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Appendix A

Investment Option Profiles

Option	DCP Deposit Savings Account
Objectives	▪ No principal loss ▪ Income consistent with the foregoing objective
Primary Investments	Demand deposit accounts with multiple reputable banks that are backed by the FDIC. Amounts held in excess of FDIC limits, currently $250,000 per bank will be collateralized pursuant to California Government Code Sections 16521, 16610-16622, and 16625-16629, as applicable.
Source of Return	▪ Interest income
Expected Return	Low
Expected Risk	Low
Investment Vehicle	Bank demand deposit account insured by the FDIC
Portfolio Structure	Typically account will be administered by three different institutions with equal portions of the total asset pool, but this may change in accordance with the policy set forth in Appendix B.

Option	DCP Stable Value
Objectives	▪ No principal loss ▪ Returns in excess of money market funds ▪ Income commensurate with a short duration, high quality bond portfolio
Primary Investments	Traditional investment contracts issued by banks and insurance companies, synthetic contracts, money market instruments, short-duration fixed income securities or commingled vehicles investing in such securities, and separate account contracts.
Source of Return	▪ Contract income ▪ Interest income
Expected Return	Low

Expected Risk	Low
Investment Vehicle	Separately managed account

Option	**DCP Bond Fund**
Objectives	▪ Principal preservation ▪ Modest total return that outpaces inflation
Primary Investments	Government, corporate and mortgage-backed fixed income securities with a average portfolio duration between three and six years; high-yield and international issues may be used opportunistically up to 15% and 20%, respectively, in each asset class.
Source of Return	▪ Interest income ▪ Capital appreciation/depreciation
Expected Return	Low/Moderate
Expected Risk	Low/Moderate
Investment Vehicle	Unitized fund of mutual funds
Portfolio Structure	50% passive manager/50% active manager

Option	**Risk Profile Portfolios**
Objectives	▪ Income and capital appreciation commensurate with the risk posture of each fund ▪ Total return of each risk-based lifecycle fund shall correspond to the asset allocation (between stocks, bonds, cash, and other asset classes) at any given point time.
Primary Investments	***Asset Allocation:*** The asset allocation mix of each of the DCP Risk Profile Portfolios shall be determined by the Board with input from the Investment Consultant and Staff. It is expected that each fund will be appropriately diversified among various asset classes based on the fund's stated investment objectives. It is also expected that the entire array of funds will be differentiated by asset allocation so that each fund has unique risk/return characteristics. ***Equity Segment:*** The equity portfolio of each fund shall be invested in a diversified array of the Plan's core equity (US and international) options. ***Fixed Income Segment:*** The fixed income component of each fund shall be invested in either the DCP Stable Value or DCP Bond Fund.
Source of Return	▪ Interest and dividend income ▪ Capital appreciation/depreciation
Expected Return	Low to high based on asset allocation mix/time horizon
Expected Risk	Low to high based on asset allocation mix/time horizon

Portfolio structure	Fund of funds comprising investment options in the core line menu. Allocations for each of the DCP Risk Profile Portfolios are presented in the appendix.

Option	**DCP Large Cap Stock Fund**
Objectives	▪ Track the return of the S&P 500 Index ▪ High total return
Primary Investments	All the stocks comprising the S&P 500 Index and in the same proportion as the Index.
Source of Return	▪ Dividend income ▪ Capital appreciation/depreciation
Expected Return	Moderate/High
Expected Risk	Moderate/High
Portfolio structure	100% passive manager

Option	**DCP International Stock Fund**
Objectives	▪ High total return ▪ Provide non-U.S. equity exposure thereby enhancing participant diversification opportunities
Primary Investments	Non-U.S. stocks of developed and emerging markets countries within all market capitalizations.
Source of Return	▪ Capital appreciation/depreciation ▪ Dividend income
Expected Return	High
Expected Risk	High
Portfolio structure	65% developed international manager/17.5% emerging markets manager /17.5% international small cap manager

Option	**DCP Mid Cap Stock Fund**
Objectives	▪ High total return ▪ Diversification within the mid/small cap equity market segment
Primary Investments	Domestic stocks with market capitalizations that are similar to those of stocks found in Russell Midcap Index. The total portfolio should exhibit characteristics representative of a core equity investment style, including price/earnings and price/book ratios similar to that of the Russell Midcap Index.
Source of Return	▪ Dividend income ▪ Capital appreciation/depreciation
Expected Return	Very High
Expected Risk	Very High
Portfolio structure	50% passive manager/25% growth manager/25% value

	manager

Option	DCP US Small Cap Stock Fund
Objectives	▪ High total return ▪ Diversification within the mid/small cap equity market segment
Primary Investments	Domestic stocks with market capitalizations that are similar to those of stocks found in Russell 2000 Index. The total portfolio should exhibit characteristics representative of a core equity investment style, including price/earnings and price/book ratios similar to with the Russell 2000 Index.
Source of Return	▪ Dividend income ▪ Capital appreciation/depreciation
Expected Return	Very High
Expected Risk	Very High
Portfolio structure	34% passive manager/33% growth manager/33% value manager

Option	Self-Directed Brokerage Account
Objectives	Provide participants with an additional investment options beyond the lifecycle risk profile portfolios and core option array.
Primary Investments	Mutual funds, stocks, bonds, Treasuries, Certificates of Deposit (CDs), Exchange Traded Funds (ETFs) or other investments with varying risk/return characteristics accessed through a self-directed brokerage account.
Source of Return	▪ Interest and/or dividend income ▪ Capital appreciation/depreciation
Expected Return	Varies
Expected Risk	Varies

Appendix B

DCP Deposit Savings Account Allocation Policy

The Deferred Compensation Plan's FDIC-Insured Savings Account option's (FDIC Option's) foremost objective is capital preservation. Secondarily, the FDIC Option will seek to optimize returns in a prudent manner without compromising its primary objective. The FDIC Option uses multiple bank providers in order to provide an enhanced level of insurance coverage to Participants. The number of providers used will be a function of many factors including market conditions, participant utilization and balances, Board risk tolerance, and operational feasibility.

Typically this account will be administered by three different institutions with equal allocations of the total asset pool. The Board may adjust these allocations based on both institutional viability as well as interest rate differentials.

Institutional Viability – Because the capital preservation objective of the FDIC Option is directly related to the institutional viability of the underlying providers, the Board reserves the right to adjust the allocations among its providers in the event that the Board, in consultation with its staff and Investment Consultant, determines that a provider's financial conditions have deteriorated significantly and present a strong risk of near-term insolvency or similar institutional deterioration. In this event, the Board reserves the right to remove any or all of the assets from the at-risk provider and shift those assets to the remaining providers.

Interest Rate Differentials - While it is expected that FDIC Option bank accounts will pay interest based on short-term market rates, it is recognized that they may use different reference rates which could differ meaningfully at certain points of the interest rate cycle. Consequently, the Board will regularly ~~periodically~~ review rates offered by each of the FDIC Option's bank providers~~, as well as other major banks in the market,~~ to determine whether yield enhancements could be delivered to participants in a manner consistent with capital preservation. ~~If the Board elects to do so, the following process will be implemented.~~The review process will be conducted as follows:

Step 1: Annually, the Board and Staff will direct the Investment Consultant to analyze current rates offered by each of the FDIC option providers to determine if any rate dominates the others by more than 0.25%. In addition, the Investment Consultant will conduct an informal survey of major banks' then current demand deposit rates to understand if better investment opportunities may exist.[2]

[2] Mercer conducted such an exercise in August and found that no major banks were offering rates substantially different from what City National and Bank of America currently offer. Our findings are that Bank of the West's current 1.0% rate is an outlier case.

Step 2: If no extraordinary rate differential exists, the Investment Consultant will provide written notice of this to the Board and the FDIC Option will be allocated equally among each provider by the third-party administrator (TPA). If the 0.25% threshold is exceeded, however, the Investment Consultant, if it deems prudent under circumstances then present, will provide written correspondence to the Board recommending that it direct the TPA to allocate 50% of FDIC option assets to the high interest bearing account and split the remaining balance equally among the remaining bank accounts.

Step 3: The Board will review this recommendation, and if it deems prudent under circumstances then current, will delegate Staff to issue such a directive to the TPA.

Step 4: The TPA will implement the Board's directive and take necessary steps from an administrative perspective to ensure a seamless transition.