METROPOLITAN WATER RECLAMATION DISTRICT RETIREMENT FUND

BROKER/DEALER UTILIZATION POLICY

Adopted: December 21, 1994
Revised: November 28, 2012

The Board of Trustees of the Metropolitan Water Reclamation District Retirement Fund (Fund) encourages the use of registered broker/dealer firms owned by Minority, Females, and Persons with Disabilities, as defined in the Business Enterprise for Minorities, Females and Persons with Disabilities Act, 30 ILCS 575/0.01, et seq., as well as registered broker/dealer firms owned by Veterans. For purposes of this policy, Veterans shall mean veterans of the armed forces of the United States, veterans of any reserve component of the armed forces of the United States, and veterans of the Illinois Army National Guard or Illinois Air National Guard. A Minority, Female, Disabled or Veteran-owned broker/dealer firm is defined as a sole proprietorship, partnership, or corporation that is at least 51% owned, operated and controlled by one or more Minority persons, Females, Disabled persons, or Veterans (MWDV).

To assist the Fund in implementing this policy, we urge all of our investment managers to give consideration to MWDV broker/dealers to “execute trades” for our portfolio. The Fund has a preference for MWDV broker/dealers that are certified and headquartered in the state of Illinois. However, our preference should not preclude utilization of MWDV broker/dealers registered and headquartered out of the state. The Fund stresses that the responsibility to achieve the most advantageous financial results and best execution resides with each individual investment manager. The investment manager’s selection of MWDV broker/dealers shall be in accordance with Article I of the Illinois Pension Code (40 ILCS 5/1-101 et seq.), the Investment Act of 1940, and any other applicable securities laws, rules and regulations.

The Fund has established the following annual goals based on its current asset allocation:

- **Domestic Active Equity Separate Account Managers**: Subject to best execution, each manager shall direct 30% of total commission dollars, on an annual basis, to MWDV broker/dealers.

- **International Equity Separate Account Managers**: Subject to best execution, each manager shall direct 10% of total commission dollars, on an annual basis, to MWDV broker/dealers.

- **Fixed Income Separate Account Managers**: Subject to best execution, each fixed income manager shall direct 20% of eligible fixed income trading volume (par) to MWDV broker/dealers.

- **Commingled/pooled Account Managers**: are directed to use their best efforts to execute trades with MWDV broker/dealers.

**Reporting Guidelines**: Whether using an Illinois firm or otherwise, these trades should be identified in the investment manager’s quarterly report to the Trustees. The quarterly commission report shall include the following:

1. Each broker/dealer’s total shares executed, total trading commissions, average commission cost per share.
2. List separately electronic trading broker/dealer’s total shares executed, total commissions and average commission cost per share.
3. List of broker/dealers used for non directed trades.
4. Research purchased and soft dollar arrangements.

Failure by an investment manager to meet the goals set forth in this policy will be considered as a factor when evaluating overall performance of the investment manager.

The goals in this policy will be reviewed annually.