

OFFICE OF THE COMPTROLLER

**ORANGE
COUNTY
FLORIDA**

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COUNTY COMMISSION AGENDA **Tuesday, September 18, 2018**

COUNTY COMPTROLLER

Items Requiring Consent Approval

1. Approval of the minutes of the August 21, 2018 meeting of the Board of County Commissioners. Official Meeting Minutes are available in the Clerk's Office and on the Comptroller's Insite page located at occompt.legistar.com.
2. Approval of the check register authorizing the most recently disbursed County funds, having been certified that same have not been drawn on overexpended accounts. Signature authorization and accompanying detail of most recently disbursed County funds are available in the Clerk's Office and on the Comptroller's web site under Financial Reports at www.occompt.com.
3. Approval of Orange County, Florida Section 457(b) Deferred Compensation Plan Statement of Investment Policy, Objectives and Guidelines September 18, 2018. (Finance Division)



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DATE: September 18, 2018

TO: Mayor Teresa Jacobs
Board of County Commissioners

FROM: Phil Diamond, County Comptroller *PAD*

SUBJECT: Revised Orange County, Florida Section 457(b) Statement of Investment Policy, Objectives and Guidelines

Dahab Associates, our independent deferred compensation consultant, has recommended revisions to the Statement of Investment Policy, Objectives and Guidelines for the Orange County, Florida Section 457(b) Deferred Compensation Plan, which clarifies language and revises the benchmarks for funds offered by the Plan to reflect more appropriate benchmarks.

ACTION REQUESTED: Approval of Orange County, Florida Section 457(b) Deferred Compensation Plan Statement of Investment Policy, Objectives and Guidelines September 18, 2018. (Finance Division)

**ORANGE COUNTY, FLORIDA
SECTION 457(b)
DEFERRED COMPENSATION PLAN**

**STATEMENT OF INVESTMENT POLICY, OBJECTIVES AND
GUIDELINES**

September 18, 2018

**STATEMENT OF INVESTMENT POLICY, OBJECTIVES, AND GUIDELINES
FOR THE ORANGE COUNTY, FLORIDA SECTION 457(b)
DEFERRED COMPENSATION PLAN**

GENERAL INFORMATION

Orange County, Florida (the "County") currently sponsors a Section 457(b) deferred compensation plan (the "Plan"). The Plan provides eligible employees with the opportunity to accumulate retirement savings through employee contributions to individual participant accounts and the earnings thereon. The County has established this Statement of Investment Policy, Objectives, and Guidelines (the "Investment Policy Statement") for the purposes of providing general guidelines for the prudent investment management of Plan assets. We recognize that changing economic and market conditions may make it impossible for Plan assets to precisely mirror all aspects of the Investment Policy Statement at any point in time and, as such, we agree and understand that the Investment Policy Statement is to serve primarily as a general framework. These objectives are designed to establish an attitude and philosophy that will guide investment management toward the desired performance.

The Plan is a deferred compensation plan intended to comply with all applicable federal and state laws and regulations, including Section 457(b) of the Internal Revenue Code of 1986, as amended. Because the County is a governmental unit, the Plan is not subject to the rules of the Employee Retirement Income Security Act of 1974, as amended. The Plan, however, is subject to the rules provided in Chapter 112 and 738.602, Florida Statutes.

Participants direct the investment of their contributions and the earnings in their individual accounts. They select from among the available investment options as determined by the Plan Administrator based on recommendations from the Deferred Compensation Advisory Committee.

SCOPE OF THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement reflects the investment policy, objectives, and constraints of the Plan investment accounts. This Investment Policy Statement is intended to assist all Plan fiduciaries, or persons acting on behalf of Plan fiduciaries, in discharging their responsibilities to oversee, manage and evaluate Plan investments. It outlines the underlying philosophies and processes for selecting, monitoring and evaluating the investment options and Investment Managers utilized by the Plan.

PURPOSE OF THE INVESTMENT POLICY STATEMENT

The purpose of this Investment Policy Statement is to define the investment policy for the Plan. It will identify a set of investment objectives, guidelines and performance standards for the assets of the Plan. The objectives of the Investment Policy Statement are to:

1. Establish a clear understanding for all involved parties of the investment goals and objectives for the Plan.
2. Establish the relevant investment horizons for which assets will be managed.

3. Define and assign the responsibilities of involved parties.
4. Offer guidance and limitations to Investment Managers regarding the investment of Account assets.
5. Establish a basis for evaluating investment results.
6. Define the selection and monitoring criteria that will help to exclude funds that are not consistent with applicable law and the regulations pertaining thereto.
7. Ensure that the Plan is managed in accordance with applicable law and the regulations pertaining thereto.

DEFINITIONS

1. "Account" shall mean all accounts established by or for the benefit of the participants in the Plan.
2. "Advisory Committee" shall refer to the committee established by the County to assist the Plan Administrator with managing the assets of the Plan.
3. "County" shall mean the Orange County Board of County Commissioners.
4. "Investment Consultant" shall mean any individual or organization employed to provide advisory services, including advice on investment objectives and/or asset allocation, Investment Manager search, and performance monitoring.
5. "Investment Manager" shall mean any individual or business entity, employed to manage the investments of all or part of the Plan assets. Investment Manager shall include the investment manager of a mutual fund and investment management or life insurance company administering the Plan (e.g., provides record keeping services or group annuity contract for the Plan).
6. "Plan" shall mean the Orange County, Florida Section 457(b) Deferred Compensation Plan.
7. "Plan Administrator" shall mean the Orange County Comptroller or his designee.
8. "Securities" shall refer to the marketable investment securities that are defined as acceptable in this statement.

DELEGATION OF AUTHORITY

With respect to asset management, the oversight responsibility for the Plan has been delegated by the County to the Plan Administrator. However, certain responsibilities are to be delegated to professional experts in various fields. These include, but are not limited to:

1. Investment Consultant. The consultant shall assist in: establishing investment policy, objectives, and guidelines; seeking and recommending Investment Managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate.
2. Investment Manager. The Investment Manager has discretion to purchase, sell or hold the specific securities that will be used to meet the Accounts' investment objectives.
3. Trustee. The Trustee will physically (or through agreement with a custodian) maintain possession of securities owned by the Account, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The Trustee will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Accounts.
4. Additional specialists such as attorneys, auditors, and others may be employed by the Plan Administrator to assist in meeting his responsibilities and obligations to administer Account assets prudently.

All expenses for such experts are currently paid by the County or County Comptroller and must be customary and reasonable, and to the extent not paid for by the County as Plan Sponsor, will be borne by the Accounts as deemed appropriate and necessary.

ASSIGNMENT OF RESPONSIBILITY

Responsibility of the County

As the Plan Sponsor, the County is responsible for selecting the trustees of the Plan. The County is also responsible for selecting the Plan Administrator, to which the County has delegated certain functions with respect to management of the assets of the Plan. The County shall perform its investment duties with respect to the Plan in compliance with the fiduciary standards set forth in Section 404(a)(1)(A)-(C) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA").

Responsibility of the Plan Administrator

With respect to Plan asset management, the Plan Administrator has been given responsibility for recommending Investment Managers and overseeing management of the assets. The Plan Administrator's performance of investment duties is subject to the same fiduciary standards as the County. The Plan Administrator shall participate in continuing education relating to investments and fiduciary standards.

Responsibility of the Advisory Committee

The Advisory Committee shall provide assistance in the administration of the Plan to the Plan Administrator relating to the provisions of the Plan, including but not limited to investment options to be offered by the Plan, and any and all other matters deemed necessary to carry out the provisions of the Plan. The Advisory Committee shall act in an advisory capacity only to the Plan Administrator. Members of the Advisory Committee shall participate in continuing education relating to investment and fiduciary standards.

Responsibility of the Investment Consultant

The Investment Consultant's role is that of an advisor to the Plan Administrator and Advisory Committee. The Investment Consultant does not have the authority to exercise discretion with respect to the actual investment of assets in the Plan. Investment advice concerning investment options, vehicles and performance will be offered by the Investment Consultant, and will be consistent with the investment objectives, policies, and guidelines established in the Investment Policy Statement. The Investment Consultant retained by the Board is a fiduciary with all the attendant duties and responsibilities. Specific responsibilities of the Investment Consultant include:

1. Assisting in the development and periodic review of the Investment Policy Statement and suggesting appropriate changes.
2. Monitoring long-term capital market trends.
3. Assisting with Investment Manager searches and providing recommendations.
4. Maintaining contact with and reporting on changes within the Investment Managers' organizations.
5. Measuring, evaluating and reporting on the performance of the Investment Manager(s) and mutual funds, including comparisons of Investment Manager and mutual fund performance and fees to applicable category averages and benchmarks, to provide the Plan Administrator and Advisory Committee with the ability to determine the progress toward the investment objectives and provide recommendations.

Responsibility of the Investment Manager(s)

Each Investment Manager will have full discretion to make all investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Investment Policy Statement. Specific responsibilities of the Investment Manager(s) include:

1. Investing Plan assets according to the stated investment philosophy and strategy dictated in the applicable fund prospectus or by the investment guidelines provided by the Plan Administrator to the Investment Manager or by the Investment Manager itself;

2. Issuing prospectuses, annual reports and other pertinent information on a timely basis to the Plan Administrator and Advisory Committee and any other parties directly responsible for the investment of the Plan's assets;
3. Meeting as required with the Plan Administrator and Advisory Committee to review investment results;
4. Notifying the Plan Administrator and Advisory Committee in advance of potential changes in operation of any fund, mutual fund or group annuity contract in which Plan assets are invested or which is under consideration or about to be selected as an investment option for the Plan. This includes organizational or strategy changes that impact asset management;
5. The Investment Manager responsible for administering the Plan shall provide relevant information to the Plan Administrator and Advisory Committee on a regular basis (e.g., website data, formal report as requested by the Plan Administrator or Advisory Committee), including but not limited to the following:
 - The dates and figures applicable to the purchase and sale of shares and securities within the Plan's account; all dividends and capital gains; the original cost basis of all shares and securities; and the market value of the shares and securities within the Plan's account as of a certain valuation date;
 - The portion or percentage of fund assets allocated to each asset class;
 - Time-weighted rates of return measured net of investment management fees and all expenses for the current quarter, year-to-date, and historical time periods;
 - Average fund characteristics and number of holdings at quarter-end , expense ratios, comparisons of expense ratios to category averages; turnover rates, and net performance comparisons to applicable benchmarks and categories;
 - All investment management fees received by the Investment Manager from the Plan and any compensation received from third parties relating to the investments in the Plan, including without limitation 12b-1 fees;
 - Expenses incurred and paid by the Investment Manager for the Plan's account;
 - Current investment strategy; and
 - Changes implemented over the prior quarter.
6. Notifying the Plan Administrator and Advisory Committee of any investigation(s) by the Securities and Exchange Commission or other governmental authorities of the Investment Manager and/or mutual fund companies.

Responsibility of the Trustee(s)

Each trustee of the Plan is responsible for holding and investing the Plan assets in accordance with the terms of the applicable trust agreement(s).

GENERAL INVESTMENT PRINCIPLES

The Plan's participants are expected to have different objectives, time horizons and risk tolerances. To meet these varied investment needs, participants will be able to direct their account balances among a range of investment options to construct diversified portfolios that reasonably span the risk/return spectrum. Participants alone bear the risk of investment results from the options and asset mixes that they select. The primary investment objective of the Plan is to have participants successfully use the investment portfolios that are generally consistent with their individual circumstances, goals, time horizons and risk tolerances.

The Plan's investment options will be selected in an effort to:

1. Maximize return within reasonable and prudent levels of risk according to the investment objective for each asset class.
2. Provide returns comparable to returns for similar investment options.
3. Provide exposure to a wide range of investment opportunities in various asset classes.
4. Control administrative and management costs.

The Accounts shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in like capacity and familiar with such matters would use in the investment of an account of like character and with like aims. Investments shall be made solely in the interest of the beneficiaries of the Accounts.

The primary investment objectives of the Plan are to offer a set of investment options such that:

1. Plan participants can achieve broad exposure to the stock and bond markets;
2. Each option is adequately diversified and competitively priced;
3. Each option has a risk profile consistent with its position in the overall structure;
4. Each actively managed option is managed so as to implement the desired risk profile and achieve returns equal to or better than Index fund(s) representing the same investment category;
5. Passively managed options affording broad exposure to the stock and bond markets are provided;
6. Plan participants may, using the investment options offered, build portfolios consistent with their investment risk/return preferences; and
7. Plan participants will be provided readily available investment information via the internet or written documentation.

INVESTMENT OPTIONS

A number of different investments shall be available and participants may invest all or part of their account balances among them consistent with Plan guidelines. The Advisory Committee shall recommend to the Plan Administrator the number of investment opportunities to provide to participants. In accordance with ERISA guidelines, at least three investment opportunities with distinct risk and return characteristics will be provided to participants.

The Plan Administrator shall communicate to participants that the participants control their own investments and bear the risk of loss resulting from their investment decisions. The Plan Administrator shall provide adequate information required to permit participants to make informed investment decisions.

Investment options (passive or active strategies), broad general descriptions of the corresponding investment offerings, and market index benchmarks to be used for comparative purposes are:

| Asset Class | Description | Benchmark |
|---|---|---|
| Domestic Large Capitalization Core Equity | This fund will invest primarily in the common stock of medium-to larger companies with both growth and value characteristics and be managed as a core-oriented vehicle. | S&P 500 Index; CRSP US Total Market Index |
| Domestic Large Capitalization Growth Equity | This fund will invest primarily in the common stock of medium-to larger companies and be managed as a growth-oriented equity vehicle. | Russell 1000 Growth Index; CRSP US Large Cap Growth Index; Wilshire 5000 Index; |
| Domestic Large Capitalization Value Equity | This fund will invest primarily in the common stock of medium-to-larger companies and be managed as a value-oriented equity vehicle. | Russell 1000 Value Index; CRSP US Large Cap Value Index |
| Domestic SMID Capitalization Core Equity | This fund will invest primarily in the common stock of small to medium sized companies with both growth and value characteristics and be managed as a core-oriented equity vehicle. | S&P Completion Index |
| Domestic Mid Capitalization Growth Equity | This fund will invest primarily in the common stock of medium sized companies and be managed as a growth-oriented equity vehicle | Russell Mid-Cap Growth Index |
| Domestic Mid Capitalization Value Equity | This fund will invest primarily in the common stock of medium sized companies and be managed as a value-oriented equity vehicle. | Russell Mid-Cap Value Index |

| Asset Class | Description | Benchmark |
|---|--|--|
| Domestic Small Capitalization Core Equity | This fund will invest primarily in the common stock of small capitalization companies with both growth and value characteristics and be managed as a core-oriented equity vehicle. | Russell 2000 Index |
| Domestic Small Capitalization Growth Equity | A diversified domestic equity portfolio composed primarily of small capitalization stocks representing a wide range of industries and will be managed as a growth-oriented equity vehicle. | CRSP US Small Cap Growth Index |
| Domestic Small Capitalization Value Equity | A diversified domestic equity portfolio composed primarily of small capitalization stocks representing a wide range of industries and will be managed as a value-oriented equity vehicle. | Russell 2000 Value Index; CRSP US Small Cap Value Index |
| Specialty Real Estate | The fund will seek capital appreciation and income with investment in real estate investment trusts and real estate industry equity. | MSCI US Investable Market Real Estate 25/50 Transition Index |
| International Equity | This fund is intended to provide exposure to developed international equity markets as represented by the Morgan Stanley Capital International (MSCI) All Country World Index ex. United States of America Index. This fund will be actively managed and will generally invest in companies within a wide range of capitalizations that are traded on the major local exchanges. | MSCI ACWI ex. US Index; MSCI World ex US Small Cap Index; MSCI ACWI ex US Value Net Index; FTSE Global All Cap ex US Index |

| Asset Class | Description | Benchmark |
|-------------------------|--|--|
| Emerging Markets Equity | This fund is intended to provide exposure to the developing international equity markets as represented by the MSCI Select Emerging Markets Index. This fund will be actively managed and will generally invest in a wide range of capitalizations of companies across a large number of local exchanges. | MSCI Emerging Markets Value Net Index |
| Target Retirement Funds | A type of balanced fund that allocates participant accounts among several underlying funds based on an asset allocation strategy designed for investors planning for a specific goal or to retire in or within a few years of a set date. The funds' asset allocations will become more conservative over time. The funds' indirect bond holdings are a diversified mix of investment-grade taxable U.S. government, U.S. agency, and corporate bonds, as well as mortgage-backed securities, all with maturities of more than one year. Its indirect stock holdings consist of large-capitalization U.S. stocks and, to a lesser extent, mid-and small-cap U.S. stocks and international stocks. These portfolios aim to provide investors with the optimal level of return and risk based solely on a specific date. | Dow Jones Target Date Fund Indices; Dow Jones Conservative Index |

| Asset | Description | Benchmark |
|-------------------------|--|---|
| Fixed Income Funds | These funds invest in a diversified portfolio of fixed income securities with maturities exceeding one year providing preservation of capital, including but not limited to short-term government, short-term investment grade, intermediate-term government, and intermediate-term investment grade funds. | Bloomberg Barclays U.S. Aggregate Float Adjusted Index; Bloomberg Barclays Global Aggregate Float Adjusted Index Hedged; Bloomberg Barclays 5-10 Year US Treasury Bond Index; Bloomberg Barclays 0-5 Year US TIPS Index |
| Money Market Funds | These funds invest in a high-quality short-term money market instruments issued by financial institutions, nonfinancial corporations, the U.S. government, and/or federal agencies. The average maturity of the fund's holdings will be 90 days or less. | Average money market fund; IMoneyNet MFR Average Treasury Money Market; Citigroup 3 month T-Bill Index |
| Stable Value Funds | A portfolio of investment contracts, cash and other fixed income vehicles that provide little or no volatility of principal. | Ryan Labs Three-Year GIC Index |
| Self-Directed Brokerage | U.S. equities, ADRs, U.S. Treasury securities, corporate bonds, mortgage-backed securities, mutual funds not offered in the core lineup, and certificates of deposit through an associated brokerage window in accordance with Plan limitations (e.g., no private placements, foreign securities not traded domestically, tax exempt securities, derivatives, insurance contracts, commodities, precious metals and currencies). | Not Applicable |

The investment options described above are authorized by the Plan Administrator as permitted investments for the Plan. Exhibit A lists the specific investment options and related benchmarks for each asset class currently offered by the Plan. After consultation with the Advisory Committee, the Plan Administrator is authorized to add or eliminate investment options offered as well as add, change or delete benchmarks used in evaluating investment options and revise Exhibit A accordingly.

SELECTION OF INVESTMENT MANAGERS AND MUTUAL FUNDS

Procedures

Selection of Investment Manager(s) and sponsored mutual funds shall be based on prudent due diligence procedures. A qualifying Investment Manager must be a Registered Investment Advisor under the Investment Advisors Act of 1940, or a bank or insurance company.

INVESTMENT GUIDELINES AND RESTRICTIONS

Selection of Investment Vehicles

The investment vehicles used to fund the various investment options may be either separately managed portfolios or commingled funds, including mutual funds.

The Plan Administrator may modify the number and characteristics of investment vehicles to be made available to Plan participants within each investment option.

The specific investment vehicles must have appropriate investment and liquidity characteristics and be managed by organizations which, by their creditworthiness, record and experience, have demonstrated their exercise of fiduciary responsibility and their investment expertise.

Such investment vehicles also must:

1. Have at least \$50 million in assets under management;
2. Be well diversified meeting investment category and objectives consistent with the prudent intent of the policy to provide options in various asset classes and market capitalizations;
3. Have a minimum of three years of verifiable investment performance information;
4. Have acceptable volatility as defined by risk characteristics and risk adjusted return measurements: semi-standard deviation, tracking error, beta, information ratio and alpha statistics.

Tolerance ranges for risk metrics:

- Semi-standard deviation less than 10%
- Tracking error lower than 10% of benchmark
- Beta less than 20% of benchmark
- Positive information ratio
- Positive alphas for managers

5. Have the liquidity and/or marketability to pay benefit amounts to Participants due under the terms of the Plan;
6. Have competitive returns compared to the market benchmark and be in the top 40th percentile or better of the relative peer group;
7. Have a reasonable expense ratio; and
8. Agree to meet all other requirements set forth in this statement.

A target retirement fund does not have at least \$50 million in assets under management and three years of verifiable investment performance information when other target retirement funds from the same provider that meet those requirements are included in the fund lineup.

Replacement/Elimination/Addition of Investment Vehicles

Investment vehicles may be replaced or eliminated whenever the Plan Administrator loses confidence in the management of the investment vehicle for whatever reason, and/or when the characteristics of the investment vehicle no longer satisfy the characteristics of the investment option or are no longer deemed appropriate by the Advisory Committee or Plan Administrator.

Additionally, the array of investment options will be monitored on an ongoing basis to determine if/where gaps or redundancies exist and take the appropriate action to add or remove funds as investment options.

PERIODIC PERFORMANCE REVIEW AND EVALUATION

The Plan Administrator and Advisory Committee will periodically review the funds and any other investments being offered to the participants and the requirements of applicable law to determine if these options should be modified or if additional options should be added to the Plan.

Investment Managers and mutual funds shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

The Investment Consultant shall provide summary performance reports for quarterly review meetings. A detailed annual report shall be provided in printed form and in a format that allows for easy distribution by e-mail or website posting. All such reports shall be available to the public. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The following information will be included in the Investment Consultant's reports:

1. Performance will be evaluated over the applicable period or periods using time-weighted total rates of return net of fees;
2. Review of direct and indirect fees and expenses;
3. Adherence to guidelines;
4. Comparison of results to applicable benchmarks, categories and peer group ranking;
5. Comparison of risk characteristics and risk adjusted return measurements:
 - Whether the three year annualized return ranked below the median peer group
 - Whether the fund has experienced five consecutive quarters in which the quarterly performance ranked in the bottom 25th percentile in the representative group
 - A determination and recommendation from the Consultant as to whether the investments are expected to meet performance standards when the Sharpe or Information ratios are in the bottom 50th percentile as compared to the peer group for a three-year period
 - Portfolio statistics that indicate the degree of adherence with the intended asset class purpose for which the investment is being considered
 - A determination and recommendation from the Consultant as to whether Alpha returns for actively managed investments are expected to meet performance standards for its benchmarks and peer groups when there are negative Alpha returns for a three-year period;
6. The opportunities available in the different asset markets;
7. Material changes in the investment management team/provider organizations, such as philosophy, ownership or personnel changes, acquisition or loss of major accounts, adverse regulatory actions or investigations, and litigation by a government agency.
8. In addition to monitoring investment performance results, the Plan Administrator and Advisory Committee will periodically evaluate each investment option on the basis of the following factors to ascertain whether it should continue to be offered as the investment option for its asset class:
 - The stability, depth and experience of the investment professionals responsible for the management of this fund;
 - The suitability of its investment approach for this plan;
 - Its management fees and other expenses; and
 - Any other measures that the Plan Administrator and/or Advisory Committee deems useful and relevant

The portfolio(s) are to be evaluated over at least a three-year period. The Advisory Committee may recommend termination. Termination is at the discretion of the Plan Administrator. Examples of circumstances that may cause termination of an Investment Manager or mutual fund include but are not limited to the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, as well as the performance of the Investment Managers' or mutual fund's peers, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of the Investment Policy Statement, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization.

Review of Investment Objectives and Policy

The Plan Administrator and Advisory Committee will review the achievement of investment objectives on a quarterly basis. The review will focus on the continuing feasibility of achieving the objectives and the continued appropriateness of the investment policy. It is not expected that the investment policy will change frequently, in particular, short-term changes in the financial markets generally should not require an adjustment in the investment policy.

The Plan Administrator and Advisory Committee will review this Statement at least every three years. Some specific occurrences which might suggest to the Advisory Committee an earlier review are:

1. Significant changes in plan demographics, or benefit design;
2. Significant changes in the prospects for agency growth, for growth of the work force, or for growth of employee salaries;
3. The availability of acceptable new asset classes, or the improvement of data on previously known but inadequately understood asset classes to the point where the asset class might reasonably be conserved;
4. The availability of new technology, the application of which the Plan Administrator and Advisory Committee believes will improve this investment policy; and
5. The passage of relevant new legislation or regulations.

Specific policy issues may be visited whenever the Plan Administrator and Advisory Committee deems necessary.

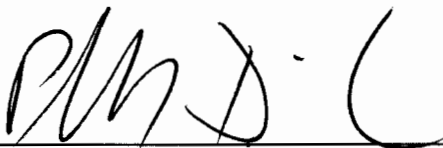
Communication and Reporting

The investment managers/fund providers are responsible for frequent and open communication with the Plan Administrator and Advisory Committee on all significant matters pertaining to investment policies and the management of plan assets. Some of the key reporting responsibilities include the obligation to:

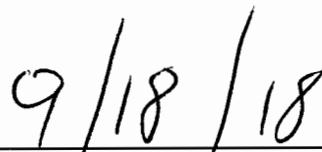
1. Inform the Advisory Committee of any major changes in the organization's investment outlook, investment strategy and portfolio structure;
2. Advise the Plan Administrator and Advisory Committee of any significant changes in the ownership, organization structure, financial condition or senior personnel staffing of the investment manager/fund provider.
3. Provide the Plan Administrator and Advisory Committee with monthly transaction and valuation reports (responsibility of Investment Manager administering the Plan);
4. Advise the Plan Administrator and Advisory Committee of any change in the portfolio manager assigned to the account;
5. Meet with the Plan Administrator and Advisory Committee at least annually (responsibility of Investment Manager administering the Plan); and
6. Advise the Plan Administrator and Advisory Committee of any pertinent issues that the manager/provider determines to be of significant interest.

PROXY VOTING

The Plan Administrator will instruct the Trustee to inform the Investment Consultant, Plan Administrator and Advisory Committee of all upcoming proxy votes. The Investment Consultant will then instruct the Trustee on how to vote the proxies when it deems such action to be material to the interests of Plan participants.



Phil Diamond, CPA
County Comptroller and Plan Administrator



Date

Exhibit A

| Asset Class | Fund Description | Benchmark |
|---|---|--|
| Domestic Large Capitalization Core Equity | Vanguard Institutional Index Fund | S&P 500 Index |
| | Vanguard Total Stock Market Index Fund | CRSP US Total Market Index |
| Domestic Large Capitalization Growth Equity | Vanguard Growth Index Fund | CRSP US Large Cap Growth Index |
| | Vanguard PRIMECAP Core Fund | Wilshire 5000 Index |
| | Vanguard Morgan Growth Fund | Russell 1000 Growth Index |
| Domestic Large Capitalization Value Equity | Vanguard Value Index Fund | CRSP US Large Cap Value Index |
| | DFA US Large Cap Value Fund | Russell 1000 Value Index |
| Domestic Mid Capitalization Core Equity | Vanguard Extended Market Index Fund | S&P Completion Index |
| Domestic Small Capitalization Core Equity | DFA US Small Cap Fund | Russell 2000 Index |
| Domestic Small Capitalization Growth Equity | Vanguard Small Cap Growth Index Fund | CRSP US Small Cap Growth Index |
| Domestic Small Capitalization Value Equity | Vanguard Small Cap Value Index Fund | CRSP US Small Cap Value Index |
| | DFA U.S. Small Cap Value Fund | Russell 2000 Value Index |
| Specialty Real Estate | Vanguard Real Estate Index Fund | MSCI US Investable Market Real Estate 25/50 Index |
| International Equity | Vanguard International Growth Fund | MSCI ACWI ex US Index |
| | Vanguard Total International Stock Index Fund | FTSE Global All Cap x US Index |
| | DFA International Value Fund | MSCI ACWI ex US Value Net Index |
| | DFA International Small Company Fund | MSCI World ex US Small Cap Net Index |
| Emerging Markets Equity | DFA Emerging Markets Value Fund | MSCI Emerging Markets Value Net Index |
| Target Retirement Funds | Vanguard Target Retirement Funds (11 portfolios) | Dow Jones Target Date Fund Indices |
| Fixed Income Funds | Vanguard Total Bond Market Index Fund | Bloomberg Barclays US Aggregate Float Adjusted Index |
| | Vanguard Intermediate Term Treasury Fund | Bloomberg Barclays 5-10 Yr US Treasury Bond Index |
| | Vanguard Short Term Inflation Protected Securities Index Fund | Bloomberg Barclays 0-5 Yr US Treasury TIPS Index |
| | | |

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|--------------------|---|---|
| | Vanguard Total International Bond Index Fund | Bloomberg Barclays Global Aggregate Float Adjusted Index Hedged |
| Money Market Funds | Vanguard Federal Money Market Fund Vanguard Treasury Money Market Fund | Imoney Net Index Imoney Net Index |
| Stable Value Funds | Vanguard Retirement Savings Trust | Ryan Labs three-year GIC Index |