MONROE COUNTY RETIREE HEALTH CARE FUND

INVESTMENT POLICY STATEMENT

Restated February 28, 2012
Second Restatement September 17, 2013
Third Restatement September 2, 2014
Fourth Restatement, February 2, 2016
Fifth Restatement, December 18, 2017
Sixth Restatement December 4, 2018
Seventh Restatement November 3, 2020

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STATEMENT OF PURPOSE

The Monroe County Board of Commissioners (the "Board") established the Monroe County Retiree Health Care Plan (the "Plan"). The Board also established the Monroe County Retiree Health Care Fund (the "Fund") to provide a source of assets to satisfy its retiree health liabilities under the Plan. The Fund is governed by the terms of the Trust Agreement Resolution (the Trust Agreement). Pursuant to the Trust Agreement and Michigan law, the Board has exclusive authority and responsibility to establish this Investment Policy Statement, which will set forth the investment objectives and guidelines for which the delegated investment fiduciaries of the Fund shall carry out their investment management duties under the Trust Agreement. The investment fiduciaries shall include the Retiree Health Care Board of Trustees (the "Trustee") and any other duly acting or appointed investment advisor, investment manager or party empowered under the terms of the Trust Agreement to act as the investment fiduciary for the Trust Fund.

By establishing and communicating clear investment guidelines and objectives, the County can enhance the effectiveness of the Fund’s overall goal of providing a source of assets to pay benefit and administrative expenses associated with the Plan and Trust.

The Board of Commissioners reserves the right to amend this Statement at any time as deemed prudent or necessary. Should any amendment to this Statement be required due to changes in the Trust Agreement or applicable law, the Board shall have due time to review such changes and prepare and implement an appropriate amendment. Because of the dynamic nature of the economic environment, developments in financial theories, and advances in technology, this Statement will be examined by the Board (upon its own accord or the recommendation of the Trustee), from time to time on a formal or informal basis and may, as a result of such examination, be revised by the Board.

STATEMENT OF INVESTMENT PHILOSOPHY/OBJECTIVES

The overall objective of this Investment Policy Statement is to preserve and grow the assets of the Fund so that the current and projected liabilities of the Plan are well-funded with benefits being paid at current or higher levels, while maintaining contributions to the Fund at or below current levels. Specifically, the primary objective is to maximize the rate of return on the total investment portfolio, consistent with a high degree of prudence and sufficient diversity to eliminate inordinate risks and to meet the actuarial assumption for the investment rate of return, at a reasonable cost.

The investment fiduciary shall achieve this objective by investing the assets of the Fund in a diverse range of investment vehicles in accordance with the asset allocation parameter set forth below. The investment fiduciary shall select the investment vehicles within the asset allocation classes based upon their stated investment objectives or investment type and historical performance. The investment fiduciary also intends to base its selection on the options' historical adherence to their stated investment objectives.

The investment fiduciary shall reevaluate each asset class and investment vehicle no less frequently than annually, in order to determine the continuing suitability of the investment and asset allocation parameters. Specifically, the investment fiduciary shall evaluate the potential financial implications of a wide range of investment strategies over various time frames and focus on the consequences of a protracted poor market environment versus normal market behavior. Estimates of future behavior of the asset classes are made based on Modern Portfolio Theory and the current prevailing interest rate structure. The result of these reviews has been the development of a long-term, strategic asset allocation plan. All objectives are based on a five to ten year investment horizon, so interim fluctuations should be viewed with the appropriateperspective.

DELEGATION OF RESPONSIBILITIES

The Trust Agreement and Plan document shall exclusively set forth the scope of the duties, responsibilities, and powers of the Board, the Trustee, the Custodian, and the Administrator (as those terms are defined under such Trust Agreement).

Notwithstanding the foregoing, the Trustee may engage the services of an investment advisor to assist the Trustee in evaluating its performance in investing and managing the assets of the Fund consistent with this Investment Policy Statement and the Trust Agreement. The Trustee must enter into a service agreement with the appointed investment adviser under which the investment adviser shall agree to act as an investment fiduciary of the Fund and in accordance with this Investment Policy Statement and the Trust Agreement. The services of the investment adviser may include, but are not limited to:

1. Gathering and evaluating statistical information on the Fund's financial assets, investment needs, risk parameters and tolerance for risk.
2. Establishing and making specific recommendations to the Trustee, during each phase of the investment management process, appropriate investment objectives based on the Fund's goals and risk tolerance, including recommending revisions to this Investment Policy Statement,
3. Analyzing the implications of historic capital market behavior, particularly with regard to the trade- off between total rate of return and investment risk, and providing an appropriate model of asset allocation composed of equity, fixed income, or money market instruments designed to meet the established objectives.
4. Determining what degree of potential market volatility should be factored in the Fund's investment approach.
5. Monitoring the investment of the Fund's assets for compliance with current state law governing the investment of the Fund as well as terms of the Trust Agreement.
6. Maintaining data on the universe of available professional investment managers, and categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
7. Recommending the best qualified and most appropriate investment managers as candidates for implementing these Investment Policies, using a well-established, proprietary system to recommend suitable investment manager candidates from both a local and national investment manager database.
8. Providing to the Trustee performance reports and ongoing quality control to assure that the Trustee can meet the investment objectives set forth in this Investment Policy Statement. Specifically, the investment adviser will generate and compile performance reports and communicate them to the Trustee at least quarterly. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with this Investment Policy Statement. The Trustee intends to evaluate the portfolio(s) over at least a three-year period.

ASSET ALLOCATION

Based on the investment objectives identified above and an analysis of the Plan's liabilities and the Fund's assets, and expected invested returns and risks associated with alternative asset mix strategies, the Board, in consultation of the investment advisor, has established the following strategic asset allocation targets and ranges on a market value basis:

Equity:	Minimum	Target	Maximum
Large Cap Stocks	20%	25%	30%
Mid Cap Stocks	7%	10%	13%
Small Cap Stocks	7%	10%	13%
Total Domestic Equity	*38%*	*45%*	*52%*
International Stocks	13%	20%	27%
TOTAL EQUITY	**50%**	**65%**	**70%**
Fixed Income:			
Domestic/U.S. Core	14%	21%	28%
High Yield	0%	0%	5%
Global	0%	5%	7%
TOTAL FIXED INCOME	**14%**	**26%**	**40%**
Real Estate:			
Indirect	0%	9%	10%
Alternative Investments:			
Private Credit / Direct Lending	0%	0%	6%
Cash:			
Cash/Cash Equivalent	0%	0%	5%

TOTAL FUND **100%**

The minimum and maximum amount for each asset class and subcategory are independently determined and not intended to total 100%. Real Estate Equity is not to exceed 10% of Total Fund assets (at market). Publicly traded REITs (Real Estate Investment Trusts) shall be considered Global Equity. American Depositary Receipts (ADRs) will not be considered foreign equity.

The asset allocation ranges established by this Investment Policy Statement represent a long-term perspective. As such, rapid, unanticipated market shifts may cause the asset mix to fall outside the policy range. Any divergence should be of a short-term nature. It is the Trustee's responsibility to ensure that any such divergence is as brief as possible. Cash flows, when available, will ideally be used to being each asset class to its target position. If the available cash if not sufficient to accomplish this, the goal of cash flow deployment will be to bring each asset class as close to its target position as possible, as long as each asset class is within its acceptable range. Should asset class exposure exceed the acceptable ranges, assets will be moved from the over-allocated class to the under-allocated class. Asset Allocation will be reviewed quarterly or whenever asked upon by the Trustee or the Board. At a minimum, annual rebalancing will occur after fiscal year end. The

Trustee may elect to rebalance each asset holding to the midpoint between the target and the threshold for rebalancing.

Should the Trustee wish to exceed the guideline limits, special prior approvals by the Board of Commissioners will be needed. In no case can the Trustee actively exceed guideline limits without formal prior approval by the Board or exceed statutory maximum limits.

CONFLICT AMONG THIS INVESTMENT POLICY STATEMENT AND P.A. 314

This Investment Policy Statement shall include, and hereby incorporates by reference, all the investment guidelines and restrictions as set forth in Act 314. In event of conflict among this Investment Policy Statement and Act 314, the most restrictive rule applicable to the particular issue will control. For example (and not by way of limitation), Act 314 would permit investment in more kinds of derivatives than are permitted under this Investment Policy Statement; the terms of this Investment Policy Statement would therefore apply, and would restrict investments in derivatives.

DIVERSIFICATION

Investment of the fund shall be as diversified as necessary to protect principal and minimizing the risk of losses. Consequently, the total portfolio will be constructed by the individual fund managers, whether in an advisory or discretionary capacity, to attain prudent diversification in equity and fixed income. To ensure adequate diversification, no investment shall be made or manager will hold more than 7% at market of its portion of the total Fund in any single company and no more than 7% at market of its portion of the total Fund may be held in any single common stock. However, all securities guaranteed by the U.S. Government of any U.S. Governmental Agency are exempt from this limitation requirement.

VOLATILITY

Consistent with the desire for adequate diversification, this Investment Policy Statement is based on the assumption that the volatility of the asset categories should not differ significantly from their respective markets. Consequently, it is expected that the volatility of the total portfolio, in aggregate, will be reasonably close to the volatility of the commitment-weighted composite of market indices. On a short-term basis, volatility will be measured by equity managers utilizing a beta measurement in the equity portfolios. Over a full market cycle, volatility as measured by Beta should not be greater than 1.20 without the consent of the Board.

LIQUIDITY

At least semi-annually and consistent with the terms of the Trust Agreement, the County Administrator has the exclusive responsibility and power to review cash requirements, by month, for payment of the Plan benefits, based on estimates provided by the County, or its vendors. If the cash requirement forecast requires greater liquidity than may be anticipated from the receipt of monthly contributions, the County Administrator may draw upon the assets held by and invested under the Fund.

Upon the County Administrator's instruction to withdraw assets from the Fund for these purposes, the Trustee shall direct the Custodian to first withdraw assets from the manager or asset class within the Fund that is overweight relative to the asset allocation targets defined in this Investment Policy

Statement. If no individual manager or asset class is overweight, the required assets shall be taken from the fixed income segment, unless this has a disproportionate impact on the asset allocation, in which case proportionality will be utilized.

INVESTMENT LIMITATIONS

The following investments and trading strategies are not permitted except as expressly allowed in writing by the Board (e.g., alternative investments):

1. Offshore
2. Letter, legend or restricted stock
3. Options, warrants and rights
4. Margin trades
5. Derivatives
6. Other restricted investments set forth in the Trust Agreement

CONTROL PROCEDURES

Review of Liabilities

All major liability assumptions regarding workforce, salary, benefit levels and actuarial assumptions will be subject to, at a minimum, an annual review. This review will focus on an analysis of major differences between the Fund assumptions and actual experience.

Review of Investment Objectives

The Trustee, in consultation with any appointed investment adviser, shall review the achievement of the investment objectives set forth in this Investment Policy Statement at least annually. This review will focus on the continued feasibility of achieving the objectives and the continued appropriateness of the Investment Policy. It is not expected that this Investment Policy Statement will change frequently; in particular, short term changes in the financial markets should generally not require an adjustment in the investment policy. The Trustee, in consultation with the investment adviser, shall recommend to the Board of Commissioners its recommended changes to this Investment Policy Statement. The Board has the sole and exclusive power to amend this Policy Statement.

Review of Investment Manager(s)

To the extent the Board of Commissioners exercises its authority under the Trust Agreement to allocate a part of the Fund to a separate investment account managed by an investment manager or a separate insurance contract account, the Trustee, with the assistance of its investment adviser, will review results of such investment managers or separate insurance contracts at least quarterly. These reviews **will** focus on:

1. Each manager's adherence to policy guidelines;
2. Comparisons of manager results versus fund using similar policies (in terms of the stock/bond ratio, diversification, volatility, style, etc.);
3. Opportunities available in both stock and bond markets; and
4. Material changes in each manager's organization, such as philosophical and personnel

changes and acquisitions or losses of major accounts.

The Trustee shall meet at least once annually with each investment manager; provided, however, that more frequent meetings may be convened if the manager demonstrates poor performance or has material changes in personnel.

Performance Expectations

The most important performance expectation is the achievement of investment results, which are consistent with this Investment Policy Statement. A long-term average annual real return exceeding the actuarial assumed rate of return is a reasonable return expectation considering this policy. Implementation of the policy will be directed toward achieving this return, and not toward maximizing return without regard to risk.

The Board, Trustee and its appointed investment adviser recognize that the return objectives may not be meaningful during some time periods. In order to ensure that investment opportunities are fairly evaluated, the parties will use comparative performance statistics to evaluate investment results, e.g. S&P 500 Index for stocks and Bloomberg Barclay's Government Corporate Bond Index for bonds or similar broad market benchmarks. Performance of the fund will also be compared to a blended index representing a similar policy. This shall be referred to as the total plan benchmark.

Quarterly reporting from the investment advisor shall include a report on progress towards the actuarial assumed rate of return and the total plan benchmark on a rolling 3 year and 5 year basis.

Underperforming Investments

The Trustee, with the assistance of its appointed investment adviser, shall review the performance of the Fund's investments and investment managers on a calendar quarter basis, and may issue a fail grade for an investment fund or manager based upon the following criteria:

1. Three (3) out of Four (4) consecutive quarters of relative under-performance versus the benchmark.
2. Three (3) year trailing return below the top 50th percentile within the appropriate peer group and under-performance versus the benchmark.
3. Five (5) year trailing return below the top 50th percentile and under-performance versus the benchmark.
4. Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
5. Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
6. Investigation of the firm by the Securities and Exchange Commission (SEC).
7. Merger or sale of firm.
8. Qualitative changes included but not limited to style consistency, purity drift from the mandate, Management turnover in portfolio team or senior management, investment process change, variation of the index or benchmark, failure to adhere to the IPS or Public Act 314, or significant asset flows into or out of the company.
9. Fee increases without the prior written consent of the Retirement Commission.

Failure to meet 3 of the listed criteria will result in placement on a watch list.

The Trustee shall maintain a watch list for investment funds or managers that are not meeting the prescribed objectives and have been issued a "fail" rating. Once placed on a watch list, the fund or manager is not necessarily eliminated from the investment menu or terminated, but additional measurement analysis is required of the Trustee and investment adviser, reviewing factors including, but not limited to personnel turnover, ownership changes, changes in investment approach, style drift and universe ranking.

This Policy is not meant to supersede any other causes for termination disclosed in this Statement, the Trust Agreement or any investment management agreement executed between the County, the Fund and/or the investment manager.

DIRECTED BROKERAGE POLICY

The Fund’s primary concern and focus is to receive best execution for trades done on behalf of the Fund. Investment managers are directed to seek best execution through their established brokerage trading houses, electronic trading platforms and recapture brokers. Best execution, which is defined solely by the investment manager, includes but is not limited to, the net effect of commissions paid, market impact, timeliness of transaction and opportunity cost.

In Witness Whereof, the County of Monroe, Michigan, through its Board of Commissioners, has caused this Investment Policy Statement to be restated effective as of November 3, 2020.

BOARD OF COMMISSIONERS FOR THE COUNTY OF MONROE, MICHIGAN

Dated: November 3, 2020

By: J. Henry Lievens

J Henry Lievens

Its: Chairman