

# Oklahoma Public Employee Health and Welfare Plan

## Statement of Investment Policy and Procedures

March 20, 2014

### 1. Purpose

The purpose of this Statement of Investment Policies and Procedures is to establish a framework such that the Trust Assets are managed to achieve the objectives of the Inter-local Agreement Oklahoma Public Employee Health and Welfare Trust - 1<sup>st</sup> Amendment to the 4<sup>th</sup> Amended and Restate Trust agreement filed November 2, 2007.

### 2. Investment Beliefs

The Trust believes in the principles of a Prudent Investor and requires a rate of investment return commensurate with the level of risk assumed.

The Trust believes that managing investment risks is just as important as generating returns.

### 3. Investment Objective

The Investments plan is to be managed on an ongoing concern basis. Within the levels of risk, the overriding objective is to maximize the long-term return and the preservation of capital with the willingness to incur some short-term return volatility to achieve greater long-term results, efforts to achieve this objective must not expose the plan to unacceptably high levels of downside or liquidity risk.

### 4. Risk Tolerance

The plan's exposure to risk will be measured against comparable funds and appropriate benchmarks. Neither individual funds, nor the plan, should experience materially higher risk than the comparable universe or benchmark. Where active management is employed, investment fund returns are expected to consistently exceed comparable market indices and consistently rank in the top half of comparable funds over a 5 year period.

The level of risk to which the plan is exposed will be controlled by diversifying the plan's holdings, not only in terms of asset class, but also in terms of holdings within each asset class.

### 5. Liquidity Requirements

Liquidity risk is the risk that it will become necessary to liquidate plan assets under unfavorable market conditions. In the event that cash is needed immediately by Trust all other avenues of raising funds will be taken by Trust before funds are liquidated. Investment Advisor will then liquidate securities as necessary with the least intrusion into capital.

6. Asset Descriptions

Stocks that are purchased must be listed on a major stock exchange and can include: US Stocks, Non-US Stocks including small cap, mid cap and large cap company stocks.

Corporate Bonds must be at least investment grade or better rating with Standard and Poor or Moody's.

7. Asset Allocation Policy Targets

ASSET CLASS	PERMISSIBLE RANGE	SUGGESTED TARGET ASSET MIX
Money Market/Savings Account	0-100%	8%
Certificates of Deposit	0- 100%	7%
Commercial Paper	0-100%	
US Government Securities/Agencies	0-100%	30%
Equities/Stocks	0-25%	15%
Preferred Stocks	0-10%	
Corporate Debt/Bond Securities	0-100%	30%
Convertible Stocks	0-25%	
Mutual (Pooled) Funds	0-100%	10%

8. Rebalancing

The plan's allocation among asset classes will be reviewed at least annually. Rebalancing will be considered on an ongoing basis and when allocations fall outside of the ranges suggested. Policy targets, time horizons, liquidity and income needs will be reviewed at least once a year by plan manager and investment advisor.

9. Reporting

Review of performance and asset allocations will be presented to the Board at least annually. Any changes in target mix to be presented to the Board and next quarterly meeting.