

**CITY OF JACKSONVILLE EMPLOYEES RETIREMENT
SYSTEM**

**STATEMENT OF INVESTMENT POLICY,
GOALS AND GUIDELINES**

**Adopted January 2006
Amended August 27, 2009
Amended December 15, 2011
Amended October 26, 2017**

TABLE OF CONTENTS

<u>INTRODUCTION & PURPOSE</u>	<u>3</u>
<u>GENERAL OBJECTIVES</u>	<u>4</u>
<u>TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES</u>	<u>5</u>
<u>INVESTMENT MANAGER RESPONSIBILITIES</u>	<u>5</u>
<u>CONSULTANT RESPONSIBILITIES</u>	<u>7</u>
<u>CUSTODIAN RESPONSIBILITIES</u>	<u>8</u>
<u>INVESTMENT OBJECTIVES</u>	<u>9</u>
<u>ASSET ALLOCATION</u>	<u>10</u>
<u>INVESTMENT GUIDELINES</u>	<u>12</u>
<u>COMPLIANCE PROCEDURES</u>	<u>23</u>
<u>SECTION 112.661, FLORIDA STATUTES</u>	<u>24</u>
<u>PERFORMANCE EVALUATION</u>	<u>25</u>
<u>REVIEW OF POLICY</u>	<u>27</u>
<u>APPENDIX</u>	<u>28</u>

INTRODUCTION & PURPOSE

The City of Jacksonville Employees Retirement System (the "System") consists of two defined benefit pension plans and a disability plan. The defined benefit plans are The City of Jacksonville General Employees Retirement Plan and the City of Jacksonville Corrections Officers Retirement Plan (each the "Plan" or together the "Plans"). Although each Plan is unique and its assets and liabilities are valued separately, the Plans' assets are combined for investment purposes through a common pension trust Fund (the "Fund"). The System is administered by a Board of Trustees (the "Board") which has the fiduciary responsibility for the System's administration, the investment of its assets, and the management of its operations. The purpose of the City of Jacksonville Employees Retirement System is to provide long-term benefits to the Plans' participants and their beneficiaries. In recognition of its responsibility, the Board hereby adopts this Statement of Investment Policy, Goals and Guidelines (the "Policy").

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Board as they pertain to the Plans and the Fund. It is intended to provide the Board, the City's Treasurer, the System's Administrator and investment staff, the System's investment consultant, the System's investment managers and the System's custodian a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance shall be evaluated. The guidelines and objectives provided herein are intended only to complement those contained in Chapter 18610, Laws of Florida, Acts of 1937; Sections 112.661(5) and 215.47, Florida Statutes; Sections 120.103 and 120.104, Jacksonville Ordinance Code, and any other applicable ordinances or statutes. If at any time this document is found to be in conflict with such ordinances or statutes, the ordinances and statutes shall prevail.

Assets of the Plans are held in trust in the Fund for the exclusive purpose of providing benefits to the Plans' participants and their beneficiaries and to defray the reasonable expenses of the Plans. See Sections 120.101(a), 120.103(a), 120.104(a) and 120.213(a), Jacksonville Ordinance Code, and Sections 112.656 and 112.66(9), Florida Statutes. It is the policy of the Board that no part of the corpus or income of the Plans' assets shall be used for or diverted to purposes other than providing benefits to the Plans' participants and their beneficiaries, to reimburse the City of Jacksonville for any advanced payments, or to pay reasonable expenses of the System.

The Board acknowledges that the Employee Retirement Income Security Act of 1974, as amended ("ERISA") does not directly apply to the System as a governmental retirement plan and that the investment policy describes the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to the System's funds. However, in performing its investment duties the Board shall comply with the fiduciary standards set forth in ERISA, found at 29 U.S.C. Section 1104(a)(1)(A)-(C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661 or other applicable sections of Florida Statutes shall apply.

The investment policies set forth in this document are established after a thorough review of the unique needs and circumstances of the Fund and a careful evaluation of the risk and potential returns expected from various mixes of stocks, bonds, real estate, cash equivalent securities, and other permissible assets. It is the Board's intention that the investment policies herein be sufficiently specific to be meaningful but adequately flexible to be practical. Responsible parties shall not deviate from these policies without the written permission of the Board. In the case of emergency circumstances, however, the City's Chief Financial Officer or Treasurer shall be allowed to deviate from this Policy when necessary to preserve Fund assets, subject to any statutory limitations.

A set of Investment Manager Instructions (the "Instructions") are developed by the System's investment consultant for each separate account established with an investment manager and approved by the Board. Such instructions shall contain the manager's benchmark by which the manager's performance is measured, any internal account restrictions or limitations, and any necessary exceptions to the Policy. The Board may periodically approve changes or permit exceptions to this Policy in order to maintain flexibility in the investment of the System's assets, adjust to changes in the capital markets, or take advantage of market opportunities. Such changes or exceptions shall be noted in the Manager Instructions or amendments to this Policy.

Any time any party in a contractual relationship with the System (e.g. investment consultant, investment manager, custodian, etc.) believes any changes to this Policy become necessary or advisable, they shall make a request in writing for such change, which shall be communicated by the System staff to the Board, if necessary. The Board is responsible for approving all such requests. The Board shall give notice to the City Council President, Council Finance Committee Chairperson, and Council Auditor of any proposed changes to this Policy not less than 60 days prior to the final meeting for adoption of such change. Upon approval by Board vote, System staff shall communicate all changes as necessary.

GENERAL OBJECTIVES

The investment objective of the System is to preserve the purchasing power of the System's assets and earn a reasonable real rate of return (after inflation) over the long term while minimizing, to the extent reasonable, the volatility of returns.

To achieve these objectives, the Board seeks to create a well-diversified and balanced portfolio of equity, fixed income, real estate, diversifying assets, money market and other investments as described herein. The Board may invest System assets in any securities, real property and other assets it deems appropriate after a thorough review of the needs of the Fund and a careful evaluation of the potential risk and returns, provided such investment is authorized by this Policy and not prohibited by law. The Board has determined that outside investment managers may be retained to assure that investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

TREASURER & PLAN ADMINISTRATOR RESPONSIBILITIES

The City Treasurer is also the Treasurer of the System. The Treasurer and the Plan Administrator are responsible for implementing decisions made by the Board, administration of the System and Plans in alignment with applicable law and policies, and communicating Board directives to the investment managers and other related professionals. The Board authorizes the Treasurer and the Plan Administrator to deviate from these directives, subject to the investment limitations contained in Sections 112.661 and 215.47, Florida Statutes, and only when deemed in the best interest of the System with the concurrence of the City's Chief Financial Officer. Any such deviation shall be promptly reported to the Board no later than the next Board meeting.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, the Board delegates to each investment manager full investment discretion with respect to the management of assets under its control. Such discretion includes decisions to buy, hold and sell securities in amounts that are reflective of the manager's investment strategy and in compliance with the Policy. The investment managers' acceptance of the responsibility to manage assets for the System constitutes an acceptance of this Policy, affirming the belief they are capable of achieving the System's objectives within the guidelines and limitations stated herein.

The Board delegates to each investment manager the responsibility to vote any and all proxies applicable to designated Plan assets under their management. The investment manager has the responsibility to vote solely in the interest of the Plans' participants and to protect the value of the securities within the Fund. Investment managers shall keep accurate records with respect to their voting of proxies. Investment managers shall forward to the Board at least annually a proxy voting report, including a summary of all instances where votes were cast against management, or where votes were cast against the manager's internal proxy voting policies, along with the manager's supporting rationale for each such situation.

Except as provided below in this paragraph, the System's investment managers shall discharge their responsibilities in the same manner as if the System were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). Although the Board acknowledges that ERISA does not directly apply to the System as a governmental retirement plan, in carrying out its investment activities with respect to the System's assets each investment manager shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA. Each investment manager shall acknowledge in writing that it is a fiduciary, as that term is defined by ERISA, of the System or of the investors in the commingled fund, partnership, or other commingled investment vehicle that the investment manager is retained to manage. Exceptions may be made by the Board on a case-by-case basis if

necessary. Each investment manager shall be responsible only for those assets under its management.

Unless otherwise approved on an exception basis and fully disclosed to the Board in advance, investment managers shall not:

- Take custody of assets under their control;
- Execute trades through brokers affiliated with the investment manager or the System's investment consultant or custodian; or
- Otherwise pay any fees, compensation or gratuities to the System's investment consultant or custodian.

Each investment manager is expected to provide all reasonable information to the System's custodian necessary for the timely and effective management and trade settlement of its account, including information on trades, cash balances, and pricing discrepancies.

Unless otherwise provided by the System's custodian through a cash sweep vehicle, each investment manager shall invest cash reserves in permissible cash equivalent securities in order to minimize uninvested cash balances.

All investment transactions shall be completed on a best price, best execution basis. The investment managers, as fiduciaries, have the responsibility to execute all transactions in the best interest of the Fund.

- On a case-by-case basis, the Board may direct any manager to execute a portion of its trades through one or more commission recapture services selected by the Board.

Each investment manager is expected to provide all reasonable information requested by the Board. All managers shall keep the Board and investment consultant informed on a timely basis of:

- Significant changes in their investment outlook, investment strategy, asset allocation;
- Changes in ownership, organizational structure, financial condition, investment process, or regulatory registration ;
- Any regulatory action, investigation or legal action affecting the firm or its employees;
- Changes in professional staffing to the investment management firm or investment product utilized, including client service personnel; and
- All other matters affecting their relationship with the System.

Whenever investment managers believe that any particular guideline should be altered, it is the investment manager's responsibility to initiate written communication with the Board and investment consultant requesting such change.

At a minimum, each manager shall provide a quarterly report that includes the following:

- All investment activity (incl. securities purchases and sales);
- The portfolio's current value;
- Investment performance and attribution;
- An analysis of portfolio characteristics;
- A market and investment outlook;
- Any changes in investment philosophy or strategy;
- Any significant changes in the personnel or ownership of the firm;
- A summary of commission costs, brokers utilized and all portfolio directed brokerage activities;
- On an annual basis each equity manager shall provide a summary report of all proxies voted and whether any proxies were voted as an exception to the manager's stated proxy voting guidelines.

Real estate managers shall provide reports with similar information as described above but tailored to provide relevant risk exposure, portfolio construction and return information suitable for that asset class or strategy given industry standards.

Each investment manager is expected to meet with the Board or its designated representatives periodically to review investment performance and philosophy.

CONSULTANT RESPONSIBILITIES

The primary duty of the investment consultant is to provide investment advice to the Board and to assist the Treasurer and Plan Administrator and staff in the implementation of the Board's directives and management of the investment process. This includes meeting regularly with the Board to provide information, market perspective, and evaluation as to the System's goals, objectives, limitations, investment structure and investment performance as part of the overall development, implementation and monitoring of a diversified investment portfolio.

Specific duties of the investment consultant include:

- 1) Making recommendations to the Board of appropriate actions which shall enhance the probability of achieving Fund objectives such as use of various asset classes, implementation of investment strategy, changes in investment policy, and changes in investment managers or other service providers;
- 2) Assisting the Board in developing appropriate asset mixes through the development of regular asset-liability studies or asset allocation reviews;
- 3) Assisting the Board in deploying an appropriate asset mix through the development of specific investment strategies and supporting policies;
- 4) Making recommendations to the Board with respect to rebalancing;
- 5) Providing comprehensive evaluation of the investment results of the Fund and its individual asset managers in light of this Policy;

- 6) Notifying the Board of changes in the structure, personnel, ownership, or process of managers serving the System;
- 7) Conducting searches for investment managers and other service providers as necessary and making recommendations for such positions;
- 8) Disclosing potential conflicts of interest as they become known; and
- 9) Providing ad hoc investment research and other support as may be necessary to support the Board's educational and informational needs.

CUSTODIAN RESPONSIBILITIES

The Board shall retain a bank or trust company to act as custodian for the System's assets. Such custodian shall be responsible for the safekeeping of all the System's assets put under its custody, as well as the regular valuation of System assets and settlement of investment managers' trades on behalf of the System.

In order to maximize the investment return, no money should be allowed to remain idle and uninvested. Dividends, interest, proceeds from sales, new contributions and all other monies shall be invested promptly upon receipt. Consistent with these requirements, the custodian shall be responsible for the following functions:

- 1) Accept daily trading/cash reconciliation instructions from the money managers;
- 2) Advise investment managers daily of changes in cash equivalent balances;
- 3) Immediately advise managers of contributions and withdrawals from account;
- 4) Notify investment managers of tenders, rights, fractional shares or other dispositions of holdings;
- 5) Resolve any custodial account problems with investment managers;
- 6) Safekeeping of securities;
- 7) Collection of all interest and dividends;
- 8) Daily sweep of idle cash balances;
- 9) Process all investment manager security transactions;
- 10) Collect proceeds from maturing securities and sale transactions;
- 11) Make cash disbursements as directed;
- 12) Provide monthly accounting statements based on fair market value for each security in each investment manager account and a consolidated statement of all assets under custody;

- 13) Provide account representative and back-up to assist City staff in all needs relating to the custody and accountability of System assets;
- 14) Managing as securities lending agent and/or assisting the securities lending program as directed by the Board;
- 15) Provide a schedule of commissions paid and brokers used by each investment manager;
- 16) Provide reports or assistance on corporate actions, class action notice filings, forwarding proxies to appropriate parties and any other actions or reports mutually agreed upon by the custodian and the Board;
- 17) Provide any other tasks necessary for the effective safekeeping, valuation or administration of System assets.

INVESTMENT OBJECTIVES

The broad investment objective of the System is, to the extent possible, to ensure over the life of the System that an adequate level of assets are available to fund the benefits payable to the Plans' participants and beneficiaries at the time they become payable. In meeting this objective, the Board seeks to achieve a high level of investment return consistent with a prudent level of portfolio risk.

In addition, the System seeks a total rate of return after all expenses that equals or exceeds the current actuarial investment return assumption. The Board, with help from the actuary and investment consultant, shall use the Fund's asset allocation as the primary tool to achieve this objective. As this is a long-term objective and investments are subject to short-term volatility, the main investment focus of the Board is the expected return and associated expected volatility of the Plan as a whole over a long-term investment time horizon. The performance of each asset class and the performance of each manager relative to appropriate market indices and style peer comparisons shall be monitored over both the long term and short term. Each manager is expected to maintain a consistent philosophy and style, perform well versus others utilizing the same style, and add incremental value after costs.

Long-term growth of capital: The Board recognizes that short-term fluctuations may result in the loss of capital earned on occasion (i.e., negative rates of return). However, in the absence of contributions and withdrawals, the asset value of the Plans should grow over the long run and achieve the investment goals set out below.

Preservation of Purchasing Power: the preservation of purchasing power is another long-term investment objective for System. Asset growth, exclusive of contributions and withdrawals, should exceed the rate of inflation (as measured by annual CPI) over the long term in order to preserve purchasing power of future benefits.

The specific investment goals of the System are as follows:

- To earn an annualized rate of return, over the long term, that exceeds the annual rate of change in the Consumer Price Index (CPI, net of fees).
- To earn an annualized rate of return over the long term equal to or in excess of the System's actuarial assumed rate of return, net of fees.
- To earn a total rate of return, net of fees, over a market cycle, (roughly 7 years) that exceeds the return of a Policy Index. The Policy Index for the System is defined as a hypothetical index constructed of the target allocation for each broad asset class, as adopted by the Board and contained in the Policy, invested in a broad market index representing that asset class. The Policy Index may change from time to time as the asset allocation target for the System changes, as approved by the Board.
- In addition, it is expected that over a market cycle (roughly 7 years) the rate of return earned by the System shall rank above median when compared to a representative universe of other, similarly managed and sized, retirement systems and portfolios.
- It is the goal for each active investment manager to achieve an annualized total rate of return, over a market cycle (roughly 7 years) which exceeds a broad market benchmark, net of fees, and ranks above median in a style peer performance universe. The broad market benchmarks are shown in each investment manager's Investment Instructions. It is the goal for each passive investment manager to achieve an annualized total rate of return, gross of fees, that matches the underlying market benchmark, and minimizes tracking error.

ASSET ALLOCATION

The Board believes that the level of risk assumed in the Fund is a function, in large part, of the Fund's asset allocation. The proportion of assets allocated for equity investments is a major determinant of volatility of future returns. As indicated by long-term historical data, the risk of equity ownership has been rewarded with a higher rate of return and is necessary in the current market environment to fully fund future liabilities. The risk tolerance of the Board shall also be expressed through eligible asset classes and target asset allocation.

The Fund's investments shall be invested in a diversified portfolio composed of some or all of the following: equity securities (both domestic and international), fixed income securities (both domestic and international), real estate, diversifying assets (including but not limited to: private equity, private debt, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) as permitted by this Policy and any applicable ordinance or statute), and cash equivalent securities. Accordingly, the portfolio shall be structured to provide real growth of market value over

time while providing downside protection, to the extent reasonable under prevailing market conditions, during periods of economic or capital market distress or volatility.

Based on its determination of the appropriate risk posture for the Fund, and its long-term return expectations, the Board, with recommendations from the investment consultant and actuary, shall maintain asset-mix guidelines for the Fund, based on market values. The asset allocation is a strategic asset allocation. The long term target allocation percentage and permitted range for each asset class shall be based upon the most recent asset-liability study or asset allocation review performed by the investment consultant, generally every few years, and as adopted by the Board. Both the target allocations and permitted ranges should be adhered to under normal circumstances. However, because the target allocations and permitted ranges are long term in nature, periodically the asset mix may fall outside the target or range. Dollar-cost-averaging, portfolio transition or other cases where the Board determines deviation from the target or range is in the best interest of the Fund are permitted exceptions. This in no way should be considered market timing and is not viewed as such by the Board.

The Board, in conjunction with the investment consultant and actuary, is responsible for broad asset allocation decisions. A manager's cash holdings can disrupt this position and therefore under normal circumstances should be limited to five percent (5%) of its portfolio market value. Therefore, each manager's portfolio is to be fully invested, although cash can be held briefly when a security is sold prior to reinvestment. The only exception to this shall be when cash is used as part of a duration or term-structure strategy of a fixed income manager. This exception is consistent with the Board's decision to have managers avoid market-timing decisions stated above.

Until such time as the Board changes the broad asset class targets, a routine rebalancing of the various portfolios back within permitted allocation range shall be implemented as necessary. The first tool used to achieve this rebalancing shall be regular cash flows. After that, manager cash and portfolio liquidation shall be used.

When market experience moves the portfolio allocation outside a range of +/- 5% around the target allocation at month end, the Treasurer, Plan Administrator, or investment staff in conjunction with the investment consultant shall consider any necessary action to rebalance back toward the target allocation. Priority of rebalancing shall be asset class before style or individual manager.

After a thorough review of the expected risk and return of various asset mixes, the Board of Trustees has established the following target asset allocation for all assets of the City of Jacksonville Retirement System:

Asset Class	Minimum	Target	Maximum
Domestic Equities	20%	30%	40%
International Securities	10%	20%	25%*
Fixed Income	10%	20%	30%
Real Estate	0%	15%	20%
Diversifying Assets** ₍₁₎	0%	15%	20%
Cash	0%	0%	10%

***Statutory Maximum**

**ex.) Private Equity, Private Debt, equity or debt long-short, event-driven, relative value, or tactical trading strategies, MLPs, and real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources)

⁽¹⁾ Within the Diversifying Assets allocation, a subcategory of the following strategies shall have a minimum of 0%, target of 5%, with a maximum allowable investment of 7.5%: equity/debt long-short, event-driven, relative value, and tactical trading. If the maximum threshold of 7.5% is breached, holdings in this subcategory shall be liquidated to reestablish compliance as soon as administratively possible.

INVESTMENT GUIDELINES

Sections 112.661 and 215.47, Florida Statutes, describe the permissible investments for the System and limitations on investments. Section 120.103, Jacksonville Ordinance Code, authorizes the Board to establish allocations containing permissible investments to those defined by this Policy, within the limits set forth by statute. The following broad investment guidelines contain both a restatement of those sections and additional limitations. They also may be modified as set forth in any individual investment manager instructions, to the extent approved by the Board and permitted by applicable ordinances and statutes.

EQUITY SECURITIES

Permitted Securities:

The following are permissible investments:

- All equity investments shall be limited to fully and easily negotiable equity securities that are listed on a national exchange.
- Permissible securities shall include equity separate accounts and commingled vehicles consisting of those common stocks, preferred stocks and convertible securities.
- American Depository Receipts are permissible in domestic equity portfolios.

- American Depository Receipts and Global Depository Receipts are permissible in international equity portfolios.
- Other equity securities listed in the Equity Guidelines below.

Equity Guidelines

- 1) The total equity portfolio may not exceed 80% of the Fund's assets measured at market value.
- 2) The total portion of the Fund's international equity holdings combined with non-US dollar corporate bonds may not exceed 25% of the Fund's assets measured at market value.
- 3) No more than 5% of the market value of the total equity portfolio may be invested in the stock shares of any one company.
- 4) Investments in shares of companies that have been publicly traded for less than one year are limited to no more than 10% of the market value of the total equity portfolio.
- 5) American Depository Receipts are permissible in domestic equity portfolios and are limited to 15% of a manager's portfolio.
- 6) Exchange Traded Funds or index fund investments are permitted.
- 7) No equity portfolio, measured at market value, shall have an economic sector weighting which exceeds the greater of either 30% or 2 times the sector weight of the underlying benchmark.
- 8) Not more than 80 percent of the Fund may be invested in common stock, preferred stock, and interest-bearing obligations of a corporation having an option to convert into common stock, provided:
 1. The corporation is organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or
 2. The corporation is listed on any one or more of the recognized national stock exchanges in the United States and conforms with the periodic reporting requirements under the Securities Exchange Act of 1934.
- 9) Not more than 75 percent of the Fund may be in internally managed common stock.

- 10) The Board shall not invest more than 10 percent of the equity assets of the Fund in the common stock, preferred stock, and interest-bearing obligations having an option to convert into common stock, of any one issuing corporation; and the Board shall not invest more than 3 percent of the equity assets of the Fund in such securities of any one issuing corporation except to the extent a higher percentage of the same issue is included in a nationally recognized market index, based on market values, at least as broad as the Standard and Poor's Composite Index of 500 Companies, or except upon a specific finding by the Board that such higher percentage is in the best interest of the fund.
- 11) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any foreign corporation or foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.
- 12) A total return goal of the domestic equity composite, net of fees, is to exceed the return of the Russell 3000 Index over a market cycle (roughly 7 years).
- 13) The total return goal of the international equity composite, net of fees, is to exceed the return of the MSCI All Country World EX-US Index over a market cycle (roughly 7 years).

FIXED INCOME SECURITIES

Permissible Securities:

The following are permissible investments:

- Bonds, notes, or other obligations of the United States or those guaranteed by the United States or for which the credit of the United States is pledged for the payment of the principal and interest or dividends thereof.
- Florida State bonds pledging the full faith and credit of the state and revenue bonds additionally secured by the full faith and credit of the state.
- Bonds of the several counties or districts in the state containing a pledge of the full faith and credit of the county or district involved.
- Bonds issued or administered by the State Board of Administration secured solely by a pledge of all or part of the 2-cent constitutional fuel tax accruing under the provisions of s. 16, Art. IX of the State Constitution of 1885, as amended, or of s. 9, Art. XII of the 1968 revised State Constitution.
- Bonds issued by the State Board of Education pursuant to ss. 18 and 19, Art. XII of the State Constitution of 1885, as amended, or to s. 9, Art. XII of the 1968 revised State Constitution, as amended.

- Bonds issued by the Florida Outdoor Recreational Development Council pursuant to s. 17, Art. IX of the State Constitution of 1885, as amended.
- Notes, bonds, and other obligations of agencies of the United States.
- Other bonds listed in the Fixed Income Guidelines below.

Fixed Income Guidelines

- 1) At a minimum, 80% of the total fixed income portfolio shall be rated "investment grade" or higher. The Board defines investment grade as "BBB-", "Baa3" or their equivalent. In the event of a split rating, the security must be rated "BBB-", "Baa3" or their equivalent by at least two investment rating agencies to be considered investment grade.
- 2) Permissible securities shall include fixed income separate accounts and commingled vehicles consisting of those US Treasuries and Agencies, corporate bonds, mortgage-backed securities, asset backed securities and convertible securities listed above.
- 3) Investments in corporate bonds issued by a non-US corporation of commercial entity shall not exceed 25% of the market value of the total fixed income portfolio. Non US pay equity securities traded outside the US shall also be counted toward the 25% limitation. This limitation shall not apply to US dollar denominated securities listed and traded on US exchanges.
- 4) The total value of the securities of any single non-US Government issuer shall not exceed 5% of the market value of the total fixed income portfolio.
- 5) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the total fixed income portfolio.
- 6) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.
- 7) Investments in Commercial Mortgage Backed Securities (CMBS) are permitted, provided they are rated AAA by a major rating service. However, the total value of all CMBS investments shall not exceed 25% of the market value of the total fixed income portfolio.
- 8) All fixed income investments shall be limited to fully and easily negotiable fixed income securities, unless specifically authorized by the Board.
- 9) Investments in convertible bonds shall be limited to 10% of the market value of the total fixed income portfolio. However, any convertible bond investments should be liquidated at the time of conversion so as to avoid the fixed income managers holding equity securities in a fixed income portfolio.

10) Structured notes may not be held in the fixed income portfolio.

11) The following are limited to 25% or less of the Fund:

1. Bonds, notes, or obligations of any municipality or political subdivision or any agency or authority of this state, if the obligations are rated investment grade by at least one nationally recognized statistical rating organization.
2. Notes secured by first mortgages, insured or guaranteed by the Federal Housing Administration or the United States Department of Veterans Affairs.
3. Mortgage securities which represent participation in or are collateralized by mortgage loans secured by real property. Such securities must be issued by an agency of or enterprise sponsored by the United States Government, including, but not limited to, the Government National Mortgage Association, the Federal National Mortgage Association, and the Federal Home Loan Mortgage Corporation.
4. Group annuity contracts of the pension investment type with insurers licensed to do business in this state which are rated investment grade by at least one nationally recognized rating service.
5. Fixed-income obligations not otherwise authorized by this section issued by foreign governments or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities, if the obligations are rated investment grade by at least one nationally recognized rating service.
6. A portion of the funds available for investment pursuant to this subsection may be invested in rated or unrated bonds, notes, or instruments backed by the full faith and credit of the government of Israel.
7. Obligations of agencies of the government of the United States, provided such obligations have been included in and authorized by the Florida Retirement System Defined Benefit Plan Investment Policy Statement established in Section 215.475, Florida Statutes.
8. United States dollar-denominated obligations issued by foreign governments, or political subdivisions or agencies thereof, supranational agencies, foreign corporations, or foreign commercial entities.
9. Asset-backed securities not otherwise authorized by this section.

12) Not more than 80 percent of the Fund may be invested in interest-bearing obligations with a fixed maturity of any single corporation or commercial entity within the United States.

- 13) Not more than 25 percent of the Fund may be invested in corporate obligations and securities of any kind of a foreign corporation or a foreign commercial entity having its principal office located in any country other than the United States of America or its possessions or territories, not including United States dollar-denominated securities listed and traded on a United States exchange which are a part of the ordinary investment strategy of the Board.
- 14) The total return of the fixed income composite, net of fees, should exceed the return of the Barclays Capital US Universal Bond Index over a market cycle (roughly 7 years).

REAL ESTATE

Permissible Investments:

Certain interests in real property and related personal property, including mortgages and related instruments on commercial or industrial real property, with provisions for equity or income participation or with provisions for convertibility to equity ownership; and interests in collective investment funds are permissible investments. Associated expenditures for acquisition and operation of assets purchased under this provision or of investments in private equity or other private investment partnerships or limited liability companies shall be included as a part of the cost of the investment.

1. The title to real property acquired under this paragraph shall be vested in the name of the Fund.
2. For purposes of taxation of property owned by the Fund, the provisions of Section 196.199(2)(b), Florida Statutes, do not apply.
3. Real property acquired under the provisions of this paragraph shall not be considered state lands or public lands and property as defined in Florida Statutes Chapter 253, and the provisions of that chapter do not apply to such real property.

Real Estate Guidelines

- 1) Notwithstanding the restrictions and limitations set forth in paragraphs 1 and 2 of the "Equity Securities" section above or elsewhere in this Policy and when deemed appropriate by the Board, real estate investments may be made in any legally permissible real estate investment vehicles, including, but not limited to, individual property investments, joint ventures, commingled funds, including insurance company separate accounts, real estate investment trusts (REIT's), master limited partnerships (MLPs), limited partnerships and limited liability companies, in an amount up to 25% of the Fund.

- 2) The Board shall seek to diversify its real estate portfolio by property type (multi-family residential, industrial, office, retail, timberland, etc.), property location (geographic region), tenant dominance (avoiding tenants all belonging to the same company or industry) and strategy (core diversified, value-added, opportunistic).
- 3) As real estate investments over time are intended to provide, relative to other asset classes, a higher level of income, lower volatility of total return, and lower correlation to other asset classes, leverage is generally limited to 35% at the portfolio level for core investments and 70% at the portfolio level for value-added/opportunistic investments.
- 4) Any investment or co-investment in a single property shall not exceed one half of one per cent (0.5%) of the Plans' total assets unless specifically permitted by the Board.
- 5) All real estate investments shall be managed by experienced and qualified professional investment managers.
- 6) The total return goal of the real estate composite, net of fees, is to exceed the return of a blended index using the NCREIF ODCE index, MSCI US REIT Index, other appropriate index weighted to reflect Policy weights of the respective strategies.

CASH EQUIVALENT SECURITIES

The following are permissible investments:

Permissible Securities:

- Savings accounts in, or certificates of deposit of, any bank, savings bank, or savings and loan association incorporated under the laws of this state or organized under the laws of the United States doing business and situated in this state, the accounts of which are insured by the Federal Government or an agency thereof and having a prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization, provided such savings accounts and certificates of deposit are secured in the manner prescribed in Florida Statutes Chapter 280.
- Bonds issued by the Florida State Improvement Commission, Florida Development Commission, Division of Bond Finance of the Department of General Services, or Division of Bond Finance of the State Board of Administration.
- Notes, bonds, and other obligations of agencies of the United States.
- Commercial paper of prime quality of the highest letter and numerical rating as provided for by at least one nationally recognized rating service.

- Time drafts or bills of exchange drawn on and accepted by a commercial bank, otherwise known as banker's acceptances, which are accepted by a member bank of the Federal Reserve System and are of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Negotiable certificates of deposit issued by domestic or foreign financial institutions in United States dollars of prime quality of the highest letter and numerical ratings as provided for by at least one nationally recognized statistical rating organization.
- Short-term obligations not authorized elsewhere in this section to be purchased individually or in pooled accounts or other collective investment funds, for the purpose of providing liquidity to any fund or portfolio.
- Securities of, or other interests in, any open-end or closed-end management type investment company or investment trust registered under the Investment Company Act of 1940, 15 U.S.C. ss. 80a-1 et seq., as amended from time to time, provided that the portfolio of such investment company or investment trust is limited to obligations of the United States Government or any agency or instrumentality thereof and to repurchase agreements fully collateralized by such United States Government obligations and provided that such investment company or investment trust takes delivery of such collateral either directly or through an authorized custodian.

Cash Equivalent Guidelines

- 1) The investment managers may invest only in the following short-term investment vehicles, for the purposes of cash equivalents:
 - a) The money market or STIF provided by the System's custodian.
 - b) Direct obligations of the United States Government or its agencies with a maturity of one year or less.
 - c) Repurchase agreements which are fully collateralized by direct obligations of the United States Government.
 - d) Commercial Paper issued by United States corporations which has a maturity of 270 days or less and that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moody's.
 - e) Bankers Acceptances issued by prime money center banks.

USE OF FUTURES AND OPTIONS

The System and any of its external managers are authorized to buy and sell futures and options, provided the instruments for such purpose are traded on a securities exchange or board of trade regulated by the Securities and Exchange Commission or the Commodity Futures Trading Commission, unless the Board by rule authorizes a different market. Use of futures and options for speculative purposes is prohibited.

COMMINGLED AND MUTUAL FUNDS:

The Board recognizes and accepts that investments in commingled funds, common trust funds, mutual funds, limited partnerships, limited liability companies or similar investment vehicles shall be governed by the investment policies and guidelines of those funds and that no additional constraints may be imposed on them as they are frequently serving as fiduciaries to the investment vehicle itself of which the Fund holds an interest. The decision to invest Fund assets in any such fund shall only be made by the Board after a thorough review of the investment policies contained in the prospectus, trust document, offering memorandum or other governing documents of those funds, and after it has been determined that those policies are appropriate and generally consistent with the investment objectives of the System.

DIVERSIFYING ASSETS:**Permissible Strategies:**

The following are permissible investments:

- For purposes of this Policy, "diversifying assets" shall mean investments in private equity, private debt, equity or debt long-short, event driven, relative value, or tactical trading strategies, MLPs, real assets (timber, commodities, energy, oil and gas, metals and mining, or other natural resources) and shall also include other investments that generally are not publicly traded or which are managed through private investment vehicles.
- Such private investments shall include all sub-strategies including: buyout, growth capital, venture capital, distressed equity and debt investing, mezzanine financing, oil & gas, metals & mining, or other natural resources, and private capital or direct lending.
- Permitted investment vehicles shall include limited partnership structures, limited liability companies, or other forms of unregistered commingled funds. Investments may be made through fund of funds, primary funds, secondary funds and co-investment funds.
- In general private and debt investments involve the privately negotiated purchase primarily of unlisted, illiquid common and preferred stock; subordinated and senior debt of mostly privately held companies; and distressed

debt of both private and public companies. The purchase of these securities is generally in blind-pool limited partnerships, secondary offerings or co-investment funds.

- In general, the aforementioned strategies involve the purchase and sale of all types of publicly traded securities, currencies, options, futures and private placements. These strategies may also include the short sale of securities and the use of leverage and other types of derivatives.
- In general, real assets includes the purchase and sale of an equity or debt interest in natural resources (such as oil and gas development, energy and power infrastructure, agriculture, and metals and mining), commodities (agriculture, energy, industrial metals, livestock and precious metals), timberland, farmland, and water rights. These investments may be made in publicly traded securities, such as master limited partnerships (MLPs) or in private investment vehicles, such as limited partnerships.

Diversifying Assets Guidelines

1. The long-term role of diversifying assets is to improve the risk-adjusted return of the overall portfolio by increasing the long-term expected return above what would be normally available using only conventional securities and reducing overall portfolio volatility through use of a diversified set of strategies and the inherent smoothing of private valuation methods. The long-term nature of private investments and vintage year diversification shall be emphasized so that the System, as a long-term investor, may properly take advantage of the private negotiation of transactions and the illiquidity premium associated with such private investments.
2. Prior to making any investment in diversifying assets, the Board shall develop a set of separate guidelines specifically pertaining to the type of diversifying asset utilized. Leverage used in any strategy shall be fully disclosed and regularly updated. Any "lock-up" periods shall be appropriate given the underlying strategy.
3. The Board understands that there are certain additional risks associated with investing in private investments, such as: the long-term nature and illiquidity of the investment; the complexity of the strategies employed; the higher cost and delay of investment return to the System (e.g. "J-curve effect"); the possible lack of full public disclosure of certain financial information; and the labor intensive nature of private investment programs for plan sponsors to implement and monitor. However the Board has determined that possible reward outweighs the possible risks and has also determined that the long-term role of private investments stated above is consistent with the System's Policy.

4. In private equity, debt and real asset investing there is the risk of sustaining a complete loss on any of the individual company investments. The Board understands and expects that while specific investments may incur losses of all or part of invested capital, a diversified portfolio of holdings should produce a positive rate of return in excess of that available from public securities. Therefore, the System shall prudently diversify its private investment program in a manner consistent with professionally managed institutional private programs so as to decrease the likelihood of loss. The private investment portfolio in aggregate will be prudently diversified by having broad exposure across the strategies listed above. Further, the private portfolio in aggregate shall be diversified by: industry groups, company, number of transactions, stage of company maturity, form of investment, geography and time (vintage year diversification). Investment in non-US limited partnerships is permitted.
5. Over commitment: The implementation of the private investment program by the System shall be made over time so as to increase vintage year diversification. The timing of new commitments shall be spread out so as to avoid undue concentration of commitments in any one year. Over the long-term, it is expected that varying amounts of new funding will be committed each year to increase diversification. The Board recognizes that it will be necessary to make capital commitments in excess of the target allocation for private investments in order to achieve the target allocation and subsequently maintain it. The investment consultant shall monitor the amount of capital committed, drawn, invested and distributed and make a recommendation to the Board as to the amount of new commitments to be made each year.
6. Each fund shall be invested and diversified according to each fund's legal documentation. Accordingly, at the composite level, no limitations shall be imposed on any single partnership, strategy, or investment.
7. Public Records Request: The Board recognizes that periodically a request for information under a state statute or local ordinance "Public Record Request" may be made concerning the System's private investments. The Board believes that public disclosure of certain information about the System's private investments, especially financial information of the underlying companies held by limited partnerships, may materially harm the System's investments. Therefore the Board has adopted the following procedure in the event such a request is made: Public disclosure of the System's private investment shall be limited to the following: the identity of each fund; the amount of capital committed, invested and returned for each fund; the internal rate of return for each fund; any information disclosed by the fund to the Board in the Board's regular, open meetings, and as otherwise may be required by law.
8. The composite of private diversifying investments should produce a dollar-weighted return (internal rate of return or IRR) that exceeds a public market equivalent (PME) dollar-weighted return of a market index appropriate for the private strategies utilized over a full market cycle. Where possible, peer

comparisons shall be made using statistically valid performance universes with the expectation that performance will rank above median in vintage year periods.

9. The total return of the publicly traded diversifying assets composite or for which a valid investable index or peer universe exists, should exceed the return of a blended index using the S&P MLP Index, NCREIF Timberland Index, and any other appropriate indices weighted to reflect Policy weights of the respective strategies, net of fees.

COMPLIANCE PROCEDURES

In the event a security falls out of compliance with the investment manager's specific investment guidelines after purchase, the investment manager may continue to hold the security to avoid a "fire sale" scenario subject to the following:

- The securities must be permissible under Sections 112.661(5) and 215.47, Florida Statutes.
- The investment must represent no more than 2% of the investment manager's portfolio and the overall investment in the security across all managers' portfolios must not exceed 2% of the Plans' aggregate investment portfolio.
- Immediate notification shall be provided to the City's Treasurer and Chief Financial Officer ("CFO"), including a summary of the type, magnitude, and risk of such variance to the specific investment manager's guidelines.
- If the Treasurer and CFO both agree with the assessment, the request shall be referred to the Chairman of the Board for approval. If at any step during this process the retention of the security is not approved, Treasury staff and the investment consultant shall work with the investment manager to decide on the best manner of liquidation.
- Unless approved by the Chairman of the Board, a non-compliant security may not be retained beyond 30 days following the end of the quarter in which the non-compliance was discovered.
- If retention of the security is approved, the CFO shall send written acknowledgement to the applicable manager granting such exception to the Policy, which shall include the following:
 1. Defined enhanced reporting requirements for the manager regarding the specific investment holding which is an exception to the investment manager's specific guidelines, including:
 - a. Impact to the liquidity of the holding and portfolio managed, and

b. Impact on the return on the portfolio managed under the expected outcome and under the worst case scenario.

- Updates on the status of each security which is subject to a Policy exception shall be presented by the investment manager to the city's Treasurer at least monthly.
- Exceptions to the investment manager's specific guidelines shall be reported to the Board, and shall be included in the investment consultant's quarterly investment report. The Board shall have the ultimate authority over whether the exception should be approved or not.

SECTION 112.661, FLORIDA STATUTES

The Board has adopted the following additional provisions to comply with Section 112.661, Florida Statutes:

EXPECTED ANNUAL RATE OF RETURN: For each actuarial valuation the Board shall determine the total expected annual rate of return for the current year, for each of the next several years, and for the long term thereafter. This determination is to be filed with the Department of Management Services, the plan sponsor and the consulting actuary.

MATURITY AND LIQUIDITY REQUIREMENTS: The investment portfolio shall be structured in such manner as to provide sufficient liquidity to pay obligations as they come due. To the degree reasonable, an attempt shall be made to match investment maturities with anticipated cash flow requirements.

THIRD-PARTY CUSTODIAL AGREEMENTS: Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. 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 the extent possible, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

MASTER REPURCHASE AGREEMENT: All approved institutions and dealers transacting repurchase agreements shall perform as stated in the Master Repurchase Agreement.

BID REQUIREMENT: To the extent reasonable, 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 is to be selected.

INTERNAL CONTROLS: The Board shall establish a system of internal controls which shall be in writing and be a part of the Board's operational procedures. These internal controls are designed to prevent losses of funds, which might arise from fraud, error, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.

CONTINUING EDUCATION: The Board encourages continuing education of its members in the areas of investments and Board responsibilities.

REPORTING: The Custodian's valuation report is to be filed annually with the plan sponsor. This report is also available to the public.

FILING OF INVESTMENT POLICY: Once adopted by the Board, this Policy shall be promptly filed with the Department of Management Services, plan sponsor and consulting actuary. The effective date of this Policy and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

VALUATION OF ILLIQUID INVESTMENTS: The Board defines an illiquid investment as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

PERFORMANCE EVALUATION

The Board shall review the investment activities and investment performance of the System and each portfolio manager on a regular basis to assure compliance with the goals, objectives and guidelines contained in this Policy. The System's outside investment consultant shall assist the Board in interpreting investment results and assessing investment manager performance.

Investment performance shall be measured on at least a quarterly basis. Performance benchmarks shall include those stated in the Investment Objectives section above as well as comparisons to similar types of funds with similar market value and asset allocation.

Investment performance shall be compared using a statistically valid universe provided by the investment consultant as authorized by the Board. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this Policy.

While the Board intends to fairly evaluate the portfolio performance, it reserves the right to change investment managers, without liability except payment of current charges, for any reason which in the exercise of the Board's discretion is deemed sufficient, including but not limited to those stated below.

1. Change of the Board's investment philosophy;

2. Poor results, including but not limited to, a manager's full-market-cycle (roughly 7 years) returns underperforming relative to the appropriate benchmark for three or more consecutive quarters;
3. Failure to meet stated performance goals as described in the investment manager's specific guidelines or this Policy, and/or as measured against the appropriate benchmark or relevant manager universe;
4. Failure to meet the Board's communication and reporting requirements;
5. Deviation from the stated investment philosophy or style for which the investment management firm was hired; or
6. Change of decision-making personnel or ownership of the investment management firm.

Investment managers shall communicate with the Board and investment consultant as follows:

1. Provide portfolio valuation and transaction listings on at least a quarterly basis as stated above.
2. Meet at least annually with the Board, its Staff or investment consultant or as requested by the Board.
3. Communicate as outlined in this Policy regarding all other issues.

Board communication with investment managers:

1. On a timely basis, the Board shall provide the investment managers with changes to this Policy.
2. The Board shall also communicate as needed with the investment managers to:
 - a. Review and discuss any modifications and changes to the Plans' investment objectives, goals and guidelines;
 - b. Identify any significant anticipated changes in the Plans' cash flow, liquidity requirements or plan circumstances; and
 - c. Any other matter, which may bear upon the Plans' assets managed by a particular manager.

This Policy as well as the Plans' circumstances shall be reviewed annually by the investment consultant with the Board and possibly revised periodically to ensure this Policy continues to reflect the Board's objectives, goals, philosophy, etc.

The Board shall periodically review:

1. The Plans' asset allocation in light of the consultant's current capital markets assumptions.
2. Actual investment results to determine whether the Plans' asset allocation remains reasonable and each manager's decision-making process remains

consistent with the style and methodology for which the manager was originally retained.

3. The investment manager's proxy voting procedures and proxy voting records.
4. Commissions generated, commission rates charged and firms used by the investment managers to execute trades.
5. Manager fee schedules.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Policy periodically and to amend it to reflect any changes in philosophy or objectives. If at any time any investment manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, then such manager shall notify the Board in writing of the specific objection so that the Board may consider revising this Policy subject to applicable ordinances and statutes.

Amended this 26th day of October, 2017.



DAVID KILCREASE
SECRETARY - BOARD OF TRUSTEES
CITY OF JACKSONVILLE EMPLOYEES RETIREMENT SYSTEM

APPENDIX**SAMPLE INVESTMENT MANAGER INSTRUCTIONS****Policy:**

The portfolio under the supervision of sample manager is intended to be a domestic equity portfolio.

Sample manager has been hired to pursue an investment style, which the Board has defined as a large cap value, domestic equity style. The Board has selected this investment style to be different, yet complement the other domestic equity managers employed. Sample manager is expected to produce investment returns that are 100 basis points over the Russell 1000 Value Index on an annualized basis over rolling three-to-five year periods, net of fees and rank above median compared to their style peers over the same period. It is understood that investment returns are not guaranteed.

Guidelines:

- A. The portfolio shall be a large cap value, domestic equity portfolio. Sample manager may purchase short-term cash equivalent instruments, which for the purpose of measurement, shall be treated as equity reserves, not as fixed income securities. Convertibles are also permissible; however, they shall be treated as equities as well. The portfolio is expected to remain fully invested.
- B. It is sample manager's decision as to whether or not to utilize the Short-Term Investment Fund offered by the custodian, or another cash equivalent vehicle, and in doing so, is responsible for assessing the credit worthiness and relative return attractiveness of any alternative to the custodian's STIF used.
- C. Sample manager may use exchange-traded funds such as S&P Depository Receipts ("Spiders") for the purpose of short-term equitization of unused funds, including cash in the account due to a contribution or pending withdrawal.
- D. The portfolio shall be adequately diversified according to the internal policies established by sample manager regarding individual securities and industries to avoid the undue risk inherent in non-diversified holdings. In addition to the limitations set out in the Guidelines, the following limitations shall apply:
 1. Exposure to any single economic sector is limited to the greater of: 30% or 2X the sector weight in the underlying benchmark (listed below) based on market value.

2. American Depository Receipts are permissible but are limited to a maximum of 15% of the portfolio based on market value.
- E. The portfolio performance shall be measured on a total return basis, which includes both income and change in market value.
- F. Sample manager shall be reviewed quarterly based on the following:
1. Adherence to style risk assignment, including portfolio characteristics relative to those of the benchmark.
 2. The value-added over the Russell 1000 Value Index.
 3. The trend of value-added over the Russell 1000 Value Index.
 4. The value-added over median similar style investment managers.

These guidelines are not to be construed as restrictive to sample manager' ability to follow the strategies it considers are the most appropriate given the Board's directives contained in the Investment Policy and these Instructions, but rather as an exercise of the Board's fiduciary responsibility. If at any time sample manager feels that the Policy or these Instructions are unrealistic, or may be a hindrance in pursuing their investment style, the Board and the investment consultant are to be notified immediately in writing.

