

**CITY OF TALLAHASSEE  
PENSION INVESTMENT POLICY  
As Approved December 4, 2007**

City Commission Policy 236

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## **CITY OF TALLAHASSEE PENSION FUND INVESTMENT POLICY STATEMENT**

### **236.01 AUTHORITY**

The Charter of the City of Tallahassee, Florida, establishes a Pension Plan (the Plan) covering all employees of the City. The Plan is qualified under the Internal Revenue Service Code as a 401(a) plan.

Section 65 of the City Charter creates the Sinking Fund Commission (the Commission), a body charged with the responsibility of investing the assets of the City's Pension Plan. The Commission is made up of the elected Mayor, the four (4) elected City Commissioners and three (3) responsible members of the local business community appointed by the City Commission. The Mayor serves as Chairman of the Commission.

The three (3) appointed members of the Commission comprise the Investment Advisory Committee, created by and defined under the Non-Pension Investment Policy of the City, whose responsibilities with respect to the Plan, in addition to those as members of the Commission, include:

- 1) Meeting with the Treasurer-Clerk on at least a quarterly basis to review the performance of the Plan.
- 2) Making recommendations to the full Commission related to any aspect of the investment of the assets of the Plan, as they deem necessary.
- 3) Immediately notifying the Treasurer-Clerk in the event any information comes to their attention that may negatively impact any of the investment managers hired by the City to manage the assets of the Plan, or any of the individual investments that may be held by any manager on behalf of the City.

City of Tallahassee Resolution 86-R-1454, passed and adopted by the City Commission on November 25, 1986, provides for the defense and indemnification of any committee member who is made a party to any suit or proceeding, other than by an action of the City, or against whom a claim is asserted by reason of their actions taken within the scope of their service as an appointed member of this committee. Such indemnity shall extend to judgments, fines, and amounts paid in settlement of any such claim, suit, or proceeding, including any appeal thereof. This protection shall extend only to members who have acted in good faith and in a manner which they reasonably believe to be in, or not opposed to, the best interest of the City of Tallahassee.

In accordance with Section 51 of the City Charter, the responsibility for administering all the investment programs of the City resides with the Treasurer-Clerk (or his designee). As such, it shall be his responsibility to perform all administrative and operational functions necessary to the efficient, effective and prudent management of the assets of the Plan, including the selection of consultants, custodians and other service providers as may be needed to carry out the investment of the Plan's assets. The Treasurer-Clerk serves as the City's contact with the investment managers, custodians, investment consultant and any other service provider as might be employed on behalf on the Plan's assets. Additionally, he is responsible for staffing the Investment Advisory Committee and assisting them in carrying out their responsibilities as defined above. No person may engage in any investment on behalf of the Plan, except as authorized by the Treasurer-Clerk.

### **236.02 FIDUCIARY STANDARDS**

The standard of care which shall be exercised in investing the assets of the Plan shall be that set forth in Employee Retirement Income Security Act of 1974 at 29 U.S.C. Section 1104 (a) (1) (A) (c). This standard, the Prudent Man Standard of Care, states that a fiduciary shall discharge his duties with respect to a plan solely in the interest of the participants and beneficiaries and (a) for the exclusive purpose of providing benefits to participants and their beneficiaries and defraying reasonable expenses of

administering the plan; (b) with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims; and, (c) by diversifying the investments of the plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to so diversify.

### **236.03 GOALS AND PURPOSE**

The sole goal of the Pension Fund investment program is to maximize investment return, net of fees, at an acceptable level of risk.

The Sinking Fund Commission has established herein investment policies and portfolio guidelines to assist the Treasurer-Clerk in the administration of the assets of the Plan; to guide the investment managers in structuring portfolios consistent with the City's desired performance results at an acceptable level of risk; and to assure that Plan assets are managed in a prudent fashion.

The Sinking Fund Commission, based on their evaluation of the Plan's liabilities and future cash flow requirements, on December 4, 2007 adopted an asset allocation model that reflects a total portfolio risk level considered acceptable for the Plan. The level of acceptable risk has been determined to equal the risk of a market portfolio composed as follows:

35% in the S&P 500 Stock Index  
4% in the Russell Mid-Cap Growth Index  
4% in the Russell Mid-Cap Value Index  
4% in the Russell 2000 Value Index  
4% in the Russell 2000 Growth Index  
9% in the MSCI EAFE Index  
30% in the Lehman Intermediate Gov/Corp Index  
10% in the NCREIF Real Estate Index

Given this risk level, the aggregate portfolio is expected to earn a rate of return that exceeds the rate of inflation by at least 4% per year over rolling ten (10) year periods. The rate of inflation is defined for use in this policy statement as "the annualized rate of change in the consumer price index".

Pension Plan assets are to be broadly diversified in order to minimize the risk of material losses. This diversification is primarily accomplished through the selection of asset mix and investment managers.

### **236.04 INTERNAL CONTROLS**

The Treasurer-Clerk shall establish, and document in writing, a system of internal controls to insure that the financial assets of the plan are properly safeguarded, managed, and accounted for. These internal control procedures shall address, at a minimum:

- 1) Separation of incompatible functions;
- 2) Proper design and maintenance of documentation and records;
- 3) Controlling access to assets;
- 4) Recording and reporting;
- 5) Method of selection and hiring of external managers; and
- 6) Process for evaluating performance.

## 236.05 ASSET ALLOCATION

The City's asset allocation strategy provides for the diversification of its portfolio in order to achieve a prescribed return with the least exposure to risk. The model recognizes that asset classes will, at different points in a market cycle, perform differently and that the combination of these classes will lower the overall volatility in investment returns.

The Sinking Fund Commission has reviewed the Plan's liability and funding requirements, and adopted the following asset allocation strategy. This strategy is designed to meet the Plan's long term funding obligations, giving consideration to the City's tolerance for investment volatility, or risk. The strategy provides target, minimum and maximum percentages of each asset class; these are significant for portfolio rebalancing (SEE MAINTENANCE OF ASSET ALLOCATION).

| <u>Equity</u>        | <u>Target Percentage of Total Portfolio</u> | <u>Minimum Percentage of Total Portfolio</u> | <u>Maximum Percentage of Total Portfolio</u> |
|----------------------|---|--|--|
| Large-Cap Domestic   | 35%   | 29%  | 41%  |
| Mid-Cap Domestic     | 8%  | 4%   | 12%  |
| Small-Cap Domestic   | 8%  | 4%   | 12%  |
| International Equity | 9%  | 0%   | 10%  |
| Fixed Income         | 30%   | 25%  | 35%  |
| Real Estate          | 10%   | 5%   | 15%  |

### MAINTENANCE OF ASSET ALLOCATION

As a result of the varying returns among asset classes, funds will have to be reallocated among the asset classes in order to maintain the adopted asset allocation strategy. This will be achieved by the following methods.

- 1) In conjunction with the Investment Advisory Committee, the Treasurer- Clerk will review individual managed accounts quarterly and will consider re-balancing to the long-term strategic asset allocation targets whenever the value of a managed account, determined as of a convenient date, is not within the established range of minimum to maximum.
- 2) Based on decisions made in Step 1 above, portfolio rebalancing will be carried out using new cash flow first. If new cash flow is not sufficient to accomplish the rebalancing, funds shall be reallocated among managers, as appropriate.

### MANAGER STRUCTURE

The manager structure of the portfolio is the responsibility of the Sinking Fund Commission. The present structure defines the components of the equity portfolio as domestic core equity, domestic large capitalization (cap) value and growth, domestic mid-cap value and growth, domestic small-cap value and growth, and international equity. The core equity portfolio will be invested in an S&P 500 index fund and an enhanced S & P 500 index fund. The large cap value and growth equity assets will be invested through actively managed separate accounts, utilizing a concentrated strategy for management of the assets under their control. The mid cap assets will be invested in actively managed separate accounts, allocated in equal portions between value and growth style managers. The small cap assets will be invested in actively managed separate accounts, allocated in equal portions between value and growth style managers. The international equity assets will be invested in actively managed separate accounts, allocated in equal portions between growth and value style managers. Real estate assets will invest in a blend of open-end, closed-end, and REIT funds as selected from time to time. Closed-end funds may

include core, opportunistic and value added funds.

The fixed income assets will be invested in domestic assets only. A minimum of 10% of fixed income assets will be invested in core products while the remainder may be invested in value added products.

## **236.06 CASH RESERVE POLICIES**

### **CASH MANAGED IN-HOUSE BY CITY**

Transfers by the City to managers will be made in accordance with the previous section of this Policy entitled MAINTENANCE OF ASSET ALLOCATION. The cash managed by City staff during the holding period will be managed as a part of, and governed by the constraints of, the Core Portfolio, created under and defined by the Non-Pension Investment Policy of the City.

### **CASH HELD BY MANAGERS**

Cash held by managers shall be invested in money market or STIF funds, or other short-term investment vehicles made available in accordance with the contract between the City and its Custodian. In the event a contract between the City and a manager provides for the manager to invest cash held by them, such cash shall be invested only in money market or STIF funds, or other short-term investment vehicles. However, equity managers are expected to be fully invested at all times, meaning that residual cash should make up no more than 5% of the portfolio at any time.

## **236.07 OPERATING POLICIES**

### **OVERALL PLAN POLICIES:**

- 1) There is no requirement for liquid reserves to be maintained for benefit payment outflows. The Treasurer-Clerk will communicate to the managers if there is any need for cash flow.
- 2) The asset mix of the Plan will be established by and the responsibility of the Sinking Fund Commission.
- 3) The consultant shall periodically review the asset mix and recommend such changes as determined to be appropriate.
- 4) The investment managers are expected to operate within the Prudent Expert Rule and the applicable provisions of the Employees Retirement Income Security Act of 1974 (ERISA).
- 5) Securities transactions involving commission payments will be placed through brokers on a basis of best available price and most favorable execution, which is defined as meaning the execution of a particular investment decision at the price and commission which provides the most favorable cost or proceeds reasonably obtainable under the circumstances, and taking into consideration other factors such as execution capability, willingness to commit capital, creditworthiness and financial stability, and clearance and settlement capability, and the provisions of research and other services.
- 6) The Treasurer-Clerk shall be authorized to enter into commission recapture programs and soft dollar relationships. Revenues derived from such activities shall either be treated as revenues to the Plan or shall be used to pay expenses of the consultant. All active managers are encouraged to utilize these relationships on behalf of the City to the extent they can do so and still maintain best execution.
- 7) Commingled funds are an acceptable investment vehicle.
- 8) Plan Assets cannot exceed 10% of the total assets of a fund in which the Plan is a participant, unless the Sinking Fund Commission makes an exception.

- 9) Fees will be calculated and paid by the Plan on asset values as determined by the custodian for the Plan.
- 10) Investment performance for actively managed funds will be measured after fees, on a total return basis, including gains, losses, and income.

## **REPORTING**

- 1) Each investment manager will provide to the Plan monthly reports due within 21 days following the end of each month. Minimum content shall include:
  - a. A review of transaction activity for the quarter.
  - b. A statement of assets, showing both cost and market value. For active managers, this should include a listing of individual securities.
  - c. The total return for the City's portfolio versus the approved benchmark.
- 2) At least quarterly, within 18 business days after the end of each quarter, each active investment manager will provide to the Plan a report containing the following:
  - a. The highest, lowest, and average return of all tax-exempt portfolios managed, also showing the City's return for the same period.
  - b. Comparison of the Plan's investment performance to the standard(s) herein established, including the designated benchmark.
  - c. A summary of commissions paid on behalf of City and commissions generated through the City's commission recapture firms.
- 3) The investment managers will reconcile their asset and transaction ledgers with the Plan custodian within 30 days after the end of each quarter. In the event of significant variances that cannot be resolved, the manager will notify the City of such on a timely basis.
- 4) The investment managers will meet with the Investment Advisory Committee periodically as determined appropriate by the Treasurer-Clerk or as may be requested by the Investment Advisory Committee.

## **INVESTMENT CONSULTANT**

- 1) The investment consultant will provide a quarterly report to the Plan, due no later than 50 days after the end of the quarter. Minimum content shall include:
  - a. A review of the consolidated fund performance.
  - b. A review of the performance of each portfolio manager, including results against objectives, and returns for component parts of the portfolio (stocks, bonds, cash, etc.).
  - c. Recommendation as to changes in managers such as termination, changes in funding levels, need for additional managers, etc.
- 2) The investment consultant, together with the City Treasurer-Clerk, will prepare the agenda and coordinate meetings with the investment managers, the Investment Advisory Committee and City staff.

## **PLAN CUSTODIAN**

- 1) The Plan Custodian will operate in accordance with a separate agreement with the City, a copy of which is included herein as Exhibit "B".

## **236.08 GUIDELINES AND EVALUATION CRITERIA FOR MANAGERS**

### **MANAGER STYLE ALLOCATION**

The managers will have full discretion for the construction of the portfolio, within the constraints herein defined.

### **TEMPORARY USE OF BENCHMARK SECURITIES**

In order to maintain the asset allocations cited in 236.04 ASSET ALLOCATION above, it may become necessary from time to time to make temporary use of a "style place-holder", particularly when a manager is terminated and no replacement has yet been appointed, or when there is a new manager assignment which has not yet been filled. Under such circumstances, the Treasurer-Clerk is authorized to: a) create the appropriate new account, b) transfer the designated amount of funds into it, and c) purchase a sufficient number of the appropriate benchmark securities in the account. "The appropriate benchmark security" is an exchange-traded trust unit that is designed to mimic the performance of the market benchmark assigned to the new account.

### **GENERAL MANAGEMENT GUIDELINES**

#### *ALL MANAGERS*

- 1) Convertible securities are defined as equity securities, except when the current yield on a convertible security is greater than 1.25 times that of the ten (10) year US Treasury note (in which case, such securities are classified as fixed income).
- 2) No position held by any one manager, with respect to individual security holdings for the Plan (other than securities issued by the United States Treasury), may exceed 10% of the total market value of the account under management by said manager. Notwithstanding the preceding sentence, the total market value of the largest ten holdings in an equity account, at any point in time, may not exceed 60% of the total value of the account.
- 3) Managers are expected to adhere to the style of management for which they were retained by the Plan, with the guiding criteria being that reflected in each contract or agreement between the Plan and each investment manager as the "statement of investment guidelines and objectives" or similarly related title.
- 4) In general, short sales of the Plan's securities are not permitted. However, if a portfolio manager is specifically authorized to engage in short sales of securities, options, or futures contracts, then such positions must be "covered", via the value of specifically designated offsetting securities, cash, or cash equivalents owned by the Plan.
- 5) No loans or borrowings are permitted in the Plan's managed accounts, other than mortgage debt on property in the Plan's real estate accounts, but such debt must be executed in a manner that prevents the possibility of recourse against the Plan, in the event of default. A manager may cause the Plan Custodian to advance cash to the manager in order to facilitate failed transactions or unanticipated delays in settlement.
- 6) The Treasurer-Clerk may enter into an agreement with the Plan's custodian or other designated provider to loan securities held by the Custodian on behalf of the Plan to borrowers of the highest credit standing. The agreement with the custodian will be specific as to both the amount of risk exposure for the Plan and the fee-sharing formula between the Plan and the custodian. (In general, the Plan's share of such fees should be greater than 65% of total fees generated from lending its securities.)

## *EQUITY MANAGERS*

- 1) All domestic equity securities purchased on behalf of the Plan must be traded on a U.S. exchange, which includes the NASDAQ National Market.
- 2) The liquidity of publicly traded securities in the Plan's portfolio is one of the significant elements in determining their valuation and is considered important to the operation of the Plan. Therefore, managers are expected: a) to include liquidity as one of the considerations when adding new positions to the portfolio, and b) to execute systematic periodic procedures for reviewing the liquidity of each position (except under extreme market conditions).
- 3) Managers are expected to be fully invested in equities at all times, meaning that residual cash should make up no more than 5% of the portfolio at any time.
- 4) Use of American Depository Receipts (ADRs) are both permitted and encouraged for investments in companies that are not based in the United States.

## *FIXED INCOME MANAGERS*

- 1) The following debt instruments are prohibited: inverse floaters, interest-only strips and any securities with built-in leverage characteristics. In general, debt holdings should be liquid. Less liquid instruments, such as "Section 144 Securities", "preferred capital securities" and "private-label" collateralized mortgage securities are permitted, but only up to a maximum (collective) limit of 15% of the market value of a manager's portfolio.
- 2) Unless specifically permitted otherwise in writing, all debt securities in the Plan's portfolios must be rated as "investment grade" by all major rating agencies. In the event of a split rating, managers should use the lowest of the published ratings. In the event of a rating downgrade to below investment grade, managers should use their best judgment as to whether and when to dispose of the security.

## **MANAGER EVALUATION CRITERIA**

### *GENERAL CRITERIA*

#### **Performance Objectives**

- 1) Market benchmarks will usually be compared to actively managed accounts in two ways: a) a market cycle benchmark (usually 3-5 years) and, b) a style-specific benchmark (usually 1-3 years). Judgments formed via using such benchmarks will generally follow the time horizon that is appropriate to the particular benchmark.
- 2) Peer group benchmarks will generally gain importance for judging performance during periods when the peer group's median performance is significantly above or below the market benchmarks being applied to a managed account.

#### **Time Horizon**

An actively managed account's performance will be judged according to market cycles. Identification of market cycles will be somewhat subjective and necessarily after-the fact. The Plan's fiduciaries and their professional advisors will make such determinations whenever it becomes clear to them that a market benchmark has distinctly moved from a peak to a trough, or visa versa, as compared to an appropriate baseline. For most of the market benchmarks designated in this policy, it is expected that full (peak-to-peak, or trough-to-trough) cycles will generally be 3 to 5 years in length.

#### **Risk**

Investment risk, in the context of the Plan, is fundamentally an outcomes-based concept. Risk exposure is the degree to which the Plan's asset allocation, investment strategy, and/or implementation could, within a

level of probability that is not extreme: a) lead to a shortfall of liquid Plan assets below the amount required for the long-term payment of Plan benefits, and, as a result, b) cause the City's taxpayers to provide unexpected, or extraordinary amounts of funding to support the ongoing operation of the Plan.

#### **Cause for Manager Probation and/or Termination**

The Treasurer-Clerk, in consultation with the Investment Advisory Committee and advised by the Plan's consultant, may place a management firm on probationary status, with either a specific or indefinite timetable for further action, or may terminate the firm's account, based upon their best judgment as to the impact of various factors, some of which are as follows:

- 1) Significant events, which involve changes in the ownership and/or management of a firm that manages assets for the Plan.
- 2) Significant and/or persistent under-performance of target benchmarks, judged according to various factors, to include (among other possibilities): a) established history of correlation with the benchmarks, b) absolute magnitude of underperformance, c) frequency of periodic performance shortfalls, and d) poor ranking among the manager's peer group.
- 3) Strong indication that the Plan's account holds a significant number or value of securities, which are at variance with the management style role assigned to it in the Plan's overall allocation.

#### **236.09 INDIVIDUAL MANAGER OBJECTIVES AND MEASUREMENT STANDARDS**

Objectives and measurement standards relating to the City's managers are made part of this Policy by attachment hereto as Exhibit "A". The Treasurer-Clerk, in consultation with the Advisory Committee and advised by the Plan's consultant, may amend these objectives and measurement standards as deemed necessary, including deleting or adding objectives and measurement standards as managers for the Plan are terminated or hired.

## **Exhibit A**

# **INDIVIDUAL MANAGER OBJECTIVES AND MEASUREMENT STANDARDS**

### *EQUITY MANAGERS*

Total equity returns are expected to outperform the return generated by the Standard & Poor's 500 (S&P 500) Stock Index, net of fees, over rolling 3-year periods. The total equity portfolio is expected to generate a return above the median of a universe of equity funds over rolling 3-year periods.

#### *Large-Cap Value*

### *DOMESTIC EQUITY MANAGERS*

#### *Large-Cap Passive*

The total return of the core equity portfolio is expected not to deviate from the return of the S&P 500 Stock Index by more than 15 basis points annually, with the aggregate deviation over rolling 3-year periods not to exceed 10 basis points, annualized.

#### *Large-Cap Growth*

The individually managed concentrated large-cap growth equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell 1000 Growth Index over 1 - 3 years;
- 2) Out perform the S&P 500 Stock Index over 3 – 5 years; and,
- 3) Perform among the top 40% of active large-cap growth managers, over rolling 5-year periods.

#### *Large-Cap Value*

The individually managed concentrated large-cap value equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell 1000 Value Index over 1 - 3 years;
- 2) Out perform the S&P 500 index over 3 – 5 years; and,
- 3) Perform among the top 40% of active large-cap value managers, over rolling 5-year periods.

#### *Mid-Cap Growth*

The individually managed mid-cap growth equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell Mid-Cap Growth Index over rolling 3-year periods; and,
- 2) Generate above median returns when compared to a universe of active mid-cap growth managers.

#### *Mid-Cap Value*

The individually managed mid-cap value index equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell Mid-Cap Value Index over rolling 3-year periods; and,
- 2) Generate above median returns when compared to a universe of active mid-cap value managers.

#### *Small-Cap Growth*

The individually managed small-cap growth portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell 2000 Growth Index over rolling 3-year periods; and,
- 2) Generate above median returns when compared to a universe of active small-cap growth managers.

#### *Small-Cap Value*

The individually managed small-cap value portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform the Russell 2000 Value Index over rolling 3-year periods; and,
- 2) Generate above median returns when compared to a universe of active small-cap value managers.

### *INTERNATIONAL EQUITY MANAGERS*

#### *Growth*

The individually managed international equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform EAFE over a 3 – 5 year periods; and,
- 2) Out perform the median of a universe of similar international managers.

#### *Value*

The individually managed international equity portfolio for the Plan will be measured and benchmarked as follows:

- 1) Out perform EAFE over a 3 – 5 year periods; and,
- 2) Out perform the median of a universe of similar international managers.

### *FIXED INCOME MANAGERS*

The fixed income returns are expected to provide a return similar to (but not necessarily equal to, or greater than) the Lehman Aggregate Bond Index, although none of the individual fixed income management assignments herein is designed to mirror, or be measured by, that index. The Plan's returns are expected to produce a level of short-term volatility that is lower than that of the index.

#### *Core*

The manager shall actively manage an intermediate term, high-grade portfolio that will be measured and benchmarked as follows:

- 1) Out perform the Lehman Intermediate Government/Corporate Index over 3-year rolling periods; and,
- 2) Generate above median returns when compared to a universe of active domestic intermediate bond managers.

### *Non-Core*

The manager shall actively manage an intermediate term, high-grade portfolio that will be measured and benchmarked as follows:

- 1) Out perform the Lehman Intermediate Government/Corporate Index over 3-year rolling periods; and,
- 2) Generate above median returns when compared to a universe of active domestic intermediate bond managers.

### *REAL ESTATE MANAGERS*

The objective of the overall real estate portfolio, and of each individual real estate portfolio, is to out perform the assigned market benchmark index and to exceed the median return of a universe of actively managed real estate portfolios. Due to the illiquid nature of real property, any changes in policy allocation, or strategy may take some period of time to implement completely. Such transitions are not to be considered to be exceptions to this policy.

### *REIT*

The REIT portfolio for the plan will be reserved and benchmarked as follows:

- 1) Outperform the NAREIT Index over a period of 3-5 years;
- 2) Outperform the median of a universe of similar real estate portfolios.

### *Open-End Funds*

Assets invested in open-ended real estate funds for the plan will be reserved and benchmarked as follows:

- 1) Outperform the NCREIF Property Index over a period of 3-5 years;
- 2) Outperform the median of a universe of similar real estate portfolios.

### *Closed-End Funds*

Assets invested in closed-end real estate funds for the plan will be reserved and benchmarked as follows:

- 1) Outperform the NCREIF Property Index over a period of 3-5 years;
- 2) Outperform the median of a universe of similar real estate portfolios.

Note that performance of closed-end funds cannot usually be evaluated at interim dates. Proper evaluation of such funds requires allowing the fund to invest all committed funds and ultimately, to return all assets to investors. Accordingly, investment in closed-end funds will be evaluated for purposes of: 1) assessing manager performance as a tool for use in future real estate investment decisions and 2) assessing overall performance of the real estate allocation within the overall plan investment structure.

**EXHIBIT B CUSTODIAL AGREEMENT WITH STATE STREET BANK**

(On File in Treasurer-Clerk's Office)