INVESTMENT OBJECTIVES & POLICY STATEMENT

FOR

FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST
CITY OF MIAMI

_________ 2022

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PREFACE

INVESTMENT GUIDELINE REQUIREMENTS OF FLORIDA STATUTE 112.661

There are a number of specific requirements of Florida Statute 112.661. Each of these requirements is listed below and the page number and section in the Investment Objectives & Policy Statement that refer to these requirements is given. It is the intent of this Statement to comply with all of the requirements of this Statute.

1. SCOPE: Page 6, point 2.0 Policy Scope.
2. INVESTMENT OBJECTIVES: Page 7, point 3.1 Board Investment Objectives.
3. PERFORMANCE MEASUREMENT: Page 7, point 3.1 Board Investment Objectives; Page 12, point 4.3 Investment Objectives (Performance Measurement).
4. INVESTMENT AND FIDUCIARY STANDARDS: Pages 7-8, point 3.3 Board Responsibilities (Investment & Fiduciary Standards).
5. AUTHORIZED INVESTMENTS: Page 12, point 4.0 Investment Diversification Policies; Page 14, point 5.2 Investment Manager Guidelines (Authorized Investments); Pages 22-23 Appendix B.
6. MATURITY & LIQUIDITY REQUIREMENTS: Page 8, point 3.4 Maturity & Liquidity Requirements; Page 22, Appendix B - 1) Diversification, Liquidity & Restrictions (Valuation of Illiquid Investments).
7. PORTFOLIO COMPOSITION: Page 14, point 5.2 Investment Manager Guidelines (Authorized Investments), Page 22-23, Appendix B
8. RISK & DIVERSIFICATION: Page 12, point 4.0 Investment Diversification Policies; point 4.2 Style Orientation; point 4.4 Asset Allocation Plan; Page 19, Appendix A; Page 14, point 5.2 Investment Manager Guidelines; Pages 22-23, Appendix B.
9. EXPECTED ANNUAL RATE OF RETURN: Page 7 point 3.2 Expected Annual Rate of Return.
10. THIRD-PARTY CUSTODIAL AGREEMENTS: Page 10, point 3.7 Third-Party Custodial Agreements; Page 29 Appendix F, Responsibilities of Global Custodian.
11. MASTER REPURCHASE AGREEMENT: Page 14, point 5.2 Investment Manager Guidelines; Page 23, Appendix B, Point 4) Cash & Equivalents Guidelines (Master Repurchase Agreement).
12. BID REQUIREMENT: Page 16, point 8.1 Bid Requirement.
13. INTERNAL CONTROLS: Page 9, point 3.6 Policies to Ensure Ethical & Prudent Action (Internal Controls).
14. CONTINUING EDUCATION: Pages 8-9, point 3.5 Training & Education Policy (Continuing Education).
15. REPORTING: Page 16, point 9.0 Portfolio Reporting Requirements; Pages 26-27, Appendix D, Portfolio Reporting Requirements.
16. FILING OF INVESTMENT POLICY: Page 6, point 1.2, Policy Statement (Filing of Investment Policy).

17. VALUATION OF ILLIQUID INVESTMENTS: Page 14, point 5.2 Investment Manager Guidelines; Page 22 Appendix B - (1) Investment Manager Guidelines-Diversification, Liquidity & Restrictions (Valuation of Illiquid Investments).
18. PLACEMENT AGENT FEE POLICY: Page 10, point 3.8 Placement Agent Fee Policy.
19. SCRUTINIZED SECURITY POLICY FOR IRAN/SUDAN INVESTMENTS: Page 10, point 3.9 Scrutinized Security Policy for Prohibited Investments, as per the June 2, 2009 Senate Bill 538 Chapter 2009-97, which established provisions 175.07 (8) and 185.06 (7).

FIRE FIGHTERS' AND POLICE OFFICERS' RETIREMENT TRUST

CITY OF MIAMI

INVESTMENT OBJECTIVES AND POLICY STATEMENT

PART I

POLICY PERSPECTIVES

1.0 INTRODUCTION AND POLICY STATEMENT

1.1 Introduction

The Fire Fighters' & Police Officers' Retirement Trust's Investment Objectives and Policy Statement ("IPS") is a document which:

a) Establishes and outlines the responsibilities of the various parties that are associated with the management of the Retirement Trust;

b) States various control procedures to ensure that the Retirement Trust is appropriately managed.

1.2 Policy Statement (Filing of Investment Policy)

Notwithstanding any other provisions to the contrary, the policy of the Board of Trustees ("Board") of the Fire Fighters' & Police Officers' Retirement Trust ("Retirement Trust", "Trust" or "Fund") shall be to invest trust funds in a manner that is consistent with the applicable sections of the City of Miami Code, which adheres to the prudent person standard, as well as State and Federal laws. As required by Section 112.661, Fla. Stat., the Retirement Trust will file with the Department of Management Services, the City and the Trust's actuary, accountant and custodian its investment policy statement and any revisions. (Please see the Preface for policy references to the requirements of Florida Statute 112.661.)

2.0 POLICY SCOPE

This policy shall set forth guidance and requirements for the investment activities conducted by the Board. The funds eligible for investment are all those under the direct authority of the Retirement Trust Board of the Fire Fighters' & Police Officers' in accordance with the applicable sections of the Miami Code.

3.0 POLICY OBJECTIVES

The basic objectives are:

1) Safety of funds invested;
2) Liquidity sufficient to meet all cash needs of the Retirement Trust;
3) Investment performance that is competitive in the current market environment once the first two objectives have been satisfied.

The goals of the Board are to:

1) Fund the Retirement Trust's benefit payments, with the least amount of risk possible;
2) Protect against loss of purchasing power by achieving rates of return above inflation;
3) And, achieve a fully funded pension status, at the lowest possible cost.

3.1 Board Investment Objectives:

1) At a minimum, achieve a nominal return equivalent to the Trust's actuarial interest rate.
2) Earn a long-term total return that averages 4 to 6% in excess of the long-term rate of inflation.
3) Exceed the return of the Retirement Trust's passive, market-based, investment benchmark. Allocations to specific asset classes are based on the Retirement Trust's target asset mix, as detailed in this IPS.
4) Achieve a total fund return, as well as risk-adjusted return, ranking above the median of other public sector retirement funds.

3.2 Expected Annual Rate of Return

As required by Section 112.661, Fla. Stat., the Board shall specify, to the extent reasonably possible upon the advice of its investment experts, the Trust’s total expected annual rate of return for the current year, for each of the next several years and for the long term. The Board’s expected returns for each of these time periods is the actuarial hurdle rate, as specified in the actuary’s most current actuarial valuation. The current actuarial hurdle rate is 7.0%.

3.3 Board Responsibilities (Investment & Fiduciary Standards)

The Board holds the fiduciary responsibility for the Retirement Trust. Thus, the Board will set a reasonably diversified asset allocation target (including minimum and maximum allocations), which is expected to appropriately fund the Retirement Trust's liabilities and meet its basic investment objectives. The basis for such a target asset allocation will be a study of the Retirement Trust's pension liabilities and reasonable, alternative investment portfolios.

It is also the goal of the Board to manage the Fund according to standards that are consistent with those established by the Employee Retirement Income Security Act (ERISA), 29 U.S.C. 1104(a) as incorporated in Section 112.661(4), Florida Statutes. Therefore, the Board will act in a prudent manner and expect its investment managers and Investment Consultant to act as prudent experts.

If deemed appropriate, consistent with Section 518.112, Fla. Stat. the Board may delegate fiduciary investment responsibility to qualified investment managers, with the managers serving at the sole pleasure of the Board. All managers, in accordance with Florida Law, shall have a provision relating to fiduciary duty in their individual contracts. Similarly, the Board may hire other experts to assist in the management and oversight of the Retirement Trust. Also, in fulfilling its fiduciary responsibility, the Board will establish investment goals, objectives, policies, guidelines and benchmarks for the Trust, asset classes and investment managers.

The Board shall appoint an Investment Consultant to assist in the overall supervision of the investments. The Investment Consultant's responsibilities shall include at a minimum the requirement to:

1. keep the Board of Trustees and the Administrator apprised of material changes in investment strategy, investment managers, asset mix, portfolio structure, and market value of the assets;
2. monitor the Fund's investment performance and its investment managers, and assist the Board and the Administrator in interpreting the results;
3. provide the Board and the Administrator with quarterly performance reports to help ensure that the Fund's investment objectives are achieved. Investment performance will be measured against commonly accepted performance benchmarks;
4. keep the Board and the Administrator informed of events that may have a material adverse effect on the assets; and
5. recommend changes to this Policy as necessary.

3.4 Maturity & Liquidity Requirements

Detailed liability projections shall be analyzed to determine the factors influencing the Trust's cash flow requirements. Sensitivity analyses will be prepared so that the Board may thoroughly evaluate the ability of alternative investment portfolios to fund the Trust's liabilities (cash flow requirements). This study will also consider levels of fund performance and total Plan funding volatility, such that risk is properly and prudently evaluated, and identify asset mix alternatives expected to match the risk tolerance of the Board. A comprehensive review of investment risk and asset/liability funding uncertainties will help ensure that an appropriate investment posture is assumed. In addition, portfolio rebalancing activities will occur to provide for short-term Fund cash flow requirements.

3.5 Training and Education Policy (Continuing Education)

It is the policy of the Board to provide periodic training to Board members and staff in the areas of retirement administration, trustee responsibilities, and investment related issues. This training will be provided through reputable educational organizations.

In order to comply with the education requirements of FS Chapter 112.661(14), this policy shall provide for the continuing education of the City of Miami Fire Fighters' and Police Officers' Retirement Trust members in matters relating to investments and the Board's responsibilities.

<u>First Year:</u> In the first year, a Board member is encouraged to attend at least one approved program. Recommended programs include FPPTA New Trustee School and certification, International Foundation New Trustee program and CAPPP certification, and the Florida Division of Retirement conference.

<u>Second Year:</u> Board members are encouraged to complete one certification program by the end of the second year of membership. Recommended programs include FPPTA (3

parts), International Foundation CAPPP (2 parts), Wharton Investments Institute (offered by Intl. Fdn).

Third Year and thereafter: Board members are encouraged to maintain all earned certifications per certifying requirements of the issuing organization. In addition, Board members may attend other conferences, schools or seminars as approved by the Board. Some may include NCPERS, Investment Consultant sponsored conferences, Guns & Hoses, NAPO, Wharton Advanced Investment Management, and investment product related conferences, etc.

The Board chairman shall provide each member upon completion of the above listed requirements a letter of acknowledgement.

Should a Board member fail to comply with the requirements above, the Board chairman shall notify the member of his/her non-compliance in writing.

Board members attending conferences are requested to present a brief report at the next available Board meeting summarizing the topics covered and lessons learned.

Board members are asked to provide conference programs, handouts, transcripts and other pertinent materials to the administrator for inclusion in a library to be maintained in the FIPO offices for reference purposes.

3.6 Policies to Ensure Ethical and Prudent Action (Internal Controls)

The in-house Retirement staff shall be governed by the "prudent person rule," which shall be applied in the context of the Retirement Trust's investment portfolio. Retirement staff shall perform due diligence according to established sections of the City of Miami Code, policies of the Board and written Trust procedures. Ethical and prudent actions are further controlled by the following:

1) The Retirement Administrator shall establish and document a system of internal controls, which shall be approved by the Trust's Board. The controls shall be designed to prevent the loss of public funds arising from fraud, employee error, misrepresentation by third parties, or imprudent actions by employees of the Retirement Trust. Controls deemed most important include: control of collusion, separation of duties (e.g., separating transactions authority from accounting authorization), custodial safekeeping and clear delegation of authority. These controls shall be reviewed annually by the Board's independent certified public accountant.

2) The staff shall act reasonably as custodians of the Trust, and shall recognize that the investment portfolio is subject to public review and evaluation.

3.7 Third-Party Custodial Agreements

1) It is the policy of the Board to contract with a bank or financial institution for the safekeeping of securities owned by the Retirement Trust.

2) It is the policy of the Board that all U. S. dollar denominated securities rendered for payment will be sent "delivery versus payment" (DVP) through the Federal Reserve System or through the Depository Trust Corporation. Any non-U. S. dollar denominated securities will be settled in accordance with local markets' rules and regulations. This payment process ensures that the Retirement Trust's funds are not released until the Trust has received, through Federal Reserve wire or by physical delivery, the securities purchased.

3.8 Placement Agent Fee Policy

Additional disclosure requirements and restrictions have been instituted by public pension funds regarding placement agent fees. When a placement agent assists an investment management organization in obtaining new client accounts, any such compensation must be made public by the investment management organization and disclosed to the Retirement Trust. It is the Retirement Trust's policy to not pay any placement agent fee.

3.9 Scrutinized Security Policy for Prohibited Investments

Sections 215.4702-215.473, Fla. Stat. reflect the Florida Legislature's policy of prohibiting investment in certain companies and in certain countries by the State Board of Administration. The authority of the Trust to invest is established in part by the authorized investments of the State Board of Administration under Section 215.47, Fla. Stat. To the extent the Trust utilizes the standards and limitations in Section 215.47, the Trust shall also observe these limitations. For such portfolios, investment managers are required to review on a quarterly basis their portfolio holdings relative to a list of scrutinized companies on the State Board of Administration website (www.sbafla.com/fsb/) that have been identified as conducting restricted business activities in scrutinized companies and scrutinized nations. Ongoing compliance is required subsequently.

For mutual funds, commingled funds and any other fund types, the Board has implemented communication policies with its investment managers that requests compliance with the divestment of companies on the scrutinized securities list. This communication requests the fund to comply with the divestment legislation. Documentation of the Retirement Trust's efforts with the investment managers of mutual funds, commingled funds is required. Continuing communication efforts will be made with such funds to request the divestment of scrutinized companies.

In addition, all active and passive managers shall adhere to the scrutinized nations limitations imposed by ordinance or resolution of the Miami City Commission.

3.10 Policy Statement Monitoring and Review

All parties identified in this Retirement Trust's Policy Statement are expected to maintain compliance with provisions and requirements outlined in this Investment Policy Statement.

Reporting requirements are listed in the Appendix D

Annually the Policy Statement will be reviewed (and revised if needed).

3.11 Code of Conduct Compliance

Voluntary guidelines for service providers to protect the interests of Plan Participants and Beneficiaries as per the National Conference on Public Employee Retirement Systems (NCPERS) requires service providers to:

1. Act in a professional and ethical manner at all times in dealing with public plan clients
2. Act for the benefit of public plan clients
3. Act with independence and objectivity
4. Fully disclose to public plan clients conflicts of interest that arise that may impair the ability to act independently or objectively
5. Act with reasonable care, skill, competence, and diligence when engaging in professional activities
6. Communicate with public plan clients in a timely and accurate manner
7. Uphold the applicable law, rules, and regulations governing their sector and profession
8. Fully disclose to public plan clients all fees charged for the products or services provided to said client
9. Not advocate for the diminishment of public defined benefit plans
10. Fully disclose all contributions made to entities enumerated in Schedule A [of the NCPERS guidelines)] that advocate for the diminishment of public defined benefit plans

PART II

RETIREMENT TRUST FUND PORTFOLIO MANAGEMENT

4.0 INVESTMENT DIVERSIFICATION POLICIES

As it is prudent to diversify investment risk, the Board has adopted a policy to invest in several institutionally acceptable asset classes. These may include any of the following asset classes: domestic equity (large, mid and small capitalization), international equity-developed and emerging markets, domestic real estate (institutional quality properties either individually, in closed-end or open-end commingled funds, or in global REIT securities portfolios), private equity funds or fund of funds, private debt funds or fund of funds, private infrastructure funds, domestic core investment grade fixed income, high yield fixed income, bank loans, inflation protected securities and short-term investments (primarily due to the transactional nature of most managers' portfolios). Other asset classes may be added by the Board to its investment policy.

4.1 Commingled Fund Participation

The Board acknowledges that when it is in the best interest of the Retirement Trust to invest in a commingled vehicle (i.e. collective fund or institutional mutual fund) or limited partnership, it is not possible to dictate specific investment guidelines and prohibitions. It is the expectation that the investment managers will inform the Retirement Trust if there are any material differences between the commingled fund and the strategy model account.

4.2 Style Orientation

As part of the diversified asset class investment approach of the Retirement Trust, the Board may seek to employ a diverse group of investment portfolio managers within a specific asset class if deemed appropriate.

4.3 Investment Objectives (Performance Measurement)

a) Investment managers are expected to outperform over a full market cycle, or three- to five-year period, their respective asset class market index or benchmark.

b) During this three- to five-year period, the investment managers are also expected to outperform the median manager in their respective style group.

4.4 Asset Allocation Plan and Target Asset Mix

Please see Appendix A for the Retirement Trust's asset allocation target and ranges, as well as benchmarks.

PART III

INVESTMENT GUIDELINES

5.0 INVESTMENT MANAGERS' RESPONSIBILITIES, POLICIES AND GUIDELINES

All investment managers hired by the Retirement Trust will be registered investment advisors with the Securities and Exchange Commission, or will be trust companies that are regulated by State and Federal Banking authorities. Such investment managers will maintain adequate insurance coverages, including errors & omissions, surety bond, fiduciary liability, ERISA bond, etc. In addition, the Retirement Trust's investment managers agree to notify the Board Chairman and the Retirement Administrator in writing if they are unable to continue acting in the capacity of a fiduciary or investment advisor.

5.1 Investment Managers' Requirements & Responsibilities

The following items are required of investment managers employed by the Retirement Trust:

1) To act as prudent experts in the management of fully discretionary accounts for the Retirement Trust.
2) To be fiduciaries to the Trust.
3) To continually educate the Board about capital market developments that pertain to their area of investment expertise.
4) To meet applicable investment objectives over the designated time horizon. If such objectives become unreasonable for any reason, it is the manager's responsibility to communicate his/her reservations about the objectives in writing to the Board. Otherwise, failure to meet these objectives may result in dismissal.
5) To satisfy the quarterly portfolio reporting requirements of the Retirement Trust and maintain the highest level of compliance with CFA Institute performance presentation standards as possible.
6) To immediately communicate in writing via e-mail to the Board and the Board's investment consultant significant portfolio developments, as well as major changes to the investment decision process, changes in the firm's ownership, organizational structure and personnel.
7) To provide a current version of their internal code of ethics. Once a year the manager will provide updated copies of investment and operational policies developed by the firm that are relevant to the Retirement Trust and its portfolio(s).
8) To assist the Board achieve its goals and investment objectives, to implement the Board's asset allocation decisions, and to fulfill the Board's diversification policies.
9) Maintain the investment approach that they were hired to implement under any and all capital market environments.

10) Members of the firm's research and portfolio management teams will comply with CFA Institute Standards of Practice and Code of Ethics. Any industry or regulatory disciplinary action taken against members of the firm's investment staff must be immediately reported in writing to the Board.

11) Manage a fully discretionary portfolio that meets the guidelines under which the strategy is governed.

12) If the Board delegates proxy voting responsibilities to its investment managers, agree to vote all proxy ballots according to the best economic interest of the Retirement Trust's members and in a manner consistent with the Board's proxy policies.

13) Agree to actively support the Retirement Trust's securities lending and commission recapture programs, if applicable.

5.2 Investment Manager Guidelines (Authorized Investments)

Please see Appendix B for the Retirement Trust's investment manager guidelines.

5.3 Applicable Law

All investment activities shall be governed by the provisions of Chapter 112, Part VII, Fla. Stat., Section 215.47, Fla Stat. (including any limitations relating to scrutinized companies or nation); and Chapter 518, Fla. Stat., Investment of Fiduciary Funds.

PART IV

CONTROLS

6.0 SECURITIES LENDING

6.1 The Master Custodian (or an independent third-party) shall manage a securities lending program to produce incremental income in accordance with the terms and conditions set forth in a mutually acceptable securities lending agreement and guaranty.

6.2 The Board reserves exclusive authority to approve the securities lending agreement prior to the commencement of securities lending activity.

6.3 Unless otherwise specified in the agreement,

1) All loans shall be marked-to-market daily,
2) Minimum collateral on each loan shall be maintained daily at 102 percent of loan value for domestic securities and 105 percent of loan value for international securities,
3) Acceptable collateral shall be in the form of cash or marketable fixed income securities with maturities not greater than one year, including (1) Commercial Paper or Variable Rate Notes of issuers with quality ratings of P-1 and/or A-1 by Moody's Investors Services or Standard & Poor's Corporation, or their equivalents; (2) Banker's acceptances, certificates of deposits and time deposits; (3) United States Treasury and Government Agency short-term obligations; (4) Repurchase Agreements with United States Treasury Securities and Agencies of the United States Government as collateral; and (5) Money or short-term investment funds.
4) Borrowers shall be rated A3 or A- or higher by Moody's or Standard & Poor.

6.4 The securities lending agent will report on an annual basis, the following information to the Retirement Trust:

1) The list of approved security borrowers. Also a list of those borrowers dropped from the program over the past year.
2) A description of the evaluation process used when considering potential security borrowers. A list of borrowers that defaulted in the past year.
3) Explanation of any changes to the securities lending process over the past year.
4) A description of how the securities lending agent manages the asset/liability relationship of the securities lending program.
5) A statement regarding how the securities lending queue is managed to produce equitable revenue for the participants
6) Percentage of securities on loan and revenues generated.

6.5 The Retirement Administrator and Consultant shall be responsible for monitoring the securities lending program and recommending changes as appropriate.

7.0 PROXY VOTING

Please see Appendix C for the Retirement Trust's proxy voting policies.

8.0 TRANSACTIONS, BROKERAGE, AND COMMISSION RECAPTURE PROGRAM

The Board understands its fiduciary responsibility with respect to transactions and hereby instructs its investment managers to seek best execution when conducting all trades. Managers are instructed to seek to minimize commission and market impact costs[1] when trading securities. Also, either internally or through an externally provided transaction cost evaluation service, investment managers are expected to measure the costs associated with their investment trades.

When trading securities, best execution is the paramount consideration of the Board. This objective is expected to provide for and protect the best economic interest of the Retirement Trust. As part of the trading process, managers shall determine expected trading costs associated with the Board's commission recapture brokerage firms. If trading through these brokerage firms is in the best economic interest of the Retirement Trust, the managers are expected to consider these firms as well as others in obtaining best execution.

All securities transactions are expected to be executed with FINRA registered broker/dealers.

8.1 Bid Requirement

For fixed income securities, in accordance with Florida Statute 112.611 the Board requires that all its investment managers must obtain competitive bids when seeking to trade all types of fixed income securities or instruments.

9.0 PORTFOLIO REPORTING REQUIREMENTS

Please see Appendix D for the Retirement Trust's portfolio reporting requirements.

10.0 BOARD REVIEW

The Board will monitor investment performance and the Retirement Trust's manager structure. At the quarterly Investment Review Meeting, the Board will review investment reports, investment strategy, market conditions, portfolio manager performance and the status of the Retirement Trust's asset allocation plan, as well as interview current investment managers (as needed). The Board will meet the Retirement Trust's investment managers approximately once a year in Miami, or as otherwise determined by the Board. On-site due diligence visits will be scheduled as needed.

At the regular quarterly Investment Review Meeting, investment manager performance versus the respective investment manager's guidelines and benchmarks will be discussed. Performance net of investment management fees will be evaluated. Investment results

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[1] Market impact for equity trades is based on the transaction price relative to the volume weighted average price (VWAP) on the trade date and/or relative to same day closing prices.

over periods extending back ten years or since inception will be evaluated if available, as well as the appropriate universe medians and style group comparisons by the Retirement Trust's investment consultant.

Explanations will be provided by the investment consultant and/or Board staff as to why portfolios under or outperformed their respective benchmarks. Performance attribution will be provided to the extent possible. Also, risk-adjusted performance will be evaluated.

INVESTMENT COSTS

The Board, with the advice of the Consultant, intends to monitor and control investment costs at every level of the Trust. Accordingly, where appropriate and practical:

- professional fees will be negotiated;
- passive portfolios will be used to minimize management fees and portfolio turnover;
- transition managers will be used if doing so is expected to minimize transaction costs associated with a transition event and
- investment managers will be instructed to minimize brokerage and execution costs.

11.0 POLICY EXCEPTIONS

While this Policy Statement prescribes various maximums, minimums and other numerical limits, it is intended primarily to be a management tool. When the Board determines that an exception to one of the numerical limits here within is in the best interest of the Retirement Trust, such exception is permitted as long as it is consistent with applicable City, State and Federal laws.

Whenever an exception or violation of this Policy is discovered, that fact shall be reported to the Retirement Administrator and the Board Chairman within one business day of its discovery and major exceptions will be reported immediately.

12.0 POLICY REVIEW

This investment policy shall be regularly reviewed (at least annually) to ensure the Retirement Trust's compliance with the overall objectives of safety, liquidity and investment performance, and current laws and financial trends. Proposed amendments to the Policy Statement will be prepared by Staff and the Retirement Trust's consultant. Recommendations will be presented to the Board for consideration and approval.

13.0 AFFIRMATIVE POLICY APPROVAL REQUIREMENT

If the Board receives a written request from a service provider, it is the Board's policy that a request for any action, position or stance cannot be assumed to be approved based upon a non-response (or the mere passage of a period of time). Unless the Board explicitly authorizes in writing any action, position or stance, authorization is not granted.

14.0 GRANDFATHER CLAUSE

Any investment held by the Retirement Trust at the time this policy is adopted shall not be sold to conform to any part of this policy unless its sale is judged to be prudent by the Retirement Trust's investment professionals.

15.0 PORTFOLIO REBALANCING

Please see Appendix E for the Retirement Trust's portfolio rebalancing procedures.

16.0 RESPONSIBILITIES OF GLOBAL CUSTODIAN

Please see Appendix F for the Retirement Trust's global custodian responsibilities.

17.0 TREATMENT AND OVERSIGHT OF DROP (DEFERRED RETIRMENT OPTION PLAN)

DROP is created pursuant to Miami City Code Section 40-203(p). The Board is required by the City to create a separate custodial arrangement for DROP participants and provide a series of self-directed investment options. By electing DROP, participants release the City and FIPO from all claims except timely payment of monthly retirement benefits. Under the terms of the City Code and Chapters 175 and 185 of the Florida Statues, a DROP participant is considered a retiree.

DROP participants, as a condition of DROP and provided in the City Code, bear all risks associated with DROP. As such, the performance of any individual account is not relevant to the overall-all performance of the Retirement Trust. The Trustees of the Retirement Trust bear no oversight or responsibility for the individual investment decisions made by participants in the self-directed DROP account.

The Trust will review investment funds offered in the DROP on an annual basis, or more frequently when recommended by the Investment Consultant. These reviews are to ensure that investment options are appropriate for use by DROP participants based on performance and fees.

Appendix A

4.4 Asset Allocation Plan and Target Asset Mix

Based on the Retirement Trust's asset allocation study[2] and subsequent discussions with the Board, the following is the Retirement Trust's target asset mix and allocation ranges:

	Policy Target	Range	Policy Benchmark[3]
Public Domestic Equity	32%	20% - 40%	Russell 3000 Index
Public Foreign Equity	22%	10% - 30%	MSCI EAFE
Private Equity Fund of Funds	4%	0% - 8%	MSCI ACWI IMI (1 Qtr lag) + 2%
Private Debt	2%	0% - 4%	Bloomberg Barclays High Yield (1 Qtr lag) + 2%
Investment Grade Bonds	18%	12% - 25%	Bloomberg Barclays U.S. Aggregate
Treasuries	7%	3% - 10%	Bloomberg Barclays U.S. Long Treasury Total Return
High Yield Bonds	2%	0% - 4%	BofAML US High Yield Total Return
Bank Loans	2%	0% - 4%	Credit Suisse Leveraged Loan
Real Estate	9%	6% - 12%	NCREIF OCDE
Non-Core Infrastructure	2%	0% - 4%	CPI + 5%

[2] Based upon the expected asset returns, risks, and correlations cited in next pages, this target allocation exhibits an expected annual return of 6.5% and a standard deviation of 12.1%.

[3] Benchmarks listed are for purposes of monitoring asset class performance and calculation of the policy benchmark. Individual strategies within each asset class can have slightly different (more targeted) benchmarks chosen based on the specific characteristics of the strategies.

TWENTY-YEAR, SINGLE ASSET CLASS AND SUB-ASSET CLASS FORECAST[4]

Asset Class	Expected Return (%)	Volatility (%)
Fixed Income		
Cash Equivalents	1.7	1.0
Short-term Investment Grade Bonds	1.9	1.0
Investment Grade Bonds	2.4	4.0
Investment Grade Corporate Bonds	3.0	7.0
Long-term Government Bonds	2.8	12.0
Long-term STRIPS	3.0	23.0
TIPS	2.4	7.0
High Yield Bonds	4.4	11.0
Bank Loans	4.0	10.0
Foreign Bonds	2.3	8.0
Emerging Market Bonds (major)	4.2	12.0
Emerging Market Bonds (local)	4.6	13.0
Equities		
U.S. Equity	6.8	18.0
Developed Market Equity	7.5	19.0
Emerging Market Equity	8.4	24.0
Frontier Market Equity	8.7	21.0
Global Equity	7.2	18.0
Private Equity/Debt	9.5	24.0
Buyouts	9.8	25.0
Venture Capital	10.3	36.0
Private Debt Composite	7.3	16.0
Mezzanine Debt	7.2	16.0
Distressed Debt	7.7	21.0
Real Assets		
Real Estate	7.4	17.0
REITs	7.1	26.0
Core Private Real Estate	6.1	12.0
Value Added Real Estate	8.1	20.0
Opportunistic Real Estate	9.6	26.0
Natural Resources (Public)	7.5	23.0
Natural Resources (Private)	8.5	24.0
Commodities (naïve)	4.6	17.0
Infrastructure (Public)	7.4	18.0
Core Infrastructure (Private)	7.3	18.0
Non-Core Infrastructure (Private)	9.3	18.0
Other		
Hedge Funds	4.4	7.0
Long-Short	4.1	10.0
Event-Driven	5.2	9.0
Global Macro	5.0	5.0
Risk Parity (10% vol)	5.2	11.0
Tactical Asset Allocation	4.5	11.0

[4] Based on Meketa's 2022 Asset Study Capital Market Assumptions

EXPECTED CORRELATIONS AMONG ASSET CLASSES AND SUB-ASSET CLASSES

	Inv. Grade Bonds	Long-term Gov't Bonds	TIPS	High Yield Bonds	US Equity	Dev. Non-US Equity	Em. Market Equity	Private Equity	Real Estate	Private Debt Composite	Infra.	Hedge Funds
Investment Grade Bonds	**1.00**											
Long-term Government Bonds	**0.83**	**1.00**										
TIPS	**0.76**	**0.53**	**1.00**									
High Yield Bonds	**0.22**	**-0.22**	**0.41**	**1.00**								
US Equity	**0.02**	**-0.31**	**0.20**	**0.74**	**1.00**							
Developed Non-US Equity	**0.09**	**-0.28**	**0.26**	**0.76**	**0.89**	**1.00**						
Emerging Market Equity	**0.14**	**-0.23**	**0.34**	**0.76**	**0.77**	**0.87**	**1.00**					
Private Equity	**0.00**	**-0.10**	**0.05**	**0.70**	**0.85**	**0.80**	**0.75**	**1.00**				
Real Estate	**0.20**	**0.05**	**0.10**	**0.50**	**0.50**	**0.45**	**0.40**	**0.45**	**1.00**			
Private Debt Composite	0.20	-0.20	0.10	0.85	0.75	0.70	0.70	0.80	0.40	**1.00**		
Infrastructure	**0.29**	**0.09**	**0.31**	**0.64**	**0.63**	**0.65**	**0.58**	**0.50**	**0.57**	**0.41**	**1.00**	
Hedge Funds	**0.03**	**-0.34**	**0.26**	**0.77**	**0.86**	**0.87**	**0.85**	**0.60**	**0.45**	**0.69**	**0.65**	**1.00**

APPENDIX B

5.2 Investment Manager Guidelines

1) Diversification, Liquidity & Restrictions (Valuation of Illiquid Investments)

Portfolio holdings are expected to be well-diversified, so as to avoid excessive volatility and to be liquid. Only investments in liquid securities[5] are allowed, except for real estate, private equity, private debt and infrastructure.

If any investment should become illiquid, they are subject to Florida Statute 215.47 (6). This Statute limits the allocation to illiquid investments and addresses requirements of such investments.

Given the direct ownership of its office property, the Retirement Trust will determine a reasonable estimate of the property's market value. Annually, the Board will contract for a full appraisal of any real property holdings by an MAI (Member Appraisal Institute)-accredited appraiser. Competitive bids for the appraisal valuation will be obtained on an annual basis.

2) Manager Guidelines for Separately Managed Accounts

Investment managers hired to invest a strategy through a separately managed account (i.e. FIPO owns stocks/and or bonds held in a custodial account) will be provided customized investment manager guidelines outlining certain restrictions (e.g. limits on security issues, issuers, and maturities, sector concentration limits, benchmark relative constraints, eligible securities, etc.).

Managers are expected to invest the strategy in accordance with the guidelines and shall inform Miami FIPO whenever a breach is reached (if it is not corrected within 30 days by market movement or manager action).

[5]A liquid security is one that has a readily available price, based either on a recent trade or a well recognized pricing mechanism. Such a security could be sold within one week at most, without incurring significant losses due to price depreciation, in a normal or typical capital market environment.

3) Manager Guidelines for Investments not held in separately Managed Accounts

Any investment strategy held outside of a separately managed account (e.g. commingled funds, mutual funds, Limited Partnership vehicles, etc.) is expected to follow the guidelines contained in the fund's Prospectus, Offering Memorandum, or similar governing document.

Managers are expected to invest the strategy in accordance with the guidelines and shall inform Miami FIPO whenever a breach is reached (if it is not corrected within 30 days by market movement or manager action).

4) Cash & Equivalents Guidelines (Master Repurchase Agreement)

Transactional cash, portfolio assets that are temporarily not invested in authorized, longer-term securities as stated below, may be "swept" into the Fund's custodial short-term investment (money market) commingled fund or invested as stated below. Allowable high-grade, short-term fixed income investments are as follows:

a. certificates of deposit
b. commercial paper
c. U. S. Treasury bills
d. repurchase agreements.

All repurchase agreements must comply with provisions of the currently prevailing Master Repurchase Agreement, as established by the Securities Industry and Financial Markets Association.

Appendix C

7.0 PROXY VOTING

The Board reserves the right to delegate proxy voting to the investment managers or an external independent third party (collectively referred to as “proxy voter” in this appendix).

Developments in the equity markets have caused a heightened awareness of investment managers’ proxy voting policies. In addition, the SEC requires mutual funds to report their proxy voting decisions to fund investors. The desire of certain investors to make sure the mutual fund companies are remaining objective in their evaluation of corporate activity has created the desire for higher proxy voting visibility.

While these SEC requirements do not directly apply to separately managed institutional portfolios, the Board expects no lesser reporting disclosure from its proxy voter, regardless of the form of the account. The Board directs its proxy voter to remain vigilant in its evaluation of corporate actions. Managers must be thorough and objective in their evaluation of proxy voting issues. The Fund’s proxy voter must demand the highest degree of integrity from corporate managements represented in the Fund’s portfolios. If the Fund’s proxy voter is found to be in favor of corporate managements to the disadvantage of the Fund, the proxy voter may be terminated. Finally, the Board expects a high degree of accountability and objectivity from its proxy voter with respect to proxy voting. Areas that the Board will closely monitor include employee stock options, management compensation, and the level of external directors on Boards and various management committees.

7.1 The Board's primary objective is to have its proxy ballots voted according to the best economic interest of the Retirement Trust’s members. If the Board decides to delegate to the responsibility for voting proxy ballots, the proxy voter agrees to classify and report on the Retirement Trust’s proxies according to the following generic categories:

1) Routine business or financial matters
2) Non-routine business or financial matters
3) Anti-takeover issues
4) Corporate governance shareholder proposals
5) Social responsibility shareholder proposals

7.2 Under normal circumstances, it is expected that the proxy voter will employ the Retirement Trust's following proxy voting guidelines on issues of routine business or financial matters. The proxy voter will vote for:

1) The proposed slate of directors, assuming directors attend requisite meetings
2) Appointment of auditors
3) Increases in authorized common stock, not to exceed 100% of existing authorized shares
4) Changes in board structure

7.3 The Board also provides the following general guidelines with respect to non-routine matters, anti-takeover issues, corporate governance proposals and socially responsible proposals:

1) For issues that involve non-routine business or financial matters, the proxy voter would be expected to vote against the nonfinancial effects of a merger proposal, but for director liability and indemnification, stock option plans and stock splits.

2) In the area of anti-takeover issues, it is expected that the proxy voter shall vote against blank check preferred stock proposals, classified boards, limiting shareholders' right to call special meetings, limiting shareholders' rights to act by written consent, super-majority voting requirements, reincorporation proposals, issuance of stock with unequal voting rights and elimination of preemptive rights.

3) For corporate governance shareholder proposals, the proxy voter will be expected to vote for requiring a majority of independent directors submitting a company's shareholder rights plan to a shareholder vote, implementing confidential voting, anti-greenmail proposals, opting out of State anti-takeover laws, equal access to proxy materials, submitting golden parachutes to a shareholder vote, adopting cumulative voting and shareholder proposals involving anti-takeover proposals. The proxy voter will be expected to vote against limiting the terms of directorship and stock ownership requirements.

4) In the area of socially responsible shareholder proposals, the proxy voter will vote these proxies in the best economic interest of the Retirement Trust's members.

7.4 Under certain circumstances, the Board recognizes that voting in accordance with these issue-specific proxy guidelines will not be consistent with its primary proxy voting guideline of voting all proxy ballots according to the best economic interest of the Retirement Trust's members. In such cases, when reporting to the Board in its regular quarterly report, the proxy voter shall explain why they did not vote according to the Board’s issue-specific proxy guidelines.

Appendix D

9.0 PORTFOLIO REPORTING REQUIREMENTS

Satisfying the quarterly portfolio reporting requirements of the Retirement Trust is an important part of the manager's responsibilities. These requirements are stated below. Significant portfolio developments, as well as major changes in the firm's ownership, organizational structure and personnel, should be immediately communicated in writing via fax or e-mail to the Board, the Retirement Administrator, and the investment consultant. Managers are expected to disclose any SEC investigations or litigation brought against the firm or key personnel immediately.

There will be a regular quarterly written review of investment manager performance versus the respective investment manager's guidelines and benchmarks. Performance both before and after investment management fees will be evaluated. Investment results over periods extending back ten years or since inception, will be stated, if available, as well as the appropriate universe medians and style group comparisons by the Trust's investment consultant.

Also, the manager agrees to satisfy the Board's prescribed quarterly reporting requirements.

It is the responsibility of the Trust's investment managers to certify and demonstrate that their portfolios are in compliance with the Retirement Trust's overall guidelines.

Investment management firm's will continually monitor risks associated with their investments. They will be expected to report on the active management positions assumed relative to their respective benchmarks. As a result of this risk/reward analysis, active managers will provide attribution versus benchmarks in each regular quarterly report.

9.1 Quarterly Reporting:

Quarterly reporting shall be timely delivered to the Trust and Consultant and should meet industry best practices which generally includes the following:

1. Portfolio investment objectives, strategy and process
2. Portfolio performance – gross and net of fees
3. Portfolio asset mix & asset growth
4. Portfolio & benchmark characteristic comparison
5. Quarter-end reconciliation to custodian
6. Quarter-end portfolio positions & transactions
7. Portfolio attribution analysis
8. Soft dollar brokerage services
9. Conflicts of interest
10. Cash flows
11. Proxy voting record (if applicable)– past quarter

12. Economic analysis & additional information
13. Statement of Sudan/Iran holdings (include date of Protecting Florida's Investment Act quarterly report used)

All manager reports should adhere to this order, unless otherwise instructed by the Retirement Trust.

Appendix E

14.0 PORTFOLIO REBALANCING

14.1 The Retirement Administrator and Consultant shall monitor the portfolio regularly. The Consultant shall issue a recommendation to the Board any time an asset class breaches its acceptable range.

14.2 In monitoring the portfolio, the Retirement Administrator and Consultant shall be guided by the section on target asset allocation ranges for each asset class.

14.3 The Board has authority to issue instructions to managers to liquidate securities for reallocation to other managers or other asset classes, but shall do so only after considering the recommendation of the Retirement Administrator and Investment Consultant.

14.4 All interest, dividends, net operating revenue and capital gains shall be reinvested by the investment manager accountable for the underlying security investment.

14.5 The Board shall review the allocation of assets to each investment manager as part of the Board's asset allocation review.

Appendix F

15.0 RESPONSIBILITIES OF GLOBAL CUSTODIAN

The Board recognizes that accurate and timely completion of custodial functions are necessary for the effective monitoring of the investment management activity. The custodian's responsibilities for the Retirement Trust's investable assets are to:

15.1 Provide complete global custody and depository services for the Retirement Trust's designated accounts.

15.2 Provide a Short Term Investment Fund (STIF) for investments of any cash, to ensure maximum investment of the Retirement Trust's assets.

15.3 Provide in a timely and effective manner, settlement of securities transactions and provide monthly reports of the investment actions implemented by the Retirement Trust's investment managers.

15.4 Collect all income and principal realizable and properly report the collections on the custodial periodic statements.

15.5 Provide monthly and fiscal year-end accounting statements for the Retirement Trust's portfolios, including all transactions. These statements will be based on accurate security values both for cost and market. Audited reports will be provided within 12 business days of month-end and fiscal year-end.

15.6 Report to the Retirement Trust situations where accurate security pricing, valuations and accrued income is either not possible to report or is subject to considerable uncertainty.

15.7 Provide assistance to the Retirement Trust to complete such activities as the annual audit, transaction verification or unique issues as required by the Board.

15.8 Manage a securities lending program to enhance income if designated by the Boards.

15.9 Provide electronic access to accounting and performance reporting systems.

15.10 Assist the Board in keeping track of securities litigation cases of past and current investments made by the Retirement Trust's investment managers. Periodic securities litigation reports will be supplied to the Board to review.