

HOLLYWOOD POLICE PENSION FUND

INVESTMENT GUIDELINES

FUND OBJECTIVES

To conduct the operations of the Fund in a manner so that the assets will provide the pension and other benefits provided under applicable laws, including City ordinances, preserving principal while maximizing the rate of return to the fund.

Investment Guidelines

The investment of the Fund's assets will be sufficiently diversified as to minimize the risk of losses. Factors to be considered in diversification of investments will include but not be limited to the following: the purpose of the Fund; the amount of Fund assets; financial, industrial and economic conditions.

Types of investment may include commercial paper, savings accounts, U.S. Government securities, and bonds and equities of domestic and foreign corporations.

1. Time, savings and money market deposit accounts of a national bank, a state bank or a savings and loan association insured by the Federal Deposit Insurance Corporation.
2. Obligations issued by the United States Government and its agencies or in obligations guaranteed as to principal and interest by the United States Government.
3. Stocks, bonds or other evidences of indebtedness issued by a corporation organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia, provided:
 - a. Equities are traded on one or more of the following recognized national exchanges:
 - 1) New York Stock Exchange
 - 2) American Stock Exchange
 - 3) The NASDAQ Stock Market
 - b. Not more than five percent (5%) of the market value of the Fund's total assets shall be invested in the common or capital stock of any one issuing company, nor shall the aggregate investment in any one issuing company be equal to or exceed five percent (5%) of the outstanding capital stock of the company.

- c. The individual issue meets the following rating criteria:
 - 1) All corporate debt issues (bonds, notes, debentures) shall be rated in the highest four (4) categories of quality by any of the following listed services: Moody's, Standard and Poors or Fitch's Manual.

Any issue, if downgraded below the fourth (4th) category by two (2) of the three (3) of the above mentioned ratings services must either be sold or specifically approved for retention by the Board.
 - 2) Commercial Paper: Moody's P1 or Standard and Poors A1.
- 4. Bonds issued by the State of Israel.
- 5. The use of unhedged and/or leveraged derivatives will not be allowed in any form.
- 6. Foreign stocks, bonds or other evidence of indebtedness denominated in United States Dollars may be bought provided:
 - a. Equities are traded in the form of ADR's or otherwise on one or more of the following recognized national exchanges:
 - 1) New York Stock Exchange
 - 2) American Stock Exchange
 - 3) The NASDAQ Stock Market
 - b. The individual issue meets the following rating criteria:

All corporate debt issues (bonds, notes, debentures) shall be rated in the highest three (3) categories of quality by any of the following listed services: Moody's, Standard and Poors, or Fitch's Manual.

Any issue if downgraded below the third (3rd) category by two (2) of the three (3) of the above mentioned ratings services must either be sold or specifically approved for retention by the Board.
- 7. Total Equities managed by Inverness Counsel, Davis Hamilton, Jackson, Inc., and Eagle Asset Management combined will be limited to no more than fifty percent (50%) of the cost value of the the Fund. If at the end of any calendar quarter the actual percent exceeds fifty percent (50%), the Board shall instruct one or all of the managers, as soon as is practicable, to reduce the cost value of equities held.

8. In addition to the above, Inverness Counsel, Inc. is subject to the following specific guidelines:
 - a. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.
9. In addition to the above, Davis, Hamilton, Jackson, Inc. is subject to the following specific guidelines:
 - a. The portfolio may be invested up to one hundred percent (100%) in equities.
 - b. Returns will be measured against appropriate indexes and universes reflecting a large capitalization equity growth style. For this purpose, the manager has indicated that the appropriate index is the S&P 500 index.
 - c. All stocks held must have a market capitalization of at least \$1 billion.
 - d. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.
 - e. The initial amounts allocated to this manager are as follows:
 - \$5 million on February 9, 2000
 - \$2.5 million on February 28, 2000
 - \$2.5 million on March 1, 2000
 - \$10 million on January 31, 2001which shall be allowed to increase through investment return and appreciation without limit.
 - f. Commencing in the year 2002, all funds received from the State of Florida under Chapter 185, Florida Statutes, on behalf of the Hollywood Police Officers' Share Plan, shall be allocated to this manager.

10. In addition to the above, Eagle Asset Management, Inc. is subject to the following specific guidelines:
 - a. The portfolio may be invested up to one hundred percent (100%) in equities.
 - b. Returns will be measured against appropriate indexes and universes reflecting a small capitalization core equity style.
 - c. All stocks held must have a market capitalization within the range of those included in the Russell 2000 equity index.
 - d. Not more than ten percent (10%) of the manager's total portfolio, at cost, shall be invested in foreign (exclusive of State of Israel) stocks, bonds or other evidences of indebtedness.
 - e. The initial amount allocated to this manager is \$5 million which shall be allowed to increase through investment return and appreciation without limit.

INVESTMENT MANAGER

The Trustees will select a professional Investment Manager(s), that meet(s) the definition of that term in Section 3(38) of E.R.I.S.A., who will provide the Trustees with a statement of fiduciary responsibility. The Trustees will provide that Manager(s) certain guidelines, including, but not limited to, the interest assumption necessary to support the actuarial soundness of the Plan, the cash liquidity necessary to provide monthly pensions, and the current and projected cash flow into the Fund.

INVESTMENT REVIEW

The Trustees will monitor the Investment Manager(s) by periodically reviewing the investment portfolio and determining if the results meet with the objectives and purposes of the Plan.

The Investment Manager shall within five (5) business days, after such occurs, notify the Board if any investment no longer meets these guidelines.

Adopted February 18, 2000; Amended February 21, 2003
