

Ross Township, PA Combined Pension Plan

Request for Proposal

Small Cap Core Equity

Responses due by 2 pm EST, Thursday, May 15, 2014

Ross Township's Pension Board is soliciting proposals from qualified investment companies to manage approximately \$4 million in an active domestic small cap core equity mandate.

In conjunction with this RFP, the Board has engaged the investment consulting services of Morrison Fiduciary Advisors, Inc. to assist in the evaluation process. Morrison is a fee-only investment consulting firm with no affiliation with any money manager or broker dealer, which allows Morrison to be completely objective when advising the Plan.

This Request for Proposals (RFP) is issued in accordance with the requirements set forth in Pennsylvania Act 44 of 2009 and any potential vendor should familiarize themselves with this Act and conform to its specific requirements.

The Township has approximately \$36 million in combined pension assets currently managed by 4 investment management firms invested in 5 specific investment disciplines. The Fund will consider active small/mid (SMiD) core equity proposals. The Fund will not consider active small cap value or growth equity proposals. Attached to this RFP is the Plan's current Investment Policy Statement which can be used as a reference when considering this RFP.

In selecting a domestic small cap core equity manager, the Board has established the following minimum standards:

- Managed small cap core equity portfolios for at least 5 years with small cap core equity assets of at least \$300 million as of 3-31-14.
- Registered with the US Securities & Exchange Commission.
- Compliance with all Federal and State laws applicable regarding investment entities.
- Compliance with all applicable GIPS performance presentation standards.

Ross Township Combined Pension Plan

I. GENERAL INFORMATION

Firm Name: _____
Address: _____
City: _____ State: _____ Zip: _____
RFP Contact: _____ Contact
Phone: _____
Title: _____ Fax: _____
E-mail: _____
Firm website
address: _____
Strategy under Consideration: Active Domestic Small Cap Core Equities
Projected Amount: \$4 Million RFP Due Date: 2pm, May 15, 2014

II. FIRM INFORMATION

1. State whether or not you comply with all of the minimum standard requirements listed on the previous page.
2. What is the firm's inception date? Please include the ADV Part 2A as an attached document. (Appendix A)
3. What is the firm's ownership structure? Have there been any key employee departures or hires over the last 3 years? Please provide an organizational chart of your firm's small cap core equity investment committee and key decision making personnel along with their experience and years at firm including brief biographies. Provide the name(s) of the client service personnel assigned to our account including brief biographies. (Appendix B)
4. Disclose firm-wide and small cap core equity assets under management and breakdown those assets between institutional (Public DB, Taft-Hartley, Foundations & Endowments, etc.) and high net worth individuals/family offices.
5. Does the firm have any broker/dealer affiliations? If yes, please describe the relationship between the firm and its broker/dealer.
6. Provide a brief description of any past or pending regulatory action, litigation or other legal proceedings involving the firm or any registered employees and/or principals. Detail any existing or potential conflicts of interest between your small cap equity activities and other services performed for other clients.
7. What types of liability insurance (e.g. Errors and Omissions) and other forms of coverage does your firm maintain to protect client assets?

8. Provide contact information for your firm's auditor, fund administrator, legal advisor, and any other service providers to the fund.
9. Describe your firm's internal controls regarding cash controls, valuation policies, risk management, and anti-fraud procedures. Has your firm undergone a SAS 70 or SSAE 16 review? If so, please summarize the key findings and any noted deficiencies.
10. Describe your performance measurement reporting. Do you provide client web access? If so, describe your capabilities. Provide a sample client performance report. (Appendix C)

III. INVESTMENT STRATEGY & PROCESS

1. Describe your firm's investment philosophy regarding domestic small cap core equities and what significant factors influence your success with this asset class? What is considered to be the competitive advantage of this investment philosophy? (please limit answer to no more than 1 page)
2. In what market environments is the strategy expected to outperform/underperform?
3. What is the main source of research used in the portfolio management process (internal and/or external)? If applicable, describe your reliance on in-house research in the context of personnel skills and experience.
4. Describe your portfolio construction process including number of holdings, sectors weights and constraints, turnover, and potential exposure to securities not included in the benchmark.
5. Describe your sell decision process.
6. Describe the guidelines and risk control measures employed relative to your benchmark.
7. Describe your firm's trading methodology. What processes does your firm utilize to minimize trading costs? Identify the people responsible for trading this product.
8. What was the cents per share commission on trades for this product over the last year? Do you anticipate this cost going up or down in the future?
9. If applicable, describe your firm's policy on 'soft dollar' trading. What benefits does your firm receive regarding this policy?

IV. PROPOSED STRATEGY TERMS

1. Provide the name of the fund/account being proposed and its corresponding benchmark if other than the Russell 2000 index? If a mutual fund, please provide the ticker symbol.
2. What is the current asset level for the proposed product and how much capacity remains?
3. What investment vehicle is being proposed for this \$4 million mandate (i.e. separate account, institutional mutual fund, collective trust, etc.)?
4. What is the comprehensive fee schedule on the proposed product? Is the fee negotiable?
5. Is your firm represented by any third party organization or individual whose purpose is marketing and/or gathering assets for the firm and are compensated as such? If so, list all relationships and their nature.
6. Complete Appendix D which is an excel spreadsheet attached to this RFP.

V. Submission Information and Summary

Please submit your response to this RFP in this order as follows:

1. Transmittal letter identifying this RFP, your firm, firm RFP contact and an affirmation that all documents and answers submitted are truthful and accurate.
2. RFP answers
3. Act 44 disclosure form completed in its entirety
4. The following 5 appendices listed below

- Appendix A: Form ADV Part 2A
- Appendix B: Firm Organizational Chart
- Appendix C: Sample Client Quarterly Performance Report
- Appendix D: Excel spreadsheet with investment performance
- Appendix E: GIPS-complaint Small Cap Core Equity Composite as of 12-31-13

Please submit 1 original proposal (hard copy) & 1 electronic copy of the completed RFP by 2 pm EST, Thursday, May 15, 2014 to Doug Sample, Township Manager as well as 1 original proposal (hard copy) & 1 electronic copy to the Consultant using the addresses shown below:

Ross Township Combined Pension Plan
Doug Sample, Township Manager
1000 Ross Municipal Drive
Pittsburgh, PA 15237
dsample@ross.pa.us

Morrison Fiduciary Advisors, Inc.
Robert Bulas
1405 McFarland Road
Pittsburgh, PA 15216
rjb@morrisonadvisors.com

Projected RFP timeline:

RFP Issue Date:	Monday, April 28, 2014
RFP Due Date:	Thursday, May 15, 2014 @ 2pm EST
Finalists Notification:	Thursday, June 5, 2014 (tentative)
Finalists Presentations:	Monday, June 16, 2014 (tentative)

To ensure a more efficient evaluation process, respondents should direct all inquiries regarding this RFP to Robert Bulas at Morrison Fiduciary Advisors via email only. At any time during this RFP process, the Board has the right to consider all factors and take any action to ensure the Fund obtains the best possible manager evaluation result. These Board actions include the Board's right to negotiate proposals received, amend the RFP process, accept additional proposals, consider information not contained in the original proposals and consider all factors in addition to price. This RFP process is for professional services and the final award will not be based strictly on price. The Board appreciates your interest in serving the Plan and looks forward to your response.

Ross Township Combined Pension Plan
Domestic Small Cap Core Equity search
Appendix D

Responding Firm: _____

Firm Contact: _____

	annualized gross-of fees return ending 3-31-14			
	1 year	3-year	5-year	7-year
Return - gross of fees				
Russell 2000 index				
Value-Added	0.00%	0.00%	0.00%	0.00%

	calendar year annual returns - gross of fees						
	2013	2012	2011	2010	2009	2008	2007
Return - gross of fees							
Russell 2000 index							
Value-Added	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

	data as of 3-31-4		
	Account		Russell 2000
# of holdings			
Avg. market cap.			
Median market cap.			
Avg. PE ratio			
Avg. Price to Book			
5-year earnings growth			
dividend yield			
annual turnover			

	ending 3-31-14	
	3-year	5-year
Tracking Error		
Upside Capture Ratio		
Downside Capture Ratio		
Standard Deviation		
Information Ratio		

Only provide statistics for indicated time periods. All statistics must be based on quarterly numbers. Benchmark used is the Russell 2000 index. Show all performance as gross-of-fees. If you submit a mutual fund, please use gross-of-fees if available, otherwise use net-of-fees data and disclose this information.

VII. Act 44 Disclosure

ACT 44 STANDARD DISCLOSURE FORM

ROSS TOWNSHIP COMBINED PENSION PLAN, PENNSYLVANIA

LIST OF MUNICIPAL OFFICIALS & EMPLOYEES OF THE REQUESTING MUNICIPAL ENTITY

APPLICANTS: Certain questions on this Disclosure Form will refer to a *“List of Municipal Officials.”* To assist you in preparing your answers, you should consider the following names to be a complete list of pension system and municipal officials and relevant employees.

MUNICIPALITY: Enter below, a list of municipal officials that have any involvement in the administration or management of the pension system – Elected Officials, Appointed Officials and Employees, Board Members, or other Pension Committee Members (if applicable). Do not include employees that are not in a management position or serve on a pension committee or in a decision-making position relative to this pension system. If a category listed below is not applicable, so state.

Elected Officials:			
Name:	Title:	Name:	Title:
Grant Montgomery	Board of Commissioners	Grace Stanko	Board of Commissioners
David Mikec	Board of Commissioners	John Sponcer	Board of Commissioners
Daniel DeMarco	Board of Commissioners	Jeremy Shaffer	Board of Commissioners
Lana Mazur	Board of Commissioners	Paul Trilli	Board of Commissioners
Stephen Korbel	Board of Commissioners		
Employees or Appointed Officials:			
Name:	Title:	Name:	Title:
Dawn Lane	Finance Director	Doug Sample	Township Manager

APPLICANT STANDARD DISCLOSURE QUESTIONS

APPLICANT INSTRUCTIONS: In accordance with Chapter 7-A of Act 44, 2009, ALL applicants responding to this RFP must complete the following Standard Disclosure Form Questions.

1. Initial each question (except **Q1:**) to provide your response in the space provided to the right of each question.
2. **THEN:** provide explanations for all *“Yes”* or *“Applies”* responses **AND**, the information requested in **Q1:** (mandatory), on a separate sheet(s) of paper with the question you are responding to clearly noted. Attach your response sheet to this Disclosure Form.

Required Act 44 Professional Services Contract Disclosure Information:

In accordance with Pennsylvania Act 44 of 2009, all Professional Services Contracts must disclose the following information in their Request for Proposal (RFP) response documents. All potential vendors should

refer to PA Act 44 of 2009 and become familiar with their procedures and disclosures and then adhere to these standards throughout the RFP process.

1. Disclose the names and titles of each individual who will be providing professional services to the municipal pension system, including advisors or subcontractors and a description of the responsibilities of each individual and their resumes (as an exhibit).

For any individual listed above:

a. Is the individual(s) listed above a current or former official or employee of the municipality entering into the contract: _____ (No) , If Yes, please explain below.

b. Is the individual(s) listed above a registered Federal or State lobbyist: _____ (No) , If Yes, please explain below:

2. Disclose the terms employment/compensation of any third party intermediary agent or lobbyist who will directly or indirectly communicate with a municipal pension system official(s) or employee(s) in connection with any investment transaction involving the potential vendor and the municipal pension system.

_____ (not applicable) , If applicable, please explain below:

3. Disclose any person that enters into a professional services contract with a municipal pension system that has a direct financial, commercial, or business relationship with any of the municipal pension system officers or employees which controls the municipal pension system.

_____ (not applicable) , If applicable, please explain:

4. Disclose any apparent, potential or actual conflicts of interest of any person or entity who potentially enters into, or applies for, submits an offer or bid for, responds to a request for, or otherwise solicits, a proposal or a contract with the municipal pension system.

____(not applicable) , If applicable, please explain:

5. Disclose all contributions (political contributions and gifts) to which all of the following apply:

- a. A contribution was made after the Act's December 18, 2009 effective date.
- b. A contribution was made by an officer, director, executive-level employee, or owner of at least 5% of the potential vendor.
- c. The amount of the contribution was at least \$500 in aggregate.
- d. The contribution was made to a candidate for any public office serving in the Commonwealth of Pennsylvania or to an individual who holds that office.
- e. The contribution was made to a political committee of a candidate for public office in the Commonwealth or to an individual who holds that office.

_____(not applicable) , If applicable, please list the name and address of the contributor, the contributor's relationship to the potential vendor, the name, office and position of each person receiving a contribution, the amount of the contribution, and any gifts to an official or employee of the municipal pension system:

APPLICANT VERIFICATION

I, _____, hereby state that I am the _____ for
(Name) (Position)

_____ and I am authorized to make this verification.
(Contractor / Company Name)

I hereby verify that the facts set forth in the foregoing Act 44 Disclosure Form for RFP Applicants seeking to provide Professional Services to the Ross Township Combined Pension Plan are true and correct to the best of my knowledge, information and belief. I also understand that knowingly making material misstatements or omissions in this form could subject the responding **Applicant** to the penalties in Section 705-A (e) of Act 44.

I understand that false statements herein are made subject to the penalties of 18 P.A.C.S. § 4904 relating to unsworn falsification to authorities.

Signature

Date

DEFINITIONS FOR THIS DISCLOSURE FORM

TERM:	DEFINITION:
CONTRACTOR (ALSO – “APPLICANT”)	<p>Any person, company, or other entity that receives payments, fees, or any other form of compensation from a municipal pension system in exchange for rendering professional services for the benefit of the municipal pension system.</p> <p><u>This term shall also Apply</u> to any Applicant who solicits, applies for, or responds to a Request for Proposal for the purpose of gaining a professional services contract.</p>
SUBCONTRACTOR OR ADVISOR	<p>Anyone who is paid a fee or receives compensation from a municipal pension system – directly or indirectly from or through a contractor.</p>
AFFILIATED ENTITY	<p>Any of the following:</p> <ol style="list-style-type: none"> 1. A subsidiary or holding company of a lobbying firm or other business entity owned in whole or in part by a lobbying firm. 2. An organization recognized by the Internal Revenue Service as a tax-exempt organization under section 501(c) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 501 (c) established by a lobbyist or lobbying firm or an affiliated entity.
CONTRIBUTIONS	<p>As defined in section 1621 of the act of June 3rd, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.</p>
POLITICAL COMMITTEE	<p>As defined in section 1621 of the act of June 3rd, 1937 (P.L. 1333, No. 320), known as the Pennsylvania Election Code.</p>
EXECUTIVE LEVEL EMPLOYEE	<p><u>ANY employee or person or the person’s affiliated entity who:</u></p> <ol style="list-style-type: none"> 1. Can affect or influence the outcome of the person’s or affiliated entity’s actions, policies, or decisions relating to pensions and the conduct of business with a municipality or a municipal pension system; or 2. Is directly involved in the implementation or development policies relating to pensions, investments, contracts or procurement or the conduct of business with a municipality or municipal pension system.
MUNICIPAL PENSION SYSTEM	<p>Any qualifying pension plan, under Pennsylvania state law, for any municipality within the Commonwealth of Pennsylvania; includes the Pennsylvania Municipal Retirement System.</p> <p><i>Example: the Combined Pension Plan for the City of Washington.</i></p>

MUNICIPAL PENSION SYSTEM OFFICIALS AND EMPLOYEES; MUNICIPAL OFFICIALS AND EMPLOYEES	<u>Specifically</u> , those listed in the preceding section titled: <i>“List of Municipal Officials & Employees for the Requesting Municipality:”</i> and / or whenever applicable, may include <u>any</u> employee of the Requesting Municipality .
PROFESSIONAL SERVICES CONTRACT	A contract to which the municipal pension system is a party to that is: (1) for the purchase of professional services including investment services, legal services, real estate services, and other consulting services; and, (2) not subject to a requirement that the lowest bid be accepted.

**INVESTMENT POLICY STATEMENT
FOR**

**THE ROSS TOWNSHIP POLICE AND
GENERAL EMPLOYEES PENSION PLANS**

Approved October 19, 2009

(Updates previous investment policies approved 3/12/07)

Includes Addendum (Exceptions for Manning & Napier)
Dated April 19, 2010

Includes Updated Asset Allocations
Approved April 19, 2010

Prepared by:

Frank Burnette
Morrison Fiduciary Advisors, Inc.
(412) 344-6052
frb@morrisonadvisors.com

This Investment Policy Statement was prepared by Morrison Fiduciary Advisors expressly for client use. Any use of this document for purposes other than use by its clients requires written approval from Morrison Fiduciary Advisors.

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I. INTRODUCTION

1. Purpose of this Investment Policy Statement

This investment policy statement outlines the goals and investment objectives of the Ross Township Police and General Employees Pension Plans (the "Plan") and provides guidelines for the professional vendors serving the Plan. This statement identifies the operating procedures for the Plan and its agents, specifies the target asset allocation policy, establishes guidelines for the selection of investment managers, identifies permissible securities, specifies criteria for evaluating the investment performance and addresses numerous administrative issues.

2. Investment Objective

The funding obligations of the Plan are long term in nature and the investment of the Plan assets should also have a long term focus generally recognized as being a time period of at least five years. The investment objectives for the Plan's assets are to:

- Achieve a long term rate of return sufficient to meet the Plan's actuarial interest rate (currently 7.5%) over the long term.
- Provide for the payment of benefit obligations and expenses in perpetuity in a secure and prudent fashion.
- Achieve a rate of return after adjusting for inflation sufficient to preserve the purchasing power of the Plan assets.
- Maintain a prudent risk level that balances growth with the need to preserve capital.
- Establish an investment structure to diversify the Plan investments to minimize the risk of large losses or excessive fluctuations in market value from year to year.

3. General Background

The Plan is a single employer defined benefit plan originally established by Ross Township on 1-1-57. As of July 31, 2009, the total Plan assets of both the Police and the General Employee Plans were approximately \$28 million and the Plan covered approximately 140 total active, non-active and retired participants. At that time, each Plan engaged two balanced managers and one real estate manager.

4. Regulatory Environment

The Plan and its Trustees are governed by the Pennsylvania Act 600 (Police), Act 205 (Non-Uniform), Pennsylvania Act 44 of 2009 and the Pennsylvania Probate, Estates and Fiduciaries Code Section 73. While the Plan is not subject to the Employee Retirement Income Security Act (ERISA), ERISA should be used as a guide for administration of the Plan. The Plan and its agents are subject to the Pennsylvania Public Official and Employee Ethics Act.

II. RESPONSIBILITIES OF THE PLAN'S REPRESENTATIVES

The Plan is governed by the "Prudent Man Rule" which requires the Plan be managed with the care, skill, prudence and diligence that a prudent man familiar with such matters would use in like circumstances. All of the Plan's representatives are governed by this rule and all professional services provided to the Plan must be performed within these guidelines.

1. The **Board** of Commissioners will have the following responsibilities:
 - Assume ultimate responsibility for the fiduciary oversight of the Pension Plan.
 - Approve the investment policy statement, establishing asset allocation guidelines, make investment manager selections & terminations and monitor investment performance.
 - Delegate fiduciary responsibilities to professional advisers in a prudent and responsible manner.
 - Authorize the Township Manager to act as an authorized representative of the Board to act on behalf of the Board as authorized by the Board to execute documents, issue administrative instructions and the authorization thereof and to address issues that require action before a scheduled Board meeting can occur but only with the board being made aware and in agreement with the action to be taken.
 - Designate the Township Manager to act as primary contact for Pension communications.
2. The Plan **Custodian** will have the following responsibilities:
 - Hold Plan assets in a centralized fashion and safeguard these assets at all times.
 - Settle investment transactions as instructed by the Plan's investment managers in the most efficient manner possible.
 - Provide fund accounting and related reporting for the total Plan assets as well as for the individual investment manager accounts in a timely manner.
 - Provide securities pricing using a recognized third party pricing vendor which will serve as the primary source for performance measurement.
 - Accommodate cash flows of the Plan and rebalance the funds allocated to the individual investment managers as instructed by the Plan Consultant and the Township Manager. The Plan Consultant and the Manager will take all direction from the Board of Commissioners prior to taking any action..
3. The **Investment Consultant** retained by the Board will have the following responsibilities:
 - Develop the Plan's investment policy statement.

- Recommend the Plan's asset allocation strategy and related investment manager structure and initiate rebalancing of the Plan assets as appropriate and only as directed by the Board of Commissioners.
- Facilitate communication between the Board, the investment managers, the custodian and other vendors for the Plan.
- Provide quarterly performance measurement reporting for individual investment managers and for the total Plan and assess organizational issues of investment managers.
- Report on the capital markets, investment trends and portfolio management opportunities.

Perform investment manager searches (in accordance with standards established by Act 44), recommend investment managers as appropriate and rebalance the Plan's allocations among investment managers as appropriate providing the Board confirms such action prior to its execution.

- Avoid conflicts of interest by prohibiting the acceptance of any additional sources of revenues (brokerage, commissions, asset management, sale of research, marketing, etc.).

4. The **Investment Managers** retained by the Board will have the following responsibilities:

- Manage the Plan's assets in a manner consistent with the investment policies outlined in this investment policy statement and in accordance with applicable laws.
- Accommodate the Plan's need for managing cash flows in the most efficient manner possible.
- Execute every investment transaction in the best interests of the Plan on a "best execution" basis and in the best interests of the Plan.
- Promptly notify the Board and Consultant of significant changes in the investment manager's investment strategy, organizational structure, financial condition or personnel assigned to manage the Plan assets.
- Exercise voting rights and proxies according to the investment manager's discretion in the long term best interests of the Plan.
- Maintain registration as an investment adviser under the Investment Advisers Act of 1940 or be a bank or insurance company with duly authorized investment authorities.
- Acknowledge in writing that the investment manager is a fiduciary of the Plan in its service to the Plan.
- Submit quarterly reports to communicate all relevant issues regarding the manager's investment of the Plan assets including information specifically defined by the Board and/or the Consultant.
- Attend Board meetings as requested.

4. Trade Execution Policy

All investment transactions executed on behalf of the Plan by the Plan's investment managers will be executed on a "best execution basis" which is defined as the best possible transaction price after netting the cost of transaction commissions and related fees. Investment managers are permitted to combine transactions executed on behalf of the Plan with other client account transactions in an effort to achieve the best possible execution for the Plan. While each manager is provided the discretion to determine best execution, it is anticipated that each investment manager will achieve an average equity commission rate below 3 cents per share.

Investment managers serving the Plan and are not permitted to execute investment transactions on behalf of the Plan with affiliated broker dealers or participate in any trading revenues associated with the Plan assets.

5. Fiduciary Liability Insurance

The Plan will maintain fiduciary liability insurance for the Plan Trustees and its agents in an amount established by the Board. The Plan's vendors will also maintain fiduciary liability insurance in regards to the professional services provided to the fund in an amount established by the Board.

III. INVESTMENT GUIDELINES

1. Risk Tolerances

The Board recognizes the complexity of achieving the Plan's investment objectives because of the lack of predictability inherent in the capital markets. The Plan's current financial condition and risk tolerance permit the Plan to experience interim fluctuations in market value in order to achieve long-term objectives.

The Board prefers investment managers with active investment styles that seek to achieve investment returns exceeding market indexes over longer periods of time. Investment managers will be provided discretion to manage the Plan assets in the best interest of the Plan and in a manner that creates the best opportunity to generate returns that compare favorably with investment performance standards.

The Plan's investments will be broadly diversified to minimize the risk of substantial loss as measured by a percentage of the Plan assets. The Board expects that Plan assets will remain as fully invested as practical and that investment manager(s) will refrain from short-term market timing.

2. The following types of investments are prohibited for the Plan:

- Transactions prohibited State laws.
- Restricted securities (letter stock).
- Futures, options, margins, warrants and short sale transactions.
- Direct purchases of real estate and limited partnerships not advised by a registered investment advisor.

- Leveraged and derivative transactions.
 - Direct purchase of oil, gas, timber or other natural resources.
3. Equity guidelines will be as follows:
- The equity portfolio will be well diversified to avoid undue exposure to any single economic sector, industry group or individual security.
 - No more than 5% of the entire Plan shall be invested in the securities of any one issuer (based on cost or current market value).
 - Equity managers will not hold securities that are not representative of their investment style such as bonds, convertible bonds, preferred stock or leveraged instruments.
 - Foreign equity holdings will be limited to dollar denominated ADR's unless the foreign investment is made through a mutual fund or commingled fund in which case this restriction does not apply.
4. Fixed income guidelines will be as follows:
- Investments in any one issuer (based on cost or current market value) will not exceed 5% of the total fixed income assets of the entire Plan. No limitations are placed on investments in U. S. government guaranteed obligations and fully backed Federal agency obligations.
 - No more that 10% of the market value of the bond portfolio valued at market should be invested in any one corporation.
 - The fixed income assets held by the Plan must be rated investment grade or better by Moody's or Standard & Poor's.
 - The average credit quality of the fixed income portfolio must maintain a rating of AA- or better.
 - Fixed income managers will not hold securities that are not representative of their investment style (i.e. stocks, convertible bonds, preferred stock, etc.).
5. Real estate guidelines will be as follows:
- Real estate investments will be limited to publicly traded real estate stocks, real estate investment trusts funds (REIT's) and direct investment in limited partnerships of real estate assets managed by qualified real estate investment advisors.
6. The Custodian money market guidelines will be as follows:
- All money market investment options selected for the Fund will be safe and secure and ensure that the Plan's cash reserves are not subject to loss or market value deterioration.

- The Plan's investment in money markets will have daily liquidity without risking loss of principal during liquidation.

7. Mutual Funds/Commingled Funds

If mutual funds and/or commingled funds are used to implement the investment strategy of the Plan, the prospectus or documents of the fund(s) will govern the investment policies of the fund investments. In selecting mutual funds/commingled funds, the Board and the Consultant will attempt to select funds that have investment policies that adhere to the spirit of this investment policy statement to the greatest extent possible although exceptions may occur.

8. Exceptions to this Investment Policy Statement

The Plan's investment managers may have unique investment skills and/or specialized investment styles that may include investments that are not authorized by this Policy Statement. In certain circumstances, these non-authorized investments may be in the Plan's best interests and can be considered for special Board authorization after careful consideration. Accordingly, the Consultant may recommend, and the investment managers may request written exceptions to policy as deemed necessary for the effective management of the Plan prior to the manager purchasing such securities.

Exceptions to this policy that are identified in any investment manager's portfolios must be reported to the Board and the Consultant in writing as soon as identified and corrected within 30 days unless specific written authority for the exception is provided by the Board.

IV. ASSET ALLOCATION

The Plan will be invested consistent with an overall asset allocation strategy. This strategy identifies a portfolio structure and sets a long term percentage target for the amount of the Plan's market value that is to be invested in each asset class. Numerous asset classes (i.e. large cap equities, small cap equities, foreign equities, etc.) will be considered to provide the Plan with a diversified investment portfolio.

The Consultant shall consistently (at least quarterly) monitor the Plan to insure that the assets of the Plan are invested in accordance with the asset allocation model. The Consultant is authorized to reallocate assets among investment managers within the ranges identified for each asset class in the asset allocation model provided advance notice of such rebalancing is made in writing to the Board (e-mail acceptable) in advance of the rebalancing.

The Consultant will identify one fixed income manager to serve as the Plan's "liquidity manager" which will be the manager affected when the Plan deposits or withdraws funds for cash management. The coordination of these cash management activities will be the responsibility of the Township Manager and its delegate administrative staff. The liquidity manager will have an appropriately adjusted performance benchmark to reflect this cash management accommodation as appropriate.

It will be the general policy to have the assets of the Plan invested in accordance with the following asset allocation model using the indicated performance benchmarks as a guide for investment style:

Asset Class	Target	Range	Benchmark Indexes	Goal for Peer Rank
Total Fund			35% S&P 500/ 10% Russell 2000/ 15% EAFE/ 30% Barclay's Aggregate/ 10% Real Estate	Top Half
Equities	60%	+/-15%		
Large Cap Core	35%	+/-10%	S&P 500	Top Half
Small Cap Core	10%	+/-5%	Russell 2000	Top Half
International Equity	15%	+/-5%	MSCI EAFE	Top Half
Fixed Income	30%	+/-10%		
Fixed Income	30%	+/-10%	Barclay's Aggregate	Top Half
Real Estate	10%	+/-5%		
Private Placement Real Estate	10%	+/-5%	NCREIF	Top Half

V. EVALUATION OF INVESTMENT MANAGERS

1. Act 44 Professional Service Vendor Guidelines

Pennsylvania Act 44 provides guidance and requirements for engaging professional vendor services for the Plan and the Plan will adhere to the Act's requirements for all vendor services engaged after 12-18-09. When possible, all new vendor opportunities must be publicly advertised with sufficient detail of the desired professional vendor services. Each prospective vendor responding with a proposal for the advertised services must provide the Plan with an appropriate disclosure statement as defined by the Act. The Plans will adhere to all conflict of interest provisions as defined by the Act and all vendors submitting proposals for providing services will be required by the Plan to disclose all conflicts of interest as defined by the Act. All contract awards and related contract/disclosure details will be made public by the Plan. Unsuccessful vendors will be notified and provided a copy of the winning vendor's Act 44 disclosure statement in accordance with the Act.

2. Selection Criteria for Investment Managers

Investment managers retained by the Plan shall be chosen using the following criteria:

- Past performance relative to other investment managers having the same investment objective. Consideration will be given to both consistency of performance and the level of risk taken to achieve results.
- The investment style and discipline of the investment manager and how well the manager's investment style complements other investment managers in the Plan.

- Level of experience, organizational resources and staffing levels of the investment manager and the amount of the Plan's assets managed by the manager relative to manager's total assets under management.
- Type and appropriateness of client and the manager's ability and willingness to service the Plan in a customized fashion.
- The competitiveness of fees and costs of investment managers.

The Plan will recognize and evaluate investment managers that have a local geographical presence and will engage these local managers when their investment management credentials are competitive with national caliber standards.

3. Measurement Time Period

The investment performance of individual managers will be measured over longer periods of time and less importance will be placed on short term results. Generally, an appropriate measure of time for performance measurement will be three to five years but circumstances may exist which warrant a shorter time period to judge performance.

4. Quarterly Return Analysis

Investment performance of the Plan and the investment managers will be measured at least quarterly. The investment performance of each investment manager will be measured against specific and appropriate benchmarks and the performance is expected to exceed these benchmarks after fees. The investment performance of each investment manager will also be measured against a representative peer universe of professionally managed portfolios with similar investment objectives and the performance is expected to rank in the top half of the peer group comparison.

All of the Plan's reported investment performance will be calculated on a trade date accounting basis in conformance with CFA Institute's Global Investment Performance Standards (GIPS). The performance of each individual manager will be based upon the entire sum of assets assigned to the manager's discretion including the cash balances associated with the manager's account.

Quantitative analyses will be used to identify risk characteristics and investment style. Qualitative analysis will consider organizational issues and investment philosophies. Investment managers must adhere to their stated investment philosophies and goals.

5. Corrective Action

The Plan recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Plan understands the potential for short term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. However, the investment manager may require an extra level of scrutiny and the Consultant may place the manager on "watch status" based on the following conditions:

- Any material event that affects the organizational structure of the investment management firm. Failure on the part of the investment manager to notify the Plan and Consultant of such change in writing may be grounds for termination.
- Twelve month performance ranking in the bottom quartile of peer managers.
- Long term performance that fails to meet investment policy objectives.
- Any material client servicing deficiencies.
- Violation of contract terms or investment policy without prior written approval.
- Material change in investment manager philosophy or a failure to remain consistent with the investment style mandate established by the Plan.

Generally the Plan will not terminate an investment manager on the basis of short-term performance but circumstances may require such action. If the firm is sound and adhering to its investment style discipline, the Plan may allow an additional interval of time over which to evaluate performance.

Any investment manager may be replaced at any time as part of an overall restructuring of the Plan. The Plan reserves the right to terminate any investment manager for any reason in accordance with any applicable investment management agreements.

VI. CONCLUSION

This document is made part of each investment manager's contract with the Plan by reference. Periodically, this Investment Policy Statement will be periodically reviewed by the Board and changes made as appropriate.

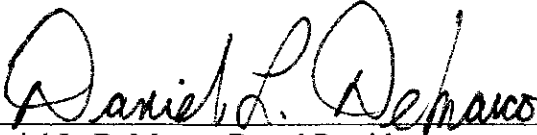
VII. EXECUTION

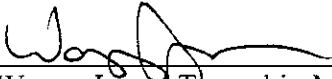
IN WITNESS WHEREOF, the Board has caused this Investment Policy Statement to be executed by its duly authorized representatives this 12th day of October, 2009.

Ross Township Police Pension Plan

Ross Township General Employees Pension Plan

By the Plan:


 Daniel L. DeMarco, Board President 10-30-2009
 Date


 Wayne Jones, Township Manager 10/22/09
 Date

Addendum

Exception to Investment Policy for Manning & Napier Advisors, LLC

In recognition of Manning & Napier Advisor, LLC's ("Manning & Napier") unique investment style and internal investment process, Manning & Napier will be allowed specific exceptions to the Ross Township Investment Policy Statement (dated October 19, 2009 and as amended thereafter). These policy exceptions are designed to enable Manning & Napier to manage the account consistent with Manning & Napier's "U.S. Large Cap Core Equity" investment process and have been reviewed and approved by the Plan's consultant, its Trustees, and Manning & Napier.

Asset Allocation

- Manning & Napier will typically have at least 90% of the portfolio invested in U.S. securities with a market capitalization of \$3 billion or greater at time of purchase

The Plan (its consultant and trustees) are responsible for monitoring and maintaining the total Plan's overall asset allocation.

Benchmark

- Russell 1000

Diversification

- Economic sector weightings shall not exceed 30% of Manning & Napier's total portfolio.
- Prohibit holdings of Real Estate including Real Estate Investment Trusts (REITs), Real Estate Management and Development, Direct Real Estate and/or real estate mutual fund (including Manning & Napier's Real Estate Series mutual fund).

Manning & Napier's typical portfolio could include an allocation to publicly traded real estate securities in various forms, but given that the Plan has made a specific allocation to a dedicated real estate manager, Manning & Napier agreed to sell any existing holdings and prohibit the purchase of real estate securities.

- Manning & Napier Fund, Inc.'s Sector Series mutual funds are prohibited from purchase. All current shares should be sold.

Confirmation Items

- Manning & Napier will apply all of the Plan's investment policy guidelines based on market value at the time of purchase. It is Manning & Napier's experience that the "time of purchase" methodology is the most efficient from the standpoint of portfolio management and transaction costs. On a quarterly basis, Manning & Napier will continue to rebalance their portfolio to ensure the portfolio (based on quarter end market values) meets the Plan's investment policy guidelines at market.
- In regard to the Plan's Investment Policy Statement (Section 2 - 4, Trade Execution Policy), Manning & Napier will use its standard best execution methodology (see Manning & Napier's ADV Part 2A - copy enclosed, but Manning & Napier's average commission rate may exceed 3 cents per share. Manning & Napier's general

trading commission rate is currently averaging 4 cents per share or lower, though those rates could change in the future. Manning & Napier's quarterly performance reviews will provide a commission analysis report to ensure that the Trustees are well informed of the current trading costs associated with Manning & Napier's portfolio.

Authorized Party

WAYNE SIGNED
AND RETURNED
ON OR ABOUT
11/10/11.

IX. Updated Asset Allocation Approved 4-19-2010

Asset Class	Target	Range	Benchmark	Goal for Peer Rank
Total Combined Fund	100 %	n/a	45% Russell 3000 15% MSCI EAFE 30% Barclays Aggregate 10% NCREIF Property Index	Top Half
Balanced Manager One (Manning & Napier)	45%	+/- 10%	53% Russell 3000 17% MSCI ACWI ex. US 30% Barclays Aggregate	Top Half
Balanced Manager Two (C. S. McKee)	45%	+/- 10%	47% Russell 3000 16% MSCI EAFE 37% Barclays Aggregate	Top Half
Principal Real Estate	10%	+/- 5%	100% NCREIF Property Index	Top Half