

BERKSHIRE REGIONAL PLANNING COMMISSION DRAFT 12/13/2023
OTHER POST-EMPLOYMENT BENEFITS TRUST
INVESTMENT POLICY STATEMENT

The primary purpose of this Investment Policy Statement (IPS) is to provide a clear understanding regarding the **Berkshire Regional Planning Commission** (BRPC) Other Post-Employment Benefits (OPEB) Trust (Trust) investment objectives, performance goals, and risk tolerance.

A. Scope

This IPS applies to all funds separately designated as long-term OPEB funds for BRPC. The dedicated trust and retirees' health benefits paid from the BRPC administrative account will offset BRPC's OPEB liability. BRPC OPEB Fund was established in accordance with MGL Chapter 32B, Section 20. The Trust allows BRPC to establish a fund that complies with the federal Governmental Accounting Systems Board (GASB) to provide health insurance benefits to employees and their dependents after retirement and the reduction and elimination of the unfunded liability of BRPC for those benefits. The Finance Committee acts in the fiduciary capacity for the purpose of enhancing the value of the OPEB fund. The trust assets are held solely to meet the current and future liabilities of BRPC. All monies in the OPEB Fund are accounted separately from other BRPC funds and are not subject to the claims of any general creditors of BRPC. The Employer Investment Program Company for the Trust (external third-party that provides administrative and trust services for investing and managing the OPEB Trust assets).

B. Diversification

The following asset classes can be included in the Trust to construct a diversified investment portfolio that is both prudent and appropriate given BRPC's actuarial assumed discount rate from 3% to 5 % (based on FY2018-FY2023 Audited Financials), the target rate of return from 2 % to 4.5% (based on bond rate FY2018 to FY2023 Audited Financials), investment objectives to offer reasonable to modest current income and modest to high long-term capital growth, and risk tolerance investments in aggressive, moderate, and conservative funds. The investment funds will have different risks and rates of return.

Equities

The primary objective of the Trust's equity allocation is to provide long-term total returns that are, at a minimum, consistent with appropriate broad market indexes through full market cycles.

The Employer Investment Program Company can purchase and manage the equity allocation using individual equities, such as domestic common stocks, preferred stocks, and/or American Depositary Receipts (ADRs). The Employer Investment Program Company uses IRS-approved Integral Part Trust (IPT) funding vehicles for retiree health costs. The Employer Investment Company has internal controls to ensure compliance with updated laws.

The Employer Investment Program Company can also utilize other investments such as mutual funds, exchange traded funds, closed-end funds, etc. Total equity exposure can include both domestic and international equities, both developed and emerging countries and geographic regions, as well as large-, mid-, and small-market capitalization weighted companies.

Fixed Income

The primary objectives of the Trust's fixed income allocation are to preserve capital and generate a reasonable level of cash flow. The secondary objective is to provide price returns that exhibit lower correlation to the broad global equity markets to reduce the overall risk of the Portfolio.

The Employer Investment Program Company of the diversified Portfolio can purchase and manage the fixed income allocation using individual bonds that are United States currency. Issuer selection can include domestic corporate bonds and any obligations of the United States Government and/or its agencies.

The Employer Investment Program Company can also utilize other investment vehicles such as mutual funds, exchange traded funds, closed-end funds, etc. Total fixed income exposure can include both domestic and international bonds, both developed and emerging countries, and geographic regions.

Prohibited

Investing directly in real estate, private placements, letter stock, or initial public offerings is strictly prohibited. The Employer Investment Program Company of the diversified Portfolio shall not engage directly in margin transactions, short sales, or any other leveraged or inverse investment vehicles. Mutual funds, exchange-traded funds, and closed-end funds, however, may engage in margin, leverage, and/or short sales. Investing directly in unit-investment trusts (UITs) and business development companies (BDCs) are strictly prohibited.

Investing directly in mortgages, collateral or non-collateral loans, private placements, fixed income or interest rate futures, or any other specialized fixed income ventures is strictly prohibited. Investing directly in unit-investment trusts (UITs), business development companies (BDCs), and cryptocurrency exchanges is strictly prohibited.

D. Standards of Care

The Treasurer and Finance Committee standard of prudence (choosing investments that do not increase the risk of loss) shall be applied in the context of managing an overall portfolio. The Finance Committee, acting in accordance with written procedures and this IPS and exercising reasonable due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided the purchases and sale of securities is conducted in accordance with the terms of this IPS.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment considering the probable safety of their capital as well as the probable income to be derived.

E. Ethics

The Finance Committee members shall refrain from any personal activity that may conflict with the proper execution of the investment program or which could impair or appear to impair our ability to make impartial investment decisions. The Finance Committee members shall disclose to the BRPC Executive Director any material financial interest in the Employer Investment Program Company that does business with BRPC.

F. Relationship with Financial Institutions

The Employer Investment Program Company is the record keeper of the accounts established to fund the post-retirement welfare benefits on behalf of the Employer's Retirees.

The Finance Committee shall require the Employer Investment Program Company wishing to do business with BRPC to supply the following information to the Finance Committee:

- Annual Financial Statements
- Yearly Portfolio Fact Sheets, including Performance

G. Reporting Requirements

On an annual basis, a report containing the following information will be prepared by the Employer Investment Program Company to the BRPC Management (Executive Director, Office Manager, and Finance Committee), as appropriate. The Annual report will include the following information as a minimum requirement:

- A report confirming BRPC Contributions
- Financial Statements
- Trust Summary Report of the opening balance, contributions, fees, gain/(loss), and closing balance.
- Portfolio Fact Sheets, including the Performance of the Funds
- Assistance with any Ad hoc reports

I. Monitoring

- BRPC will meet with the Employer Investment Program Company at least annually to monitor the performance of the funds and the Employer Investment Program Company's (s) compliance with these guidelines.
- BRPC will review this Investment Policy Statement at least once a year to ensure that it remains appropriate and complete.
- BRPC has the option to review the management of funds to consider going out to bid periodically.
- All reports will be distributed to the Finance Committee at scheduled meetings, at a minimum annually.
- BRPC can request from the Employer Investment Program Company a Portfolio Manager to meet with the Finance Committee to review the current Portfolios BRPC has investments in.

The Berkshire Regional Planning Commission Finance Committee has reviewed and approved this IPS and any attached Addendums.

Berkshire Regional Planning Commission Finance Committee Chair Signature

Date _____

ADDENDUM #1
INVESTMENT PARAMETERS

For Fiscal Year 2024, the Employer Investment Program Company is Mission Square Retirement.

Mission Square Retirement
777 North Capitol Street, NE
Suite 600
Washington, DC 20002
<https://www.missionsq.org>
800-326-7272
Plan #803222 EIP -RHS

Attachment Mission Square Employer Investment Program (EIP) Flyer:

The information contained herein shall dictate the Portfolio as well as the percentage in each Portfolio. The BRPC Finance Committee will determine the management of the investable portion of the Trust. The methodology for determining specific security and investment strategy definitions is in the Portfolio Fact sheets. The BRPC approved allocations of the Trust are as follows:

Portfolio	% of investment
II Model Portfolio Aggressive Fund - 7200	35%
II Model Portfolio Moderate Fund - 7201	35%
II Model Portfolio Conservative Fund - 7202	30%

The BRPC Finance Committee will evaluate fund performance annually for year to date and 1, 3, 5 and 10 years. The Portfolio funds (Aggressive, Moderate, and Conservative) will be reviewed to performance of the S&P Risk Indexes to the Morningstar allocations.

Berkshire Regional Planning Commission Finance Committee Chair Signature

Date _____