FINANCE

~~Investment Guidelines and Rules~~ Investment Policy Guidelines

Role of Trustees

The Trustees are responsible to ensure that the Trust fund is managed:

- effectively and prudently, in full compliance with law and the Trust.
- for the exclusive purposes of providing benefits to participants in the Trust and defraying the costs of administering the Trust.

The Trustees will select, retain, and replace an Investment Consultant, one or more Investment Managers and may select other professional service providers in connection with the investment of the Trust funds.

Objectives

The investment objectives of the Trust funds shall be the following, in the order given:

1. Preservation of principal.
2. Meeting the liquidity needs of the Trust to pay claims and other expenses.
3. Diversification of investment to minimize the risk of large losses, within the permissible investment parameters of the Trust.

In that regard, the Investment Manager will manage a diversified portfolio of cash, U.S. government treasury bonds (hereinafter "Treasury") ~~,and~~ U.S. government agency bonds (hereinafter "Agency") and bank issued FDIC insured Certificates of Deposit with the goal of meeting the ~~liquidity and cash flow~~expenditure needs of the Trust. The strategy will be implemented via a ~~a laddered maturity~~ portfolio ~~which incorporates the Trust's current investments and~~ that seeks to manage security purchases and maturities such that ~~match bond maturity dates with expected monthly~~ the Trust is able to maintain on account, available for immediate use, the equivalent of three (3) months of ~~net~~ expenditure requirements, as ~~provided~~ directed from time to time by the Trustees. Additionally, ~~T~~the Treasury portion of the portfolio will also be structured to hold assets equal to at least three (3) months of projected net expenditures in order to provide added liquidity in the event of an unforeseen expenditure event. To the extent that ~~certain~~ expected Trust expenditures over the prospective three (3) month period require immediate, unencumbered liquidity, these Trust funds will be invested in a designated cash account and held in a money market fund rather than in individual bonds. Investments in this money market fund will also be considered Treasury securities for purposes of the allocation targets of these Investment Guidelines and Rules.

Investment Consultant

The Investment Consultant ("Investment Consultant") shall be selected by the Trustees. The Investment Consultant is responsible to monitor and evaluate the conduct and performance of the Trust's Investment Managers on a periodic basis as directed by the Trustees. The Investment Consultant shall be completely independent of the Investment Managers. The Investment Consultant's review of the performance of the Investment Manager shall include, among other things, an evaluation of the Investment Manager's compliance with these Investment Guidelines and Rules and of the results of the Investment Manager in comparison to the benchmark index and with the performance of funds with similar investment strategies to the Trust. The review may also include recommendations on changes to the Permitted Investments or other portions of these Investment Guidelines and Rules. The Investment Consultant shall report the results of its independent monitoring and evaluation to the Trustees on an annual basis, or as otherwise directed by the Trustees. The Investment Consultant also may be asked to provide educational meetings or seminars on financial, fiduciary, investment, or similar matters to the Trustees.

Investment Manager

The Trust fund shall be invested by one or more professional investment managers or management companies selected by the Trustees ("Investment Manager"). The day-to-day decisions concerning investments shall be made by the Investment Manager, who shall be a fiduciary of the Trust funds and who shall make such investments in accordance with these Investment Guidelines and Rules. The Investment Manager shall provide monthly, quarterly, annual, and other reports on the investments as required in the contract between the Trust and the Investment Manager.

The Trustees shall consider a variety of factors in selecting an Investment Manager, including costs and fees, past performance, prior experience with the investment of funds similar to the Trust, responsiveness, technical capabilities, experience and reputation of personnel, decision structure, and any other matter deemed relevant by the Trustees. The Investment Manager is required to report to the Trustees any material changes in the following which occur while the Investment Manager has been retained by the Trust:

- Material changes in the Investment Manager's investment decision structure or process.
- Changes in organization of the Investment Manager, including mergers and acquisitions.
- Any change in key personnel of the Investment Manager responsible for the formulation and execution of investment strategy.

The Investment Consultant shall review the performance of the Investment Manager annually or otherwise as directed by the Trustees. The Trustees may, but need not, consult with other investment professionals concerning such performance as necessary or desirable. The Trustees may replace the Investment Manager or add additional Investment Managers at any time in their discretion. The Investment Manager may be selected by a request for proposal or other process on a periodic basis and as determined by the Trustees.

Liquidity Needs

It is acknowledged that the liquidity needs of the Trust fund will vary from time to time depending upon circumstances then prevailing. Thus the administrative agent shall keep the Investment Manager informed on a periodic basis of the expected liquidity needs of the Trust.

Periodic Review of Guidelines

The circumstances that bear on these Investment Guidelines and Rules may change from time to time. The Trustees, in consultation with the Investment Consultant, will review these Investment Guidelines and Rules at least once annually.

Portfolio Guidelines

The Trust portfolio will be benchmarked against the Merrill Lynch 1-5 Year Government Index and as such should generally be structured with similar credit and interest rate characteristics. Average portfolio duration is to be managed within 1-3 years and average credit quality at A+ or higher by Standard & Poors rating agency (or equivalent Moody's rating) with no individual securities rated lower than BBB- . In addition, to insure appropriate diversification no single issuer, with the exception of government and agency issuers, shall exceed 3% of the portfolio at purchase. No single credit industry shall exceed 15% of the portfolio at purchase.

Permitted Investments

The Investment Manager may select from the following ~~various~~ permitted investments. These investments should have varying maturity dates as necessary to comply with liquidity needs, manage interest rate risk, ~~to~~ and in order to achieve diversification of the Trust funds. Provided, however, that the maturity date for any permitted investment will not be longer than ten (10) years. The Trustees, in consultation with the Investment Consultant, may establish additional maturity and asset allocation parameters for each type of permitted investment.

~~To achieve returns consistent with the Total Portfolio Benchmark provided below, the Investment Manager may invest the available assets of the Trust fund only in the Permitted Investment provided below. Further, It is expected that the Investment Manager purchases securities that do not have a term longer than 10 years after the purchase date and that the total portfolio maintains a duration that is consistent with the Total Portfolio benchmark.~~

Total Portfolio Benchmark	Merrill Lynch ~~1 yr~~1-5 yr ~~Treasury Note~~Government Index

Permitted Investment	**Criteria**
Cash/Money Market Funds	The money market fund is invested in the highest quality debt with a weighted average maturity of 90 days or less. The fund is registered with and regulated by the Securities and Exchange Commission. The fund is rated by at least one nationally recognized rating firm of not less than AAA or its equivalent. The fund shall not be subject to any sales loads or other such contingent charges.
U.S. Government Fixed Income	Invested in public obligations of the U.S. Treasury including U.S. Treasury Notes, Bonds and other issues backed by the full faith and credit of the U.S. Government.

Permitted Investment	**Criteria**
U.S. Government Agency Fixed Income	Invested in issues of federal agencies of the U.S. Government, including FNMA, federal land banks, federal intermediate credit banks, federal farm credit banks, federal home loan banks, FHLMC, any agency created by Act of Congress that is authorized to issue direct debt obligations of the U.S. Government.
Domestic Certificates of Deposit	Invested in certificates issued or endorsed by a domestic bank or a savings and loan association, organized and supervised under federal laws in which principal and interest are fully insured and unconditionally guaranteed by the U.S. Government. Certificates will be rated by at least one nationally recognized rating firm of not less than A-1 or P-1.

Legal Reference: WAC 82-60-037 Standards for management and operations—Financial plans

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