any service provider, professional advisor or consultant to the System, or may have in any issuer of securities or other investment

interest held by the System. If a conflict of interest of such persons with the System exists, the Board or Trustees shall, in its proper discretion, determine the appropriate action to be taken, if any.

In no event, however, shall a Trustee vote on any question in which he is so interested (whether directly or indirectly) as to significantly impair the independent and impartial exercise of that Trustee's judgment.

ETHICS ADVISORY OPINIONS

In its sole discretion, the Board of Trustees from time to time may seek advisory opinions from legal counsel to the System to aid in its application of the Code to particular factual situations presenting an apparent ethical issue. Such counsel's opinion shall be advisory only, but any Trustee or staff employee acting in reliance thereon shall be deemed to be acting in good faith compliance with the Code.

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, staff employee, 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 System and its full Board of Trustees with regards to the subject matter of the Board's request for advisory opinion.

SANCTIONS FOR VIOLATION

A Trustee, staff employee, outside service provider, professional advisor or consultant who is found by the Board of Trustees in its sole discretion to have violated this Code may be subject to official reprimand by vote of the Board.

In the event the Board determines a violation of the Code to be so egregious, apparent, or shocking to ordinary sensibilities as to constitute malfeasance, misfeasance inefficiency, neglect of duty, incapacity or unfitness to perform his or her fiduciary duties and responsibilities in the exclusive interest of the System, its Members and Beneficiaries, and if the offending person is:

- (i) A Trustee: the Board of Trustees in its sole discretion may petition a court of competent jurisdiction for removal of such offending Trustee; unless the Trustee is an Ex-officio member or
- (ii) An employee of the System: the Board of Trustees in its sole discretion pursuant to Article 218:2, V may remove for cause; or if
- (iii) An outside service provider, professional advisor or consultant retained by the System: the Board of Trustees in its sole discretion may terminate and/or remove such person at will.

The exercise of those sanctions for violation of this Code of Ethics by or at the initiative of the Board of Trustees shall not exhaust, diminish, or otherwise frustrate such other relief or remedies in law or equity as may otherwise exist against such persons; nor shall the System, its Trustees, employees, agents or representatives be held liable individually or collectively for enforcing this Code of Ethics on behalf of the System, its Members and Beneficiaries unless, upon final adjudication of a court of competent jurisdiction, such enforcement should be found to be arbitrary, capricious or effected in bad faith.

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