

**Laredo Firefighters Retirement System
Non-Participation Policy**

Policy Statement:

Board Trustees and Fund Staff separating from service to the Fund shall not accept offers of employment or offers of contractual compensation for services from currently engaged vendors to the Fund for a period of one year following termination of service to or employment by the Fund.

Background:

During fiduciary service to the Fund, Board Trustees and Fund Staff are exposed to a variety of experiences largely unavailable to individuals outside this particular discipline.

Educational requirements alone require, at a minimum, an operating knowledge of investment concepts as well as many of the philosophical tenants of economics and finance. Exposure to practical systems involved in management of the Fund relative to its investments, participants, and beneficiaries, provides operational familiarity with budgets in dollar amounts not encountered in normal household budgets or even in the vast majority of small business schemes.

Individual exposure to this type of experience through normal channels would require a commitment of significant resources of time and money to secure the education, certifications, or employment to be considered competent enough to enter this particular employment field. Many of the individuals representing currently engaged vendors to the Fund have made that commitment and followed through with experience, education and certification requirements required to provide a service to the Fund.

Relative to Board Trustees and Fund Staff, the Fund itself oftentimes makes an investment in the individual to secure the competence necessary to become operationally competent and thereby employable in the field. Interaction with currently engaged vendors, on behalf of the fiduciary interest of the Fund, allows

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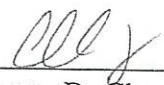
these skills to be further developed to operationally effective level. Similarly, this interaction experience gives these individuals in service to the Fund an understanding of the employee and contractor needs for currently engaged service providers. In the event a Fund Trustee or an employee of the Fund terminates with the Fund and consequently becomes an employee of or contractor to one of the Funds currently engaged vendors, the following questions would be a conscientious fiduciary response:

1. When did the fiduciary allegiance of the terminating party to the Fund end?
2. If before the point of termination, to what extent?
3. Were there any conflicts of interest issues influencing decisions?
4. Was the fiduciary responsibility of the service provider to the Fund compromised in any way?

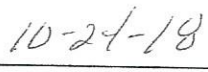
Observing the basic concept of non-participation serves to avoid the occurrence and appearance of impropriety in this and similar situations.

Policy/Procedure:

1. Current vendors to the Fund hiring Fund Trustees or Staff within one year of their termination of service to or employment by the Fund may do so without recourse, providing that the Trustee or Staff in question does not provide a service to the Fund on behalf of the vendor.



Alberto R. Chapa
Chairman



Date

Board Approval Date _____