IRVING FIREMEN'S RELIEF AND RETIREMENT FUND

Statement of Investment Policy, Guidelines and Investment Objectives

Adopted by the Board of Trustees
on October 22, 2001

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Section 1: Introduction

1.1 General information:

The Irving Firemen's Relief and Retirement Fund (hereinafter the "Fund") is a pension fund operating under the constitutional and statutory provisions of the State of Texas. It is governed by a Board of Trustees (the "Board") provided for under the law and funded by contributions from its participants, the City of Irving, Texas, and from investment earnings. It provides for an orderly means whereby eligible participants of Irving Firemen's Relief and Retirement Fund may accumulate reserves for themselves and their dependents, and provide for certain benefits upon retirement, disability, or death under the provisions of the plan. The objectives of the Fund are to provide participants and beneficiaries with an adequate retirement income, assist them in coping with inflation by enhancing benefits when it is possible to do so, and to pay reasonable expenses incurred in the administration of the Fund.

The Board shall act and discharge its fiduciary duties with respect to the Fund solely in the interest of the participants and beneficiaries for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of administering the Fund.

1.2 Purpose of This Document:

The purpose of this document is to formalize the investment policy and guidelines of the Irving Firemen's Relief and Retirement Fund's Board of Trustees and to facilitate communication and enhance supervision, monitoring, and evaluation of the Fund's assets. It outlines an overall philosophy specific enough to communicate the Board's expectations but flexible enough to allow for changing economic circumstances and the inevitable fluctuations in capital markets.

This document has been formulated based upon a wide range of data and possibilities and describes the process deemed appropriate by the Board based upon the actions a prudent person, acting in a like capacity, and familiar with matters of this type would take in the conduct of an enterprise with a like character and like aims.

1.3 Exhibits:

Exhibit A: attached, is an **Executive Summary** of the Fund, investment allocations and benchmarks.

Exhibit B: attached, is a **Chronology of Investment Decisions.**

Section 2: Investment Objectives

The overall investment objectives of the Fund are:

1. To achieve a total return, net of management fees, in excess of the Fund's actuarial rate, currently 8.25%.
2. To outperform the annualized return of the Fund's composite policy benchmark net of management fees.
3. To achieve a real return of 5% over the CPI.

It is expected that at least two of the above criteria shall be met over a market cycle or a three to five year period. If the Fund's performance does not meet these objectives over a market cycle, then the goals must be re-evaluated, the asset mix modified, Manager composition revised, or a combination of the above.

The Board of Irving Firemen's Relief and Retirement Fund has considered real return expectations (i.e. returns in excess of the rate of inflation) for the various asset classes. These expectations are considered reasonable given over fifty years of historical experience covering periods of varying economic conditions and investment environments, and given the belief that the United States' capital markets will remain viable.

These expectations reflect long-term views and the Board acknowledges the possibility that such returns may not be realized over short or even intermediate time periods. The Board's long-term, real rates of return expectations are as follows:

Asset Class:	**LT Real Rate of Return Expectations:**
Cash and Equivalents	0% to 1.0%
Diversified Portfolio of Domestic and International Fixed Income Investments	1.0% to 3.0%
Diversified Portfolio of Domestic and International Common Stocks	4.0% to 8.0%
Diversified Real Estate Investments (Including Timberland)	2.0% to 6.0%

These guidelines represent the framework within which the investment managers (the "Managers") operate in relation to the management of the Fund. These guidelines and objectives are the basis upon which the Managers will operate and upon which they will be evaluated.

The portfolio shall consist of investments, which, in combination, can reasonably be expected to satisfy the investment objectives of the Fund in light of its investment time horizon, risk tolerance, return objectives, and asset class allocations.

Risk management is achieved primarily through asset allocation established by the Board, thus dampening individual asset risk. Since the Board has chosen to use a multiple manager approach across multiple asset classes, the need for broad diversification within individual portfolios, although not entirely eliminated, is somewhat reduced.

2.1 Investment Time Horizon:

These investment guidelines are based upon an investment time horizon in excess of ten years (in fact, much longer since the Fund will continue indefinitely). Therefore, interim fluctuations should be viewed with an appropriate perspective. Similarly, the Fund's strategic asset allocation is based on this long-term investment horizon.

Short-term liquidity requirements are only those necessary to meet the obligations of the Fund, namely benefit disbursements, lump-sum distributions, and administration and management costs as deemed appropriate by the Board.

2.2 Risk Tolerances:

The Board of Trustees of Irving Firemen's Relief and Retirement Fund recognizes the difficulty of achieving the Fund's investment objectives in light of the complexities and uncertainties of today's capital markets. The Board also recognizes and accepts the fact that a prudent level of risk must be assumed in order to achieve the Fund's long-term investment objectives.

In establishing the risk tolerance of the Fund, the Board has taken into account several factors influencing the Fund's ability to withstand short and intermediate-term fluctuations in the value of the Fund's investments. Among these are the Fund's sound actuarial position, limited near-term liquidity requirements and balance of contributions and disbursements.

In summary, the Fund's prospects for the future, current financial condition, and several other factors collectively suggest that the Fund can tolerate moderate interim fluctuations in market value and rates of return in order to achieve the Fund's long-term objectives.

2.3 Performance Expectations:

The Board of Irving Firemen's Relief and Retirement Fund expects its money managers' activities, investment decisions, and results to be consistent with the Fund's policies, guidelines, goals, and objectives as reflected in this document. The Managers are expected to manage those assets in their portfolio using an investment approach that reflects their internal policies and guidelines while maintaining compliance with this document and all applicable statutes.

Section 3: Duties of Parties Involved

3.1 Responsibilities of the Board of Trustees and Staff:

The ultimate responsibility for oversight of the Fund rests with the fiduciaries of the Fund. The Board of Trustees and staff will exercise its responsibilities as a prudent body in conformance with all applicable statutes of the State of Texas and the Federal Government. The Board and its staff, as fiduciaries, must operate under an extremely high ethical standard and, therefore, must not enter into any action or transaction that would be in conflict or perceived to be in conflict with the best interests of the Fund. The duties and responsibilities of the Board include but are not limited to:

i. Ensuring that the Fund is managed effectively and prudently in compliance with all applicable laws and ordinances and the actuarial needs of the Fund.
ii. Complying with Texas laws governing the Fund, specifically, Article 6243e. of Vernon's Texas Civil Statutes which can be seen at the following Internet address:
http://www.capitol.state.tx.us/statutes/vn/vn010901.html#vn005.6243e.
(note that this web address ends with a ".") and the Texas Government Code Title 8, Subtitle A – Provisions Generally Applicable to Public Retirement Systems which can be seen at:
http://www.prb.state.tx.us/title8.html
iii. Acting in good faith on a best-efforts basis to keep the Managers apprised of any changes to such applicable statutes.
iv. Determining an appropriate asset mix based upon capital markets expectations incorporating both historical and projected returns and the asset-liability mix of the Fund.
v. Delegating specific responsibilities and duties to appropriate professionals and staff for managing the affairs of the Fund in a manner consistent with their profession and credentials, and within the provisions of the applicable statutes, laws, and regulations.
vi. Establishing rules, regulations, and bylaws for administering the Fund.
vii. Monitoring the administration of the Fund, including requesting, mandating, receiving, and reviewing reports as necessary to accomplish this function.
viii. Monitoring the performance and other critical aspects of the Fund's investment managers, actuaries, accountants, consultants, and other professionals hired to conduct the affairs of the Fund.
ix. Notifying the appropriate parties including investment managers, consultants and governmental bodies of changes in the Fund as necessary.
x. Notifying the appropriate parties including investment managers, consultants and custodian of changes in the governing statutes as necessary.
xi. Establishing policies and objectives relating to the investment of the Fund's assets and monitoring investment performance to ensure that the policies are followed and objectives are met.
xii. Ascertaining the adequacy of this document, reviewing it annually or as needed, and determining any warranted changes.

xiii. Engaging such professional expertise as may be needed to assist in the supervision of the investment of the Fund's assets including but not limited to investment consultants, custodians, money managers, attorneys, and actuaries.

xiv. Determining the eligibility, status, and rights of the Fund's participants and beneficiaries in accordance with the appropriate rules, regulations, and interpretations thereof that have been adopted.

xv. Reviewing and resolving contested claims.

xvi. Communicating with the Fund's participants and beneficiaries as is necessary or as required by law or regulations.

xvii. Discharging their duties with all the judgment, care, skill, prudence, and diligence, under circumstances then prevailing, which a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and like aims by diversifying the investments of the Fund to minimize the risk of large loss.

3.2 Responsibilities of Investment Managers:

As deemed appropriate by the Board of Trustees, they may contract for professional investment management services. In selecting, engaging, and utilizing professional investment management services (the Managers), the Board of Trustees will do so prudently and solely in the best interest of the Fund's participants and beneficiaries. No Trustees of the Board shall be liable for the acts or omissions of the investment managers, nor are they obligated to invest or otherwise manage any assets of the Fund subject to the control of the investment managers.

The duties and responsibilities of the investment managers include but are not limited to:

i. Maintaining registration under the Federal Investment Advisors Act of 1940, 15 U.S.C. 80 B-1, ET seq.

ii. Adhering to the policies, objectives, and guidelines as set forth in this document.

iii. Exercising such investment discretion as has been authorized by contract with the Board of Trustees and in compliance with the policies, objectives, and guidelines set forth in this document.

iv. Managers are fiduciaries and, as such, must comply with all applicable laws and legislation, particularly as it pertains to duties, functions, and responsibilities of a fiduciary and investment manager. Specifically, adherence to the "prudent expert" standard is required.

v. Furthermore, all assets must conform with the Texas laws governing such investments for the Fund, specifically Article 6243e. of Vernon's Texas Civil Statutes which can be seen at the following Internet address:
http://www.capitol.state.tx.us/statutes/vn/vn010901.html#vn005.6243e.
(note that this web address ends with a "."), and the Texas Government Code Title 8, Subtitle A – Provisions Generally Applicable to Public Retirement Systems, which can be seen at:
http://www.prb.state.tx.us/title8.html

vi. It is understood that the Board will act in good faith on a best-efforts basis to keep the managers apprised of any changes to such statutes.

vii. Each asset manager must stand ready at all times to explain and justify any investment or asset-related decisions to the Board of Trustees or their appointee.

viii. Formally reporting to the Board of Trustees on an as-needed basis.

ix. Each money manager must acknowledge in writing their recognition and acceptance of full responsibilities as a fiduciary under appropriate Federal and State laws and their intention to comply with this document.

x. Being available to meet or confer with the Board or its designated appointees, as required, to resolve any questions arising in the day-to-day operations of the Fund.

xi. Voting proxies. Because of the complexity of issues and the direct impact on asset values, the Board believes its investment managers are best positioned to vote proxies of the shares held in the portfolios they manage. The Managers must exercise this power in accordance with the fiduciary duties of loyalty and prudence. The Board advises that investment managers voting as fiduciaries make voting decisions in the economic best interest of the plan participants and beneficiaries. On issues pertaining to an impending or ongoing change in control of a company, the Managers must perform a cost/benefit analysis to fulfill the applicable fiduciary standard. The voting Fiduciary will document and report to the Board action taken on contested or non-routine issues, election of directors and justification for any proxy vote which is contrary to the guidelines. In general, Managers should vote for issues that will enhance participant's long-term value and against those issues that would decrease participant's long-term value.

xii. It is to be understood that Managers will not act as custodians of any assets. Third party custody will always apply. The Board understands that money market "sweep" funds are specifically excluded from this requirement as a practical matter.

<u>3.3 Responsibilities of the Consultants:</u>

Due to the complexity of the investment environment, the Board recognizes the need to engage the services of a professional investment consultant (the "Consultant"). It is the intent of the Board to select competent consultants. The duties of such consultant include but are not limited to the following:

i. Assisting the Board in developing investment policy guidelines including appropriate asset classes, asset allocation targets and ranges, and managing risk through diversification.

ii. Initial due-diligence which includes providing the Board with objective information on the broad range of investment management specialists and assisting the Board in assembling a superior team of investment managers.

iii. Ongoing due-diligence including but not limited to monitoring both the qualitative and quantitative aspects of the money managers and providing reports on a quarterly basis or more timely if the situation demands, such as a change in key personnel.

iv. Aiding the Board in interpreting and understanding the performance data on the money managers and the Fund as a whole. This is to include assisting the Board in understanding the investment performance measurement processes and techniques used to evaluate the Manager's performance. Also, ensuring that these processes and techniques are appropriate for the Fund.

v. Monitoring and advising the Board concerning the risk of investment strategies, styles, and individual Managers.

vi. Making recommendations to the Board as warranted to put a Manager on probation or terminate them for reasons including but not limited to the following: failure to consistently meet investment objectives over a reasonable period of time, a significant change in investment philosophy or process, deviation from investment guidelines, a change in key investment personnel, or failure to comply with all applicable regulations and laws including this document. A Manager may be removed from probation if they demonstrate satisfactorily to the Board that significant improvement or rectification of the problem has been accomplished.

vii. Assisting the Board in developing and implementing a rebalancing strategy.

viii. Meeting with the Board on both a formal and informal basis as required. In order to control costs, the consultants will make use of video and teleconferencing, when appropriate and acceptable to the Board.

The Consultants shall have no undisclosed business dealings with any of the plan fiduciaries, or with any of the investment managers. They shall not receive compensation from the Managers of the Plan without disclosure, either through the sale of services, referral, or through directed brokerage arrangements.

3.4 Responsibilities of the Custodian:

The custodian appointed by the Board has the following duties and responsibilities, among others:

i. Accepting possession of the investment securities for safekeeping, collecting income from the investments, collecting principal of called, matured or sold securities, and providing periodic statements of the accounts. This will include monthly statements of all assets and transactions for each account and quarterly consolidated statements including performance measures. In addition, the Custodian will sweep free credit balances into an appropriate money market fund as directed in writing by the Board.

ii. Settling trades as they occur.

iii. Receiving contributions and making disbursements by check or wired funds as directed in writing by the board or its designee.

iv. The custodian shall take all appropriate measures to safeguard the assets of the Fund as is consistent with industry practice.

v. Being available as necessary to confer with the Board and to answer any operational questions as they arise.

Section 4: Asset Allocation and Rebalancing

4.1 Asset Allocation Constraints:

The Board of Irving Firemen's Relief and Retirement Fund understands that the Fund's return, risk, and liquidity are in large part determined by the asset mix. The Board has selected the strategic asset allocation as outlined in Exhibit A based upon the Fund's investment time horizon, risk tolerance, performance expectations, asset class preferences, and long-term real rates of return expectations. The asset allocation is designed to achieve the long-term required return objectives of the Fund. It is the Board's desire to limit the allocation to illiquid investments (such as alternative investments and real estate investments) to 25% of the Fund's total assets.

4.2 Rebalancing Procedures:

The allocation mix outlined above is based upon market value and, consequently, the Fund's Consultant is expected to monitor the portfolio based on this valuation. Neither the upper nor the lower limits of the asset allocations are intended to require portfolio activity for the sole purpose of complying with the guidelines. However, deviation from these guidelines, when they occur, will be discussion items at the meetings between the Board of Trustees and the Consultant and/or Managers. The Consultant will provide the Board with a Rebalancing Worksheet detailing the latest asset allocations, upper and lower limits, and proposed course of actions.

The Board of Irving Firemen's Relief and Retirement Fund recognizes that during times of transition, (for example when a new Manager is hired), that the Fund's actual allocation might vary temporarily from the target range outlined above. It is expected, however, that the actual allocation will be brought back into line as soon as is practically and prudently possible.

The Board also recognizes that relative asset class and Manager performance, as well as significant moves in the capital markets, can and will lead to movements in asset allocation away from the targeted ranges. Deviations outside the upper or lower limits (which generally range from ±10% to ±20% of the targeted allocations) for these reasons should be corrected as soon as prudently possible. Normal cash flows into or out of the portfolio will be managed as much as is practical and prudent to maintain targeted allocations. Allocation will be monitored on a quarterly basis and more often if necessary.

Due to the illiquid nature of certain private real estate investments and other alternative investments, the Fund may not be able to practically rebalance those assets. In the case of liquid real estate investments, such as public REITS, the rebalancing process will more closely follow the guidelines for other liquid asset classes such as equities and fixed income.

If the cash flows of the Fund are inadequate to maintain targeted allocations, the Board will instruct the Consultant, Managers, and the Custodian in writing to effect transactions and redeployment of funds as needed to bring the allocation within the guidelines above.

4.3 Significant Portfolio Cashflows:

Should a situation where significant, unusually large cash in- or outflows arise, the Board will inform the Consultant, the Custodian, and the Managers as necessary as soon as practical of anticipated additions to or withdrawals from their portfolio. The Consultant, in consultation with the Board, will determine the most appropriate utilization for the cash additions within the established guidelines and will similarly determine the most appropriate manner in which to raise cash for withdrawals. The cash flow policy is stated in the Rebalancing Worksheet.

Section 5: Investment Guidelines

Each money manager hired by the Irving Firemen's Relief and Retirement Fund must adhere to the appropriate guidelines that follow. These guidelines for each major asset class serve as a framework for the money managers to work within to achieve the Fund's investment objectives while maintaining an acceptable level of risk. These guidelines are specifically designed to minimize interference with the money manager's efforts to attain overall objectives and to minimize the risk of excluding them from appropriate opportunities in compliance with this document. Should a money manager request a deviation from the following guidelines, the Board may choose to allow it, and this decision will be transmitted to the Manager in writing. Furthermore, these investment guidelines do not apply to mutual funds and exchange-traded funds (ETFs). Investments by mutual funds and ETFs are governed by the terms and conditions of their prospectuses and specific shareholder agreements.

If for any reason a security is purchased by any Manager outside of these guidelines, it must be sold. Following Board of Trustees notification, the investment manager is given discretion to sell at anytime within a thirty-day period. If a security is disposed of as a result of an original purchase that was made outside of the guidelines of the Fund, then the Fund is to be made whole by the Manager. (Whole is defined as the original book value of the non-complying investment(s) plus the greater of either the holding period return on the non-complying security(ies) or the return of the primary benchmark for that specific managed account during the same holding period.)

5.1 Prohibited Investments:

The following securities and transactions are prohibited unless the money manager has received prior, written Board authorization:

i. Letter stock, restricted stock, stock in non-public corporations, private placements, and any other unregistered securities including fixed income securities or any securities acquired upon conversion of the above. "Restricted Securities" are securities that have not been registered under the Securities Act of 1933 and as a result are subject to restrictions on resale.
ii. The purchase of securities on margin or the lending, pledging, or hypothecating of securities (except when investing in mutual funds and as allowed under section 5.5 Real Estate Investments).
iii. Short sales, (except where permitted in Section 5.6.x "Alternative Investments")
iv. Participation on a joint and several basis in any securities trading account.
v. Investment in companies for the purpose of exercising control of management.
vi. Concentration of investments in a particular industry inasmuch as the maximum commitment to an industry may not exceed 25% of the total value of the Fund's portfolio. This is not intended to restrict the concentration of fixed income securities in any given sector (such as corporate bonds, asset-backed securities, mortgage-backed securities, etc.) but to limit the concentration within each sector to 25% in any one industry.
vii. The purchase or sale of options or commodities, commodity contracts, mineral, oil, gas or other mineral exploration or development programs. However, the

Fund may purchase the securities of companies engaged in the exploration, development, production, refining, transportation and marketing of oil, gas or other minerals. For the purposes of this section, timberland investments are excluded and are acceptable to the Board.

viii. The above referenced list of Prohibited Investments does not apply to Mutual Fund Investments and ETFs. Mutual Fund Investments and ETFs are restricted by the terms and conditions of their Prospectus and specific shareholder agreements.

5.2 Domestic Equities:

These guidelines for equity Managers are intended to be general in nature, and to outline only broad constraints, allowing the Managers discretion to manage their portfolios according to their own internal policies.

i. Equity holdings in any one company should not exceed 5% of the market value of the entire Fund.
ii. The Managers should not invest more than 25% of the value of the common stock portfolio in the securities of companies principally engaged in the same industry.
iii. Equity holdings shall emphasize quality in security selection and be restricted to readily marketable securities of corporations actively traded on the major exchanges or listed over-the-counter.
iv. The money managers shall have the discretion to invest a portion of the assets under their supervision in cash reserves when they deem appropriate. However, the Managers will be evaluated against their benchmarks and their peer group based on the total funds of the portfolio under their direct management.
v. While the Managers should avoid the risk of large loss through diversification, the Board recognizes that certain Managers emphasizing performance often run concentrated portfolios holding fewer securities and are thus subject to greater volatility.

5.3 Fixed Income:

These guidelines for fixed income managers are intended to be general in nature, and to outline only broad constraints, allowing the Managers discretion to manage their portfolios according to their own internal policies.

i. All individual fixed income securities held for the Fund shall, at a minimum, be of investment grade at the time of purchase. The fixed income account managed by any manager shall maintain a weighted average credit rating that falls within the "A" category or better, as determined by the major credit rating agencies at all times. Mutual funds and ETFs may purchase non-investment grade securities including high yield, non-dollar, and emerging market securities. U.S. Treasury and U.S. government agency securities, while unrated, are qualified for inclusion in the Fund's portfolio.
ii. Managers shall not invest more than 5% of the Fund's value in the issues of any one issuer, with the sole exception of the U.S. Government, its agencies, or instrumentalities.

iii. All fixed income securities held for the Fund shall be expected, under normal market conditions, to be easily liquidated without severe markdowns when the transaction is not a forced liquidation.
iv. No funds shall be invested in private mortgages.
v. Short-term investments, including short-term investment funds (STIF's) and money market funds shall be of investment grade.
vi. Yankee bonds and taxable municipal securities are allowable.
vii. The above referenced list of restrictions does not apply to Mutual Fund Investments and ETFs. Mutual Fund Investments and ETFs are restricted by the terms and conditions of their Prospectuses and specific shareholder agreements.

5.4.1 Developed Market International Equities:

These guidelines for Developed Market (DM) international equity managers are intended to be general in nature, and to outline only broad constraints, allowing the Managers discretion to manage their portfolios according to their own internal policies.

i. International equities may be U.S. dollar or non-U.S. dollar denominated, but it is the intention of the Board that most securities will be U.S. dollar denominated.
ii. International equity securities may be traded on recognized stock exchanges or over the counter.
iii. Equity holdings in any one company shall not exceed 10% at market of the value of the international stock portfolio.
iv. No Manager shall invest more than 35% of the value of the Fund's international portfolio in any one industry category.
v. Managers should avoid allocations to any specific country greater than 45% of their portfolio.
vi. DM Managers shall not exceed 35% exposure of the Fund's international portfolio in emerging markets.

5.4.2 Emerging Market International Equities:

These guidelines for Emerging Markets (EM) international equity managers are intended to be general in nature, and to outline only broad constraints, allowing the Managers discretion to manage their portfolios according to their own internal policies.

i. Emerging Markets equities may be U.S. dollar or non-U.S. dollar denominated, but it is the intention of the board that most securities will be U.S. dollar denominated.
ii. Emerging Markets Equities may be invested in any type of depositary receipt and securities comprising the EM Account may be traded on recognized exchanges or over the counter.
iii. Equity holdings in any one company shall not exceed 10% at the market of the value of the Emerging Markets stock portfolio.
iv. No manager shall invest more than 35% of the value of the Fund's Emerging Markets portfolio in any one industry category.
v. Managers should avoid allocations to any specific country greater than 45% of their portfolio.

5.5 Real Estate Investments:

These guidelines for real estate investments are intended to be general in nature and to outline only broad constraints, allowing the Fund latitude to invest in the real estate sector as deemed prudent by the Board.

i. The Board has determined that only real estate investments professionally managed by nationally recognized firms, or firms registered with the SEC and deemed appropriate by the Board of the Irving Firemen's Relief and Retirement Fund, are to be utilized.

ii. Total real estate holdings at market value should not exceed 15% of the market value of the entire Fund at the time of purchase; however, the Board realizes that this percentage will not remain constant. Due to the relatively illiquid nature of certain types of private real estate investments, this percentage may be allowed to grow as high as 15% of portfolio value before action is warranted by the Board. Where possible however, such as with public REIT managers, the Board deems that quarterly rebalancing is appropriate.

iii. The primary real estate investments should be "core" type investments, holding a diversified basket of properties across both property types and geographic locations. Additional real estate investments may be of the specialty type including timberland.

iv. Timberland is a sub-category of real estate and may be utilized as appropriate. Investments in timberland shall not exceed 5% of the entire portfolio at the time of purchase.

v. The primary investment objective of the real estate portfolio is to generate a rate of return from investments in real estate which is greater than the U.S. real estate market net of all costs and fees over the course of a market cycle, typically five years. Secondary objectives include producing a predictable income stream, providing a partial hedge against inflation, and participation in the growth in value of high quality real estate over time.

vi. When possible, liquidity of investments is preferred over illiquidity but, in any case, a clearly defined "exit strategy" shall be enumerated in the offering.

vii. Leverage may be employed, within certain constraints, at the discretion of the real estate manager. The Board shall make the ultimate determination of whether a real estate investment vehicle is suitable for the Fund given the amount of leverage utilized by the manager in that specific real estate vehicle. In any case, such leverage will not exceed levels that would be deemed reasonable and prudent given the circumstances.

viii. It is the Board's intention that real estate holdings shall emphasize quality in selection and would normally be restricted to readily marketable properties. It is the intent of the Board that real estate investments be primarily high quality, income-producing properties with a small but meaningful equity return component. It is not the intention of the Board to invest in speculative real estate holdings.

ix. All holdings within the private real estate portfolios shall be appraised by a qualified appraiser within any one-year period. These appraisals shall be available for the Board or its Consultant as requested.

x. The real estate managers shall have the discretion to invest a portion of the assets under their supervision in cash reserves when they deem appropriate. However, the Managers will be evaluated against their benchmarks and their peer group based on the total funds of the portfolio under their direct management.

5.6 Alternative Investments:

The Board of the Irving Firemen's Relief and Retirement Fund may, from time to time, employ investment managers or "funds of funds" to invest in alternative asset classes such as private equity or commodities. The purpose of such investments is to attain returns above traditional assets such as common stocks while at the same time diversifying the capital market exposure of the Fund through lower correlations with traditional asset classes. It should be understood that these investments will not, in general, fall within the guidelines of traditional asset classes which comprise the majority of the Fund. Alternative assets can have numerous risks that are not reflected in a mean-variance analytical framework.

In the selection process for alternative assets and Managers, the Board shall use a number of selection criteria to evaluate the expected return and both traditional and non-traditional risks. These criteria shall include but not be limited to the following:

i. The expected return premium over traditional asset classes required to compensate for the added risk and illiquidity.
ii. The diversification and volatility of the investment itself along with its correlation to the other assets of the Fund and its effect upon the total portfolio volatility.
iii. The prospective Manager's tenure as a management team, expertise with this type of investment, track record, transparency, total assets under management in this strategy, potential conflicts of interest and whether or not they have a direct stake in the investment.
iv. Alignment of interest among investors and manager.
v. The Manager's use of non-traditional investment strategies and instruments such as futures, shorting, leverage, etc.
vi. Fees at each level, carried interest and the effect on net return.

5.6.1 Private Equity:

By definition, private equity investments generally possess a higher return potential along with a commensurately higher level of risk. The objective of the Fund's investments in private equity is to earn returns higher than those of traditional equity investments and to be adequately compensated for the additional risk assumed. Private equity may also further diversify the portfolio and reduce the Fund's total volatility.

i. The long-term (five to ten year) expected return objective of private equity investments will be 13% (nominal) net or approximately the S&P 500 historical return plus a risk premium of 300 basis points. Due to the nature of private equity, it is to be expected that there will be significant deviations from this benchmark over shorter time periods.
ii. Total investments in private equity shall not exceed 5% of the Fund's market value at the time of purchase.

iii. The total Fund's private equity investments shall be diversified over sectors, vintage years, number of investments, manager, geographic locations and company life-cycle entry points.
iv. Funds-of-funds may be employed to gain access to adequate diversification within the private equity portfolio.

5.6.2 Commodities:

The primary objectives of the commodity allocation are to further diversify the Fund, to provide for some hedge against inflation, and to increase opportunities to enhance the Fund's total return. Commodity investments can be implemented by either an active manager of commodities or a passive (index) approach or a combination of the two.

i. Investments in commodities shall not exceed 5% of the Fund's total value.
ii. Exchange Traded Funds (ETFs) may be utilized for indexing part or all of the commodity allocation.
iii. Active investments in commodities will be made through qualified investment managers with proven, long-term superior track records.
iv. Fund of funds in managed futures may be used for this asset allocation.
v. Short sales and leverage may be employed.
vi. A part of this allocation may be made through the use of specialty equity managers whose strategy is to outperform an appropriate commodity benchmark by investing in commodity-related equities which complement and expand the components of the commodity index itself.

5.6.3 Hedge Funds, General:

Hedge fund investments are intended to provide reasonably stable returns with reduced volatility. They are to be prudently chosen with the goal of increasing overall portfolio returns while reducing portfolio volatility, especially in times of great turmoil in the capital markets. The Fund shall only use hedge fund managers who have been thoroughly researched as it regards their investment strategies, investment experience of the general partners, proper alignment of interest, operational controls and risk monitoring procedures.

i. The Fund shall only use hedge funds of proven investment managers, preferably funds-of-funds and/or proven multi-strategy hedge funds. Both unregistered and Registered Investment Companies (RICs) vehicles shall be considered as statutes allow.
ii. The Fund shall not invest more than 5% in any single hedge strategy or RIC at the time of commitment/investment. One exception is hedge funds deemed to be suitable alternatives to traditional fixed income and therefore chosen to replace part of, and be funded from, the fixed income portfolio in which the allocation may go as high as 10% maximum. (See 5.6.4 below)
iii. The underlying investments in hedge funds may often be less liquid under normal market conditions and become totally illiquid in times of stress. They shall be considered as primarily illiquid for purposes of cash flow and rebalancing.

iv. Hedge funds are controlled by their private placement memoranda and their contracts with the Fund and any side letter that may be entered into. RICs are controlled by their prospectuses. In either case, the Board acknowledges that hedge fund managers operate under broad discretionary mandates designed to create the necessary investment flexibility to implement active trading strategies, constrained only by their own internal policies as defined by their offering documents.

v. The Board has the flexibility to assign benchmarks for each hedge fund allocation appropriate to its intended strategy, risk, and return objectives. Generally, directional hedge fund strategies expected to have material exposure to the public equity markets shall be measured against the S&P 500. Multi-strategy hedge funds may be measured against the S&P 500 or the appropriate Hedge Fund Research Inc. (HFRI) Index. Hedge funds intended as a substitute for long only fixed income may be measured against either the Barclay's Aggregate Bond Index or U.S. T-Bills plus an appropriate risk premium. (See 5.6.4 below)

5.6.4 Hedge Funds for Fixed Income:

The Board may elect to replace a portion of the fixed income portfolio with a fixed income like hedge fund to further diversify the portfolio and reduce exposure to the direction of interest rates and in such case would fund such investment from the overall fixed income allocation (see Section 5.3 Fixed Income, above). To the extent that an allocation is made to hedge funds as a substitute for fixed income under this paragraph 5.6.4, then these guidelines shall supersede those of section 5.3 Fixed Income. The criteria for making such an election shall include, but not be limited to, the following; (a) demonstrated skill and track record of the investment manager in managing fixed income and related securities; (b) depth of research in generating long/short relative value and macro trading ideas; (c) risk management capabilities and (d) a proven strategy. This strategy will be executed primarily through investments in fixed income securities and currency markets with the necessary discretion to adjust portfolio exposures to achieve stated objectives in all interest rate environments. The maximum allowed to be allocated under this section, 5.6.4, shall be 10%.

While this commitment will by definition be included in the hedge fund category for purposes of asset allocation, it shall have specific characteristics in terms of liquidity, volatility, composition, and investment objective, namely:

i. The fund will have reasonable liquidity and withdrawal penalty provisions

ii. Expected volatility, as measured on a trailing three year historical basis, should be less than the U.S. equity proxy (the S&P 500), and closer on average to the Barclays Aggregate Bond Index

iii. Portfolio composition should be primarily bonds, currencies and derivatives thereof. Expected exposure and return attribution from global equities shall be limited.

iv. The investment objective to produce consistent positive returns in all interest rate environments

v. This specific type of hedge fund shall be benchmarked against the Barclay's Aggregate Bond Index or U.S. T-Bills plus an appropriate risk premium.

Section 6: Performance Measurement

6.1 Performance Objectives:

Investment performance (including measures of both risk and return) for the Fund in total will be reviewed at least annually by comparing it to the Fund's composite policy benchmark outlined in Exhibit A.

This is done to determine the continued feasibility of achieving the Fund's investment objectives, and the appropriateness of this document in that regard. It is not expected that this document will be changed frequently; in particular short-term fluctuations in the capital markets should not require the modification of this document.

6.2 Monitoring of Money Managers:

The performance of each Manager will be measured by the Fund's consultant and shall be reviewed each quarter. This analysis should be taken in the context of the capital markets' conditions prevailing during that period and in relationship to that Manager's sector and style. The primary objectives of performance measurement are enhanced communication and understanding between the Fund and its Managers, and the comparison of actual performance against the goals established in this document.

The Board does not expect that the goals defined herein will be met in every quarter; however, the Board does expect these goals to be met over a full market cycle or a three to five year period. It is understood that there will be short-term periods during which a Manager's performance deviates from the market indices. During periods such as this, greater emphasis will be placed on that Manager's performance relative to its peer group, while keeping in perspective the Manager's long-term track record. This is done to reduce the likelihood of terminating a Manager whose investment style is out of favor when that Manager may, in fact, be outperforming its peer group. It is the Board's goal for each Manager to achieve a total return in the top 30% of a representative universe of similar managers over a full market cycle.

For each asset class within the Fund, each Manager's performance will be compared to a primary benchmark appropriate for that Manager's sector and style, and mutually agreed upon by the Manager and the Fund's consultant. It is the Board's goal that each Manager outperform their primary benchmark over a full market cycle. Where appropriate, a Manager will also be compared against a secondary benchmark, selected by the consultant, to give the Board a broader framework to evaluate that Manager's performance relative to its particular sector and style.

The manager-specific benchmarks for the Managers chosen by the Board of Irving Firemen's Relief and Retirement Fund are presented in Exhibit A.

While it is the Board's intention to fairly evaluate each Manager's performance, both absolute and relative, over a reasonable period of time, the Board clearly retains the right to terminate a Manager for any reason including but not limited to the following:

i. Failure to meet Board's communication and reporting requirements.
ii. Failure to respond promptly to the Board's concerns.
iii. Unacceptable justification for poor results.
iv. If the Manager incurs excessive risks.
v. A significant change in key personnel or a change in ownership.
vi. When the Board reaches a consensus that a change of Manager would be in the best interests of the Fund, with or without cause. (This judgment by the Board is sufficient justification for termination in and of itself.)
vii. If the Manager fails to comply with all applicable laws and statutes, including this document.

Section 7: Selection of Money Managers

Recognizing the vast number and broad spectrum of investment managers available, the Board of Irving Firemen's Relief and Retirement Fund has engaged the services of a professional investment Consultant to aid in the selection of Managers for the Fund by performing due diligence, narrowing the broad universe of managers to a more manageable group, and recommending a select set of specific managers for each asset class for the Board's final selection. This structured approach promotes diversification across asset classes and investment styles and promotes the longevity of manager relationships. At a minimum, managers for the Fund's consideration must meet the following criteria:

i. Be a bank, insurance company, investment management company, or investment advisor as defined by the Registered Investment Advisors Act of 1940.
ii. Be registered and maintain registration under the Registered Investment Advisors Act of 1940.
iii. Be registered to conduct business in the State of Texas.
iv. Provide historical quarterly performance numbers on a time-weighted basis, based on a composite of all fully discretionary accounts of similar investment style.
v. Provide detailed information on the history of the firm, key personnel, and assets under management.
vi. The Manager must articulate clearly and in writing the investment strategy that will be followed.
vii. Provide the Fund with a current Form ADV.

Section 8: Meetings and Reports

On occasion the Board of Irving Firemen's Relief and Retirement Fund may request a formal presentation by a manager at a scheduled board meeting. The date of the meeting will be scheduled in advance, and notification will be made in writing. Although the Board does not intend to limit the presentation by the Manager, it is requested that the following items be addressed in the Manager's report, at a minimum:

i. Economic and investment background.
ii. Actual portfolio composition versus stated investment style, market sector, and methodology.
iii. A review of actual results of the Fund's portfolio, including measures of both risk and return, under that Manager's supervision in relation to the Manager's short, intermediate, and long-term track record.
iv. Any changes in the manager's style, internal policies, investment management process, of any issues relating to the Manager or firm in the media with direct implications for the Fund.
v. Any changes in personnel.
vi. Proxy voting record (if applicable), to the extent required by the Fund.
vii. A review of any guidelines contained in this document which might constrain the Manager adversely in the performance of its duties and recommendations concerning any changes in policy which should be given consideration by the Board.

Exhibit A: Executive Summary

Current Assets (12/31/14):	$179,154,072
Investment Time Horizon:	Greater than ten years (perpetual)
Actuarial Return Assumption:	8.25%
Expected Portfolio Return:	9.0% (approx. 5% over CPI)
Risk Tolerance:	Moderate to Moderately Aggressive

Policy Asset Allocation:	Target Allocation	Range
Domestic Equity: Large Cap Growth	13.00%	0-25%
Domestic Equity: Large Cap Value	13.00%	0-25%
Domestic Equity: Smid Growth	6.00%	0-15%
Domestic Equity: Small Value	4.00%	0-10%
International Equity	18.00%	0%-25%
Emerging Markets	5.00%	0%-10%
Domestic Fixed Income	11.00%	5%-50%
Real Estate Investments	11.50%	0-15%
Timberland Investments	2.50%	0-5%
Private Equity	6.00%	0-20%
Hedge Fund	10.00%	0-10%
Cash and Equivalents	0.00%	0-5%

Composite Policy Benchmark Index	Percentage
Russell 1000 Growth	13.00%
Russell 1000 Value	13.00%
Russell Smid Growth	6.00%
Russell 2000 Value	4.00%
MSCI EAFE - Net	18.00%
MSCI Emerging Markets (Net)	5.00%
NCREIF Property	11.50%
NCREIF Timberland	2.50%
BC Aggregate	11.00%
13% Fixed ROR (Private Equity)	6.00%
HFRI Multi Strategy	10.00%

Manager Allocation	Sector/Style	Target Alloc.	Collar Percent	Lower Limit	Upper Limit
Wedgewood	Domestic Equity: LC Growth	6.5%	10.0%	5.85%	7.15%
Smith Group	Domestic Equity: LC Growth	6.5%	10.0%	5.85%	7.15%
Columbia Mgmt	Domestic Equity: LC Value	13.0%	10.0%	11.70%	14.30%
Apex Capital	Domestic Equity: Smid Growth	6.0%	15.0%	5.10%	6.90%
Brandywine	Domestic Equity: SC Value	4.0%	15.0%	3.40%	4.60%
Delaware	International Equity: Value	9.0%	15.0%	7.65%	10.35%
WCM Investment	International Equity: Growth	9.0%	15.0%	7.65%	10.35%
Lazard Asset	Emerging Markets	5.0%	15.0%	4.25%	5.75%
Federated Investors	Core Fixed Income	6.0%	10.0%	5.40%	6.60%
Blackstone	Fixed Income	5.0%	10.0%	4.50%	5.50%
Principal US Prop.	Domestic Private Real Estate	11.5%	n/a	n/a	n/a
CDK Realty	Domestic Private Real Estate		n/a	n/a	n/a
CBRE Capital Partners	Real Estate Debt		n/a	n/a	n/a
Campus Clarion	Real Estate		n/a	n/a	n/a
PIMCO Bravo II	Real Estate		n/a	n/a	n/a
Hancock Timber	Timberland	2.5%	n/a	n/a	n/a
Goldman Sachs	Private Equity	6.0%	n/a	n/a	n/a
Cohesive Capital	Private Equity		n/a	n/a	n/a
Goldman Sachs	Private Equity		n/a	n/a	n/a
Capital Spring	Private Equity		n/a	n/a	n/a
Balyasny	Hedge Fund	10.0%	n/a	n/a	n/a
Millennium International	Hedge Fund		n/a	n/a	n/a

Manager/Product	Primary Benchmark	Secondary Benchmark	MS Research
Wedgewood LC Growth Equity	Russell 1000 Growth	Russell 3000	Focus
Smith Group LC Diversified Growth	Russell 1000 Growth	Russell 3001	n/a
Columbia LC Value	Russell 1000 Value	Russell 3000	Approved
Apex Capital Smid Growth	Russell 2500 Growth	Russell 3000	Focus
Brandywine SC Value	Russell 2000 Value	Russell 3000	Approved
Delaware Investments Intl Value	MSCI EAFE Value Net	MSCI EAFE Net	Focus
WCM Focused Growth Intl	MSCI EAFE - Growth Net	MSCI EAFE Net	Approved
Lazard Emerging Markets	MSCI - EM Net	MSCI EAFE Net	Focus
Federated Investors Core Aggr.	BC Aggregate	BC G/C	Approved
Blkstone Real Estate Income Fund	BC Aggregate	none	Approved
Principal US Property Account	NCREIF Property	none	n/a
CDK Realty Advisors	NCREIF Property	none	n/a
CBRE Capital Partners	NCREIF Property	none	Approved
Campus Clarion Student Housing	NCREIF Property	BC Aggregate	Approved
PIMCO Bravo II	NCREIF Property	BC Aggregate	Approved
Hancock Timber	NCREIF Timberland	none	n/a
Goldman Sachs PEP X	13%	none	Approved
Goldman Sachs Early Secondaries	13%	none	Approved
Capital Spring	13%	none	n/a
Cohesive Capital Partners	13%	none	Approved
Balyasny Atlas Enhanced Fund	HFRI Multi Strategy	none	Approved
Millennium International	HFRI Multi Strategy	none	Approved

Exhibit B: Chronology of Investment Decisions

The Board of the Irving Firemen's Relief and Retirement Fund chose to transition from a single Manager to a Consultant and multiple specialist Managers approach in the fourth quarter of 2000. As such, the Fund was in a transition for the first two quarters of 2001 but is currently in a fully implemented state.

At a meeting on August 12, 2002 the Board voted to terminate the services of the Fund's International Growth manager and reallocate those funds to their International Value manager.

At a meeting on February 17, 2003 the Board voted to change the Fund's strategic asset allocation by increasing the Fund's exposure to small-cap stocks. This was done after much consideration of historical returns following extended bear markets and a thorough review of the Fund's portfolio using a mean-variance portfolio optimizer. Targeted small-cap exposure was increased from 7.5% to 17.5%. Funding for the increase in small-cap exposure was provided by a 10% reduction in targeted large-cap allocation. The Board elected to retain a "growth tilt" in the large-cap sector of the portfolio. The funds raised were allocated proportionately to the two existing small-cap managers. The Board felt that the International allocation of 7.5% should be retained. This action required a revision of the Composite Policy Benchmark.

At a Board meeting on August 18, 2003, the Board adopted a tactical asset allocation shift from 25% market duration, 10% intermediate duration fixed income mix to a balanced 17.5%-17.5% mix based on the fact that interest rates have declined to a level not seen in the last forty-five years. The performance of bond managers shall continue to be measured against their respective benchmarks, but the total portfolio shall remain benchmarked against its Composite Policy Benchmark. In addition, the Board stated that they would like to move toward a 10% allocation target in real estate investments.

At a board meeting on April 12, 2004, the Board hired the Consulting Group of Smith Barney to replace their consultant and custodian. At a May 17, 2004 meeting, the Board agreed to place the Wasatch small cap allocation with Brandywine on a temporary basis until such time that a suitable small-cap growth manager is hired. At the May 2004 meeting, the Board also chose to replace the Allegiance Capital Market Duration allocation with the Allegiance Capital Lehman Aggregate A or better product including asset backed securities.

At the September 27, 2004 meeting, the 10% real estate allocation was further refined to be as much as 75% of the allocation in private real estate, the balance in public REITS.

On January 17, 2005 the Board voted to terminate Oak Associates in light of the "not recommended" status issued by their consultant. The excess funds from this termination were temporarily invested with Delaware International pending a new asset allocation study and appropriate manager searches.

On April 18, 2005 voted to maintain the target for Westcap at 12.5% but increase the target for Seligman to 20%. International was temporarily increased to 15%.

After engaging Courtland Partners for a specialist real estate consultation and presentations from four finalists and at the recommendation of Courtland Partners, the Board voted, on May 23, 2005 to invest up to 7% of the Fund in the Principal US Property Account, and up to 3.75% of the Fund in the Prudential PRISA as the queues allow with the total of both not to exceed 7.5% of the Fund.

At a Board meeting on June 20, 2005 the Board was presented with a new strategic allocation study and a stochastic asset-liability study. After careful consideration, the Board adopted a new strategic allocation with specific allocations to mid-cap equities and private real estate, along with a new tactical allocation. A large-cap domestic equity growth manager search was requested.

At the July 18, 2005 meeting, the Board terminated Westcap LCG and hired Santa Barbara Asset Management after and extensive search.

On January 16, 2006 Penn Capital was hired for the mid-cap core allocation after review of a search by the Consultant. At the end of January, Principal US Property was funded with $3.5 million and at the end of March, Prudential PRISA was funded also with $3.5 million.

On April 17, 2006, the Board voted to implement a new strategic allocation increasing International to twenty percent from a reduction in domestic equity allocation. In addition, the Board requested an International Growth manager search and Wentworth Hauser and Violich was ultimately chosen and hired.

At a special meeting of the Board on August 14, 2006, the Board voted to hire Hancock Timber Resources Group for a timberland allocation not to exceed 5%. The Board also voted to eliminate a discreet allocation to REITS. Funding for the timberland allocation is to come from a proportionate reduction in fixed income as it is drawn down.

On May 14, 2007 the Board voted to terminate Congress Asset Management and hire Axia Investment Management to manage the fixed income account.

On December 17, 2007 the Board voted to allocate 5% to Manning & Napier Advisors to invest in their Core Equity – Unrestricted product. Allocation to fixed income managers was reduced by 5% to 18%.

On April 21, 2008 the Board voted to commit $5 million to the Goldman Sachs PEP X, a private equity fund. Exposure to domestic equity was reduced to 45% from 50% in order to fund this commitment.

On September 22, 2008 the Board voted to invest $2 million with CDK Realty Advisors. Funding would come from the fixed income allocation.

On February 16, 2009 the Board voted to change the strategic allocation to LCG and LCV to 14.25% each from 11.0% and 17.5% respectively.

At the April 20, 2009 Board meeting, the Board voted to invest $4 million in the PIMCO Distressed Mortgage Fund II. Funding would come from the fixed income allocation.

On November 16, 2009 the Board voted to invest $2 million in Goldman Sachs Early Secondaries Offshore Fund, a private equity investment.

At the December 21, 2009 Board meeting, the Board voted to invest $1 million in CapitalSpring LLC, a private equity investment.

At the September 20, 2010 meeting the Board voted to invest $5,000,000 in CBRE Capital Partners, a real estate debt and opportunistic investment.

At the November 15, 2010 meeting, the Board voted to invest an additional $1,000,000 with CDK Realty.

At the January 24, 2011 Board meeting, the Board voted to increase the International equity allocation by 5% with a discreet allocation to a new Emerging Markets manager and hired Lazard Asset management.

The Board at its regular meeting on April 18, 2011 approved to replace Cavanal Hill Investment Management with Federated Investors for the management of the fixed income account.

At the January 16, 2012 Board meeting, the Board voted to invest $6.5 million (about 5% of the total fund value) in Millennium International Ltd. The source of funding will come from terminating Manning & Napier, a domestic equity core manager.

The Board at its March 19, 2012 meeting voted to make $1.5 million additional investment with CDK Realty Advisors.

At the May 21, 2012 meeting, the Board voted to adopt a new asset allocation after discussion and recommendation by the investment consultant. Allocation to private equity is increased to 13%; international equity is reduced to 18%; and real estate is reduced to 12%. The new asset allocation is presented in Exhibit A. The Board also voted to invest $5 million in Cohesive Capital Partners, a multi-sponsor direct private equity fund.

At the June 17, 2012 meeting, the Board voted to terminate the account with Prudential Real Estate Investors PRISA.

At the October 15, 2012 meeting, the Board voted to invest $7 million in PIMCO Absolute Return Strategy (PARS). PARS is a discretionary global macro and fixed income hedge fund designed to produce absolute returns. Funding will come from the fixed income account.

The Board, at its regular meeting on November 19, 2012, approved an additional $1 million investment with Capital Spring.

On February 18, 2013, the Board voted to invest $250,000.00 in Autumn Leaves at Cinco Ranch through CDK Realty Advisors and $1,000,000.00 in CDK Bridge Loan Program at CityScape in Phoenix, AZ. CDK on February 28, 2013 advised the Board that CDK removed the recommendation on CDK Bridge Loan Program at CityScape in Phoenix, AZ and the commitment was dropped.

At the August 12, 2013 meeting, the Board voted to commit $1.5 million to CDK Realty Advisors for investment in Prevarian Senior Living in Jacksonville Beach, Florida.

On September 23, 2013, the Board voted to invest an additional $750,000 with CDK Realty Advisors - $250,000 each to Autumn Leaves – Arlington Heights, Chicago, IL; Autumn Leaves – Georgetown, TX and Autumn Leaves – Oklahoma City.

The Board at its October 21, 2013 meeting voted to commit $5 million in PIMCO Bravo II at the recommendation of the investment consultant. Bravo II invests in residential and commercial real estate related assets in the U.S. and Europe.

At the December 16, 2013 meeting, the Board voted to commit $5 million to CDK Realty Advisors Multifamily project.

On February 17, 2014, the Board voted to hire Wedgewood Partners for the large cap growth mandate to replace Santa Barbara.

On April 21, 2014, the Board voted to invest $8.5 million in Campus Clarion Student Housing Partners at the recommendation of the investment consultant.

At the April 20, 2015 board meeting, the Board voted to liquid the entire investment in PIMCO Absolute Return Strategy due to a change in investment strategy to increase the risk level.

At the May 18, 2015 board meeting, the Board voted to invest $5 million in CDK Strategic Partners.

On July 20, 2015, the Board at its regular meeting voted to approve the following:

1. To terminate Penn Capital (mid-cap product) and to hire Apex Capital Management (smid growth product).
2. To invest in Blackstone Real Estate Income Fund with the proceeds from PIMCO Absolute Return Strategy.

At the September 21, 2015 board meeting, the Board voted to:

1. Commit $8 million to Balyasny Atlas Enhanced Fund, a multi-strategy hedge fund.
2. Re-allocate 50% of the investment with Wedgewood Partners to Smith Group Asset Management's large cap diversified growth product.

On October 19, 2015, the Board voted to increase the allocation to hedge funds from 5% to 10%, reduce the allocation to real estate from 12.5% to 11.5%, reduce the allocation to timberland from 4.5% to 2.5%, and reduce the allocation to private equity from 8% to 6%.

On February 15, 2016, the Board voted to hire WCM Investment to replace WHV Investment for the international growth equity mandate.

Appendix A: Manager Acknowledgement Letter

Date

Money Manager Name
Firm
Address
City, State, Zip

Re: Acknowledgement of Receipt of Statement of Investment Policy, Guidelines, and Investment Objectives, Revision 2.4 dated March 21, 2016.

Dear Sir or Madam:

Please sign and return this letter to us as acknowledgement of your receipt of the Irving Firemen's Relief and Retirement Fund's Statement of Investment Policy, Guidelines, and Investment Objectives, Revision 2.4 dated March 21, 2016.

This signed letter also serves as your acknowledgement and agreement in writing of your fiduciary responsibility to fully comply with the Statement of Investment Policy, Guidelines, and Objectives unless a deviation is agreed upon in writing by you and the Irving Firemen's Relief and Retirement Fund in advance of any non-complying action.

It is the intention of the Irving Firemen's Relief and Retirement Fund to review the above named document on an annual basis to reaffirm the continued relevancy or to revise it as deemed appropriate. You will be notified in writing of any changes to the document.

Yours very truly,

Tim Sharpe, CFA, CIMA
Institutional Consulting Director

Acknowledged and agreed to by the Manager:

Signed: ______________________________

Title: ______________________________

Date: ______________________________

Please return a signed original of this letter to:
Tim Sharpe, CFA, CIMA
Morgan Stanley Wealth Management
2800 Post Oak Blvd., Suite 1800
Houston, TX 77056