

STATE OF FLORIDA  
Mitigation Bank Trust Fund Agreement to Demonstrate  
Perpetual Management Financial Assurance

TRUST AGREEMENT, the "Agreement," entered into as of \_\_\_\_\_ by and between \_\_\_\_\_, ("Grantor") and \_\_\_\_\_ ("Trustee").

WHEREAS, Grantor has received from the \_\_\_\_\_ ("Agency") that certain permit number \_\_\_\_\_ ("Mitigation Bank Permit"), as modified from time to time, which requires the Perpetual Management of the \_\_\_\_\_ Mitigation Bank;

WHEREAS, the Agency, a Florida (for DEP, use: state agency created under Section 20.255) (for a WMD, use: public entity created under Chapter 373) of the Florida Statutes, has established certain regulations applicable to the Grantor, requiring that a Mitigation Bank permittee shall provide assurance that funds will be available when needed for corrective action if Grantor fails to perpetually manage that Mitigation Bank;

WHEREAS, the Grantor has elected to establish this trust fund to provide such financial assurance for the \_\_\_\_\_ Mitigation Bank identified herein;

WHEREAS, the Grantor, acting through its duly authorized officers, has selected the Trustee to be the trustee under this agreement, and the Trustee is willing to act as trustee;

NOW, THEREFORE, the Grantor and the Trustee agree as follows:

Section 1. Definitions. As used in this Agreement:

- (a) The term "Grantor" means \_\_\_\_\_ who enters into this Agreement and any successors or assigns of the Grantor.
- (b) The term "Trustee" means \_\_\_\_\_, the Trustee who enters into this Agreement and any successor Trustee.
- (c) The term "Agency" means \_\_\_\_\_, a public entity in the State of Florida or any successor thereof.
- (d) The term "investment obligations" means:
  - (i) United States of America Treasury and Federal agency securities or other obligations issued or unconditionally guaranteed as to principal and interest by the United States of America;
  - (ii) Demand deposits, certificates of deposit, banker's acceptances and time deposits of any bank organized or licensed to conduct a banking business under the laws of the United States of America or any state thereof having capital, surplus and undivided profits of

not less than \$100,000,000, and whose deposits are insured by the Federal Deposit Insurance Corporation or any successor thereof;

- (iii) Securities of entities incorporated under the laws of the United States of America or any State thereof commonly known as “commercial paper” that at the time of purchase have been rated and the ratings for which are not less than “P1” if rated by Moody’s Investors Services, Inc., and not less than “A1” if rated by Standard and Poor’s Corporation;
- (iv) State or local government securities, which debt obligations at the time of purchase are rated investment grade by one or more nationally recognized rating agencies;
- (v) Repurchase obligations with any banking or financial institution described in clause (ii) above which are fully collateralized at all times by any of the foregoing obligations;
- (vi) Corporate fixed income securities whose ratings at the time of purchase are rated not less than “BBB-” if rated by Standard and Poor’s Corporation and “Baa3” if rated by Moody’s Investors Services, Inc.;
- (vii) Fixed income securities issued by foreign governments and corporate entities whose ratings at the time of purchase are rated not less than “BBB-” if rated by Standard and Poor’s Corporation and “Baa3” if rated by Moody’s Investors Services, Inc.;
- (viii) Investments in any one or more professionally managed money market funds generally regarded as investment grade with a portfolio size of not less than \$100,000,000;
- (ix) Equity securities or securities convertible into equity securities, provided that the issuer is: (1) Organized under the laws of the United States, any state or organized territory of the United States, or the District of Columbia; or (2) Listed on one or more of the recognized national stock exchanges and conforms to requirements of the Securities Act of 1933 and Securities Exchange Act of 1934; and
- (x) Mutual funds or exchange-traded funds comprised of securities listed above, provided that the issuer conforms to federal laws such as the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Company Act of 1940, and the Investment Advisors Act of 1940.

Section 2. Identification of Cost Estimates. This Agreement pertains to the cost estimates for Perpetual Management of the \_\_\_\_\_ Mitigation Bank identified in the Mitigation Bank Permit or provided to the Agency in accordance with Rule 62-342.700, F.A.C.

Section 3. Establishment of Fund. The Grantor and the Trustee hereby establish a trust fund (“Fund”), for the benefit of the Agency (hereafter sometimes referred to as the “Beneficiary”). The Grantor and the Trustee intend that no third party have access to the Fund except as herein provided. The Fund is established by Grantor’s deposit of \$\_\_\_\_\_ into the Fund in accordance with Rule 62-342.700, F.A.C. Such monies and other monies subsequently placed in the Fund are referred to as the Fund,

together with all earnings and profits thereon, less any payments or distributions made by the Trustee pursuant to this Agreement. The Fund shall be held by the Trustee, IN TRUST, for the benefit of the Agency as hereinafter provided. The Trustee shall not be responsible nor shall it undertake any responsibility for the amount or adequacy of, nor any duty to collect from the Grantor, any payments necessary to discharge any liabilities of the Grantor established by the Agency.

Section 4. Additional Payments into the Fund. After the initial deposit of principal into the Fund, the Grantor shall increase the principal if so required by the Agency pursuant to the administrative regulations and the requirements of the Mitigation Bank Permit. Such deposit may be in cash or securities acceptable under Section 1(d) hereof.

Section 5. Payment for Completing Perpetual Management Activities. The Agency shall provide instructions to the Trustee for the disbursement of payments from the Fund for the costs associated with the performance of perpetual management activities at the Mitigation Bank covered by this Agreement in accordance with the Mitigation Bank Permit.

The Fund may not be drawn upon to cover any of the following:

- (a) Any obligation of Grantor under a workers' compensation, disability benefits, or unemployment compensation law or other similar law;
- (b) Bodily injury to an employee of Grantor arising from, and in the course of employment by Grantor;
- (c) Bodily injury or non-realty property damage arising from the ownership, maintenance, use, or entrustment to others by Grantor of any aircraft, motor vehicle, or watercraft;
- (d) Property damage to any property owned, rented, loaned to, in the care, custody, or control of, or occupied by Grantor of the Mitigation Bank; or
- (e) Bodily injury or property damage for which Grantor is obligated to pay damages by reason of the assumption of liability in a contract or agreement.

Section 6. Trustee Management. The Trustee shall invest and reinvest the principal and income of the Fund in one or more investment obligations and keep the Fund invested as a single fund, without distinction between principal and income, in accordance with investment policies and guidelines as outlined in the Investment Policy Statement for Perpetual Management Financial Assurance. In investing, reinvesting, exchanging, selling, and managing the Fund, the Trustee shall discharge its duties with respect to the trust fund solely in the interest of the Agency and with the care, skill, prudence, and diligence under the circumstances then prevailing which persons of prudence, 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; except that:

- (a) Securities or other obligations of the Grantor, or any other owner or operator of the Mitigation Bank, or any of their affiliates as defined in the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-2.(a) (July 18, 2025), which is a subsection of the Investment Company Act of 1940, 15 U.S.C. 80a-1 et seq. (July 18, 2025) that is incorporated by reference in Rule 62-342.700, F.A.C.

(insert link), shall not be acquired or held, unless they are securities or other obligations of the Federal or a state government;

- (b) The Trustee is authorized to invest the Fund in time or demand deposits of the Trustee, to the extent insured by an agency of the federal or a state government; and
- (c) The Trustee is authorized to hold cash awaiting investment or distribution uninvested for a reasonable time and without liability for the payment of interest thereon.

Section 7. Commingling and Investment. The Trustee is expressly authorized in its discretion:

- (a) To transfer from time to time any or all of the assets of the Fund to any common, commingled, or collective trust fund created by the Trustee in which the Fund is eligible to participate, subject to all of the provisions thereof, to be commingled with the assets of other trusts participating therein; and
- (b) To purchase shares in any investment company registered under the Investment Company Act of 1940, as amended, 15 U.S.C. 80a-1 et seq. (July 18, 2025), which is incorporated by reference in Rule 62-342.700, F.A.C. (insert link), including one which may be created, managed, underwritten, or to which investment advice is rendered or the shares of which are sold by the Trustee. The Trustee may vote such shares in its discretion.

Section 8. Express Power of Trustee. Without in any way limiting the powers and discretion conferred upon the Trustee by the other provisions of this Agreement or by law, the Trustee is expressly authorized and empowered:

- (a) To sell, exchange, convey, transfer, or otherwise dispose of any property held by it, by public or private sale. No person dealing with the Trustee shall be bound to see to the application of the purchase money or to inquire into the validity or expediency of any such sale or other disposition;
- (b) To make, execute, acknowledge, and deliver any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted;
- (c) To register any securities held in the Fund in its own name or in the name of a nominee and to hold any security in bearer form or in book entry, or to combine certificates representing such securities with certificates of the same issue held by the Trustee in other fiduciary capacities, or to deposit or arrange for the deposit of such securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by another person, or to deposit or arrange for the deposit of any securities issued by the United States Government, or any agency or instrumentality thereof, with a Federal Reserve bank, but the books and records of the Trustee shall at all times show that all such securities are part of the Fund;
- (d) To deposit any cash in the Fund in interest-bearing accounts maintained or savings certificates issued by the Trustee, in its separate corporate capacity, or in any other banking institution

affiliated with the Trustee, to the extent insured by an agency of the Federal or a State government;  
and

(e) To compromise or otherwise adjust all claims in favor of or against the Fund.

Section 9. Taxes and Expenses. All taxes of any kind that may be assessed or levied against or in respect of the Fund and all brokerage commissions incurred by the Fund shall be paid from the Fund. All other expenses incurred by the Trustee in connection with the administration of this Trust, including fees for legal services rendered to the Trustee, fees for investment management or advisory fees, the compensation of the Trustee to the extent not paid directly by the Grantor, and all other proper charges and disbursements of the Trustee shall be paid from the Fund.

Section 10. Annual Valuation. The Trust shall annually, at least 30 days prior to the anniversary date of establishment of the Fund, furnish to the Grantor and to the Agency, to the attention of \_\_\_\_\_ for the \_\_\_\_\_ Mitigation Bank, Permit # \_\_\_\_\_, a statement confirming the value of the Trust. Any securities in the Fund shall be valued at market value as of no more than 60 days prior to the anniversary date of establishment of the fund. The failure of the Grantor to object in writing to the Trustee within 90 days after the statement has been furnished to the Grantor and the Agency shall constitute a conclusively binding assent by the Grantor, barring the Grantor from asserting any claim or liability against the Trustee with respect to matters disclosed in the statement.

Section 11. Advice of Counsel. The Trustee may from time to time consult with counsel, who may be counsel to the Grantor, with respect to any question arising as to the construction of this Agreement or any action to be taken hereunder. The Trustee shall be fully protected, to the extent permitted by law, in acting upon the advice of counsel.

Section 12. Trustee Compensation. Grantor shall pay the Trustee any necessary fees for services rendered. Where the Grantor is no longer in existence, the Trustee is authorized to charge against the Trust its published Trust fee schedule in effect at the time services are rendered. However, all Trustee compensation charged against the Trust shall be paid only from trust income, unless the Agency authorizes payment from the trust principal in writing.

Section 13. Successor Trustee. The Trustee may resign or the Grantor may replace the Trustee, but such resignation or replacement shall not be effective until the Grantor has appointed a successor Trustee, the successor is approved by the Agency, and this successor accepts the appointment. The successor Trustee shall have the same powers and duties as those conferred upon the Trustee hereunder. Upon the successor trustee's acceptance of the appointment, the Trustee shall assign, transfer, and pay over to the successor Trustee the funds and properties then constituting the Fund. If for any reason the Grantor cannot or does not act in the event of the resignation of the Trustee, the Agency may nominate a successor. If the Agency does not act, the Trustee may apply to a court of competent jurisdiction for the appointment of a successor Trustee or for instructions. The successor Trustee shall specify the date on which it assumes administration of the trust in a writing sent to the Grantor, the Agency and the present Trustee by certified mail 10 days before such change becomes effective. Any expenses incurred by the Trustee as a result of any of the acts contemplated by this Section shall be paid as provided in Section ~~13~~ 12.

Section 14. Instructions to the Trustee. All orders, requests, and instructions by the Grantor to the Trustee shall be in writing, signed by Grantor or such other designees as the Grantor may designate by amendment to this agreement. The Trustee shall be fully protected in acting without inquiry in accordance with the Grantor's orders, requests, and instructions. All orders, requests, and instructions by the Agency to the Trustee shall be in writing, signed by the Agency, and the Trustee shall act and shall be fully protected in acting in accordance with such orders, requests, and instructions. The Trustee shall have the right to assume, in the absence of written notice to the contrary, that no event constituting a change or a termination of the authority of any person to act on behalf of the Grantor the Agency hereunder has occurred. The Trustee shall have no duty to act in the absence of such orders, requests, and instructions from the Grantor and/or the Agency except as provided for herein.

Section 15. Amendment of Agreement. This Agreement may be amended by an instrument in writing executed by the Grantor, the Trustee, and the Agency, or by the Trustee and the Agency, if the Grantor dies, is legally incapacitated, is administratively or judicially dissolved or otherwise ceases to exist.

Section 16. Irrevocability and Termination. Subject to the right of the parties to amend this Agreement as provided in Section 15 and the Notice requirements of Section 17, this Trust shall be irrevocable and shall continue until terminated at the written agreement of the Grantor, the Trustee, and the Agency, or by the Trustee and the Agency if the Grantor is administratively or judicially dissolved or otherwise ceases to exist. Upon termination of the Trust, all remaining trust property, less final trust administration expenses, shall be delivered pursuant to the written agreement terminating the trust or, if the Grantor has ceased to exist, then to the Agency.

Section 17. Notice Requirements. In addition to all other requirements imposed on the Grantor and Trustee herein, the Grantor and the Trustee shall provide the following notices to the Agency:

- (a) The Grantor and Trustee shall provide notice to the Agency at least 120 days in advance of any termination or revocation of this Trust Agreement;
- (b) The Trustee shall provide notice to the Agency at least 120 days in advance of making any disbursements from the Fund made in accordance with Section 6, above;
- (c) The Grantor and Trustee shall provide notice to the Agency at least 120 days in advance of any change in the amount of the Fund made in accordance with Section 4, above.

Section 18. Immunity and Indemnification. The Trustee shall not incur personal liability of any nature in connection with any act or omission made in good faith in the administration of this Trust, or in carrying out any directions by the Grantor or the Agency issued in accordance with this Agreement. The Trustee shall be indemnified and saved harmless by the Grantor or from the Trust Fund, or both, from and against any personal liability to which the Trustee may be subjected by reason of any act or conduct in its official capacity, including all expenses reasonably incurred in its defense in the event the Grantor fails to provide such defense.

Section 19. Choice of Law. This Agreement shall be administered, construed, and enforced according to the laws of the State of Florida.

Section 20. Interpretation. As used in this Agreement, words in the singular include the plural and words in the plural include the singular. The descriptive headings for each Section of this Agreement shall not affect the interpretation or the legal efficacy of this Agreement.

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written.

Grantor:

\_\_\_\_\_

By: \_\_\_\_\_

\_\_\_\_\_  
Authorized Officer

**[Optional language: notary acknowledgment--Grantor]**

STATE OF FLORIDA

COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me, **by means of** ☐ **physical presence or** ☐ **online notarization**, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_, a Florida corporation, on behalf of the corporation. Such person did not take an oath and:

\_\_\_\_\_ is/are personally known to me  
\_\_\_\_\_ produced a current Florida driver's license as identification  
\_\_\_\_\_ produced \_\_\_\_\_ as identification

\_\_\_\_\_  
Signature of Notary

(Notary Seal)

\_\_\_\_\_  
Name of Notary (typed, printed or stamped)  
Commission number (if not legible on seal) \_\_\_\_\_  
My commission expires: (if not legible on seal) \_\_\_\_\_

(Signatures Continued from Previous Page)

IN WITNESS WHEREOF the parties have caused this Agreement to be executed by their respective officers duly authorized and their corporate seals to be hereunto affixed and attested as of the date first above written.

Trustee:

\_\_\_\_\_ Bank

By: \_\_\_\_\_  
Signature of Trustee

\_\_\_\_\_  
Title

Attest: \_\_\_\_\_

\_\_\_\_\_  
Title

Seal

**[Optional language: notary acknowledgment--Trustee]**

STATE OF FLORIDA  
COUNTY OF \_\_\_\_\_

The foregoing instrument was acknowledged before me, **by means of** ☐ **physical presence or** ☐ **online notarization**, this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_, the \_\_\_\_\_ of \_\_\_\_\_ Bank, on behalf of the corporation. Such person did not take an oath and:

\_\_\_\_\_ is/are personally known to me  
\_\_\_\_\_ produced a current Florida driver's license as identification  
\_\_\_\_\_ produced \_\_\_\_\_ as identification

\_\_\_\_\_  
Signature of Notary

(Notary Seal)

\_\_\_\_\_  
Name of Notary (typed, printed or stamped)  
Commission number (if not legible on seal) \_\_\_\_\_  
My commission expires: (if not legible on seal) \_\_\_\_\_

# **Investment Policy Statement for Perpetual Management Financial Assurance**

**Adopted – [JULY 2026]**

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## **I. DEFINITIONS**

As used in this Investment Policy Statement (“IPS”):

- (a) The term “Agreement” means the Mitigation Bank Trust Fund Agreement to Demonstrate Perpetual Management Financial Assurance.
- (b) The term "Grantor" means \_\_\_\_\_ who enters into the Agreement and any successors or assigns of the Grantor.
- (c) The term "Trustee" means \_\_\_\_\_, who enters into the Agreement and any successor Trustee.
- (d) The term “Agency” means \_\_\_\_\_, a public entity in the State of Florida or any successor thereof.
- (e) The term “Fund” means the trust fund established by the Grantor and the Trustee for the benefit of the Agency (hereafter referred to as “Beneficiary”).

## II. INTRODUCTION AND PURPOSE

### **Introduction:**

The Fund was established as a long-term funding mechanism to provide ongoing disbursements for the specified land management, maintenance, and monitoring costs of the real property as described in the Agreement. The Fund should be viewed as a perpetual trust managed to benefit both present and future payments as required by the terms of the Agreement.

The Fund’s investment portfolio (“Portfolio”) should preserve and enhance the real or inflation-adjusted market value of the Fund’s assets over the long-term, net of annual disbursements and expenses. To achieve this objective the Portfolio has adopted a long-term investment horizon such that market volatility will be monitored and balanced with the long-term real return objective.

The investment of Portfolio assets must be made in accordance with the standards put forth in the Uniform Prudent Investor Act (UPIA) and Florida Investment of Trust Funds Act (FIPA), as adopted by the state of Florida. UPIA and FIPA require fiduciaries to apply the standard of prudence with reasonable care and skill to any investment as part of the total portfolio and overall investment strategy, rather than to individual investments. All investment actions and decisions must be based solely on the over-arching long-term interests of the Fund’s Beneficiary.

This IPS applies to all investable assets of the Fund All assets available for investment will be invested through the Portfolio and must adhere to the guidelines included herein.

### **Purpose:**

The purpose of this IPS is to define investment objectives, guidelines, policies and procedures established by the Agency to support the funding of perpetual maintenance costs as described in the Agreement. This IPS will serve as a framework, with sufficient flexibility in order to be practical, for the management and review of all investable assets and intended to:

- Identify roles and responsibilities;
- Establish investment objectives;
- Establish long-term asset allocation targets and ranges; and
- Establish guidelines to monitor the performance in comparison to stated objectives

Additionally, this IPS serves as a guide and general framework within which the Fund's assets are managed in achieving the long-term objectives of those assets. The Grantor, Trustee, and Beneficiary recognize that from time to time, short-term market fluctuations and dynamics could make it impossible to precisely reflect all aspects of this policy at all times. This IPS is established to accommodate these short-term fluctuations, which should not necessitate IPS adjustments. It is expected that this IPS be reviewed over time by the Agency to ensure alignment with forward-looking market expectations and that guidelines, policies, and procedures support the long-term objectives of the Fund's Beneficiary.

## **II. ROLES AND RESPONSIBILITIES**

The Trustee has ultimate fiduciary responsibility for the Fund. The Trustee has the responsibility to ensure that all investments are managed in a manner that is consistent with this IPS. The Trustee must ensure that appropriate policies governing the management of the investable assets are in place and being effectively implemented.

The Trustee's responsibilities include but are not limited to:

- Develop the investment goals that are consistent with the financial needs of the Fund's Beneficiary and the appropriate asset allocation consistent with meeting those objectives, or delegate these decisions to an appropriate fiduciary, e.g., the Advisor;
- Select, monitor and terminate Custodian, Advisor, and other service providers involved with servicing all or parts of the Portfolio;
- Periodically review and evaluate investment results; and
- Periodically review compliance with IPS guidelines;

The Trustee may, at its discretion, delegate the execution of above responsibilities, in full or in part, to external parties with appropriate expertise to assist the Trustee in discharging its fiduciary obligations. Other specialists may be employed by the Trustee from time to time, on an as-needed basis, to ensure its responsibilities in providing management and oversight of Portfolio assets are prudently executed.

The Advisor's responsibilities may include but are not limited to:

- Assist the Trustee with the selection, retention, and termination of Portfolio investments and strategies
- Assist the Trustee with rebalancing and implementation of this IPS, as approved
- Proactively recommend investment strategies as warranted
- Prepare and present performance measurement analysis and reporting
- Work with the Trustee to ensure sufficient liquidity to meet the Fund's disbursement obligations

The Advisor agrees that in carrying out its responsibilities, it will act within the framework established by Agency as outlined in this IPS.

The Agency's responsibilities include:

- Provide the current IPS to the Trustee;
- Periodically review the IPS; and
- Provide any IPS updates to the Trustee;

Custodian's responsibilities include:

- Provide security safekeeping, collection of income, settlement of trades, collections of proceeds of maturing securities, and daily investment of cash; and
- Provide monthly reports detailing investment holdings and transactions to Trustee and/or Advisor.

### **III. INVESTMENT OBJECTIVES**

The primary objective of the Fund is to ensure the Portfolio generates a real rate of return, above an appropriate inflation rate (i.e., the Consumer Price Index or CPI), that is sufficient to support the disbursement needs of the Fund in perpetuity. It is particularly important to preserve the value of the assets in real terms (i.e., inflation adjusted) to maintain its purchasing power without eroding the principal corpus of the Portfolio over long-term periods. Thus, the long-term return objective will account for inflation, administrative expenses, and annual disbursement needs, as appropriate.

#### **Time Horizon**

The Grantor, Trustee, and Beneficiary acknowledge that fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Accordingly, all parties view interim fluctuations with an appropriate perspective, given the long-term perpetual objectives. Long-term investment objectives are to be evaluated over a minimum long-term horizon, defined as a full market cycle (e.g., peak-to-peak, trough-to-trough).

#### **Diversification**

The Trustee believes that the likelihood of realization of the investment objectives is enhanced through diversification. The Trustee, with the aid of the Advisor as needed, will aim to diversify the Fund's assets among complementary portfolio strategies to maintain acceptable risk levels and enhance long-term investment return opportunities.

#### **Volatility and Risk**

The Fund's goal shall be to achieve its investment objective while assuming acceptable risk levels. The general policy will be to diversify investments based on their role in the Portfolio to provide a balance that will enhance total return while avoiding undue risk concentration in any single asset class or investment strategy.

To minimize the probability of failure and thereby minimize risk, the variables to be considered by the Trustee in all aspects of portfolio construction include, but are not limited to:

- Probability of missing objective;
- Impact of inflation;
- Asset class diversification;
- Potential, magnitude and duration of investment drawdowns;
- Time horizon of investments versus spending needs;
- Historical and prospective information regarding capital markets;
- Broad economic factors; and
- Current regulatory environment;

#### IV. ASSET ALLOCATION GUIDELINES

Given the perpetual nature of the Fund, asset allocation will be the most important determinant of long-term success. The target allocation balances the need to satisfy the long-term return objective and to minimize total investment risk. The target allocation is based on long-term capital market assumptions (expected returns, risk, and correlations) of investment strategies and asset classes within the established asset classes and, over time, should provide an expected return equal to or greater than the primary objective of the Fund, while avoiding undue risk concentrations in any single role or strategy. To achieve these objectives, the asset allocation will be set with the target percentages and within the ranges provided below:

|                                 | Min (%)    | Target (%)  | Max (%)    |
|---------------------------------|------------|-------------|------------|
| <b>Global Public Equity</b>     | <b>45%</b> | <b>60%</b>  | <b>65%</b> |
| U.S. Equity                     | 30%        | 39%         | 50%        |
| Non-U.S. Developed Equity       | 10%        | 15%         | 20%        |
| Emerging Markets Equity         | 0%         | 6%          | 15%        |
| <b>Fixed Income &amp; Cash</b>  | <b>35%</b> | <b>40%</b>  | <b>55%</b> |
| U.S. Investment Grade Bonds     | 30%        | 40%         | 45%        |
| Non-U.S. Investment Grade Bonds | 0%         | 0%          | 10%        |
| <b>Total Portfolio</b>          |            | <b>100%</b> |            |

The Trustee will ensure that the Portfolio maintains a prudent level of diversification by asset class, investment strategy, geography, sector, and market capitalization. No individual security shall comprise greater than 5% of the Fund's total assets at the time of purchase. Use of derivatives for hedging or speculative purposes is not permitted.

Permitted investment strategies and securities are defined in the Agreement and any strategy or security excluded from those definitions is prohibited. Should the Fund hold an investment strategy or security that is not permitted, the Trustee will take corrective action in a timely manner.

##### Rebalancing Guidelines

The Grantor, Trustee, and Beneficiary understand that the Portfolio's actual allocations may vary from these targeted allocations due to market movements and other factors. Generally, these divergences should be of a short-term or tactical nature in response to fluctuating market conditions. The Trustee is aware that some deviation from asset class targets will occur and that the determination to rebalance will take into account the cost of executing the rebalancing, trade settlement periods, and normal market volatility.

Execution of the rebalancing may be implemented through any combination of actions, including the purchase and sale of funds/securities or allocation of normal cash flows (e.g., distributions to cover the Fund's disbursement obligations). The Portfolio will be liquidated (and funded) in a manner that allows for orderly transition of asset allocation in the most efficient means possible. As applicable, the Advisor will aid the Trustee to determine Portfolio rebalancing actions necessary to move the asset allocation to the appropriate targets given current market conditions, the Fund's asset levels, and IPS acceptable ranges.

## **V. DISBURSEMENT POLICY**

Disbursements from the Fund will adhere to the terms of the Agreement. The Trustee will ensure that sufficient liquidity is available from the Portfolio to satisfy disbursement obligations. As applicable, the Advisor will aid the Trustee to determine required rebalancing to fund required disbursements.

## **VI. PERFORMANCE MEASUREMENT AND EVALUATION**

### **Total Portfolio Performance**

The principal goal of the Portfolio is to maximize the likelihood of achieving and/or exceeding the Fund's long-term investment objectives as stated in this IPS. The primary benchmark for evaluating performance of the Portfolio will be a weighted benchmark consisting of broad market indices for the underlying strategies combined according to the strategy allocation targets as described in Section IV: Asset Allocation Guidelines. Total Portfolio performance will be evaluated on a net-of-all-fees basis relative to the representative weighted benchmark over various trailing time periods, as applicable.

### **Asset Class / Strategy Performance**

Rates of return will be compared with the risk and return of an appropriate market index. The Trustee, with the aid of the Advisor, will monitor the relative performance of these returns on a regular basis. The roles and strategy types that fall under this purview can be found in Appendix A.

### **Active / Passive Management**

The Trustee shall review the relative advantages of passive versus active investment management in the context of expenses, performance, and exposure to an asset class, versus the potential excess return from active management. In general, active managers will be expected to achieve long-term net-of-fee returns greater than their appropriate benchmark given acceptable risk levels. In contrast, index/passive managers will be expected to provide returns equal to the appropriate benchmark, before reasonable fees, with minimal tracking error to the benchmark.

## **VII. PROXY VOTING**

As applicable, the Portfolio's investment managers are responsible for voting the proxies, and other decisions regarding rights, which may be connected to the Fund's ownership of securities through mutual funds, index funds, and other investment vehicles. Proxies should be voted and rights exercised exclusively in the best interest of the Fund's Beneficiary.

## **VIII. BROKERAGE AND OTHER INVESTMENT RELATED EXPENSES**

Brokerage commissions, incurred in the normal course of trading securities, are expenses of the Portfolio and therefore must be managed in the best interest of the Fund.

As applicable, the Portfolio's investment managers will have discretion to select brokers and negotiate commissions. In executing this responsibility, the investment managers should seek "best execution" services.

## **IX. INVESTMENT POLICY CHANGES**

The Agency will review this IPS on a regular basis to ensure that it continues to align with the interests of the Fund's Beneficiary. This IPS may be modified or terminated, in whole or in part, by the Agency at any time as the Agency deems appropriate.

The foregoing IPS was adopted by the Agency to be effective as of \_\_\_\_\_, 202\_\_

By: \_\_\_\_\_  
(Title)

## **Appendix A**

### **Role and Purpose of Asset Classes**

This section defines and outlines the primary role each asset class plays within the Portfolio and serves as a framework for evaluating asset allocation choices across asset classes and investment strategies to achieve the Portfolio's objectives. While certain strategies and investment securities may demonstrate risk and return characteristics at different time periods that could fulfill more than one role, it is the strategic nature of those investments that shall dictate the primary purpose they serve in the Portfolio.

#### **Global Public Equity**

The primary objective of investing in long-only equities is to capture the long-term growth opportunities offered by this asset class. However, this opportunity does not come without significant short- and intermediate-term downside risk. To dampen this risk, the Portfolio's long-only equity strategy in aggregate will be well diversified by market capitalization, investment style, and geography. Investments may be either actively or passively managed.

Passive strategies should track the appropriate benchmarks within an acceptable range based on the ease/difficulty of tracking the specific benchmark and on the level of fees. Active equity strategies are expected to add value, net-of-fees, over a full market cycle which is typically measured over intermediate (3-5 years) and longer (5+ year) periods. The long-only equity portfolio shall be benchmarked to a blend of investable, market-oriented benchmarks with the weighting split of US equities and non-US equities determined by the Trustee and specified in performance reporting.

#### **Fixed Income**

Fixed income assets serve as the capital preservation component of the Portfolio through preserving the principal value of assets and generating return at significantly lower absolute volatility relative to other Portfolio asset classes such as long-only equities. US Treasuries, other US Government-related bonds, and high-quality credit-oriented investment grade bonds are the most common fixed income securities. This portfolio of bonds can be invested either passively or actively.

Fixed income derivative contracts may be used by active fixed income portfolio managers to achieve general portfolio objectives, according to risk management and internal control procedures agreed between the investment manager and the Trustee.

**Appendix B**  
Suggested Portfolio Benchmarks

| Asset Class          | Benchmark                           | Weight (%) |
|----------------------|-------------------------------------|------------|
| Global Public Equity | MSCI All Country World Index        | 60%        |
| Fixed Income         | Bloomberg U.S. Aggregate Bond Index | 40%        |