

**CHARTER OF THE
SECTION 115 PENSION TRUST INVESTMENT COMMITTEE
OF THE
CITY OF WALNUT CREEK SECTION 115 PENSION TRUST**

I. Purpose

The City of Walnut Creek (the “City”) has established the City of Walnut Creek Section 115 Pension Trust (the “Trust”), in order to provide for funding of pension, retiree health and other post-employment benefits for the City’s eligible retirees. The City has established the Section 115 Pension Trust Investment Committee (the “Committee”) to serve as the oversight committee of the Trust. The Committee will have the duties and responsibilities set forth in this Charter.

II. Composition

The membership of the Committee will be composed of four (4) members, Administrative Services Director, Finance Manager, representative from City Manager’s Office and City Treasurer. The representatives will be appointed by the City Manager. The Committee will establish Bylaws setting out the roles and functions of individual members of the Committee, as well as governance procedures of the Committee.

III. Duties and Responsibilities

The Committee will have the following duties and responsibilities:

A. Investments

1. The Committee has exclusive control of the investments of the Trust. The Committee will manage the funds under the Trust:
 - a. solely in the interest of, and for the exclusive purposes of providing for funding of benefits for participants and their beneficiaries, minimizing employer contributions thereto, and defraying reasonable expenses of administering the Trust;
 - b. with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims; and

- c. by diversifying the investments of the Trust so as to minimize the risk of loss and to maximize the rate of return, unless under the circumstances it is clearly prudent not to do so.
2. The Committee will establish a written statement of investment policy. At least once every three years, the Committee will evaluate the appropriateness of the policy and, based on such evaluation, either confirm the terms of the policy as then in effect, or amend the investment policy as appropriate. The investment policy will achieve the following:
- a. document investment objectives, performance expectations and investment guidelines for assets under the Trust;
 - b. establish an appropriate investment strategy for managing all assets under the Trust, 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 Trust;
 - c. establish investment guidelines to control overall risk and liquidity;
 - d. establish periodic performance reporting requirements that will effectively monitor investment results and ensure that the investment policy is being followed; and
 - e. comply with all fiduciary, prudence, due diligence and legal requirements for the investment of assets under the Trust.

B. Monitoring and Reporting

At least annually, the Committee will do the following:

- 1. monitor compliance with the investment policy for the Trust;
- 2. review and assess the performance of any service providers appointed by the Committee to perform services related to the Trust;
- 3. deliver a report to the City Council setting out the results of the Committee's evaluation of the two preceding items. The

report shall also include a description of securities held and a comprehensive report of transactions involving the investment of the assets similar to that required of a life insurance company licensed to do business in California. The report shall also include a detailed statement of the expenses of operating the pension trust, including compensation paid, fees paid, operating ratios, and net profit and loss statements, including the acquisition cost, the book value, and market value of the total assets as of the date of the report. The report shall also include the names of individuals who are not employed by the City to whom commission and other fees are paid for services associated with the trust and the amounts paid.

4. after City Council review, the report shall be shared with the beneficiaries and potential beneficiaries.
5. review and reassess the adequacy of this Charter and recommend proposed changes, if any, to the City Council for its approval.

C. Other Duties and Responsibilities

The Committee will take all other actions requested or directed by the City Council in the furtherance of the duties and responsibilities delegated under this Charter. In addition, the Committee may perform any other activities consistent with this Charter and governing law, as the Committee deems necessary or appropriate.

D. Resources

To the extent reasonable and appropriate:

1. the Committee will have access to City resources, including but not limited to internal advisors within the City, to assist the Committee in carrying out its duties and responsibilities;
2. the Committee may engage any service providers to assist in the performance of its duties and responsibilities, including but not limited to consultants, legal counsel or other providers; and
3. the Committee may utilize funds under the Trust to pay reasonable expenses of the Trust, including but not limited to compensation of any service provider appointed by Committee, unless such expenses are paid directly by the City.