

**BOYNTON BEACH POLICE OFFICERS' PENSION FUND**  
***Investment Policy Statement***

**1. PURPOSE OF INVESTMENT POLICY STATEMENT**

The Pension Board of Trustees maintains that an important determinant of future investment returns is the expression and periodic review of the Fund's investment objectives. To that end, the Trustees have adopted this Investment Policy Statement to apply to all of the assets of the fund.

In fulfilling their fiduciary responsibility, the Trustees recognize that the pension fund is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Trustees also recognize that the obligations of the Fund are long-term and that the investment policy statement should be made with a view toward performance and return over a number of years. The general investment objective then is to obtain a reasonable total rate of return – defined as interest and dividend income plus realized and unrealized capital gains and/or losses – that meets or exceeds the actuarial interest rate assumption net of fees to ensure the Fund is actuarially sound. This return is expected on a regular basis over rolling actuarial measurement periods.

The Trustees, the Fund's investment manager(s), and investment monitor/consultant shall comply with the following fiduciary standard:

A fiduciary shall discharge its duties with respect to the Fund solely in the interest of the participants and beneficiaries and

- a. for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the pension Fund;
- b. 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 a like character and with like aims;
- c. by diversifying the investments of the Fund so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one- or two-years or less.

**2. INVESTMENT PERFORMANCE OBJECTIVES**

The below listed performance measures will be used as objective criteria for evaluating

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effectiveness of the investment manager(s):

**A. Total Fund Performance**

1. The performance of the total Fund will be measured net of fees for rolling three- and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance of the total Fund will be compared to a Benchmark comprised currently of: 30% MSCI ACWI Equity Index, 20% Russell 1000, 5% Russell 2000 Index, 5% MSCI World Ex USA Net, 30% Bloomberg US Aggregate Bond Index, 5% NAREIT Index, and 5% S&P Global Infrastructure Index, Alternative benchmark: 70% R1000 and 30% Bloomberg US Aggregate Bond Index.
2. On a relative basis, it is expected that the investment manager's performance will rank in the top 40th percentile of an appropriate *balanced* universe over three- to five-year periods.
3. On an absolute basis, it is expected the total Fund return will equal or exceed the actuarial earnings assumption rate over rolling five-year periods. For each actuarial valuation, the Trustees will determine the total expected annual rate of return for the current year, for each of the next several years, and for the long-term thereafter.

**B. Fixed Income Performance**

The *fixed income* portion of the portfolio is expected to meet or exceed the return of the Bloomberg Barclays Capital US Aggregate Bond Index, and rank within the top 40th percentile of an appropriate *fixed income* universe over three- and five-year periods.

**C. Private Real Estate Performance**

The *Private Real Estate* portion of the portfolio is expected to meet or exceed the return of the NCREIF Index Open-End Diversified Core Equity, and rank within the top 40th percentile of an appropriate *Real Estate* universe over three- and five-year periods.

**D. Private Credit Performance**

The *Private Credit* portion of the portfolio is expected to meet or exceed the return of the Bloomberg Barclays Capital US Aggregate Bond Index.

**3. INVESTMENT STANDARDS AND GUIDELINES**

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***Liquidity:*** The Fund's investment manager(s) shall be kept informed of the liquidity requirements of the Fund. 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.

***Custodian:*** The Board of Trustees has a retained and will continue to retain a third party to be custodian of the Fund's assets. All securities shall be designated as an asset of the Fund, and no withdrawal of securities-in whole or part-shall be made from safekeeping except by an authorized member of the Board of Trustees or the Board of Trustee's designee. Security transactions between a broker dealer and a custodian involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodian will have the money or security, as appropriate, in hand at the conclusion of the transaction.

***Bid requirement:*** The Trustees shall determine the approximate 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 must be selected.

***Risk and Diversification:*** The investments held by the Fund shall be diversified to the extent practical to control the risk of loss resulting from over-concentration of assets in a specific maturity, issuer, issuer, instrument, dealer, or bank which financial instruments are bought and sold.

**A. Authorized Investments:**

Commingled equity, fixed income, money market, and alternative (real estate, listed infrastructure, commodities) funds and institutional mutual funds whose investments are restricted to securities meeting the criteria outlined in Section 3B.

**B. Limitations**

1. Illiquid investments, as described in Chapter 215.47, Florida Statutes, are prohibited.
2. Foreign investments are limited to 25% of the total pension fund, at market.
3. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
4. Under Protecting Florida's Investment Act ("PFIA"), scrutinized companies published by the State Board of Administration are prohibited, unless an indirect investment is unable to divest, as provided for in Florida Statutes section 215.473.

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5. The following investments are prohibited, unless authorized by the Trustees:
- a. Futures (exceptions are mutual and commingled funds)
  - b. General obligations issued by a foreign government
  - c. Hedge funds
  - d. Insurance annuities
  - e. Internally managed assets
  - f. Limited partnerships
  - g. Margin Accounts
  - h. Options (exceptions are mutual and commingled funds)

**4. COMMUNICATIONS**

- A. The custodian shall apprise the Trustees of all transactions and shall forward all proxies to the investment manager(s) within ten calendar days. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets. On a quarterly basis, the investment manager(s) or investment monitor/consultant shall provide a written report affirming compliance with the security restrictions and a summary of common stock diversification and attendant schedules. The investment manager(s) shall deliver each quarter a report detailing the Fund's performance, adherence to the investment policy statement, forecast of the market and economy, portfolio analysis and current assets of the Trust. Written reports and personal presentations shall be delivered to the Trustees within 60 days of the end of the quarter. The investment manager(s) will provide immediate written and/or telephone notice to the Trustees of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section 3B above.
- B. The investment manager(s) will disclose any securities that are not in compliance with Section 3B in each quarterly report.
- C. The Trustees shall retain a monitoring service to evaluate and report on a quarterly basis the rate of return and relative performance of the Fund.
- D. The Trustees will meet quarterly with the investment monitor/consultant to review the Performance Report. The Trustees will meet with the investment manager(s) and investment monitor/consultant to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Fund on a quarterly basis.
- E. The equity investment manager shall report to the Trustees on an annual basis with respect to proxies, the issues, votes and dates, and if not voted, a written explanation.

**5. CRITERIA FOR INVESTMENT MANAGER REVIEW**

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The Board of Trustees wish to adopt standards by which judgments of the ongoing performance of an investment manager may be made. With this in mind, the following are adopted:

If, at any time, any one of the following is breached, the investment manager(s) will be warned of the Trustee's serious concern for the Fund's continued safety and performance.

- A. Four consecutive quarters of the investment manager's performance below the 40<sup>th</sup> percentile in appropriate performance rankings.
- B. Standard deviation for the Fund in excess of 120% of the market.
- C. Loss by the investment manager(s) of any senior investment personnel.
- D. Any change in basic investment philosophy by the investment manager(s).
- E. Failure to attain a majority vote of confidence by the Board of Trustees.
- F. Failure to observe the security quality restrictions in Section 3B.

**6. INTERNAL CONTROLS**

The Fund shall be governed by a set of written internal controls and operational procedures, which shall be periodically reviewed by the Fund's certified public accountant (CPA). At the time of every financial audit, the CPA shall review the controls that should be designed to prevent loss of funds that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Trustees or the employees of the City of Boynton Beach.

**7. CONTINUING EDUCATION**

The Fund acknowledges the importance of continuing education for the Trustees. Ongoing education will be provided by the Fund's actuary, attorney, custodian, investment manager(s), investment monitor/consultant, and administrator. In addition, the Trustees are encouraged to attend educational conferences in connection with their duties and responsibilities as Trustees. Each Trustee is encouraged to attend a minimum of two conferences or seminars per year. Additional conferences or seminars are also encouraged. Each Trustee may attend up to six conferences in state and two conferences out-of-state, every year, without additional Board approval.

**8. FLORIDA STATUTES 112, 185 AND APPLICABLE CITY OF BOYNTON BEACH ORDINANCES**

If at any time, this document found to be in conflict with Chapter 112 or 185, Florida Statutes, or the applicable City of Boynton Beach Ordinances, the Statutes and Ordinances shall prevail.

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The Board and its investment managers shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662, along with regulations adopted by the Department of Management Services.

- A. Definition of pecuniary factor: The term "pecuniary factor" is defined as a factor that an investment fiduciary "prudently determines is expected to have a material effect on the risk or returns of an investment based on appropriate investment horizons consistent with the investment objectives and funding policy of the retirement system. The term does not include the consideration of the furtherance of any social, political, or ideological interests." [112.662(1)]
- B. Exclusive consideration of pecuniary factors: Only pecuniary factors may be considered and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk or returns. [112.662(2)]
- C. Proxy voting: Only pecuniary factors may be considered when voting proxies. [112.662(3)]
- D. Filing requirements: The Board shall timely comply with the reporting requirement of Section 112.662 by filing a comprehensive report by December 15 of each odd-numbered year. [112.662(4)]. Investment managers and the Board's investment consultant shall assist in the preparation of required reports and shall annually confirm to the Board their compliance with Chapter 2023-28.
- E. Contracting and external communication requirements: Manager contracts shall comply with Section 215.855 as follows:

Any written communication made by an investment manager to a company in which such manager invests public funds on behalf of the Board must include the following disclaimer in a conspicuous location if such communication discusses social, political, or ideological interests; subordinates the interests of the company's shareholders to the interest of another entity; or advocates for the interest of an entity other than the company's shareholders:

The views and opinions expressed in this communication are those of the sender and do not reflect the views and opinions of the people of the State of Florida.

- F. The Investment Consultant will provide Investment Managers for consideration who invest only based on pecuniary factors as defined by Florida Statutes §112.662.

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- G. If a Request for Proposals document is issued for Investment Manager services, the solicitation document must include the following:

The Board of Trustees may not request documentation of or consider a vendor's social, political, or ideological interests when determining if the vendor is a responsible vendor. Additionally, the Board of Trustees may not give preference to a vendor based on vendor's social, political, or ideological interests.

**9. REVIEW AND AMENDMENTS**

It is the Trustees intention to review this document periodically and to amend this statement to reflect any changes in philosophy, objectives or guidelines. In this regard, the investment manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If at any time any investment manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Trustees should be notified in writing. By initial and continuing acceptance of this Investment Policy Statement, the investment manager(s) concurs with the provisions of this document.

Once the Trustees have adopted the investment policy statement, the investment policy statement shall be promptly filed with the Department of Management Services, the Fund sponsor, and the consulting actuary.

The effective date of the Investment Policy Statement and any amendment thereto shall be the 31st calendar day following the filing date with the plan sponsor.

**10. ASSET ALLOCATION**

Deliberate management of the asset mix among classes of investments is both a necessary and desirable responsibility. In the allocation of assets, diversification of investments among asset classes that are not similarly affected by economic, political, or social developments is a highly desirable objective. The Fund's general policy shall be to diversify investments within both equity and fixed income securities so as to provide a balance that will enhance total return, while avoiding undue risk concentrations in any single asset class or investment category.

The addition of real assets, such as real estate, commodities and infrastructure, to the equity/fixed income portfolio may materially improve the ability of the portfolio to dominate inflation over the long-term. As a collection, real assets diversify each other and to equities and fixed income. Real assets may offer the potential for attractive levels of return.

In making asset allocation judgments, it is not expected that the Trustees will necessarily seek to "time" subtle changes in financial markets, or that frequent or minor adjustments would be needed. Instead, it is expected to develop and adopt expressed guidelines for broad allocations on a long-term basis, in light of current and projected investment environments.

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To insure broad diversification in the long-term investment portfolios among the major categories of investments, asset allocation, as a percent of the total market value of the total long-term portfolio, will be set with the following target percentage:

<b>Asset Class/Strategy</b>	<b>Strategic Allocation (%)</b>	<b>Policy Range Allocation (%)</b>
World Equities	30	20 – 40
US Equities	25	15 - 35
International Equities	5	0-10
Fixed Income	25	20 – 40
Private Credit	5	0 – 7
Cash/Money Market	0	0 – 5
Alternatives:	10	2 – 20
Total	100	
<b>ALTERNATIVES</b>		
Public Real Estate (REITs)	5	0 – 10
Listed Infrastructure	5	0 – 8

**NOTE:** Foreign securities are limited to 25% of the pension fund at market value.

**11. PROCEDURE FOR REBALANCING ASSET ALLOCATION**

At the end of each month, Russell Investments will compare the Fund's asset values and their relative allocation percentages, to the rebalancing policy targets and ranges. Based on this comparison, Russell Investments will determine what trades are necessary in order to bring the investments as close to target as practical.



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By: \_\_\_\_\_  
As: Chairman, Board of Trustees

Date: 08.05.25

**RUSSELL INVESTMENTS**

By: Johnny O'Leary  
As: Investment Manager

Date: 08.05.25

**BURGESS CHAMBERS & ASSOCIATES,  
INC.**

By: Frank Waa  
As: Registered Advisor

Date: 8/5/25