

Chapter 54
Defined Benefit Retirement Plan Board of Trustees and
Investment Policy and Investment Guideline

§ 54-1. Generally.

§ 54-2. Board of Trustees.

§ 54-3. Investment Fund Manager.

§ 54-4. Fund Investment Policy.

[History: This chapter was enacted on 12-6-00 to create a Board of Trustees and a Fund Investment Policy to manage the Defined Benefit Pension Plan created by the Town Council on 4-17-00.]

§ 54-1. Generally.

The Town of Riverdale Park shall have a Defined Benefit Pension Plan which shall be managed by a Board of Trustees in consultation with the Investment Fund Manager, and in accordance with the Fund Investment Policy adopted by the Town Council.

§ 54-2. Board of Trustees.

(a) Establishment - There is hereby established the Board of Trustees ("Board") of the Town of Riverdale Park Defined Benefit Retirement Plan ("Plan"), whose composition, authority and duties shall be set forth in this chapter and section.

(b) Purpose and Duties - The Board shall be responsible for administering all funds invested in the Plan, which shall include responsibility for the investment of funds in the Plan pursuant to the Fund Investment Policy below. The Board shall also have the authority to determine the eligibility of an employee applying benefits under the Plan. The Board shall also have the authority to make recommendations to the Town Council for amendments to the Fund Investment Policy. The board shall not have the authority to modify or amend in any way the code sections governing the administration of the Plan nor the Fund Investment Policy, nor shall the Board be permitted to make any investment decisions inconsistent with the Fund Investment Policy.

(c) Membership, Term and Removal - The Board shall consist of five voting members, as follows:

- The Town Administrator
- A member of the Town Council

- Two (2) town employees below the level of a department head and who are vested in the Plan.
- One person with financial, banking, investment, accounting, or administrative business experience. No employee of an institution which is trustee for any funds of the Plan shall be eligible for appointment.

(1) Members of the Board, including the Chairperson of the Board, who is also a Board member, shall be appointed by the Mayor, subject to the confirmation of the town council.

(2) Each member of the Board shall upon appointment, take an oath of office that he/she will diligently and honestly administer the affairs of the Board. The Town Administrator shall be a permanent member of the Board. The Town Councilmember designee shall be a permanent appointment of the Board. The Councilmember shall be appointed to serve for a term concurrent with the Councilmember's term of office. The remaining persons shall serve for two (2) year terms, and until their successors have been appointed, confirmed and qualified.

(3) Removal -- Each member of the Board shall serve their respective term until successors have been appointed, confirmed and qualified by the Town Council. Each member shall serve unless removed by a majority vote of the Town Council at a regularly scheduled legislative meeting. They may not be removed unless they miss two (2) consecutive semi-annual meetings, resign, or engage in conduct that may be determined detrimental to the purpose of the Board as shall be determined by the Town Council.

(d) Pension Attorney -- A pension attorney shall be selected by the Town Council and shall be the legal advisor to the Board. The attorney may be requested to attend meetings at the direction of the Chairperson.

(e) Meetings -- The Board shall meet at least twice per year during a time that is convenient to all Board members and the Investment Fund Manager ("Manager"). Each Board member shall be entitled to one vote. A majority of the Board shall constitute a quorum for the exercise of any power or the performance of any duties authorized by this section. The Board shall hold meetings with such frequency as it shall determine, but shall hold at least two (2) meetings per year. There shall be at least seven (7) calendar days advance notice to Board members and the Manager. The Board may request the presence of the Manager, but may take action in the absence of the Manager provided that any matter relating to changes in the investment portfolio have been previously discussed with the Manager and have been deemed by the Manager to be a sound investment decision.

(f) Meeting Records -- The Board shall keep a permanent record of its proceedings which shall be open to public inspection and shall make a report of its operations at least annually to the Town Council. Any changes in the investment portfolio adopted by the Board must be furnished to the Town Council within seven (7) calendar days of the change. This notice of change must be accompanied with a memorandum explaining the basis for the change. This provision shall not be construed to require a verbatim transcript to be made of the proceedings before the Board.

§ 54-3. Investment Fund Manager.

(a) Generally -- The Town shall hire an Investment Fund Manager ("Manager") who shall advise the Board on investment decisions for the Fund. The Manager, whether an individual or company engaged in providing investment advice, shall possess experience with fund investments generally and shall a minimum of five (5) years experience as an investment advisor.

(b) Selection -- The Town Council shall have the authority to hire and terminate the Investment Fund Manager by a simple majority vote of Councilmembers present. The hiring of the Manager shall be made after consultation with the Board of Trustees who shall also review the qualifications of any candidate seeking to be Manager. To the extent practicable, the Town Council shall direct the Town Administrator to request proposals from a minimum of three potential fund managers during the hiring process for a Manager.

(c) Reports -- The investment Fund Manager shall provide a report to the Mayor, Town Council and Board of Trustees at least once per annual quarter. The report shall include the quarterly and annual performance of assets by asset class as well as the current ratio of all investment by asset class as compared with the value of the entire investment portfolio.

§ 54-4. Fund Investment Policy.

(a) Generally -- This section shall define the investment policies, objectives and strategies for the Board of Trustees and Fund Investment Manager to follow in making investment decisions for funds in the Defined Benefit Retirement Plan of the Town of Riverdale Park.

(b) Asset Class Objectives -- Diversification of investment of funds be asset shall be required. The objective is to maximize returns within specified risk restraints and to ensure liquidity of the fund. The role of the various asset classifications are as follows:

ASSET CLASS	ROLE
Fixed Income	Additional source of liquidity to provide cash to meet anticipated liabilities. Knowledge of these payouts and the implementation strategy to effectively meet them is an integral part of the portfolio's management. The remainder of the portfolio should target the intermediate bond market while emphasizing principal preservation during down markets.
Equity	To provide growth of principal within a long-term time horizon.
International Equity	To provide diversification to the equity portion of the program.

Real Estate Investment Trusts To enhance the income requirements of the Fund.

(c) Asset Class Investment Targets and Ranges -- The following table shall be used by the Board of Trustees to determine investment of funds within specified ranges by asset class. The Board will periodically rebalance the asset allocation of the entire Fund using the ranges indicated below:

ASSET ALLOCATION

<u>Category</u>	<u>% Range of Allocation</u>	
	<u>Minimum</u>	<u>Maximum</u>
Cash Equivalents	0%	10%
Investment Grade Fixed Income	30%	45%
High Yield Fixed Income	0%	5%
Large Cap Equities	25%	50%
Mid Cap Equities	0%	10%
Small Cap Equities	0%	8%
International Equities	5%	20%
REITS	0%	5%

(d) Performance Expectation -- Investment objectives are intended to provide quantifiable benchmark to measure and evaluate portfolio return and risk. Most investment styles require a full market cycle to allow the Manager to demonstrate his/her abilities. A full market cycle is generally defined as a three to five year time period; therefore, performance expectations will be monitored over a three-year time period. Shorter measuring periods may be used to determine the trend of performance premiums or deficiencies.

Nothing in this section is intended to create a contract or legal obligation of any sort with the Fund Investment Manager for any specific time period, and the Town Council shall have full authority to terminate the Manager at any time with absolute discretion.

(e) Prohibited Investments -- The following investments shall be prohibited in that no assets from the Fund may be so invested:

- Private placements
- Unregistered or restricted stock
- Options and futures
- Margin trading
- Commodities
- Derivatives

(f) Fixed Income Portfolio -- At least 80% of the fixed income holdings must be of intermediate maturity, high quality, U.S. fixed income securities. The duration band should be 3-6 years. No holding shall constitute more than 8% of the market value of the entire fixed income portfolio. The Fixed Income Portfolio is expected to exceed the rate of return of the Barclays Intermediate Gov't / Credit Index and shall have a rate of return comparable to the top 50% of other funds professionally managed using similar maturity and credit risk restrictions.

(g) Small Capitalization Equity Portfolio -- At least 80% of the equity holdings should have a market capitalization of less than \$1 billion. No holding shall constitute more than 3% at cost or 5% at market of the portfolio. The rate of return of the small equity portfolio shall exceed the rate of return for the Russell 2000 Index and shall have a rate of return comparable to the top 50% of other funds professionally managed for small capitalization equity funds.

(H) Mid Capitalization Equity Portfolio -- At least 80% of the equity holdings in this portfolio should have a market capitalization of \$1 billion but less than \$10 billion. No holding shall constitute more than 4% at cost or 8% at market of the entire mid capitalization equity portfolio. The rate of return of the mid capitalization equity portfolio shall exceed the rate of return for the Russell Midcap Index and shall have a rate of return comparable to the top 50% of other funds professionally managed for mid capitalization equity funds.

(I) Large Capitalization Equity Portfolio -- At least 80% of the equity holdings in this portfolio should have a market capitalization of \$10 billion or greater. No holding shall constitute more than 5% at cost or 10% at market of the entire large capitalization equity portfolio. No more than 20% (at market) of the funds in the large capitalization equity portfolio are to be committed to the equities of companies operating in the same economic sector as defined by Standard & Poor's. The rate of return of the large capitalization equity portfolio shall exceed the rate of return for the S&P 500 Index and shall have a rate of return comparable to the top 50% of other funds professionally managed for large capitalization equity funds.

(J) International Equity Portfolio -- This portfolio shall include securities strictly on a non-U.S. basis. The rate of return of the international equity portfolio shall exceed the EAFE Index (for Europe, Australia and the Far East) and shall have a rate of return comparable to the top 50% of other funds professionally managed for international equity funds.

(K) Real Estate Investment Trusts -- This portfolio shall have a rate of return that exceeds the rate of return of the NAREIT Index.

(L) Target Total Fund Performance -- The total assets in the Defined Benefit Pension Plan shall have the following benchmark and expectations:

Benchmark	Expectation
60% S&P 500, 40% BC Intermediate G/C Consumer Price Index	Exceed Exceed by 4.0 percentage points
Actuarial Rate (7.0%)	Exceed by 1.0 percentage point