CITY OF SARASOTA FIREFIGHTERS' PENSION FUND

STATEMENT OF INVESTMENT POLICY
GOALS AND GUIDELINES

Adopted: September 1, 2015

PURPOSE

The purpose of the Sarasota Firefighters' Pension Fund is to provide long-term retirement benefits to the Plan's participants, as enacted by the City of Sarasota as plan sponsor.

The purpose of this document is to communicate, in writing, the investment objectives and guidelines established by the Board of Trustees of the Sarasota Firefighters' Pension Fund. This Statement of Investment Policy applies to all funds under control of the Board. It is intended to provide the investment managers a clear and accurate understanding of all investment objectives, investment guidelines and the criteria by which investment performance will be evaluated. The guidelines and objectives provided herein are intended only to complement those contained in any applicable ordinances or statutes. If at any time this document is found to be in conflict with any applicable ordinances or statutes, the statutes and ordinances shall prevail.

The investment policies set forth in this document were established after a thorough review of the unique needs and circumstances of the Fund, and a careful evaluation of the risk and potential returns expected from various mixes of traditional (stocks, bonds and cash equivalent securities) & alternative (MLPs & private real estate) asset classes. The Board of Trustees has developed a diversified investment program 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.

As required by law, this Statement of Investment Policy shall be filed with the Department of Management Services, the plan sponsor and consulting actuary. The effective date of the investment policy shall be the 31st calendar day following the filing date with the plan sponsor.

GENERAL OBJECTIVES

The investment objective of the Sarasota Firefighters' Pension Fund is to preserve the purchasing power of the Plan's assets and earn an above average real rate of return (after inflation) over the long term while minimizing, to a reasonable extent, the short term volatility of results.

To achieve these objectives, the Board of Trustees, as named fiduciaries, seek to create a well diversified and balanced portfolio of real estate, equity (including MLPs), fixed income and money market securities. The Board has determined that one or more outside investment managers shall be retained to assure that all investments are managed in both a prudent and professional manner and in compliance with the stated investment guidelines.

The Board of Trustees has crafted its investment program in order to deliver an expected rate of return similar to that of the actuarial assumed rate. The Board shall determine for each actuarial valuation the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. The current actuarial rate of return is 7.25% (net-of-fees).

As required by law, this determination is to be filed with the Department of Management Services and with the plan sponsor and consulting actuary.

INVESTMENT MANAGER RESPONSIBILITIES

Within the guidelines and restrictions set forth herein, it is the intention of the Board of Trustees to give each investment manager full investment discretion with respect to assets under its management.

The Board of Trustees and its investment managers shall discharge their responsibilities in the same manner as if the Fund were governed by the fiduciary responsibility provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended (29 USC 1104). Although the Trustees acknowledge that ERISA does not apply to the Fund as a governmental fund, it hereby imposes the fiduciary provisions of ERISA upon each investment manager whose performance shall conform to the statutory provisions, rules, regulations, interpretations and case law of ERISA.

Each investment manager is expected to provide any reasonable information requested by the Board of Trustees. At a minimum, each manager shall provide a quarterly report detailing their investment activity, the portfolio's current value and any changes in investment philosophy or strategy. Each investment manager is expected to meet with the Board of Trustees or their designated representatives periodically to review investment performance and philosophy.

Unless otherwise provided by the Fund's Custodian, each investment manager will monitor portfolio activity to minimize uninvested cash balances.

Each investment manager shall be responsible only for those assets under their management.

It will be the responsibility of each investment manager to review the monthly valuations provided by the Fund's custodian and to note, in writing, any significant discrepancies from the valuations provided in their own reports.

INVESTMENT OBJECTIVES

Given the above stated purpose of the Sarasota Firefighters' Pension Fund, the Board of Trustees recognizes the necessity of a long term horizon when formulating investment policies and strategies. However, shorter term investment goals have been established and are intended to provide quantifiable benchmarks to measure and evaluate portfolio return and risk.

Most investment styles require a full market cycle to allow an investment manager to demonstrate his abilities. A full market cycle is generally defined as a three to five year time period. As a result, performance results will be measured over a three to five year period. Performance over shorter time periods will be monitored as a means of identifying the trend of results.

The specific investment objectives of the Sarasota Firefighters' Pension Fund are as follows:

Primary Objective: To earn a total rate of return over the longer term which exceeds the return of a Target Index. The Target Index for the Sarasota Firefighters' Pension Fund is defined as: 20% Russell 1000 Value, 20% Russell 1000 Growth, 5% Russell 2000 Value, 5% Russell 2500 Growth, 10% MSCI All Country World ex US (Net), 22.5% Barclays Capital Government/Credit Bond, 5% Alerian MLP, and 12.5% Russell NCREIF indexes.

In addition, it is expected that the return earned by the Fund will rank above average when compared to a representative universe of other, similarly managed portfolios.

Secondary Objective: A further goal of the City of Sarasota Firefighters' Pension shall be to earn a rate of return over time exceeding the assumed actuarial rate of return of 7.25%. In addition, the Fund should earn a return greater than inflation, as measured by the Consumer Price Index, by 3.0% per year. Meeting this objective indicates that the active management of the various portfolio components has added value over a passively managed fund. It is also consistent with the Board's objective to enhance the purchasing power of the Funds.

The above investment objectives have been established for the entire Sarasota Firefighters' Pension Fund. Individual investment managers will not be measured against the aggregate fund objective stated above. They will be compared to appropriate market indices, and the performance of other managers who utilize a similar investment style. The specific investment objectives for each investment manager will be outlined in addenda to this overall Statement of Investment Policy.

INVESTMENT GUIDELINES

The Board of Trustees of the Sarasota Firefighters' Pension Fund has established a target asset allocation for the Fund based on the market value of the Fund's total assets:

	Target Allocation	Range Allocation	Target Index
Equity Securities	60.00%	65.00 – 55.00%	
Large Capitalization Value	20.00%	22.50 – 17.50%	Russell 1000 Value
Large Capitalization Growth	20.00%	22.50 – 17.50%	Russell 1000 Growth
Small Capitalization Value	5.00%	7.50 – 2.50%	Russell 2000 Value
Small/Mid Capitalization Growth	5.00%	7.50 – 2.50%	Russell 2500 Growth
International Value	5.00%	7.50 – 2.50%	MSCI AC Wrld x US
International Growth	5.00%	7.50 – 2.50%	MSCI AC Wrld x US
Fixed Income Securities	22.50%	25.00 – 20.00%	Barclays Capital Gov't/Credit
Master Limited Partnerships	5.00%	10.00 – 0.00%	Alerian MLP
Private Real Estate	12.50%	15.00 – 7.50%	Russell NCREIF
Core	10.00%	10.00 – 7.50%	
Income	2.50%	5.00 – 0.00%	
TOTAL	100.00%		

Although fund contributions or withdrawals may be used to maintain the appropriate balance between investment manager portfolios, it may also be necessary for the plan administrator to transfer securities or cash from one investment manager to another on a quarterly basis to rebalance the plan portfolio.

Specific investment manager assignments and additional guidelines for each investment manager will be outlined in addenda to this overall Statement of Investment Policy. The following guidelines apply to the total Fund.

EQUITY SECURITIES:

1) All equity investments shall be limited to fully and easily negotiable equity securities.

2) All equity investments shall be limited to those issues that are traded on a major stock exchange.

3) Investments in securities (stocks, bonds and cash equivalents) issued by foreign governments or corporations domiciled outside of the United States shall not exceed 25% (at market) of the Fund's total market value as defined in Section 175, Florida Statutes.

4) No more than 7% (at market) of the total plan portfolio may be invested in the shares of a single corporate issuer.

5) Unless otherwise stated in an addendum to this Statement of Investment Policy, investments in the shares of companies that have been publicly traded for less than one year are limited to no more than 10% of an investment manager's total equity portfolio.

FIXED INCOME SECURITIES:

The fixed income portfolio shall comply with the following guidelines:

1) Investments in all corporate fixed income securities shall be limited to:

   a) those securities rated "A" or higher by Moody's or Standard & Poors rating services. Fixed income securities which are downgraded below the minimum rating by both entities shall be sold by the portfolio manager within a reasonable period of time as determined by the manager. It is the manager's responsibility to notify the board in writing immediately after a security is downgraded below the policy guidelines. The notice shall contain an explanation describing the manager's intentions regarding the disposition or the decision to continue to hold the security being downgraded.

   b) no more than 10% (at market) of an investment manager's total fixed income portfolio shall be invested in the securities of any single corporate issuer.

2) Investments in Collateralized Mortgage Obligations (CMOs) shall be limited to 25% of the market value of the investment manager's total portfolio and shall be restricted to:

   a) Those issues backed by the full faith of the U. S. Government, an Agency thereof, or are rated AAA by a major rating service.

   b) PAC (planned amortization class), NAC (non-accelerated securities) Or VADM (very accurately defined maturity) securities.

3) Investments in securities (stocks, bonds and cash equivalents) issued by foreign governments or corporations domiciled outside of the United States shall not exceed 25% (at market) of the Fund's total market value.

4) There is no limit imposed on investments in fixed income securities issued directly by the United States Government or any agency or instrumentality thereof.

CASH EQUIVALENT SECURITIES:

1) The investment managers may invest only in the following short term investment vehicles:

   a) The money market or short-term investment fund (STIF) provided by the Fund's custodian.

   b) Direct obligations of the United States Government with a maturity of one year or less.

   c) Commercial Paper with a maturity of 270 days or less that is rated A-1 or higher by Standard & Poor's or P-1 or higher by Moodys.

   d) Bankers Acceptances issued by the largest 50 banks in the United States (in terms of total assets).

MASTER LIMITED PARTNERSHIPS

1) Master Limited Partnerships (MLPs) are utilized to provide additional income to the portfolio. MLPs generally have higher concentration in the energy sector. They are expected to provide a higher level of income than fixed income securities in a low interest rate environment.

2) Investments in MLPs shall not exceed 10.0% (at market) of the value of the Total Fund assets.

3) All MLP investments shall be managed by experienced and professional MLP investment managers.

4) MLP manager performance parameters include the following:

   a) Exceed the Alerian MLP Index.

   b) The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed that of the appropriate index without a corresponding increase in performance above the index.

   c) Achieve the performance parameters within a time horizon of a minimum of three to five years or a full market cycle.

PRIVATE REAL ESTATE

1) Investments in private real estate (equity & debt) shall not exceed 15% (at market) of the value of the Total Fund assets.

2) All private real estate investments shall be made through participation in diversified commingled funds of real properties. These funds shall be diversified as to property type and location.

3) All private real estate investments shall be managed by experienced and professional real property investment managers.

4) Private real estate investment performance parameters include the following:

   a) Exceed the National Council of Real Estate Investment Fiduciaries (NCREIF) Property Index or Open-End Diversified Core Index.

b) The risk associated with the manager's portfolio as measured by the variability of quarterly returns (standard deviation) must not exceed that of the comparison index without a corresponding increase in performance above the index.

c) Achieve the above objectives within a time horizon of five to ten years or a full real estate market cycle.

PROHIBITED INVESTMENTS

Investments in interest only or principal only CMOs, interest rate swaps, precious metals, limited partnerships of any kind, venture capital, futures contracts, options contracts and direct investments in repurchase agreements are prohibited. Trading on margin and short selling are also prohibited.

VALUATION OF ILLIQUID INVESTMENTS

The Board defines an illiquid investment 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 the fund acquires an illiquid investment, the Board shall develop the methodology for valuation as set forth in Section 215.47(6), Florida Statutes. Assets without a fair market value shall be excluded from determination of annual funding cost.

THIRD PARTY CUSTODIAL AGREEMENTS

All assets shall be held by a third party custodian selected by the Board. Securities transactions between a broker-dealer and the custodian involving the purchase or sale of securities are to be made on a "delivery vs payment' basis to insure that the custodian will have the security or money in hand at the conclusion of the transaction. The custodian's valuation report is to be filed annually with the plan sponsor.

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 recognize state and regional conferences as a source of continuing education. The Trustees are encouraged to attend conferences, schools and other functions periodically to fulfill this requirement.

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, error, imprudent actions or misrepresentations.

BID REQUIREMENT

To comply with Section 112.661, Florida Statutes, when and to the extent possible, it is the intention of the Board of Trustees to determine the approximate portfolio maturity dates based on cash-flow needs and market conditions and to analyze and select one or more optimal types of investments. When feasible and appropriate, securities should be competitively bid. Except as otherwise required by law, the most economically advantageous bid is to be selected.

PERFORMANCE EVALUATION

The Board of Trustees intends to review investment performance and compliance with stated investment policies on a quarterly basis.

REVIEW OF POLICY

It is the intention of the Board of Trustees to review this Statement of Investment Policy and its addenda periodically and to amend it to reflect any changes in philosophy or objectives. However, if at any time the investment managers believe that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, the Trustees shall be so notified in writing.

CHAIRMAN, BOARD OF TRUSTEES
SARASOTA FIREFIGHTERS' PENSION FUND

9/1/15
Date