

FINANCE

Investment Guidelines and Rules

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. ~~First, P~~preservation of principal.
2. ~~Second, M~~meeting the liquidity needs of the Trust to pay claims and other expenses.
3. ~~Third, D~~iversification of investment to minimize the risk of large losses, within the permissible investment parameters of the Trust.

~~Manage a diversified portfolio of U.S. government and agency bonds with the long-term goal of achieving a net of fee portfolio return in excess of the return of the Merrill Lynch 1-10 year Government Bond Index. The permitted investments are further described in the (described below) will be expected to meet or exceed the market index benchmark(s) set forth in Permitted Investment section of this Policy. or such other benchmark(s) as established by the Trustees in consultation with the Trust's Investment Consultant.~~ The Trustees, in consultation with the Investment Consultant, may also select other indexes and/or benchmarks based on the evolving requirements for the Trust. ~~t a total investment return goal for the investments annually, based on expected deposits and spending requirements for the Trust.~~

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 Rules and Guidelines 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

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these Rules and Guidelines. 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.

Permitted Investments

In working towards the Trust's overall portfolio return objective, as provided in the Objective section above, the Investment Manager may select from various permitted investments. These investments should have varying maturity dates as necessary to manage interest-rate risk, to comply with liquidity needs, and in order to achieve diversification of the Trust funds. Maximum maturity dates and maximum asset allocations for each type of permitted investment may be established in consultation with the Investment Consultant. Provided, however, that the maturity date for any permitted investment purchased after January 1, 2009, will not be longer than ten (10) years.

The Investment Manager may invest the available assets of the Trust fund only in the following types of investments:

Permitted Investment	Criteria	<u>Representative</u> Benchmark Market Index
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.	Citigroup 3-Month T-Bill Index
U.S. Government	Invested in public obligations of the	ML US Treasury 1-10

Fixed Income	U.S. Treasury, that have remaining maturities of more than one year. including U.S. Treasury Notes, Bonds and other issues backed by the full faith and credit of the U.S. Government.	yr Index
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, or other such issues that are guaranteed by the full faith and credit of the U.S. Government.	ML US Agencies AAA 1-10 yr Index
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.	N/A

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