

**North Broward  
Hospital District  
(d/b/a Broward Health)  
Unrestricted Funds**

Statement of Investment  
Objectives and Policy

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## **INTRODUCTION**

## **SECTION I**

The Pension and Investment Committee (the “**Committee**”) of the Board of Commissioners (the “**Board**”) of the North Broward Hospital District d/b/a/ Broward Health (the “**District**”) Unrestricted Funds (the “**Fund**”) is charged pursuant to Chapter 27438, Laws of Florida, which was recodified in Ch. 2006-347, Laws of Florida, and subsequently amended in Ch. 2007-299, Laws of Florida (collectively, the “**Charter**”), with the responsibility for the investment of the assets of the Fund, subject to oversight by the Board. To assist the Committee in this function, they are authorized and permitted to engage the services of Investment Managers accepting full fiduciary responsibility, who possess the necessary expertise and experience to manage those assets of the Fund assigned to them (collectively, the “**Investment Managers**”).

The Board hereby adopts this Statement of Investment Objectives and Policy (this “**Statement**”), which has been drafted in accordance with Section 218.415, Florida Statutes and the advice of the Committee’s investment consultant (the “**Investment Consultant**”). The Investment Managers shall agree to these objectives and policy as well as their respective Investment Manager specific guidelines understanding that they shall retain full discretion within these policy limits and within the requirements of applicable laws.

The objective of this Statement is to foster an effective working relationship with the Investment Managers through a discipline of good communication. This Statement is intended to provide the Committee and the Investment Managers with a foundation from which to understand specific strategies, so that the Committee can effectively evaluate the performance of the Investment Managers and oversee the management of the Fund in a financially prudent manner.

This Statement is a living document. At least annually, the Committee and the Investment Consultant, and/or other consultant(s) that may be retained from time to time, will review and recommend to the Board updates to this Statement if necessary or appropriate. Recommendations from the Investment Managers for improving policies, procedures and operations are always welcomed.

This Statement sets forth the following:

## **INTRODUCTION**

## **SECTION I**

1. The investment policies and objectives, which the Committee deems to be appropriate and prudent to implement its strategic planning for the investment of the Fund's assets;
2. The definition of the Liquid Portion and the Invested Portion of the Fund's assets;
3. The general investment policies, objectives and performance expectations for the Investment Managers;
4. The provision of guidelines for the Committee's ongoing supervision of the investment of the Fund's assets to ensure that the Fund remains invested in accordance with this Statement and applicable law;
5. Accounting and reporting guidelines for purposes of measuring the performance of the Investment Managers; and
6. Proxy Voting Policies.

The Committee relies extensively on the District's Treasurer and finance staff, Custodian, Counsel, Investment Consultant (collectively, "Staff"), as well as the Investment Managers. Because of the number of parties involved, their roles must be clearly identified. Furthermore, such identification increases operational efficiency, ensures clear lines of responsibility, and reduces unnecessary duplication of effort.

**A. Pension and Investment Committee**

The Committee is responsible for recommending to the Board the establishment and maintenance of broad policies and objectives for all aspects of the Fund's operation. The Board determines policies pertaining to the administration of the Fund. Prior to taking action, the Committee will seek the recommendations of the Investment Consultant, other Staff and if the Committee deems it prudent, outside advisors. In keeping with their obligation to serve as governing fiduciaries, changes to any of the following will require the Committee's involvement and approval and Board approval:

- Asset allocation;
- Dismissal of significant Staff, Investment Managers and other advisors; and
- All other issues of investment policy not specifically enumerated herein.

**B. Counsel**

The Committee and the Investment Managers are required to exercise the reasonable care of a person familiar with such matters, consistent with the State of Florida prudent investor rule, set forth in Section 518.11 of the Florida Statutes, to identify legal questions, Fund transactions, or litigation or potential litigation matters which justify the attention of legal counsel; and request such attention. The role of counsel is generally to research and advise on such legal questions (and render opinions if requested), document such Fund transactions, and prosecute or defend litigation matters, or cause such matters to be

reviewed, defended or prosecuted, as requested by the Board, the Committee or another authorized committee of the Board or Staff. Any documentation creating Fund rights or obligations will ordinarily be referred to Counsel for review. Upon referral, Counsel will review the documentation in question, or consult with outside attorneys with expertise in the subject matter.

**C. Investment Consultant**

The Investment Consultant shall work with the Committee and other Staff to manage the investment process. This includes regular meetings with the Committee to provide an independent perspective on the Fund's goals, structure, performance and Investment Managers. The Investment Consultant will review asset allocations and performance and the Investment Consultant will make recommendations to the Committee as appropriate. The Investment Consultant will assist with external Investment Manager selection and will promptly inform the Committee and discuss the impact of material changes taking place within any current Investment Manager's investment process.

**D. Custodian**

The Fund's custodian (the "**Custodian**") holds all cash, comingled and separately managed accounts, and securities of the Fund. In addition, a bank or trust depository arrangement is utilized to accept and hold cash prior to allocating it to Investment Managers, and to invest such cash in liquid, interest-bearing instruments. The Custodian will be responsible for providing an on-line records maintenance system, performance reporting, Fund accounting on both a trade date and settlement date basis and other services as defined in the contract. The Custodian provides individual investment level accounting and processing.

**E. Investment Managers**

Investment Managers select, buy, and sell specific securities and manage cash pursuant to their guidelines. The Investment Managers are delegated discretion to carry out investment actions. Investment Managers will provide performance reporting upon request utilizing standardized reporting formats. Specific operational information for each Investment Manager is addressed at length in each Investment Manager's investment guidelines and investment management agreement as may be amended from time to time.

**F. Bid Requirement**

Each Investment Manager shall execute purchases and sales by utilizing systems that provide current market prices to ensure that the price of the transaction is based on reasonable industry standards. When a security to be purchased is unique to one institution the Investment Manager shall ensure that the purchase price is the same as similarly situated purchasers paid. For all recently issued securities the Investment Manager shall ensure that all trading is done at the same price and terms being offered by other financial institutions. When there is no discernible market for a security or in-kind asset, the Investment Manager shall execute purchases and sales in a competitive bid environment wherein at least three (3) offers or bids are obtained for each security or in-kind asset.

**G. Prudent Investor Rule**

Investments shall be made in accordance with the "Prudent Investor" rule which states the following:

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment.

The Investment Consultant and members of the Committee involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

**H. Engagement of Investment Managers and Investment Consultants**

An Investment Manager or Investment Consultant shall only be engaged by the Committee after written documented due diligence with respect to the proposed entity/individual's background and competence has been reviewed by the Committee. Such due diligence shall include, but not be limited to, confirmation of all applicable licenses, registration of all individual Investment Managers and Investment Consultants with the Securities and Exchange Commission under the Investment Advisors Act of 1940, as amended, a background investigation/check, documentation substantiating their qualifications (including each person who shall be providing the service), experience of the Investment Manager or the Investment Consultant on similar projects and abilities to perform the particular scope of work. All engagements shall be subject to a written acceptable in form to Counsel.



The long-term performance expectations for the Fund are outlined below:

Once the newly-adopted investment policy and asset allocations are fully implemented, the Fund will have a goal of outperforming a weighted passive portfolio comprised of 21.5% S&P 500 Index, 6% Russell 2500 Index, 12% MSCI EAFE Index (Net), 4% MSCI Emerging Markets Equity Index (Net), 6% NCREIF Property Index, 6% NCREIF ODCE EW Index, 19.5% Bloomberg U.S. Aggregate Bond Index, 5% Bloomberg US Universal Index, 5% ICE Bof AML 3 Month T-Bill, 2.8% FTSE World Govt. Bond “WGBI” Index, 5% FTSE Global Core Infrastructure 50/50 Index, HFRI FOF Conservative Index and 4.2% MSCI ACWI (ex US) Index over a complete market cycle.<sup>2</sup> These weightings may require adjustment from time to time given any future changes in asset allocation or other factors.

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<sup>2</sup> Market cycles include both a rising and a declining leg. A rising leg is defined as a period of at least two consecutive quarters of rising stock prices. A declining leg is defined as a period of at least two consecutive quarters of declining stock prices. Typically, market cycles are from 3 to 5 years in duration.

The primary objective of the Fund is to place the highest priority on the preservation of capital and liquidity of funds. The optimization of investment income shall be secondary to the requirements for preservation of capital and liquidity.

A secondary objective is to maximize the total rate of return while providing minimal risk of market value volatility and adequate short-term liquidity to meet any cash flow needs. As a tertiary objective, the Fund seeks to outperform its benchmark on a total return basis.

These goals will be accomplished by:

- minimizing the risk of loss of principal for the Fund as a whole;
- minimizing the erosion of principal value through inflation;
- investing the Liquid Portion of the assets in short-term, low risk vehicles which will be used to meet the liquidity needs of the Fund; and
- investing the Investment Portion of the Fund to maximize a risk-adjusted return with the objective of growth of capital.

The primary means by which capital preservation is to be achieved shall be through diversification of the Fund's investments across various asset classes. The appropriate level of risk for the Fund should be determined by examining the risk and reward of numerous asset allocations.

Within each asset group, further diversification is to be achieved through investment in securities across numerous industries and sectors as determined by the Investment Managers in accordance with this Statement and the Investment Manager-specific guidelines, which will be signed by both the Investment Manager(s) and the Committee, or its duly authorized representative(s), and will incorporate, by reference, all the applicable provisions of this Statement.

**A. Asset Allocation and Investment Manager Structure**

It is not the intention of the Committee to become involved in day-to-day investment decisions. Therefore, the assets are allocated to professional Investment Managers in a manner consistent with this Statement.

In order to provide an appropriate level of diversification for the Fund, Investment Managers with complementary or diverse investment styles will be retained. Each Investment Manager will be required to sign and acknowledge these objectives and policies as well as guidelines specific to its investment style. All amendments to these policies and/or guidelines will be agreed to in writing by the parties.

**B. Asset Deployment Policy**

The Fund assets will be segmented into two categories, the Liquid Portion or Liquid Assets and Investment Portion or Invested Assets. The Liquid Assets will be invested in short-term, low risk cash equivalent vehicles and will be used to meet liquidity demands. The Invested assets will be diversified among several asset classes to maximize the risk-adjusted return.

The overall asset deployment policy will be defined by a set of allowable ranges per asset class. It is understood that contributions to the Liquid Portion of the assets will be made periodically (*e.g.*, quarterly) and that drawdowns will be made more frequently (*e.g.*, daily). Therefore, the calculation for the overall asset deployment policy will occur on the last day of the quarter, after each contribution period. The overall asset deployment policy is outlined in the following tables.

The asset deployment policy for the Liquid Assets that the Committee has recommended, and the Board has adopted, is as follows:

Liquid Asset allocation	Allowable Ranges
Domestic Equity	10-15%
Large Cap	10-15%
SMID Cap	0-5%
International Equity	5-10%
Private Equity	0-5%
Real Estate	0-5%
Hedge Fund of Funds	0-5%
Fixed Income & Cash Equivalents	40-65%

The asset deployment policy for the Invested Assets that the Committee has recommended, and the Board, has adopted is as follows:

Invested Assets Allocation	Target	Ranges
Domestic Equity	20.0%	10-30%
Large Cap	14.0%	9-19%
SMID Cap	6.0%	0-11%
International Equity	12.0%	7-17%
Emerging Markets Equity	4.0%	0%-8%
Private Equity	7.5%	5-12%
Real Estate	12.0%	7%-17%
Core	6.0%	0-10%
Value	3.0%	0-5%
Opportunistic	3.0%	0-5%
Hedge Fund of Funds	3.0%	0-5%
MACS (Multi-Asset Class)	7.0%	2-12%
Core Fixed Income	19.5%	15-25%
High Yield	5.0%	0-10%
Global Fixed Income	5.0%	0-10%
Infrastructure	5.0%	0-10%

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### C. Rebalancing Guidelines - Invested Assets

It is the Committee's responsibility, with advice from the Investment Consultant, to monitor the asset allocation of the Invested Assets within the parameters described above. They will do so by giving specific instructions as to the range of allowable asset classifications to each individual

Investment Manager and by monitoring the asset classifications held by Investment Managers. Because markets do not move in concert, actual allocations are expected to somewhat deviate from the targets from time to time. The Fund will be rebalanced appropriately when allocations are no longer within the prescribed limits within 180 days of the deviation from prescribed targets. The Investment Consultant shall notify the Committee when rebalancing is appropriate.

**D. Third-Party Custodial Agreements**

All securities acquired by the Fund shall be properly designated as an asset of the District and held in safekeeping, either physically or in book-entry form, by a third-party Custodian. If a bank or trust company serves in the capacity of an Investment Manager, said bank or trust company could also perform required custodial and reporting services.

No withdrawal of securities, in whole or in part, shall be made from safekeeping except in accordance with this Policy.

**E. Master Repurchase Agreement**

Each Investment Manager will maintain a master repurchase agreement and require all approved institutions and dealers transacting repurchase agreements to adhere to the requirements of the master repurchase agreement.

The performance expectations of the Committee are hereby communicated to the Investment Managers consistent within their respective guidelines. These will include comparison to benchmark returns and standard deviations as well as agreed upon universe comparisons. Quarterly performance will be evaluated to test progress toward attainment of longer-term goals. It is understood that there are likely to be short-term periods during which performance deviates from market indices, and during such times, greater emphasis shall be placed on performance comparisons with Investment Managers employing similar styles. In order to be consistent among the Fund's multiple investment portfolios, and for the universe of comparisons to remain valid, rates of return will be listed in the quarterly performance report, produced by the Investment Consultant, on a gross of fees and net of fees basis. However, each Investment Manager is expected to outperform its respective benchmark on a net of fee basis as detailed below. The individual Investment Manager's benchmarks and universes will be stated in the Investment Manager specific guidelines found in Exhibit A of this Statement. Each Investment Manager is required to report its performance on a before and after fee basis as outlined in Section VII.

The objectives of the Fund's respective investment portfolios are as follows:

**A. Domestic Equity Portfolios**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark by 100 basis points (1.00%) net of investment management fees over a complete market cycle (3-5 years).
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median of equity investment managers with similar characteristics over a complete market cycle.

**B. Passive Portfolio**

1. Achieve a rate of return that matches the relevant index/benchmark on a gross of fee basis.
2. Maintain a similar risk profile and portfolio characteristics as the relevant benchmark.

**C. Core Fixed-Income Portfolio**

1. Achieve an average annual return from income and capital appreciation that exceeds the Investment Manager's respective index/benchmark over a complete market cycle by 20 basis points annually, net of fees.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median fixed income investment manager with similar style characteristics over a complete market cycle.

**D. High Yield Portfolio**

1. Achieve an average annual return from income and capital appreciation that exceeds the Investment Manager's respective index/benchmark over a complete market cycle by 20 basis points annually, net of fees.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median fixed income investment manager with similar style characteristics over a complete market cycle.

**E. Global Fixed Income**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median of global fixed income investment managers with similar characteristics over a complete market cycle.

**F. International Equity Portfolio**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark by 100 basis points (1.0%) net of investment management fees over a complete market cycle.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median of international equity investment managers with similar characteristics over a complete market cycle.

**G. Emerging Markets Equity Portfolio**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark by 100 basis points (1.0%) net of investment management fees over a complete market cycle.



2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.
3. Achieve annualized performance results, which rank above the median of international emerging markets equity investment managers with similar characteristics over a complete market cycle.

**H. Multi-Asset Class Strategies (MACS)**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.

**I. Real Assets (Infrastructure)**

Achieve a rate of return that exceeds the FTSE Global Core Infrastructure 50/50 index/benchmark annually over a complete market cycle on an after-fee basis.

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**J. Private Equity**

1. Achieve a premium over the rate of return of the public equity markets, to give the Fund the ability to participate in the growth opportunities in the private equity sector, and to provide additional diversification to further enhance long-term real growth.
2. Over time, to outperform the public markets, as measured by the S&P 500 index, by 3%<sub>a</sub> in compensation for the illiquidity of these investments. The primary rate of return tool for the private equity sector will be an Internal Rate of Return (IRR) calculated for each private equity partnership over the life of the investment. These

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investments will be compared with other partnerships of similar vintage periods and strategies.

**K. Real Estate Portfolios (Core, Value Add and Opportunistic)**

1. Achieve an average annual rate of return which exceeds the Investment Manager's respective index/benchmark net of investment management fees over a complete market cycle.
2. Achieve a positive risk/reward trade-off when compared to the Investment Manager's respective index/benchmark.

**L. Hedge Fund of Funds**

Achieve a rate of return that exceeds the HFRI FOF Conservative Index over a complete market cycle, net of all investment management fees.

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**A. General**

The Board, and to the extent delegated to the Committee, the Committee, has sole discretion to select and replace the Investment Managers and to allocate assets among them.

The Committee and the Investment Consultant shall review each Investment Manager's portfolio at least annually. Investment Managers shall be prepared to meet with the Committee or Investment Consultant upon request to review the Investment Managers' investments, returns, changes in key personnel, market environment, and any other pertinent items. A summary of the review, in the form of Committee meeting minutes, will be provided to the full Board.

The Investment Managers are prohibited from entering into any transactions for the Fund, which are not authorized by this Statement or its specific guidelines without the prior written consent of the Committee. The consent may be in the form of an email from an authorized member of the Committee.

**B. Asset Class Investment Guidelines****1. Domestic Equity**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this Statement.

- a. Equity investments shall be made with a view towards achieving a total rate of return (market appreciation plus dividend income). All equity investments shall be of companies whose respective market value capitalizations are within the range of the Investment Manager's specific benchmark.

- b. All equities shall be of a class listed on a national securities exchange (*e.g.*, NYSE, AMEX) or quoted on the National Association of Securities Dealers Automatic Quotation Service (NASDAQ).
- c. Industry and sector allocations should ensure prudent diversification and risk control.
- d. The Investment Managers may invest in U.S. dollar-denominated equity securities of foreign issuers subject to the above restrictions and to a maximum of 15% of the market value of the equity portfolio. These holdings shall be limited to those denominated in U.S. dollars and listed and traded on major domestic exchanges.
- e. Investment in any issuer must be limited to 5% of the market value of the portfolio.
- f. The maximum investment in any one company shall be less than 5% of that company's outstanding voting stock and less than 5% in value of all outstanding shares of all classes of stock of the issuer (assuming all conversions had been made by the Fund).
- g. The Investment Managers are prohibited from investing in letter or restricted stock or, except as expressly permitted under Paragraph 4(h) of this Section VI, options, swaps, futures, forward contracts and/or any other derivative instruments; or from engaging in short sales, margin transactions or other specialized investment activities.
- h. The Investment Managers shall not purchase securities whose issuers have filed a petition for bankruptcy. Securities of issuers that file for bankruptcy

subsequent to purchase resulting in violation of this restriction may be held at the Investment Manager's discretion. However, written notice including the Investment Manager's position on the issue and intended action shall be promptly submitted to the Committee.

- i. The Investment Managers may not invest in commodities, private placements (unless specifically allowed), direct real estate investments (unless specifically allowed), direct oil, gas and mineral exploration investments, and nominally public issues for which the market is severely restricted.

2. **International Equity**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this Statement.

- a. Equities shall include investments in common stocks and preferred stocks, convertible securities, depository receipts (*e.g.*, ADRs, GDRs etc.), rights and warrants.
- b. Equity investments in any single company by any Investment Manager shall be limited at purchase to no more than 5% of the total equity assets under management at market value and no more than 5% of the company's total outstanding equity (common stock and securities convertible into common stock).
- c. Currency hedging for defensive purposes only will be permitted. Foreign currency exposure may be exchanged only for U.S. dollar exposure. Cross-hedging of currency is forbidden.

- d. The portfolio will be well diversified among sector and country to ensure prudent diversification and risk control.

In general, the average market capitalization and the portfolio characteristics of the aggregate holdings will be consistent with that of the MSCI EAFE Index. Notwithstanding the foregoing, it is understood that the Fund's investments may include equity investments in small and medium-capitalization non-U.S. companies.

3. **Fixed Income**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines found in Exhibit A of this Statement. The following guidelines do not apply to the High Yield Investment Manager.

The fixed income portion of the Fund's assets shall be invested in marketable fixed income securities of the first four quality grades as established by one or more of the nationally recognized bond ratings services (*i.e.*, Moody's, Standard & Poor's and Fitch). Split-rated securities are considered to have the highest credit rating by Moody's, Standard & Poor's or Fitch. The average credit quality of all the long-term bond holdings in each Investment Manager's portfolio should be maintained at A or A-1 or higher and the average credit quality of all short-term bond holdings in each Investment Manager's portfolio should be maintained at P-1, F-1, or A-1 or higher. The following instruments are acceptable:

- a. Commercial Paper or Variable Rate Notes rated P1 by Moody's Investors Service, A1 by Standard & Poor's or F1 by Fitch.

- b. Certificates of Deposit and Bankers Acceptances rated A or higher by Moody's Investors Service or equivalent by Standard & Poor's.
  - c. United States Treasury Bonds, Notes and Bills.
  - d. Debt instruments of the U.S. Government and its agencies.
  - e. Marketable corporate debt, mortgages, and asset-backed securities rated BBB or higher by Standard & Poor's or Fitch Investor's Services or Baa2 by Moody's Investors Service.
4. **Other restrictions are as follows:**
- a. Portfolio duration should be  $\pm 25\%$  of the benchmark.
  - b. Securities downgraded by any or all rating agencies subsequent to purchase resulting in violation of quality guidelines may be held at the Investment Manager's discretion. However, written notice, including the Investment Manager's position on the issue and intended action shall be promptly submitted to the Committee and the Investment Consultant.
  - c. The Investment Managers may not hold more than 5% at market value of the portfolio in any one issuer's securities other than direct obligations of the U.S. Government or its agencies.
  - d. Unrated securities may not be purchased without prior written approval of the Committee or its designee. If an Investment Manager ranks a security as investment grade, prior written approval from the Committee or its designee must be received before purchase.

- e. The Investment Managers may invest up to 5% of the market value of the portfolio in preferred stock, warrants and convertible securities when prudent opportunities exist.
- f. The Investment Managers may invest in U.S. dollar-denominated fixed income securities of foreign issuers subject to the above restrictions and to a maximum of 20% of the market value of the fixed income portfolio.
- g. Private placements are prohibited with the exception of unregistered securities under Rule 144A, which may be included up to 20% of the portfolio.
- h. The Investment Managers may not use derivatives to increase portfolio risk above the level that could be achieved with a fully-invested portfolio of physical securities, including the use of derivative contracts to replicate leveraged positions or to acquire exposure to changes in the value of assets or indexes that are otherwise prohibited from being purchased for the portfolio. The Investment Managers may only use derivatives to manage interest rate, equity, credit, currency, legal or tax risk through the use of hedging strategies. Under no circumstances may an Investment Manager acquire a derivative instrument for speculation or investment or that would cause the portfolio duration to exceed the limits implied by the applicable benchmark. In addition, no Investment Manager may acquire any structured products.
- i. The Investment Managers may not engage in short sales or margin purchases.



**5. High Yield Fixed Income**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines (Exhibit A).

The following additional instruments to those outlined above under Domestic Fixed Income are acceptable for a high yield fixed income portfolio:

- Publicly-traded U.S. dollar-denominated U.S. corporate debt, sovereign and supranational entities rated the equivalent of C or better by Moody's, Standard & Poor's or Fitch rating agencies at the time of purchase. Unrated corporate securities may be held in the portfolio subject to the restrictions in this Paragraph (B)(5). In the case of a split rating among the rating services, the Investment Manager shall defer to the highest rating.
- Investments may be made by any Investment Manager in Rule 144A securities in an amount not to exceed fifty (50%) percent of the total portfolio's market value. Rule 144A securities without registration rights are limited to 20% of the portfolio's market value.
- Investments in investment grade securities, known as marketable securities of the first four quality grades as established by one or more of Moody's, Standard & Poor's or Fitch, is authorized to a combined maximum of 10% of the portfolio's market value. For purposes of this calculation, the security's rating will be determined by the lower of the ratings among the rating services.
- Investments in securities rated C or below (including unrated securities) by Moody's, Standard & Poor's and Fitch rating services are authorized to a combined maximum of 20% of the portfolio.

- Investment in credit default swaps (CDS) or in a credit default swap index (CDX) are allowable to a maximum of 25% of the high yield fixed income portfolio's market value.

6. **Global Fixed Income**

Exceptions to these guidelines will be noted in the Manager Specific Guidelines (Exhibit A).

The fixed-income portion of the Fund's assets shall be invested in marketable fixed-income securities rated BBB- or higher by Standard & Poor's, Baa3 or higher by Moody's, or BBB- or higher by Fitch, as determined at the time of purchase, counting cash and cash equivalents toward such percentage. If the ratings assigned to a security by Standard & Poor's, Moody's, and Fitch are not the same, the lowest rating of these rating agencies will be used. The average quality of all the Bond holdings in each Investment Manager's portfolio should be maintained at A- (A3) or higher. The following instruments are acceptable:

- Corporate bonds;
- Securities issued or guaranteed by state, local and foreign governments, their related agencies or instrumentalities;
- Mortgage-backed and asset-backed securities, collateralized mortgage obligations, and REIT debt;
- Zero coupon securities;
- Private placement securities (including, without limitation, securities originally issued pursuant to Rule 144A and Regulation S securities);

- Foreign securities (including, without limitation, corporate issues, sovereign issues, U.S. and non-U.S. dollar denominated securities, Eurobonds, global bonds, Yankee Bonds and emerging market debt securities);
- Supranational debt;
- Foreign currency exchange transactions (including forward foreign currency exchange transactions);
- Mortgage rolls, dollar rolls and to be announced securities (“TBAs”);
- Currency-linked structured notes and other currency-linked securities; and
- Commercial paper and other cash equivalents.

The following other restrictions shall apply unless otherwise specifically authorized by the Committee:

- Portfolio duration should be within  $\pm 25\%$  of the benchmark’s average duration.
- The Investment Managers may not hold more than 5% of the market value of the portfolio (at time of purchase) in any one issuer’s securities, except securities issued or guaranteed by the U.S. Government or its agencies or instrumentalities or by entities sponsored by the government of Canada, United Kingdom, Germany, France, Australia, New Zealand or Japan.
- No industry within Canada, United Kingdom, Germany, France, Australia, New Zealand or Japan will comprise more than 25% of the market value of the portfolio, as determined at the time of purchase.

- The Investment Managers may not invest in mutual funds or other commingled funds of any type, other than the short-term investment fund of the Fund's custodian, without the prior approval of the Committee.

7. **Private Equity**

The Private Equity investments shall be diversified by economic sector, vintage year, number of transactions, geographic location, and by stage of company maturity. Direct investments in limited partnerships may be considered on an opportunistic basis. The criteria for direct investment shall be based upon:

- Experience, qualifications, and responsibilities of the general partners;
- Past investment results of the general partners;
- Quality of general partners' deal flow sources;
- Demonstrated deal exiting capability on the part of the general partners;
- Special expertise of general partner, unique deal flow source, or other competitive advantage;
- Limit of liability by the fund to the amount of their investment (*i.e.*, limited partnerships); and
- General contribution of the opportunity to the establishment and maintenance of diversification of the Fund.

The maximum investment in any limited partnership, group trust or limited liability company vehicle shall not exceed 5% of the total capital committed by all partners at the time of the final closing for each fund.

8. **Real Estate**

The real estate portion of the Fund's assets may be invested in pooled real estate

vehicles, limited partnerships, or other types of real estate investments as determined by the Committee in consultation with the Investment Consultant.

9. **Hedge Fund of Funds**

- a. For purposes of this policy, the term “hedge fund investments” means and includes investments in both U.S. and non-U.S. private investment companies and funds (including fund of funds) which invest directly and indirectly primarily in the liquid global securities and derivatives markets using various investment strategies, including, but not limited to, such strategies and styles as “market neutral”, “arbitrage”, “long bias equity”, “distressed securities”, “event driven”, “opportunistic” and “absolute return” strategies, both on a leveraged and unleveraged basis. These investment strategies and styles share the characteristic of low correlation to traditional investments and are used to diversify overall portfolio risk.
- b. Each Investment Manager will invest the assets with multiple investment managers through fund of fund private investment companies, each of which in turn will invest in and allocate to a portfolio of hedge fund vehicles with various investment strategies and objectives. These funds of funds may be broadly diversified or occupy a specific niche.

10. **Multi Asset Class Solution (MACS) Portfolio**

The Committee is authorizing investment in commingled funds designed to invest in a variety of asset classes. The Fund’s objective in this category is to invest based upon perceived long-term market trends and exploiting short-term market inefficiencies by establishing positions

in relatively attractive areas of the global investable universe. Investment Managers in this category aim to provide asset diversification and downside protection through a tactical, multi-asset portfolio approach, investing across equities, fixed-income, commodities, currencies, and real estate. Investment returns are expected to be derived from current income and capital appreciation.

The investment shall comply with the investment guidelines and objectives of the commingled fund or group trust as outlined in the applicable Memoranda and Trust Agreements. A copy of the investment guidelines and objectives of the commingled fund (mutual fund) or trust shall be provided to the Committee and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Committee and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

**11. Real Assets (Infrastructure)**

The Board has authorized investment in partnerships or commingled funds designed to invest in a variety of infrastructure investments. The Fund's objective in this category is to invest in a diversified infrastructure portfolio with a focus on yield. Investment Managers in this category aim to provide asset diversification and downside protection through some or all of the following sub-sectors: electricity generation, transmission and distribution (including renewable energy); gas transmission, distribution, processing and storage; tunnels and toll roads; rail infrastructure; seaports; airports; water and waste water; pipelines and related infrastructure; telecommunications infrastructure; and social infrastructure.

Infrastructure investments made through the purchase of units of commingled funds or group trusts shall comply with the investment guidelines and objectives of the commingled fund or group trust as outlined in the applicable Memorandum(s) and Trust Agreement(s). A copy of the investment guidelines and objectives of the commingled fund or trust shall be provided to the Committee and its Investment Consultant. In addition, should the investment guidelines and objectives be modified, the Committee and its Investment Consultant shall be notified promptly in writing as to the specific change and shall be provided with a copy of the modified investment guidelines and objectives.

#### **12. Cash and Cash Equivalents**

Uninvested cash balances should be kept to a minimum through the prompt investment of available funds in short-term or more permanent security holdings. Investment Managers may invest in commercial paper, repurchase agreements, Treasury Bills, certificates of deposit, and money market funds to provide income, liquidity for expense payments, and preservation of the portfolio's principal value. Investment Managers may utilize internally managed money market funds for this purpose; *provided*, that they earn a competitive yield, and upon obtaining advance written approval from the Committee or its designee. All such assets must represent maturities of one year or less at time of purchase. Commercial paper assets must be rated A-1 or P-1 by Standard & Poor's and Moody's, respectively. The Investment Managers may not purchase short-term financial instruments considered to contain speculative characteristics (uncertainty of principal and/or interest). The Investment Managers also may not invest more than 5% of the portfolio's market value in the obligations of a single issuer, with the exception of the U.S. Government or its agencies

at the time of the investment. Within the limitations mentioned above and the targets established in the “Manager-Specific Guidelines,” the Investment Managers has complete discretion to allocate and select short-term cash and equivalent securities.

**13. Other Investments**

The Committee, after consulting with the Investment Consultant, may authorize the use of any other investment, including, without limitation, institutional mutual fund vehicles for the Fund. If an institutional mutual fund is selected for any asset category, the guidelines established under the prospectus that governs the mutual fund vehicles supersede all other client guidelines.

**14. Corrective Actions**

In the event a limitation herein is exceeded due to a change in market value, corporate event, or securities downgrade, the Investment Manager shall take such action as the Investment Manager deems prudent to cause the portfolio to return to compliance with the guidelines within 90 days of the event. Written notice shall be promptly submitted to the Committee and their Investment Consultant, which includes the Investment Manager’s position on the issue and intended action.

**15. Watch List Procedure**

The Committee will examine each Investment Manager on a regular basis in consultation with their Investment Consultant to ensure that the investment performance, style, organizational structure, and other relevant investment criteria are acceptable, given the purpose of each



Investment Manager within the larger portfolio's structure. Investment Managers that do not meet the Committee's expectations may be placed on watch.

The Committee may place an Investment Manager on a "Watch List" and request that the Investment Consultant conduct a thorough review and analysis of the Investment Manager for any reason, including, but not limited to, if any of the following occurs:

- Material changes to investment philosophy and objectives;
- Substantial change in assets under management (track substantial changes in total assets);
- Underperformance relative to benchmarks and peer groups;
- Significant deviation from the stated investment style and discipline in a manner that is inconsistent with the Committee's expectations for the Investment Manager;
- The Investment Consultant downgrades the investment strategy;
- Change in the stability of the organization and personnel turnover occur.

This Statement provides guidelines to assist the Committee in its decision to select, retain or replace an investment option or Investment Manager, but the final decision shall not be made based on the criteria in this Statement in isolation. The final decision shall be based on the Committee's confidence in the Investment Manager's ability to perform competitively in the future. Any final decision shall be an exercise of the Committee's sole and exclusive judgment in the best interest of fulfillment of their fiduciary responsibilities.

**16. Investment Termination**

Unless contractually obligated, the Committee has the authority to remove or replace an Investment Manager if, in the opinion of the Committee, the Investment Manager does not, or is not expected to, meet the specified investment criteria for that the Investment Manager, or it is no longer suited to overall asset allocation. Grounds for termination may include, but are not limited to, the following:

- Failure to comply with stated guidelines;
- Significant deviation from the Investment Manager's stated investment philosophy and/or process;
- Loss of key personnel;
- Evidence of illegal or unethical behavior by the investment management firm;
- Loss of confidence by the Committee in the Investment Manager; or
- Failure to achieve performance objectives specified in the Investment Manager's guidelines (including both performance relative to peers and benchmarks) over reasonable measurement periods, such as a full market cycle.

## **COMMUNICATION AND REPORTING REQUIREMENTS SECTION VII**

- A. The Investment Managers are required to provide reports to the District's Chief Financial Officer and Treasurer and the Investment Consultant. Reports should have the following frequency and include the following:
1. Quarterly market of all security holdings, including a summary of all discrepancies with the master custodian bank that have been outstanding more than 90 days.
  2. Quarterly performance results compared with designated benchmarks.
  3. Quarterly quality ratings of the fixed income investments including average quality.
  4. Annual proxy voting report with an exception report explaining deviations from the proxy voting policies and procedures.
  5. Notice of material changes in organizational structure, ownership and key personnel of the firm (no later than 14 calendar days after such occurrence).
  6. Notice of any material litigation brought by a client or former client pending against the Investment Manager relating to investment advisory services provided by the Investment Manager and any enforcement action that would have a material effect on the Investment Manager if the Investment Manager has been notified by a regulatory agency that it is the subject of such enforcement action (as soon as possible, but in no event later than 14 calendar days after such occurrence).
  7. A copy of the Investment Manager's annual filing of Form ADV with the Securities and Exchange Commission.

## **COMMUNICATION AND REPORTING REQUIREMENTS SECTION VII**

- B. The Investment Managers must meet with the Committee or its duly authorized representatives and the Investment Consultant as often as may be reasonably required. These meetings will also provide the Investment Managers with the opportunity to explain how its investment strategy/outlook has evolved since previous meetings.
- C. The Investment Managers may not act upon written or oral instructions from any person except the full Committee or its duly authorized representatives.
- D. The Investment Managers agree to maintain records of their brokerage practices, including records of the broker used on each transaction and the amount paid to each such broker. The Investment Managers agree to disclose such information to the Committee or the Investment Consultant upon request. In placing portfolio transaction orders on behalf of the Fund, the Investment Managers shall use their best efforts to obtain best execution of orders through responsible broker/dealer firms.
- E. The Investment Managers shall be responsible for reviewing these guidelines with the Committee at least annually. Whenever an Investment Manager believes that any guideline or objective should be changed or deleted, it is the responsibility of that Investment Manager to initiate formal communication with the Committee either through the Investment Consultant, or a duly authorized representative of the Committee.
- F. As to investments in any security for which the Investment Manager or any of its affiliates is a market maker, the Investment Manager agrees that it will not affect the transaction for that investment through itself or any of its affiliates unless the Investment Manager is able to demonstrate in writing after the transaction that such trade is lawful and the Investment

## **COMMUNICATION AND REPORTING REQUIREMENTS SECTION VII**

Manager provides the Committee and the Investment Consultant with written notice of such investment after the transaction.

G. The Committee shall have the responsibility to maintain written committee meeting minutes and prepare reports to the Board as follows:

1. The Committee's minutes shall include a statement of the Investment Consultant's recommendations, including no change, as to Investment Managers' asset allocations or otherwise. The minutes shall include a description of the material reviewed by the Committee (with a copy attached where appropriate) and the Committee's conclusions regarding performance, changes, including no change, and any other pertinent matter.
2. Quarterly reporting of the portfolio's performance. The quarterly report shall contain a list, by Investment Manager and investment strategy/asset class of all investments showing: (a) the current and preceding quarter value, (b) the percentage change in value, (c) the rate of return (quarter and one-year trailing), (d) benchmark rate of return on same basis and (e) target and actual asset allocation by asset class/investment strategy.
3. Annual reporting of the portfolio's performance. On or before January 1 of each year, the Committee shall report for the prior fiscal year: (a) the annual beginning and ending asset values and changes and sources of changes in the asset value for each asset allocation; (b) the Fund's total annual rate of return, which reflects the true earnings of the Fund and incorporates cash flows, changes in market value and

## **COMMUNICATION AND REPORTING REQUIREMENTS SECTION VII**

income earned and to the extent applicable, the foregoing shall be in compliance with the performance measurement standards as defined by the Global Investment Performance Standards™ (GIPS); (c) a description of the investment policy for the Fund, and changes in investment policy since the previous annual report; (d) a description of compliance with the investment strategy for the Fund; (e) a description of the risks inherent in investing in financial instruments of the major asset classes held in the Fund; and (f) a summary of the type and amount of each class of the asset allocation.

- H. The Chief Financial Officer and the Treasurer of the District and the Chairperson of the Committee must annually complete eight (8) hours of continuing education in subjects or courses related to investment practices and products.

## **PROXY VOTING PROCEDURES**

## **SECTION VIII**

The Committee requires that the Investment Managers shall exercise their authority with regard to proxy voting, acting solely in the interest of the Fund.

The Investment Managers shall issue annual reports on the proxy voting actions taken, including:

1. Affirmation that all-stock holdings with votes due had, in fact, been voted;
2. Description of any proposed changes in proxy voting policies or procedures;
3. Confirmations that all votes cast were consistent with established policy;
4. Explanation of any votes not cast or of any votes cast that were not consistent with established policy; and
5. Summary listing of all votes cast.

## **CONFLICT OF INTEREST POLICY**

## **SECTION IX**

- A. The purpose of the conflict of interest policy is to protect the Fund's interest when it is contemplating entering into a transaction or arrangement that might benefit the private interest of a member of the Committee. This policy is intended to be in addition to any applicable provision of the Charter, the District's Bylaws and Conflict of Interest Policy, as the same may be amended from time to time, and any applicable Florida law. Accordingly, the Committee hereby incorporates herein the provisions of Part III, Chapter 112, Florida Statutes, as may be amended from time to time.

Except as provided below, the Fund will not directly or indirectly enter into a transaction with any of the following persons or entities:

1. The District or any of its affiliates.
2. A member of the Committee or their family members.
3. A person or entity providing services to the Fund except for payment of reasonable compensation for services or family members.
4. A Fund Fiduciary – a fiduciary is anyone who exercises discretionary authority with respect to the Fund assets, an investment advisor or as to Fund administration.
5. A business entity in which individuals or their families listed above, directly or indirectly, in the aggregate, own interests of 50% or more, or has a controlling interest.

Deleted: .

The Fund may enter into a transaction with any of the above if, in the written opinion of Counsel, the proposed transaction is not a prohibited transaction described in IRC Section 4975(c) and ERISA Section 406(a).



B. Records of Proceedings

The minutes of the Committee shall contain:

The name(s) of the person(s) who disclosed or otherwise was found to have a financial interest in connection with an actual or possible conflict of interest, the nature of the financial interest, any action taken to determine whether a conflict of interest was present, and the Committee's decision as to whether a conflict of interest in fact existed; and the names of the persons who were present for discussions and votes relating to the transaction or arrangement, the content of the discussion, including any alternatives to the proposed transaction or arrangement, and a record of any votes taken in connection with the proceedings.

## **INTERNAL CONTROLS**

## **SECTION X**

The District shall establish and maintain a system of internal controls and operational procedures designed to prevent losses of funds arising from fraud, employee error, misrepresentation by third parties or imprudent actions by consultants, employees and officers of the District.

\*\*\*\*\*

**INTERNAL CONTROLS**

**SECTION X**

**IN WITNESS WHEREOF**, this Amended and Restated Investment Policy Statement of the North Broward Hospital District d/b/a Broward Health Unrestricted Funds has been approved and executed by the undersigned on this \_\_\_\_\_ day of \_\_\_\_\_ 202~~2~~<sup>3</sup>.

Deleted: 2

**The Pension and Investment Committee of the  
Board of Commissioners of the North Broward  
Hospital District d/b/a Broward Health**

**Date:** \_\_\_\_\_

**By:** \_\_\_\_\_  
**Name: Christopher Pernicano**  
**Title: Chairperson**

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Deleted: Columbia Threadneedle**  
These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

¶  
¶  
¶

Manager: ...

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Robert W. Baird & Company**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** R. W. Baird & Company

**Asset Class Style:** Core Fixed Income

**Index Benchmark:** Bloomberg U.S. Aggregate Bond Index

**Universe:** Core Fixed Income

**Deleted:** Barclays

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Funds**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
**Robert W. Baird & Company**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

## MANAGER SPECIFIC GUIDELINES

## EXHIBIT A

### Westfield Capital Management Company, L.P.

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Westfield Capital Management Company, L.P.  
**Asset Class Style:** Small/Mid (SMID) Cap Growth Equity  
**Index Benchmark:** Russell 2500 Growth Equity  
**Universe:** Small/Mid Cap Growth Equity Managers

Modifications: Exception to Section VI. B (1) (a). has been granted for Westfield Capital Management Company, L.P. ("Westfield") to hold companies whose respective market value capitalizations are within the range of the Investment Manager's specific benchmark by having the market caps of portfolio holdings be within in the range of the Russell 2500 Growth Index at the initial time of purchase.

Modifications: Exception to Section VI. B (1) (f). has been granted for Westfield to restrict a maximum investment in any one company to be less than 5% in value of all outstanding shares of the stock of that company. Westfield is not responsible for monitoring the ownership of a company's outstanding voting stock.

\_\_\_\_\_  
North Broward Hospital District  
Unrestricted Funds

\_\_\_\_\_  
Westfield Capital Management Company, L.P.

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Wellington Management Company**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Wellington Management Company  
**Asset Class Style:** International Equity  
**Index Benchmark:** MSCI AC World (ex US)  
**Universe:** International Equity Managers

Modifications: Certain assets of the Unrestricted Fund will be invested in the Wellington International Fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Wellington (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Funds**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
**Wellington Management Company**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

### **INVESCO**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** INVESCO  
**Asset Class Style:** Real Estate  
**Index Benchmark:** NCREIF ODCE Index

Modifications: Certain assets of the Unrestricted Fund will be invested in the INVESCO Core Real Estate Fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Invesco (collectively, the "Agreement"). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Funds**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

\_\_\_\_\_  
**INVESCO**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_



**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**State Street Global Advisors**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** State Street Global Advisors  
**Asset Class Style:** Large Cap Core Equity Tobacco Free  
**Index Benchmark:** S&P 500 Tobacco Free Index  
**Universe:** Large Cap Core Equity

Modifications: Certain assets of the Unrestricted Fund will be invested in the SSgA Collective S&P 500 ex Tobacco Index Fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and State Street Global Advisors (collectively, the "Agreement"). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

\_\_\_\_\_  
**North Broward Hospital District d/b/a Broward Health**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
**State Street Global Advisors**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Blackstone Alternative Asset Management**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Blackstone  
**Asset Class Style:** Hedge Fund of Funds  
**Index Benchmark:** HFRI FOF: Conservative Index  
**Universe:** Hedge Fund of Funds Managers

Deleted: 91 T-Bill + 5%

Modifications: Certain assets of the Unrestricted Fund will be invested in the Blackstone Partners Funds, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Blackstone (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Funds**  
  
Print Name: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

\_\_\_\_\_  
**Blackstone**  
  
Print Name: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

### **Sawgrass Asset Management**

These Manager Specific Guidelines are an attachment to an agreement between Sawgrass Asset Management and the North Broward Hospital District entered into the \_\_\_\_ day of \_\_\_\_\_ 2021.

**Manager:** Sawgrass Asset Management

**Asset Class Style:** Cash, Short Term Fixed Income

**Index Benchmark:** 6-month T-Bill rate

#### 1. Purpose and Scope

A. Purpose – The purpose of this investment (Policy) is to govern the investment of funds in accordance with The North Broward Hospital District's Regulatory Statutes.

B. SAWGRASS ASSET MANAGEMENT has been retained by the North Broward Hospital District to invest a portion of the Hospital District's assets in a well-diversified portfolio of high-quality fixed income securities. SAWGRASS ASSET MANAGEMENT was selected for this assignment based on their qualifications and experience managing domestic fixed income portfolios.

#### 2. Investment Objectives

The primary objective is to place the highest priority on the safety of principal and liquidity of funds. The optimization of investment income shall be secondary to the requirements for safety and liquidity.

A secondary objective is to maximize income (book yield) while providing minimal risk of market value volatility and adequate short-term liquidity to meet any cash flow demands. As a tertiary objective, the portfolio seeks to outperform its benchmark on a total return basis.

#### 3. Performance Measurement

A. The 6-month T Bill rate will be used as a benchmark for the current operating funds (short term portfolio.)

#### 4. Prudence and Ethical Standards

Investments shall be made in accordance with the "Prudent Person" rule which states the following:

Investments shall be made with judgment and care, under circumstances then

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment

Employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions.

### **5. Authorized Investments**

Investments shall be limited to fixed income securities selected from the following types:

- A. U.S. Treasury Bills, Notes, Bonds, and other obligations whose principal and interest are fully guaranteed by the United States of America or any of its agencies or instrumentalities.
- B. Government Sponsored Enterprises: Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FBLB), Student Loan marketing Association (SLMA), Financing Corporation (FICO), The Resolution Funding Corporation (REFCO), Farm Credit System Financial Assistance Corporation, the Federal Housing Finance Board and all other government sponsored agencies and enterprises.
- C. Repurchase Agreements: collateralized at 102% by U.S. Treasuries
- D. Certificates of Deposits in state-certified public depositories
- E. Mortgage-Backed Pass Throughs guaranteed by the U.S. Government or a Federal agency, including securities collateralized by the same
- F. Asset-Backed Securities: rated “AAA” by either Standard & Poor’s or Moody’s at the time of purchase. Thereafter, any security downgraded below “AAA” will be sold at the earliest beneficial opportunity.
- G. Money Market Instruments: securities rated “A1/P1” or the equivalent as a minimum as defined by Standard and Poor’s and/or Moody’s and all other nationally recognized credit rating organizations (Tier 1 as defined by 2(a) 7 money market funds) at the time of purchase. Included but not limited to commercial paper, time deposits and banker’s acceptances.
- H. Corporate Notes rated single AA and higher by either Standard & Poor’s and Moody’s at the time of purchase. Thereafter, any security downgraded below single A by either rating agency will be sold at the earliest beneficial opportunity.
- I. Money Market Funds registered with the SEC and only invested in

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

securities as allowed by this policy.

### **6. Maturity and Liquidity Requirements**

The investment portfolio shall be constructed in such 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. The North Broward Hospital District will provide the Investment Manager a detailed report of anticipated cash flow and liabilities.

### **7. Portfolio Composition**

Recognizing that market value volatility is a function of maturity, the portfolio shall be maintained as short-term maturity portfolio in accordance with North Broward's cash flow liability analysis. Additionally, it is recognized that proper diversification is considered a prudent investment approach. Specifically, the following restrictions apply in the management and investment of the Portfolio:

- A. The maximum effective duration of an individual security shall be (1) one year from the date of purchase.
- B. A maximum of 5% of the Fund may be invested in securities of any single issuer. U.S. Government, Government Agency and GSE government investment pool securities are not subject to any limitations.
- C. The Fund must maintain a total average quality rating of "AA" or higher.

### **8. Risk and Diversification**

Investments held shall be diversified, in accordance with the guidelines set above, to the extent practicable to control the risk of loss resulting from over concentration of assets in a specific maturity, issuer, instrument, dealer or bank through which financial instruments are bought and sold. Diversification strategies within these guidelines shall be reviewed and revised periodically, as deemed necessary by the management staff.

### **9. Third-Party Custodial Agreements**

All securities purchased by the North Broward Hospital District or by its approved Investment Managers under this Policy shall be properly designated as an asset of the Hospital and held in safe keeping by a third-party custodial bank or other third-party custodial institution.

No withdrawal of securities, in whole or in part, shall be made from safekeeping except by those designated within the Investment Management and Custodial Agreement between the Custodian and the Hospital.

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

### **10. Internal Control and Schedule of Liabilities**

The North Broward Hospital District will establish a system of internal controls and schedule of liabilities that will be documented in writing and submitted to their Investment Manager and Custodian. The Internal controls will be reviewed by the appropriate committee and/or individual(s).

### **11. Reporting**

Unless otherwise indicated, the following are the responsibilities expected of the Manager:

A. Monthly reporting of holdings and transactions occurring in the portfolio. This report is to include at least (1) all assets held by the Hospital District by class/type, book value, approximate market value income earned, accrued income and (2) all transactions occurring in the portfolio during the month.

B. Quarterly reporting of the portfolio's performance. The NBHD will report the portfolio's total rate of return, which reflects the true earnings of the portfolio and incorporates cash flows, changes in market value and income earned. Calculation of the portfolio's total rate of return will comply with the performance measurement standards as defined by the CFA Institutes, Global Investment Performance Standards (GIPS).

### **12. Periodic Review**

It is the intention of the Committee 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 Manager believes that the specific objectives defined herein cannot be met or that these guidelines unnecessarily constrict performance, the Trustee shall be so notified in writing.

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Funds**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
**Sawgrass Asset Management**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Loomis, Sayles & Company**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy** (the “Statement”). By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Loomis, Sayles & Company  
**Asset Class Style:** Unconstrained Fixed Income  
**Index Benchmark:** ICE BofAML3 Month T-Bill  
**Secondary Benchmark:** BofAML3 Month T-Bill + 3%

**Deleted:** 3-month US LIBOR +2-4%

**Deleted:** Index

Modifications: Certain assets of the Unrestricted Fund will be invested in the NHIT: Strategic Alpha Trust (the “Fund”), consistent with any limitations, restrictions or modifications as outlined in the Fund’s Private Placement Memorandum and any other agreement, letter or arrangement between the North Broward Hospital District and Loomis, Sayles & Company (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

\_\_\_\_\_  
**North Broward Hospital District  
Unrestricted Fund**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

\_\_\_\_\_  
**Loomis, Sayles & Company**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**BlackRock**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** BlackRock  
**Asset Class Style:** Unconstrained Fixed Income  
**Index Benchmark:** Bloomberg U.S. Universal Index  
**Universe:** Global Fixed Income

**Deleted:** Citigroup World Govt Bond (WGBI)

Modifications: Certain assets of the Unrestricted Fund will be invested in the BlackRock Strategic Income Opportunities fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and BlackRock (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

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**North Broward Hospital District  
Unrestricted Fund**

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**BlackRock**

Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_



**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Brandes Investment Partners, L.P.**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Brandes Investment Partners, L.P.

**Asset Class Style:** Emerging Markets Equity

**Index Benchmark:** MSCI Emerging Markets Index (Net)

**Universe:** Emerging Markets Equity

Modifications: Certain assets of the Unrestricted Fund will be invested in the Brandes Emerging Markets Equity Portfolio of the Brandes Institutional Equity Trust, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Brandes Investment Partners, L.P. (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

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**North Broward Hospital District  
d/b/a Broward Health**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

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**Brandes Investment Partners, L.P.**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**IFM Investors**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** IFM Investors  
**Asset Class Style:** Infrastructure  
**Index Benchmark:** FTSE Global Core Infrastructure  
50/50 Index

Deleted: CPI + 5%  
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Modifications: Certain assets of the Unrestricted Fund will be invested in the IFM Investors Global Infrastructure fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and IFM Investors (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

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**North Broward Hospital District**  
**d/b/a Broward Health**  
  
Print Name: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

\_\_\_\_\_  
**IFM Investors**  
  
Print Name: \_\_\_\_\_  
  
Title: \_\_\_\_\_  
  
Date: \_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Macquarie Asset Management**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District’s Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Macquarie Asset Management  
**Asset Class Style:** Infrastructure  
**Index Benchmark:** FTSE Global Core Infrastructure  
50/50 Index

**Deleted:** CPI + 5%

Modifications: Certain assets of the Unrestricted Fund will be invested in the Macquarie Asset Management MIRA Infrastructure Global Solution II fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Macquarie Asset Management (collectively, the “Agreement”). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

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**North Broward Hospital District  
d/b/a Broward Health**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

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**Macquarie Asset Management**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

## **MANAGER SPECIFIC GUIDELINES**

## **EXHIBIT A**

### **Brookfield Strategic Real Estate Partners III GP L.P.**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Brookfield Strategic Real Estate Partners  
III GP L.P. (the "General Partner")

**Asset Class Style:** Real Estate - Opportunistic

**Index Benchmark:** NCREIF NPI

Modifications: Certain assets of the North Broward Hospital District's Unrestricted Funds ("NB Investor") will be invested in the Brookfield Strategic Real Estate Partners III (the "Fund"), consistent with any limitations, restrictions or modifications as outlined in the Partnership Agreement, subscription Agreement and any other agreement, letter or arrangement between the North Broward Hospital District and the General Partner (collectively, the "Fund Documents"). Notwithstanding anything else to the contrary contained herein, the parties agree that as between the parties, the Fund Documents constitute the only agreements governing the subscription by the NB Investor for interests in the Fund.

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North Broward Hospital District  
d/b/a Broward Health

\_\_\_\_\_  
Brookfield Strategic Real Estate Partners III GP L.P.

**By:** Brookfield Strategic Real Estate Partners III GP of  
GP LLC, its general partner

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MANAGER SPECIFIC GUIDELINES**

**EXHIBIT A**

**Dune Real Estate Partners**

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** Dune Real Estate Partners  
**Asset Class Style:** Real Estate - Opportunistic  
**Index Benchmark:** NCREIF NPI

Modifications: Certain assets of the Unrestricted Fund will be invested in the Dune Real Estate Partners Fund IV fund, consistent with any limitations, restrictions or modifications as outlined in the Fund Documents and any other agreement, letter or arrangement between the North Broward Hospital District and Dune Real Estate Partners (collectively, the "Agreement"). The Agreement shall supersede the Statement to the extent the Statement is inconsistent with the Agreement. To the extent the Statement is not inconsistent with the Agreement, the Statement shall govern.

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**North Broward Hospital District  
d/b/a Broward Health**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

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**Dune Real Estate Partners**

Print Name:\_\_\_\_\_

Title:\_\_\_\_\_

Date:\_\_\_\_\_

## MANAGER SPECIFIC GUIDELINES

## EXHIBIT A

### EARNEST Partners, LLC

These Manager Specific Guidelines are an exhibit to the North Broward Hospital District's Unrestricted Funds **Statement of Investment Objectives and Policy**. By its signature below, the Investment Manager agrees to these Guidelines as well as the terms and conditions of the Statement, which is incorporated herein by reference.

**Manager:** EARNEST Partners, LLC

**Asset Class Style:** Small/Mid (SMID) Cap Value Equity

**Index Benchmark:** Russell 2500 Value Equity

**Universe:** Small/Mid Cap Value Equity Managers

Modifications: Exception to Section VI. B (1) (a). has been granted for EARNEST Partners, LLC ("Earnest") to hold companies whose respective market value capitalizations are within the range of the Investment Manager's specific benchmark by having the market caps of portfolio holdings be within in the range of the Russell 2500 Index at the time the names are added to Earnest's Small/Mid (SMID) Cap Value model portfolio.

Exception to Section IV.E has been granted for Earnest to not having to (i) maintain a master repurchase agreement and (ii) require all approved institutions and dealers transacting repurchase agreements to adhere to the requirements of the master repurchase agreement.

Exception to Section VI.(B)(14) has been granted for Earnest to provide notification of passive guideline limitation exceptions in Earnest's quarterly reports.

Clarifications: Earnest shall be deemed in compliance with Section VI.B(1)(c) so long as Earnest follows industry and sector allocation requirements in the Statement of Investment Objectives and Policy.

Earnest shall be permitted to invest up to the 25% in REITs and up to 5% in ETFs.

Clauses (a),(b),(d) of Section VI.(B)(4) relate to fixed income portfolios and shall not apply to Earnest.

For purposes of complying with Section VIII. Earnest shall be entitled to comply with its standard proxy voting procedures as disclosed in its Form ADV.

For purposes of complying with Section IX., the Client shall provide Earnest with a list of entities falling under Section IX (if any) and Earnest shall be entitled to rely on such list.

North Broward Hospital District  
Unrestricted Funds

EARNEST Partners, LLC

Print Name: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_