

Doylestown Township Pension Advisory Committee
Minutes for January 10, 2022

In attendance:

In Person: Ed Denton, Bob Salanik, Bill Mokriski, Thomas Burke, Joe Delikat and Colleen Mullin

Absent: Sinclair Salisbury

Board of Supervisors Liaisons: Jen Herring

Staff Liaisons: Finance Director Ken Wallace, Township Manager Stephanie Mason

WELCOME

Mr. Denton welcomed everyone to the meeting.

APPROVAL OF MEETING MINUTES – December 13, 2021

On motion of Ms. Mullin, seconded by Mr. Burke the minutes were unanimous approved.

PAC REORGANIZATION

Chairman

Mr. Salanik made a motion to nominate Ed Denton to serve as Chair, Seconded by Ms. Mullin. Motion carried unanimously.

Vice Chairman

Mr. Denton made a motion to nominate Sinclair Salisbury to serve as Vice Chairman, seconded by Mr. Salanik. Motion carried unanimously.

OLD BUSINESS

Status update on Vanguard Transition

Payments to pensioners from SEI did not happen in January due to the fact that SEI had already sent the payment in December holding for the January 1 payment. Vanguard will pick up with the February payment to the pensioners.

Money that was for DROP participants going to Mission Square was delayed, as Vanguard did not provide the necessary paperwork for the transition in that regard. That information has been corrected.

The PAC will be looking for an End of Year Report from DKBrede to be provided in the near future.

NEW BUSINESS

Brainstorming – 2022 Objective Ideas

Mr. Denton handed out the PAC's Annual Report to the Board from 12/21 and reviewed the items. The PAC made significant progress during 2021 On page 4 of the attached. The PAC completed the RFP for investment management services, a new Investment Policy Statement and monitoring the financial condition of DB Pension plans. PAC developed the recommendations for the pension plan contributions for the 2022 budget as well as placeholders for the 5-year plan. PAC supports the ongoing efforts of the Township management and Ways and Means Committee. PAC has identified cost savings and revenue opportunities for the Township. PAC needs to continue to identify and develop continuing education for the Board of Supervisors, PAC, and Township employees.

Open discussion on PAC Operations

Ms. Mullin indicated she would like the PAC to gain a better understanding of the DROP Program.

Mr. Salanik suggested going back to the original 13-point recommendations and suggestions that the PAC had early on.

Mr. Burke indicated that capitalizing on Vanguard in their ability to help with continuing education for the Board and staff could be good. Understanding the pension ordinances could be helpful as well.

Mr. Denton indicated he'd like a better understanding of the actuarial reports and projections.

Mr. Delikat indicated the impact of the population from 1/1/2012 that is no longer part of the DB plan but the DC and believes the PAC should look at it and if it's appropriate. In addition, the 457 Deferred Compensations Plans which are optional for employees should also be reviewed by the PAC.

Mr. Wallace indicated that the DC Plans are pension plans with a 5% match at the end of the year as long as the non-uniformed employees are in good standing.

There was some confusion regarding the 457 contributions that employees who have chosen to participate in them and the match from the Township as well. Having an education on this topic would be beneficial.

The IPS

Mr. Denton shared the IPS information from Vanguard with PAC. Mr. Burke indicated he reviewed the information and referred everyone to page 3. (see attached) He indicated that there may be a need to be a shift with the ranges on the asset allocation, based on the information from Vanguard (see attached). He indicated that this would require an amendment to the IPS.

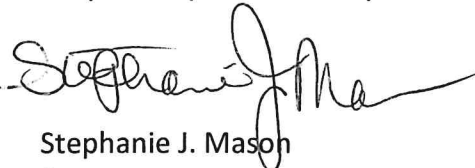
Mr. Burke indicated that if the current IPS is not broken we should continue to work with Vanguard on amending the IPS. It will need Board of Supervisors approval. It should be consistent

with Mr. Wolfram's recommendations.

Mr. Denton indicated that open discussions items will be on for next meeting, and he suggested that PAC should include a discussion on frequency of meetings. Should the PAC meet monthly or less frequently? Last year was good and PAC got a lot accomplished.

Being no further business, the meeting adjourned at 5:59 p.m.

Respectfully submitted by

A handwritten signature in black ink, appearing to read "Stephanie J. Mason". The signature is fluid and cursive, with a long horizontal flourish extending to the right.

Stephanie J. Mason
Secretary

DOYLESTOWN TOWNSHIP

PENSION ADVISORY COMMITTEE (“PAC”)



Annual Report to Board of Supervisors (February 2021)

***Pension Advisory Committee
Members***

Township Residents	Township Employees & BOS Members
Ed Denton – Committee Chairman	Sinclair Salisbury – Committee Vice Chairman
Joseph Delikat	Bill Mokriski
Colleen Mullin	Stephanie Mason
Bob Salanik	Ken Wallace
Tom Burke	Jen Herring
	Nancy Santacecilia

IV. Asset Allocation

The Township, upon receipt of advice from the PAC and current Advisor, has determined that the below outlined broad asset class Asset Allocation is appropriate to best achieving the Plans long-term investment objectives:

		<u>Range</u>	<u>Current Target</u>	<u>Benchmark</u>
Equity	Domestic	35% - 50%	40%	
	International	15% - 30%	25%	
	Total	50% - 80%	65%	MSCI ACWI
Fixed Income and Cash	Domestic	20% - 35%	25%	
	International	5% - 20%	10%	
	Total	30% - 45%	35%	Barclays US Aggregate

The objective of this benchmark is to provide a representative measure of the efficacy of the Asset Allocation decision (as outlined above). The PAC also intends to utilize this benchmark to serve as a basis of the Asset Allocation recommendation as well as to monitor the discretionary investment decisions (sub-allocations implemented in equity and fixed income asset classes) of the Advisor. It is expected that the Advisor will provide the relevant performance data of the above cited benchmark(s) at regular reporting intervals.

In line with historic market return data, it is expected that the equity portion of the portfolios will generate the majority of the long-term return potential of the Plans investment objectives while the fixed income portion will generate more stable returns and provide potential downside protection in more volatile market periods.

Pension Advisory Committee: Status of 2020 Objectives

The PAC made significant progress during 2020 addressing key needs of the Township's Pension Plans.

- 1) Work with Investment Advisor and Actuary to develop a formal 'Discount Rate Target'. This Target will be a 'living document' and will be revisited by the PAC on a regular basis. The PAC will also work with Board of Supervisors and Ways & Means Committee to develop a 'Discount Rate migration path' for the Township Pension Plans.

STATUS: COMPLETED ✓

- 2) Develop a recommendation for Pension Plan Contributions for 2021 Budget and 'place holders' for 5 Year Plan.

STATUS: COMPLETED ✓

- 3) Meet semi-annually with Debra Brede to review the new Pension Investment Monitoring Reports.

- Work with Ms. Brede to refine reports as necessary. ✓
- Work with Ms. Brede to determine reasonable timing of semi-annual review meetings. ✓
- Create Executive Summary Reports for BOS & PAC

STATUS: TO BE FULLY COMPLETED 1Q21

- 4) Pension Financials graphs, tables, sensitivities, etc.

- Update data with Dec. 2019 Financials
- Ask Kennedy to update with estimated Liability and MMO Sensitivities to 6% Discount Rate (i.e. 7.5%, 7%, 6.5%, 6%)
- Present data to BOS

STATUS: COMPLETED ✓

- 5) Work with Ms. Brede to review and revise (as necessary) the Township's Investment Policy.

- Last updated in 2011
- Asset Classes
- Expected Returns
- Allocation of Actively managed vs. Passive investments

STATUS: TO BE FULLY COMPLETED 1Q21

- 6) Develop and implement a 'Continuing Education Plan' for the BOS and PAC to ensure that all members are familiar with key concepts, appropriate regulations, best practices, etc.

- Discount Rate
- Investment Policy Statements
- Pension Deficits are an expensive form of Debt

STATUS: COMPLETED ✓

- 7) Develop a list of potential actions that the Township could take to fund or partially offset future increases in the contributions to the Pension Plan Contribution.

STATUS: COMPLETED ✓

Pension Advisory Committee: 2021 Objectives

The key new initiative for 2021 is supporting the RFP process for Pension Plan's Investment Management Services

- 1) Work with Township Management to draft an RFP for Investment Management Services for the Township's Employee Pension Plans. Assist with evaluation of all applications and the drafting of a final recommendation to Board of Supervisors.**
- 2) Monitor the financial condition of the Township's Employee Pension Plans.**
 - **Meet semi-annually with the Township Investment Advisor (Debra Brede) and annually with the Pension Advisor (Jim Kennedy) to conduct an in-depth review of the financial condition of the Township's Pension Plans.**
 - **Draft and issue Pension Plan Executive Summary Report for use by the Township Management, BOS and PAC.**
 - **Provide an status update to the Board of Supervisors every March, June and September.**
- 3) Develop a recommendation for Pension Plan Contributions for 2022 Budget and 'place holders' for 5 Year Plan.**
- 4) Support the ongoing efforts by Township Management and the Ways & Means Committee to identify potential cost savings and revenue opportunities for the Township.**
 - **The PAC's focus will be on addressing the current Pension Deficit and identifying and quantifying potential actions that the Township could take to fund the Plans.**
- 5) Continue to identify, develop and implement 'Continuing Education' programs for the BOS, PAC and Township Employees to ensure that all parties are familiar with key issues and concepts associated with the management of the Township's employee pension plans including government regulations, best practices, etc.**

**Thank you
& Stay Safe**

INVESTMENT POLICY STATEMENT FOR {PUBLIC CLIENT}

{MONTH YEAR}

{PLAN NAME #1};

{PLAN NAME #2}

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I. BACKGROUND

{PLAN SPONSOR} administers its own defined benefit Funds as follows: (1) the {PLAN NAME #1}, (2) the {PLAN NAME #2}. The fundamental purpose of the Funds is to provide retirement and other benefits for those employees who meet the age and service requirements outlined in the individual Plan Documents. The {PLAN NAME #1} (herein, referred to as "The Non-Uniform Pension Funds") receive funding from the Commonwealth of Pennsylvania and {TOWNSHIP} Township. The {PLAN NAME #2} receives funding from contributions from the police officers, the Commonwealth of Pennsylvania and {TOWNSHIP} Township. The {TOWNSHIP} Board of Supervisors (Trustees) has established these Funds for the benefit of its employees and is responsible for the administration and investment guidelines for the Funds' assets.

The Trustees have appointed a Pension Advisory Committee (Committee), which consists of Trustees, Internal Staff, and a Resident Advisory Board (RAB) to oversee certain policies and procedures related to the operation and administration of the Funds.

II. INTRODUCTION

1. Purpose of this Investment Policy Statement

This investment policy statement outlines the goals and investment objectives of the aforementioned Township Funds. This policy statement identifies the operating procedures for the Funds and its agents, specifies the target asset allocation, establishes guidelines for the selection of investment managers, identifies permissible securities, specifies criteria for evaluating the investment performance and addresses numerous administrative issues.

2. Regulatory Environment

The Funds, Committee, and its agents are governed by PA Act 205 and PA Act 44. The Union Pension Fund is also governed by PA Act 600. The Funds and their agents are subject to the Pennsylvania Public Official and Employee Ethics Act. The Funds are not subject to the Employment Retirement Investment Security Act (ERISA); however, ERISA should be used as a guide for administration of the Fund. All Trustees, Internal Staff, the RAB, and external professional providers serve the Funds in a fiduciary capacity and are required to act on behalf of the Funds' best interest at all times.

3. Investment Objective

The funding obligations of the Funds are long term as defined here in. The investment of the Funds' assets is to provide for the payment of benefit obligations and expenses in perpetuity in a secure and prudent fashion by achieving and maintaining the following objectives:

- Achieve a long-term rate of return sufficient to meet the Funds' actuarial interest rate;
- Achieve a rate of return after adjusting for inflation sufficient to preserve the purchasing

- power of the Funds' assets;
- Maintain a prudent risk level that balances growth with the need to preserve capital;
- Diversify the Funds' investments to minimize the risk of large losses or excessive fluctuations in market value from year to year; and
- Achieve long-term investment results that compare favorably with similarly invested pension funds and appropriate market indices.

III. RESPONSIBILITIES OF THE FUNDS' REPRESENTATIVES.

The Funds are governed by the "Prudent Investor Rule" standard and shall be applied in the context of managing the overall portfolios. This "Rule" is a fiduciary standard that requires the Funds be managed with the care, skill, prudence, and diligence that a prudent investor familiar with such matters would use in like circumstances. All of the representatives of the Funds are governed by this rule and all professional services provided to the Funds must be performed within these guidelines.

1. Board of Trustees

The Board of Trustees (Trustees) is comprised of the Township's Board of Supervisors who are responsible, with the assistance of professional service providers, for:

- Appointing/delegating fiduciary responsibilities to external professional service provider(s) in a prudent and responsible manner;
- Establishing and maintaining broad policies and objectives for all aspects of the Funds' operations;
- Reviewing and approving the development or revision of the Investment Policy Statement;
- Establishing asset allocation guidelines and performance benchmarks for the strategic asset allocations; and
- Making investment manager selections and monitoring investment performance.

2. Internal Staff

A "Funds Administrator" is appointed by, and serves at the pleasure of the Trustees. The Funds Administrator is the primary contact for the Funds and is responsible for planning, organizing, and administering the operations of the Funds under broad policy guidance and direction from the Trustees.

The Funds Administrator, with the assistance of staff representatives of each department who have equal representation, is responsible for the following:

- Monitors the performance of the investment portfolios;
- Ensures that funds are invested in accordance with Trustees policies;
- Studies, recommends, and implements policy and operational procedures that will enhance the investment program of the Funds;
- Ensures that proper internal controls are developed to safeguard the assets of the Funds; and
- Appoints, under the direction of the Trustees, a review committee at least once every five years and follows the general guidelines under PA Act 44 2009, Chapter 7~A "Standards for Municipal Pensions Systems", to conduct a search process and selection for external professional service provider(s).

3. Pension Committee

The Pension Committee consists of the Township Board of Supervisors (Trustees), the Resident Advisory Board (RAB), and specific Township staff members. Resident Advisory Board members, as members of the Pension Advisory Committee, are appointed on a yearly basis by the Board of Supervisors at the annual reorganization meeting of the Township.

The Pension Advisory Committee works with the Professional Service Providers to review asset allocations and performance, and to make recommendations to the Trustees as appropriate.

The Pension Committee meets quarterly with the Professional Service Providers to provide guidance to the Professional Service Providers on matters relating to investment oversight, investment goals, and performance.

4. Resident Advisory Board (RAB)

The Resident Advisory Board consists of five Township residents who have investment experience to provide advice on policies and procedures and who are appointed by and serve at the discretion and for a term determined by the Trustees.

The RAB's duties and responsibilities are:

- To review asset allocations and performance as members of the Committee and work with the Professional Service Providers to make recommendations to the Trustees as appropriate; and
- Attend quarterly pension meetings to provide an independent perspective on the Funds' goals, structure, performance, and consultants.

5. Fund Custodian

The Fund Custodian is appointed by the Trustees and operates under contract with the Township to oversee the distribution of Pension Funds and has the following duties and responsibilities:

- Hold Fund assets in a centralized fashion and safeguard these assets at all times;
- Provide accounting and related reporting for the total Fund assets under their control;
- Maintain a general pension checking account to facilitate all contributions, withdrawals and expenses for the Funds. The cash in the account will be maintained in an Interest-bearing money market account with competitive interest rates;
- Accommodate cash flows of the Funds and rebalance the Funds allocated to the Individual investment managers as instructed by the Consultant and the Fund Administrator;
- Determine eligibility for class action suits and register the Funds as appropriate; and
- Provide securities pricing using a recognized third-party pricing vendor which will serve as the primary source for performance measurement.

6. Investment Consultant Advisor/Manager

The Investment Consultant Advisor/Manager is retained by the Committee, as approved by the Trustees, and has the following duties and responsibilities:

- Assist in developing the investment policy statement, asset allocation strategy, and the Investment manager structure;
- Provide quarterly performance reporting of the individual Funds, assess organizational issues of investment managers, and report on the capital markets with regard to investment trends and portfolio management opportunities;
- Rebalance the Funds' allocation as appropriate (including routine rebalancing as well as tactical allocations) In accordance with the Funds' investment policy allocation (see section V);
- Manage the Funds' assets in a manner consistent with the investment policies outlined in this policy statement and in accordance with applicable laws;
- Promptly notify the Committee of significant changes in the investment manager's investment strategy, organizational structure, financial condition or personnel assigned to manage the Funds' assets;

- Facilitate communication between the Committee, custodian, and other vendors of the Funds;
- Attend Committee meetings as requested;
- Submit quarterly reports to communicate all relevant issues regarding the investment of the Funds' assets, including information specifically defined by the Committee;
- Perform investment manager searches, recommend investment managers as appropriate, and rebalance the Funds' allocations among investment managers as appropriate;
- Avoid conflicts of interest by prohibiting the acceptance of any additional sources of revenues (brokerage, commissions, asset management, sale of research, marketing, etc.);
- Execute every investment transaction in the best interests of the Funds on a "best execution" basis to ensure that all trades are placed in a timely manner with the best possible execution prices at commission rates that are competitive with market conditions;
- Exercise voting rights and proxies according to the investment manager's discretion in the long-term best interests of the Funds; and
- Maintain registration as an investment adviser under the Investment Advisers Act of 1940, or be a bank or insurance company with duly authorized investment authorities.

7. Other External Providers

The Trustees may retain an actuary to prepare actuarial valuations and periodically analyze the actuarial assumptions and experience of the Funds.

The Trustees may retain accounting professionals to independently audit financial records and review internal controls.

IV. INVESTMENT GUIDELINES

i. Risk Tolerances:

The Committee recognizes that the objectives of the Funds cannot be achieved without incurring a certain amount of principal volatility. The Funds will be managed in a style that seeks to minimize principal fluctuations over the established time horizon and that is consistent with the Funds' stated objectives. Asset allocation is the key determinant of return and, therefore, commitments to asset allocation targets will be maintained through a disciplined rebalancing program.

The Committee seeks to retain investment managers with investment styles that seek to achieve investment returns exceeding market indexes over longer periods of time. Investment managers will be provided discretion to manage the Funds' assets in the best interest of the Funds and in a manner that creates the best opportunity to generate returns that compare favorably with investment statement standards.

The Funds' investments will be broadly diversified to minimize the risk of substantial loss as measured by a percentage of the Funds' assets. The Committee expects that the Funds' assets will remain as fully invested as practical and that investment managers will refrain from short-term market timing.

The investment program is ultimately for the purpose of meeting the pension Funds' obligations for benefit payments and must be cognizant of its cash flow obligations.

2. The following types of investments are prohibited for the Funds unless they are within a mutual fund:

- Commodities transactions;
- Restricted securities (letter stock);
- Futures, options, margins, warrants, and short sale transactions;
- Direct purchases of real estate and limited partnerships not advised by a registered investment advisor;
- Leveraged and derivative transactions;
- Direct purchase of oil, gas, timber, or other natural resources;
- Hedge fund or venture capital; and
- Non-marketable securities.

3. Equity guidelines will be as follows:

- The equity portfolio will be well diversified to avoid undue exposure to any single economic sector, industry group, or individual security;
- No more than 5% of the total equity holdings of the entire Fund shall be invested in the securities of any one equity security (based on market value cost at purchase);
- Investments in any company will not exceed 2% of the outstanding shares of the corporation;
- Equity managers will not hold securities that are not representative of their investment style, such as bonds, convertible bonds, preferred stock, or leveraged instruments;
- Foreign equity holdings will be limited to dollar denominated ADR's unless the foreign investment is made through a mutual fund or commingled fund, in which case this restriction does not apply; and

- Annuities as defined herein.

4. Fixed income guidelines will be as follows:

- Investments in any one issuer (based on market value or cost at purchase) will not exceed 5% of the total fixed income assets of the entire Fund. No limitations are placed on investments in U.S. Government guaranteed obligations and fully backed Federal Agency obligations;
- The average credit quality of the entire fixed income portfolio must maintain a rating of AA- or better; and
- Fixed income managers will not hold securities that are not representative of their investment style (i.e. stocks, convertible bonds, preferred stock, etc.).

5. The Custodian money market guidelines will be as follows:

- All money market investment options selected for the Funds will be safe and secure and ensure that the Funds' cash reserves are not subject to loss or market value deterioration;
- The Funds' investment in money markets will have daily liquidity without risking loss of principal during liquidation; and
- The custodian must maintain a daily sweep account keeping all funds in a competitive money market fund.

6. Mutual Funds/ Commingled Funds guidelines are as follows:

If mutual funds and/or commingled funds are used to implement the investment strategy of the Funds, the prospectus or documents of the funds will govern the investment policies of the Funds' investments. These funds will be registered with the U.S. Securities and Exchange Commission (SEC), adhering to the standards outlined in the Investment Company Act of 1940.

In selecting mutual funds/commingled funds, the Committee and the Investment Advisor/Manager will attempt to select funds that have investment policies that adhere to the spirit of this investment policy statement to the greatest extent possible although exceptions may occur.

7. Exceptions to this Investment Policy Statement

The Committee understands that Investment Advisor/Managers may have unique investment skills and/or specialized investment styles that will include investments that are not authorized by this policy statement. The Committee further understands that, in certain circumstances, these non-authorized investments may be in the Funds' best interests and should be considered for special Committee authorization after careful consideration. Accordingly, the Investment Advisor/Manager may recommend, and proceed with, written exceptions to policy as deemed necessary for the effective management of the Funds' assets.

V. ASSET ALLOCATION

The Funds will be invested consistent with an overall asset allocation strategy. This strategy identifies a portfolio structure and sets a long-term percentage target for the amount of the Funds' market value that is to be invested in each asset class. Numerous asset classes (i.e., large cap equities, small cap equities, foreign equities, fixed income, etc.) will be considered and each investment manager engaged will be highly specialized in managing the assigned asset class.

The Investment Advisor/Manager shall consistently (at least annually) monitor the Funds to ensure that the assets of the Funds are invested in accordance with the asset allocation model. The Investment Advisor/Manager is authorized to reallocate assets among Investment Managers within the ranges identified for each asset class in the asset allocation model.

The Funds will invest assets in accordance with the following asset allocation model using the indicated performance benchmarks as a guide for performance measurement.

The maximum target equity exposure for the total Funds will be 65%, but actual exposure is allowed to fluctuate within a +/- 5% tolerance to prudently manage overall risk while seeking to avoid potential excessive costs resulting from frequent rebalancing transactions

Asset Class	Sub-Asset Class	Target	Allocation Range
Equity		65%	60%- 70%
	US	39%	
	Non-US	26%	
Fixed Income		35%	30%-40%
	US	25%	
	Non-US	10%	

VI. EVALUATION OF INVESTMENT ADVISOR/MANAGERS

1. Selection Criteria for Investment Advisor/Managers

Investment Advisor/Managers retained by the Funds shall be chosen using the following criteria:

- The investment style and discipline of the Investment Advisor/Manager;
- Level of experience, organizational resources, and staffing levels of the Investment Advisor/Manager, and the amount of the Funds' assets managed by the manager relative to the Investment Advisor/Manager's total assets under management;
- Past performance relative to other Investment Advisor/Managers having the same investment objective. Consideration will be given to both consistency of performance and the level of risk taken to achieve results;
- The competitiveness of fees and costs of Investment Advisor/Managers; and
- Type and appropriateness of client and the manager's ability and willingness to service the Funds in a customized fashion.

The Funds will recognize and evaluate Investment Advisor/Managers that have a local geographical presence and will consider local Investment Advisor/Managers when their investment management credentials are competitive with national caliber standards.

2. Measurement Time Period

The investment performance of individual managers will be measured over longer periods of time and less importance will be placed on short term results. Generally, an appropriate measure of time for performance measurement will be three to five years but circumstances may exist which warrant a longer or shorter time period to effectively judge performance by the Committee.

3. Quarterly Return Analysis

Investment performance results of the Funds and the individual Investment Managers will be measured at least on an annual basis. The investment performance of each Investment Manager will be measured against specific and appropriate benchmarks and the performance is expected to match or exceed these benchmarks after fees.

The Composite benchmark will be comprised of each asset category benchmark weighted by its target allocation. The current target benchmark is:

- 39% U.S. Equity: CRSP US Total Market Index or a similar broad domestic equity index
- 26% Non-U.S. Equity: FTSE Global All Cap ex US Index or a similar broad international equity index
- 25% Domestic Investment-Grade Fixed Income: Bloomberg Barclays Capital US Aggregate Float Adjusted Index or a similar broad domestic bond index
- 10% International Investment-Grade Fixed Income: Bloomberg Barclays Global Aggregate ex-USD Float Adjusted RIC Capped Index Hedged or a similar broad international bond index

The investment performance of the Investment Manager will also be measured against a representative peer universe of professionally managed portfolios with similar investment objectives and the manager's performance is expected to rank in the top half of the manager's respective peer group universe. The peer universe will be a comparison to Morningstar or Lipper Fund categories.

All managers will report investment performance calculated on a trade date accounting basis and in a manner consistent with the methodology recommended by the CFA Institute. The performance of each individual manager will be based upon the entire sum of assets assigned to the manager's discretion including the cash balances associated with the manager's account. The Custodian's pricing will be used as the Funds' official basis for performance measurement.

4. Corrective Action

The Committee recognizes the importance of a long-term investment outlook as defined herein when evaluating the performance of Investment Advisor/Managers. The Committee understands the potential for short term periods when the performance of Individual Advisor/Managers may deviate significantly from the performance of assigned performance benchmark. However, the Committee may require an extra level of scrutiny and place a manager on "Watch Status" which may ultimately lead to termination of the Investment Advisor/Manager based on the following conditions:

- Any material event that affects the organizational structure of the investment management firm. Failure on the part of the Investment Advisor/Manager to notify the Committee of such change in writing may be grounds for termination;
- Twelve-month performance ranking in the bottom quartile of peer managers;
- Long term performance that fails to meet investment policy objectives;
- Any material client servicing deficiencies;
- Violation of terms of contract or investment policy without prior written approval from the Committee; and
- Material change in Investment Advisor/Manager philosophy or a failure to remain consistent with the investment style mandate established by the Committee.

The Committee will generally not terminate an Investment Advisor/Manager on the basis of short-term performance. If the Investment Advisor/Manager's organization is sound and the firm is adhering to its investment style discipline, the Committee will allow a sufficient interval of time over which to evaluate performance.

VII. CONCLUSION

This document is made part of the Investment Advisor/Manager's contract with the Trustees by reference and the Investment Advisor/Manager agrees to its terms and conditions. Periodically, the investment policy statement will be reviewed by the Committee and changes made as appropriate.

VIII. ADOPTION OF INVESTMENT POLICY STATEMENT

This Policy is not immutable, but any changes or exceptions to it will be in writing and delivered to each money manager,

Approved by the Board of Supervisors this X day of {Month}, 202X