

Teachers Retirement System of Georgia Campaign Contribution Disclosure Policy

Purpose

The purpose of this policy is to ensure the integrity of the Teachers Retirement System (TRS) investment transactions by conforming to the highest fiduciary, ethical, and legal standards of all parties involved. The cornerstone of this standard is that all investment decisions and recommendations must be free of impropriety or improper influence and the appearance of either.

Policy

It is the policy of the Investment Committee to ensure that the selection of investment firms to provide investment advisory or consulting services, and the allocations to current firms, by TRS is based on the merits of such firms and not on the campaign contributions by such firms.

The policy will be implemented by requiring firms that provide or are applying to provide investment services to TRS to disclose certain campaign contributions, as well as other information. Furthermore, only full-time employees of firms seeking to be engaged by TRS shall communicate with members of the Board of Trustees and the Division of Investment Services. Firms that fail to meet the established standards for campaign contributions will be prohibited from being hired. Firms that violate the communication standard for soliciting business will be prohibited from being hired. Any investment firm currently engaged by TRS that fails to meet the established standards for campaign contributions shall be terminated.

This policy is intended to supplement, and not to replace, other state and federal laws. Where this policy is less restrictive than another law, executive order, or regulation, such other stricter terms shall apply. Where this policy is more restrictive than any other applicable law, executive order or regulation, the stricter standards of this policy shall apply.

Prohibitions

1. TRS will not engage an investment firm to provide services and shall terminate the contract of any investment firm if, within the two years prior to such engagement or during the term of such engagement, any campaign contribution or payment in excess of \$250 to a candidate for a designated State Office or a political party covered by this policy has been made or paid by:
 - a. The investment firm, its parent company, or any other person or entity that controls the investment firm;
 - b. Any covered associate of an investment firm;
 - c. Any third party solicitor associated with such investment firm; or
 - d. Any political action committee controlled by the investment firm, its parent company, or any other entity that controls the investment firm, or by a covered associate of an investment firm or controlling entity.

2. Any investment firm, covered associate, or third party solicitor that is engaged or is seeking to be engaged in providing investment services to TRS shall not:
 - a. Solicit any person or political action committee to make a campaign contribution or payment to a candidate for a designated State Office or political party;
 - b. Coordinate campaign contributions or payments to a candidate for a designated State Office or political party;
 - c. Fund campaign contributions or payments to a candidate for a designated State Office or political party made by third parties, including consultants, attorneys, family members or persons controlling the investment firms; or
 - d. Engage in any exchange of campaign contributions or payments between State officials or political parties to circumvent the intent of this policy

Enforcement and Exemptions

If an investment firm seeking a relationship with TRS is found to have violated this policy, that firm shall be disqualified from engaging in a relationship with TRS for a period of two years.

If an investment firm with an existing relationship with TRS is found to be in violation of this policy, it shall be terminated and disqualified from receiving business or funding for a period of two years.

An investment firm that is prohibited from being engaged to provide investment management services to TRS may exempt itself from such prohibition upon satisfaction of the following requirements;

1. The investment firm demonstrates in writing that:
 - a. The firm discovered the campaign contribution or the payment to a political party that resulted in the prohibition on business within four months of the date of such contribution or payment;
 - b. The contributor obtained a return of the campaign contribution or payment to the political party within 60 calendar days of the date of discovery of such contribution or payment.
2. Only one exemption is available for each investment firm's covered associate or third party solicitor (regardless of time period), and the investment firm is entitled to no more than 2 exemptions for every 12 month period.

Reporting Requirements

All investment firms shall provide a written response to the questionnaire referred to as the Investment Firm Campaign Disclosure Form. Existing investment firms shall be required to file the disclosure form annually by December 31, for the 12 month period ending November 30 of that same year, and as requested.

Investment firms being considered for new mandates shall provide responses as soon as reasonably possible in the due diligence process.

Definitions

“Control” means the power to exercise a controlling influence over the management or policies of an investment firm or political action committee.

“Investment firm” means one or more natural persons, corporations, partnerships or other entities, incorporated or unincorporated, that provide investment management services or consulting services.

“Covered associate” means:

1. Any person associated with an investment firm who is primarily engaged in the provision of investment management services or consulting services;
2. Any person associated with an investment firm involved in client development or the solicitation of business for investment management services or consulting services;
3. Any person associated with an investment firm who is a supervisor of any person described in 1 or 2 above, up through and including the Chief Executive Officer or similarly situated official;
or
4. Any person associated with an investment firm, its parent company, or any other entity that controls the investment firm, who is a member of the executive or management committee of such firm or controlling entity, or similarly situated officials, if any.

“Investment management services” means:

1. The business of making or recommending investment management decisions for TRS;
2. The business of advising or managing a separate entity which makes or recommends investment management decisions for TRS;
3. The provision of financial advisory or consultant services to TRS.

“Contribution” and “payment” mean any gift, subscription, loan, membership, forgiveness of debt, advance or deposit of money or anything of value conveyed or transferred made for:

1. The purpose of influencing the nomination for election or election for a designated State Office;
2. Payment of debt incurred in connection with any such election; or
3. Transition expenses incurred by the successful candidate in any such election.

“Political party” means any political organization which at the preceding statewide election nominated a candidate for a statewide office and whose candidate for that office at such election polled at least 20 percent of the total vote cast in the state.

“Third party solicitor” means a third party lobbyist who solicits investment management business through direct or indirect communication with a State officer, employee or official on behalf of an investment firm, but does not include any person whose sole basis of compensation from the investment firm is the actual provision of legal, accounting, engineering, real estate or other professional advice, services or assistance.

“Designated State Office” means a state constitutional office that any person (including any election committee for the person) who was at the time of the contribution, an incumbent, candidate or successful candidate for an office that is elected by a state wide vote of the citizens of the State, which:

1. Is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment adviser by a government entity.
2. Has the authority to appoint any person who is directly or indirectly responsible for, or can influence the outcome of, the hiring of an investment professional.

This policy shall become effective January 1, 2010. Campaign contributions and communications before this date are deemed to not be violations of this policy.

Revised 2/24/2010

Investment Firm Campaign Disclosure Form

Name of Investment Firm: _____

Disclosure Report Period:

From: _____

Through: _____

Campaign Contributions and Payments to Political Parties

Were there any campaign contributions in excess of \$250 to a candidate for a designated State Office or a political party covered by the TRS Campaign Contribution Disclosure Policy within the last two years by:

- a. The investment firm, its parent company, or any other person or entity that controls the investment firm;
- b. Any covered associate of the investment firm;
- c. Any third party solicitor associated with such investment firm; or
- d. Any political action committee controlled by the investment firm, its parent company, or any other entity that controls the investment firm, or by a covered associate of such management firm or controlling entity?

(Please answer yes or no) _____

Exemptions from Disqualification

An investment firm that is prohibited from being engaged to provide investment management services to TRS may exempt itself from such prohibition upon satisfaction of the following requirements;

- 1. The investment firm demonstrates in writing that:
 - c. The firm discovered the campaign contribution or the payment to a political party that resulted in the prohibition on business within four months of the date of such contribution or payment;
 - d. The contributor obtained a return of the campaign contribution or payment to the political party with 60 calendar days of the date of discovery of such contribution or payment.
- 2. Only one exemption is available for each covered associate or third party solicitor (regardless of time period), and the investment firm is entitled to no more than 2 exemptions for every 12 month period.

If the investment firm is claiming an exemption from disqualification, did the firm follow the outlined procedures?

(Please answer yes or no) _____

Were there any campaign contributions or payments to political parties for which the firm is not claiming an exemption?

(Please answer yes or no) _____

Information Regarding Third Party Solicitors

Did the investment firm hire, use or utilize the services of a third party solicitor during the report period? The disclosure should include any “indirect” solicitor known to be compensated by the “primary” solicitor to solicit investment management business from TRS or a designated State Office holder?

(Please answer yes or no) _____