

Village of North Palm Beach General Employees' Pension Plan

INVESTMENT POLICY February 2022

I. Scope of Investment Policy

This statement of Investment Policy is designed to provide guidance with respect to the investment policy objectives, guidelines, and constraints for the North Palm Beach General Employees' Pension Plan ("Plan") on behalf of the City of North Palm Beach. The policy is intended to provide guidance for fiduciaries; however, alternate courses of action may be taken when it is clearly prudent. This policy applies to all of the assets under control of the Plan.

II. Purpose

The statement of investment policy is set forth by the Client in order to:

- Identify the relevant parties who have fiduciary responsibility or have been contracted on behalf of the Client;
- Define the investment objective based on the relevant time horizon for which the assets will be managed and define risk tolerance;
- Identify investments that are permissible for use within the account;
- Create performance benchmarks and suitable standards for measuring and evaluating the account's investment strategy;
- Set asset allocation targets and ranges that are in-line with the overall account objective;
- Review exceptions to the policy and define client-mandated restrictions, if applicable.

III. Duties and Responsibilities

Investment and Fiduciary Standards

The Trustees in performing their investment duties shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) - (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

Custodian

Custodians are responsible for the safekeeping of the Plan assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings.
2. Collect all income and dividends owed to the Plan
3. Settle all transactions (buy-sell orders).
4. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Plan since the previous report.
5. Maintain separate accounts by legal registration.

Investment Advisor

The Investment Advisor serves as a professional retained to assist the Board of Trustees in managing the overall investment process. Sterling Capital Management LLC is responsible for guiding the Board of Trustees through a disciplined and rigorous investment process to enable the Board of Trustees to meet the responsibilities outlined above. The Investment Advisor is responsible for the preparation and delivery of an investment performance report for the account at least quarterly.

Voting

Decisions on voting of proxies will be made by Sterling Capital Management

IV. Statement of Investment Objectives

The Investment Policy describes the prudent investment process the Board of Trustees deems appropriate. This process includes offering various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified risk and return requirements of the portfolio. The Board of Trustees has established the following objectives:

- Maintain the purchasing power of the current assets and all future contributions
- Maximize return within a reasonable and prudent level of risk.
- Maintain an appropriate asset allocation based on a total return policy that is compatible with the needs of the Client, while still having the potential to produce positive real returns.
- Use prudent experts (Investment Advisor) to exercise investment discretion over the assets.
- Monitor the activities of the prudent expert to ensure the expert is performing the agreed upon tasks.

Time Horizon

For the purposes of planning, the time horizon for the investment portfolio will be long-term (3 to 5 years). All facts and circumstances at that time will be taken into consideration.

The Board of Trustees recognizes that it may be judged by the standards of a “Prudent Expert” and has hired an Investment Advisor to assist with its responsibilities. It is intended that the risk to Account assets will be measured in context of the impact upon the entire portfolio rather than only individual components.

Risk Tolerance

The Board of Trustees recognizes that some risk must be assumed in order to achieve the investment objectives of the portfolio. The portfolio’s long time horizon, current financial condition, and several other factors suggest collectively some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

Permissible Investments

In addition to all debt instruments, the following includes all authorized investments for the account:

A. Fixed Income Securities

- Treasury Bills and Money Market Funds
- Commercial Paper and Banker's Acceptances
- Certificates of Deposit
- Obligations of Non-U.S. governments and their subdivisions, agencies and government-sponsored enterprises
- Yankee Bonds
- Obligations of international agencies or supranational entities
- Obligations issued by the U.S. Government, its agencies and instrumentalities
- Collateralized Mortgage-Backed Securities
- Asset-Backed Securities
- Corporate Debt Securities, including convertible securities and corporate commercial paper
- Inflation-index bonds issued by corporations
- Structured notes, including hybrid or "indexed" securities, event-linked bonds and loan participations
- Delayed funding loans and revolving credit facilities
- Bank certificates of deposit, fixed time deposits and bankers acceptances
- Debt securities, issued by states or local governments and their agencies, authorities and other instrumentalities

B. Equity Securities

- Common Stocks
- Convertible Notes and Bonds
- Convertible Preferred Stocks
- American Depositary Receipts (ADRs) of Non-U.S. Companies
- Stocks of Non-U.S. Companies (Ordinary Shares)
- Real Estate Investment Trusts (REITs)

C. Investment Types

- Open-Ended Mutual Funds
- Closed-end Mutual Funds
- Exchange Traded Funds
- Managed Separate Accounts
- Investment Partnerships
- Commingled Funds*

*Commingled Funds

For mutual and other commingled funds, the prospectus or Trust documents of the fund(s) will govern the investment policies of the fund investments. When appropriate and consistent with your guidelines, we may purchase for your account shares of mutual funds or other fund vehicles (e.g. ETF, common trust fund, etc.) that are affiliated ("Affiliated Funds") with our firm.

Performance Expectations

Fixed Income

The objective of the Fixed Income assets is to achieve a total return, net of fees, comparable to that of the **Bloomberg Aggregate Bond Index**.

Equity

The objective of the Equity assets is to achieve a total return, net of fees, comparable to that of the **70% Russell 3000/30% MSCI ACWI IMI ex-U.S. Index**.

Total Portfolio

The objective of the Total Portfolio is to achieve a total return, net of fees, comparable to a blended benchmark comprised of indices that represent the Policy Asset allocation at the time.

The policy benchmark is: **Balanced: 42% Russell 3000/18% MSCI ACWI IMI ex-U.S./40% Barclays Aggregate Bond**

V. Asset Allocation Guidelines

The specific Plan objective is to achieve an average annual return greater than the actuarial discount rate over the specified time horizon. The following broad asset allocation ranges define the investment strategy and will be used to evaluate risk and return measures.

Selection	Investment Objective	Equity		Fixed Income	
		Target	Range	Target	Range
<input type="checkbox"/>	Aggressive Growth	100%	+/- 10%	0%	+/- 10%
<input type="checkbox"/>	Growth	75%	+/- 10%	25%	+/- 10%
<input checked="" type="checkbox"/>	Balanced	60%	+/- 10%	40%	+/- 10%
<input type="checkbox"/>	Income and Growth	50%	+/- 10%	50%	+/- 10%
<input type="checkbox"/>	Income Primary	40%	+/- 10%	60%	+/- 10%
<input type="checkbox"/>	Diversified Income	40%	+/- 15%	60%	+/- 15%
<input type="checkbox"/>	Income	25%	+/- 10%	75%	+/- 10%
<input type="checkbox"/>	Core Fixed Income	0%	+/- 10%	100%	+/- 10%
<input type="checkbox"/>	Other	%	____%	%	____%

For all investment objectives listed (with the exception of Diversified Income) please select:

Active or Passive Management

Select One: Active

Proprietary (Sterling Capital) Funds Permitted or Non-Proprietary

Select One: Proprietary (Sterling Capital) Funds Permitted

Taxable Fixed Income or Non-Taxable Fixed Income (this selection N/A for Aggressive Growth)

Select One: Taxable Fixed-Income

Rebalancing of Strategic Allocation

From time to time, market conditions may cause the portfolio's investment in various asset categories to vary from the established target allocation. To remain consistent with the risk and return characteristics established, investments should be reviewed on a quarterly basis by the Investment Advisor and rebalanced to within the acceptable range. The Investment Advisor may choose to employ a tactical strategy given current market conditions by rebalancing toward the lower or upper end of the range.

VI. Section 112.661, Florida Statutes

- A. **Maturity and Liquidity Requirements:** the investment portfolio shall be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To the extent possible, an attempt will be made to match investment maturities with known cash needs and anticipated cash-flow requirements.
- B. **Diversification:** The Board of Trustees has developed a diversified investment program so as to control the risk of loss resulting from over concentration in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold.
- C. **Master Repurchase Agreements:** Repurchase Agreements are prohibited investments
- D. **Bid Requirement:** to the extent possible, it is the intention of the Board of Trustees to determine the appropriate maturity date based on cash flow needs and market conditions, analyze and select one or more optimal types of investment and competitively bid the security in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid is to be selected.
- E. **Internal Controls:** the Board recognizes the internal controls and operational procedures outlined in the Board's operating rules and procedures, in the plan document and in the custodial agreement. These controls are to be reviewed by the Board's independent certified public accountant as part of the financial audit periodically required. The internal controls are designed to prevent losses of funds, which might arise from fraud, errors, and misrepresentation, by third parties or imprudent actions by the Board or employees of the plan sponsor.
- F. **Continuing Education:** The Board of Trustees relies on its consultants and professionals to provide continuing education on pension and investment issues. The Board of Trustees also recognizes state and regional conferences as a source of continuing education. The Trustees are encouraged to attend conferences, schools and other function periodically in order to fulfill this requirement.
- G. **Valuation of Illiquid Investments:** The Board defines an illiquid investments as one for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism. Should an investment become illiquid or in the event that the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in the criteria in Section 215.47(6), Florida Statutes (the SBA/FRS methodology for valuation).

VII. Investment Policy Review

The Committee will review this IPS at last annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

Exceptions to Policy

While there may be occasions where an exception to policy may be prudent considering market conditions, the intent of this policy is to primarily establish guidelines to ensure proper positioning and risk management of the portfolio. Exceptions to policy must be based on a recommendation by the Committee. The Committee must be able to demonstrate that the exception is prudent and within the overall risk management guidelines set forth in the Investment Policy.

In addition, Committee-mandated restrictions that may prevent adherence to the designated portfolio strategy should be documented below. Such restrictions may include, but are not limited to, inability to hold particular securities/issuers, asset classes, or investment vehicle type. The establishment of a minimum cash level, or any other material restriction placed on the investment manager not contained elsewhere within this IPS should be outlined on the following page:

Investment Adviser:

Sterling Capital Management LLC

Date: February 4, 2022

By: 

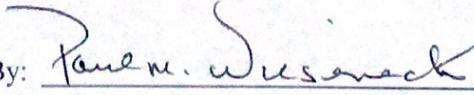
Name: Scott Haenni

Title: Chief Operating Officer

Client:

North Palm Beach General Employees' Pension Plan

Date: 2/1/22

By: 

Name: PAUL M. WIESEBECK

Title: Chair