

# COMPREHENSIVE INVESTMENT PLAN FLORIDA ABLE PROGRAM

*Effective Date: December 2025*

## OVERVIEW

### **Florida ABLE Program**

The Florida ABLE Program (Program), also referred to as ABLE United, was developed to encourage and assist eligible individuals with disabilities, and their families, with saving private funds. Income from the savings is tax-exempt if used to pay for qualified disability expenses consistent with the federal law authorizing the Program.

### **Comprehensive Investment Plan**

In accordance with Section 1009.986(5), Florida Statutes, Florida ABLE, Inc. (Corporation) has established this Comprehensive Investment Plan (CIP), subject to the approval of the Board of Directors of the Corporation and the Florida Prepaid College Board.

The purpose of this CIP is to document the governance structure, roles and responsibilities, investment objectives, and authorized investment vehicles for the Program.

### **Investment Guidelines**

In addition to the CIP, Investment Guidelines are also established and are provided in a separate document. Investment Guidelines shall be established by the Board of Directors of the Corporation and approved by the Florida Prepaid College Board and shall comply within the framework of the CIP.

Investment Guidelines more specifically set forth the investment options, allocations, and monitoring requirements. Investment Guidelines may be updated more or less frequently than the CIP.

### **Limitation on Use**

The CIP and Investment Guidelines are intended to guide the Corporation in their duty of administering the Program. These documents shall be available publicly to ensure transparency. However, account owners or participants of the Program shall bear responsibility for their own investment decisions and this CIP, and Investment Guidelines should not be construed as investment advice.

## GOVERNANCE

### **Florida Prepaid College Board**

The Florida Prepaid College Board (Prepaid Board) provides administrative support to the Program and operates under a written contract with the Corporation.

### **Florida ABLE, Inc. (Corporation)**

The Corporation is created pursuant to Section 1009.986(3), Florida Statutes as a direct support organization of the Prepaid Board and is organized and operated to receive, hold, invest, and administer property and to make expenditures for the benefit of the Program.

## **Board of Directors of the Corporation**

Section 1009.986(3)(d), Florida Statutes, establishes the Board of Directors of the Corporation (Board of Directors). The Board of Directors consists of the Chair of the Prepaid Board (or his designee as permitted by law), up to three individuals appointed by the Prepaid Board, one individual appointed by the Governor, and two individuals who are advocates of persons with disabilities of which one is appointed by the President of the Senate and one is appointed by the Speaker of the House.

The Board of Directors shall meet at least quarterly using any method of telecommunications to conduct, or establish a quorum.

## **ROLES AND RESPONSIBILITIES**

### **Florida Prepaid College Board**

The Prepaid Board has the authority and responsibility to:

- Approve the CIP and Investment Guidelines, and any changes thereto, for the Program.
- Respond to requests from the Board of Directors made in accordance with the provisions of the CIP.
- Solicit proposals, to contract, subcontract, or amend contractual service agreements of the Florida Prepaid College Board for the benefit of the Program.

### **Board of Directors**

The Primary Duties of the Board of Directors include:

- Adopt an annual budget.
- Provide for an annual financial audit.
- Publish an annual report.
- Request the Prepaid Board to solicit proposals, to contract or subcontract, or to amend contractual service agreements for the benefit of the Program.
- Maintain the CIP and Investment Guidelines, with the assistance of the Investment Consultant.
- Approve investment managers for the Program in accordance with the CIP.
- Review the investment options and fees for the Program on a periodic basis.
- Review periodically the performance of investment managers/investment options.
- Utilize the services of a professional investment advisor and consultant for advice in the pursuit of investment objectives.

### **Prepaid Board Staff**

The primary duties of the Prepaid Board Staff include:

- Ensuring that investment policies are strictly followed and that investment procedures are in place and properly followed.
- Conducting the competitive procurement, and ongoing due diligence, of the Investment Advisor, Consultants, Custodian Banks, and Investment Managers.
- Engaging the Investment Advisor, Consultants, and Investment Managers to identify and draft investment policy and guideline enhancements.
- Monitoring investment selection and performance to ensure Investment Managers and investment options conform with CIP and Investment Guidelines requirements, including the receipt of Investment Manager reports.
- Serving as the contract manager and primary point of contact for the Investment Advisor, Consultants, and Investment Managers.

- Providing subject matter expertise for, and resolution of, policy questions, escalated matters, and changes to the Program.

## **Investment Advisor and Consultants**

### Investment Advisor

The Investment Advisor advises the Board of Directors on portfolio design and structure, asset allocation, investment fees, and investment policy, including the contents of this CIP and the Investment Guidelines.

The Investment Advisor's duties also include:

- Measuring investment performance results and advising the Board of Directors, at least quarterly, as to the performance and continued appropriateness of each Investment Manager.
- Providing sophisticated, objective, and prudent investment advice and direction on all matters related to the management of investments.
- Advising the Board of Directors on investment manager selection and termination decisions.
- Guiding the Board of Directors in the monitoring and negotiation of competitive investment management fees.

### Investment Consultant

The Investment Consultant assists the Board in overseeing the performance of the Investment Advisor and provides independent advice:

- Reviewing annually the appropriateness of the CIP and Investment Guidelines.
- Reviewing annually the asset allocation of multi-asset investment options.
- Reviewing annually the suitability of the investment option offering.
- Evaluating recommendations of the Investment Advisor.
- Monitoring the investment managers.
- Assisting with the investment manager procurement process.

### Other Industry Consultants

From time to time, the Board of Directors may employ other consultants for the following, but not limited to, services:

- Performing studies of industry best practices relating to items such as Program design, trends, and fees.

## **Investment Managers**

The Investment Managers shall invest Program assets, as instructed by the Board of Directors, with care, skill, prudence, and diligence. The Investment Managers shall meet the performance expectations outlined in the Investment Guidelines while maintaining strict compliance with all applicable provisions of law and may exercise discretion within the bounds of this CIP and the Investment Guidelines.

## **Other Vendors**

### Custodian/Trustee

The Custodian/Trustee is responsible for the safekeeping of the Program's investment assets by holding them in trust. These duties include:

- Executing trades upon proper documentation and reconciliation with the Record Keeper.
- Calculating the daily Net Asset Value of each investment option.
- Performing the rebalancing of investment options as provided for in the Investment Guidelines.

### Record Keeper

The Record Keeper performs the daily operational functions of the Program including receiving and disbursing participant funds, maintaining participant account balances, and customer service.

### Independent Auditor

The Independent Auditor performs an annual financial statement audit and presents the audited Program financial statements to the Board of Directors. In addition, they provide review services of Program initiatives as requested.

## **PROCUREMENT**

### **Competitive Procurement Requirement**

Pursuant to Section 1009.971, Florida Statutes, the Prepaid Board is required to solicit proposals and contracts for Investment Consultants, Trustee, and Investment Management services. These services are solicited through a competitive process pursuant to Section 287.057, Florida Statutes, and may result in more than one provider for each service.

### **Procurement Teams**

Procurement Teams shall be responsible for completing the procurement process and shall consist of Prepaid Board staff and/or other individuals that have a strong working knowledge of the requested service and shall be appointed by the Executive Director. Evaluation and Negotiation Teams are typically used for the Invitation to Negotiate (ITN) process. The Executive Director is responsible for approving the final selection(s) of the Procurement Teams. Procurement Team members must certify that they are independent of each procurement respondent.

### **Procurement Strategy**

Unless otherwise approved by the Executive Director, Procurement Teams shall use the ITN process, as provided for in Section 287.057, Florida Statutes, to select vendors for the Program. The ITN is a multi-phase competitive procurement process. The phases include:

- Evaluation – Result in a shortlist of respondents to continue in the process.
- Negotiation – Results in a greater understanding of the shortlisted respondents, their proposed services and contractual terms.
- Recommendation of Award – The vendor(s) determined to provide the best value is recommended to the Executive Director for final approval.

### **Use of Prepaid Board Resources**

Evaluation and Negotiation Teams should consider information from the Investment Advisor and/or Consultants in addition to the vendor responses. Information provided by the Investment Advisor and/or Consultants will be based on the response to the solicitation and information possessed through its normal course of business.

The Evaluation and Negotiation Teams should also consult with the Prepaid Board's legal vendor throughout the procurement process to ensure compliance with Florida Statutes.

### **Selection**

Contract awards will be based on the respondent that provides the best value to the Board of Directors and Program participants. Best value will be based on all components of the response such as

demonstrated ability to successfully perform the requested service, alignment with the Board of Director's overall strategy, and fees.

Final vendor selection is subject to the approval of the Prepaid Board's Executive Director.

## **CONFLICTS OF INTEREST**

The Board of Directors, its designees, and any service provider operating on behalf of the Board of Directors have a duty to avoid any actual, potential, or perceived material conflicts of interest in connection with investment decisions. No Board Member, designee, or service provider shall participate in, influence, or vote on any investment decision in which they have a direct or indirect material personal, professional, or financial interest.

Any actual, potential, or perceived material conflict of interest that may arise between the Board of Directors, its members, designees, service providers, potential service providers, current or prospective investments, or any other related entities or transactions must be disclosed to the Board of Directors promptly upon identification and prior to any related deliberation or action.

## **INVESTMENT OBJECTIVE AND PHILOSOPHY**

### **Investment Objective**

The principal objective of the Program is to give participants the opportunity to save in order to help maintain or improve their health, independence and quality of life.

To accomplish this objective, the Board of Directors shall provide a sufficient range of investment options that are flexible enough to meet the needs of participants having varying ages, time horizons, investment knowledge, risk and return objectives, and cost sensitivity.

The investment offering of the Program shall not be construed as investment advice for individual participants who should consider their own unique circumstances and constraints when investing. It is the responsibility of each participant to determine the suitability of the investment option chosen and to seek out qualified, third-party advice as deemed necessary.

### **Investment Philosophy**

The Board of Directors has adopted a long-term, total return philosophy for the evaluation of investment options and Investment Managers. While, at times, an investment may experience short-term and intermediate-term volatility, that volatility should be evaluated in the context of relevant benchmarks and with a focus on the investment's ongoing ability to contribute to the success of meeting participants' investment goals on a forward-looking basis.

### **Standard of Care and Evaluation of Investments**

It is the commitment of the Board of Directors to develop static investment option asset allocations in a manner that prioritizes the highest return on investments, for a given level of risk, without consideration for nonpecuniary beliefs or political factors.

- The evaluation of an investment allocation decision related to these static investment options must be based only on pecuniary factors. As used in this section, "pecuniary factor" means a factor that the Board of Directors prudently determines is expected to have a material effect on the risk and return of an investment based on appropriate investment horizons consistent with the designed investment option's investment objectives. Pecuniary factors do not include the consideration of the furtherance of social, political, or ideological interests.

- The Board of Directors may not subordinate the interests of the static investment options to other objectives and may not sacrifice investment return or take on additional investment risk to promote any non-pecuniary factors. The weight given to any pecuniary factor by the Board of Directors should appropriately reflect a prudent assessment of its impact on risk and returns.
- In the case of a conflict with this section and any other provision of Florida law, Florida law shall prevail.

## Proxy Voting

When deciding whether to exercise shareholder rights and when exercising such rights, including the voting of proxies, the Board of Directors:

- Must act prudently and solely in the interests of the Program.
- May not subordinate the interests of the Program to other objectives and may not sacrifice investment return or take on additional investment risk to promote non-pecuniary factors.
- In the case of a conflict with this section and any other provision of Florida law, Florida law shall prevail.

## AUTHORIZED INVESTMENTS

The Board of Directors intends to offer investment options utilizing a diverse selection of authorized investments. Each investment option shall be assigned a benchmark in the Investment Guidelines. Investment Managers may invest in the securities of the specified benchmark as well as other authorized investments provided they comply with the Investment Guidelines and are consistent with the stated strategy.

### Cash or Cash Equivalent

- FDIC Funds
- 2a7 (actual or like) money market funds
- Stable value, guaranteed investment contracts, or similar investment products utilizing insurance-based wrappers or guarantees

### Commingled Investment Funds

- Commingled investment funds and mutual funds which are primarily invested in investment vehicles for the approved investment option's benchmark

If the Prepaid Board utilizes the same investment option as the Program, then the Program will use the Prepaid Board's investment manager for that investment option unless the Prepaid Board approves otherwise in advance.

Investment options, benchmarks, objectives and target allocations are set forth in the Investment Guidelines.

## COMPLIANCE

The Executive Director shall be responsible for ensuring that compliance with the CIP and Investment Guidelines is regularly monitored.

Each commingled account shall provide a current prospectus, outlining the pertinent information related to the fund such as investment objective, fees, and performance.

## PERFORMANCE MEASUREMENT

Official performance shall be calculated monthly, pursuant to the recommended guidelines of the CFA Institute, currently Global Investment Performance Standards (GIPS), where applicable, and in accordance with the Investment Guidelines.

## INVESTMENT OPTION FEES

The Board of Directors are committed to providing quality investment options at competitive fees. As a result, the Board of Directors may waive or assess fees as it deems necessary to support the Program.

## REPORTING

To ensure the transparency of the Program, at a minimum the following reporting shall be provided:

### **Quarterly Board Meetings**

To maintain an understanding of the Program's investments, the Board of Directors shall review quarterly reports from Prepaid Board staff and the Investment Advisor for applicable investment matters including, but not limited to:

- Investment management (options, strategies, manager selection, etc.)
- Investment performance

### **Website**

As the primary access point to information for the participants, the Program website shall provide, at a minimum:

- Information relating to each investment option:
  - Description
  - Fee
  - Benchmark
  - Risk level
  - Allocation for static options
- Performance, updated monthly, for periods such as:
  - Monthly
  - Quarterly
  - 1-year
  - 3-year
  - 5-year
  - Since Inception
- Forms and information needed to understand, enroll, and maintain an account such as:
  - Program Description and Participation Agreement
  - Forms needed to make updates to an established account

## ANNUAL REVIEW

The Board of Directors shall conduct an annual review of the CIP and Investment guidelines. The review shall be done in partnership with the Investment Consultant with the results being presented at a Board meeting.

# INVESTMENT GUIDELINES

## FLORIDA ABLE PROGRAM

*Effective Date: December 2025*

### OVERVIEW

#### Florida ABLE, Inc.

Florida ABLE, Inc. (Corporation), subject to approval by the Florida Prepaid College Board (Prepaid Board), has established the following Investment Guidelines to support implementation of the policy and strategy set forth in the Comprehensive Investment Plan (CIP) for the Florida ABLE Program (Program), also referred to as ABLE United.

#### Investment Guidelines

The Investment Guidelines are maintained in compliance with the CIP. Updates to the Investment Guidelines are subject to approval by the Prepaid Board only.

#### Limitation on Use

The CIP and Investment Guidelines are intended to guide the Board of Directors and Investment Managers in their duties of administering the Program. These documents are provided publicly to ensure transparency to Program participants. However, participants of the Program bear responsibility for their own investment decisions, and the CIP and Investment Guidelines should not be construed as investment advice.

### INVESTMENT OPTIONS AND BENCHMARKS

To meet the Corporation's investment objective of providing a sufficient range of investment options for participants, with various ages, time horizons, investment knowledge, risk and return objectives, and cost sensitivity, to accumulate savings, the Corporation and Prepaid Board have approved the following investment options and related benchmarks:

<b>FDIC Savings Fund</b>	The FDIC Savings Fund is an FDIC Insured Savings Account Option. Funds will be placed in a demand deposit account established by the Trust at the Bank of New York Mellon	<p>Risk Level</p>  <p>MORE CONSERVATIVE      MORE AGGRESSIVE</p>
Manager:	Bank of New York Mellon	
Fund Fee:	0.00% (0 bps)	
Admin. Fee:	0.00% (0 bps)	
Benchmark:	Federal Funds Rate less 15 basis points	
Ticker:	Separately Managed Account	

<b>Money Market Fund</b>	<p>The Money Market Fund invests in short-term, high-quality fixed income securities rated in the highest short-term rating category to provide stable returns with less risk. The fund seeks to provide, in priority order, safety, liquidity and returns comparable to short-term instruments with minimized risks.</p>
Manager:	Florida PRIME
Fund Fee:	0.03 – 0.04% (3-4 bps)
Admin. Fee:	0.0% (0 bps)
Benchmark:	Federal Funds Rate less 15 basis points
Ticker:	Separately Managed Account
<b>Risk Level</b> <div style="display: flex; align-items: center; justify-content: space-between; width: 100%;">  <div style="display: flex; align-items: center;"> <span style="color: #c8a234; font-weight: bold;">MORE CONSERVATIVE</span> <span style="flex-grow: 1;"></span> <span style="color: #0070C0; font-weight: bold;">MORE AGGRESSIVE</span> </div> </div>	

<b>U.S. Bond Fund</b>	<p>The U.S. Bond Fund is a passively managed bond fund which tracks the performance of a benchmark index. Investments include U.S. Treasury and U.S. Government Agency obligations, as well as corporate debt and securitized instruments. The fund seeks to provide investors with exposure to the broad fixed income market in the United States.</p>
Manager:	Vanguard
Fund Fee:	0.03% (3 bps)
Admin. Fee:	0.26% (26 bps)
Benchmark:	Bloomberg Barclays Aggregate
Ticker:	VBMPX
<b>Risk Level</b> <div style="display: flex; align-items: center; justify-content: space-between; width: 100%;">  <div style="display: flex; align-items: center;"> <span style="color: #90EE90; font-weight: bold;">MORE CONSERVATIVE</span> <span style="flex-grow: 1;"></span> <span style="color: #0070C0; font-weight: bold;">MORE AGGRESSIVE</span> </div> </div>	

<b>U.S. Stock Fund</b>	<p>The U.S. Stock Fund is a passively managed stock fund which tracks the performance of a benchmark index that measures the investment return of the overall U.S. equities market. The fund seeks to provide investors with exposure to the overall U.S. equities market.</p>
Manager:	Vanguard
Fund Fee:	0.02% (2 bps)
Admin. Fee:	0.27% (27 bps)
Benchmark:	CRSP US Total Market Index
Ticker:	VSMPX
<b>Risk Level</b> <div style="display: flex; align-items: center; justify-content: space-between; width: 100%;">  <div style="display: flex; align-items: center;"> <span style="color: #4682B4; font-weight: bold;">MORE CONSERVATIVE</span> <span style="flex-grow: 1;"></span> <span style="color: #0070C0; font-weight: bold;">MORE AGGRESSIVE</span> </div> </div>	

## International Stock Fund

The International Stock Fund is invested in a passively managed stock fund which tracks the performance of a benchmark index of international developed markets. The fund seeks to provide investors exposure to international equities in developed markets.

Manager:	BlackRock
Fund Fee:	0.04% (4 bps)
Admin. Fee:	0.25% (25 bps)
Benchmark:	MSCI EAFE Index
Ticker:	BTMKX

### Risk Level



## STATIC OPTION ASSET CLASS ALLOCATION

The Board of Directors, based on guidance from the Investment Advisor, has established the following pre-designed portfolios that focus on the investment goals of growth (more aggressive), income (more conservative), and a blend of the two. The target investment allocations of the Static Option portfolios are constant over time.

Predesigned Portfolio Allocations				
Portfolio Option	Conservative	Moderate	Growth	
Components				
● Money Market Fund	10%	-	-	
● U.S. Bond Fund	50%	40%	20%	
● U.S. Stock Fund	30%	45%	55%	
● Int'l Stock Fund	10%	15%	25%	



In order to maintain the target for each respective option, the asset class allocation shall be monitored monthly and rebalanced to the target when the allowable ranges are exceeded. The option should be brought back into compliance within five business days of the allowable ranges being exceeded.

## INVESTMENT OPTION FEES

Section 1009.986, Florida Statutes, provides for an administrative fee applicable to an ABLE account. The administrative fee is assessed on funds invested in each investment option. The Corporation and Prepaid Board have approved the following fees for the Investment Options:

Fund Option	Fee		Balanced Option	Fee
FDIC	0 bps		Conservative	26.5 bps
Money Market	3.5 bps		Moderate	29 bps
Fixed Income	29 bps		Growth	29 bps
Equity	29 bps			
International	29 bps			

## INVESTMENT MANAGER SELECTION, PERFORMANCE EVALUATION, AND MONITORING

### Investment Manager Selection

The Prepaid Board may hire multiple Investment Managers, which will be selected as the result of a competitive procurement process. Selected Investment Managers' authority is limited as defined by the CIP and Investment Guidelines. All references to the portfolio in these Investment Guidelines refer to the market value of funds provided to each Investment Manager.

If the Prepaid Board determines an Investment Manager or Fund should be added or replaced, the Prepaid Board will evaluate potential alternatives in-line with the CIP's Procurement process and will consider best value to the state and participants. Best value shall include but not be limited to experience, strategy, performance, and fees. Specifically, at a minimum, the below criteria will be considered:

- Overall organizational strength and investment professional tenure.
- Well-articulated and consistent application of investment philosophy and process.
- Portfolio characteristics and sector weightings relative to style benchmark.
- Consistent performance history relative to style benchmark and industry style universe.
- Strategy's long-term risk/reward profile compared to style benchmark and industry style universe.
- Investment management fee competitiveness.

### Investment Manager Performance Expectations

The Board of Directors, with the assistance of the Investment Advisor and Prepaid Board Staff, will monitor the performance of its existing Investment Managers on a regular, ongoing basis. Investment returns will be measured net of investment management fees. At a minimum, the following quantitative expectations will be used as criteria for monitoring Investment Manager performance:

- For actively-managed portfolios, the Investment Manager is expected to have:
  - Performance, net of Investment Manager fees, meet or exceed the assigned benchmark for the 3 and 5 year periods.
  - Total return to rank median or above peers in the comparative peer universe for the 3 and 5 year periods
  - Volatility, as measured by standard deviation, is expected to be no greater than 120% of the assigned benchmark for the 5 year period.
- For passively-managed (or indexed) portfolios, the Investment Manager is expected to have:
  - Performance meet the assigned benchmark, gross of Investment Manager fees for the 3 and 5 year periods.
  - Volatility, as measured by standard deviation, is expected to be no greater than 110% of the assigned benchmark for the 5 year period.

The Investment Managers and their respective assigned benchmarks are identified in the Underlying Investment Manager Section above.

Where an Investment Manager does not have all the periods of historical performance with the Program, performance from the mutual fund or similar composite can be utilized for evaluation. If additional historical performance for an Investment Manager is not available, the Program's since inception performance will be monitored.

To supplement these quantitative measures, the Board of Directors may also consider qualitative factors in developing forward-looking expectations on Investment Manager performance. Examples of qualitative factors that may prompt the Board of Directors to re-evaluate a manager's ability to meet future expectations include but are not limited to:

- Significant tracking error changes on passively managed options
- Significant changes in firm ownership and/or structure
- Loss of one or more key personnel
- Significant loss of clients and/or assets under management
- Shifts in the firm's philosophy or process
- Lack of responsiveness to client requests

### **Investment Manager Monitoring**

The Board of Directors, with the assistance of its Investment Advisor, will maintain a formal process for monitoring of Investment Managers (Monitoring) in relation to each Investment Manager's ability to meet the above expectations. The Monitoring shall be presented at each quarterly Board of Directors meeting and designed to address shortfalls, quantitative or qualitative, in performance relative to expectations. The Monitoring serves to facilitate communication relating to the Investment Manager(s) between the Investment Advisor and the Board of Directors. The Monitoring includes assigning a status to each Investment Manager to promote a disciplined yet flexible approach to addressing any conditions requiring remedy in a thoughtful manner. In assigning the status, the Investment Advisor will, at a minimum, consider the following:

- Results versus quantitative expectations outlined above
- Expectations for the Investment Manager's strategy in the current market environment
- The ability of the Investment Manager to invest in the benchmark and how limitations may affect their performance in certain market environments
- Any qualitative items the Investment Advisor is aware of

The following terminology has been developed to describe each Reporting status:

**“In-Compliance”** – The Investment Manager is acting in accordance with the CIP and Investment Guidelines and/or there is continued confidence on a forward looking basis.

**“Alert”** – Continued confidence in the Investment Manager on a forward looking basis but a shortfall has been identified that causes concern. The Investment Advisor will conduct due diligence necessary to review the concern and propose the most prudent course of action (which may include no action).

**“On Notice”** – Material concern has been identified that may affect the Investment Managers ability to meet future performance expectations. Specific criteria required for status upgrade is outlined, including any timeframes, in the notification. In addition, processes may be put in motion to consider alternate investment strategies. Failure to improve upon stated noted issues within the detailed time frame justifies Investment Manager termination.

“Termination” – The Board of Directors, working with the Investment Advisor, has decided to terminate the Investment Manager. Transition plans are in motion.

The Investment Advisor shall document justification for Investment Managers assigned an “In-Compliance” status while substantially deviating from the quantitative expectations. In addition, the Board of Directors may request documentation for any “In-Compliance” status as determined necessary.

Monitoring shall be used by the Board of Directors as a guide rather than a required precursor to termination of an Investment Manager. The assigned status is not required to progress through each option. Based on the circumstances, and the Investment Advisor’s recommendations, status can change to any level at any time, for example move from “In-Compliance” directly to “On Notice” or “Termination”.

Notwithstanding these criteria, the Board of Directors may terminate any Investment Manager at any time for any sound reason in prudent service of the Program’s investment objectives and participants as severity and circumstances of the concern warrant.

### **EXCEPTIONS TO INVESTMENT GUIDELINE REQUIREMENTS**

Occasionally, in the day-to-day administration of the Program, events may occur that may require exceptions to Investment Guideline requirements. The Executive Director has the authority to grant exceptions to the Investment Guidelines provided the following:

- Does not violate the Comprehensive Investment Plan
- The exception is in the best interest of the Program
- Consideration has been given to transaction costs, market environments, and/or other pertinent information
- The exception is recommended by the Investment Advisor or Investment Consultant

Any exceptions granted must be presented to the Board of Directors at the next scheduled meeting.