

**ADDENDUM TO
STATEMENT OF INVESTMENT POLICY FOR
POMPANO BEACH POLICE & FIREFIGHTERS' RETIREMENT SYSTEM
DROP ACCOUNTS
AMENDED JANUARY 22, 2019
EFFECTIVE FEBRUARY 25, 2019**

The Retirement Board (the "Board") of the Pompano Beach Police & Firefighters' Retirement System, as Sponsor, Named Fiduciary and Plan Administrator hereby adopts the following amended Statement of Investment Policy for its DROP Plan (the "Plan"), effective February 25, 2019.

I. Statement of Funding Policy and Method

The principal purpose of the DROP Plan is to provide certain benefits upon actual retirement and thereafter. Thus, the principal goal of the investment of the funds in the Plan should be both security and long-term stability with moderate growth expectations. Investments, other than "fixed dollar" investments, should be included among the Plan's available investments to prevent erosion by inflation. However, investments should be sufficiently liquid to enable the Plan, on short notice, to make distributions (without investment penalties) in the event of distributions on demand.

The Plan will be funded with deposits and reinvestment of income in an IRS-qualified retirement plan and trust exempt from income tax under IRC Section 501(a).

II. Purpose

The Plan Fiduciaries are charged with the overall responsibility under the law to manage the Plan's assets prudently on behalf of the participants pursuant to certain standards of conduct. The general purpose of this Investment Policy Statement is to assist the Fiduciaries in discharging their responsibility to supervise, monitor and evaluate the investment of DROP Plan assets and to set forth the investment standards expected.

Therefore, this Statement is compiled so that the Fiduciaries define a formal set of investment objectives, guidelines and procedures for the management of the DROP Plan assets. It shall be subject to the terms of the Plan documents and any Plan Service Agreement entered into by the Plan and other Fiduciaries. Any DROP Plan Investment Consultant may rely upon the Statement for guidance in order to make recommendations to the Fiduciaries regarding the selection and monitoring of investments in the DROP Plan. Effective communications between Fiduciaries, consultants and money management firms is encouraged.

III. Objectives

The primary investment objective of the DROP Plan is to offer the participants a range of investment choices to permit diversification among different asset classes and the opportunity for the growth of their accounts. The objectives are further defined as follows:

- A. To provide sufficient investment choices so that DROP participants will be able to choose the investment mix that may fall within a full range of risk and return characteristics they deem appropriate for themselves.
- B. To provide sufficient investment choices so that the asset classes selected shall be such that, taken together, participants will have a reasonable opportunity

to materially affect the potential investment returns in their accounts, while at the same time controlling risk or volatility.

- C. To provide sufficient investment choices so that participants will have adequate opportunity to diversify so as to reduce the risk of loss.

IV. Guidelines

- A. Investment alternatives for the participants shall be determined solely in the interest of the participants and their beneficiaries and for the exclusive purpose of providing benefits to the participants and their beneficiaries.
- B. Investment alternatives for the participants shall be determined with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and aims.
- C. The Fiduciaries will engage the services of investment professionals (Consultants). The Consultants are expected to exhibit a general understanding of the Fiduciary aspects of relevant statutes, regulations, case law and investment theory and practice. The Consultants will provide a review of the investment performance as it relates to the criteria in this document not less frequently than semi-annually, and otherwise perform in accordance with the terms of any servicing agreement. Any change to this Investment Policy Statement or the plan provisions will be communicated in writing on a timely basis to all interested parties.
- D. The responsibility of the Board and its fiduciaries ends with the selection and monitoring of DROP investment performance. Individual investment decisions and asset allocations made by DROP participants are solely within the discretion of the member and are not the responsibility of the Board. DROP participants are urged to consult with their accountant and/or an investment professional in selecting self-directed investments which are consistent with the financial needs of the member. DROP participants are also urged to monitor investment performance as they would for their personal portfolios.

V. DROP Participant Direction

- A. All current DROP Participants (at the time of the initial implementation shall be given a choice between the following investment vehicles:
 - 1. Fund Rate Option. A variable investment return credited quarterly, equal to the investment return experienced by the Pension Fund as a whole, net of investment and administrative expenses, The Fund Rate Option has access to the various equity, fixed income, and alternative investment asset classes utilized by the Pension Fund, or
 - 2. Employee-Directed Option. A variable investment return based upon the actual performance of a money market fund in which they choose to invest, net of investment expenses. The money market fund available to participants under the Employee-Directed Option is listed in Appendix A.

Any current DROP Participants who fail to make an election hereunder, shall be deemed to have elected the Fund Rate. All current DROP Participants electing the Fund Rate (whether by explicit or deemed election) may change that election at any later time to enter the Employee-Directed Option.

- B. The Investment Policy Statement for The Fund Rate Option shall be the Investment Policy Statement adopted by the Board for the Pension Fund as a whole.

For the Board of Trustees:



Name: Paul D. O'Connell

Title: Chairman, Board of Trustees

Date: January 22, 2019

Appendix A

**Selection of Funds
To Fulfill the Statement of Investment Policy
For Pompano Beach Police & Firefighters' Retirement System
Employee-Directed – DROP Accounts**

Pursuant to our Statement of Investment Policy, effective January 21, 2010 and last amended January 22, 2019, the Board as the Plan Fiduciary has selected the following money market fund for use in the Employee-Directed Option.

- Morgan Stanley Institutional Liquidity Funds Government Securities Portfolio

For the Board of Trustees:



Name: Paul D. O'Connell

Title: Chairman, Board of Trustees

Date: January 22, 2019