HOLLYWOOD POLICE PENSION FUND

INVESTMENT GUIDELINES

FUND OBJECTIVES

To conduct the operations of the Fund in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, preserving principal while maximizing the rate of return to the fund.

Investment Guidelines

The investment of the Fund's assets will be sufficiently diversified as to minimize the risk of losses. Factors to be considered in diversification of investments will include but not be limited to the following: the purpose of the Fund; the amount of Fund assets; financial, industrial and economic conditions.

Types of investment may include commercial paper, savings accounts, U.S. Government securities, and bonds and equities of domestic and foreign corporations.

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation.

2. Obligations issued by the United States Government and its agencies or in obligations guaranteed as to principal and interest by the United States Government.

3. Stocks, bonds or other evidences of indebtedness issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:

    a. Equities are traded on one or more of the following recognized national exchanges:

        1) New York Stock Exchange
        2) American Stock Exchange
        3) The NASDAQ Stock Market

    b. Not more than five percent (5%) of the market value of the Fund's total assets shall be invested in the common or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company be equal to or exceed five percent (5%) of the outstanding capital stock of the company.

c. The individual issue meets the following rating criteria:

1) All corporate debt issues (bonds, notes, debentures) shall be rated in the highest four (4) categories of quality by any of the following listed services: Moody's, Standard and Poor's or Fitch's Manual.

Any issue, if downgraded below the fourth (4^{th}) category by two (2) of the three (3) ratings services must either be sold or specifically approved for retention by the Board.

2) Commercial Paper: Moody's P1 or Standard and Poor's A1.

4. Bonds issued by the State of Israel.

5. The use of unhedged and/or leveraged derivatives will not be allowed in any form.

6. Foreign stocks, bonds or other evidence of indebtedness denominated in United States Dollars may be bought provided:

a. Equities are traded in the form of ADR's or otherwise on one or more of the following recognized national exchanges:

1) New York Stock Exchange
2) American Stock Exchange
3) The NASDAQ Stock Market

b. The individual issue meets the following rating criteria:

All corporate debt issues (bonds, notes and debentures) shall be rated in the highest three (3) categories of quality by any of the following listed services: Moody's, Standard and Poor's, or Fitch's Manual.

Any issue if downgraded below the third (3^{rd}) category by two (2) of the three (3) ratings services must either be sold or specifically approved for retention by the Board.

7. In addition to the above, Inverness Counsel, Inc. is subject to the following specific guidelines:

a. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.

8. In addition to the above, Davis, Hamilton, Jackson, Inc. is subject to the following specific guidelines:

a. The portfolio may be invested up to one hundred percent (100%) in equities.

b. Returns will be measured against appropriate indexes and universes reflecting a large capitalization equity growth style. For this purpose, the manager has indicated that the appropriate index is the S&P 500 index.

c. All stocks held must have a market capitalization of at least $1 billion.

d. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.

e. The initial amounts allocated to this manager are as follows:

   $5 million on February 9, 2000
   $2.5 million on February 28, 2000
   $2.5 million on March 1, 2000
   $10 million on January 31, 2001

   which shall be allowed to increase through investment return and appreciation without limit.

f. Commencing in the year 2002, all funds received from the State of Florida under Chapter 185, Florida Statutes, on behalf of the Hollywood Police Officers' Share Plan, shall be allocated to this manager.

9. In addition to the above, Eagle Asset Management, Inc. is subject to the following specific guidelines:

   a. The portfolio may be invested up to one hundred percent (100%) in equities.

   b. Returns will be measured against appropriate indexes and universes reflecting a small capitalization core equity style.

   c. All stocks held must have a market capitalization within the range of those included in the Russell 2000 equity index.

   d. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.

   e. The initial amount allocated to this manager is $5.0 million, which shall be allowed to increase through investment return and appreciation without limit.

10. In addition to the above, Buckhead Capital is subject to the following specific guidelines:

   a. The portfolio may be invested up to one hundred percent (100%) in equities.

b. Returns will be measured against the Russell 1000 Value equity index the appropriate universe reflecting a large capitalization core equity value style.

c. All stocks held must have a market capitalization of at least $1 billion.

d. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.

e. The target amount to be transferred to this manager is $10 million. The initial amounts allocated to this manager are as follows:

$7.5 million on December 2, 2003
$1 million on January 12, 2004
$750,000 on February 19, 2004
$750,000 on ___________, 2004

which amounts shall be allowed to increase through investment return and appreciation without limit.

OVERALL ASSET ALLOCATION

1. Constraints. The board believes the plan's risk and liquidity posture are, in a large part, a function of the asset class mix. The board has reviewed the long-term performance characteristics of various asset classes focused on balancing risk and rewards of market behavior. The following asset classes, as generally defined by professional investment standards, were selected:

a. Cash (cash equivalents)

Domestic fixed income

Domestic large capitalization equities

Domestic small capitalization equities

International equities

b. Strategic Guidelines. Based on the plan's time horizon, risk tolerance, performance expectation and asset class preference, an efficient or optimum portfolio to achieve the investment goals while diversifying assets has been identified. The strategic asset allocation (normal weighting) of the plan is as follows:

Asset Class	Lower Limit	Normal Weighting	Upper Limit
Cash or cash equivalents	0%	0%	5%
Domestic fixed income	35%	46%	60%
Large company domestic equities	40%	50%	60%
Small company domestic equities	0%	4%	8%
Convertible securities	0%	2.5%	5%

The allocations above are based on market values. At no time shall all equities combined exceed sixty five percent (65%) of the total Fund, nor may all equities plus convertible securities exceed 70% of the total Fund, based on market values.

2. Rebalancing

   a. Rebalancing of strategic asset allocation: If the allocation to any one asset class exceeds the guidelines, the Board will take measures to rebalance the trust assets through instructions as outlined below. When the Board gives instructions for rebalancing it will attempt to reallocate the trust assets to percent weightings as close to the normal weighting, as outlined above, as it sees fit. Rebalancing should be completed by the end of the quarter next following the quarter for which the Performance Report was compiled.

   b. Instructions: Rebalancing is to be done first with cash flows expected within the forthcoming quarter. If there are insufficient cash flows to rebalance the fund to the Board's instructions, the Board shall effect transactions to accomplish the rebalancing. The Board will utilize the Consultant to assist in the rebalancing process.

INVESTMENT MANAGER

The Trustees will select a professional Investment Manager(s), that meet(s) the definition of that term in Section 3(38) of E.R.I.S.A., who will provide the Trustees with a statement of fiduciary responsibility. The Trustees will provide that Manager(s) certain guidelines, including, but not limited to, the interest assumption necessary to support the actuarial soundness of the Plan, the cash liquidity necessary to provide monthly pensions, and the current and projected cash flow into the Fund.

INVESTMENT REVIEW

The Trustees will monitor the Investment Manager(s) by periodically reviewing the investment portfolio and determining if the results meet with the objectives and purposes of the Plan.

The Investment Manager shall within five (5) business days, after such occurs, notify the Board if any investment no longer meets these guidelines.

Adopted February 18, 2000; Amended May 16, 2003 and February 20, 2004