

OPEB Trust Fund
Detailed Information for Investment Guidelines Document
(Adopted June 21, 2011 by Resolution Number 2974-11)

Overview:

The purpose of this Investment Guidelines document (IGD) is to assist you and your Portfolio Manager in effectively supervising, monitoring and evaluating the investment of your portfolio. Your investment program is defined in the various sections of the IGD by:

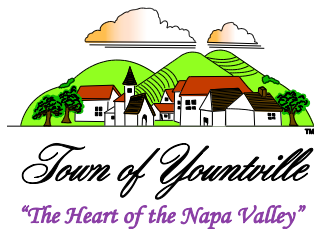
1. Stating in a written document your attitudes, expectations, objectives and guidelines for the investment of all assets.
2. Setting forth an investment structure for managing your portfolio. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
3. Encouraging effective communications between you and your Portfolio Manager.
4. Complying with all applicable fiduciary, prudence and due diligence requirements experienced investment professionals would utilize, and with all applicable laws, rules and regulations from various local, state, and federal entities that may impact your assets

Diversification:

Your Portfolio Manager is responsible for maintaining the balance between fixed income and equity securities based on the asset allocation. The following parameters shall be adhered to in managing the portfolio:

Fixed Income

- The long-term fixed income investments (greater than seven-years in maturity) shall constitute no more than 25%, and as little as 0% of the total Plan assets.
- The intermediate-term fixed income investments (between three-seven years in maturity) shall constitute no more than 60%, nor less than 25% of the total Plan assets.
- The high-yield portion of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets.
- The convertible bond exposure shall constitute no more than 10%, and as little as 0% of the total Plan assets.
- The short-term fixed income investments (between one-three years in maturity) shall constitute no more than 25%, and as little as 0% of the total Plan assets.



Equity

- The domestic large cap equity investments of the Plan shall constitute no more than 45% nor less than 15% of the total Plan assets.
- The domestic mid-capitalization equity investments of the Plan shall constitute no more than 10%, and as little as 0% of the total Plan assets.
- The domestic small capitalization equity investments of the Plan shall constitute no more than 15% nor less than 0% of the total Plan assets.
- The international equity investments of the Plan shall constitute no more than 15% and as little as 0% of the total Plan assets.
- The real estate investments of the Plan shall constitute no more than 10% and as little as 0% of the total Plan assets.

Permitted Asset Classes and Security Types:

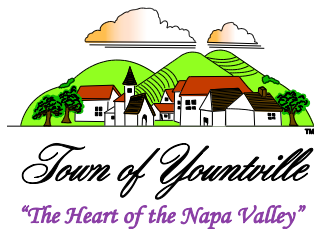
The following asset classes and security types have been approved by HighMark for use in client portfolios:

Asset Classes

- Fixed Income
 - Domestic Bonds
 - Non-U.S. Bonds
- Equities
 - Domestic
 - Non-U.S.
 - Emerging Markets
 - Real Estate Investment Trust (REITs)
- Cash and Cash Equivalents

Security Types

- Equity Securities
 - Domestic listed and unlisted securities
 - Equity and equity-related securities of non-US corporations, in the form of American Depositary Receipts ("ADRs")
- Equity Mutual Funds
 - Large Cap Core, Growth and Value
 - Mid Cap Core, Growth and Value
 - Small Cap Core, Growth and Value
 - International and Emerging Markets
 - REITs
- Exchange Traded Funds (ETFs)
- Fixed Income Securities
 - Government/Agencies
 - Mortgage Backed Bonds
 - Corporate Bonds and Notes



- Fixed Income Mutual Funds
 - Corporate
 - Government
 - High Yield
 - International and Emerging Market
 - Convertible
 - Preferred
- Closed end funds
- Cash and Cash Equivalents
 - Money Market Mutual Fund
 - Commercial Paper
 - CDs and Bankers Acceptance

Prohibited assets:

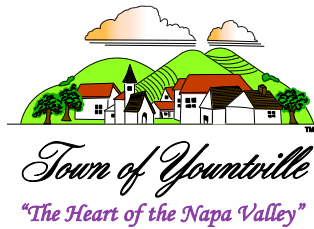
- Precious metals
- Venture Capital
- Short sales
- Purchases of Letter Stock, Private Placements, or direct payments
- Leveraged Transactions
- Commodities Transactions Puts, calls, straddles, or other option strategies,
- Purchases of real estate, with the exception of REITs
- Derivatives, with exception of ETFs

Rebalancing Procedures:

From time to time, market conditions may cause your asset allocation to vary from the established target. To remain consistent with the asset allocation guidelines established by this Investment Guidelines document, your Portfolio Manager will rebalance the portfolio on a quarterly basis.

Duties and Responsibilities of Portfolio Manager:

Your portfolio manager is expected to manage your portfolio in a manner consistent with this Investment Guidelines document and in accordance with State and Federal law and the Uniform Prudent Investor Act. HighMark Capital Management is a registered investment advisor and shall act as such until you decide otherwise.



Your portfolio manager shall be responsible for:

1. Designing, recommending and implementing an appropriate asset allocation consistent with the investment objectives, time horizon, risk profile, guidelines and constraints outlined in this statement.
2. Advising the committee about the selection of and the allocation of asset categories.
3. Identifying specific assets and investment managers within each asset category.
4. Monitoring the performance of all selected assets.
5. Recommending changes to any of the above.
6. Periodically reviewing the suitability of the investments, being available to meet with the committee at least once each year, and being available at such other times within reason at your request.
7. Preparing and presenting appropriate reports.
8. Informing the committee if changes occur in personnel that are responsible for portfolio management or research.

You shall be responsible for:

1. The oversight of the investment portfolio.
2. Providing your portfolio manager with all relevant information on the Plan, and shall notify him or her promptly of any changes to this information.
3. Advising your portfolio manager of any change in the Plan's circumstances, such as a change in the actuarial assumptions, which could possibly necessitate a change to your overall risk tolerance, time horizon or liquidity requirements; and thus would dictate a change to your overall investment objective and goals for the portfolio.
4. Monitoring performance by means of regular reviews to assure that objectives are being met and that the policy and guidelines are being followed.

Communication:

As a matter of course, your portfolio manager shall keep you apprised of any material changes in HighMark Capital's outlook, recommended investment policy and tactics. In addition, your portfolio manager shall meet with you no less than annually to review and explain the portfolio's investment results and any related issues. Your portfolio manager shall also be available on a reasonable basis for telephone communication when needed.

Any material event that affects the ownership of HighMark Capital Management or the management of the portfolio must be reported immediately to you.

Disclosures

Union Bank N.A. and HighMark Capital Management, Inc. are wholly owned subsidiaries of UnionBanCal Corporation. Investments are not deposits or bank obligations, are not guaranteed by any government agency, and involve risk, including loss of principal