

Addendum to the Statement of Objectives and Investment Guidelines for the Investment of Board of Public Works Funds

In accordance with Section VII., Page 8, paragraph E: after careful consideration the board has decided to modify the account restraints due to the limitations which are currently inconsistent with our investment objectives.

These modifications pertain to A, the Liquidity accounts and B, Reserve Cash (Intermediate) Account. Said modifications are in response to market developments which currently hamper the achievement of the investment objectives of the above referenced accounts.

Modification of Liquidity Accounts:

While the liquidity account shall continue to maintain a maximum maturity for any investment at the time of purchase of two years ((Page 3, B2)), it shall now consider investment grade corporate fixed income and investment grade taxable municipal bonds additional permissible investments.

Modification of Reserve Cash (Intermediate) Account:

While the Reserve cash account shall continue to maintain a maximum maturity for any investment at the time of purchase of ten years, also maintaining the average maturity of the portfolio of 7 years; pertaining only to the fixed income portion of the portfolio, not to include fixed income funds, additional asset classes shall now be permissible in order to achieve its stated investment objectives ((Page 3, B3)) : ("maximize yield and maintain safety of principal during the investment period"). Yield meaning total return, through appreciation, dividend, interest payment, etc.

The risk tolerance of this portfolio is considered Conservative. Conservative meaning preservation of principal and growth of capital is considered equally important. This statement is made in the "reserve cash" investment objectives. ((Page 3, B3)) The allocation of assets may also include: Equities, Corporate/Foreign Fixed Income, Municipal Debt and Alternative Investments. This allocation is dynamic with the intent of adding asset classes when appropriate to continue the effort of adding performance and diminishing risk. This portfolio blend should have the effect of increasing overall returns while simultaneously mitigating risk in the long term.

To accomplish the investment objectives of the Lewes Board of Public Works the following constraints are hereby set in place with respect to asset class ranges.

1. Equities must not exceed 60% or be less then 20% of the portfolio.
2. Fixed Income must not exceed 70% or be less 30% of the portfolio.
3. Alternative Investments must not exceed 15% of the portfolio.
4. Cash may not exceed 15% of the portfolio.

Lewes Board of Public Works Board Members:

