

INVESTMENT OBJECTIVES AND GUIDELINES

City of Orlando Police Pension Plan

INTRODUCTION

The City of Orlando Police Pension Plan was established to provide benefits to eligible Orlando police officers. A Special Act of the Florida Legislature created the pension plan for police officers in 1943. This Plan is governed to some extent by Chapter 185 of the Florida Statutes, as well as applicable provisions of the Florida Constitution. Further, all Florida plans are also governed by Chapter 112 and certain sections of Chapter 518 of the Florida Statutes.

Plan contributions are made according to general law and/or Special Act of the State of Florida on behalf of the participants of the Plan. Oversight of Plan investments and policy-making decisions regarding the Plan are the responsibility of the Trustees of the Police Pension Board. The administration of the Plan is the responsibility of the Board of Trustees of the City of Orlando Police Pension Plan. The Board has created the positions of Executive Director and Deputy Executive Director to implement Board strategies, directives, and policies and procedures adopted, and to coordinate the activities of the Board, their consultants and City staff. The Police Board of Trustees is authorized by law: to develop and adopt investment policy, to provide the framework for implementing, reviewing, and modifying these policies; and to engage the custodian, the investment managers, and other professionals to direct, monitor and review the investment of the Plan assets.

The Board of Trustees shall exercise reasonable care, skill and caution and invest and manage Plan assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the Plan. Investments of the Plan are subject to the provisions of the statutes of the State of Florida, as well as those specified in the ordinances of the City of Orlando, as well as any other applicable legislation or regulation, state, or otherwise. In performing their investment duties as fiduciaries, the Board will comply with the financial standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a) (A) – (C).

This policy statement is issued for the guidance of fiduciaries, including the members of the Board of Trustees and investment managers, in the course of investing the assets of the Plan. This Policy applies to all funds under the control of the Board.

Policy guidelines may be amended by the Board of Trustees both upon their own initiative and upon consideration of the advice and recommendations of the investment managers and fund professionals. Proposed modifications should be documented in writing to the Plan.

STATEMENT OF GOALS AND OBJECTIVES

This statement of investment goals and objectives is set forth in keeping with the fiduciary requirements under existing state laws. Its purpose is to set forth an appropriate set of goals and objectives for the Plan's assets and to define guidelines within which the investment managers may formulate and execute their investment decisions.

1. Total return, consistent with prudent investment management, is the primary goal of the Plan. Total return, as used herein, includes income plus realized and unrealized gains and losses on Plan assets. In addition, assets of the Plan shall be invested to ensure that principal is preserved and enhanced over time.
2. The total return for the overall Plan shall meet or exceed the Plan's Policy Index (as described in Appendix I). As a secondary comparison, the Plan shall also be compared with comparable public pension funds as represented by the Consultants Public Pension Fund peer group universe, with the understanding that the Plan's funded status and overall investment risk profile may differ from the average public pension fund in that universe.
3. Total portfolio risk exposure and risk-adjusted returns will be regularly evaluated and compared with a universe of similar funds for the Plan and each investment manager. Total portfolio risk exposure should generally rank in the mid-range of comparable funds. Risk-adjusted returns are expected to consistently rank in the top-half of comparable funds.
4. To the extent possible, attempts will be made to match investment maturities with known cash needs and anticipated cash flow requirements.

Investment managers shall exceed the return of their designated benchmark index and rank in the top-half of the appropriate asset class and style universe. Specific guidelines and benchmarks and performance requirements for the Investment Managers are specified in Appendix VI.

Asset Class	Benchmark	Asset Class Universe	Style Universe
Domestic Large Cap Equity	S&P 500, Russell 1000 Growth or Value Index	Equity Funds	Large Core, Growth or Value
Domestic Small/Mid Cap Equity	Russell 2500 SMidcap, Midcap Growth or Value Index	Equity Funds	SMid Cap Core, Growth or Value
Developed International Equity	MSCI ACWI ex US, MSCI EAFE Index	Developed Int'l Equity Funds	Core, Growth or, Value
Domestic Fixed Income	Bloomberg Aggregate, Bloomberg G/C	Fixed Income Funds	Core Bonds
Real Estate – Public REITS, Core, Non- Core	NAREIT, NCREIF ODCE, NCREIF Property Index,	Real Estate Funds	NA
Private Equity	C/A Global All PE	Private Equity	Private Equity
Private Debt	Credit Suisse High Yield, Credit Suisse Leveraged Loan Index, S&P European Leveraged Loan Index	Private Debt	Private Debt
Hedge Fund of Funds	HFRI Fund of Funds	Hedge Funds	NA

5. The Board is aware that there may be deviations from these performance targets. Normally, results are evaluated over a three- to five-year time horizon, but shorter-term results will be regularly reviewed and earlier action taken if in the best interest of the Plan.

INVESTMENT GUIDELINES

The overall capital structure targets and permissible ranges for eligible asset classes are detailed in Appendix I.

Full discretion, within the parameters of the guidelines described herein, is granted to the investment managers regarding the asset allocation, the selection of securities, and the timing of transactions.

1. Equity investments, i.e., common stocks, convertibles, warrants and rights are permitted; subject to the guidelines in Appendix I. Equity specialists may vary equity commitment from 90% to 100% of assets under management. The managers should determine that the securities to be purchased are of an investment grade suitable for this Plan. American Depository Receipts (ADRs), which are dollar denominated foreign securities traded on the domestic U.S. stock exchanges, e.g., Reuters, Nestle, Sony, may be held by each domestic stock manager in proportions which each manager shall deem appropriate.
2. Domestic fixed income investments are permitted, subject to the guidelines in Appendix I, and may include U.S. Government and Agency obligations, mortgage-backed securities; including non-agency mortgages and commercial mortgage-backed securities; asset-backed securities; corporate bonds; debentures; commercial paper; and taxable municipals.
3. At purchase, the minimum quality rating of any fixed income issue held in an investment grade portfolio shall be Baa as rated by Moody's, or an equivalent rating agency, and the overall weighted average quality shall be A or higher. If an investment held by an Investment Manager is downgraded below investment grade, the manager may continue to hold said security if the manager deems it prudent and in the best interest of the Plan. The ratings in this Policy Statement are for guidance only; the investment managers are responsible for making an independent analysis of the credit worthiness of securities and their suitability as investments regardless of the classifications provided by rating agencies.
4. The average duration (interest rate sensitivity) of an actively managed fixed income portfolio shall be within +/- 30% of its benchmark index.
5. To help control overconcentration risk, securities of an individual issuer, excepting the U.S. government and agencies and sovereign nations and their agencies, shall not constitute more than 5% of an investment manager's portfolio at any time, at market value.
6. Investment managers may maintain reserve and cash equivalent investments. However, these investments should be made on the basis of safety and liquidity, and only secondarily by yield available. Cash reserves will be limited to cash equivalent instruments of maturities less than one year; the pooled cash fund of the custodian bank and commingled funds meeting this requirement are permitted.
7. There shall be no specific limitation to turnover. However, modest turnover is preferred.
8. It is expected that all managers will seek best execution when trading their respective portfolios.

Ineligible Investments

Unless specifically approved by the Plan, certain securities, strategies and investments are ineligible for inclusion within separately managed accounts in the Plan's asset base. Among these are:

- Derivative instruments except as permitted in the Derivatives Policy in Appendix II or specifically provided for in individual manager guidelines.
- Privately-placed or other non-marketable debt, except securities issued under Rule 144a.
- Lettered, legend or other so-called restricted stock.
- Commodities.
- Straight preferred stocks and non-taxable municipal securities should not normally be held unless pricing anomalies in the marketplace suggest the likelihood of near-term capital gains when normal spread relationships resume.
- Short sales.
- Direct investments in private placements, real estate, oil and gas and venture capital.
- Any transaction prohibited by ERISA.
- Direct investment by separate account in "Scrutinized Companies" identified in the periodic publication by the State Board of Administration, is prohibited. Any such securities subsequently defined must be identified as non-compliant and shall be sold on or before the later of 12 months after the company appears on a list, or September 30, 2010

Benefit Payments

Investment managers will be given adequate notice of cash needs and an estimation of the liquidity requirements from their funds. They will be expected to manage their funds to provide for anticipated withdrawals without impairing the investment process.

Proxy Voting

Responsibility for the exercise of ownership rights through proxy solicitations shall rest solely with the investment managers, who shall exercise this responsibility in accordance with the Laws of Florida as stated below.

COMPLIANCE WITH CHAPTER 203-28, LAWS OF FLORIDA

The Board and its investment managers shall comply with the requirements of Section 112.662-

1. Definition of pecuniary factor: The term "pecuniary factor" is defined as a factor that an investment fiduciary "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: 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. [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)]. Investment managers and the Board's investment consultant shall assist in the preparation of required reports and shall annually **confirm** to the Board their compliance with Chapter 2023-28, **if applicable**.
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:

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.

Managers shall annually report to the Plan standing policies with respect to proxy voting, including any changes that have occurred in those policies.

Commingled Funds

Mutual funds and other types of commingled investment vehicles provide, under some circumstances, lower costs and better diversification than can be obtained with a separately managed fund pursuing the same investment objectives. However, commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. The Board is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds. Therefore, commingled investment vehicles selected by the Board are exempt from the policies and restrictions specified herein.

Alternative Investments

The Board recognizes that certain Alternative Investment strategies (such as hedge fund, absolute return, and private equity/debt strategies) do in fact make use of derivatives and other instruments which may not be in full compliance with the guidelines set out for separately managed portfolios. Given that virtually all alternative investment strategies will be in a commingled format, the above statement regarding Commingled Funds will likely apply to Alternative Investments. To the extent that the Board selects an Alternative Investment manager offering a separately managed account, the Board may use its discretion in terms of

granting exceptions to these guidelines to that manager.

Manager Probation

Investment Managers may be placed on a watch list in response to the Board's concerns about the Manager's recent or long-term investment results, failure of the Investment Manager to comply with any of this IPS, significant changes in the Investment Manager's firm, changes in the Manager's investment strategy, anticipated changes in Fund structure, or any other reasons which the Board deems appropriate. A Manager may be placed on probationary status if:

- Performance fails, over eight consecutive quarters or any eight quarters during a ten quarter period, to achieve median same style universe performance levels as defined by the Fund; and
- During this same period the return does not meet the return of the benchmark index.

This does not preclude the Fund from placing a Manager on the watch list for performance in a lesser time period or taking other actions if deemed appropriate by the Fund.

ROLES AND RESPONSIBILITIES

Board of Trustees

The Board of Trustees (Trustees) shall review the total investment program. Trustees shall approve the investment policy and provide overall direction to the staff in the execution of the investment policy. Trustees, with the assistance of the investment consultant, are responsible for evaluating, hiring, and terminating investment managers, consultants and custodian banks.

The Board of Trustees shall exercise reasonable care, skill and caution and invest and manage Plan assets as a prudent investor would, by considering the purposes, terms, distribution requirements and other circumstances of the Plan. Investments of the Plan are subject to the provisions of the statutes of the State of Florida, as well as those specified in the ordinances of the City of Orlando, as well as any other applicable legislation or regulation, state, or otherwise. In performing their investment duties as fiduciaries, the Board will comply with the financial standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a) (A) – (C).

The board shall establish a system of internal controls which shall be in writing and made a part of the board's operational procedures. The policy shall provide for review of such controls by independent certified public accountants as part of any financial audit periodically required of the board's unit of local government. The internal controls should be designed to prevent losses of funds which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the board or employees of the unit of local government.

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 amendment thereto, shall be the 31st calendar day following the filing date with the plan sponsor.

When appropriate, the Board Members will participate in continuing education opportunities. This will be facilitated at either quarterly meetings, or other educational programs such as industry conferences.

With regards to valuation of investments, any investment for which the fair market value is not provided, as is required, requires disclosure to the State of Florida Department of Management Services and the Plan Sponsor (City of Orlando). The Board will verify the determination of the fair market value for those investments and ascertain that the determination complies with all applicable State requirements at each periodic actuarial valuation performed for the Plan.

Investment Consultant

The Investment Consultant shall assist the Trustees in developing and modifying policy objectives and guidelines, including the development of asset allocation strategies, recommendations on long term asset allocation and the appropriate mix of investment manager styles and strategies. The consultant shall also provide assistance in manager searches and selection, and in investment performance calculation, evaluation, and analysis. The consultant shall provide timely information, written and/or oral, on investment strategies, instruments, managers and other related issues, as requested by the Board of Trustees.

The Investment Consultant shall send a letter to every actively managed mutual fund company and to every actively managed pooled investment vehicle in every calendar year referring the investment manager of such company or other pooled vehicle to Chapter 215.473, Florida Statutes (2009). This letter shall request that the manager monitor the investments in the mutual fund or other pooled investment vehicles and consider divesting all investments in Scrutinized Companies, as defined in that statute and not otherwise exempted by that statute. The letter will also include a request that the mutual fund companies and other pooled investment vehicles create a similar actively managed fund or pooled investment vehicle that will be managed so as to exclude investments in such companies in the future.

Investment Managers

The duties and responsibilities of each of the investment advisors retained by the Plan include:

1. Managing the Plan's assets in accordance with the policy guidelines and objectives expressed herein.
2. Meeting with the Board of Trustees at their request. Each manager shall report to the Plan and the Investment Consultant as outlined in Appendix III. Quarterly reports should be submitted in writing within 30 days at the end of a quarter.
3. Working with the custodian bank to verify monthly accounting reports.
4. Acknowledging in writing to the Plan the investment manager's intention to comply with this Statement as it currently exists or as modified in the future.
5. The investment managers shall provide the Plan with their pricing policies including a list of sources used. The Plan should be notified of any exceptions to these policies. The custodian is required to obtain prices independent of the manager, or to notify the Plan that independent prices are not available.

Custodian Bank

In order to maximize the Plan's return, no money should be allowed to remain idle. Dividends,

interest, proceeds from sales, new contributions and all other monies are to be invested or reinvested promptly.

Securities should be held with a third party, and all securities purchased by, and all collateral obtained by, the board should be properly designated as an asset of the board. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the board or the board's designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

All investments will be reported at market value using generally accepted valuation/pricing mechanisms, such as publicly published prices, pricing mechanisms such as matrix pricing utilized by the Master Custody and Investment Management industry and professional appraisals. Should the Board authorize investment in illiquid securities/assets for which a generally recognized market is not available or there is no generally accepted pricing mechanism, then the Board will adhere to the criteria set forth in Florida Statute Chapter 215.47(6) (except for the submission to the Investment Advisory Council is not required). Any investment, for which the fair market value is not provided, as is required, requires disclosure to the Department of Management Services and the Plan Sponsor (City of Orlando). The Board will verify the determination of the fair market value for those investments and ascertain that the determination complies with all applicable State requirements at each periodic actuarial valuation performed for the Plan.

The custodian bank(s) will be responsible for performing the following functions:

1. Accept daily instructions from designated staff.
2. Notify investment managers of proxies, tenders, rights, fractional shares or other dispositions of holdings.
3. Resolve any problems that designated staff may have relating to the custodial account.
4. Safekeeping of securities.
5. Collection of interest and dividends.
6. Daily cash sweep of idle principal and income cash balances.
7. Processing of all investment manager transactions.
8. Collection of proceeds from maturing securities.
9. Disbursement of all income or principal cash balances as directed.
10. Collect asset values from pooled accounts, hedge funds, private equity investments and other alternative asset classes not custodied by the bank for inclusion in the Plan's comprehensive monthly valuation reports.
11. Providing monthly statements by investment account and a consolidated statement of all assets.
12. Working with the investment consultant and the Fund accountant to ensure accuracy in reporting.
13. Provide written statements revealing monthly reconciliation of custody and investment managers' accounting statements.
14. The custodian shall provide the Plan with their pricing policies including a list of sources used. The Plan should be notified of any exceptions to these policies. The custodian is required to obtain prices independent of the manager, or to notify the Plan that independent prices are not available.

OTHER CONSIDERATIONS

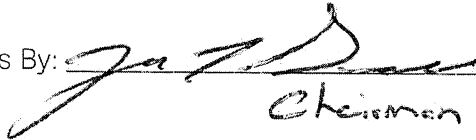
It is the intent of the Plan to revise this statement of goals and objectives to reflect modifications and revisions to the Plan, which may develop from time to time. It is also the policy of the Plan to review these goals and objectives at least once per year and to communicate any material change thereto to the investment managers.

This Policy statement is prepared to provide appropriate guidelines for the investment managers, consistent with the Plans' return objectives and risk tolerances. Should any investment manager believe that the guidelines are unduly restrictive or inappropriate; the Plan expects to be advised accordingly.

IMPLEMENTATION

All monies invested for the Plan by its investment managers after the adoption of this Investment Policy shall conform to this policy. The Investment Policy statement was adopted by the Board of Trustees of City of Orlando Police Pension Plan at their meeting on 11/9/2023.

Approved on Behalf of the Board of Trustees By: _____


Chairman

Date: 11/22/2023

Accepted on Behalf of Investment Manager By: _____

Date: _____

APPENDIX I

City of Orlando Police Pension Plan

ASSET ALLOCATION POLICY

In order to have a reasonable probability of achieving the target return at an acceptable risk level, the Plan has adopted the asset allocation policy outlined below. The actual asset allocation will be reviewed on a quarterly basis and will be readjusted when an asset class weighting is outside its target range.

<u>ASSET CLASS</u>	<u>TARGET %</u>	<u>TARGET RANGE %</u>	<u>TARGET BENCHMARK</u>
EQUITY			
Domestic Equity			
Large Capitalization	24	19-29	Russell 1000
SMID Capitalization	8	3-13	Russell 2500
International Equity			
Core International Equity	15	10-20	MSCI ACWI ex. US
Emerging Market Equity	5	2-7	MSCI EME
FIXED INCOME			
Core Bonds	24	19-29	Barclays Aggregate
ALTERNATIVES			
Private Equity	7	0-12	C/A Global All PE
Private Debt	9	0-14	Credit Suisse High Yield
Real Estate	5	0-10	NCREIF Property Index
Hedge Fund of Funds	3	0-5	HFRI Fund of Funds
CASH			
Short Term	0	0-5	90-Day T-Bill

The Plan's Policy Index is a custom benchmark designed to indicate the returns that a passive investor would earn by consistently following the asset allocation targets set forth in this investment policy statement. It is useful in separating the impact of investment policy from execution of the investment strategy in evaluating the performance of the Fund's investment program.

The Policy Index is calculated by multiplying the target commitment to each asset class by the rate of return of the appropriate market index, as listed above, on a monthly basis.

Rebalancing

The Board, with the assistance of the consultant, will review asset allocation at least quarterly to determine if the asset allocation is consistent with the exposure ranges described herein. The "Staff" will direct investment managers to transfer funds to rebalance the asset allocation as necessary with subsequent Board notification. The transfers should be on a pro-rata basis. The Board will consider market conditions and transaction costs, as well as any other relevant factors when rebalancing.

The Fund shall strive to maintain a neutral bias with respect to Style Allocation (Growth versus Value) in its equity investments. The Trustees recognize that over the long run, returns from Growth and Value investing tend to approximate each other; over shorter periods, however, returns between the two can be significantly different. The Board, as part of the normal rebalancing responsibilities, shall use appropriate judgment and care when rebalancing portfolios.

City of Orlando Police Pension Plan

DERIVATIVES POLICY STATEMENT

A. Objectives

This derivatives policy statement identifies and allows common derivative investments and strategies which are consistent with applicable law and the Investment Policy Statement and requires investment managers to petition for the inclusion of additional derivative instruments and strategies. The guidelines also require investment managers to follow certain controls, documentation and risk management procedures.

B. Definition and Classification of Derivatives

A derivative is a security or contractual agreement which derives its value from some underlying security, commodity, currency, or index. These guidelines classify derivatives into four separate categories distributed across two classes: derivative contracts and derivative securities:

1. Derivative Contracts

- a) Forward-based derivatives, including forward contracts, futures contracts, swaps, and similar instruments
- b) Option-based derivatives, including put options, call options, interest rate caps and floors, and similar instruments

2. Derivative Securities

- a) Collateralized Mortgage Obligations (CMOs)
- b) Structured Notes

C. Allowed Uses of Derivatives

1. Derivative Contracts

- a) **Hedging.** To the extent that the non-derivative component of a portfolio is exposed to clearly defined risks and derivative contracts exist which can be used to reduce those risks, the investment managers are permitted to use such derivatives for hedging purposes, including cross-hedging of currency exposures, subject to the documentation requirements below.
- b) **Creation of Market Exposures.** Investment managers are permitted to use derivatives to replicate the risk/return profile of an asset or asset class, provided that the guidelines for the investment manager allow for such exposures to be created with the underlying assets themselves.

- c) **Management of Country and Asset Allocation Exposure.** Managers charged with tactically changing the exposure of their portfolio to different countries and/or asset classes are permitted to use derivative contracts for this purpose.

2. Derivative Securities

- a) **"Plain Vanilla" CMOs.** For the purpose of this policy, we will define a "plain vanilla" CMO as one which can be shown that the CMO is less exposed to interest rate and prepayment risk than the underlying collateral.
- b) **Other CMOs.** CMOs which are not plain vanilla are restricted to 10% of a manager's portfolio.
- c) **Structured Notes.** Structured notes may be used so long as the exposure implied by their payment formula would be allowed if created without use of structured notes.

D. Prohibited Uses of Derivatives

Any use of derivatives not listed in section C is prohibited without written approval of the Plan. Investment managers are encouraged to solicit such approval if they believe the list in section C is too restrictive. By way of amplification, it is noted that the following two uses of derivatives are prohibited:

1. **Leverage.** Derivatives shall not be used to magnify exposure to an asset, asset class, interest rate, or any other financial variable beyond that which would be allowed by a portfolio's investment guidelines if derivatives were not used.
2. **Unrelated Speculation.** Derivatives shall not be used to create exposures to securities, currencies, indices, or any other financial variable unless such exposures would be allowed by a portfolio's investment guidelines if created with non-derivative securities.

E. Transaction-Level Risk Control Procedures and Documentation Requirements

For each over-the-counter derivative transaction, except foreign exchange forward contracts, investment managers are required to obtain at least two competitive bids or offers. For small-issue CMOs, it is acceptable to obtain competitive prices on similar securities.

For all derivatives transactions, investment managers should maintain appropriate records to support that all derivative contracts used are employed for allowed strategies. In addition, the following requirements apply to derivative securities:

a) "Plain Vanilla" CMOs

Document that the CMO is in fact "plain vanilla", according to the definition in section C.2.a.

b) Other CMOs

These CMOs must be stress tested to estimate how their value and duration will change with extreme changes in interest rates. An extreme change is one of at least 300 basis points.

c) Structured Notes

Document that note does not create exposures which would not be allowed if created without derivatives.

F. Portfolio-Level Risk Control Procedures and Documentation Requirements

1. Counterparty Credit Risk

Managers are required to measure and monitor exposure to counterparty credit risk. All counterparties must have commercial paper credit ratings of at least A1 or equivalent rating.

2. Ongoing Monitoring of Risk Exposures

The duration and other risk exposure limits specified in the managers' guidelines are expected to be satisfied on an ongoing basis. Thus, managers must monitor changing risk exposures. Fixed income managers investing in CMOs should pay particular attention to the changing duration of their CMOs, and should anticipate potential changes in duration at the time CMOs are purchased so that interest rate and prepayment rate changes do not inadvertently move the portfolio out of compliance.

3. Valuation of Holdings

The investment managers and custodian shall provide the Plan with their pricing policies including a list of sources used. The Plan should be notified of any exceptions to these policies. The custodian is required to obtain prices independent of the manager, or to notify the Plan that independent prices are not available.

The investment managers are required to reconcile the valuations of all derivatives positions with the custodian not less than monthly.

4. Quarterly Reporting

Each manager using derivatives shall submit within thirty days of the end of each quarter a report with the following information:

- a) A list of all derivative positions as of quarter-end.
- b) An assessment of how the derivatives positions affect the risk exposures of the total portfolio.
- c) An explanation of any significant pricing discrepancies between the manager and custodian bank.
- d) An explanation of any events of non-compliance.
- e) For managers of commingled funds, a list of derivative positions and assessment of the effect on the risk exposure of the portfolio.

G. Guidelines for Use of Pooled Funds which Employ Derivatives

Mutual funds and other types of commingled investment vehicles provide, under some

circumstances, lower costs and better diversification than can be obtained with separately managed fund pursuing the same investment objectives. However, commingled investment funds cannot customize investment policies and guidelines to the specific needs of individual clients. The Plan is willing to accept the policies of such funds in order to achieve the lower costs and diversification benefits of commingled funds.

Therefore commingled investment vehicles are exempt from all policies specified above except F.4.e if:

1. The investment practices of the commingled fund are consistent with the spirit of this derivatives policy, and are not significantly different in letter
2. The benefits of using a commingled vehicle rather than a separate account are material.

City of Orlando Police Pension Plan

INVESTMENT MANAGER REPORTING REQUIREMENTS

As Necessary (based on occurrence)

1. Review of Organizational Structure
 - A. Organizational changes (i.e., ownership).
 - B. Discussion of any material changes to the investment process.
 - C. Departures/additions to investment staff.
 - D. Material changes in assets under management for the product managed on behalf of the Plan and for total firm.
 - E. Managers shall disclose all pertinent information regarding any and all regulatory findings and/or litigation in which they were/are involved.

Quarterly

1. Summary of Investment Guidelines
 - A. Discuss adherence to guidelines.
 - B. Comments, concerns, or suggestions regarding the policy statement.
2. Performance Review
 - A. Present total fund and asset class returns for last calendar quarter, year-to-date, last year, last three years, last five years and since inception versus designated benchmarks.
 - B. Discuss performance relative to benchmarks, provide attribution analysis which identifies returns due to allocation and selection decisions, as appropriate.
 - C. Provide portfolio characteristics relative to benchmark.
3. Provide Portfolio Holdings
 - A. Present book value and current market value.
 - B. List individual securities by sector, asset class, or country, as appropriate.

Annually

1. Review of Investment Process and Evaluation of Portfolio Management Process
 - A. Brief review of investment process.
 - B. Investment strategy used over the past year and underlying rationale.
 - C. Evaluation (in hindsight) of strategy's appropriateness.
 - D. Evaluation of strategy's success/disappointments.
 - E. Current investment strategy and underlying rationale.
 - F. Written annual report of the proxy votes for all shares of stock in companies held in the manager's investment program that provides explanations of votes other than those considered routine. These reports shall specifically note any instances where proxies were not voted in accordance with the manager's standing policy.
 - G. Each manager shall provide an annual commission report to be delivered to the Board and Investment Consultant within forty-five (45) days of the end of

each calendar year [December 31]. The report shall cover all trades executed during the prior calendar year.

- H. Each manager shall submit their soft dollar policy, as well as their soft dollar "usage" to be delivered to the Board and Investment Consultant within forty-five (45) days of the end of each calendar year [December 31].
- I. Managers shall annually report to the Board, standing policies with respect to ethics and professional practice, within forty five (45) days of the end of the calendar year [December 31]. Managers shall annually report to the Board compliance with the CFA Institute (CFAI) Code of Ethics. Managers shall disclose if they are made aware of any Chartered Financial Analyst (CFA) charterholders employed by their firm that have been publicly censured by the CFAI.