

**CITY OF HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM
AMENDMENT TO THE INVESTMENT POLICY**

Name of Plan: City of Hollywood Police Officers' Retirement System

Plan Sponsor: City of Hollywood, Broward County, Florida

Current Board of Trustees: David Strauss, Chairman
Cathy Marano, Secretary
Richard Brickman
Paul Laskowski
Van Szeto
Ronald Wise
Christopher Boyd

Administrator: Dave Williams

Custodian: Fiduciary Trust International

Money Managers: Inverness Counsel
Garcia, Hamilton & Associates
Rhumblin Advisers
Eagle Asset Management
Intercontinental Real Estate
American Realty Real Estate
Wells Fargo
EnTrustPermal
Sawgrass Asset Management
Toqueville Asset Management

Investment Consultant: AndCo Consulting

Actuary: Cavanaugh Macdonald Consulting, LLC

Accountant: Kabat, Schertzer, De La Torre, Taraboulos & Co., LLC

Legal Counsel: Klausner, Kaufman, Jensen & Levinson

(1) SCOPE

The investment Policy shall apply to all funds under control of the Board. Detailed guidelines are attached to and made a part of this Investment Policy Statement.

(2) INVESTMENT OBJECTIVES

1. To obtain a reasonable total rate of return – defined as income plus realized and unrealized capital gains and losses – commensurate with the Prudent Person Rule.
2. To obtain reasonable consistency of returns on a year-to-year basis, with concern for loss of capital being paramount.
3. To have the ability to pay all benefit and expense obligations when due.
4. To maintain sufficient funding for (a) unexpected developments, (b) possible future increases in benefits and/or (c) reduction in expected returns on investment or interest rate assumptions.

(3) PERFORMANCE MEASUREMENT

The Board has specified performance measures as are appropriate for the nature and size of the assets within the Board's custody. Those performance measures are set forth in the Internal Controls section of this Investment Policy.

(4) INVESTMENT AND FIDUCIARY STANDARDS

In performing its investment duties, the Board shall comply with the fiduciary standards set forth in the Employees Retirement Income Security Act of 1974, 29 U.S.C. §1104(a)(1)(A) – (C), meaning that Board members must discharge their duties with respect to the Plan solely in the interest of participants and beneficiaries and for the exclusive purpose of: (a) providing benefits to participants and their beneficiaries and (b) defraying reasonable expenses of administering the Plan; with the care, skill, prudence and diligence under circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; by diversifying investments of the plan so as to minimize risk of large losses, unless under the circumstances it is clearly prudent not to do so. In the event of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

(5) AUTHORIZED INVESTMENTS

The attached Investment Guidelines list investments authorized by the Board. Investments not so listed are prohibited. If on October 1, 2000 investments exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investment may be continued until it is economically feasible to dispose of such investment, but no additional investment may be made.

(6) MATURITY AND LIQUIDITY REQUIREMENTS

The investment portfolio is structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To that end, the Board has attempted to match investment maturities with known cash needs and anticipated cash-flow requirements.

(7) PORTFOLIO COMPOSITION

The Investment Guidelines establish parameters for investments and limits on security issues, issuers and maturities. Said Guidelines are commensurate with the nature and size of the funds within control of the Board. The Board believes that the Plan's risk and liquidity posture are, in large part, a function of asset class mix. The Board has reviewed long-term performance characteristics of various asset classes, focusing on balancing the risks and rewards of market behavior.

(8) RISK AND DIVERSIFICATION

The Investment Guidelines provide for appropriate diversification of the portfolio. Investments have been diversified to the extent practicable to control risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. The Board recognizes the difficulty of achieving the Plan's investment objectives in light of uncertainties and complexities of contemporary investment markets. The Board also recognizes that some risk must be assumed to achieve the Plan's long-term investment objectives. In establishing the risk tolerances, the Plan's ability to withstand short and intermediate term variability has been considered. However, the Plan's strong financial condition enables the Board to adopt a long-term investment perspective.

(9) EXPECTED ANNUAL RATE OF RETURN

The desired investment objective is a long-term rate of return on assets, net of investment expenses, that is at least equal to the actuarial assumption and which is five percent greater than the anticipated rate of inflation as measured by the Consumer Price Index (CPI). The target rate of return is for the current year, for each of the next several years and for the long-term thereafter. The target rate of return has been based on the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the Investment Guidelines. Because market performance varies and a fixed percent return may not be meaningful during some periods, the Board has established performance benchmarks for Managers, as set forth in the Internal Controls section of this Investment Policy. Over a

complete business cycle, the Plan's overall annualized total return, after deducting investment and transaction costs, should perform above the median of an appropriate universe and above a customized index composed of various market indices weighted by the strategic asset allocation of the Plan's assets.

(10) THIRD-PARTY CUSTODIAL AGREEMENTS

All assets shall be held by a third party, and all securities purchased by, and all collateral obtained by, the Board shall be properly designated as an asset of the Plan. No withdrawal of assets, in whole or in part, shall be made except upon authorization by the Board. Securities transactions between a broker-dealer and the Custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to ensure that the Custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

(11) MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to requirements of the Master Repurchase Agreement. This provision does not restrict or limit the terms of any such Master Repurchase Agreement.

(12) BID REQUIREMENT

The Board shall determine the approximate maturity date based on cash-flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

(13) INTERNAL CONTROLS

The attached system of internal controls and operational procedures has been adopted by the Board and shall be reviewed by its independent certified public accountants as part of any financial audit of the Plan.

In addition, the Board has adopted the following internal controls with reference to selection and review of Money Managers:

- A. Selection of Money Managers. The Board, with assistance from the Investment Consultant, has selected, and will select, appropriate Money Managers to manage Plan assets. Managers must meet the following minimum criteria:
 1. Be a bank, insurance company, investment management company or investment adviser, as defined by the Investment Advisers Act of 1940.

2. Provide historical quarterly performance numbers, calculated on a time-weighted basis, based on a composite of fully discretionary accounts of similar investment style, reported net and gross of fees.
 3. Provide detailed information on the history of the firm, key personnel, key clients, fee schedule and support personnel.
 4. Clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
- B. Duties and Responsibilities of Money Managers. The duties and responsibilities of each Money Manager retained by the Board include:
1. Managing Plan assets under its care, custody and/or control in accordance with this Investment Policy or in accordance with separate written agreements when modification is deemed prudent and desirable by the Board.
 2. Exercising investment discretion (including holding cash equivalents as an alternative) within the objectives and guidelines set forth in this Investment Policy.
 3. Promptly informing the Board in writing regarding all significant and/or material matters and changes pertaining to the investment of Plan assets, including, but not limited to:
 - a. Investment Strategy
 - b. Portfolio Structure
 - c. Tactical Approaches
 - d. Ownership
 - e. Organizational Structure
 - f. Financial Condition
 - g. Professional Staff
 - h. Recommendations for Guidelines Changes
 - i. All legal, SEC and other proceedings affecting the firm
 4. Timely voting all proxies and related actions in a manner consistent with the long-term interests and objectives of the Plan as set forth herein. Each Manager shall keep a detailed record of said proxy voting and related actions and will comply with all regulatory obligations related thereto. Reports of such voting and actions shall be delivered to the Board no less frequently than quarterly.
 5. Utilizing the same care, skill, prudence and due diligence under the circumstances then prevailing that experienced investment professionals acting in a like capacity and fully familiar with such matters would use like activities for like retirement plans with like aims in accordance with all applicable laws, rules and regulations from local, state, federal and international political entities as they may pertain to fiduciary duties and responsibilities.

6. Acknowledging and agreeing in writing to their fiduciary responsibility fully to comply with this entire Investment Policy, as same may be modified from time to time.
- C. Monitoring of Money Managers. Quarterly performance will be evaluated to test progress toward the attainment of long-term targets. The Board understands that there may be short-term periods during which performance deviates from market indices. During such periods, greater emphasis shall be placed on peer performance comparison with managers employing similar styles.

From time to time, but no less than quarterly, the Board will meet to focus on:

1. Manager's adherence to this Investment Policy.
2. Material changes in the Manager's organization, investment philosophy and/or personnel.
3. Comparisons of Manager's results to appropriate indices.
4. The risk associated with each Manager's portfolio, as measured by variability of quarterly returns (standard deviation), which should not exceed that of the benchmark index without a corresponding increase in performance above the benchmark index.

In addition, the Board will focus on:

1. The Manager's performance relative to managers of like investment style or strategy. Each manager is expected to perform in the upper half of its respective style universe.
2. The Plan's investment performance results compared to the Manager's overall composite performance figures to determine unaccounted for dispersion between the Manager's reported results and the Plan's results. The Manager shall provide composite data if requested.

The Board is aware that ongoing review and analysis of Money Managers is as important as the due diligence utilized during the manager selection process. Accordingly, a thorough review and analysis of the Money Manager will be conducted if:

1. A Manager performs in the bottom quartile of its peer group over two consecutive quarters or over an annual period.
2. A Manager falls in the "southeast quadrant" of the risk/return scattergram for a three or five-year period.
3. A Manager underperforms its index for four consecutive quarters.

Further, a Manager may be replaced at any time and for any reason, including but not limited to the following:

1. A Manager consistently performs below the median of its peer group over rolling three-year periods.
2. A Manager has a consistently negative alpha over rolling three-year periods.

The following events also warrant immediate review of the Manager:

1. Changes in professional staff.
2. Significant loss of business.
3. Significant increase in business.
4. Change in ownership and/or control.

(14) CONTINUING EDUCATION

All Board members are encouraged and expected to attend continuing education seminars concerning matters related to investments and responsibilities of Board members. Without limiting the foregoing, Board members are pre-authorized to attend certain conferences held within the state of Florida.

(15) REPORTING

The Board shall submit an annual report to the City of Hollywood. The report shall include investments in the portfolio by class or type, income earned and market value. The annual report shall be available to the public.

(16) FILING OF INVESTMENT POLICY

Upon adoption by the Board, this Investment Policy shall be promptly filed with the Florida Department of Management Services, the City of Hollywood and the Actuary. The effective date of this Investment Policy, and any amendment hereto, shall be 31st calendar day following the filing date with the City.

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

**For the Board of Trustees of the City of Hollywood
Police Officers' Retirement System**

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Inverness Counsel

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Rhumblin Advisers

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Wells Fargo

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Eagle Asset Management

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Intercontinental

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Garcia, Hamilton & Associates

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

EnTrustPermal

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

American Realty

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Toqueville Asset Management

Date

(17) VALUATION OF ILLIQUID INVESTMENTS

Investments and assets for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism are prohibited.

Sawgrass Asset Management

Date

HOLLYWOOD POLICE OFFICER'S RETIREMENT SYSTEM

INVESTMENT GUIDELINES

AMENDED MAY 2019

PURPOSE OF INVESTMENT POLICY STATEMENT

The Pension Board of Trustees ("Board") maintains that an important determinant of future investment returns is the expression and periodic review of the Retirement System's investment objectives. To that end, the Board has adopted this statement of Investment Policy Guidelines and directs that it apply to all assets under the control of the Board.

In fulfilling their fiduciary responsibility, the Board recognizes that the System is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the System are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable statute or requirement.

A reasonably consistent and adequate return, protection of the assets against the inroads of inflation and safety of the assets are very important. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years or less. Performance will be measured quarterly.

The Board, in performing its investment duties, shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s.1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

FUND OBJECTIVES

To conduct the operations of the System 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 PERFORMANCE OBJECTIVES - QUARTERLY EVALUATION

A. The Total Fund

Beginning July 1, 2012, the performance of the portfolio will be compared to the return of a portfolio comprised of 19% of the S&P500 Index, 7% Russell 2000 Small Cap Index (R2000), 10% of the Russell 1000 Growth Index (R1000G), 7% of the Russell 1000 Value Index (R1000V), 7% S&P400 MidCap Index, 20.5% of the Barclays Capital Government Credit Index (BCGC), 20.5% of the Barclays Capital Intermediate Government Credit Index (BCIGC), 5% of the Barclays Capital Intermediate Aggregate Index(BCIAB) & 4% TBill.

Beginning January 1, 2014, the performance of the portfolio will be compared to the return of a portfolio comprised of 19% of the S&P500 Index, 7% Russell 2000 Small Cap Index (R2000), 10% of the Russell 1000 Growth Index (R1000G), 7% of the Russell 1000 Value Index (R1000V), 7% S&P400 MidCap Index, 7% of the NCREIF Real Estate Index, 17% of the Barclays Capital Government Credit Index (BCGC), 17% of the Barclays Capital Intermediate Government Credit Index (BCIGC), 5% of the Barclays Capital Intermediate Aggregate Index(BCIAB) & 4% TBill.

Beginning April 1, 2015, the performance of the portfolio will be compared to the return of a portfolio comprised of 24% of the S&P500 Index, 7% Russell 2000 Small Cap Index (R2000), 10% of the Russell 1000 Growth Index (R1000G), 7% of the Russell 1000 Value Index (R1000V), 7% S&P400 MidCap Index, 10% of the NCREIF Real Estate Index, 13% of the Barclays Capital Government Credit Index (BCGC), 13% of the Barclays Capital Intermediate Government Credit Index (BCIGC), 5% of the Barclays Capital Intermediate Aggregate Index(BCIAB) & 4% TBill.

Beginning July 1, 2017, the performance of the portfolio will be compared to the return of a portfolio comprised of 22% of the S&P500 Index, 7% Russell 2000 Small Cap Index (R2000), 13% of the Russell 1000 Growth Index (R1000G), 7% of the Russell 1000 Value Index (R1000V), 10% S&P400 MidCap Index, 10% of the NCREIF Real Estate Index, 11% of the Bloomberg Barclays Government Credit Index (BBGC), 11% of the Bloomberg Barclays Intermediate Government Credit Index (BBIGC), 5% of the Bloomberg Barclays Intermediate Aggregate Index (BBIAB) & 4% TBill.

Beginning January 1, 2018, the performance of the portfolio will be compared to the return of a portfolio comprised of 20% of the S&P500 Index, 7% Russell 2000 Small Cap Index (R2000), 13% of the Russell 1000 Growth Index (R1000G), 7% of the Russell 1000 Value Index (R1000V), 10% S&P400 MidCap Index, 2% of the HRFI Funds of Funds Composite Index, 10% of the NCREIF Real Estate Index, 11% of the Bloomberg Barclays Government Credit Index (BBGC), 11% of the Bloomberg Barclays Intermediate Government Credit Index (BBIGC), 5% of the Bloomberg Barclays Intermediate Aggregate Index (BBIAB) & 4% TBill.

Beginning July 1, 2019, the performance of the portfolio will be compared to the return of a portfolio comprised of 20% of the S&P500 Index, 10% Russell 2000 Small Cap Index (R2000), 10% of the Russell 1000 Growth Index (R1000G), 10% of the Russell 1000 Value Index (R1000V), 10% S&P400 MidCap Index, 2% of the HRFI Funds of Funds Composite Index, 10% of the NCREIF Real Estate Index, 7% of the Bloomberg Barclays Government Credit Index (BBGC), 7% of the Bloomberg Barclays Intermediate Government Credit Index (BBIGC), 10% of the Bloomberg Barclays Intermediate Aggregate Index (BBIAB) & 4% TBill.

B. Total Equity Portfolio

Beginning January 1, 2004, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 61.1% S&P500, 7.4% R2000, 18.5% R1000G & 13% R1000V.

Beginning January 1, 2009, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 52% S&P500, 7.4% R2000, 18.5% R1000G, 13% R1000V & 9.1% S&P400.

Beginning July 1, 2012, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 38% S&P500, 14% R2000, 20% R1000G, 14% R1000V & 14% S&P400.

Beginning April 1, 2015, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 43.7% S&P500, 12.7% R2000, 18.2% R1000G, 12.7% R1000V & 12.7% S&P400.

Beginning July 1, 2017, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 37% S&P500, 12% R2000, 22% R1000G, 12% R1000V & 17% S&P400.

Beginning January 1, 2018, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 35% S&P500, 12% R2000, 23% R1000G, 12% R1000V & 18% S&P400.

Beginning July 1, 2019, the performance of the total equity portfolio will be compared to the return of a portfolio comprised of 33.3% S&P500, 16.7% R2000, 16.7% R1000G, 16.7% R1000V & 16.6% S&P400.

C. Total Fixed Income Portfolio

Beginning October 1, 1992, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 50% BCGC and 50% BCIGC.

Beginning July 1, 2011, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 44.5% BCGC, 44.5% BCIGC and 11% BCIAB.

Beginning January 1, 2014, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 44% BCGC, 44% BCIGC and 12% BCIAB.

Beginning April 1, 2015, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 42% BCGC, 42% BCIGC and 16% BCIAB.

Beginning July 1, 2017, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 41% BBGC, 41% BBIGC and 18% BBIAB.

Beginning July 1, 2019, the performance of the total fixed income portfolio will be compared to the return of a portfolio comprised of 29% BBGC, 29% BBIGC and 42% BBIAB.

D. Alternative Investments

The Real Estate portion of the portfolio is expected to perform at a rate at least equal to the NCREIF Property Index.

The EnTrustPermal Special Opportunities Fund IV portion of the portfolio is expected to perform at a rate at least equal to the HRFI Funds of Funds Index.

E. For Inverness Counsel

The below listed performance measures will be used as objective criteria for evaluating effectiveness of the investment manager.

Total Fund Performance

1. The performance of the total fund will be measured each quarter for rolling three and five year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments.

Beginning October 1, 1999, the performance of the portfolio will be compared to the return of a portfolio comprised of 50% S&P500 Index, 22.5% of the BCGC Index, 22.5% BCIGC & 5% TBill.

Beginning April 1, 2008, the performance of the portfolio will be compared to the return of a portfolio comprised of 33% S&P500

Index, 31% of the BCGC Index, 31% BCIGC & 5% TBill. Beginning January 1, 2009, the performance of the portfolio will be compared to the return of a portfolio comprised of 30% S&P500 Index, 32.5% of the BCGC Index, 32.5% BCIGC & 5% TBill. Beginning July 1, 2011, the performance of the portfolio will be compared to the return of a portfolio comprised of 35% S&P500 Index, 30% of the BCGC Index, 30% BCIGC & 5% TBill. Beginning July 1, 2012, the performance of the portfolio will be compared to the return of a portfolio comprised of 30% S&P500 Index, 32% of the BCGC Index, 32% BCIGC & 6% TBill. Beginning January 1, 2014, the performance of the portfolio will be compared to the return of a portfolio comprised of 33% S&P500 Index, 30% of the BCGC Index, 30% BCIGC & 7% TBill. Beginning April 1, 2015, the performance of the portfolio will be compared to the return of a portfolio comprised of 44.4% S&P500 Index, 24.3% of the BCGC Index, 24.3% BCIGC & 7% TBill. Beginning July 1, 2017, the performance of the portfolio will be compared to the return of a portfolio comprised of 46% S&P500 Index, 23% of the BBGC Index, 23% BBIGC & 8% TBill. Beginning January 1, 2018, the performance of the portfolio will be compared to the return of a portfolio comprised of 43% S&P500 Index, 24% of the BBGC Index, 24% BBIGC & 9% TBill. **Beginning July 1, 2019, the performance of the portfolio will be compared to the return of a portfolio comprised of 57% S&P500 Index, 16% of the BBGC Index, 16% BBIGC & 11% TBill.**

2. Inverness has a maximum allocation to foreign securities (equity and fixed combined) of fifteen percent (15%) of their Total Fund portfolio at cost.
~~As Inverness is the main Fixed Income manager, as of July 1, 2011, their Total Fund portfolio will have a minimum allocation to Fixed Income of fifty percent (50%) and a maximum allocation of one hundred percent (100%).~~
3. The evaluation period for Inverness will date from October 1, 1992.
4. Relative to other similar investment managers, it is expected the manager's performance with regard to the quarterly total return of combined equity, fixed income and cash portfolio will be in the top forty percent (40%) of the Universe over three to five year periods. Attainment of the 40% is not a condition for retention. When quarterly performance is below the standard, the manager will report to the Board the reasons for the occurrence and the steps taken to avoid reoccurrence.

F. For Wells Capital Management, Eagle Asset Management, Rhumblin Advisers & EnTrustPermal Capital, ~~ClariVest Asset Management & Sawgrass Asset Management.~~

The equity portion of the portfolio, defined as common stocks, convertible bonds, convertible preferred issues and international equities, is expected to perform over three and five year periods at a rate at least equal to, for:

Wells Capital Management, the Russell 1000 Value Index and in the top 40% of the Large Cap Value Equity Universe.

Eagle Asset Management, the Russell 2000 Small Cap Index and in the top 40% of the Broad Small Cap Equity Universe. Beginning January 1, 2009, the S&P 400 MidCap Index and in the top 40% of the Broad MidCap Equity Universe.

Rhumblin Advisers, the S&P400 MidCap Index and in the top 40% of the Broad MidCap Equity Universe.

EnTrustPermal Capital, the MSCI AC World Index and in the top 40% of the Broad Equity Universe
The EnTrustPermal Special Opportunities Fund IV, the HRFI Funds of Funds Index.

~~ClariVest~~, Sawgrass and Rhumblin Large Cap Growth, the Russell 1000 Growth Index and in the top 40% of the Large Cap Growth Universe.

The evaluation period for Wells Capital Management July 1, 2015; for EnTrustPermal Capital, October 1, 2015; and for Eagle Asset Management, April 1, 2003; for ~~ClariVest~~, Sawgrass and Rhumblin Large Cap Growth, July 1, 2017; for EnTrustPermal Special Opportunities Fund IV, January 1, 2018.

Investment Guidelines

The investment of the System'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 System; the amount of System 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 OTC or 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 System'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 (4th) 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 OTC or 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 (3rd) 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, all managers are subject to the following specific guidelines:
 - a. In accordance with the provisions of Chapter 2009-97, Laws of Florida, no more than twenty-five percent (25%) of any investment manager's Total Fund portfolio, at market value, shall be invested in foreign (exclusive of the State of Israel) stocks or bonds. The Investment Manager must immediately notify the Board and the Investment Consultant when the foreign exposure reaches ten percent (10%). An explanation will be needed as to why the Investment Manager is changing their discipline.
 - b. In accordance with the Protecting Florida's Investment Act (Fla. Stat. 215.473), the Board is prohibited from directly investing in any companies, identified by the State Board of Administration (SBA) on its website each quarter, as a scrutinized company. The investment Consultant and each investment manager shall review its investments each quarter to determine whether it is required to sell, redeem, divest or withdraw any publicly traded security of a company identified by the SBA as a scrutinized company and shall notify the Board each quarter, in writing, of the results of its review. Beginning no later than January 1, 2010, the Board, through its investment managers, shall sell, redeem, divest or withdraw all publicly traded securities it holds in any scrutinized company by no later than September 30, 2010 for Chapter 185 plans.
8. In addition to the above, Garcia, Hamilton & Associates, Inc. is subject to the following specific guidelines:
 - a. The portfolio may be invested up to one hundred percent (100%) in fixed income.
 - b. Returns will be measured against appropriate indexes and universes. For this purpose, the manager has indicated that the appropriate index is the Bloomberg Barclays Intermediate Aggregate Bond Index (BBIAB).
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. The initial amount allocated to this manager is \$5.0 million, which amount shall be allowed to increase through investment return and appreciation without limit.
- 10. In addition to the above, Wells Capital Management are 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 value equity style.
 - c. All stocks held must have a market capitalization of at least \$1 billion
 - d. The target amount to be transferred to this manager is \$10.5 million. The initial amounts allocated to this manager are as follows:

\$10.5 million which amount shall be allowed to increase through investment return and appreciation without limit.
- 11. In addition to the above, American Realty Advisors and Intercontinental Real Estate Corporation are subject to the following specific guidelines:
 - a. The portfolios may be invested up to one hundred percent (100%) in real estate investments.
 - b. Returns will be measured against appropriate indexes and universes reflecting a real estate portfolio.
 - c. The initial amount allocated to each manager is \$7.5 million, which amount shall be allowed to increase through investment return and appreciation without limit.
- 12. In addition to the above, Rhumblin Advisers, 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 mid capitalization core index equity style.
 - c. The initial amount allocated to this manager is \$5.0 million, which amount shall be allowed to increase through investment return and appreciation without limit.

13. In addition to the above, EnTrustPermal Capital is subject to the following specific guidelines:
- a. The System will not own securities directly, but will own them indirectly through a commingled EnTrust Capital-managed fund of funds that invests in underlying investment vehicles managed by portfolio managers;
 - b. These underlying managers may use derivatives, although EnTrust Capital will not do so directly;
 - c. EnTrust Capital will not invest directly in securities traded on any exchange or stock market or invest directly in foreign stocks or bonds, although underlying managers may do so.
 - d. It is understood that this investment is in a fund of funds vehicle for which some investments may not meet the guidelines set forth herein. The applicable investment guidelines for this investment are set forth in the Offering Memorandum and will be allowed.
14. In addition to the above, Rhumblin Advisers, 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 growth index equity style.
 - c. The initial amount allocated to this manager is \$10.0 million, which amount shall be allowed to increase through investment return and appreciation without limit.
- ~~15. In addition to the above, ClariVest Asset Management LLC 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 growth equity style.~~
 - ~~d. The initial amount allocated to this manager is approximately \$14.0 million, which amount shall be allowed to increase through investment return and appreciation without limit.~~
16. In addition to the above, Sawgrass Asset Management LLC 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 growth equity style.

- c. The initial amount allocated to this manager is approximately \$14.0 million, which amount shall be allowed to increase through investment return and appreciation without limit.

17. In addition to the above, Toqueville Asset Management is subject to the following specific guidelines:

- a. The portfolio may be invested up to one hundred percent (100%) in fixed income.
- b. Returns will be measured against appropriate indexes and universes. For this purpose, the manager has indicated that the appropriate index is 50% of the Bloomberg Barclays Government Credit Index (BGC), 50% of the Bloomberg Barclays Intermediate Government Credit Index (BIGC).

OVERALL ASSET ALLOCATION

1. Constraints. The Board believes the System’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 System’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:

<u>Asset Class</u>	<u>Lower Limit</u>	<u>Normal Weighting</u>	<u>Upper Limit</u>
Cash or cash equivalents	0%	4%	9%
Domestic fixed income	19%	24%	29%
Large company domestic equities	35%	40%	50%
Mid Company domestic equities	5%	10%	15%
Small company domestic equities	0%	10%	15%
Real Estate	0%	10%	15%
Alternative Investments	0%	2%	5%

The allocations above are based on market values. At no time shall all equities combined exceed sixty seven percent (65%) of the total System, nor may all equities plus convertible securities exceed 75% of the total System, 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 System's 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 Investment Consultant to assist in the rebalancing process.

INVESTMENT MANAGER

The Board 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 Board with a statement of fiduciary responsibility. The Board will provide that Manager(s) certain guidelines, including, but not limited to, the interest assumption necessary to support the actuarial soundness of the System, the cash liquidity necessary to provide monthly pensions, and the current and projected cash flow into the System.

INVESTMENT REVIEW

The Board 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 System.

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

Amended through May 2019

For The Board of Trustees *Date*

For Inverness Investment Counsel *Date*

For Wells Capital Management *Date*

For Eagle Asset Management *Date*

For Garcia, Hamilton & Associates *Date*

For Rhumblin Advisers *Date*

For American Realty Advisors *Date*

For Intercontinental Real Estate Corporation *Date*

For EnTrustPermal Capital

Date

For Sawgrass Asset Management

Date

For Toqueville Asset Management

Date