

**CITY OF HOLLYWOOD EMPLOYEES'
RETIREMENT FUND**

**Statement of Overall Investment
Objectives and Policy**

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The Board of Trustees of the City of Hollywood Employees' Retirement Fund (the "Fund") hereby adopts this Statement of Investment Objectives and Policy (the "Statement"). The purpose of the Statement is to set forth the investment objectives and guidelines applicable to Fund investments, and will be incorporated into all existing and any future investment management agreements with each investment manager (the "Investment Manager") retained by the Fund. Each such Investment Manager shall acknowledge and agree to the objectives set forth in the Statement and the manager specific guidelines appended as Exhibit "A" hereto (the "Guidelines").

This investment policy establishes and sets forth objectives and policies that the City of Hollywood Employees' Retirement Fund ("Fund") is to adhere to in the administration of its investments. This policy is adopted in accordance with Section 112.661, Florida Statutes, and upon adoption by the Board of Trustees ("Board") will be filed with the State of Florida Department of Management Services, the City of Hollywood and the Fund's consulting actuary.

One of the primary objectives of this Statement and Guidelines is to foster an effective working relationship with the Investment Managers through a discipline of good communication. The Statement and Guidelines are intended to provide the Board and the Investment Managers with a foundation from which to formulate specific investment strategies and goals so that the Board and any independent investment consultant retained by the Fund (an "Investment Consultant") can effectively implement the Fund's investment policies and strategies, as well as evaluate the performance of the Investment Manager and oversee the management of Fund investments in a prudent manner.

This Statement is not intended to remain static. The Board and its Investment Consultant will periodically review the Statement and update it as necessary. Recommendations for its modification from the Investment Manager are expected when investment conditions so warrant.

The Board is charged with the responsibility for the investment of the assets of the Fund. Board members shall discharge their duties 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 Fund. They shall discharge their duties with the care, skill, prudence and diligence under the circumstance 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 Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

In performing their investment duties, the Board and to the extent legally permissible, its investment managers, shall comply with the fiduciary standards set forth in ERISA (Employee Retirement Income Security Act of 1974, as amended [29 USC 1104 (a) (1) (A) - (C)] and section 112.656, Florida Statutes.

It is the intention of the Board to allow each Investment Manager full investment discretion in investing its Account within the scope of this Statement and the Guidelines. The Board and the Investment Manager agree that this Statement and the Guidelines are incorporated into the investment management agreement between them (the “Agreement”) and shall be considered by the Investment Manager in formulating its strategy for investing the Fund’s assets. This Statement and the Guidelines shall control in the event of any conflicting provisions set forth in the Agreement.

The balance of this document is organized into the following components:

- A. Investment Objectives (Section II): The investment objectives that the Board judges to be appropriate and prudent to implement their strategic planning for the investment of the Fund’s assets;
- B. Investment Policies (Section III): The general investment policies and objectives and performance expectations for the Investment Managers;
- C. Performance Measurement (Section IV): The approach that the Board will use to measure the investment performance of each Investment Manager and to ensure that the Fund remains invested in accordance with the principles set forth in this Statement;
- D. Account Investment Policies (Section V): The general investment policies and objectives of the Investment Manager’s Account;
- E. Communication and Reporting (Section VI): Accounting and reporting guidelines for purposes of measuring the performance of the Investment Managers;
- F. Proxy Voting Policies (Section VII): Specific rules setting forth the Investment Managers’ right and obligation to vote proxies appurtenant to Fund securities.

A. The investment horizon of the Fund is long term. The Fund's primary investment objective is to maximize the total rate of return subject to the preservation of capital, while assuming less risk than 100% exposure to equities and or fixed income provides.

Preservation of capital encompasses two goals:

- minimizing the risk of loss of principal for the Fund as a whole; and
- minimizing the erosion of principal value through inflation.

B. The primary means by which capital preservation is to be achieved is through diversification of the Fund's investments across asset classes. The appropriate level of risk for the Fund was determined by examining the risk and reward of numerous asset allocation alternatives as presented by, and formulated in consultation with, the Investment Consultant. Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined in the sole and absolute discretion of the Investment Managers in accordance with the Agreement, this Statement and the Guidelines.

C. No distinction need be made between realized and unrealized capital gains or losses. All investment income of an Account and all realized and unrealized capital gains and losses will be considered in computing the investment performance of the Account, except to the extent the Investment Manager is specifically directed otherwise in writing.

D. The total Fund has long-term performance expectations as follows:

1. Customized Index

Over a complete market cycle (3-5 years), the Total Fund has an additional investment performance goal of outperforming a weighted portfolio comprised of a mix of 17.5% S&P 500 Index / 10.0% Russell 2500 Index / 12.5% All Country World ex US (net) Index / 5.0% MSCI Emerging Markets (net) Index / 2.5% NCREIF ODCE Equal Weighted Index, 3.0% NCREIF Property Index, 2.0% NCREIF Property Index + 300 basis points, 10.0% Russell 3000 + 300 bps, 2.5% CPI + 350 basis points, 35.0% Bloomberg Barclays Aggregate Bond Index.

Given that private market investment allocations may take a period of time before being fully implemented, an Intermediate Customized Index may be used to approximate the actual allocation of the Fund in the interim.

2. Actuarial Assumption

The Fund's investment program will be designed to achieve a minimum investment performance goal as measured over a complete market cycle, equal to its actuarial assumption, which is currently 7.0%.

For each actuarial valuation, the Board will 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 will be filed with the State of Florida's Department of Management Services, with the City of Hollywood and with the Fund's consulting actuary.

A. Asset Allocation and Investment Manager Structure

In order to provide an appropriate level of diversification for the Fund, Investment Managers with complementary or diverse investment styles will be retained. It is not the intention of the Board to become involved in day-to-day investment decisions. Therefore, the Board has appointed several Investment Managers to manage (including the power to acquire, or dispose of) assets within the portion of the total Fund allocated to the particular Investment Manager, in a manner consistent with the Agreement, this Statement and the Guidelines. To the extent possible, it is the intention of the Board that the investment managers competitively bid the purchase of securities when feasible and appropriate. Except otherwise required by law, the most economically advantageous bid is to be selected. Neither this Statement nor the Guidelines are intended to direct an Investment Manager to purchase or sell any specific security or to effect or refrain from effectuating any specific investment transaction for its Account. The Board will neither assume any obligation or responsibility for the direct management of Account assets allocated to the Investment Manager nor be liable for any acts or omissions of the Investment Manager that result in any loss to the Account.

Emerging Manager Program

The Board adopted an Emerging Manager Program in September 2020 to provide added value through diversity and inclusion. The long-term allocation goal for the program is 7.5% of assets, which is expected to be achieved over time through a direct investment approach that leverages the ongoing due diligence and guidance from the Plan's investment consultant. The allocation goal is a desired level of participation and should not be considered a mandatory component of the Plan's asset allocation strategy.

The Board seeks to employ asset managers that they believe will add value to the Plan through implementation of investment strategies consistent with the Board's asset allocation and other policies, but which, because of size, length of track record, or other similar factors, may not be awarded contracts through the Board's traditional Investment Manager Selection process. The Program is intended to be inclusive, flexible and innovative by design. The Board does not wish to define or constrain the definition of which managers should be included in the Program.

Potential managers will be assessed during new and replacement manager searches. Managers that have completed the investment consultant's rigorous due diligence process, while also offering the Plan a unique diversity component, will be evaluated for inclusion in the Program. The Board will review the Program on an annual basis to reaffirm the allocation goals, performance and manager structure, as well as evaluate potential enhancements for the Program.

B. Asset Deployment Policy

The guidelines that the Board of Trustees has adopted for the overall allocation of the Fund’s assets are as follows:

Asset Allocation	Target (%)	Ranges (%)
Domestic Equity	27.5	20-35
<i>Large Cap</i>	17.5	10-25
<i>Small + Mid Cap</i>	10.0	5-15
International Equity	17.5	10-25
<i>Developed Markets</i>	12.5	7.5-17.5
<i>Emerging Markets</i>	5.0	2-8
Fixed Income	25.0	20-35
<i>Short</i>	9.0	5-15
<i>Core Plus</i>	12.5	7.5-17.5
<i>Multi-Sector</i>	3.5	2-6.5
Private Debt	10.0	0-15
Private Real Estate	7.5	0-12.5
<i>Core</i>	2.5	0-5
<i>Value Added</i>	3.0	0-5
<i>Opportunistic</i>	2.0	0-5
Private Equity	10.0	0-15
Private Infrastructure	2.5	0-5
Cash	0.0	0-5

To the extent necessary, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements and to hold an appropriate dollar amount of investments for liquidity purposes.

C. Rebalancing Guidelines

The Board, with assistance from the Investment Consultant, will monitor the Fund’s overall asset allocation within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to individual Investment Managers and by monitoring quarterly the asset classifications actually held by such Investment Managers. The Board recognizes that markets generally do not move in concert, and that actual allocations will deviate from the targets. If the assets deviate from the ranges as outlined above, the Board will authorize rebalancing back to targets.

The performance expectations of the Board are hereby communicated to the Investment Managers in their respective Guidelines. These will include comparison to benchmark returns and standard

deviations as well as universe comparisons. Quarterly performance will be evaluated to test progress toward attainment of longer-term goals.

The Board recognizes the possibility that losses may occur from time to time in an Account. The Board will not regard such losses alone as evidence of imprudence, provided that the overall investment performance of the Investment Manager is consistent with the objectives set forth in this Statement and the Guidelines, relevant investment industry benchmarks over appropriate time periods, and the investment style that the Investment Manager was retained to pursue (as it may be modified through subsequent written communications with the Board). It is understood that there are likely to be short-term periods during which the performance of an Investment Manager deviates from market indices. During such times, greater emphasis shall be placed on performance comparisons with investment managers employing similar styles.

Set forth below are the criteria that the Board and the Investment Consultant will use to evaluate the performance of each Investment Manager, depending upon the type of portfolio being managed. The Investment Manager will be expected to:

A. Passive Domestic Equity Portfolio (Large Cap Index + SMID Cap Index)

1. Achieve a rate of return that approximates the Investment Managers' respective index/benchmark.

B. Active Domestic Equity Portfolios (Small + SMID Cap)

1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

C. Active International Equity Portfolios (Developed Markets + Emerging Markets)

1. Achieve a rate of return that exceeds the Investment Managers' respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.

3. Achieve cumulative performance results, which rank above the median of a universe comprised of equity investment managers with similar style characteristics.

D. Active Fixed-Income Portfolios (Short Duration + Core Plus + Multi-Sector)

1. Achieve a rate of return that exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark.
3. Achieve cumulative performance results, which rank above the median of a universe comprised of fixed income managers with similar style characteristics.

E. Private Debt Portfolios

1. Achieve an absolute return of 10% net of investment management fees over the long term (7-10 years).
2. Achieve annualized performance results that exceed the Bloomberg Barclays Aggregate Index, which represents the "opportunity cost" of investing in a traditional basket of publicly traded fixed income investments.

F. Private Real Estate Portfolios (Core + Value Add + Opportunistic)

1. Achieve a rate of return that exceeds the respective index/benchmark net of investment management fees over a complete market cycle (3-5 years).
2. Achieve a positive risk/reward trade-off when compared to the respective index/benchmark

G. Private Equity Portfolios

1. To outperform public benchmarks by 300 basis points net of investment management fees over the long term (7-10 years).

H. Private Infrastructure Portfolios

1. Achieve an absolute return of 8% net of investment management fees over the long term (7-10 years).

A. General

The Board has sole and absolute discretion to select Investment Managers and to replace them when necessary. The Board, with the assistance of and in consultation with the Investment Consultant, will review each Investment Manager's portfolio, and meet with each Investment Manager at least annually to review the portfolio investments, investment returns, changes in the Investment Managers staff, market conditions and environment, and any other pertinent items.

Except with the advance written approval of the Board, the Investment Manager is prohibited from entering into any transactions for the Fund that are not authorized by this Statement or the Guidelines, including, without limitation, making any investment in a security or investment specifically prohibited by the Statement or the Guidelines.

B. Legal Compliance

The Investment Manager is expected to perform their fiduciary duties prudently. Each Investment Manager shall at all times discharge its responsibilities with respect to the Account it manages on the Fund's behalf. In addition, the investment manager(s) shall be registered as an investment manager with the Securities Exchange Commission.

Each Investment Manager appointed by the Board to execute the policy will invest plan assets in accordance with the policy and their judgments concerning relative investment values. In particular, the Investment Manager will be accorded full discretion, within policy limits, and within the requirements of applicable laws, to (1) select, purchase, and invest in, individual securities; (2) make periodic adjustments to the proportions of equity securities, fixed-income securities and cash equivalents; and (3) diversify plan assets. The Investment Managers shall discharge their responsibilities with respect to the Fund's assets in accordance with their fiduciary responsibility.

C. Asset Class Investment Guidelines**Public Market Investments**

The Fund may invest in group trusts and/or collective trust funds described in Revenue Ruling 2011-1, and as may be updated from time-to-time. If it does so invest, the terms of the particular group trust shall be incorporated in this Investment Policy by reference.

The Fund may also be invested in institutional commingled and mutual fund vehicles. As a result, the guidelines established under the prospectus that governs the mutual fund and commingled fund vehicles supersede all other client guidelines.

A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

1. Domestic Equity

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

- a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income).
- b. All equity investments shall be of companies whose respective market capitalizations are consistent with the Investment Manager's specific benchmark. All equity securities must have a minimum capitalization of at least \$50 million.
- c. Equity investments of an Account may be made in securities such as common stocks, convertible securities including debentures, and American Depository Receipts (ADRs) or U.S. Dollar denominated stocks of foreign companies.
- d. All securities shall be of a class listed on a national securities exchange (e.g., the New York Stock Exchange, the American Stock Exchange, and the NASDAQ National Market system, or the Over-the-Counter securities) or traded in the over-the-counter market and quoted in the National Association of Securities Dealers Automatic Quotation Service.

- e. Industry and sector allocations within an Account must ensure prudent diversification and risk control.
- f. Investment in any issuer (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.
- g. The maximum total account investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions have been made by the account).
- h. Investment in ADRs or U.S. Dollar denominated stocks of foreign companies (measured at fair market value) must at all times be limited to 10% of the fair market value of an Investment Manager's Account.
- i. Investments in convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account.

2. International Equity (Developed Markets + Emerging Markets)

a. Acceptable Strategies:

International equity securities shall mean common stocks or equivalents traded on foreign exchanges. Investments in foreign securities listed on an American exchange (ADRs) are also acceptable.

b. Diversification:

As this is a core strategy, the focus should be on investments in the MSCI EAFE countries and may include investments in emerging markets.

3. Fixed Income (Short Duration + Core Plus)

Exceptions to these guidelines for separate account mandates will be noted in the Separate Account Manager Specific Guidelines found in Exhibit A of this document.

The fixed income portion of an Account shall be invested in marketable fixed income securities of the first four quality grades as established by one or more of the nationally recognized bond ratings services. The average quality of all the bond holdings in an Account should be maintained at AA or better. The following instruments are acceptable:

- a. Commercial Paper or Variable Rate Notes rated P-1 by Moody's, A1 by Standard & Poor's or F1 by Fitch.
- b. Certificates of Deposit and Bankers Acceptances rated A or better by Moody's Investor's Service or equivalent by Standard & Poor's.
- c. United States Treasury Bonds, Notes and Bills.
- d. Debt instruments of the U.S. Government or its Agencies (backed by the full faith and credit of the U.S. Government).
- e. Marketable corporate debt, mortgages, and asset-backed securities rated the equivalent of BBB or better by Moody's Investors Services, Standard & Poor's, or Fitch Investor's Services. In case of split rating among the rating services, the manager shall defer to the highest rating.
- f. The effective duration of an Account should be no more than +/- 25% of the duration of the Investment Manager's benchmark, unless otherwise specified in an Investment Manager's Guidelines.
- g. Securities downgraded by any or all-rating agencies subsequent to purchase resulting in violation of quality guidelines must be sold immediately upon downgrade. If there is no immediate market for the security, then the Board must be notified that the downgraded security has not been sold. A continued effort to sell must be made and immediate notification must be provided to the Board once the security has been sold.
- h. At all times, an Investment Manager may not hold more than 5% of its Account (measured at fair market value) in any one issuer's securities other than direct obligations of the U.S. Government or its agencies.
- i. Investments in preferred stock, warrants and convertible securities (measured at fair market value) must at all times be limited to 5% of the fair market value of an Investment Manager's Account. Warrants that were received and distributed due to direct ownership of securities of a company are excluded from this limitation.
- j. An Investment Manager may invest a portion of its assets in foreign bonds.

4. Fixed Income (Multi-Sector)

a. Acceptable Strategies:

The portfolio will seek to achieve its investment objective by investing principally in a portfolio of high yield bonds, leveraged loans and structured products.

b. Diversification:

The portfolio should tactically shift its allocation between high yield bonds, leveraged loans and structured products over time to take advantage of market opportunities and protect capital during periods of market distress.

Private Market Investments

The private markets portion of the Fund's assets will be invested in pooled vehicles, limited partnerships, or other types of private investments as determined by the Board in consultation with the Investment Consultant.

Any such pooled vehicle shall comply with its own investment guidelines, outlined in the Memorandum(s) and Trust Agreement(s). A copy of the investment guidelines and objectives of the pooled vehicle shall be provided to the Board of Trustees and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Board of Trustees and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

In entering into any private investment agreement, if indemnification is required, it is the policy of the Fund to indemnify only up to the amount of its capital commitment that has been actually invested; and

In entering into any public investment, if indemnification is required, it is the policy of the Fund to indemnify only up to the amount of the investment.

In entering into any investment agreement, jurisdiction for all disputes, if possible, will be in state or federal courts in Florida, but if the Fund is unable to obtain that agreement, jurisdiction for any disputes concerning any side letter will be in state or federal courts of Florida.

5. Private Debt

The following represents a summary of the guidelines required for investment in private debt.

a. Acceptable Strategies:

A diversified portfolio of illiquid private investments that provides stable and consistent cash flows over time. Private Debt strategies include corporate direct lending, asset-based lending, structured credit, and hybrid credit funds.

b. Diversification:

Private Debt portfolios shall invest in debt/fixed income instruments that may not be publicly traded. Private Debt portfolios are often made through a partnership structure and are intended to enhance rates of return over traditional publicly-traded fixed income/debt securities by providing superior cash yield, as well as provide returns that have lower correlation with those associated with other major asset classes.

6. Private Real Estate (Core + Value Add + Opportunistic)

The following represents a summary of the guidelines required for investment in private real estate.

a. Acceptable Strategies:

A diversified portfolio of institutional real estate investments.

b. Diversification:

The investments shall be diversified across all major property types including office, residential, retail, industrial, hotel and self-storage properties and by the various geographic regions of the country.

7. Private Equity

The following represents a summary of the guidelines required for investment in private equity.

a. Acceptable Strategies:

A diversified portfolio of illiquid private investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

b. Diversification:

The investments shall be diversified by economic sector, vintage year, geographic location, and by stage of company maturity.

8. Private Infrastructure

The following represents a summary of the guidelines required for investment in global infrastructure.

a. Acceptable Strategies:

A diversified portfolio of infrastructure investments. Portfolio may include domestic and international investments in partnerships, direct co-investments, and secondary interests.

b. Diversification:

The investments shall be diversified by sector, vintage year, number of transactions, and geographic location.

9. Cash and Cash Equivalents

Uninvested cash balances of an Account should be zero or maintained at an absolute minimum at all times (unless clearly prudent not to do so), through the prompt investment of available funds in short-term security holdings, cash equivalents (which includes only commercial paper rated A-1 or P-1, by Standard and Poor's or Moody's respectively, U.S. Government and U.S. Agency obligations, bank money market instruments, or bank certificates of deposit) or other prudent and appropriate common, collective or pooled trusts. The use of common, collective or pool trusts or funds, or "money market" instruments, is permissible only if the securities within such funds meet the general quality (and other) constraints of this Statement and the Guidelines.

Certificates of Deposit ("CDs"), maturing within 12 months, of any domestic bank meeting the standards for a "well-capitalized" bank pursuant to the FDIC Improvements Act of 1991, are appropriate investments, provided that such CDs from any single institution may not represent more than 5% of the assets of the total short-term investment account. CDs shall not exceed more than \$100,000 at any single banking institution. Any CDs purchased must have a minimum rating of three stars as rated by the Bauer Financial Group and cannot be purchased from a non-FDIC insured bank.

10. Other Investments

The Board, after consulting with the Investment Consultant, may authorize the use of any other investment for an Account provided that such investment is considered prudent for a retirement fund. Assets that provide appropriate diversification (specifically low correlation with existing assets) will be considered.

11. General Restrictions

- a. The Investment Managers may not invest in commodities, private placements (including, without limitation, gold or currency futures), direct real estate investments (unless specifically allowed), oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.
- b. Investment Managers are prohibited from investing in letter stocks or other unlisted or restricted securities, uncovered options, futures and forward contracts and any other such derivative instrument; or from engaging in short sales, margin transactions or other specialized investment activities.
- c. No assets may be invested in securities whose issuers have filed a petition for bankruptcy.
- d. An Investment Manager shall not use any commingled fund (other than with respect to Cash and Cash Equivalents as specifically allowed by this statement), unless the Investment Manager notifies the Board and the Investment Consultant in advance, in writing, of its desire to use such other fund and the Board grants written approval.
- e. The Investment Managers shall not use derivative securities to increase portfolio risk above the level that could be achieved in the portfolio using only traditional investment securities or to acquire exposure to changes in the value of assets or indexes that by themselves would not be purchased for the portfolio. Under no circumstances will an Investment Manager undertake a derivative investment possessing elements of leverage or that is non-covered or leveraged to the extent that it would cause portfolio duration to exceed the limits implied by the benchmark. In addition, fixed income securities whose returns are tied to another security or currency are specifically prohibited (except warrants and convertibles referred to above).
- f. Investment in Class B mortgage derivatives is not permitted. Class B means securities the value of which changes as a multiple of the underlying security. This includes interest only and

principal only bonds, inverse floaters, leveraged floaters, instruments with internal leverage and other complex leveraged securities. In addition, investment is prohibited in mortgage-backed derivative securities with any of the following characteristics: leverage, more pre-payment risk than the underlying mortgage collateral and/or risk from other tranches (including, without limitation, “Z,” “Support” or “Companion” bonds).

- g. The Investment Managers may not make any investment in guaranteed insurance or other investment contracts issued by an insurance company, without the prior permission of the Board.
- h. Repurchase agreements and reverse repurchase agreements against securities are not permitted to be held in an Account, subject to the other guidelines in this Statement and the Guidelines.
- i. The Investment Managers may not invest in private placement or venture capital issues or unrated securities.
- j. The Investment Manager may not engage in any transaction involving loans of portfolio securities without the specific, advance written approval of the Board.
- k. Foreign currency may not be purchased without the written approval of the Board.

D. Cure Period

An Investment Manager shall be allowed a period of up to three months to remedy any instance in which its Account, due to market fluctuation, exceeds any of the percentage limitations set forth in this Statement or the Guidelines, by reducing the exposure as soon as prudently possible.

E. Brokerage

Investment Managers must use best efforts to obtain the best execution of portfolio transaction orders placed on behalf of the Fund, through responsible brokerage firms at the best prices and at reasonably competitive commission rates. The Investment Manager acknowledges that the Plan participates in a commission recapture program and will participate in the program on behalf of the Plan to the extent that best execution of orders is achieved.

As to investments in any security for which an Investment Manager or any of its affiliates is a market maker, the Investment Manager agrees that it will not effect the transaction for that investment

through itself or any of its affiliates unless (a) the Investment Manager is able to demonstrate in writing after the transaction that such trade is lawful, would not constitute a non-exempt prohibited transaction under Internal Revenue Code and (b) the Investment Manager provides the Board and the Investment Consultant written notice of such investment after the transaction.

F. Third Party Custodial Agreement

All of the Fund's securities purchased, and all collateral obtained, shall be held in third-party safekeeping by a custodian selected by the Board, except for certificates of deposits and other time deposits, which are collateralized pursuant to Chapter 280 of the Florida Statutes, and should be properly designated as an asset of the Plan. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by the authorized custodian. Security transactions between a broker-dealer and the investment managers involving purchases or sales of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

G. Internal Controls

The Board established the following internal controls to protect the Fund's investments against fraud, embezzlement, theft, mismanagement, misrepresentation by third parties, loss and error. These controls are to be reviewed by the Fund's independent auditors as part of the Fund's annual financial audit.

- Keep duties separate to avoid collusion and fraud. The Fund's Treasurer will see that investments are recorded separately from the investment managers. Investment transactions will be reviewed prior to recording them in the general ledger to ascertain compliance with investment policy.
- Comparison of monthly portfolio from investment manager against custodian statements to detect and investigate any differences.
- Require third-party safekeeping, as discussed in item F. Custodian will provide statements reconciled against investment managers' statements.
- Purchase book-entry securities only. Do not purchase bearer form or physical delivery securities.
- Maintain delegation of and control over investment authority through written procedures or Board decisions.

➤ Enter into formal agreements with the custodial bank and investment managers and require sufficient insurance coverage.

H. Continuing Education

The Board recognizes schools and conferences as sources of continuing education on pension and investment issues. Board members shall attend two (2) pension-related seminars within the first year of service to the Pension Board. Continuing members shall attend at least one (1) pension-related program per year. Appropriate staff members must attend educational programs on a rotating basis.

I. Reporting

An annual financial report will be distributed to the City Commission and to fund participants, which shall include investments, by type, at fair value and income earned. This report will be filed with the City Clerk as a public document and will be available to the general public.

J. 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 follow the criteria set forth in Section 215.47(6), Florida Statutes, except that submission to the Investment Advisory Council is not required.

A. Each Investment Manager is required to provide quarterly written reports to the Board and the Investment Consultant. The quarterly reports should contain, at a minimum, the following information:

1. Identity of every security held under the Account (organized by sector), with an indication of its market and book value.
2. Performance results compared with appropriate benchmarks.
3. Quality ratings of the fixed income investments including average quality.
4. The characteristics of the aggregate holdings of the Investment Manager's Account in comparison with the Investment Manager's particular benchmark.
5. A record of all proxy decisions, including, without limitation, the company name, the number of shares voted, a description of the issues voted upon, and how the shares were voted. A summary of the proxy voting for the year should also be included in the fourth quarter year-end report.
6. A certification, signed by an authorized officer of the Investment Manager, that no event required to be reported in Section VI.B. of this Statement has occurred in the quarter other than as reported to the Board and the Investment Consultant in writing in accordance with Section VI.B.

B. Each Investment Manager must also provide in writing certain information to the Board and the Investment Consultant as soon as possible following the occurrence of an event. This information includes:

1. Notice of changes in organizational structure, ownership and key personnel of the firm, or financial condition. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the change.
2. Notice of any litigation, investigations by any governmental body, and any other pertinent information that might be material to the Fund. This information must be provided as soon as possible, but in no event more than 14 days after the Investment Manager knows or should know about the event.
3. A quarterly letter, no later than thirty days after quarter end, stating that the Account is in compliance with this Statement.
4. Any violation of this Statement or the Guidelines. This information must be provided as soon as possible, but in no event more than 5 days after the Investment Manager knows or should know about the violation.
5. In the event that the cumulative accrued losses in the Account exceed 10% in any calendar quarter. This information must be provided as soon as possible, but in no event more than 14 days after end of the quarter.
6. Any transactions that the Investment Manager has not been able to reconcile with the Custodian, after reasonable efforts to do so. This information must be provided as soon as possible, but in no event more than 5 business days after the Investment Manager learns that it is unable to reconcile a transaction with the Custodian.
7. The Investment Manager will provide the Fund Manager and the Investment Consultant with annual notice of the filing of its Form ADV with the SEC, as well as a copy of such filing.

8. Each Investment Manager must meet with the Board and the Investment Consultant as required. The Board expects to receive a written summary, which addresses the subjects identified below at least seven days prior to the meeting:
 - a. Performance for Past Period: Standard time periods for each report will be last calendar quarter, year to date, latest 12 months, 3 years, 5 years, since inception. Returns should be annualized and calculated on a time-weighted basis for the total portfolio. All returns should include income and dividends and be reported both gross and net of investment management fees.
 - b. Rationale for Performance Results: Discussion of the rationale for performance results, relating them specifically to investment strategy and tactical decisions implemented during the current review period.
 - c. Specific Near-Term Strategy: Discussion of the Investment Manager's specific strategy for the portfolio over the near-term period, with specific reference to asset mix (including cash position) and expected portfolio characteristics.
 - d. Changes in Investment Manager's Firm: Discussion of any changes in the Investment Manager's firm, including professional turnover and client accounts lost.
 - e. Changes in the Board of Trustees' Requirements: Discussion of any proposed or required modifications to the investment program and strategy.

These meetings will also provide the Investment Manager with the opportunity to explain how its investment strategy/outlook has evolved since previous meetings.

9. Each Investment Manager shall be responsible for reviewing this Statement and the Guidelines at least annually (or more frequently, as the Board or the Investment Consultant deem necessary). Whenever the Investment Manager believes that any particular guideline or objective should be changed, added or deleted, it is the responsibility of the Investment Manager to initiate communication with the Board and the Investment Consultant.

10. The Investment Consultant shall also be responsible for reviewing this Statement and the Guidelines on a continuous basis and promptly informing the Board in the event that the Investment consultant believes that any particular guideline or objective should be changed, added or deleted.
11. The Investment Managers may not act upon written or oral instructions from any person other than the full Board of Trustees or its duly authorized representatives.

C. The Board shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662, along with regulations adopted by the Department of Management Services.

1. Definition of pecuniary factor: The term "pecuniary factor" is defined as a factor that the Board "prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests." [112.662(1)]
2. Exclusive consideration of pecuniary factors: Notwithstanding any other law, when deciding whether to invest and when investing, only pecuniary factors may be considered, and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]
3. Proxy voting: Only pecuniary factors may be considered when voting proxies or in the exercise of shareholder rights. (112.662(3))
4. Filing requirements: The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. The Board's investment consultant shall assist in the preparation of required reports and shall annually confirm to the Board its compliance with Chapter 2023-28.
5. Contracting and external communication requirements: Manager contracts shall comply with Section 215.855 as follows:
 - Any written communication made by an investment manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:

- The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida.
- 6. The Investment Consultant will provide Investment Managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes §112.662.
- 7. If a Request for Proposals document is issued for Investment Manager services, the solicitation document must include the following:
- 8. The Board of Trustees may not request documentation of or consider a vendor's social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor's social, political, or ideological interests.

The Investment Managers, rather than the Board, will have sole responsibility for voting all proxies appurtenant to the securities in the Account. In voting such proxies, each Investment Manager shall adhere to the following guidelines:

The Investment Manager shall vote each proxy in a timely manner. All actions and advice with respect to voting proxies appurtenant to portfolio securities must be taken or rendered prudently, and solely in the interest, and for the exclusive benefit, of the Fund and its participants and beneficiaries.

The Investment Manager must provide the Board with its statement of proxy voting guidelines and must adhere to such guidelines, unless inconsistent with applicable law or agreement with the Board to the contrary.

All proxies must be voted unless clearly prudent not to do so. Proxies should be vigorously voted with the interest of preserving or enhancing the security's value.

Only pecuniary factors may be considered when voting proxies. (112.662(3))

Exhibit A
SEPARATE ACCOUNT MANAGER SPECIFIC GUIDELINES
SECTION VIII

The above Statement of Investment Objectives and Guidelines is hereby found acceptable to the Investment Manager, the Board of Trustees, and the Consultant. These Guidelines may be executed in counterpart copies, each of which shall be deemed an original, but all of which shall be considered the same instrument. All modifications to these Guidelines shall be in writing and signed by the Board and communicated to the Investment Manager and the Consultant before they become binding.

IN WITNESS WHEREOF this document has been approved by the Pension Board on July 26, 2018.

City of Hollywood Employees' Retirement Fund

By: _____ **Date:** _____

Investment Manager: _____

Receipt confirmed by: _____ **Date:** _____