

**COUNCIL OF THE TOWN OF RIVERDALE PARK
ORDINANCE RESOLUTION
2010-OR-09**

Introduced By: CM Thompson

Date Introduced: December 6, 2010

Date Adopted: January 31, 2011

Date Effective: February 20, 2011

An Ordinance concerning

Defined Benefit Pension Plan – Investment Guidelines

FOR the purpose of revising certain investment guidelines for the Town of Riverdale Park’s Defined Benefit Pension Plan; and matters generally related to revisions to the Town of Riverdale Park’s Defined Benefit Pension Plan.

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BY repealing and reenacting, with amendments
Chapter 54 – Defined Benefit Retirement Plan Board of Trustees and
Investment Policy and Investment Guidelines
Section 54-4
Code of the Town of Riverdale Park
(January 2008 Revision)

SECTION 1: BE IT ENACTED BY THE COUNCIL OF THE TOWN OF RIVERDALE PARK, That Section 54-4 of the Code of the Town of Riverdale Park (January 2008 Revision), Article 54 –Defined Benefit Retirement Plan Board

of Trustees and Investment Policy and Investment Guidelines, is hereby repealed and reenacted, with amendments, to read as follows:

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

§ 54-4. Fund Investment Policy.

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

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

ASSET CLASS	ROLE
Cash Equivalents	To provide for very short-term time horizon funds to pay liabilities, and for short-term buffering of other assets during periods of extreme market volatility.
Fixed Income	Additional source of liquidity to provide cash to meet anticipated liabilities. Knowledge of these payouts and the implementation strategy to effectively meet them is an integral part of the portfolio's management. The remainder of the portfolio should target the intermediate bond market while emphasizing principal preservation during down markets.
Equity	To provide growth of principal within a long-term time horizon.

International Equity To provide diversification to the equity portion of the program.

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

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

ASSET CLASS RANGE	TARGET	ACCEPTABLE
Domestic Equity	34%	30% to 40%
Large Capitalization	20%	20% to 30%
Small Capitalization	14%	10% to 20%
International Equity	13%	10% to 20%
Real Estate Investment Trusts	3%	0% to 5%
Fixed Income	50%	30% to 45%

ASSET ALLOCATION

<u>CATEGORY</u>	<u>% RANGE OF ALLOCATION</u>	
	<u>MINIMUM</u>	<u>MAXIMUM</u>
CASH EQUIVALENTS	0%	10%
INVESTMENT GRADE FIXED INCOME	30%	45%
HIGH YIELD FIXED INCOME	0%	5%
LARGE CAP EQUITIES	25%	50%
MID CAP EQUITIES	0%	10%

SMALL CAP EQUITIES	0%	8%
INTERNATIONAL EQUITIES	5%	20%
REITS	0%	5%

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

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

(H) MID CAPITALIZATION EQUITY PORTFOLIO -- AT LEAST 80% OF THE EQUITY HOLDINGS IN THIS PORTFOLIO SHOULD HAVE A MARKET CAPITALIZATION OF \$1 BILLION BUT LESS THAN \$10 BILLION. NO HOLDING SHALL CONSTITUTE MORE THAN 4% AT COST OR 8% AT MARKET OF THE ENTIRE MID CAPITALIZATION EQUITY PORTFOLIO. THE RATE OF RETURN OF THE MID CAPITALIZATION EQUITY PORTFOLIO SHALL EXCEED THE RATE OF RETURN FOR THE RUSSELL MIDCAP INDEX AND SHALL HAVE A RATE OF RETURN COMPARABLE TO THE TOP 50% OF OTHER FUNDS PROFESSIONALLY MANAGED FOR MID CAPITALIZATION EQUITY FUNDS.

(I) Large Capitalization Equity Portfolio -- At least 80% of the equity holdings in this portfolio should have a market capitalization of \$4 \$10 billion or greater. No holding shall constitute more than 4% 5% at cost or 6% 10% at market of the entire large capitalization equity portfolio. No more than 20% (at market) of the funds in the large capitalization equity portfolio are to be committed to the equities of companies operating in the same economic sector

as defined by Standard & Poor's. The rate of return of the large capitalization equity portfolio shall exceed the rate of return for the S&P 500 Index and shall have a rate of return comparable to the top 50% of other funds professionally managed for large capitalization equity funds.

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

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

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

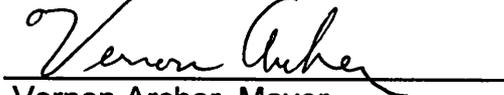
Benchmark	Expectation
50% 60% S&P 500, 50% LB G/C 40% BC INTERMEDIATE G/C Consumer Price Index	Exceed Exceed by 4.0 percentage points
Actuarial Rate (7.0%)	Exceed by 1.0 percentage

SECTION 2: AND BE IT FURTHER ENACTED that this Ordinance shall become effective twenty (20) days after its passage by the Council.

ATTEST:


Sara Imhulse, Town Administrator

COUNCIL OF THE TOWN OF
RIVERDALE PARK


Vernon Archer, Mayor

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW. Underlining indicates amendments to bill. ~~Strike-Out~~ indicates matter stricken from the bill by amendment or deleted from the law.