SAMPLE INVESTMENT OBJECTIVES QUESTIONNAIRE

Please complete all of the following questions by circling your responses.

1. In general, what is your attitude towards the U.S. economy over the next three to five years?
(A) Very negative (D) Somewhat positive
(B) Somewhat negative (E) Very positive
(C) Neutral

2. In determining your needs and setting your investment objectives, please choose one primary and one secondary objective after reading the seven objectives listed below.

A. Liquidity — The ability to convert cash and/or to achieve or exceed on an ongoing basis a return on short-term money market instruments.
B. Current Income to Meet Financial Requirements — Generate sufficient income to meet ongoing withdrawal needs, such as monthly income for benefit payments.
C. Annual Return Sufficient to Meet Specific Requirements — Meet or exceed a specific return, for example an actuarial rate of return.
D. Preservation of Purchasing Power — Equal or exceed rate of inflation over the investment time horizon, i.e., being able to purchase the same amount of goods with your fund next year that you are able to purchase with it now.
E. Stability of Returns — Obtain a fairly consistent annual return, e.g., a bank passbook savings account consistently receives 5% each year.
F. Growth of Capital — Obtain above-average total return, i.e., forego receiving some income with the expectation that the assets will grow through appreciation.
G. Aggressive Growth of Capital — Achieve maximum total return even though it may entail taking substantial risk, i.e., take greater risk of losing your money with the expectation of being able to obtain greater rewards. (Bet on higher stakes for chance to receive bigger jackpot.)

2a. From the seven objectives listed above, which objective is your primary objective?
(Circle only one) A B C D E F G

2b. From the seven objectives listed above, which objective is your secondary objective?
(Circle only one) A B C D E F G

3. The time frame you establish to meet your goal(s) will affect your ability to do so. The longer the time frame, the better the chance that up and down market cycles will average out and the more likely you are to meet that goal. How long are you willing to wait to reach your goal?
( ) Less than three years ( ) Three to five years
( ) Five to ten years ( ) Ten or more years

4. Often an advisor has complete discretion over the asset mix of a portfolio. In other instances, either trustees or individuals have a predisposition to the balance among stocks, bonds and cash. Which best describes your sentiments?

( ) I have no preference regarding the balance of stocks, bonds and cash and will leave the determination to my advisor.
( ) I have a preference for the mix of assets. However, these preferences need not be rigidly observed.
( ) I have preferences for the asset mix which must be rigidly observed.

5. What asset mix would you feel most comfortable with?
( ) 100% Fixed Income or Cash Equivalents and 0% Equity
( ) 75% Fixed Income or Cash Equivalents and 25% Equity
( ) 50% Fixed Income or Cash Equivalents and 50% Equity
( ) 0% Fixed Income or Cash Equivalents and 100% Equity

6. Please indicate your opinion of the following asset class and individual security characteristics:

	Positive	Neutral	Negative
A. Young or emerging companies	( )	( )	( )
B. Stocks with high dividends	( )	( )	( )
C. Stocks with no or low dividends	( )	( )	( )
D. Stocks with high price earnings multiples	( )	( )	( )
E. Bonds with intermediate and maturities	( )	( )	( )
F. Unfamiliar Companies	( )	( )	( )
G. Foreign Stocks	( )	( )	( )
H. Foreign Bonds	( )	( )	( )
I. Real Estate	( )	( )	( )

7. Given the funding status of your plan, how would you like your fund to be managed.
( ) Conservatively — take very little risk, so as to obtain stable returns.
( ) Moderately Conservative — take little risk in order to receive average returns.
( ) Moderately Aggressive — take chance of losing part of your money with expectations toreceive better than average returns.
( ) Aggressively — assume chance of losing most of your money, but expect to be able to receive maximum returns.

8. Your investment loses 20% of its value in one month. Assuming that none of the fundamentals have changed, do you:
( ) Wait for it to go back up.
( ) Sell it.
( ) Buy more—it looks even more attractive.

9. Investment “risk” can be reflected in different ways. Please mark an (X) next to the single item that best describes how you tend to view risk.
( ) The possibility of not achieving an established target rate of return.
( ) Erosion of purchasing power; not keeping pace with inflation.
( ) Long-term erosion of capital; gradual loss of original investment
( ) Total portfolio value bouncing up and down even if it is essentially in phase with general market fluctuations.
( ) Chance of significant loss of overall portfolio.
10. Please circle the letter of the portfolio whose five-year investment average is most in keeping with your own preference and expectations.
5-Year

	Year1	Year 2	Year 3	Year 4	Year 5	Average
(A) Portfolio A:	+8%	+5%	+8%	+7%	+6%	+7%
(B) Portfolio B:	+27%	-4%	+22%	+18%	-5%	+11%
(C) Portfolio C:	+37%	-9%	+39%	+32%	-10%	+16%

11. If risk is measured on a scale of 1 to 10, 1 being most conservative and 10 being the most aggressive, where on this scale would you feel most comfortable? (Circle one number)

Less Risk More Risk
1 2 3 4 5 6 7 8 9 10
More Conservative More Aggressive

12. Where on the scale is the highest or maximum level of risk that you are willing to assume? The answer indicated should be at least as high as your answer to question 11.
(Circle one number)

Less Risk More Risk
1 2 3 4 5 6 7 8 9 10
More Conservative More Aggressive

Sample Statement of Investment Policy

The following asset allocation policy shall govern the overall equity commitment of the plan

Acceptable Ranges of Equity Commitment

Minimum	**Target**	**Maximum**
45%	55%	65%

Guidelines describing permissible types of equities and non-equities, or fixed income, are provided in the Diversification and Risk sections that follow.

OBJECTIVES
Based on extensive analyses of the capital markets and the emerging needs of the system, this policy has been adapted to achieve the following objectives:

1) Achieve a rate of return on investments that exceeds inflation by at least 5%.

2) Maintain or reduce the combined (employer plus employee) contribution rate of the system over time. The combined rate for 2000 is 16% of payroll.

3) Maintain 120%, or higher, funding of the system's pension benefit obligation over time.

PHILOSOPHY
Since (a) assets are sufficient to pay current accrued obligations, (b) a net cash outflow is expected for the next decade, and (c) the Trustees hope to enrich* the plan through investment returns rather than from future contributions, a moderately aggressive investment posture is warranted. Median equity commitments of employee benefit plans were approximately 50% when this policy was adopted. A 55% allocation to equities is moderately aggressive in this context. All allocations are at market value. As discussed in the following section on diversification, equities include U.S. and international stocks, as well as U.S. equity real estate. This diversification should result in above average returns for the risks that are taken.

In addition to the guidelines and procedures set forth herein, rigorous compliance with all applicable statutes shall be maintained.

DIVERSIFICATION

The system's assets will be well diversified to reduce the risks of large losses. To achieve this diversification, the following policies have been adopted: Each asset class, such as stocks and bonds,will be broadly diversified to be similar to the market for the asset class. The market for stocks shall be represented by the Wilshire 5000. The market for bonds shall be represented by the Lehman Corporate/Government Bond Index.
Equity portfolio holdings may include diversifying alternative investments, such as international stocks and equity real estate. Short-term fixed income investments, defined as fixed income issues maturing in less than one year, will be managed to add value. Credit risk will be avoided in these investments since the intent is to dampen overall volatility. Multiple managers will be employed. Allocations among the managers will be controlled by the Trustees to maintain both diversification and policy guidelines.

Permissible allocations may be summarized as follows:

Acceptable Ranges of Commitment

	Minimum	**Target**	**Maximum**

U.S. Stocks	40%	50%	60%
Equity Real Estate	0	5	15
International Stocks	0	0	10
Total Equities	45	55	65
Short-Term Bonds	0	5	35
Long-Term Bonds	20	40	55
Total Fixed Income	35	45	55

BOND AND STOCK RISK

The average quality of the total bond portfolio will be maintained at A or better. No more than 10% of the portfolio may be in issues rated Baa by Moody's, or BBB by Standard & Poor's, or below. Total average duration should not exceed 120% of the bond market's duration, where the bond market is represented by the Lehman Corporate/Government Bond Index. Equity investments should emphasize high quality, income-producing companies with good marketability. No individual issue shall constitute more than 10% (at cost) of the total equity portfolio.

LIQUIDITY

Benefit payments will probably exceed contributions starting in 2003. Accordingly, the core manager should be prepared to provide assets to meet these liquidity requirements as they arise.

POLICY REVIEW

The various policies and objectives of the system will be reviewed periodically. These reviews will focus on the continued feasibility of the objectives and the continued appropriateness of the investment policies for achieving the objectives. It is not anticipated that objectives and policies will be altered frequently.

PERFORMANCE REVIEW

It is expected that the total fund will perform in the top one-third of plans with similar risk over a complete market cycle. Progress toward achieving performance objectives will be reviewed quarterly. These reviews will focus on adherence to policy and the opportunities available in the investment markets. Particular attention will be directed to reviewing performance relative to the risks; this will be achieved by comparing performance with that of plans with similar risk. It is believed that the performance expectation set forth in the statement of investment policy is reasonable and consistent over the long-term. Adherence to policy means conforming to the asset allocation, diversification, and risk guidelines set forth in the policy statement; this will also be reviewed quarterly. In regard to the individual managers, their performance and adherence to policy will also be reviewed quarterly. Each manager will have separate policies and objectives, as established by the Board. Manager reviews will focus on adherence to policy, progress toward achievement of objectives, and performance relative to opportunities. Each manager is expected to perform in the top one-third of managers with a similar style over a market cycle.