Clark County, Nevada
Other Post-Employment Benefits (OPEB) Trust

INVESTMENT PLAN

12/11/14

I. Introduction

The Clark County, Nevada OPEB Trust Fund ("Trust") was created in March 2014 pursuant to NRS 287.017 to provide for the post-retirement benefits of Participants provided by the County's benefit Plans described in the Trust Agreement, and for paying the reasonable expenses of administering the Trust.

The Trust is administered by the Clark County, Nevada OPEB Board of Trustees ("Board"), whose members are appointed the Trust Sponsor's governing body, the Clark County, Nevada Board of Commissioners. The Board acts in a fiduciary capacity for the beneficiaries of the Trust, pursuant to NRS 287.017 (2)(e) and NAC 287.788, in order to ensure prudent administration of the Trust.

The purpose of this Investment Plan ("Plan") is to set forth the goals, objectives, and investment constraints of the Trust, and to establish other guidelines for the management of the Trust's investments.

II. Investment Plan Goals

The Board recognizes that a stable, well-articulated investment plan is crucial to the long-term success of the Trust. As such, the Board has developed this Plan with the following goals in mind:

- To establish the objectives and constraints that govern the investment of the Trust's assets
- To establish a long-term target asset allocation with a likelihood of meeting the Trust's goals and objectives, given the explicit investment constraints
- To protect the financial health of the Trust, and
- To provide for the duties of responsible parties

III. Fiduciary Standards

As Trustees of the Trust, Board members are fiduciaries. Accordingly, Board members must:

- Act solely in the interest of the Trust's participants and beneficiaries, for the exclusive purpose of providing benefits and defraying the reasonable costs of managing the Trust's assets.
- Exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims.
- Diversify the investments of the Trust in order to minimize the risks of meaningful losses, unless under the circumstances it is clearly prudent not to do so.
- Act in accordance with the Trust's authorizing statute and governing documents.

Fiduciary standards of conduct also apply to the Trust's staff, and any investment managers, custodians, and others who exercise discretionary authority or control over the management or disposition of the Trust's assets.

IV. Duties and Responsibilities

a. Board

The Board is responsible for establishing the policies and guidelines by which the Trust is managed, and to invest and/or reinvest any and all monies of the Trust to the extent permitted by law, regulation, the Trust Agreement, and this Plan.

b. Investment Managers

- Retirement Benefits Investment Board
  Pursuant to NRS 277.180, the Board may enter into an Intrastate Interlocal Contract between Public Agencies with the Retirement Benefits Board (RBIB) in order to invest monies of the Trust in the Retirement Benefits Investment Fund (RBIF).

- Other External Managers
  The Board may employ external professional investment managers to give them the discretion to manage the Trust assets in accordance with applicable NRS, investment policies, and the Trust Agreement. Each investment manager will operate under a formal contract which will include, but is not limited to, the scope of services to be provided, investment guidelines, performance benchmarks, investment accounting and reporting requirements, and fees.

  The managers will work with the members of the Board and appropriate County officials and designated staff to determine cash flow funding requirements, the amount and timing of contributions and withdrawals to the RBIF, invest other available monies, and discuss investment strategies. The managers will interact with the staff of the Retirement Benefits Investment Board and monitor investment activity in the RBIF.

  The managers will provide a list of the broker-dealers they utilize and an overview of the factors considered for selecting those firms.

c. Custodian Bank

Securities purchased shall be delivered against payment (delivery vs. payment) and held in a custodial account in the name of the Trust with the trust department of a third-party bank insured by the Federal Deposit Insurance Corporation. The custodian bank is expected to provide the Trust with timely information as related to portfolio holdings, transactions, and performance. Assets of the Trust invested in the RPIF shall be held in a custodial account in the name of that fund.

V. Investment Objectives

The primary investment objective of the Trust is to:

- Generate a 7.5% return by producing a long-term total return from investments which exceeds the rate of inflation (CPI) by 4.0% by capturing market returns within each asset class;
- Invest so that the short-term volatility of returns will not cause the System to alter its long term strategy; and,
- Structure an investment program which is sufficiently uncomplicated to control the ability to consistently meet return and risk objectives.

The Board recognizes that in order for the Trust to reach the highest, reasonably prudent real return possible and meet its expected liabilities, the Trust must allocate a portion of assets to riskier, higher returning assets. Therefore, the Board intends to invest a majority of the Trust assets in the RBIF.

The Board will monitor liquidity risk, thus maximizing the Trust's ability to meet disbursement needs during adverse market conditions.

VI. Investment Constraints and Strategy

a. Legal and Regulatory

The Board intends that the Trust assets be at all times invested in accordance with applicable laws. The Board will retain legal counsel when appropriate to review contracts and provide advice with respect to applicable statutes and regulations.

In accordance with the purpose of the Trust Fund stated in NRS 287.017(2)(a), the Trust Fund shall invest monies for the purpose of funding all or a portion of the unfunded actuarial accrued liabilities associated with future retirement welfare benefits under the Benefit Plans. The Trust Fund may be used to pay current retirement welfare benefits under the Benefit Plans. Notwithstanding the investments permitted for the assets of the Trust Fund under NAC 287.790, and regardless of the value of the portfolio in the Trust Fund at the end of any Trust Year, the investment of the assets of the Trust Fund is limited to:

- The Retirement Benefits Investment Fund (RBIF) provided in NRS 355.220; and
- Any investment authorized for a local government pursuant to NRS 355.170

Note: The Board has obtained an opinion from Clark County, Nevada's legal counsel that the investment of Trust Fund assets in the Retirement Benefits Investment Fund will not violate the provisions of Section 10 of Article 8 of the Constitution of the State of Nevada.

As a clarification, the assets of the Trust Fund are not permitted to be invested in equity securities or bonds or other debt securities which meet the requirements of NRS 287.017(2)(g)(3).

All interest, earnings, dividends and distributions with respect to the investment of the Trust Fund, less any expenses charged with respect to such investments, must be deposited in the Trust Fund.

The Trust Fund shall be maintained as a separate account and no other funds shall be co-mingled with the funds in the Trust Fund, except to the extent otherwise permitted by NRS 287.017(2)(h) and NAC 287.790(4).

Trust Fund monies shall not be used to finance debt of the Trust Sponsor and shall not be available for loans to other funds of the Trust Sponsor.

b. Diversification and Asset Allocation

The Board recognizes that diversification is an important element of risk control and that allocation of monies to various asset classes will be a major determinant of the Trust's return and risk experience over time. As such, the Board will determine the timing and amount invested in the Retirement Benefits Investment Fund.

The asset allocation and investment structure of the Trust will be reviewed on an on-going basis, and at least annually. When necessary, such reviews may result in a rebalancing of asset allocation. In general, the Board intends that the Trust will adhere to its long-term target allocations, and that major changes to these targets will be made only in response to significant developments in the circumstances, objectives, or constraints of the Trust or in the capital market opportunities.

In addition, for appropriate investment managers, investment guidelines will specify diversification requirements, including, but not limited to, the maximum permissible investment in any one asset.

c. Permissible Asset Classes

The assets of the Trust Fund are limited to those permissible in applicable NRS, the Trust Agreement, the Retirement Benefits Investment Board Investment Objectives & Policies, and the Clark County Investment Policy.

X. Investment Manager/Provider Review

The Trust's investment manager(s) will be reviewed periodically to verify that they remain appropriate for the Trust. Each manager's suitability as an investment manager for the Trust will be judged from a variety of perspectives including, but not limited to, stability and capability of professional staff, adherence to investment disciplines for which the manager was retained, business practices, prudent management of risk, investment performance, and client communication.

The RBIF will be reviewed to determine adherence to the RPIB Investment Objectives and Policies, and for consistency with Trust objectives.

IX. Review of Investment Policy and Performance

The Plan will be reviewed at least annually to ensure that the objectives and constraints remain relevant. Major changes to this Plan will be made only when significant developments in the circumstances, objectives, or constraints of the Trust occur. If approved by the State Legislature, previously unauthorized investment vehicles may be utilized by the Trust upon approval by the Board.

The performance of the total Trust will be evaluated relative to the investment objectives and constraints identified in this Plan, in consideration of the returns available from the capital markets during the period under review. The total Fund performance will be measured against a custom benchmark that weights the returns of available market indices.

XI. Investment Costs

The Board intends to monitor and control investment costs at every level of the Trust. As such:

- Professional fees will be negotiated whenever possible; existing fees will be reviewed periodically and re-negotiated, as appropriate.
- Where appropriate, passive portfolios will be used to minimize management fees and portfolio turnover.
- Managers will be instructed to minimize brokerage, execution, and other costs.
- If possible, assets will be transferred in-kind during manager transitions and portfolio restructurings to eliminate unnecessary expenses.

XII. Investment Training

Members of the Board and any applicable staff will have appropriate training to ensure that they are knowledgeable in the prevailing investment practices. The Board will budget for appropriate training expenses, and will utilize the Clark County, Nevada Travel Policy.

XIII. Voting of Proxies

The Board may delegate the responsibility of voting all proxies to the investment manager[s] or a third party. The Board expects that all proxies will be executed in a timely fashion. The Board may review the voting actions periodically.

IX. Approval of Committee on Local Government Finance

In accordance with NAC 287.788(2), this Investment Plan has been approved by the Committee on Local Government Finance.