

Resolution No. 2008-151

**BOARD OF COUNTY COMMISSIONERS OF ST. JOHNS COUNTY,
STATE OF FLORIDA**

A RESOLUTION OF ST. JOHNS COUNTY, STATE OF FLORIDA, SUPERCEDING COUNTY RESOLUTION 2008-12, AND APPROVING THE ESTABLISHMENT OF A TRUST THE ASSETS OF WHICH WILL BE IRREVOCABLY DEDICATED TO MAKING PAYMENTS FOR RETIREE HEALTH BENEFITS AND OTHER POST-EMPLOYMENT BENEFITS (OTHER THAN PENSION BENEFITS) TO EMPLOYEES AND OTHER BENEFICIARIES AND TO PAYING CERTAIN EXPENSES; APPROVING THE FORM OF AND AUTHORIZING THE EXECUTION AND DELIVERY OF A TRUST AGREEMENT RELATED THERETO; AND AUTHORIZING CERTAIN OTHER RELATED ACTIONS

WHEREAS, St. Johns County, State of Florida (the "Employer") wishes to provide for retiree health benefits and other post-employment benefits other than pension benefits ("Benefits") for employees and other participants (all collectively referred to as "Beneficiaries") as and to the extent described in certain of its benefit plans (the "Plans");

WHEREAS, the Employer intends to establish a trust ("Trust") for such purpose pursuant to that certain Trust Agreement (the "Agreement") among the Employer, U.S. Bank National Association, as trustee (the "Trustee") and PFM Asset Management LLC, as trust administrator (the "Trust Administrator");

WHEREAS, the Trust is authorized under laws of the State of Florida;

WHEREAS, the Trust will be an entity separate from the Employer for the exclusive benefit of the Beneficiaries and not of the Employer;

WHEREAS, it is intended that (1) income on the Trust will be exempt from federal and state income tax (under Internal Revenue Code Section 115 with respect to federal income tax), (2) transfers to the Trust will not be taxable to the Beneficiaries, and (3) the Trust will qualify for purposes of Governmental Accounting Standards Board Statement 45 ("GASB 45");

WHEREAS, all assets of the Trust will be irrevocably dedicated to, and shall be used for the exclusive purpose of, providing for payments of Benefits to or for the benefit of the Beneficiaries and for paying expenses of administering the Trust, and will not be available to any creditors of the Employer;

WHEREAS, the indicia of ownership of Trust assets will be held by the Trustee at all times and the Trust assets will not be considered funds or assets of the Employer for any purpose;

WHEREAS, the Trust Administrator will have the exclusive authority and responsibility for the management and investment of Trust assets in its sole judgment in accordance with the Agreement and the Employer will have no power to direct the investment of Trust assets after the

formation of the Trust in any manner whatsoever;

WHEREAS, in connection with the establishment of the Trust, the Employer will be required to make an initial contribution thereto and take certain other actions; and

NOW THEREFORE, the Board of County Commissioners of St. Johns County, State of Florida hereby finds, determines, declares and resolves as follows:

Section 1. All of the recitals above set forth are true and correct, and the Board of County Commissioners hereby so finds and determines.

Section 2. The establishment of the Trust pursuant to the terms of the Agreement is hereby approved. The Agreement, in the form presented to this meeting and on file with the [Secretary/Clerk] of the Employer or the designee thereof (the “[Secretary/Clerk]”), is hereby approved, and the [Chair] of the Employer or the designee thereof (the “[Chair]”) is hereby authorized and directed, for and in the name and on behalf of the Employer, to execute and deliver to the Trust Administrator and the Trustee the Agreement in substantially said form, with such changes therein as such officer and counsel to the Employer may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3. The Finance Director of the Employer or the designee thereof (the [“Finance Director”]) is hereby authorized to transfer an amount of \$7 million to the Trustee upon the establishment of the Trust as the initial contribution to the Trust. It is anticipated that the Board of County Commissioners will approve an annual contribution in the amount of the Annual Required Contribution as determined by the Employer’s actuary during the approval of each annual budget. Pursuant to the terms of the Agreement, the Trust Administrator will have exclusive authority and responsibility for the management and investment of Trust assets in its sole judgment in accordance with the Agreement and the Employer will have no power to direct the investment of Trust assets after the formation of the Trust in any manner whatsoever.

Section 4. The Clerk of the Circuit Court and other appropriate officers, directors and employees of the Employer are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents, including any agreements with administrators of the Plans, which they may deem necessary or desirable in order to implement the establishment of the Trust authorized by this Resolution and otherwise to carry out, give effect to and comply with the terms and intent of this Resolution and the Agreement; and all such actions heretofore taken by such officers are hereby ratified, confirmed and approved.

Section 5. The Finance Director is authorized to approve disbursements from the Trust. The initial disbursements from the Trust are anticipated to represent reimbursement of the actuarially expected retiree costs to the Employer’s Insurance Fund.

Section 6. It will be the policy of the Board of County Commissioners to fully fund in the Trust the actuarially determined annual OPEB cost for each County fiscal year. Such funding will primarily occur through a payroll charge, including all Constitutional Officers of the County, based upon the number of employees with associated OPEB benefits. In general, the Net OPEB Obligation for the County fiscal year, if any, will be included in the payroll charge in the subsequent fiscal year.

Section 7. This Resolution supercedes and replaces County Resolution 2008-12.

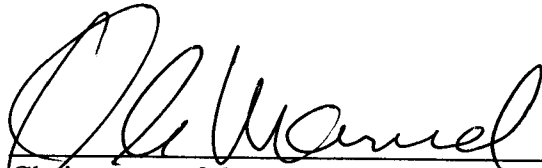
Section 8. This Resolution shall take effect from and after its adoption and approval.

PASSED AND ADOPTED by the Board of County Commissioners of St. Johns County, State of Florida, this 27th day of May, 2008, by the following vote:

AYES:

NOES:

ABSENT:



Chairperson of the Board of County Commissioners

(Seal)

Attest:

RENDITION DATE 5/29/08




[Secretary/Clerk] of the Board of County Commissioners

Approved as to form and legality:

St. Johns County, Florida Counsel

By: 

Dated: 5/30/08

Res 08-151

POST-EMPLOYMENT WELFARE BENEFITS PROGRAM TRUST AGREEMENT

by and among

ST. JOHNS COUNTY, FLORIDA,

US BANK NATIONAL ASSOCIATION, as Trustee

and

PFM ASSET MANAGEMENT LLC,
as Trust Administrator

Dated June 12, 2008

POST-EMPLOYMENT WELFARE BENEFITS PROGRAM TRUST AGREEMENT

This Trust Agreement is made this 12th day of June, 2008 (this "Agreement"), among ST. JOHNS COUNTY, FLORIDA ("Employer"), US BANK NATIONAL ASSOCIATION (together with any successor trustee hereunder, "Trustee") and PFM ASSET MANAGEMENT LLC (together with any successor trust administrator hereunder, "Trust Administrator");

WITNESSETH:

WHEREAS, Employer wishes to provide for retiree health benefits and other post-employment benefits other than pension benefits ("Benefits") for employees and other participants (all collectively referred to herein as "Beneficiaries") as and to the extent provided in its benefit plans identified in Exhibit A to this Agreement, as amended or supplemented from time to time ("Plans") and as described in Section I below; and

WHEREAS, Employer and Trustees desire to establish a trust ("Trust"), which will be an entity separate from Employer, with the intent that (i) the income of the Trust will be exempt from federal and state income tax (under Internal Revenue Code Section 115 with respect to federal income tax), (ii) transfers to the Trust will not be taxable to Beneficiaries, (iii) the Trust will qualify for purposes of Governmental Accounting Standards Board Statement 45 ("GASB 45"), and (iv) all assets of the Trust are and will be irrevocably dedicated to, and shall be used for the exclusive purpose of, providing for payments of Benefits to or for the benefit of Beneficiaries and for paying expenses of administering the Trust, and will not be available to any creditors of Employer; and

WHEREAS, Trustee is willing to accept the Trust; and

WHEREAS, the Trust is authorized under laws of the State of Florida; and

WHEREAS, the Trust is an entity separate from Employer for the exclusive benefit of the Beneficiaries and not of Employer; and

WHEREAS, the indicia of ownership of Trust assets shall be held by Trustee at all times and the Trust assets shall not be considered funds or assets of Employer for any purpose; and

WHEREAS, Employer is a state or political subdivision or other entity the income of which is exempt from federal income tax under Internal Revenue Code Section 115; and

WHEREAS, Trustee is a national banking association and a corporate trustee, with all requisite powers and capabilities to act as custodian and administer the Trust as set forth in this Agreement; and

WHEREAS, PFM Asset Management LLC is willing to serve as Trust Administrator of the Trust with the rights and duties of the Trust Administrator provided in this Agreement ("Trust Administrator"); and

WHEREAS, Trust Administrator shall have exclusive authority and responsibility for the management and investment of Trust assets in its sole judgment in accordance with this Agreement, without any requirement of consent by Employer or Trustee or, except as expressly provided herein, of notice to Employer; and

NOW, THEREFORE, Employer hereby irrevocably establishes the Trust with Trustee to be held, administered, and distributed by Trustee as provided in this Agreement, and Trust Administrator, Employer, and Trustee agree as follows:

Section I. Exhibits.

The following Exhibits are attached hereto and by this reference incorporated herein and made a part hereof

(a) Exhibit A to this Agreement contains a description of the Plans and defines the terms "Beneficiaries," "Plans" and "Benefits," as used in the preamble to this Agreement.

(b) Exhibit B to this Agreement describes Employer's initial contribution to the Trust.

(c) Exhibit C to this Agreement is a copy of the Investment Policy Statement delivered by Trust Administrator to Employer at the time of execution of this Agreement, which is satisfactory to Employer.

(d) Exhibit D to this Agreement contains a designation by Employer of the persons (or entities) who (or which) serve as benefit administrators of the Plans (each, a "Benefit Administrator" and collectively, the "Benefit Administrators") and will perform the services of the Benefit Administrators as contemplated by this Agreement without cost to the Trust (which designation may change from time to time upon written notice from Employer to Trustees).

(e) Exhibit E to this Agreement contains a definition of Permitted Investments.

Section II. General Trust Provisions.

(a) The Trust is irrevocable.

(b) The principal of the Trust, together with any earnings thereon, shall be held by Trustee separate and apart from any assets of Employer. All Trust assets and all income thereon are irrevocably dedicated to, and shall be used for the exclusive purpose of, making payments of Benefits to or for the benefit of Beneficiaries and for paying expenses of administering the Trust. At no time will any Trust assets be used for, or diverted to, any other purposes.

(c) Trustee shall have exclusive right, title and interest in and to the assets of the Trust. Neither Trust Administrator nor Employer nor any Benefit Administrator nor any entity associated with Trust Administrator, Employer or any Benefit Administrator shall have any legal or equitable interest in the Trust or assets of the Trust.

(d) Assets held in the Trust are to not be subject to claims of creditors of Trust Administrator, any Benefit Administrator, Employer or the Plans.

(e) Beneficiaries shall have no preferred claim, lien, or encumbrance of any kind on, or security interest in, or any beneficial interest in any particular assets of the Trust. Beneficiaries shall be entitled to receive payments of assets of the Trust only when, as and if determined by the Benefit Administrators in accordance with this Agreement.

(f) Except to the extent allowed by law, the expectation of any Beneficiary to receive any Benefits is not subject to attachment or garnishment or other legal process by any creditor of any such Beneficiary, nor shall any Beneficiary have the right to alienate, anticipate, commute, pledge, encumber or assign any Benefit until the same shall have been paid.

(g) In its sole discretion, Employer from time to time and at any time may make (or cause to be made) additional contributions of cash or other assets acceptable to Trustee to the Trust, from employer contributions, employee contributions or any other source. Neither Trustee, or any Beneficiary or any party to or any other entity referred to in this Agreement shall have any right to compel such additional contributions. All such contributions and all income thereon are irrevocably dedicated to, and shall be used for the exclusive purpose of, making payments of Benefits to or for the benefit of Beneficiaries and for paying expenses of administering the Trust.

(h) Trustee shall not be responsible for enforcing the payment of any contributions to the Trust.

(i) Trust Administrator shall have exclusive authority and responsibility for the management and investment of Trust assets in its sole judgment, without any requirement or consent by Trustee or Employer or, except as expressly provided herein, of notice to Employer. Trustee is authorized and directed to comply with the written directions of Trust Administrator concerning Trust assets. Trust Administrator shall not issue any such direction in violation of the terms of this Agreement.

(j) No Beneficiary shall be deemed a third-party beneficiary of this Agreement, nor shall any Beneficiary have the right to compel any payment of any amount from the assets of the Trust or to enforce any duties of any party to or other entity referred to in this Agreement.

(k) Employer intends that the assets of this Trust are to be taken into account for purposes of GASB 45. Contributions to the Trust may constitute all or part of Employer's Annual Required Contribution as defined by GASB 45 or of Employer's unfunded accrued liability for Benefits.

(l) Benefit payments from the Trust are neither general nor special obligations of Trust Administrator or Employer. Trust assets are the only assets irrevocably dedicated to the payment of Benefits under the Trust. Payment of Benefits from the Trust is not backed by Employer's full faith and credit or by its taxing power. No Beneficiary may compel the exercise of Employer's taxing power.

(m) In no event shall Employer's governing body or its members or Trustee, or Trust Administrator or any of their directors, officers, employees or agents be liable hereunder. Distributions from the Trust do not constitute debts of Trust Administrator or Employer (within the meaning of constitutional or statutory limitations or restrictions) nor are they legal or

equitable pledges, charges, liens or encumbrances upon Trust Administrator's or Employer's property, income, or other assets.

Section III. Payments from Trust.

(a) The Benefit Administrators shall determine the amount of Benefits payable under the Plans and shall have exclusive authority and responsibility to determine the amount of such Benefits to be paid out of the assets of the Trust and the amount which shall be paid to each Beneficiary and/or to any insurer or other provider of Benefits under the Plans. The Benefit Administrator shall direct Trustee in writing to disburse amounts in respect of Benefits from the Trust (i) to such Benefit Administrator for subsequent distribution to or for the benefit of Beneficiaries, (ii) to or for the benefit of Beneficiaries, or (iii) to the Employer for reimbursement benefit costs borne by the Employer for the benefit of Beneficiaries.

(b) Except as otherwise provided by law, Trustee shall be fully protected in making payments out of the Trust at the direction of any Benefit Administrator.

(c) Trustee's sole obligation as to disbursements from the Trust in respect of Benefits shall be to observe the instructions of any Benefit Administrators to the extent that the Trust has assets to make disbursements as instructed by such Benefit Administrators. Nothing contained in the Trust or any Plan shall constitute a guarantee that Trust assets will be sufficient to pay any Benefit to any Beneficiary.

(d) Trustee is authorized to disburse amounts from the Trust to pay the expenses of administering the Trust as expressly authorized by this Agreement, or as instructed in writing by Trust Administrator.

Section IV. Investments.

(a) Trustee shall hold and administer Trust assets without distinction between principal and income.

(b) Trustee, in the exercise of its fiduciary judgment or as instructed by Trust Administrator, may commingle, hold and invest as one fund, for investment or administration purposes, the assets (or a portion of the assets) of the Trust and similar trusts; provided that Trustees shall account separately for all assets, income, gains, losses, distributions and expenses of the Trust.

(c) Trust assets shall be invested only in Permitted Investments. Trust Administrator shall have full power and authority to invest and reinvest Trust assets in any Permitted Investments.

(d) Transactions involving Permitted Investments which require execution through a broker shall be executed through such broker or brokers as Trust Administrator shall select. The indicia of ownership of Trust assets shall be held by Trustees at all times.

(e) Any entity affiliated with any Trustee or Custodian may act as broker or dealer to execute transactions, including the purchase of securities directly distributed, underwritten or

issued by an entity affiliated with a Trustee or Custodian, at standard commission rates, mark-ups or concessions, and may provide related investment services with respect to the Trust.

(f) To the extent instructed by Trust Administrator, Trustees are authorized and empowered:

(1) To invest and reinvest Trust assets, together with the income therefrom, in Permitted Investments.

(2) To maintain accounts at, execute transactions through, and lend on an adequately secured basis stocks, bonds or other securities to, any brokerage firm including any firm that is an affiliate of Trustees.

(3) To vote upon or tender any stocks, bonds or other securities and to give general or special proxies or powers of attorney with or without power of substitution; to exercise any conversion privileges, subscription rights or other options of which Trustees receive actual notice, and to make any payments incidental thereto; to consent to or otherwise participate in corporate reorganizations or other changes affecting corporate securities and to delegate discretionary powers and to pay any assessments or charges in connection therewith; and generally to exercise any of the powers of an owner with respect to stocks, bonds, securities or other property held in the Trust.

(4) To deposit or invest all or any part of the assets of the Trust in savings accounts or certificates of deposit or other deposits in a bank or savings and loan association or other depository institution, including Custodian or any of its affiliates; provided that, with respect to such deposits with Custodian or an affiliate, the deposits bear a reasonable rate of interest.

(5) To invest and reinvest any Trust assets in one or more collective investment funds.

(6) To hold, manage, improve, repair and control all investment property, real or personal, forming part of the Trust; to sell, convey, transfer, exchange, partition, pledge, encumber, lease for any term, even extending beyond the duration of the Trust, and otherwise dispose of the same from time to time.

(7) To take such actions as may be necessary or desirable to protect the Trust from loss due to the default on mortgages held in the Trust including the appointment of agents or trustees in such other jurisdictions as may seem desirable, to transfer property to such agents or trustees, to grant to such agents such powers as are necessary or desirable to protect the Trust, to direct such agent or Trustees, or to delegate such power to direct, and to remove such agent or Trustees.

(8) To settle, compromise or abandon all claims and demands in favor of or against the Trust.

(9) To borrow money from any source and to execute promissory notes, mortgages, or other obligations and to pledge or mortgage any Trust assets as security.

(10) To designate and engage the services of such agents, representatives, advisers, counsel and accountants, any of whom may be an affiliate of a Trustee or Custodian or a person who renders services to such an affiliate and, as part of its expenses under this Agreement, to pay their reasonable expenses and compensation.

(11) To hold in cash, without liability for interest, such portion of the Trust assets as is pending investment, or payment of expenses, or the distribution of Benefits.

(12) Any portion of the Trust assets pending investment will be held in an interest-bearing money market account, and all interest or other earnings on such assets will be deposited in the Trust.

(13) To make, execute and deliver, as Trustees, any and all deeds, leases, mortgages, conveyances, waivers, releases or other instruments in writing necessary or appropriate for the accomplishment of any powers listed in this Agreement.

(14) To register securities, or any other property, in its name or in the name of any nominee, including the name of any affiliate or the nominee name designated by any affiliate, with or without indication of the capacity in which property shall be held, or to hold securities in bearer form and to deposit any securities or other property in a depository or clearing corporation.

(15) To pay or cause to be paid from the Trust any and all real or personal property taxes, income taxes or other taxes with respect to the Trust.

(16) To enter into interest rate, currency, cash-flow, indexed (including indexed to equities) and other types of swaps and hedges designed to hedge payment, interest rate, currency, duration, spread or similar exposure related to any investment or program of investments of Trust assets or to manage asset/liability matching between investments and Benefits to be paid therefrom.

(17) To exercise all of the further rights, powers, options and privileges granted, provided for, or vested in trustees generally under the laws of the [State] so that the powers conferred upon Trustees herein shall not be in limitation of any authority conferred by law or under this Agreement, but shall be in addition thereto; provided that such powers satisfy applicable requirements (if any) of the laws of the State of Florida.

(18) Generally to do all other acts which Trustees deem necessary or appropriate for the protection of the Trust.

Section V. Trust Administration.

(a) Trust Administrator shall determine the asset allocation of investments for Trust assets in its judgment from time to time in light of the anticipated amounts of cash required by the Trust for distributions and other expenses, and the principles set forth in the Investment Policy Statement. Trust Administrator shall implement the Investment Policy Statement by buying and selling investments for the Trust as described in Section IV hereof. Initially, the Trust assets shall be invested in specified investment funds in specified proportions as set forth in the Investment Policy Statement. Thereafter, Trust Administrator shall exercise its professional judgment with respect to investments and shall have no obligation to consult with or obtain approval of Employer or Trustees.

(b) Trust Administrator shall reassess and may alter the asset allocation of the Trust at least annually. Trust Administrator shall "rebalance" the investments of the Trust at least annually to maintain the ratios of the asset allocation of the Trust then in effect, and Trust Administrator shall determine whether there are reasons to revise the Investment Policy Statement at least annually. Trust Administrator shall continuously review the performance of the investment of Trust assets and, in its judgment, shall purchase or sell Permitted Investments for the Trust. In addition, Trust Administrator shall provide to Employer and any Benefits Administrator (upon written request by such Benefits Administrator to Trust Administrator) a quarterly analysis of the performance of the investments of the Trust and statement of any changes in investments made in such quarter. The asset information for such analysis shall be supplied to Trust Administrator by Trustee.

(c) Employer shall appoint a responsible accounting firm to conduct an annual audit of the Trust at the sole expense of Employer. The results of such audit shall be provided to Trust Administrator, Trustee and Employer.

(d) Trustee shall have sole custody of cash, securities and other assets of the Trust. Trust Administrator is authorized to give instructions to Trustee as to deliveries of securities and payments of cash for the account of the Trust. Trust Administrator shall not take possession of or act as custodian for the cash, securities or other assets of the Trust and shall have no responsibility in connection therewith.

(e) (1) Except as otherwise stated herein, the Trust shall incur total costs not exceeding 1% (one percent) per year of the Net Assets of the Trust for the payment of Trust Administration Fees. "Net Assets" means the net market value of all cash and investments assets as of the end of the most recent quarter as determined and reported by Trustee. "Trust Administration Fees" means the fees of the applicable investment funds, and the fees for all services of Trust Administrator.

(2) At the end of each calendar quarter, Trust Administrator shall submit to Trustees, with a copy to Employer, an invoice for payment of the Trust Administration Fees for the preceding calendar quarter, which amount shall not exceed 0.25% (one-quarter of one percent) of the Net Assets of the Trust. Trust Administrator is authorized to instruct Custodian to disburse funds from the Trust for the payment of the Trust

Administration Fees to Trust Administrator. If Trust Administrator shall serve for less than the entire quarter, its compensation shall be pro-rated.

(3) If and to the extent that Trustee shall request Trust Administrator to render services to the Trust other than those to be rendered by Trust Administrator hereunder, such additional services shall be compensated separately on terms to be agreed upon between Trust Administrator and Trustee.

(f) (1) Trust Administrator shall furnish at its own expense all necessary administrative services, office space, equipment, clerical personnel, telephone and other communication facilities, and executive and supervisory personnel required to perform its duties under this Agreement.

(2) Except as expressly provided otherwise herein, Trustee is authorized to disburse funds from the Trust to pay the expenses of administering the Trust, including, without limitation, taxes payable by the Trust, fees and expenses of legal counsel to the Trust, if any, and insurance premiums.

(g) Trust Administrator hereby represents that it is a registered investment advisor under the Investment Advisers Act of 1940. Trust Administrator shall immediately notify Employer and Trustee if at any time during the term of this Agreement it is not so registered or if its registration is suspended. Trust Administrator agrees to perform its duties and responsibilities under this Agreement with reasonable care as provided by law. The federal securities laws impose liabilities under certain circumstances on persons who are required to act in good faith. Nothing in this Agreement shall in any way constitute a waiver or limitation of any rights which Employer, Trust Administrator or Trustee.

(h) Employer and Trustee understand that Trust Administrator performs investment advisory services for various other clients which may include investment companies, commingled trust funds and individual portfolios. Employer and Trustees agree that Trust Administrator may give advice or take action with respect to any of its other clients which may differ from advice given or the timing or nature of action taken with respect to the Trust, so long as it is the policy of Trust Administrator, to the extent practical, to allocate investment opportunities to the Trust over a period of time on a fair and equitable basis relative to other clients. Trust Administrator shall not have any obligation to purchase, sell or exchange any security for the Trust solely by reason of the fact that Trust Administrator, its principals, affiliates, or employees may purchase, sell or exchange such security for the account of any other client or for themselves.

(i) Trust Administrator shall promptly give notice to Employer and Trustee if Trust Administrator shall have received written notice of the filing against it or any professional of Trust Administrator who has performed any service with respect to the Trust in the 24 preceding months, of any complaints or disciplinary actions by the Securities and Exchange Commission or any other agency or department of the United States, any registered securities exchange, the NASD, any Attorney General or any regulatory agency or authority of any State.

(j) Trust Administrator, its employees, officers and representatives, shall not be deemed to be employees, agents, partners, servants, and/or joint ventures of Employer or Trustees by virtue of this Agreement or any actions or services rendered under this Agreement.

(k) Trust Administrator shall maintain appropriate records of all its activities hereunder.

(l) Trust Administrator warrants that it has delivered to Employer and Trustees, at least five business days prior to the execution of this Agreement, Trust Administrator's current Securities and Exchange Commission Form ADV, Part II, including, without limitation, Exhibit H thereto (Trust Administrator's disclosure statement). Employer and Trustees acknowledge receipt of such disclosure statement at least five business days prior to the execution of this Agreement.

(m) The provisions of this Agreement shall be binding on Trust Administrator and its successors and assigns, provided, however, that the rights and obligations of Trust Administrator may not be assigned without the prior written consent of Employer.

Section VI. Trust Accounting.

(a) Trustee shall keep accurate and detailed records of all investments, receipts, disbursements, and all other transactions, including such specific records as shall be agreed upon in writing between Trust Administrator and Trustee.

(b) Within 60 days following the close of each calendar quarter (and within 60 days after removal or resignation of a Trustee), Trustee shall deliver to Trust Administrator and Employer a written account of the Trust during such calendar quarter (or during the period from the close of the last preceding calendar quarter to the date of such removal or resignation), setting forth all deposits, investments, receipts, disbursements and other transactions effected by it, including a description of transfers made and income received by the Trust, all securities and investments purchased and sold with the cost or net proceeds of such purchases or sales (accrued interest paid or receivable being shown separately), all disbursements for the payment of Benefits, administrative expenses (any amounts paid to Trustee shown separately) or other costs paid from the Trust, and showing all cash, securities and other property held in the Trust at the end of such calendar quarter or as of the date of such removal or resignation, as the case may be.

(c) All securities shall be valued at fair market value as of the date of valuation, as determined by Trustee on the basis of such available information as Trustee may deem reasonable, subject to such smoothing method (for actuarial valuation purposes) that averages returns over a period of years that may be adopted by Trust Administrator and submitted in writing to Trustee.

Section VII. Standard of Care and Indemnification.

(a) All Trust assets and all income thereon shall be used for the exclusive purpose of providing for the payments of Benefits to or for the benefit of Beneficiaries and for paying expenses of administering the Trust. Trustee and Trust Administrator, when making, selling or otherwise managing investments of the funds, shall discharge their duties with respect to the

investment of the funds (i) solely in the interest of, and for the exclusive purposes of making payments of Benefits to or for the benefit of Beneficiaries, maximizing the amount available for providing Benefits, minimizing Employer contributions thereto, and paying expenses of administering the Trust; and (ii) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims. Trust Administrator shall diversify the investments of the Trust assets so as to minimize the risk of loss and to maximize the rate of return, in accordance with the Investment Policy Statement.

(b) To the extent permitted by law, Employer, from its own funds and not from any assets of the Trust, shall indemnify each of the Trustees (collectively, "Trustee Indemnified Parties") against, and shall hold them harmless from, any and all loss, claims, liability, and expense, including cost of defense and reasonable attorneys' fees (collectively, "damages") imposed upon or incurred at any time by any Trustee Indemnified Party by reason of or in connection with the performance of Trustee's services under this Agreement, except to the extent such damages resulted from such Trustee's performance (or non-performance) of its duties under this Agreement in a manner that constitutes willful misconduct or willful breach of the standard of care articulated in Section VII(a) hereof.

(c) To the extent permitted by law, Employer, from its own funds and not from any assets of the Trust, shall indemnify each of the Trust Administrator and each of its respective affiliates (collectively, "Administrator Indemnified Parties") against, and shall hold them harmless from, any and all damages imposed upon or incurred by any Administrator Indemnified Party by reason of, or in connection with its services under this Agreement, except to the extent that such damages resulted from the Administrator Indemnified Party's performance (or non-performance) of its duties under this Agreement in a manner that constitutes willful misconduct or willful breach of the standard of care articulated in Section VII(a) hereof.

(d) The indemnification obligations provided for in this Agreement shall survive the termination of this Agreement.

Section VIII. Resignation and Removal of Trust Administrator.

(a) Trust Administrator may resign at any time upon 90 days prior written notice to Trustee and Employer, which notice may be waived by Employer. Trustee, with the prior written consent of Employer, after consultation with Trust Administrator, may remove Trust Administrator upon 90 days prior written notice to Trust Administrator and Employer.

(b) Upon notice of Trust Administrator's resignation, Employer shall promptly designate a successor Trust Administrator qualified to act as Trust Administrator of the Trust under the laws of the State of Florida, such resignation to be effective upon acceptance of appointment by such successor Trust Administrator. Trustees shall not remove Trust Administrator unless Employer shall have designated such a successor Trust Administrator who shall have agreed with Employer and Trustee to act as Trust Administrator pursuant to this Agreement.

(c) Until a successor Trust Administrator is appointed and assumes its duties under this Agreement, Trust Administrator shall be entitled to compensation for its services in accordance with Section V(e)(1) hereof and shall deliver all of its books and records relating to the Trust to its successor.

(d) Any company into which the Trust Administrator may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which Trust Administrator or may sell or transfer all or substantially all of its business, shall be, with the prior written consent of Employer, the successor to such Trust Administrator as the case may be.

(e) A successor Trust Administrator shall have no duty to audit or otherwise inquire into the acts or transactions of its predecessor.

Section IX. Resignation and Removal of a Trustee.

(a) Trustee may resign at any time upon 90 days prior written notice to Trust Administrator and Employer. The Trustee, after consultation with Employer, may remove a Trustee upon 90 days prior written notice to such Trustee, which notice may be waived by Trustee.

(b) Upon notice of a Trustee's resignation or removal, Employer shall promptly designate a successor a Trustee qualified to act as Trustee of the Trust under the laws of the State of Florida, such resignation or removal to be effective upon acceptance of appointment by such successor Trustee.

(c) If Employer does not designate a successor Trustee, or if a successor Trustee designated by Employer has not accepted appointment within 90 days after Trustee gives notice of its resignation or receives notice of removal, the Trustees may, at the expense of the Trust, apply to a court of competent jurisdiction to appoint a successor Trustee.

Section X. Amendment, Merger, Transfer or Termination.

(a) The Trust may be amended at any time in writing by Trust Administrator and Employer; provided, however, that no amendment may alter Trustee's obligations under this Agreement without Trustee's written approval, no amendment may render the Trust "revocable," and no amendment may adversely affect the status of the Trust as described in the second Whereas clause of this Agreement.

(b) At any time that there is in existence any trust created by Employer which satisfies the requirements described in the second Whereas clause to this Agreement ("Qualified Trust"), at the direction of Employer, the Trust may be merged with a Qualified Trust, or all or part of the Trust assets (net of any amount as may be reasonably necessary to pay the fees and expenses of Trust Administrator, Custodian and Trustee's and other expenses of the Trust) may be transferred to a Qualified Trust; provided, however, that no such merger may alter Trustee's obligations under this Agreement without Trustee written approval, no such merger or transfer may render the Trust "revocable," and no such merger or transfer may adversely affect the status of the Trust as described in the second Whereas clause to this Agreement.

(c) The Trust and this Agreement may be terminated at any time in writing by Trust Administrator or Employer; provided that the termination does not render the Trust “revocable” or adversely affect retroactively the status of the Trust as described in the second Whereas clause to this Agreement. Upon termination of the Trust, Trust assets shall be paid out at the direction of Trust Administrator in the following order of priority: (1) to the payment of reasonable administrative expenses (including taxes and termination costs) of the Trust, (2) to the payment of Benefits currently payable under the Plans, (3) to a Qualified Trust; and (4) if and only to the extent not required for such purposes at the time thereafter, to or as directed by Employer. Except as provided in the preceding clause (4), no part of the Trust assets shall revert to Employer.

(d) Neither Trust Administrator nor Employer nor any entity related to any of them shall have any beneficial interest in the Trust or receive any amounts upon termination of the Trust.

(e) The Trust shall remain in existence until all assets have been distributed.

(f) Upon termination of the Trust, Trust Administrator, Custodian and Trustee shall continue to have all powers provided in this Agreement as are necessary or desirable for the orderly liquidation and distribution of Trust assets in accordance with the provisions hereof.

Section XI. Miscellaneous.

(a) The Trust shall be governed by, and interpreted in a manner consistent with, the laws of the State of Florida and, to the extent applicable, the Internal Revenue Code.

(b) No Trustee or Trust Administrator shall be responsible for any contributions, costs, Benefits, distributions, acts or omissions of Employer or any Benefit Administrator.

(c) Each party to this Agreement represents and warrants that the person or persons signing this Agreement on behalf of such party is authorized and empowered to sign and deliver this Agreement for such party.

(d) Employer shall notify Trust Administrator and Trustee in a separate writing of the person or persons, by office or other position of employment, who are authorized to act on behalf of Employer in all matters relating to the Trust.

(e) Trust Administrator shall notify Trustee, Employer and Custodian in a separate writing of all those who are authorized to act on behalf of Trust Administrator in all matters relating to the Trust.

(f) If there is any conflict between the Plans and this Agreement, this Agreement shall control.

(g) In the event any provision of this Agreement is held to be invalid for any reason, such invalidity shall not affect any other provisions of this Agreement, and this Agreement shall be construed and enforced as if the invalid provision had never been included.

(h) This Agreement may be executed in any number of counterparts, each of which shall be considered as an original.

(i) All communications under this Agreement shall be in writing and shall be deemed to have been duly given (1) on the date of receipt if served personally or by confirmed facsimile or other similar communication; (2) on the first business day after sending if sent for guaranteed next day delivery by a next-day courier service; or (3) on the fourth business day after mailing if mailed to the party or parties to whom notice is to be given by registered or certified mail, return receipt requested, postage prepaid, and properly addressed as follows:

If to Employer: [ADD EMPLOYER NOTICE ADDRESS]

Attention: _____

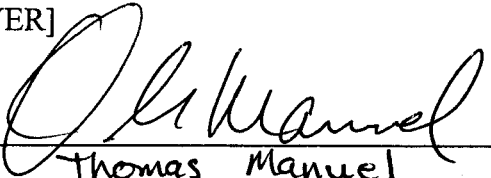
If to Trust Administrator: PFM Asset Management LLC
Two Logan Square, Suite 1600
18th and Arch Streets
Philadelphia, PA 19103
Attention: Valentine J. Link, Jr.

If to Trustee U.S. Bank N.A.

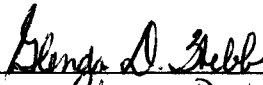
Attention: Glenda Webb

IN WITNESS WHEREOF, and as evidence of establishment of the Trust created hereunder, the parties have caused this Agreement to be executed as of the date first above written:

[EMPLOYER]

By: 
Name: Thomas Manuel
Title: Chairman

U.S. BANK N.A.
as Trustee

By: 
Name: Glenda D. Webb 6/12/2008
Title: Vice President

PFM ASSET MANAGEMENT LLC,
as Trust Administrator


By: 
Name: STEVEN ALEXANDER
Title: MANAGING DIRECTOR

EXHIBIT A

RETIREE BENEFIT PLANS (“PLANS”), BENEFICIARIES (“BENEFICIARIES”), AND BENEFITS (“BENEFITS”)

The Plans are determined and overseen by the Insurance Committee of the County (“Committee”). The Committee, with approval of the Board of County Commissioners, has the ability and right to amend the benefits as appropriate to meet market, cost and budget guidelines subject to the limitation of relevant state statutes. The details of the Plans are available from the Committee upon request.

Employees will qualify for retirement benefits as defined in the Florida Statutes. Benefits are described in the Retirement Guide issued by the Florida Retirement System (FRS). A copy of the Guide can be obtained at your Human Resources office or online at www.myfrs.com.

If you elect to retire and do not apply for and receive FRS retirement benefits, you are not eligible to continue your health insurance coverage. You will be required to submit proof that you are receiving a benefit at the time of retirement.

If you have health insurance coverage at the time you apply for your retirement benefit from FRS, you will be eligible to continue your health insurance coverage when:

If a Regular Class member, the member:

1. Completes 6 or more years of creditable service and are age 62; or
2. Completes 30 years of creditable service regardless of age (this can include credit for up to 4 years of military service).

If a Special Risk Class member, the member:

1. Completes 6 years or more of creditable service in the Special Risk Class and attains age 55; or
2. Completes 25 years of creditable service in the Special Risk Class, regardless of age; or
3. Completes 25 years of creditable service and attains age 52, which may include a maximum of 4 years military service credit.

If a Senior Management Service Class member, the member:

1. Completes 6 years of creditable service and attains age 62; or
2. Completes 30 years of any creditable service, regardless of age, which may include a maximum of 4 years military service.

If an Elected Officers’ Class member, the member:

1. Completes 6 years of creditable service in the Elected Officers’ Class and attains age 62; or

2. Completes 30 years if any creditable service, regardless of age, which may include 4 years of military service.

If an employee selects Early Retirement under the FRS Pension Plan the member:

1. Completes 6 years or more of FRS creditable service in any class and
2. Elects to receive retirement benefits at a reduced rate based on the members early retirement date.

If an employee selects Early Retirement under the FRS Investment Plan the member:

3. Completes 6 years or more of FRS creditable service and attains age 59 ½; or completes 10 years or more of service with St. Johns County and attains age 55.

All Classes:

If you elect to retire and do not apply for and receive FRS retirement benefits, you are not eligible to continue your health insurance coverage. You will be required to submit proof that you are receiving a benefit at the time of retirement.

If you have health insurance coverage at the time you retire, you may be eligible for the monthly Health Insurance Subsidy to help pay for your insurance. You will qualify for the Health Insurance Subsidy benefit as outlined by the Florida Retirement System (FRS).

Any employee who declines to continue the health insurance coverage on their retirement effective date will not be eligible for retiree health insurance coverage at a later date.

If a retired employee has spouse coverage and the employee dies, the spouse will be eligible to remain on the plan at the employee rate depending on age and Medicare eligibility.

Elected Officer's and Senior Management who elect to withdraw from the Florida Retirement System and instead participate in the FRS Investment Plan Hybrid Option, the FRS Pension Plan Senior Management Service Class, the State Senior Management Service Optional Annuity Program or the Local Officials Local Annuity Plan will be eligible for retiree health insurance coverage as long as the age, service and other applicable requirements previously stated in this eligibility language are met.

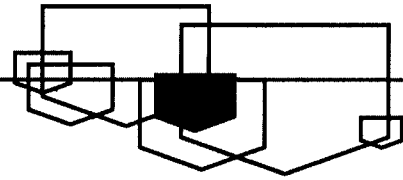
If an active employee retires but has an eligible active spouse with benefits, the employee who is retiring can be added on the active spouse's coverage. If something happens to the active spouse (death or divorce), the employee that retired can then elect to take the retiree coverage.

EXHIBIT B

EMPLOYER'S INITIAL CONTRIBUTION

Employer's initial contribution to the Trust of \$7 million was deposited with Trustee on June 30, 2008.

EXHIBIT C
INVESTMENT POLICY STATEMENT



Acknowledgement for Investing in First American Funds

Account Name: St Johns County Irrevocable OPEB Trust Account
Account Number: _____

I am the principal (i.e. authorized representative) of this custodial or agency account, and I acknowledge the following:

1. I UNDERSTAND THAT THE FIRST AMERICAN INVESTMENT FUNDS, INC., THE FIRST AMERICAN FUNDS, INC. AND/OR THE FIRST AMERICAN STRATEGY FUNDS, INC. (THE "FUNDS") ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) AND THAT THE FUNDS ARE NOT OBLIGATIONS OF NOR GUARANTEED BY U.S. BANK NATIONAL ASSOCIATION OR ANY AFFILIATE THEREOF. I FURTHER UNDERSTAND THAT ANY MUTUAL FUND INVESTMENT INVOLVES RISKS, INCLUDING THE POSSIBLE LOSS OF PRINCIPAL;
2. I have received the prospectuses for the Funds;
3. I have read and I understand the information in the prospectuses regarding the Fund's fees and expenses; and I understand that investment advisory, custodial, distribution and other services will be provided, for compensation, to the Funds by U.S. Bank National Association and other U.S. Bancorp affiliates. U.S. Bancorp Asset Management, Inc. is the Funds' investment advisor. U.S. Bancorp affiliates share fees received from the First American Funds among other affiliates and/or non-affiliates. U.S. Bancorp affiliates receive fees for such services as disclosed in the prospectuses which have been provided to me.;
4. I understand that the entity which is custodian or agent for this account is also affiliated with U.S. Bancorp;
5. I have received, read and understood the account level fee schedule for this account.; and
6. I understand that any proxies issued for Funds held in the account will be forwarded to me for voting; and
7. I HEREBY INVOKE OR AMEND MY ACCOUNT AGREEMENT, AS NECESSARY, TO AUTHORIZE AND APPROVE ONGOING PURCHASES OF ONE OR MORE OF THE FUNDS IN THIS ACCOUNT AS MY DIRECTED INVESTMENTS. THIS APPROVAL SHALL APPLY TO THE PURCHASE OR RETENTION BY ACCOUNT OF SHARES OF ANY MUTUAL FUND THAT IS A SUCCESSOR TO ANY OF THE FUNDS.

Authorized Signature: *Cheryl Strickland*
Printed/Typed Name: Cheryl Strickland, Chief Finance Officer and Clerk of Courts
Date: 6/11/08

**ST JOHNS COUNTY FLORIDA
BOARD OF COUNTY COMMISSIONERS
TRUSTEE & CUSTODIAL SERVICES**

*(ALL FEES ARE ANNUAL EXCEPT TRANSACTIONS
WHICH ARE PER ITEM)*



ANNUAL TRUSTEE FEE: \$1,000

ANNUAL DOMESTIC ADMINISTRATIVE FEE:

.0002 basis points first \$100 million of current market value

.0001 basis point on remaining balance of market value

REPORTING FEES:

Plan Reporting:

Under \$1 million market value	\$500.00
\$1 million - \$ 5 million market value	\$1,250.00
Over \$5 million market value	\$1,500.00
Performance Measurement	\$250.00

TRANSACTION PROCESSING

PORTFOLIO TRANSACTIONS FEES:

▪ Standard DTC or Fed Buys/Sales	\$7.50 per transaction
▪ Physical Trades	\$7.50 per transaction
▪ Wire Transfers	\$7.50 per transaction

BENEFIT PAYMENT TRANSACTION FEES:

▪ Checks – recurring distributions	\$2.50 per transaction
▪ Wires	\$10.00 per transaction
▪ ACH with advice	\$2.00 per transaction
▪ ACH without advice	\$1.00 per transaction
▪ Lump Sum Distributions	\$15.00 per transaction
▪ Transfers to non U.S. Bank dda	\$2.50 per transaction

SERVICE AND FEE ASSUMPTIONS

- Custody Fees are billed quarterly. (*Jan, April, June, October*)
- U.S. Bank does not have investment management responsibility
- Fee schedule assumes cash balances will be swept into a First American Funds Prime Obligations Institutional Investor Share Class money market unless otherwise directed. Non-proprietary sweep vehicle balances may incur an additional charge of 30 basis points per anum (.003 x market value)
- This fee schedule pertains to domestic securities, i.e.; DTC and ADRs. International securities priced separately
- U.S. Bank reserves the right to re-evaluate pricing and implement a change in the fee schedule with 30-day notice

EFFECTIVE DATE:

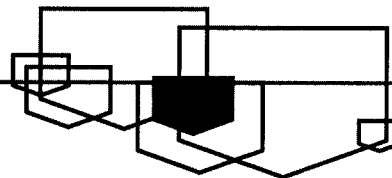
Cheryl Stickland

6/11/08

Authorized Signature



**Institutional Trust
& Custody**



Shareholder Communications Act Authorization by an Institutional Shareholder

St. Johns County, Florida
St. Johns County Clerk of Courts
Attn: Allen MacDonald, Finance Director
4010 Lewis Speedway
St. Augustine, FL 32085

Re: OPEB Trust Account

The Shareholder Communications Act of 1985 requires banks and trust companies to make an effort to permit direct communication between a company which issues securities and the shareholder that exercises shareholder rights with respect to those securities.

Unless you specifically direct us NOT to release your institution's name and address to requesting companies, we are required by law to disclose your institution's name and address.

Your "yes" or "no" response will apply to all securities U. S. Bank National Association holds for your institution now and in the future, unless you change your direction and notify us in writing.

YES U. S. Bank National Association is authorized to provide the institution's name, address and security position to requesting companies whose security is owned by the institution's account. I do not object to disclosure.

NO U. S. Bank National Association is NOT authorized to provide the institution's name, address and security position to requesting companies whose security is owned by the institution's account. I object to disclosure.

Authorized Signature: _____

Cheryl Strickland

Print Name: Cheryl Strickland, Chief Finance Officer and Clerk of Courts

Name of Institution: St. Johns County, Florida, Board of County Commissioners

Date: _____

6/11/08

Request for Taxpayer Identification Number and Certification

Give form to the
 requester. Do not
 send to the IRS.

Print or type
 See Specific Instructions on page 2.

Name (as shown on your income tax return) County of St. Johns Board of County Commissioners	
Business name, if different from above c/o Cheryl Strickland, Clerk	
Check appropriate box: <input type="checkbox"/> Individual/Sole proprietor <input type="checkbox"/> Corporation <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Other ▶ County Government <input type="checkbox"/> Exempt from backup withholding	
Address (number, street, and apt. or suite no.) 4010 Lewis Speedway	Requester's name and address (optional)
City, state, and ZIP code St. Augustine, FL 32084	
List account number(s) here (optional)	

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on Line 1 to avoid backup withholding. For individuals, this is your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Social security number								

or

Employer identification number								
5	9	6	0	0	0	8	2	5

Note. If the account is in more than one name, see the chart on page 4 for guidelines on whose number to enter.

Part II Certification

Under penalties of perjury, I certify that:

- The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me), and
- I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding, and
- I am a U.S. person (including a U.S. resident alien).

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the Certification, but you must provide your correct TIN. (See the instructions on page 4.)

Sign Here

Signature of U.S. person ▶

Richard A. Mac Donald, Jr.

Date ▶

6/11/08

Purpose of Form

A person who is required to file an information return with the IRS, must obtain your correct taxpayer identification number (TIN) to report, for example, income paid to you, real estate transactions, mortgage interest you paid, acquisition or abandonment of secured property, cancellation of debt, or contributions you made to an IRA.

U.S. person. Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN to the person requesting it (the requester) and, when applicable, to:

- Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
- Certify that you are not subject to backup withholding, or
- Claim exemption from backup withholding if you are a U.S. exempt payee.

In 3 above, if applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income.

Note. If a requester gives you a form other than Form W-9 to request your TIN, you must use the requester's form if it is substantially similar to this Form W-9.

For federal tax purposes, you are considered a person if you are:

- An individual who is a citizen or resident of the United States,
- A partnership, corporation, company, or association created or organized in the United States or under the laws of the United States, or
- Any estate (other than a foreign estate) or trust. See Regulations sections 301.7701-6(a) and 7(a) for additional information.

Special rules for partnerships. Partnerships that conduct a trade or business in the United States are generally required to pay a withholding tax on any foreign partners' share of income from such business. Further, in certain cases where a Form W-9 has not been received, a partnership is required to presume that a partner is a foreign person, and pay the withholding tax. Therefore, if you are a U.S. person that is a partner in a partnership conducting a trade or business in the United States, provide Form W-9 to the partnership to establish your U.S. status and avoid withholding on your share of partnership income.

The person who gives Form W-9 to the partnership for purposes of establishing its U.S. status and avoiding withholding on its allocable share of net income from the partnership conducting a trade or business in the United States is in the following cases:

- The U.S. owner of a disregarded entity and not the entity,

**U.S. BANK NATIONAL ASSOCIATION
 INSTITUTIONAL TRUST & CUSTODY SERVICES
 SIGNATURE AUTHORIZATION**

ACCOUNT NAME: St. Johns County Florida Board of County Commissioners- OPEB TRUST.

In accordance with the terms of the Trust Agreement for the referenced account, the following individuals have been authorized to give instructions to U.S. Bank National Association. These instructions will remain in force and effect until it is changed or revoked in writing. Any change or revocation of this form shall be effective upon U.S. Bank's receipt of such written notice.

<u>Allen MacDonald</u> Print Name	<u>Finance Director</u> Title	<u>Allen MacDonald</u> Signature
--------------------------------------	----------------------------------	-------------------------------------

<u>Linda Payne</u> Print Name	<u>Assistant Finance Director</u> Title	<u>[Signature]</u> Signature
----------------------------------	--	---------------------------------

<u>Cathy Furlipa</u> Print Name	<u>Payroll Administrator</u> Title	<u>Cathy Furlipa</u> Signature
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_____	_____	_____
Print Name	Title	Signature

Sincerely, Cheryl Strickland
Print Officer Name

6/11/08
Date

Cheryl Strickland
Signature

Where more than one individual is listed above, indicate whether account instructions are to be signed by:

- _____ All of the above
- X Any one of the above
- _____ Any two of the above
- _____ Other (must describe)

St. Johns County, Florida
BOARD OF COUNTY COMMISSIONERS
OPEB TRUST
INVESTMENT POLICY

Prepared by:
Cheryl Strickland
Clerk of the Circuit Court

Approved: May 29, 2008

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**ST. JOHNS COUNTY
BOARD OF COUNTY COMMISSIONERS
INVESTMENT POLICY**

I. SCOPE

- A. St. Johns County Board of County Commissioners (the “Board”) has established the St. Johns County OPEB Trust (the “Trust”). The Trust is intended to provide for funding of non-pension post-employment benefits (“OPEB”) for employees who meet the age and service requirements outlined in the Board’s plan documents. This Investment Policy Statement (the “Policy”) reflects investment policy, objectives and constraints of the Trust.
- B. The purpose of the Trust is to achieve long term growth of Trust assets by maximizing long term rate of return on investments and minimizing risk of loss to fulfill the Board’s current and long term OPEB obligations. The specific purpose of the Policy is to achieve the following:
1. Document investment objectives, performance expectations and investment guidelines for Trust assets.
 2. Establish an appropriate investment strategy for managing all Trust assets, including an investment time horizon, risk tolerance ranges and asset allocation to provide sufficient diversification and overall return over the long-term time horizon of the Trust.
 3. Establish investment guidelines to control overall risk and liquidity
 4. Establish periodic performance reporting requirements that will effectively monitor investment results and ensure that the investment policy is being followed.
 5. Comply with all fiduciary, prudence, due diligence and legal requirements for Trust assets.
- C. Responsibility for execution and oversight of the investment program is vested with the Clerk of the Circuit Court (“Clerk”). Responsibility for the administration of the investment program is hereby delegated by the Clerk to the Finance Director, who shall maintain an Investment Procedures and Internal Controls Manual based on this Policy. The Finance Director shall be chiefly responsible for monitoring internal controls, administrative controls and to regulate the activities of the Clerk’s staff involved with the investment program. The Authorized Staff is limited to the following positions:
- Clerk
 - Finance Director
 - Assistant Finance Director
 - Office of Management & Budget Director
- D. The Clerk may utilize investment advisors or managers to facilitate the effective management of the Trust assets and to maintain compliance with this Policy. The investment advisor may assist in establishing investment policy, objectives, and guidelines; selecting investment managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate. The investment advisor may also select investment managers with discretion to purchase, sell, or hold specific securities that will be used to meet the Trust’s

investment objectives. The investment advisor must be registered with the Securities and Exchange Commission.

- E. The Clerk may also utilize additional specialists such as attorneys, auditors, actuaries, retirement trust consultants, and others to assist the Clerk in meeting its responsibilities and obligations to administer Trust assets prudently.
- F. The Clerk will review the Policy at least annually and the Policy may be revised upon the Board's approval.

II. INVESTMENT OBJECTIVES

- A. To invest assets of the Trust in a manner consistent with the following fiduciary standards: (a) all transactions undertaken must be for the sole interest of Trust beneficiaries and defray reasonable expenses in a prudent manner, and (b) assets are to be diversified in order to minimize the impact of large losses in individual investments.
- B. To provide for funding and anticipated withdrawals on a continuing basis for payment of OPEB benefits and related expenses.
- C. To conserve and enhance the value of Trust assets in real terms through asset appreciation and income generation, while maintaining a moderate investment risk profile.
- D. To minimize principal fluctuations over the Time Horizon (as defined in Section III).
- E. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in the Policy.
- F. The Trust's investment objectives are based on a 15-year investment horizon so that interim fluctuations should be viewed with appropriate perspective. The Clerk has adopted a long-term investment horizon such that the chances and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets.
- G. The investment advisor shall review annually the appropriateness of the Policy for achieving the Trust's stated objectives. It is not expected that the Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in the Policy.

III. PERFORMANCE MEASUREMENTS

- A. The investment advisor shall report on a quarterly basis to the Clerk to review the total Trust investment performance. In addition, the investment advisor will be responsible for keeping the Clerk advised of any material change in investment strategy, investment managers, and other pertinent information potentially affecting performance of the Trust.
- B. Performance measurements for the Trust's assets to be reviewed on a quarterly basis and evaluated based on five year rolling return basis. Performance is measured to determine the following:
 - 1. If the investment managers have performed in accordance with this Policy.
 - 2. If the investment managers have performed reasonably based on their respective asset class and investment style.
 - 3. How the managers have performed in relation to other investment managers within the same asset class and investment style ("Peers").
- C. The performance measurement indexes on the asset categories are as follows:

1. The Trust's fixed income portfolio return will be compared to the weighted average return of the Lehman Aggregate Bond Index or appropriate equivalent.
2. The Trust's domestic equity portfolio return will be compared to the weighted average return of the Standard and Poor's 500 Index or appropriate equivalent.
3. The Trust's international portfolio return will be compared to the weighted average return of the Morgan Stanley Europe, Australia, & Far East (EAFE) Index or appropriate equivalent.
4. The Trust's real estate portfolio return will be compared to the weighted average return of the MSCI US REIT Index or appropriate equivalent.

IV. INVESTMENT AND FIDUCIARY STANDARDS

- A. The Trust's assets will be invested in a manner consistent with the standards set forth in:
 1. Chapters 112 and 518, Florida Statutes.
 2. St. Johns County Ordinances.
 3. The Trust's Investment Policy Statement.
 4. In the event of a conflict within these provisions or any other provisions of law authorizing investments, the investment and fiduciary standards set forth in Section 112.661(4), Florida Statutes and item (1) above shall prevail.
- B. The Clerk will adhere to the Prudent Person Standard and this standard shall be applied in the context of managing the overall Trust. The Prudent Person Standard is as follows:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived from the investment."
- C. Any person or firm hired or retained to invest, monitor, or advise concerning these assets shall be held to the higher standard of Prudent Expert. The standard shall be that in investing and reinvesting moneys and in acquiring, retaining, managing, and disposing of investments of these funds, the Investment Advisor/Manager shall exercise: the judgment, care, skill, prudence, and diligence under the circumstances then prevailing, which persons of prudence, discretion, and intelligence, acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims by diversifying the investments of the funds, so as to minimize the risk, considering the probable income as well as the probable safety of their capital.
- D. The investment advisor shall prudently select appropriate investment managers to manage the assets of the Trust. Investment managers must meet the following criteria:
 1. The investment manager must be a bank, insurance company, or investment adviser as defined by the Investment Advisers Act of 1940.
 2. With respect to Trust assets invested in a mutual fund, the Manager must provide historical quarterly performance data for the mutual fund compliant with Securities Exchange Commission ("SEC") and National Association of Securities Dealers ("NASD") standards.
 3. The investment manager must provide historical quarterly performance data compliant with Global Investment Performance Standards ("GIPS"), calculated on a time-weighted basis,

based on a composite of all fully discretionary accounts of similar investment style and reported net of fees.

4. The investment manager must provide detailed information on history of the firm, key personnel, key clients, fee schedule (including most favored nation clauses), and support personnel. This information can be a copy of a recent Request for Proposal (RFP) completed by the manager.
 5. The investment manager must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
 6. The investment manager for portfolios other than Pooled Vehicles (see Authorized Investments) must confirm that it has received, understands and will adhere to this Policy and any manager specific policies by signing a consent form provided by the Clerk.
- E. Investment manager(s) are expected to be aware of corporate provisions that may adversely affect stockholdings, including but not limited to “golden parachutes,” “super majorities,” “poison pills,” “fair price” provisions, staggered boards of directors, and other tactics. Investment manager(s) should vote proxies with the interest of preserving or enhancing the security’s value.

The investment manager(s) of a commingled trust or mutual fund that holds the assets of the Trust along with assets of other funds with conflicting proxy voting policies must reconcile the conflicting policies to the extent possible, and, if necessary, to the extent legally permissible vote the proxies to reflect the policies in proportion to each fund’s interest in the pooled fund.

V. AUTHORIZED INVESTMENTS

- A. Funds placed with investment managers are to be invested in those authorized classes of investments as contained in this Policy. Investments should be made subject to the Trust’s cash flow needs and such cash flows are subject to revision due to changes in the Trust’s needs and market conditions.
- B. The investment advisor shall make every effort to prudently select investments that follow the guidelines listed below.

Until the Trust reaches a size where investment in separate accounts are viable and appropriate, the Trust will invest in Pooled Vehicles such as commingled and/or mutual funds. Pooled Vehicles are regulated by either the Office of the Comptroller of the Currency (“OCC”) or the SEC and provide the Trust the ability to appropriately diversify its holdings in a cost effective manner. Inherent within the Pooled Vehicle structure is the limitation on customizing the underlying security selection based on Trust specific economic, social or other screens.

Pooled Vehicles

Every effort shall be made, to the extent practical, prudent and appropriate, to select commingled funds and/or mutual funds that have investment objectives and policies that are consistent with this Policy (as outlined below in Equities and Fixed Income sections). However, given the nature of commingled funds and mutual funds, it is recognized that there may be deviations between this Policy and the objectives of these pooled vehicles. A commingled fund or mutual fund will not be included in Trust portfolio unless it complies with the Investment Company Act of 1940’s diversification requirement.

Cash Equivalents

Cash equivalent reserves shall consist of cash instruments having a quality rating of A-1, P-1 or higher, as established by Moody's or Standard & Poor's. Bankers' acceptances, certificates of deposit and savings accounts must be made of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million. Short-term corporate obligations must be rated A or better by Moody's or by Standard & Poor's.

Equities

Investment in common stocks, preferred stocks and publicly traded Real Estate Investment Trusts shall be restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange.

Not more than 5% of the total stock portfolio valued at market may be invested in the common stock of any one corporation. Ownership of the shares of one company shall not exceed 2% of those outstanding. Not more than 25% of stock valued at market may be held in any one industry category. Other than these constraints, there are no quantitative guidelines suggested as to issues, industry or individual security diversification. However, prudent diversification standards should be developed and maintained by the investment manager(s).

The overall non-U.S. equity allocation should include a diverse global mix of at least 10 countries. The emerging markets exposure as defined by Morgan Stanley Capital International Inc. should be limited to 35% of the non-U.S. portion of the portfolio.

In order to maintain an effective money management structure that is style neutral, the target growth to value allocation in the all market capitalizations is one-to-one. However, in no case will the growth to value allocation for a particular market capitalization exceed two-to-one. Conversely, value shall not exceed growth by the same ratio.

Fixed Income

Fixed income investments shall be high quality, marketable securities with a preponderance of the investments in (1) U.S. Treasury, Federal Agencies and U.S. Government guaranteed obligations, and (2) investment grade municipal or corporate issues including convertibles.

Fixed income securities of any one issuer shall not exceed 5% of the total bond portfolio, including U.S. Treasury/Federal Agency issues, at time of purchase. The 5% limitation does not apply to issues of the U.S. Treasury or other Federal Agencies.

The overall rating of the fixed income assets shall be at least "A", according to one of the three rating agencies (Fitch, Moody's or Standard & Poor's). In cases where the yield spread adequately compensates for additional risk, securities where two of the three rating agencies (Fitch, Moody's or Standard & Poor's) have assigned ratings of Baa3 or BBB- ratings, can be purchased up to a maximum of 20% of total market value of fixed income securities. If the credit quality of any one issue should drop below investment grade (as defined by two of the three rating agencies – Fitch, Moody's and Standard & Poor's), the investment manager should notify the Clerk and the investment advisor immediately detailing their course of action regarding the security.

Active bond management is encouraged and may require transactions that will temporarily lower the return or change the maturity of the portfolio in anticipation of market changes. Holdings of individual securities should be liquid so as not to incur unnecessary transaction costs.

- C. The following investments and transactions are not authorized and shall not be purchased: collectibles, convertible bonds, letter stock and other unregistered securities, commodities or

commodity contracts, short sales, margin transactions, private placements (with the exception of Rule 144A securities), venture capital funds, private equity, hedge funds; derivatives, options or futures for the purpose of portfolio leveraging are also prohibited. Neither direct real estate equity nor natural resource properties such as oil, gas or timber may be held except by purchase of publicly traded securities or within Pooled Vehicles, except for existing real estate holdings.

VI. MATURITY AND LIQUIDATION REQUIREMENTS

- A. In general, the Trust will hold up to twelve months of projected liquidity needs in cash equivalents for benefit payments and expenses. The actual amount of assets held for liquidity purposes will be based in part on the cash needs of the trust and the projected frequency of cash additions to the trust.
- B. On a quarterly basis, the Trust’s Actuary or Benefits Administrator will notify the Clerk of the Trust’s liquidity requirements for the payment of benefits and expenses.

VII. PORTFOLIO COMPOSITION

- A. The Clerk has adopted the following long-term target asset mix for the Trust as shown below.
- B. The Trust assets shall be diversified with the intent to minimize risk of investment loss. Consequently, the total portfolio will be constructed and maintained to provide prudent diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

The Clerk believes that to achieve the greatest likelihood of meeting Trust’s investment objectives and the best balance between risk and return for optimal diversification, the Trust should allocate investment assets in accordance with the targets for each asset class as follows:

Investment Assets

<u>Asset Class</u>	<u>Asset Weightings</u>	
	<u>Range</u>	<u>Target</u>
Domestic Equity	37% - 47%	42%
International Equity	14% - 24%	19%
Other Equity	1% - 11%	6%
Fixed Income	25% - 41%	33%

Liquidity Assets

	<u>Range</u>	<u>Target</u>
Cash Equivalent	0% - 100%	100%

The investment managers shall have discretion to temporarily invest a portion of the assets in cash reserves when they deem it appropriate. However, the managers will be evaluated against their Peers on the performance of the total funds under their direct management.

- C. The asset allocation range established by this Policy represents a long-term perspective. As such, rapid unanticipated market shifts or changes in economic conditions may cause the asset mix to

fall outside the Policy range. When these divergences occur, the investment advisor will rebalance the asset mix to its appropriate targets and ranges. Similarly, if the cash requirement to handle liquidity needs falls to a level where near term distributions (over the following six months or less) cannot be met and no contributions are anticipated, the investment advisor will rebalance the fund to its appropriate targets and ranges.

When the investment advisor is notified of new contributions by the custodian or the Trust, the investment advisor will review the Trust allocation and fill the liquidity allocation first and the remaining investment allocations last.

- D. The Board will review these asset allocation targets annually and will revise the targets if any significant changes occur within the capital market environment. These review activities will be handled in conjunction with the fiscal year end annual investment review provided to the Board by the Clerk and the investment advisor.

VIII. RISK AND DIVERSIFICATION

- A. The Board has adopted a strategy, described in Section VII, whereby the Trust's assets will be diversified to the extent practicable in order to control the risk of loss which might result from an over-concentration of investments in a specific security, maturity, issuer, dealer, or bank through which financial instruments are bought or sold.
- B. In a further effort to control the risk of loss and assure adequate diversification, the following limitations are imposed upon the investment of the Trust's assets:
1. A maximum of 5% investment in the outstanding common stock of any one company or organization.
 2. A maximum of 5% investment in the outstanding debt issuance of any one company or organization.

IX. EXPECTED ANNUAL RATE OF RETURN

On a five year rolling return basis period, the performance objective for Trust assets will be to achieve an average total annual rate of return that is equal to or greater than the Trust's assumed rate of return of 7.0% in its actuarial valuation. Additionally, it is expected that the annual rate of return on Trust assets will be commensurate with the then prevailing investment environment. Measurement of this return expectation will be judged by reviewing returns in the context of industry standard benchmarks, peer universe comparisons for individual Trust investments and blended benchmark comparisons for the Trust in its entirety.

X. THIRD-PARTY CUSTODIAL AGREEMENTS

All securities will be held with the custodial bank under a contractual agreement signed by the Chairman of the Board and the Clerk as Chief Financial Officer. All securities purchased by and all collateral obtained by the investment managers and/or the Clerk are designated as assets of the Trust. No withdrawal of securities, or transfer of funds, in whole or in part, can be made from safekeeping except by written authorization by the Clerk. Securities transactions between a broker/dealer and the custodial bank involving the purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis, if applicable, to ensure that the custodial bank will have the security or money, as appropriate, in hand at the conclusion of the transaction.

XI. MASTER REPURCHASE AGREEMENT

All approved institutions and dealers transacting repurchase agreements will execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions will adhere to the requirements of the Master Repurchase Agreement.

XII. BID REQUIREMENTS

Each investment manager shall obtain competitive bids and offers on investment transactions to the fullest extent possible. The investment managers will make periodic reports to the Clerk reflecting purchases, sales, or other activity.

XIII. INTERNAL CONTROLS

- A. The Clerk will establish a system of internal controls and written operational procedures to be a part of the Trust's operational procedures. The internal controls should be designed to prevent losses of funds, which might arise from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees. The written procedures should include reference to safekeeping, repurchase agreements, separation of transaction authority from accounting and record keeping, wire transfer agreements, banking service contracts, collateral/depository agreements, and "delivery-vs. -payment" procedures. No person may engage in an investment transaction except as authorized under the terms of this investment policy.
- B. Independent auditors, as a normal part of their annual financial audits, will conduct a review of the system of internal controls to ensure compliance with policies and procedures. Additionally, the Trust's Actuary, Investment Advisor, and the County's auditors will complete an annual system review.

XIV. CONTINUING EDUCATION

Annually, members of the Clerk's office have the responsibility for completing continuing education programs in matters relating to the Trust's investments by reading the appropriate materials and by attending the appropriate local and national conferences and seminars as authorized by the Clerk.

XV. REPORTING

On an annual basis, the Clerk and the investment advisor will provide the Board with an investment report regarding the Trust's investment portfolio. The annual report shall provide all, but not limited to, the following: name and type of securities in which the funds are invested, the amount invested, income earned, the book value and the market value of the investment portfolio. The review will also include a review of the investment policy as prescribed in Section VII, D of this document. Investment reports shall be available to the public.

XVI. VALUATION OF ILLIQUID INVESTMENTS

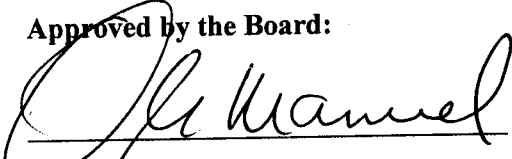
All illiquid investments for which a generally recognized market is not available or for which there is no consistent or generally recognized pricing mechanism will be given an actuarial valuation by the Trust's Actuary on an annual basis. For each actuarial valuation, the Board must verify the determination of a fair market value for those investments and ascertain that their determination complies with all applicable state and federal requirements.

XVII. ADOPTION OF INVESTMENT POLICY STATEMENT

Any changes and exceptions to the Policy will be made in writing and adopted by the Board. Once adopted, changes and exceptions will be delivered to each investment manager, as appropriate, by the investment advisor.

APPROVED AND ADOPTED BY THE BOARD OF COUNTY COMMISSIONERS ON
May 27, 2008.

Approved by the Board:


Chairman of the Board


Clerk to the Board

5/29/08
Date

5/29/08
Date

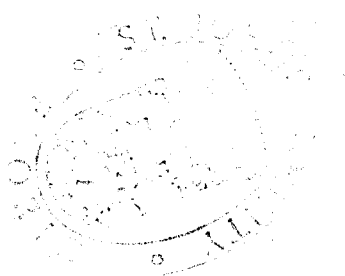


EXHIBIT D

DESIGNATION OF BENEFIT ADMINISTRATORS

Collectively, the Benefits Administrator to the County is defined as the Insurance Committee of the County and its designees along with:

Blue Cross/Blue Shield of Florida
P.O. Box 1798
Jacksonville, FL 32231-0014
1-800-322-2808
<http://www.bcbsfl.com>

The Trustee will maintain a list of Authorized Signors as approved by the Finance Director. The Authorized Signors shall have the ability to approve and direct the Trustee to make benefit payments or reimbursements of employer retiree benefit expenses from the Trust.

EXHIBIT E

DEFINITION OF PERMITTED INVESTMENTS

PERMITTED INVESTMENTS: OPEB TRUST. The Board of County Commissioners hereby adopts the following list of permitted investments for the County's OPEB Trust:

Pooled Accounts

- A. Registered Investment Companies (Equity, Real Estate and Fixed Income Mutual Funds)
Organized under the Investment Company Act of 1940 with holdings of domestic and/or international equities, high quality domestic fixed income investments, real estate, and/or cash equivalents;
- B. Registered Investment Companies (Money Market Mutual Funds)
Rated "AAm" or "AAm-G" or better by Standard & Poor's, or the equivalent by another rating agency;
- C. Commingled Trusts (Equity, Real Estate and Fixed Income Trusts)
Organized by a bank under Office of the Controller of the Currency guidelines with holdings of domestic and/or international equities, high quality domestic fixed income investments, real estate, and/or cash equivalents;

Separate Accounts

- D. Cash Instruments
Rated A-1, P-1 or higher, as established by Moody's or Standard & Poor's;
- E. Bankers' Acceptances
Only those of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million;
- F. Certificates of Deposits
Only those of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million;
- G. Savings Accounts
Only those of United States banks or financial institutions or United States branches of foreign banks, which are federally insured with unrestricted capital of at least \$50 million;
- H. Short-Term Corporate Obligations
Rated A or better by Moody's or by Standard & Poor's;
- I. Fixed Income
Restricted to high quality, marketable securities with an overall rating of "A" or better;
- J. U.S. Treasury, Federal Agencies and U.S. Government Guaranteed Obligations;
- K. Investment Grade Municipal Issues;
- L. Investment Grade Corporate Issues including Convertibles;
- M. Common Stocks

- Restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange;
- N. Preferred stocks
 - Restricted to high quality, readily marketable securities of corporations that are actively traded on a major exchange;
- O. Real Estate Investment Trusts
 - Restricted to publicly traded, high quality, readily marketable securities of corporations that are actively traded on a major exchange;
- P. Private Real Estate in pooled vehicles.