

STATEMENT OF INVESTMENT POLICY  
FOR THE EAST BAY REGIONAL PARK DISTRICT RETIREMENT PLANS  
Revised March 2025

## Executive Summary

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<b>Plan Sponsor:</b>	East Bay Regional Park District
<b>Governance:</b>	The Board of Directors of the East Bay Regional Park District
<b>Plan Names (“Plan”):</b>	The East Bay Regional Park District Defined Benefit Plan General Employees Retirement Plan and Sworn Safety Retirement Plan
<b>Trustee:</b>	US Bank Contact: Sue Hughes, 949-224-7209 Susan.Hughes@usbank.com
<b>Type of Account:</b>	Defined Benefit Plan
<b>ERISA Status:</b>	ERISA plan
<b>Investment Advisor:</b>	US Bank, as discretionary trustee, has delegated investment management responsibilities to PFM Asset Management (“PFMAM”) (“Investment Advisor”), a division of US Bank Asset Management, an SEC-registered investment adviser
<b>Contact:</b>	Andrew Brown, CFA, 415- 796-5057 <a href="mailto:Andrew.Brown1@PFMAM.com">Andrew.Brown1@PFMAM.com</a>
<b>Account Numbers:</b>	PARS/East Bay Regional Park District – General 6746057001 PARS/East Bay Regional Park District – Sworn Safety 6746057002
<b>Anticipated Cash Flows:</b>	As of 2022, distributions estimated to be \$350,000 monthly.
<b>Investment Time Horizon:</b>	Long-term, 50 years
<b>Target Rate of Return:</b>	4.45%, reviewed annually
<b>Investment Objective:</b>	The primary objective is to maximize total Plan return, subject to the risk and quality constraints set forth herein. The investment objective is Conservative, which seeks to provide a consistent level of inflation-protected income over the long-term. The major portion of the assets are fixed income related. Equities are utilized to provide inflation protection.
<b>Strategic Ranges:</b>	Cash 0%-20%; Fixed Income 60-95%; Equity 5%-20%
<b>Risk Tolerance:</b>	<i>Conservative</i> The account’s risk tolerance has been rated conservative, which demonstrates that the account can accept low price fluctuations to pursue its investment objectives.

## 1. GENERAL PROVISIONS AND PURPOSE OF POLICY

- 1.1 Introduction. The Board of Directors of the East Bay Regional Park District (the District) does hereby establish the following Statement of Investment Policies (the Policy) for the investment of the trust fund of the Retirement Plans. The District reserves the right at any time and from time to time to amend, supplement or rescind this Policy.
- 1.2 Scope. The scope of this Policy applies only to the pension assets invested by the District on behalf of the EBRPD General Employees Retirement Plan and Sworn Safety Employees Retirement Plan (the Retirement Plans). This scope excludes assets invested by California Public Employees' Retirement System (CalPERS).
- 1.3 Purpose. The purpose of this Policy is to provide guidance and direction for the prudent investment of funds for the Retirement Plans and to foster the creation of a systematic and controlled investment process.
- 1.4 Public Trust. All participants in the investment process shall act reasonably as custodians of the public trust. Investment officials shall recognize that the investment portfolio is subject to and open to public scrutiny and evaluation. The overall program shall be designed and managed with the degree of professionalism required to be worthy of the public trust.

## 2. DELEGATION OF AUTHORITY

The Chief Financial Officer of the District or designee, acting in accordance with written procedures and this Policy and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market risk, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

- 2.1 Authority. The investment of the funds shall be in accordance with applicable law of the State of California Government Code Sections 53215-53224 relating to a local agency pension trust. In exercising its fiduciary responsibility, the Board of Directors of the District authorizes the Board Finance Committee of the Board to act on its behalf in monitoring the Policy and in making recommendations, as appropriate, to the Board to change any aspect of the Policy. The Board recognizes that its role in the investment management process is supervisory, not advisory, in general, and that determination of specific investment strategies and selection of securities is the duty of professional investment management organizations selected by the Board in conformity with the Policy.
- 2.2 The District delegates to its investment advisor the responsibility for voting proxies. The investment advisor will vote the proxies using their best judgment to achieve the economic interests of the Retirement Plans. The investment advisor will provide periodic reports on proxy voting to the Chief Financial Officer of the District.

## 3. RESPONSIBILITIES OF PLAN SPONSOR

The Board Finance Committee is responsible for:

- Confirming the accuracy of this Investment Guidelines Document, in writing.
- Advising Trustee and Investment Advisor of any change in the plan/account's financial situation, funding status, or cash flows, which could possibly necessitate a change to the

account's overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to the overall investment objective and goals for the account.

- Monitoring and supervising all service vendors and investment options, including investment advisor.
- Avoiding prohibited transactions and conflicts of interest.

#### 4. RESPONSIBILITIES OF TRUSTEE

The plan Trustee is responsible for:

- Valuing the holdings.
- Collecting all income and dividends owed to the Plan.
- Settling all transactions (buy-sell orders).

#### 5. RESPONSIBILITIES OF INVESTMENT ADVISOR

The Investment Advisor is responsible for:

- Assisting the Board Finance Committee with the development and maintenance of this Investment Policy Guideline document.
- Meeting with Board Finance Committee to review portfolio structure, holdings, and performance.
- Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
- Researching and monitoring investment vehicles.
- Purchasing, selling, and reinvesting in securities held in the account.
- Monitoring the performance of all selected assets.
- Voting proxies, if applicable.
- Recommending changes to any of the above.
- Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each a year, and being available at such other times within reason as requested by the Park District.
- Preparing and presenting appropriate reports.
- Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

#### 6. INVESTMENT ADVISOR POLICIES AND GUIDELINES

- 6.1 Investment advisor directly hired by the District will be registered investment advisers with the Securities and Exchange Commission (SEC) or trust companies regulated by state and federal banking authorities. Such investment advisor is to be fiduciaries to the District and to act in accordance with Employee Retirement Income Security Act of 1974 (ERISA) fiduciary standards and in a manner that does not violate ERISA prohibited transaction provisions (regardless of whether the trust is subject to ERISA).
- 6.2 The members of the investment management firm's research and portfolio teams are expected to comply with the CFA Institute Standards of Practice and Code of Ethics. Any industry or regulatory disciplinary action taken against members of the firm's investment staff must be reported in writing to the Chief Financial Officer of the District on a quarterly basis.

- 6.3 Under any capital market environment, the investment advisor agrees to maintain the investment approach. Changes to the investment decision-making process are to be reported in writing to the Chief Financial Officer of the District on a quarterly basis.
- 6.4 The District acknowledges that when the Retirement Plans invest in a mutual fund vehicle, investment advisers to mutual funds are not fiduciaries or “investment managers” under ERISA. However, such investment advisers do, as a result of their registration under the Investment Advisers Act of 1940, owe a fiduciary duty to each of their clients, including the Fund. Additionally, any such investment adviser should endeavor to eliminate and/or mitigate conflicts and potential conflicts of interest with respect to all of its clients, including the Fund, and should detail conflict controls in its Form ADV filed with the SEC.
- 6.5 All investment will comply with all applicable laws of the State of California governing the investments of the pension funds of public agencies.
- 6.6 All securities transactions will be executed by reputable broker/dealers or banks, including any custodian bank, and will be at a best-price and best execution basis.
- 6.7 Investments will possess value and quality corroborated by accepted techniques and standards of fundamental economic, financial and security analysis. All investment portfolios will be appropriately diversified.
- 6.8 The District encourages investment advisor, to the extent possible without harming the investments, to avoid investing in firms that engage in activities deleterious to the environment.

## 7. REPORTING

- 7.1 The District shall report annually to the Board Finance Committee on the investment status and performance of the Retirement Plans. The annual report shall also include a detailed statement of operating expenses for operating the Retirement Plans. In addition, investment performance will be reviewed and evaluated quarterly with the Chief Financial Officer of the District.
- 7.2 The District's Investment Advisor working with the custodian bank, will provide performance reports to the District, asset classes, and on the funds in total. The performance reports will review investment advisor performance versus the respective investment advisor's guidelines and benchmarks, relative portfolio investment objectives, investment strategy and portfolio allocations.

## 8. INVESTMENT PERFORMANCE OBJECTIVES

The investment goal of the Retirement Plans is to prudently invest plan assets to obtain the highest possible returns to best fund the payments due retired employees of the District while assuming a reasonable risk posture and protecting against loss of purchasing power. At the same time, the fund shall maintain an adequate percentage of the portfolio directly and/or indirectly in liquid short-term securities to meet requirements for cash flow.

The District recognizes that the value of Retirement Plan assets carried on a market value basis is inherently volatile due to the nature of equity and fixed income returns. The District desires to accept less than typical retirement plan volatility in its Retirement Plan investments reflecting the closed nature of its plans and the above average age of participants compared to other plans. The District expects Retirement Plan assets to experience volatility.

- 8.1 General. The objective of the Plan is to generate a rate of return that protects against loss of purchasing power and on a long-term basis exceeds the net return on investment of the plan benchmark.
- 8.2 Domestic Equities. The objective of the Domestic Equity asset class is to generate a rate of return in excess of the Russell 3000 Index.
- 8.3 Domestic Large Cap Equities. The objective of the Large Cap Domestic Equity asset class is to generate a rate of return in excess of its Russell 1000 Index benchmark and in the

- upper half of the Lipper Universe of US Large Cap equity portfolios.
- 8.4 Domestic Mid Cap Equities. The objective of the Domestic Mid Cap Equity asset class is to generate a rate of return in excess of its Russell Mid Cap Index benchmark and in the upper half of the Lipper Universe of US Mid Cap equity portfolios.
- 8.5 Domestic Small Cap Equities. The objective of the Domestic Small Cap Equity asset class is to generate a rate of return in excess of its Russell 2000 Index benchmark and in the upper half of the Lipper Universe of US Small Cap equity portfolios.
- 8.6 Domestic REIT Equities. The objective of the Domestic REIT Equity asset class is to generate a rate of return in excess of its MSCI US REIT Index benchmark and in the upper half of the Lipper Universe of REIT equity portfolios.
- 8.7 Global Infrastructure Equities. The objective of the Global Infrastructure Equity asset class will be to outperform the MSCI World Core Infrastructure Index and perform within the upper half of the Lipper Universe of global infrastructure managers.
- 8.8 International Equities. The objective of the International Equity asset class is to generate a rate of return in excess of the MSCI-ACWI Ex-US Index benchmark and within the upper half of the Lipper Universe of developed international equity portfolios.
- 8.9 Emerging Market Equities: The objective of the Emerging Market Equity asset class is to generate a rate of return in excess of the MSCI-EM Index benchmark and within the upper half of the Lipper Universe of emerging market equity portfolios.
- 8.10 Intermediate-Term Fixed Income: The objective of the Intermediate-Term Fixed Income asset class is to generate a rate of return in excess of the Bloomberg U.S. Aggregate Bond Index and within the upper half of the Lipper Universe of intermediate-term fixed income portfolios.
- 8.11 Short-to-Intermediate term Fixed Income: The objective of the Short-to-Intermediate term Fixed Income asset class is to generate a rate of return in excess of the ICE BofA 1-3 Year US Corp/Gov't Index benchmark and within the upper half of the Lipper Universe of the short-to-intermediate term fixed income portfolios.
- 8.12 Domestic High-Yield Fixed Income: The objective of the High-Yield Fixed Income asset class is to generate a rate of return in excess of the ICE BofA US High Yield Master II Index and within the upper half of the Lipper Universe of high-yield fixed income portfolios.
- 8.13 Short-term Investments/Cash: The objective of the Short-term Investments/Cash class is to achieve a return in excess of the 90-Day T-Bill Index benchmark.

## 9. ASSET ALLOCATION

For the purpose of setting objectives and guidelines on the different parts of this Policy, the investments are categorized into asset classes as follows:

- Domestic Equity
- International Equity
- Other Growth Equity
- Domestic Fixed Income
- Cash

The Board Finance Committee has adopted asset allocation targets for the plan put forth herein as follows:

- 9.1 Strategic Asset Allocation: The asset allocation ranges are listed below:

<i>Strategic Asset Allocation Ranges</i>		
Cash	Fixed Income	Equity
0%-20%	60%-95%	5%-20%
Policy: 5%	Policy: 80%	Policy: 15%

Market conditions may cause the account's asset allocation to vary from the stated range from time to time. The Investment Advisor will rebalance the portfolio no less than quarterly and/or when the actual weighting differs substantially from the strategic range, if appropriate and consistent with the objectives.

## 9.2 Security Guidelines: Equities

With the exception of limitations and constraints described above, Investment Advisor may allocate assets of the equity portion of the account among various market capitalizations (large, mid, small) and investment styles (value, growth). Further, Investment Advisor may allocate assets among domestic, international developed and emerging market equity securities.

Total Equities	5%-20%
<i>Equity Style</i>	<i>Range</i>
Domestic Equity	4%-19%
International Equity	1%-10%
Other Growth Equity (Global Infrastructure and Real Estate Investment Trust (REIT))	0%-5%

## 9.3 Security Guidelines: Fixed Income

In the fixed income portion of the account, Investment Advisor may allocate assets among various sectors and industries, as well as varying maturities and credit quality that are consistent with the overall goals and objectives of the portfolio.

Total Fixed Income	60%-95%
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\*High Yield securities may be purchased, but they will be held using a diversified exchange traded fund, or mutual fund vehicle.

If individual fixed income securities are purchased for the Plan, the following guidelines will be adhered to in the management of the fixed income segment:

### Eligible Investments

- Debt obligations of the U.S. Government, its agencies, and Government Sponsored Enterprises
- Mortgage-Backed Securities (MBS)
- Asset Backed Securities (ABS)
- Collateralized Mortgage Obligations (CMO)
- Commercial Mortgage-Backed Securities (CMBS)
- Corporate debt securities issued by U.S. or foreign entities including, but not limited to, limited partnerships, equipment trust certificates and enhanced equipment trust certificates
- Municipal Bonds

No more than 30% of the portfolio may be invested in securities issued under Rule 144A\* without registration rights (no limit on Rule 144a securities with registration rights). Only if the Client is a documented Qualified Institutional Buyer; QIB).

Note: Rule 144A is an administrative rule under the SEC allowing, under certain circumstances, for

qualified institutional investors to trade certain securities with other institutional investors without registering the trade with the SEC. Specifically, the rule allows private companies, both domestic and international, to sell unregistered securities, also known as Rule 144 securities, to qualified institution buyers (QIBs) through a broker-dealer.

#### Quality

The portfolio will maintain a minimum weighted average effective quality of A- at all times. At time of purchase, individual securities shall have a minimum effective quality rating of BBB-. Note, high-yield fixed income can be purchased only in a diversified fund or exchange traded fund.

For purposes of determining an effective rating, when three agencies rate a security (S&P, Moody's, Fitch), the middle rating will be used. When only two of the three agencies rate a security, the lower of the two ratings will be used. When only one agency rates a security, that rating will be used.

#### Duration

The manager will maintain the portfolio duration of the individual securities segment of the Plan within +/- 25% of the Bloomberg U.S. Aggregate Bond Index duration at all times.

#### Diversification

No more than 5% of the portfolio assets may be invested in any individual issuer, with the exception of securities issued or guaranteed by the U.S. Government, its agencies, and Government Sponsored Enterprises.

### 10. PERFORMANCE BENCHMARKS

The performance of the total Plan shall be measured over a three and five-year periods. These periods are considered sufficient to accommodate the market cycles experienced with investments. The performance shall be compared to the return of the total portfolio blended benchmark shown below.

#### Total Portfolio Blended Benchmark

9.00%	Russell 3000 Index
4.50%	MSC ACWI Ex-US Index
0.75%	MSCI-US REIT Index
0.75%	MSCI World Core Infrastructure Index
76.50%	Bloomberg US Aggregate Bond Index
6.50%	ICE BofA US High Yield Master II Index
2.00%	90-Day T-Bill Index

### 11. SECURITY SELECTION

Investment Advisor may utilize a full range of investment vehicles when constructing the investment portfolio, including but not limited to individual securities, mutual funds, and exchange-traded funds. In addition, to the extent permissible, Investment Advisor is authorized to invest in shares of mutual funds in which the Investment Advisor serves as advisor or sub-adviser.

Investment Limitations:

The following investment transactions are prohibited:

- Direct investments in precious metals (precious metals mutual funds and exchange-traded funds are permissible).
- Venture Capital
- Short sales\*
- Purchases of Letter Stock, Private Placements (excluding securities issued under rule 144a), or direct payments
- Leveraged Transactions\*
- Commodities Transactions Puts, calls, straddles, or other option strategies\*
- Purchases of real estate, with the exception of REITs, or REIT mutual funds or ETFs.
- Derivatives, with exception of mutual funds and ETFs: Certain of the District's mutual fund and exchange traded fund managers may be permitted under the terms of their specific investment guidelines to use derivative instruments. Derivatives are contracts or securities whose market value is related to the value of another security, index, or financial instrument--examples include (but are not limited to) futures, forwards, options, and warrants. No derivative positions can be established that create portfolio characteristics outside of portfolio guidelines, and all derivative positions must be fully collateralized.

12. ETHICS AND CONFLICTS OF INTEREST

The Chief Financial Officer of the District, and all personnel responsible for authorizing the purchase of investments, shall refrain from personal business activities that could conflict with proper execution of the investment program and/or which could impair their ability to make impartial investment decisions. The Chief Financial Officer and all responsible personnel shall disclose to the Board of Directors and the General Manager any material financial interests in any financial institutions that conduct business with the District that could be related in a conflicting manner to the performance of the District's investment portfolio.

The Chief Financial Officer and all investment personnel, designated by the District Clerk of the Board shall complete, on an annual basis, the State of California Fair Political Practices Commission Statement of Economic Interests, Form 700.

13. TRANSACTIONS AND BROKERAGE

The District expects that the investment advisor will seek best execution when conducting all trades and to execute in accordance with ERISA's fiduciary standards and without violating ERISA's prohibited transaction prohibitions. Best execution includes consideration of commission and market impact costs when trading securities.

14. RETIREMENT PLAN EXPENSES

The Chief Financial Officer shall keep record of expenses related to the administration of the Retirement Plan and provide a report of these expenses to the Board Finance Committee annually. Expected expenses include, but are not limited to, services provided by the Independent Investment Advisor, District-appointed retirement actuary, retiree benefit administration, and legal services. Expenses authorized by the Chief Financial Officer are to be paid from the Short-term Investments/Cash asset class.

15. INTERNAL CONTROLS



The Chief Financial Officer of the District shall establish a system of internal controls. The controls shall be designed to prevent loss of public funds arising from fraud, employee error, and misrepresentation by third parties, or imprudent actions by employees and officers of the District. Controls deemed most important include: control of collusion, segregation of duties, separating transaction authority from accounting and record keeping, custodial safekeeping, clear delegation of authority, documentation of transactions and strategies and code of ethical standards.

#### 16. REVIEW, ADOPTION AND AMENDMENTS

The District expects that the District-appointed investment advisor will recommend changes to this Policy at any time when, as viewed by the advisor, this policy is seen to be at variance with overall market and economic conditions. This Policy shall also be reviewed annually by the Chief Financial Officer of the District, and where appropriate, amendments brought forward to the Board Finance Committee for consideration. This policy may not be altered, amended or changed in any particular way, except by resolution of the Board of Directors.

#### ACKNOWLEDGEMENT AND ACCEPTANCE

I/We being the Plan Sponsor with responsibility for the account(s) held on behalf of the Plan Sponsor specified below, designate Investment Advisor as having the investment discretion and management responsibility indicated in relation to all assets of the Plan or specified Account. If such designation is set forth in the Plan/trust, I/We hereby confirm such designation as Investment Advisor.

I have read the Investment Guidelines Document, and confirm the accuracy of it, including the terms and conditions under which the assets in this account are to be held, managed, and disposed of by Investment Advisor. This Investment Guidelines Document supersedes all previous versions of an Investment Guidelines Document or investment objective instructions that may have been executed for this account.

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Date: \_\_\_\_\_  
Plan Sponsor: East Bay Regional Park District

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Date: \_\_\_\_\_  
Investment Manager: Andrew Brown, CFA, Portfolio Manager, (415) 796-5057