

**CITY OF BLOOMINGTON FIRE RELIEF ASSOCIATION
("FIRE RELIEF")
Investment Policies**

I. Objectives

It is the objective of the Board of Trustees to attain a favorable absolute and relative rate of return for the assets of the Fire Relief, consistent with the preservation of capital.

- A. Safety - Safety of principal is of critical importance to the investment program. Investments of the Fire Relief shall be undertaken in a manner that seeks to ensure the preservation of principal in the overall portfolio. To attain this objective, diversification of investments is required.
- B. Liquidity - The Fire Relief's investment portfolio will remain sufficiently liquid to enable the Fire Relief to meet all operating requirements which might reasonable be anticipated.
- C. Return on Investment - The Fire Relief's investment portfolio shall be designed with the objective of attaining an appropriate market rate of return.

II. Prudence

Investments shall be made with judgment and are, under circumstances existing at the time the investment is made, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, considering probable safety of their capital as well as interest yield to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with written procedures and the investment policy 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 control adverse situations.

III. Authority

Authority to manage the Fire Relief's investment program is derived from the following:

- ◆ Minnesota Statutes 356A, Public Pension Plan Fiduciary Responsibility:
 - ◆ Section 356A.06, Subdivision 7 (permissible securities)
- ◆ Minnesota Statutes Section 69.77, Subdivision 9; (mutual fund authority)

Under Minnesota law, the Board of Trustees is required to manage the affairs of the Fire Relief. It may engage the services of an investment manager or managers and performance evaluators to assist it in attainment of its goals and objectives.

If the Board of Trustees employs persons or firms to perform such services, it shall conduct studies to ascertain that such employees possess the necessary specialized research facilities and skilled personnel to meet these investment objectives and guidelines. The Board of Trustees shall require a fund manager, if employed, to adhere to the "prudent person" rule under such federal and state laws which now apply, or may in the future apply to investments of the Fire Relief.

IV. Ethics and Conflicts of Interests

Officers and employees involved in the investment process shall refrain from conducting personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Board of Trustees any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the Fire Relief's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the Fire Relief's, particularly with regard to the time of purchases and sales.

V. Investment Committee

The Board will serve as the Investment Committee and shall meet at regular intervals to review the following:

- ◆ Investment Policy
- ◆ Investment strategy in current and prospective economic climate
- ◆ Examine the current risk levels of the investments represented in the Portfolio

VI. Authorized investment securities.

(a) Authority. The Fire Relief plan shall invest its assets as specified in this section. The governing board of The Fire Relief plan may select and appoint investment agencies to act for or on its behalf.

(b) Securities generally; investment forms. The Fire Relief plan is authorized to purchase, sell, lend, and exchange the investment securities authorized under State Statute 356A.06 Subdivision 7, including puts and call options and future contracts traded on a contract market regulated by a governmental agency or by a financial institution regulated by a governmental agency. These securities may be owned directly or through shares in exchange-traded or mutual funds, or as units in commingled trusts, subject to any limitations specified in State Statute 356A.06 Subdivision 7.

(c) Government obligations. The Fire Relief plan is authorized to invest funds in governmental bonds, notes, bills, mortgages, and other evidences of indebtedness if the issue is backed by the full faith and credit of the issuer or the issue is rated among the top four quality rating categories by a nationally recognized rating agency. The obligations in which funds may be invested under this paragraph are guaranteed or insured issues of:

(1) the United States, one of its agencies, one of its instrumentalities, or an organization created and regulated by an act of Congress;

(2) the Dominion of Canada or one of its provinces if the principal and interest are payable in United States dollars;

(3) a state or one of its municipalities, political subdivisions, agencies, or instrumentalities; and

(4) a United States government-sponsored organization of which the United States is a member if the principal and interest are payable in United States dollars.

(d) Investment-grade corporate obligations. The Fire Relief plan is authorized to invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any of its states, or the Dominion of Canada or any of its provinces if:

(1) the principal and interest are payable in United States dollars; and

(2) the obligations are rated among the top four quality categories by a nationally recognized rating agency.

(e) Below-investment-grade corporate obligations. The Fire Relief plan is authorized to invest in unrated corporate obligations or in corporate obligations that are not rated among the top four quality categories by a nationally recognized rating agency if:

(1) the aggregate value of these obligations does not exceed five percent of the covered pension plan's market value;

(2) the covered pension plan's participation is limited to 50 percent of a single offering subject to this paragraph; and

(3) the covered pension plan's participation is limited to 25 percent of an issuer's obligations subject to this paragraph.

(f) Other obligations.

(1) The Fire Relief plan is authorized to invest funds in:

(i) bankers acceptances and deposit notes if issued by a United States bank that is rated in the highest four quality categories by a nationally recognized rating agency;

(ii) certificates of deposit if issued by a United States bank or savings institution rated in the highest four quality categories by a nationally recognized rating agency or whose certificates of deposit are fully insured by federal agencies, or if issued by a credit union in an amount within the limit of the insurance coverage provided by the National Credit Union Administration;

(iii) commercial paper if issued by a United States corporation or its Canadian subsidiary and if rated in the highest two quality categories by a nationally recognized rating agency;

(iv) mortgage securities and asset-backed securities if rated in the top four quality categories by a nationally recognized rating agency;

(v) repurchase agreements and reverse repurchase agreements if collateralized with letters of credit or securities authorized in this section;

(vi) guaranteed investment contracts if issued by an insurance company or a bank that is rated in the top four quality categories by a nationally recognized rating agency or alternative guaranteed investment contracts if the underlying assets comply with the requirements of State Statute 356A.06 Subdivision 7;

(vii) savings accounts if fully insured by a federal agency; and

(viii) guaranty fund certificates, surplus notes, or debentures if issued by a domestic mutual insurance company.

(g) Corporate stocks. The Fire Relief plan is authorized to invest in stocks or convertible issues of any corporation organized under the laws of the United States or any of its states, any corporation organized under the laws of the Dominion of Canada or any of its provinces, or any corporation listed on an exchange that is regulated by an agency of the United States or of the Canadian national government.

An investment in any corporation must not exceed five percent of the total outstanding shares of that corporation, except that The Fire Relief plan may hold up to 20 percent of the shares of a real estate investment trust and up to 20 percent of the shares of a closed mutual fund.

(h) Other investments. (1) In addition to the investments authorized in paragraphs (b) to (g), and subject to the provisions in clause (2), The Fire Relief plan is authorized to invest funds in:

(i) equity and debt investment businesses through participation in limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations;

(ii) real estate ownership interests or loans secured by mortgages or deeds of trust or shares of real estate investment trusts, through investment in limited partnerships, bank-

sponsored collective funds, trusts, mortgage participation agreements, and insurance company commingled accounts, including separate accounts;

(iii) resource investments through limited partnerships, trusts, private placements, limited liability corporations, limited liability companies, limited liability partnerships, and corporations; and

(iv) international securities.

(2) The investments authorized in clause (1) must conform to the following provisions:

(i) the aggregate value of all investments made under clause (1), items (i), (ii), and (iii), may not exceed 35 percent of the market value of the fund for which the expanded list plan is investing;

(ii) there must be at least four unrelated owners of the investment other than The Fire Relief plan for investments made under clause (1), item (i), (ii), or (iii);

(iii) The Fire Relief plan's participation in an investment vehicle is limited to 20 percent thereof for investments made under clause (1), item (i), (ii), or (iii);

(iv) The Fire Relief plan's participation in a limited partnership does not include a general partnership interest or other interest involving general liability. The Fire Relief plan may not engage in any activity as a limited partner which creates general liability; and

(v) for volunteer firefighter relief associations, emerging market equity and international debt investments authorized under clause (1), item (iv), must not exceed 15 percent of the association's special fund market value.

(i) Supplemental plan investments. The Board of Trustees may certify assets to the State Board of Investment for investment under section 11A.17.

(j) Asset mix limitations. The aggregate value of The Fire Relief plan's investments under paragraphs (g) and (h) and equity investments under paragraph (i), regardless of the form in which these investments are held, must not exceed 85 percent of the covered plan's market value.

VII. Prohibited Investments

Investments not specifically allowed in section VI, Authorized Investment Securities, are prohibited by the Board of Trustees.

VIII. Safekeeping and Custody

All collateral shall be placed in safekeeping in a restricted account at a Federal Reserve Bank, or in an account at a trust department of a commercial bank or other financial institution that is not owned or controlled by the financial institution furnishing the collateral.

IX. Asset Allocation and Diversification

The Fire Relief's asset allocation guidelines are:

Security	Minimum	Maximum
Equities	50%	75%
Fixed Income & Cash	25%	50%

The Fire Relief will diversify its investments by security type and institution and, with the exception of U.S. Treasury securities and authorized pools, no more than 50% of the entity's total investment portfolio will be invested in a single security type or with a single financial institution with the exception of authorized mutual funds.

X. Performance Standards\Market Yield (Benchmark)

The total portfolio will be measured against the following benchmarks:

Domestic Equities

⇒ *S&P 500*

⇒ *Russell 3000*

International Securities

⇒ *Morgan Stanley Capital International Index*

Bonds

⇒ *BC Capital Aggregate Bond*

Short Term, Money Market, and Cash

⇒ *30-day Treasury bill*

XI. Reporting

Annually the Fire Relief's investment policy will be sent to each financial services provider associated with the fund. These investment professionals must acknowledge receipt of the statement and agree to abide by all applicable investment laws and restrictions.

Annually the Fire Relief's investment policy will be kept on file at the State Auditor's Office.

Annually an update of the financial condition of the Fire Relief should be made to the City of Bloomington's City Council.

XII. Investment Policy Adoption

The Fire Relief's Investment Policy shall be adopted by resolution by the Fire Relief Trustees.

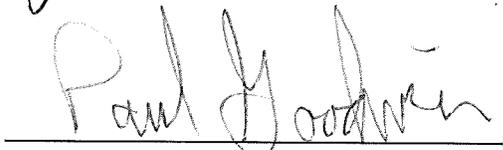
Adopted by Fire Relief Board of Trustees on September 15th, 2015.



John Bayard
President - (Trustee)



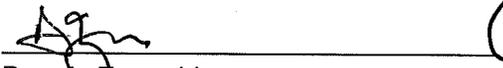
Dave Matlon
Treasurer - (Trustee)



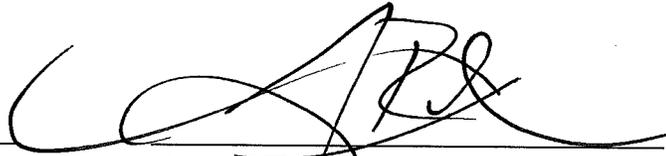
Paul Goodwin
Vice President-(Trustee)



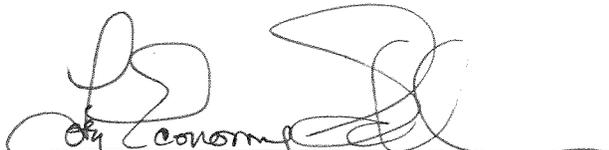
Chris Morrison
Secretary - (Trustee)



Dennis Zwaschka
Trustee



Jason Rich
Trustee



Lori Economy-Scholler
Municipal Trustee
(City Chief Financial Officer)



Ulysses Seal
Municipal Trustee
Bloomington Fire Chief



Dwayne Lowman
Municipal Trustee
City Council Member