RESOLUTION NO. 2025-2470

A RESOLUTION OF THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AUTHORIZING THE ESTABLISHMENT OF AN IRREVOCABLE OTHER POST-EMPLOYMENT BENEFITS TRUST ("OPEB TRUST"), ADOPTING AN OPEB TRUST FUNDING AND WITHDRAWAL POLICY", ADOPTING AN OPEB TRUST INVESTMENT POLICY, APPOINTING THE FINANCE DIRECTOR AS THE OPEB TRUST CITY ADMINISTRATOR, AND AUTHORIZING THE OPEB TRUST CITY ADMINISTRATOR TO EXECUTE ANY AND ALL DOCUMENTS NECESSARY TO CARRY OUT THE INTENT OF THIS RESOLUTION.

WHEREAS, on December 18, 2023, Resolution No. 2023-2377 "Accepting the Framework and Transition Plan for the Implementation of a Retiree Healthcare Plan with the Transition Commencing on December 19, 2023, and with a Plan Effective Date of July 1, 2024" was adopted; and

WHEREAS, on June 24, 2024, Resolution No. 2024-2418 "Creating "Policy 1100 Retiree Healthcare" as an amendment to the City of Goodyear Policy and Administrative Guidelines Manual of 02/01/2004" was adopted; and

WHEREAS, the City Council intends that the OPEB Trust be used in connection with its essential governmental function of providing post-employment benefits other than pensions to retirees and their eligible dependents, such that the OPEB Trust and its income shall qualify for the exemption from taxation under Section 115 of the Internal Revenue Code of 1986, as amended; and

WHEREAS, the OPEB Trust is separate and independent from any other segregated account of the City which may hold or be used to account for assets used to pay post-employment benefits or fund accrued liability associated with non-pension employee benefits as required; and

WHEREAS, the City Council intends that the OPEB Trust be construed in accordance with the requirements of Governmental Accounting Standards Board Statement No. 45 (GASB 45), as amended; and

WHEREAS, the adopted FY25 budget includes $3.4M funding for OPEB liabilities; and

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GOODYEAR, MARICOPA COUNTY, ARIZONA, AS FOLLOWS:

<u>SECTION 1.</u> The Finance Director or their authorized designee is hereby appointed the OPEB Trust City Administrator and authorized to establish the OPEB Trust and directed to execute any and all necessary documents.

<u>SECTION 2.</u> "OPEB TRUST FUNDING AND WITHDRAWAL POLICY" and "OPEB TRUST INVESTMENT POLICY" as reflected in Exhibit A, attached hereto, will provide guidance to the OPEB Trust City Administrator.

<u>SECTION 3.</u> Resolution No. 2025-2470 shall be effective upon the date of its adoption.

PASSED AND ADOPTED by the Mayor and Council of the City of Goodyear, Maricopa County, Arizona, by a 7-0 vote, this 19th day of May, 2025.

Joe Pizzillo, Mayor

Date: May 19, 2025

ATTEST:

Jasmine Pernicano, City Clerk

APPROVED AS TO FORM:

Roric Massey, City Attorney

CITY OF GOODYEAR, ARIZONA
INCORPORATED 1946

Exhibit A

City of Goodyear
Other Post-Employment Benefits (OPEB)
Trust Funding & Withdrawal Policy

(May 19, 2025)

Introduction

City of Goodyear ("City") established a City of Goodyear Trust for the Benefit of the OPEB Plan ("OPEB Trust") to provide funding of non-pension post-employment healthcare benefits for retirees who meet age and service requirements outlined in the City's Administrative Guidelines/Policy Statement 1130.

Purpose

This OPEB Trust Funding and Withdrawal Policy ("Policy") documents the method the City will use to set expected contributions to the OPEB Trust to fund the long-term cost of the OPEB Plan. The Policy also:

- Provides guidance in making annual budget decisions;
- Demonstrates prudent financial management practices;
- Is expected to result in lower unfunded OPEB liabilities in financial statements than the prior pay-as you-go funding arrangement;
- Reassures bond rating agencies that funding obligations will be met; and
- Demonstrates to employees, retirees, residents and the public how the OPEB Plan will be properly funded.

Funding Policy

- **Expected Contributions by Fiscal Year:** For Fiscal Year 2025, Council approved $3.4M funding for OPEB liabilities as part of the City's Budget. For fiscal years 2026-2029, contributions to the OPEB Trust are expected to be $3.4 million per year. Funding for fiscal years 2026-2029 must be approved by Council as part of the ongoing budget process. Subsequent contributions are expected to be updated and modified based upon funding levels and actuarial studies and presented to Council for approval as part of the Budget.

- **Expected Frequency of Contributions:** Monthly.

- **Withdrawals:** Initial withdrawals are not yet authorized from the OPEB Trust. Withdrawal authorization is expected in a future year based on the OPEB Trust funding level and will require a separate action of the Council. Withdrawals may only be for the purposes of paying or reimbursing costs under the City's Retiree Healthcare Plan and necessary expenses in the current or immediately preceding budget year.

- **Additional Discretionary Payment Contributions:** The City may consider and/or approve making additional contributions toward the OPEB Trust on an ad-hoc basis.

- **Transparency and Reporting:** Funding of the City's OPEB Trust will be transparent to vested parties including active employees, retirees, the City Council, and the public. To demonstrate funding transparency, the following information shall be available:

    1. Assets in the OPEB Trust shall be included in the City's annual financial statements as required by Governmental Accounting Standards Board rules.

    2. Copies of the actuarial valuations for the City's OPEB plans shall be made available upon request.

- **Review of Funding Policy:** Funding any OPEB plan requires a long-term investment horizon. As such, the City will review this Policy:

    1. At least every two years to determine if changes to this Policy are needed to ensure adequate resources are being accumulated.

    2. When the annual actuarial analysis/report (required per GASB 75) indicates the ratio of the market value of OPEB trust assets to total OPEB liabilities exceeds 65%.

City of Goodyear
Other Post-Employment Benefits (OPEB)
Trust Investment Policy

(May 19, 2025)

Introduction

City of Goodyear ("City") established a City of Goodyear Trust for the Benefit of the OPEB Plan ("OPEB Trust") to provide funding of non-pension post-employment healthcare benefits for retirees who meet age and service requirements outlined in the City's Administrative Guidelines/Policy Statement 1130.

Purpose

This OPEB Trust Investment Policy ("Policy") establishes clear guidelines and standards for investing OPEB Trust assets to ensure consistency, compliance, effective decision making, and suitable risk/liquidity management, including:

1. Documenting investment objectives, performance expectations and investment guidelines for assets in the OPEB Trust.
2. Establishing an appropriate investment strategy for managing 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 OPEB Plan.
3. Establishing investment guidelines to control overall risk and liquidity.
4. Establishing periodic performance reporting requirements to monitor investment results and confirm that the investment policy is being followed.
5. Complying with fiduciary, prudence, due diligence and legal requirements for OPEB Trust assets.
6. Establishing remedies to the City for violation of the Policy by service vendors to the Trust.

Scope

This Policy applies to all funds held in the OPEB Trust, which are separate and distinct from other City funds and investments. Any additional contributions to the OPEB Trust will be maintained in and invested in the same manner.

Governing Authority

The OPEB Trust investment program shall be established and operated in conformance to federal, state and other legal requirements, primarily outlined in A.R.S. § 14-10901 - 14-10909 *Prudent Investor Rule* and A.R.S. § 35-314. *Equity investment of trust and treasury monies*

Investment Authority

The City Council appointed the Finance Director or their authorized designee, as the OPEB Trust City Administrator ("OPEB Trust-CA") to oversee certain policies and procedures related to the operation and administration of the OPEB Trust. The OPEB Trust-CA or their designee, will have authority to implement the Policy and guidelines in the best interest of the OPEB Trust. In implementing this Policy, the OPEB Trust-CA may contractually delegate certain functions to:

1. An investment advisor ("OPEB Trust-IA") to assist the OPEB Trust-CA in the investment process and to maintain compliance with this Policy. The OPEB Trust-IA may assist the OPEB Trust-CA in establishing investment policy objectives and guidelines. The OPEB Trust-IA will adjust asset allocation for the OPEB Trust subject to the guidelines and limitations set forth in this Policy. The OPEB Trust-IA will also select investment managers and strategies consistent with its role as a fiduciary for the OPEB Trust. Subject to the City's Investment Policies, the investment vehicles allowed may include mutual funds, separate accounts, limited partnerships and other investment vehicles deemed to be appropriate by the OPEB Trust-IA. The OPEB Trust-IA is also responsible for monitoring and reviewing investment managers; measuring and evaluating performance; and other tasks as deemed appropriate by the City. The OPEB Trust-IA may also select investments with discretion to purchase, sell, or hold specific securities, such as Exchange Traded Funds, that will be used to meet the OPEB Trust's investment objectives. The OPEB Trust-IA shall never take possession of securities, cash or other assets of the OPEB Trust, all of which shall be held by the custodian. The OPEB Trust-IA must be registered and in good standing with the Securities and Exchange Commission, and the State of Arizona Corporation Commission, Securities Division.
2. A trustee, such as a bank trust department or a board of trustees, if the OPEB Trust does not have its own trustees, to assume fiduciary responsibility for the administration of trust assets; provided, however, that if the OPEB Trust-CA shall have appointed an OPEB Trust-IA, then any trustee appointed under this paragraph shall have no authority with respect to selection of investments.
3. Specialists such as attorneys, auditors, actuaries, and retirement plan consultants to assist the OPEB Trust-CA in meeting its responsibilities and obligations to administer the Trust assets prudently.

Investment Objectives

The assets of the OPEB Trust shall be invested in a portfolio ("Portfolio") to ensure that principal is preserved and an appropriate risk-adjusted return is achieved over the long term. Under Governmental Accounting Standards Board (GASB), GASB No. 75, the discount rate should be determined based upon the long-term expected return on the investments set aside to be used to pay future benefits as they come due. Given the long-term nature of the OPEB Plan, investments will be similar to a pension fund-type investment securities.

Additionally, the Portfolio will be invested according to the following general principles:

1. To invest assets in a manner consistent with the following fiduciary standards:
   a. All transactions undertaken must be for the sole interest of beneficiaries.
   b. Assets are to be diversified to minimize the impact of large losses from individual investments.
2. To provide for funding and anticipated withdrawals on a continuing basis for payment of benefits and reasonable expenses of operation of the OPEB Trust.
3. To enhance the value of assets in real terms over the long-term through asset appreciation and income generation, while maintaining a reasonable investment risk profile.
4. Subject to performance expectations over the long term, to minimize principal fluctuations over the Time Horizon (as defined below).

5. To achieve a long-term level of return commensurate with contemporary economic conditions and equal to or exceeding the investment objective set forth in this Policy Statement under the section labeled "Performance Expectations".

Selection of Investment Managers

The OPEB Trust-IA shall prudently select appropriate investment managers to invest the assets of the OPEB Trust. Investment managers must meet the following criteria:

1. Must provide historical quarterly performance data compliant with Global Investment Performance Standards (GIPS®), Securities & Exchange Commission ("SEC"), Financial Industry Regulatory Agency ("FINRA") or industry recognized standards, as appropriate.
2. Must provide detailed information on the history of the firm, key personnel, support personnel, key clients, and fee schedule (including most-favored-nation clauses). This information can be a copy of a recent Request for Proposal ("RFP") completed by the investment manager or regulatory disclosure.
3. Must clearly articulate the investment strategy that will be followed and document that the strategy has been successfully adhered to over time.
4. Must have a minimum of three (3) years of successful experience managing similar strategies either at their current firm or at previous firms.
5. Where other than common funds such as mutual funds or exchange traded funds are utilized, must confirm receipt, understanding, and adherence to this Policy and any investment specific policies by signing a consent form provided prior to investment of OPEB Trust assets.

Selection of Custodial Services

The OPEB Trust Trustee ("OPEB Trust-TR") shall prudently select an appropriate custodian for safekeeping of assets and for handling other tasks such as managing transactions, settling financial dealings, and ensuring regulatory compliance. Any custodian will also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the OPEB Trust. Any custodian will provide at a minimum, monthly reporting of assets and transactions, and provide for any additional data requests. Any custodian must meet the following criteria:

1. Audited financial statements demonstrating compliance with state and federal capital adequacy guidelines.
2. Evidence of adequate insurance coverage, in addition to any applicable Federal Deposit Insurance Corporation (FDIC) or Securities Investor Protection Corporation (SIPC) coverage. This shall include fiduciary bonding or similar protections for the City.
3. Prohibition of security lending on this Trust.
4. Registered in the State of Arizona.
5. If a bank, Federally chartered.
6. If not a bank, SEC registered; Compliance with SEC Rule 17f, when applicable.
7. Ability to offer open investment architecture.

Authorized Investments

To achieve its investment objectives, the Portfolio will be allocated among a number of asset classes. These asset classes may be broadly defined to include fixed income, equity, and alternative investments. The purpose of allocating across these asset classes is to ensure the proper level of diversification within the Portfolio and improve the risk-adjusted efficiency. The investment vehicles used to gain exposure to the asset classes may include mutual funds, exchange traded funds, separately managed accounts, and limited partnerships. Certain vehicles may provide liquidity constraints that must be managed in the overall context of meeting the Portfolio's return and income requirements. Any such constraints should be addressed in advance with the City's OPEB-CA.

The following investments will be permitted by this Policy:

Fixed Income Asset Class

This is a broad asset class which can be defined as a class whereby the investable assets provide investors with fixed streams of income. Bonds are the most common example of a fixed income asset and may be issued by a wide range of entities including corporations, state municipalities and sovereign nations. Fixed income securities are further classified by their credit risk and interest rate risk (duration), though currency and prepayment risks may apply to certain fixed income instruments.

The broad fixed income asset class can be further broken down into more specific sub-asset classes as follows:

- **Short Term:** US Investment-grade bonds with short maturities. The portfolio will normally be comprised of cash instruments and US Government and Agency bonds, corporate and other such permissible fixed income investments.
- **Total Return:** US investment-grade bonds with intermediate maturities. The portfolio will normally be comprised of cash instruments and U.S. Government and Agency bonds, mortgage-backed securities, and corporate bonds.
- **High Yield:** US bonds rated below investment-grade. High Yield corporate bonds have similar features as investment grade corporate bonds but are typically issued with shorter maturities and are more likely to be callable so that if a company's financial condition improves it can take advantage of lower funding rates.
- **Global:** Bonds from a combination of US and foreign issuers located around the world and which may be issued in various currencies. Credit quality should be to be investment-grade and duration is often managed to an intermediate horizon. The majority of Global bonds will likely be backed by governmental issuers, with some lesser exposure to corporate bonds, mortgages, and other asset-backed securities.

Equity Asset Class

This is a broad asset class where investable assets include publicly traded stocks across a broad range of markets and geographies. While the majority of this broader asset class generally consists of domestic (U.S.) equities, return and portfolio diversification enhancements can be achieved by including international equities within the equity portfolio.

The broad global equity asset class can be further broken down into more specific sub-asset classes as follows:

- **US Large Cap:** Stocks of US companies with large market capitalizations. US Large Cap stocks tend to represent the most established US companies, with broad product lines and established market presences. As their large size may limit their growth prospects, US Large Cap companies tend to pay relatively high dividends compared to smaller companies.
- **US Mid-Cap:** Stocks of US companies with small- to mid-sized market capitalizations. US Small/Mid Cap Stocks represent companies that may be at the earlier portion of their

economic lives and with relatively high growth prospects. Company failures and acquisitions however may be more common in US Small/Mid Cap Stocks.

- **International:** Stocks of the companies located in, or with revenues primarily derived from outside of the United States. This may include companies located in developed and emerging economies. Foreign stocks provide diversification by offering access to economic prospects of multiple countries and currencies. Foreign Stocks are comparable to US Stocks in terms of having most stable, income-oriented stock investments for international stock investors. However, currency, political, and economic risks make them more volatile than their US counterparts. Additionally, certain countries, based upon political or other instabilities, should be excluded from participation in the Trust Investment Policy.

Alternatives Asset Class

- **Real Estate:** Investments in various types of properties, including residential, office space, retail, healthcare, and others. Since Real Estate conditions tend to be very property-specific, this asset class offers diversification from other asset classes that fluctuate more directly with broader market components such as stock prices or interest rates. Real Estate exposure may also be achieved in the equity markets via purchasing Real Estate Investment Trusts (REITs).
- **Commodity:** Investments in natural resources or raw materials, typically those used as factors of production (such as energy). Commodity prices tend to be highly sensitive to inflation and economic activity. Access to this asset class may be achieved via funds investing in derivatives whose price movements reflect the value of the underlying commodity.

Table – Asset Classes

Investments are allowed in the classes and percentages noted below. All other types of investments are prohibited.

Asset Class	Sub-Asset Class	Maximum per Asset Class	Combined Maximum	Combined Minimum
Fixed Income	Short Term	100%	100%	35%
	Total Return	50%		
	High Yield	25%		
	Global	25%		
Equity	US Large	26%	65%	0%
	US SMID	18%		
	International	24%		
Alternative	Real Estate	10%		
	Commodity	7%		

Investment Guidelines

Given the long-term nature of the obligation to be funded and the low liquidity needs of the OPEB Trust, a higher level of volatility in the portfolio is acceptable. The Portfolio will be allocated among a number of asset classes with the guiding principles below:

<u>Time Horizon</u>

The OPEB Trust's investment objectives are based on a long-term investment horizon of five (5) years or longer. Interim fluctuations should be viewed with appropriate perspective. The City has adopted a long-term investment horizon such that the risks and duration of investment losses are carefully weighed against the long-term potential for appreciation of assets. As such, the time horizon for this portfolio could be less than five years based on budget conditions, or any increase in expenses.

Liquidity and Diversification

In general, the OPEB Trust may hold some cash, cash equivalent, and/or money market funds for near-term benefits and expenses (the "Trust Distributions") needs. Remaining assets will be invested in longer-term investments and shall be diversified with the intent to minimize the risk of long-term investment losses. Consequently, the total portfolio will be constructed and maintained to provide diversification with regard to the concentration of holdings in individual issues, issuers, countries, governments or industries.

Rebalancing Philosophy

The asset allocation exposures will be closely monitored with the understanding that the various asset classes may perform differently, and that the relative attractiveness of asset classes may vary over time. The Portfolio's allocation will be reviewed and adjusted as warranted to assure that allocations remain within their respective guidelines and consistent with the long-term objective of the Portfolio. If an asset class is outside the allowable range, the OPEB Trust-IA will take appropriate action to redeploy assets. In any investment rebalancing situation, the OPEB Trust-IA will move to reallocate within guidelines as soon as possible after consideration for costs and other investment related factors. On a short term basis, and only with written approval from the OPEB Trust-CA, the Portfolio may be allocated outside the ranges provided in the Guidelines for the purposes of rebalancing the OPEB Trust assets.

Risk Tolerance

Subject to investment objectives and performance expectations, the OPEB Trust will be managed in a style that seeks to minimize principal fluctuations over the established Time Horizon.

Performance Expectations

Over the long term, five years or longer, the performance objective will be to achieve an average total annual rate of return that is equal to or greater than the OPEB Trust's actuarial discount rate. Additionally, it is expected that the annual rate of return on assets will be commensurate with the then prevailing consumer 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 investments and blended benchmark comparisons for its entirety.

Custody & Safekeeping

All assets of the OPEB Trust shall be held by a custodian approved by the OPEB Trust-TR and the City for safekeeping of assets.

The custodian shall maintain possession of physical securities and records of securities owned by the OPEB Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the OPEB Trust.

The custodian shall produce statements on a monthly basis, listing the name and value of all assets held and the dates and nature of all transactions in accordance with the terms in the OPEB Trust Agreement, and provide a copy of their most recent annual report on internal controls (Statement of Auditing Standards No. 70, or SAS 70).

Investments of assets not held as liquidity or investment reserves shall always be invested in interest-bearing accounts. Investment and portfolio securities may not be loaned out.

Delivery vs. Payment – All trades of marketable securities will be executed by delivery vs. payment (DVP) to ensure that securities are deposited in an eligible financial institution prior to the release of funds.

Benchmark

The OPEB Trust-IA shall compare the investment results on a quarterly basis to appropriate peer universe benchmarks, as well as market indices in both equity and fixed income markets. Examples of benchmarks and indexes that will be used are listed below in the Control Procedures section. Occasionally, based on the liquidity needs and the portfolio strategy of the OPEB Trust, it may be reasonable and desirable to measure portfolio performance against a total return benchmark. The OPEB Trust-CA shall define such a benchmark after consultation with the OPEB Trust-IA.

Control Procedures

Review of Investment Objectives

The OPEB Trust-IA shall review annually and report to the City in a format and venue requested, the appropriateness of this Policy for achieving the OPEB Trust's stated objectives. It is not expected that this Policy will change frequently. In particular, short-term changes in the financial markets should not require an adjustment in this Policy Statement.

Review of Investment Performance

Performance reports generated by the OPEB Trust-IA shall be compiled quarterly and presented to the OPEB Trust-CA for review. The investment performance of the total Portfolio, as well as the allowable asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The City recognizes the intermediate-term nature of the Portfolio's objectives and the variability of market returns. Periodic underperformance relative to any criteria outlined in this Policy will not necessitate the termination of an investment option. The total return of the Portfolio will be measured against a passive policy index of comparable risk comprised as follows:

Policy Index: 14% Bloomberg US Aggregate Bond Index, 5% Bloomberg Global Aggregate Bond Index, 6% Bloomberg High Yield Bond Index, 25% S&P 500 Index, 16% Russell 2500 Index, 25% MSCI ACWI ex-US Index, 5% FTSE NAREIT Index, 4% Bloomberg Commodity Index.

Additionally, the OPEB Trust-IA will measure the performance of each individual investment alternative against the performance of relevant index benchmarks and peer groups. The OPEB Trust

-IA shall track the investment vehicle's performance relative to the benchmark, and the degree to which variance in the vehicle's performance can be explained by variance in the performance of the benchmark. Initially, indices used for comparison purposes may include the following:

Investment Category	Relevant Benchmark
US Large Capitalization Stocks - Blended Style	S&P 500 Index
US Large Capitalization Stocks - Growth Style	Russell 1000 Growth Index
US Large Capitalization Stocks - Value Style	Russell 1000 Value Index
US Small Capitalization Stocks - Blended Style	Russell 2000 Index
US Small Capitalization Stocks - Growth Style	Russell 2000 Growth Index
US Small Capitalization Stocks - Value Style	Russell 2000 Value Index
US Small/Mid Capitalization Stocks – Blended Style	Russell 2500 Index
US Cross Capitalization Stocks - Blended Style	Russell 3000 Index
US Mid Capitalization Stocks - Blended Style	Russell Mid Cap Index
US Mid Capitalization Stocks - Growth Style	Russell Mid Cap Growth Index
US Mid Capitalization Stocks - Value Style	Russell Mid Cap Value Index
Foreign Large Capitalization Stocks - Blended Style	MSCI ACWI ex-US Index
Foreign Large Capitalization Stocks - Value Style	MSCI ACWI ex-US Value Index
Foreign Large Capitalization Stocks - Growth Style	MSCI ACWI ex-US Growth Index
Foreign Small Capitalization Stocks - Blended Style	MSCI ACWI ex-US Small Cap Index
Emerging Market Large Capitalization Stocks	MSCI Emerging Markets Free Index
Domestic Real Estate Investment Trusts (REITS)	FTSE NAREIT Index
Direct Real Estate	NCREIF - ODCE Index
Commodities	Bloomberg Commodity Index
Long/Short Growth, Special Opportunities	S&P 500 Index
US High Yield Bonds	Bloomberg US Corporate High Yield
Absolute Return	Bloomberg US Aggregate Bond Index
Total Return Bonds	Bloomberg US Aggregate Bond Index
Unconstrained Bonds	Bloomberg US Aggregate Bond Index
Global Bonds	Bloomberg Global Aggregate Bond Index
Short Duration Bonds	Bloomberg US Aggregate 1-3Yr Bond
Treasury Inflation Protected Securities	Bloomberg U.S. TIPS Index
Money Market	90-Day U.S. Treasury Bills

Notwithstanding this initial designation, upon advance written notice to the OPEB Trust-CA, the OPEB Trust-IA may change indices used for comparison, if it is determined that a different index provides a more useful or appropriate benchmark for any designated investment vehicle.

In addition to net investment performance, the OPEB Trust-IA will also review the investment products' risk characteristics in relation to that performance. Risk may be measured in various ways including, but not limited to:

- Standard deviation
- Risk/return ratios such as Sharp or Treynor Ratios
- Up market and down market performance
- Other statistical measures such as Beta, Alpha and Variance

The OPEB Trust-IA will evaluate the fees, expenses and revenue sharing associated with the Portfolio's investment options. Care will be taken to minimize the fees and expenses and any applicable revenue sharing will belong to the Portfolio and, at the Portfolio's discretion, used solely to offset Portfolio related expense. The investment options will also be monitored on an ongoing basis for material changes such as personnel departures, research capability adjustments, organizational changes, or alterations in investment style, philosophy, or strategy, as well as adherence to stated guidelines.

Reporting

The OPEB Trust-IA shall produce an investment report at least quarterly. The purpose of the report is to enable the City to ascertain whether investment activities during the reporting period have conformed to the Policy. The report should include:

- A list of individual securities held at the end of the reporting period;
- The realized and unrealized gains or losses in the portfolio;
- The maturity date of each security held in the portfolio;
- The book value and market value of each security in the portfolio;
- The percentage of the total portfolio market value that each security represents;
- The yield to maturity of the portfolio and of each security held in the portfolio;
- The periodic interest earnings of each security held in the portfolio;
- The credit quality of each security held in the portfolio;
- A periodic summary of portfolio transactions, including fees incurred for external management and custody services.
- The identification of individual securities by acceptable investment class under this Policy.

Custodian Reconciliation – The report of investment holdings shall be reconciled within 30 days of the close of each month to the custodian bank. Discrepancies shall be reported to the OPEB Trust-CA.

Ethics and Conflicts of Interest

Officers and employees involved in the investment process shall refrain from personal business activities 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, within sixty (60) days, any material interest 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. Employees and officers are prohibited from undertaking personal investment transactions with the same individual with which business is conducted on behalf of the City.

Conflicts with the Policy

The investment limitations established by this Policy will apply at the time a security is purchased and will be based on the then-current book value. Should a subsequent event cause a security or the investment portfolio to no longer meet the specifications of the Policy, the OPEB Trust-IA will provide the OPEB Trust-CA a recommendation of the appropriate course of action. There is no requirement that a security be sold prior to maturity if it no longer meets the criteria set forth in this Policy, but should be sold at the earliest opportunity to meet the criteria and not incur financial penalties. Further, any security held by the City at the time this Policy was adopted may be held to its maturity.

Approval of the Policy

The Policy shall be formally approved and adopted by the City Council.