

**CITY OF MIAMI
GENERAL EMPLOYEES' &
SANITATION EMPLOYEES'
RETIREMENT TRUST**

INVESTMENT POLICY

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PROLOGUE

Purpose

This document sets out the responsibilities and operational policies established for the management of the City of Miami General Employees' and Sanitation Employees' Retirement Trust (Trust). All investments must be in accordance with Florida Statute Chapters 112.661 and 215.47. The investment policy will incorporate and be in compliance with the language in Chapter 2000-264, Laws of Florida.

At all times, the assets of the Trust will be maintained in compliance with all appropriate laws governing the operation of Trusts. The investment policy shall describe the level of prudence and ethical standards to be followed by the Board in carrying out its investment activities with respect to funds described in this section. The Board in performing its investment duties shall comply with the fiduciary standards set forth in the Employee Retirement Income Security Act (ERISA) of 1974 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. The Prudent Man Standard of Care includes but is not limited to the following:

A fiduciary shall discharge its duties with respect to a Trust solely in the interest of the participants and beneficiaries and

- For the exclusive purpose of
 - providing benefits to participants and their beneficiaries and
 - defraying reasonable expenses of administering the Trust
- With the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man 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 the investments of the Trust so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so

Governance

In order for the Trust to be managed effectively and efficiently, it is critical that sound governance structures be in place and vigorous disciplines exist for carrying out Trust activities. Governance standards have been established at three levels:

- Trust oversight -- establishing and periodically reviewing the Trust's policies
- Trust financial management -- implementing investment policy and recommending appropriate changes
- Trust operations – administering and maintaining internal control procedures, monitoring investment and custody of assets, providing analysis and information for decision-making, and reporting to the Board

Internal Controls

The Trust shall be governed by a set of written internal controls and operational procedures. The Pension Administrator is responsible for establishing and maintaining the internal control structure. This policy is designed to safeguard the Trust from losses that may arise from fraud, error or misrepresentations by third parties, or imprudent actions by the Board or employees of the plan sponsor. A copy of the Internal Control Policy is attached.

The Board shall retain an independent Certified Public Accountant on an annual basis, who shall periodically review such controls as part of the financial audit.

Continuing Education

The Trust acknowledges the importance of continuing education for Trustees. The investment policy shall provide for the continuing education of the Board members in matters relating to investments and the Board's responsibilities.

Objectives

The assets of the Trust will be managed to achieve the following objectives:

- Provide a funding resource for pension liabilities, thereby maintaining retirement income security for Trust participants and their beneficiaries
- Maintain an overall level of financial asset adequacy

The goal is to seek to achieve the objectives through investing in a suitable mix of assets. The mix across asset classes should provide the level of returns needed by the Trust to meet its liabilities at an acceptable level of risk.

Expected Annual Rate of Return

The investment policy shall require that, for each actuarial valuation, the Board 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 must be filed promptly with the Department of Management Services and with the plan's sponsor and the consulting actuary. The department shall use this determination only to notify the Board, the plan's sponsor, and the consulting actuary of material differences between the total expected annual rate of return and the actuarial assumed rate of return.

Definitions

The "Trust" Defined

In this document, references to the “Trust” mean the pension plan sponsored by the City of Miami General Employees’ and Sanitation Employees’ Retirement Trust.

The "Board" Defined

In this document, references to the “Board” mean the nine member Board of Trustees, which governs the Trust. The membership is selected in accordance with the Ordinance and is as follows:

- One trustee selected by the City Manager
- Two trustees selected by general employees
- Two trustees selected by the sanitation employees
- Four trustees, who are not city employees, selected by the Commission

The “Staff” Defined

In this document, references to “staff” mean the staff of the Trust, primarily the Pension Administrator. Staff has been delegated day-to-day management responsibilities for Trust assets and the relationships with other agents and consultants. The Staff will report its actions and meet with the Board at its regular scheduled meetings.

The “Custodian” Defined

In this document, references to “Custodian” mean the organization appointed by the Board to perform the fiduciary functions of custodian for the Trust. The Board shall retain a third party to perform this function. All securities shall be designated as an asset of the Board and 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 must be made on a “delivery versus payment” basis, if applicable, to ensure that the custodian will have the security or money, as appropriate in hand at the conclusion of the transaction.

Roles and Responsibilities

Board

The Board is designated as the named fiduciary of the Trust and has the responsibility to control, manage and invest the assets of the Trust. In this capacity, the Board will have the authority to employ persons to render advice with respect to its responsibilities under the Trust, appoint and discharge investment managers and other advisors, and manage the assets of the Trust.

The Board shall determine, in consultation with its actuary, consultant and investment professionals, the total expected annual rate of return for the current year, for the next several years, and for the long term thereafter.

The Board's responsibilities include:

- Adopting and revising the Trust's investment policy.
- Monitoring the investment performance and compliance with this Investment Policy by third parties that have been given investment discretion over the Trust's assets.
- Appointing custodians, investment advisors and managers whose expertise is deemed to be appropriate and necessary and reviewing and approving their billings for services rendered.
- Establishing and periodically reviewing the appropriateness of the Trust's asset allocation policy for participation in and commitment of funds to various asset classes. The investment policy shall provide that the Board 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.
- The investment policy shall provide for appropriate annual or more frequent reporting of investment activities. To that end, the Board shall prepare periodic reports for submission to the governing body of the unit of local government which shall include investments in the portfolio by class or type, book value, income earned, and market value as of the report date. Such reports shall be available to the public.
- Appointing and reviewing the appointment of agents and advisors such as the Trust's actuary, auditor, and investment consultant.
- Delegating specific responsibilities to the Staff.

Staff

The Staff's responsibilities include:

- Making and executing all administrative and operational decisions dealing with the investment and reinvestment of all Trust assets, and all other administrative and operational decisions which are the responsibility of the Staff
- Evaluating and rebalancing the asset allocation of the Trust assets, as required
- Allocating contributions and other Trust cash flows to investment managers or to other investment accounts established under the Trust
- Maintaining liquidity to meet pension obligations
- Managing the custodial banking relationship
- Managing other programs such as commission recapture programs
- Upon adoption by the Board, the investment policy shall be promptly filed with the Department of Management Services and the plan's sponsor and consulting actuary. The effective date of the investment policy, and any amendments thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

Custodian

The Custodian's responsibilities include:

- Acknowledgment of fiduciary responsibility
- Fulfilling all the regular fiduciary duties required of a custodian by pertinent state and federal laws and regulations
- Safekeeping the assets of the Trust in accordance with the Trust Agreement
- Pricing all securities regularly and posting transactions daily
- Maintaining short-term investment vehicles for investment of cash not invested by the managers and sweeping all manager accounts daily to ensure that all available cash is invested
- Supplying timely reports of transactions and valuations of the assets
- Investing the Trust's assets in accordance with instructions from the Staff and/or Board and/or investment manager(s)
- Providing an annual report summarizing all proxy votes/actions taken by all investment managers

Investment Manager(s)

The investment manager is responsible for:

- Acknowledgment of fiduciary responsibility
- Being a SEC Registered Investment Advisor
- Providing the Board with proof of liability and fiduciary insurance coverage that is in compliance with the ERISA minimum requirements
- Implementing security selection and timing within policy guideline limitations
- Supplying timely written quarterly reports of investment performance results to the Board, including a review of proxy voting
- Meeting with the Board at least annually to review the performance and discuss current strategy
- Notifying the Board in writing of any material deviation from the stated investment approach
- Provide a quarterly written report detailing all trading activity by broker/dealer and including commission recapture if any
- Keeping the Board, Staff and investment consultant apprised of any inquiries, legal actions or suits being filed/charged against the firm by the SEC or any other pertinent Administrative Agency.
- Notification of any key personnel changes

Investment Consultant

The investment consultant is responsible for:

- Measuring and reporting the investment performance results on a quarterly basis and providing quarterly reports, which shall be public records
- Evaluating the Trust on an ongoing basis
- Advising the Board as to the performance and continuing appropriateness of each investment manager
- Recommending modifications to the investment policies, objectives, guidelines or management structure as appropriate to the Board
- Keeping the Board and Staff informed on current investment trends and issues

PURPOSE OF POLICY

Long Range Policy

This document represents the conclusions and decisions made after a deliberate and focused review of the Trust's expected obligations and funding resources over a long-range future period. The Trust's investments represent an opportunity to:

- Ensure the availability of funds for benefits as they become due
- Reduce the cost of the Trust's benefits to the City
- Provide a funding resource for future enhancement of the Trust's benefits
- Insulate the Trust's assets against the deterioration of purchasing power caused by inflation
- Maximize the total return subject to prudent risk-taking
- Diversify assets across and within capital markets

This document will:

- Set forth the investment policies and objectives that the Board judges to be appropriate and prudent, in consideration of the needs of the Trust participants
- Establish the criteria that the registered investment adviser(s) retained by the Trust are expected to meet and against which they are to be measured
- Serve as a review document to guide the Board's ongoing supervision of the investment of the Trust assets

The Board recognizes that investment markets have repeatedly demonstrated broad performance cycles having two fundamental characteristics, which bear heavily on the Trust's expectations toward its future:

- The cycles cannot be accurately predicted as to either their beginning points, ending points, or their magnitude
- There is little or no relationship between market cycles and the convenient calendar or fiscal periods commonly used in business for measurement and evaluation

The Board will review investment performance and investing activities on a regular, periodic basis. The formation of judgments and the actions to be taken on those judgments will be aimed at matching the emerging long-term needs of the Trust with the proven, long-term performance patterns of the various investment markets.

ASSET ALLOCATION

Investment Philosophy and Strategy

The Board will exercise due care at all times to adequately diversify Trust assets as it implements strategies to achieve the objectives for the Trust. Thorough due diligence will be conducted and documented in implementing specific investment strategies. Several philosophical beliefs underpin how the assets of the Trust have been structured. They are:

- The capital markets are sufficiently inefficient and the rewards of sufficient magnitude to warrant pursuing some active management of the Trust's assets with the expectation of outperforming passive (index) alternatives over time.
- Over the long term, equities are expected to outperform fixed income investments. Furthermore, the long-term nature of the Trust's liabilities makes them well suited to bear the added variability of return from equities in return for the greater long-term expected return. Accordingly, the Trust's asset allocation will favor allocations to equities unless circumstances warrant otherwise.
- Foreign equities will diversify some of the volatility of the U.S. equity market while providing comparable long-term returns.

Development of Long Term Asset Allocation Policy

An asset/liability study shall be conducted periodically to determine an appropriate long term asset allocation policy to achieve investment objectives. On an annual basis, an asset allocation review may be conducted. Some specific occurrences which might prompt the Board to undertake an earlier review include:

- Significant changes in Trust demographics benefit design or actuarial methodology
- Significant changes in the prospects for revenue growth, for growth of the work force, or for growth of employee salaries
- Significant changes in capital markets performance, the outlook for future asset class returns and/or the availability of acceptable new asset classes
- The passage of relevant new legislation or regulations

Asset Classes to be Utilized

The Board has considered and adopted the use of any or all of the following:

- (a) Domestic stocks (including ADRs) across all market capitalization ranges
- (b) International stocks through mutual or commingled fund investments, including emerging markets
- (c) Real estate, direct and REITs
- (d) U.S. Treasury notes and bonds, U.S. Government Agency mortgage-backed securities, Mortgages, U.S. corporate notes and bonds
- (e) Cash equivalents

Long-Term Target Allocations

The Board will control the diversification of assets within the guidelines listed above and make asset mix decisions in an attempt to maximize the Trust's total rate of return at an acceptable level of risk. Asset allocation decisions should be of a more strategic nature with an attempt to maximize returns over a three- to five-year time frame.

After significant study of long-term historical capital market performance, and professional advice, the Board finds that the following target mixture of asset classes are likely to produce the desired and appropriate long-term performance within tolerable short-term performance fluctuation levels over time.

The long-range asset allocation objective of the Trust as measured at the end of the quarter will be as follows:

Asset Class	Target
US Large Cap Equity	42%
US Small Equity	10%
International Equity	13%
Real Estate	5%
US Fixed Income	29%
Cash and Other	1%

The above asset classes and targets were a result of a thorough review by Southeastern Advisory Services, Inc.. Although the Trust has elected not to have a dedicated allocation to Mid-Capitalization stocks, both the large cap and small cap managers are allowed to invest in that capitalization segment.

Allowable Ranges Around Target Allocations

The Board recognizes that a rigid asset allocation would be both impractical and, to some extent, undesirable under various possible market conditions. Therefore, the allocation of the Trust's total assets may vary from time to time within the following ranges, without being considered an exception to this investment policy.

Asset Class	Range
US Large Cap Equity	30% - 70%
US Small Equity	0% - 15%
International Equity	0% - 15%
Real Estate	0% - 10%
US Fixed Income	20% - 70%
Cash and Other	0% - 15%

Because different asset classes will perform at different rates, the Board will keep close scrutiny on the asset allocation shifts caused by performance. The Board will review the market values of the asset classes on a quarterly basis and will shift assets among classes to keep the overall allocation within allowable ranges.

IMPLEMENTATION ISSUES

Allocations Among Different Investment Management Styles

In considering asset classes, the Board, with professional assistance, has concluded that different common stock investment styles would provide a high degree of diversification for the Trust and expand the probability of achieving or exceeding the expected overall return results. In addition, multiple investment managers will be utilized. As of October 1, 2016 the maximum allocation to any one investment manager will be 20% of the total market value.

The broad approach which the Board will generally follow in making allocations among investment managers will be to:

- (a) have "core" allocations in both equities and fixed income. Core management will generally be any style, which attempts to replicate, or closely follow, the performance patterns of a broad market index for that asset class.
- (b) have a balance among the major different active management styles which are considered non-core (such as value and growth).

Stocks will be sub-allocated to different investing styles. The allocations may vary from time to time, based upon the Board's consideration and professional advice.

Manager Selection

The Board will hire competent, registered, professional investment managers to manage the assets of the Trust.

Investment managers shall not be hired if they have not, by their record and experience, demonstrated their fiduciary responsibility, their investment expertise, and their capacity to undertake the mandate for which they are being considered.

To act in as an investment manager, firms must:

- Acknowledge in writing a fiduciary relationship with respect to the Trust
- Be currently registered and maintain registration as an investment advisor under the Investment Advisors Act of 1940, a bank (as defined in the Act), or an insurance company qualified to perform investment management services under the law of more than one state unless otherwise approved on an exception basis; and
- Be granted by the Trust the power to manage, acquire or dispose of any assets of the Trusts pursuant to the Trust documents

The Board will conduct thorough due diligence before the appointment of all investment managers.

Manager Terminations

Investment managers will be terminated whenever in the opinion of the Board:

- They have committed a significant or intentional breach of their mandate or directive
- They have experienced the loss of key personnel
- They have breached a fiduciary duty
- They have lost the confidence of the Board
- Their performance has been inconsistent with the expectations of the Board
- Performance has not been acceptable. Generally, decisions based on performance will be made only after a significant period of disappointing performance, although the period may be shorter when severe underperformance or other evidence exists that suggests inconsistencies between the investment manager's stated style and the characteristics of investments actually made.

Board's Attitude Toward Market Timing and Short-Term (Tactical) Allocation Shifts

The Board believes the Trust's investment managers should be allowed the opportunity to practice their art without undue interference. However, it is hereby made clear that this policy statement was the product of the Board's study of proven long-term performance patterns in the capital markets. Via this policy, the Board is establishing a carefully determined level of market risk exposure; investment managers are specifically directed not to alter that exposure.

Unallocated Cash

The Board will generally attempt to see that the Trust's assets include a cash reserve sufficient to pay benefits due within a reasonable future period. Therefore, any investment manager performing under this policy is not expected to accumulate a significant cash position, without prior approval of the Board, unless the basic investing style of that manager includes a routine, temporary use of instruments having a maturity of less than one year (and the Board has been informed and agreed to the use of that style element in advance). In general, "significant" means more than 10% of the value of assets under a manager's control. However, a manager may exceed the 10% figure up to a maximum of 30% but will be required to explain in writing its reasons.

Commission Recapture

A commission recapture program has been implemented with approval from the Board. The objective is to reduce net transaction costs incurred by the managers in executing trades by recapturing brokerage commissions for the Trust. In addition to providing lower overall brokerage costs, managers participating in the program will also be expected to provide the 'best execution' of trades. The Board and Consultant will monitor the program on a quarterly basis. Terms of the agreement will be periodically reviewed in order to determine its appropriateness.

The Board may determine targeted recapture ratios.

Proxy Voting Guidelines (Other than mutual/commingled fund companies)

The Board understands that proxy voting is an integral part of the investment process. Each investment manager shall submit a copy of their firm's proxy voting guidelines to the Pension Administrator. Each investment manager shall be responsible for voting all proxies after careful consideration of the issues. Decisions should be made solely in the best economic interest of the Trust, and generally will positively impact the long-term investment performance.

The Board however wants investment managers to vote in favor of certain social issues. The specific issues the Board has identified are:

- Advancement and promotion of women and minorities: Companies should be asked to prepare a report that discloses the status of company EEOC, affirmative action activities and programs, and make the report available to shareholders.
- Nuclear Decommissioning
- Eliminating Toxic Waste
- Avoiding Forced Labor: Companies should refuse to buy products involving forced labor

Managers shall keep a record of all proxy votes and prepare a quarterly report of these votes. The report should include the vote and a brief description for the reason for the vote and any abstentions. The report must also confirm compliance with the specific issues above or state where votes in exception occurred.

PERFORMANCE OBJECTIVES

Standards of Performance

In consideration of the Trust's investment goals and objectives, several standards will be utilized in evaluating investment performance. These standards reflect several aspects of investment performance, including the specific objectives for the mandate, the market indices, and the performance of other investment managers.

Each manager's portfolio will be compared to a universe of portfolios deemed to be most appropriate.

Performance Objectives

The performance objectives are to be used as a basis for reviewing and monitoring managers. The performance objectives of the total fund and investment managers are below.

Total Fund

The objectives of the overall portfolio are to:

- Achieve a rate of return that equals or exceeds the Trust's actuarial interest assumption rate
- Achieve performance results that will rank in the top half of a peer universe
- Achieve these objectives within a time horizon of rolling three year periods
- Achieve these results without taking undue risk

Effective January 1, 2011, the performance of the total Trust will be compared to a balanced index constructed as follows:

Index	Percentage Weight
S&P 500	42%
Russell 2000	10%
M.S.C.I. EAFE	13%
Real Estate (NAREIT)	5%
Barclays Aggregate	30%
Total	100%

Investment Managers (Other than Index managers)

The following table lists the market index benchmarks and manager universe comparisons for the Trust by asset category. The investment managers are expected to produce total net returns that exceed their benchmark and that rank above the median in performance of the manager universe listed over rolling three year periods. Volatility of returns should be commensurate with the peer universe of funds.

Style-specific indices, as well as style-specific manager universes may also be used to assist in evaluating the performance of the investment manager. The total equity segment is also expected to

outperform the S&P 500 over market cycles in addition to the specific benchmarks listed below. Managers are also expected to achieve returns that rank in the top half of the manager universe. The time horizon for all performance benchmarks is rolling three year periods.

Investment Manager	Market Index	Manager Universe
Large Cap Core	S&P 500 Index	Large Capitalization Equity
Large Cap Value	Russell 1000 Value Index	Large Capitalization Value
Large Cap Growth	Russell 1000 Growth Index	Large Capitalization Growth
Small Cap Value	Russell 2000 Value Index	Small Capitalization Value
Small Cap Growth	Russell 2000 Growth Index	Small Capitalization Growth
International	MSCI EAFE Index	International Equity
Fixed Income-Core	Barclays Aggregate Index	Domestic Core Fixed Income
Fixed Income-Intermediate	Barclays Intermediate Gov/Cor Index	Domestic Intermediate Fixed Income
Real Estate-Reits	NAREIT Index	Reit Funds

Investment Objectives

The objectives are to be pursued on a long-term basis and will be revised if significant changes occur within the economic and capital market environments. Capital market returns and projections are reviewed at the end of each fiscal year. If significant changes in projections occur, the target asset mix should be reviewed.

The objectives are intended to provide a means for controlling the overall risk of the portfolio without unduly constraining the discretionary decision-making process of the investment manager(s).

Compliance With City Of Miami Ordinance 10002, Section 40-240

In accordance with City of Miami Ordinance 10002, Section 40-240 Trust Fund, Money Manager subparagraph (a):

The Board shall establish written guidelines and objectives against which the investment performance of any money manager retained by the Board shall be measured. If a money manager fails to meet its contractual agreement with the Board, the money manager may be terminated by the Board. The performance of the investment portfolio for the retirement Trust shall not be less than ninety (90) percent of the median performance of comparable portfolios as determined jointly by the Board and the city manager. If the performance falls below the minimum standard, the money manager(s) shall automatically be removed unless, based upon extenuating circumstances, the Board recommends continuation and such continuation, is approved by the commission.

OPERATIONAL GUIDELINES

General

In order to improve overall portfolio performance and further reduce risk, the Board has recommended the use of multiple investment managers. The investment managers shall exercise due care at all times to adequately diversify the portfolio to protect against any loss associated with a single security, issuer, or single event. Assets are to be managed in conformity with the stated investment guidelines. The investment managers shall notify the Board in writing immediately of any deviations from the investment guidelines.

The investment managers shall be given full discretion to manage the assets under their supervision subject to the investment policy. The Board is interested in fostering a healthy working relationship with its managers through a discipline of good communication. This outline is intended to provide the Board with a good foundation from which to understand specific management styles and strategies, and to effectively evaluate the results. Recommendations for improving the Board's procedures and operations are always welcome.

Maturity and Liquidity Requirements

The investment portfolio shall be structured so as to provide sufficient liquidity to pay obligations as they come due. Cash needs and anticipated cash-flow requirements shall be considered when determining the maturity schedule of the portfolio.

Exemptions

Although the following vehicles are expected to comply with “the spirit “ of this investment policy, they are exempt from the provisions of this policy and as such the product prospectus and/or appropriate product’s trust documents will replace this policy as the legal governing document for such funds:

- Mutual Funds
- Group Trusts
- Common Trust Funds
- Commingled Funds

Managers shall notify the Board in writing immediately of any cases where the operational guidelines for these vehicles conflict with the provisions of this investment policy.

Illiquid Investments

The investment policy shall provide for the valuation of illiquid investments for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. If those investments are utilized, the investment policy must include the criteria set forth in s. 215.47(6), except that submission to the Investment Advisory Council is not required. The investment policy shall require that for each actuarial valuation, the Board must verify the determination of the fair market value for those investment and ascertain

that the determination complies with all applicable state and federal requirements. The investment policy shall require that the Board disclose to the Department of Management Services and the plan's sponsor each such investment for which the fair market value is not provided.

Standards for Managers (Other than mutual/commingled fund companies)

Trading

The investment managers may direct brokerage commissions so long as such direction is with best execution and best price in the best interest of participants and beneficiaries. The investment managers will secure the best execution and commissions paid should be reasonable in relation to the value of the brokerage paid by the Trust. The Board does require that investment managers competitively bid securities as appropriate and select the most advantageous bid.

Equity Securities

Equity securities shall be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 7% (at market) of the value of the portfolios, provided that the aggregate investment of the fund in any one (1) issuing corporation shall not exceed three (3) percent of the outstanding capital stock of that corporation. Single industry weightings will be a maximum of 3 times the index holding or 10% which ever is greater. Equity securities shall in general possess value and quality corroborated by accepted techniques and standards of fundamental and technical analysis.

Permissible Direct Investments:

- Registered common stock listed on a major U. S. exchange or traded on any major U.S. market, including foreign securities traded on U.S. exchanges
- Convertible preferred stock and convertible bonds
- Foreign stocks through the use of commingled or mutual funds
- Emerging market stocks within the commingled or mutual funds
- Standard & Poor's Depository Receipts
- American Depository Receipts
- Stocks with a minimum market capitalization of \$100 million, small cap managers may invest in stocks with a \$50 million market capitalization
- New issues (IPO's) up to 5 % of portfolio
- Commingled and mutual funds

Excluded Direct Investments:

- Short sales
- Margin purchases; lending or borrowing of funds
- Investments used to leverage the portfolio
- Letter stock, private or direct placements
- Commodities contracts

- Unattached warrants
- Derivatives
- Issues related to the investment manager
- Restricted stock

Fixed Income Securities

The fixed income portion of the Trust shall be invested in marketable, fixed income securities. Corporate bond issues shall be diversified by industry and in number so that no investment in the securities of a single issue shall exceed 7% (at market) of the value of the portfolio. Single industry weightings will be a maximum of 25%, except US Government and agency securities.

Fixed income investments are expected to preserve capital and provide a high level of income on a consistent basis.

Permissible Direct Investments:

- Commercial Paper of only the highest quality shall be used when invested on an individual basis
- Certificates of Deposit of the top 100 national banks, so long as they are stated on the Controller's list
- Bankers Acceptances
- United States Treasury Bonds, Notes and Bills
- Repurchase agreements with U.S. Treasury Securities and agencies of the U.S. Government as collateral (marking to the market daily). The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- Debt instruments issued or backed by agencies of/or guaranteed by the U.S. Government
- All investment grade corporate debt issues including those rated Baa3/BBB- better by Moody's Investors Services and/or Standard and Poors Corporation. In the case of a split rating, the higher rating shall apply. Securities downgraded subsequent to purchase resulting in violations of quality guidelines may be held at the manager's discretion subject to the high yield limitations indicated below.
- Mortgages, including agency, non-agency, commercial backed securities and CMO's (as long as all other provisions are met).
- Futures (but must not exceed 15% without prior approval by the Board) and Options. However, these securities may not be used to leverage or hedge the portfolio.
- Preferred Stock
- Municipal Bonds
- Asset backed securities
- Yankee bonds/foreign credits
- Commingled and mutual funds
- Eurodollar bonds
- 20% maximum of each manager's portfolio may be invested in aggregate to Yankee bonds, foreign credits, Eurodollar bonds and Rule 144A Securities.

- 20% maximum of each manager's portfolio may be invested in high yield securities (with ratings of CCC or better).

Excluded Direct Investments:

- Private Placements
- Debt to Equity exchanges
- Investment managers are not authorized to use derivative securities, or strategies that do not comply with the basic investment objectives of this policy, i.e., an emphasis on the preservation of principal consistent with conservative growth of assets. Managers are specifically prohibited from using derivative or synthetic securities whose characteristics as implemented by the manager include potentially high price volatility and whose returns are speculative or leveraged (when considered together with liquid/short-term securities positions) or whose marketability may be severely limited, without written authority from the Board.

The fixed income investments shall be appropriately diversified although the investment manager may engage in "active" bond management. It is therefore anticipated that there may be turnover as shifts are made between and within sectors, quality and maturity.

Average duration of the fixed income asset class will be targeted within a range of three to ten years. Each manager is expected to keep duration at +/- one year of the benchmark duration.

Real Estate Securities

A portion of the real estate investment may be through an open-end commingled property real estate fund. The commingled fund may have up to 30% of the portfolio's value leveraged. A portion may also be invested through REITs. The REIT manager may invest up to 7% (at market) in a single issue. The REIT manager may also invest up to 10% in private placements, with prior Board approval.

EVALUATION AND REVIEW

Review of Investment Managers

The investment managers will discharge their responsibilities with respect to that portion of the Trust's assets under their management in accordance with ERISA's fiduciary responsibility provisions.

The Board will continuously monitor investment managers and review performance quarterly. The Board's ongoing performance monitoring will emphasize, but not be limited to, the following:

- Comparison of manager results to peer groups using similar styles
- The opportunities available in the different asset classes
- Material changes in the manager's organization, such as philosophy and personnel changes, acquisition or loss of major accounts, control change, etc.
- Each manager's adherence to guidelines

The Board will have little or no tolerance for an inconsistent investment approach. Therefore, the Board will carefully monitor their investment managers on several key indicators of possible inconsistency:

- Changes in portfolio managers
- Surges in portfolio trading volume
- Break in continuous evidence that actual portfolio characteristics follow published investing style
- Performance patterns not logically explainable in terms of the published style, or performance out-of-step with manager's style peer group

None of these indicators will be taken as conclusive evidence of inconsistency. Such a finding would be based upon the facts and circumstances of each situation.

- Minimum performance requirements for active investment managers:
 - A manager will be considered in "good standing" if its returns during the most recent three year period are equal to or better than 90% of the median (50th percentile) manager's return in the appropriate peer universe.
 - An investment manager will be placed on a "watch list" if its returns during the most recent three year period have not performed better than or equal to 90% of the median (50th percentile) manager's return in the appropriate peer universe for a period of six consecutive months.
 - After a manager has been placed on the watch list, it will return to good standing when it has achieved returns equal to or better than 90% of the median (50th percentile) manager's return in the appropriate peer universe in the most recent three year period.
 - If the manager remains on the watch list for six months, it is subject to being placed on probation.

- After a manager has been placed on probation, it will return to good standing when it has achieved returns equal to or better than 90% of the median (50th percentile) manager's return in the appropriate peer universe in the most recent three year period.
- If the manager remains on probation for one year, the manager is subject to termination. However, nothing in these guidelines will limit the Board's ability to terminate a manager at any time and for any reason.

One exception to the above is during periods of "flat" performance. Flat performance is defined as annualized returns between +5 and -5%. During periods of flat performance, managers must meet the above criteria with an additional margin of 50 basis points (.5%).

Passive/index managers will be in good standing when they produce returns that are within 25 basis points (.25%) of the specific benchmark index. If returns are not within these ranges, the manager will be placed on probation and will have one year to return to good standing before being subject to termination.

An investment manager which has less than three years history with the Board will be judged based on one year returns rather than three year returns.

Investment managers are required to meet with the Board on request. However, in general the meeting guidelines are as follows:

- Active managers in good standing are required to meet with the Board annually.
- All managers placed on the watch list are required to meet with the Board semi-annually.
- All managers placed on probation are required to meet with the Board quarterly.
- All managers are required to prepare and submit quarterly reports for the Board.

POLICY MODIFICATION AND REVISION

Frequency of Policy Review

The Board will use each of their periodic investment performance evaluations as occasions to consider whether any elements of existing policy are either insufficient or inappropriate. The policy will also be formally reviewed annually. Key occurrences, which could result in a policy modification, include:

- significant changes in expected patterns of the Trust's liability stream
- impractical time horizons
- changes in applicable governing laws
- change in the City's priorities
- convincing arguments for changes presented by investment managers
- areas found to be important, but not covered by policy
- long-term changes in market trends and patterns that are materially different from those used to set the policy

The Board views this investment policy on the one hand as the basic tool for the execution of a long range investing program, and on the other hand as a dynamic document which is responsive to any needs for fundamental or minor change. In summary, the Board recognizes that a potentially damaging inconsistency would likely occur if investment policy undergoes significant modifications over relatively short periods, or if it is overridden in an attempt to "react" to current market conditions from time to time.

POLICY ADOPTION

The Board adopted this policy document effective on March 20, 2015.

Investment Manager's Acknowledgements:

I (we) have received this copy of the Trust's investment policy. I (we) have studied its provisions and believe that I (we) can both abide by its restrictions and fulfill its goals and expectations over the timetables set forth in the policy.

Firm Name

Date

Portfolio Manager