

**City of Fort Pierce, Florida
Retirement and Benefit System
Statement of Investment Policy**

Approved ~~May 16, 2013~~ August 16, 2018

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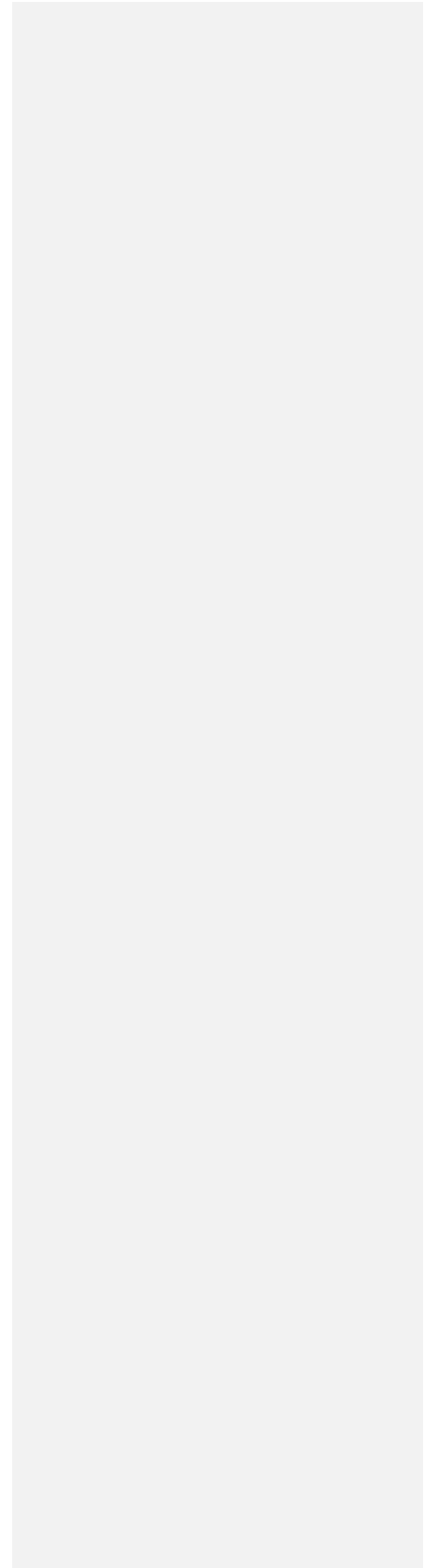


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Agreement

The City of Fort Pierce, Florida Retirement and Benefit System offers a defined benefit retirement plan for eligible:

1. Employees of the City of Fort Pierce, Florida
2. Employees of the City of Fort Pierce, Florida Utilities Authority
3. Employees of the Police Department of the City of Fort Pierce, Florida

The plan is based on contributions deducted from the compensation of each member on each of the above three payrolls, as well as contributions made by the City and participating employers. These contributions are paid to SunTrust, N.A., the Trustee, under terms of a Trust Agreement, dated July 1, 1976. This plan is governed by this Trust Agreement as well as Chapter 13 of the Fort Pierce, Florida Code; Part VII, Chapter 112 of the Florida Statutes, and other related documents.

The Retirement Board is authorized in the City of Fort Pierce Code and the Trust Agreement to engage one or more investment managers to direct the investment of plan assets. Investment managers must abide by this Statement of Investment Policy. Specific investment guidelines/objectives for each manager appear in the Appendix of this Statement.

Purpose

The purpose of this Statement of Investment Policy is to assist the Retirement Board of the City of Fort Pierce Retirement and Benefit System in more effectively supervising and monitoring the investment of the Fund's assets.

In the various sections of this policy document, the Board defines its investment program by:

- stating in a written document the Board's attitudes, expectations and objectives in the investment of Fund assets.
- setting forth an investment "structure" for managing assets. This structure includes various asset classes and investment management styles that, in aggregate, are expected to produce a sufficient level of diversification and investment return over time.
- providing guidelines for each investment portfolio that control the level of risk assumed in the portfolio and ensure that assets are managed in accordance with stated objectives.
- encouraging effective communication between the Board and its investment managers.
- establishing criteria to monitor and evaluate the performance results achieved by the investment managers.

This Statement represents the Board's current philosophy regarding the investment of Fund assets. In addition, although the Board shall utilize this Policy Statement in making decisions concerning the Fund, it shall not necessarily be bound solely by its contents.

Investment Objectives For The Total Fund

- A. The primary long-term investment objective for the total fund is to earn an annualized investment return which exceeds the CPI inflation rate by at least five percent (5%). Investment return means total compounded annual return, calculated recognizing all cash income plus realized and unrealized capital gains and losses.
- B. If 5% over inflation is not achieved over a particular measurement period, the shortfall should be explainable in terms of general economic and capital market conditions. A temporary shortfall will not necessarily indicate failure to achieve the long-term objective. However, periods in which the real return is less than 5% must be offset by periods in which it is greater than 5%.
- C. There is no preference whether the source of investment return is cash income or capital gains.
- D. While stability of investment returns is desirable, the long-term 5% real return objective is more important.
- E. Assets of the plan shall be invested in a manner consistent with the following fiduciary standards of ERISA:
 - 1. All transactions undertaken on behalf of the Trust will be for the sole benefit of plan participants.
 - 2. The safeguards to which a prudent investor would adhere will be observed.
 - 3. Diversification, need for liquidity, and the potential gain and loss will be monitored on an ongoing basis.
- F. Specific investment guidelines and performance objectives will be developed for each investment manager. The guidelines/objectives for each manager will appear as an Appendix to this Statement of Investment Policy and will be regarded as an integral part thereof. Each Appendix will be tailored to reflect the characteristics of the investment approach utilized by the manager. The purpose of tailored guidelines/objectives is to help ensure that each investment manager adds value while playing a well defined, diversifying role within the overall fund.

Asset Allocation

Plan assets may be invested in common stock, fixed-income securities, real estate investments and cash and equivalent securities. Cash flow will be invested and, if necessary, assets will be reallocated so that the total fund conforms to the following asset allocation guidelines:

	<u>Target</u>	<u>Allowable Range</u>
Large Cap Stocks	33.26%	28.22-38.30%
Mid Cap Stocks	7.56%	6.54-8.56%
Small Cap Value Stocks	3.75%	2.75-4.75%
Small Cap Growth Stocks	3.75%	2.75-4.75%
Non-Domestic Common Stock	15.25%	12.21-18.29%
Domestic Fixed Income	27%	22-32%
Real Estate	10%	5-12%

- A. This guideline is to be pursued by the Fund on a long-term basis but will be revised if significant changes occur within the economic and/or capital market environments.
- B. The common stock category includes publicly traded stocks, preferred stocks, and convertible securities. The fixed income category includes all public and private bonds as well as mortgages. The real estate category includes funds that invest directly in the ownership of real estate properties in diversified metropolitan areas.
- C. Cash and equivalents include all money market securities with a maturity of under one year. These may be used to meet liquidity requirements or to serve as a temporary investment when other asset classes appear unattractive. Although cash and equivalents are not a targeted asset class, it shall be the responsibility of each investment manager, subject to individual adviser guidelines, to decide when, how much (and in what currency in the case of a non-U.S. equity or fixed-income manager) to invest a portion of the assets under their supervision in cash and equivalents.
- D. It is recognized that active investment management on the part of the System will involve reallocating funds among asset classes within the allowable ranges.
- E. Due to the well-funded status of the plan, the investment approach of a manager other than Ceredex Value Advisors, Emerald Advisors, Morgan Stanley ~~Emerging Markets~~ and William Blair & Company, should not subject plan assets under its discretion to any more volatility than that sustained in the overall market. In this context, the term “volatility” refers to fluctuations in return arising from market movements as well as market timing. Also the term “overall market” refers to the market in which that manager primarily invests.
- F. Consistent with this Statement of Investment Policy, each active investment manager has full discretion over the assets under its control with respect to asset mix, security selection, and timing of transactions.

Implementation

A. Investment Managers

The City of Fort Pierce, Florida Retirement Board will be responsible for selecting all active and passive investment managers. With appropriate regard for diversification, the Retirement Board will determine the number and types of investment managers as well as the portion of plan assets allocated to each. Both pooled and individual accounts may be used. The Retirement Board will review its decisions in light of investment performance, the capital market outlook, and changes in characteristics of the plan or its sponsoring employers.

Investment managers may include:

1. Banks
2. Insurance Companies
3. Investment counseling firms
4. Mutual funds (including Commingled funds)

B. Documentation

At least quarterly, investment managers and the master custodian must supply statements to the Retirement Board and its designees. These statements will include a detailed description of:

1. Aggregate holdings of each asset class valued at cost and market
2. Individual asset holdings valued at cost and market
3. Asset purchases and sales
4. Investment income
5. Deposits and withdrawals
6. Expenses

C. Reconciliation of Assets Held

Within 30 days of each calendar quarter-end, investment managers shall reconcile their accounting of assets held on behalf of the plan at quarter-end with the statement of assets published by the trustee bank as of the same date. Any items which remain unreconciled for longer than 90 days after each calendar quarter-end shall immediately be reported in writing by the investment manager to the Retirement Board.

D. Performance Measurement

The City of Fort Pierce, Florida Retirement Board intends to review the performance of the total fund and the individual managers relative to the objectives and guidelines described herein. Such a review may include performance analyses and comparisons compiled by individuals or firms retained by the Board. The investment performance review will include comparisons with unmanaged market indices, a broad universe of investment managers and the Consumer Price Index.

E. Meetings

Each investment manager is expected to meet at least semi-annually with the City of Fort Pierce, Florida Retirement Board or its representatives or designees to review its portfolio and investment results within the context of this Statement of Investment Policy. Each investment manager is expected to immediately inform the Board of any substantive changes in market strategy, portfolio structure and market value of managed assets. Significant changes in the ownership, affiliations, organizational structure, financial condition, professional personnel staffing and clientele of the investment management organization are also expected to be immediately reported to the Board.

F. Review and Modification of the Statement of Investment Policy

The City of Fort Pierce, Florida Retirement Board shall review this Statement of Investment Policy at least once annually to determine if modification are necessary or desirable. If modifications are made, they shall be promptly communicated to all investment managers and other interested persons. It shall be the responsibility of all investment managers to initiate written communication with the Board whenever the manager believes that this Statement of Investment Policy should be altered. No deviation from guidelines and objectives established in this Statement should occur until after such communication has occurred and the Board has approved such deviation in writing.

Agreement

By signing this Statement of Investment Policy (which includes the attached Appendix), the City of Fort Pierce, Florida Retirement Board indicates its agreement therewith. While it is important for investment managers to familiarize themselves with Sections 1 through 6, it is understood that these sections apply primarily to the City of Fort Pierce, Florida Retirement Board. On matters relating to portfolio management, each investment manager is only obliged to satisfy the investment guidelines/objectives described in the Appendix page bearing its name. Investment managers, however, are expected to meet the reporting and client communications requirements described under letters “B” and “D” in the section entitled “Implementation”.

Adopted at _____ BY: _____
on _____, 20__ _____

APPENDIX

RICHMOND CAPITAL MANAGEMENT

Investment Philosophy

Richmond Capital Management believes that the investment grade fixed income market misprices default and call risk. Therefore, ~~the manager~~~~we~~ strives to outperform ~~the~~~~our~~ relevant fixed income benchmark by concentrating ~~portfolio~~~~our~~ investments in corporate bonds, agency mortgage-backed securities, commercial mortgage-backed securities, and asset-backed securities. ~~They~~~~We~~ carefully manage the risk in these sectors with a quality bias and extensive diversification.

Typical Portfolio Characteristics

- Average Number of Issues 100
- Minimum Quality BBB/Baa – Maximum 25% allowed
- Range of Bond Maturities 0-30 Years
- Turnover 35%
- Maximum Cash 10%
- Maximum Allocation to One Security* 5%

* With the exception of U.S. Government and agency bonds.

Eligible Investments

- Domestic corporate and government bonds, publicly issued
- Agency mortgage-backed securities
- AAA rated commercial mortgage-backed securities
- AAA rated asset-backed securities
- Taxable municipal bonds
- Money market securities rated A1/P1. (Custodian's STIF account may include a small percentage of issues with lower qualities.)

Performance Objectives

1. Outperform the ~~Bloomberg~~ Barclays ~~Capital~~ Aggregate Bond Index (net of investment fees) by at least one-half of one percentage point over a rolling three-year period.
2. Outperform the median fund in a representative sample of fixed-income managers over a rolling three-year period.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20____

MORGAN STANLEY ~~ASSET-INVESTMENT~~ MANAGEMENT

The City of Fort Pierce Retirement and Benefit System participates in the Morgan Stanley ~~Asset Investment~~ Management Pooled International Equity Trust.

Investment Philosophy

Morgan Stanley ~~Asset-Investment~~ Management seeks to identify non-U.S. companies selling at equity prices below their true worth. Using primarily a "bottom up" approach based on in-house research, the adviser will invest mostly in a broadly diversified group of securities.

Typical Portfolio Characteristics

Return on Operating Capital	At or less than EAFE
Return on Equity	At or less <u>higher</u> than EAFE
Earnings Growth Rate	At or less than EAFE
Dividend Yield	At or higher than EAFE
P/E Ratio	At or less than EAFE
Average Number of Issues	60- 80 <u>90</u>
Maximum Allocation to One Security	<u>45%</u> at time of purchase
Maximum Cash/Bonds Allocation	50%*
Currency Strategy	Defensive <u>hedging only</u>
Maximum Percent of Portfolio Hedged	50% <u>25%</u>

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~~*Morgan Stanley Asset Management will provide monthly information on the level of cash in the portfolio for monitoring by the City of Fort Pierce's Retirement Board.~~

Eligible Investments

1. Common and preferred stock issues, traded in non-U.S. markets (including ADR's),
2. Convertible bonds.

Publicly traded money market securities or bonds viewed by the manager to be cash substitutes in the country and currency of choice of Morgan Stanley ~~Asset-Investment~~ Management subject to minimum quality ratings as maintained by the manager.

Performance Objectives

1. Outperform the Morgan Stanley Capital International Europe, Australia Far East Index (net of investment fees) by at least one-half of one percentage point over a rolling three-year period.
2. Outperform the median fund in a representative equity sample over a rolling three-year period.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style. However, we wish to emphasize that because the Pooled International Trust is a commingled account with multiple participants, no single client's objectives can supersede those of the trust.

BY: _____ On: _____, 20 _____

MORGAN STANLEY ASSET MANAGEMENT

The City of Fort Pierce Retirement and Benefit System participates in the Morgan Stanley Institutional Fund-Emerging Markets Portfolio.

Investment Philosophy

Morgan Stanley Asset Management seeks to identify non-U.S. companies selling at equity prices below their true worth. Using primarily a “bottom up” approach based on in-house research, the adviser will invest mostly in a broadly diversified group of securities.

Typical Portfolio Characteristics

Return on Equity	At or less than Morgan Stanley MSCI Emerging Markets Free
Earnings Growth	At or less than Morgan Stanley MSCI Emerging Markets Free
Dividend Yield	At or higher than Morgan Stanley MSCI Emerging Markets Free
P/E Ratio	At or less than Morgan Stanley MSCI Emerging Markets Free
Average Number of Issues	250
Maximum Allocation to One Security	10%
Maximum Cash/Bonds Allocation	35%
Currency Strategy	Defensive
Maximum Percent of Portfolio Hedged	100%

*Morgan Stanley Asset Management will provide monthly information on the level of cash in the portfolio for monitoring by the City of Fort Pierce’s Retirement Board.

Eligible Investments

1. Common and preferred stock issues, traded in non-U.S. markets (including ADR’s),
2. Convertible bonds.

Publicly traded money market securities or bonds viewed by the manager to be cash substitutes in the country and currency of choice of Morgan Stanley Asset Management subject to minimum quality ratings as maintained by them manager.

Performance Objectives

1. Outperform the Morgan Stanley Capital International Emerging Markets Free Index (net of investment fees) by at least one percentage point over a rolling three-year period.
2. Outperform the median fund in a representative equity sample over a rolling three -year period.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style. However, we wish to emphasize that because the Pooled Emerging Markets Trust is a commingled account with multiple participants, no single client's objectives can supersede those of the trust.

BY: _____ On: _____, 20 _____

WILLIAM BLAIR & COMPANY

Investment Philosophy

The investment objective of William H. Blair & Company's commingled fund is to seek to obtain a total return on its assets from long-term growth of capital and from income principally through a diversified portfolio for marketable securities of established non-U.S. issuers. Investments may be made for capital appreciation or for income or any combination of both for the purpose of achieving a higher overall return than might otherwise be obtained solely from investing for growth of capital or for income.

Eligible Investments

1. Common and preferred stock issues, traded in non-U.S. domiciled companies, traded in non-U.S. markets (including ADR's which may be traded in U.S. and non-U.S. markets),
2. Convertible bonds.

Publicly traded money market securities or bonds in the country and currency of choice of the manager, subject to minimum quality ratings as maintained by the manager.

All other investments authorized by the Trust Document of the William H. Blair & Company commingled fund.

Performance Objectives

1. Outperform the MSCI ACWI ex-U.S. Free Index (net of investment fees) by at least one-half of one percentage point over a rolling three-year period. ~~Although the MSCI ACWI ex-U.S. Free Index shall be the official benchmark, the Board will also compare performance to the MSCI EAFE Index.~~
2. Outperform the median fund in a representative equity sample over a rolling three-year period.

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20_____

STATE STREET GLOBAL ADVISORS
S&P 500 INDEX FUND

The City of Fort Pierce Retirement and Benefit System participates in the SSgA S&P 500 Index Fund.

Investment Philosophy

State Street Global Advisors, through a full replication strategy, seeks to essentially match the return of the S&P 500 over both short and long-term periods. The goal is to minimize the tracking error.

Typical Portfolio Characteristics

Essentially the same as the S&P 500.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20_____

STATESTREET GLOBAL ADVISORS
S&P 400 MIDCAP INDEX FUND

The City of Fort Pierce Retirement and Benefit System participates in the SSgA S&P 400 MidCap Index Fund.

Investment Philosophy

State Street Global Advisors, through a full replication strategy, seeks to essentially match the return of the S&P 400 MidCap over both short and long-term periods. The goal is to minimize the tracking error.

Typical Portfolio Characteristics

Essentially the same as the S&P 400 MidCap.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20_____

CEREDEX VALUE ADVISORS

Investment Philosophy

Ceredex's investment philosophy seeks to invest in small capitalization stocks perceived to be undervalued relative to their true worth.

Typical Portfolio Characteristics

Return on Equity	Below the Russell 2000
Earnings Growth Rate	Below the Russell 2000
Dividend Yield	Above the Russell 2000
P/E Ratio	Below the Russell 2000
Average Market Capitalization	At or Below the Russell 2000
Beta	Below the Russell 2000
Maximum Allocation to One Security	5% at time of purchase
Maximum Cash Allocation	5%

Eligible Investments

1. Common and preferred stock issues, trading in domestic markets (including ADR's).
2. Convertible bonds.

Investment Objectives

1. Outperform the Russell 2000 Value Index (net of investment fees) by at least one-half of one percent over a rolling three-year period.
2. Outperform the median fund in a representative equity sample over a rolling three-year period.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20_____

EMERALD ADVISERS, INC.

Investment Philosophy

Emerald Advisers seeks to invest in small capitalization stocks perceived to be experiencing strong future growth in terms of earnings and stock price. A separate account relationship will be utilized.

Typical Portfolio Characteristics

Return on Equity	Above the Russell 2000
Earnings Growth Rate	Above the Russell 2000
Dividend Yield	Below the Russell 2000
P/E Ratio	Above the Russell 2000
Average Market Capitalization	Within Limits of the Russell 2000
Beta	Above the Russell 2000
Maximum Allocation to One Security	5%
Maximum Cash Allocation	5%

Eligible Investments

1. Common and preferred stock issues, trading in domestic markets (including ADR's).
2. Convertible bonds.

Investment Objectives

1. Outperform the Russell 2000 Growth Index (net of investment fees) by at least one-half of one percent over a rolling three-year period.
2. Outperform the median fund in a representative equity sample over a rolling three-year period.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style.

BY: _____ On: _____, 20_____

Heitman America Real Estate Trust (HART)

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Investment Philosophy

HART seeks to create a high quality, low-risk portfolio of stabilized, income producing assets diversified by property type and economic exposure by acquiring assets: in infill locations within major metropolitan areas; with strong attributes, such as proximity to amenities, employment centers and transportation networks; and that are well-constructed, with features that will appeal to tenants over long periods of time.

Typical Portfolio Characteristics

1. Focus on properties that are 80% or more leased upon purchase.
2. Leverage will be limited to 30%- portfolio-wide and 50% for individual, wholly-owned investments.
3. Two-thirds of HART's total return is anticipated to be derived from income.
- 3.4. Maintain an income advantage relative to the NFI-ODCE index

Eligible Investments

Eligible investments include Office, Industrial, Retail, Multi-Family, and ~~Self-Self~~ Storage.

Investment Objectives

Outperform the NCREIF Fund Index – Open-End Diversified Core Equity Index (NFI-ODCE) ~~by +100 basis points or more~~ over rolling five-year periods.

Agreement

By signing below, we agree that the above fairly represents our investment approach and that the performance objectives are reasonable in light of our investment style. However, we wish to emphasize that because the Heitman America Real Estate Trust is a commingled account with multiple participants, no single client's objectives can supersede those of the trust.

BY: _____ On: _____, 20_____