

**TOWN OF DAVIE POLICE PENSION PLAN  
INVESTMENT POLICY STATEMENT  
Revised February 2026**

**I. PURPOSE OF INVESTMENT POLICY STATEMENT**

The Town of Davie Police Pension Plan (Plan) has been created and funded to provide retirement benefits for those employees who through their years of service have earned a right to a pension benefit. The purpose of this Plan is to provide for the accumulation and distribution of money in an actuarially sound fashion over the years of the employees' service and subsequent retirement. This document is designed to set forth the guidelines for those who administer and invest the funds in the portfolio.

The Pension Board of Trustees (Board) maintains that an important determinant of future investment returns is the expression and periodic review of the Plan's investment objectives. To that end, the Board has adopted this Investment Policy Statement.

In fulfilling their fiduciary responsibility, the Board recognizes that the Plan is an essential vehicle for providing income and benefits to retired participants and/or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that the Investment Policy should be made with a view toward performance return over a number of years. The general investment objective, then, is to obtain a reasonable total rate of return, defined as interest and dividend income plus realized and unrealized gains or losses, commensurate with the Prudent Investor Rule and any other applicable statute or requirement.

A reasonably consistent and adequate return, protection of the assets against the inroads of inflation, and absolute safety of the assets are paramount. However, the volatility of interest rates and securities markets make it necessary to judge results within the context of several years rather than over short periods of one or two years. Performance will be measured quarterly.

**II. FLORIDA STATUTES AND APPLICABLE CITY ORDINANCES**

Since the Town of Davie Police Pension Plan is a defined benefit plan as defined and set forth by Florida Statutes Sections 215.47 (1), (2), (3), (4), (5), (6), (7), (8), (10) and (16) and Chapter 185, the Plan is subject to and complies with the Statutes. If at any time this document is found to be in conflict with Florida Statutes or applicable city ordinances, the statutes and ordinances shall prevail.

The Board and its investment managers (managers) shall comply with the applicable requirements of Chapter 2023-28, Laws of Florida, including Section 112.662, along with regulations adopted by the Department of Management Services. The term "pecuniary factor" is defined as a factor that a named fiduciary "prudently determines is expected to have a material effect on the risk or returns of an investment bases on appropriate investment horizons consistent with the investment objectives and funding policy of the investment program. The term does not include the consideration of the furtherance of any social, political or ideological interests." In selecting investment managers, only pecuniary factors may be considered and the interests of the participants and beneficiaries of the system may not be subordinated to other objectives, including sacrificing investment return or undertaking additional investment risk to

promote any nonpecuniary factor. The weight given to any pecuniary factor must appropriately reflect a prudent assessment of its impact on risk and/or returns. Only pecuniary factors may be considered when voting proxies.

The Board shall timely comply with the reporting requirements of Section 112.662 by filing a comprehensive report by December 15th of each odd-numbered year. Managers and the consultant shall assist in the preparation of the required reports and shall annually confirm to the Board their compliance with Chapter 2023-28.

Should the Board engage an investment consultant, the consultant will provide managers for consideration based solely on pecuniary factors as defined by Florida Statutes 112.662.

The Board hereby adopts the provisions of Florida Statutes §215.4725 as regulating their investments. Direct investment in "Entities that Boycott Israel" identified in the periodic publication by the State Board of Administration, in conjunction with the Department of Management Services, is prohibited. Securities identified on the list must be divested within twelve (12) months of the company's initial appearance on the list. However, if divestiture of business activities is accomplished and the company is subsequently removed from the list, the manager can continue to hold that security.

Although this Plan is not subject to the Employee Retirement Income Security Act (ERISA), Florida Statutes provide that the Board and all its agents comply with the standards set forth in ERISA. Therefore, all the individuals associated with the Plan should act within the confines of that statute. Where not specifically indicated, the actions or decisions of the individuals are to be governed by the prudent investor rule.

Additionally:

EVERY FIDUCIARY SHALL:

- Discharge his or her duties for the exclusive purpose of providing benefits to the Town of Davie Police Pension Plan members and their beneficiaries and defraying reasonable expenses of administering the Plan:
- Act with 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 with like aims;
- Diversify investments of the Plan to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so, and;
- Operate in accordance with the Plan procedures, documents and instruments.

### **III. INVESTMENT PERFORMANCE OBJECTIVES**

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

A. Total Plan Performance

The performance of the total Plan will be measured each quarter for rolling three and five year periods. These periods are considered sufficient to accommodate the market cycles commonly experienced with investments. In addition to achieving the required actuarial rate of return, the total return of this portfolio is expected to exceed the return of the calculated model index as provided by the consultant. The model index is defined as a composite of passive indices whose composition is determined each quarter based on the Plan's actual allocation.

B. Domestic Equity Performance

The large capitalization equity portion of the portfolio is expected to perform at a rate equal to the S&P 500 Index and perform in the top 50% of an appropriate large cap equity universe.

The mid capitalization equity portion of the portfolio is expected to perform at a rate equal to the CRSP US Mid Cap Index and perform in the top 50% of an appropriate mid cap equity universe.

The small capitalization equity portion of the portfolio is expected to perform at a rate greater than the Russell 2000 Small Cap Index and perform in the top 50% of an appropriate small cap equity universe.

C. International Equity Performance

The international equity portion of the portfolio is expected to perform at a rate greater than the MSCI Europe, Australasia and Far East (EAFE) Index and perform in the top 50% of an appropriate international equity universe.

D. Fixed Income Performance

The fixed income portion of the portfolio is expected to perform at a rate greater than the Bloomberg US Aggregate Bond Index and in the top 50% of an appropriate broad market fixed income universe.

E. Private Equity Performance

The private equity portion of the portfolio is expected to perform at a rate greater than the Cambridge Private Equity Index.

F. Real Estate Performance

The real estate portion of the portfolio is expected to perform at a rate greater than the NCREIF ODCE Index.

While the Board acknowledges that market conditions can produce periods where such returns

are difficult to achieve, the managers are expected to contribute to meeting the long term objectives of the Plan as well as others set forth in this document.

The investment guidelines for any commingled, mutual funds or limited partnerships are detailed in the prospectus, Declaration of Trust document or other governing documents for the funds. Where there are differences between this Investment Policy and the Declaration of Trust (or prospectus, etc.), the Declaration of Trust (or prospectus, etc.) shall govern.

#### **IV. INVESTMENT GUIDELINES**

Any investment not specifically addressed in these Guidelines is not allowed.

Equity Investments:

1. Equity investments must be listed on any one or more of the recognized national stock exchanges.
2. Equity investments made in any securities listed on an exchange other than those of the United States shall not be allowed. Investments in A.D.R.'s (American Depository Receipts) or foreign multi-national corporations shall be limited to 10% of the equity portfolio at market value.
3. The issuer of equity securities must have a publicly available operation record of at least five years, which may include past performance resulting from mergers, acquisitions, and spin-offs.
4. No equity investments shall be made in companies with a market capitalization less than \$100 million at the time of purchase.
5. No more than 10.0% of the total market value of equity investments shall be invested in the equity securities of any single company.
6. No more than 5.0% of the total market value shall be invested in the outstanding capital stock of any single company.
7. Electronically traded funds (ETF's) may be held temporarily in place of cash with a max of 10% of the total market value.
8. In accordance with Chapter 2023-28 requirements, when selecting investments only pecuniary factors may be considered and all the interest of the participants and beneficiaries of the Plan may not be subordinate to other objectives.

Fixed Income Investments:

1. Fixed income investments shall be permitted in obligations of the United States or obligations guaranteed as to principal and interest by the Government of the United States.
2. Fixed income investments shall be permitted in bonds issued by the State of Israel.

3. Fixed income investments shall have a minimum quality rating of 'A' or equivalent as rated by one or more recognized bond rating service at the time of purchase. Fixed income investments, which are downgraded to 'BAA' or equivalent, must be liquidated within a reasonable period not to exceed three (3) months. Should the manager choose to retain the instrument, the manager will provide the Board a written rationale for its holding.
4. No more than five percent (5%) of the total market value of all fixed income investments shall be invested in debt obligations of any one fixed income issuer except for securities issued and guaranteed by the United States Government, or its agencies, which may be held without limitations.
5. In accordance with Chapter 2023-28 requirements, when selecting investments, only pecuniary factors may be considered, and all the interests of the participants and beneficiaries of the Plan may not be subordinate to other objectives.

Real Estate Investments:

1. Investment in real estate is limited to commingled vehicles that are diversified by property type and region.

Private Equity Investments:

1. Investment in private equity is limited to commingled vehicles that are diversified across sectors and vintage years.

Cash and cash equivalent investments shall be made only in:

1. Money market funds, STIF funds.
2. Securities rated A-1 or better by Moody or P-1 or better by Standard & Poors.
3. Time or savings accounts of a national bank or a state bank insured by the Bank Insurance Fund, which is administered by the Federal Deposit Insurance Corporation.

Miscellaneous:

1. Use of swaps or other similar products are prohibited.
2. Use of margin buying is prohibited.
3. Use of derivative investments including: Forwards, futures options, warrants, hedging, or structured investments that display derivative like characteristics are prohibited.
4. Short selling of securities is prohibited.
5. Unregistered or restricted stocks are prohibited.
6. Commodities are prohibited.

7. No commingled or mutual funds may be used except for bank STIF funds.
8. The portfolio shall always comply with applicable laws and regulations. For the purposes of this Policy, if at any time this document is found to conflict with Florida Statutes or applicable City Ordinances, the Statute and Ordinances shall prevail.
9. Illiquid investments are prohibited.
10. Direct investment in ‘Scrutinized Companies’ identified as the “SBA list” in the periodic publication by the State Board of Administration (SBA) is prohibited. The SBA list is found on the SBA website and is updated quarterly. The website name is [www.sbafla.com/fsb/](http://www.sbafla.com/fsb/).

If an identified company responsible for prohibited business activities divests from those businesses and the company name is subsequently removed from the SBA list, the manager may continue to hold that security.

## V. BROKERAGE

Managers shall use their best efforts to ensure that portfolio transactions are placed on a “best execution” basis. Brokerage transactions should not be directed to any firm if in doing so, taking all factors into consideration, the Plan will incur a disadvantage with respect to the market price of the security. Further, irrespective of any obligations to pay for services engaged by either the managers or the Board, only transactions that would normally be made for the Plan in the absence of such obligations should be executed.

## VI. ASSET ALLOCATION

The Board has currently adopted the following asset allocation at market value:

	<u>Percentage</u>	<u>Index</u>
Large Cap Equity	30.0%	S&P 500
Mid Cap Equity	7.5%	CRSP US Mid Cap
Small Cap Equity	10.0%	Russell 2000
International Equity	12.5%	MSCI EAFE
Private Equity	6.0%	Cambridge Private Equity Index
Domestic Fixed Income	19.0%	Bloomberg US Aggregate Bond
Real Estate	15.0%	NCREIF ODCE

Although cash is not included in the asset allocation of the Plan, the Board realizes the need to provide liquidity to pay obligations as they come due. Surplus cash flows, additional contributions, and cash held in the managers’ portfolios will be utilized to pay obligations of the Plan and periodic re-balancing of the assets. The Plan’s managers shall be kept informed of the liquidity requirements of the Plan, and to the extent possible, avoid untimely sales of assets which could be detrimental to the performance of the Plan.

## **VII. MANAGEMENT STRUCTURE**

To diversify assets to minimize the risk associated with dependence on the success on one enterprise, the Board has decided to employ a multi-manager team approach to investing the Plan assets.

The management structure is as follows:

	<u>Target</u>	<u>Minimum</u>	<u>Maximum</u>
<u>Domestic Stocks</u>	47.5%	32.5%	62.5%
Vanguard (Large Cap Core)	30	20	40
Vanguard (Mid Cap Core)	7.5	4.5	10.5
Wellington (Small Cap Core)	10.0	5.0	15.0
<u>International Stocks</u>	12.5%	7.5%	17.5%
Hardman Johnston Global Advisors	12.5	7.5	17.5
<u>Private Equity</u>	6.0%	0%	9.0%
Capital Dynamics	2.0	0.0	4.0
Constitution Capital	2.0	0.0	4.0
Taurus Private Markets	2.0	0.0	4.0
<u>Domestic Bonds</u>	19.0%	12.0%	26.0%
Loomis Sayles	10.0	5.0	15.0
Serenitas Credit Gamma	4.5	2.0	7.0
<u>Serenitas Dynamic Alpha</u>	4.5	2.0	7.0
<u>Real Estate</u>	15.0%	7.5%	22.5%
American Realty	3.0	0.0	6.0
Bloomfield	1.5	0.0	3.0
Intercontinental	5.0	0.0	8.0
Sound Mark Partners	1.5	0.0	3.0

## **VIII. COMMUNICATION**

The manager is expected to report at least quarterly to the Board and provide a written report detailing the Plan's performance, adherence to this Policy, forecast of the market and economy, portfolio analysis and current assets of the Plan. Additionally, the manager will on a quarterly basis provide a written report affirming compliance with the applicable restrictions of section IV.

If the manager owns investments that complied with Section IV at the time of purchase and the investments subsequently exceed the applicable limit and/or do not satisfy the applicable investment standard, such investments may continue to be held until it is economically feasible to dispose of the investments in accordance with the prudent man standard of care. The period shall not exceed three (3) months. Additionally, no additional related investment may be made unless authorized by law or ordinance. The manager will provide the Board an action plan outlining the hold or sell strategy for these prohibited investments.

The manager will provide immediate written and telephone notice to the administrator and the consultant of any significant event, specifically but not limited to the resignation, termination or incapacity of any senior personnel.

Since proxy votes may be considered an asset of the Plan, the manager shall have the fiduciary duty to vote the proxies attendant to the Plan's ownership of equity securities. The manager shall exercise such proxies solely in the interest of the participants and beneficiaries of the Plan, and for the exclusive purpose of providing benefits to participants and beneficiaries. The manager shall make available upon request to the Board and its consultant documentation relating to the handling and voting of proxies. The manager shall forward written reports of its voting activities to the Board and its consultant at least annually.

The manager shall assist in the preparation of required reports and shall annually confirm to the Board his compliance with Chapter 2023-28.

## **IX. MANAGER TERMINATION**

The Board wishes to adopt standards by which ongoing retention of a manager should be determined. If, at any time, any one of the following is breached, the manager could be notified of the Board's concern and termination could occur.

1. Consistent performance below the fiftieth (50%) percentile in the specified universe.
2. Consistent under-performance of the stated target index.
3. Loss by the manager of any senior personnel.
4. Any change in basic investment philosophy by the manager.
5. Any significant change of ownership of the firm.
6. Failure to attain at least a fifty-one (51%) percent vote of confidence by the Board.
7. Failure to observe any guidelines as stated in this document.

These shall in no way limit or diminish the Board's right to terminate the manager at any time for any reason.

**X. THIRD PARTY CUSTODIAL AGREEMENTS**

The Board shall retain a third party to custody the Plan’s assets. All securities shall be designated as an asset of the Plan and no withdrawal of securities, in whole or in part, shall be made from safekeeping except by an authorized member of the Board or the Board’s 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.

**XI. CONTINUING EDUCATION**

The Board acknowledges the importance of continuing education for the Trustees. To that end, the Trustees are encouraged to attend educational conferences in connection with their duties and responsibilities as Trustees.

**XII. IMPLEMENTATION**

All monies invested for the Plan by the managers after the adoption of this Investment Policy shall conform to this statement.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_

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for: Town of Davie Police Pension Plan