

**TEXAS PERMANENT SCHOOL FUND CORPORATION
ETHICS POLICY**

Article I. GENERAL PROVISIONS

Sec. 1.01. Purpose.

The Board of Directors (“*Board*”) of the Texas Permanent School Fund Corporation (the “*Corporation*”) has adopted this Ethics Policy (the “*Policy*”) to provide basic ethical principles, guidelines, and standards of conduct relating to the management and investment of the PSF (as defined below) in accordance with the requirements of §43.058, Texas Education Code.

This Policy is not intended to be a comprehensive statement of all legal and fiduciary responsibilities that may apply to a Director, Employee, PSF Service Provider or Private Fund Manager (as such terms are defined below) for federal or state law purposes and anticipates that these Persons may be subject to other ethics and disclosure requirements. This Policy shall not be construed to supersede any such responsibilities or requirements, and compliance with this Policy does not necessarily ensure compliance with all legal requirements. Any Person who violates a federal or state law or rule may be subject to civil or criminal penalties in addition to any sanctions or penalties that may otherwise be imposed by this Policy.

Ethical matters are complex and not all situations involving ethical dilemmas can be specifically addressed by this Policy. Directors, Employees, PSF Service Providers and Private Fund Managers are strongly encouraged to consult with Corporation’s General Counsel or designee whenever there is uncertainty about compliance with this Policy.

Sec. 1.02. Definitions. In this Policy:

- (1) “*Blackout Period*” means the period beginning with the Commencement Date and continuing through and ending on the Selection Date.
- (2) “*Candidate*” means a Person who performs services of the type that are the subject of Request for Proposal (RFP), Request for Qualifications (RFQ), or Request for Information (RFI) issued by the Corporation.
- (3) “*Commencement Date*” means the date on which the Corporation issues an RFP, RFQ or RFI.
- (4) “*CEO*” means the Chief Executive Officer of the Corporation.
- (5) “*Director*” means a member of the Board.
- (6) “*Employee*” means a Person working for the Corporation in an employer-employee relationship.
- (7) “*General Counsel*” means the General Counsel of the Corporation.

- (8) **“Gift”** means anything of tangible value given without consideration and includes any payment of cash, receipt of goods or services, or other benefit.
- (9) **“Official Act”** or **“Official Action”** means a vote, decision, recommendation, approval, disapproval, or other action, including inaction, which involves the use of discretionary authority.
- (10) **“Person”** means an individual, corporation, firm, limited liability company, limited partnership, trust, association, or other legal entity.
- (11) **“Personal Securities Transactions”** means:
- (a) transactions for a Director’s or Employee’s own account, including an individual retirement account; or
 - (b) transactions for an account, other than an account over which the Director or Employee has no direct or indirect influence or control, in which the Director or Employee (or the Director’s or Employee’s spouse, minor child, or other dependent Relative):
 - (i) is an income or principal beneficiary or other equity owner of the account; or
 - (ii) receives compensation for managing the account for the benefit of Persons other than the Director or Employee or his or her family.
- (12) **“Private Fund Manager”** means a Person who controls a non-publicly traded investment fund or other investment vehicle (including, but not limited to, a partnership, limited liability company, trust, association, or other entity) in which the PSF is invested. A Private Fund Manager may include the vehicle’s sponsor, general partner, managing member, manager, advisor or other agent thereof. For purposes of this Policy, Private Fund Managers are not considered to be PSF Service Providers.
- (13) **“PSF”** means the permanent school fund (as defined in Article VII of the Texas Constitution and more specifically in §43.001(a), Texas Education Code).
- (14) **“PSF Service Provider”** means any Person that provides services to the Corporation relating to the management or investment of the PSF, including, but not limited to, external investment managers and consultants, banks, custodians, and professional services (attorneys, accountants, etc.). Notwithstanding the foregoing, for all purposes under this Policy, the term PSF Service Provider excludes a Director, and Employee and a Private Fund Manager.
- (15) **“Publicly Traded Securities”** means securities of a class that is listed on a national securities exchange or quoted on the NASDAQ national market system in the United States or that is publicly traded on any foreign stock exchange or other foreign market.

- (16) “**Relative**” means an individual related within the third degree by consanguinity (blood relative) or the second degree by affinity (marriage) determined in accordance with §§573.021 – 573.025, Texas Government Code. For purposes of this definition:
- (a) examples of a Relative within the third degree by consanguinity are a child, grandchild, great-grandchild, parent, grandparent, great-grandparent, brother, sister, uncle, aunt, niece, or nephew;
 - (b) examples of a Relative within the second degree by affinity are a spouse, an individual related to a spouse within the second degree by consanguinity, or a spouse of such an individual;
 - (c) an individual adopted into a family is considered a Relative on the same basis as a natural born family member; and
 - (d) an individual is considered a spouse even if the marriage has been dissolved by death or divorce if there are surviving children of that marriage.
- (17) “**Selection Date**” means the date upon which the search process has concluded and the Candidate selected by the Board or the Corporation enters into a contract with the Corporation or is otherwise engaged by the Corporation.

Article II. GENERAL ETHICAL STANDARDS

Sec. 2.01. General Standards of Conduct. In the performance of Corporation affairs, each Director, Employee and PSF Service Provider shall:

- (a) act with honesty, integrity, competence, and dignity and conduct themselves in an ethical manner in the exercise of their duties;
- (b) not knowingly make misleading statements, either oral or written, or provide false information, in connection with official Corporation business;
- (c) deal fairly, objectively, and impartially in all matters relating to the Corporation;
- (d) not use their existing relationship with the Corporation to seek or obtain personal gain;
- (e) not take actions that disparage or defame the PSF or the Corporation; and
- (f) with respect to the Directors and other fiduciaries of the PSF, act solely in the best interest of the PSF and in accordance with all applicable fiduciary standards, including those found in Section 5, Article VII, Texas Constitution, which allows the Corporation to acquire, exchange, sell, supervise, manage, or retain any kind of investments “that persons of ordinary prudence, discretion, and intelligence, exercising the judgment and care under the circumstances then prevailing, acquire or retain for their own account in management of their affairs, not in regard to

speculation but in regard to the permanent disposition of their funds, considering the probable income as well as the probable safety of their capital.”

Sec. 2.02. Compliance with Applicable Law. Directors, Employees, and PSF Service Providers shall comply with all federal and state laws and rules to the extent applicable to such Person, including, without limitation, the Texas Constitution; Chapter 43, Texas Education Code (Permanent School Fund and Available School Fund); Chapter 36, Texas Penal Code (Bribery and Corrupt Influence); Chapter 39, Texas Penal Code (Abuse of Office); Chapter 572, Texas Government Code (Personal Financial Disclosure, Standards of Conduct, and Conflict of Interest); and Chapter 2263, Texas Government Code (Ethics and Disclosure Requirements for Outside Financial Advisors and Service Providers). All individuals subject to the applicable provisions of Chapter 572, Texas Government Code, (“*Chapter 572*”) must timely file the personal financial statement and any other disclosures required thereunder.

Sec. 2.03. Compliance with Professional Standards. Directors, Employees and Vendors who are members of professional organizations, such as the CFA Institute, or subject to other professional or licensing standards shall comply with any standards of conduct adopted by the organizations of which they are members or subject to regulation.

Sec. 2.04. Confidentiality. Directors, Employees and Vendors shall maintain, and may not disclose, confidential information that is acquired by reason of such Person’s position with the Corporation, including, without limitation, information that is excepted from public disclosure under the Texas Public Information Act (Chapter 552, Texas Government Code) or that is otherwise treated as confidential by the Corporation, except when such disclosure is either permitted by the Corporation and applicable law or otherwise required by law. No Director, Employee or Vendor may use the Corporation’s confidential information for their own personal gain or for the gain of third parties.

Article III. CONFLICTS OF INTEREST

Sec. 3.01. Conflicts of Interest: In General.

- (a) Directors, Employees and Vendors should actively avoid personal, employment, or business relationships that create, or could reasonably be expected to create the appearance of, a Conflict of Interest (as defined below).
- (b) A Conflict of Interest exists for a Director, Employee or PSF Service Provider when such Person has a personal or private business, commercial, or other relationship or interest (whether direct or indirect) that could reasonably be expected to diminish such Person’s independence of judgment in the performance of his or her responsibilities relating to the management or investment of the PSF (a “*Conflict of Interest*”). By way of example, a Person’s independence of judgment will be considered diminished when the Person is in a position to take action, or not take action, with respect to the Corporation or its business, and such act or failure to act is, or reasonably appears to be, influenced by considerations of personal gain or benefit rather than motivated by the interests of the Corporation.
- (c) A Conflict of Interest may include, but is not limited to:

- (i) a business relationship pursuant to which a Director or Employee (or spouse, minor child, or other dependent Relative thereof) receives compensation or other income from (A) a PSF Service Provider or prospective PSF Service Provider or (B) an entity in which the Corporation is invested or is contemplating an investment, including a Private Fund Manager;
 - (ii) personal investments or ownership interests held by a Director or Employee (or spouse, minor child, or other dependent Relative thereof) in (A) a PSF Service Provider or prospective PSF Service Provider or (B) an entity or real property in which the Corporation is invested or is contemplating an investment, including a Private Fund Manager, that are on terms more favorable than those available to the general investing public or a similarly situated investor;
 - (iii) direct or indirect authority to control the financial or operational decisions of (A) a PSF Service Provider or prospective PSF Service Provider or (B) an entity or real property in which the Corporation is invested or is contemplating an investment, including a Private Fund Manager, including without limitation, a management role that enables such Person to direct the operating or financial decisions of the entity;
 - (iv) a position on the board of directors or other governing board of (A) a PSF Service Provider or prospective PSF Service Provider or (B) an entity or real property in which the Corporation is invested or is contemplating an investment, including a Private Fund Manager;
 - (v) commissions, fees, bonuses, or any other compensation or benefit received by a Director or Employee (or the spouse, minor child, or dependent Relative thereof) in connection with a business transaction, contract, or Official Action of the Corporation; or
 - (vi) any other relationship or interest that could reasonably be expected to create a substantial conflict between such Person's personal or private interest and the interest of the Corporation or is otherwise prohibited by §572.051, Texas Government Code.
- (d) It is not a Conflict of Interest solely because a Director or Employee has an investment in a Publicly Traded Security that is owned, purchased, sold, or otherwise dealt with by the Corporation if the Director's or Employee's interest in such security is not more than five percent (5%) of any class and if the Director or Employee is not a director or officer of the company. It is also not a Conflict of Interest for an Employee to serve on an advisory board or committee of an entity with connection with an investment by the Corporation with such entity (e.g. an limited partner advisory committee or similar body).

Sec. 3.02. Reporting and Cure of Conflicts of Interest.

- (a) If a Director, Employee or PSF Service Provider becomes aware of a Conflict of Interest or a potential Conflict of Interest involving themselves or another Person, such Director, Employee or PSF Service Provider has an affirmative duty to disclose the conflict to the CEO (or the Person designated by the CEO to address Conflicts of Interest) in writing no later than seven (7) days after becoming aware of the facts and circumstances giving rise to the conflict. In the case of a Conflict of Interest involving the CEO, such conflict must be reported to the Board Chair.
- (b) Directors and Employees also have a duty to cure a Conflict of Interest involving themselves by promptly eliminating it, to the extent practicable and otherwise prudent. In the event a Conflict of Interest cannot be eliminated, such Person shall cure the Conflict of Interest by:
 - (i) abstaining from participation in all relevant deliberations or discussions involving such Conflict of Interest;
 - (ii) not giving advice or otherwise attempting to influence any action or decision to be taken by other Directors or Employees with respect to such Conflict of Interest; and
 - (iii) recusing himself or herself from any Official Action, including any decision and/or vote on a particular matter in which a Conflict of Interest, or potential Conflict of Interest, exists, unless the Conflict of Interest is waived in accordance with Section 3.04 of this Policy.
- (c) The CEO will inform the Board Chair of any Conflict of Interest disclosure involving a Director or a PSF Service Provider who is hired by the Board through Official Action as soon as reasonably practicable, and the disclosed conflict will be reported to the full Board at the next regularly scheduled Board meeting.
- (d) The Board may adopt additional policies and procedures for the purpose of monitoring, disclosing, curing and waiving Conflicts of Interest for Directors, including, without limitation, personal investment activities, to ensure compliance with this Section 3.02 and applicable law. Such policies and procedures will adhere to the general principles set forth in this Policy and the requirements of §43.058, Texas Education Code.

Sec. 3.03. Additional Conflicts of Interest Procedures for Employees and PSF Service Providers.

- (a) The CEO may establish additional policies and procedures for the purpose of monitoring, disclosing, curing and waiving Conflicts of Interest for all Employees and PSF Service Providers. Such policies and procedures will adhere to the general principles set forth in this Policy and the requirements of §43.058, Texas Education Code.

- (b) An Employee who cannot or does not wish to eliminate or cure a Conflict of Interest in accordance with the applicable policies and procedures should terminate his or her relationship with the Corporation as quickly as responsibly and legally possible, or may be subject to termination of employment by the Corporation or other employment-related sanctions.
- (c) In addition to the disclosure requirements for Conflicts of Interest under this Policy, any PSF Service Provider who is considered a “financial advisor or service provider” for purposes of Chapter 2263, Texas Government Code, shall comply with the disclosure requirements thereunder. For purposes of Chapter 2263, this Policy is intended to provide standards of conduct applicable to such “financial advisors or service providers.”

Sec. 3.04. Waivers of Conflicts of Interest.

- (a) If a Conflict of Interest is not cured pursuant to Section 3.02, then the Board may waive a Conflict of Interest with respect to a Director or the CEO, and the CEO may waive a Conflict of Interest for an Employee who is not the CEO or a PSF Service Provider, if the Board or CEO, as applicable, determines that such waiver is in the best interest of the Corporation and is consistent with applicable fiduciary duties. Factors that may be considered in determining whether to waive a Conflict of Interest may include, but shall not be limited to: (i) the number of Persons affected by the Conflict of Interest; (ii) the nature of the Conflict of Interest; (iii) the materiality of the Conflict of Interest; and (iv) whether the Person has a personal or private interest (as defined in §572.058, Texas Government Code) in a measure, proposal or decision pending before the Board or the Corporation.
- (b) Any waiver of a Conflict of Interest involving a Director or the CEO, including the circumstances and justification to support the waiver, shall be made by Official Action of the Board and included in the minutes of the meeting during which the waiver is approved.
- (c) Any waiver of a Conflict of Interest involving an Employee who is not the CEO or a PSF Service Provider, including the circumstances and justification to support the waiver, shall be made by the CEO and documented by the Corporation.

Article IV. PROHIBITED TRANSACTIONS AND INTERESTS

Sec. 4.01. Personal Securities Transactions.

- (a) Directors may not engage in any Personal Securities Transaction when the Director has actual knowledge that the Corporation is trading such securities or has acquired information through his or her position as a Director that is not otherwise available to the public, but otherwise may buy or sell a Publicly Traded Security of an issuer which is held by the Corporation. Directors should communicate with the CEO if the Director is engaging in a Personal Securities Transaction involving a security or interest that is not a Publicly Traded Security if the Director reasonably believes

the Corporation may hold an interest or security in the fund, entity or other investment vehicle.

- (b) The CEO will develop additional procedures to ensure Employees are in compliance with applicable law and general ethical standards regarding Personal Securities Transactions, including, but limited to any financial disclosure requirements or additional requirements related to prohibited transactions.

Sec. 4.02. Transactions Prohibited for Directors and Employees. No Director or Employee (or spouse, minor child, or other dependent Relative thereof) may:

- (a) accept or solicit any Gifts, favors, services or benefits that might reasonably tend to influence the Director or Employee in the discharge of his or her duties for the Corporation or that the Director or Employee knows, or should know, is being offered with the intent to influence the Director's or Employee's conduct on behalf of the Corporation;
- (b) accept employment or engage in a business or professional activity while serving as a Director or Employee that the Director or Employee might reasonably expect would require or induce the Director or Employee to disclose confidential information acquired by reason of his or her position with the Corporation;
- (c) accept employment or compensation while serving as a Director or Employee that could reasonably be expected to impair the Director's or Employee's independence of judgment in the performance of his or her duties for the Corporation;
- (d) make personal investments that could reasonably be expected to create a substantial Conflict of Interest between the Director's or Employee's private interest and the interests of the Corporation;
- (e) intentionally or knowingly solicit, accept, or agree to accept any Gifts, favors, services or benefits for the exercise of the Director's or Employee's authority or performance of the Director's or Employee's duties at the Corporation in favor of another;
- (f) purchase, sell, exchange, or lease property to or from the Corporation if such Person holds an interest in the property (whether direct or indirect);
- (g) purchase, sell, or exchange any interest in an entity with the Corporation if such Person holds an interest in the entity (whether direct or indirect);
- (h) accept offers, under any circumstances, by reason of their position with the Corporation to trade in any security or other investment on terms more favorable than those available to the general investing public or, in the case of private market investments, a similarly situated investor;
- (i) lend to or borrow from the Corporation, PSF Service Providers, Private Fund Managers, or other third parties with which the Corporation has a business

relationship, unless such entities are normally engaged in such lending in the usual course of their business, and then only on customary terms offered to others under similar circumstances to finance proper and usual activities;

- (j) act as a representative or agent of a third party, including a PSF Service Provider or Private Fund Manager, in connection with the acquisition of services or an investment for the Corporation;
- (k) participate in a matter before the Corporation which involves a business, contract, property or investment held by such Person or involves an entity in which such Person has any employment, ownership, or other beneficial relationship; or
- (l) recommend or cause discretionary Corporation business to be transacted with a Relative or otherwise for the benefit of a Relative.

Sec. 4.03. Use of Placement Agents. The CEO will develop a policy for the Corporation related to the involvement of placement agents with respect to any investment made by the Corporation to ensure the Corporation complies with applicable law and general ethical standards involving the use of placement agents. The policy is attached hereto as *Appendix A*.

Sec. 4.04. Former Directors and Employees. A Former Director or Employee must comply with the applicable “revolving door” provisions found in Chapter 572, Texas Government Code that place certain prohibitions and/or time restrictions on former Directors and Employees from making certain communications with or appearances before the Board, receiving compensation for services related to matters in which the former Director or Employee participated during his or her service with the Corporation, or accepting employment from a Person who the former Director or Employee participated in procurement or contract negotiations with during his or her service with the Corporation.

Sec. 4.05. Nepotism.

- (a) The Corporation may not employ a Person who is a Relative of a Director. This subsection does not prohibit the continued employment of a Person who has been working for the Corporation for at least 30 consecutive days before the date of the related Director’s appointment.
- (b) The Corporation may not employ a Person who is a Relative of an owner, director, or officer of a PSF Service Provider or Private Fund Manager. This subsection does not prohibit the continued employment of a Person who has been working for the Corporation for at least 30 consecutive days before (i) the date of the selection of the PSF Service Provider or Private Fund Manager by the Corporation or (ii) before such Person became a Relative, provided that the CEO has been provided notice and otherwise waived an existing conflict (if any) in accordance with Section 3.04(c) of this Policy.
- (c) In no event may an Employee exercise discretionary authority to hire, evaluate, or promote a Relative or directly or indirectly supervise a Relative. In this subsection, “supervise” means to oversee with the powers of direction and decision-making the

implementation of one's own or another's intentions, and normally involves assigning duties, overseeing and evaluating work, and approving leave.

Sec. 4.06. No Communications During Blackout Period.

- (a) Except as expressly permitted by this Section 4.06, Directors and Employees shall not initiate or have contact with any Candidate during the Blackout Period, provided that the limitations of this Section 4.06 shall apply to Directors only after the Director has knowledge that a Blackout Period has commenced.
- (b) With respect to Directors, during the Blackout Period:
 - (i) Candidates who are current PSF Service Providers may communicate with Directors concerning the services such Person is currently engaged to perform to the extent such communications are within the ordinary course of business and relate to the ongoing business operations of the Corporation.
 - (ii) Any communications from a Candidate concerning the subject of search shall be directed to the CEO in writing, or to such Employee designated by the CEO to accept such communications. Except in the course of the Corporation's usual selection process (such as questions regarding an request for proposal, interviews or diligence communications), no private communications shall be made between a Candidate and a Director relating to the ongoing search.
 - (iii) Candidates may communicate with Directors at a social function, workshop, conference, ceremonial event or press conference, but only with respect to matters that are unrelated to the subject of the ongoing search.
- (c) A Candidate who is found to have violated this Section 4.06 may be disqualified with respect to the applicable search by the CEO.
- (d) The CEO may develop additional procedures to ensure compliance with this Section 4.06, applicable law and general ethical standards during a Blackout Period with respect to Employees.

Article V. GIFTS, ENTERTAINMENT, AND CAMPAIGN CONTRIBUTIONS

Sec. 5.01. Gifts and Entertainment. A Director or Employee (or the spouse, minor child, or dependent Relative thereof) may not:

- (a) accept any Gift or benefit, unless such gift is a Permissible Gift as defined in Section 5.02;
- (b) solicit, offer or accept a Gift or benefit (for the personal benefit of the Director or Employee or for the benefit of a third party), regardless of whether it is a

Permissible Gift, that the Director or Employee knows, or should know, is being offered or given because of the Director or Employee's position with the Corporation, in exchange for an Official Act, or with the intent to influence the Director's or Employee's conduct on behalf of the Corporation;

- (c) solicit, accept or agree to accept any Gift or benefit, regardless of whether it is a Permissible Gift, from any Candidate during a Blackout Period;
- (d) solicit, accept, or agree to accept an honorarium in consideration for services that the Director or Employee would not have been requested to provide but for his or her official position or duties with the Corporation;
- (e) accept any Gift or benefit from a lobbyist, or a Person who is required to be registered as a lobbyist, that is not expressly permitted by Chapter 305, Texas Government Code; or
- (f) accept a Gift or benefit if the source of the Gift or benefit is not identified or if the Director or Employee knows, or has reason to know, that a prohibited Gift is being offered through an intermediary.

Sec. 5.02. Definition of Permissible Gift. The term "*Permissible Gift*" means a Gift or benefit that is offered or accepted in compliance with all Corporation policies and procedures and is one of the following:

- (a) an occasional Gift that is not cash or money (including checks or negotiable instruments) and does not exceed \$50 in value;
- (b) food, lodging, entertainment, and transportation, if accepted as a guest (i.e., the donor is present) and, if required, the Director or Employee reports the Gift as required by law;
- (c) an item is given in the context of a personal relationship, such as kinship, or a professional or business relationship that is independent of the Director or Employee's official capacity; and
- (d) transportation, lodging, and meals in connection with attendance at a conference or similar event in which the Director or Employee renders services, such as speaking, if the services are more than perfunctory.

Sec. 5.03. Receipt of Prohibited Gift. A Director or Employee who receives a Gift that is not a Permissible Gift should return the Gift to its source or, if that is not possible or feasible, donate the Gift to a recognized tax-exempt charitable organization.

Sec. 5.04. Contributions and Solicitation of Support.

- (a) All Directors, Employees, PSF Service Providers and Private Fund Managers (and their respective agents) shall follow all applicable laws governing campaign contributions, including, without limitation, the rules promulgated by the Securities

and Exchange Commission relating to political contributions by certain investment advisors.

- (b) A Director shall not request that a PSF Service Provider or Private Fund Manager make any Gift or donation to a school or other charitable interest on behalf of or at the request of a Director.

Sec. 5.05. Required Reporting by PSF Service Provider. Each PSF Service Provider shall file with the Board annually, as determined by the Board, a report that describes in detail any expenditure of more than \$50 made by the PSF Service Provider on behalf of a Director or an Employee. The CEO will adopt policies or procedures relating to reporting by Employees relating to expenditures made on their behalf and other related matters if and as determined by the CEO.

Article VI. COMPLIANCE, DISCLOSURE, ENFORCEMENT, AND TRAINING

Sec. 6.01. Enforcement for Directors and the CEO.

- (a) The Board shall enforce this Policy with respect to Directors and the CEO. A complaint or allegation of a Director's or CEO's potential violation of this Policy must be in writing and submitted to the CEO (or in the case of the CEO, to the Board Chair). The CEO will promptly notify the Board Chair of the alleged violation. If the potential violation involves the Board Chair, the CEO will notify the Vice-Chair (or Secretary if the Vice-Chair is also involved in the complaint or allegation). The Board Chair (or Vice-Chair or Secretary, if applicable) shall review the claim and may also have the General Counsel or outside legal counsel review the claim and related information, including performing an investigation, if warranted.
- (b) Following review of the claim, the Board Chair (or Vice-Chair or Secretary, if applicable) will present the claim to the Board and may present a recommended course of action to the Board for resolution of the matter. The Board has final decision-making authority with respect to violations of this Policy by the Director or CEO, and such decisions shall be binding. The Person who is the subject of the alleged violation may not deliberate or vote on such matter, but the Director or CEO may be given the opportunity to address the Board prior to any Official Action on such matter.
- (c) If the Board determines that a violation occurred, the Board may issue a resolution of reprimand, censure, or other appropriate measure, including a request for resignation from the Director or appropriate disciplinary measures with respect to the CEO, including termination of employment. Such disciplinary measures for Directors may also include actions provided under the Bylaws of the Corporation, such as removal from an officer position on the Board or declaration that the Director's position is vacant in applicable circumstances.

Sec. 6.02. Enforcement for Employees, PSF Service Providers, and Private Fund Managers.

- (a) The CEO is responsible for implementing and enforcing this Policy and any policies or procedures developed by the CEO relating to ethics matters with respect to Employees, PSF Service Providers, and Private Fund Managers, and any decision made by the CEO shall be binding, provided that (1) the CEO will periodically inform the Board of any violations by an Employee, PSF Service Provider or Private Fund Manager and the related decision by the CEO, and (2) with respect to a PSF Service Provider or Private Fund Manager hired directly by the Board through Official Action, the CEO will provide the Board with the opportunity to review the allegation and determination prior to implementing any enforcement action.
- (b) An Employee who violates this Policy may be subject to disciplinary action, including termination of his or her employment by the Corporation, or any other permissible employment-related sanction under the Corporation's personnel policies and practices or otherwise.
- (c) A violation of this Policy by a PSF Service Provider or Private Fund Manager may result in the termination of the PSF Service Provider or Private Fund Manager's contract or relationship with the Corporation, to the extent permitted under the terms of such contract, or any other sanction that the CEO deems appropriate, subject to the Board's review as provided in Section 6.02(a).

Sec. 6.03. No Retaliation. Retaliatory action may not be taken against a Person who makes a good faith report of a violation involving another Person.

Sec. 6.04. Other Reporting of Violations. A violation of this Policy may be reported to applicable regulatory or law enforcement agencies when appropriate or required.

Sec. 6.05. Distribution and Acknowledgement of Policy Requirements. Every new Director, Employee, PSF Service Provider and Private Fund Manager will be provided a copy of this Policy after the Person qualifies for office, begins employment, or begins performing services for the Corporation, as applicable. Each Director and Employee must acknowledge in writing promptly following commencement of service that he or she has received and read this Policy and will comply with its provisions, to the extent applicable; that it is his or her duty to report any act when he or she has knowledge of a violation of this Policy; and, with respect to Employees, that adherence to this Policy is a condition of employment. Each Director, Employee and PSF Service Provider shall also disclose any Conflicts of Interest or violations of the Policy of which the Director, Employee or PSF Service Provider is aware at such time in accordance with Article 3 of this Policy.

Sec. 6.06. Training. Every Director and Employee shall attend ethics training no less frequently than on an annual basis. The Board will determine and approve the ethics training program that will satisfy this requirement with respect to Directors, and the CEO will determine and approve the ethics training program that will satisfy this requirement with respect to Employees.

APPENDIX A

Placement Agent Policy

Definitions:

All terms not defined in this Appendix shall have the meanings set forth in the Policy.

(1) “*Placement Agent*” means a third party, whether or not or not affiliated with a Private Fund Manager, that is a party to an agreement or arrangement (whether written or oral) with a Private Fund Manager for direct or indirect payment of a fee in connection with a PSF investment.

(2) “*Private Fund Manager*” means a Person who controls a non-publicly traded investment fund or other investment vehicle (including, but not limited to, a partnership, limited liability company, trust, association, or other entity) in which the PSF is invested. A Private Fund Manager may include the vehicle’s sponsor, general partner, managing member, manager, advisor or other agent thereof.

Restrictions on use of Placement Agents:

A Private Fund Manager shall not use a Placement Agent in connection with a PSF investment unless either (1) the Board approves the use of the Placement Agent or (2) the following conditions are satisfied :

(A) the relationship of the Private Fund Manager with the Placement Agent, any compensation, and a description of the services provided by the Placement Agent in connection with a PSF investment are disclosed in writing to PSF staff;

(B) the Placement Agent is registered with the Securities and Exchange Commission (SEC) or the Financial Industry Regulatory Authority (FINRA) or, if not required to register with the SEC or FINRA, is registered with an applicable regulatory body;

(C) such Placement Agent does not share any fees with a non-registered person or entity;

(D) such Placement Agent has not made a campaign contribution to a member of the State Board of Education or an elected member of the Board during the two-year period prior to PSF’s investment in the Fund; and

(E) the Private Fund Manager confirms in writing that any information provided about the Placement Agent with respect to the clauses above is true, correct, and complete in all material respects, provided that any such information provided by the Placement Agent is, to the knowledge of the Private Fund Manager, true, correct, and complete in all material respects.