# TOWN OF DAVIE
# TOWN COUNCIL AGENDA REPORT

**TO:** Mayor and Councilmembers

**FROM/PHONE:** William W. Ackerman, CPA, Budget & Finance Director/797-1050

**PREPARED BY:** William W. Ackerman, CPA, Budget & Finance Director/797-1050

**SUBJECT:** Ordinance

**AFFECTED DISTRICT:** N/A

**ITEM REQUEST:** **Schedule for Council Meeting**

**TITLE OF AGENDA ITEM:** BENEFIT TRUST FUND - AN ORDINANCE PROVIDING FOR THE ESTABLISHMENT OF AN OTHER POST- EMPLOYMENT BENEFIT TRUST FOR THE EMPLOYEES OF TOWN OF DAVIE, FLORIDA; AUTHORIZING THE JOINING AS A PARTY THE FLORIDA MUNICIPAL PENSION TRUST FUND MASTER TRUST AGREEMENT AND THE PARTICIPATION OF SAID TRUST IN THE OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST UNDER THE FLORIDA MUNICIPAL PENSION TRUST FUND MASTER TRUST AGREEMENT; PROVIDING FOR PUBLICATION; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING AN EFFECTIVE DATE

**REPORT IN BRIEF:** The attached ordinance authorizes the Town to invest funds for the Town's other post employment benefits in a Trust Fund in order to comply with the requirements of Governmental Accounting Standards Board Statement Number 45 (GASB 45). As required by State law, the Town provides optional post-employment healthcare and dental coverage to eligible individuals who retire from active service under one of the pension plans sponsored by the Town. Retirees who opt to continue in the Town's health and/or dental plan(s) must pay a monthly premium as determined by the Town which varies based on the coverage elected by the retiree. Under the new accounting requirements of GASB 45 an actuary estimates the anticipated related cost to the employer, in this case the Town, and the employer must then establish a funding mechanism. The Town recently received its GASB 45 actuarial valuation and is ready to establish the Trust. By establishing the Trust now the Town will have met all the deadlines imposed under GASB 45.

Initial funding for the Trust will be $968,000 as estimated by the actuary in the valuation report. This funding will come from the Self Insurance Fund because the Town had accumulated funds to be used for this purpose which are available for transfer. By making such a substantial initial contribution the Trust should be able to generate enough income each year to meet its actuarial funding requirements without significant subsequent contributions from the Town.

**PREVIOUS ACTIONS:**

**CONCURRENCES:** Town Attorney reviewed the attached documents

**FISCAL IMPACT:** Yes

Has request been budgeted? Yes

If yes, expected cost: $968,000 initial one-time contribution and $2,000.00 yearly administrative fee

Account Name: Self Insurance

**RECOMMENDATION(S):** Motion to approve ordinance

**Attachment(s):** Ordinance, Trust Jointer Agreement - OPEB, Exhibit A, Exhibit B, and Exhibit C

ORDINANCE NO. _____

AN ORDINANCE PROVIDING FOR THE ESTABLISHMENT OF AN OTHER POST- EMPLOYMENT BENEFIT TRUST FOR THE EMPLOYEES OF TOWN OF DAVIE, FLORIDA; AUTHORIZING THE JOINING AS A PARTY THE FLORIDA MUNICIPAL PENSION TRUST FUND MASTER TRUST AGREEMENT AND THE PARTICIPATION OF SAID TRUST IN THE OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST UNDER THE FLORIDA MUNICIPAL PENSION TRUST FUND MASTER TRUST AGREEMENT; PROVIDING FOR PUBLICATION; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING AN EFFECTIVE DATE.

WHEREAS, the Town Council has provided post-employment benefits to the Town's employees, herein after referred to as "Participants"; and

WHEREAS, the Town Council under the provisions of the laws of the State of Florida, is authorized to establish an Other Post-Employment Benefit ("OPEB") Trust to provide for specified post employment benefits for Participants; and

WHEREAS, it is the intent of the Town Council to establish such an OPEB Trust for the exclusive benefit of Participants; and

WHEREAS, it is the further intent of the Town Council to authorize the participation of the OPEB Trust in the Other Post-Employment Benefit Plan Trust under the Florida Municipal Pension Trust Fund Master Trust Agreement.

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF DAVIE, FLORIDA:

Section 1. An Other Post-Employment Benefit ("OPEB") Trust to provide for the above specified post-employment benefits as specified in Exhibit "A" of Participants of the Town of Davie is hereby established, effective upon adoption of this ordinance. The OPEB Trust shall be for the exclusive benefit of Participants.

Section 2. The Town Council hereby expressly (i) authorizes joining the Florida Municipal Pension Trust Fund Master Trust Agreement, attached as Exhibit "B", as a party through a Trust Joinder Agreement, (ii) authorizes the participation of the OPEB Trust in the Other Post-Employment Benefit Plan Trust under the Florida Municipal Pension Trust Fund Master Trust Agreement, and (iii) authorizes the administration of the OPEB Trust, and the investment of assets of the OPEB Trust, within the procedures, policies and methods outlined in the Florida Municipal Pension Trust Fund's Master Trust Agreement, Investment Policy (Exhibit "C") and Trust Joinder Agreement.

Section 3. The Town Council hereby empowers the Mayor with the authority to execute such documents and agreements as are required for joining as a party the Florida Municipal Pension Trust Fund Master Trust Agreement and for participation in the Other Post-Employment Benefit Plan Trust under the Florida Municipal Pension Trust Fund Master Trust Agreement.

Section 4. This Ordinance shall remain in full force and effect until supplemented, amended, repealed or otherwise altered.

Section 5. This Ordinance shall be published as required by law.

Section 6. This Ordinance hereby repeals all Ordinances in conflict herewith.

Section 7. This Ordinance shall take effect immediately upon its passage and adoption.

PASSED ON FIRST READING THIS_____ DAY OF _____, 2008.

PASSED ON SECOND AND FINAL READING THIS _____ DAY OF _____ , 2008.

_____

_____

MAYOR/COUNCILMEMBER

Attest:

_____

Town Clerk

APPROVED THIS _____DAY OF _____, 2008

**TRUST JOINDER AGREEMENT**
**FOR OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST UNDER**
# FLORIDA MUNICIPAL PENSION TRUST FUND
**MASTER TRUST AGREEMENT**

**THIS TRUST JOINDER AGREEMENT** between the Town of Davie, (Governing Body) Florida (herein referred to as the "Participating Employer"), and the Master Trustees of the Florida Municipal Pension Trust Fund (herein collectively referred to as the "Master Trustee").

**WITNESSETH:**

**WHEREAS**, the Participating Employer is establishing or currently maintains a post-employment benefit plan other than a pension plan for the sole and exclusive benefit of its Participants (herein referred to as the "other post-employment benefit plan");

**WHEREAS**, the Participating Employer is authorized to vary the investment procedures of the other post-employment benefit plan thereby permitting the assets of the other post-employment benefit plan to be invested in accordance with the Master Trust Agreement and the Investment Policy of the Florida Municipal Pension Trust Fund (herein referred to as the "FMPTF"), and is further authorized to participate in the FMPTF as a Participating Employer in accordance with the procedures, policies and methods outlined in the FMPTF Master Trust Agreement;

**WHEREAS**, the FMPTF, in accordance with the FMPTF Master Trust Agreement, provides a wide array of administrative, custodial and investment services to the Participating Employers in the FMPTF;

**WHEREAS**, the Participating Employer intends to avail itself of the services offered by FMPTF in connection with the other post-employment benefit plan; and

**WHEREAS**, the Participating Employer desires to submit this Trust Joinder Agreement to the Master Trustee to become a Participating Employer in the FMPTF and a party to the FMPTF Master Trust Agreement.

**THEREFORE**, in consideration of the mutual covenants and agreements flowing to each of the parties hereto, it is agreed as follows:

1. Both parties to this Trust Joinder Agreement agree that the Town of Davie, (Governing Body) Florida is a Participating Employer as provided in the FMPTF Master Trust Agreement and shall be a party to the FMPTF Master Trust Agreement.

2. The Participating Employer shall attach a copy of its other post-employment benefit plan document or otherwise provide a statement of benefits, plan participants ("Participants") and all other information required for the proper and efficient administration of the other post-employment benefit plan to the Administrator designated by the Master Trustee.

3. The Master Trustee accepts the Participating Employer's other post-employment benefit plan assets for investment in the Master Trust Fund and shall hold the assets in trust for the exclusive benefit of Participants as provided in the FMPTF Master Trust Agreement.

4. The Participating Employer shall cause the assets of the Participating Employer's other post-employment benefit plan to be deposited into a depository designated by the FMPTF.

5. The Participating Employer shall make timely contributions in accordance with the provisions of the other post-employment benefit plan and shall deposit its contributions and any contributions made by Participants into a depository designated by the FMPTF.

6. Neither the Master Trustee nor the Administrator shall be under any duty to determine whether the amount of any contribution is in accordance with the provisions of the Participating Employer's other post-employment benefit plan or to collect or enforce payment of any contribution.

7. Depending on the Participating Employer's other post-employment benefit plan, the Master Trustee or the Administrator may require the other post-employment benefit plan be approved for actuarial soundness prior to participation approval in the FMPTF Master Trust Agreement, as determined by the Master Trustee or the Administrator.

8. No Participating Employer or Participant shall have any right, title or interest in or to any specific assets of the Master Trust Fund but shall have an undivided beneficial interest in the Master Trust Fund; however, there shall be a specific accounting of assets allocable to each Participating Employer and to each participating other post-employment benefit plan.

9. Neither the Master Trustee nor the Administrator guarantee the Other Post-Employment Benefit Plan Trust from loss or depreciation or the payment of any amount which may become due to any person under any Participating Employer's other post-employment benefit plan.

10. In resolving any conflict among the provisions of the Other Post-Employment Benefit Plan Trust and in resolving any other uncertainty as to the meaning or intention of any provision of the Other Post-Employment Benefit Plan Trust, the interpretation that (i) causes the Other Post-Employment Benefit Plan

Trust to be exempt from tax under Internal Revenue Code Sections 115 and 501(a), and (ii) causes the participating other post-employment benefit plan and the Other Post-Employment Benefit Plan Trust to comply with all applicable requirements of law shall prevail over any different interpretation, as determined by the Master Trustee or the Administrator.

11. The Participating Employer shall timely remit, or timely approve the remittance of, administrative fees as may be due under the FMPTF Master Trust Agreement into a depository designated by the FMPTF. Administrative fees are set by the Master Trustee in a fee schedule, subject to amendment, which shall be provided to the Participating Employer.

12. The Participating Employer is responsible for making all decisions and determinations under the other post-employment benefit plan. The Participating Employer shall provide to the Administrator all relevant Participant information, and shall promptly update all such information, required under the other post-employment benefit plan. The Participating Employer shall certify said information to be correct to the best of its knowledge, and the FMPTF and the Administrator shall have the right to rely on the accuracy of said information in performing their contractual responsibilities.

13. The Participating Employer shall be responsible for providing the Administrator, in a timely manner, all information concerning the termination of any Participant (*e.g.*, death, disability, retirement, resignation or dismissal). If the reason for the termination is disability and the Participant is claiming disability benefits, the Participating Employer shall be responsible for ascertaining eligibility through procedures adopted by the Participating Employer. The Participating Employer shall certify said information to be correct to the best of its knowledge, and the FMPTF and the Administrator shall have the right to rely on the accuracy of said information in performing their contractual responsibilities.

14. The FMPTF shall provide administrative, custodial and investment services to the Participating Employer in accordance with this Trust Joinder Agreement relating to the other post-employment benefit plan and in accordance with the FMPTF Master Trust Agreement.

15. The FMPTF, in accordance with the policies and procedures established by the Master Trustee and the FMPTF Master Trust Agreement, shall periodically report its activities to the Participating Employer on a timely basis.

16. The parties to this Trust Joinder Agreement agree to abide by and be bound by the terms, duties, rights and obligations of the parties as set forth in the

FMPTF Master Trust Agreement, as may be amended by the Master Trustee, which is attached hereto and is made a part of this Trust Joinder Agreement.

17. The Participating Employer elects to join the FMPTF Other Post-Employment Benefit Plan Trust for:
__X__ Full service, including investment and administrative, other post-employment benefit plan services.
_____ Investment only other post-employment benefit plan services.

18. The Participating Employer elects to have the other post-employment benefit plan assets invested in accordance with the FMPTF Investment Policy with an equity to fixed income ratio of:
_____ 50% Equities/ 50% Fixed Income
__X__ 60% Equities/ 40% Fixed Income
_____ 70% Equities/ 30% Fixed Income

19. Either party may terminate this Trust Joinder Agreement by giving at least 60 days prior notice in writing to the other party. Any termination shall be governed by the provisions of the FMPTF Master Trust Agreement and the other post-employment benefit plan.

**IN WITNESS WHEREOF,** the Participating Employer has caused this Trust Joinder Agreement to the Florida Municipal Pension Trust Fund Master Agreement to be executed and the signature of its authorized officer affixed this _____ day of _____, 20___.

___TOWN OF DAVIE ____
(Governing Body)

By: _____
Signature

_____
(Name and Title)

ATTEST:

_____

ACCEPTANCE

FLORIDA MUNICIPAL PENSION TRUST FUND

By: _____
Secretary - Treasurer

# EXHIBIT "A"

# TOWN OF DAVIE
# SUMMARY OF POST-EMPLOYMENT BENEFITS

## A. Other Post-Employment Benefits (OPEBs)

The Town of Davie provides optional post-employment healthcare and dental coverage to eligible individuals. Regular healthcare coverage ends at age 65. Benefits are self-insured by the Town.

## B. Eligible Individuals

Eligible individuals include all regular employees of the Town of Davie who retire from active service and are eligible for retirement or disability benefits under one of the pension plans sponsored by the Town. Under certain conditions, eligible individuals for healthcare coverage also include spouses and dependent children.

## C. Choice of Healthcare Plans

Eligible individuals may choose healthcare coverage under a health maintenance organization (HMO) plan or under a preferred provider organization (PPO) plan.

## D. Required Monthly Premium for Post-Employment Healthcare Coverage

Retirees must pay a monthly premium as determined by the Town based on past experience. The premium varies depending on whether the retiree elects coverage under the HMO or PPO plan and whether the retiree elects single, single plus spouse, single plus child(ren), or family coverage.

**EXHIBIT "B"**

**FLORIDA MUNICIPAL PENSION TRUST FUND**
**MASTER TRUST AGREEMENT**

***As Amended and Restated June 1, 2006***

THIS AGREEMENT made effective as of June 1, 2006, amends and restates the Agreement dated as of December 16, 1983, and previously amended as of November 29, 2001 ("Agreement"), by and between all of the parties who are now or may hereafter become Participating Employers in the Florida Municipal Pension Trust Fund and the individuals named as Master Trustees pursuant to Section 109 hereof and their successors (such individuals collectively referred to as the "Master Trustees").

WITNESSETH:

WHEREAS, the Florida Constitution, Article VIII, Section 2(b), provides, in part, that municipalities shall have governmental, corporate and proprietary powers to enable them to conduct municipal government, perform municipal functions and render municipal services, and may exercise any power for municipal purposes except as otherwise provided by law, and

WHEREAS, Section 166.021, Florida Statutes, provides, in part, that municipalities shall have the governmental, corporate and proprietary powers to enable them to conduct municipal government, perform municipal functions, and render municipal services, and may exercise any power for municipal purposes, except when expressly prohibited by law, and further defines a municipal purpose to mean any activity or power which may be exercised by the State or its political subdivisions, and

WHEREAS, in Greene v. Gray, 87 So.2d 504 (Fla. 1956), the Florida Supreme Court held public pension plans serve a public purpose, and

WHEREAS, Section 163.01, Florida Statutes, provides that a public agency of the State may exercise jointly with any other public agency of the State any power, privilege or authority which such agencies share in common, for the purpose of permitting local governmental units to make the most efficient use of their powers by enabling them to cooperate with other localities on a basis of mutual advantage, and

WHEREAS, the initial Master Trustees established the Master Trust Fund for the purpose of receiving, holding, investing, reinvesting, managing, administering and distributing the assets of employee benefit plans maintained by Participating Employers for the exclusive benefit of eligible employees and their beneficiaries, including, without limitation, contributions by Participating Employers to such plans, and

WHEREAS, the Participating Employers with a defined benefit pension plan or plans will execute a covenant or agreement whereby each Participating Employer will covenant and agree that they will deposit their required plan contributions in the Master Trust Fund, based upon appropriate actuarial analysis of benefits or applicable agreement, and out of which lawful and proper claims are to be paid, that there will be no disbursements out of the Master Trust Fund by way of dividends or distribution of accumulated reserves to the respective Participating

Employers, and that they will make expense payments as required for plan design and administration, and

WHEREAS, the Participating Employers with a defined contribution pension plan or plans or with a deferred compensation plan or plans will execute a covenant or agreement to participate in the Master Trust Fund in accordance with the terms of this Agreement, and

WHEREAS, the Participating Employers with a post-employment benefit plan or plans other than a pension plan or plans will execute a covenant or agreement that they will deposit their contributions in the Master Trust Fund, based upon appropriate actuarial analysis of benefits or applicable agreement, and out of which lawful and proper claims are to be paid, that they will covenant and agree that there will be no disbursements out of the Master Trust Fund by way of dividends or distribution of accumulated reserves to the respective Participating Employers, and that they will make expense payments as required for plan design and administration.

NOW, THEREFORE, the parties hereto mutual agree as follows:

## PART 1- GENERAL PROVISIONS

Section 100. APPLICATION.

The provisions of Part I are general administrative provisions applicable to each Part of this Agreement.

Section 101. DEFINITIONS.

The following definitions shall apply to each Part of this Agreement, unless the context of the term indicates otherwise, and shall govern the interpretation of this Agreement:

A. Administrator. The term "Administrator" shall mean the Florida League of Cities, Inc. or any successor designated by the Master Trustees to administer the Master Trust Fund and the Plans.

B. Beneficiary. The term "Beneficiary" shall mean a person designated by a Participating Employee to be entitled to a Benefit in case of death of the Participating Employee in accordance with the terms of the applicable Plan.

C. Benefits. The term "Benefits" shall mean any and all benefits provided for Participating Employees and their Beneficiaries payable from the assets of the Master Trust Fund or the assets of a Plan, or the policies of insurance providing for such payments, or both, upon certification by the Participating Employer of eligibility for such benefits.

D. Custodian. The term "Custodian" shall mean the banks, mutual funds, insurance companies or other qualified entities selected by the Master Trustees, under a separate written document with each, to hold the assets of the Master Trust Fund or the assets of any Plan.

E. Deferred Compensation Plan Trust. The term "Deferred Compensation Plan Trust" shall mean the trust created herein that holds the assets of the participating deferred compensation plans.

F. Defined Benefit Pension Plan Trust. The term "Defined Benefit Pension Plan Trust" shall mean the trust created herein that holds the assets of the participating defined benefit pension plans.

G. Defined Contribution Pension Plan Trust. The term "Defined Contribution Pension Plan Trust" shall mean the trust created herein that holds the assets of the participating defined contribution pension plans.

H. Employee. The term "Employee" shall mean the employees and officials of each Employer under a classification established by each Employer and accepted by the Master Trustees.

I. Employer. The term "Employer" shall mean every municipality established within, or public agency or political subdivision of, the State of Florida or, where appropriate, the local board of trustees established pursuant to applicable law.

J. Investment Policy. The term "Investment Policy" shall mean the Florida Municipal Pension Trust Fund Investment Policy, as amended.

K. IRC. The term "IRC" shall mean the Internal Revenue Code of 1986, as amended, and, as relevant in context, the Internal Revenue Code of 1954, as amended.

L. Master Trust Fund. The term "Master Trust Fund" shall mean the Florida Municipal Pension Trust Fund, comprised of all of the assets of the Defined Benefit Pension Plan Trust, Defined Contribution Pension Plan Trust, Deferred Compensation Plan Trust and Other Post-Employment Benefit Plan Trust, which shall include all assets of the Plans.

M. Master Trustees. The term "Master Trustees" shall mean the individuals who serve as trustees of the Master Trust Fund pursuant to Section 109 hereof and their successors.

N. Other Post-Employment Benefit Plan Trust. The term "Other Post-Employment Benefit Plan Trust" shall mean the trust created herein that holds the assets of the participating post-employment benefit plans other than pension plans.

O. Participating Employee. The term "Participating Employee" shall mean any eligible Employee of a Participating Employer.

P. Participating Employer. The term "Participating Employer" shall mean an Employer which becomes a party to this Agreement by executing a Trust Joinder Agreement as provided in Section 102 hereof.

Q. Plans. The term "Plans" shall mean the defined benefit pension plan or plans, the defined contribution pension plan or plans, the deferred compensation plan or plans and the post-employment benefit plan or plans other than pension plans, which are maintained by

Participating Employers pursuant to any applicable statute, regulation, ordinance, resolution, plan, program, policy, agreement, understanding or other arrangement for the benefit of eligible employees and their beneficiaries.

R. State. The term "State" shall mean the State of Florida.

Section 102. PARTICIPATING EMPLOYERS.

A. Approval. The Master Trustees shall be the sole judge of whether an Employer is eligible to become a Participating Employer. The Master Trustees may delegate the ministerial authority for membership approval to the Administrator.

B. Trust Joinder Agreement. Each Employer makes its election to become a Participating Employer by executing a Trust Joinder Agreement in such form and intent as provided by the Master Trustees. By executing the Trust Joinder Agreement, the Employer agrees to be bound by all the terms and provisions of this Agreement, the Trust Joinder Agreement and all rules and regulations adopted by the Master Trustees under this Agreement.

C. Continuing as a Participating Employer. A Participating Employer shall be entitled to continue to be a Participating Employer as determined from time to time by the Master Trustees.

Section 103. MANAGEMENT OF ASSETS OF THE MASTER TRUST FUND.

A. Authority of Master Trustees. Except as set forth in subsections B, C, D, or E of this Section, and except as otherwise provided by law, the Master Trustees shall have exclusive authority and discretion to manage and control the assets of the Master Trust Fund held by them pursuant to the guidelines established by the Master Trustees in the Investment Policy.

B. Investment Managers. The Master Trustees, from time to time, may appoint one (1) or more independent Investment Managers ("Investment Manager"), pursuant to a written investment management agreement with each, describing the powers and duties of the Investment Manager to invest and manage all or a portion of the Master Trust Fund. The Investment Manager shall have the power to direct the management, acquisition or disposition of that portion of the Master Trust Fund for which the Investment Manager is responsible.

The Master Trustees shall be responsible for ascertaining that each Investment Manager, while acting in that capacity, satisfies the following requirements:

1. The Investment Manager is either (i) registered as an investment adviser under the Investment Advisers Act of 1940, as amended; (ii) a bank as defined in that Act; (iii) an insurance company qualified to perform the services described herein under the laws of more than one state; or (iv) a pooled investment program for governmental entities created pursuant to Section 163.01, Florida Statutes; and

2. The Investment Manager has acknowledged in writing to the Master Trustees that it is a fiduciary with respect to the Plan or Plans with assets in the portion of

the Master Trust Fund for which the Investment Manger has responsibility for management, acquisition or disposition.

C. Investment Manager Duties. Subject to the approval of the Master Trustees, each Investment Manager shall establish and carry out an investment policy and method for the portion of the Master Trust Fund for which it is responsible that is consistent with the objectives of the Investment Policy and the particular Plan or Plans with assets in the portion of the Master Trust Fund for which the Investment Manager has responsibility for management, acquisition or disposition. At least annually, the Investment Manager shall review its investment policy and method with the Master Trustees. The Investment Manager shall also make investments in a manner that is consistent with applicable law, and, as advised by the Administrator, the cash requirements of the Plans.

Each Investment Manager shall no less than annually or at the request of the Master Trustees certify the value of any securities or other property of the Master Trust Fund managed by such Investment Manager. The Master Trustees shall be entitled to rely conclusively upon such valuation for all purposes under the trust for the Plans.

D. Absence of Master Trustees' Responsibility for Investment Manager. The Master Trustees shall not be liable for any act or omission of any Investment Manager and shall not be under any obligation to invest or otherwise manage the assets of the Master Trust Fund or of the Plans that are subject to the management of any Investment Manager. Without limiting the generality of the foregoing, the Master Trustees shall not be liable by reason of their taking or refraining from taking at the direction of any Investment Manager any action pursuant to this Section, or pursuant to a notification of an order to purchase or sell securities issued by any Investment Manager, nor shall the Master Trustees be liable by reason of their refraining from taking any action because of the failure of any Investment Manager to give such direction or order; the Master Trustees shall be under no duty to question or to make inquiries as to any direction or order or failure to give any direction or order by any Investment Manager; the Master Trustees shall be under no duty to make any review of an investment acquired for any investment fund at the direction or order of any Investment Manager; and the Master Trustees shall be under no duty at any time to make any recommendation with respect to disposing of or continuing to retain any such investment.

E. Investment of Chapters 175 and 185 Funds. To the extent the Master Trustees determine that delegation of investment authority to Participating Employers with a defined benefit plan or plans is required pursuant to Chapters 175 or 185, Florida Statutes, then such powers as set forth in paragraph A of this Section shall be so delegated.

F. Reporting. The Master Trustees shall be responsible for and shall cause to be filed such annual or periodic audits, valuations, reports and disclosures as are required by law or agreements.

The Master Trustees may employ professional advisors to prepare such audits, valuations, reports and disclosures and the cost of such professional advisors shall be borne by the Master Trust Fund.

G. Commingling Assets. Except to the extent prohibited by applicable law, the Master Trustees may commingle the assets of all Participating Employers and Participating Employees held by the Master Trustees under this Agreement for investment purposes in the Master Trust Fund and shall hold the Master Trust Fund in trust and manage and administer the same in accordance with the terms and provisions of this Agreement and the Plans. However, the assets of Participating Employers and Participating Employees in the various trusts included in the Master Trust Fund shall be accounted for separately. The Master Trustees and the Administrator shall be under no duty to determine whether the amount of any contribution is in accordance with the Plans, or to collect or enforce payment of any contribution. Separate investment funds within the Master Trust Fund and varying percentages of investment in any such separate investment fund by the Participating Employers and Participating Employees, to the extent so determined by the Master Trustees, are expressly permitted.

Section 104. ADMINISTRATIVE POWERS AND DUTIES.

A. Administrator. The Administrator shall serve as Secretary-Treasurer of the Master Trust Fund and shall have the power and authority to implement policy matters set by the Master Trustees as they relate to the on-going operation and supervision of the Master Trust Fund and the provisions of this Agreement and applicable law.

B. Master Trustees. The Master Trustees shall have and in their sole and absolute discretion may exercise from time to time and at any time, either through their own actions or through a Custodian selected by the Master Trustees, the following administrative powers and authority with respect to the Master Trust Fund.

1. To continue to hold any property of the Master Trust Fund that becomes otherwise unsuitable for investment for as long as the Master Trustees in their discretion deem desirable; to reserve from investment and keep unproductive of income, without liability for interest, cash temporarily awaiting investment and such cash as they deem advisable, or as the Administrator from time to time may specify, in order to meet the administrative expenses of the Master Trust Fund or anticipated distributions therefrom.

2. To hold property of the Master Trust Fund in their own names or in the name of a nominee or nominees, without disclosure of the trust, or in bearer form so that it will pass by delivery, but no such holding shall relieve the Master Trustees of their responsibility for the safe custody and disposition of the Master Trust Fund in accordance with the provisions of this Agreement; the books and records of the Master Trustees shall show at all times that such property is part of the Master Trust Fund and the Master Trustees shall be absolutely liable for any loss occasioned by the acts of their nominee or nominees with respect to securities registered in the name of the nominee or nominees.

3. To organize and incorporate under the laws of any state they may deem advisable one or more corporations (and to acquire an interest in any such corporation that they may have organized and incorporated) for the purpose of acquiring and holding title to any property, interests or rights that the Master Trustees are authorized to acquire under Section 103 hereof.

4. To employ in the management of the Master Trust Fund suitable agents, without liability for any loss occasioned by any such agents selected with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.

5. To make, execute and deliver, as trustee, any deeds, conveyances, leases, mortgages, contracts, waivers or other instruments in writing that they may deem necessary or desirable in the exercise of its powers under this Agreement.

6. To do all other acts that they may deem necessary or proper to carry out any of the powers set forth in Section 103 or 106 or this Section, to administer or carry out the purposes of the Master Trust Fund or any Plan, or as otherwise is in the best interests of the Master Trust Fund or any Plan; provided, however, the Master Trustees need not take any action unless in their opinion there are sufficient Master Trust Fund assets available for the expense thereof.

7. To adopt bylaws governing the Master Trustees' operations and procedures.

8. To contract with municipal corporations, political subdivisions and other public entities of State or of local government and private entities for the provision of Plan services and for the use or furnishing of services and facilities necessary, useful, or incident to providing Plan services.

9. To contract with public or private entities for the provision of administrative services.

10. To adopt plans, trust agreements, investment guidelines and other documents necessary or desirable for the Plans.

11. To charge fees for administrative services in addition to any fees charged by other administrative service providers.

12. To collect and disburse all funds due or payable from the Master Trust Fund, under the terms of the Plans.

13. To provide for and promulgate all rules, regulations, and forms deemed necessary or desirable in contracting with Participating Employers and Participating Employees, in fulfilling the Master Trustees' purposes of providing benefits through the Master Trust Fund and Plans, and in maintaining proper records and accounts.

14. To employ insurance companies, banks, trust companies, investment brokers, investment advisors, or others as agents for the receipt and disbursement of funds held in trust for Participating Employers and Participating Employees in the Plans.

15. To participate in a tax-exempt group trust that has been determined by the Internal Revenue Service to be a pooled fund arrangement pursuant to Revenue Ruling 81-100.

16. To determine, consistent with the applicable law and the claims procedure under the Plans, all questions of law or fact that may arise as to investments and the rights of any person claiming rights under the Plans, including without limitation, Participating Employees, former Participating Employees, and Beneficiaries.

17. Subject to and consistent with the IRC, to construe and interpret the Master Trust Agreement and to correct any defect, supply any omissions, or reconcile any inconsistency in the Agreement.

18. To contract for, purchase or otherwise procure insurance and investment products.

19. To register any Master Trust Fund asset in the name of the Master Trust Fund or in the name of its agent or nominee or to hold any instrument in bearer form (but the books and records of the Plans shall at all times show that such investments are part of the Master Trust Fund).

Section 105. TAXES, EXPENSES AND COMPENSATION OF MASTER TRUSTEES.

A. Taxes. The Master Trustees, without direction from the Administrator, shall pay out of the Master Trust Fund all taxes imposed or levied with respect to the Master Trust Fund, or any part thereof, under applicable law, and, in their discretion, may contest the validity or amount of any tax, assessment, claim or demand respecting the Master Trust Fund or any part thereof.

B. Expenses and Compensation. The Master Trustees are authorized to set aside from Participating Employer and Participating Employee contributions received and the investment income earned thereon a reasonable sum for the operating expenses and administrative expenses of the Master Trust Fund and the Plans. All remaining funds coming into the Master Trustees shall be set aside, managed and used only for the payment of Benefits as set forth in the applicable Plan.

The Master Trustees may establish from time to time a reasonable amount of compensation to cover attendance at meetings by the Master Trustees and the Administrator in the performance of the normal duties of the Master Trustees or Administrator, which compensation may include reimbursement for necessary expenses incurred therein.

C. Payment of Expenses. The Master Trustees may use and apply assets in the Defined Benefit Pension Plan Trust, Deferred Compensation Plan Trust, Defined Contribution Pension Plan Trust and Other Post-Employment Benefit Plan Trust as part of and in the Master Trust Fund to pay or provide for the payment of all reasonable and necessary expenses which may be incurred in connection with the establishment and maintenance of the Defined Benefit Pension Plan Trust, Deferred Compensation Plan Trust, Defined Contribution Pension Plan Trust and Other Post-Employment Benefit Plan Trust, including but not limited to, the employment of

such administrative, legal, accounting, and other expert and clerical assistance, the leasing of such premises and the purchase or lease of such materials, supplies and equipment as the Master Trustees, in their discretion, may deem necessary or appropriate in the performance of their duties, or the duties of the agents or employees of the Master Trust Fund or the Master Trustees.

Section 106. GENERAL DUTIES AND MEETINGS OF THE MASTER TRUSTEES.

A. General Duties. The Master Trustees and each Investment Manager appointed pursuant to this Agreement shall discharge their respective duties under this Agreement solely in the interest of the Participating Employers and Participating Employees in the Plans and their Beneficiaries and: (i) for the exclusive purpose of providing Benefits to such Participating Employees and their Beneficiaries and defraying reasonable expenses of administering the Plans; (ii) with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims; and (iii) by diversifying the investments of the Plans so as to minimize the risk of large losses, unless, under the circumstances, it is clearly prudent not to do so. However, the duties and obligations of the Master Trustees and each Investment Manager, respectively, as such, shall be limited to those expressly imposed upon them, respectively, by this Agreement notwithstanding any reference herein to the Plans.

1. Authority of the Master Trustees. The Master Trustees shall have the power and authority and shall be charged with the duty of general supervision and operation of the Master Trust Fund, and shall conduct the business and activities of the Master Trust Fund in accordance with this Agreement and applicable law. The Master Trustees shall not exercise any powers in a manner that is inconsistent with this Agreement.

2. Approval of New Members. The Master Trustees or other designee shall receive applications from Employers for membership in the Master Trust Fund and shall approve or disapprove such applications for membership in accordance with the terms of this Agreement, the Trust Joinder Agreement and the rules and regulations established by the Master Trustees for admission of new members to the Master Trust Fund. The Master Trustees shall have total discretion in determining whether to accept a new member. The Master Trustees may delegate the authority for membership approval to the Administrator or its designees. In the event that the Plan proposed by the applicant is a defined benefit plan, then, if required by the Plan and before the applicant is approved for membership, the Plan must be approved for actuarial soundness by the Administrator and must comply with Chapter 112, Florida Statutes.

3. Master Trustees' Liabilities. No Master Trustee shall be liable for any action taken pursuant to this Agreement in good faith or for an omission except bad faith or gross negligence, or for any act of omission or commission by any other Master Trustee. The Master Trustees are hereby authorized and empowered to obtain, at the expense of the Master Trust Fund, liability insurance fully protecting the respective Master Trustees, the Administrator, and the Master Trust Fund from any loss or expense incurred, including reasonable attorney's fees, for all acts of the Master Trustees except bad faith or gross negligence. The Master Trust Fund hereby agrees to save, hold

harmless and indemnify the Master Trustees and Administrator from any loss, damage or expense incurred by said persons or entities while acting in their official capacity excepting bad faith or gross negligence.

4. Standard of Review. In evaluating performance of the Master Trustees, compliance by the Master Trustees with this Agreement must be determined in light of the facts and circumstances existing at the time of the Master Trustees' decision or action and not by hindsight.

5. Limitations on Liabilities. The Master Trustees' responsibilities and liabilities shall be subject to the following limitations:

(a) The Master Trustees shall have no duties other than those expressly set forth in this Agreement or the Plans and those imposed on the Master Trustees by applicable laws.

(b) The Master Trustees shall be responsible only for money and property actually received by the Master Trustees, and then to the extent described in this Agreement. The Master Trustees shall not be under any duty to require payment of any contribution to the Master Trust Fund or to see that any payment made to them is computed in accordance with the provisions of the Plans.

(c) The Master Trustees shall not be responsible for the correctness of any determination of payments or disbursements from the Master Trust Fund.

(d) The Master Trustees shall have no liability for the acts or omissions of any predecessor or successor in office.

(e) The Master Trustees shall have no liability for (i) the acts or omissions of any Investment Manager or Managers; (ii) the acts or omissions of any insurance company; (iii) the acts or omissions of any mutual fund; or (iv) following directions that are given to the Master Trustees by the Participating Employer, Participating Employees or the Administrator in accordance with this Agreement or the Plans.

B. Reliance on Counsel. The Master Trustees may employ, retain or consult with legal counsel, who may be counsel for the Administrator, the Florida League of Cities, Inc., any of the Plans or any Master Trustee, in their individual capacities concerning any questions which may arise with reference to the duties and powers or with reference to any other matter pertaining to this Agreement; and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by the Master Trustees in good faith in accordance with the opinion of such counsel, and the Master Trustees shall not be liable therefor.

C. Meetings. The Master Trustees shall meet at least semi-annually, and more frequently if called, at the principal office of the Master Trust Fund or at such other location as may be acceptable to a majority of the Master Trustees. The Chairman of the Master Trustees or

his designee shall set the date, time and location of each meeting, and notice shall be furnished to each Master Trustee by the Administrator not less than ten (10) days prior to the date of the meeting and may specify the purpose and any action proposed to be taken at the meeting. Furthermore, such notice shall be directed to the Master Trustees by mail to the respective addresses of the Master Trustees as recorded in the office of the Master Trust Fund. The Chairman or any two (2) other Master Trustees may direct the Administrator to send the prerequisite notice for any special meeting of the Master Trustees.

For the purposes of a duly called meeting of the Master Trustees, a quorum shall exist if a majority of the Master Trustees are present.

The Administrator or its designee shall keep minutes of all meetings, proceedings and acts of the Master Trustees, but such minutes need not be verbatim. Copies of all minutes of the Master Trustees shall be sent by the Administrator or its designee to the Master Trustees.

All actions by, and decisions of, the Master Trustees shall be by vote of a majority of the Master Trustees attending a duly called regular or special meeting of the Master Trustees at which a quorum is present.

D. Office of the Master Trust Fund. The Master Trustees shall establish, maintain and provide adequate funding for an office for the administration of the Master Trust Fund. The address of such office is to be made known to the parties interested in or participating in the Master Trust Fund and to the appropriate governmental agencies. The books and records pertaining to the Master Trust Fund and its administration shall be kept and maintained at the office of the Master Trust Fund.

E. Execution of Documents. A certificate signed by the Chairman of the Master Trustees, or such other person as may be designated by the Master Trustees, shall be evidence of the action of the Master Trustees, and any such certificate or other instrument so signed shall be kept and maintained at the office of the Master Trust Fund and may be relied upon as an action of the Master Trustees.

F. Appointment of Administrator. The Master Trustees shall designate and provide compensation for an Administrator to administer the affairs of the Master Trust Fund. An Administrator so appointed shall furnish a fidelity bond with the Master Trustees as obligee. The Master Trustees shall determine the amount of the fidelity bond and evidence of the bond shall be available to the appropriate governmental agencies.

G. Unclaimed Benefit Payments. If any check or share certificate in payment of a Benefit under this Agreement or any Plan, which has been mailed by regular United States first-class mail to the last address of the payee furnished to the Master Trustees or the Administrator, is returned unclaimed, the Master Trustees or the Administrator shall discontinue further payments to such payee until they receive further instructions, subject to any applicable unclaimed property act provisions. The Master Trustees or Administrator shall further take reasonable actions to locate such payees.

H. Duty to Furnish Information. Both the Administrator and the Master Trustees shall furnish to each other any document, report, return, statement or other information that the

other reasonably deems necessary to perform duties imposed under this Agreement or otherwise imposed by law.

I. Authority of Individual Master Trustees. The Master Trustees may delegate a particular function, power or authority to an individual Master Trustee (the "Individual Master Trustee"). When such delegation occurs, no person dealing with the Individual Master Trustee shall be required to make inquiry as to the authority of the Individual Master Trustee to do any act hereunder. Any such person shall be entitled, conclusively, to assume that the Individual Master Trustee is properly authorized to do any act, which he/she purports to do hereunder, and any such person shall be under no liability to any person, whomsoever, for any act done hereunder pursuant to such written direction of the Individual Master Trustee. When such action is so authorized by an Individual Master Trustee, any such person may assume conclusively that the Individual Master Trustee has full power and authority to receive and give receipt for any money or property becoming due and payable to the Master Trustees, and no such person shall be bound to inquire as to the disposition or application of any money or property paid or delivered to the Individual Master Trustee, or paid or delivered in accordance with such written direction of the Individual Master Trustee.

J. Reliance on Communications. The Master Trustees may rely upon a certification of the Administrator with respect to any instruction, direction, or approval of the Administrator and may continue to rely upon such certification until a subsequent certification is filed with the Master Trustees. The Master Trustees shall have no duty to make any investigation or inquiry as to any statement contained in any such writing but may accept the same as fully authorized by the Administrator.

Section 107. ACCOUNTS.

The Master Trustees shall keep or cause to be kept at the expense of the Master Trust Fund accurate and detailed accounts of all their receipts, investments and disbursements under this Agreement and the Plans, with the Master Trustees accounting separately for each Investment Manager's portion of the Master Trust Fund.

Section 108. COMMUNICATIONS.

Until notice is given to the contrary, communication to the Master Trustees shall be sent to them at the Master Trust Fund's office at 301 South Bronough Street, Suite 300, Tallahassee, FL 32302 and communications to the Administrator shall be sent to 301 South Bronough Street, Suite 300, Tallahassee, FL 32302.

Section 109. APPOINTMENT, RESIGNATION OR REMOVAL OF MASTER TRUSTEES.

A. Master Trustees. The operation and administration of the Master Trust Fund shall be the full responsibility of the Master Trustees selected from the ranks of elected officials of municipal governments participating in the Plans.

B. Appointment of Master Trustees and Length of Appointment. The number of Master Trustees shall be five (5).

1. The first group of Master Trustees was selected by the President of the Florida League of Cities, Inc. or his designee in order to create an interim group of Master Trustees to establish the Plans. This interim group of Master Trustees served until successor Master Trustees were elected. The first group of Master Trustees was composed of five (5) Master Trustees. The initial terms of the Master Trustees was as follows: two (2) individual Master Trustees selected for a one- (1-)year term and three (3) individual Master Trustees selected for a two- (2-)year term. The terms thereafter shall be for three (3) years.

2. Beginning in January, 1986 the Master Trustees shall solicit nominations from the Participating Employers for Master Trustee and such nominees shall constitute the basis for the election of Master Trustees by the majority vote of the Master Trustees then in office. The Master Trustees may be re-elected but no Master Trustee shall serve more than two (2) consecutive three- (3-) year terms. In the event a Master Trustee is elected to fill an unexpired term, the unexpired term shall not be included in the two- (2-) term limitation provided herein. Replacement Master Trustees shall be elected from nominations provided by Participating Employers and vacancies shall be filled by the majority vote of the Master Trustees then in office from the nominees offered by such Participating Employers.

3. No individual Master Trustee may be elected or continue to serve as a Master Trustee after becoming an owner, officer or employee of the Administrator or a Custodian.

4. Each Master Trustee and each successor Master Trustee shall acknowledge and consent to his election as a Master Trustee by giving written notice of acceptance of such election to the Chairman of the Master Trustees.

C. Resignation of a Master Trustee.

1. A Master Trustee may resign from all duties and responsibilities under this Agreement by giving not less than sixty (60) days prior written notice sent by registered mail to the Chairman of the Master Trustees. Such notice shall state the date such resignation shall take effect and such resignation shall take effect on such date unless a successor Master Trustee shall have been elected at an earlier date by the Master Trustees in which event such resignation shall take effect immediately upon the election of the successor Master Trustee.

2. Any Master Trustee, upon leaving office, shall forthwith turn over and deliver to the Chairman of the Master Trustees at the principal office of the Master Trust Fund any and all records, books, documents or other property in his or her possession or under his or her control which belongs to the Master Trust Fund.

D. Removal of a Master Trustee. Each Master Trustee, unless due to the resignation, death, incapacity, or refusal to act, shall serve and shall continue to serve subject to the provisions of this Agreement.

A Master Trustee shall relinquish his or her office or may be removed by a majority vote of the Master Trustees ipso facto when he or she no longer serves in an official capacity with the Participating Employer by which he or she was nominated or when the Employer is no longer a Participating Employer in the Master Trust Fund. Notice of removal of a Master Trustee shall be furnished to the other Master Trustees by the Chairman of the Master Trustees and shall set forth the effective date of such removal.

E. Appointment of a Successor Master Trustee. In the event a Master Trustee shall die, resign, become incapacitated, or refuse to act, a successor Master Trustee shall be elected forthwith by the Master Trustees. The notice of the election of a successor Master Trustee shall be furnished to the other Master Trustees by the Chairman of the Master Trustees, and shall be accompanied by the acceptance of the successor Master Trustee.

F. Master Trustees Rights. In case of the death, resignation or refusal or inability to act of any one or more of the Master Trustees, the Master Trustees shall have the powers, rights, estates and interests of this Agreement as Master Trustees and shall be charged with the duties of this Agreement; provided in such cases, no action may be taken unless it is concurred in by a majority of the remaining Master Trustees.

G. Appointment of Chairman. The Master Trustees may appoint or remove a Chairman at any time who shall have such authority, duties and responsibilities as may be set forth in this Agreement from time to time and as provided under applicable law.

Section 110. AMENDMENT OR TERMINATION OF THIS AGREEMENT; TERMINATION OF PLANS.

A. Amendment. This Agreement and the trusts created hereby may be amended in writing at any time by the concurrence of a majority of the Master Trustees. No amendment to this Agreement, which directly affects the scope of powers of the Master Trustees, terms of office or the selection of Master Trustees shall become effective without the concurrence of the Board of Directors of the Florida League of Cities, Inc.

No change which specifically affects the exercise of powers by the Master Trustees or the fiduciary responsibilities of the Master Trustees to Participating Employers and Participating Employees shall be required to be approved by the Board of Directors of the Florida League of Cities, Inc., nor shall this Section be construed to give the Board of Directors of the Florida League of Cities, Inc. the power to exercise any fiduciary responsibility of the Master Trustees or to interfere with the exercise of those responsibilities by the Master Trustees.

This Agreement may not be amended so as to change its purpose as set forth herein or to permit the diversion or application of any funds of the Master Trust Fund or of the Plans for any purpose other than those specified herein. The Master Trustees, upon adoption of an amendment to this Agreement, shall send a copy of any such amendment to the Participating Employers.

B. Termination. This Agreement and any trust created hereby may be terminated at any time by the Master Trustees with respect to an Employer when the Employer's participation in a participating Plan is terminated or when a Trust Joinder Agreement has been terminated. The Defined Contribution Pension Plan Trust may be terminated in its entirety when all of the

participating defined contribution pension plans have been terminated in their entirety or have terminated their participation in the Defined Contribution Pension Plan Trust. The Deferred Compensation Plan Trust may be terminated in its entirety when all of the participating deferred compensation plans have been terminated in their entirety or have terminated their participation in the Deferred Compensation Plan Trust. The Other Post-Employment Benefit Plan Trust may be terminated in its entirety when all of the participating other post-employment benefit plans have been terminated in their entirety or have terminated their participation in the Other Post-Employment Benefit Plan Trust. The Defined Benefit Pension Plan Trust may be terminated in its entirety pursuant to Florida law. This Agreement and the Master Trust Fund may be terminated in their entirety pursuant to Florida law.

In case of a termination of this Agreement, either in whole or in part, the Master Trustees (subject to the provisions of Section 111 hereof and reserving respectively such sums as the Master Trustees shall deem necessary in settling their respective accounts and to discharge any obligation of the Master Trust Fund for which as trustees the Master Trustees shall be liable) shall hold, apply, transfer or distribute the affected assets of the Master Trust Fund in accordance with the applicable provisions of this Agreement and the affected Plans. Upon any termination, in whole or in part, of this Agreement and the trusts created hereby, the Master Trustees shall have a right to have their respective accounts settled as provided in Section 112.

In the case of the complete or partial termination of this Agreement as to one or more Employers, including a termination arising from the discontinuance or delinquency of contributions, the affected assets of the Master Trust Fund shall continue to be held pursuant to the direction of the Master Trustees, for the benefit of affected Participating Employees and Beneficiaries, pursuant to the benefit provisions of the affected Plan. This Agreement shall remain in full effect with respect to each Participating Employer that does not terminate its participation in the Master Trust Fund on behalf of its Participating Employees, or whose participation is not terminated by the Master Trustees. In the event of a complete termination of the Master Trust Fund, or of the complete termination of the Defined Contribution Pension Plan Trust, the Deferred Compensation Plan Trust, the Defined Benefit Pension Plan Trust or the Other Post-Employment Benefit Plan Trust, the Master Trustees will take reasonable steps to avoid a distribution to the Participating Employees and Beneficiaries, except pursuant to benefit options under the provisions of the participating Plans, including transfers to successor plan(s). However, if distributions must be made, the Administrator shall be responsible for directing distribution of all affected assets of the Master Trust Fund to Participating Employees and Beneficiaries.

Distributions under a participating Plan of existing accounts or accrued benefits to the Participating Employees and Beneficiaries affected by the termination are subject to the benefit provisions of the Plan. However, if a Participating Employer requests a plan-to-plan transfer of Plan assets with respect to the Participating Employer's Participating Employees, the Master Trustees may in their discretion make the transfer.

Notwithstanding the foregoing, the Master Trustees shall not be required to pay out any assets of the Master Trust Fund to Participating Employees and Beneficiaries or a successor plan upon termination of this Agreement or the Master Trust Fund, in whole or in part, until the Master Trustees have received written certification from the Administrator (i) that all provisions

of law with respect to such termination have been complied with, including the termination of a Plan; and (ii) after the Master Trustees have made a determination of the fair market value of the assets of a Plan, that the assets of the Plan are sufficient to discharge when due all obligations of the Plan required by law. The Master Trustees shall rely conclusively on such written certification and shall be under no obligation to investigate or otherwise determine its propriety.

When the assets of the Master Trust Fund affected by a termination have been applied, transferred or distributed and the accounts of the Master Trustees have been settled, then the Master Trustees shall be released and discharged from all further accountability or liability respecting the trust or trusts, or portions thereof, affected by the termination and shall not be responsible in any way for the further disposition of the assets of the trust or trusts, or portions thereof, affected by the termination or any part thereof so applied, transferred or distributed.

Section 111. PROHIBITION OF ASSIGNMENT OF INTEREST.

No interest, right or claim in or to any part of the Master Trust Fund or the funds of the Plans, or any payment therefrom shall be assignable, transferable or subject to sale, mortgage, pledge, hypothecation, commutation, anticipation, garnishment, attachment, execution or levy of any kind, and the Master Trustees shall not recognize any attempt to assign, transfer, sell, mortgage, pledge, hypothecate, commute or anticipate the same, except to the extent required by law.

Section 112. MISCELLANEOUS.

A. Titles. The titles to Parts and Sections of this Agreement are placed herein for convenience of reference only, and the Agreement is not to be construed by reference thereto.

B. Professional Administrator. The Administrator may delegate any of its obligations under this Agreement to a professional administrator.

C. Successors. This Agreement shall bind and inure to the benefit of the successors and assigns of the Florida League of Cities, Inc., the Master Trustees, the Participating Employers and the Participating Employees.

D. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original but all of which together shall constitute but one instrument, which may be sufficiently evidenced by any counterpart. Any Participating Employer that formally applies for participation in this Agreement by executing a Trust Joinder Agreement and is accepted by the Master Trustees shall thereupon become a party to this Agreement and be bound by all of the terms and conditions thereof, and said Trust Joinder Agreement shall constitute a counterpart of this Agreement.

E. Jurisdiction. This Agreement shall be interpreted, construed and enforced, and the trust or trusts created hereby shall be administered, in accordance with the laws of the United States and of the State of Florida.

F. Situs of the Trust. The situs of the trust or trusts created hereby is the State of Florida. All questions pertaining to its validity, construction, and administration shall be

determined in accordance with the laws of the State of Florida. Venue for any action regarding this Agreement is Leon County, Florida.

G. Construction. Whenever any words are used in this Agreement in the masculine gender, they shall be construed as though they were also used in the feminine or neuter gender in all situations where they would so apply and whenever any words are used in this Agreement in the singular form, they shall be construed as though they were also used in the plural form in all situations where they would so apply, and whenever any words are used in this Agreement in the plural form, they shall be construed as though they were also in the singular form in all situations where they would so apply.

H. Fiscal Year. The Master Trust Fund and all trusts created by it shall operate on a fiscal year from 12:01 a.m. October 1st to midnight of the last day in September in the following year or as otherwise provided by the participating Plan. Application for participation in this Agreement, when approved in writing by the Master Trustees or their designee, shall constitute a continuing contract for each succeeding fiscal year unless cancelled by the Master Trustees or unless the Participating Employer resigns or withdraws from this Agreement by written notice.

I. Parties Bound. This Agreement shall be binding upon the parties hereto, the Participating Employers and the Participating Employees in any Plan and persons claiming under or through them pursuant to any Plan, and, as the case may be, the heirs, executors, administrators, successors and assigns of each of them.

J. Necessary Parties to Disputes. Necessary parties to any accounting, litigation or other proceedings relating to this Agreement shall include only the Master Trustees and the Administrator. The settlement or judgment in any such case in which the Master Trustees are duly served or cited shall be binding upon all Participating Employers and Participating Employees in any Plan and their Beneficiaries and estates, and upon all persons claiming by, through or under them.

K. Severability. If any provision of this Agreement shall be held by a court of competent jurisdiction to be invalid or unenforceable, the remaining provisions of the Agreement shall continue to be fully effective. If any provision of the Agreement is held to violate the IRC or to be illegal or invalid for any other reason, that provision shall be deemed to be null and void, but the invalidation of that provision shall not otherwise affect any Plan or trust created by this Agreement.

## PART 2 - DEFINED BENEFIT PENSION PLAN TRUST

Section 200. APPLICATION.

The provisions of Part 2 apply to the Defined Benefit Pension Plan Trust and the participating defined benefit pension plans of Participating Employers.

Section 201. ESTABLISHMENT AND PURPOSE OF TRUST FOR DEFINED BENEFIT PENSION PLANS.

A. Establishment of Trust For Defined Benefit Pension Plans. The Participating Employers with a defined benefit pension plan or plans establish with the Master Trustees, and the Master Trustees hereby accept, a Defined Benefit Pension Plan Trust for the exclusive benefit of Participating Employees and Beneficiaries of Participating Employers consisting of such cash or other property acceptable to the Master Trustees as shall be transferred to the Master Trustees from time to time by the trustee of any Participating Employer with a defined benefit pension plan or plans, as provided in Section 202 hereof, for investment in the Master Trust Fund, together with the earnings, income, additions and appreciation thereon and thereto.

B. Purposes of Defined Benefit Pension Plan Trust. The Master Trustees may use and apply assets in the Defined Benefit Pension Plan Trust, as part of the Master Trust Fund, for the following purposes:

1. At no time prior to the satisfaction of all liabilities with respect to Participating Employees and their Beneficiaries shall any part of the corpus or income be used for, or diverted to, purposes other than the exclusive benefit of the Participating Employees and their Beneficiaries to distribute the corpus and income of the Defined Benefit Pension Plan Trust to the Participating Employees and their Beneficiaries in accordance with applicable law and the participating defined benefit pension plans.

2. To establish and accumulate as part of the Master Trust Fund an adequate reserve to carry out the purposes of the Defined Benefit Pension Plan Trust.

3. To pay any federal, state or local taxes or fees, which may be properly imposed on or levied against the Defined Benefit Pension Plan Trust or benefits paid therefrom.

4. If deemed appropriate and advisable, to pay premiums on separately administered life insurance coverage on the lives of Participating Employees of Participating Employers.

Section 202. PARTICIPATING EMPLOYERS WITH A DEFINED BENEFIT PENSION PLAN OR PLANS.

A. Approval. Before the approval of the participation of any Employer that has a defined benefit pension plan not established as a Plan by the Master Trustees, such plan must be approved for actuarial soundness by an actuary selected by the Master Trustees or Administrator and such plan must comply with Chapter 112, Florida Statutes.

B. Accumulated Share. No Participating Employer shall have any right, title or interest in or to any specific assets of the Master Trust Fund, but shall have an undivided beneficial interest in the Master Trust Fund; however, there shall be a specific accounting of assets allocable to each Participating Employer and each participating Plan.

C. Contributions. The Administrator shall have the responsibility for accepting contributions by Participating Employers. The Administrator shall be under no duty to determine whether the amount of any contribution is in accordance with the Participating Employer's defined benefit pension plan or plans or to collect or enforce payment of any contribution. All contributions under the participating defined benefit pension plans shall be transferred to the Defined Benefit Pension Plan Trust to be held, managed, invested and distributed as part of the Defined Benefit Pension Plan Trust by the Master Trustees in accordance with the provisions of the Plans and applicable law. All benefits under the Plans shall be distributed solely from the Defined Benefit Pension Plan Trust and Participating Employers shall have no financial liability therefor other than the obligation to make contributions to the Defined Benefit Pension Plan Trust as provided in the Plans.

D. Chapter 175 or 185 Plans. The Master Trustees shall be authorized to take the steps they deem necessary or appropriate to comply with Chapters 175 and 185, Florida Statutes, with respect to any defined benefit pension plan of a Participating Employer established pursuant to such Chapters.

## PART 3 - DEFINED CONTRIBUTION PENSION PLAN TRUST

Section 300. APPLICATION.

The provisions of Part 3 apply to the Defined Contribution Pension Plan Trust and the participating defined contribution pension plans of the Participating Employers.

Section 301. ESTABLISHMENT AND PURPOSE OF TRUST FOR DEFINED CONTRIBUTION PENSION PLANS.

A. Establishment of Trust for Defined Contribution Pension Plans. The Master Trustees established the Defined Contribution Pension Plan Trust for the exclusive benefit of Participating Employees of Participating Employers with a defined contribution pension plan or plans. The authority to conduct the general investment operation and the general administration of the Defined Contribution Pension Plan Trust is vested in the Master Trustees. The Master Trustees may contract with the Administrator to perform delegated functions with respect to any participating defined contribution pension plan, and the Administrator may contract with third parties to provide administrative, investment and custodial services in relation to any participating defined contribution pension plan.

B. Purposes of Defined Contribution Pension Plan Trust. The Master Trustees shall maintain the Defined Contribution Pension Plan Trust for the exclusive benefit of the Participating Employees and their Beneficiaries. The Master Trustees intend to maintain sound prudent practices designed to provide easy and convenient access to information and transactions for Participating Employees, including transfers from one investment option to another at the Participating Employee's direction. The Master Trustees intend to maintain these practices at a reasonable cost to the Participating Employers and Participating Employees. The Master Trustees intend to preserve Participating Employees' rights to choose freely among a broad range of investment options and to self-direct investments for their Plan accounts. Further, the Master Trustees intend to perform ongoing evaluations and reviews to ensure that the investment

options offered remain diversified, competitive and attractive to Participating Employers and Participating Employees. It is the Master Trustees' intent that the Defined Contribution Pension Plan Trust be exempt under Sections 501(a) and 115 of the IRC.

Section 302. DEFINED CONTRIBUTION PENSION PLAN TRUST ADMINISTRATION.

A. Defined Contribution Pension Plan Trust Administration. The Master Trustees shall receive and accept for the purposes hereof all property paid to them by or at the direction of the Participating Employers and Participating Employees and shall hold, invest, reinvest, manage, administer and distribute property and the increments, proceeds, earnings and income thereof for the exclusive benefit of the Participating Employees and Beneficiaries under the participating defined contribution pension plans. All assets shall be held by the Master Trustees in the Defined Contribution Pension Plan Trust. The Master Trustees have authority to invest, in accordance with valid Participating Employer and Participating Employee instructions, and manage the assets of the Defined Contribution Pension Plan Trust.

B. Exclusive Benefit Rule. No portion of the vested principal or the income of the Defined Contribution Pension Plan Trust shall revert to any Participating Employer, or ever be used for or diverted to any purpose other than for (i) the exclusive benefit of Participating Employees in the participating defined contribution pension plans and persons claiming under or through them pursuant to such plans and (ii) the payment of reasonable expenses of such plans and the Defined Contribution Pension Plan Trust. The Master Trustees shall administer the Defined Contribution Pension Plan Trust in compliance with IRC Section 503(b).

C. Defined Contribution Pension Plans. All references in this Part 3 to defined contribution pension plans shall mean the participating defined contribution pension plans of the Participating Employers in the Defined Contribution Pension Plan Trust. The participating defined contribution pension plans, as amended from time to time, shall be incorporated herein by reference, and the terms herein shall have the meanings attributed to them in such plans.

D. Property. The word "property" used for the Defined Contribution Pension Plan Trust shall be deemed to refer to any property, real or personal, or part interest therein, wherever situated, including, but without being limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general, or in any insurance contract, policy, annuity or other investment media offered by an insurance company.

Section 303. DEPOSITS AND DISBURSEMENTS FROM THE TRUST.

A. Trust Deposits. The Master Trustees hereby delegate to the Administrator the responsibility for accepting deposits to the Defined Contribution Pension Plan Trust.

B. Trust Payments. The Master Trustees hereby delegate to the Administrator the responsibility for making payments from the Defined Contribution Pension Plan Trust. The Administrator shall make payments from the Defined Contribution Pension Plan Trust to Participating Employees, their Beneficiaries and such other persons as the appropriate participating defined contribution pension plans may provide. Such payments shall be made in

such manner, in such amounts and for such purposes, including the payment of Benefits under participating defined contribution pension plans and the payment of expenses of administration of the participating defined contribution pension plans, as may be specified in the participating defined contribution pension plans. The Administrator shall ensure that any payment directed under this Section conforms to the provisions of the applicable participating defined contribution pension plan, this Agreement, and the provisions of applicable law. Payments from the Defined Contribution Pension Plan Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Master Trustees shall not incur any liability or other damage on account of any payment or other distribution made by the Defined Contribution Pension Plan Trust in accordance with this Section.

C. Allocation of Expenses. The Master Trustees shall pay all expenses of the Defined Contribution Pension Plan Trust from the assets in the Defined Contribution Pension Plan Trust. All expenses of the Defined Contribution Pension Plan Trust, which are allocable to a particular investment option or account, may be allocated and charged to such investment option or account as determined by the Master Trustees. All expenses of the Defined Contribution Pension Plan Trust which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Master Trustees.

Section 304. INVESTMENT OPTIONS.

The Master Trustees, in accordance with provisions of the participating defined contribution pension plans, may establish one (1) or more investment options within the Defined Contribution Pension Plan Trust, each option being hereinafter referred to as an "investment option." The Master Trustees shall transfer to each such investment option such portion of the assets of the Defined Contribution Pension Plan Trust as appropriate. The Master Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with valid specific investment directions given by the Participating Employers or Participating Employees. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option. The Master Trustees shall establish at least one (1) default investment option in the absence of valid Participating Employer or Participating Employee investment direction.

From time to time, the Master Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in another investment option in accordance with the directions of the Master Trustees.

Section 305. INVESTMENT IN INSURANCE CONTRACTS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with insurance companies qualified to do business in the State of Florida. Any asset invested pursuant to such an agreement shall be held by the insurance company. Each insurance company so selected shall certify the value of the Defined Contribution Pension Plan Trust's interest in the property held by it at least annually. The Master Trustees shall be entitled

to rely conclusively on such valuation for all purposes under the Defined Contribution Pension Plan Trust.

Section 306. INVESTMENT IN MUTUAL FUNDS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with companies offering mutual fund products. Any asset invested pursuant to such an agreement shall be held by the Master Trustees. Each mutual fund so selected shall certify the value of the Defined Contribution Pension Plan Trust's interest in that fund at least annually. The Master Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Defined Contribution Pension Plan Trust.

Section 307. MISCELLANEOUS.

A. Conflict. In resolving any conflict among provisions of the Defined Contribution Pension Plan Trust and in resolving any other uncertainty as to the meaning or intention of any provision of the Defined Contribution Pension Plan Trust, the interpretation that (i) causes the participating defined contribution pension plans to satisfy the applicable requirements of IRC Sections 401(a) and 414(d) and the Defined Contribution Pension Plan Trust to be exempt from tax under IRC Sections 115 and 501(a), and (ii) causes the participating defined contribution pension plan and the Defined Contribution Pension Plan Trust to comply with all applicable requirements of law shall prevail over any different interpretation.

B. No Guarantees. Neither the Administrator nor the Master Trustees guarantee the Defined Contribution Pension Plan Trust from loss or depreciation or the payment of any amount which may become due to any person under any participating defined contribution pension plan or this Agreement.

## PART 4 - DEFERRED COMPENSATION PLAN TRUST

Section 400. APPLICATION.

The provisions of Part 4 apply to the Deferred Compensation Plan Trust and the participating deferred compensation plans.

Section 401. ESTABLISHMENT AND PURPOSE OF TRUST FOR DEFERRED COMPENSATION PLANS.

A. Establishment of Trust for Deferred Compensation Plans. The Master Trustees establishes the Deferred Compensation Plan Trust for the exclusive benefit of Participating Employees of Participating Employers with a deferred compensation plan or plans. The authority to conduct the general investment operation and the general administration of the Deferred Compensation Plan Trust is vested in the Master Trustees. The Master Trustees may contract with the Administrator to perform delegated functions with respect to any participating deferred compensation plan and the Administrator may contract with third parties to provide administrative, investment and custodial services in relation to any participating deferred compensation plan.

B. Purposes of Deferred Compensation Plan Trust. The Master Trustees shall maintain the Deferred Compensation Plan Trust for the exclusive benefit of the Participating Employees and their Beneficiaries. The Master Trustees intend to maintain sound prudent practices designed to provide easy and convenient access to information and transactions for Participating Employees, including transfers from one investment option to another at the Participating Employee's direction. The Master Trustees intend to maintain these practices at a reasonable cost to the Participating Employers and Participating Employees. The Master Trustees intend to preserve Participating Employees' rights to choose freely among a broad range of investment options and to self-direct their investments. Further, the Master Trustees intend to perform ongoing evaluations and reviews to ensure that the investment options offered remain diversified, competitive and attractive to Participating Employers and Participating Employees. It is the Master Trustees' intent that the Deferred Compensation Plan Trust be exempt under Sections 501(a) and 115 of the IRC.

Section 402. DEFERRED COMPENSATION PLAN TRUST ADMINISTRATION.

A. Deferred Compensation Plan Trust Administration. The Master Trustees shall receive and accept for the purposes hereof all property paid to them by or at the direction of the Participating Employers and Participating Employees and shall hold, invest, reinvest, manage, administer and distribute property and the increments, proceeds, earnings and income thereof for the exclusive benefit of the Participating Employees and Beneficiaries under the participating deferred compensation plans. All assets shall be held by the Master Trustees in the Deferred Compensation Plan Trust. The Master Trustees have authority to invest, in accordance with valid Participating Employer and Participating Employee instructions, and manage the assets of the Deferred Compensation Plan Trust.

B. Exclusive Benefit Rule. No portion of the vested principal or the income of the Deferred Compensation Plan Trust shall revert to the Participating Employers, or ever be used for or diverted to any purpose other than for (i) the exclusive benefit of Participating Employees in the Deferred Compensation Plan Trust and persons claiming under or through them pursuant to the participating deferred compensation plans and (ii) the payment of reasonable expenses of such plans and the Deferred Compensation Plan Trust. The Master Trustees shall administer the Deferred Compensation Plan Trust in compliance with IRC Section 503(b).

C. Deferred Compensation Plans. All references in this Part 4 to deferred compensation plans shall mean the participating deferred compensation plans of the Participating Employers in the Deferred Compensation Plan Trust. The participating deferred compensation plans, as amended from time to time, shall be incorporated herein by reference, and the terms herein shall have the meanings attributed to them in such plans.

D. Property. The word "property" used for the Deferred Compensation Plan Trust shall be deemed to refer to any property, real or personal, or part interest therein, wherever situated, including, but without being limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general, or in any insurance contract, policy, annuity or other investment media offered by an insurance company.

Section 403. DEPOSITS AND DISBURSEMENTS FROM THE TRUST.

A. Trust Deposits. The Master Trustees hereby delegate to the Administrator the responsibility for accepting deposits to the Deferred Compensation Plan Trust.

B. Trust Payments. The Master Trustees hereby delegate to the Administrator the responsibility for making payments from the Deferred Compensation Plan Trust. The Administrator shall make payments from the Deferred Compensation Plan Trust to Participating Employees, their Beneficiaries and such other persons as the participating deferred compensation plans may provide. Such payments shall be made in such manner, in such amounts and for such purposes, including the payment of Benefits under participating deferred compensation plans and the payment of expenses of administration of the participating deferred compensation plans, as may be specified in the deferred compensation plan. The Administrator shall ensure that any payment directed under this Section conforms to the provisions of the deferred compensation plan, this Agreement, and the provisions of applicable law. Payments from the Deferred Compensation Plan Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Master Trustees shall not incur any liability or other damage on account of any payment or other distribution made by the Deferred Compensation Plan Trust in accordance with this Section.

C. Allocation of Expenses. The Master Trustees shall pay all expenses of the Deferred Compensation Plan Trust from the assets of the Deferred Compensation Plan Trust. All expenses of the Deferred Compensation Plan Trust, which are allocable to a particular investment option or account may be allocated and charged to such investment option or account as determined by the Master Trustees. All expenses of the Deferred Compensation Plan Trust which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Master Trustees.

Section 404. INVESTMENT OPTIONS.

The Master Trustees, in accordance with provisions of the participating deferred compensation plans, may establish one (1) or more investment options within the Deferred Compensation Plan Trust, each option being hereinafter referred to as an "investment option." The Master Trustees shall transfer to each such investment option such portion of the assets of the Deferred Compensation Plan Trust as appropriate. The Master Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with valid specific investment directions given by the Participating Employers or Participating Employees. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option. The Master Trustees shall establish at least one (1) default investment option in the absence of valid Participating Employer or Participating Employee investment direction.

From time to time, the Master Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in another investment option in accordance with the directions of the Master Trustees.

Section 405. INVESTMENT IN INSURANCE CONTRACTS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with insurance companies qualified to do business in the State of Florida. Any asset invested pursuant to such an agreement shall be held by the insurance company. Each insurance company so selected shall certify the value of the trust's interest in the property held by it at least annually. The Master Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Deferred Compensation Plan Trust.

Section 406. INVESTMENT IN MUTUAL FUNDS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with companies offering mutual fund products. Any asset invested pursuant to such an agreement shall be held by the Master Trustees. Each mutual fund so selected shall certify the value of Deferred Compensation Plan Trust's interest in that fund at least annually. The Master Trustees shall be entitled to rely conclusively on such valuation for all purposes under Deferred Compensation Plan Trust.

Section 407. MISCELLANEOUS.

A. Conflict. In resolving any conflict among provisions of Deferred Compensation Plan Trust and in resolving any other uncertainty as to the meaning or intention of any provision of Deferred Compensation Plan Trust, the interpretation that (i) causes the participating deferred compensation plans and Deferred Compensation Plan Trust to satisfy the applicable requirements of IRC Section 457(b) and the Deferred Compensation Plan Trust to be exempt from tax under IRC Sections 115 and 501(a), and (ii) causes the participating deferred compensation plans and Deferred Compensation Plan Trust to comply with all applicable requirements of law shall prevail over any different interpretation.

B. No Guarantees. Neither the Administrator nor the Master Trustees guarantee the Deferred Compensation Plan Trust from loss or depreciation or the payment of any amount which may become due to any person under the participating deferred compensation plans or this Agreement.

## PART 5 – OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST

Section 500. APPLICATION.

The provisions of Part 5 apply to the Other Post-Employment Benefit Plan Trust and the participating post-employment benefit plans of Participating Employers other than pension plans.

Section 501. ESTABLISHMENT OF OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST.

The Participating Employers with post-employment benefit plan or plans other than pension plans establish with the Master Trustees, and the Master Trustees hereby accept, an Other Post-Employment Benefit Plan Trust for the exclusive benefit of such Participating

Employers' Participating Employees and their Beneficiaries consisting of such cash or other property acceptable to the Master Trustees as shall be transferred to the Master Trustees from time to time by the trustee of any Participating Employer's other post-employment benefit plan or plans, as provided in Section 502 hereof, for investment in the Master Trust Fund, together with the earnings, income, additions and appreciation thereon and thereto.

Section 502. ADMINISTRATION OF OTHER POST-EMPLOYMENT BENEFIT PLAN TRUST.

A. General. The Master Trustees shall receive and accept for the purposes hereof all property paid to them by or at the direction of the Participating Employers and Participating Employees and shall hold, invest, reinvest, manage, administer and distribute property and the increments, proceeds, earnings and income thereof for the exclusive benefit of the Participating Employees and their Beneficiaries under the participating other post-employment benefit plans. All such assets shall be held by the Master Trustees in the Other Post-Employment Benefit Plan Trust. The Master Trustees have authority:

1. to invest, manage and distribute the assets of the Other Post-Employment Benefit Plan Trust;

2. to establish and accumulate as part of the Master Trust Fund an adequate reserve to carry out the purposes of the Other Post-Employment Benefit Plan Trust;

3. to pay any federal, state or local taxes or fees, which may be properly imposed on or levied against the Other Post-Employment Benefit Plan Trust or benefits paid therefrom; and

4. if deemed appropriate and advisable, to pay premiums on separately administered life or other insurance coverage on the lives of Participating Employees of Participating Employers with participating other post-employment benefit plans.

B. Exclusive Benefit Rule. Except as otherwise provided by any applicable provision of any statute, regulation, ordinance, resolution or other post-employment benefit plan, no portion of the vested principal or the income of the Other Post-Employment Benefit Plan Trust shall revert to any Participating Employer, or ever be used for or diverted to any purpose other than for (i) the exclusive benefit of Participating Employees in the participating post-employment benefit plans and persons claiming under or through them pursuant to such plans and (ii) the payment of reasonable expenses of such plans and the Other Post-Employment Benefit Plan Trust. The Master Trustees shall administer the Other Post-Employment Benefit Plan Trust in compliance with IRC Section 503(b).

C. Contributions. The Administrator shall have the responsibility for accepting contributions by Participating Employers. Neither the Master Trustees nor the Administrator shall be under any duty to determine whether the amount of any contribution is in accordance with the Participating Employer's other post-employment benefit plan or plans or to collect or enforce payment of any contribution. All contributions under the participating other post-employment benefit plans shall be transferred to the Other Post-Employment Benefit Plan Trust

to be held, managed, invested and distributed as part of the Other Post-Employment Benefit Plan Trust by the Master Trustees in accordance with the provisions of the Plans and applicable law. All benefits under the Plans shall be distributed solely from the Other Post-Employment Benefit Plan Trust and Participating Employers shall have no financial liability therefor other than the obligation to make contributions to the Other Post-Employment Benefit Plan Trust as provided in the Plans.

D. Other Post-Employment Benefit Plans. All references in this Part 5 to other post-employment benefit plans shall mean the participating other post-employment benefit plans of the Participating Employers in the Other Post-Employment Benefit Plan Trust. The participating other post-employment benefit plans, as amended from time to time, shall be incorporated herein by reference, and the terms herein shall have the meanings attributed to them in such plans.

E. Property. The word "property" used for the Other Post-Employment Benefit Plan Trust shall be deemed to refer to any property, real or personal, or part interest therein, wherever situated, including, but without being limited to, preferred and common stocks, shares of investment companies, bonds, notes, debentures and mortgages, equipment trust certificates, investment trust certificates, interest in partnerships whether limited or general, or in any insurance contract, policy, annuity or other investment media offered by an insurance company.

F. Applicable Laws and Regulations. The Master Trustees shall be authorized to take the steps they deem necessary or appropriate to comply with any laws or regulations applicable to any participating other post-employment benefit plan of a Participating Employer.

Section 503. PARTICIPATING EMPLOYERS WITH AN OTHER POST-EMPLOYMENT BENEFIT PLAN OR PLANS.

A. Approval. Before the approval of the participation of any Employer that has an other post-employment benefit plan not established as a Plan by the Master Trustees, such plan must be approved for actuarial soundness by an actuary selected by the Master Trustees or Administrator, if required, unless such requirement is waived by the Master Trustees.

B. Accumulated Share. No Participating Employer shall have any right, title or interest in or to any specific assets of the Master Trust Fund, but shall have an undivided beneficial interest in the Master Trust Fund; however, there shall be a specific accounting of assets allocable to each Participating Employer and each participating Plan.

Section 504. DEPOSITS AND DISBURSEMENTS FROM THE TRUST.

A. Trust Deposits. The Master Trustees hereby delegate to the Administrator the responsibility for accepting deposits to the Other Post-Employment Benefit Plan Trust.

B. Trust Payments. The Master Trustees hereby delegate to the Administrator the responsibility for making payments from the Other Post-Employment Benefit Plan Trust. The Administrator shall make payments from the Other Post-Employment Benefit Plan Trust to Participating Employees, their Beneficiaries and such other persons as the appropriate participating other post-employment benefit plans may provide. Such payments shall be made in

such manner, in such amounts and for such purposes, including the payment of Benefits under participating other post-employment benefit plans and the payment of expenses of administration of the participating other post-employment benefit plans, as may be specified in the participating other post-employment benefit plans. Payments from the Other Post-Employment Benefit Plan Trust shall be made by check (or the check of an agent) or deposit to the order of the payee. Payments or other distributions hereunder may be mailed to the payee at the address last furnished to the Administrator. The Master Trustees shall not incur any liability or other damage on account of any payment or other distribution made by the Other Post-Employment Benefit Plan Trust in accordance with this Section.

C. Allocation of Expenses. The Master Trustees shall pay all expenses of the Other Post-Employment Benefit Plan Trust from the assets in the Other Post-Employment Benefit Plan Trust. All expenses of the Other Post-Employment Benefit Plan Trust, which are allocable to a particular investment option or account, may be allocated and charged to such investment option or account as determined by the Master Trustees. All expenses of the Other Post-Employment Benefit Plan Trust which are not allocable to a particular investment option or account shall be charged to each such investment option or account in the manner established by the Master Trustees.

Section 505. INVESTMENT OPTIONS.

The Master Trustees, in accordance with applicable provisions of the participating other post-employment benefit plans, may establish one (1) or more investment options within the Other Post-Employment Benefit Plan Trust, each option being hereinafter referred to as an "investment option." The Master Trustees shall transfer to each such investment option such portion of the assets of the Other Post-Employment Benefit Plan Trust as appropriate. The Master Trustees shall manage, acquire or dispose of the assets in an investment option in accordance with valid specific investment directions given by the Participating Employers or Participating Employees. All income received with respect to, and all proceeds received from, the disposition of property held in an investment option shall be credited to, and reinvested in, such investment option. The Master Trustees shall establish at least one (1) default investment option in the absence of valid Participating Employer or Participating Employee investment direction.

From time to time, the Master Trustees may eliminate an investment option, and the proceeds thereof shall be reinvested in another investment option in accordance with the directions of the Master Trustees.

Section 506. INVESTMENT IN INSURANCE CONTRACTS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with insurance companies qualified to do business in the State of Florida. Any asset invested pursuant to such an agreement shall be held by the insurance company. Each insurance company so selected shall certify the value of the Other Post-Employment Benefit Plan Trust's interest in the property held by it at least annually. The Master Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Other Post-Employment Benefit Plan Trust.

Section 507. INVESTMENT IN MUTUAL FUNDS.

The Master Trustees may offer one (1) or more investment options pursuant to one (1) or more agreements with companies offering mutual fund products. Any asset invested pursuant to such an agreement shall be held by the Master Trustees. Each mutual fund so selected shall certify the value of the Other Post-Employment Benefit Plan Trust's interest in that fund at least annually. The Master Trustees shall be entitled to rely conclusively on such valuation for all purposes under the Other Post-Employment Benefit Plan Trust.

Section 507. MISCELLANEOUS.

A. Conflict. In resolving any conflict among provisions of the Other Post-Employment Benefit Plan Trust and in resolving any other uncertainty as to the meaning or intention of any provision of the Other Post-Employment Benefit Plan Trust, the interpretation that (i) causes the Other Post-Employment Benefit Plan Trust to be exempt from tax under IRC Sections 115 and 501(a), and (ii) causes the participating other post-employment benefit plan and the Other Post-Employment Benefit Plan Trust to comply with all applicable requirements of law shall prevail over any different interpretation.

B. No Guarantees. Neither the Administrator nor the Master Trustees guarantee the Other Post-Employment Benefit Plan Trust from loss or depreciation or the payment of any amount which may become due to any person under any participating other post-employment benefit plan or this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

IN WITNESS WHEREOF, the Master Trustees have caused this Master Trust Agreement to be amended and restated as of the 1st day of June, 2006.

Passed and adopted by the Master Trustees of the Florida Municipal Pension Trust Fund this 1st day of June, 2006.

Chair of the Master Trustees

Accepted by the Administrator

FLORIDA LEAGUE OF CITIES, INC.

By: _____
Executive Director

EXHIBIT "C"

# FLORIDA MUNICIPAL PENSION TRUST FUND
# INVESTMENT POLICY
*Amended and Restated As of June 1, 2007*

## I. AUTHORITY

The Master Trust Agreement originally made as of the 16th day of December, 1983, and as amended and restated most recently as of the 1st day of June, 2006, by and between all parties who are now or may hereafter become members of the Florida Municipal Pension Trust Fund ("FMPTF" or the "Master Trust Fund") and the individuals named as Master Trustees pursuant to Section 109 of the Master Trust Agreement and their successors (such trustees collectively referred to as the "Master Trustees"). The Master Trust Agreement provides that the Master Trustees have the exclusive authority and discretion to manage and control the assets of the Master Trust Fund according to the provisions herein. Except as otherwise defined herein, the capitalized terms in this policy shall have the same meaning as such terms have in the Master Trust Agreement.

## II. PURPOSE

The purpose of the Master Trust Fund is to collectively manage the investment of the assets of the Plans of participating Florida governments. The Master Trust Fund operates as a non-profit, tax-exempt entity that provides professional and cost-effective investment and administrative services for all types of retirement plans.

The Master Trustees have established the herein investment policy and portfolio guidelines to assist the Administrator in the administration of the assets of the Master Trust Fund; to guide the investment managers in structuring portfolios consistent with the Master Trust Fund's desired performance results and an acceptable level of risk; and to assure the Master Trust Fund assets are managed in a prudent fashion.

This policy is applicable to all funds, assets and properties under the control of the Master Trustees and to all consultants, agents, and staff responsible to the Master Trustees.

## III. DUTIES AND RESPONSIBILITIES

A. **Administrator**. Under the direction of the Master Trustees, it shall be the responsibility of the Administrator to supervise and administer the Master Trust Fund's investment program pursuant to a written agreement between the Master Trust Fund and the Administrator, including, but not limited to, the following:

1. Supervise and coordinate the activities of qualified investment management firms, dealers, brokers, issuers, custodians, consultants and other investment advisors in keeping with this investment policy.

2. Provide advice and assistance in the administration and operation of the Master Trust Fund's investment program.

3. Establish accounting systems and procedures for the safekeeping, disposal of and recording of all investment assets held or controlled by the Master Trust Fund including the establishment of appropriate internal controls as required.

4. Assist in the design, development, operation, review and evaluation of the Master Trust Fund's investment program for compliance with this policy.

5. Advise the Master Trustees as to recommendations relative to amendments to this policy.

6 Inform the Master Trustees of unaddressed concerns with the Master Trust Fund's investment program.

7. Immediately notify the Master Trustees of any event or of any information that may have a severe and adverse effect on the Master Trust Fund's investment program under the provisions of this policy.

**B.** **Investment Managers**. Under the direction of the Master Trustees and subject to an applicable written investment management agreement, the duties and responsibilities of the investment managers for the Master Trust Fund shall include, but not be limited to, the following:

*1.* Will have full discretion in the management of assets allocated to the investment managers, subject to the overall investment policy and guidelines set by the Master Trustees.

2. Serve as fiduciaries responsible for specific securities decisions.

3. Will abide by duties, responsibilities and guidelines detailed in any specific investment manager agreement.

**C.** **Custodian** Under the direction of the Master Trustees and subject to an applicable written custodial agreement, the duties and responsibilities of the Custodian shall include, but not be limited to, the following:

1. Accepts possession of securities for safekeeping; collects and disburses income; collects principal of sold, matured or called items; provides periodic accounting statements; and processes and maintains securities lending program.

2. Meets as required with the Master Trustees and provides reports relative to the status of the Master Trust Fund.

3. In a timely fashion, forwards and transmits to the appropriate investment managers all proxies related to equity securities held in an account.

4. Will abide by duties, responsibilities and guidelines detailed in any specific custodial agreement.

**D. Performance Monitoring Consultant (Investment Consultant)** Under the direction of the Master Trustees and subject to an applicable written investment consulting agreement, the duties and responsibilities of the investment consultant shall include, but not be limited to, the following:

*1.* Assists the Master Trustees in developing investment policy guidelines, including asset class choices, asset allocation targets and risk diversification.

2. Provides the Master Trustees with objective information on a broad spectrum of investment management specialists and helps construct a portfolio management team of superior investment managers.

3. Monitors the performance of the investment managers and provides regular quarterly reports to the Master Trustees, which will aid the Master Trustees in carrying out the intent of this policy.

4. Reports conclusions and recommendations to the Master Trustees as required.

5. Evaluates and makes recommendations, as needed, on portfolio management.

6. Evaluates and makes recommendations, as needed, on other areas of investment, such as real estate, foreign securities or venture capital.

7. Will abide by duties, responsibilities and guidelines detailed in any specific investment consulting agreement.

## IV. INVESTMENT AND FIDUCIARY STANDARDS

The standard of prudence to be used by investment advisors, money managers or other qualified parties or individuals with contracted investment responsibilities with the Master Trust Fund (the "Managers") shall be the "prudent person", which provides that the investments of the Master Trust Fund shall be made with the judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the invested Master Trust Fund assets considering the probable income, total return and probable safety of these Master Trust Fund investments. Managers shall adhere to the fiduciary standards set forth in the Employee Retirement Income Security Act of 1974 at 29 U.S.C. s. 1104(a)(1)(A) through (C). Individuals, acting in accordance with established procedures and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to minimize any investment losses.

Any individual who is 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. Managers shall have a written policy which addresses the disclosure of potential conflict-of-interests which shall be submitted to the Administrator upon request. Managers shall also disclose to the Administrator any

material financial/investment position or finding which may be contrary to this policy or otherwise related to the performance of the Master Trust Fund's portfolio. Any adverse findings of the U.S. Department of Labor or the Securities and Exchange Commission regarding a Manager or its financial activities shall be brought to the immediate attention of the Master Trustees by the Administrator once the Administrator is notified.

Before engaging in any investment transactions with the Master Trust Fund, a Manager shall have submitted to the Administrator a signed certification from a duly authorized representative attesting that the individuals responsible for the Master Trust Fund's account have reviewed and shall comply with this investment policy and that they agree to undertake reasonable efforts to preclude imprudent transactions involving the assets of the Master Trust Fund.

## V. INTERNAL CONTROLS

The Master Trustees require that the Administrator and any other designees establish a system of internal controls which shall be in writing. These controls shall be reviewed by independent certified public accountants as part of any required periodic financial statement audit. The internal controls should be designed to prevent losses of the Master Trust Fund which might arise from fraud, error, misrepresentation by third parties, or imprudent actions by the Master Trustees, Administrator or other designees.

## VI. BROKERAGE AND BID REQUIREMENT

Managers shall use their best efforts to ensure that portfolio transactions are placed on a best execution basis. The Master Trustees intend to utilize recapture commissions when it does not interfere with best execution, solely at the discretion of the investment managers. Managers are required to, on a quarterly basis, report all brokerage transactions and reasons for using brokers to the Master Trustees. The Managers shall competitively bid securities in question when feasible and appropriate. Except as otherwise required by law, the most economically advantageous bid must be selected.

## VII. PROXY VOTING

Responsibility for the voting of proxies shall be with the Master Trustees. The Master Trustees may exercise the right to assign this responsibility to the investment managers. Since proxy votes may be considered an asset of the Master Trust Fund, the assignment of voting proxies shall be exercised solely in the interest of the participants and beneficiaries of the Master Trust Fund, and for the exclusive purpose of providing benefits to participants and beneficiaries. Documentation related to the handling and voting of proxies will be reported to the Master Trustees on a quarterly basis.

The Master Trustees may (but are not required to) solicit Participating Employees' instructions as to the voting of a Master Trust Fund investment for their benefit. In so doing, the Master Trustees may solicit instructions from only those Participating Employees whose Plan accounts held the applicable investment on the record date fixed by the investment issuer. To the extent that the Administrator receives proper instructions from these Participating Employees, the Master Trustees shall vote the Master Trust Fund's rights in accordance with the instructions.

To the extent of the Master Trust Fund's rights for which Participating Employees did not give proper instructions, the Master Trustees may vote in their discretion.

## VIII. CONTINUING EDUCATION

The Master Trust Fund acknowledges the importance of continuing education for Master Trustees. To that end, the Master Trustees shall attend appropriate educational conferences in connection with their duties and responsibilities as Master Trustees.

## IX. REPORTING AND PERFORMANCE MEASUREMENT

The Administrator shall submit to the Master Trustees a quarterly investment report with information sufficient to provide for a comprehensive review of investment activity and performance for the quarter. Performance shall be measured against appropriate indices identified by the Master Trustees for each investment category. This report shall summarize recent market conditions, economic developments and anticipated investment conditions. The report should also summarize the investment strategies employed in the most recent quarter, and describe the portfolio in terms of investment securities, maturities, risk characteristics, adherence to guidelines and other relevant features.

Managers shall provide timely transaction and performance data to record and document investment activity, including asset valuation, yield and total return data and such other relative performance data of the Master Trust Fund's portfolio on a periodic basis as may be reasonably requested by the Administrator.

The Administrator, Managers and other contracted parties shall provide to the Master Trust Fund's auditor such verifications or reports as are required for the purpose of developing and supporting the annual financial statements of the Master Trust Fund and the footnotes thereto.

Managers shall provide immediate written and telephonic notice to the Administrator of any significant event relating to the Master Trust Fund, specifically but not limited to the resignation, termination or incapacity of any senior personnel of any Manager.

## X. RISK AND DIVERSIFICATION

The Master Trustees will monitor the return per unit of risk (as measured by the standard deviation of quarterly returns) of the Master Trust Fund's assets on an ongoing basis, with each Manager's contribution being reviewed independently and as to its impact on the overall Master Trust Fund's investment return and volatility of results over time. Each Manager's contribution will be measured against similar data for appropriate benchmarks.

Investment guidelines and monitoring will provide controls for identifying and limiting risk of loss from over concentration of assets invested in a specific maturity, with a single issuer, in like instruments, or dealers or through utilization of intermediaries for purchase and sale of investments.

Risk and diversification strategies shall be reviewed and revised, if necessary, on a regular basis in light of the current and projected market condition and the Master Trust Fund's needs.

Assets in the Master Trust Fund shall be diversified among equities, fixed income and real estate to minimize overall portfolio risk consistent with the level of expected return and thereby improve the long-term return potential of the Master Trust Fund's assets. The Master Trustees reserve the right to add additional diversification by retaining multiple Managers or portfolios, upon Master Trustee approval and amendment to this policy, to further minimize portfolio risk or to maintain the level of expected return.

Managers shall be selected to fulfill a particular diversifying role within the Master Trust Fund's overall investment structure. It is the express intent of the Master Trustees to grant each Manager substantial discretion over the assets under its control.

## XI. CUSTODIAN

The Custodian shall hold all actively managed or non-indexed assets of the Master Trust Fund. The Custodian will operate in accordance with a separate agreement with the Master Trustees. All securities shall be held with a third party, and all securities purchased by, and all collateral obtained by the Master Trustees shall be properly designated as an asset of the Master Trustees. No withdrawal of securities, in whole or in part, shall be made from safekeeping except by the Master Trustees or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery versus payment" basis, if applicable, to ensure that the Custodian will have the security or money, as appropriate, in hand at the conclusion of the transaction.

## XII. DEFINED BENEFIT PLAN SPECIFICATIONS

These provisions relate to the investment of the assets of the Defined Benefit Pension Plan Trust and the portion of the Other Post-Employment Benefit Plan Trust relating to other post-employment benefit plans that are defined benefit plans.

**A. Investment Objective and Expected Annual Rate of Return**. The primary objective is to seek long-term growth of capital and income consistent with conservation of capital. Necessary liquidity will be maintained to meet payout requirements. Emphasis is placed on achieving consistent returns and avoiding extreme volatility in market value.

As of October 1 of each year, the Master Trustees shall determine for the defined benefit plans in the Master Trust Fund the total expected annual rate of return for the current year, for each of the next several years and for the long-term thereafter. The expected annual rate of return for the current year and long-term thereafter is 7.5%, until amended by the Master Trustees. This determination must be filed promptly with the Department of Management Services, the Administrator, Master Trustees, and the actuaries, if any, for the Plans. Specific Plan provisions may supersede this expected rate of return by approval of the Administrator and Plan actuary.

**B. Asset Allocation and Portfolio Composition**. Assets of the Master Trust Fund shall be invested in a diversified portfolio consisting of equity and debt. Although cash is not

included in the asset allocation of the Master Trust Fund, surplus cash flows, additional contributions and Manager cash will be utilized to pay obligations of the Master Trust Fund and periodic re-balancing of the assets. The Master Trust Fund may consider investments in other asset classes which offer potential enhancement to total return at risks no greater than the exposure under the initially selected asset classes.

From time to time the Master Trustees will adopt asset allocation strategies within the ranges specified below:

| | Maximum Target Limitation |
|---|---|
| Equities | 70% at market |

The Master Trustees may employ an independent consultant to perform an annual, or more frequent, Asset Allocation Report that will include, but not be limited to, a strategic analysis and report on asset allocation investments between different types of investments and appropriate changes to the percentages therein. This study will be used to assist the Master Trustees in the determination of the appropriate investment allocation to maximize the return and minimize the risk to the pooled assets of the Master Trust Fund. This study may include a recommendation to add or delete asset classes as is warranted by the risk/reward analysis and by Master Trustees' approval.

The Master Trustees are not bound by acceptance or denial of recommendations presented in conjunction with the Asset Allocation Report.

It is not the intention of the Master Trust Fund to become involved in the day-to-day investment decisions. Therefore, the Administrator is authorized by this policy to make asset allocation decisions to reallocate or redirect either contributions or the investments held by the Master Trust Fund in order to take advantage of changing market conditions. Any tactical allocation that will cause the allocation of the investment classes to vary from the approved strategic allocation percentages of any asset class by more than 5% requires approval by the Chair of the Master Trustees.

The Administrator will report to the Master Trustees at their quarterly meetings on the tactical and re-balancing allocation decisions made during the prior quarter.

**C. Maturity and Liquidity**. The Master Trust Fund shall provide sufficient liquidity to meet any required payment.

**D. Authorized Investments**. In an effort to accomplish the objectives of the Master Trust Fund, this policy identifies various authorized investment instruments, issuer diversification, maturity constraints, investment ratings and liquidity parameters. The following are authorized investments:

1. Repurchase agreements which are purchased only from dealers authorized by the Master Trustees and may only involve the sale and repurchase of securities authorized for purchase by this investment policy. Maximum maturity at purchase shall not exceed 180 days with a total average maturity, at any point in time, for all repurchase agreements held of not greater than 60 days.

2. Direct obligations of the United States Treasury including bills, notes, bonds and various forms of Treasury zero-coupon securities.

3. Any authorized investments purchased by or through the State Board of Administration or the Office of the State Treasurer and held on behalf of the Master Trust Fund in a commingled pool or separate account.

4. Commercial paper issued in the United States by any corporation, provided that such instrument carries a rating of A1/P1 (or comparable rating) as provided by two of the top nationally recognized statistical rating organization; and that the corporation's long term debt, if any, is rated at least A1/A+ by a nationally recognized statistical rating organization or, if backed by a letter of credit ("LOC"), the long term debt of the LOC provider must be rated at least AA (or a comparable rating) by at least two of the nationally recognized statistical rating agencies publishing ratings for financial institutions. The maximum maturity shall not exceed 270 days from the time of purchase.

5. Banker's acceptances issued within the U.S. by institutions with a long term debt rating of at least AA or short term debt rating of P1 (or comparable ratings), as provided by one nationally recognized statistical rating organization. Exceptions to the above may be approved by the Administrator from time to time and reported to the Master Trustees. The invested account of a Manager may own no more than 5% of the portfolio in banker's acceptances issued by any one depository institution at one time. Maximum maturity shall not exceed 270 days from the time of purchase.

6. Nonnegotiable Certificates of Deposit issued by Florida Qualified Public Depositories as identified by the State Treasurer's office and/or negotiable certificates of deposit issued in U.S. dollars by institutions, provided such institution carries a short term rating of at least A1/P1 (or comparable rating) and a long term rating of a least A (or comparable rating) as provided by two of the top nationally recognized rating agencies. The invested account of a Manager may own no more than $5,000,000 in certificates of any one depository institution at one time. Maximum maturity on any certificate shall be 2 years.

7. Obligations of the agencies or instrumentalities of the federal government, including, but not limited to, the Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Banks, Federal Farm Credit Banks, Student Loan Marketing Association and the Resolution Master Trust Funding Corporation.

8. Money market mutual master trust funds as defined and regulated by the Securities Exchange Commission. Money market master trust funds will be limited to monies held by trustees, paying agents, safekeeping agents, etc. as a temporary investment to facilitate relationships as delineated above.

9. Mortgage obligations guaranteed by the United States government and sponsored agencies or instrumentalities including but not limited to the Government National Mortgage Association, the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation. Mortgage-backed securities, including

mortgage-pass through securities and collateralized mortgage obligations ("CMOs") issued, guaranteed or backed by an agency or instrumentality of the federal government or other mortgage securities including CMOs rated AAA or equivalent by a nationally recognized statistical rating organization. Derivative mortgage securities, such as interest only, principal only, residuals and inverse floaters are prohibited.

10. Corporate fixed income securities issued by any corporation in the United States with any A rating or better. A Manager may hold no more than 3% of the invested account in any one corporation at the time of purchase.

11. Asset-backed securities issued in the United States.

12. Securities of state, municipal and county governments or their public agencies, which are rated A or better by a nationally recognized statistical rating organization.

13. Commingled governmental investment trusts, no-load investment master trust funds, or no-load mutual master trust funds in which all securities held by the trusts or master trust funds are authorized investments as provided herein or as may be approved by the Master Trustees.

14. Guaranteed investment contracts ("GIC's") with insurance companies rated in the highest category by AM Best Rating System or a comparable nationally recognized statistical rating organization.

15. Investment agreements with other financial institutions. If collateralized, the collateral securing the investment agreement shall be limited to those securities authorized for purchase by this investment policy. The invested account of a Manager may own, at one time, no more than $10,000,000 in investment agreements from any one financial institution. Investment agreements are obligations of financials institutions typically bearing a fixed rate of interest and having a fixed maturity date. Investment agreements are privately negotiated and illiquid.

16. Equity assets, including common stock, preferred stock and interest bearing obligations having an option to convert into common stock.

17. Securities lending with approved dealers and custodians.

18 Florida Municipal Investment Trust (FMIvT) Portfolios.

**E. <u>Valuation of Illiquid Investments</u>.** If illiquid investments for which a generally recognized market is not available or for which there is no consistent or generally accepted pricing mechanism, the criteria set forth in Section 215.47(6), Florida Statutes, shall apply, except that submission to an Investment Advisory Council is not required. For each plan year (defined benefit plans only) the Master Trustees must verify the determination of the fair market value for those investments and ascertain that the determination complies with all applicable state and federal requirements. The Master Trustees shall disclose to the Department of Management Services and the Administrator each such investment for which the fair market value is not provided.

F. **Master Repurchase Agreements**. All approved institutions and dealers transacting repurchase agreements shall execute and perform as stated in a Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement. This provision does not restrict or limit the terms of any such Master Repurchase Agreement.

G. **Criteria for Investment Manager Review**. The Master Trustees wish to adopt standards by which ongoing retention of a Manager should be determined. With this in mind, the following guidelines are adopted:

If, at any time, any one of the following is breached, the Manager will be notified of the Master Trustees' serious concern for the Fund's continued safety and performance and that manager termination could occur.

1. Consistent performance below the 50th percentile in the specified universe over rolling 3-year periods.

2. Consistent under-performance of the stated target index over rolling 3-year periods.

3. Loss by the Manager of any senior personnel deemed detrimental to the Manager's ability to perform required duties or any potentially detrimental organizational issues that may arise and have an effect on the management of Master Trust Fund assets.

4. Substantial change in basic investment philosophy by the Manager.

5. Substantial change of ownership of the firm deemed detrimental to the Manager's ability to perform required duties.

6. Failure to attain at least a 51% vote of the confidence of the Master Trustees.

7. Failure to observe any guidelines as stated in this policy.

This shall in no way limit or diminish the Master Trustees' right to terminate the Manager at any time for any reason.

An investment management agreement will be entered into between the Master Trustees and each Manager. Each investment management agreement will include such items as fiduciary standards, notice requirements, duties and responsibilities and specific investment guidelines for the Manager and will be subject to the prior review and approval of an attorney for the Master Trustees.

All Managers must be duly registered with the appropriate government agencies to act in the capacity of investment manager on behalf of the Master Trustees. Any Manager appointed shall promptly notify the Master Trustees in the event any circumstance arises that may result in its failing to continue to meet the requirements stipulated by the respective government agencies.

A Manager's performance will be evaluated with the assistance of performance measurement consultants on an on-going basis and will be a primary criteria for their retention.

## XIII. DEFINED CONTRIBUTION AND DEFERRED COMPENSATION PLAN SPECIFICATIONS

These provisions relate to the investment of the assets of the Defined Contribution Pension Plan Trust, the Deferred Compensation Plan Trust and the portion of the Other Post-Employment Benefit Plan Trust relating to other post-employment benefit plans that are defined contribution plans.

**A. Purpose**. The Master Trustees are charged with the overall responsibility to manage the Master Trust Fund assets prudently on behalf of the Participating Employees. The general purpose of this investment policy is to assist the Master Trustees in discharging their responsibility to supervise, monitor and evaluate the investment of the Master Trust Fund assets. The Master Trustees believe this investment policy should be dynamic and should be reviewed periodically. The Master Trustees intend that this policy will not be overly restrictive given changing economic, business and capital market conditions.

Therefore, this policy is compiled to ensure:

1. The Master Trustees define a formal set of investment objectives, guidelines and procedures for the management of the Master Trust Fund assets, subject to the terms of the Plans' documents and investment advisory agreements entered into by the Managers and the Trustees.

2. Direct and indirect investment expenses are controlled and reasonable.

3. The investments of the Master Trust Fund assets are managed in accordance with the fiduciary prudence and due diligence requirements that experienced investment professionals would utilize and with all applicable laws, rules and regulations from various state, local and federal agencies that may impact the Master Trust Fund assets.

4. If and to the extent permitted by their respective Plans, Participating Employees and Beneficiaries have the ability to invest in a variety of asset classes, thereby gaining exposure to a wide range of investment opportunities.

**B. Investment Objective**. To the extent any Plans provide for participant-directed investments, the Master Trust Fund will make available a range of different diversified investment options that have varying degrees of risk and return.

It is anticipated, but not required, that the same investment options be available for each Plan. Investment options offered to Participating Employees and their Beneficiaries shall be approved by the Trustees.

To the extent any Plans provide for participant-directed investment, the primary objective of the Master Trust Fund is to offer the Participating Employees and their Beneficiaries a range

of investment choices to permit diversification and a choice of investment strategies. The objectives are further defined as follows:

1. To provide a spectrum of investment options so a Participating Employee will be able to choose the investment mix that may fall within a range of risk and return characteristics customarily appropriate for the Participating Employee.

2. To provide sufficient investment choices so that the asset classes selected shall be such that taken together Participating Employees will have a reasonable opportunity to materially affect the potential investment returns in their accounts, while at the same time controlling risk or volatility. It is the intent that a Participating Employee may be able to build a balanced portfolio in a manner generally consistent with modern portfolio theory.

**C. Guidelines**

1. Investment options for the Participating Employees shall be determined solely in the interest of the Participating Employees and their Beneficiaries and for the exclusive purpose of providing benefits to the Participating Employees and their Beneficiaries.

2. Investment options for the Participating Employees shall be determined with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and aims.

3. Investment options for the Participating Employees shall be determined so as to offer an array of investment options so Participating Employees can protect themselves from large losses by appropriately diversifying their account.

**D. Participant Control**. To the extent permitted by the Plans, Participating Employees shall be given control over the investment allocation process. This shall include the right to change investment allocations of existing account balances and future contributions daily. Participating Employees shall also be given information necessary for them to reasonably understand the investments and to make reasonably informed investment decisions.

**E. Procedure**

1. The Master Trustees shall use business judgment in selecting investment products limited to registered investment company ["mutual fund"] shares and collective investment fund units, which the Master Trustees may own indirectly through a group trust or a securities account. The Plans' investment options shall not include any investment for which the indicia of ownership cannot be held by the Master Trustees in the United States of America. Investment companies need not be classified as "diversified" as defined by the Investment Company Act of 1940. Both passive and actively managed investment strategies will be considered.

2. The following characteristics (when applicable) shall be considered in selecting the specific asset classes and corresponding investments to be made available to Participating Employees:

(a) Investment category and objective as defined in the prospectus or equivalent literature as well as current and historically consistent adherence to the asset classes and investment styles as defined in Section XIII.F below.

(b) The Manager(s) and tenure. (Longer tenure is preferred.)

(c) Acquisition costs and ongoing management fees including turnover. (Lower fees and turnover are preferred.)

(d) Investment record: total returns (net of expenses) on a time-weighted basis over three- and five-year periods and their relationship to appropriate benchmarks and peer groups. (Higher returns are preferred.)

(e) Risk adjusted return measurements: Sharpe Ratio and Alpha Returns and their relationship to appropriate benchmarks and peer groups. (Higher Sharpe Ratio and Alpha Return are preferred.)

(f) Risk characteristics: risk as measured implicitly by reviewing standard deviation and beta as used to compute Sharpe Ratios and Alpha statistics. (Lower standard deviations and betas are preferred.)

(g) Any other criteria that the Master Trustees deem worthwhile in judging the suitability of an investment, including, but not limited to, funds of the type customarily described or classified as socially responsible, as long as the overall range of other investment options meets all requirements of this investment policy.

The Master Trustees shall review the long-term performance, risk and correlation characteristics of various asset classes, focusing on the balance between risk and return and the asset class' market behavior so that the investment options reasonably span the risk/return spectrum.

3. Miscellaneous Criteria: In selecting the specific investments to be made available to participants, the Master Trustees shall consider the following additional criteria:

(a) *Services to Participating Employees*

(1) Communication from the funds
(2) Accessibility to fund information
(3) Ease and cost of investment transfers
(4) Nature and frequency of reports to Participating Employees

(b) *Services to Master Trustees*

(1) Nature and frequency of investment reports
(2) Availability and access to Administrator and Managers
(3) Corresponding costs and expenses associated with Plan record keeping and reporting and administration
(4) Quantitative and qualitative due diligence regarding the Managers

F. **Asset Classes**. As a result of review and analysis, and in consideration of the criteria outlined in this policy, the Master Trustees have selected the following asset classes (investment styles). It is understood that this list is dynamic and subject to change by amendment of this policy at any time and from time to time:

1. Money Market Fund - Seeks income by investing in cash or cash equivalent investments, primarily from banks.

2. Stable Value Fund - Seeks income with capital preservation by investing in a pool consisting of one or more of the following: GICs, synthetic investment contracts and separate account investment contracts issued by insurance companies; bank investment contracts; asset-backed securities; Treasury bonds and cash equivalents. The preponderance of its assets are invested in securities with a credit quality of AAA.

3. Short Term Bond Fund - Seeks income by investing the preponderance of the fund's assets in fixed income securities, primarily corporate bonds of various credit ratings and other investment grade securities. Will generally invest in securities with average credit ratings of at least BBB or better and with average effective durations of between 1 and 3.5 years.

4. Intermediate Term Bond Fund - Seeks income by investing the preponderance of the fund's assets in fixed income securities, primarily corporate bonds of various credit ratings and other investment grade securities. Will generally invest in securities with average credit ratings of at least BBB or better and with average effective durations of between 3.5 and 6 years.

5. Long Term Bond Fund - Seeks income by investing the preponderance of the fund's assets in fixed income securities, primarily corporate bonds of various credit ratings and other investment grade securities. Will generally invest in securities with average credit ratings of at least BBB or better and with average effective durations greater than 6 years.

6. Balanced Fund – Seeks both income and growth of capital by investing in fixed income securities with average credit ratings of BBB or better and large cap domestic equities.

7. Large Company Value Fund – Seeks growth of capital and current income as near equal objectives by investing in securities with above-average yields and with some potential for appreciation. Exhibits an investment style generally categorized as large value by investing the preponderance of its assets in securities with weighted

average market capitalizations of over $10 billion and exhibiting a value-oriented investment style as generally defined by professional investment analysis.

8. Large Company Core Fund - Seeks to replicate the performance of the S&P 500 Index with an average market capitalization of over $10 billion and price/earnings and price/book ratios within 12.5% of the S&P 500's ratios. May achieve this objective through passive (index) or active management.

9. Large Company Core Socially Conscious Fund – Having the same financial characteristics as the Large Company Core Fund, invests according to non-economic guidelines. May make investments based on issues such as environmental responsibility, human rights or religious views. May take a proactive stance by selectively investing in companies with good records in these areas or avoid investing in companies involved in promoting alcohol, tobacco, or gambling or in the defense industry.

10. Large Company Growth Fund - Seeks capital appreciation by investing primarily in equity securities of companies that are expected to grow at an above-average rate. Current income is a secondary objective. Exhibits an investment style generally categorized as large growth by investing the preponderance of its assets in securities with median market capitalizations of over $10 billion and exhibiting a growth-orientated investment style as generally defined by professional investment analysis.

11. Small Company Core Fund - Seeks capital appreciation by investing primarily in stocks of small companies as determined by market capitalization or assets. Exhibits an investment style generally categorized as small blend by investing the preponderance of its assets in securities with median market capitalizations below $2 billion and exhibiting a core investment style as generally defined by professional investment analysis.

12. Foreign Fund - Invests in equity securities of issuers located outside the United States except under adverse market conditions. Exhibits an investment style generally categorized as large blend by investing the preponderance of its assets in securities with median market capitalizations over $10 billion and exhibiting a core investment style as generally defined by professional investment analysis.

13. Emerging Markets Fund - Invests in equity securities issued by companies located outside of the United States but within the less developed or emerging market countries as generally defined by the professional investment organizations. Exhibits an investment style generally categorized as blend by investing the preponderance of its assets in securities with median market capitalizations below $10 billion and exhibiting a core investment style as generally defined by professional investment analysis.

14. Real Estate Fund - Seeks total return with equal emphasis on capital appreciation and current income by investing in equity securities of real estate companies, predominantly within the United States. Exhibits an investment style that is focused (not diversified) and generally categorized as core real estate by professional investment analysis.

G. **Trustee-Directed Participant Allocation**. The following investment allocation will be made for each Participating Employee's account that does not file and maintain a timely investment election form.

Age Based Default Fund utilizing the Vanguard Target Retirement Funds

H. **Performance Measurement**

1. Each investment shall be measured against the performance of its corresponding asset class and peer group as defined by performance monitoring services deemed to be acceptable by the investment consultant to the Master Trust Fund.

2. The performance of each investment shall be measured against market indexes that correspond with its investment category.

(a) Money Market Fund: Morningstar 3-Month Treasury Bill Index
(b) Pooled GIC Fund: Morningstar 3-Month Treasury Bill Index
(c) Short Term Bond Fund: Lehman Brothers Government 1-3 year Bond Index
(d) Intermediate Term Bond Fund: Lehman Brothers Aggregate Bond Index
(e) Long Term Bond Fund: Lehman Brothers Government/Credit Long Bond Index
(f) Balanced Fund: S&P 500 Index and the Lehman Brothers Aggregate Bond Index
(g) Large Company Value: Russell 1000 Value Index
(h) Large Company Core Fund: S&P 500 Index
(i) Large Company Growth Fund: Russell 1000 Growth Index
(j) Small Company Core Fund: Russell 2000 Index
(k) Foreign Fund: MSCI EAFE Index
(l) Emerging Markets Fund: MSCI Emerging Markets Free Index
(m) Real Estate Fund: Wilshire REIT Index

3. The performance of each investment may be measured against additional standards and benchmarks established by the Master Trustees from time to time as criteria for continued acceptance of each investment.

I. **Criteria for Evaluating Funds Selected in Each Asset Category**

1. The following information shall be considered in determining if an investment option should be replaced. Once an investment is selected for the Master Trust Fund, performance will be evaluated from the date it was added to the Master Trust Fund using these criteria. At all times each mutual fund must carry a Morningstar Star rating of at least a three if available.

(a) Portfolio statistics as determined by portfolio and style analysis that demonstrates a departure from the fund's intended investment category (asset class).

(b) Termination of the Manager, material change in the management team or change in ownership.

(c) Increase in direct and indirect expenses.

(d) A total return in the lowest 25th percentile in any consecutive 4 calendar quarters as compared to the fund's peer group that defines the comparable investment styles (universes).

(e) Rolling total returns in the bottom 50th percentile for any 3-year period ending on a calendar quarter as compared to the fund's peer group that defines the comparable investment styles (universes).

(f) Sharpe Ratios in the bottom 50th percentile for any 3-year period ending on a calendar quarter as compared to the fund's peer group that defines the comparable investment styles (universes).

(g) Negative Alpha Returns over any three-year period ending on a calendar quarter for actively managed funds. This is an observable and not actionable measurement and should be factored in only if there are other reasons for the fund to be on the monitor list.

(h) Any other information that may lead the Master Trustees to believe the fund is not fulfilling the intent and purpose of this policy, including performance relative to indexes specified in Section XIII.H above.

Investment options offered through the MetLife CHART Program are exempt from the following minimum performance criteria. However, as part of the effort to monitor the viability of the CHART Program, the Master Trustees will generally evaluate their proprietary funds in a manner comparable to what is applied to any fund included on the investment menu. The CHART Program is an advisory service offered by MetLife that utilizes "fund of funds" actively managed by MetLife.

Risk is measured implicitly by reviewing the Sharpe Ratio and Alpha statistic.

If any of these events occur, the Master Trustees shall consider whether the fund continues to be an appropriate investment for the Master Trust Fund. The Master Trustees acknowledge that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Master Trustees intend to evaluate Manager performance from a long-term perspective giving funds an opportunity to recover from periods of poor returns. If a Manager has consistently failed to adhere to one or more of the above conditions, it is reasonable to presume a lack of adherence going forward. Failure to remedy the circumstances of unsatisfactory performance by the Manager, within a reasonable time, shall be grounds for termination. Any recommendation to terminate a Manager will not be made solely based on quantitative data. Frequent changes are neither expected nor desirable. When a fund is replaced, all assets in the replaced fund will be transferred to the new fund 30 days after the Master Trustees have

voted to remove the fund. Written notice to all affected Participating Employers will be sent within 10 days of the Master Trustees decision to remove the fund. All deposits previously allocated into the replaced fund will be directed to the new fund. Appropriate information about the fund replacement and new fund prospectus will be given to Participating Employees prior to the exchange.

*Events that Constitute Immediate Removal of a Mutual Fund.*

In an effort to maintain strict oversight of the mutual funds in which assets of the Defined Contribution Pension Plan Trust, Deferred Compensation Plan Trust and Other Post-Employment Benefit Plan Trust are held, the following guidelines have been developed as a basis for when a mutual fund must immediately be removed from the Master Trust Fund. Funds meeting the following criteria may be removed by the Administrator with 30 days written notice to affected Participating Employees and notification to the Chair of the Master Trustees. Written notice to all affected Participating Employers will be sent within 10 days of the decision to remove the fund. Appropriate information about the fund's replacement and new fund prospectus will be given to Participating Employees prior to the exchange.

- Management team termination

- 12-month returns as compared to the relevant universe in the bottom 10th percentile

2. Qualitative due diligence of each fund will be conducted on a periodic basis with appropriate parties at each investment entity. Any issue materially affecting the management staff and investment process associated with each fund will be considered, including:

(a) Changes to the management team or the firm's ownership.

(b) Modifications to the fund's investment policy, philosophy and decision process.

(c) Deviation of investment style, regulatory action and investigation or litigation by a government agency.

J. **Proxy Voting**. The Master Trustees will vote on all proxies issued by the mutual funds.

## XIV. REVIEW AND AMENDMENTS

It is intended that the Managers, investment consultants, Administrator and Master Trustees review this investment policy periodically. If at any time a Manager or consultant believes that the specific objectives defined herein cannot be met or that the guidelines unreasonably constrict performance, the Master Trustees shall be notified in writing. By the initial and continuing acceptance of these investment guidelines, the Manager concurs with the provisions of this policy.

## XV. FILING OF INVESTMENT POLICY

Upon adoption by the Master Trustees, this investment policy shall be promptly filed with the Department of Management Services, the Participating Employers and the Plans' actuaries, if any. The effective date of this investment policy and any amendment hereto, shall be the 31st calendar day following the date of such filing.

## XVI. EFFECTIVE DATE

This amendment and restatement of the Florida Municipal Pension Trust Fund Investment Policy shall become effective as of June 1, 2007.

Adopted by the Master Trustees of the Florida Municipal Pension Trust Fund this 31st day of May, 2007.

Chair of the Master Trustees

Attest:

FLORIDA LEAGUE OF CITIES, INC.

By: _____
Executive Director,