

**Peralta Community College District Retiree Health Care Plan
Investment Policy Statement and Investment Guidelines**

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I. Purpose of Investment Policy Statement

The purpose of this Investment Policy Statement (“IPS”) is to codify the policies that will govern the investment program and the management of the investment assets of the Peralta Community College District Retiree Health Care Plan (the “Plan”). The IPS will establish investment guidelines to ensure Plan assets are managed according to applicable statutory fiduciary requirements, the prudent investor rule, and the Plan’s objectives. It is intended that the objectives be sufficiently specific to be meaningful, but sufficiently flexible to allow for changing economic and market conditions. The objectives will be achieved in a prudent manner and consider such factors as the effects of inflation or deflation, general economic conditions, total returns, tax consequences, and the role that each investments or course of action plays within the overall portfolio.

The Peralta Community College District Retirement Board (“Board”) is the fiduciary of the Plan with responsibility for management of the assets of the Plan. The Board shall use the IPS as a framework for decisions concerning the Plan’s assets. Consequently, the IPS sets forth information about the Plan, the asset allocation which will be implemented by the Discretionary Trustee (“Trust Company”), and the factors considered in investing the Plan’s assets. The investment objectives and asset allocation reflect the current attitudes of the Board regarding the investment of the Plan’s assets. The IPS may need to be reviewed periodically to ensure that it continues to reflect the expectations and objectives set forth for the Plan.

II. Definition and Function of Investment Policy Statement

In recognition of their fiduciary responsibilities, the Board has adopted this IPS in order to:

- Set forth in writing the Plan’s expectations, objectives, and guidelines for the investment of all assets.
- Set forth an investment structure for managing all assets, including various asset classes, target asset allocations and ranges, and investment management styles that, in total, have a reasonable likelihood of producing a sufficient level of overall diversification and total risk-adjusted investment return over the long-term.
- Provide guidelines for the investment portfolio that control the level of overall risk and liquidity assumed in the portfolio, so that all assets are managed in accordance with the stated objectives.
- Establish criteria to monitor and evaluate the investment performance results achieved by the various investments.
- Comply with applicable fiduciary requirements that experienced investment professionals would utilize and with laws and regulations applicable to the management of the Plan’s assets.

The policies and restrictions contained in this statement should not impede the Trust Company's efforts to attain the overall objectives, nor should they exclude the Trust Company from appropriate investment opportunities.

III. Objectives of Plan Assets

The broad goal and objective of the Plan is to ensure the growth of Plan assets in a prudent manner. Investment of Plan assets will be made for the sole interest and exclusive purpose of providing benefits to participants. The policy needs to match the needs of the anticipated requests or periodic disbursements to the financial assets most likely to meet those cash flow needs. The best way to minimize investment risk is to match, as closely as possible, the timing of future liabilities with the timing of future cash flows from the portfolio assets.

In managing and investing the Plan's assets to achieve the investment objective, the Board and the Trust Company will consider the following factors in the context of the Plan's entire portfolio: 1) general economic conditions; 2) the possible effect of inflation or deflation; 3) the expected tax consequences, if any, of investment decisions or strategies; 4) the role that each investment or course of action plays within the overall investment portfolio of the Plan; 5) the expected total return from income and the appreciation of investments; 6) other resources of the institution; 7) the needs of the institution and the Plan to meet liabilities and to preserve capital; and 8) an asset's special relationship or special value, if any, to the purposes of the institution. The Board and the Trust Company will take steps to assure that the Plan's investments are diversified.

The specific objective of the Plan in terms of the investment return of Plan assets is defined as follows:

Absolute Returns: Absolute returns will measure the growth of Plan assets in real dollar terms. The absolute objective of the Plan assets is to seek an average total annual return of the Plan's assumed rate of return. This return should be measured over a full market cycle, which is rolling 5-year periods.

Relative Returns: Relative returns will compare the time-weighted total return versus capital market indices. Capital market indices will be blended together to create indices that better represent the Plan's allocation. The time horizon for the objective is intermediate long-term, and is measured over rolling 3-year and 5-year periods.

For each set of returns the objective of the Plan is to take an equal or lesser amount of risk than the objective return comparison as defined by standard deviation. The standard deviation of Plan assets will serve as the definition of risk that the Plan is taking in achieving its returns and will be compared to market indices and comparable Plans.

When formulating the Investment Policy Statement for the Plan, the Board should specifically consider Plan characteristics, including but not limited to, the Plan's time horizon, funded status, and the Board's ability and willingness to take risk.

IV. Definitions of Asset Classes for Investments and Benchmarks

The following asset classes are deemed suitable for investment by the Plan in accordance with the long-term asset allocation policy. We define the asset class benchmarks below.

<u>Asset Class</u>	<u>Benchmark</u>	<u>Definition of Benchmark</u>
Cash and Cash Equivalents	Citigroup Three-Month US Treasury Bill Index	The Citigroup 3-Month T-Bill is an unmanaged index that is generally representative of 3-month Treasury bills and consists of an average of the last 3-month U.S. Treasury Bill issues.
Investment Grade Fixed Income	Barclays Capital US Aggregate Bond Index	The Barclays Capital U.S. Aggregate Index represents securities that are SEC-registered, taxable, and dollar denominated. The index covers the U.S. investment grade fixed rate bond market, with index components for government and corporate securities, mortgage pass-through securities, and asset-backed securities. These major sectors are subdivided into more specific indices that are calculated and reported on a regular basis.
High Yield Corporates	Barclays Capital U.S. Corporate High-Yield Bond Index	The U.S. Corporate High-Yield Bond Index covers the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high-yield if the middle rating of Moody's Fitch, and S&P is Ba1/BB+/BB+ or below. The index excludes Emerging Markets debt.
Non-US Fixed Income	Barclays Capital Global Aggregate ex. US Index	The Global Aggregate ex-U.S. Index is a subindex of the Global Aggregate Bond Index, which contains the U.S. Aggregate, the Pan-European Aggregate and the Asian-Pacific Aggregate Indices. The index also includes Eurodollar and Euro-Yen corporate bonds, Canadian government and agency and corporate securities.
Equity	MSCI ACWI	The MSCI ACW Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets.
US Large Cap Equity	Russell 1000 Total Return Index	The Russell 1000 Index measures the performance of the 1,000 largest companies in the Russell 3000® Index, which represents approximately 92% of the total market capitalization of the Russell 3000 Index.
US Small / Mid Cap Equity	Russell 2500 Total Return Index	The Russell 2500 Index measures the performance of the small to mid-cap segment of the U.S. equity universe, commonly referred to as "smid" cap. The Russell 2500 Index is a subset of the Russell 3000® Index. It includes approximately 2500 of the smallest securities based on a combination of their market cap and current index membership.
Master	Alerian MLP	The Alerian MLP Index is a market-cap weighted, float-adjusted

Limited Partnerships	Index	index created to provide a comprehensive benchmark for investors to track the performance of the energy MLP sector. The index components are selected by Alerian Capital Management, LLC ("Alerian"). Alerian is a registered investment advisor that exclusively manages portfolios focused on midstream energy MLPs.
Developed International Equities	MSCI – EAFE Total Return Index	The MSCI EAFE Index is a free float-adjusted market capitalization index that is designed to measure developed market equity performance, excluding the US & Canada.
Emerging Markets Equities	MSCI Emerging Markets Index	The MSCI Emerging Markets Index is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global emerging markets.
Public Real Estate	NAREIT Equity Index	The FTSE NAREIT REIT Index measures the performance of all publicly traded equity real estate investment trusts traded on U.S. exchanges. NAREIT is the National Association of Real Estate Investment Trusts®. It is the trade association for REITs and publicly traded real estate companies with an interest in the U.S. property and investment markets. Members are REITs and listed companies that own, operate and finance in-come-producing real estate, as well as those firms and individuals who advise, study and service these businesses.
Commodities	Dow Jones – UBS Commodity Index	The Dow Jones-UBS Commodity Index is composed of futures contracts on physical commodities. The index is composed of commodities traded on U.S. exchanges, with the exception of aluminum, nickel and zinc, which trade on the London Metal Exchange (LME). The index is designed to be a highly liquid and diversified benchmark for commodities investments. To ensure that no single commodity or commodity sector dominates the index, the index relies on several diversification rules. Among these rules are the following: no related group of commodities (eg., energy, precious metals, livestock or grains) may constitute more than 33% of the index. Also, no single commodity may constitute less than 2% of the index. The diversification rules are applied annually when the index is reweighted and rebalanced on a price-percentage basis.
Low Vol Hedge Funds	HFRI Fund of Funds Conservative Index	The HFRI FOF Conservative Index includes Fund-of-Funds (FOFs) classified as 'Conservative' which exhibit one or more of the following characteristics: seeks consistent returns by primarily investing in funds that generally engage in more 'conservative' strategies such as Equity Market Neutral, Fixed Income Arbitrage, and Convertible Arbitrage; exhibits a lower historical annual standard deviation than the HFRI Fund of Funds Composite Index. A fund in the HFRI FOF Conservative Index shows generally consistent performance regardless of market conditions.
Macro Hedge Funds	HFRI Macro Index	The HFRI Macro Index tracks investment managers which trade a broad range of strategies in which the investment process is predicated on movements in underlying economic variables and the impact these have on equity, fixed income, hard currency and commodity markets. Managers employ a variety of techniques, both discretionary and systematic analysis, combinations of top down and bottom up theses, quantitative and fundamental approaches and long and short term holding periods. Although some strategies employ RV techniques, Macro strategies are distinct from RV strategies in that the primary investment thesis is predicated on predicted or

		future movements in the underlying instruments, rather than realization of a valuation discrepancy between securities.
Private Equity	Thomson Private Equity Index	The ThomsonOne Private Equity Index is a capitalization-weighted composite IRR of the buyout, venture, and special situations fund performances reported to Thomson; all historical IRRs are subject to, and regularly undergo, revision.

V. Target Asset Allocation and Operating Ranges

To achieve the Plan's investment objectives, Plan assets should be properly diversified across the aforementioned asset classes. Significant input should come from the Plan actuary to assess Plan funded status and long-term liability projections, which will assist in determining the appropriate level of risk for the Plan. The general policy should diversify investments among both equity and fixed income securities to provide a balance that will enhance total return, while avoiding undue risk in any single asset class or investment category. This model portfolio may change from time to time based on the Trust Company's forward looking market views.

		Minimum	Long-Term Target	Maximum
Cash & Fixed Income	Barclays Capital Aggregate	25.0%	40.0%	55.0%
Cash & Equivalents	Citi 3-Month T-Bill	0.0%	0.0%	10.0%
Investment Grade Fixed Income	Barclays Capital Aggregate	20.0%	35.0%	50.0%
High Yield Corporates	Barclays Capital US Corporate High Yield Bond	0.0%	5.0%	10.0%
Non-U.S. Fixed Income	Barclays Capital Global Aggregate ex USD	0.0%	0.0%	10.0%
Equities	MSCI ACWI	45.0%	57.0%	70.0%
U.S. Large Cap	Russell 1000	10.0%	23.0%	40.0%
U.S. SMID Cap	Russell 2500	0.0%	8.0%	20.0%
Master Limited Partnerships	Alerian MLP	0.0%	0.0%	10.0%
Developed International Equities	MSCI EAFE	5.0%	15.0%	25.0%
Emerging Market Equities	MSCI Emerging Markets	0.0%	7.0%	15.0%
Public Real Estate	NAREIT Equity	0.0%	4.0%	10.0%
Real & Alternative Assets	HFRI FoF Composite	0.0%	3.0%	10.0%
Commodities	DJ-UBS Commodity	0.0%	3.0%	10.0%
Lower-Vol Hedge Funds	HFRI FOF Conservative	0.0%	0.0%	10.0%
Macro Hedge Funds	HFRI FOF Macro	0.0%	0.0%	10.0%
Private Equity	ThompsonOne Private Equity	0.0%	0.0%	10.0%

The asset allocation operating ranges established above represent a long-term perspective. As such, unanticipated market shifts may cause the asset allocation to fall outside the operating ranges. At least semi-annually, actual allocations will be compared to targets, and the portfolio will be rebalanced to adhere to the operating ranges. If the Trust Company believes that certain conditions justify exceeding the allocation exposure constraints for an extended period of time, they may be exceeded only with the Board's written consent.

VI. Investment Manager Selection

The Board has selected Neuberger Berman Trust Company N.A. as the Plan's Discretionary Trustee and has delegated to the Trust Company their authority to manage the Plan's assets, including the power to acquire and dispose of Plan assets. The Trust Company has discretion to allocate the Plan's assets amongst the various asset classes described in Section V. The Trust Company may select one or more other investment managers to act as sub-advisers ("Sub-Advisers") in managing the Plan's assets subject to Section V hereof, or will manage the Plan's assets itself. The Trust Company will be evaluated using a number of quantitative and qualitative criteria, as described below.

Quantitative criteria include, but are not limited to:

- Trailing performance versus an appropriate composite benchmark made up of weighted benchmarks for the applicable asset class compared to appropriate universes of managers with a similar investment style for the respective asset classes.
- Consistency of performance results versus benchmarks.
- Trailing standard deviation versus the composite benchmark.
- Other quantitative factors such as Sharpe ratio, downside deviation, up market capture and down market capture ratios, and correlation.

Qualitative criteria include, but are not limited to:

- Organizational structure and ownership.
- Quality of investment process and sub-adviser selection.
- Professional staff and tenure.
- Assets under management.
- Risk and management controls.

The Board has the authority to terminate the Trust Company at any time subject to the terms of the Trust Agreement. Guidelines for terminating the Trust Company include but are not limited to:

- Underperformance versus the composite benchmark over a full market cycle.

- Change in organizational structure or investment process.
- Change in firm ownership.
- Change in key investment professionals and decision-makers.
- Lack of control of asset growth of firm or product.
- Lack of proper risk and portfolio controls.

VII. Sub-Advisers Selection

The Trust Company may select one or more other investment managers to act as sub-advisers (“Sub-Advisers”) in managing the Plan assets subject to Section V hereof. The Sub-Advisers will be evaluated using a number of quantitative and qualitative criteria.

Quantitative criteria include, but are not limited to:

- Trailing and rolling performance versus an appropriate benchmark compared to a universe of managers with a similar style.
- Consistency of performance results versus benchmark.
- Trailing and rolling standard deviation versus the composite benchmark and a universe of managers with a similar investment style.
- Other quantitative factors such as Sharpe ratio, downside deviation, up market capture and down market capture ratios, and correlation.

Qualitative criteria include, but are not limited to:

- Organizational structure and ownership.
- Quality of investment process and buy/sell decisions.
- Professional staff and tenure.
- Trading and back office operations.
- Assets under management.
- Risk and management controls.
- Quality of research.
- Portfolio management.

The Trust Company has the authority to terminate Sub-Advisers at any time subject to the terms of their investment management agreements. Guidelines for terminating the Sub-Advisers include, but are not limited to:

- Underperformance versus the composite benchmark over a full market cycle.
- Change in organizational structure or investment process.

- Change in firm ownership.
- Change in key investment professionals and decision-makers.
- Lack of control of asset growth of firm or product.
- Lack of adherence to investment process and style.
- Lack of proper risk and portfolio controls.

VIII. Investment Manager Guidelines and Restrictions

The Trust Company and Sub-Adviser will have full discretion to make all investment decisions for the assets placed under his or her jurisdiction, while observing and operating within all guidelines, constraints and philosophies as outlined in this IPS.

The Trust Company and Sub-Advisers shall generally not:

- Hold more than 25% of their portfolio in any one industry.
- Hold more than 5% of their portfolio, at cost, as determined at the time of purchase, or 10% of market value; in the securities of any one company (except for obligations issued or guaranteed by the United States Government).
- Loan money or securities to any individual or corporation from the assets of the Plan other than through the purchase of marketable fixed income securities.
- Purchase any municipal or other tax-exempt securities.
- Permit the mortgage, pledge, or hypothecation of any assets of the Plan.
- Purchase any private placement which may not be publicly sold without registration under the U.S. Securities Act of 1933.
- Make any investment which may be precluded by any special instruction issued in writing from time to time by the Board.
- Make investments that might generate unrelated business taxable income (UBTI)
- Hold options, futures and leverage for separate accounts.

Deviation from these guidelines and restrictions without prior notification of the Board may cause for termination of the Trust Company or Sub-Advisor.

IX. Socially Responsive Statement

The primary responsibility of the Board is to act in the best long-term interests of the beneficiaries. We believe that environmental, social, and corporate governance (ESG) issues can at times positively or negatively impact the performance of investment portfolios and that it may be possible and desirable to apply these principles to better align our goals as investors with the broader objectives of

society. Therefore we commit to these principles in our decision-making process and to implementation where consistent with our fiduciary responsibilities.

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution and management of the investment program, or that could impair their ability to make impartial decisions. Employees and investment officials shall disclose to the Board any material interests in financial institutions with which they conduct business. They shall further disclose any personal financial/investment positions that could be related to the performance of the investment portfolio.

X. Portfolio Benchmarks

Absolute Return: Actuarial rate of return as determined by the Plan actuary measured over a full market cycle

Relative Returns:

Standard Benchmark:

- 40.0% Barclays Capital Aggregate Index, 57% MSCI All-Country World Index, and 3% HFRI FoF Composite Index

Policy Index:

- 35.0% Barclays Capital Aggregate Index, 5.0% Barclays Capital US Corporate High Yield Bond Index, 23.0% Russell 1000 Index, 8.0% Russell 2500 Index, 15.0% MSCI EAFE Index, 7.0% MSCI Emerging Markets Index, and 3% DJ-UBS Commodity Index

Style-Weighted Index:

- Weightings for this index will approximate the respective manager weightings and are re-balanced periodically

XI. Spending Policy

Benefit disbursements from Plan assets will be determined by the terms of the Plan documents. The Plan will not have a formal spending policy or fixed spending policy schedule. As liabilities come due, the assets of the Plan may be held in cash in order to meet the payment, up to one year in advance. The cash account should serve as the vehicle for making payments. The cash account will be replenished with fixed income assets to mitigate the effects of market timing. The fixed income assets will then be replenished from the other various accounts in accordance with the target asset allocation and operating ranges.

XII. Board Meetings and Portfolio Review

Unless otherwise stated by the Board, meetings and portfolio reviews will take place on a quarterly basis. The Board should receive the current asset allocation, manager allocation, individual manager performance, total portfolio and composite performance, and change in market value of the Plan assets.

XIII. Acknowledgement

This statement of investment policy is accepted and entered into by the Board. The Board shall communicate with the Trust Company any material changes that might affect its investment philosophy.

ACCEPTED: _____

DATE: _____

DATE: _____